



GALLAGHER BASSETT



2026 HEALTHCARE MARKET OUTLOOK





The healthcare industry continues to evolve at an unprecedented pace, driven by advancements in technology, shifting regulatory landscapes, and changing consumer expectations. As we look ahead to 2026, we'll look at trends, challenges, and opportunities that will shape the industry over the next few years. From the increasing adoption of artificial intelligence (AI) and telemedicine to the growing emphasis on patient-centric care and workforce wellbeing, the healthcare sector is poised for transformative growth.

INDUSTRY OVERVIEW

MARKET SIZE AND OVERVIEW

The U.S. Healthcare and Social Assistance sector is on track for consistent growth, with projected revenue expected to have reached roughly \$4.3 trillion by the close of 2025. This sector includes segments such as hospitals, ambulatory healthcare services, and nursing and residential care facilities, all of which play a vital role in driving overall performance. The sector's growth is fueled by several key factors:

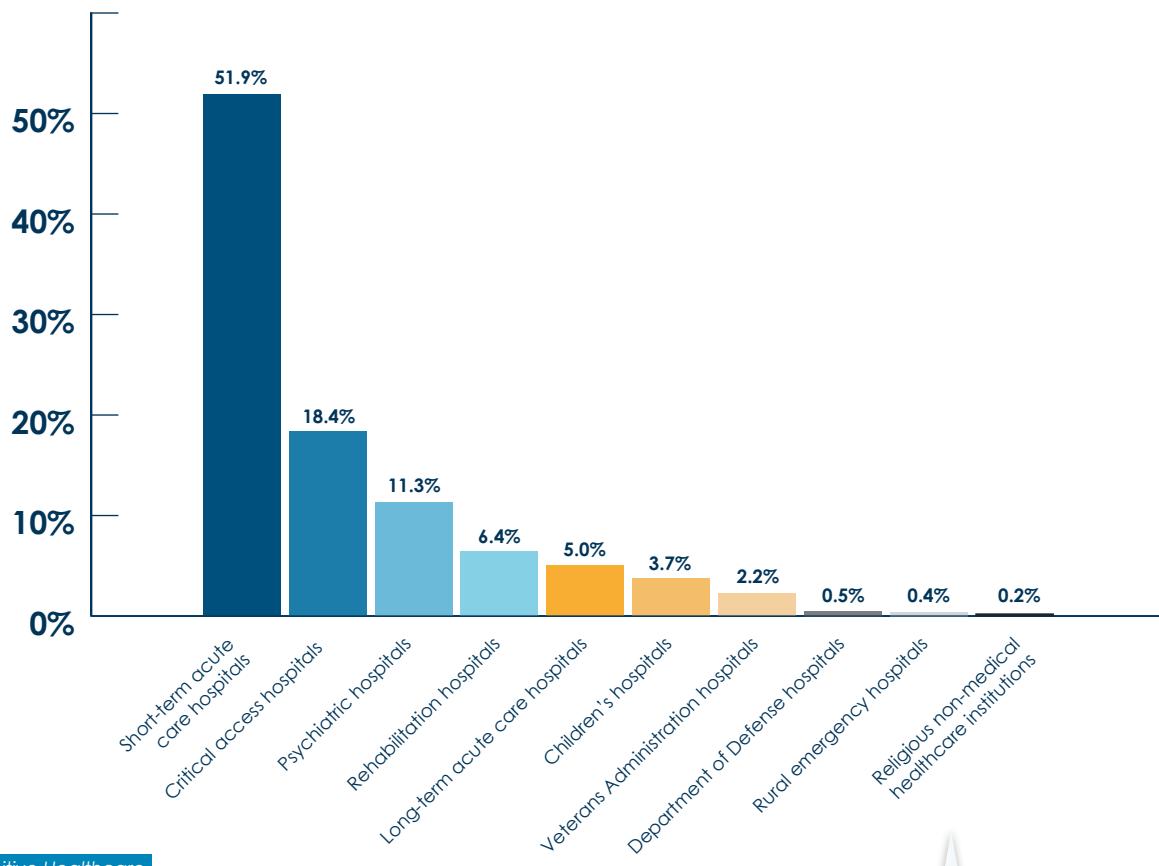
- **Demographic Shifts:** An aging population and increasing healthcare needs are propelling demand across hospitals, nursing care facilities, and intellectual and developmental disability services.
- **Cost-Effectiveness:** Ambulatory surgery centers (ASCs) are gaining traction by delivering affordable, high-quality care, making them attractive to both patients and insurers.
- **Technological Advancements:** Innovations such as telehealth and minimally invasive procedures are transforming service delivery, improving efficiency, and enhancing patient outcomes.
- **Consolidation and Funding:** Strategic mergers, government financial support, and Medicaid funding are helping stabilize financial pressures while expanding service offerings.
- **Workforce Challenges:** Rising wages and the growing demand for skilled healthcare professionals are prompting organizations to refine recruitment strategies and adapt operations to meet workforce needs.

These factors collectively position the sector for robust growth and continued evolution in the years ahead.

HOSPITALS

Hospitals account for nearly one-third (31%) of total healthcare, spending \$1.5 trillion in 2023. This represents 5.5% of the year's GDP, and it is expected to grow to 6.0% in 2032.

Breakdown by Type:



Source: Definitive Healthcare

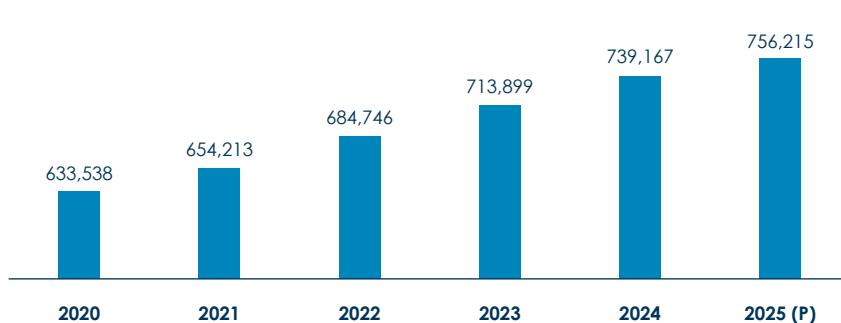


AMBULATORY HEALTHCARE SERVICES

Ambulatory care is a rapidly growing and high-margin segment of the healthcare industry. The growth is mainly attributed to advances in technology, consumer demand for lower-cost and convenient care, payer incentives under value-based models, and provider alignment through shared ownership.

According to a survey by [Definitive Healthcare](#), there are nearly 10,000 active ASCs in the U.S., with California accounting for 23.63%, followed by Texas and Florida.

Number of establishments over the past five years



The number of establishments for ambulatory healthcare services in Q1 2025 increased by 2% from 2024, with the private sector accounting for 99% (752,188 establishments), followed by local government, state government, and federal government.

NURSING CARE FACILITIES

Spending on nursing homes and continuing care retirement communities (CCRCs) is projected to rise to \$385.9 billion by 2033, up from \$192.9 billion in 2022.

QUICK FACTS:



Healthcare Leads Expansion: Healthcare and social assistance will be the fastest-growing sector, driven by an aging population and disability services, creating 528,500 new jobs (21% growth) from 2024 to 2034.



High-Growth Occupations: Nurse practitioners (+40.1%, \$129,210 median), medical assistants (+12.5%, \$44,200), and registered nurses (+4.9%, \$93,600) rank among the top growth roles.



Demographic Drivers: Rising demand for long-term care and therapy services reflects the growing elderly population's healthcare needs, fueling sustained job creation in senior care and related fields.

EMPLOYMENT FORECAST

Employment in the healthcare and social assistance industry is anticipated to expand by 8.4% by 2034, reflecting a compound annual growth rate (CAGR) of 0.8%, despite ongoing economic challenges. On average, approximately 1.9 million job openings are expected annually across these occupations, driven by both employment growth and the need to replace workers exiting the workforce permanently. **Among the fastest-growing occupational groups are healthcare support and practitioner roles, which are projected to grow by 12.4% and 7.2%, respectively, between 2024 and 2034.**

The following are the key factors that are influencing hiring:

- **Aging Population and Policy Changes:** The aging U.S. population and expanded healthcare policies drive administrative hiring for scheduling, records, and billing.
- **Technological Integration and AI:** AI and automation transform administrative roles, reducing clerical tasks but increasing demand for tech-savvy staff.
- **Staffing Shortages and Turnover:** Burnout, turnover, and pandemic-related exits strain administrative staffing.
- **Financial Pressures and Cost Containment:** Rising labor costs and tight margins drive cost-cutting strategies such as centralization and automation. However, demand persists for specialists in revenue optimization, documentation, and operations, with hiring varying by financial health and sector.
- **Regulatory and Insurance Environment:** Evolving regulations and insurance complexities sustain demand for billing, compliance, and telehealth roles.

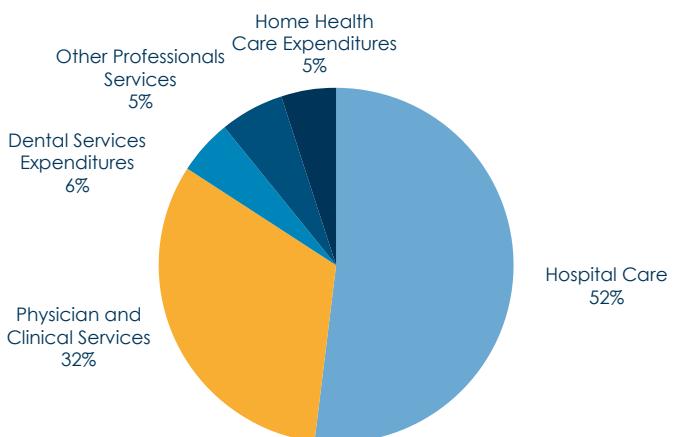


SPENDING FORECAST

According to a report released by the Kaiser Family Foundation (KFF), total health spending in the U.S. is projected to reach \$5.6 trillion in 2025, with hospital expenditures comprising the largest portion at \$1.8 trillion.

Looking ahead, national health expenditures are expected to grow substantially, reaching \$8.6 trillion by 2033. Within this projection, hospital spending is anticipated to rise to \$2.7 trillion,

National Health Expenditure USD Billion (2025)



followed by physician and clinical services at \$1.7 trillion and home healthcare at \$317 billion.

Health insurance remains the predominant source of healthcare funding, accounting for 68% of total national health expenditures—estimated at \$4.15 trillion in 2025. Private health insurance remains the second-highest source of funding at 41.86%, followed by Medicare (28.89%), Medicaid (23.92%), and other sources (5.32%).

Other sources of healthcare financing include:

**Other Third-Party
Payers and Programs:**

\$470 billion

in 2025,
projected to grow to \$650 billion by 2033

**Public
Health Activity:**

\$160 billion

in 2025,
expected to reach \$190 billion by 2033

**Out-of-Pocket
Spending:**

\$570 billion

in 2025,
projected to rise to \$780 billion by 2033

**Healthcare
Investment:**

\$260 billion

in 2025,
forecasted to grow to \$370 billion by 2033

Source: KFF

In 2023, the health share of the economy was 17.6 percent, with per-person health spending of \$14,570, which is projected to increase by 20.3%, in 2033. It is expected that national health spending will outpace GDP, partly due to the growth in medical prices, while growth will slow for physician services and drug pricing due to reduced COVID-19 demand, declining private insurance enrollment after subsidy expirations, and Medicare drug price reforms under the Inflation Reduction Act.

TRENDS AND CHALLENGES

Growing labor shortages among healthcare providers, a growing incidence of workplace violence in healthcare settings, and increasing M&A and consolidation activity are a few trending areas leading to increased exposure to healthcare systems and providers.

Bill Bower, EVP (Practice Leader, Healthcare Vertical) discusses how these trends impact healthcare organizations and the steps that can be taken to mitigate disruption and risk.



CLAIMS TRENDS

Healthcare facilities in the U.S. purchase a wide range of insurance policies to protect against liabilities, property damage, and cyberattacks.

The following are factors impacting the growth of claims:

1. **Medical Malpractice (Professional Liability):** According to the [National Practitioner Data Bank](#), there were 98,585 Adverse Action reports and 27,981 Medical Malpractice Payment reports between 2023 and 2025 (23,595 new combined reports in 2025). In 2023, there were more than 11,440 malpractice claims that resulted in settlement payouts (verdicts not included), totaling \$4.8 billion. That works out to an average per-claim payout of around \$420,000. The largest percentage of these claims (around 3,200 of the 11,440) were resolved for settlement payouts of less than \$100,000. Only around 1,300 were settled for payouts of over \$1 million.

Additionally, a study by [The Doctors Company](#), part of TDC Group, reveals that economic and social inflation has added \$4 billion in insured losses and expenses to the medical malpractice insurance market over the past decade, representing 11% of booked losses through 2024. Large claim payouts exceeding \$2 million have increased more than tenfold since 1990. Furthermore, third-party litigation financing—where private investors fund lawsuits in exchange for a portion of the settlement—is emerging as a potential driver of social inflation, projected to cost insurers \$13–25 billion over the next five years.

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[The Need For Defensive Anchoring in Response to Rising Jury Damages | Gallagher Bassett](#)

2. **Cyber Liability:** Healthcare data breaches grew sharply from 18 in 2009 to a peak of 746 in 2023, driven by cyberattacks. Growth spiked in 2010 (+1,005%) and surged again in 2019/2020 (+38% and +30%). After stability in 2021–2023, breaches declined slightly in 2024 and dropped 26% in 2025, suggesting improved security or reporting changes.

In [2025](#), healthcare cyber claims showed mixed trends:

- Ransomware attacks declined by 53% year-over-year, but successful breaches have become more costly. Ransomware accounted for only 9.6% of claims but drove 91% of incurred losses, with average damages rising to \$1.18 million for all industries and to \$2 million for healthcare—up from \$705,000 in 2024.
- Extortion demands reached \$4 million, fueled by groups such as Interlock, which exploit stolen cyber insurance details to set ransom amounts. Social engineering and phishing dominate, linked to 88% of losses, with AI-assisted attacks achieving a 54% success rate versus 12% for traditional methods.
- Over 1.8 billion credentials were compromised in H1 2025, an 800% spike since January. Despite compliance efforts, outdated risk assessments and weak vendor monitoring leave gaps, underscoring that HIPAA standards alone cannot mitigate modern threats. Resilience urges strategic investment, robust backups, continuous testing, and financial risk modeling to strengthen healthcare cybersecurity posture.
- Cyber insurance premiums for healthcare organizations have surged, rising 9% since early 2022, driven by increased claims, stricter underwriting, and sophisticated cyber threats such as ransomware. Healthcare's sensitive data makes it a prime target, escalating attack frequency and severity. Insurers now conduct rigorous audits, raising costs while reducing coverage. Strengthening cybersecurity and demonstrating IT investment ROI can help mitigate premium increases.

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[Gallagher Bassett's Cyber Solutions](#)

3. Commercial Property Insurance: U.S. healthcare real estate has surged due to shifting care models, demographics, and technology. Outpatient Medical Office Buildings are leading growth, with sales up 38% year-over-year to \$2.5 billion in Q2 2024 and projected annual growth of 8–15%. Nationwide, the sector—valued at \$1.32 trillion in 2024—will likely reach \$1.87 trillion by 2030 (CAGR ~6.2%). Drivers include an aging population (+31% outpatient spending by 2030), rising rents, declining vacancies, reusable retail space, and tech-enabled hybrid clinics.

U.S. healthcare commercial property insurance premiums are rising due to increased catastrophic events, supply chain disruptions, tariffs inflating construction costs, and limited market capacity. Insurers respond with stricter underwriting, selective capacity allocation, and sustained upward pricing trends to manage risks.

4. Workers' Compensation: Workplace incidents and injuries remain a significant concern in healthcare settings, where employees face unique risks due to the physically demanding and high-pressure nature of their roles. From musculoskeletal injuries caused by poor patient handling to exposure to infectious diseases and workplace violence, these challenges not only impact employee health and safety but also contribute to rising claims costs and staffing shortages. Addressing these issues is critical, as they directly affect operational efficiency, employee morale, and the ability to deliver quality care.

Partnering with risk management and claims handling specialists significantly impacts injured healthcare worker care and recovery, ensuring a safe and efficient return to service.

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[Top Workers Compensation Claims In Healthcare](#)

5. Employment Practices Liability: Employment Practices Liability Insurance (EPLI) claims in the U.S. healthcare sector are rising due to workforce volatility, regulatory changes, and evolving workplace risks. Key drivers include harassment, discrimination, retaliation, and wage and hour disputes, amplified by staffing shortages and burnout. Remote and hybrid work models introduce new compliance challenges, while social inflation and nuclear verdicts increase claim severity. Healthcare organizations face heightened exposure from Equal Employment Opportunity Commission enforcement and new protections under laws such as the Pregnant Workers Fairness Act. Average defense costs exceed \$75,000, with settlements often reaching six figures. Insurers are responding with cautious underwriting, modest premium increases (around 5%), and stricter risk management requirements. Proactive measures—such as robust HR policies, DEI initiatives, and training—are critical to mitigating claims. Overall, EPLI remains a growing concern for healthcare employers, demanding strategic planning and compliance to control costs and maintain coverage.

6. Commercial Auto: Claims severity in U.S. auto insurance continues to rise, driven by higher repair costs, advanced vehicle technology, and medical inflation. Bodily injury claims are particularly costly due to litigation and social inflation. Electric vehicles and cars with advanced driver-assistance systems add complexity and expense to repairs, extending cycle times. Insurers are responding with stricter underwriting, telematics adoption, and predictive analytics to manage risk. Despite severe pressures, overall claim frequency has not returned to pre-pandemic levels, suggesting accident rates are not the primary driver of cost escalation. These trends indicate continued premium increases and operational challenges for carriers seeking profitability in a market shaped by inflation, technology, and evolving consumer behavior.

INDUSTRY OUTLOOK 2026

- **Continued Job Growth:** Healthcare administrative hiring will rise through 2026, driven by an aging population, normalized elective care, and strategic projects such as electronic health record upgrades, despite seasonal fluctuations and economic uncertainty.
- **Hiring Difficulties and Wage Pressure:** Talent shortages for certified roles will persist, extending hiring timelines and pushing wages upward. Employers will offer bonuses, flexible schedules, and counteroffers to retain staff amid competitive market conditions.
- **Technology and Efficiency Gains:** AI and automation will enhance workflows but won't significantly reduce admin jobs in the short term. Hybrid models and tech projects will sustain demand for IT-savvy coordinators and temporary support roles.
- **Healthcare Policy Environment:** Policy changes, Affordable Care Act (ACA) enrollment spikes, and compliance mandates will boost demand for specialists in coding, documentation, and patient enrollment. Regulatory enforcement will drive short-term hiring for compliance and privacy roles.
- **Specialty and Regional Outlooks:** Behavioral health and dental sectors will see strong admin hiring. Urban Sun Belt regions will lead growth while rural areas rely on remote work and shared services to address shortages.
- **Massive Spending Cuts:** The July 2025 tax and budget law reduces Medicaid and ACA Marketplace spending by over \$1 trillion, potentially leaving 10 million more people uninsured by 2034.
- **Cost Control and Transparency:** States explore cost-control measures; federal price transparency rules aim to reveal hospital pricing, though data quality challenges persist with minimal projected impact on overall prices.
- **Drug Pricing and Virtual Care:** Policies and Medicare negotiations seek to lower drug costs, while telehealth expansion will raise questions about care quality, coordination, and long-term cost implications.
- **Workforce Burnout:** Workforce burnout among healthcare administrative staff is driving employers to prioritize well-being through flexible schedules, float staff, and training. Strong demand, rising salaries, and creative hiring strategies will sustain job growth while technology complements roles.
- **Market and Payment Reforms:** Provider consolidation drives anti-competitive concerns. Site-neutral and value-based payment models expand despite challenges relating to effectiveness, compliance hiring, and affordability, alongside efforts to address medical debt without tackling root causes.
- **Workforce Shortages:** Physician shortages, burnout, and rising care demand strain the system. AI adoption and initiatives such as virtual care and recruitment programs aim to address gaps, especially in rural and underserved areas.

- **Premiums:**
 - **Medical Malpractice Insurance:** Rising claims, inflation, and litigation trends are driving premium increases, with large payouts and "nuclear verdicts" surging. Experts warn of a hard market, urging tort reform and risk management.
 - **Cyber Liability Insurance:** Healthcare data breaches peaked in 2023 but declined by 26% in 2025. Ransomware attacks fell but became costlier, driving 91% of losses. Cyber insurance premiums rose 9% due to stricter underwriting.
 - **Commercial Property Insurance:** Healthcare real estate is growing, driven by outpatient demand and aging populations. Catastrophic risks and rising construction costs are increasing premiums, with insurers tightening coverage in high-risk areas.

- **Healthcare Policy Shifts in 2026:** The U.S. healthcare system is undergoing significant disruption in 2025, driven by sweeping federal and state legislation, executive orders, and agency restructuring. These changes are reshaping how care is financed, delivered, and regulated, impacting hospitals, insurers, pharmaceutical companies, digital health firms, and patients alike.

The 2025 Budget Reconciliation Act, nicknamed the "One Big Beautiful Bill," will cut over \$1 trillion in healthcare spending over the next decade. This legislation affects Medicaid, the ACA, and food nutrition programs, with analysts projecting millions could lose health coverage by 2034. Rural hospitals, in particular, are preparing for increased uncompensated care and potential closures.

Additionally, the expiration of enhanced ACA premium tax credits at the end of 2025 could lead to sharp premium increases and coverage losses without further congressional action. Meanwhile, 2026 will bring significant state-driven reforms to the pharmacy benefit management industry, further altering the healthcare landscape.

While these policy changes present challenges, they also create opportunities for organizations to innovate, serve their communities, and drive growth. Those that adapt quickly with the right data and strategies will be best positioned to navigate the turbulence and unlock new avenues for success.

CONCLUSION

As the healthcare industry continues to evolve, the challenges and opportunities outlined underscore the need for strategic adaptation and innovation. From demographic shifts and technological advancements to workforce challenges and regulatory changes, the sector is poised for transformative growth. However, this growth comes with complexities that demand tailored solutions to mitigate risks and ensure operational resilience.

Gallagher Bassett (GB) plays a pivotal role in supporting the healthcare industry by providing comprehensive risk management and claims solutions that address the unique challenges faced by healthcare organizations.

GB's expertise spans across many critical areas, ensuring that healthcare providers are equipped to navigate an increasingly complex risk landscape. By leveraging advanced analytics, industry insights, and a proactive approach to claims management, GB helps healthcare organizations reduce their total cost of risk while enhancing operational efficiency.



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Connect with our team to find out how the GB Healthcare practice can provide specialized solutions for your business.



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GB HEALTHCARE

The Gallagher Bassett (GB) Healthcare practice provides comprehensive and tailored risk and claims management solutions to healthcare institutions with close proximity to the patient to help lower their total cost of risk.

We leverage best-in-class analytic capabilities to proactively deliver risk management consulting and recommendations. This provides clients with comprehensive solutions based on real data and proven outcomes.



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