

2025 Healthcare Industry Predictions

By Jackie Lee



Fortune provides 10 predictions for the healthcare industry annually. For their [2024 predictions](#), they were correct 8.5 out of 10 times, including the predictions that Medicare Advantage's (MA) underperformance would lead to turnover at big payors, and artificial intelligence (AI)/large language models (LLMs) would be adopted. Here, we'll examine what they [predict for 2025](#), including why they believe MA will grow faster, and whether leadership turnover will continue.

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All Health Care Policy Action Will Be in the Courts, Not Congress

Despite Trump's electoral mandate as he enters the White House, Fortune predicts he will not prioritize health care legislation, believing Congress is unlikely to attempt another repeal of the Affordable Care Act in 2025. There are also no significant health care laws that are expected to pass in 2025. Instead, the focus will shift to the courts.

In 2024, the [Supreme Court's decision in *Loper Bright*](#) marked the end of long-standing deference to administrative agencies, paving the way for numerous challenges to existing regulations. This has resulted in a surge of cases questioning the rulemaking authority of the Centers for Medicare & Medicaid Services (CMS) and the Food and Drug Administration (FDA) on issues such as risk adjustment, Medicare Advantage Stars, broker commissions, and FDA authority.

Illumina Gets Sold as the Dream Ends

Illumina, once a standout in the human genome project, has struggled over the past five years, highlighted by the costly acquisition and subsequent [divestment of Grail](#), which resulted in a \$10 billion loss.

Currently, Illumina is facing intense competition and slowing growth. Its market cap has dropped to around \$20 billion, a 50% decline in recent years. With new management in place, the company is now seen as a prime takeover target for life sciences tools aggregators, with Danaher being a likely contender.

Multiple Down Exits in Health Tech Mergers & Acquisitions (M&A) And IPOs

Liquidity has returned. The laissez-faire approach to antitrust under the Trump administration, combined with pent-up demand from growth businesses, large payors, pharma, and tech, will drive active acquisitions.

Fortune also predicts that M&A premiums and tax cuts will boost public markets and reopen the IPO window. However, pricing will be significantly lower than what companies were willing to pay at the peak. Despite this, management teams and investors are likely to accept "okay" prices four years after the market bust.

Litigation and Dr. Oz-Led CMS Make Stars Easier, and Medicare Advantage Grows Faster

Increasing the number of 4 Star plans would support an [Oz-led CMS](#) in achieving its objectives of MA growth and fostering private sector involvement and innovation in Medicare.

Eliminating data analytics manipulations and deceptive foreign language secret shoppers would make Stars cutoffs more predictable and bonuses easier to attain, or at least less prone to binary errors. Additionally, Fortune believes the new administration is unlikely to accept more lawsuits like the successful challenges from SCAN and Elevance in 2024.

At-Risk Primary Care Rebounds in 2025 After A Disastrous 2024

2024 was a challenging year for risk-bearing primary care providers (PCPs). The [CMS V28 risk adjustment model changes](#), overly generous health plan benefits that reduced their revenues, and increases below the inflation rate led to losses, divestitures, and cost cuts.

However, with improved cost structures, it's now crucial to strategize for success under V28. As health plans reduce benefits in 2025, profits and growth are expected to return to these groups and continue improving into 2026.

Healthcare Service Corporation (HCSC) Walks from Cigna's MA Business Due to Cigna's Rich AEP Offerings

While several MA plans cut benefits in a big way in 2024, Cigna's cuts were much more limited. Fortune believes this was in order to show strong membership growth for the sale.

These benefit designs, especially around drug costs, are strongly attracting adverse risk. Realizing they overshot the growth versus profitability balance, in early November 2024, Cigna (along with several others, such as Elevance) informed brokers that they [would not pay commissions on these plans](#). But that will have been too late. Fortune expects that HCSC, realizing this, will decide that this mess is too big to clean up, walk, and find another way to grow their MA business.

More Leadership Turnover at Big Payors

Hard times are synonymous with more leadership turnover. Fortune doesn't include Medical Mutual of Ohio, given they already [jumped the gun](#).

Apple Does Glucose Monitoring Well

Dexcom or Freestyle Libre glucose monitors are more known for ordinary software and the need for needles. Enter Apple, poised to revolutionize non-invasive glucose monitoring with their world-class software and design. Needle-free glucose monitoring is far more appealing and is likely to become as widespread as sleep tracking across the population.

Health Tech AI Startups Prove to Be Features, Not Businesses

While AI has been the investor favorite in 2024, with [39 AI companies securing rounds of \\$100 million or more](#), Fortune believes many health tech-focused AI startups are likely to disappoint.

Most of these companies are commercializing a novel feature that would be more effective as part of a broader product or can be easily replicated once the use case is understood. The real winners in health care AI will be growth-stage health tech businesses that adopt AI to enhance their gross margins and operational expenses, often achieving a five to ten-point increase in net margins.

Cell Therapy Gets Out of the Doghouse

After several years of being avoided, Fortune believes cell therapy will bounce back. Clinical data in solid tumors and manufacturing improvements across the board rekindle the promise to bring the extraordinary efficacy that a few blood cancer patients have benefited from to a much broader population. Not in autoimmunity, however, where things settle down because T-cell engagers show efficacy, rendering cell therapy products less needed.