

Benefits Insights



How Chronic Conditions Are Driving Healthcare Spending

Chronic conditions are no longer just a clinical concern; they are one of the most powerful forces shaping the U.S. healthcare system and its rising costs. Chronic conditions such as heart disease, cancer, diabetes, Alzheimer's disease and mental health conditions impact millions of Americans, requiring continuous care, treatment and support over time.

The financial impact is staggering. [According to the Centers for Disease Control and Prevention \(CDC\)](#), 2026 data shows that 90% of the nation's nearly \$5.3 trillion in annual healthcare spending is devoted to people living with chronic and mental health conditions. At the same time, chronic disease prevalence continues to grow, with roughly three in four American adults having at least one chronic condition, and over half having two or more.

This article summarizes CDC findings for how chronic conditions are driving increases in health plan costs and examines how these conditions are reshaping the way care is delivered, financed and experienced across the country. It also offers insights into how these conditions are affecting workforce productivity and challenging long-term business sustainability.

Contributing Risk Factors for Chronic Conditions

While chronic conditions are widespread and costly, many are influenced by a small set of modifiable risk factors. According to the CDC, key drivers include:

- **Tobacco use**—Smoking and other forms of tobacco use remain leading contributors to heart disease, stroke, cancer and respiratory conditions, significantly shortening life expectancy.
- **Poor nutrition**—Diets high in sodium, added sugars and saturated fats contribute to obesity, high blood

pressure and diabetes. Limited access to fresh, affordable food makes healthy eating difficult for many Americans.

- **Excessive alcohol consumption**—Heavy or chronic drinking is linked to liver disease, certain cancers and heart conditions and can worsen existing chronic health problems.

Additionally, a sedentary lifestyle increases the risk of obesity, type 2 diabetes and cardiovascular disease. Regular movement, even in modest amounts, can substantially reduce these risks.

Because these risk factors are so common across the population, they contribute to the rising prevalence and cost of chronic disease nationwide. Addressing these underlying behaviors through prevention, education and supportive environments presents one of the most effective opportunities to improve health outcomes and reduce long-term healthcare spending.

Some groups face a higher risk of chronic disease due to the conditions in which they are born, live, work and age. These nonmedical factors can either support or undermine a person's ability to stay healthy. These factors, many of which are outside a person's control, can make it harder to access healthy choices and quality medical care. For example, some communities lack safe spaces like parks for physical activity or nearby stores that carry fresh fruits and vegetables. In rural areas, doctor shortages, hospital closures and long travel distances to care make it difficult to access preventive screenings or specialist follow-up, leaving many chronic conditions undetected or unmanaged until they become more serious.

Conditions Driving the Highest Costs

While hundreds of chronic conditions exist, a relatively small group accounts for a disproportionate share of spending. These diseases are common, costly and often interconnected. CDC data shows that the following are the most common chronic conditions impacting healthcare spending:

- **Heart disease and stroke** remain the leading causes of death in the United States and are among the most expensive conditions to treat. Together, they account for more than 850,000 deaths annually, more than one in four U.S. deaths. These conditions require ongoing management, including medications, procedures and hospital care, driving significant long-term spending. In addition to \$223.2 billion in direct medical expenses, they also cost an estimated \$191.5 billion in lost productivity, underscoring their broad economic impact.
- **Cancer** continues to be one of the most costly and complex chronic conditions, with rising incidence and advancing treatments contributing to higher spending. Each year, about 1.9 million Americans are diagnosed, and more than 600,000 die from the disease. As new therapies improve survival rates, patients often require extended and more intensive care. As a result, total cancer care costs are projected to exceed \$240 billion by 2030, making it a major contributor to future healthcare spending.
- **Diabetes** affects more than 40.1 million Americans, and many more have prediabetes, often without realizing it. Managing diabetes requires continuous monitoring, medication and care coordination, especially when complications arise. The total economic burden of diabetes is estimated at \$640 billion, including both medical costs and lost productivity.
- **Obesity** is both a chronic condition and a major driver of other high-cost diseases, including heart disease, diabetes and certain cancers. It affects 21% of children and 40% of adults in the United States. The condition significantly increases the likelihood of developing multiple chronic conditions, amplifying overall healthcare spending. Direct medical costs related to obesity are estimated at nearly \$173 billion annually, underscoring its widespread financial impact.
- **Alzheimer's disease** is particularly costly due to the long-term care and support individuals often require as the disease progresses. Nearly 7 million Americans are currently living with Alzheimer's disease, many of whom will need years of intensive care. In addition to medical expenses, caregiving demands place a heavy burden on families and the workforce. The total cost of care is approximately \$360 billion today and is projected to approach \$1 trillion by 2050, making it one of the fastest-growing cost drivers.
- **Arthritis** is one of the most common chronic conditions, affecting more than 53.2 million adults in the U.S., or about 1 in 5 people. While it may not always receive the same attention as other diseases, it significantly impacts mobility, quality of life and the ability to work. Arthritis is responsible for an estimated \$300 billion annually in medical costs and lost wages.
- **Chronic kidney disease** is a serious and often progressive condition that can lead to kidney failure and the need for dialysis or transplantation. It is frequently driven by other chronic conditions, such as diabetes and high blood pressure, making it both complex and closely tied to broader disease trends. In the United States, about 37 million people are estimated to have chronic kidney disease, although many are unaware of their condition. The financial impact is also significant, with more than 1 in 3 Medicare dollars, totaling \$141.1 billion, spent on care for patients with chronic kidney disease, reflecting the high cost of managing advanced disease. Because it often develops without symptoms in its early stages, chronic kidney disease is frequently diagnosed late, increasing the likelihood of complications and the need for more intensive care.
- **Epilepsy** is a neurological condition characterized by recurring seizures that require ongoing medical care and monitoring. Managing epilepsy often involves long-term medication and regular care from specialists, and uncontrolled seizures can lead to emergency situations, injuries and disruptions to

daily life. The total healthcare costs for noninstitutionalized individuals with epilepsy are estimated at \$13.4 billion annually, including \$5.4 billion directly attributable to epilepsy, underscoring its economic impact. Its chronic nature and need for continuous management contribute to its overall demand on both individuals and the healthcare system.

- **Tooth decay** is one of the most common chronic conditions in the United States, affecting both children and adults at high rates. Poor oral health is closely linked to other chronic diseases, including diabetes and heart disease, increasing its broader impact on overall health outcomes. In addition to direct care needs, nearly \$46 billion in productivity is lost each year due to dental disease, highlighting its significant indirect costs. Without preventive care and early treatment, tooth decay can lead to more serious complications, including infection and tooth loss.

How Chronic Illness Fuels Healthcare Costs

Chronic conditions account for the majority of healthcare costs, not because they are rare or isolated, but because they are widespread, long-lasting and often interconnected. The following factors help explain why they dominate national healthcare spending:

- **Ongoing, lifetime care**—Chronic conditions often require lifelong management rather than short-term treatment. Ongoing doctor visits, medications, hospitalizations and monitoring create sustained expenses over time.
- **Multiple chronic conditions**—Many individuals have more than one chronic condition, which compounds both clinical complexity and cost. For example, obesity can lead to diabetes, which can increase the risk of cardiovascular disease.
- **Costly complications and advanced care**—When chronic conditions are not effectively managed, they can result in severe and expensive complications such as heart attacks, strokes, kidney failure and amputations.
- **Indirect costs and productivity loss**—Beyond medical spending, chronic conditions significantly

affect the workforce. Lost productivity, absenteeism, disability and early mortality contribute billions in additional economic burden each year.

Learn More

Chronic conditions are shaped by deeply rooted factors, making them difficult to address on a broad scale. No single employer or organization can reverse these macro trends alone. However, employers are uniquely positioned to make a meaningful difference by fostering a culture of health within their workforce and taking intentional steps to improve the overall well-being of their employee population.

Organizations that prioritize prevention and employee well-being by encouraging physical activity, supporting mental health, expanding access to preventive care and providing education on chronic disease management can play a critical role in addressing these challenges.

Contact us today for strategies to reduce the impact of chronic conditions on your workforce and help employees better manage long-term healthcare costs.