

6 Factors Driving Health Care Cost Increases in 2026

Health care costs have been growing at an alarming rate in recent years, and they’re **not slowing down**. As such, surveys project that health care costs in the United States are likely to increase in many cases over 10% in 2026.

Here are six key factors driving rising health care costs:

1

GLP-1 Drugs



Growing demand for glucagon-like peptide-1 (GLP-1) use for weight loss is already widespread, but these costly medications are expected to grow in popularity. Today, 12% of Americans have used GLP-1 medications for weight loss, and 14% are interested in using the drugs. Moreover, the number of prescriptions for the drugs has more than tripled since 2020. Additional GLP-1 drugs are expected to hit the market by 2026, which could further drive up employers’ health plan costs.

2

Specialty Medications



These high-cost, high-impact treatments are reshaping the pharmaceutical industry, with specialty drugs now accounting for the vast majority of new drug approvals. 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. Plan participants using **biologics**, **biosimilars** and **cell and gene therapies** (CGT) are fueling the rapid growth.

3

Chronic Health Conditions



Around 90% of U.S. health care spending is for people with chronic and mental health conditions. These chronic conditions include heart disease, stroke, cancer, diabetes, arthritis and obesity. An increasing percentage of the population has two or more chronic, high-cost diseases. Chronic disease, in general, is increasing in prevalence in the United States and is projected to continue to do so in 2026 and the upcoming decades.

4

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, and life expectancy at age 65 is forecast to increase from 19.7 years to 21.8 years. On the other hand, the birth rate in the United States hit a record low in 2024, with fewer than 1.6 children per woman.

5

Cancer Care



Cancer care has been the top driver of employer cost increases for four years in a row. Cancer diagnoses are increasing, not just among older adults but also among younger working-age individuals. This means more employees and dependents are entering treatment, often requiring long-term and intensive care. Additionally, new therapies—including CGTs, immunotherapies, targeted drugs and personalized medicine—may offer better outcomes but come with high price tags.

6

Health Care Labor Costs



The supply of health care workers continues to fall short of the growing demand for utilization. This shortage is due to rising health care demands, an aging population, retiring workforces and insufficient talent entering the health care industry.

Rising health care costs may be unavoidable, but informed employers can better understand these trends and act appropriately. Contact us today for more information.