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Medical Cost Growth in India Expected to Slow to 10.1% in 2027, Aon Report

CHENNAI – 10 Nov, 2026 Aon plc (NYSE: AON), a leading global professional services firm, released its 2027 Global Medical Trend Rates Report, which projects that medical costs in India will increase by 10.1% in 2027, down from 11.5% in 2026.

While healthcare cost growth is slowing, it remains well above India's projected inflation rate of 4%. After inflation, the net medical trend rate is expected to fall from 7.4% in 2026 to 6.1% in 2027, meaning healthcare costs will continue to rise materially faster than general prices.

India's projected medical trend rate remains above the Asia Pacific average, which is expected to decline from 11.3% in 2026 to 9.7% in 2027. India’s rate is projected to be higher than China’s 6%, while remaining below several markets including Singapore (14.7%), Thailand (11.7%) and Indonesia (17.3%). These variations reflect differences in healthcare systems, demographics, disease burdens and healthcare utilisation patterns, reinforcing the need for locally informed benefits and healthcare strategies.

“Moderation in India's medical trend rate reflects easing cost pressures and improving conditions across many healthcare systems globally,” said Ashley DSilva, Head of Health and Wealth Solutions, India, Aon. “However, long-term structural challenges persist, including chronic disease, growing demand for healthcare services and greater use of advanced treatments. With local medical costs still rising at more than twice the rate of inflation, benefits budgets will remain under pressure. Employers need proactive, data-led strategies that combine their own workforce and claims insights with market benchmarks to optimise plan design, strengthen provider networks and support workforce resilience.”

Chronic Conditions Continue to Drive Claims

Chronic health conditions remain among the most significant drivers of medical costs across the region. Cardiovascular disease is the leading driver of medical claims, followed by ENT/lung and respiratory diseases and cancer. High blood pressure, physical inactivity and poor nutrition are also among the key risk factors expected to contribute to future healthcare claims.

The report outlines several strategies employers are adopting to manage rising healthcare costs. Globally, wellbeing initiatives remain the most widely expected approach, with 87% of employers expected to use this approach for 2027. Two-thirds of employers are also expected to use flexible benefits as a cost-mitigation strategy, reflecting a growing focus on personalising benefits to meet diverse workforce needs while helping employers manage costs.

“India's workforce is diverse and rapidly evolving, making a one-size-fits-all approach to benefits increasingly ineffective,” said Ariz Rizvi, Head of Health Risk Management, Health Solutions, India, Aon. “Organisations that use data and analytics to understand workforce needs can better balance affordability with access to quality care. Investment in prevention, flexible benefits and employee wellbeing can help employers build more sustainable health programmes while supporting productivity, talent attraction and retention.”