

NEWS BRIEF

PwC Projects 8.5% Medical Cost Trend Increase for 2026



PwC's annual medical trend report projects that, for the third year in a row, medical cost trend will be 8.5% in 2026 for group health insurance. While medical trend dipped in 2022 coming out of the COVID-19 pandemic, costs are hovering again at rates similar to those 15 years ago.

PwC health researchers surveyed and interviewed actuaries of 24 U.S. health plans, covering more than 125 million employer-sponsored members and 12 million Affordable Care Act (ACA) marketplace members for this annual report. The medical cost trend is the expected increase of health care costs by health plans. PwC's report identified the following inflators that are driving the upward trend:

- **Hospital costs** are elevated across the board, from health care workers' wages to supplies. General operating costs are also up, and those are often passed along. To cope, hospitals are using **revenue cycle management**, which can lead to increased inpatient admissions and a cost shift to commercial payers.
- **New therapeutics**, including glucagon-like peptide-1 (**GLP-1**) agonists, continue to hit the market for both prevalent chronic illnesses and rare genetic disorders. Drug spending is being driven by oncology, immunology, cardiovascular, obesity and diabetes. Related to spend, the report also noted that GLP-1s could have additional conditions approved for off-label use in the coming years.
- **Behavioral health care spending** is also rising, with inpatient claims up nearly 80% and outpatient claims up almost 40%. One in 3 health plan actuaries named behavioral health a top inflator, as they expect a 10%-20% trend for 2026.

Despite inflationary forces, the following deflators were also outlined in the report that could have modest effects on medical trend in 2026:

- **Biosimilars** were noted as health plans' top cost deflator for the third year in a row. Biosimilar adoption increased significantly in 2024, and it's expected to continue with newly approved biosimilars.
- **Cost of care management** is proving successful for health plans. Plans are exploring utilization management, claims integrity reviews, pharmacy overview and prescription management programs. Artificial intelligence is being used in these processes and could further drive its deflationary impact.

Click here to read PwC's complete [Behind the Numbers 2026](#) report.

Employer Takeaway

In addition to inflators and deflators, the PwC report also noted that federal policy shifts, especially the One Big Beautiful Bill (OB BB) Act, could add to cost pressures in 2026. OB BB's implications include Medicaid eligibility, lapsing ACA subsidies and proposed tariffs on pharmaceutical imports.

Industry reports continue to predict that health care costs will continue to rise in 2026 and likely beyond. Many employers will focus on lowering costs and finding ways to balance the competing priorities of health care affordability for employees with the overall cost of health care coverage.

Contact us for more health care resources.

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