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PAYROLL

KEY CHANNEL PARTNER OF THE MONTH

March Inflation Falls, But Won't 'Provide Much Comfort to Businesses'

With help from falling energy prices, annual inflation fell in March, new data out today shows. But the impacts from President Donald Trump's tariffs are still looming and putting a damper on employers' confidence.

The consumer price index (CPI) for March decreased 0.1% on a monthly basis and rose 2.4% for the 12 months ending in March, the U.S. Bureau of Labor Statistics (BLS) reported April 10. That's down from the 2.8% year-over-year increase notched in February. Although annual inflation fell, the core CPI inched up 0.1% for the month — following a 0.2% increase in February — and 2.8% annually. The annual rate is also down from the month prior.

The index for energy fell 2.4% in March, as a 6.3% decline in the index for gasoline more than offset increases in the indexes for electricity and natural gas, the BLS reported. The food index, however, rose 0.4% in March as the food at home index increased 0.5%, and the food away from home index rose 0.4% over the month.

Although the CPI report shows moderation, that news doesn't provide much relief as economic uncertainty is high, said Justin Ladner, senior labor economist at SHRM. Significantly, the latest CPI numbers likely do not yet reflect the tariffs, which economists say may impact inflation in the coming months. In general, Ladner said, there is an "incredibly high uncertainty regarding future conditions."

Real Earnings Pick Up

Real average hourly earnings for all employees increased 0.3% from February to March, seasonally adjusted, the BLS also reported April 10. This result stems from a 0.3% rise in average hourly earnings combined with a 0.1% decrease in the CPI.

Real average weekly earnings rose 0.3% over the month due to the change in real average hourly earnings combined with no change in the average workweek.

Meanwhile, real average hourly earnings increased 1.4%, seasonally adjusted, from March 2024 to March 2025, the BLS said. The change in real average hourly earnings, combined with a 0.6% decrease in the average workweek, resulted in a 0.8% increase in real average weekly earnings over this period.

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Our relationship with these companies helps business owners reduce costs, save time, optimize their workforce, increase revenue and minimize risk. If your company needs to save money, address compliance issues, improve efficiencies and increase productivity, we have the solutions.

If your company needs to save money, address compliance issues, improve efficiencies and increase productivity, we have the solutions and the key to your success.

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It could be one of the smartest business decisions you ever make!

HUMAN RESOURCES

1 in 5 Workers Say They Feel Their Career is Out of Their Control

The majority of workers said they're relying on hope just to get through the year, a survey found.

Twenty-one percent of U.S. workers believe their professional future is out of their hands and that their sense of control has grown worse during the past five years, according to an April 8 report from the University of Phoenix Career Institute.

Half of workers reported burnout, reaching a record high on the institute's Career Optimism Index. The majority of workers said they're relying on hope just to get through the year.

"Looking ahead, the next five years will determine which companies set the new standards for employee retention and business success — and which fall behind," John Woods, provost and chief academic officer at the University of Phoenix, said in a statement.

"Our Career Optimism Index highlights a critical opportunity for employers to build a resilient, engaged workforce at the pace of workers and the markets' demands," Woods said. "Organizations that fail to invest in talent development with intention and an eye on long-term success risk losing not just employees but productivity and competitive advantage."

In the survey of more than 5,000 U.S. adults and 500 employers, workers were 52% more likely to experience burnout when they felt they weren't progressing in their careers at the right pace.

However, workers named career development as one of the top ways to restore their sense of control and reduce burnout, with 71% saying upskilling is necessary for career advancement. Workers were less likely to feel disengaged and more likely to feel motivated if their current job provided training and career development. About 43% reported a lack of access to necessary training, and 86% said they were actively seeking skill development opportunities.

At the same time, 60% of employers said they preferred hiring new employees over training current staff. Employer investment in reskilling and upskilling also declined significantly since 2022.

Most workers are experiencing burnout and restlessness, leading to lower engagement and productivity, according to an isolved report. When looking for a new job, workers pointed to priorities such as flexible schedules, hybrid or remote work, better benefits and career development opportunities.

Internal development may stave off other problems, too. As companies race to implement artificial intelligence tools in the workplace, most tech hiring managers say their employers are hiring AI talent too quickly and not building a sustainable pipeline of candidates, according to a General Assembly report. Instead, companies should consider building a broad pool of external talent while investing in upskilling across their existing workforce, an AI for Indeed executive said.

Notably, though AI use has increased at work, only a third of workers say their employer provides AI training, according to a report from Jobs for the Future. Those who were currently enrolled in education or training were more likely to use AI, the report found.

www.hrdive.com

EMPLOYEE BENEFITS

GLP-1s Now 'Predominant Driver' of Drug Spend Growth

GLP-1s are driving a historic rise in traditional drug spending, helping it outpace specialty drug spend for the first time.

The annual growth rate of spending for traditional drugs — medications used to treat common health problems such as infections, high cholesterol, and diabetes — soared from 2.1% in 2021 to 12.8% in 2024, according to new data from Evernorth, the health services division of insurer Cigna. By contrast, the annual growth rate for spending on specialty drugs — high-cost, complex medications typically used to treat chronic conditions — slowed over the past few years, going from 9.2% in 2020 to 5% in 2021 and 4.9% in 2024. Traditional drug spending surpassed specialty drug spending in 2023 after a dramatic rise between 2022 and 2023, according to Evernorth's report — driven by the demand for and usage of GLP-1s, or glucagon-like peptide-1 receptor agonists.

In 2024, drugs targeting weight management accounted for about half (46.8%) of the total increase in drug spend and were equivalent to 6.7% of total drug costs, according to Evernorth's figures, which are based on data from roughly 28 million people with commercial insurance coverage. Among those weight loss drugs, GLP-1s were the "predominant driver," the report said, with net trend jumping more than 200% in 2023. "Since the approval of semaglutide for chronic weight management in 2021, traditional drug spending has increased dramatically," according to Evernorth's report. "The annual growth rate of spending changed from 2.1% in 2021 to 12.8% in 2024, marking a historic shift in pharmaceutical spending." The report added that higher demand for therapies to treat chronic conditions and higher-cost drugs are other contributors to this shift.

In 2025, Evernorth projects that the annual growth rate for specialty drug spending will be 4.1%, while traditional drug spend will grow by 12%.

The finding comes as GLP-1s become increasingly popular and in demand from employees. Nearly one-third of commercially insured households report that someone in the household has used GLP-1s, Evernorth found.

As a result of the increased attention — as well as the promise for health improvements — employers are increasingly covering the drugs for weight loss. The majority of organizations (76%) provide GLP-1 drug coverage for type 2 diabetes, according to a 2023 survey from the International Foundation of Employee Benefit Plans, while 27% of employers provide coverage for weight loss. Another 13% said they were considering providing coverage for weight loss. A separate survey from consulting firm Mercer last fall pointed to even greater interest, with more than a quarter of employers saying they are considering adding coverage for GLP-1 drugs for weight loss in 2025 or 2026. "Generally, most employers understand the need for weight loss medications to prevent diseases and comorbid conditions, and know obesity can lead to heart disease, diabetes, and other complications," said Nelly Rose, vice president of clinical pharmacy, Rx Solutions, at NFP, a global benefits consultant and property and casualty insurance broker.

Obstacles

Despite promise for the drugs — numerous studies have pointed to potential health benefits — there are some downsides. In addition to the rapid uptake of GLP-1s, which may result in supply issues and presents a challenge for employers in terms of managing the tremendous price tag, Evernorth analysts said there are high discontinuation rates, noting that more than 50% of patients using GLP-1s for weight loss stopped treatment within 12 months. Discontinuation is due to reasons including side effects, safety concerns, users saying they no longer thought using the medication was necessary, and financial concerns.

That may be part of why some experts say employers shouldn't solely rely on GLP-1 drugs for weight loss management.

WORKERS' COMP

The Only Thing That Will Change is Your Bottom Line

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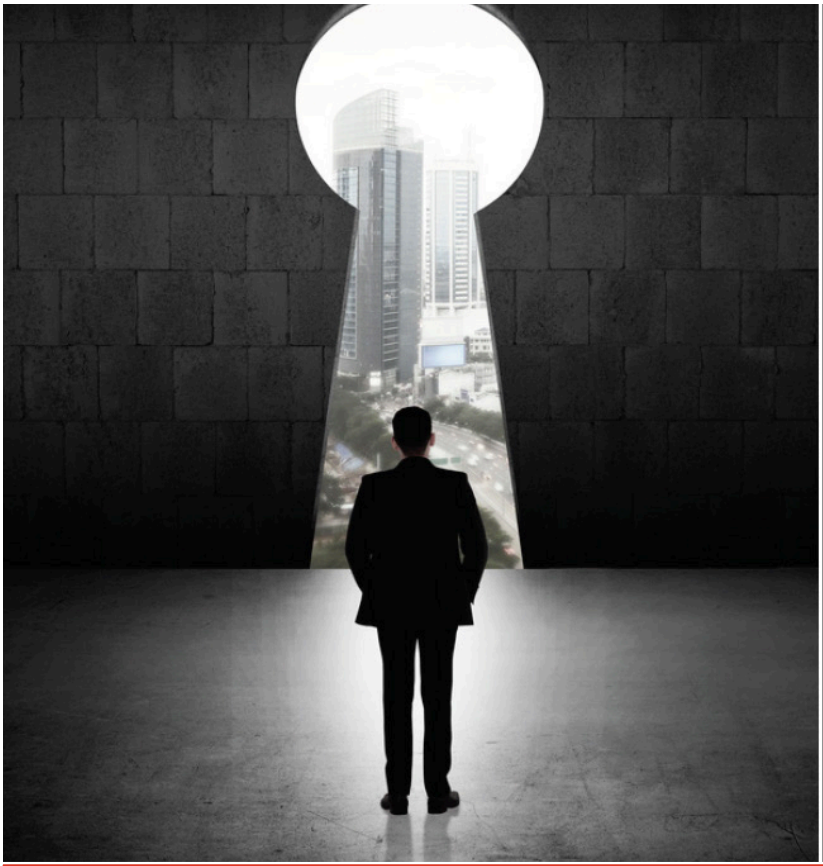

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Want to learn more about what Key HR can do for your business?

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