

NEWS BRIEF

Employers Expect 2026 Health Insurance Increases to Be the Largest in 15 Years



A new [report](#) from Mercer projects that total health benefit cost per employee is expected to rise 6.5% on average in 2026, which is the highest increase since 2010. To put it in perspective, Mercer reported that the past decade normally increased 3% annually. If employers hadn't made any plan changes for 2026, the increase would have been nearly 9%.

Faced with sustained high health care costs, more employers are planning cost-reduction measures. Mercer revealed that 59% of employers intend to make cost-cutting changes to their health insurance plans in 2026, up from 44% in 2024. Many employers tried to avoid such actions during the COVID-19 pandemic and the following years that had record-high inflation, but fewer are able to continue absorbing the higher costs and shielding workers from them. As such, Mercer expects workers to pay an additional 6%-7% on average in premiums. Some organizations may try to limit the increase, but will increase deductibles and copayments.

Other industry reports are projecting similar price hikes for 2026. While the Business Group on Health expects a 7.6% increase in costs for 2026, PwC expects medical costs to grow at 8.5% for the third year in a row. Regardless of the exact figure, employees and employers alike can expect health care costs to continue to skyrocket next year.

Why Are Costs Rising?

While an increase in utilization obviously increases costs, there are other drivers at play. Surveyed employers across reports credit the 2026 increase to several factors, including the following:

- The growing prevalence of cancer diagnoses and the escalating cost of treatment
- General rising pharmacy costs, especially the high cost and usage of glucagon-like peptide 1 (or GLP-1) agonists for weight loss
- Increasing incidences of chronic and complex conditions
- Uptick in mental health services as employers expand access and reduce stigma

"The cost of coverage is going up. That's a combination of higher prices for health care services and higher utilization."

- Beth Umland, director of research for health and benefits at Mercer

What It Means

Mercer noted that it expects more employers to offer more health plan choices to help provide lower-cost options to employees. For example, an emerging trend is to provide plans with a broad network of doctors but with differing out-of-pocket costs based on the provider.

Employers should continue to monitor cost trends as open enrollment approaches. We'll keep you updated with any notable changes.

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