

# Healthcare outlook 2025

Global targets in question

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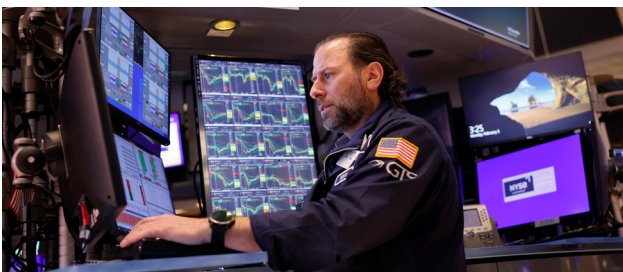
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# Healthcare outlook 2025

Health spending will grow in real terms, but governments will miss their targets for universal healthcare.

- Global healthcare spending will outpace inflation in 2025, growing by nearly 6% in US dollar terms and 1.9% in real terms. The share of private spending, which lagged public spending during the pandemic, will recover as inflation eases.
- With public spending under pressure, the world will fail to meet UN targets for Universal Healthcare Coverage (UHC). Climate change and wars will also take an increasing toll on human health.
- Pharmaceutical sales will rise by 4.7% in 2025, owing in part to higher demand for anti-obesity medications and other drugs, and the continued strength of the dollar.
- The debate over regulation of the sector will remain intense, particularly in the US and EU, amid efforts to contain prices and improve competition.
- Pharmaceutical firms will invest in diversifying supply chains and boosting manufacturing capacity to counteract drug shortages and avoid overreliance on Chinese inputs.

EIU forecasts that global healthcare spending will grow by about 6% in US-dollar terms in 2025, comfortably outpacing slowing inflation. This real-terms increase will be driven primarily by public spending in low- and middle-income countries, but growth will also be rapid in wealthier countries with

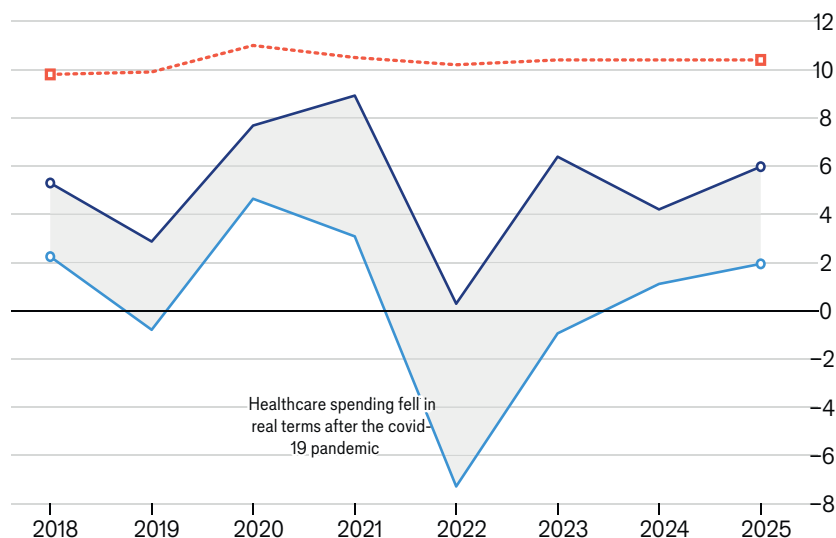
ageing populations. About 12% of the world will be aged 65 or older in 2025, pushing up demand for healthcare services. However, governments will find it difficult to fund care as budgets are diverted to defence, green subsidies and infrastructure spending.

## Global health spending will grow in real terms in 2025

The world's healthcare expenditure as a % of GDP will be largely unchanged

- % change in nominal US\$ terms
- - Healthcare spending as a % of GDP
- % change in real US\$ terms

Source: World Bank, OECD, EIU.  
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As a result, progress on the build-out of public healthcare systems will remain slow, as it has been since the pandemic. About a decade ago, when the UN's sustainable development goals were adopted, 2023 was set as the target year for achieving the so-called triple billion targets, which included extending UHC to 1bn additional people. During the pandemic these targets

were deferred to 2025 but it now seems that this timeline will also be missed, jeopardising the even more ambitious targets set for 2030. We also expect minimal progress in lowering the unaffordable out-of-pocket health costs for rural and poorer populations across Africa, Asia and Latin America.

## Medical tourism will drive healthcare investment

Medical tourism will be a major driver of global health and pharmaceutical investment in 2025, as high prices in North America and western Europe cause people to travel abroad to access cheaper healthcare. Several countries, including Thailand, Turkey, the UAE

and Mexico, will focus on becoming top destinations for medical tourists by developing specialisms and boosting recruitment. Malaysia aims to become a premium medical tourism destination by 2025, under its Healthcare Travel Industry Blueprint.

Regulations around the quality of care will also multiply. For medical tourism, this will be crucial to avoid corrective procedures and follow-up care for botched or inadequate services provided. However, the efforts to develop and staff new healthcare services, coupled with ageing populations and disaffection among existing staff, will create strong competition for workers in 2025. Some governments will

reassess labour and migration laws and revisit funding sources and wages; however, with the surge of the far-right across Europe and other parts of the world, some countries may struggle to recruit adequate healthcare personnel in 2025. Staff tensions will not dissipate either: UK doctors, having finally agreed a pay rise in 2024, will ballot for more industrial action in 2025.

## **Governments will struggle to contain medicine prices**

We expect pharmaceutical sales to rise by a robust 4.7% in 2025, aided by demand for obesity drugs, mental health treatments and dementia medication. Countries that rely on drug imports may also face higher costs owing to the continued strength of the dollar, although moderating commodity prices should offset some of this for producers. This will not prevent companies from raising drug prices despite regulatory changes aimed at boosting competition and controlling such increases.

Such efforts will include the pharmaceutical regulations contained in the Inflation Reduction Act (IRA) in the US, and the EU's proposed and amended "pharmaceutical package" of regulations. After agreeing lower prices for the first ten drugs under the IRA, Medicare, a US public

health fund, will select up to 15 other drugs as part of the second round of negotiations in 2025 as it moves towards implementing these price cuts in 2026. However, if Donald Trump wins the US presidential election, continued implementation of the IRA will be more difficult as the pharmaceuticals industry continues lobbying against it.

Momentum around the EU's pharma package seems to have died down, owing to fears that it would prevent the inflow of pharmaceutical investment into Europe. The European Commission is likely to take a conservative approach to the legislation, which aimed to ease access to medicines by making the EU's pharma market more competitive. However, it will also propose a European Biotech Act in 2025, with the aim of making biotech development easier as part

of a broader strategy for European life sciences.

However, it is developing markets such as China and Brazil that have seen the strongest growth in drug prices, as imports have risen and currencies have weakened. Clamping down on this will not be easy, but China will make another

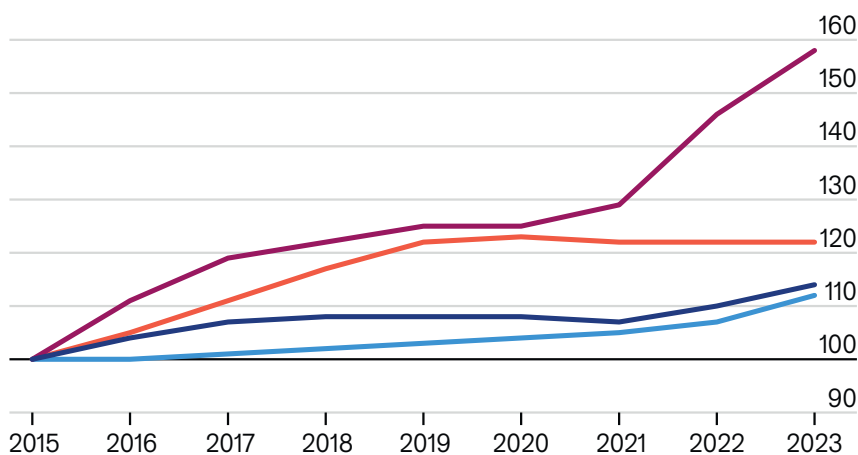
push to expand its centralised bulk purchasing programme. Launched in 2018, the programme now covers 500 medications and has been effective in keeping down price inflation. Brazil, meanwhile, will continue to rely on its price caps to reduce drug price rises, despite limited success so far.

### Developing markets have seen stronger growth in pharma prices

Consumer price index; 2015=100

- US: medical drugs
- EU: pharmaceutical products
- China: Western medicines
- Brazil: pharmaceutical products

Source: Eurostat; national statistics; EIU.  
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## Drugmakers will boost capacity and diversify supply chains

Pharmaceutical firms will continue to invest heavily in research and development (R&D) in 2025 as demand for lifestyle and age-related illnesses increases. However, they will also be forced to invest into their supply chains as trade barriers rise and concerns about shortages increase. The US Biosecure Act, for example, could finally be approved in 2025, but even if it is not, US drugmakers will need to reduce

their dependence on Chinese inputs. Drug shortages will also continue to affect pharma supply chains, pushing governments and companies to bolster manufacturing capacities for life-saving medicines and vaccines. Shortages of some GLP-1 agonists, such as Ozempic, are expected to continue into 2025, while the EU will continue to grapple with shortages of antibiotics, insulin and painkillers.

Governments will remain keen to reduce their reliance on the import of pharmaceutical goods, including active pharmaceutical ingredients (API) from China. The European Commission is set to propose a Critical Medicines Act in 2025, aimed at improving flows of critical medicines and ingredients, especially for drugs with few suppliers. In Africa, the mpox outbreak has highlighted the lack of manufacturing capacity. A

UNICEF emergency tender, which aims to procure up to 12m doses of mpox vaccines by the end of 2025, will encourage investment by companies including Bavarian Nordic (Denmark). However, the pharmaceutical industry in Africa will continue to be constrained by low demand, inefficient distribution channels, underdeveloped industrial capacity and constant political instability.

## The effects of climate change will become harder to ignore

The World Health Organisation (WHO) will make climate change the focus of its 14th four-year general programme, which starts in 2025. It will call on governments to join forces to tackle humanitarian emergencies caused by extreme weather events: more than 3.6bn individuals are currently estimated to be living in regions highly susceptible to climate change

risks. A WHO-backed conference that will take place in Colombia in March will focus on the risks from air pollution, and the UNDP's Climate Promise 2025 will call on private entities and civil society partners to support new pledges by developing nations as the world tries to limit the global temperature rise to 1.5 °C and minimise the impact on human health.

## What to watch

**mRNA technology:** In late August an mRNA vaccine from BioNTech (Germany) started phase I trials (early stage) against lung cancer, marking the first of its kind being tested in humans. A US-based drugmaker, Moderna, could overtake BioNTech and market an mRNA

vaccine to treat skin cancer as early as 2025, according to media reports.

**Mental health:** Rules enhancing the Mental Health Parity and Addiction Equity Act are set to be implemented in January. These



changes are expected to reduce barriers in mental health treatments and enable private health insurance plans to cover it on the same terms as other regular physical ailments.

**Pandemic preparedness:** World leaders failed to agree to a pandemic preparedness treaty in 2024 despite extensive negotiations over the past two years. The need to ensure

equitable access to healthcare resources, especially those required to prevent and handle pandemics for people across the globe, is at the heart of this proposed pandemic accord. The next World Health Assembly, scheduled to be held in May, is expected to lead to a more conclusive agreement between member countries.

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## US election: the impact on healthcare and pharmaceuticals

**Trump:** If Donald Trump is re-elected president, we expect further attempts to repeal the Affordable Care Act (ACA), more popularly called Obamacare. Although the likelihood of any major setback to Obamacare or its elimination is negligible, spending cuts are possible. Abortion access under a Trump administration will largely remain unchanged, as he believes in leaving the choice up to state legislation. The Trump campaign has also expressed support for free IVF treatments and universal access to contraception, although many Republicans oppose this. Mr Trump has vowed to take on “Big Pharma” if he wins. Drug price negotiations under the IRA are in sharp contrast to the Republican Party’s free market principles, and Mr Trump’s plan to tackle high prices remains largely unclear. However, he is likely to create administrative hurdles to make drug price negotiations via the IRA difficult.

**Harris:** If elected, Kamala Harris, the Democrat candidate, vows to guarantee the right to abortion under federal law. However, this will be easier said than done with the current composition of the US Supreme Court. Ms Harris and her running mate, Tim Walz, have been more vocal than any other previous campaigns in championing birth control and fertility treatments, among other reproductive rights. As far as the ACA is concerned, she will focus on policy continuity and expand access to services like dental coverage, while also pushing for the remaining states (mostly Republican) to adopt Medicaid expansion. A Harris presidency would also uphold pharmaceutical provisions and price negotiations under the IRA as planned in 2025.

### EIU's weather forecast for healthcare in 2025

Source: EIU.



Insurers



Provision



Pharma



Medtech

## Meet the EIU team



### Aakash Babu

Industry Analyst (healthcare)

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Aakash Babu is an expert in health and pharmaceutical sector coverage, specialising in Asia-Pacific and North American regions. He looks closely at issues surrounding pandemic preparedness as well as larger disease trends and chronic conditions that currently plague health systems. He has demonstrated the ability to provide key forecasts around incoming regulatory changes and larger industry trends. His forecasting skills also tie into larger macro-economic levers. Having previously covered the pharmaceutical sector for Reuters News for more than 3 years, he also focuses on drug research and development, regulation, disease trends and approvals.

★ **Specialist subjects**  
Pharmaceutical forecasts, disease trends, drug research and development, pharmaceutical regulation.

🌐 **Languages**  
English, Malayalam, Tamil and Hindi

📍 **Location**  
London



### Shivani Singh

Analyst, industry

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Shivani is a part of the Industry Analysis team, where she specialises in the healthcare sector with a keen focus on health policy. She contributes to healthcare industry reports for over 60 countries and writes articles on the latest trends in terms of health access, demography, public and private healthcare spending, medical infrastructure, health policy and regulations. Her key coverage regions include South Asian and Latin American countries.

★ **Specialist subjects**  
Health policy, Healthcare access and coverage

🌐 **Languages**  
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📍 **Location**  
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Before joining the EIU, Shivani was an associate financial editor at Seeking Alpha for a brief period in 2022. Prior to Seeking Alpha, she was a business correspondent with Reuters news in Bangalore for nearly four years. Shivani contributed to Reuters' coverage of Indian and Sri Lankan equity markets as well as the Reserve Bank of India and simultaneously reported on the Indian and US health and pharma sectors.

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