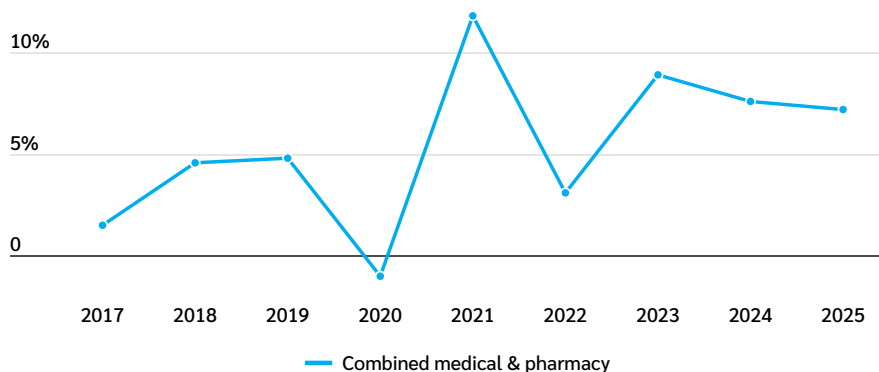


What's driving healthcare costs & where should employers focus?

Q3 2026 MARKET UPDATE AT A GLANCE

Employers are managing several consecutive years of elevated healthcare costs, while facing growing operational demands. As benefits pressures persist, employers should focus on understanding key drivers and where meaningful opportunities exist.

COSTS ARE STABLE, BUT HIGH



Source: 2026 Lockton Trend Study

EXPLORE THE FULL MARKET UPDATE

Learn:

- The latest data
- Cost drivers
- Pharmacy considerations
- Leave administration changes



READ MORE

Why health plan costs remain high

LARGE CLAIMS & RATE INCREASES

30%



potential increase in renewal rates

Stop loss carriers are targeting rate increases up to 30% as million-dollar claims become more frequent and severe. Cancer care is the top high-cost claim driver, while specialty medicines, neonatal care, and other complex conditions are adding additional pressure.

MARKET PRESSURES

7.5% **hospital expense growth**

Labor and supply costs, inflation, reimbursement shortfalls, and regulatory changes continue to put financial pressure on the healthcare system and affect the cost of care delivery.

WHAT EMPLOYERS SHOULD DO NEXT

Use the 5-step checklist to evaluate your strategy and find opportunities to manage cost increases.

[GET THE CHECKLIST](#)



BRAND MEDICATIONS

16.2%

increase in brand-name medication prices, marking the third year of double-digit price increases.

MUSCULOSKELETAL CARE

57% **of costs are driven by members with MSK conditions.**

Members with one or more musculoskeletal conditions represent just 35% of the population but drive 57% of overall total plan costs. Costs rise significantly when these members are managing multiple chronic conditions.

GLP-1s

1,100%

increase in GLP-1 costs in 4 years.

Employers that cover GLP-1s for weight management have seen a 1,100% increase in the per member per month costs of these medications since they became prevalent in 2022.



Leave administration is driving additional pressure

Leave administration is becoming more demanding as organizations navigate higher volume, changing regulations, limited internal capacity and disconnected systems.

Employers are evaluating not only whether to manage leave internally or with an outside partner, but whether their people, processes, technology and data flows can support the model effectively

LEAVE ADMINISTRATION: HOW TO EVALUATE YOUR APPROACH

Use these key questions to assess whether in-house or outsourcing is right for your organization.



[READ MORE](#)