

PwC Projects 9% Healthcare Cost Trend Increase for 2027

PwC's annual medical trend report projects that the commercial healthcare cost trend is expected to rise to 9% in 2027, the highest figure in 17 years. It's driven in part by increased adoption of artificial intelligence (AI) billing tools by providers. The medical cost trend is the expected increase in health care costs by health plans.

This projection is an uptick from the 8.5% that has held steady over the past several years. The increase marks the continuation of a sustained run of elevated cost growth. The U.S. healthcare system is heading into another year of powerful inflationary forces.

For this annual report, PwC health researchers surveyed and interviewed actuaries of 27 U.S. health plans, covering more than 103 million employer-sponsored members and 8 million Affordable Care Act (ACA) marketplace members.

Group medical cost trend is projected at 9% in 2027, and the individual market is projected at 8.5%. PwC's report identified these top five inflators:

1. **AI-enabled documentation and coding tools** allow providers to capture greater specificity and reimbursable severity without proportionate increases in care intensity. Nearly 70% of surveyed health plans named it a top-three trend inflator for healthcare costs.
2. **Provider reimbursement pressure** remains elevated due to inflationary pressure across provider underlying cost structures, reinforced by market consolidation limiting market alternatives.
3. **Pharmacy trend continues to outpace overall medical trend**, driven by advances in specialty drugs and expanding GLP-1 indications.
4. **Behavioral health continues to outpace broader medical trend**, with utilization surging 62% from 2018 to 2024.

5. The **No Surprises Act Independent Dispute Resolution arbitration process** has become a durable reimbursement inflator, with 2.6 million cases filed in 2025 and providers winning 88% of disputes.

Historical deflators, including biosimilars, generic drugs and site-of-care optimization, remain active but are now embedded in the baseline. PwC notes that while they're necessary to the current trend, they're insufficient to reverse the upward trajectory. What remains is what plans can directly control through cost-of-care initiatives, such as payment integrity, utilization management, pharmacy management, reimbursement strategy and event-driven care management.

Federal policy uncertainty adds another variable: Significant changes in federal health policy could lead to declines in spending on Medicaid and ACA marketplace subsidies. While the full impact may not be felt immediately, stakeholders from hospitals to drug manufacturers may begin adjusting sooner.

Check out PwC's [Behind the Numbers 2027](#) complete report for more information.

Employer Takeaway

For employers, a 9% trend demands a proactive benefit strategy. Plan sponsors should evaluate plan design features, such as high-performance networks, centers of excellence, pharmacy carve-outs and tighter utilization management, before compounding cost pressures from AI-driven coding, behavioral health utilization and potential Medicaid cost-shifting narrow their options.

Contact us for more healthcare resources.