

HR Brief

November 2025

The Impact of the Growing Gig Economy

The gig economy is a system in which organizations engage individuals, often through digital platforms or intermediaries, for temporary or task-based work, rather than relying solely on full- and part-time employees. It's quickly becoming a key component of the economy.

According to Statista, more than 70.4 million Americans are currently involved in freelance work. By 2027, freelancers, gig workers and crowd workers are expected to become the majority of the workforce. Organizations are increasingly turning to gig workers to meet labor demands as they navigate shrinking budgets and evolving workforce expectations. The rise of gig work presents a complex mix of opportunities and challenges for employers. Here are potential benefits of gig work for employers:

- **Cost savings** for some roles or tasks since employers are not required to provide benefits such as health insurance, paid leave or retirement contributions to independent contractors
- **Scalability and flexibility** due to project needs or

seasonal shifts, without long-term commitments

- **Access to specialized talent** through gig platforms

While the gig economy offers flexibility and cost savings, it can also introduce the following challenges for employers:

- **Weaker organizational ties** due to gig workers' independence
- **Unique compliance considerations**, as gig workers fall under "independent contractor" status
- **Strain on full-time employees** who are also doing gig work, as they may become less available for overtime, more fatigued and potentially less engaged
- **Balancing dual roles as employer and client**, which adds complexity to workforce planning

Employer Takeaway

The rising number of workers participating in gig work is an inevitable trend that labor experts predict will continue to grow. Employers should continue to monitor labor trends and consider what practices make the most sense for their organizations.

Why Health Care Costs Are Increasing in 2026

Health care costs have been growing at an alarming rate in recent years, and they're not slowing down. Surveys project that U.S. health care costs are likely to increase by 6.5% to, in many cases, over 10% in 2026.

Regardless of the exact figure, employers can expect their health care costs to continue to skyrocket throughout 2026. As the next year approaches, many employers remain curious about what is driving these increases. Here are key factors impacting rising health care costs in 2026:

- **Specialty medications, specifically glucagon-like peptide-1 (GLP-1) drugs**—High-cost, high-impact treatments, such as GLP-1s, biologics, biosimilars, and cell and gene therapies, are reshaping the pharmaceutical industry. The momentum behind specialty drug innovation shows no signs of slowing.
- **Chronic health conditions**—About 90% of health care spending is for people with chronic and mental health conditions. Moreover, many people

have two or more chronic, high-cost diseases.

- **Aging populations**—Health care costs generally increase as people age. While life expectancy has increased significantly over the past 50 years, birth rates have trended down consistently.
- **Cancer care**—This has been the top driver of employer cost increases for four years in a row. Spending has worsened due to the growing prevalence of cancer diagnoses and the escalating cost of treatment.
- **Health care labor costs**—The worker supply continues to fall short of the growing demand for utilization.

Offering quality health care to employees carries a significant financial cost for organizations. It's more than just organizations that pay the price for growing health care costs; such expenses are often shared between employers and employees.

Rising health care costs may be unavoidable, but informed employers can better understand these trends and act appropriately. Contact us for more resources.