LOCKTON | PEOPLE SOLUTIONS



2027 GLOBAL HEALTHCARE COST TRENDS

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Executive summary

Global healthcare costs are projected to increase by approximately 10% in 2027 matching 2026 levels* and continuing to significantly outpace projected global inflation of 3.7%. While the cost trend appears to have stabilized in many markets, stability should not be mistaken for affordability. For employer-sponsored healthcare plans, the challenge is managing the cumulative impact of sustained cost growth rather than sudden spikes or market disruption. Double-digit increases in 2027 are again projected for 56% of countries surveyed.

Healthcare cost pressures are becoming more than a benefits issue. They increasingly influence workforce strategy, financial planning, risk management, and the sustainability of long-term total reward strategies. As healthcare costs continue to rise faster than inflation, employers face growing pressure to deliver competitive benefits while maintaining financial discipline.

This creates an opportunity for employers to take a more proactive role in shaping future healthcare outcomes and managing costs more effectively. Rather than focusing solely on renewal results, leading organizations are increasingly seeking to understand the clinical, financial and workforce factors that drive healthcare demand and identify interventions that improve employee health, enhance the employee experience, and support long-term affordability.



Healthcare cost trend remains persistently high: A 10% rate increase projection for 2027 significantly outpaces general inflation in most countries.



Pressure is shifting from cost volatility to cost sustainability: With healthcare cost trends remaining elevated year after year, employer focus has shifted to the long-term sustainability of healthcare spending rather than short-term cost volatility. The cumulative impact of persistently high increases is placing growing pressure on budgets, employee benefits strategies and plan design.



Treatment complexity, health innovation, and unit prices are the primary cost drivers: High-cost medications, new therapies, provider pricing, and advanced treatment pathways suggest plan sponsors need to better understand unit cost and treatment mix, not just utilization.



Understanding health risk versus financial risk is important: The most common conditions are not always the greatest plan-related risks. An employer's exposure depends on treatment pathways, funding, coverage, and market structure.



Cancer and cardiovascular disease remain the leading contributors to employer sponsored healthcare costs: Cancer typically generates large, insured claims while cardiovascular disease ranks highly due to expensive acute episodes and the need for ongoing treatment.



Weight-loss and metabolic therapies signal the next generation of specialty drug challenges: GLP-1 medications are the most visible example of a broader wave of specialty and metabolic therapies that are reshaping healthcare costs and creating new demand and affordability challenges for employer-sponsored health plans.



Mental health remains an important workforce concern: The full impact of mental health may not be reflected in private medical claims data and may instead be experienced through absence, disability, productivity and other workforce outcomes.



Traditional cost management levers may have limited effectiveness in isolation: Employer responses continue to focus mainly on short-term, renewal-led negotiations with carriers rather than reducing the demand for future healthcare.



Future cost management needs to look beyond claims reporting: Plan sponsors need to understand which factors and population-level patterns are contributing to healthcare spend, and which interventions can realistically change future healthcare demand.

*Source: Lockton's global healthcare cost trends survey, 2026.



Healthcare cost trend outlook

Healthcare costs have long outpaced general inflation, typically growing at two to three times the inflation rate. What is increasingly evident today is that this differential is expanding as pressure on public healthcare systems, changing funding models, and increased demand for faster access to care drive greater reliance on employer-sponsored and private health plans.

For employers, this changes the nature of healthcare risk

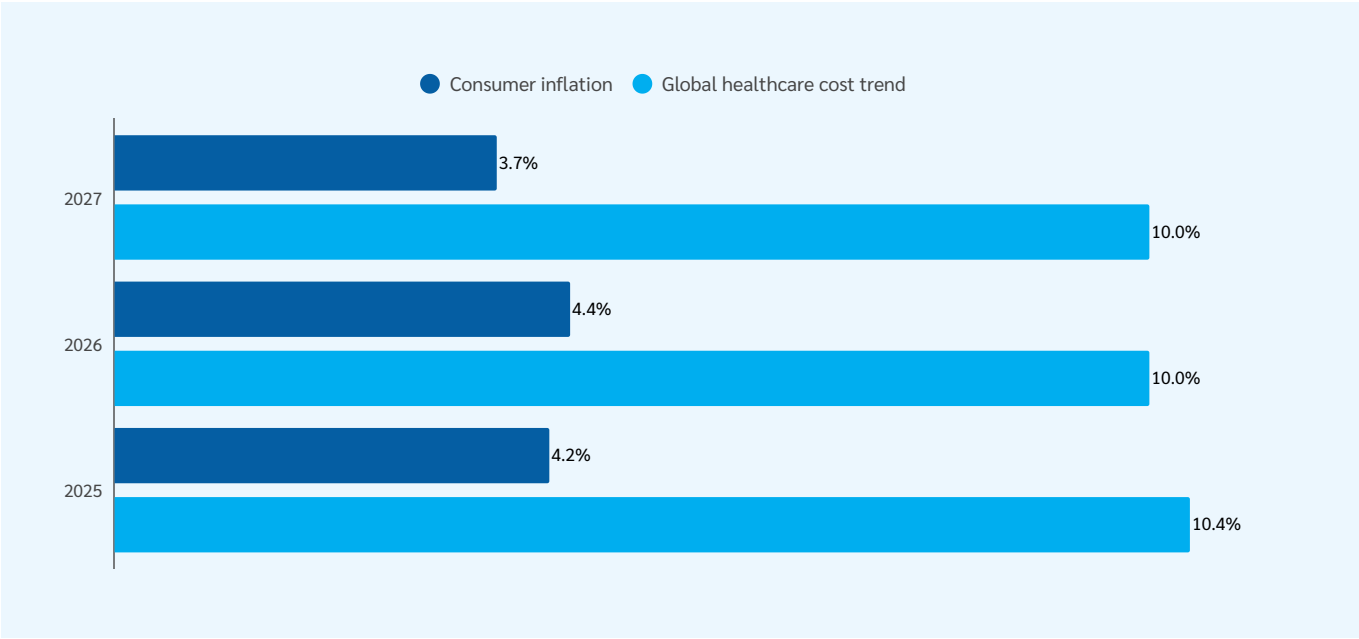
A relatively stable healthcare cost trend should not be interpreted as an affordable trend.

While the overall global trend rate may have steadied, the cost trend is currently at around 10% per year, and healthcare costs continue to increase at levels significantly above general inflation in most markets. This means healthcare costs continue to consume an increasing proportion of employer total reward investment, resulting in significant pressure on the long-term sustainability of benefits and healthcare budgets.

A country-by-country breakdown follows later in the report while the global headlines show:

- 2026 expected global healthcare cost trend: 10.0%
- 2027 projected global healthcare cost trend: 10.0%
- 2027 projected global general inflation: 3.7%

Global healthcare cost trend vs consumer inflation





While there are specific market exceptions, most countries surveyed do not expect significant regulatory or provider market disruption in the near term. About seven in ten report no major regulatory changes expected to affect medical trend through 2027, and a similar proportion report no significant changes in the insurance or provider landscape.

From volatility risk to sustainability risk

Healthcare costs remain challenging but for different reasons than many employers experienced previously. The issue is increasingly one of affordability and sustainability. The indicators suggest that healthcare cost management needs to be better integrated into business planning, workforce strategy, and risk management programs.

Persistent healthcare cost growth creates pressure in several ways:

- Higher healthcare budgets.
- Increased scrutiny on benefit provision, budgets, and employee contributions.
- A need to rethink healthcare strategy rather than focus on annual renewal management alone.



Healthcare cost trend rates by country

Country/region	2026 expected rate (%)	2027 projected rate (%)	2027 projected inflation[2] (%)
Global[1]	**10**	**10**	**3.7**
International (expatriate)	11.5	12.5	3.7
North America[1]	**7.4**	**8**	**2.1**
U.S.	7.7	9	2.1
Canada	7	7	2.1
Latin America[1]	**12.4**	**12.1**	**3.9**
Argentina	25	22	15.7
Bahamas	10.5	10	1.9
Bolivia	20	23	Not available
Brazil	11.9	9	3.4
Chile	7	10	3.3
Colombia	8	9.4	5.2
Costa Rica	11	13	2
Dominican Republic	25	15	4.5
Ecuador	7	10	1.6
Guatemala	12	12	4
Jamaica	13	13	5.5
Mexico	14.8	16	3.4
Nicaragua	12	10	3
Panama	10	10	2
Paraguay	2	4	3.5

Country/region	2026 expected rate (%)	2027 projected rate (%)	2027 projected inflation[2] (%)
Peru	10	10.5	1.8
Puerto Rico	12	12	2.4
Trinidad and Tobago	14	10	2.8
Uruguay	10.5	11	4.5
Europe[1]	**10.1**	**9.5**	**3.4**
Austria	5	6	2.6
Azerbaijan	11	13	5.1
Belgium	8.8	8	2.2
Bulgaria	25	20	3.7
Croatia	5	5	2.7
Czechia	3	5	2.2
Denmark	7	5	2.2
Estonia	12	10	3
Finland	8.2	8.5	2.2
France	5	5	1.7
Georgia	10	10	3
Germany	7	5.5	2.3
Greece	6	8	2.7
Hungary	9	9	3.5
Ireland	10	9	2.4
Italy	3	3.5	2.4

[1]Regional figures shown in the table above represent a simple arithmetic average of the countries included in this survey and are provided for illustrative comparison only. They should not be interpreted as weighted regional market averages.

[2]Inflation rates (average consumer price indices) reflect International Monetary Fund (IMF) data extracted on 30 September 2026. Updated IMF estimates released on 13 October 2026 may differ from the figures shown.

Country/region	2026 expected rate (%)	2027 projected rate (%)	2027 projected inflation[2] (%)
Latvia	8	6	2.7
Lithuania	8	5	2.7
Luxembourg	12	10	2.2
Netherlands	7	7	2.4
North Macedonia	8	8.5	4.1
Norway	4	6	2.6
Poland	14.3	12	3.3
Portugal	9.5	7	2.3
Romania	17	17	3.9
Serbia	15	12	4.9
Slovakia	4	4	3.3
Slovenia	9	10	2.1
Spain	10	10	2.3
Sweden	4.5	4.5	1.8
Switzerland	4.5	4.8	0.5
Türkiye	40	35	21.4
Ukraine	25	25	7.7
United Kingdom	9	9	2.4
Middle East & Africa[1]	**9.9**	**10.2**	**4.6**
Egypt	18	20	11.1
Ghana	5	6	7.8
Israel	3.5	3.5	2.1
Mauritius	10	10	3.8
South Africa	9	10	3.4

Country/region	2026 expected rate (%)	2027 projected rate (%)	2027 projected inflation[2] (%)
Sultanate of Oman	12	10	1.9
United Arab Emirates	12	12	2
Asia Pacific[1]	**12**	**12.1**	**3**
Australia	4.4	5.5	3.2
China	9	9	1.5
Hong Kong	10.7	9.6	1.8
India	11	12	4
Indonesia	17.5	18	2.6
Japan	2.7	2.8	2.3
Malaysia	16	16	2
New Zealand	18	15	2.3
Pakistan	17.5	22.5	8.4
Philippines	15	15	3.2
Singapore	13	13	1.9
South Korea	9.6	10	1.9
Taiwan	9.8	10	1.6
Thailand	15	15	1
Uzbekistan	12	10	5.6
Vietnam	10	10.5	4.6
South Korea	9.6%	10.0%	1.9%
Taiwan	9.8%	10.0%	1.6%
Thailand	15.0%	15.0%	1.0%
Uzbekistan	12.0%	10.0%	5.6%
Vietnam	10.0%	10.5%	4.6%

[1]Regional figures shown in the table above represent a simple arithmetic average of the countries included in this survey and are provided for illustrative comparison only. They should not be interpreted as weighted regional market averages.

[2]Inflation rates (average consumer price indices) reflect International Monetary Fund (IMF) data extracted on 30 September 2026. Updated IMF estimates released on 13 October 2026 may differ from the figures shown.



Factors influencing healthcare costs

Our research suggests that the factors influencing healthcare costs are becoming more complex and extending beyond traditional measures of healthcare utilization. While the level of utilization remains important, research points to healthcare costs increasingly being influenced by pricing, treatment complexity, and healthcare innovation factors such as:

- Unit cost inflation.
- High-cost specialty medications.
- New therapies and medical innovation.
- Advanced treatment pathways.

The challenge for employers is increasingly one of affordability rather than unpredictability.

Health conditions

Cancer and cardiovascular disease remain dominant drivers of healthcare cost exposure because they combine three common characteristics:

- High prevalence.
- High severity.
- High treatment costs.

These conditions generate significant expenditure regardless of how healthcare is funded.

Cancer drives large claimant risk, catastrophic claims, specialty pharmacy costs, and advanced treatment expenses. However, rather than asking: “How common is cancer?”, a more relevant question for employers going forward is: “How financially exposed is our plan when cancer occurs?”

Potential strategies to mitigate cancer risk include screening and early detection, center-of-excellence arrangements, care navigation, second-opinion programs and optimization of treatment pathways. Similarly, strategies for managing cardiovascular risk include early intervention, risk factor management, care navigation, provider network optimization, and avoiding unnecessary variation in treatment costs.

Other significant conditions

Despite receiving less attention than cancer or cardiovascular disease, musculoskeletal conditions continue to drive healthcare and productivity costs through treatment, surgery, rehabilitation, disability and absence.

The research also highlights the growing need to focus on endocrine and metabolic conditions, particularly given the increasing exposure to obesity, diabetes and related chronic diseases.

Top five medical conditions contributing most to private medical claims costs

Region	Condition 1	Condition 2	Condition 3	Condition 4	Condition 5
Global	Cardiovascular and vascular diseases	Cancer and neoplasms	Musculoskeletal	Endocrine and metabolic conditions	Respiratory conditions
International (expatriate)	Musculoskeletal	Cardiovascular and vascular diseases	Cancer and neoplasms	Mental and behavioral health	Oral and gastrointestinal
North America	Musculoskeletal	Endocrine and metabolic conditions	Cardiovascular and vascular diseases	Cancer and neoplasms	Inflammatory and immune disorders
Latin America	Cardiovascular and vascular diseases	Cancer and neoplasms	Endocrine and metabolic	Respiratory conditions	Musculoskeletal
Europe	Cardiovascular and vascular diseases	Cancer and neoplasms	Musculoskeletal	Mental and behavioral health	Endocrine and metabolic conditions
Middle East & Africa	Cardiovascular and vascular diseases	Cancer and neoplasms	Respiratory conditions	Endocrine and metabolic conditions	Musculoskeletal
Asia Pacific	Cardiovascular and vascular diseases	Cancer and neoplasms	Musculoskeletal	Respiratory conditions	Endocrine and metabolic conditions



While the ranking of conditions varies by region, a consistent pattern emerges: some conditions drive costs through high-cost episodes of care, while others create sustained financial pressure through their prevalence, chronicity and impact on workforce productivity.

- Cancer ranks highly because of its high treatment costs, including advanced diagnostics, surgery, specialty pharmaceuticals, immunotherapies and increasingly personalized treatments. While prevalence is lower than many chronic conditions, costs per case are often substantially higher.
- Cardiovascular disease ranks highly because it combines costly acute events, such as heart attacks and stroke, with long-term management through medication, monitoring and ongoing clinical care.
- Musculoskeletal conditions remain a significant cost driver because of their high prevalence and broad impact across the care continuum, including specialist consultations, diagnostic imaging, surgery, rehabilitation and physiotherapy. Their impact extends beyond medical claims, as they are also a leading cause of disability, lost productivity and workforce absence, creating a substantial indirect cost burden for employers.
- Endocrine and metabolic conditions are growing in importance as the prevalence of obesity, diabetes and related chronic diseases continues to increase. Costs are driven by ongoing treatment, long-term complications and growing utilization of newer therapies.
- Mental health conditions are recognized as a significant health and productivity challenge in many regions, though their impact is often underrepresented in claims data. The true burden frequently extends beyond direct treatment costs and is reflected in disability, absenteeism, presenteeism, turnover and unmet care needs.



Broader healthcare system pressure

While the relative importance of cost drivers varies by region the themes are consistent. High-cost medications, new medical technologies, inflationary pressures and healthcare utilization patterns continue to shape private medical plan costs across most markets. In addition, many countries are reporting a gradual shift from public healthcare systems toward private care, a trend that may further increase utilization, provider demand and healthcare costs over time.

Factors contributing to private health plan costs

Region	Cost driver 1	Cost driver 2	Cost driver 3	Cost driver 4	Cost driver 5
Global	High-cost medications	General inflation	New, innovative technology and treatments	Overuse, poor use of plan	Shift from public health to private care
International (expatriate)	New, innovative technology and treatments	High-cost medications	General inflation	Overuse, poor use of plan	Shift from public health to private care
North America	High-cost medications	General inflation	New, innovative technology and treatments	Overuse, poor use of plan	Shift from public health to private care
Latin America	High-cost medications	New, innovative technology and treatments	General inflation	Overuse, poor use of plan	Shift from public health to private care
Europe	General inflation	High-cost medications	New, innovative technology and treatments	Shift from public health to private care	Overuse, poor use of plan
Middle East & Africa	High-cost medications	General inflation	Overuse, poor use of plan	New, innovative technology and treatments	Shortage of medical providers
Asia Pacific	High-cost medications	New, innovative technology and treatments	Overuse, poor use of plan	General inflation	Shift from public health to private care





International medical plans: Healthcare trends for globally mobile employees

International medical plans continue to experience greater cost pressure compared to many domestic healthcare arrangements. While global healthcare cost trend is projected at about 10%, expatriate medical programs are projected closer to 12.5% in 2027, and many multinational employers are budgeting for higher increases once renewal dynamics and market conditions are considered.

Cost drivers for international medical plans

Consistent with the broader survey findings, high-cost medications remain one of the leading drivers of cost growth, alongside general inflation, treatment innovation and increasing care complexity. Cancer, cardiovascular disease, metabolic conditions and musculoskeletal disorders continue to represent significant claims across international medical programs, while GLP-1 therapies and other specialty pharmaceuticals are creating additional cost pressure in some markets. Provider consolidation is also reshaping the sector, including recent developments involving United Healthcare and earlier consolidation involving other providers such as MetLife, with potential implications for market choice, pricing and service models.

Employer response is evolving

With sustained cost pressure, multinational employers are increasingly reassessing their international medical plan strategy. Emerging themes include:

- Localization of mobile employees through greater use of local employment structures and domestic healthcare arrangements where appropriate.
- Greater employee cost sharing, including employee and dependent contributions and revised funding approaches.
- Plan design optimization, including deductibles, co-insurance, pharmacy management, and review of geographic coverage structures.
- Network and care management, including stronger use of care navigation, second-opinion programs and provider networks.
- Insight-driven decision making, with greater emphasis on claims analytics, risk identification, and population health insights.
- Vendor market monitoring, including assessment of provider longevity, financial resilience and potential consolidation that could affect continuity, choice and service delivery.

These developments mirror the broader trends identified throughout this report: employers are increasingly recognizing that renewal negotiation alone cannot offset long-term healthcare cost pressures. The focus is gradually shifting from annual renewal management towards a more strategic approach that combines plan design, health management, and insight-driven decision making to support long-term sustainability.



Understanding the difference between health risk and financial risk

The most common health risks are not always the most financially significant plan risks. Understanding which health conditions are becoming more common remains important, but prevalence alone does not determine healthcare cost exposure. Employers need to understand both clinical prevalence and financial exposure.

- **Health risk helps answer:** Which health conditions are becoming more prevalent and which populations are most affected.
- **Financial risk helps answer:** Which conditions, treatments and utilization patterns are driving healthcare costs.

While related, these are different challenges for employers to address.

Reframing the questions for employers

Understanding the distinction between health risk and financial risk can help employers better interpret data to prioritize both workforce health outcomes and healthcare affordability.

The table below illustrates how health risk and financial risk are related but distinct considerations for employers.

Health risk	Financial risk
Which health conditions are increasing?	Which conditions create the highest claims and exposure?
Who is becoming sick?	What is driving cost?
What is the impact on workforce health and productivity?	What is the impact on healthcare spend and affordability?
What support do employees need?	Where are we most financially exposed?
How can health risk be mitigated?	How can cost and future demand be better managed?

Plan management strategies: how employers are responding today

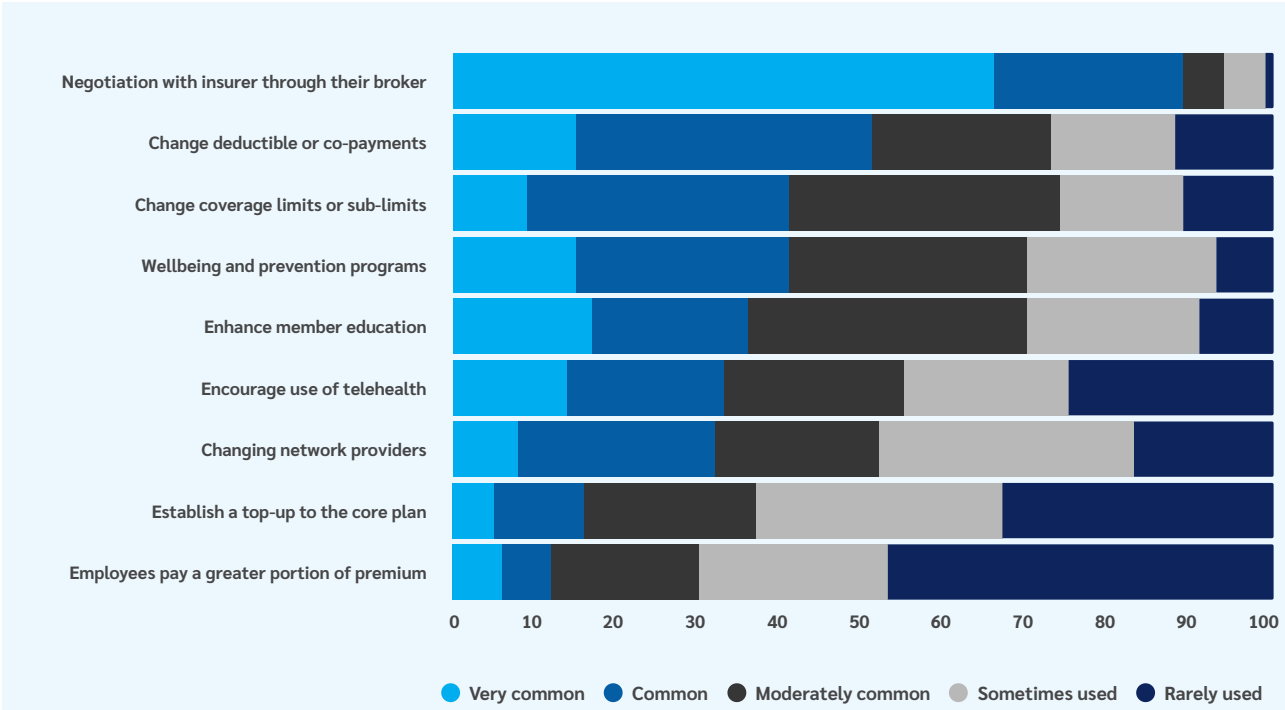
Across regions, the most common employer responses have remained consistent year-on-year:

- Insurer negotiations.
- Changing deductibles and co-payments.
- Changing coverage limits.
- Changing network providers.
- Member education initiatives.

This indicates that many employers continue to rely primarily on established cost-containment and renewal-cycle levers rather than initiatives that may materially change the underlying drivers of healthcare demand.

While these approaches can help moderate annual cost increases, they are generally focused on managing the financial impact of healthcare utilization rather than reducing the health risks and care needs that drive long-term costs.

Approaches most adopted by employers to control medical costs (%)



Negotiation with insurers through brokers remains the most common cost containment strategy used by over 90% of the markets surveyed. Changes to deductibles, co-payments, and coverage limits are also widely used to control costs, while wellbeing, prevention and education programs are often adopted as preventative measures.

Broker-led negotiation remains an important lever because brokers can help moderate premium increases in the short-term without the need to immediately reduce benefits or transfer additional costs to employees. However, sustainable cost management typically requires a broader range of measures that address underlying claims drivers including analytics, care management, and prevention initiatives.

Direct cost shifting to employees remains relatively uncommon. Although higher employee contributions and deductibles may provide short-term cost relief, broadly applied cost sharing can have unintended consequences. Poorly designed cost-sharing arrangements can affect:

- Employee affordability and access to care.
- Benefit value and competitiveness.
- Workforce experience and engagement.
- Talent attraction and retention.

Employers should instead consider how plan design can be used to influence behaviors, encourage appropriate use of healthcare services, and balance affordability with sustainable long-term outcomes.



Cost control strategies most frequently adopted by employers

Region	Strategy 1	Strategy 2	Strategy 3	Strategy 4	Strategy 5
Global	Negotiation with insurer through their broker	Change deductible or copayments	Changing coverage limits or sub-limits	Wellbeing and prevention programs	Enhance member education
International (expatriate)	Negotiation with insurer through their broker	Change deductible or copayments	Encourage use of telehealth	Change coverage limits or sub-limits	Enhance member education
North America	Negotiation with insurer through their broker	Change deductible or copayments	Change coverage limits or sub-limits	Changing network providers	Wellbeing and prevention programs
Latin America	Negotiation with insurer through their broker	Change deductible or copayments	Wellbeing and prevention programs	Encourage use of telehealth	Enhance member education
Europe	Negotiation with insurer through their broker	Wellbeing and prevention programs	Enhance member education	Change coverage limits or sub-limits	Encourage use of telehealth
Middle East & Africa	Enhance member education	Wellbeing and prevention programs	Negotiation with insurer through their broker	Changing network providers	Encourage use of telehealth
Asia Pacific	Negotiation with insurer through their broker	Change coverage limits or sub-limits	Wellbeing and prevention programs	Enhance member education	Change deductible or co-payments





Moving from renewal management to health management

The well-established annual policy renewal process to manage healthcare cost remains necessary but should be coupled with addressing the underlying drivers of healthcare demand.

Underlying healthcare demand drivers include:

- Future disease burden.
- Future high-cost claimant emergence.
- Future utilization patterns.

The traditional approach focuses on how healthcare is funded and purchased today, whereas demand management seeks to better understand and influence the factors that drive future healthcare needs and costs. The shift from retrospective analysis to proactive management will represent a significant evolution in employer healthcare and benefits strategy.

Historically, the most common question was: What were the claims last year? Going forward, more insightful questions for many employers include:

- Which factors and population-level patterns are contributing to healthcare spend?
- Which interventions can realistically change future healthcare demand?

This brings a focus on not only managing next year's renewal but potentially influencing future workforce health, and healthcare utilization over time.

Looking beyond medical claims

Medical claims data provides only part of the picture. Employers should consider total workforce impact rather than healthcare claims expenditure alone, particularly for conditions such as mental health where significant costs and impacts may sit outside private medical plans. A more integrated approach could include insights from disability data, absence data, employee assistance plan utilization, engagement indicators, and the gap between what is available and what is used (commonly known as the wellbeing-utilization gap). This broader approach can help identify emerging risks that may not yet be visible through medical claims alone.

Addressing the wellbeing-utilization gap

Many organizations have wellbeing programs but struggle to achieve meaningful employee engagement. Common barriers include low awareness, limited manager advocacy, complex access pathways, weak behavioral design, and poor alignment with local workforce needs. As a result, employers are increasingly looking beyond simple participation metrics, such as attendance at wellbeing events or completion of health screenings, to understand whether programs are reaching populations most at risk of future health issues, absence or higher healthcare costs.

To address this gap, employers are adopting more targeted engagement strategies, including manager-led promotion, simplified access to resources, personalized communications and interventions tailored to specific workforce segments. Increasingly, organizations are also using health, benefits and utilization data to identify where engagement is lowest and where additional support may have the greatest impact. The focus is shifting from measuring how many employees engage with wellbeing initiatives to understanding whether those initiatives are reaching the right employees and contributing to better health, workforce, and business outcomes.



Action plan for managing cost increases

UNDERSTAND WHAT'S DRIVING YOUR UNIQUE COSTS

- Identify the primary factors behind your healthcare spend.
- Use claims data and analytics to pinpoint the combination of conditions, claimants, and prescriptions driving costs.
- Determine which cost drivers you can influence, and which are less within your control.

Understanding what is driving your plan costs helps focus resources and strategies where they can have the greatest impact.

REVIEW PURCHASING EFFICIENCY & CONTRACTUAL TERMS

- Assess whether you are purchasing the right services at the most cost-effective price.
- Review carrier, administrator, and vendor contracts to understand how each partner generates revenue.
- Identify opportunities to negotiate costs, improve terms, or strengthen transparency.

Reviewing these areas can uncover opportunities to get greater value from your healthcare spend.

EVALUATE RISK TOLERANCE & READINESS FOR INNOVATION

- Define your organization's appetite for financial risk and evaluate whether your current approach aligns with it.
- Explore available solutions across medical, pharmacy, specialty drug management, and stop loss.
- Determine which new approaches align with your cost drivers, organizational goals, and ability to implement change.

Understanding both your risk tolerance and the options available in the market can help you pursue innovation that makes sense for your organization.

BALANCE COST, RISK, POPULATION NEEDS, & DISRUPTION

- Consider your workforce demographics, health needs, and preferences.
- Weigh potential cost savings against financial risk and the impact on employees.
- Assess how much disruption your organization and employees can absorb and when change should occur.

Considering these trade-offs together can help ensure cost management decisions support both financial objectives and the needs of your workforce.

BUILD A MULTI-YEAR STRATEGY

- Establish guiding principles around competitiveness, cost sharing, and plan design.
- Prioritize opportunities based on their potential impact and organizational readiness.
- Build a multi-year roadmap that sequences changes over time and can evolve as needs and market conditions change.

A multi-year strategy provides a clear direction while allowing you to introduce change thoughtfully and pursue opportunities when the timing is right.



Emerging risks: GLP-1 medications and the next generation of high-cost therapies

GLP-1 medications have become one of the most widely discussed issues in employer-sponsored healthcare plans and may represent the first highly visible example of a broader challenge: managing access to clinically valuable but increasingly expensive treatments. Looking ahead, employers are likely to face similar considerations as advances in oncology, gene therapies, precision medicine and other specialty pharmaceuticals continue to expand treatment options and healthcare spending.

Employers are increasingly evaluating how these therapies may affect healthcare costs, workforce health outcomes and future benefit strategy. The discussion is beginning to shift from whether employers should cover these treatments to how coverage should be structured, managed, and linked to clinical outcomes. As additional products enter the market and evidence regarding long-term health outcomes continues to emerge, employers are likely to face increasingly complex decisions balancing population health objectives against affordability concerns.

At the same time, biosimilars are expected to deliver meaningful savings in a number of therapeutic categories. However, while biosimilar adoption may help offset some cost pressures, most industry forecasts continue to point toward overall growth in pharmaceutical spending as treatment innovation accelerates.

GLP-1 exposure varies significantly by market

Our research suggests that access to GLP-1 medications remains relatively limited in many markets today. However, employers, insurers and healthcare providers continue to express concern about future utilization, particularly if access expands and these therapies become more widely adopted for obesity management. As a result, much of the current discussion focuses on potential long-term cost implications rather than current claims experience.

Employer exposure currently varies considerably across markets, with broader coverage generally found in the U.S., certain Middle East markets and some international medical plans.

In Lockton's 2026 U.S. national benefits survey, 54% of plan sponsors reported that they do not cover GLP-1 medications for weight loss and are not considering doing so. Among organizations that currently provide coverage, 5% are considering removing it, reflecting ongoing reassessment of the role these therapies should play within employer-sponsored health plans.

Among those offering GLP-1 coverage for weight loss, 24% require participation in a lifestyle management program, while another 24% are considering introducing such a requirement.

These findings suggest that rather than offering broad and unrestricted coverage, many employers are adopting more structured approaches that combine coverage with clinical oversight, eligibility criteria, and lifestyle support programs intended to improve outcomes while managing utilization and cost.

Employer exposure to GLP-1-related costs tends to be lower where:

- Access pathways are more restricted.
- Public healthcare systems absorb a greater share of treatment costs.
- Benefit design excludes or limits coverage for obesity treatment.

The experience with GLP-1 medications highlights the importance of evaluating emerging therapies within the context of workforce demographics, local healthcare systems, benefit design, and long-term funding strategy. Coverage decisions should reflect both clinical considerations and the specific needs of the population being served rather than a one-size-fits-all approach.

What employers should consider

The following questions may help employers evaluate the appropriateness of coverage:

- Is GLP-1 coverage included, excluded or restricted by our carrier/benefit provider?
- Should coverage be limited to diabetes, obesity or other defined clinical criteria?
- Do we need prior authorization, clinical governance or other utilization-management controls?
- Should coverage differ between local and international plans?
- How would GLP-1 coverage support our overall workforce health strategy, particularly with respect to obesity, diabetes and cardiovascular health?
- How will we evaluate clinical outcomes, utilization patterns, and long-term affordability?





Healthcare system and market developments around the world

Beyond the factors identified in our research as directly influencing healthcare cost trend, developments are continuing across healthcare systems, provider markets and the insurance ecosystem worldwide. The following snapshot is not exhaustive but illustrates how healthcare continues to evolve across regions.

From health insurance to health management

Facing persistent cost pressures, insurers are investing more in care navigation, virtual care, preventive health programs, chronic disease management, and digital engagement platforms. This reflects a broader industry recognition that healthcare affordability can't be achieved through financing mechanisms alone. Many industry stakeholders believe that integrated care models, digital health adoption, and improved coordination of care are critical enablers of more sustainable healthcare systems as demand continues to rise.

The trend is already visible across several regions. For example, in Singapore, Healthier SG is accelerating a shift toward preventive healthcare by encouraging residents to enrol with a primary care physician and follow personalized health plans focused on long-term health outcomes. In China, the continued development of internet hospitals and telemedicine platforms is expanding access to remote care and creating new opportunities for insurers to incorporate preventive care, chronic disease management and virtual health services into employer-sponsored plans.

Healthcare workforce shortages

The World Health Organization projects a global shortage of approximately 11 million health workers by 2030, despite improvements in workforce supply in some markets.

The impact of these shortages is already apparent in several markets. The European Parliament notes that labor shortages are affecting healthcare systems across multiple EU member states, creating operational challenges and threatening service capacity. In the UK, NHS waiting-list pressures are increasing reliance on employer-sponsored private medical insurance as employees seek faster access to diagnosis and treatment.

In Japan and South Korea, rapidly ageing populations are expected to increase demand for healthcare professionals and long-term care services over the coming decade, placing additional strain on workforce availability.

AI and digital technologies

AI, automation, and digital technologies are expected to be among the most transformative factors affecting healthcare organizations globally.

Several countries are already investing heavily in this transition. Saudi Arabia's Health Sector Transformation Program under Vision 2030 includes major investments in digital health, virtual care and connected healthcare services designed to improve healthcare access and efficiency. In Australia, ongoing digital health reforms continue to focus on information sharing and integrated care delivery through national digital health infrastructure. Meanwhile, healthcare systems across the U.S. are increasingly deploying AI-enabled tools to support clinical documentation, administrative automation, and diagnostic decision support.

Insurers and providers are increasingly deploying AI-powered tools to support clinical decision-making, automate administrative workflows, improve claims management, detect fraud, and enhance patient engagement.

Employers may ultimately benefit from more efficient healthcare delivery, improved care coordination, and better management of high-cost conditions however, the costs of technology adoption and modernization may also add pressure to healthcare spending in the short-term.

Provider consolidation

Healthcare provider consolidation remains a significant trend in many markets. Hospitals, specialist groups, outpatient networks, and integrated delivery systems continue to pursue mergers, acquisitions, and strategic partnerships to achieve scale, address workforce shortages, and fund investments in technology and infrastructure.

In Brazil, continuing consolidation among healthcare providers and insurers reflects efforts to improve scale and efficiency amid rising healthcare costs and utilization pressures. In Mexico, private hospital groups continue to expand through acquisitions and network development, while in the U.S. healthcare provider consolidation remains an active policy consideration because of its potential impact on competition and healthcare affordability.

Demographic and mental health pressures

Underlying many of these trends are long-term demographic shifts that continue to reshape healthcare demand. Population aging and lifestyle factors continue to increase demand for cancer care, cardiovascular treatment, musculoskeletal services, and chronic disease management across many regions.

At the same time, demand for mental health services continues to grow. While this reflects positive progress in identifying and addressing mental health needs, it could contribute to higher healthcare spending and increased demand for specialist resources.





ABOUT LOCKTON

What makes Lockton stand apart is also what makes us better: independence. Lockton's private ownership empowers its 15,000+ Associates doing business in over 150+ offices worldwide to focus solely on clients' risk, insurance, and people needs. With expertise that reaches around the globe, Lockton delivers the deep understanding needed to accomplish remarkable results.

ABOUT LOCKTON PEOPLE SOLUTIONS

The same power to improve the health of your people also accelerates the growth of your business. Lockton helps you transform complex data into clear, actionable insights and intelligence. By pairing advanced analytics with specialized expertise, we help clients attract and retain talent, manage rising costs, and elevate wellbeing through strategies shaped around their unique goals. The result is confidence to act, outcomes that matter, and healthier organizations built for what's next.

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About this report

Key terms used in this report

- **General inflation -** refers to the overall increase in the prices of goods and services across the economy over time, typically expressed as a percentage change in the relevant consumer price index (CPI) using the IMF projections for 2027. World Economic Outlook (2027 projections) - Inflation rate, average consumer prices
- **Global -** refers to a trend, observation or finding that is common across multiple countries or regions, although its impact and underlying drivers may vary between markets.

Data collection and limitations

The information captured in this report is based on a survey in July 2026 of Lockton's offices around the world, along with input from leading health insurers. The survey was designed to capture current market experience and projected healthcare and cost trend rates for 2027.

This report primarily reflects:

- Employer-sponsored healthcare costs.
- Private medical insurance trends.
- Perceptions of healthcare cost drivers within insured environments.

The findings should be viewed primarily as a reflection of insured healthcare cost exposure rather than a direct measure of workforce health risk.

The information in this report draws on Lockton's local professional experience and interaction with local and global insurance markets. In most markets, health insurers set their own trend rates based on the underwriting experience of their plans. In others, all private plans are community rated, or trend is indexed nationally and universally applied by all carriers.

For those countries where a range was provided, the range has been averaged for comparison purposes. This report is intended to give HR professionals cost trend indications for budgeting purposes, insight into prevailing health conditions, information about market forces influencing costs, and a baseline measure against which to evaluate their policy renewals.

Please note that the trend rates provided in this report use 2026 market averages and 2027 projections based on projected inflation trends and our experience in each market. Actual plan renewal rates will be affected by factors specific to a plan, including coverage and design, claims experience, demographics, network structures, and carrier pricing strategies.

This document is solely for information purposes. Any reliance you place on the contents of this report is strictly at your own risk.

Other considerations

- Healthcare financing arrangements vary significantly between countries.
- The scope of private medical insurance coverage differs by market.
- The apparent importance of a condition may reflect insurance design as much as underlying disease burden.
- Global findings should therefore be interpreted alongside local healthcare and insurance market conditions.



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