



# 7 Factors Driving Health Care Cost Increases in 2025

Health care costs are projected to increase substantially in 2025. Estimates show a similar growth in spending to 2024, marking multiple years of compounding costs.

Here are **seven key factors** driving rising health care costs:



## 1 GLP-1 Drugs

Glucagon-like peptide-1 (GLP-1) drug use for weight loss is already widespread but is expected to increase in popularity. GLP-1 medications typically cost around \$1,000 per month. These costly medications are intended to be taken in perpetuity to achieve their benefits. This means that GLP-1s users may experience health benefits but will be required to use these high-cost treatments on an ongoing basis.



## 2 Drug Cost Increases

A number of commonly used drugs are expected to have price increases this year. Drugs used to treat osteoporosis, cancer, atopic dermatitis and Type 2 diabetes rise anywhere from 4% to 10% or more. In addition, increased utilization of these drugs could drive spending even higher.



## 3 Cell and Gene Therapies

Cell and gene therapies (CGT) are designed to treat conditions like blood and lung cancer, sickle cell anemia and spinal muscular atrophy. These therapies demonstrate significant medical advancement but come with a high price tag. By 2025, it's estimated that nearly 100,000 patients in the United States will be eligible for CGT, which could cost \$25 billion.



## 4 Biologics

Biologics offer advanced treatment options but are very expensive. Biologics make up only 2% of prescriptions but account for 37% of net drug spending.



## 5 Health Care Labor Costs

The current supply of health care workers does not meet the growing demand for utilization. This shortage is due to factors such as rising health care demands, an aging population, retiring workforces and not enough talent entering the health care industry.



## 6 Chronic Health Conditions

Around 90% of U.S. health care spend is for people with chronic and mental health conditions. Chronic conditions include heart disease, stroke, cancer, diabetes, arthritis and obesity. In general, chronic disease is increasing in prevalence in the United States and is projected to continue to do so in 2025 and the upcoming decades.



## 7 Aging Populations

The percentage of the U.S. population that is 65 or older continues to rise, with over 55 million Americans over the age of 65. Estimates show that there will be almost 80 million people aged 65 and older in the United States by 2040. Per-person personal health care spending for the 65 and older population is around five times higher than spending per child and almost 2.5 times the spending per working-age person.

**Rising health care costs may be unavoidable, but informed employers can better understand these trends and act appropriately.**

**Contact us today** for more resources on health care costs.