

Outlook 2026

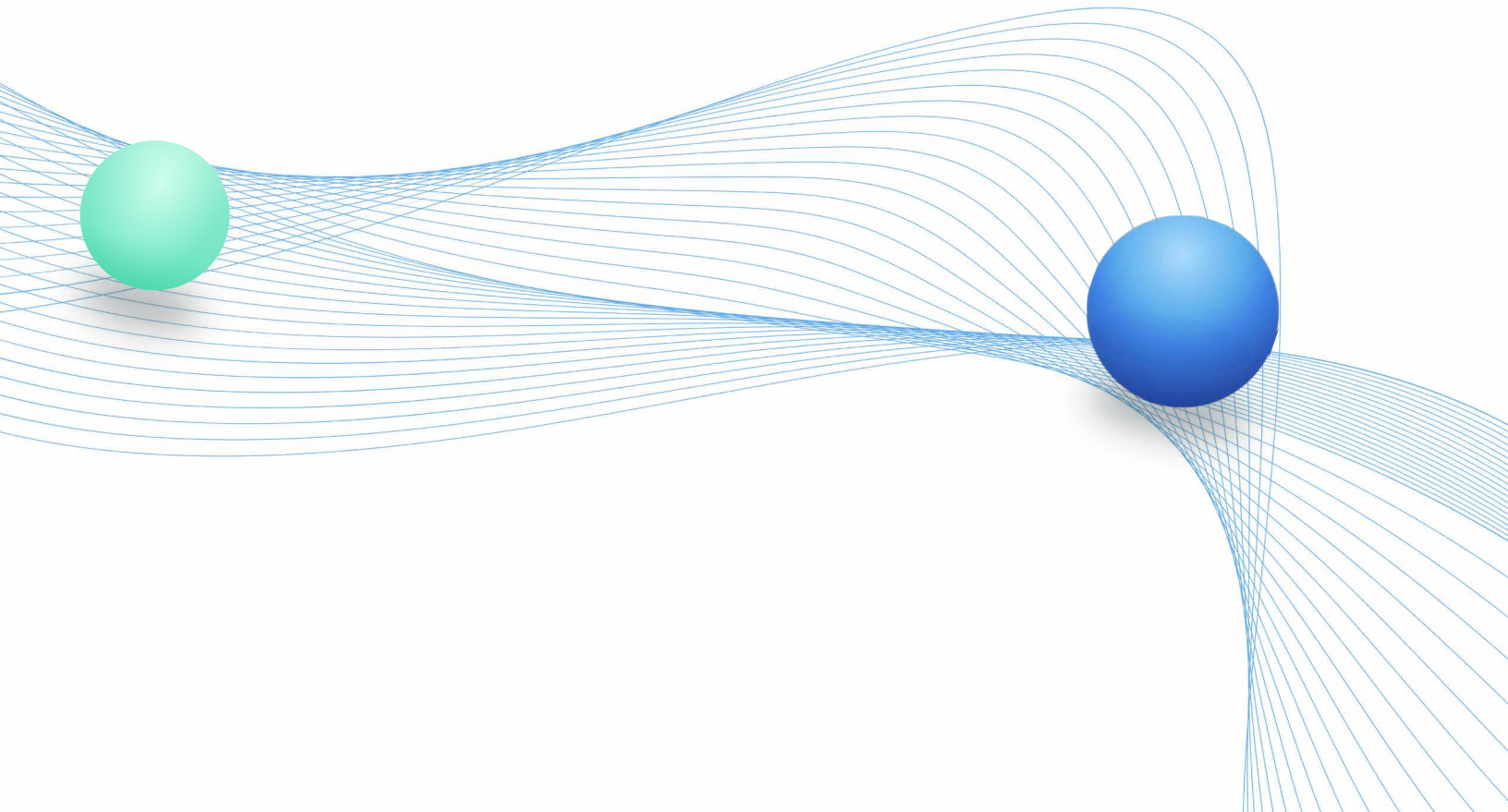
# Healthcare

A commitment to strong risk management will help direct healthcare providers toward long-term stability.



# What to Expect in 2026

Medicaid cuts, declining reimbursement rates, medical inflation and labor shortages will complicate healthcare providers' economic viability in 2026. Federal funding issues and rising labor costs will affect employee vitality. An integrated, enterprise-wide approach that enhances risk maturity, investment foresight and a strong broker relationship will be key to resiliency.



## Economic Viability

# Stronger budgeting and enterprise risk management will help providers maintain economic viability.

Healthcare providers will continue to face a complex financial environment in 2026. That will lead all providers — whether they are hospitals, clinics, physician practices or senior care operations — to evaluate their care delivery models to improve economic viability.

The financial shortfall from Medicare and Medicaid underpayments is growing 14% annually,<sup>1</sup> even before reductions to Medicaid in the 2025 federal budget reconciliation bill.<sup>2</sup> Rural hospitals, already in crisis, will see 37% of those cuts restored through the bill's \$50 billion rural health fund.<sup>3</sup>

In addition, financial risk increases as commercial insurers delay one in three inpatient claims for more than three months, even as some Medicare Advantage plan reimbursements have fallen 8.8% since 2019.<sup>4</sup>

Healthcare organizations are also grappling with executive actions on immigration, medical research funding and tariffs, all against a backdrop of medical inflation and wage growth. These policy shifts will encourage diversification, local sourcing and workforce planning that can create stronger operations.

According to the HUB International 2026 Profitability & Resiliency Executive Survey,<sup>5</sup> 93% of respondents classified as “community and public services” (which includes healthcare organizations) identified rising operational and labor costs as the most likely element to hurt the bottom line in 2026.

U.S. tariffs may increase healthcare costs for pharmaceuticals and medical supplies.<sup>6</sup> Cuts to research and clinical trials could further destabilize healthcare finances on several levels, making it important for organizations to prioritize strategic partnerships and embrace innovative clinical trial models.

There's no single solution to fix financial instability, but providers can pursue strategies to help stabilize their economic viability.

To help with finances, providers are considering budget and departmental restructuring, as well as paring capital expenditures. They may also explore mergers with other healthcare entities. Despite only 13 mergers in the first half of 2025, compared to 31 in the first half of 2024, industry observers predict more activity in 2026.<sup>7</sup>

Healthcare enterprises that implement or strengthen their enterprise risk management (ERM) program — and the right insurance solutions — will help minimize costs while moving up the maturity risk curve. Partnering with a broker with deep industry expertise will help improve stability today and financial viability for tomorrow.

1. American Hospital Association, “[The Cost of Caring: Challenges Facing America's Hospitals in 2025](#),” April 2025.
2. Politico, “[The megabill's Medicaid cuts shocked hospitals, but they may never happen](#),” July 14, 2024.
3. KFF, “[A Closer Look at the \\$50 Billion Rural Health Fund in the New Reconciliation Law](#),” August 4, 2025.
4. ClaimBridge, “[Commercial payers delay paying out claims to providers](#),” June 3, 2023.
5. The HUB International 2026 Profitability & Resiliency Executive Survey polled 350 industry leaders and executives across North America on the issues facing them on profitability and resilience.
6. American Hospital Association, “[Tariff Implications for American Healthcare](#),” May 19, 2025.
7. This Week Health, “[Hospital Mergers Dipped in First Half of 2025, Expected to Rebound Amid Political Shifts](#),” August 12, 2025.

# Amid ongoing labor shortages, building engagement and culture through benefits will be essential.

In the next decade, healthcare will add more jobs than any other industry, with 1.6 million new positions expected by 2033.<sup>8</sup> Despite the difficulty in finding workers, providers will have opportunities to develop and retain talent through training and personalized benefits.

In 2024, labor costs accounted for \$890 billion in hospital expenses, or 56% of the total. The shortage is driving up salaries: For example, salaries for registered nurses have grown 26.6% faster than inflation.<sup>9</sup> Providers have traditionally turned to outsourced personnel, but that can only go so far to make up for these shortages.

While technology and automation cannot fully replace humans, many providers are taking the opportunity to roll out new tech initiatives, including artificial intelligence (AI), to increase employee productivity.

High turnover in a high-stress environment also contributes to healthcare's labor challenges. But it's not all bad news: turnover in healthcare has fallen to 18% from 20% in 2024.

There's been difficulty in maintaining engagement across a spectrum of healthcare workers, with nursing positions and advanced providers garnering some of the lowest scores. Disengaged healthcare workers are 1.7 times more likely to leave their jobs than fully engaged employees.<sup>10</sup>

In addition, workplace violence injuries in healthcare occur at a significantly higher rate than in other industries,<sup>11</sup> while mental health among healthcare workers has been problematic for several years.<sup>12</sup> These represent objective areas in which providers can improve.

These trends also indicate a fraying connection between employees and their leadership. For instance, 48% of healthcare employees have a neutral or negative perception of their organization's commitment to safety,<sup>13</sup> an essential element in building trust and improving retention.

Personalized employee benefits that are responsive to individual needs are an instrumental part of the solution. [HUB's 2025 U.S. Workforce Vitality Gap Index](#) found that nearly three-fourths of employers want to improve benefits, and of those, 72% are expanding benefits.

For healthcare providers, that means an increased commitment to safety, providing material resources to help mental health and benefits that meet the needs of an increasingly diverse workforce. Healthcare employers can leverage data by using tools like [HUB's Workforce Persona Analysis™](#) to deliver personalized benefits that will help restore trust, loyalty and engagement. Third-party tools and platforms, such as [HUB FinPath](#), can help improve employee financial wellbeing and improve engagement.

8. Altarum, "[Health Care Employment Growth is Projected to Moderate but Remain Higher Than Other Industries](#)," November 8, 2024.
9. American Hospital Association, "[The Cost of Caring: Challenges Facing America's Hospitals in 2025](#)," April 2025.
10. PressGaney, "[Healthcare Employee Experience 2025](#)," April 23, 2025.
11. CDC, "[Prioritizing our Healthcare Workers: The Importance of Addressing the Intersection of Workplace Violence and Mental Health and Wellbeing](#)," May 29, 2024.
12. CDC Vital Signs, "[Health Workers Face a Mental Health Crisis](#)," October 24, 2023.
13. PressGaney, "[Healthcare Employee Experience 2025](#)," April 23, 2025.

# Vitality

## Case Study

Local competition meant a 25-bed, 220-employee critical access hospital had trouble attracting and retaining top talent. Working with HUB, the hospital formed an employee value proposition (EVP) that gave existing and potential employees compelling reasons to work at the hospital — while delivering a benefits package that lowered costs and put the hospital on a competitive footing with larger institutions.

## Resiliency

# Providers will optimize risk management and insurance to stay resilient.

Funding pressures will test healthcare providers' resiliency in 2026, but they'll also face risk management issues, including medical safety, climate change and rising insurance rates. Still, they'll have opportunities to make good on bettering their risk profiles and improving risk maturity.

True resiliency means anticipating and adapting to pressures before they escalate, aligning with broad risk maturity models that healthcare leaders are using to help ensure their institutions thrive for the long haul.

The many risks facing healthcare are increasingly reflected in insurance premiums. Preventable medical errors remain a leading cause of death in the U.S., while nuclear verdicts — those exceeding \$10 million — continue to grow in frequency and severity. In 2024, the 50 largest verdicts averaged \$56 million, roughly double the average from five years earlier.<sup>14</sup>

These trends are directly shaping the insurance landscape, with medical professional liability premiums expected to rise by as much as 15% in 2026. Underwriters are responding with heightened selectivity, particularly toward insureds with extensive claims histories or elevated risk profiles, as they seek to preserve portfolio stability amid mounting loss severity.

For similar reasons, general liability and umbrella/excess liability premiums are also expected to increase — in some cases by as much as 20% — though rate pressure will vary by sector and geography. With lawsuits and defense costs continuing to escalate, insureds with exposures to potential violence may face particular challenges securing adequate coverage.

As systemic risks to the healthcare sector continue to grow, the solutions themselves can introduce new vulnerabilities. Funding constraints are forcing some rural hospitals<sup>15</sup> to reduce services or close departments entirely — measures that, while often unavoidable, can heighten exposure to patient care and emergency response risks.

---

*Providers with strong ERM will earn more favorable terms and lower rates.*

---

Cuts to Medicare and other federal programs are also straining operating budgets, making it more difficult for providers to secure affordable business interruption coverage. However, these challenges are prompting organizations to explore alternative risk financing strategies. Underwriters are increasingly rewarding institutions that demonstrate strong ERM frameworks and robust governance with more favorable terms and lower rates.

Building resilience also extends to workforce readiness and safety culture. As hospitals consolidate or close specialty units, clinicians are being called upon to provide broader, whole-patient care beyond their traditional disciplines, reinforcing the importance of training, cross-functional collaboration and proactive risk mitigation.

A well-structured ERM program — a cornerstone of advancing along the risk maturity curve — provides a roadmap for healthcare organizations to navigate the formidable challenges threatening their long-term survival. Beyond compliance, effective ERM integrates

# Resiliency

operational, financial and clinical insights, helping leaders anticipate emerging threats and align strategic decision-making with resilience goals.

Downside risk contracts can also play a pivotal role. By sharing accountability for outcomes when cost or quality benchmarks are not met, these agreements incentivize providers to focus on value rather than volume. Success in this model requires rigorous financial discipline, robust care management and data analytics capable of identifying both risk drivers and opportunities for improvement.

Healthcare organizations that collaborate with brokers possessing deep industry expertise are better positioned to turn these challenges into strategic advantages. With tailored risk strategies and informed guidance, they can not only withstand volatility but build the financial and operational resilience needed to thrive in 2026 and beyond.

14. Insurance Insider US, "[Nuclear MedMal Verdicts: Is \\$50mn the new \\$25mn?](#)" February 24, 2025.
15. Kiplinger, "[What to Know About New Medicaid Cuts: Is Your Local Hospital Closing Soon?](#)" July 11, 2025.

## Cybersecurity

# As data breaches mount, providers will leverage every tool at their disposal to fight cybercrime.

As cyber threats escalate, healthcare providers are reinforcing their defenses and resilience.

The cost of a data breach in healthcare — averaging \$7.4 million per incident — remains the highest of any industry. Compounding the issue, healthcare breaches take an average of 279 days to identify and contain, more than five weeks longer than the global average,<sup>16</sup> underscoring the urgency for stronger cybersecurity governance.

Healthcare accounted for nearly a quarter of all reported data breaches in 2025. The motivation is clear: Stolen medical records can fetch as much as \$1,000 per file, compared to just \$5 for a credit card number,<sup>17</sup> making healthcare an attractive target for cybercriminals.

Recent cyber breaches at a major hospital system and a third-party service provider<sup>18,19</sup> underscore the urgency with which providers are now moving to enhance security. The recent breaches followed two major cyberattacks the previous year: one that threatened a hospital system's ability to operate<sup>20</sup> and another on a service provider that cost \$1 billion.<sup>21</sup>

Despite the escalating threat landscape, the good news is that healthcare entities have strong, sophisticated tools to reduce risk. Leading providers are embedding cybersecurity into their ERM frameworks and safety cultures, ensuring digital resilience is viewed as a strategic imperative rather than an IT function. Replacing legacy systems, implementing endpoint detection and multi-factor authentication, and using predictive analytics to identify vulnerabilities before they are exploited are helping organizations advance along the risk maturity curve.

Emerging tools are also reshaping the sector's defensive posture. Generative AI technologies now automate security alerts, refine incident response protocols and help develop adaptive policies that keep providers ahead of evolving threats. Meanwhile, enhanced vendor risk management programs are strengthening cyber resilience across healthcare supply chains.

---

*At \$7.4 million per incident, the average cost of a data breach in healthcare is higher than in any other industry.*

---

Cyber insurance remains a critical backstop in this evolving risk environment. Although premiums for healthcare entities remain among the highest — and could rise another 10% in 2026 — underwriters are rewarding organizations that demonstrate robust security controls and cyber hygiene. Insurers increasingly require evidence of operational resilience and control maturity before issuing or renewing coverage.

This alignment between strong cybersecurity practices and insurability is paying off. In HUB International's 2026 Profitability & Resiliency Executive Survey, 46% of healthcare respondents reported plans to increase cyber coverage — the highest percentage among all industry groups. One HUB client that spent a year strengthening its cybersecurity infrastructure not only enhanced coverage but also reduced its deductible from \$2.5 million to \$500,000, showing that investment in cyber resilience delivers measurable financial returns.

# Cybersecurity

16. IBM, "[Cost of a Data Breach 2025](#)," July 30, 2025.
17. HIPAA Journal, "[Healthcare Was the Most Breached Industry in 2024](#)," February 25, 2025.
18. Healthcare Dive, "[Data breach at Yale New Haven Health impacts 5.6M people](#)," April 24, 2025.
19. The HIPAA Journal, "[Episource Cyberattack Attack Affects More Than 5.4 Million Individuals](#)," June 16, 2025.
20. NPR, "[Cyberattack led to harrowing lapses at Ascension hospitals, clinicians say](#)," June 19, 2024.
21. IBM, "[Change Healthcare attack expected to exceed \\$1 billion in costs](#)," accessed September 3, 2025.

# Moving Your Organization Forward

HUB healthcare industry insurance, risk management and employee benefits specialists will work with you to develop a tailored strategy to protect your bottom line, support the vitality of your workforce and build resiliency for 2026. Here are some initial considerations:

- 1 Accelerate your risk maturity.**

Risks in healthcare have increased — and so have insurance premiums. Consider taking a higher deductible on some coverages, which reduces premiums and improves experience rating, or think about alternative risk transfer vehicles to lower costs. Ask your broker what kind of insurance strategy meets your risk profile and budget.

---
- 2 Increase engagement through benefits.**

Employees expect you to support their health, safety and wellbeing. A benefits strategy based on personalization and fostering [quality employee experiences \(QEX\)](#) will boost engagement, recruiting and retention and lower risk.

---
- 3 Understand your loss trends.**

Understand the root cause of your large losses and explain to carriers what you're doing to prevent future losses. Develop a strategy with HUB to determine the best time and frequency to review alternative markets.

---
- 4 Be transparent with your broker.**

Let your broker know what changes you've made to the business, so there are no surprises at renewal. Review exposures and insurance needs at least 90 days prior to policy renewal, so your broker can identify the best options.

# Healthcare Rate Guide — U.S.

HUB International’s rate guidance comprises an analysis of proprietary national survey data and interviews with HUB commercial insurance brokers and risk services consultants who specialize in the healthcare industry.

On average, we are experiencing rate increases for nearly all coverages as insurers need additional premium to support increased losses and expenses. Below are projections of rate increases that we anticipate in 2026. Discuss your business’ exposure with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	2026 Healthcare Rate Guide	Insights
<b>Commercial Auto and Patient Transportation</b>	+5% to +20% or higher	<p>Insurers are increasingly focused on geographic exposure, particularly in jurisdictions known for elevated litigation risk. Clients with vehicle concentrations in these regions are likely to face higher rates.</p> <p>Average loss severity in auto continues to increase, with claims values increasing across all size thresholds. This trend is driven by several factors:</p> <ul style="list-style-type: none"> <li>○ Greater frequency of litigation</li> <li>○ Escalating legal defense and settlement costs</li> <li>○ Increasing number of nuclear verdicts with larger awards</li> </ul> <p>Patient transportation risks will remain challenging as insurers continue to scrutinize operations involving passenger exposures. Insureds may need to turn to non-traditional or specialty markets to secure adequate coverage, particularly when contractual obligations or regulatory requirements mandate higher liability limits.</p>
<b>General Liability</b>	Flat to +20%	<p>The general liability (GL) market is more stable compared to other insurance lines; however, access to excess layers will remain difficult given the social inflation in healthcare risk, such as storefront vehicle accident exposures.</p> <p>Losses in other sectors have contributed to reduced capacity. Those areas include coverage for sexual misconduct liability (SML) within a GL policy, product liability and premises liability risks with significant public access.</p> <p>Rate trends vary significantly by industry, program structures (e.g., guaranteed cost to high deductible), loss experience and exposure growth or shrinkage.</p>
<b>Medical Professional Liability</b>	Flat to +15%	<p>Current market trends remain mixed, varying by geography and class of risk. Underwriters are becoming increasingly selective with capacity, particularly for more challenging risk profiles or accounts with unfavorable loss histories.</p>

# Healthcare Rate Guide — U.S.

Coverage	2026 Healthcare Rate Guide	Insights
<b>Workers' Compensation</b>	-5% to +10%	<p>After several years of consistent rate declines, many insurers are seeking modest rate increases.</p> <p>While claims frequency industry-wide continues to decline, claims severity is increasing, driven in part by an aging workforce with complex health conditions.</p> <p>There is increasing scrutiny of “dual remedy” protections, particularly in the context of workplace violence. Emerging case law could present new challenges for employers and carriers alike.</p>
<b>Umbrella and Excess Liability</b>	+5% to +20%	<p>Rate pressure is expected to continue, driven primarily by severity concerns related to auto, medical professional liability (MPL) and GL. A rise in the number and frequency of nuclear verdicts is largely responsible for the increase.</p> <p>While GL loss trends vary by industry and geography, the deteriorating litigation climate in the U.S. and increasing defense costs are major factors in pricing. Risks with exposure to potential violence, such as public events, sexual misconduct or human trafficking, as well as difficult product liability, can be challenging for umbrella and excess liability placements.</p>
<b>Package (SME)</b>	Flat to +10%	<p>Insurance packages tend to be more stable because of the larger premiums, with carriers offsetting losses on any one line. Insureds with a low loss history will get favorable outcomes — and conversely for those with a large loss history.</p>
<b>Commercial Property</b>	-15% to -5%	<p>The property market shows signs of further softening, as insurer competition continues. Available capacity outweighs demand, which is driving competition and putting pressure on rates. Outliers exist and are directly correlated to occupancy, geography, loss experience and risk control.</p>
<b>Catastrophic Perils</b>	-20% to -5%	<p>Rates for CAT perils will continue their downward trend, particularly for insureds who saw dramatic rate increases during the prolonged hard market. Underwriters remain cautious about secondary perils, but capacity remains adequate.</p> <p>For hospitals in CAT-prone regions, particularly near wildfire areas and the Gulf Coast, business interruption (BI) and extra expense coverages are under scrutiny. Insureds should be prepared to complete a comprehensive BI worksheet as part of their submission package.</p>
<b>Environmental</b>	Flat to +5%	<p>The rate range will vary by product, as contractors pollution liability (CPL) remains the most competitive with rate reductions possible. Premises pollution liability (PPL) rates remain relatively flat. However, higher rate increases will be prevalent on environmental casualty risks that include general liability, commercial auto and excess liability.</p>

# Healthcare Rate Guide — U.S.

Coverage	2026 Healthcare Rate Guide	Insights
<b>D&amp;O</b>	Flat to +5%	<p>Because the soft market for directors and officers (D&amp;O) coverage persisted longer than expected — and with several carriers either reducing capacity or exiting the market altogether — premium decreases will plateau. Clients with no changes in exposure and no claims activity can expect flat renewals to single-digit increases.</p> <p>Risks in certain sectors, including healthcare, will remain challenging to insure.</p> <p>Artificial intelligence-related exposures are under increased scrutiny, and there are rising concerns about how AI is affecting work, employment and risk governance. Employment practices liability (EPL) coverage will be expensive due to general inflation and nuclear verdicts.</p>
<b>Cyber</b>	-10% to +10%	<p>The frequency of ransomware and social engineering claims remains elevated, continuing the trend of persistent cyberthreats despite improved risk control conditions among many insureds. In addition to ransomware and social engineering, dependent business interruption is a growing focus area, especially following large-scale third-party outages (e.g., Change Healthcare, CrowdStrike in 2024).</p> <p>AI is enabling more credible and sophisticated phishing attacks, including mimicking executives to manipulate employees to initiate fraudulent wire transfers. The cyber insurance market is more disciplined and better capitalized than it was at the height of the ransomware surge five years ago.</p>

# Healthcare Businesses – U.S.

Business	Insights
<b>Physicians and Medical Practices</b>	Expect single-digit to modest double-digit increases due to claims activity arising from nuclear verdicts and litigation funding. Rates will vary by jurisdiction and medical specialty.
<b>Senior Care</b>	New entrants for senior care risks over the last year have decreased pressure on insurance rates because of additional capacity.
<b>Hospitals and Health Systems</b>	Claims frequency and severity continue to rise for hospitals and health systems. As capacity is limited, best-in-class risk management is key (e.g., employee onboarding and protocols).
<b>Virtual Care</b>	The market is expected to remain firm as patients are encouraged to use virtual care services, which increases exposure across the board.
<b>Ambulatory Care</b>	Expect slight increases due to claims activity arising from nuclear verdicts and litigation funding. Rates will vary by jurisdiction.
<b>Life Sciences</b>	While nuclear verdicts and the impact of litigation funding continue to challenge the life sciences sector, there has been an increase in capacity from London in U.S. product liability risk. This increase in capacity is offsetting the negative impact from nuclear verdicts and litigation funding, leading to somewhat flat rates in 2026.

**NOTE: Rate** is typically defined as the amount of money necessary to cover losses and expenses while providing an insurance company with a profit for a unit of exposure. **Exposure** refers to a business' or an individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

# HUB Healthcare

When you partner with us, you're at the center of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB Healthcare insurance specialist.

**\$1.4B**

in commercial insurance premium brokered by HUB

**54,000**

insurance policies managed

**23,000**

healthcare clients

---

## Stay up to date

Subscribe to receive risk and insurance insights and event invitations throughout 2026.

[Subscribe](#)

---

Contact:

Email:

Phone:

