

How HR leaders are using AI in 2026: Benchmark findings from Lively



Public conversation around AI in HR has been dominated by extremes, from sweeping disruption to the end of HR altogether. These headlines grab attention, but they **don't reflect the reality of how AI is actually being evaluated and applied by enterprise HR teams today.**

 HRMorning

AI Risks: Is Your HR Department Aware and Prepared?

The AI revolution is here, but HR departments need to be prepared for AI risks. Learn how to navigate AI and ensure responsible implementation in your...

Mar 25, 2024

 The Hill

AI is taking the 'human' out of human resources

Companies increasingly rely on AI-based tools to replace everyday HR functions, from tracking job applications to monitoring employees' performance to...

Jan 10, 2025

 HR Executive

AI is going to take your HR job. And it's about time

Let's drop the polite fiction: AI is coming for your job. More accurately, it's coming for your current job. This isn't a threat but an invitation.

May 23, 2025

 Fortune

NVIDIA's Jensen Huang says that IT is about to take over HR as AI agents rise to power

Huang says these AI agents will work alongside employees helping them with everything from busy work to wrangling customer concerns.

Jan 9, 2025

 CNBC

In recent layoffs, AI's role may be bigger than companies are letting on

As companies use terms like reorganization, restructuring, and optimization in job cuts, AI may be at work more than they want employees to know.

Jul 20, 2025

 Josh Bersin

The End of HR As We Know It? AI Is Starting To Change Everything.

HR teams are under intense pressure to automate, improve their services, and reduce headcount with AI. Yes, we know AI is a technology for growth and scale.

Apr 26, 2025

The **real story** starts with the rising cost of healthcare, competing business priorities, and where HR time is being lost as a result.

HR leaders are operating in an environment defined by **increasing healthcare premiums**, tighter budgets, and growing employee expectations, often without additional headcount. As healthcare costs continue to outpace projections, many organizations have shifted toward consumer-driven healthcare models, relying more heavily on High Deductible Health Plans supported by HSAs and FSAs. These programs have become essential tools for cost containment, but they also introduce a major source of operational friction since they require more education, coordination, and ongoing support.

And at the same time, HR teams are managing far more than benefits. In recent years, they have **carried the operational weight** of a global pandemic, an employee mental health crisis, geopolitical uncertainty, and ongoing changes to how and where work gets done. All of this has happened while HR is being asked to modernize systems, improve engagement, and deliver more value with fewer resources.

Against that backdrop, benefits administration has become one of the most visible drains on HR capacity. According to Lively's proprietary data:

Increasing Healthcare Premiums

Tighter Budgets

Global Pandemic

Geopolitical Uncertainty

Employee Mental Health Crisis

45% of HR teams spend between 11 and 20 hours each week on manual benefits administration much of it tied to managing pre-tax benefits like HSAs and FSAs.

Employee education, reimbursement and claims processing, data reconciliation, and vendor coordination consume time HR teams simply do not have. When benefits systems break down, whether due to fragmented technology or outsourced service models, the work escalates to HR. **This is the context in which AI is entering the function.**

This report from Lively examines how HR leaders are actually evaluating and using AI in their day-to-day workflows. Based on a November 2025 survey of more than 250 HR leaders at U.S.-based companies with 1,000 or more employees, the findings reflect a pragmatic mindset shaped by real constraints: limited time, operational overload, and no tolerance for tools that add complexity and extra work.

Rather than viewing AI as a sweeping transformation, HR teams are asking grounded questions: Where is time being wasted? Which processes are breaking down? And will this reduce the burden, or just shift it?

7 in 10

HR leaders agree AI can improve efficiency in benefits workflows

2 in 3

see AI as a way to augment their teams, rather than replace them

More than

9 in 10

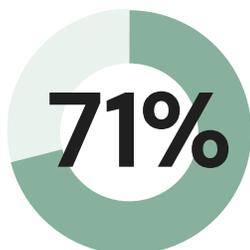
plan to add AI-based HR/benefits tool in the next year

Despite popular narratives, HR leaders are not worried about being replaced by AI. They are looking for relief.

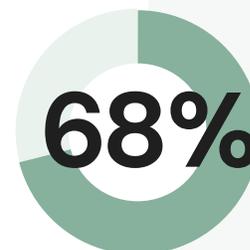
They want to spend less time managing work that should be straightforward and more time focused on the strategic initiatives they are increasingly accountable for.

AI adoption is high, and so are expectations

More than half of HR leaders say they are already familiar with AI-powered tools for HR or benefits administration, with another 40 percent reporting some experimentation.



of HR leaders describe themselves as optimistic about increased AI use in HR



feel excited, and nearly half express curiosity towards the new technology

Negative sentiment remains limited. Fewer than one in ten describe AI as threatening or gimmicky. About one-quarter say they are cautious, reflecting past experience with technology that promised efficiency and delivered added complexity instead. HR leaders are open to AI, but focused on outcomes.

Why benefits are the bottleneck to solve

If there is one area where the gap between benefits strategy and day-to-day reality is most visible, it is benefits administration.

Healthcare costs continue to rise faster than projections, pushing organizations toward consumer-driven healthcare models. According to Lively's data, nearly all employers expect enrollment in High Deductible Health Plans to increase, making HSAs and FSAs central to cost-containment strategies. As adoption grows, though, so does the operational burden.

According to Lively's data:



84% of HR teams spend between 5 and 20 hours every week on manual benefits administration



92% spend additional time each week on reactive, non-strategic work, such as employee tickets and vendor follow-ups



65% say day-to-day benefits administration issues regularly prevent them from focusing on strategic priorities

What makes managing pre-tax benefits time-consuming?



52%

cite manual or repetitive processes as a major challenge



52%

point to employee education and engagement, especially as benefits grow more complex



46%

say reimbursement and claims processing is a significant drain on time



38%

struggle with data inconsistencies and synchronization across systems

These are not edge cases. They are the core workflows required to keep HSAs and FSAs running, and they span multiple systems, vendors, and data sources. When those systems do not work together, coupled with subpar vendor service, employees turn to HR.

This is why benefits sit at the center of the AI conversation.

HSAs and FSAs are essential, but they represent only a small slice of HR's overall mandate. They are not where HR leaders want to spend hours each week troubleshooting issues. Yet foundational benefits generate outsized operational drag, crowding out higher-impact work.

That mismatch is clear when looking at HR leaders' priorities for 2026. They would rather focus on:

- ✓ Employee experience and engagement
- ✓ Technology modernization
- ✓ Retention and workforce strategy
- ✓ Wellness and inclusion initiatives



Benefits administration is table stakes. Strategy is the goal.

AI's role is not to elevate HSAs and FSAs themselves, but to make them run quietly and reliably in the background so HR teams can **redirect time and energy toward the work that matters most** and truly defines the function.

What this means for HR leaders heading into 2026

For HR leaders, the question is no longer whether to adopt AI, but **where and how to apply it so it actually creates capacity**. Success in 2026 will depend on intentional, outcomes-driven use.

Here are four practical, data-driven actions from Lively:

1. Start with where time is being lost

HR leaders are clear about the problem. Too much time is still spent on work that does not require constant human oversight. Benefits administration, particularly HSAs and FSAs, is a prime example. Manual processes, employee tickets, data reconciliation, and vendor coordination continue to pull HR into reactive mode. If benefits are consuming hours each week, they are preventing progress elsewhere.

Action:

Map where HR time goes in a typical week. Identify which tasks are manual, repetitive, or reactive, especially within benefits workflows. Prioritize AI solutions that can immediately reduce time spent on these tasks.

2. Use benefits as the first test case, not the end goal

Pre-tax benefits like HSAs and FSAs are strategically important, but they are not where HR leaders want to focus long-term. **They are, however, where inefficiencies are most visible and measurable.**

Making benefits operate quietly in the background creates leverage. When foundational programs stop generating constant questions and escalations, HR regains time for higher-value work.

Action:

Apply and adopt AI solutions first to benefit workflows where the payoff is clearest, such as employee support, reimbursement processing, data synchronization, and compliance. Use benefits as the proving ground to validate whether AI actually reduces workload.

3. Prioritize AI that reduces fragmentation, not adds to it

One of the clearest sources of skepticism in the data is technology fragmentation. HR technology has historically increased system sprawl rather than reduced it, leaving HR teams to manage more platforms, more vendors, and more handoffs. AI layered on top of disconnected systems, especially when it's bolted on through third parties, risks exacerbating that problem rather than solving it.

AI delivers the most value when it is owned, embedded, and tightly integrated into core workflows. When AI is treated as a third-party add-on (particularly in an ecosystem where many platforms already white-label or rely on the same underlying technology) HR teams often inherit new points of failure, unclear accountability, and additional workarounds when something breaks.

Action:

Evaluate AI tools based on how deeply they are integrated into existing HRIS, benefits, payroll, and vendor platforms, and who actually owns the AI behind the experience. Deprioritize solutions that simply layer a third-party AI provider on top of already fragmented systems, require manual data transfers, or introduce new workflows for HR to manage.

4. Ask for data and security transparency up front

While overall trust in AI is high, data privacy, compliance, and transparency remain top concerns for HR leaders. Adoption will only scale if AI tools are designed with these requirements from the start.

Trust isn't built after rollout. It's built before.

Action:

Require clear documentation on data handling, security, auditability, and AI decision logic. Look for proof points, not promises, before expanding usage across teams or employee populations.

Key takeaway

For enterprise HR leaders, AI is not about replacing people or chasing trends. It is about reclaiming time, reducing noise, and building systems that allow HR to operate at the level the business now demands.

Benefits have become one of the most visible pressure points, not because they are the most strategic part of HR's role, but because they consume a disproportionate amount of time. What HR leaders want from AI and benefits technology is straightforward. Technology that reduces fragmentation, supports their teams, and quietly makes foundational work run better. Benefits leaders need to be working with solutions that are AI-first, and if not, they risk the ability to cross the chasm as pressure mounts.

The opportunity in 2026 is not using more AI. It is using AI intentionally to give HR the space to focus on what matters most.