# Experts predict significant shifts in employee benefits for 2025



Experts are forecasting significant changes in the benefits landscape for 2025, as both ongoing trends and emerging technologies converge to shape how businesses approach employee benefits. Speaking to Human Resource Executive Magazine, Paul Fronstin, director of health benefits research at the Employee Benefit Research Institute, highlighted several key trends that are expected to influence human resources and benefits leaders in the coming year.

One notable trend is the integration of health and wellness data, which has historically been kept in silos, limiting employers' ability to assess the overall impact of different programmes. Fronstin noted that advancements in technology, such as AI tokenization, are set to enable employers to better compare and analyse their health and wellness data. This integration could allow businesses to explore the relationships between various benefits and outcomes, particularly with regard to financial wellness programmes aimed at reducing employee stress. “You have the data, and you’ve got to have the analytics,” Fronstin stated, emphasising that access to comprehensive data would empower employers to tailor their benefits effectively.

Another anticipated shift is the potential increase in the adoption of Individual Coverage Health Reimbursement Arrangements (ICHRAs). Initially gaining traction during the Trump administration, Fronstin indicated that if Trump were to return to office, there might be renewed momentum for more employers to implement ICHRAs. This model enables employers to provide employees with a fixed pre-tax amount that they can use to shop for healthcare plans in the insurance marketplace, offering a degree of predictability in healthcare costs. However, he cautioned that clarity in communication is essential to alleviate employee confusion regarding plan selection.

The projection for rising healthcare costs is particularly concerning, with employers expected to face a projected 7.8% hike in spending in 2025, marking the largest increase in over a decade, according to a report by the Business Group on Health. Ellen Kelsay, president and CEO of the Business Group on Health, attributed this surge to the financial burdens posed by chronic health conditions and prescription drug expenses, specifically highlighting cancer as the most expensive condition to treat, followed closely by musculoskeletal and cardiovascular ailments.

Pharmacy-related costs are also under scrutiny, consuming more than 25% of employers' healthcare budgets, spurred by the high costs of specialty medications and innovative therapies. Kelsay forecasted that this trend is likely to continue, prompting employers to reassess their relationships with pharmacy benefit managers (PBMs). A third of employers plan to evaluate their PBM arrangements in 2025 as they seek better pricing options and increased transparency in financial terms. Kelsay remarked that “employers will increasingly look to hold their vendor partners accountable for delivering higher-quality care that shows evidence of improved outcomes, experience and, ultimately, costs.”

Financial wellness programmes are projected to remain a focal point for employers, primarily due to escalating financial stress exacerbated by inflation and rising living costs. Fronstin noted that the demand for such benefits has surged in recent years and is likely to continue on this trajectory into 2025. Employers are increasingly addressing issues like retirement planning and emergency savings as part of their financial health support initiatives.

Overall, these trends indicate a rapidly evolving benefits landscape where technology and data integration play crucial roles, alongside ongoing pressures from rising healthcare costs and enhanced accountability from vendors. As businesses navigate these changes, the decisions they make will shape how they support their employees in the coming years.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://piercegroupbenefits.com/blog-post/five-employee-benefit-trends-in-2025/> - Corroborates the trend of integrating health and wellness data, financial wellness programs, and other holistic benefits approaches expected in 2025.
2. <https://woliba.io/blog/unlocking-the-power-of-health-data-analytics-in-employee-benefits-programs/> - Supports the integration of health and wellness data using advanced technologies like health data analytics to personalize and optimize employee benefits.
3. <https://woliba.io/blog/unlocking-the-power-of-health-data-analytics-in-employee-benefits-programs/> - Highlights the use of health data analytics to tailor benefits programs, improve employee well-being, and reduce healthcare costs.
4. <https://www.paychex.com/articles/employee-benefits/employee-benefits-trends> - Discusses the trend of improving healthcare affordability, total health and well-being, and financial wellness programs, aligning with the projected benefits landscape for 2025.
5. <https://www.paychex.com/articles/employee-benefits/employee-benefits-trends> - Mentions the importance of personalized benefits, family-friendly benefits, and retirement, debt payoff, and financial security benefits, which are expected to be focal points in 2025.
6. <https://woliba.io/blog/transforming-wellness-programs-with-employee-health-data/> - Emphasizes the benefits of incorporating health data into wellness programs, including personalized solutions, preventative care, and measurable outcomes.
7. <https://piercegroupbenefits.com/blog-post/five-employee-benefit-trends-in-2025/> - Supports the trend of financial wellness programs, including budgeting tools, debt management resources, and retirement planning assistance.
8. <https://woliba.io/blog/unlocking-the-power-of-health-data-analytics-in-employee-benefits-programs/> - Explains how health data analytics helps in making strategic decisions about employee benefits, such as identifying trends and predicting potential health risks.
9. <https://www.paychex.com/articles/employee-benefits/employee-benefits-trends> - Highlights the importance of support for onsite, hybrid, and flex work environments, which is relevant to the evolving benefits landscape.
10. <https://piercegroupbenefits.com/blog-post/five-employee-benefit-trends-in-2025/> - Corroborates the trend of sustainable initiatives and employee-valued benefits that support organizational sustainability.
11. <https://hrexecutive.com/6-hot-benefits-trends-for-hr-leaders-to-watch-this-year/> - Please view link - unable to able to access data