MARSH

News release

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Employers expect health benefit costs to jump 8.2% in 2027, and the impact will likely be felt by workers, according to Marsh

NEW YORK, September 2, 2026 ─ Marsh (NYSE: MRSH), a leading global professional services firm, today released the preliminary results from its 2026 National Survey of Employer-Sponsored Health Plans.

According to Marsh's analysis of responses from over 1,800 US employers, the total health benefit cost per employee is expected to rise 8.2% on average in 2027 – the highest increase since 2003 – even after accounting for planned cost-reduction measures. Employers said that the cost of their current plans would increase by 11%, on average, if they took no action to lower it.

Based on these projections, 2027 will be the fifth consecutive year of elevated health benefit cost growth after a decade of more moderate annual increases. It will also be the highest increase in this five-year period. This year's average projected increase was 6.7%.

"Few organizations can absorb health cost increases that outpace inflation without making difficult financial decisions," said Simon Camaj, Marsh's US Health and Benefits Leader. "This is a unique situation in which Marsh is positioned to help employers through this challenge, using data, targeted interventions, and innovative strategies that support cost management while improving health affordability and outcomes for workers."

Ongoing cost pressures persist, along with a few new factors

According to Sunit Patel, Marsh's US Chief Actuary for Health and Benefits, several factors continue to weigh on health benefit costs. Continued advances in diagnostics and therapeutics are improving outcomes but often cost more than the treatments they replace. Health system consolidation and lower government funding and reimbursements in public health programs are also driving higher charges for care in employer plans.

These ongoing cost pressures consistently keep medical cost trends above general inflation, but this year, some newer factors have emerged to push cost growth to a level not seen in decades. At the top of the list is GLP-1 medications for weight management. "While the market for these medications is evolving in ways that could ultimately result in lower costs, some employers needing immediate cost relief chose to drop this coverage for next year," says Mr. Patel. "Still, we estimate that rising GLP-1 utilization accounts for a full percentage point of the overall cost growth for 2027."

Other drivers include the rapid adoption of AI-enabled billing software that assists physicians with claims submission and has resulted in more claims – and higher-level claims – being filed for reimbursement as well as the larger-than-expected impact of payments being awarded to out-of-network providers through the Independent Dispute Resolution process established under the No Surprises Act.

Employers' response to faster cost growth

The pressure on healthcare budgets is likely to result in higher healthcare costs for employees in 2027. The survey found that 59% of employers plan to make cost-cutting changes to health benefits in 2027, including plan design changes like higher deductibles that can increase members' out-of-pocket costs.

In addition, a Marsh survey conducted earlier this year found that about two-thirds of large employers (those with 500 or more employees) expect to increase employees' share of premium costs next year. That means that in 2027 many employees will see their paycheck deductions for health coverage rise by more than the overall average cost increase of 8.2%.

But the earlier survey also found that many employers are looking for ways to control costs without shifting them to employees, such as offering lower-cost, quality-focused plan options. One example is variable copay plans, which 12% of large employers plan to offer in 2027 (18% of employers with 20,000 or more employees). These plans generally have no or a low deductible and charge members less when they select top-performing providers for specific health services.

In the National Survey of Employer-Sponsored Health Plans, when employers were asked to identify their top priorities for managing health programs over the next few years, guiding members to higher-quality care was in the top three, with 58% of large employers indicating that this strategy would be important or very important. In last year's survey, this strategy ranked fifth, suggesting it is gaining momentum.

Not surprisingly, the highest priority continues to be a greater focus on managing high-cost claims. Says Mr. Patel, "As very expensive new therapies for cancer and rare diseases reach the market, extremely high-cost claims have become more common. So on top of high costs, health plan sponsors are also dealing with more volatile costs, which can materially disrupt budgets and impact earnings, particularly for smaller employers."

Considerations for employees during open enrollment this year

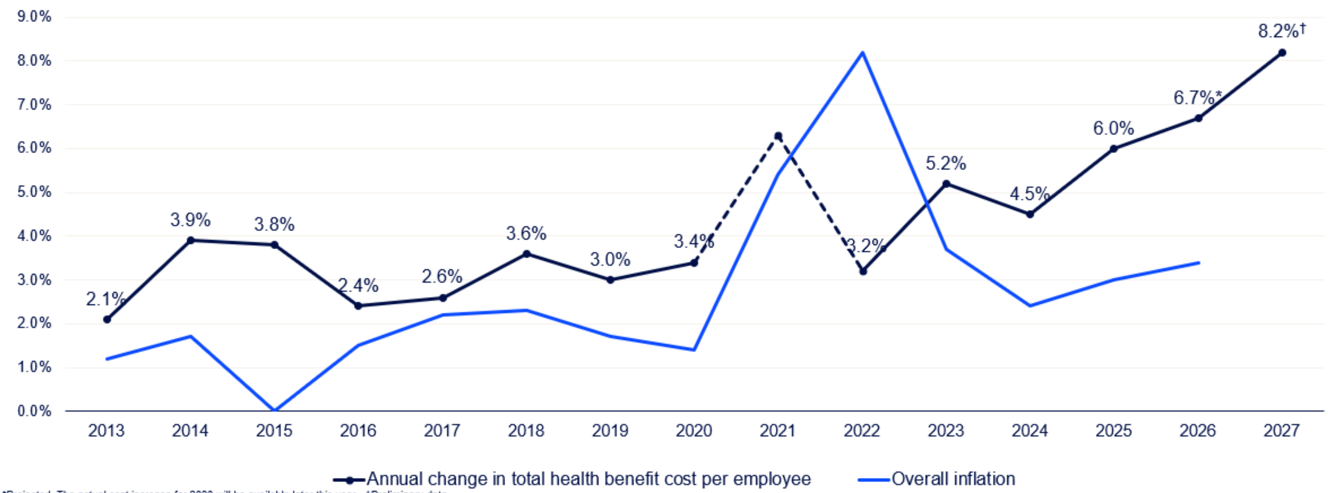
Because employees are likely to see both higher premium contributions and higher cost-sharing requirements in 2027, during open enrollment they should take the time to explore other available medical plan options to see if a change makes sense.

Most employers are offering multiple medical plans. Over a third of large employers plan to offer some type of non-traditional medical plan in 2027, such as a variable copay or high-performance network plan. These options are typically designed to deliver both lower paycheck deductions and lower out-of-pocket costs, while guiding employees to high-quality providers.

About Marsh's *National Survey of Employer-Sponsored Health Plans*
The 2026 National Survey of Employer-Sponsored Health Plans launched on June 10, 2026. These preliminary results are based on responses from over 1,800 employers through August 10. The final survey results will be released later this year.

Employers expect health benefit cost per employee to rise 8.2% in 2027 (after making changes to current plans)

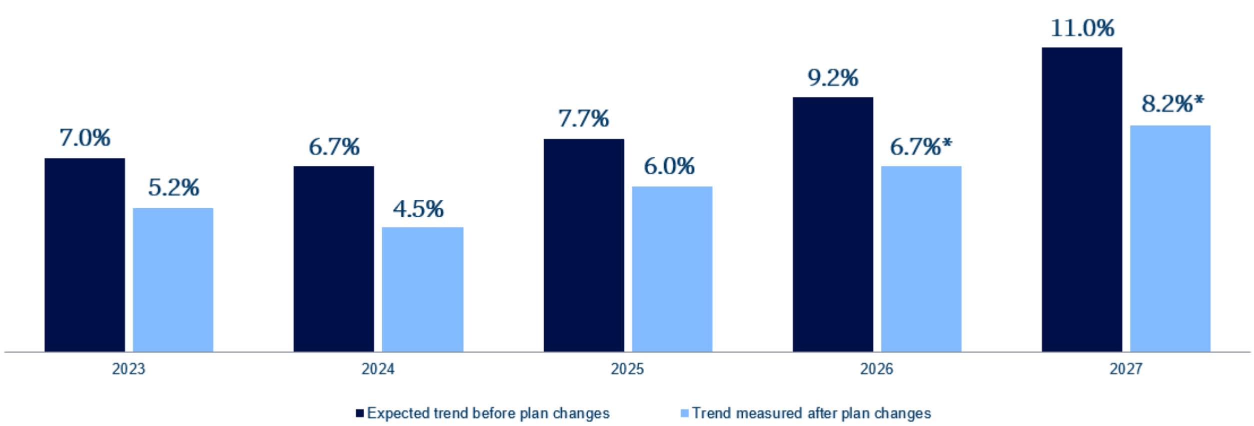
Change in total health benefit cost per employee compared to CPI



*Projected. The actual cost increase for 2026 will be available later this year. †Preliminary data
- - - indicates disruptions to cost trend caused by pandemic-related fluctuations in utilization
Source: Mercer's National Survey of Employer-Sponsored Health Plans (beginning in 2 Series "Annual change in total health benefit cost per emp..." Legend Entry sumer Price Index, U.S. City Average of Annual Inflation (September to September) 2013-2025 (July to July) 2026.

For 2027, the average estimated increase is 11.0% before plan changes and 8.2% after plan changes

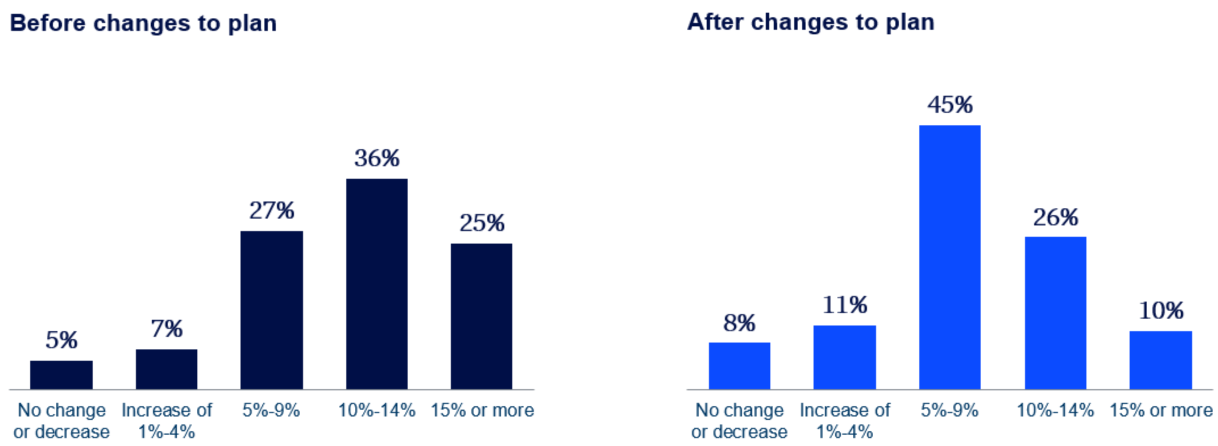
Estimated cost increase to renew plans with no changes vs. actual increase after plan changes, *among all employers (50 or more employees)*



*Projected
2027 results are based on preliminary data.

Distribution of projected increases in health plan cost for 2027

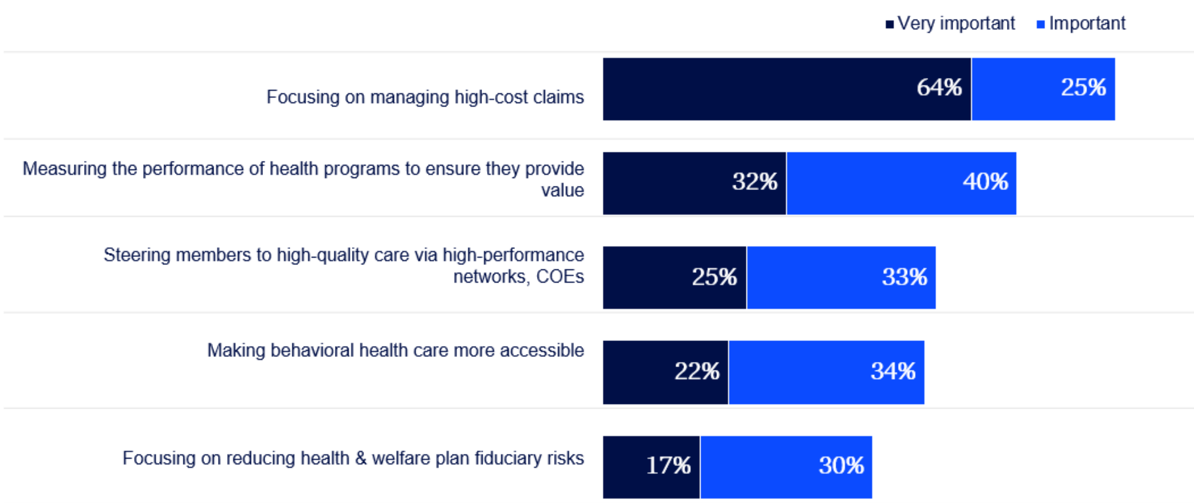
Percentage of employers



Based on preliminary data.

Top five strategies for the next 3-5 years

Employers with 500 or more employees



Based on preliminary data.