



# Employee Benefits Report



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## Technology

# The New Wave of AI-Driven Benefits Administration: What Employers Need to Know in 2026

Artificial intelligence has been creeping into benefits administration for years, but 2026 marks the moment it becomes a defining force. Employers are adopting AI-powered tools not just to streamline enrollment or answer routine questions, but to reshape how employees navigate care, how plans are managed, and how compliance risks are monitored.

A growing number of employers now view AI as essential infrastructure for benefits delivery. From claims navigation to leave management to fraud detection, AI is moving from “nice to have” to “expected.” But with that shift comes a new set of questions about accuracy, transparency, and regulatory oversight.

### AI Is Moving From Automation to Decision Support

The most striking development in 2026 is the evolution of AI from simple chatbots to sophisticated decision-support engines. Today’s tools can:

- guide employees through plan selection based on health needs

### This Just In ...

#### Gag Clause Enforcement and Pharmacy Transparency Audits Intensify in 2026

Federal regulators are ramping up enforcement of the Consolidated Appropriations Act’s (CAA) gag clause prohibition, and employers are beginning to feel the impact. While most plan sponsors completed their first gag clause attestation in 2023 and repeated the process in 2024 and 2025, 2026 is the year agencies are shifting from education to verification.

The Department of Labor (DOL) and Department of Health and Human Services (HHS) have begun issuing targeted audit notices requesting documentation that employers:

- have removed contractual language restricting access to cost or quality data
- can obtain claims and pricing information from TPAs and PBMs
- have visibility into pharmacy reimbursement arrangements
- can share data with third-party auditors or analytics vendors

Early audit letters show a strong focus on pharmacy benefit contracts, especially spread pricing, rebate arrangements, and data-sharing



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- flag potential billing errors
- identify gaps in preventive care
- predict high-cost claimants earlier
- streamline FMLA and disability workflows

These capabilities promise better outcomes and lower administrative burden. But they also raise concerns about how decisions are made — and whether employers can explain them. conversations, but the story in 2026 is broader than weight loss. New approvals for cardiovascular risk reduction, metabolic disease management, and combination therapies are driving utilization far beyond initial projections.

Regulators are paying attention. Several states have introduced early frameworks for AI governance, and federal agencies have signaled that benefit-related AI tools must comply with nondiscrimination rules, privacy protections, and existing ERISA fiduciary standards.

### Data Quality and Bias Are Emerging Flash-points

AI tools are only as good as the data behind them. Employers are discovering that inconsistent claims feeds, outdated eligibility files, and incomplete vendor integrations can lead to:

- inaccurate recommendations
- misrouted claims
- flawed risk scoring
- inequitable outcomes

Analysts warn that biased or incomplete data can inadvertently disadvantage certain employee groups — a risk that could trigger compliance scrutiny.

Brokers are increasingly being asked to help clients evaluate:

- how vendors train their models
- what data sources are used
- how errors are corrected
- how employees can challenge or override AI-generated guidance

Transparency is becoming a competitive differentiator among vendors.

### AI Is Reshaping the Employee Experience

Employees are responding positively to tools that simplify complex processes. Virtual benefits assistants now handle:

- real-time deductible tracking
- provider search
- cost estimates
- claims explanations
- care navigation

Some employers report that AI-powered navigation tools have reduced call center volume by 30–40% and improved employee satisfaction scores.

But the shift also requires careful communication. Employees need to understand what AI can and cannot do — and when a human should step in.

### Brokers Are Becoming AI Advisors

As AI becomes embedded in benefits administration, brokers are playing a larger role in:

- vendor selection
- contract review
- data governance
- compliance oversight
- employee communication strategies

limitations. Regulators want proof that employers can access the information needed to evaluate PBM performance and comply with other CAA transparency requirements.

Plan sponsors relying on legacy PBM contracts or opaque pricing models may face the greatest scrutiny. Brokers are advising clients to review:

- PBM contract amendments
- data-access provisions
- audit rights
- pass-through pricing guarantees

With pharmacy costs continuing to rise, regulators view transparency as essential to protecting plan participants. Employers who proactively confirm compliance — and ensure their vendors can support documentation requests — will be better positioned to avoid penalties and withstand audits throughout 2026. ■

AI-driven benefits administration is no longer a future trend — it is a present-day reality reshaping how employers manage plans and support their workforce. Organizations that adopt AI thoughtfully, with clear governance and strong vendor partnerships, will be better positioned to improve outcomes, reduce administrative burden, and stay ahead of regulatory expectations. ■



# Chronic Condition Management 2.0: GLP-1 Alternatives and New Digital Therapeutics

Chronic conditions have long been the primary driver of employer healthcare spending, but 2026 marks a turning point in how organizations are approaching prevention, treatment, and long-term management. With GLP-1 medications dominating headlines — and budgets — employers are urgently exploring complementary or alternative strategies that can improve outcomes without unsustainable cost growth. The result is a new wave of digital therapeutics, metabolic health programs, and integrated care models that promise a more balanced approach to chronic disease management.

While GLP-1s remain an important tool for diabetes and obesity treatment, employers are increasingly recognizing that medication alone cannot solve the underlying drivers of chronic disease. The next phase of chronic condition management is more holistic, more data-driven, and more focused on sustainable behavior change.

## GLP-1 Costs Are Accelerating the Search for Alternatives

The rapid rise in GLP-1 utilization has forced employers to confront the financial implications of long-term therapy. Many plans report that GLP-1s now represent one of their top three pharmacy spend categories, with costs driven by:

- expanding FDA indications
- increased off-label use
- long-term or indefinite treatment duration
- high rates of discontinuation followed by weight regain

These pressures are pushing employers to adopt a more strategic approach: covering GLP-1s when clinically appropriate, while pairing them with programs that address nutrition, activity, sleep, and behavioral health.

## Digital Therapeutics Are Gaining Ground

A new generation of digital therapeutics (DTx) is emerging as a credible alternative or complement to medication-based treatment. These clinically validated programs use structured interventions — often delivered through mobile apps — to treat conditions such as:

- type 2 diabetes
- hypertension
- obesity
- musculoskeletal pain
- insomnia
- anxiety and depression

Unlike wellness apps, DTx solutions are evidence-based, FDA-cleared in many cases, and designed to produce measurable clinical outcomes.

Employers adopting these tools report improvements in:

- A1C levels
- blood pressure control
- medication adherence
- weight management
- reduced ER visits and hospitalizations

For many organizations, DTx programs offer a scalable, lower-cost way to support employees with chronic conditions while reducing reliance on high-cost medications.

## Metabolic Health Programs Are Evolving Beyond Weight Loss

The surge in GLP-1 interest has accelerated the growth of metabolic health programs that combine:

- continuous glucose monitoring (CGM)
- personalized nutrition coaching
- activity tracking
- sleep optimization
- behavioral support

These programs aim to improve metabolic markers — not just weight — and are increasingly being used as a prerequisite or companion to GLP-1 therapy.

Employers are finding that employees who participate in structured metabolic programs often:

- respond better to medication
- require lower doses
- maintain results longer
- avoid unnecessary prescriptions

This integrated approach is becoming a cornerstone of Chronic Condition Management 2.0.

## Behavioral Health Integration Is Becoming Essential

Chronic conditions rarely exist in isolation. Depression, anxiety, stress, and burnout can worsen diabetes, hypertension, obesity, and chronic pain — and vice versa. Employers are responding by integrating behavioral health into chronic condition programs through:





- virtual therapy
- cognitive behavioral therapy (CBT) modules
- stress-management tools
- sleep-health interventions

This whole-person approach is improving engagement and outcomes, particularly for employees managing multiple conditions.

### Care Navigation and Personalization Are Driving Better Outcomes

Employees often struggle to understand their treatment options, compare costs, or coordinate care across multiple providers. New AI-enabled navigation tools are helping employees:

- find in-network specialists
- compare treatment pathways
- understand medication alternatives
- access second opinions
- manage follow-up care

These tools reduce friction, improve adherence, and help employees make informed decisions — all of which contribute to better long-term outcomes.

### Employers Are Rewriting Their Chronic Condition Strategies

Across industries, employers are shifting from a medication-first model to a more balanced, integrated approach that includes:

- evidence-based digital therapeutics
- metabolic health programs
- behavioral health integration
- structured care navigation
- targeted GLP-1 coverage criteria

This strategy supports employees more holistically while helping employers manage rising costs.

Chronic Condition Management 2.0 represents a major evolution in employer health strategy. By combining the best of digital innovation, clinical evidence, and whole-person care, employers can improve outcomes, support long-term behavior change, and create a more sustainable approach to chronic disease management in 2026 and beyond. ■

## The Return-to-Office Reset: How Benefits Are Being Re-Engineered in 2026

After several years of experimentation, many employers are tightening hybrid schedules or requiring more in-office days. This “return-to-office reset” is reshaping benefits strategies as organizations look for ways to support commuting employees, improve onsite experience, and maintain flexibility. What began as a workplace policy shift is now driving a broader rethinking of how benefits can reinforce culture, productivity, and retention.

### Commuter and Transportation Benefits Are Back

As office attendance increases, employers are reinvesting in transportation benefits that had faded during the height of remote work. The most common additions include:

- transit subsidies for buses, trains, and ferries
- parking stipends or discounted garage access
- vanpool and shuttle programs for suburban commuters

- pre-tax commuter accounts to reduce employee out-of-pocket costs

Some organizations are also adding incentives for low-carbon commuting, such as bike-to-work reimbursements, secure bike storage, and electric-vehicle charging access. These programs not only support sustainability goals but also help employees manage rising transportation costs.

Employers with large urban workforces are finding that commuter benefits are once again a top driver of employee satisfaction — especially for workers who now face longer or more frequent commutes than they did in 2021–2024.

### Onsite and Near-Site Services Are Expanding

To make office days more productive — and more appealing — employers are enhancing onsite offerings. Popular investments include:

- onsite or near-site primary care clinics
- mental health counseling or virtual therapy rooms
- fitness centers, yoga classes, or subsidized gym memberships
- healthy meal programs, grab-and-go options, or subsidized cafeterias
- ergonomic assessments and workstation upgrades

These services help reduce time away from work, support overall wellbeing, and create a sense of convenience that employees increasingly expect. For employers with large campuses or concentrated workforces, onsite and near-site care is becoming a strategic differentiator — especially as access challenges persist in many local healthcare markets.



### Flexibility Remains a Workforce Priority

Even as office requirements increase, employees still expect flexibility. Surveys show that flexibility remains one of the top three drivers of job satisfaction in 2026. Employers are responding with:

- flexible scheduling or compressed workweeks
- remote-work days tied to performance or role
- meeting-free blocks to reduce burnout
- expanded PTO, personal days, or floating holidays

The most successful organizations are those that balance structure with autonomy. Employees who feel trusted and supported are more likely to accept increased in-office expectations — and less likely to view return-to-office policies as punitive.

### Benefits Are Becoming a Tool for Culture and Retention

Return-to-office policies can strain morale if not paired with supportive benefits. To counteract this, employers are using:

- recognition and appreciation programs
- professional development stipends
- team-building budgets for onsite collaboration
- wellness initiatives that support physical and mental health

These programs help reinforce culture, strengthen team cohesion, and maintain engagement during a period of workplace transition.

Some employers are also rethinking how office space itself supports culture — adding quiet zones, collaboration hubs, and amenities that make the workplace feel more purposeful and less transactional.

### A Strategic Shift, Not Just a Policy Change

The return-to-office reset is not simply a matter of scheduling — it is a benefits strategy shift. Employers are recognizing that if they want employees to return willingly and productively, they must create an environment that supports wellbeing, reduces friction, and makes office days worthwhile.

Organizations that adapt their benefits to support commuting, flexibility, and onsite experience will be better positioned to retain talent, strengthen culture, and sustain productivity in 2026. For brokers, this trend represents a key advisory opportunity: helping clients align benefits with evolving workplace expectations and build a more resilient, employee-centered return-to-office strategy. ■





# Musculoskeletal (MSK) Costs Surge Again: What Employers Can Do

**M**usculoskeletal (MSK) conditions remain one of the top cost drivers in employer health plans, and 2026 is shaping up to be another challenging year. Rising rates of chronic back pain, joint issues, and repetitive-strain injuries — combined with increased surgical utilization — are pushing MSK spending higher across all industries.

Employers are responding by shifting their focus from reactive treatment to proactive management. Several strategies are gaining traction:



## Virtual Physical Therapy and Early Intervention

Digital MSK programs offering virtual PT, exercise therapy, and real-time coaching are showing strong results. Employers report reduced surgical referrals and lower imaging costs when employees receive early, guided intervention.

## Second-Opinion and Surgical-Steerage Programs

High-cost orthopedic procedures remain a major driver of plan spending. Second-opinion services and centers-of-excellence programs help ensure employees receive appropriate care — and avoid unnecessary surgeries.

## Ergonomics and Workplace Redesign

With more employees returning to the office, employers are revisiting ergonomic assessments, sit-stand desks, and workstation adjustments. These small investments can significantly reduce repetitive-strain injuries.

## Integrated Pain-Management Approaches

Employers are increasingly pairing MSK programs with behavioral health support, recognizing the strong connection between chronic pain, stress, and mental wellbeing.

MSK costs are unlikely to decline in the near term, but employers who adopt early-intervention strategies, strengthen care navigation, and invest in ergonomics can meaningfully reduce both claims costs and employee downtime. ■

