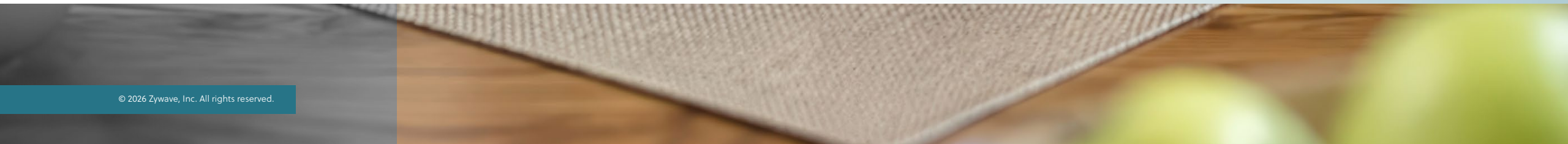


HR Edge

Q4 2026

Presented by Team Nash



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The Rise of the GLP-1 Self-pay Market

Glucagon-like peptide-1 (GLP-1) medications for weight management and diabetes have become one of the most closely watched cost drivers in employer-sponsored health plans. As plan sponsors weigh whether and how to cover these drugs, a separate market has developed alongside the traditional benefit structure.

Employees are increasingly obtaining GLP-1s through direct-to-consumer (DTC) channels that operate entirely outside their group health plans, whether or not their employer offers coverage. Industry reports show that major employers are pulling back on weight-loss drug coverage even as direct-to-patient prices for two GLP-1 medications now start at $149 per month, although this cost is still a meaningful expense for many patients. This dynamic means that the coverage decision an employer makes is no longer the only factor determining whether employees can access these medications.

The Rise of the Self-pay Market

Health plans cover prescription drugs through a formulary, which is the list of medications the plan will pay for. Historically, a drug excluded from a formulary was simply unavailable to most employees unless they paid full retail price, which has commonly exceeded $1,000 per month for GLP-1 medications. However, that reality is changing as manufacturers have introduced DTC pharmacy programs, the federal government has launched a cash-price platform, and telehealth companies have built businesses around prescribing and fulfilling GLP-1 prescriptions outside insurance entirely. Employees who are told a medication is not covered or who face a high deductible before coverage applies now have several options to pursue the medication on their own. Employers who understand these channels are better positioned to guide employees toward the safest and most cost-effective ones, regardless of the plan's formulary coverage.

Self-paying for GLP-1s

Employees pursuing GLP-1 medications without relying on employer coverage generally use one or more of the following channels:

- Manufacturer direct-to-consumer pharmacies—Eli Lilly (LillyDirect) and Novo Nordisk (NovoCare Pharmacy) sell select medications directly to self-pay patients with a valid prescription. Zepbound vials start at $299 per month, and Wegovy tablets range from $149 to $299 per month, depending on dose.
- Manufacturer savings cards—Both manufacturers offer copay cards, regardless of whether the patient has coverage under their plan. These cards exclude enrollees in Medicare, Medicaid and other government-funded programs.
- TrumpRx—This federal website lists cash prices for more than 800 drugs, including brand-name drugs negotiated under Most-Favored-Nation agreements, with savings of 33% to 90% off list prices. It does not accept insurance, so purchases do not count toward a plan's deductible or out-of-pocket maximum. Government program enrollees are not eligible.
- Telehealth platforms—Companies such as Hims and Hers Health and Ro pair an online prescriber evaluation with pharmacy fulfillment, charging a membership fee separate from the medication cost. Memberships start at $74 per month (Ro, annual plan) or $149 per month (Hims).

Because the TrumpRx discounts are measured against list prices rather than negotiated insurer rates, the savings shown do not necessarily reflect what an insured employee already pays through the health plan.

Did you know?

A GLP-1 doesn't need to be covered by the health plan to be eligible for payment through a health savings account (HSA) or flexible spending account (FSA).

The determining factor is not insurance coverage but the reason the medication was prescribed. The IRS treats amounts paid for weight-loss treatment as a qualified medical expense when the treatment addresses a specific disease diagnosed by a physician (e.g., obesity, high blood pressure and heart disease). Since GLP-1s require a prescription and obesity and Type 2 diabetes are diagnosable conditions, purchases made through self-pay channels are generally eligible for HSA or FSA reimbursement when documentation links the prescription to a diagnosed condition, regardless of whether the plan itself covers the drug.

The Rise of the GLP-1 Self-pay Market (cont.)



How Employers Can Support Employee GLP-1 Use Without Adding a Formulary Benefit

An employer's decision not to add GLP-1 medications to the formulary does not have to mean the organization has no role to play. Several forms of support are available without expanding drug coverage. Consider the following actions:

- Clarify HSA and FSA eligibility for employees. Because eligibility depends on diagnosis rather than plan coverage, employers can help employees understand that a letter of medical necessity from a prescriber, tied to a diagnosis, is typically what determines whether a self-pay purchase qualifies for reimbursement.
- Point employees toward manufacturer and federal resources. Many employees may be unaware that LillyDirect, NovoCare Pharmacy and TrumpRx exist or that manufacturer savings cards may lower out-of-pocket costs, depending on whether the plan covers the drug. Including this information in open enrollment materials or a benefits FAQ can help employees find lower-cost options rather than paying full list price or turning to unverified sources.
- Explain how self-pay purchases interact with the health plan. Employees should understand that amounts paid through TrumpRx, LillyDirect, NovoCare or a telehealth platform typically do not count toward the plan's deductible or out-of-pocket maximum, since those purchases are not processed through insurance.
- Review how the organization's account-based plans are structured. Employers offering an HSA, FSA or health reimbursement arrangement should confirm with their administrator how documentation for GLP-1 reimbursement claims is handled, since dual-purpose medications prescribed for weight management can require more substantiation than a standard prescription claim.

Employer Takeaway

More employees are pursuing GLP-1s through self-pay channels, largely independent of their employer's health plan coverage. Self-pay prices for these medications have fallen substantially over the past year, though they remain a significant expense for many households.

Employers who choose not to add GLP-1 coverage to the formulary can still meaningfully support employees by clarifying HSA and FSA eligibility rules, pointing employees to manufacturer and federal pricing resources, and helping employees understand how self-pay purchases interact with the rest of their health plan.



Salary Budgets Hold Steady for 2027 as Employers Focus Spending

U.S. employers are planning modest, stable pay increases for 2027, and several major surveys point to targeted investment rather than broad-based escalation.

U.S. employers expect to raise base salary budgets by an average of 3.3% in 2027 (median 3%), according to Korn Ferry's Global Total Rewards Pulse Survey. Nearly half of surveyed employers (47%) expect to give raises to at least 95% of employees, while only 2% plan no increases.

The Conference Board's 41st annual U.S. Salary Increase Budgets Survey projects a median increase of 3.5%, unchanged from 2026, with a median merit budget of 3.1%. The remainder is expected to fund promotions, retention adjustments and other actions. Payscale's 2026-27 Salary Budget Survey also points to 3.5%, up from 3.4% in 2026, and found that 30% of U.S. organizations expect larger budgets, compared with 16% last year.

The figures describe a labor market that is steady rather than overheated. Payscale notes that wage growth now roughly matches inflation, which reduces financial pressure on employees to change jobs but leaves disengagement as a risk. The firm also reports that 25% of organizations said they were losing talent in 2026 because of insufficient pay increases. Meanwhile, the Conference Board observes that stable headcount expectations mask significant workforce reshaping through automation, restructuring and reductions in force, with AI skills the leading driver of base-pay adjustments (37.8%).



Among the 56 largest metropolitan statistical areas, spending power decreased for middle- and lower-income households in **61% of markets in 2024**, the most recent year for which complete localized data is available, according to a new analysis by the Ludwig Institute for Shared Economic Prosperity.

What It Means for Employer Decisions

With limited incremental dollars available, employers are expected to differentiate rather than spread raises evenly. Treating the overall budget as a planning anchor and setting aside separate pools for promotions, retention and market gaps allows organizations to direct funds toward critical roles and in-demand skills. Scenario-based flexibility, rather than boom-time generosity or downturn austerity, can also help employers adjust if economic conditions shift. Incentive pay may tighten as well, since a notable share of employers expect bonus payouts to fall below target or not be paid at all, which raises the importance of tying awards clearly to performance. Employers who pair competitive budgets with clear communication about how pay decisions are made are better positioned to retain talent in a steady but cautious market.

Navigating Employees Running Out of PTO

Paid time off (PTO) is a valuable benefit that supports employee well-being, work-life balance and overall productivity. However, many employees find themselves running low—or completely out—of PTO by the fall season, leaving little flexibility for year-end holidays, sick days or other unexpected events. This pattern can lead to stress, burnout and decreased productivity, especially during the final quarter of the calendar year when workloads often increase.

At the same time, employers face a delicate balance. Encouraging employees to use their PTO supports well-being and helps prevent burnout, but allowing too much time off to be used at once or by too many employees during the same period can create its own challenges. Concentrated PTO usage can reduce team productivity and output and create scheduling gaps that are difficult to fill, particularly in industries such as retail, where the end of the year is often the busiest season. Employers must weigh the benefits of flexible PTO usage against the operational needs of the business. Understanding how to help employees manage their time off more efficiently, while also protecting business operations, is key to fostering a healthier, more productive workplace.

Reasons Employees May Run Out of PTO Early

PTO policies vary widely across organizations and industries, but they generally fall into a few common categories. Accrual-based policies allow employees to earn PTO gradually based on hours worked or length of tenure. Front-loaded, or lump-sum, policies grant the full annual allotment at the start of the year. Some employers offer unlimited PTO policies, which do not set a fixed cap on the number of days employees may take. However, usage is still typically subject to manager approval and business needs. Many organizations also separate time off into distinct categories, such as vacation, sick leave and personal days, while others combine them into a single PTO bank.

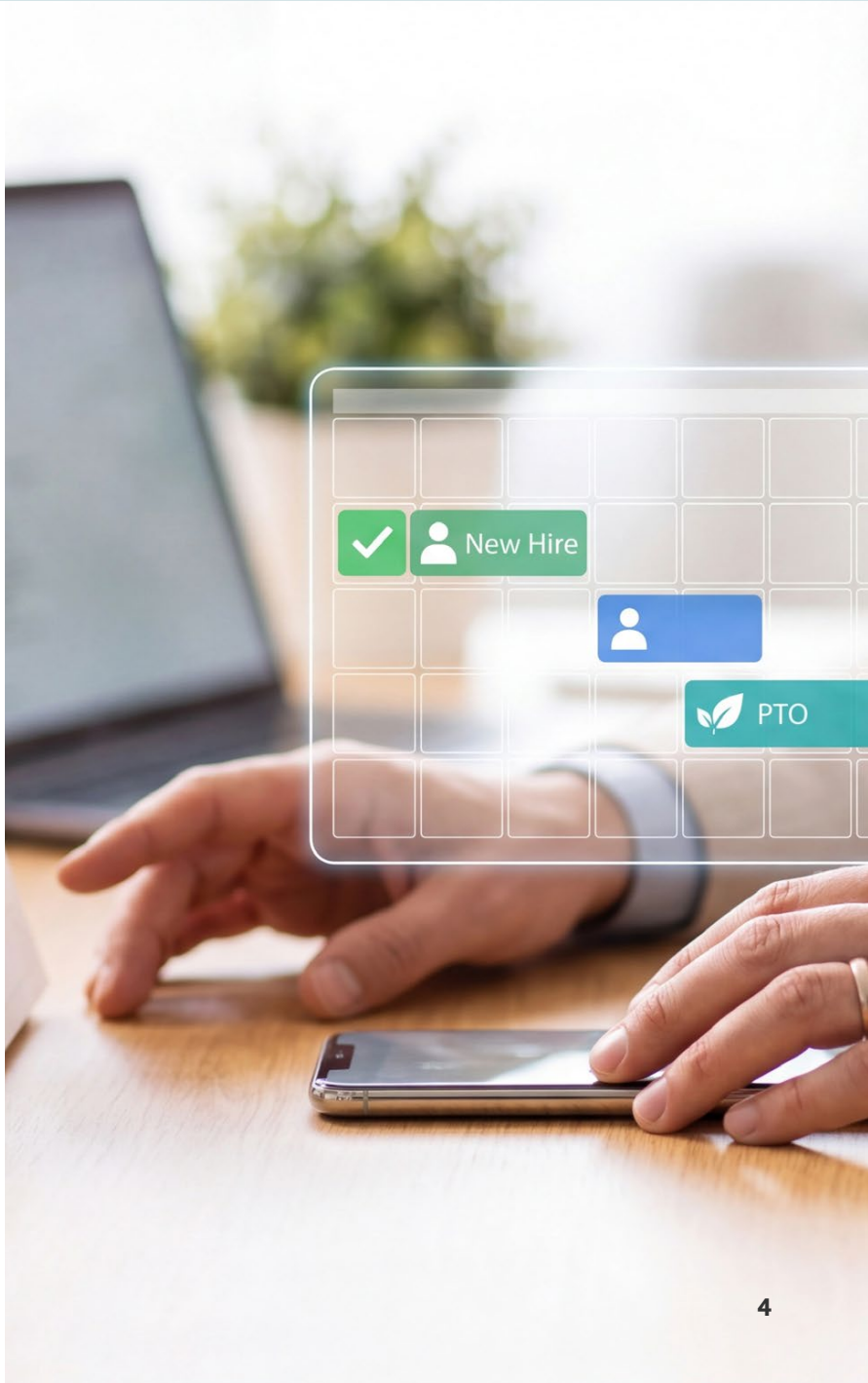
Employees may exhaust their PTO before year-end for several reasons:

- Front-loaded policies—Employers who grant the full annual allotment in January may see longer or more frequent early absences, as employees underestimate how quickly their balances decline.
- Life events and emergencies—Weddings, moves, medical appointments, illnesses and family emergencies can deplete PTO quickly, especially when several occur close together.
- Summer vacations—Travel and family activities between June and August, along with long weekends around holidays, can significantly reduce balances.
- Limited accrual and carryover—Strict caps or restrictions on rollover can pressure employees to use time off before it expires, leaving little flexibility late in the year.
- Company culture—A culture that encourages time off supports regular use, but may lead to early depletion without planning. Where time off is discouraged, employees may hoard PTO and risk burnout.

Helping Employees Use PTO More Efficiently

To help employees manage their PTO wisely and maintain productivity throughout the year, organizations can take proactive steps to encourage thoughtful planning and provide support. Consider the following strategies:

- **Encourage strategic planning.** One of the most effective ways to prevent early depletion is to encourage employees to plan their PTO use throughout the year. Managers or supervisors can initiate conversations during performance reviews or quarterly check-ins to help employees map out their time off. This ensures that employees reserve days for key periods, such as holidays or personal events.



Navigating Employees Running Out of PTO (cont.)

- Provide PTO tracking tools. Visibility is key. Offering employees access to user-friendly, intuitive PTO-tracking tools can help them monitor their usage and remaining balance in real time. When employees are aware of how much time they've used up and what's left, they're more likely to make informed decisions and avoid surprises toward the end of the year.
- Offer flexibility. Flexible work arrangements can help reduce the need for full PTO days. Options like remote work, flexible hours or "Summer Fridays" may allow employees to recharge without tapping into their PTO bank. These alternatives can also be especially helpful for managing stress and maintaining work-life balance throughout the year.
- Educate about policy details. As with any employee benefit, clear communication about PTO policies is essential. Employees should understand how PTO accrues, what happens to unused days, and any restrictions or blackout periods. Providing this information upfront during onboarding can empower employees to use their time off more effectively.
- Consider other opportunities to rest or reset. Allowing employees to take short, intentional breaks throughout the year can help prevent burnout and reduce the need for long stretches of time off later. Companywide wellness initiatives—such as separate sick leave, volunteer days and recharge days—are ways to support employee well-being without exhausting PTO balances.

Conclusion

Ultimately, PTO is more than just an employee benefit; it's a valuable tool for maintaining a healthy, engaged workforce. When used wisely, it benefits both employees and the organization.

Running out of PTO before year-end is a common challenge for employees, but it can be addressed with thoughtful planning and supportive workplace practices. By understanding the reasons behind early PTO depletion and implementing strategies to help employees manage their time off more effectively, organizations can foster a culture of well-being and sustained productivity.

Contact us for more HR trends, industry insights and proactive strategies to maintain a competitive edge in today's workplace.