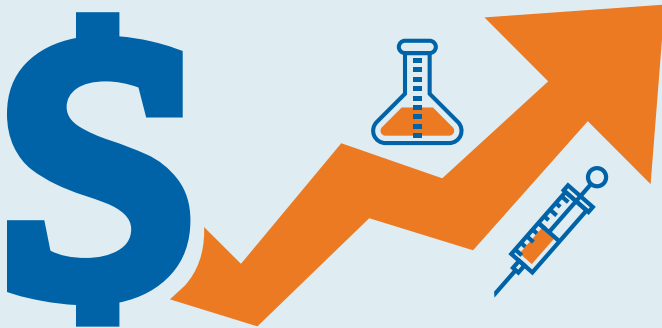


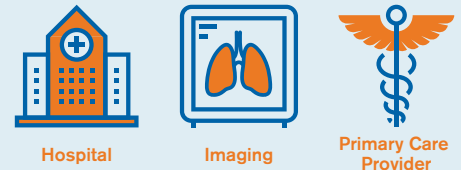
Price Inflation and Specialty/Biotech Drugs Drive Health Plan Cost Trend Increases

Wages continue to be outpaced

Specialty and biotech drugs trend* increase makes up a **35 percent increase** in projected Rx drug cost trend for 2017, up from 25 percent just two years ago.



Average increase in **network reimbursement allowances**** for services such as hospitals, imaging and primary care providers are **driving most of price inflation**. This contributes to overall cost trend increases.

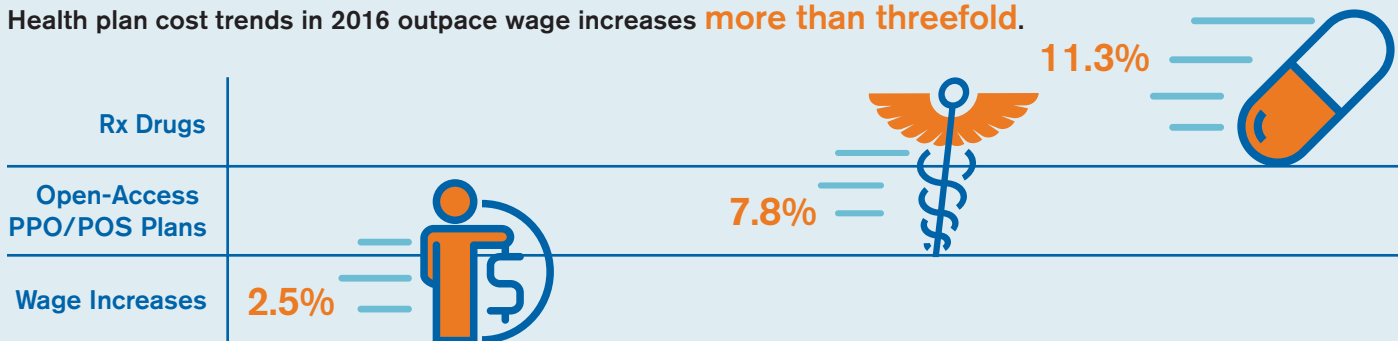


Network Reimbursement Rate	Hospital	Imaging	Primary Care Provider
	4.1%	3.3%	2.8%

2016 TOP COST-MANAGEMENT STRATEGIES

- Implement specialty pharmacy management
- Intensify current pharmacy management programs
- Contract with value-based providers, including accountable care organizations and Patient-Centered Medical Homes
- Lower primary care cost through telemedicine, walk-in clinics and on-site clinics
- Increase financial incentives in wellness design

Health plan cost trends in 2016 outpace wage increases **more than threefold**.



* A trend is a forecast of per capita *claims cost increases*.

** Network reimbursement allowances are the amount paid to network providers for specific health treatments and services.

These are just a few key findings from the 2017 *Segal Health Plan Cost Trend Survey*, taken from claims data submitted by nearly 100 managed care organizations, health insurers, pharmacy benefit managers and third-party administrators. [Read the report of the survey results.](#)

To learn more about health care cost-management strategies that are right for your organization, contact [Ed Kaplan](#), [Eileen Flick](#) or [Andrew Sherman](#).