Original research from

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A hybrid approach to managing health benefits

As health benefits become more complex, partners that provide specialized support become more valuable.

Partner insights from

LaborFirst

By Employee Benefit News

Contents

Introduction

Rising healthcare costs, regulatory developments, increased administrative workload, expansion of wellness benefits, and explosions of point solutions and digital tools have made managing benefits much more complex in the past few years. This rise in complexity has not necessarily been accompanied by increased support for the benefits administrators who handle the day-to-day work, however. HR and benefits teams are under pressure to close the support gap.

This research looks at how employers and unions are managing benefits for both active employees and retirees to see how complexity and support workloads compare between the two groups. Historically, benefits administrators who serve retirees have faced additional complexity and resource strain. Increased OPEB liability, Medicare compliance and regulatory changes, plan transitions, communicating with retirees, and a generally greater need for ongoing, high-touch support make managing benefits for retiree populations more challenging. Managing retiree benefits requires specialized support and is more likely to involve offloading to external partners/vendors. The partner-focused approach of these benefits leaders could offer a roadmap for HR and benefits teams more broadly as the landscape continues to evolve.

Finding or developing the right combination of partners, tools, resources, and strategies will help organizations adapt to increasing benefits complexity.
This research looks into the moves organizations have already made to improve efficiency, adopt new tools, and outsource expertise. Respondents rate the success of these recent steps and identify areas for next-wave investments.

Research methodology

This research was conducted online by Employee Benefit News (an Arizent brand) from April 6 to April 21, 2026, among 173 qualified respondents. To qualify, respondents needed to work at an organization that provides health benefits and have responsibility for or oversight of benefits, employee wellness, total rewards, retiree benefits, or related HR/finance functions.

While the research included respondents from public sector, higher education, and labor/Taft-Hartley organizations, the respondent base skewed heavily toward private sector/commercial employers. Findings should be interpreted within the context of this audience composition.

Respondent profile

Which populations does your organization provide healthcare benefits for?

Key takeaways

- More than **70%** of respondents report managing health benefits has become increasingly complex and challenging over the past three years.
- **79%** cite rising healthcare costs as the biggest challenge they face.
- **74%** of HR/benefits teams that serve retirees spend 13+ hours per week on benefits support compared to **27%** of teams that only serve active employees.
- **89%** of organizations rely on one or more external partners for support.
- The most common investments in efficiency over the last three years are member self-service tools (**55%**) and new benefits administration technology (**51%**).
- Investments in offloading retiree benefits administration and automating compliance delivered the most efficiency gains, according to respondents.
- Future spending is focused on data and reporting tools and member communication and navigation tools.

Health benefits are becoming more complex

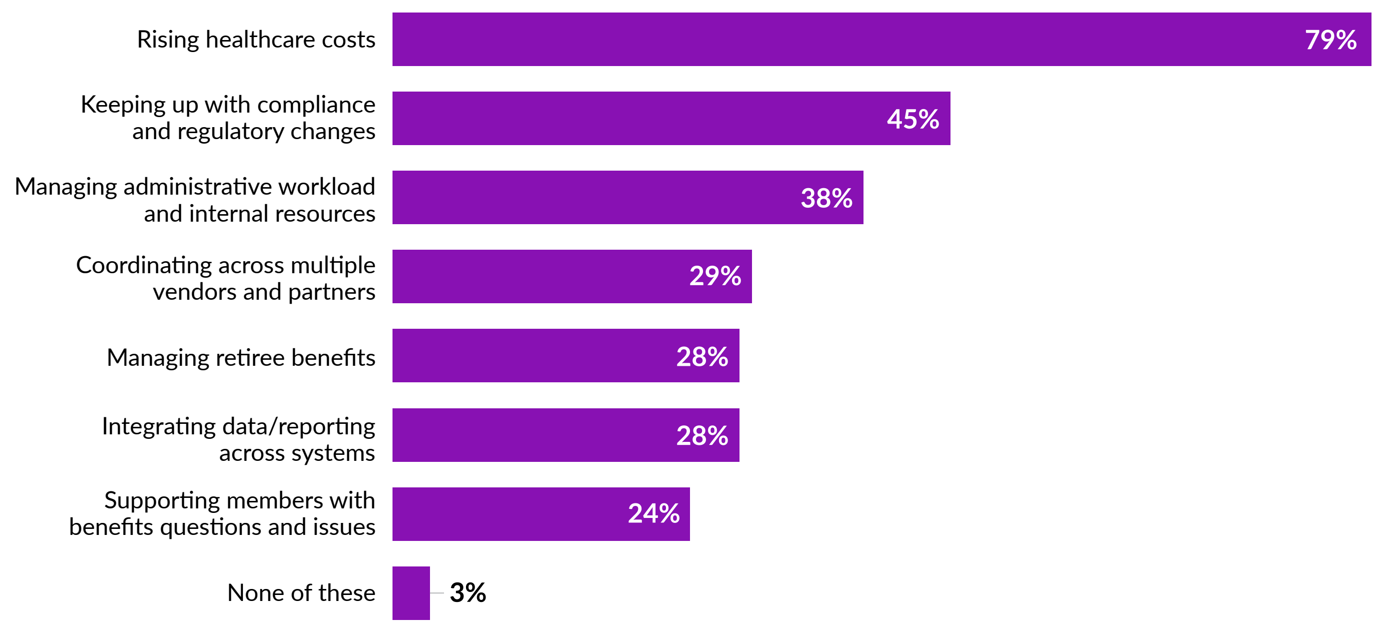
More than 70% of respondents report the complexity of managing health benefits has increased over the past three years. While rising healthcare costs remain the predominant challenge they face, there are several significant pain points, including compliance and regulatory changes and internal workload (see Figure 1).

HR and benefits teams are feeling the strain

The time and resources required to deal with benefits are already putting a strain on HR and benefits teams. Nearly six in 10 respondents (57%) say they spend more than 13 hours per week responding to benefits questions from members. This level of time commitment is weighted much more heavily among retiree-serving organizations (74%) than organizations only serving active

Figure 1: Benefits administrators face pressure from many directions

What are the biggest challenges your organization faces in managing benefits programs today?



Source: Employee Benefit News, 2026
Total respondents: n=173; multiple responses allowed

employees (27%) (see Figure 2). Retiree benefit questions create a bigger workload that is costly from a resource standpoint. According to national data from the U.S. Bureau of Labor Statistics, the median pay for HR Benefits Specialists was $77,020 or $37.03 per hour in 2024. Applying this rate, the largest block of retiree-serving organizations spending an average of 13 to 20 hours per week equates to a cost of $481 to $741 per week, or $25,012 to $38,532 annually.

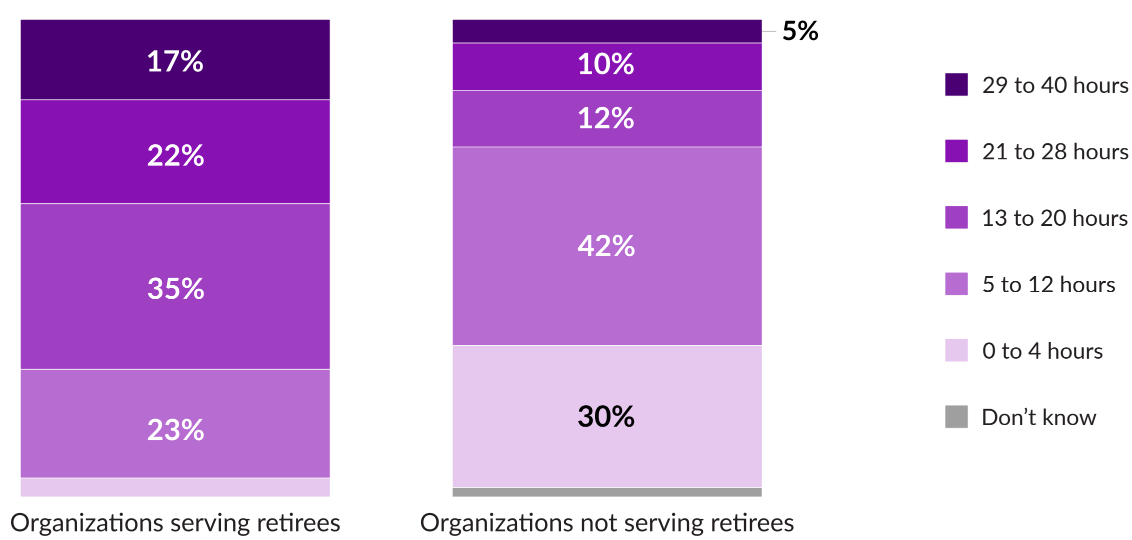
Retiree benefits are more complex and more challenging to support

Retiree benefits can be less straightforward to support than active employee benefits in several ways. Medicare is a key contributor to this complexity. Supporting member inquiries and issues related to Medicare plan transitions, plan options, eligibility, age-in enrollment, coordination of benefits, etc., requires specialized expertise. These types of inquiries would come on top of baseline inquiries also made by active employees, such as those related to coverage, enrollment, plan selection, claims billing, and cost. In retiree-serving organizations, 57% of respondents feel managing member inquiries is extremely to moderately difficult. This share drops to 32% in organizations that only serve active employees. As benefits become more complex, supporting inquiries for both populations will only become more difficult.

Medicare can be difficult to navigate for retirees and benefits administrators alike. Organizations that serve retirees identify complexity of Medicare and supplemental plans as their biggest barrier to better member support (55%).

Figure 2: Serving retirees takes up more time and resources

Approximately how many hours per week does your HR/benefits team spend responding to benefits-related support or questions?



Source: Employee Benefit News, 2026
Total respondents: Organizations serving retirees n=113; Organizations not serving retirees n=60

Communicating with retirees (49%) also creates difficulties. Managing benefits for retirees brings other unique challenges as well, including growing OPEB liability, CMS regulatory compliance, Medicare and Medicare Supplement plan transitions, and member communications (see Figure 3).

“Managing a group health plan can be challenging and resource-intensive,” says Rick Kaplan, Chief Growth Officer at LaborFirst. “For plans with high-touch retiree members trying to navigate Medicare, pressure is mounting even more quickly.”

Organizations are looking for help as they manage rising complexity

In response to increasing complexity and administrative strain, organizations have begun to adopt a hybrid support model with both external partnerships and new technology and tools. The large majority of surveyed organizations (89%) currently rely on one or more partners for day-to-day benefits administration. The majority also rely on external partners for high-level benefits management.

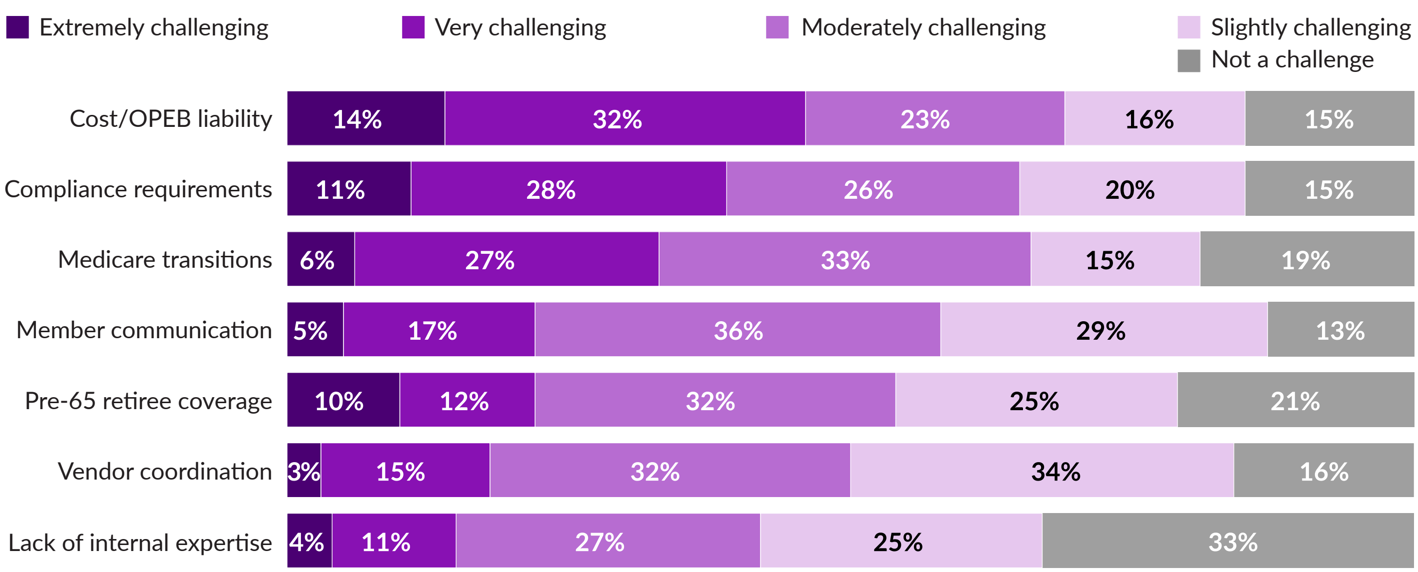
Retiree-serving organizations, which have a longer track record of managing complex benefits, are more likely to rely on external partners for both benefits administration and management support compared to organizations that only serve active employees. Nearly all respondents that serve retirees (96%) administer benefits with specialized support from one or more external partners. This compares to 78% of organizations serving only active employees. A greater majority of retiree-serving organizations also manage benefits with external support compared to organizations only serving employees (73% vs. 43%).

96%

of respondents serving retirees rely on one or more external partners to help them administer benefits.

Figure 3: Retiree populations introduce additional layers of complexity

How would you rate the following when it comes to retiree benefits administration?



Source: Employee Benefit News, 2026
Total respondents: Organizations serving retirees n=113

These differences suggest the added complexity and workload of retiree benefits create a greater need for specialized support from external partners such as consultants, brokers, Medicare benefit managers, third-party administrators, and member advocacy services. As their benefits complexity continues to grow, HR and benefits teams serving active employees may also find that they need to offload more administration and management to external partners with specialized capabilities.

Adding more partners can add complexity in its own right, however. While partnerships are common in retiree-serving organizations, nearly half of these respondents (47%) also believe consolidation will improve their benefits administration. Reducing the number of partners and vendors can avoid fragmentation by centralizing operations and integrating data and workflows. Narrowing external partnerships to a trusted few can also streamline oversight, troubleshooting, and reporting.

In addition to partnerships, benefits managers are looking for ways to upgrade technology to better support their employees. More than half of respondents have invested in technology over the past three years to improve benefits administration efficiency. The majority have expanded member self-service tools (55%) and implemented new benefits administration technology (51%).

These common steps have produced a solid return on investment. Of respondents who expanded self-service tools, 64% felt the investment was extremely or very effective. Of respondents who implemented new benefits administration technology, 77% felt the investment was extremely or very effective.

While technology can improve efficiency, very few respondents serving retirees and/or active employees primarily rely on their benefits administration platform to manage benefits (12% and 14% respectively). Technological advancements are just part of a more comprehensive solution.

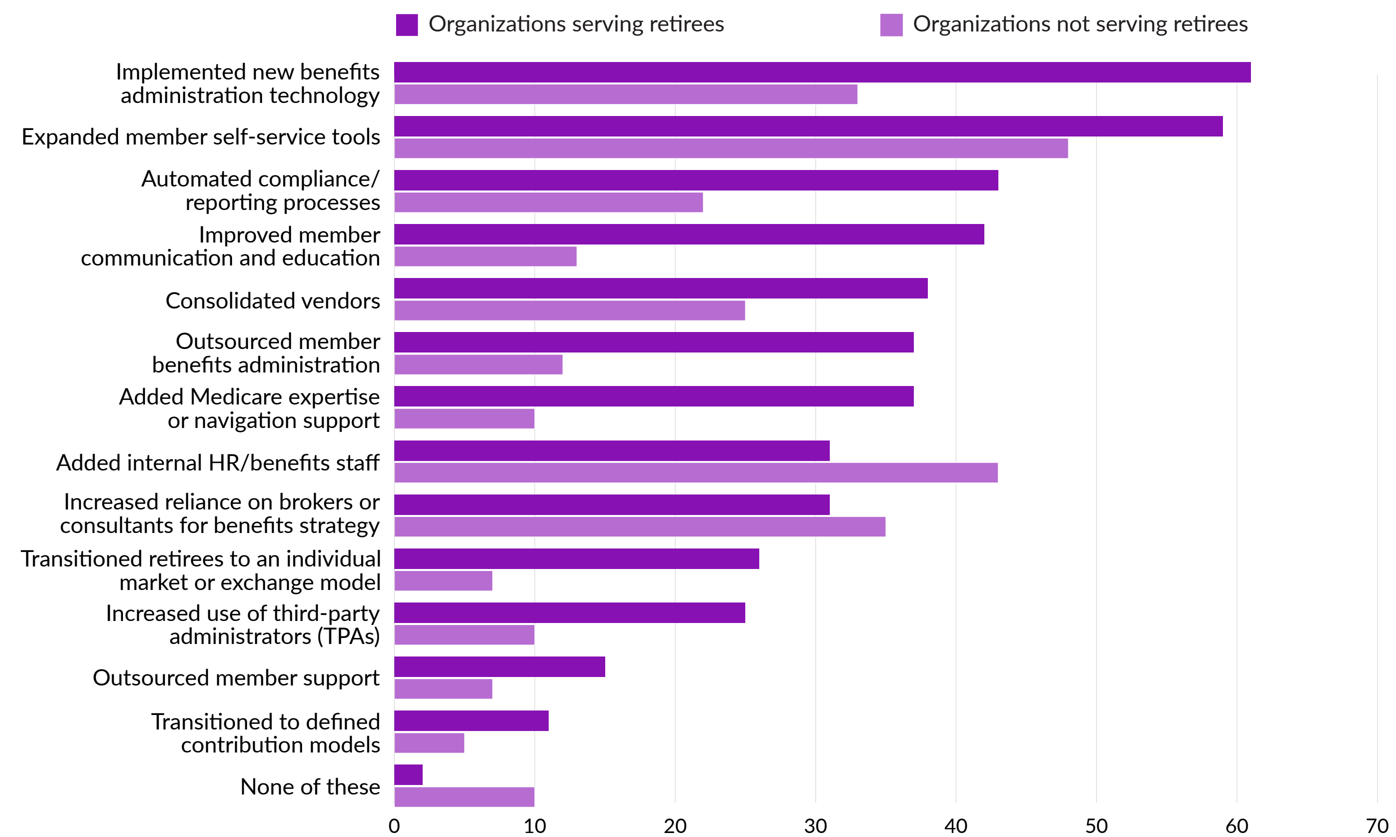
Retiree-serving organizations have invested more aggressively in forward -looking strategies

Because retiree-serving organizations have been managing more complexity for longer than organizations that predominantly serve active employees, their efforts can lead the way forward as benefits support becomes more complex overall. Retiree-serving organizations have invested aggressively in a wider array of strategies to address Medicare complexity and barriers to retiree support (see Figure 4). HR and benefits teams serving retirees were at least twice as likely to proactively invest in automating compliance/reporting processes, improving member communications and education, offloading benefits administration, and navigation support or Medicare expertise.

Serving retirees introduces operational challenges that drive the need for more specialized support. In response, benefit leaders have invested in a broader mix of external partnerships and new technology. This hybrid approach proved to be the most effective. In particular, respondents rated outsourcing benefits administration (90%) and compliance automation (82%) as the most effective strategies for improving benefits administration.

Figure 4: More retiree-serving organizations invested in specialized support

What steps has your organization taken in the past three years to improve benefits administration efficiency?



Source: Employee Benefit News, 2026
Total respondents: Organizations serving retirees n=113; Organizations not serving retirees n=60

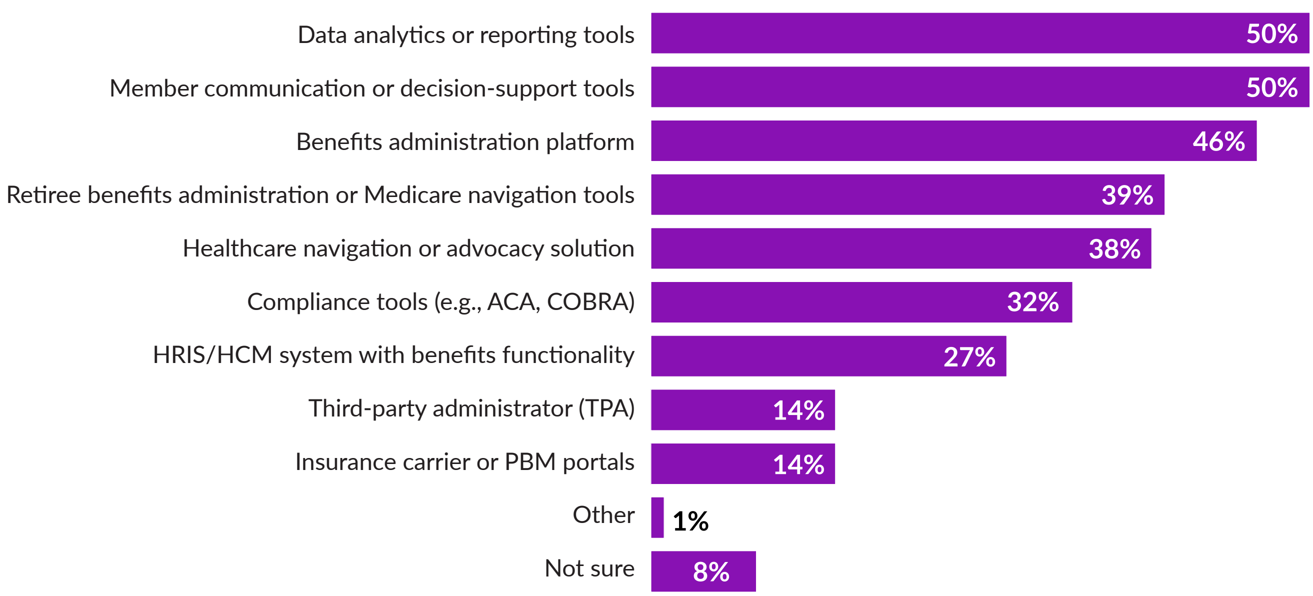
Benefits leaders are beginning to follow suit by increasing investment in key priorities

There are signs benefits leaders across the board are increasing their investment in tools and partnerships to better support members more effectively. Half of benefit leaders indicate investment is tilting toward a combination of data analytics and reporting tools, member communication and navigation tools, and core administration platforms over the next two to three years (see Figure 5).

Considering 86% of respondents already utilize external partners for benefits administration, it follows they would likely consider partner-based solutions for these next-wave investments as well. Retiree-serving organizations could particularly benefit from specialized expertise in retiree communication, considering about half cite it as a significant barrier to adequate member support. Retirees are high-touch members who have historically preferred personalized, one-on-one engagement with a person they know and trust, rather than a digital-first approach with self-service tools.

Figure 5: Next-wave investments are centered on analytic tools and member-focused tools

Where does your organization plan to increase investment in the next 2 to 3 years?



Source: Employee Benefit News, 2026
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Organizations need to be judicious and strategic as they look to engage specialized partners without introducing increased fragmentation. Ideally, a single partner that can offer a comprehensive solution that meets all their criteria would place an organization on a path to long-term success.”

— Rick Kaplan, Chief Growth Officer, LaborFirst

Cost, member support, and proven outcomes matter most in future partnerships

Finding support in the right mix of areas via the right set of tools and partners presents a strategic challenge. As they consider key criteria for effective partnerships, most organizations look toward cost savings, quality of member support, and proven outcomes (e.g., reduced costs, improved utilization and better member experience). Organizations that can identify specialized partners capable of meeting all three criteria will be best positioned to improve outcomes and support benefit teams with increasingly heavy workloads.

Research Disclosure

This report is based on original research conducted by Employee Benefit News in collaboration with LaborFirst. LaborFirst provided input on the research topic and/or distribution strategy but did not control the research findings, analysis, or conclusions unless otherwise noted. Findings reflect survey responses and reported experiences from participants at the time of data collection. The information provided is for informational purposes only and should not be construed as legal, business, investment, or financial advice. Results may vary by institution, market conditions, and implementation. All information is provided “as is” without warranty of any kind.

About LaborFirst

Founded in 2005, LaborFirst partners with all major national health carriers to serve over 550 clients and 435,000 medical and pharmacy lives across all 50 states. Through comprehensive solutions and high-touch services, LaborFirst helps organizations navigate the complexities of healthcare benefits while delivering an exceptional member experience. Personalized member advocacy remains at the heart LaborFirst's differentiated service model. Across the full lifecycle—from active employees and early retirees to Medicare-eligible retirees—LaborFirst continues to earn world-class 90+ Member Net Promoter Scores (NPS).

Learn more at LaborFirst.com.

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