

Healthcare Trends and Management Opportunities

**Innovating in a Time of Uncertainty
Strategies for Resilience and Sustainability**

November 11, 2025

Overview

- What is driving spend?
- How is the market evolving?
- How is the policy context changing?

Health care spending across medical and pharmacy benefits is being driven by several **inflationary pressures**.

INFLATIONARY PRESSURES

Hospital costs

Providers are shouldering elevated prices for wages and supplies. As a result, providers are continually seeking rate schedule increases

Hospital revenue cycle management

In response to financial pressures, healthcare providers have focused on maximizing revenue capture (e.g. AI submission for prior auths, upcoding, etc)

Prescription drugs

Drug spend grew \$50B in 2024 driven by GLP-1 agonists and specialty growth

Utilization of behavioral health services

Influenced by popularity of telehealth visits and virtual care for mental health plus reimbursement issues and staffing shortages

DEFLATIONARY PRESSURES

71 biosimilars approved by FDA (56 on market). Data shows biosimilars have gained 53% market share within five years post launch

Biosimilars

Payers are seeing impact from effective UM strategies, quality/care management, claims integrity, Rx management and network design

Clinical Management

Americans are growing **older and sicker**, and requiring more – and more expensive – medical services and prescription medications **for longer**.

The rise in serious and chronic conditions among the younger population combined with the growing senior group is contributing to the continued increase in medical cost we've seen over the last several years

Baseline Acuity Shift

While an aging population with a higher prevalence of chronic conditions has been expected and observed for some time, the younger population is continuing to become increasingly sicker as well.

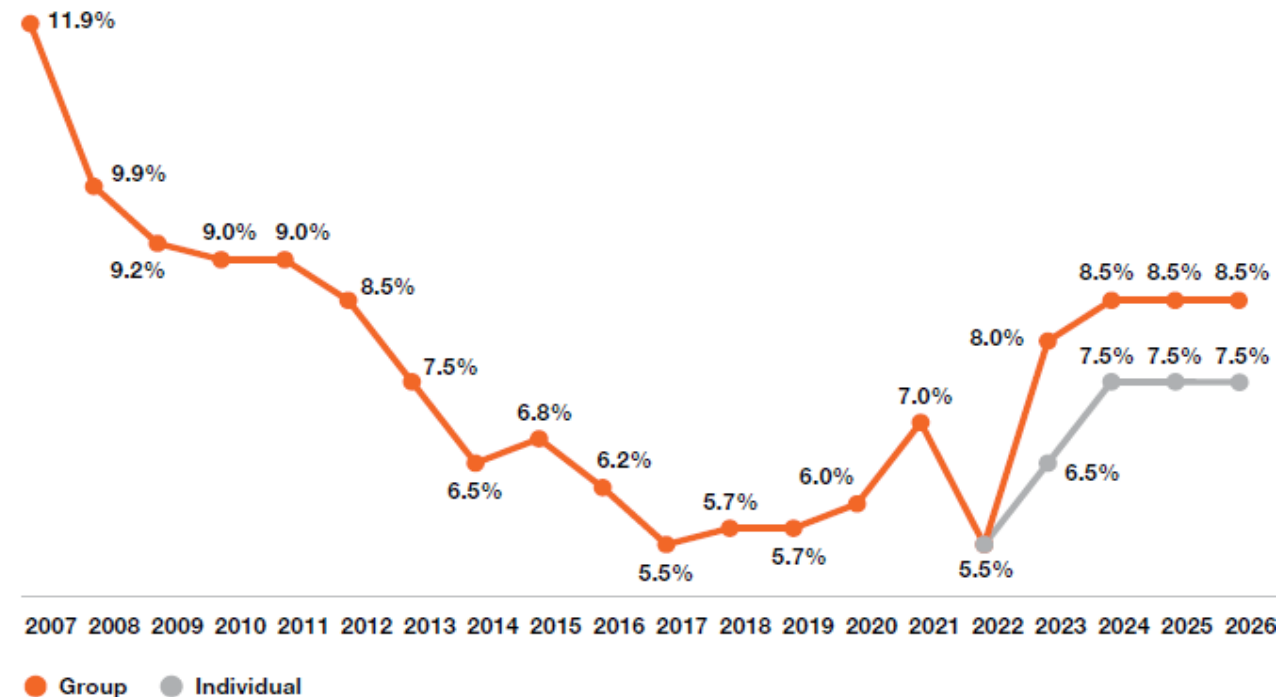
8.2% Increase in the prevalence of obesity among young adults aged 20-44 (2009-2020)

79% Increase in new cancer cases among patients <50 years old (1990-2019)

9x Relative increase in death from heart failure in patients <45 years old (2012-2019)

14% Increase in stroke rate in patients ages 18-44 (2011-2022)

National Medical Cost Trend



Most payers have reported a sustained spike in medical costs that can no longer be explained by normalization post-COVID

Current Rx spend is driven by **specialty and GLP-1s**, with future spend driven by **cell and gene** and an expanding **pipeline**.

MARKET SHIFTS			
	INCREASING SPECIALTY SPEND	\$250B	in specialty drug spend in 2024. Category is expected to see 8-10% growth annually in upcoming years, driven by growth in oncology and autoimmune
	GROWTH OF GLP-1 DRUGS	500%	increase in GLP-1 spend from 2018 to 2024 (>\$75B in annual spend). 12% of Americans report having used a GLP-1 for weight loss Increased exposure due to new label expansions (CV disease, sleep apnea, liver disease) with additional indications being studied
	IMPACT OF CELL AND GENE THERAPY	\$50B	in annual spend by 2027. Currently 23 cell and gene therapy products on the market with costs up to \$4.25M per infusion. Expansion of CAR-T into earlier lines of therapy and shift from autologous to allogeneic CAR-T holds promise for broader access and potentially lower costs
	GROWING DRUG PIPELINE	3.7K	additional gene, cell and RNA therapies in clinical/preclinical development in Q1 2025. Plus impact of label expansions

Despite uneven coverage, GLP-1 dispensing continues **rapid growth**, increasing prescription drug spending for public payers and private employers.

Utilization increase

Increased GLP-1 utilization aligns with increased clinical practice guideline support.

FDA approved use

GLP-1s are FDA approved for treating type 2 diabetes, weight loss, cardiovascular disease, OSA, and MASH.

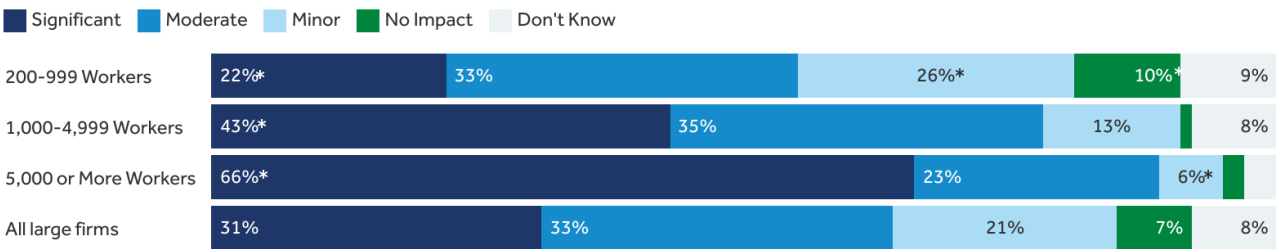
Pipeline

New GLP-1s will likely be approved in the coming 2-3 years, some with greater efficacy.

Off-label weight loss use

Increase in type 2 diabetes GLP-1 therapies for off-label use in weight loss.

Large firms' views on the impact of GLP-1 coverage for weight loss on prescription drug spending, by firm size, 2025



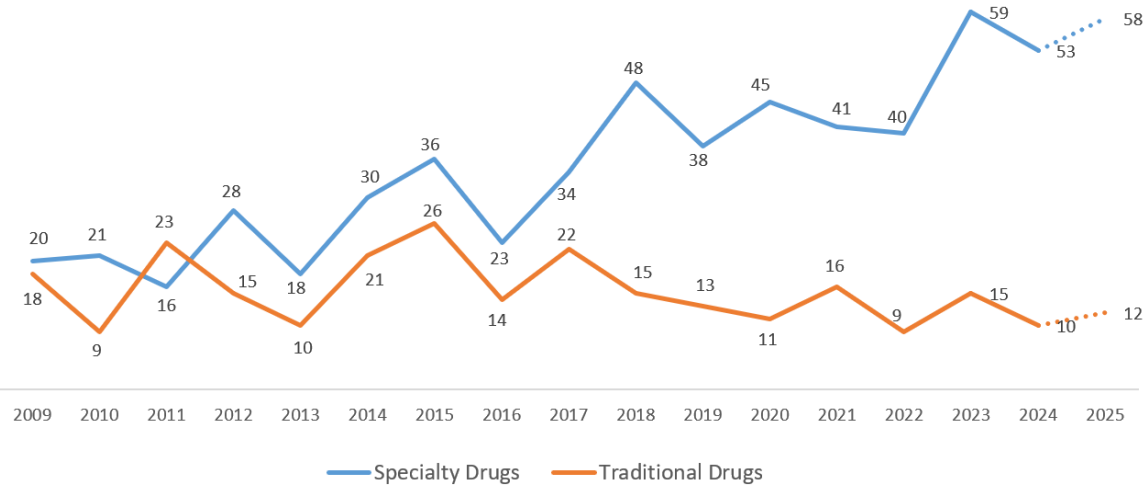
Note: *Estimates are statistically different compared to the estimate for all other firms within each firm size ($p < .05$). Among the 19% of firms with 200 or more workers that offer GLP-1 coverage for weight loss in their largest plan.

Source: KFF Employer Health Benefits Survey, 2025 (Figure 13.19)

Peterson-KFF
Health System Tracker

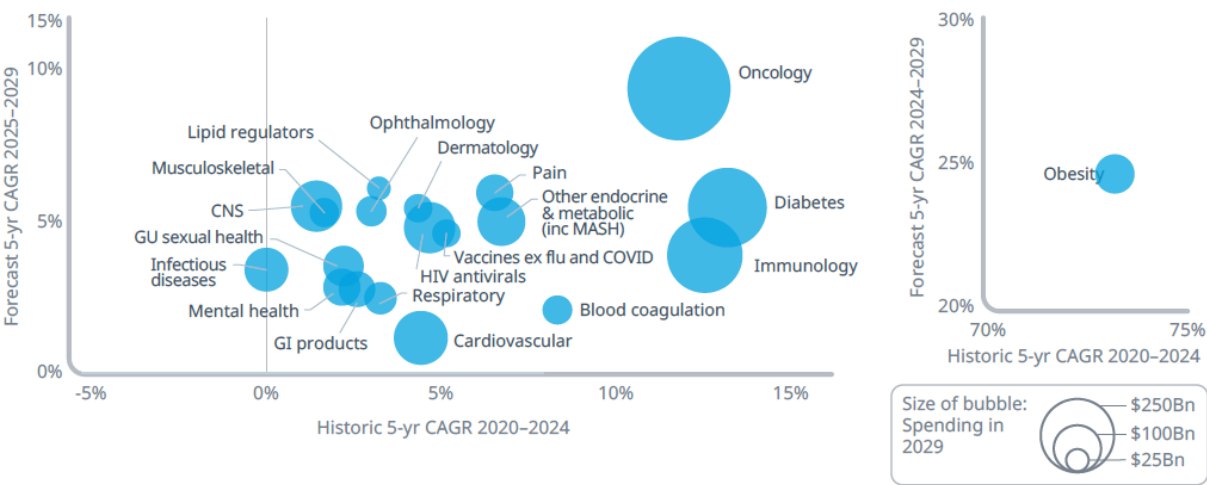
New FDA approvals are dominated by **novel specialty drugs**, with oncology, metabolic disease, and immunology driving future trend.

Recent FDA Approvals
(by Drug Type, 2009 - 2024, with 2025 projection)



Oncology and obesity to lead growth through 2029 while immunology and diabetes growth to slow

Exhibit 45: Global historic and forecast growth for top 20 therapy areas

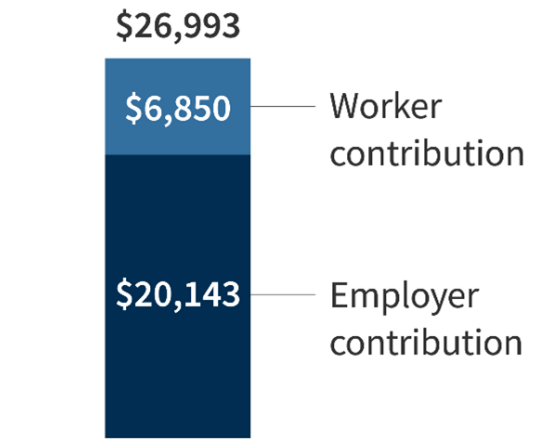


Source: IQVIA Forecast Link, May 2025; IQVIA Institute, May 2025.

Growing health care costs continue to **shift** to working families, directly increasing **premium contributions** and out-of-pocket **cost-sharing** for employees.

Family Premiums for Employer Coverage Rise 6% in 2025

Average total premiums for family employer coverage in 2025



2025 EMPLOYER HEALTH BENEFITS SURVEY

Increase in premiums, inflation and workers' wages since 2024

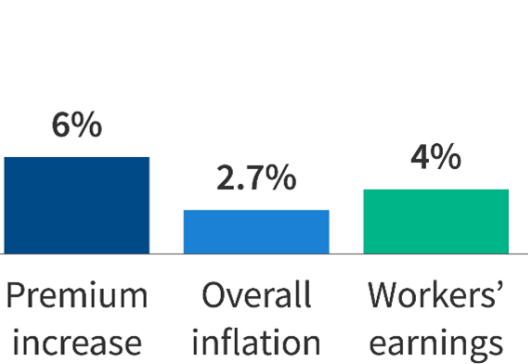
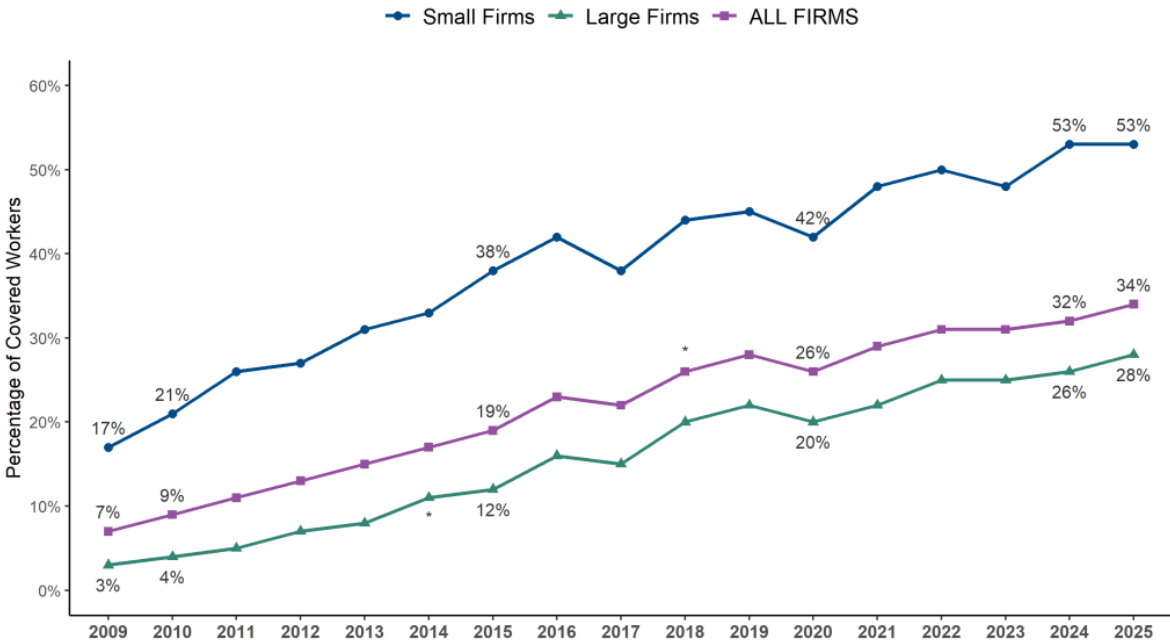


Figure 7.14
Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$2,000 or More for Single Coverage, by Firm Size, 2009-2025

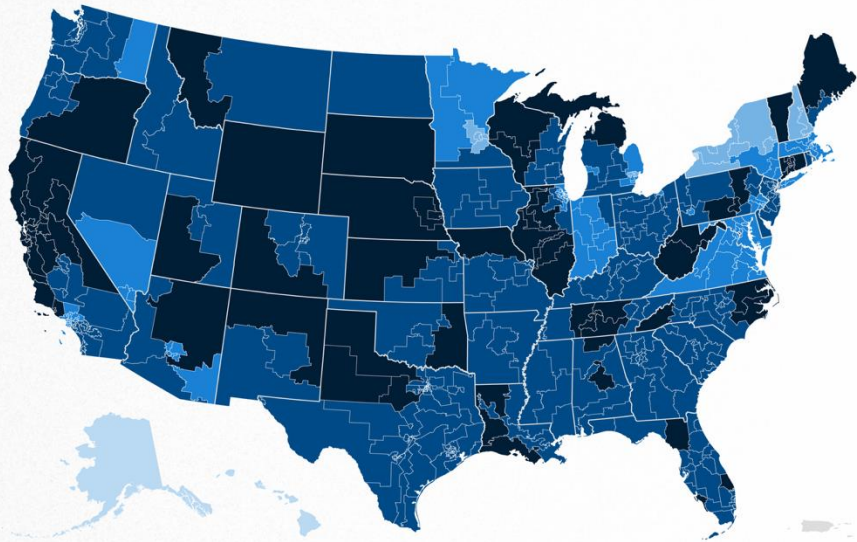


* Estimate is statistically different from estimate for the previous year shown (p < .05).
NOTE: These estimates include workers enrolled in HDHP/SOs and other plan types. Average general annual deductibles are for in-network providers.
SOURCE: KFF Employer Health Benefits Survey, 2018-2025; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009-2017

Expiration of ACA subsidies will drive further **premium inflation**, leading to **coverage losses** in Marketplace plans alongside Medicaid disenrollments due to work requirements.

Premium Payments for ACA Marketplace Enrollees Will Increase Nationwide if Enhanced Subsidies Expire in 2026

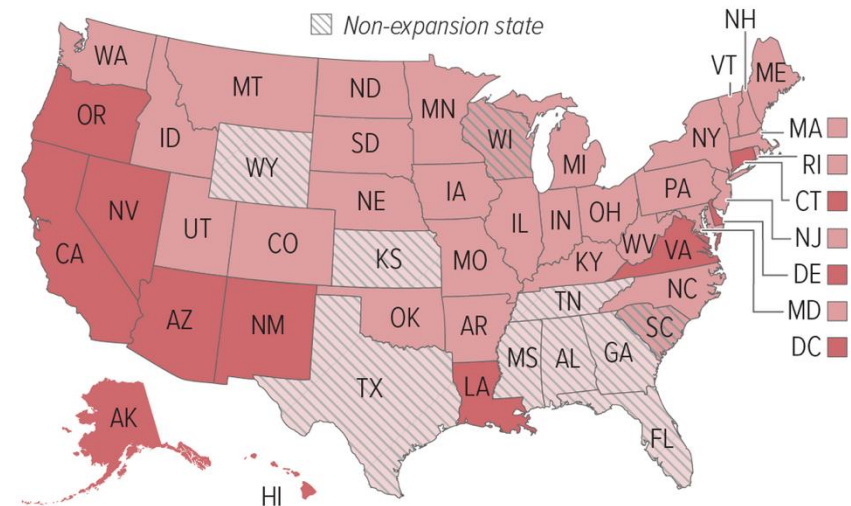
Percent increase in average monthly premium payments for benchmark silver plan without enhanced subsidies, 60-year old couple making \$82,000, 2025, by congressional district



People in Every State Could Be at Risk of Losing Medicaid Coverage

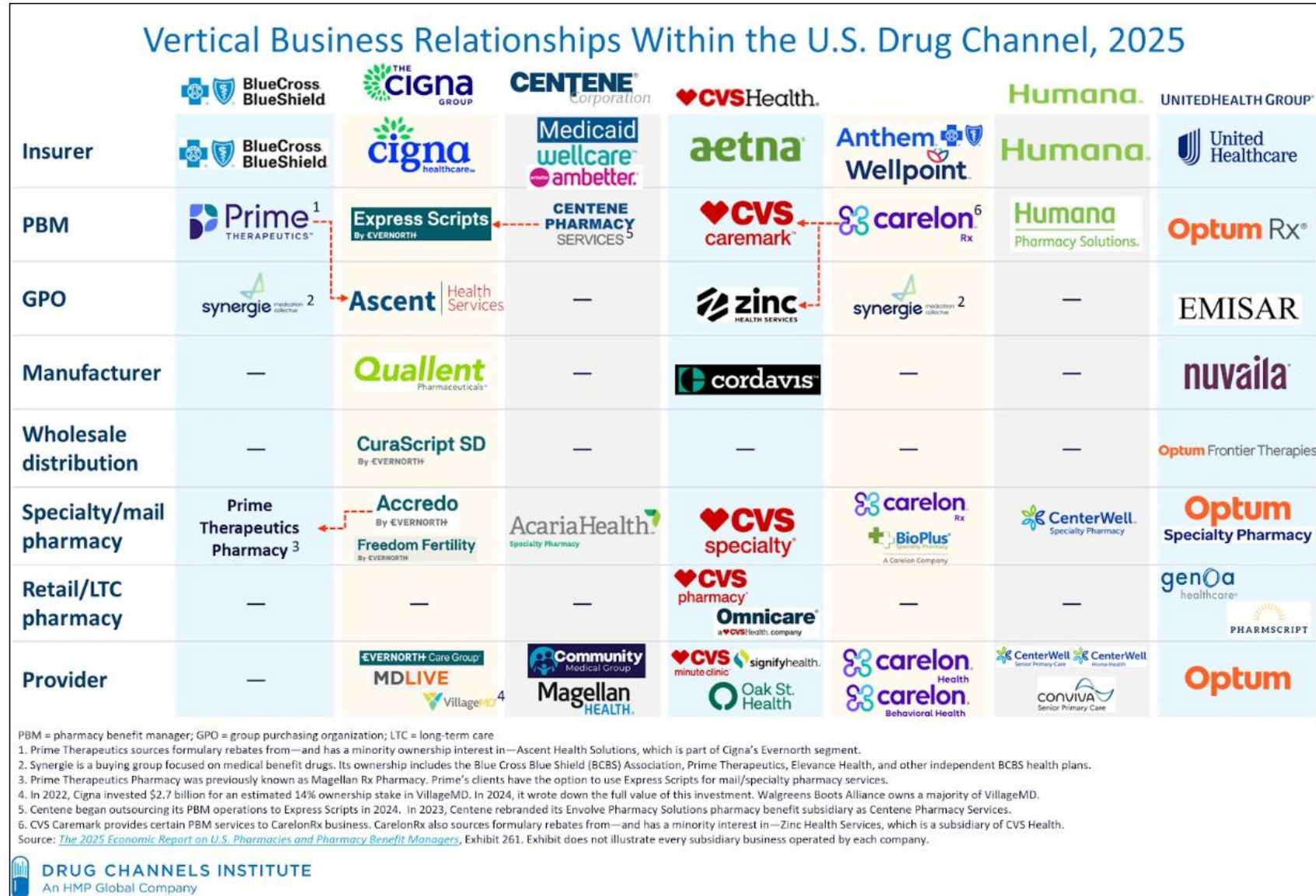
Share of all Medicaid enrollees at risk under various proposals to take coverage away from people who don't meet burdensome work requirements

44% of all Medicaid enrollees would be at risk — about **36 million adults**.



Source: CBPP analysis of June 2024 Medicaid enrollment data collected by the Centers for Medicare and Medicaid Services, and Medicaid and CHIP Payment and Access Commission estimates using fiscal year 2022 T-MSIS enrollment data.

The U.S. pharmaceutical supply chain has **vertically consolidated**, creating complex incentives and potential conflicts of interest.



From 2013 through 2024, DCI estimates that private equity firms acquired more than 2,400 physician practices—with oncology representing about one-quarter of these transactions.

Management Service Organizations Acquired by Large Wholesalers, 2023 to 2025

Management service organization (MSO)	Primary practice area	Financial sponsor(s)	Year founded	Acquirer	Purchase price (\$ billions)	Year acquired ¹	Number of physicians ²
Core Ventures ³	Oncology	n/a	2024	McKesson ⁴	\$2.5	2025	250
GI Alliance	Gastroenterology	Waud Capital; Apollo ⁵	2018	Cardinal Health ⁶	\$2.8	2025	900
Integrated Oncology Network	Oncology	Silver Oak Services Partners ⁷	2008	Cardinal Health	\$1.2	2024	80
OneOncology	Oncology	General Atlantic	2018	Cencora/TPG ⁸	\$2.1	2023	550
PRISM Vision Holdings ⁹	Ophthalmology	QUAD-C	2018	McKesson ¹⁰	\$0.9	2025	180
Retina Consultants of America	Ophthalmology	Webster Equity Partners	2020	Cencora ¹¹	\$4.4	2025	300
Solaris Health	Urology	Lee Equity Partners	2020	Cardinal Health ¹²	\$1.9	2025	530
United Urology Group	Urology	Audax Private Equity	2016	OneOncology	n/a	2024	160
Urology America	Urology	Gauge Capital	2020	GI Alliance	\$0.4	2025	110
Verdi Oncology	Oncology	Pharos Capital	2018	McKesson ⁴	n/a	2024	n/a

1. Year in which acquisition was announced or completed.

Direct-to-consumer channels are on the rise, offering patients opportunities to directly purchase drugs from manufacturers at **discounted prices**.



Lilly Direct®



Meanwhile, **negotiated** maximum fair prices are going into effect for several high-cost drugs, providing some relief for the Medicare program...

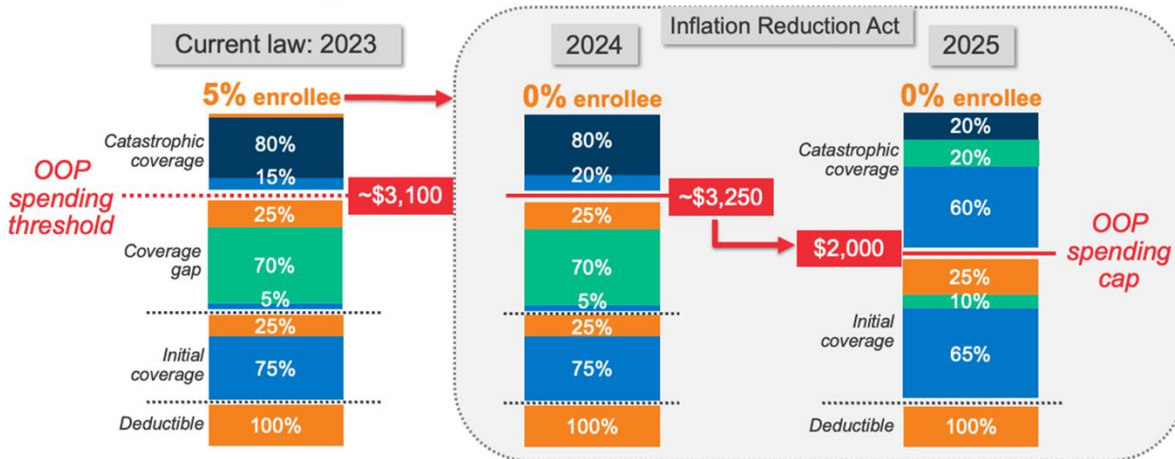
	Market Entry	Commonly Treated Conditions	Medicare Enrollees Who Used the Drug in 2023	Total Gross Medicare Costs in 2023	List Price for 30-day Supply in 2023	Average Transaction Cost in 2023	Negotiated Price for 30-day Supply in 2026	Savings between 2023 List Price and Negotiated 2026 Price (%)	Savings between 2023 Transaction Cost and Negotiated 2026 Price (%)
Eliquis	2012	Prevention and treatment of blood clots	3,928,000	\$18.2 billion	\$521	\$499	\$231	\$290 (-56%)	\$268 (-53%)
Jardiance	2014	Diabetes; Heart failure	1,883,000	\$8.8 billion	\$573	\$549	\$197	\$376 (-66%)	\$352 (-64%)
Xarelto	2011	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	1,324,000	\$6.3 billion	\$517	\$484	\$197	\$320 (-62%)	\$287 (-59%)
Januvia	2006	Diabetes	843,000	\$4.1 billion	\$527	\$488	\$113	\$414 (-79%)	\$365 (-77%)
Farxiga	2014	Diabetes; Heart failure; Chronic kidney disease	994,000	\$4.3 billion	\$556	\$531	\$178.50	\$377.50 (-68%)	\$353 (-66%)
Entresto	2015	Heart failures	664,000	\$3.4 billion	\$628	\$602	\$295	\$333 (-53%)	\$307 (-51%)
Enbrel	1998	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	48,000	\$2.95 billion	\$7,106	\$6,320	\$2,355	\$4,751 (-67%)	\$3,965 (-63%)
Imbruvica	2013	Blood cancers	17,000	\$2.4 billion	\$14,934	\$13,117	\$9,319	\$5,615 (-38%)	3,798 (-29%)
Stelara	2009	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	23,000	\$3 billion	\$13,836	\$11,643	\$4,695	\$9,141 (-66%)	\$6,948 (-60%)
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	2000	Diabetes	785,000	\$2.6 billion	\$495	\$453	\$119	\$376 (-76%)	\$334 (-74%)

...though Part D redesign and phase-ins are shifting financial risk to the plans, contributing to many plans exiting the market.

Figure 2

Changes to Medicare Part D for Brand-Name Drug Costs

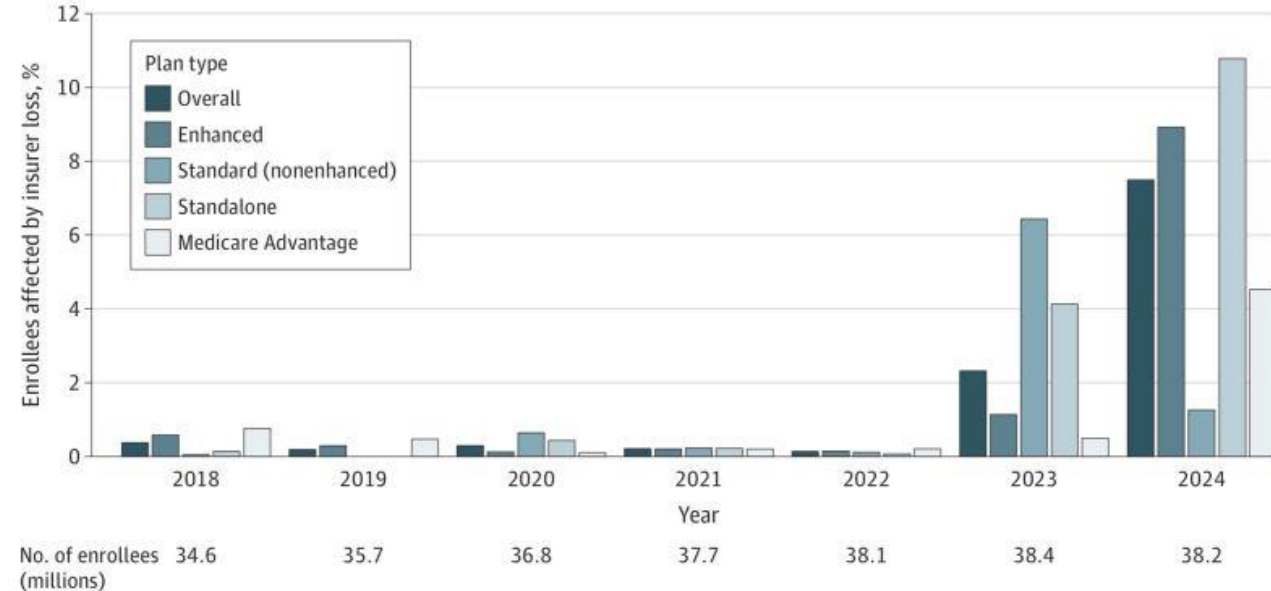
Share of **brand-name drug** costs paid by: ● Enrollees ● Part D Plans ● Drug manufacturers ● Medicare



NOTE: OOP is out-of-pocket. The out-of-pocket spending threshold will be \$7,400 in 2023 and is projected to be \$7,750 in 2024 and \$8,100 in 2025, including what beneficiaries pay directly out of pocket and the value of the manufacturer discount on brand-name drugs in the coverage gap phase. These amounts translate to out-of-pocket spending of approximately \$3,100, \$3,250, and \$3,400 (based on brand-name drug use only).

KFF

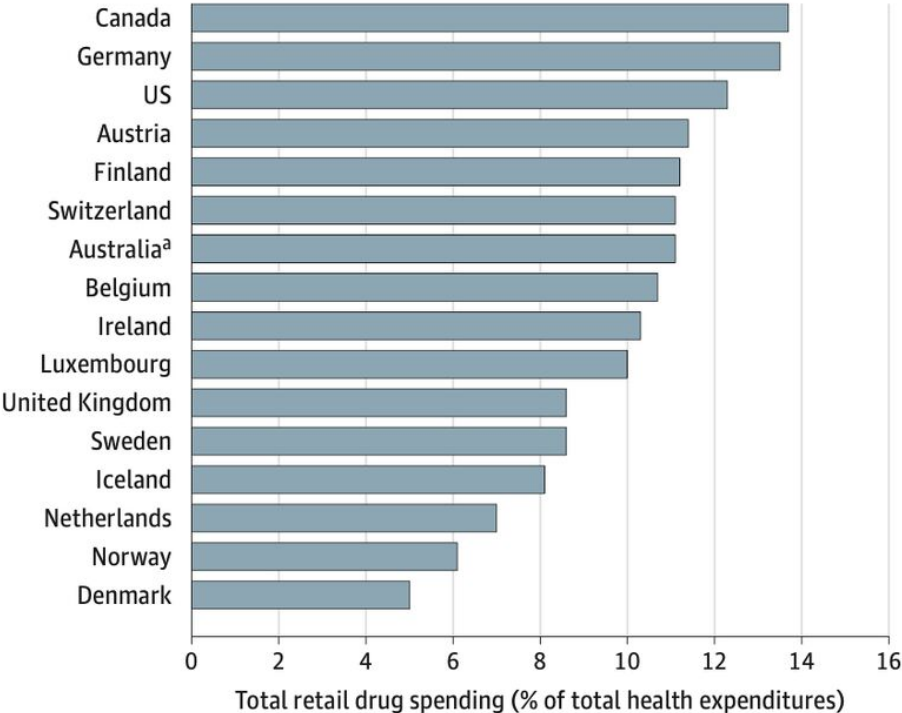
Figure. Percentage of Enrollees Affected by Part D Insurers Exiting the Market the Following Year



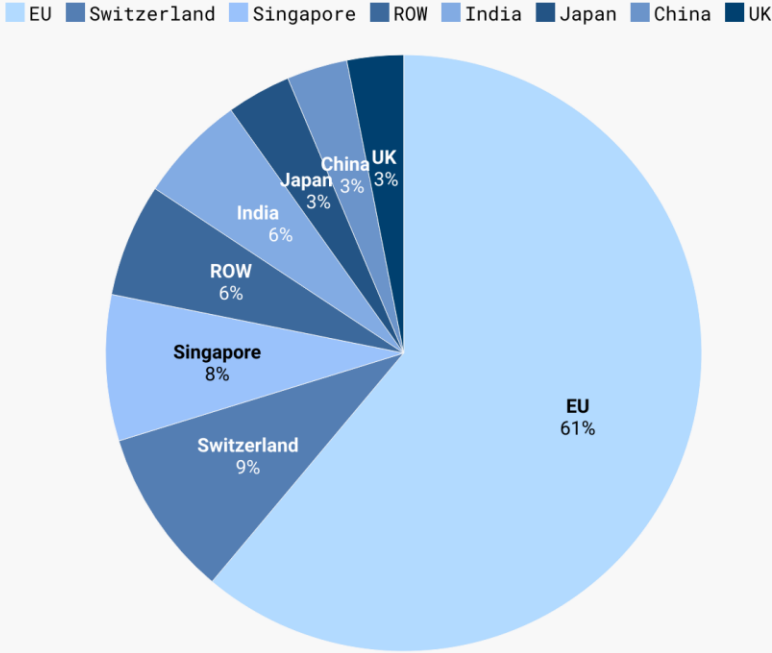
No. of enrollees (millions)	2018	2019	2020	2021	2022	2023	2024
	34.6	35.7	36.8	37.7	38.1	38.4	38.2

Federal actions – including **most-favored-nation** executive order and **tariff** announcements – have introduced **uncertainty** while encouraging pharma decisions to **onshore** manufacturing and re-consider pricing in certain markets.

Figure. Total Retail Pharmaceutical Spending as a Proportion of Total Health Expenditures in the US and Other Countries, 2022



EU Accounts for Largest Share of Pharmaceutical Imports



Note: Includes all products listed under Harmonized Tariff System subchapters 3002, 3003, and 3004 except human/animal blood.
Source: US International Trade Commission, "Imports for Consumption"; Tax Foundation calculations.