



2024 Health Plan Cost Trends & Strategies

Survey Highlights and a Discussion of Today's Healthcare Cost Trends

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Today's Presenters



Eileen Flick

SVP and Director of
Healthcare Informatics



Jason Jossie

ASA, MAAA,
VP, Consulting Actuary



Matt Nguyen

PharmD, BCPS, Senior
Consultant

Agenda

What Drives Trend?

Results of 2024 *Segal Health Plan Cost Trend Survey*

Survey Top Five Cost-Management Strategies

Medical Cost Management Strategies

Rx Cost Management Strategies

Questions?

What Drives Health Plan Trend?

- **Medical inflation**, Health Provider price increases
- **New technologies** for testing, prevention and treatment
- Increased morbidity from **aging populations** and rise in **obesity**
- **Fee for Service** Payment System
- **Defensive medicine** (e.g., excessive testing)
- Health **Provider Consolidation** increases costs
- Provider **cost shifting** from reduced payments by Medicare and Medicaid
- **Erosion effect** of fixed deductibles and copayments¹

¹ This is a driver of net paid claim cost trends, not gross per capita claims cost increases.



Plan Sponsors' Experience May Differ from Projections

Prevalence of **high cost, catastrophic** claim events



Investment and use of **effective cost management** programs



Choice of Provider Networks – Non-competitive pricing terms

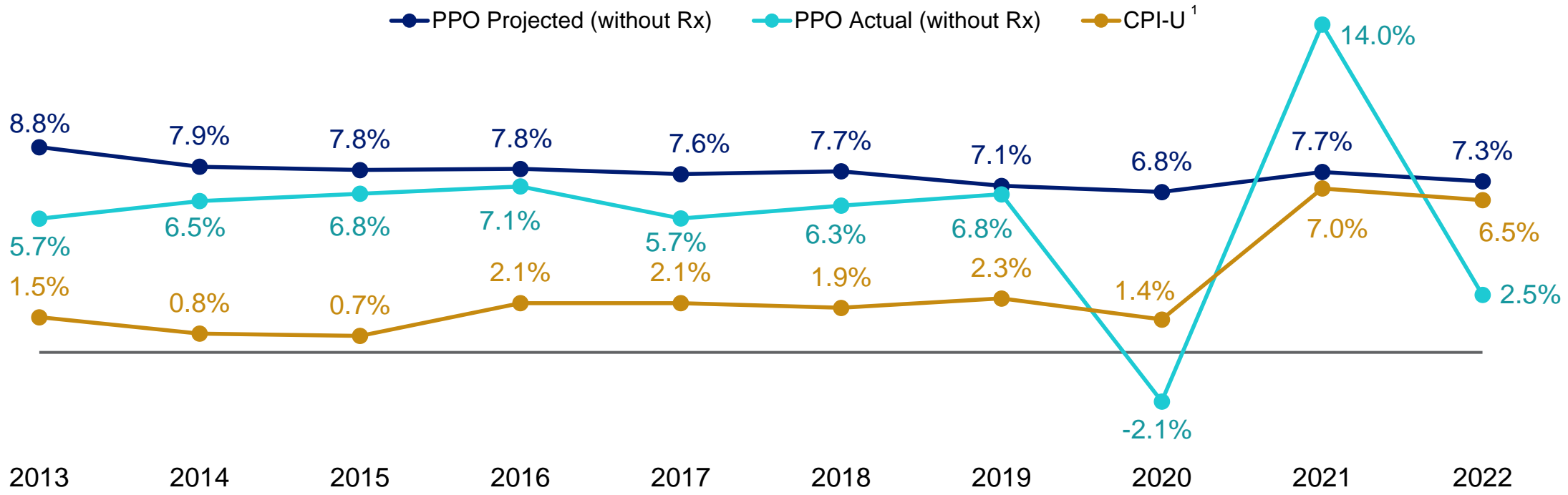


Appropriate plan design features that support effective use of lower cost treatments and providers



Comparison of Projected to Actual PPO Trends

Comparison of Projected to Actual Trends for PPOs
For Actives and Non-Medicare Retirees: 2013–2022

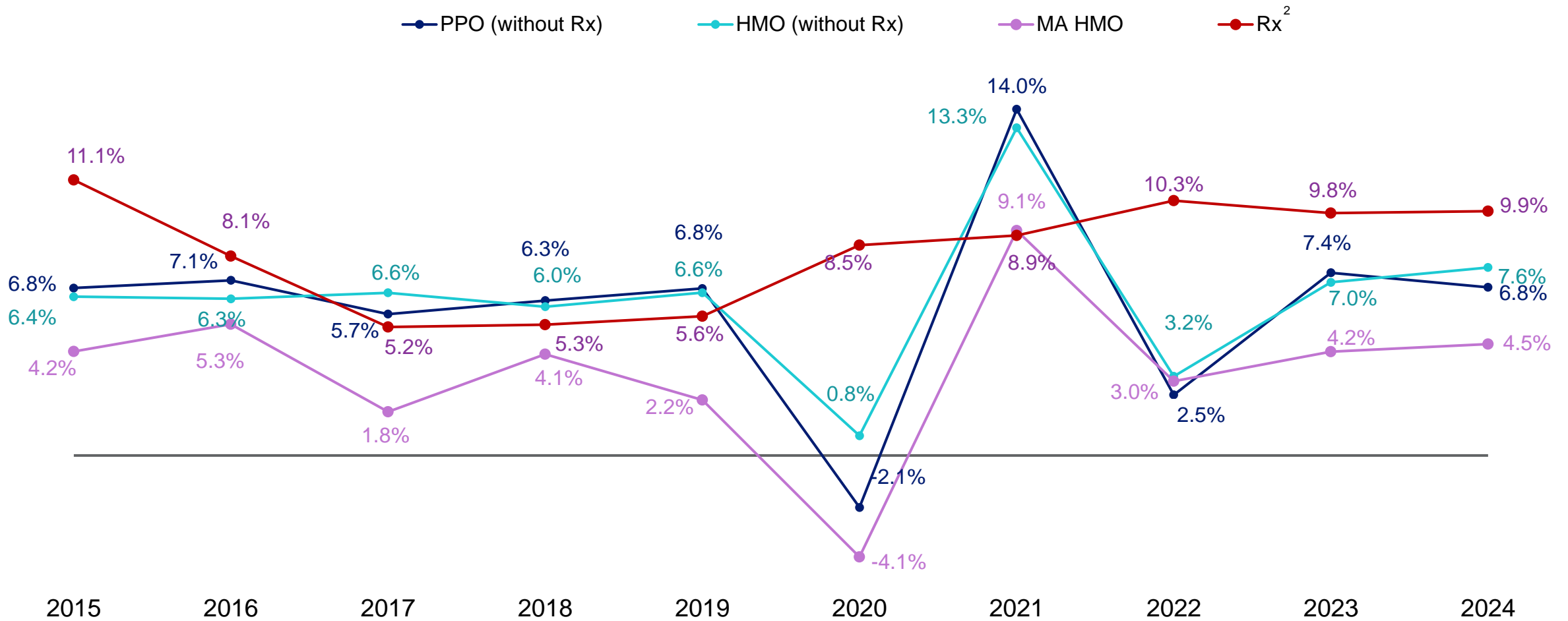


Results based on annual survey of Health Insurers, HMOs and TPAs.

Source: 2024 Segal Health Plan Cost Trend Survey

¹ Bureau of Labor Statistics. (n.d.). Consumer Price Index - Historical Data. Retrieved from https://www.bls.gov/regions/mid-atlantic/data/consumerpriceindexhistorical_us_table.htm. CPI-U shown is as of December for each year.

Ten-Year Summary of Selected Medical and Prescription Drug: 2015–2022 Actual and 2023 and 2024 Projected¹

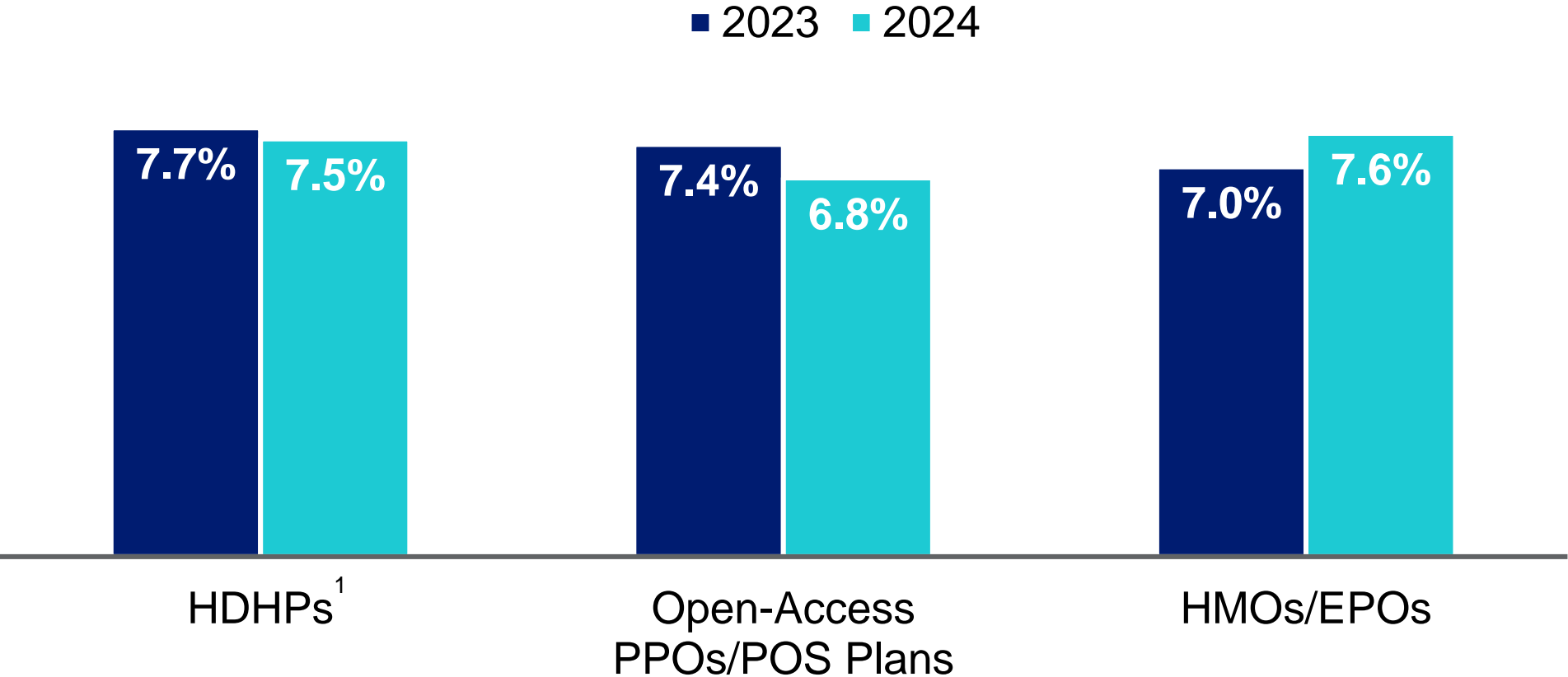


Source: 2024 Segal Health Plan Cost Trend Survey

¹ All trends are illustrated for actives and non-Medicare retirees, except for MA HMOs.

² Prescription drug trend is combined for retail and mail order delivery channels.

Projected Medical Trends for Actives and Non-Medicare Retirees: 2023 and 2024

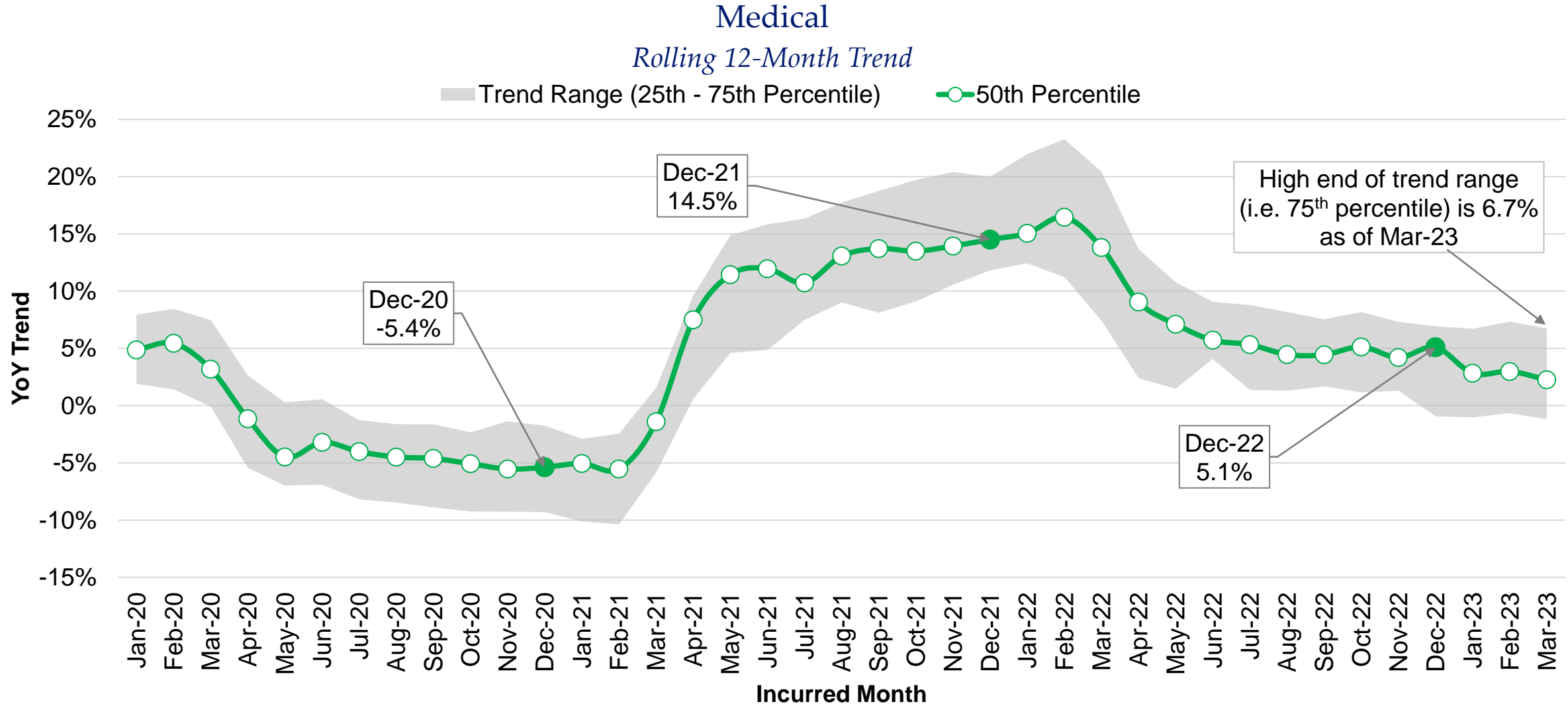


Source: 2024 Segal Health Plan Cost Trend Survey

¹ HDHPs with an employee-directed, tax-advantaged health account — a health savings account (HSA) or a health reimbursement account (HRA) — are referred to as account-based health plans and are designed to encourage consumer engagement, resulting in more efficient use of health care services.

Medical Trend Summary

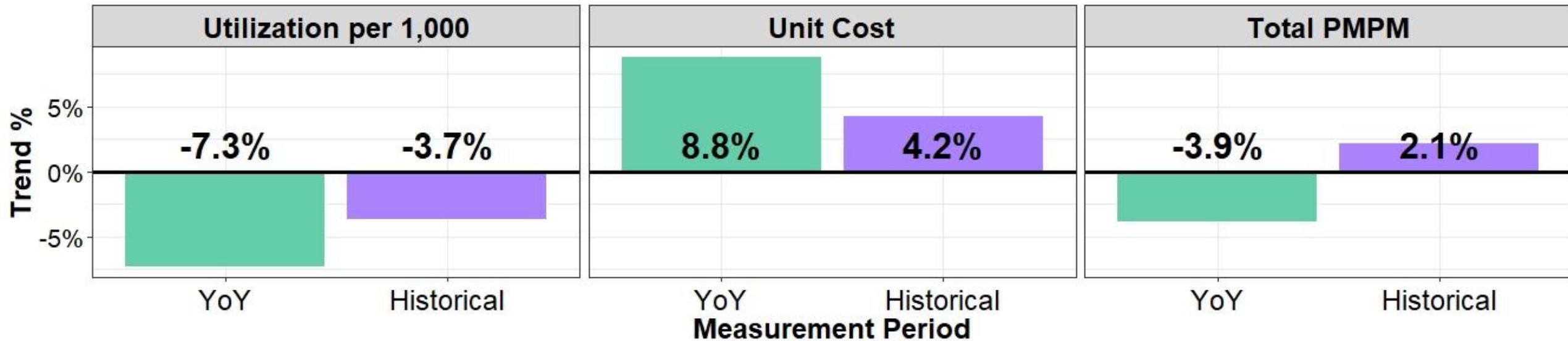
% Change in Allowed PMPM



Medical Trend Summary — Inpatient

Inpatient Trends

YoY and Historical

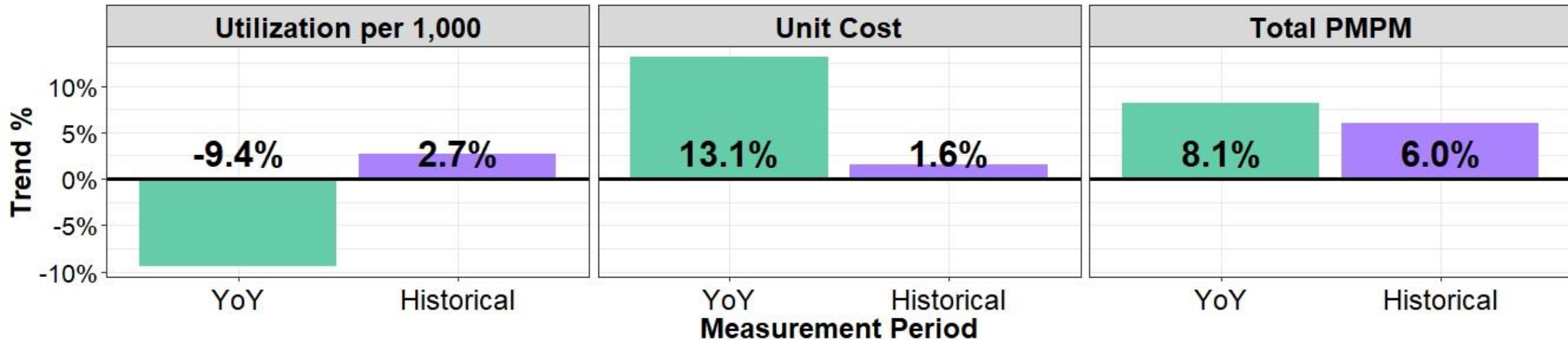


- Inpatient hospital trends are being driven by unit cost increases, primarily for treatments related to cancer, heart disease, and liver disease.
- Overall costs have decreased year-over-year due to fewer admissions, primarily related to COVID-19 and musculoskeletal surgeries.

Medical Trend Summary — Outpatient

Outpatient Trends

YoY and Historical

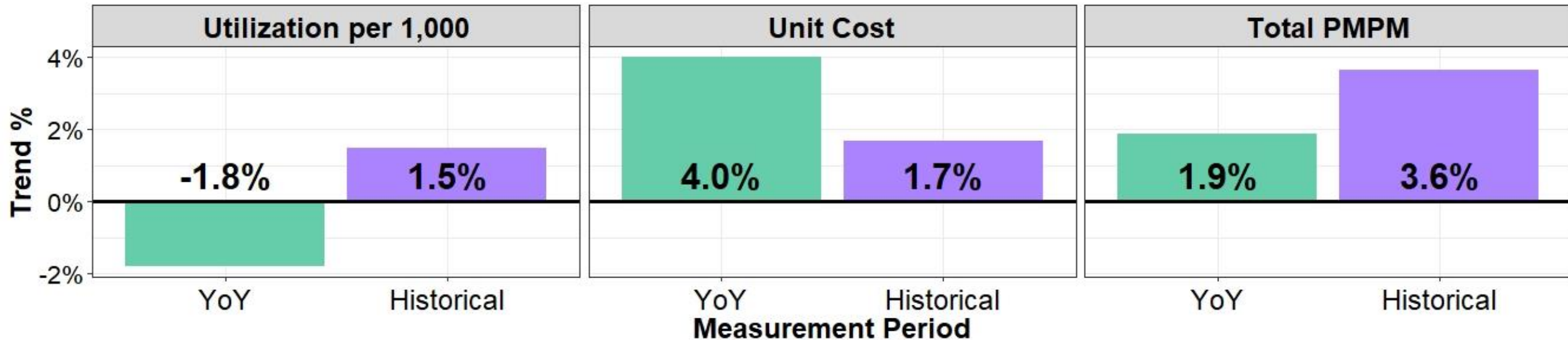


- Outpatient hospital trends are being driven by unit cost increases, primarily for treatments related to cancer, as well as musculoskeletal surgeries.
- Utilization trends have decreased year-over-year primarily due to fewer services for treating COVID-19 and opioid-related disorders.

Medical Trend Summary — Professional

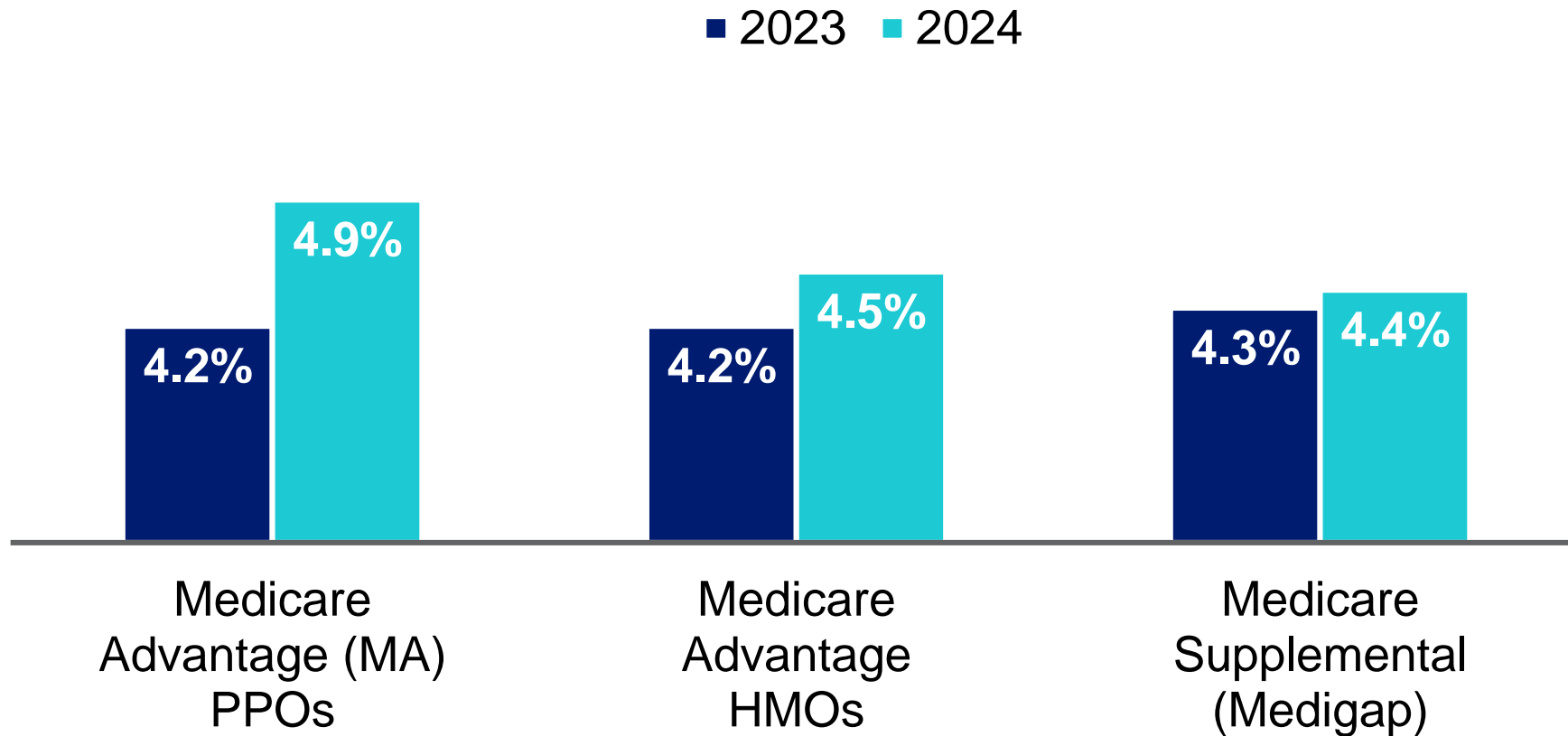
Professional Trends

YoY and Historical

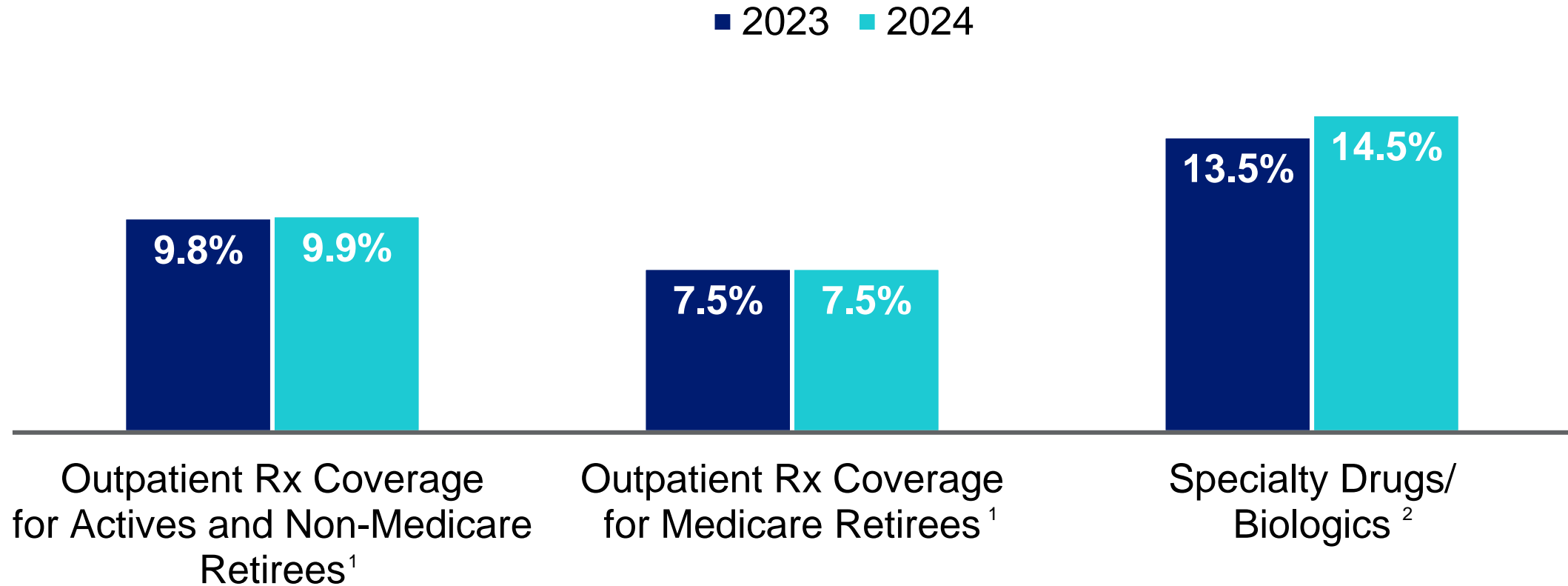


- Professional trends are being driven by unit cost increases, primarily for treatments related to cancer, communicable diseases (excluding COVID-19), and behavioral health-related conditions.
- Utilization trends have decreased year-over-year primarily due to fewer services for treating COVID-19.

Projected Medical Trends for Medicare Retirees: 2023 and 2024



Projected Prescription Drug Trends: 2023 and 2024



Source: 2024 Segal Health Plan Cost Trend Survey

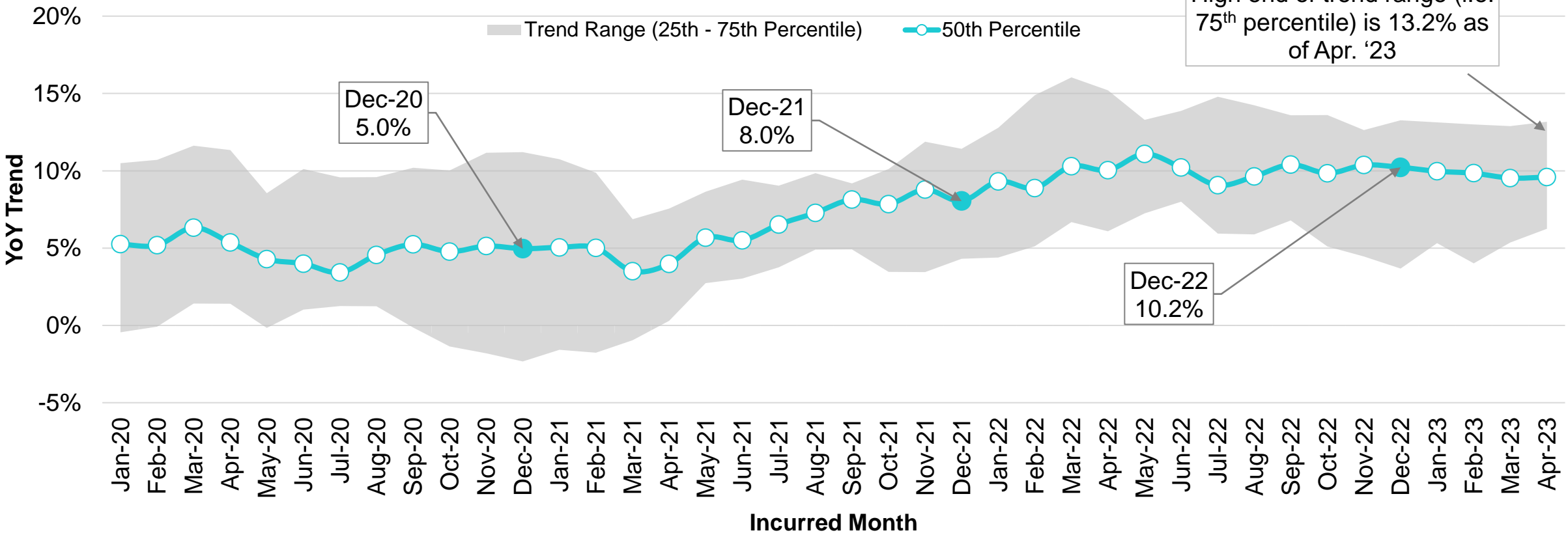
¹ Outpatient Rx trend is for all prescription drugs (non-specialty and specialty drugs combined) for employer sponsored plans before PBM rebates.

² Specialty drug/biologics trend is for outpatient specialty coverage. This data is for all coverage of specialty drugs for participants of all ages.

Prescription Drug Trend Summary

% Change in Allowed PMPM

Prescription Drug
Rolling 12-Month Trend

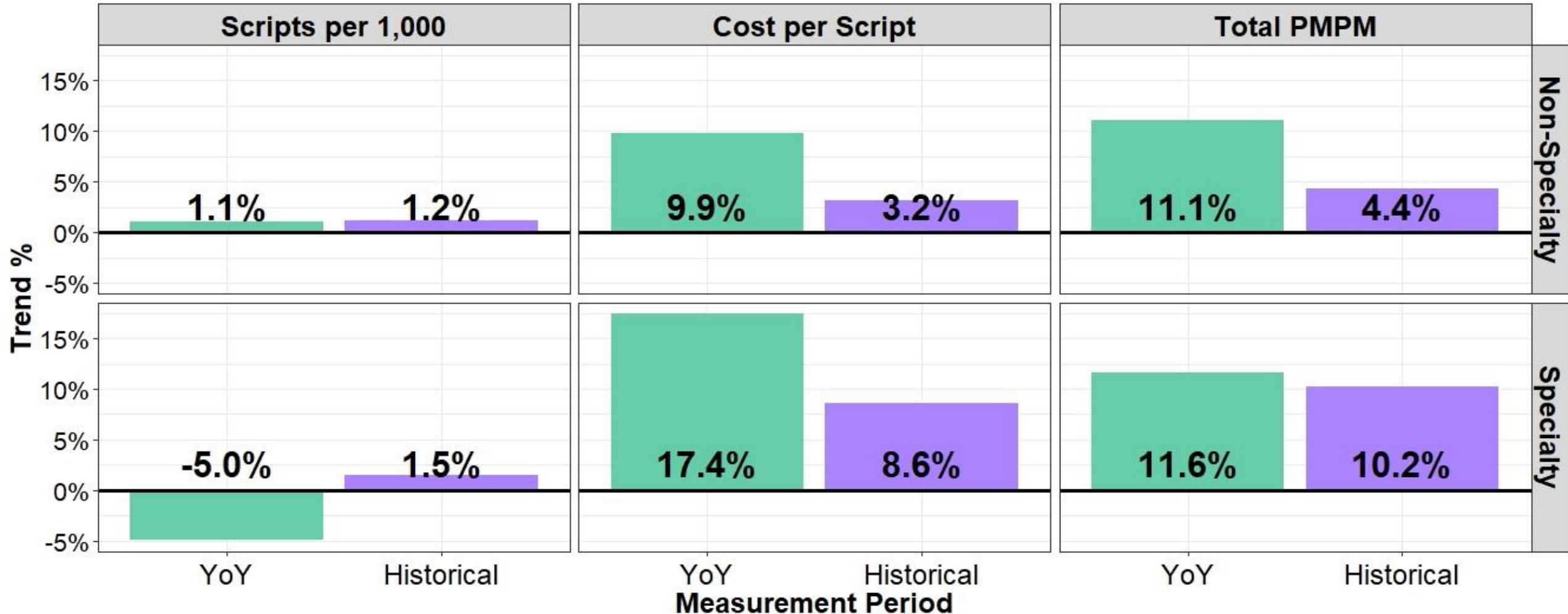


Prescription Drug Trend Summary

Specialty vs. Non-Specialty

Prescription Drug Trends

YoY and Historical

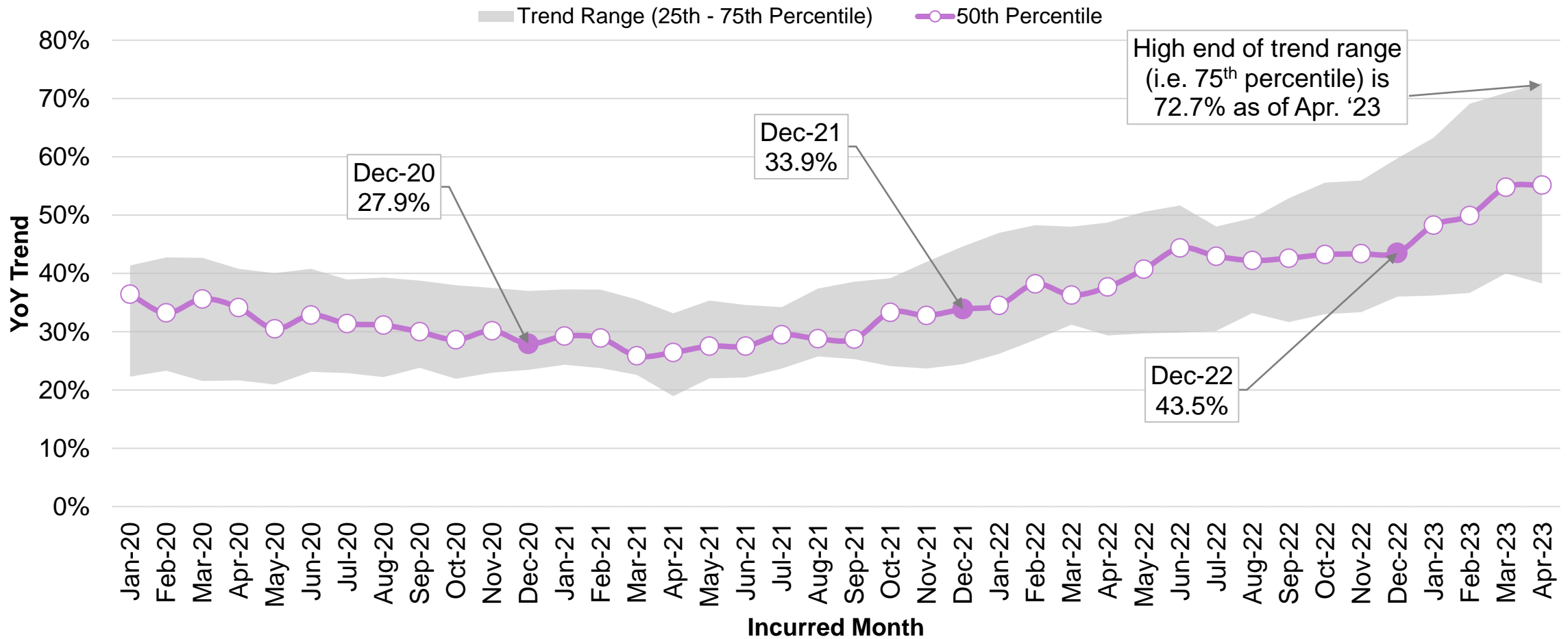


Prescription Drug Trend Summary – GLP -1s

% Change in Allowed PMPM

Anti-Diabetic GLP-1 Prescription Drugs

Rolling 12-Month Trend

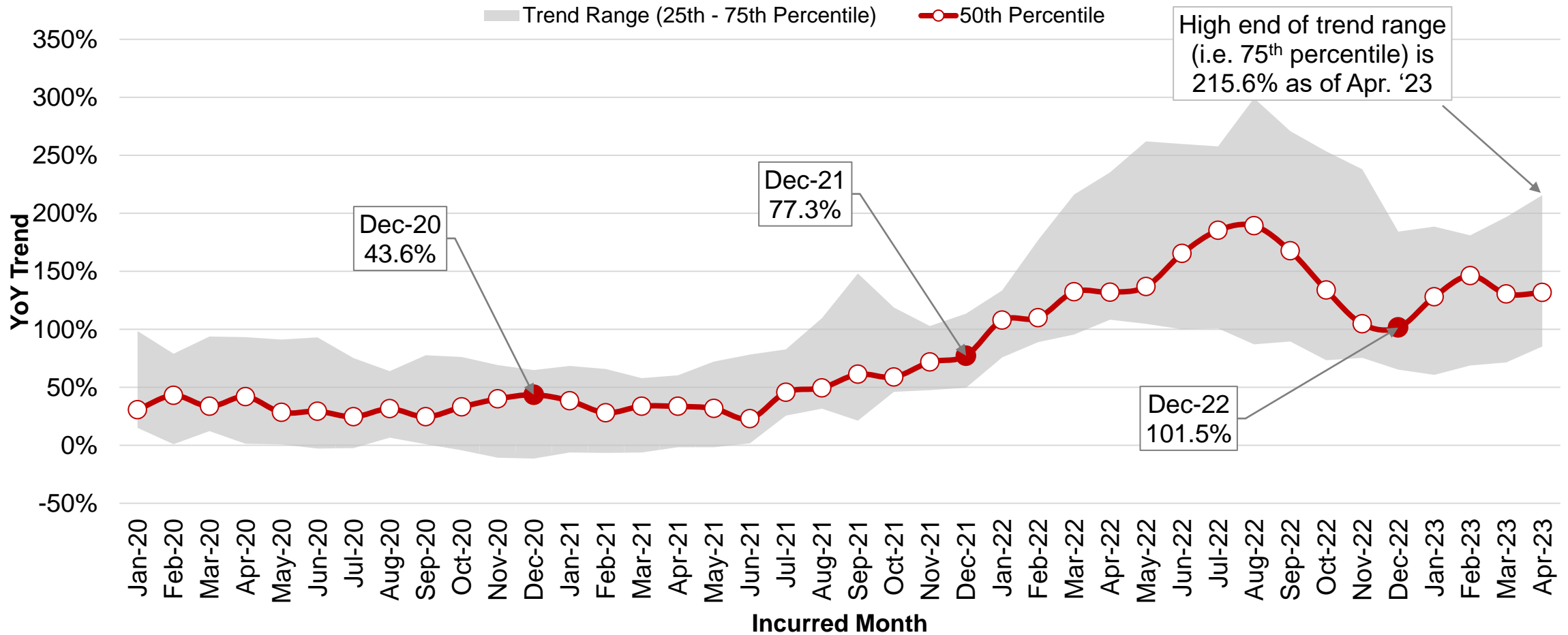


Prescription Drug Trend Summary – GLP -1s

% Change in Allowed PMPM

Anti-Obesity GLP-1 Prescription Drugs

Rolling 12-Month Trend

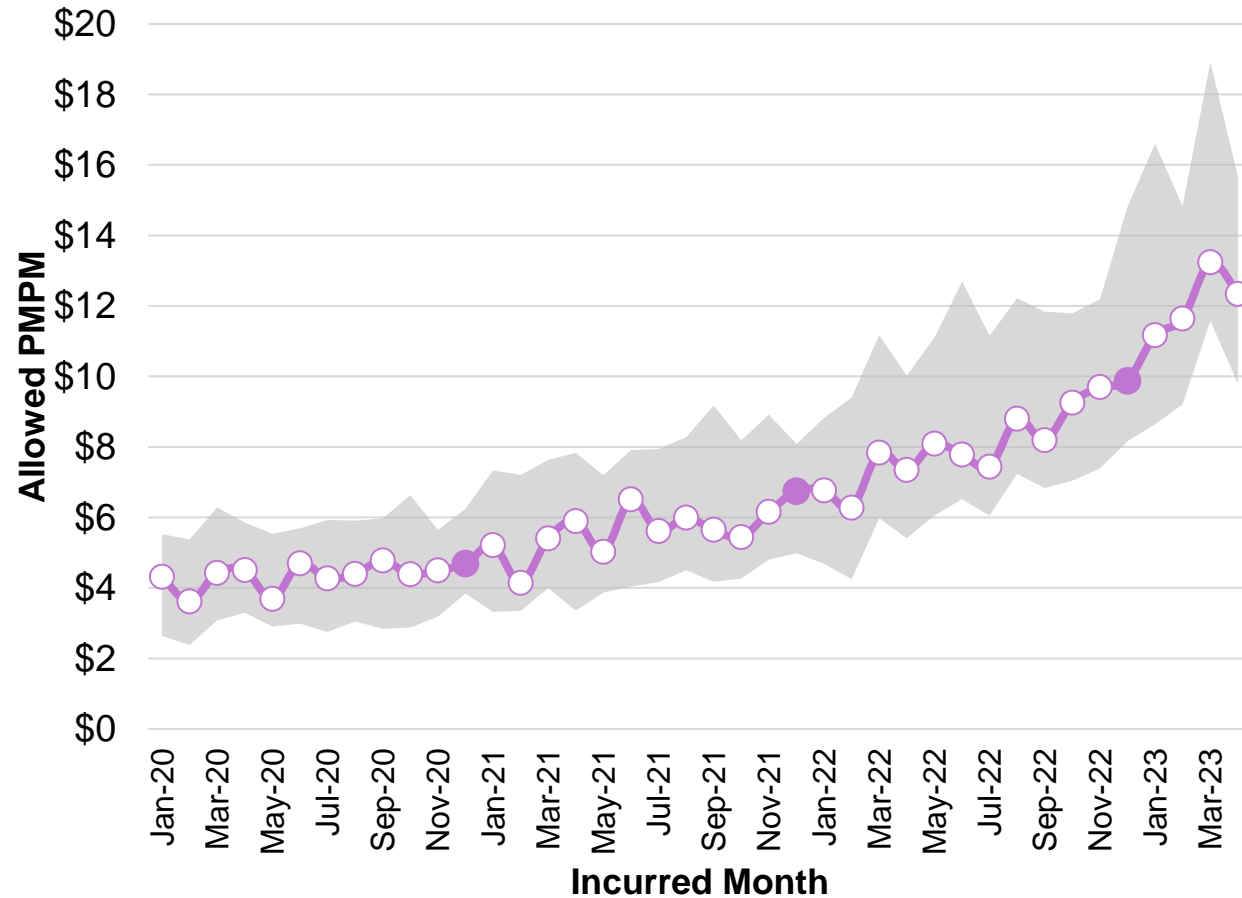


Prescription Drug Trend Summary – GLP -1s

Allowed PMPM

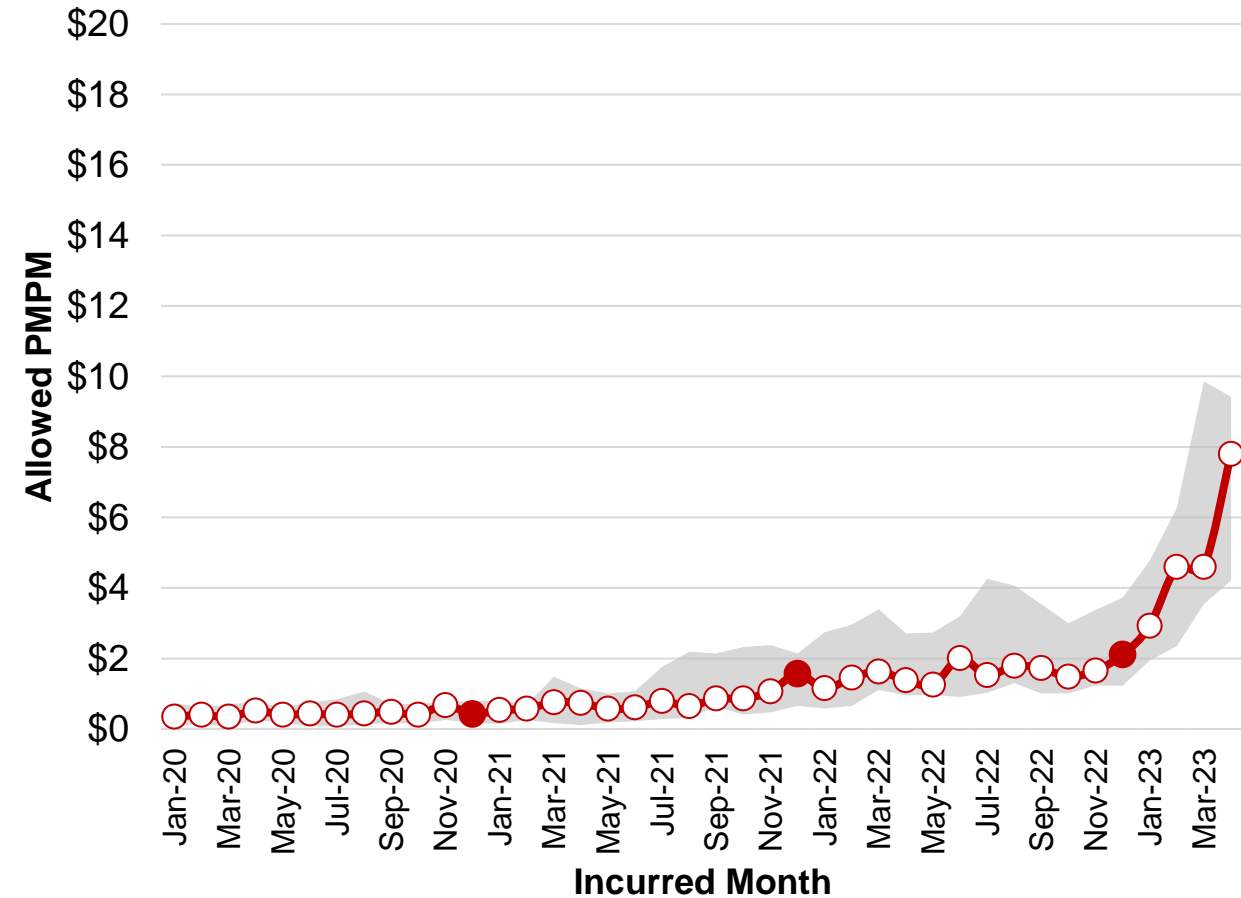
Anti-Diabetic GLP-1 Prescription Drugs

Allowed per Member per Month

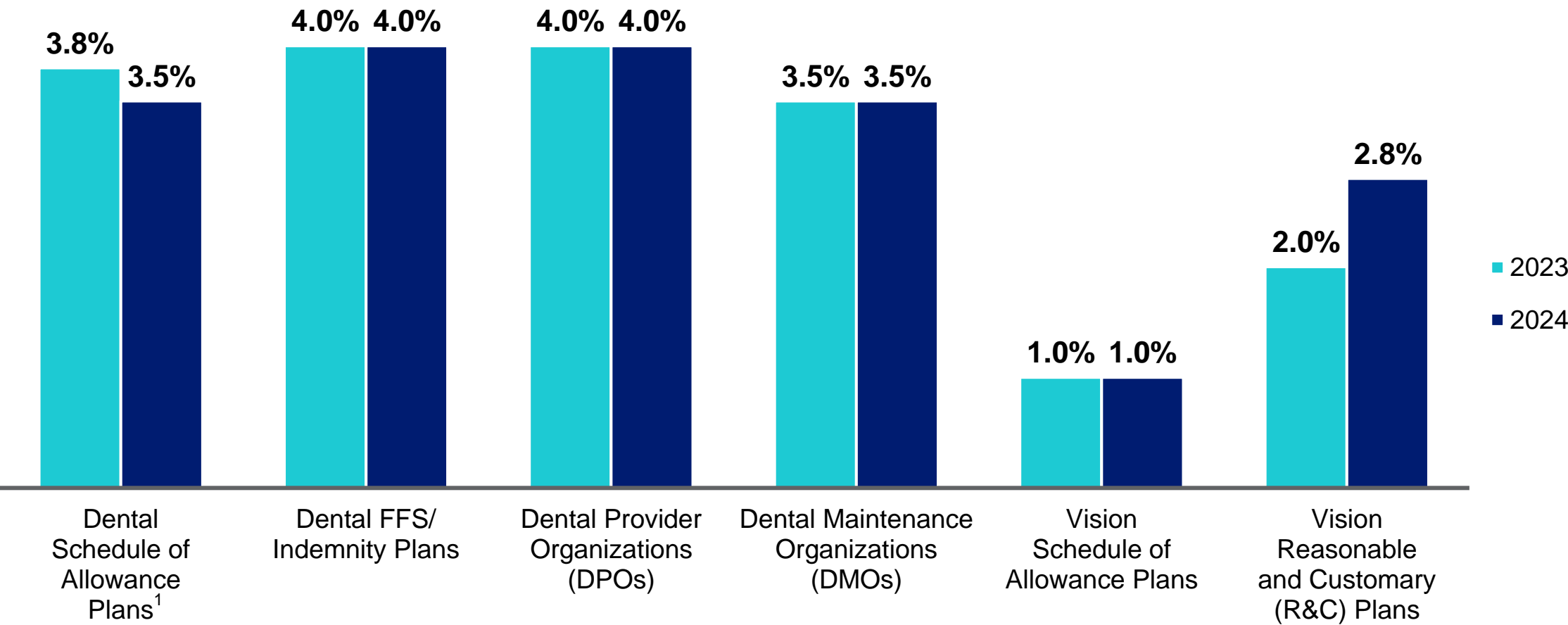


Anti-Obesity GLP-1 Prescription Drugs

Allowed per Member per Month



Projected Dental and Vision Trends: 2023 and 2024



Source: 2024 Segal Health Plan Cost Trend Survey

¹ A schedule of allowance plan is a plan with a list of covered services with a fixed-dollar amount that represents the total obligation of the plan.

Survey Top 5 Cost-Management Strategies

- 1 Adopt a high-deductible health plan
- 2 Use healthcare navigator or health advocate service
- 3 Promote use of wellness program (e.g., offering financial incentives)
- 4 Adopt custom or narrow drug formulary
- 5 Implement virtual physical consultation for primary care



Plan sponsors continue to implement various cost management strategies to help mitigate increasing health plan costs while maintaining high-quality access to care.

Medical Cost-Management Strategies

**Revisit
Plan
Design**



**Revisit
Network
Strategies**



**Competitive
Bidding**



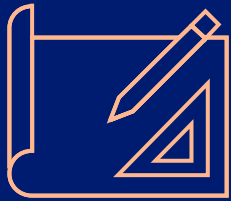
**Enhance
Behavioral
Health**



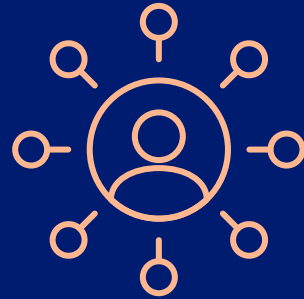
**Enhancing
High-Cost Claimant
Case Management**



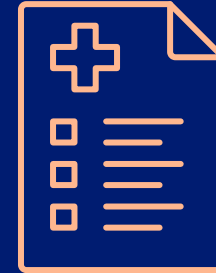
Rx Cost Management Strategies



**Plan
Benefit
Design**



**Modify PBM
Contracts**



**Limited Use
of Formulary
Management**



**Apply
Effective
Clinical
Controls**



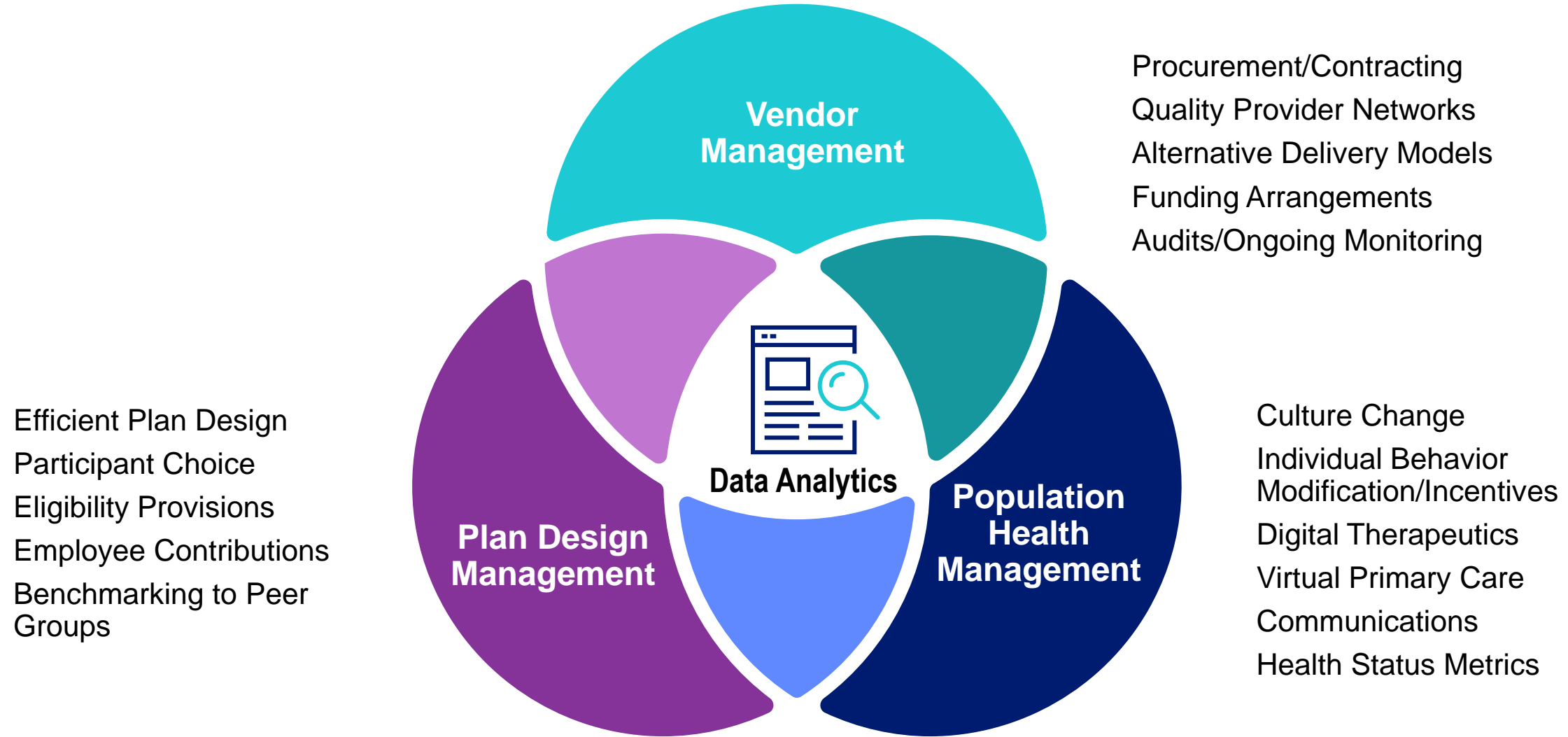
**Leveraging Low
Net Cost
Drug Therapies**

Obesity Management Strategies

- Assess and reevaluate current obesity treatments under the medical benefit.
- Update patient education and access to lifestyle weight-loss programs
- Offer access to low-cost fitness programs
- Implement UM guidelines for all AOMs
- Require patients to be in a behavioral health management program



Segal's Health Consulting Approach



Data ➔ Insight ➔ Action

Questions?



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Contact Us

Eileen Flick

SVP, Director of Healthcare Informatics
eflick@segalco.com
212.251.5120



<https://l.ead.me/bcOktz>

Jason Jossie

VP, Senior Consultant
jjossie@segalco.com
312.877.3553



<https://l.ead.me/beJ1fJ>

Matt Nguyen

PharmD, Senior Consultant
mnguyen@segalco.com
267.473.1765



<https://l.ead.me/beJ1u4>