



Why Health Care Costs Are Rising in 2026

Provided by Parrott Benefit Group

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2026 Health Care Cost Projections

Health care costs in the United States are likely to increase by **up to 10% or more** in 2026. Here are some projections:

- Mercer: **6.5%** (after plan design changes)
- The Business Group on Health: **7.6%**
- PwC: **8.5%**
- International Foundation of Employee Benefit Plans: **10%**
- KFF: **11%** (for small businesses)

Individual Marketplace plans are likely to go up even higher, as much as **15%-20%**.





GLP-1s

Glucagon-like peptide-1 (GLP-1) drug use for weight loss is already widespread, but these costly medications are expected to grow in popularity.

- **12%** of Americans have used GLP-1 medications for weight loss, and **14%** are interested in using the drugs.
- The number of prescriptions for the drugs has more than **tripled since 2020**.
- **100+** GLP-1 drugs are in clinical development for obesity.

Source: RAND

Specialty Medications

The specialty drug market continues to expand rapidly, driven by a surge in U.S. Food and Drug Administration (FDA) approvals and a robust pipeline of therapies.

- Nearly **80%** of all FDA approvals in 2025 fall into the specialty category, reflecting a shift toward more targeted, complex therapies for chronic and rare conditions.
- This rapid growth is being fueled by more plan participants using these key specialty drugs:
 - Biologics and biosimilars
 - Cell and gene therapies (CGT)





Chronic Health Conditions

Around **90%** of U.S. health care spending is for people with chronic and mental health conditions. Many have **two or more** chronic conditions.

Examples of chronic conditions include:

- Heart disease
- Stroke
- Cancer
- Diabetes
- Arthritis
- Obesity

Aging Populations

While life expectancy in the United States has increased significantly over the past 50 years, birth rates have trended down consistently.

- Life expectancy at birth is expected to **increase from 78.9 years to 82.3 years** from 2025 to 2055.
- Life expectancy at age 65 is forecast to **increase from 19.7 years to 21.8 years**.
- The birth rate in the United States hit a record low in 2024, with **fewer than 1.6 children per woman**.

Source: Congressional Budget Office; CDC





Cancer Care

Cancer care has been the top driver of employer cost increases for **four years in a row**.

- Growing prevalence of cancer diagnoses, not just among older adults but also among younger working-age individuals
- Escalating cost of treatment
- Better outcomes with new and innovative therapies, but come with high price tags

Source: Business Group on Health

Health Care Labor Costs

The supply of health care workers continues to fall short of the growing demand for utilization due to the following:

- Rising health care demands
- An aging population
- Retiring health care workforces
- Insufficient talent entering the health care industry





For Further Guidance

Rising health care costs may be unavoidable, but informed employers can better understand these trends and act appropriately.

Contact us for more information about these topics or resources about health care costs.