

Anticipated Healthcare Cost Growth for 2027

Healthcare research released in mid-2026 projects that commercial medical cost trend will remain elevated heading into 2027. In its annual *Behind the Numbers* study, the professional services firm PwC projects a 2027 medical cost trend of 9.0% for the employer-sponsored group market and 8.5% for the individual Affordable Care Act (ACA) market, based on surveys and interviews with actuaries at 27 U.S. health plans covering over 103 million employer-sponsored members and 8 million individual marketplace members.¹ The projected commercial trend would be the highest in almost 20 years.² This Health Capital Topics article reviews recent research on anticipated healthcare cost growth for 2027 and the forces analysts expect to drive it.

Medical cost trend measures the projected year-over-year increase in the per capita cost of treating patients, holding benefits constant, and is the figure insurers use to set premiums.³ It is distinct from the broader national health expenditure (NHE) measure, which captures aggregate spending across all payors. In projections released in June 2026, the Centers for Medicare & Medicaid Services (CMS) Office of the Actuary estimated that national health spending grew 7.3% to reach \$5.7 trillion in 2025, a third consecutive year of growth above 7.0%, and projected that spending would reach nearly \$9.0 trillion, equal to 20.6% of gross domestic product, by 2034.⁴ The gap between that aggregate trajectory and the commercial health plan trend reflects differences in measurement – NHE figures track total spending and are held down by projected enrollment declines, as the Medicaid reductions under the One Big Beautiful Bill Act (OBBBA) and the December 2025 expiration of enhanced ACA premium subsidies lower the insured share of the population.⁵ The commercial trend, by contrast, isolates per-member cost growth, and on that basis CMS projects private health insurance spending per enrollee to grow 7.5% on average across 2025 and 2026, well above the 5.0% average growth in total private insurance spending over the full projection period.⁶ Recent employer surveys point to a similarly elevated starting point: Aon projected employer health costs would rise 9.5% in 2026,⁷ and Mercer reported average per-employee cost of \$17,496 in 2025, a 6.0% increase over the prior year.⁸

PwC attributes the sustained commercial trend to five “inflaters,” several of which intersect with provider economics and transactional activity. The leading new pressure is artificial intelligence (AI)-enabled documentation and coding. Ambient tools allow providers to capture greater specificity and reimbursable severity without proportionate increases in care intensity, raising paid amounts per claim, and nearly 70% of surveyed actuaries ranked these tools among their top three inflators for 2027.⁹ One commercial claims analysis estimated that rising coding intensity contributed \$22 million in additional maternity spending while observed treatment intensity remained relatively stable.¹⁰

A second inflator is elevated provider reimbursement pressure, reinforced by consolidation. The Government Accountability Office (GAO) reported that at least 47% of physicians were hospital employed or affiliated in 2024, up from less than 30% in 2012, and that referred to other research showing hospital-physician consolidation was associated with a 17% increase in commercial office visit prices.¹¹ As consolidation concentrates negotiating leverage, PwC’s analysis observes that negotiated rate pressure and provider-side revenue optimization are becoming “increasingly intertwined.”¹²

Pharmacy remains a structural driver. U.S. spending on cancer medicines reached \$143 billion in 2025, and glucagon-like peptide-1 (GLP-1) medications continue to expand, with 3.5 million prescriptions filled in December 2025, roughly twice December 2024 volume.¹³ That trajectory was reinforced by the April 2026 approval of the first oral GLP-1 indicated for chronic weight management.¹⁴ Behavioral health, by contrast, is driven by utilization rather than price, with visit rates rising 62.6% between 2018 and 2024.¹⁵

Analysts emphasize that the historical deflators that once moderated trend, including biosimilars, generic substitution, and site-of-care optimization, are now embedded in the baseline rather than sources of further improvement.¹⁶ With few new external offsets, PwC frames payment integrity, utilization management, pharmacy governance, and network strategy as the principal levers available to plans, while noting that their effect depends on the speed and precision of deployment.¹⁷ PwC’s commercial trend is also stated separately from the premium increases attributable to the ACA subsidy expiration, which reshaped the individual market baseline for 2026.¹⁸

Research increasingly frames the pressures of increasing cost, intensifying consolidation, and provider-side revenue optimization as structural and durable rather than cyclical and transitory. If they persist into 2027 sustained

commercial cost growth and other pressures may reshape provider revenue and alignment, the economics underlying healthcare transactions, and the affordability of coverage across the U.S.

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- 3 PwC, June 2026, p. 8.
- 4 "National Health Expenditure Projections, 2025–34: Strong Utilization Growth Initially, Legislative Impacts Later" By Jacqueline A. Fiore, et al., Centers for Medicare & Medicaid Services, Office of the Actuary, Health Affairs, June 24, 2026, available at: <https://www.healthaffairs.org/doi/10.1377/hlthaff.2026.00642> (Accessed 6/26/26), Exhibit 2.
- 5 *Ibid*, Exhibit 3.
- 6 *Ibid*, Exhibits 3 and 4.
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- 12 PwC, June 2026, p. 19.
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- 17 *Ibid*, p. 35.
- 18 *Ibid*, p. 3.

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