

Employee Benefit Trends

VBA Benefits Corp. Pooled Bank Peer Group Conference

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Presented by
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I. Introductions

II. Survey on Health & Benefit Strategies for 2026

III. Other Benefit Trends
Behavioral Health
Inclusive Benefits

IV. Rx Trends

Agenda

I. Introductions

A series of light blue, wavy lines that create a sense of movement and depth, resembling a stylized horizon or a series of overlapping waves. The lines are thin and have a soft, ethereal quality, adding a modern and artistic touch to the slide's design.

II. Survey on Health & Benefit Strategies for 2026



About the survey

- The survey was designed to discover how employers are addressing the recent acceleration in health benefit cost growth while maintaining healthcare affordability and ensuring the benefits package is inclusive, engaging, and promotes well-being. The survey was conducted from April 8 through April 25, 2025.
- In total 711 organizations participated, from all industries and of all sizes:

Fewer than 500 employees	29%
500-4,999 employees	47%
5,000 or more employees	24%
- The results in this report are based on 504 large organizations (those with 500 or more employees) except where noted otherwise



For 2026, employers are addressing faster health cost growth while staying focused on affordability and inclusivity



Disrupting cost growth with bolder strategies

Expecting another year of higher cost growth, employers are doubling down on cost management. While some will use traditional cost-shifting, others are choosing alternative medical plans that steer employees to higher-value providers



Considering all dimensions of affordability

Affordability concerns are shaping health benefit cost management strategies as employers seek to ensure benefits' long-term value creation

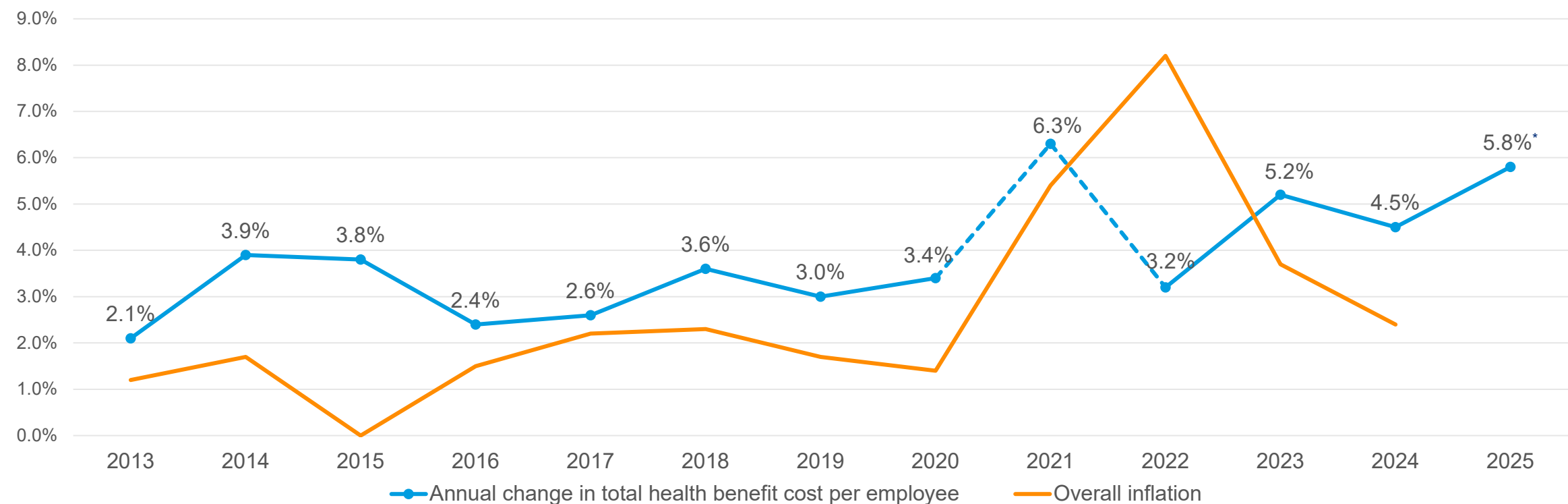


Inclusive benefits build workforce resilience

Employers are seeking to support varied workforce needs with inclusive benefits that have meaningful impact. A new focus area is preparing for the effects of extreme climate on workforce health

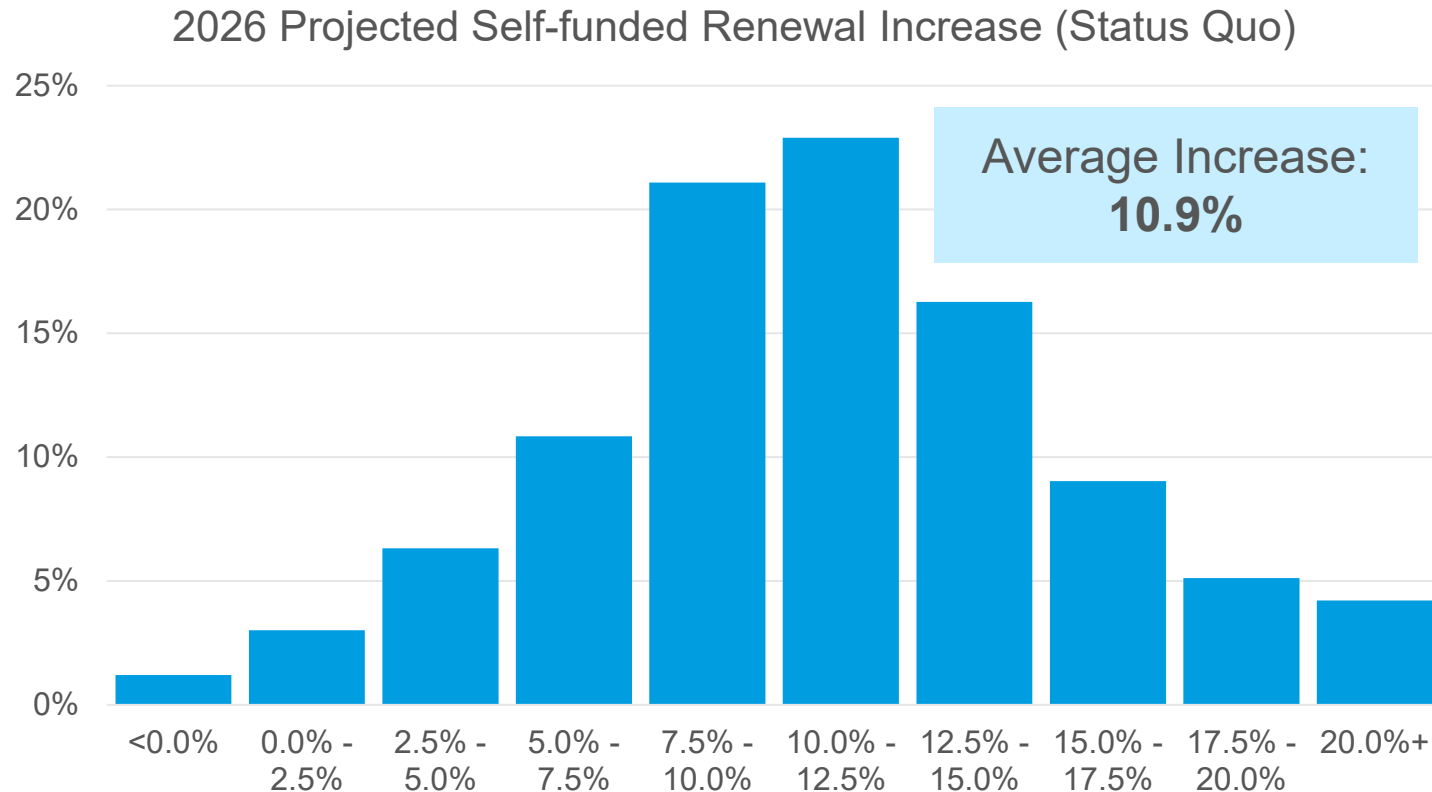
Health benefit cost rose by 4.5% in 2024, with an increase of 5.8% predicted for 2025

Change in total health benefit cost per employee compared to CPI, among all employers



Rate Increase Benchmarking

Mercer Pulse Survey – June 2025



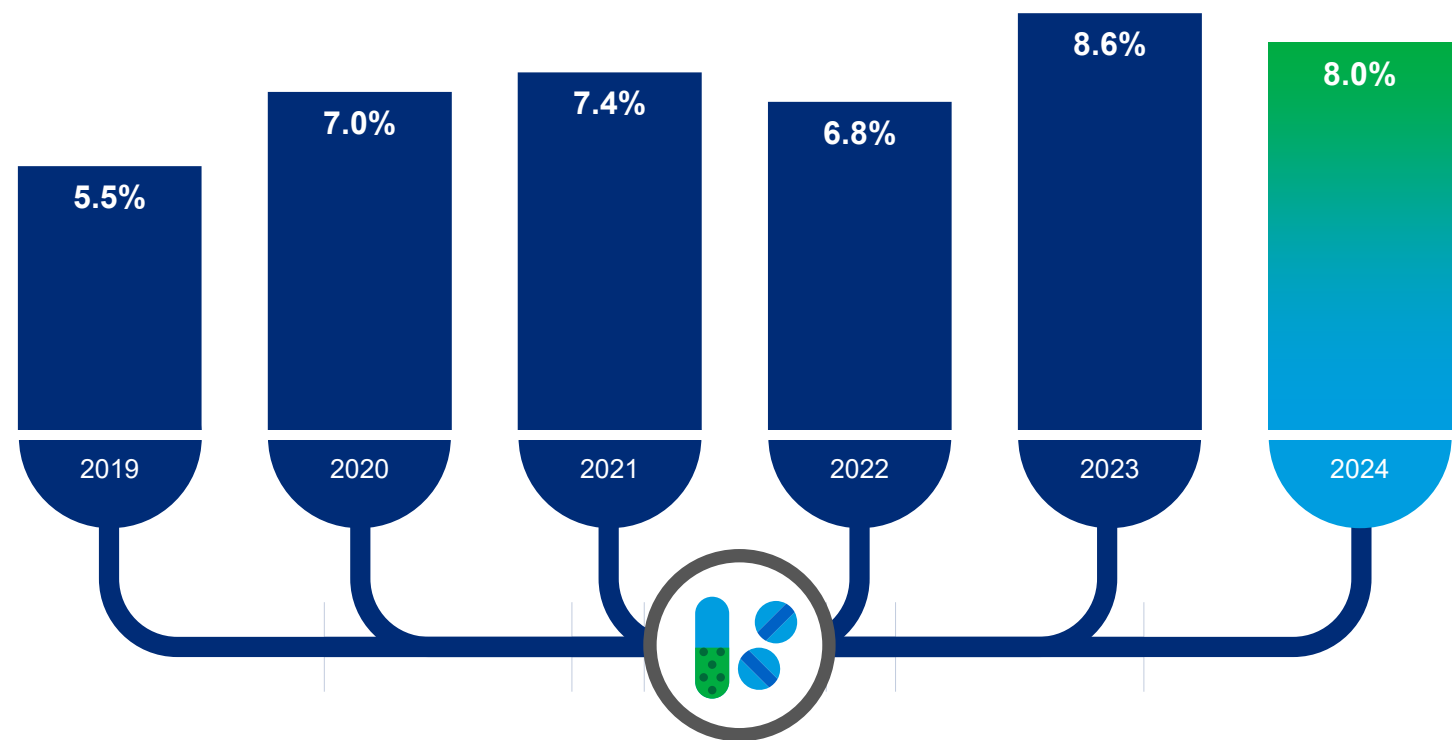
- The average renewal increase is above historical norms, at 10.9% (compared to 6-7% in a normal year)
- There's significant variability in the results, with many clients seeing double digit increases
- Benefit strategy (e.g., the decision whether to cover GLP-1 drugs) will impact these trends

Based on 332 self-funded survey participants; Survey data was released as of June 12, 2025

Prescription drug cost rose 8.0% in 2024, driven by growth in specialty drug costs

Average annual change in prescription drug benefit cost per employee (after rebates), among employers with 500 or more employees

Specialty drug cost per employee rose 8.4% in 2024



CFOs prefer cost management strategies that don't shift cost. They also want to keep cost growth close to the CPI.

Could this be a mandate for good disruptive change?

CFO preference

Cost management strategies that should be emphasized over the next three years

#1

Clinical management

Greater monitoring and oversight of care **65%**

#2

Network strategies

Smaller, high-performing hospital and physician networks **48%**

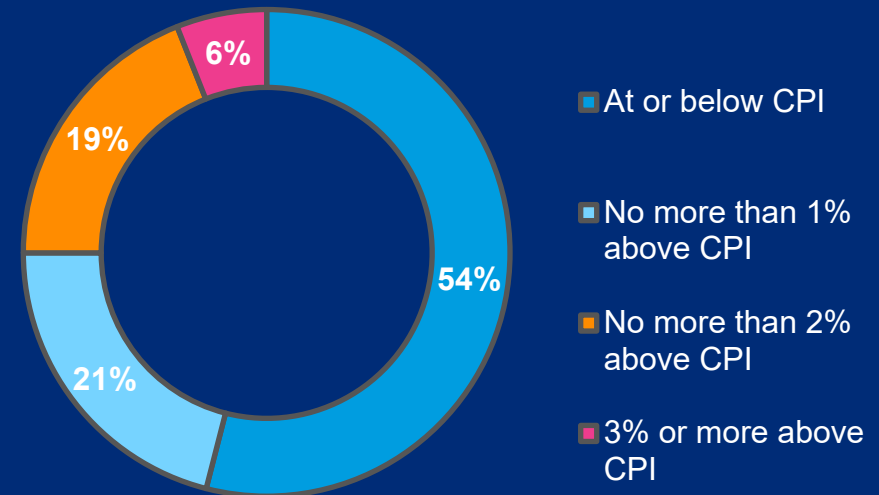
#3

Plan design changes

Increased employee cost sharing **45%**

CFO opinion

For health benefit cost to be sustainable for our organization, it should grow annually:

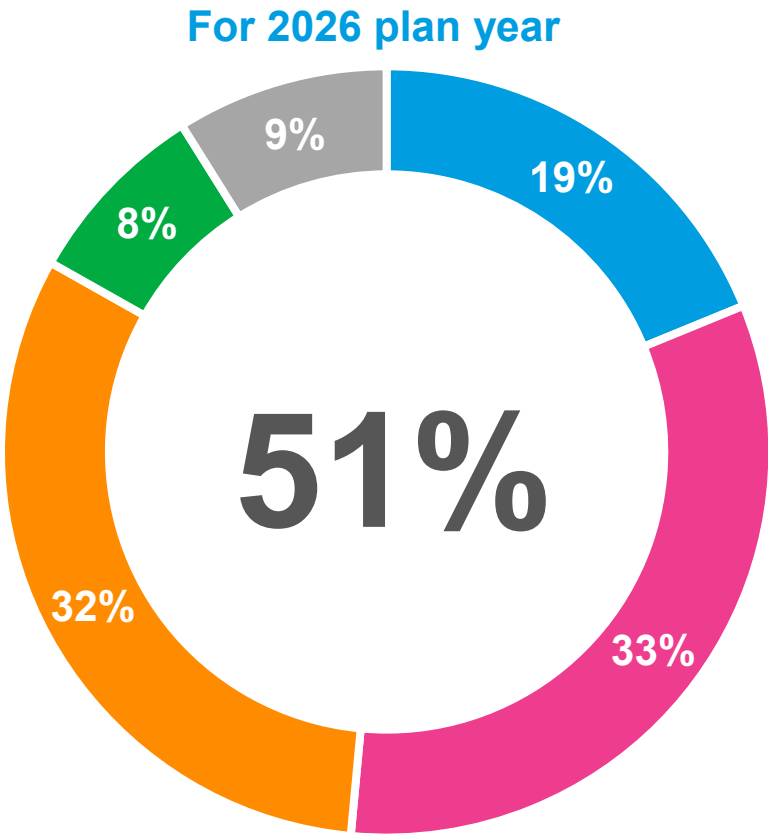
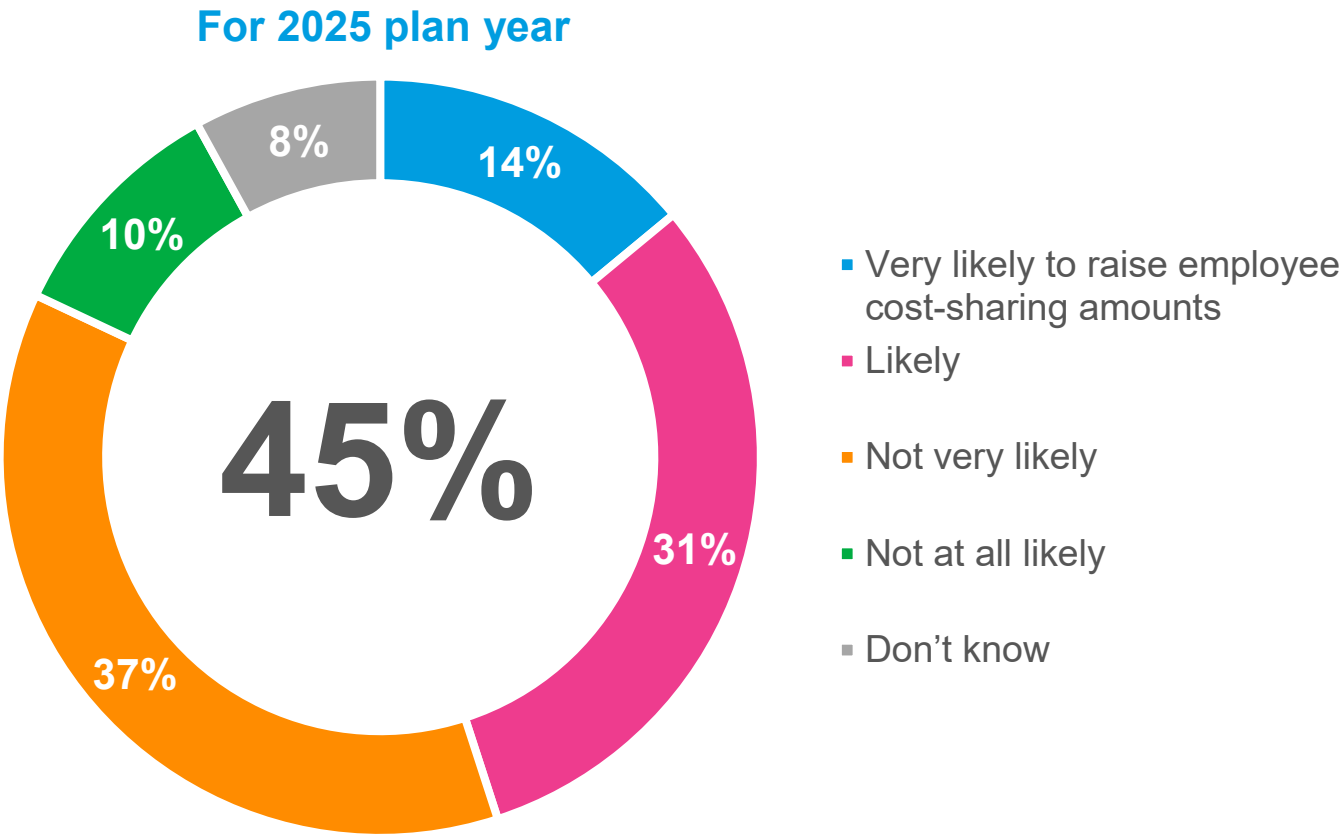


Employers with 500 or more employees

Health Benefit Strategies for 2026

With cost growth accelerating, this year more employers say they are likely to make plan design changes that would shift cost to employees*

Employers with 500 or more employees



*Raising deductibles, out-of-pocket maximums, copays, etc. in the largest medical plan
Marsh & McLennan Insurance Agency LLC

III. Other Benefit Trends

The background of the slide features a series of light blue, wavy, horizontal lines that create a sense of movement and depth. These lines are layered, with some appearing more prominent than others, giving the background a textured, almost 3D effect. The lines are set against a plain white background.

Behavioral Health

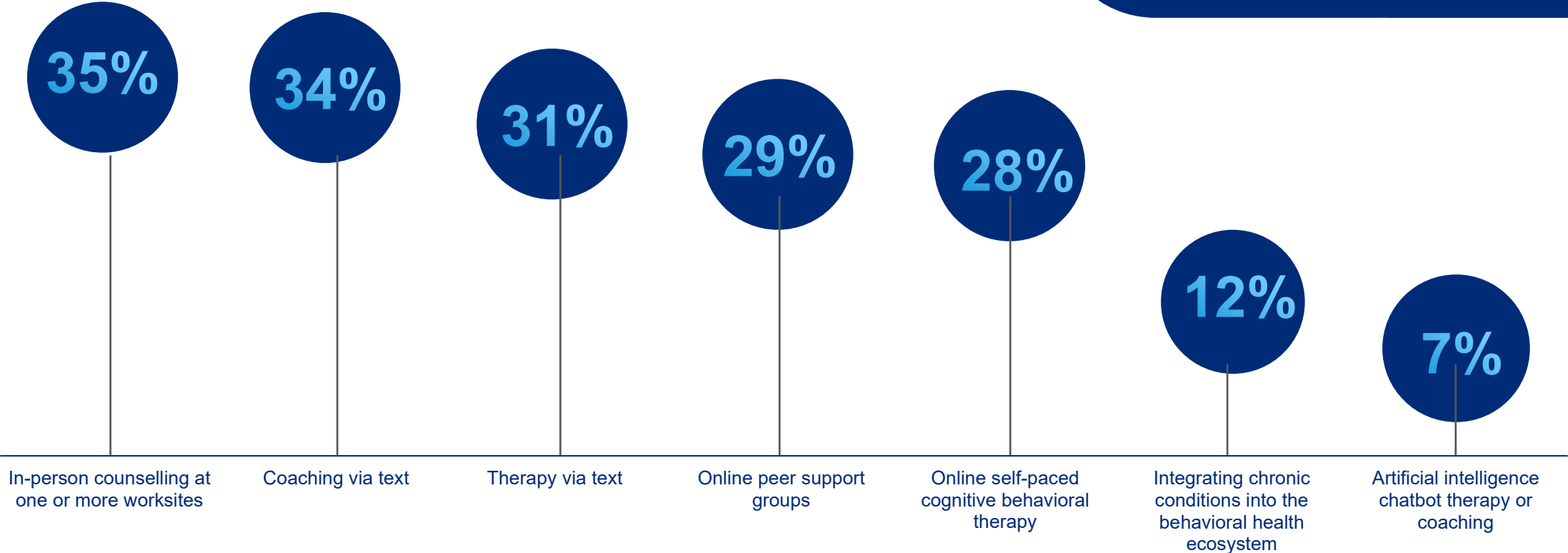
The background of the slide features a series of overlapping, wavy lines in a light teal color against a white background. These lines create a sense of movement and depth, particularly concentrated in the lower right quadrant. A solid teal rectangular block is positioned on the left side of the slide, serving as a backdrop for the title text.

Behavioral healthcare options provided by the EAP

Offer or will offer in 2026

Median number of counselling sessions available annually

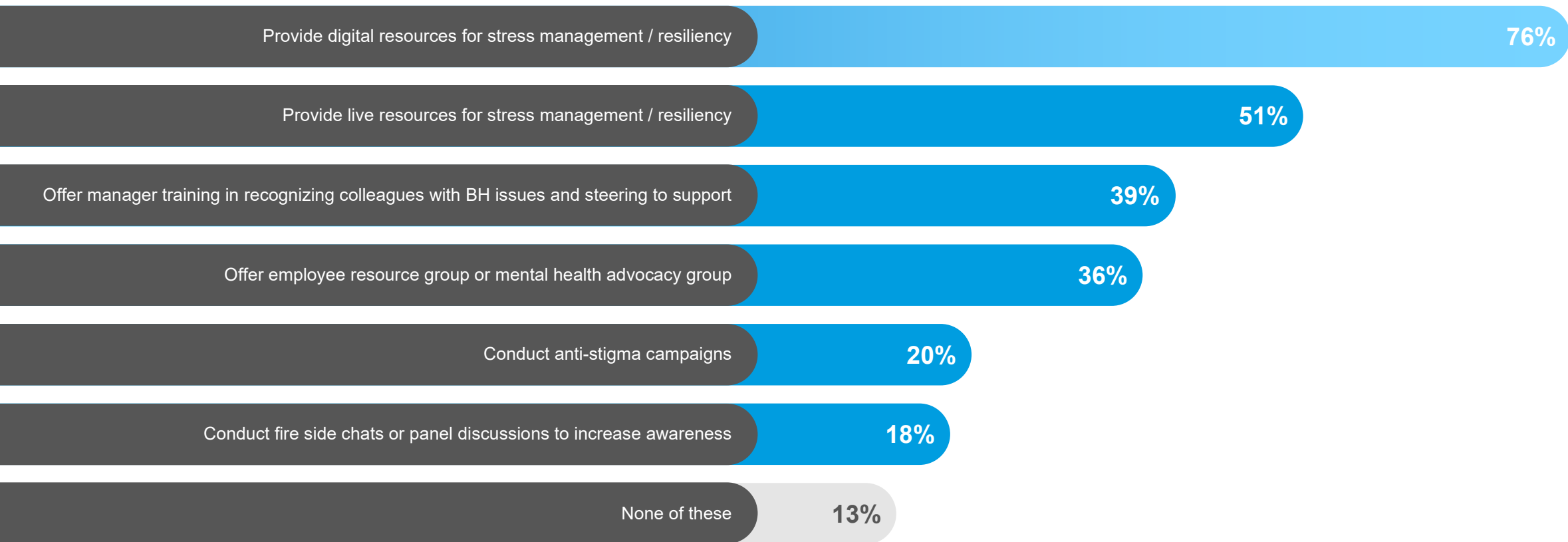
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Employers with 500 or more employees

Employers are working to increase behavioral healthcare utilization and create a supportive work environment

Have taken action or plan to in 2026



Employers with 500 or more employees

The background features a white upper half and a lower half with a gradient bar transitioning from orange to pink. To the right of the bar, there are several thin, light-colored wavy lines that create a sense of movement and depth.

Inclusive benefits and health equity

Benefits and resources to support women's reproductive health

59% of employers will offer one or more of these benefits* in 2026

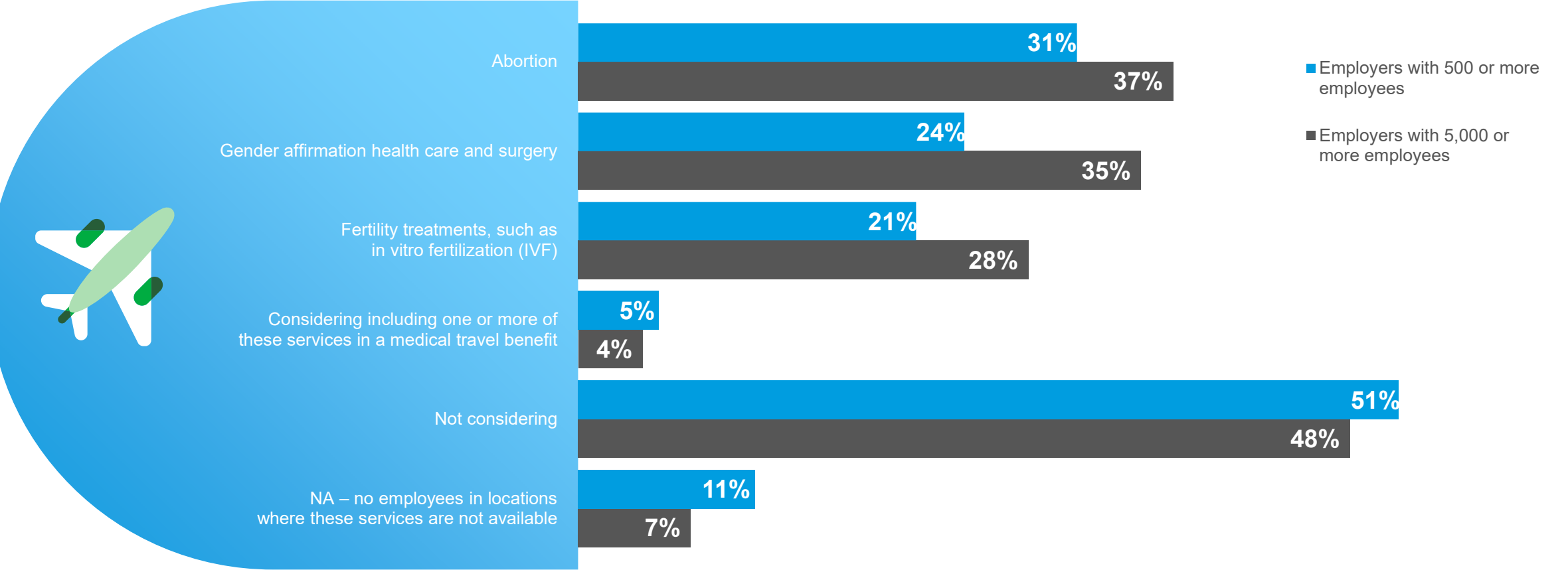
*enhanced or standalone benefits

Employers with 500 or more employees

Currently offer
or plan to offer in 2026

Pre-conception family planning	34%
High-risk pregnancy	35%
Pregnancy loss	27%
Coverage for doulas	12%
Lactation support	36%
Breast-milk shipping	19%
Postpartum mood disorders (e.g., depression, anxiety)	29%
Return-to-work support	31%
Menopause	25%

Health services covered under a medical travel benefit for members that must travel out of state or a long distance to obtain services



Employers with 500 or more employees

IV. Rx Solutions

The background of the slide features a series of light blue, wavy, horizontal lines that create a sense of movement and depth, resembling a stylized landscape or a series of overlapping waves.

Rx is a significant part of the healthcare dollar

Biggest portion of health care dollar



Source: Milliman, Where does Your Health Care Dollar Go?, American Health Insurance Plans, Oct 18, 2025 <https://www.ahip.org/health-care-dollar/>.
Marsh & McLennan Insurance Agency LLC

2025 Pharmacy Trends

Biosimilars

- Humira's market share will continue to drop as each of the Big 3 PBMs will have removed Humira from major commercial formularies by mid-2025
- PBM partnerships with drug manufacturers to bring private label biosimilar products to the market has emerged as a primary tactic to align market demand with financial interests
- The release of Stelara biosimilars in 2025 should result in more accelerated adoption as the market is more accustomed to the concept and PBMs have their private label approaches established.
- Employers must play an active role in biosimilar adoption and should engage experts to understand their PBM's biosimilar approach and ensure it is driving maximum savings for the employers and members

GLP-1 Drugs

- The GLP-1 market is projected to reach \$18.2 billion by 2027, leading to significant expenditures for employers in the antidiabetic sector.
- While some employers currently limit GLP-1 medication coverage to diabetes treatment, an increasing number are reevaluating this stance.
- There is a strong and innovative pipeline for drug development in the GLP-1 category, including an oral GLP-1 expected to be available by 2027.
- Implementing gold standard prior authorization criteria will assist employers in managing costs as more products enter the market.
- Inflation Reduction Act driven price negotiations by CMS for GLP-1 medications may drive changes in commercial pricing for this class.

PBM Transparency

- The pharmacy supply chain faces scrutiny from legislators due to longstanding practices.
- Legislative focus areas include anti-steering, spread pricing, copay accumulator bans, minimum dispensing fees, and point of sale rebates.
- PBM business practices have been the subject of many recent inquiries, including congressional hearings, an FTC investigation, and a series of articles published by the New York Times throughout 2024.
- PBMs and employers must navigate new regulatory implications as they arise. Short-term state regulations may increase employer costs despite good intentions.

Specialty Drug Management

The cost impact of specialty medications to the employer plan are too big to disregard.

By using creative solutions, employers are able to find savings opportunities to reduce costs associated with their pharmacy spend.

Potential solutions include the following:

- Rebate Protection
- Biosimilars
- Variable Copay
- Coverage Restrictions
- Outsourced Prior Authorizations
- Prescription Assistance Programs (PAP)
- Site of Care
- Formulary Optimization
- Importation
- Gene Therapy and Orphan Drug Protection
- Medical Rebates

Biosimilar Trends



What is a Biosimilar?

Biologics

- As opposed to conventional drugs that are made from chemicals, biologics are made from living organisms
- Developing biologics can be more complicated than the manufacture of conventional drugs
- The FDA has a specific process for approving biologic drugs
- Examples:
 - Lantus (insulin glargine)
 - Humira
 - Ozempic
 - Skyrizi



Biosimilars

- Biologic product that has no “clinically meaningful” difference from another FDA-approved biologic (the “reference drug”)
 - Same route of administration, strength and dosage form, potential side effects
- Closely regulated – equivalent in safety, purity, and potency
- Go through a rigorous FDA approval process
- Can achieve **interchangeable** designation, meaning the product can be substituted for the reference drug without health care professional intervention

Source: [https://www.fda.gov/consumers/consumer-updates/biosimilar-and-interchangeable-biologics-more-treatment-choices#:~:text=A%20biosimilar%20is%20a%20biologic,\(same%20route%20of%20administration\).](https://www.fda.gov/consumers/consumer-updates/biosimilar-and-interchangeable-biologics-more-treatment-choices#:~:text=A%20biosimilar%20is%20a%20biologic,(same%20route%20of%20administration).)

Biosimilars have disrupted pricing in cancer and specialty pharma—leading to billions in savings for members and employers.

On average, **biosimilars cost 50% less than reference products.**

Biosimilars have realized over **\$56 billion** in savings over the last ten years and are projected to deliver **\$181 billion in savings** over the next five years. Biosimilars also increase competition, which drives down the price of name-brand pharmaceuticals by an average of **25%**.



Since the introduction of biosimilars in the oncology space, spending growth has slowed by 50%.

Cancer treatments and specialty drugs are among the principal drivers of employer health care spending; **biosimilars show incredible promise to help employers curb spending in these key categories.**^{1,2,3}

Humira, which has a list price of **\$7,000 per month**, is a prime example of how biosimilars can offer substantial savings for high-cost specialty drugs. Since 2022, nine biosimilars have entered the market. The most recent Humira biosimilar by Boehringer Ingelheim will be available at **\$550 per month.**

Sources: 1. **Kaiser Permanente**. *Biosimilars Can Significantly Reduce Employer Pharmacy Costs. Are You Missing Out?* Kaiser Permanente, 2023. 2. **PWC**. *Medical Cost Trend: Behind the Numbers 2025*. PWC, 2024. 3. **Axios**. *GoodRx Teams with Boehringer on Humira Biosimilar*. Axios, 2024.

Employers must play an active role in biosimilar adoption.

Coverage of biosimilars is lacking in many health plans, partly because PBMs are financially incentivized to pursue discount or rebate agreements with drug manufacturers for the original specialty medications. This is evidenced by the fact that **plans are more likely to restrict or limit coverage of biosimilars that treat the most common conditions.**

Employers must take an active role in expanding biosimilar coverage. This entails identifying how many employees are candidates for biosimilars and working with PBMs and benefits consultants to adopt biosimilars as the preferred formulary.

Expanding biosimilar coverage will, in turn, help employers move away from a rebate-driven drug coverage model.^{1,2,3}

Sources: 1. **Kaiser Permanente**. *Biosimilars Can Significantly Reduce Employer Pharmacy Costs. Are You Missing Out?* Kaiser Permanente, 2023. 2. **Axios**. *GoodRx Teams with Boehringer on Humira Biosimilar*. Axios, 2024. 3. **PWC**. *Medical Cost Trend: Behind the Numbers 2025*. PWC, 2024.



2025 Biosimilar Pipeline

Brand Drug (Manufacturer)	Indication(s)	Approved Biosimilars	Biosimilars in Pipeline (Estimated Approval)	Potential Launch
Prolia/Xgeva (Amgen)	Postmenopausal osteoporosis/bone metastases	6	9 (3/2025+)	6/30/2025
Soliris (Alexion)	Paroxysmal nocturnal hemoglobinuria	2	0	1H 2025
NovoLog (Novo Nordisk)	Glycemic control in Type 1/Type 2 Diabetes	1	6 (2025+)	2025+
Humalog (Eli Lilly)	Glycemic control in Type 1/Type 2 Diabetes	0	4 (TBD)	TBD
Tysabri	Relapsing-remitting multiple sclerosis	1	0	2025+
Simponi/Simponi Aria (Janssen)	Psoriatic arthritis	0	2 (4Q 2025)	2025+
Xolair (Novartis)	Chronic idiopathic urticaria	1	3 (2025+)	2026
Orencia	Rheumatoid arthritis	0	1 (2026)	2026+
Perjeta	HER2-positive breast cancer	0	2 (4Q 2025)	2026+
Entyvio IV/SC (Takeda)	Ulcerative Colitis	0	2 (2026+)	2027 – 2032

Source: <https://www.cencora.com/-/media/assets/corporate/global/resource-pages/cencora-biosimilars-usmarketlandscape-jan25.pdf> , IPD Analytics RxInsights Biosimilar Pipeline Report 1H 2025

Marsh & McLennan Insurance Agency LLC

GLP-1 Trends



A closer look at GLP-1 utilization trends

3x

more often GLP-1s are prescribed for diabetes than for obesity, despite their rising popularity for weight loss.

2x

more likely are women to take GLP-1s than men. While the vast majority of GLP-1 patients are over 40 years old, Millennial and Gen Z employees are more likely than older generations to say that employer GLP-1 coverage is an “appealing” or “very appealing” benefit.

68%

of all members taking a GLP-1 are moderately high-risk patients that are the largest individual risk stratum.^{1,2}

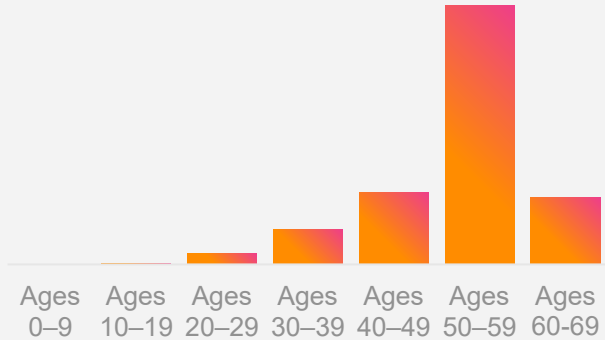
Sources: 1. **Research Fielded by MMA in December 2024.** “How appealing is GLP-1 (Ozempic, etc.) coverage-within your insurance-to you?” 2. **MMA.** 2025 MMA Planning and Analytics for Total Health. MMA, 2024.

A closer look at GLP-1 utilization trends

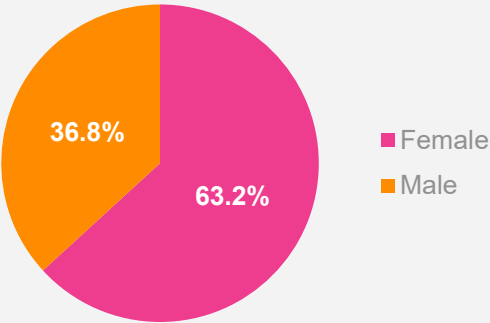
Members taking a GLP-1

Measure	Prior	Current	Trend
Per 1k members with Rx claims	40.0	56.0	39.9% ↑
Avg by member Insights age	50.8	51.3	0.9% ↑
Avg by member concurrent risk - unscaled	2.84	2.77	-2.5% ↓

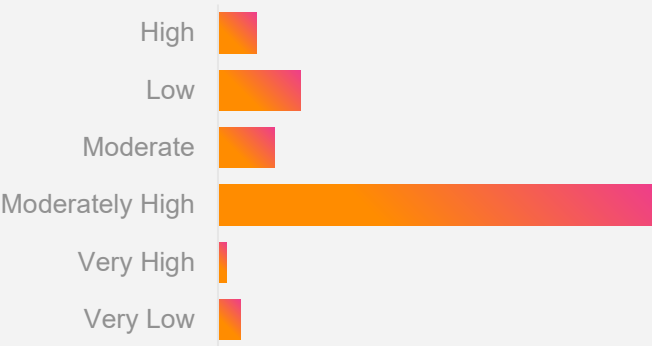
Members taking a GLP-1 by age bins



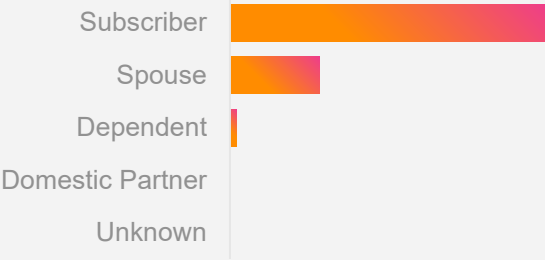
Members taking a GLP-1 by gender



Members taking a GLP-1 by risk strata



Members taking a GLP-1 by relationship (members with Rx claims)



Looking ahead: treatments and trends on the horizon

The GLP-1 market, valued at **\$11.3 billion in 2019**, is projected to reach **\$18.2 billion by 2027**, driven by a strong pipeline and ongoing innovation.

Upcoming peer-reviewed research may expand GLP-1 use into cardiovascular care, **potentially increasing employer costs**.

Both **Novo Nordisk** (manufacturer of Ozempic and Wegovy) and **Eli Lilly** are in the process of **developing oral versions of GLP-1s to improve accessibility and market reach**.

Pfizer, Amgen, Structure Therapeutics, and Viking Therapeutics are racing to enter the market with their own weight loss drugs. These companies are **developing drugs that target additional receptors to increase weight loss**. Some of these new treatments are designed to target additional receptors beyond GLP-1, such as GIP and glucagon, increasing their potential effectiveness for weight loss.⁵⁴

GLP-1's and Compounding

Key Considerations

PBM Management

- Pharmacy Benefit Managers typically do not include compounded GLP-1 products to be processed under on the plan.
- Employees must pay out-of-pocket for compounded products.
- Leading to underestimation of GLP-1 utilization among employees.

Availability

- Pharmacies may compound drugs only when commercially available versions are on the FDA's drug shortages list.
- Once out of shortage, pharmacies must stop compounding that product.

Concerns for Safety

- Dosing: Dosing errors can lead to hospitalizations.
- Product issues: Product concentrations may vary.
- Illegally marketed version: Counterfeit versions are still sold online.

Clinical Outcomes

- Studies show positive clinical outcomes associated with GLP-1 driven weight loss, but difficult to quantify cost avoidance.
- Cardiovascular benefits, improvement in other chronic conditions.

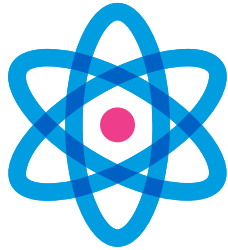
The appeal of lower-cost compounded GLP-1 medications is clear for consumers and plan sponsors. However, due to regulatory and safety issues, plan sponsors should be cautious when considering coverage for these medications through telehealth or other providers. While there may be cost savings, the associated risks and uncertainties likely outweigh the benefits.

Employers are expanding their obesity care programs to include lifestyle interventions, disease management strategies, and therapy cessation protocols.

MMA Rx Solutions advocates for cash payment options offered by manufacturers as a safer alternative to compounded drugs from non-FDA approved sources.

Gene therapies and the price tag of progress





Cell Therapy

**Transfer of live cells
into the body**

Uses cells from patient: autologous
Uses cells from donor: allogeneic

VS



Gene Therapy

**Add new genes (gene addition)
Edit or remove existing genes**

Genetically alter outside the body: ex vivo
Direct administration of genetic material: in vivo

Sky-high research and development costs are an upward driver of gene therapy prices.

A recent report in *Nature* using gene therapies approved as of December 2020 and those in late-stage clinical trials concluded that the annual cost of cell and gene therapies averaged \$20.4 billion per year. The report projected that annual spending would increase to \$25.3 billion in 2026, before declining to \$21.0 billion in 2034.

\$20.4 billion

per year is the average annual cost of cell and gene therapies.

\$25.3 billion

is the projected annual spending on cell and gene therapies in 2026.

Sources: 1. **Drug Discovery and Development**. *With Prices Topping \$4 Million, High Stakes Define Cell and Gene Therapy Landscape*. Drug Discovery and Development, 2023.

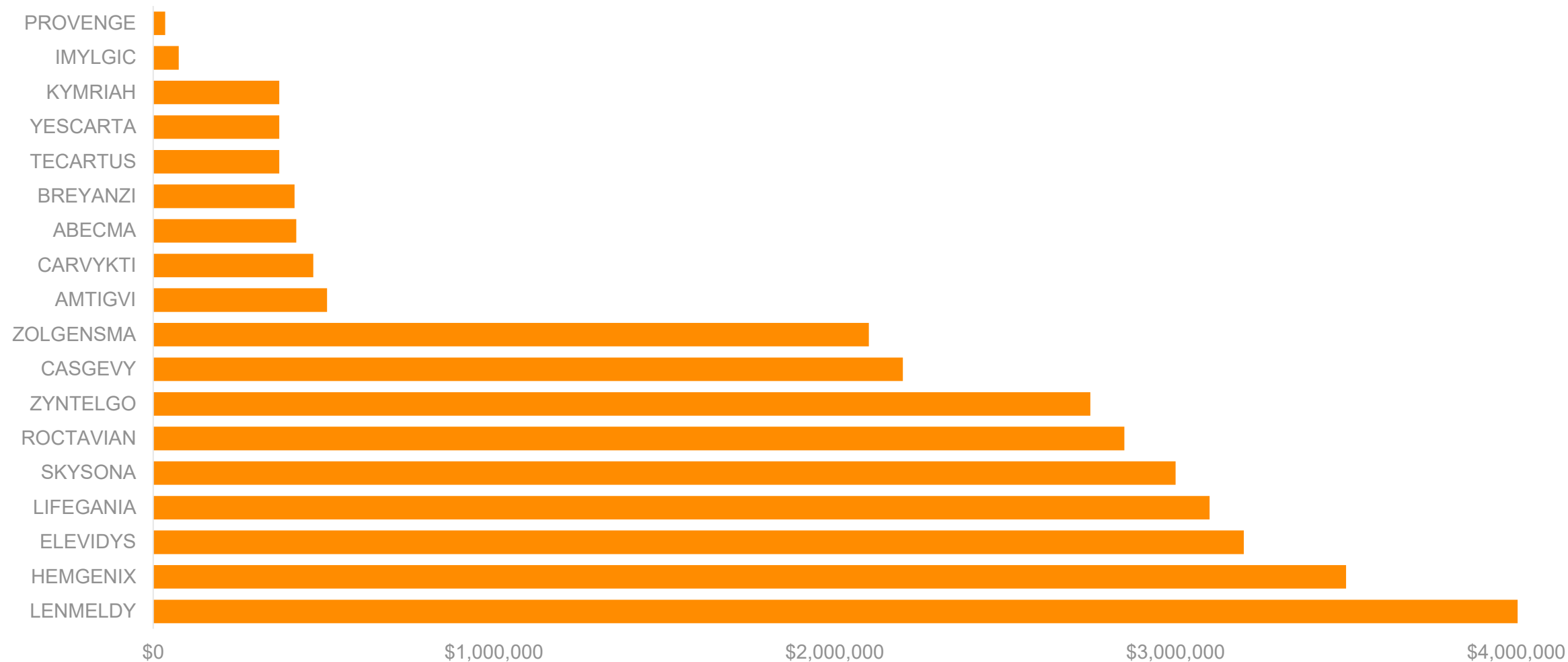
Marsh & McLennan Insurance Agency LLC

Cell and gene therapy costs vary, but nearly all carry high price tags.

Cell and gene therapies are revolutionizing the treatment of rare, often life-threatening diseases, offering hope to patients battling conditions like blood cancers, muscular dystrophy, and sickle cell disease. These groundbreaking therapies are transforming the landscape of healthcare, but with their immense potential comes a significant challenge: the high cost of treatment.

For many patients and their families, the question isn't whether to pursue these therapies but how to afford them. Employers, recognizing the life-changing impact of these treatments, are actively exploring ways to make them more accessible. Strategies like stop-loss protections and alternative funding solutions are being implemented to help employees and their families get the care they need without the financial burden.

List prices of select FDA-approved cell and gene therapies



2025 Gene Therapy Pipeline

If approved, would be the first to treat a rare disease

Drug	Disease State	Estimated WAC	Estimated Potential U.S. Candidates	Estimated Approval Date
Mozafancogene autotemcel (RP-L102)	Fanconi anemia	\$2M - \$3M one time	<1,000 pediatric patients	1H 2025
Pariglasgene brecaparvovec (DTX401)	Glycogen storage disease type IA	\$1.5M - \$2.5M one time	3,000 adult and pediatric patients	2H 2025
UX111	Mucopolysaccharidoses type IIIA (Sanfilippo syndrome type A)	\$3M+ one time	1,500 – 4,000 adult and pediatric patients	8/18/2025
Bidridistrogene xeboparvovec (SRP-9003)	Limb-girdle muscular dystrophy	\$2M - \$3M one time	TBD	Late 2025
Botaretigene sparoparvovec (AAV-RPGR)	Retinitis pigmentosa	\$750k - \$1M one time (both eyes)	5,500 – 13,000 adult and pediatric patients	Late 2025
RGX-121	Mucopolysaccharidosis II (MPS II; Hunter syndrome)	\$3M+ one time	<25 pediatric patients	Late 2025
Sonpiretigue isteparvovec (MCO-010)	Retinitis pigmentosa	\$750k - \$1M one time (both eyes)	63,000 – 72,000 adult patients	Late 2025

Source: <https://www.carelonrx.com/perspectives/2025-q1-carelon-rx-drug-biologic-pipeline-update.pdf> https://business.caremark.com/content/dam/enterprise/business-caremark/insights/pdfs/2024/gene_therapy_pipeline_report_november_2024.pdf ;
IPD Analytics Drug Pipeline and Trend Impact Report 1H 2025
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MMA Rx Solutions' Approach is Different

Industry Experts

Collective **100+ years** direct pharmacy benefit management and pharmacy industry experience

Clinical and Actuarial Mindset

Led by dedicated actuaries and PharmDs.

1-Year Pharmacy Contracts

Maintain competitive pricing and flexibility year over year vs. multi-year contracts.

Unbiased Approach

Since we are not tied to a single solution or preferred arrangement, we're not steering you anywhere but to the right place for you.

We have scale in a scale driven business

We have a balanced combination of the overall client volume needed to keep the PBM's attention and the expertise to leverage that attention to the client's advantage.

How we define success

- *Saving the Client Money*
- Meeting deliverable timelines
- Finding the right solution for the client
- Establishing competitive contracts for our clients
- Holding the PBMs accountable via annual auditing for every client

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