HR BRIEF

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Why Are Employers Choosing Standardized Raises in 2026?

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As organizations plan their compensation strategies each year, many are leaning toward a "peanut butter" approach to pay—spreading standardized annual wage increases evenly across employee groups. An annual standardized wage increase is a uniform percentage or flat-dollar raise given to employees, often regardless of individual performance. These increases typically range from 2% to 4%, though this varies by industry, company size and economic climate. These raises are usually based on:

- Cost-of-living considerations
- Market pay trends
- Inflation projections
- Internal budget constraints
- Companywide compensation philosophies

Market reports show that this year, more employers are considering standardized pay increases. Most employers plan to give average raises of 3.5% in 2026, similar to those in 2025. Inflation is about 3%, so raises are keeping up, if not staying ahead.

Many employers are leaning toward standardized raises this year due to a combination of economic caution and the need for predictable budgeting. When revenue forecasts are uncertain or expenses are rising, a uniform increase across employee groups allows organizations to manage compensation costs more effectively without pausing raises altogether. Standardized increases also help maintain internal equity, thereby reducing the risk of pay compression and employee dissatisfaction. Some of this can be due to not wanting to alienate mid- to lower-tier workers. In addition, companies often choose standard raises because they streamline the entire compensation cycle.

While standardized raises can bring structure and stability, they also present limitations, especially for organizations that want to reward high performance or stay aligned with rapidly shifting labor markets.

In years where many organizations are prioritizing stability, efficiency and fairness, standardized wage increases may provide a practical middle ground. Contact us today for more resources.

Employers Should Start Preparing for 2026 RxDC Reporting

Group health plans and health insurance issuers must annually submit detailed information on prescription drug and health care spending to the Centers for Medicare and Medicaid Services (CMS). This reporting is referred to as the prescription drug data collection (RxDC report). **The next RxDC report is due by June 1, 2026, covering data for 2025.**

The RxDC report comprises several files, including those that require specific plan-level information, such as plan-year beginning and end dates and enrollment and premium data. It also includes files that require detailed information about medical and pharmacy benefits. There are no major changes to the reporting instructions from the RxDC reporting that was completed in 2025.

Most employers contract with third parties, such as issuers, third-party administrators (TPAs) and pharmacy benefit managers (PBMs), to submit RxDC reports on behalf of their health plans. Employers may work with multiple third parties to complete the RxDC report for their health plans. For example, a self-insured employer may use both its TPA and PBM to submit different portions of the RxDC report. A health plan's submission is considered complete if CMS receives all required files, regardless of who submits them.

Employer Action Items

Employers should start reaching out to their issuers, TPAs or PBMs, as applicable, to confirm that they will submit the RxDC files for their health plans by June 1, 2026. Employers should also confirm that their written agreements with these third parties address this reporting responsibility.

Also, employers will likely need to provide their third-party vendors with plan-specific information, such as enrollment and premium data, to complete their RxDC submission. Employers should watch for these vendor surveys and promptly provide the requested information. Because employers with self-funded plans are ultimately responsible for RxDC reporting, they should monitor their TPAs' or PBMs' compliance with this reporting requirement.

More information on RxDC reporting, including updated reporting instructions, is available on CMS' RxDC website.