



Canadian Health Benefit Trends 2026

Strategic insights and actionable intelligence for forward-thinking benefits leaders navigating the evolving landscape of group health insurance in Canada.

Presented by Red Helm Canada

Ottawa, Ontario | 1-866-232-5565 | redhelm.ca

The Canadian Healthcare Landscape: A Critical Moment

Canadian employers face unprecedented challenges in group health benefits, demanding a strategic pivot.

40%

Mental Health Claims

Increase since 2020, driving new financial and operational challenges.



Healthcare Inflation

Significantly outpacing general economic inflation, fueled by specialty drugs.

High

Stakes for Talent

Health benefits are a critical factor in employee retention and attraction.

Benefits leaders must act now to balance costs, enhance coverage, and support employee wellbeing. Based on Mercer's Health Trends study, this presentation provides strategic insights for 2026 and beyond.

Authoritative Research & Methodology

This presentation is built upon Mercer's comprehensive **Health Trends 2026 Report**, Canada's most authoritative analysis of group health benefit trends. Red Helm Canada provides expert implementation strategies.

268

Insurers Analyzed

Comprehensive market overview

67

Markets Represented

Diverse regional insights

1.5M+

Lives Covered

Robust dataset for accuracy

Rigorous Data Synthesis

Synthesizing data from thousands of Canadian employers, insurance carriers, and healthcare providers.

Dual Methodology

Combines quantitative analysis (claims, premiums, utilization) with qualitative insights (benefits leaders, HR executives).

C-Suite Relevance

Delivering statistical rigor for financial planning and contextual understanding for strategic decision-making.

Key Trends Shaping 2026



Drug Cost Escalation

Specialty medications and biologics driving unprecedented cost increases



Mental Health Crisis

Sustained elevation in psychological claims and support service utilization



Virtual Care Adoption

Telemedicine and digital health solutions becoming standard benefit offerings



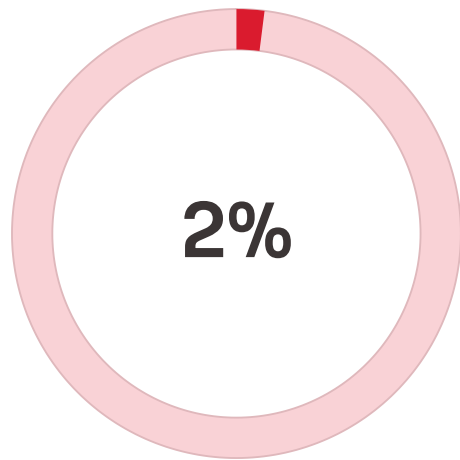
Personalization Demand

Employees expecting customized benefits that reflect individual needs and values

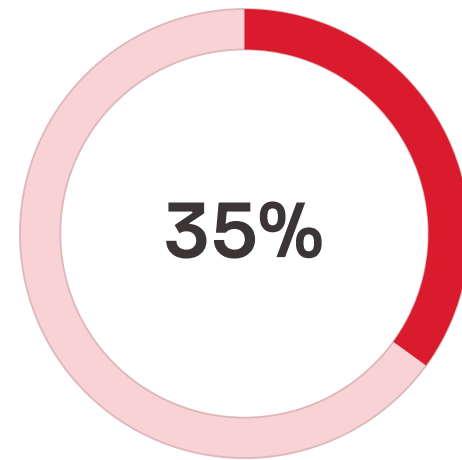
These four mega-trends represent the forces that will define successful benefits strategies in 2026. Organizations that proactively address these trends will be positioned to attract and retain top talent while managing costs effectively. Those that fail to adapt risk both financial challenges and competitive disadvantage in the talent marketplace.

Trend 1: The Specialty Drug Challenge

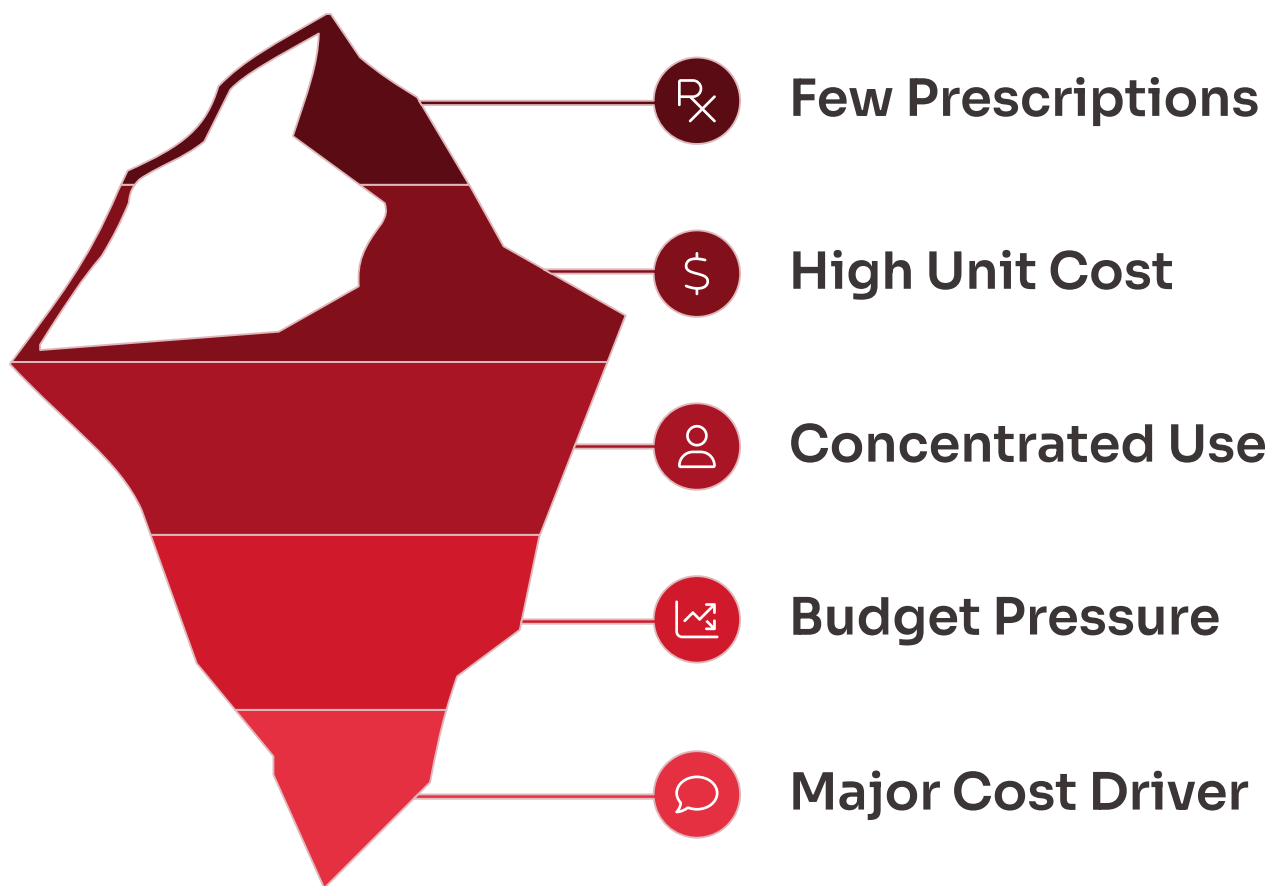
Specialty pharmaceuticals are the primary driver of rising health benefit costs for Canadian employers. Though they represent a small fraction of prescriptions, their financial impact is disproportionately large and growing.



Of prescriptions, specialty drugs



Of total drug spending



Biologics
Autoimmune conditions (RA, Crohn's, psoriasis)

Oncology
Immunotherapies and targeted treatments

GLP-1s
Diabetes and weight management

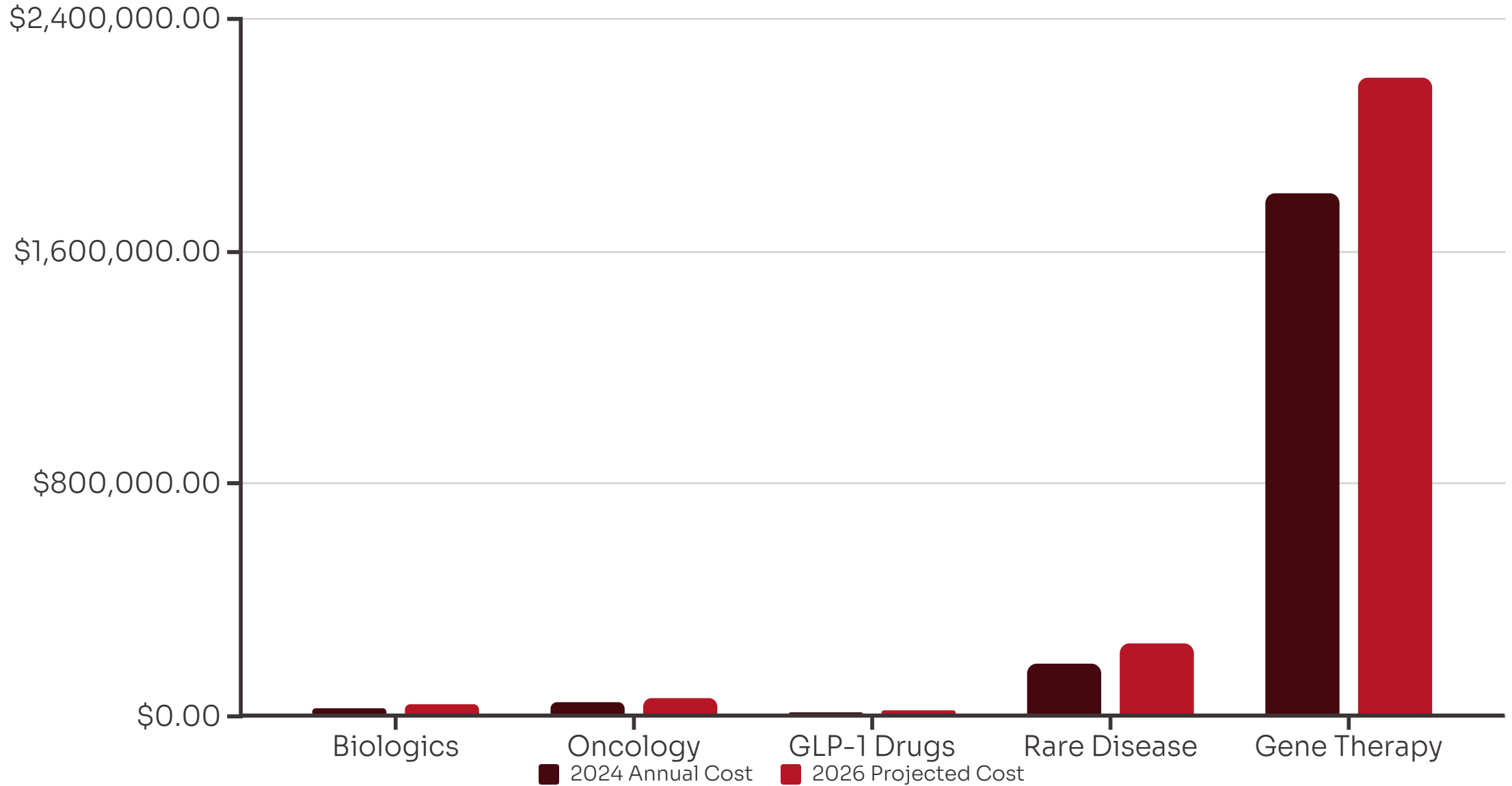
Rare Diseases
Treatments exceeding \$500,000 annually

Gene Therapies
One-time costs over \$2M per patient

Red Helm Insight: Proactive specialty drug management strategies can reduce costs by **15-25%** while maintaining or improving patient access. Early intervention and case management are critical for significant ROI.

The robust pipeline of new specialty drugs awaiting Health Canada approval signifies continued challenges and opportunities for plan sponsors to strategically manage these high-cost therapies for improved patient outcomes and financial sustainability.

Specialty Drug Cost Projections



These projections, derived from the Mercer Health Trends 2026 study, demonstrate the urgent need for sophisticated specialty drug management strategies. Traditional cost-control measures like generic substitution and formulary management have limited impact on specialty drug spending, requiring plan sponsors to adopt more advanced approaches including prior authorization protocols, step therapy requirements, and patient support programs that improve adherence and outcomes.

Strategic Responses to Drug Cost Pressures

01

Implement Prior Authorization

Require clinical justification before dispensing high-cost specialty medications to ensure appropriate use

03

Deploy Clinical Management

Provide case management support for members taking specialty medications to optimize outcomes

05

Consider Alternative Funding

Evaluate stop-loss insurance and pooling arrangements for catastrophic drug costs

02

Establish Cost-Sharing Strategies

Design tier structures that balance employee affordability with plan sustainability

04

Leverage Manufacturer Programs

Navigate patient assistance and compassionate use programs to reduce net plan costs

06

Monitor Pipeline Developments

Track upcoming drug approvals and budget proactively for new high-cost therapies

Trend 2: The Mental Health Imperative

Mental health challenges continue to escalate within the Canadian workforce, driving significant business costs and productivity losses. This is no longer just a personal issue but a critical C-suite concern impacting organizational performance.

Critical Finding: 67% of Canadian employers report mental health as their top benefits concern for 2026, according to Mercer research—up from 48% in 2023.

\$51B

Economic Impact

Annual cost of mental illness to the Canadian economy

42%

Rise in Disability Claims

Increase in mental health disability claims since 2020, with higher costs & duration

3x

Younger Employee Usage

Gen Z and Millennials utilize mental health benefits at 3x the rate of older cohorts

Understanding the key business implications:



Disability Costs Soaring

Mental health claims now surpass musculoskeletal issues as the leading cause of short-term disability in most sectors, impacting bottom lines.



EAP Underutilization

Despite doubled Employee Assistance Program usage, only 8-12% of eligible employees access these services, indicating untapped potential for support.



Access Barriers Persist

Prolonged waitlists for psychiatric and psychological care across provinces delay recovery and exacerbate employee distress.



Presenteeism Drain

Mental health presenteeism (working while impaired) costs employers more than direct treatment and absenteeism combined, severely impacting productivity.



Mental Health by the Numbers

42%

Increase in Mental Health Claims

Since 2020, representing the sustained impact of pandemic-related stressors and societal changes

\$51B

Annual Canadian Cost

Total economic impact of mental health issues including productivity losses and healthcare costs

67%

Top Employer Concern

Percentage of Canadian employers citing mental health as their primary benefits challenge

3.2x

Younger Worker Utilization

Gen Z and Millennial employees use mental health services at over three times the rate of Baby Boomers

These statistics from the Mercer Health Trends 2026 report underscore the magnitude of the mental health challenge facing Canadian employers. The financial impact extends far beyond direct treatment costs to include productivity losses, turnover, recruitment expenses, and reduced innovation and employee engagement.

Building Comprehensive Mental Health Strategies

Expand Digital Access

Deploy app-based cognitive behavioral therapy, guided meditation programs, and virtual counseling to reduce wait times and improve accessibility

Enhance EAP Services

Upgrade traditional EAPs with integrated mental health platforms offering immediate access to licensed therapists and psychiatrists

Train Leadership

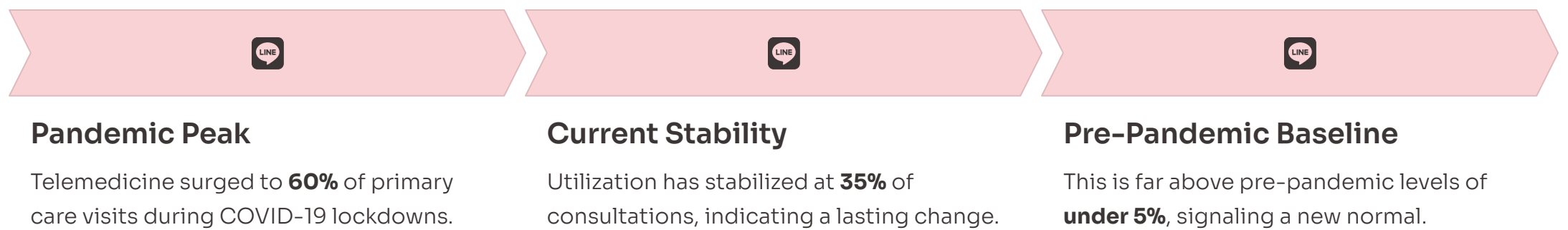
Equip managers with skills to recognize mental health challenges and direct employees to appropriate resources without stigma

Prevent Not Just Treat

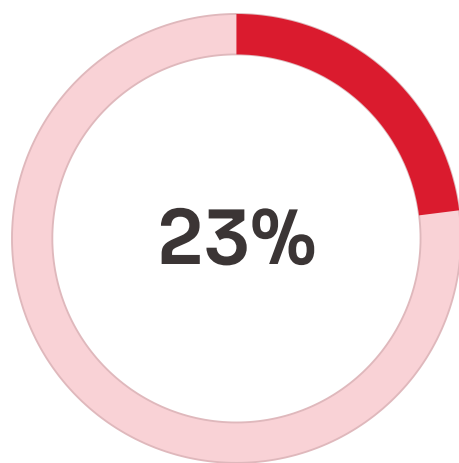
Implement proactive programs addressing workplace stressors, work-life balance, and psychological safety before crises develop

Trend 3: Virtual Care Revolution

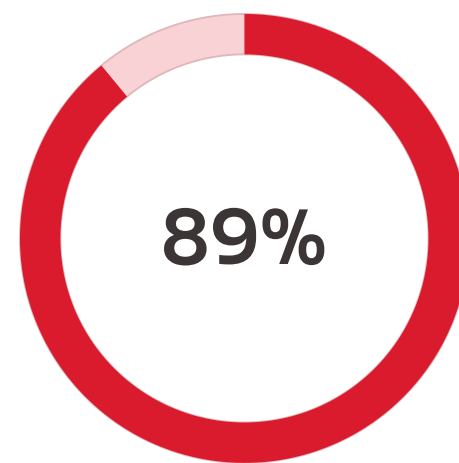
Virtual care has fundamentally shifted how Canadians access healthcare services, evolving into a permanent fixture of the healthcare landscape with significant business implications.



Strategic Advantages of Virtual Care



Average **cost reduction** through efficient virtual care delivery.



High **employee satisfaction** rates with accessible virtual health services.



Enhanced Access & Efficiency

Reduce wait times for non-urgent consultations and improve access for remote employees, leading to higher productivity.



Cost Optimization

Achieve lower operational costs compared to traditional in-person visits, contributing to overall financial health.



Work-Life Balance & Retention

Offer greater convenience and flexibility for employees, reducing absenteeism and boosting retention.



Proactive Well-being

Enable earlier intervention to prevent condition escalation and address employee health proactively.

Key Implementation Considerations



Regulatory Navigation

Understand and comply with varied provincial licensing and regulatory requirements.



Data Security & Privacy

Implement robust protocols to ensure privacy and data security for sensitive health information.



Seamless Integration

Plan carefully for integration with existing benefits platforms to maximize efficiency.

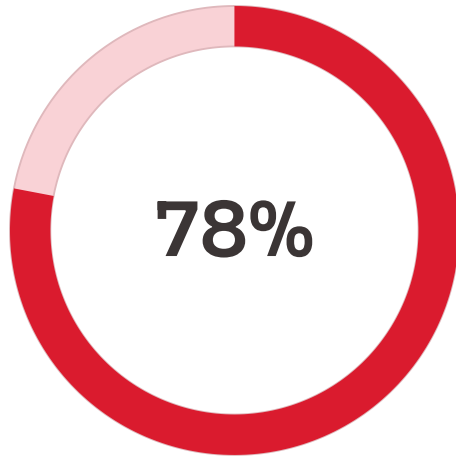


Employee Engagement

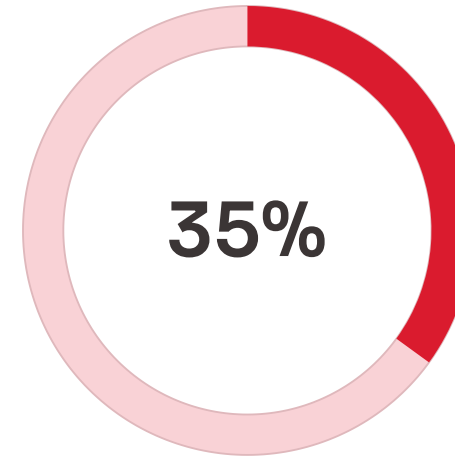
Develop effective education strategies to drive utilization and satisfaction among employees.

Embracing virtual care is not just about employee well-being; it's a strategic move to gain competitive advantage through efficiency, cost savings, and a healthier, more engaged workforce.

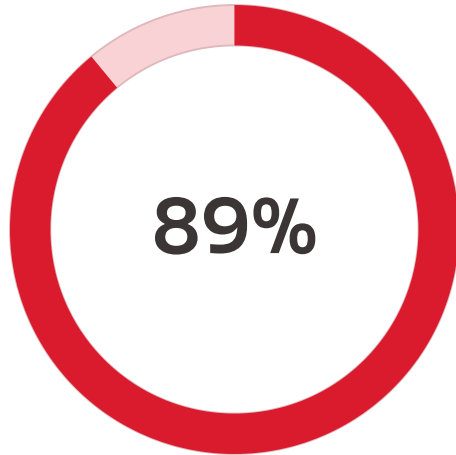
Virtual Care Adoption and Impact



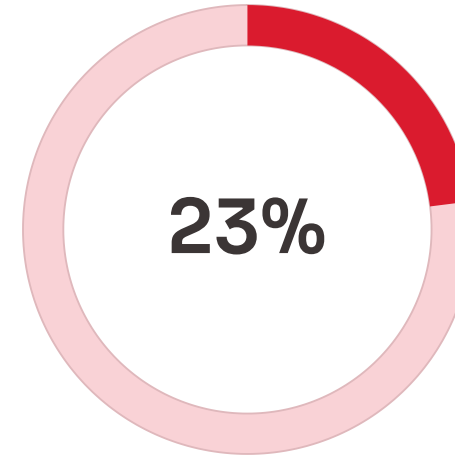
Canadian employers now offering virtual care benefits as part of their group health plans



Primary care consultations now conducted virtually, stabilizing post-pandemic



Employee satisfaction rate with virtual care services when properly integrated and promoted



Average cost reduction per consultation compared to traditional in-person visits

The Mercer Health Trends 2026 study reveals that virtual care has moved from optional to essential in Canadian group health plans. Employers without virtual care offerings face competitive disadvantage in talent attraction, particularly among younger workers who expect digital-first healthcare options. The key to success lies not just in offering virtual care, but in thoughtful integration with existing benefits, comprehensive employee communication, and ongoing monitoring to ensure quality and appropriate utilization.

Trend 4: Personalization and Employee Choice: Driving ROI

5

Generations

Working side-by-side, each with distinct needs

75%

Diverse Workforce

Expect personalization in all aspects, including benefits

15%

Cost Reduction

Potential average cost savings through optimized benefits utilization

89%

Satisfaction Boost

Employees report higher satisfaction with personalized benefits

The era of one-size-fits-all benefits is over. A diverse, multi-generational workforce demands personalized benefits that align with individual circumstances and priorities. Failing to adapt leads to underutilized benefits, wasted spend, and a significant competitive disadvantage in talent attraction.



Multi-Generational Needs

Addressing distinct life stages and priorities across 5 generations.



Workforce Diversity

Meeting varied needs across gender, family structures, and cultural backgrounds.



Consumer Expectations

Aligning with personalized experiences in retail and technology sectors.



Competitive Edge

Attracting and retaining talent by offering flexible and relevant benefits.



Optimized Investment

Ensuring every benefits dollar provides tangible value and avoids underutilization.

Flexible benefits platforms empower employees to customize their coverage within defined parameters, leading to increased perceived value, improved utilization, and significant cost reductions by eliminating unwanted or unnecessary coverage.



Implementation Success: Effective personalization demands robust decision-support tools and continuous education. Without clear guidance, employees may make suboptimal choices, leading to under- or over-insurance.

What Employees Want: Generational Preferences

Gen Z (Born 1997–2012)

- Mental health and wellness benefits
- Student loan repayment assistance
- Flexible work arrangements
- Digital-first healthcare access
- Financial wellness education

Millennials (Born 1981–1996)

- Comprehensive parental leave
- Fertility and family building benefits
- Career development support
- Work-life balance programs
- Preventive and wellness services

Gen X (Born 1965–1980)

- Eldercare support and resources
- Retirement planning assistance
- Chronic disease management
- Specialty drug coverage
- Disability income protection

Baby Boomers (Born 1946–1964)

- Extended health coverage into retirement
- Chronic condition support
- Prescription drug coverage
- Phased retirement options
- Long-term care planning

Understanding these generational differences is critical for designing benefits that resonate across your workforce. The most effective strategies offer core coverage that meets everyone's fundamental needs while providing flexibility for employees to enhance areas most relevant to their life stage.

Additional Emerging Trends



Weight Management Solutions

GLP-1 medications for obesity management creating new coverage considerations and cost challenges



Preventive Care Focus

Enhanced coverage for vaccines, screenings, and early intervention programs to reduce long-term costs



Cannabis for Medical Use

Evolving policies around coverage for medical cannabis with appropriate clinical oversight and controls



Eldercare Benefits

Growing demand for support services as employees manage aging parent responsibilities alongside work



Family Building Support

Expanded fertility treatment coverage, adoption assistance, and surrogacy benefits addressing diverse family paths



Predictive Analytics

Advanced data analysis identifying high-risk populations for targeted intervention programs

These emerging trends, highlighted in the Mercer Health Trends 2026 report, represent additional areas where forward-thinking employers are innovating their benefits strategies. While not yet mainstream, these benefits are rapidly moving from competitive differentiators to baseline expectations, particularly among younger employees.



Cost Management Without Compromising Care

The fundamental challenge facing benefits leaders is controlling costs while maintaining or enhancing the quality and comprehensiveness of coverage. This requires moving beyond blunt instruments like across-the-board premium increases or coverage reductions, which often prove counterproductive by delaying care and increasing long-term costs.



Plan Design Optimization

Strategic use of deductibles, co-insurance, and maximums to share costs appropriately while protecting against catastrophic expenses



Wellness Investment

Proactive programs preventing chronic disease development and reducing long-term healthcare utilization and costs



Data-Driven Decisions

Leveraging claims analytics to identify cost drivers and target interventions where they'll have greatest impact

Strategic Benefits Partnership for C-Suite Leaders

In today's competitive landscape, optimizing your benefits strategy is no longer just about cost control—it's a critical lever for attracting top talent, boosting productivity, and safeguarding your organization's financial health. Red Helm Canada transforms benefits administration from an operational burden into a strategic advantage, delivering measurable impact on your bottom line and employee engagement.

15-20%

Cost Reduction

Average savings on total benefits spend through optimized plan design and carrier negotiation.

90%+

Compliance Assurance

Mitigate risk with proactive adherence to evolving provincial and federal regulations.

2x

ROI on Wellness

Enhanced employee well-being leading to reduced absenteeism and improved productivity.



Market Edge

Leverage exclusive market intelligence and benchmarking to gain competitive advantage in talent acquisition.



Negotiation Power

Benefit from our strong carrier relationships and collective volume for superior rates and terms.



Optimized Design

Strategic plan architecture balancing cost-efficiency with comprehensive coverage for employee satisfaction.



Risk Mitigation

Ensure full regulatory compliance, protecting your organization from fines and legal challenges.



Seamless Implementation

Minimize disruption during plan changes with our expert management and support.



Continuous Value

Ongoing performance monitoring and data-driven adjustments for sustained benefits optimization.

Taking Action: Your 2026 Benefits Strategy



Strategic Audit

Evaluate current plan design, costs, utilization, and employee sentiment. ****Deliverable:**** Comprehensive benefits assessment report.



Market Benchmarking

Compare against industry peers to identify competitive advantages and gaps. ****Deliverable:**** Benchmarking insights and recommendations.



Prioritize Strategic Pillars

Align initiatives with corporate objectives, focusing on high-impact trends. ****Deliverable:**** Strategic benefits roadmap with key priorities.



Financial Modeling & Design

Develop robust plan scenarios with detailed financial projections and risk assessment. ****Deliverable:**** Cost-benefit analysis of proposed plans.



Secure Executive Buy-in

Facilitate C-suite and stakeholder alignment for informed decision-making. ****Deliverable:**** Finalized plan design approval.



Execute & Communicate

Implement changes with robust communication and change management for smooth adoption. ****Deliverable:**** Successful plan launch and employee engagement.



Continuous Optimization

Monitor KPIs, track ROI, and adapt strategies for sustained value and competitive advantage. ****Deliverable:**** Quarterly performance reviews and adjustments.

Red Helm Canada: Your Strategic Benefits Partner

Partner with Red Helm Canada to transform your benefits strategy into a competitive advantage. We deliver measurable outcomes and strategic insights for small and mid-sized Canadian employers.

15%

Average Cost Savings

Achieved through optimized plan design and strategic carrier negotiations.

20%

Boost in Employee Satisfaction

Through tailored benefits that truly meet employee needs and enhance engagement.

99%

Regulatory Compliance

Ensuring peace of mind with expert navigation of complex benefits regulations.

Our expertise extends across group health benefits, leveraging deep analytical capabilities and extensive market relationships to provide strategic counsel from our Ottawa headquarters. We specialize in empowering mid-sized and large employers to navigate complex benefits landscapes, focusing on tangible results and long-term value.



Strategic Partnership

Aligning benefits with your unique business strategy and organizational culture for maximum impact.



Data-Driven Insights

Leveraging analytics to provide objective recommendations, ensuring informed and effective decision-making.



Unbiased Advocacy

Maintaining complete independence from carriers to guarantee our advice exclusively serves your best interests.



Continuous Optimization

Providing ongoing support and proactive trend analysis, extending beyond transactional renewals to ensure sustained value.



Ready to elevate your 2026 benefits strategy and achieve superior outcomes?

Red Helm Canada

Ottawa, Ontario

Phone: 1-866-232-5565

Web: redhelm.ca

Contact us today to schedule a comprehensive benefits review and discover how we can deliver a competitive advantage for your organization.

Key Takeaways: Preparing for 2026



Control Specialty Drug Costs

Proactive management of high-cost pharmaceuticals is essential to prevent benefits cost escalation and protect your bottom line.



Prioritize Holistic Mental Health

Integrated mental health solutions enhance employee well-being, boosting productivity and reducing presenteeism costs.



Optimize with Virtual Care

Meeting employee demand for digital-first healthcare improves access, satisfaction, and operational efficiency.



Tailor Benefits for Impact

Flexible benefits platforms cater to diverse workforce needs, ensuring relevance, higher engagement, and cost predictability.



Leverage Data for ROI

Utilize claims data to identify specific cost drivers, enabling targeted interventions that deliver superior returns on investment.



Seek Expert Strategic Guidance

Partnering with experienced advisors provides critical market intelligence and strategic perspective in a complex benefits landscape.

For more information on implementing these strategies in your organization, contact Red Helm Canada at 1-866-232-5565 or visit redhelm.ca

This presentation is based on Mercer's Health Trends 2026 Report. For the complete study, visit: mercer.com/assets/ca/en_ca/shared-assets/global/attachments/pdf-2025-mmb-health-trends-2026-report.pdf