MARSH

Managing health benefit cost: A practical guide for employers across the globe

Executive summary

Health benefit costs are under pressure everywhere, with medical trend forecast to exceed 11% globally in 2026. This rise in costs is affecting employees too: 68% of employees would sacrifice pay for better coverage, and many are delaying care due to system overwhelm and cost barriers.

The real opportunity is to manage costs in a way that protects employee health, supports the business and reflects local market realities. Cutting benefits alone is not the answer.

This guidebook is designed for global, regional, and local HR, Benefits, and Rewards leaders who need **practical ways to a clear, structured, and evidence-based approach to cost management.**

Costs are rising, but employers can unlock opportunities to better manage spend

Across health and risk protection benefits

> The most effective organizations do not rely on a single lever. Instead, they use data to identify what is driving cost, governance to turn insight into action, and communication to help employees understand and use their benefits well. They also recognize that global consistency and local flexibility must be balanced carefully, especially across regions and countries with different regulatory, competitive, and workforce needs.

Aligning benefits to strategy

Start with strategy, not budget cuts. Define what you're trying to achieve — cost control, improved access, catastrophic protection, or workforce resilience investment.

Benchmark your plans, but measure financial and employee impact before cutting eligibility or coverage: [34% of HR and Risk managers] worry cost decisions ignore this trade-off.

Optimizing operations and financing

Evaluate financing models (fully insured offers predictability; various self-insured models unlock savings but requires governance). Look for efficiencies by inventorying all benefits, eliminating duplication. Finally, remember that the fundamentals apply: ensure your vendor pricing and offerings are competitive.

Improving outcomes

Not all health programs achieve cost savings. High-value interventions include maternal health, vaccination programs, evidence-based cancer screening, and cardiovascular risk management. Digital primary care, outpatient coverage, and site-of-care incentives reduce unnecessary spending without sacrificing quality.

A practical path forward

Cost pressures are structural, not cyclical. Five priorities help you move from reacting to ready:

1. Plan for continued cost growth. Build affordability into multi-year strategy, not one-year fixes.
2. Build the right foundations. Start with analytics to identify your unique opportunities, and don't overlook accountability and stakeholder alignment.
3. Follow a structured, evidence-based approach. Balance competitiveness, employee care and satisfaction.
4. Manage actively. Monitor trends continuously, use scenario planning, and adjust regularly as needed.
5. Focus on value. Every dollar should deliver employee value and support business performance.

Bottom line

Healthcare cost growth is structural and irreversible. We help organizations move from reactive budgeting to active, evidence-based management to achieve a sustainable approach.

If you are responsible for benefits strategy, cost containment, or workforce well-being, this guidebook will help you sharpen your priorities and identify where to act next.

Download the full guidebook [Link] to explore the framework, examples and actions in detail, and speak with a consultant to start your review.

Important notices

This document does not constitute or form part of any offer or solicitation or invitation to sell by either Marsh or Mercer to provide any regulated services or products in any country in which either Marsh or Mercer has not been authorized or licensed to provide such regulated services or products. You accept this document on the understanding that it does not form the basis of any contract. The availability, nature and provider of any services or products, as described herein, and applicable terms and conditions may therefore vary in certain countries as a result of applicable legal and regulatory restrictions and requirements. Please consult your Marsh or Mercer consultants regarding any restrictions that may be applicable to the ability of Marsh or Mercer to provide regulated services or products to you in your country.

We are leaders in risk, strategy and people. One company, with four global businesses, united by a shared purpose to build the confidence to thrive through the power of perspective.

About Marsh

Marsh (NYSE: MRSH) is a global leader in risk, reinsurance and capital, people and investments, and management consulting, advising clients in 130 countries. With annual revenue of $27 billion and more than 95,000 colleagues, Marsh helps build the confidence to thrive through the power of perspective. For more information, visit corporate.marsh.com, or follow us on LinkedIn and X.