

Brown & Brown Employer Health and Benefits Strategy Survey

Hospitals and Health Systems

March 26, 2026



2026 Edition

Brown & Brown Insurance Services, Inc.



Brown & Brown Overview

We provide risk management solutions to help protect what our customers value most. In our work with health systems, we help manage both the risk for the employee health plan, as well as the risk associated with their managed care program.

The Brown & Brown culture is built on integrity, innovation, superior capabilities and discipline. We look at insurance differently and use our experience, carrier relationships and principled customer focus to deliver superior service and solutions.

With more than 80 years of proven success, Brown & Brown is one of the industry's most powerful and influential leaders.

1%

Top 1% of insurance brokerage firms in the U.S. as ranked by Business Insurance

700+

Locations in 19 countries and growing, with teammates in 700+ locations

23K+

More than 23,000 teammates

**Our Experience Spans
All Market Segment Solutions**

Contents



- 1** Executive Summary
- 2** Population Health
- 3** Pharmacy
- 4** Absence Management
- 5** Conclusions

01

Executive Summary



Key Takeaways

01

Controlling Costs

Changes in the broader economy disproportionately affect hospitals and health system, increasing pressure to control costs. As a result, organizations are placing greater emphasis on managing benefit plan spending – even when it may mean making difficult decisions that affect employees.

02

Leveraging Domestic Capabilities

Hospitals and health systems are uniquely positioned to leverage tools and capabilities unavailable to most employers. By tapping into provider network relationships, population health infrastructure, and domestic pharmacy resources, they are more effectively managing and optimizing their health plan performance.

03

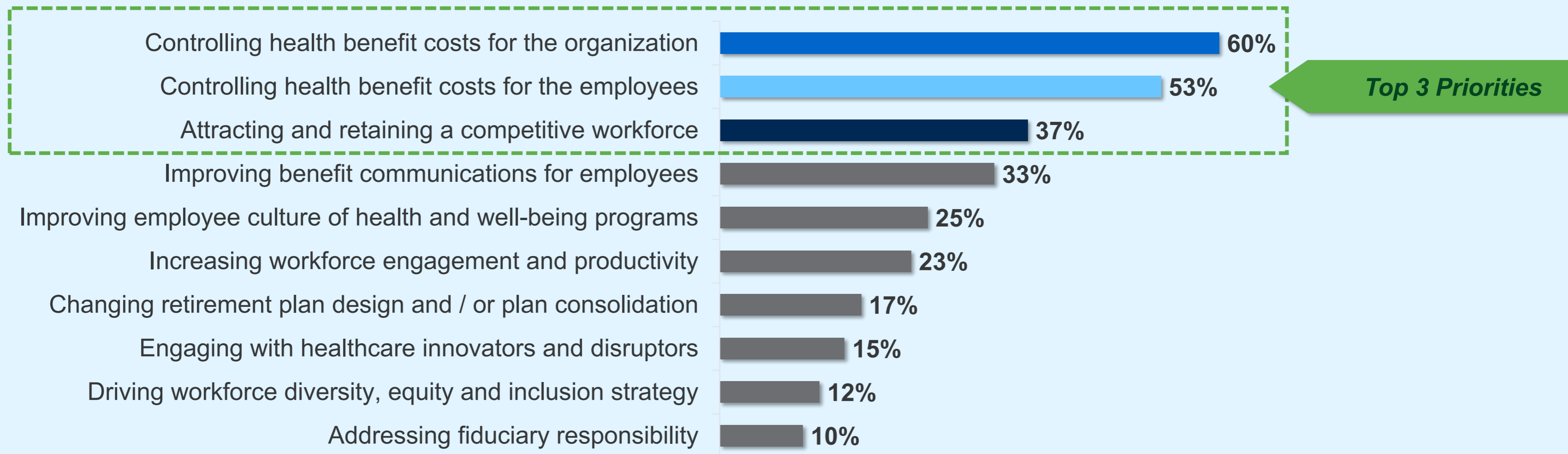
Attracting and Retaining Key Employees

Talent attraction and retention is still essential. Even as overall labor challenges have moderated, hospitals and health systems must continue to compete aggressively for clinical talent and maintain strong retention strategies.

Top Strategic Priorities

The top three strategic priorities are giving rise to a need for new approaches to health benefits

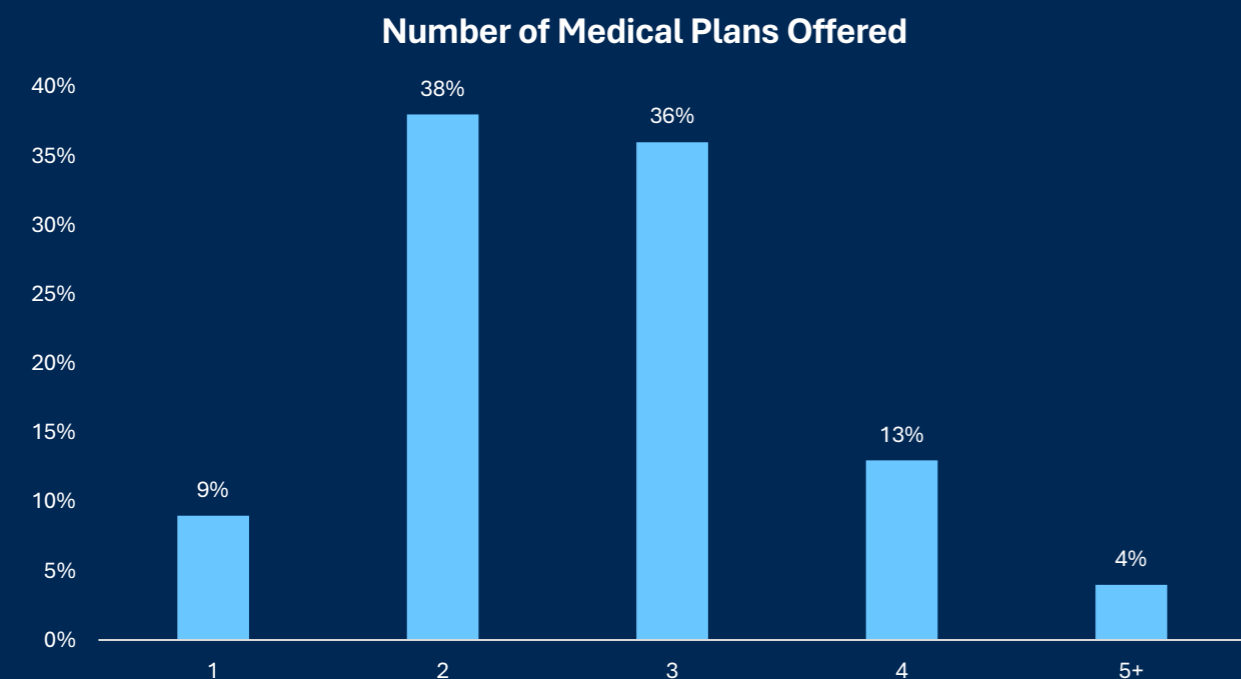
- Traditional approaches to controlling employer spend generally increase costs for employees
- A strategy designed to attract and retain employees often leads to an increased cost of benefits for the organization



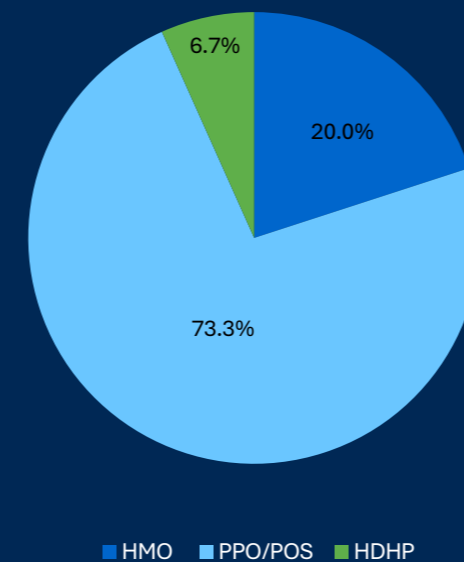
National Statistics on Plan Design

LARGE HEALTH SYSTEM FOLLOW-UP

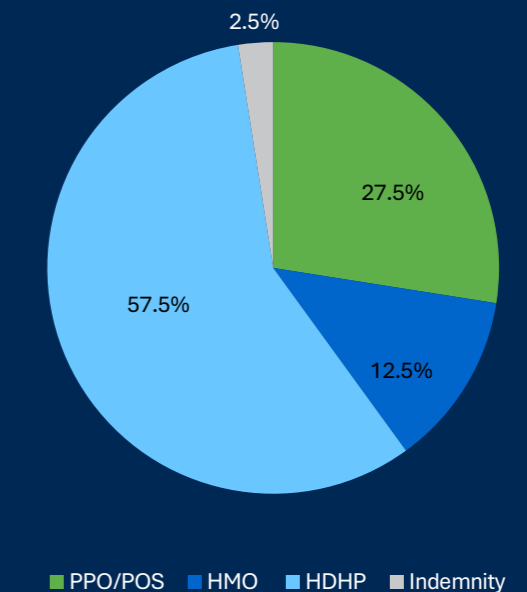
- The majority of respondents offer limited choice, either 2 or 3 medical plans
- As expected, the most prevalent core plan design is a PPO/POS (73.3% of groups), with the most prevalent value plan design being a HDHP (57.5%)
 - » The majority of healthcare employers have overcome their hesitancy and are now offering a HDHP
- Only 33% of respondents offer an out-of-area (OOA) plan in their medical program
- Most healthcare industry employees are selecting the plan with more generous benefits
 - » The median enrollment percentage in the core plan design is 56% of employees, with 32% in the value plan



Core Plan Design Prevalence



Value Plan Design Prevalence



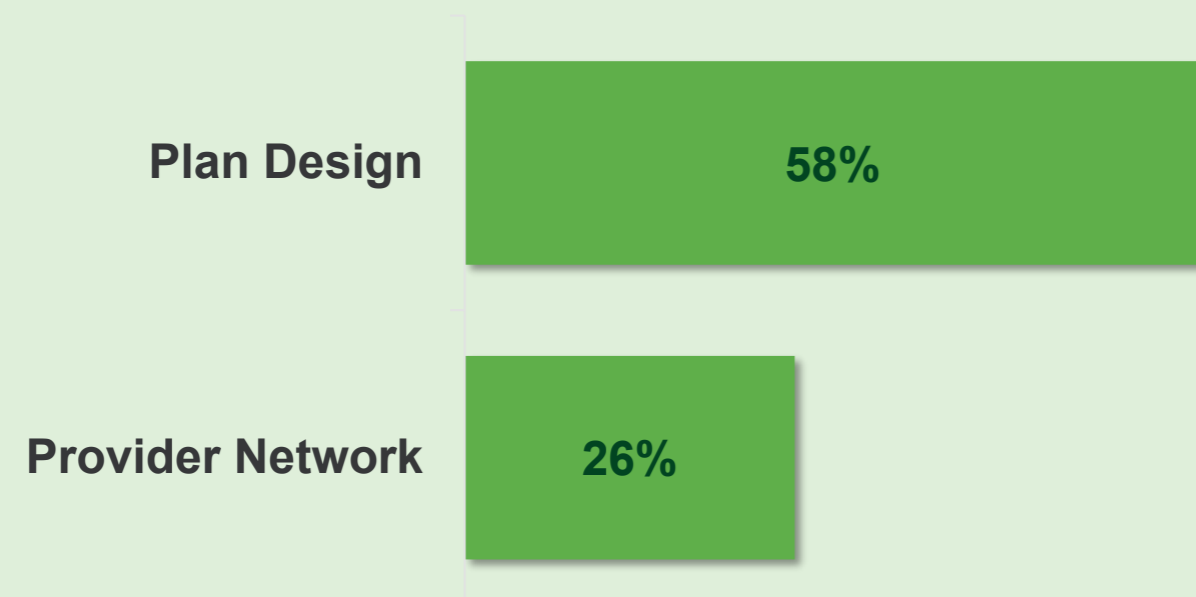
Changes Made to Medical Plan in 2026

LARGE HEALTH SYSTEM FOLLOW-UP

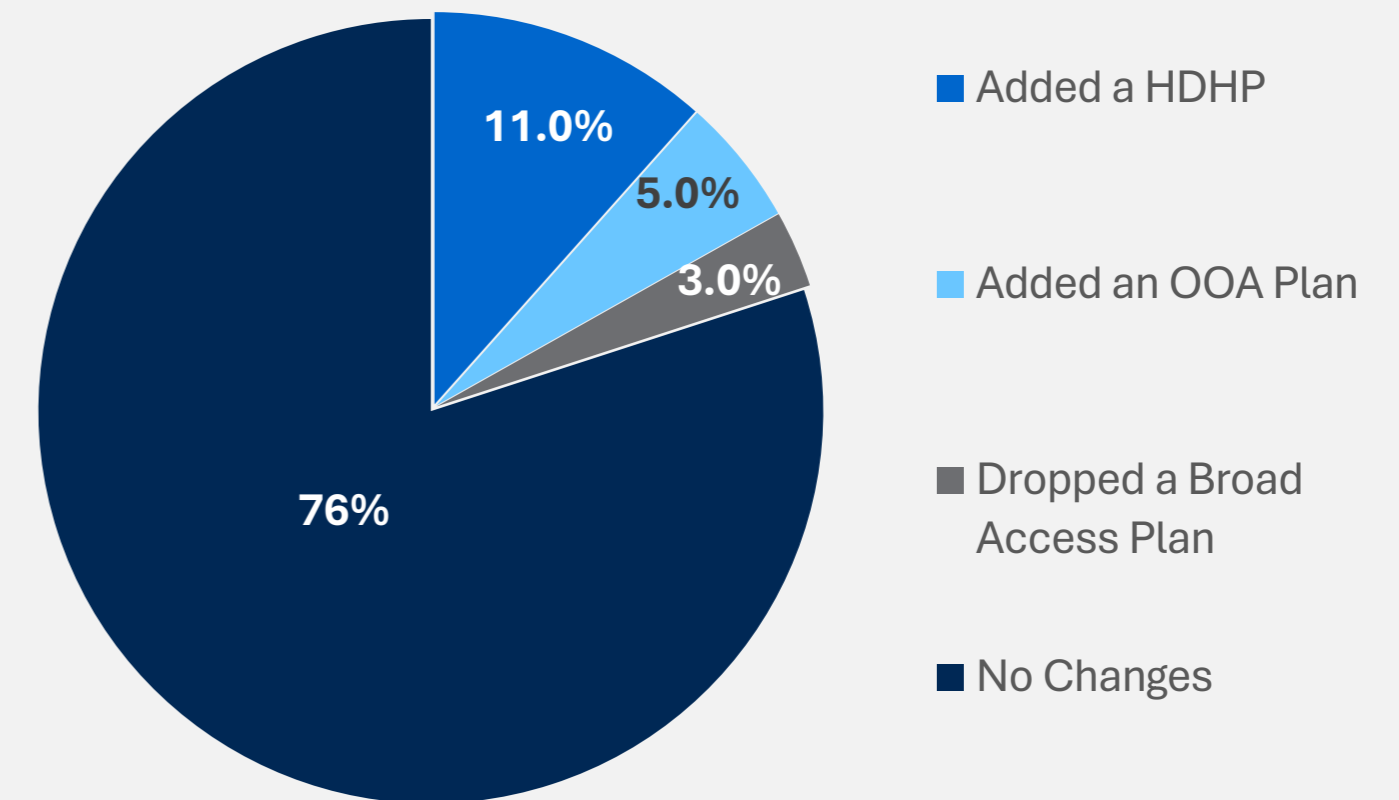
Health systems are becoming more willing to exclude or “downtier” competing or non-aligned providers, in an effort to control costs and improve the member experience

- These efforts sometimes lead to the need for a true out of area plan, to accommodate remote employees

CHANGES MADE IN 2026



PLAN STRUCTURE



Changes to Health Plan Premiums

LARGE HEALTH SYSTEM FOLLOW-UP

Many **employers saw higher cost trends in 2026** than in prior years; hospitals and health systems were not exempt from this

- On average, respondents reduced their increase by 1.4 percentage points through plan changes, and only passed a portion of the increase on to employees
- 2026 premium increases were substantially higher than in 2025

What was your Health Plan Cost Change, 2025 to 2026?



	2026	2025
Health Plan Premium (or working rate) Increase, Prior to Plan Changes:	12.3%	8.5%
Health Plan Premium (or working rate) Increase, After Plan Changes:	10.9%	7.3%
Increase to Health Plan Employee Contributions:	7.9% - Ind. 8.2% - Fam.	5.8%

Plan Administrator RFP

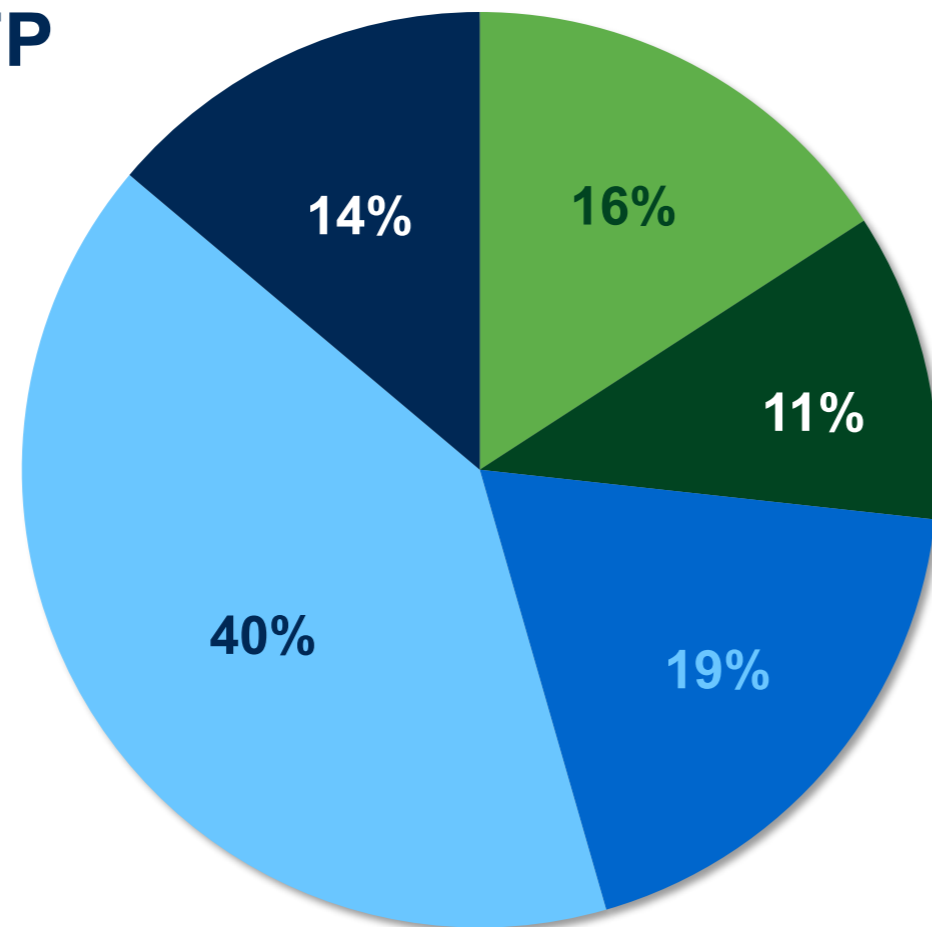
LARGE HEALTH SYSTEM FOLLOW-UP

The percent of respondents saying a medical plan RFP was likely in 2026 **increased slightly over 2025, from 44% to 46%**

- The likelihood of a PBM RFP increased by 10%, from 39% to 43%

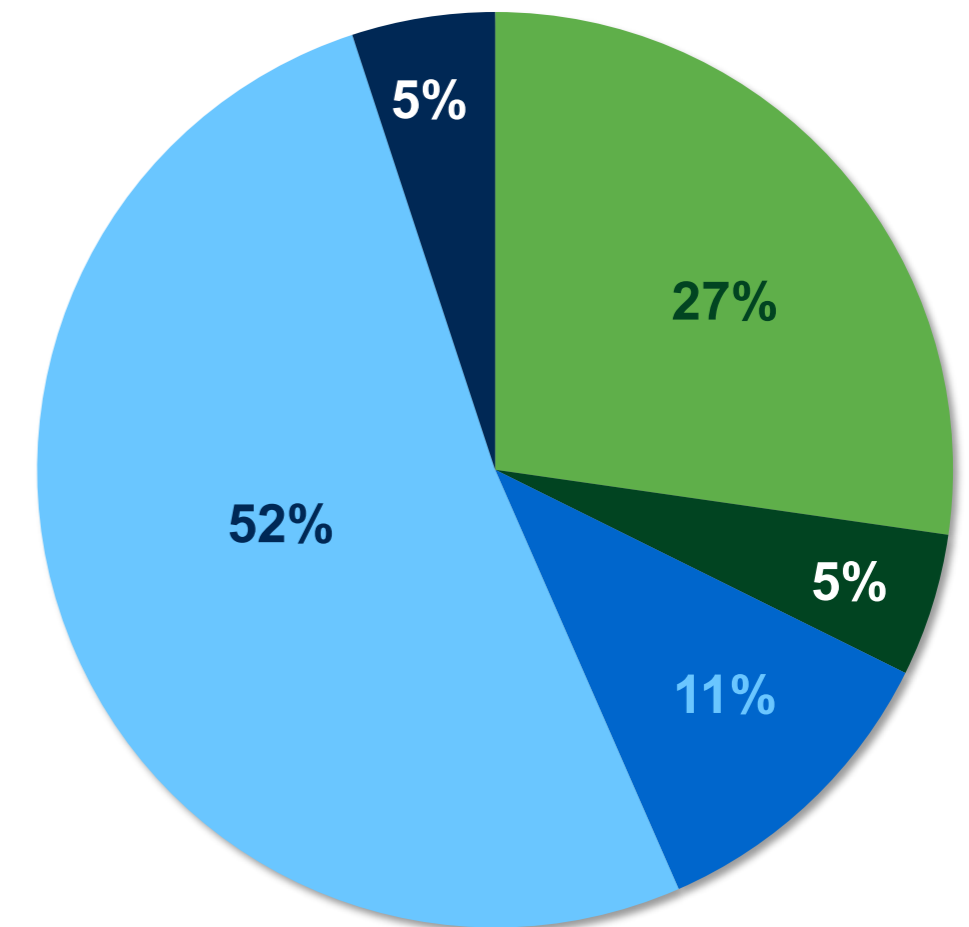
Medical Plan Administrator RFP

- Already Doing
- Very Likely
- Moderately Likely
- Not Likely
- Never Happening



Pharmacy Benefit Manager RFP

- Already Doing
- Very Likely
- Moderately Likely
- Not Likely
- Never Happening



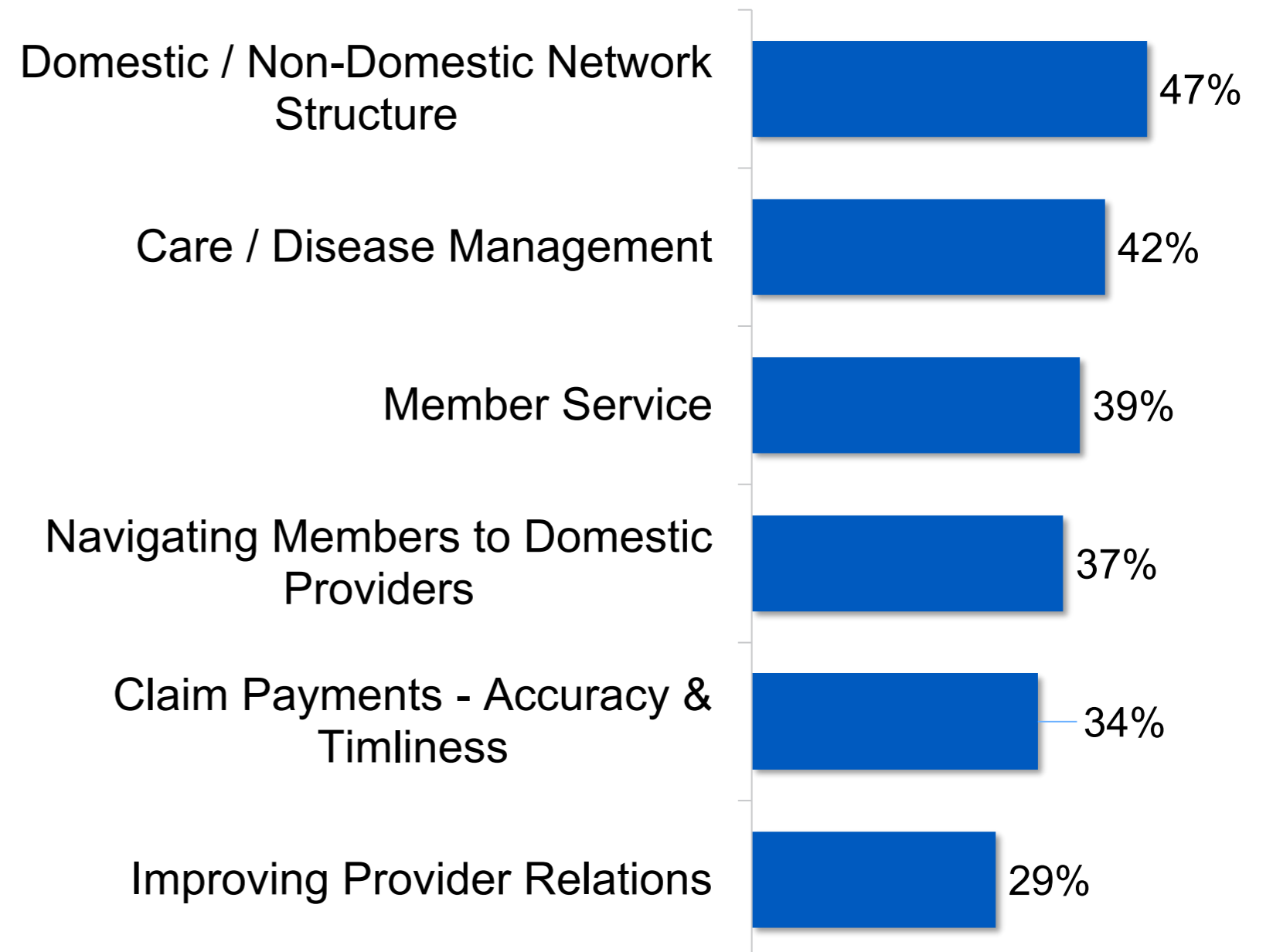
Medical Carrier / TPA Areas for Improvement

Health systems singled out **Network Structure** as a **key area for TPA improvement** in our survey

- Lack of access to domestic providers leads to member dissatisfaction
 - » TPAs need to better monitor provider wait times, driving distances, and specialty coverage
- An overabundance of non-domestic providers can lead to increased plan costs
 - » Referrals to non-aligned facilities, non-adherence to practice guidelines, and poor outcomes

After years of dissatisfaction with TPA programs, **many systems are taking over care management**

- Building a program takes significant investment, but can lead to improved member engagement and better coordination with service delivery



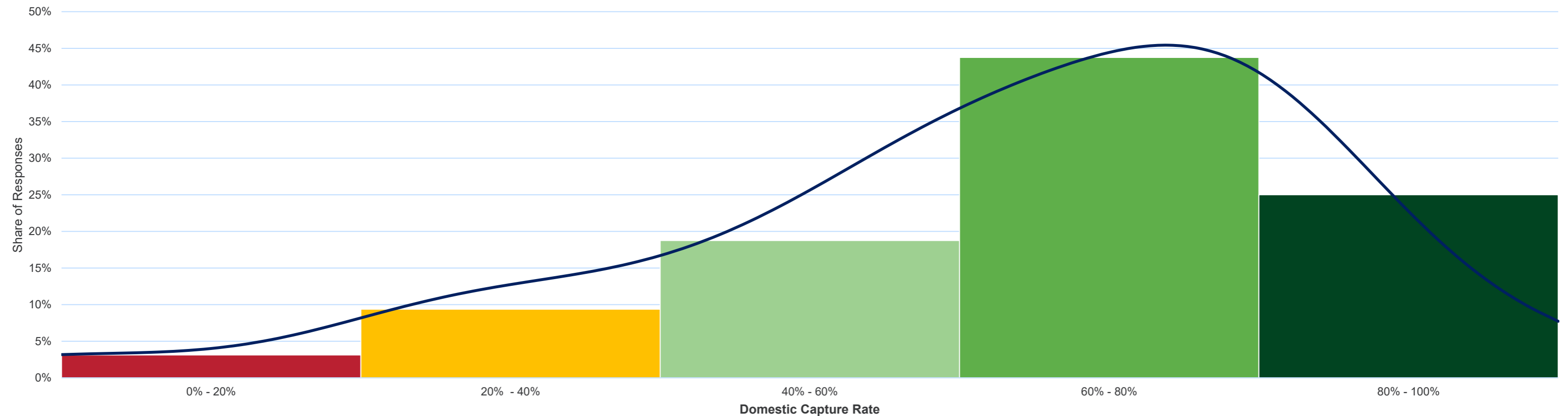
Domestic Utilization

LARGE HEALTH SYSTEM FOLLOW-UP

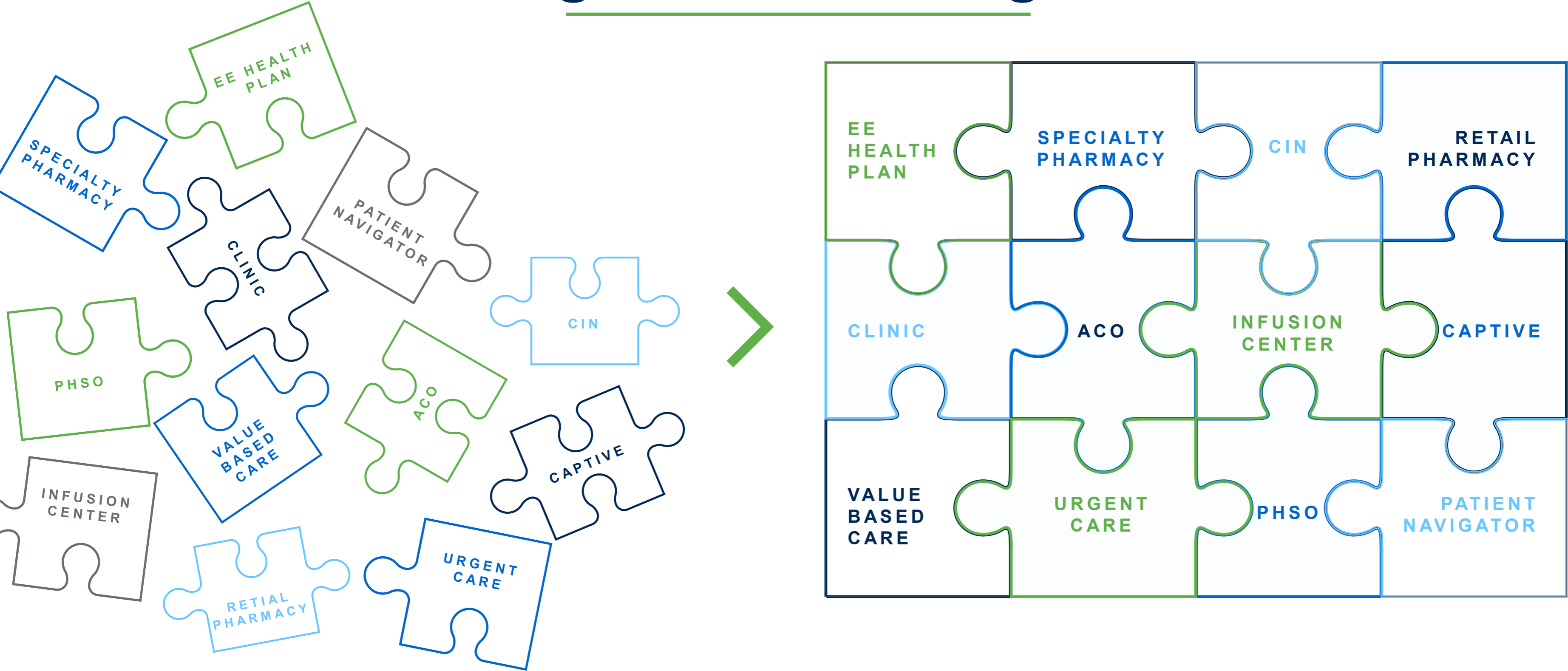
Survey respondents report a 65% average domestic utilization percentage, and almost 45% of respondents show between 60% and 80% domestic capture

- The curve skews to the right, with 25% of systems reporting rates of over 80%

Healthcare Domestic Capture



Fitting the Pieces Together



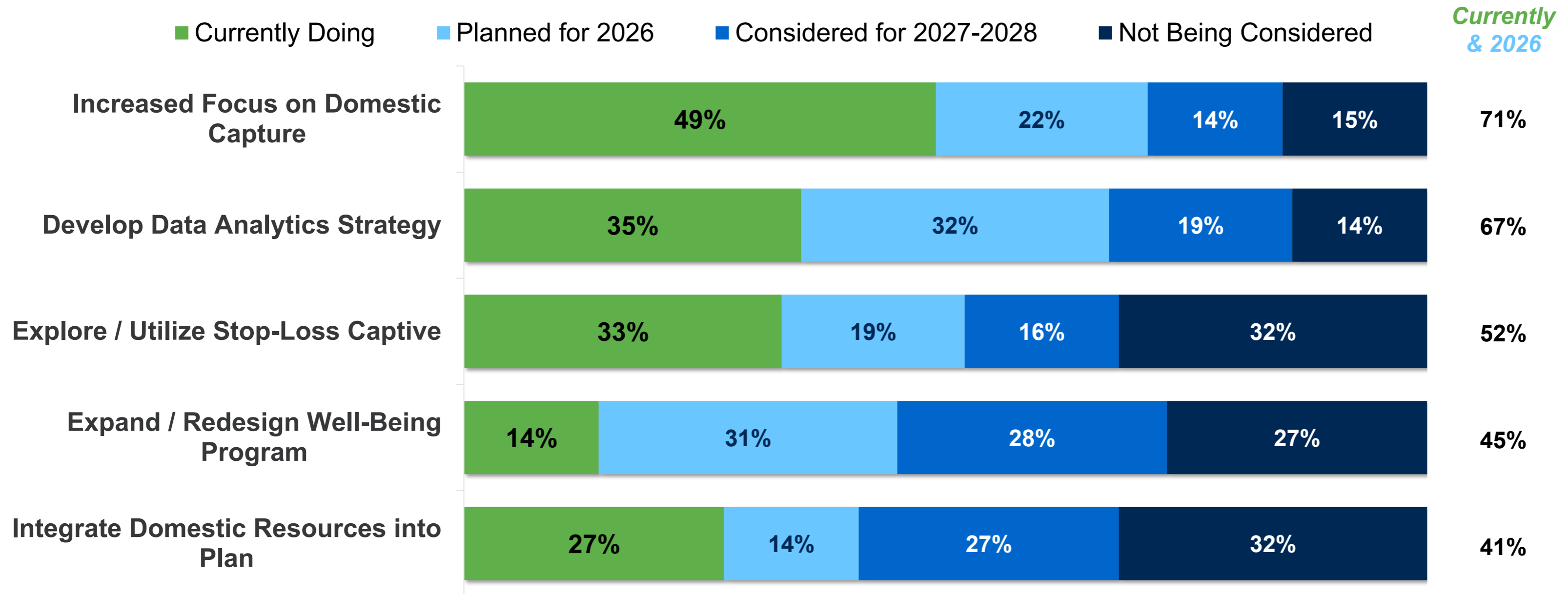
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Population Health



Five Most Common Health Plan Objectives

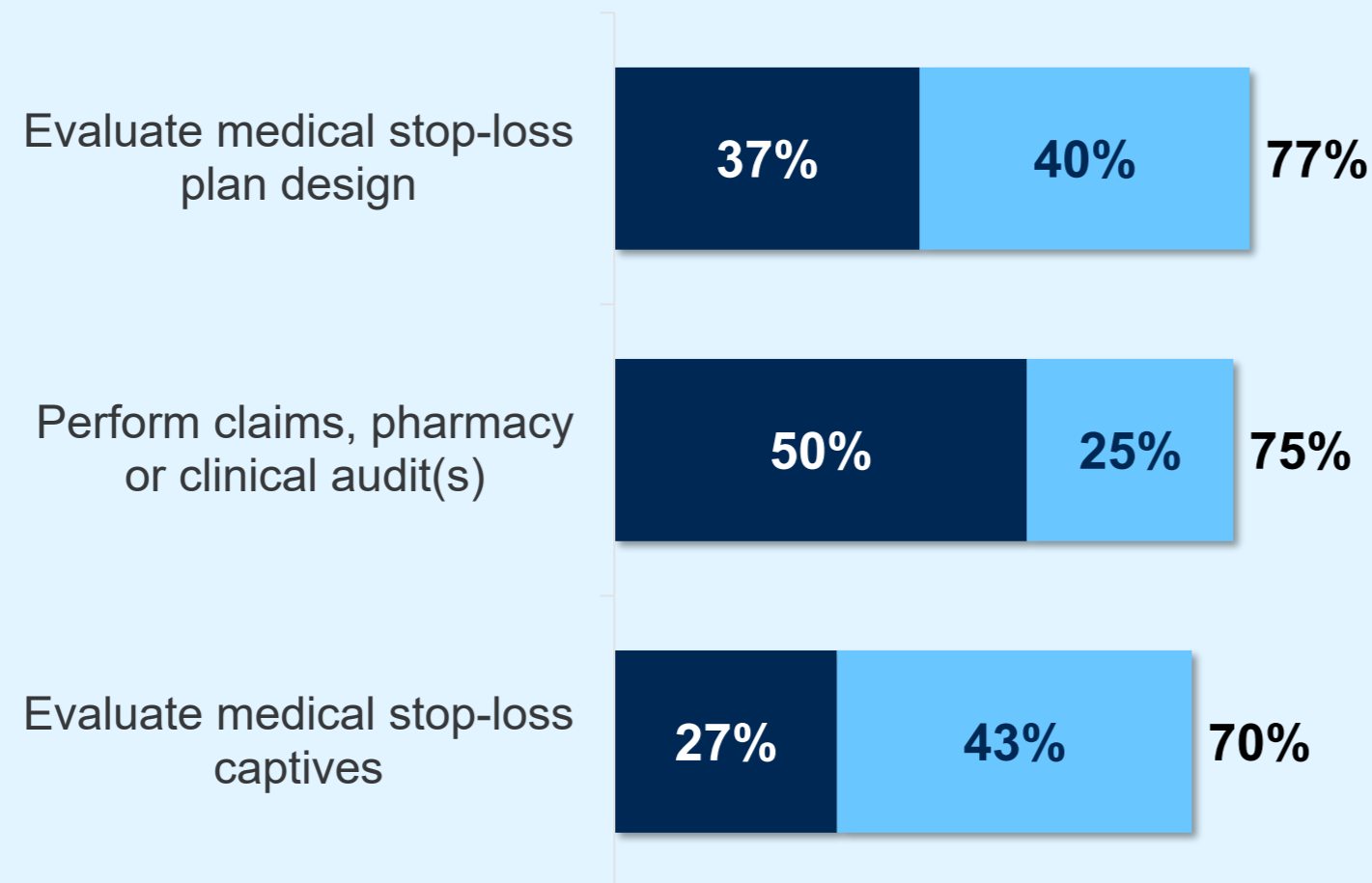
LARGE HEALTH SYSTEM FOLLOW-UP



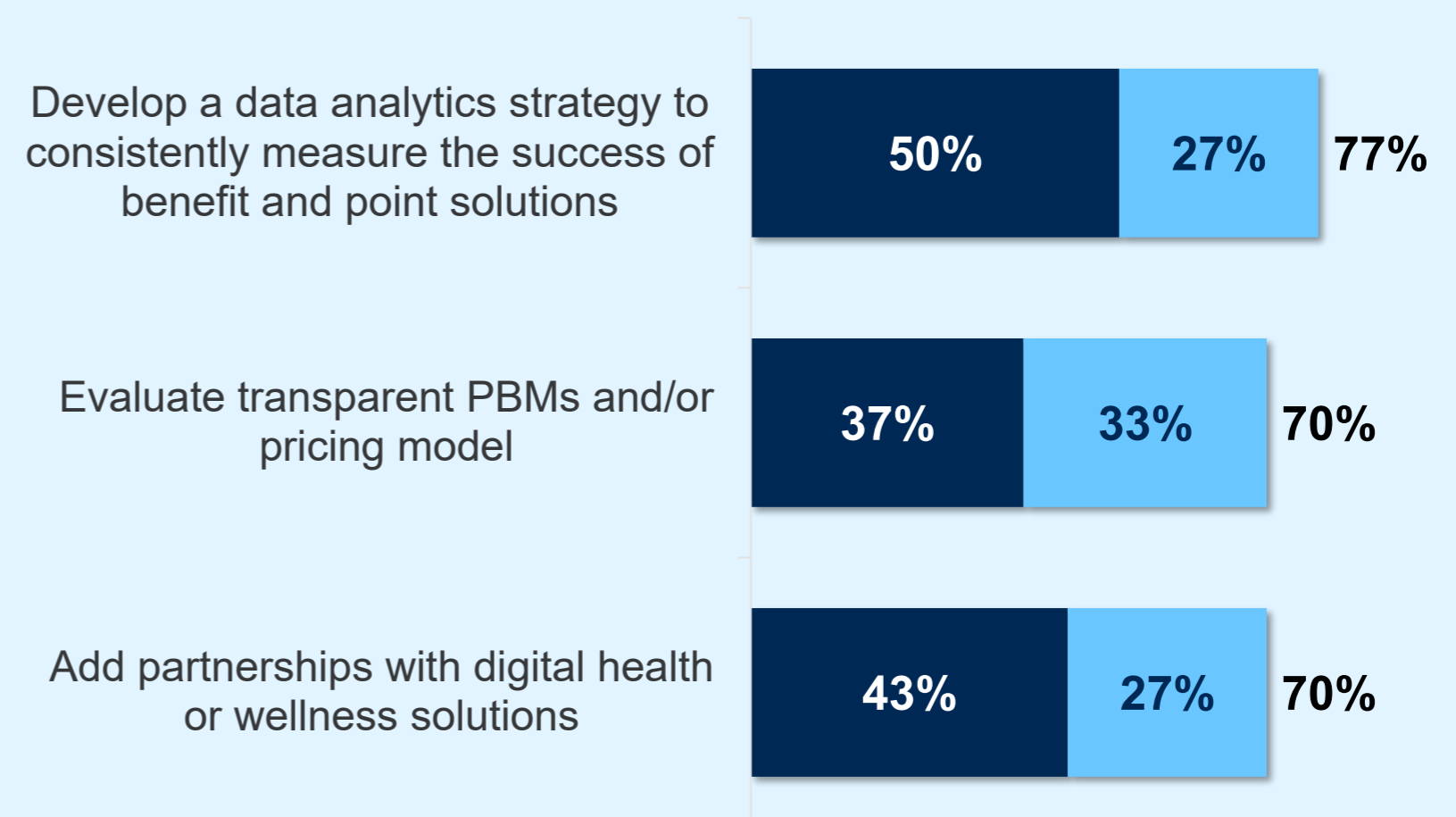
Organizational Approach to Plan Management & Strategic Initiatives

The three most common plan management activities are actions with limited impact on plan membership, while the two most common strategic initiatives show an interest in evaluating solutions already in place

Plan Management



Strategic Initiatives



■ Within the next 12 months

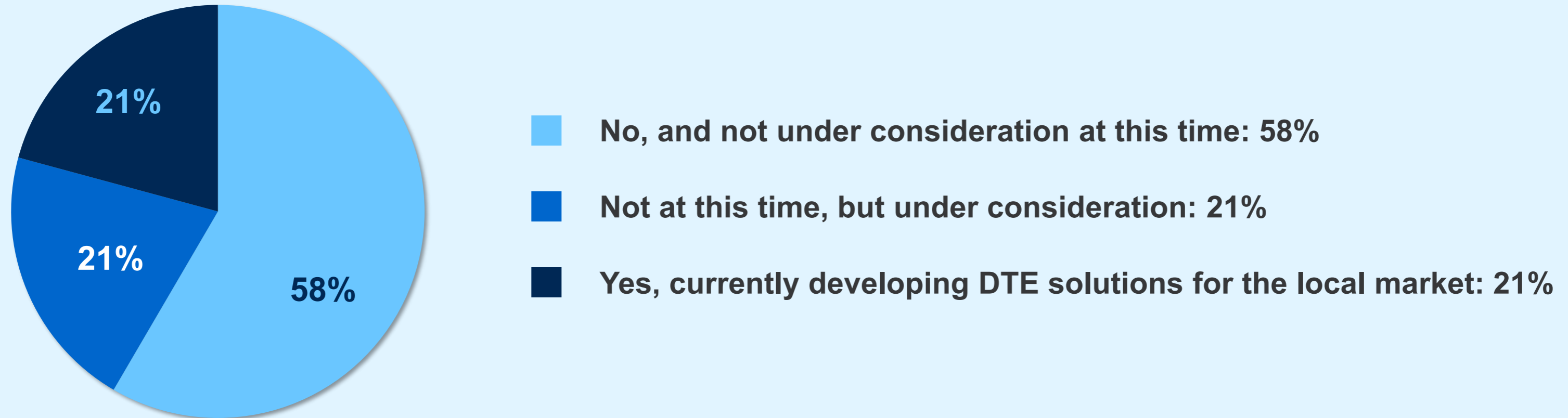
■ In the next 12 to 24 months

Direct to Employer Solutions

LARGE HEALTH SYSTEM FOLLOW-UP

The development of Direct to Employer (DTE) solutions is top of mind

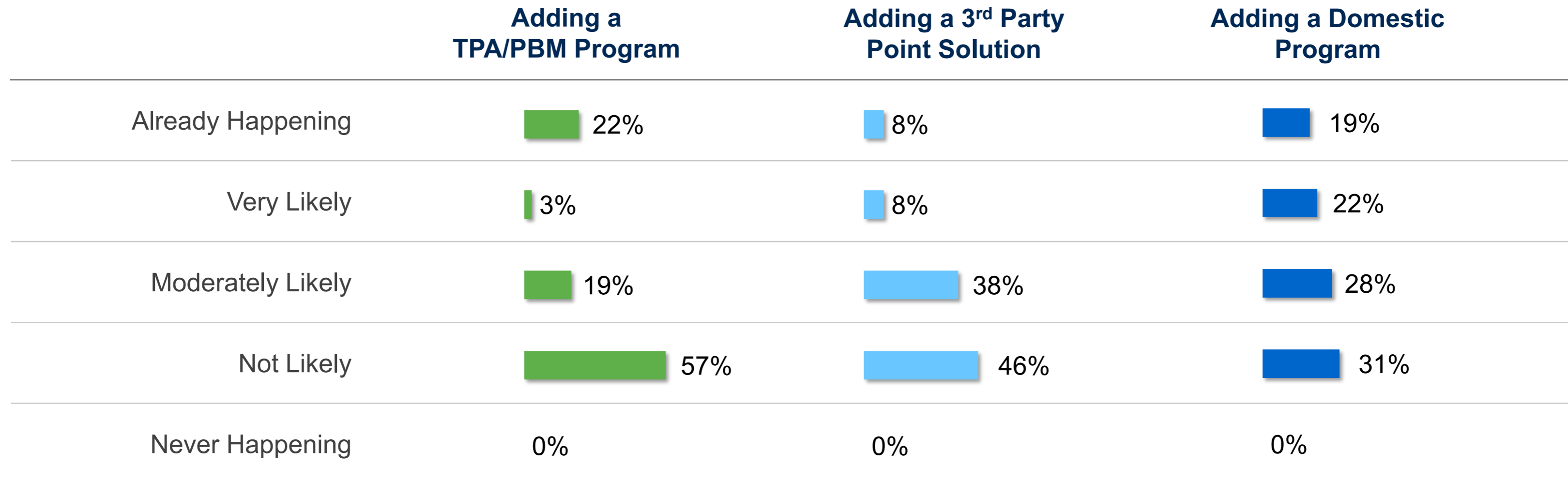
- Many health systems are leveraging their ACO network, and offering to TPAs and regional employer plans
- Some are also working with their population health organization, and exploring programs in areas such as diabetes management, weight loss, or care navigation



Adding Additional Health Plan Programs

LARGE HEALTH SYSTEM FOLLOW-UP

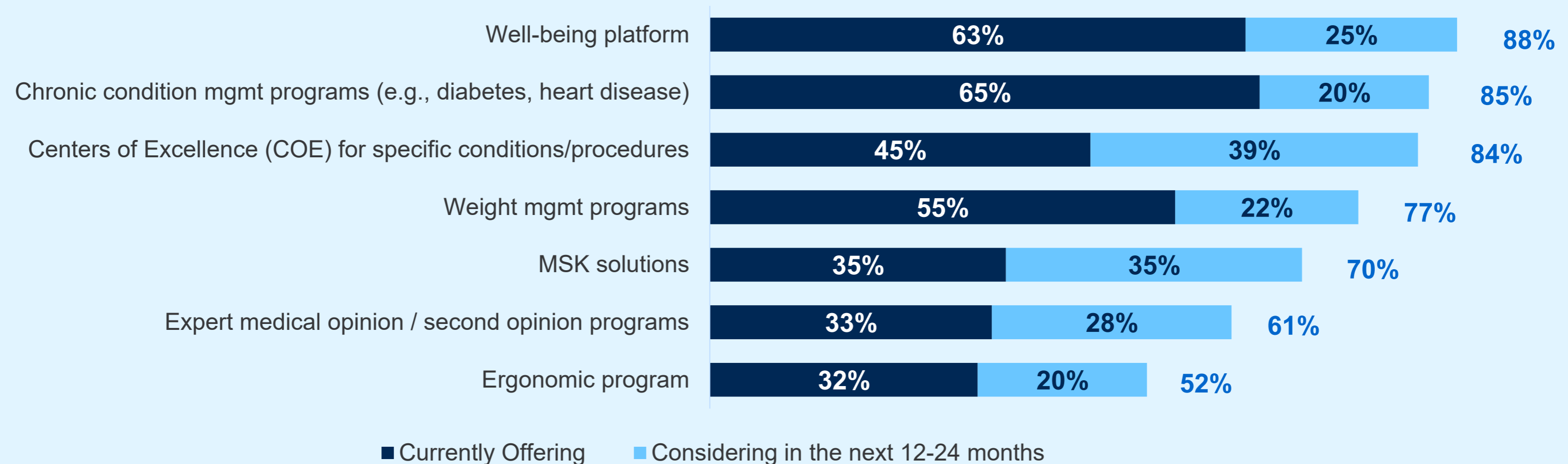
Hospitals and health systems **responded they were far more likely to add a domestically created program (69%) to supplement core services under their medical plan**, as opposed to a 3rd party program (54%) or a program through the TPA / PBM (44%).



Current and Future Navigation & Well-Being Programs

Even with an increased focus on cost management, **healthcare employers are considering additional programs designed to improve the employee experience**

- Domestic COE and 2nd opinion programs are challenging to implement, but can have a dramatic impact on cost and quality



Balancing Predictable and Unpredictable Risk

Managing Predictable Costs

- Predictable costs like preventive services and chronic care
- Influenced through care models, workflows, and benefit design
- We want these costs because they help us avoid higher costs down the road

Addressing Unpredictable Costs

- Catastrophic claims and high-cost outliers
- Require financial protection, not just better operations

The Role of Actuarial Insight

- Forecast exposure and volatility
- Inform decision on retention vs. transfer

A Balanced Risk Strategy

- Mitigation through operations
- Retention where performance is predictable
- Transfer where volatility threatens stability

Bottom Line

- Strong Operations reduce risk
- Financial protection prevents volatility from breaking the business model and the budget

03

Pharmacy



Pharmacy

Concern about escalating plan costs has been a consistent theme throughout our survey responses.

To address rising costs, healthcare employers are deploying some solutions unique to the industry, mixed with more traditional options

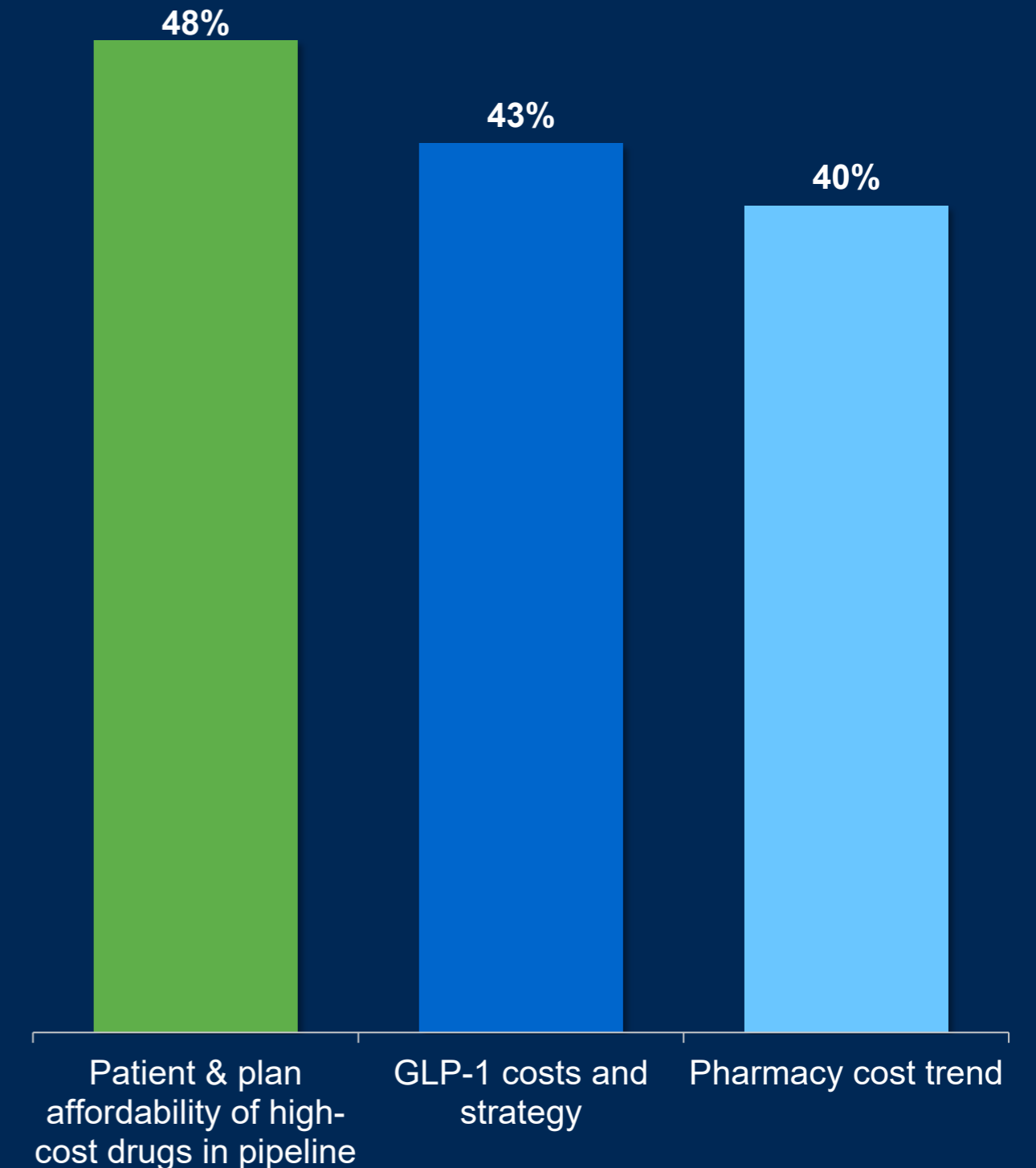
Top 3 Solutions Healthcare Employers Already Have in Place

- Fourth-tier pharmacy cost share for specialty Rx
- Exclusive specialty pharmacy
- Site of care management for specialty Rx

Top 3 Solutions Healthcare Employers Are Considering over the Next 12–24 Months

- Additional oversight / auditing of PBM contract
- PBM transparency program
- Modest increase to copays / cost-sharing (*\$5-\$10 increases*)

TOP 3 PHARMACY CONCERNS

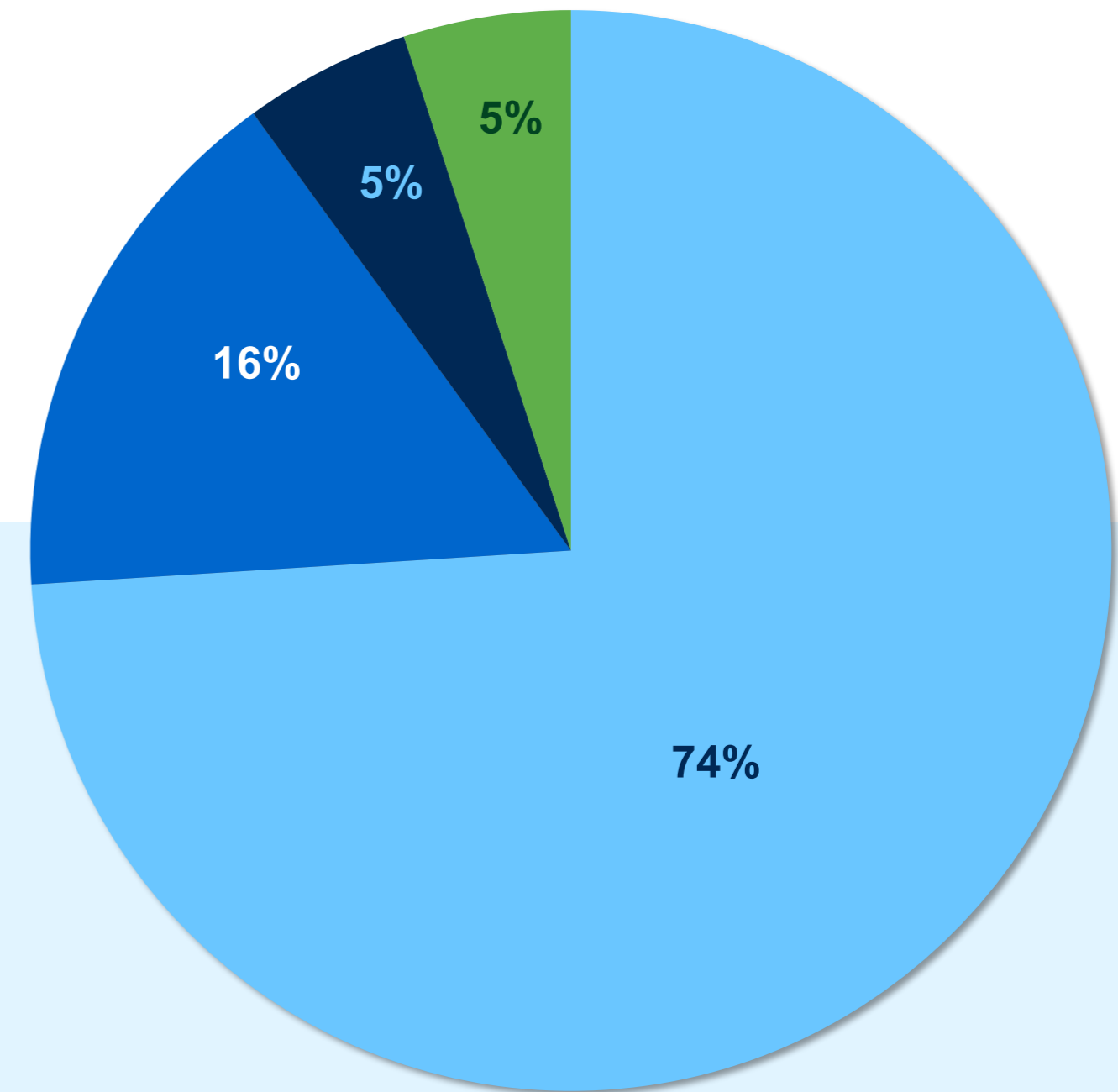


Pharmacy Formulary Development

LARGE HEALTH SYSTEM FOLLOW-UP

Like most employers, the **vast majority of health systems** responding to the survey (74%) **told us they utilize a standard PBM formulary**

- Traditional formularies leverage lucrative rebate arrangements, which are an effective cost management lever
- We are increasingly hearing from health systems looking for a PBM partner that can help them leverage their 340B designation



Customize formulary based on domestic clinician input: 5%

Customize formulary to better leverage domestic services: 5%

Customize formulary to leverage 340B designation: 16%

Utilize a standard PBM formulary listing: 74%

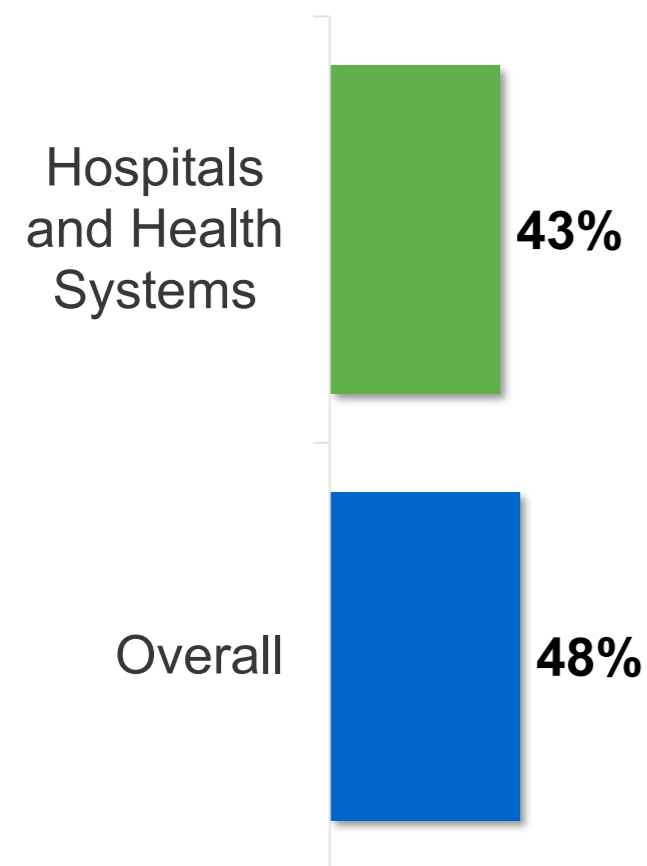
GLP-1s for Weight Loss

Less than half of hospitals and health systems cover GLP-1 Anti-Obesity Medications (AOMs), below the rate for all employers, and are more likely to restrict coverage

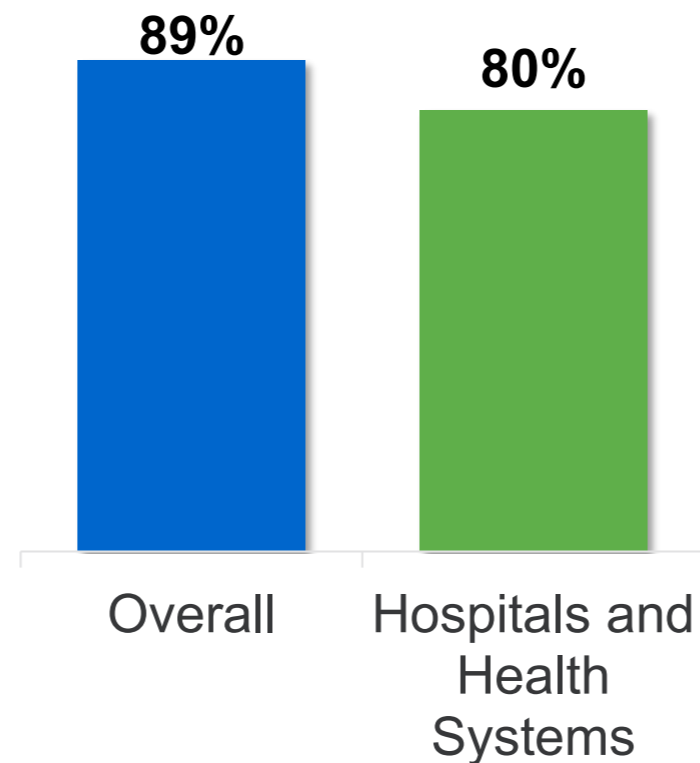
- Healthcare employers express the desire to develop a comprehensive weight management strategy, and avoid a reliance on medications-only approach

OF THOSE WHO COVER GLP-1s

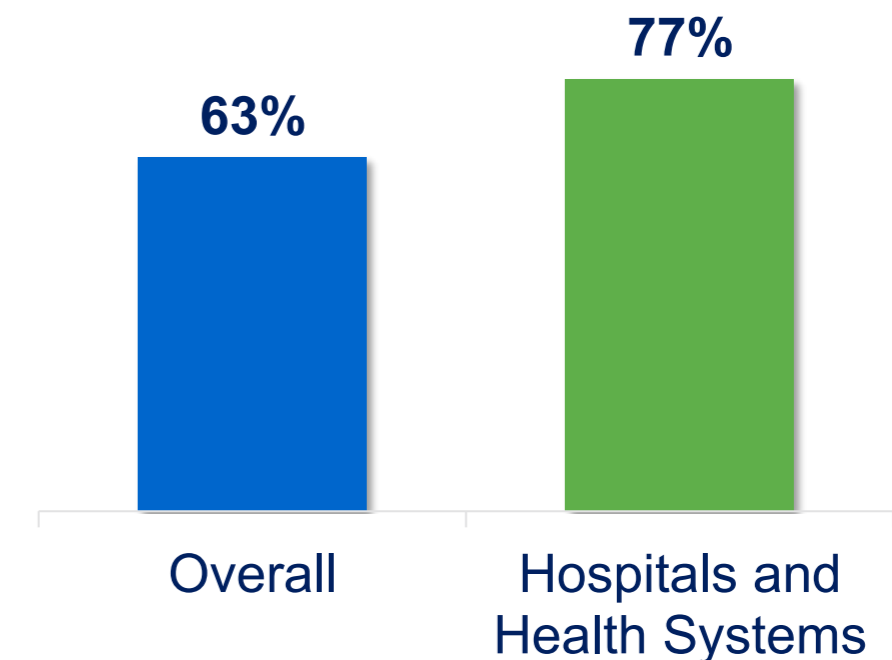
Employers Covering GLP-1 AOMs



Plan To Continue GLP-1 Coverage for Weight Loss in the Next 12–24 Months



Have Restrictions in Place for GLP-1 Coverage for Weight Loss



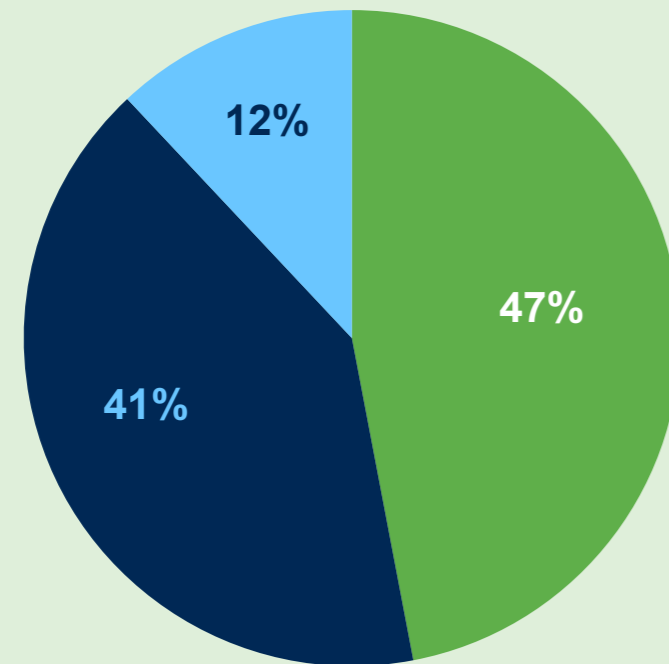
GLP-1 Anti-Obesity Medication Management

LARGE HEALTH SYSTEM FOLLOW-UP

Healthcare employers have a variety of domestic resources available to support the management of Anti-Obesity Medications (AOMs), although **most are not yet fully leveraging them**

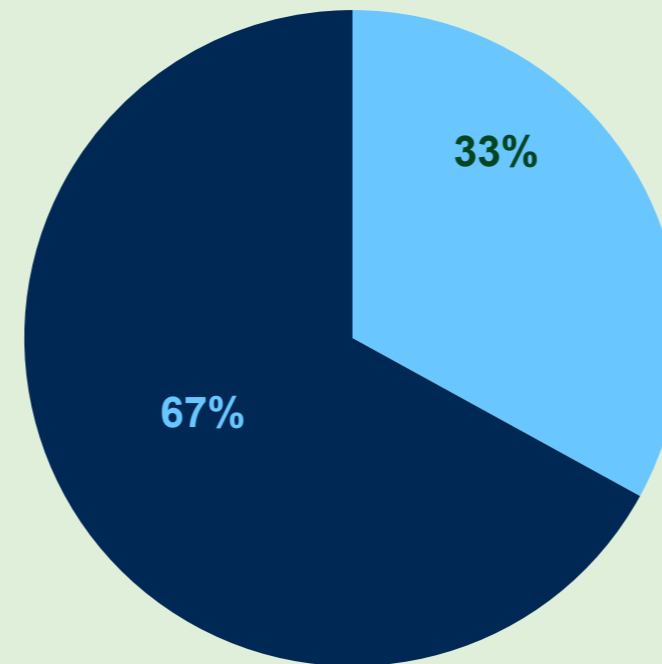
- Restrictive PBM contracts often prevent healthcare employers from deploying creative solutions

Lifestyle Management Program



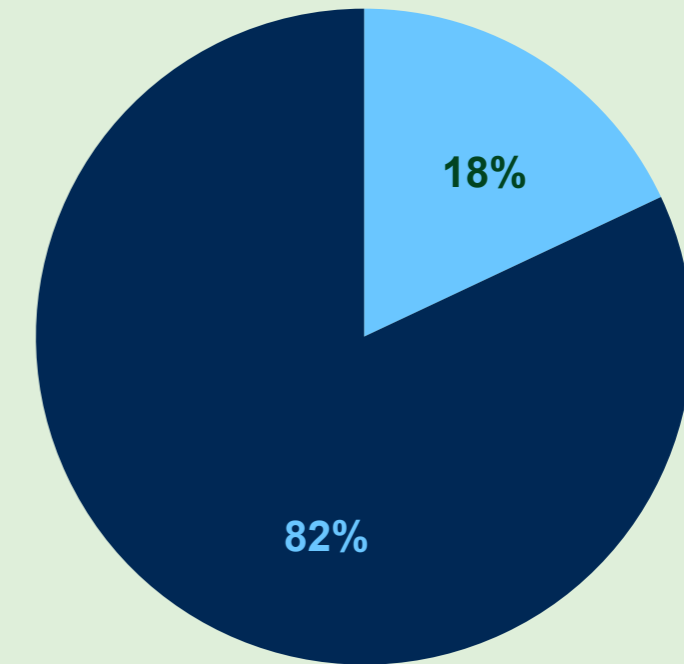
■ No Lifestyle Program ■ Outside Vendor ■ Domestic Program

Require Domestic Pharmacy Fills



■ Yes ■ No

Domestic Provider Requirement



■ Yes ■ No

Items for Consideration

01

Care redesign is a margin strategy

Aligning site of care and channel pathways reveals where the system is leaking contribution margin and where clinically appropriate shifts can strengthen both economics and value-based performance.

02

Total cost clarity beats siloed optimization

Integrating medical benefit, pharmacy, and channel flow exposes the true cost of therapy, unlocks steerage precision, and enables smarter decisions across infusion, specialty pharmacy, and home-based care.

03

Execution lives in the complexity

Real opportunity emerges only after accounting for 340B, payer policy, white/brown bagging, network capacity, patient safety, and provider alignment, turning insight into an implementable system-wide strategy.

04

Absence Management



Leave Has Become a Core Benefit



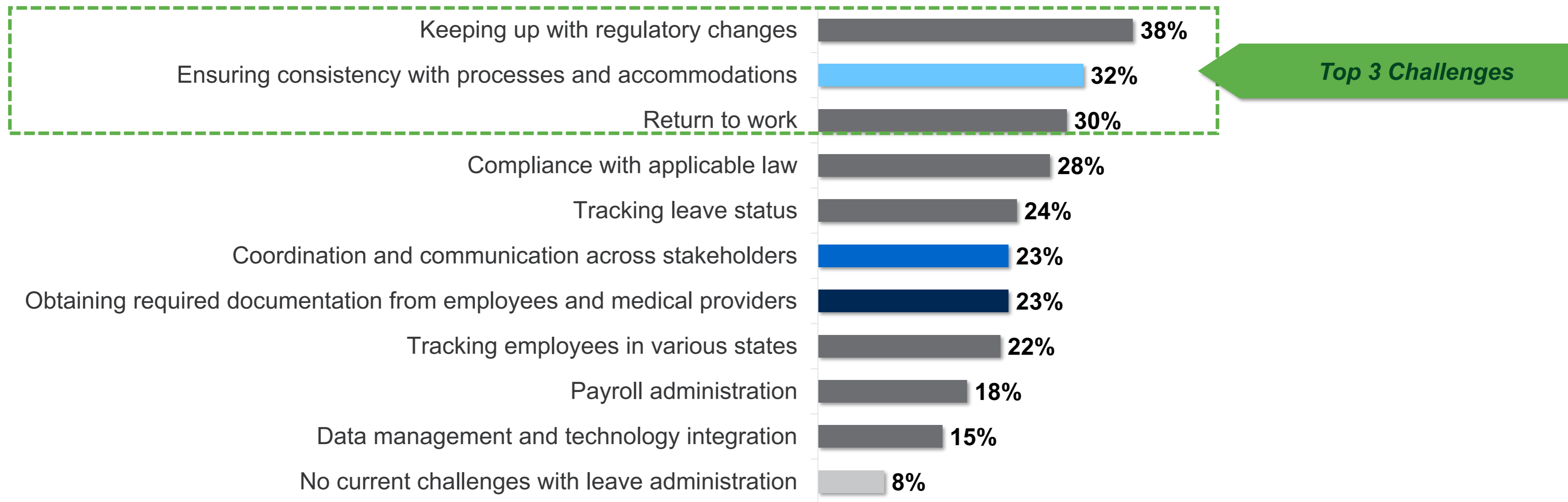
Employers are now evaluating:

- Paid vs. unpaid leave parity
- Job protection as a competitive differentiator
- How leave impacts productivity and cost

Top Leave Administration Challenges

Historically most hospitals and health systems operated in a limited number of states

- Many are now dealing with a sizable remote workforce, in conjunction with an increase in the number of state-specific leave requirements



Parental Leave

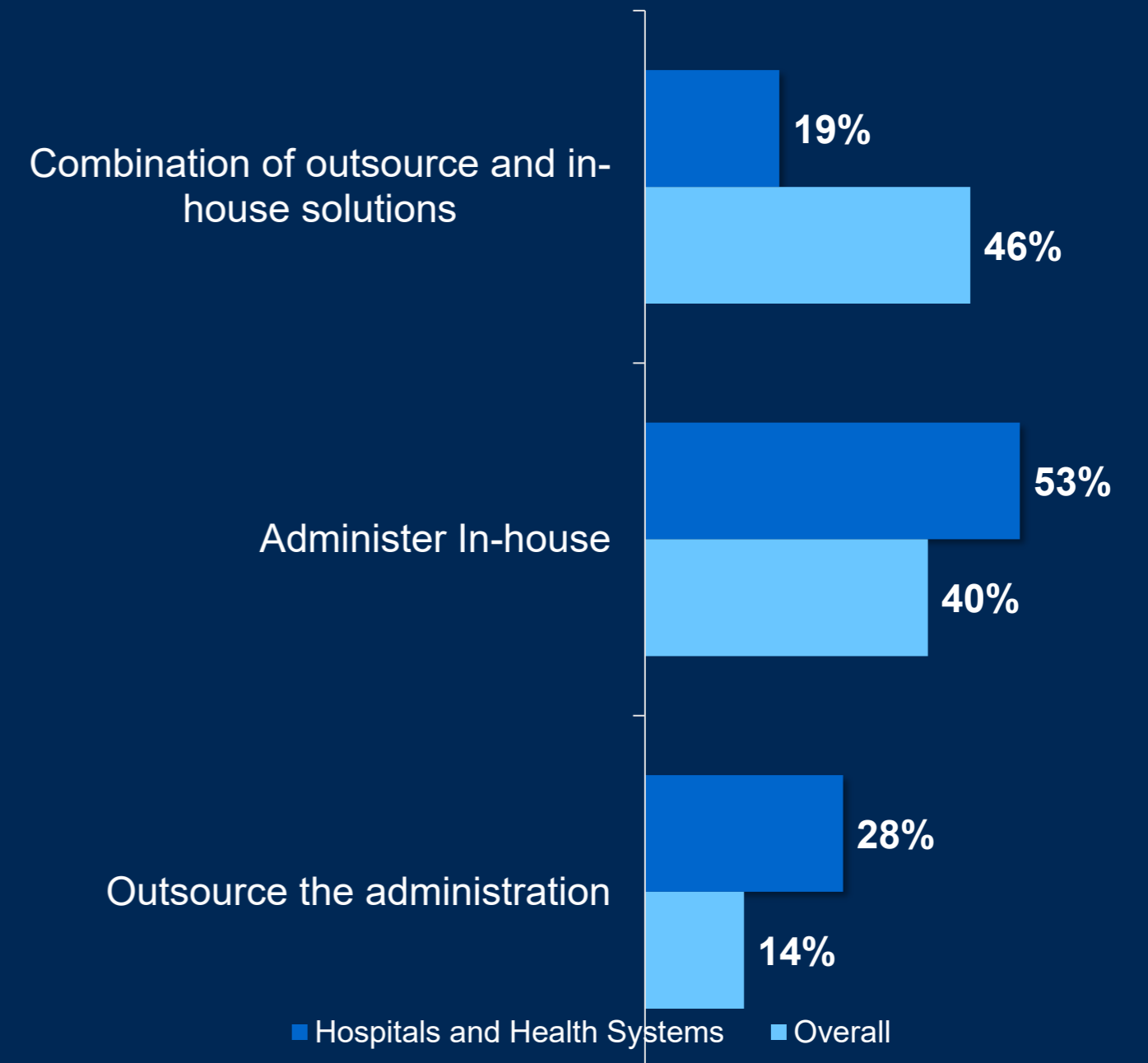
Hospitals and health systems are less likely to offer paid parental leave beyond state requirements when compared to overall respondents, and are less likely to outsource administration

We currently offer paid parental leave programs above and beyond statutory or state requirements for some or all employees:

71% All Employers

53% Hospitals & Health Systems

PARENTAL LEAVE ADMINISTRATION

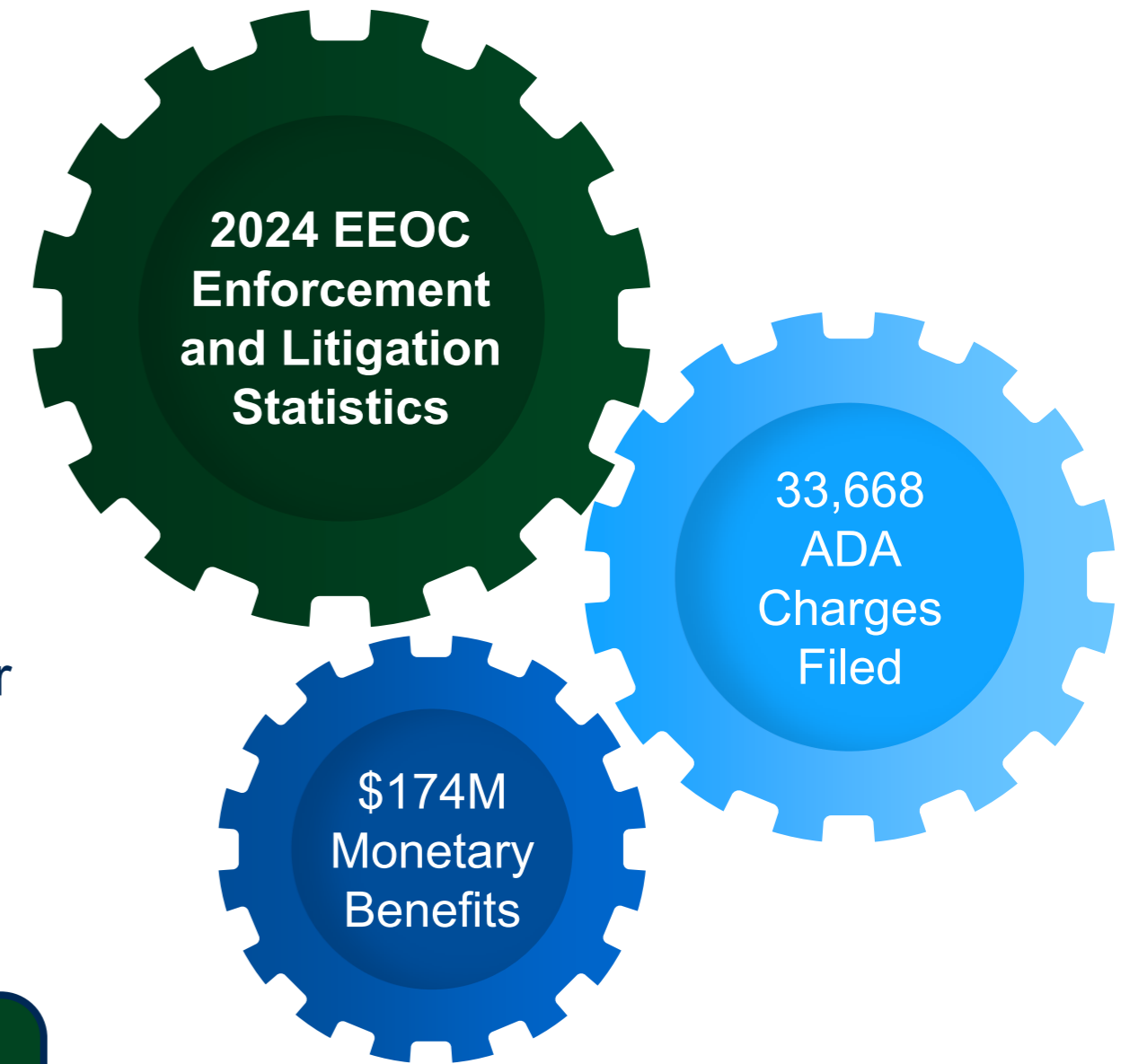


Accommodations

Accommodations / ADA

- Even greater attention being placed on Accommodation / ADA requirements, processes and results.
- Increasing centralization of Accommodation / ADA administration and development of Accommodation Centers of Excellence.
- Increase in outsourcing support, with the market evolving to align with employer needs.
- Leveraging technology to support the process.

The Pregnant workers Fairness Act (PWFA), effective June 27, 2023, increases the complexities of accommodations compliance, particularly for front-line leaders.



05

Conclusion



Conclusions

Insights from the 2026 Brown & Brown Employer Health and Benefits Strategy Survey indicate that the benefits environment is increasingly influenced by cost pressures, leading to a heightened interest in innovation. Healthcare employers focusing on cost control, while trying to maintain a positive employee experience through the strategic use of domestic capabilities.



- **Healthcare employers are prioritizing cost containment**, focusing on smarter network design and more targeted pharmacy management strategies.



- **Talent attraction and retention remain important**, but organizations are increasingly shifting attention toward long-term financial sustainability.



- **Well-being and mental health programs continue to expand**, with many healthcare employers planning enhancements for 2026.



- **Inflation, economic volatility, and broader social trends are reshaping benefits strategy**, prompting employers to rethink vendor partnerships and plan structure.

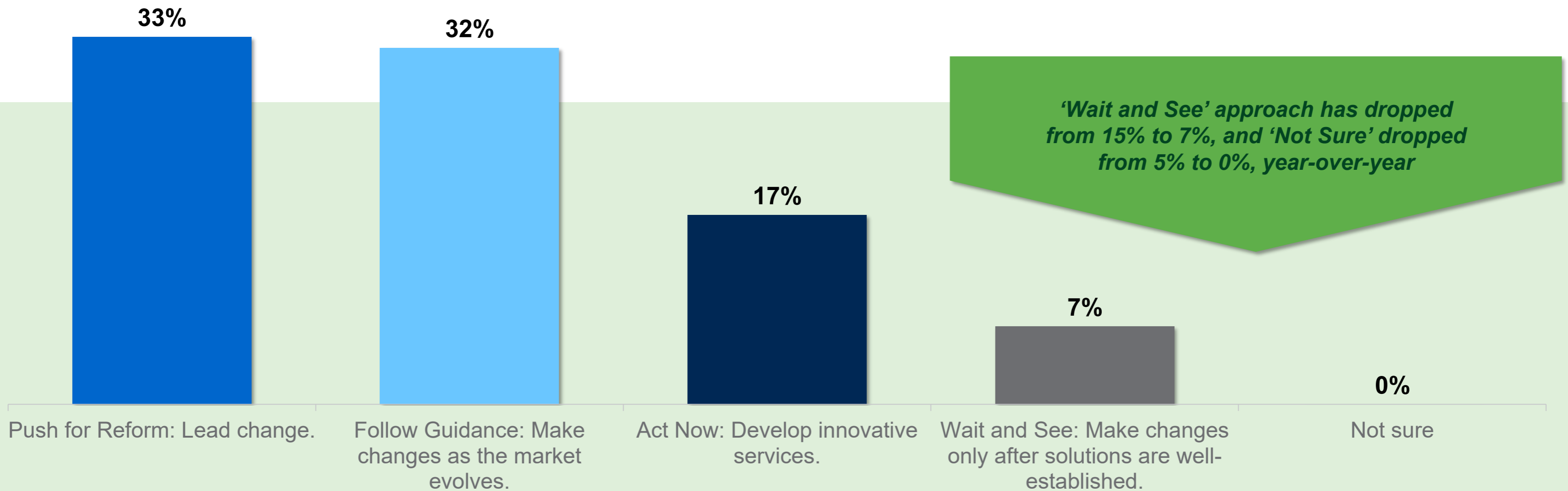


- **Hospitals and health systems are leveraging their domestic capabilities**, relying less on commercially available solutions to drive value and performance.

Driving Change in the Healthcare System

Overall, hospitals and health systems see themselves as leading through innovation and driving change in the marketplace

- Half of respondents responded they're either acting now or pushing for reform
- Far fewer reported being uncertain, or taking a more passive approach in 2026



Questions?



Appendix





About the Brown & Brown Employer Health and Benefits Strategy Survey, 2026

The Brown & Brown Employer Health and Benefits Strategy Survey 2026, gathered responses from 1,241 employers, including **60 hospitals and health care systems**.

As a follow-up, Brown & Brown launched a 2nd survey of healthcare customers only – to explore in more detail some areas that would be of interest to the healthcare industry. This focused survey of **53 large health systems** gave us additional insights into industry-specific strategies and tactics.

David Chamberlain



David Chamberlain

Partner

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David Chamberlain is a Partner at Brown & Brown, where he's been a teammate since 2017. Having worked in the employee benefits industry for over 20 years, David specializes in working with health systems and hospitals, finding creative ways to leverage internal specialization. He is adept at evaluating and implementing value-based care plan designs, as well as tiered and limited network plans. He also supports customers in the creation and execution of a comprehensive pharmacy strategy.

David's particular areas of specialization include identifying customer needs and providing relevant solutions to align health and welfare strategies with total reward goals and business objectives.

He has managed large and complex projects for local, national and international customers across many different industries. David has provided consultation and direction to some of the most complex benefit plans in the US, incorporating a variety of advanced health management programs into a comprehensive, multi-year strategy.

David enjoys sharing ideas with his colleagues, and as such, has been a presenter, moderator, and master of ceremonies at industry events, including the New England Employee Benefits Council and the Rhode Island Business Group on Health.

He was at Mercer for 11 years and also worked at Arthur J. Gallagher & Company. On the carrier side, he worked at BCBS of Massachusetts and Delta Dental. After earning a B.A. at the University of Washington, David obtained an M.B.A. from Boston College. He also spent six years in the US Army National Guard.

Tracy Hoffman

Tracy Hoffman is co-practice leader of Brown & Brown Healthcare, a fully integrated, multi-disciplinary practice supporting all segments of the U.S. healthcare industry.

Tracy's experience spans over 30 years in the insurance industry, the last 16 years specifically on the brokerage and consulting side of the business. She is an expert in health care risk financing and previously served as the team leader for the Managed Care team within Risk Strategies' National Health Care Practice. In this role, she worked with health systems, hospitals, physician groups, and health plans to identify and secure risk transfer solutions for all forms of financial risk. Tracy is well versed in health care reform, value based care and population health. Tracy's broad background in risk allows her to advise health care clients on all of their insurance and reinsurance needs.

Prior to joining Risk Strategies, Tracy worked in an underwriting capacity for 15 years. She was one of four executives to form OneBeacon Professional Partners, a division of OneBeacon Insurance. OBPP offered a wide range of professional liability products with a strong focus on health care organizations. Tracy's primary responsibility at OneBeacon was to build their Health Care Financial Products division, which included HMO Reinsurance and Provider Excess Insurance. She also oversaw the startup of the primary Managed Care E&O business

Prior to OBPP, Tracy worked for Chubb Healthcare. While there, she was responsible for creating the HMO Reinsurance and Provider Excess Insurance lines of business and building both the underwriting and claims teams to support this business. During her time at Chubb, she also underwrote a wide range of insurance lines for health care and managed care organizations, including Directors & Officers, Employment Practices Liability, Errors & Omissions, and Crime and Fiduciary Insurance.

Tracy began her career in the Aetna Health Plans division of Aetna Life Insurance Company. She spent five years at Aetna negotiating managed care contracts with hospitals, physicians and other health care professionals. Throughout her time at Aetna, her focus was on establishing networks of health care providers for Aetna's national employer groups.



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Paul MacLellan is a Senior Managing Director in the National Health Practice of Brown & Brown Risk Solutions. Paul's focus includes value-based care strategy, risk solution development, and advisory services. Paul's specialties and responsibilities include healthcare analytics, growth strategies, consulting and customer relationship management.

Paul has 25 years of experience in the healthcare industry that spans health plans, professional liability, value-based care, and healthcare IT. His experience includes working with physicians, health plans, delivery systems, employers, community-based hospitals, rural health clinics, critical access hospitals, and federally qualified health centers.

Paul began his healthcare career at RealAge, an innovative health risk appraisal system uniquely designed to motivate behavior change. He next served 11 years at Blue Cross Blue Shield of Michigan where he developed specialization in health care data, analytics, and alternative payment models supporting dozens of provider facing initiatives including the nation's largest and most comprehensive patient centered medical home program.

Prior to coming to Brown & Brown, he served as President and CEO of Medical Advantage, the nationwide consulting and services business unit of The Doctors Company for 10 years. Paul led Medical Advantage through its sale and integration into Aledade, the nation's largest value-based care platform provider. Michigan transformed from one of Aledade's smallest markets to its second largest under Paul's leadership as Market President.

Paul holds a Bachelor of Mathematics, with a major in Business Administration and a specialization in Information Systems from the University of Waterloo in Ontario, Canada.

Ashley Yocum



Ashley Yocum

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An accomplished and recognized leader in healthcare, Ashley brings over 25 years of experience in specialty pharmacy, clinical strategy, and healthcare innovation.

Prior to joining Brown & Brown, she held executive roles at Clarest Health and Free Market Health, where she led the design and implementation of value-based pharmacy programs, formulary strategy, compliance frameworks, and client growth initiatives. Earlier in her career, Ashley held leadership roles at Walgreens and AllianceRx Walgreens Prime, where she managed a multi-billion-dollar sales pipeline, cultivated stakeholder partnerships, and launched data-driven initiatives to improve performance and outcomes.

Her work has generated measurable industry impact—including an at-risk and shared savings model yielding over 50% margins, uncovering \$11.4M in annual client savings for a single client, and \$336.8M in revenue growth within six months.

A licensed pharmacist and accomplished operator, Ashley has led teams of over 500 professionals across venture-backed startups and Fortune 500 companies. She holds a Doctor of Pharmacy from Duquesne University, an MBA from Grand Canyon University, and recently completed Harvard Business School's Business Analytics Program. Ashley is passionate about transforming pharmacy through data, innovation, and patient-centered care.

Ashley holds a Doctor of Pharmacy and a Masters of Business Administration. She also completed the Harvard Business Analytics Program

Melanie Payton

Melanie Payton is a Vice President at Brown & Brown, Strategic Non-Medical Solutions (SNS), with more than 25 years of experience in the absence and disability space. Melanie is responsible for all aspects of absence management programs for SNS' clients including plan and process assessments, compliance reviews, RFP's, vendor selections, benchmarking, and managing our absence consultants and audit practice.

Melanie's specialty consulting skills within absence, encompassing disability, Family Medical Leave and the Americans with Disabilities Act Amendments Act (ADAAA), include claims service delivery, time off strategy, disability and leave plan assessment and design, and compliance. She has experience in best practice administration designs, comparator benchmarking and vendor management.



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