



# 2024 Health Plan Cost Trends & Strategies

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

October 5, 2023

# Today's Presenters



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# 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 copayments<sup>1</sup>

<sup>1</sup> 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

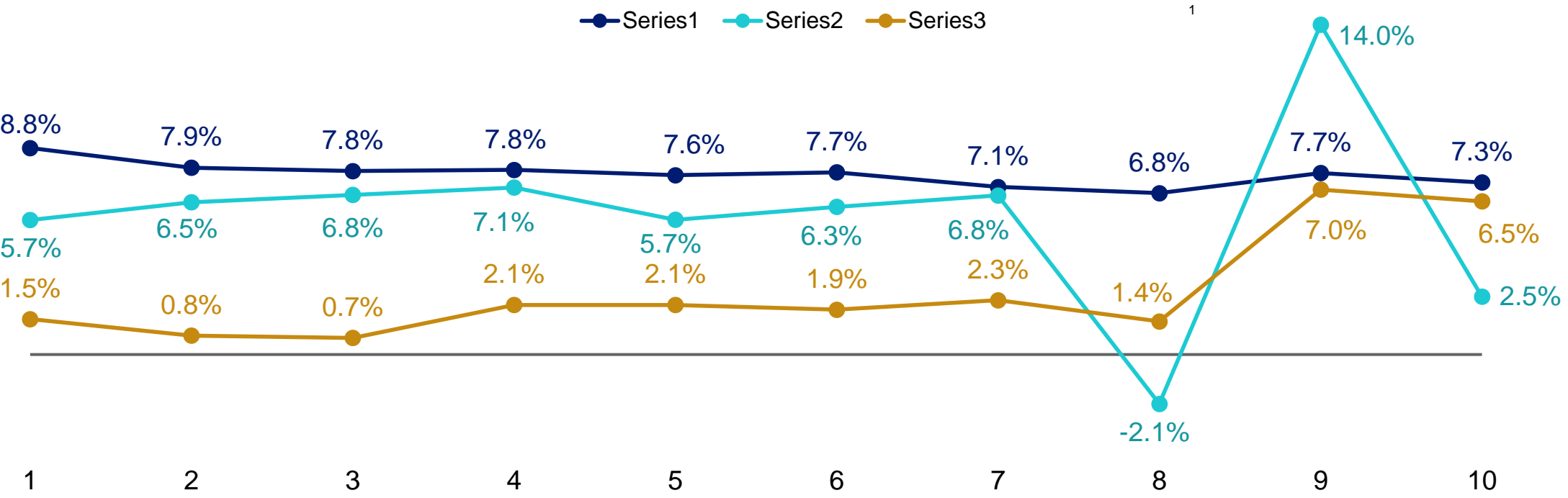


**Appropriate plan design features** that support effective use of lower cost treatments and providers



# Comparison of Projected to Actual PPO Trends

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



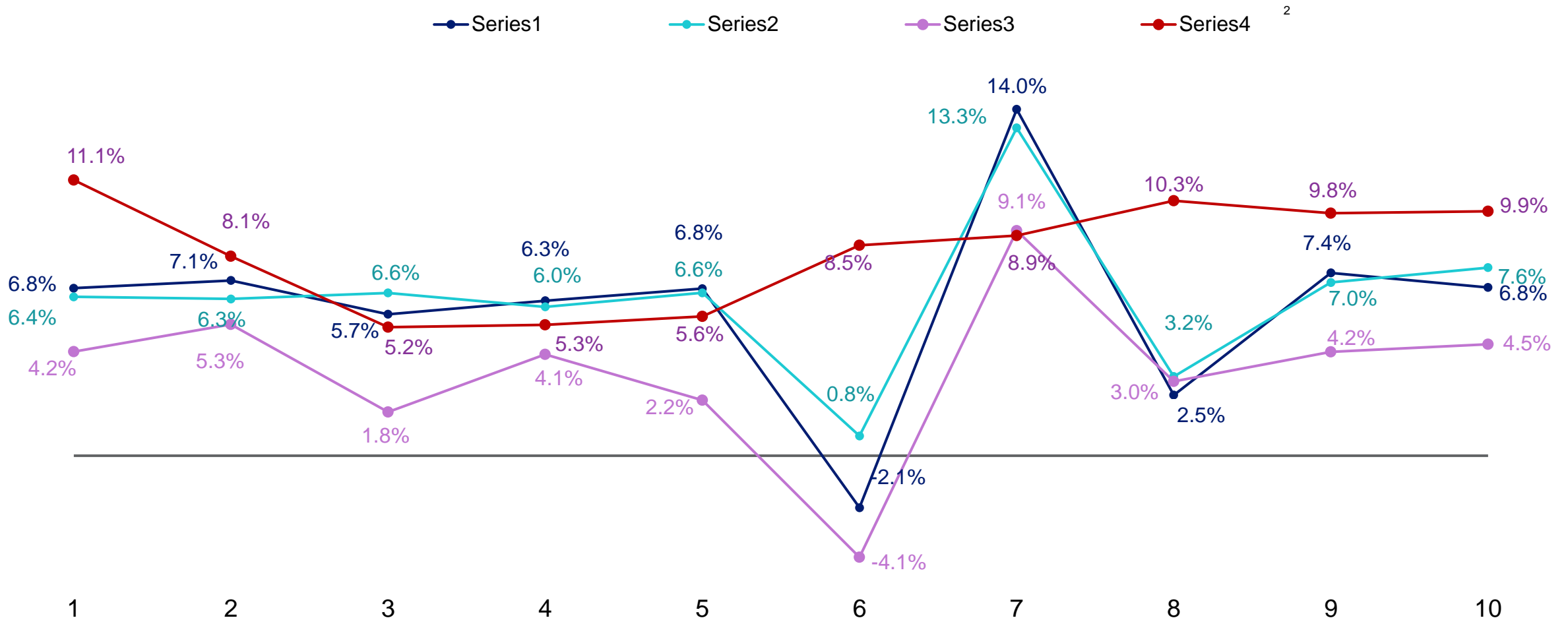
Results based on annual survey of Health Insurers, HMOs and TPAs.

Source: 2024 Segal Health Plan Cost Trend Survey

<sup>1</sup> 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](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 Projected<sup>1</sup>

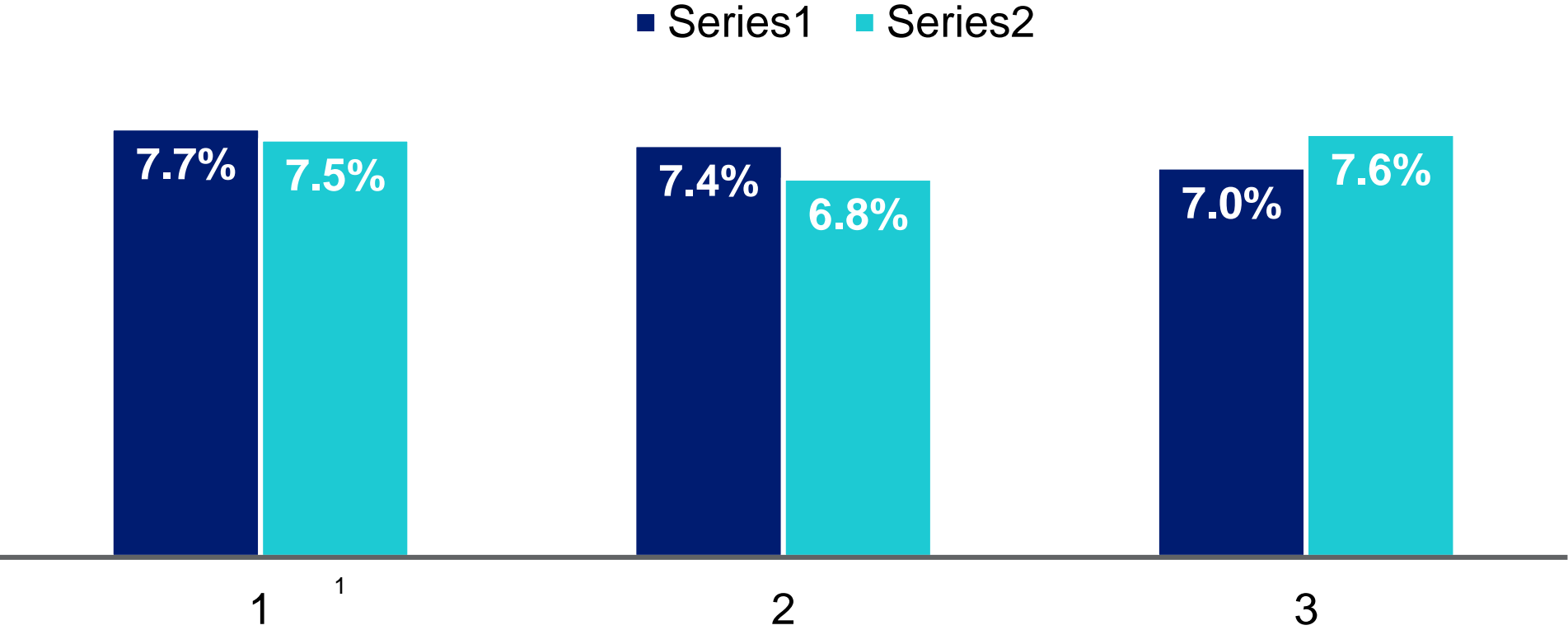


Source: 2024 Segal Health Plan Cost Trend Survey

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

<sup>2</sup> 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

<sup>1</sup> 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.

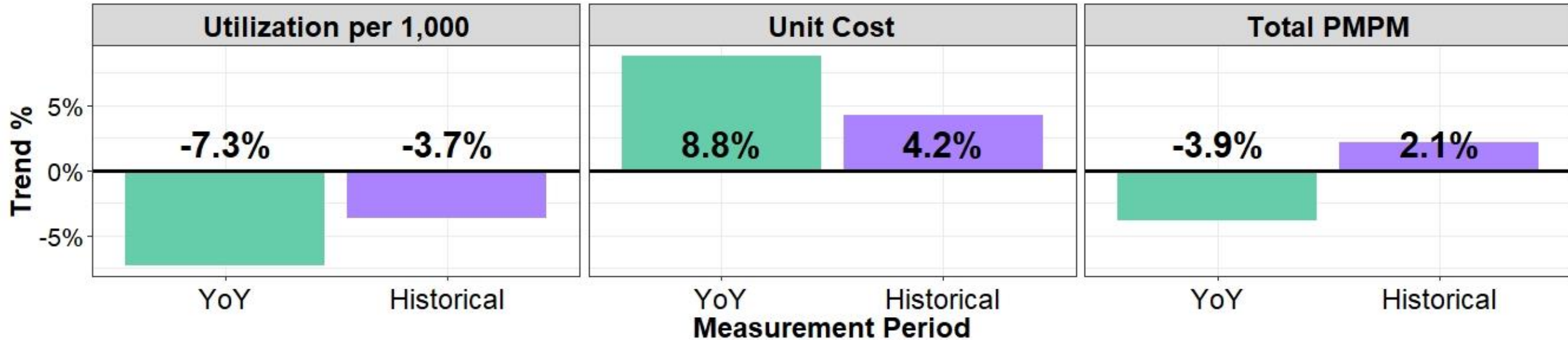




# Medical Trend Summary — Inpatient

## Inpatient Trends

*YoY and Historical*

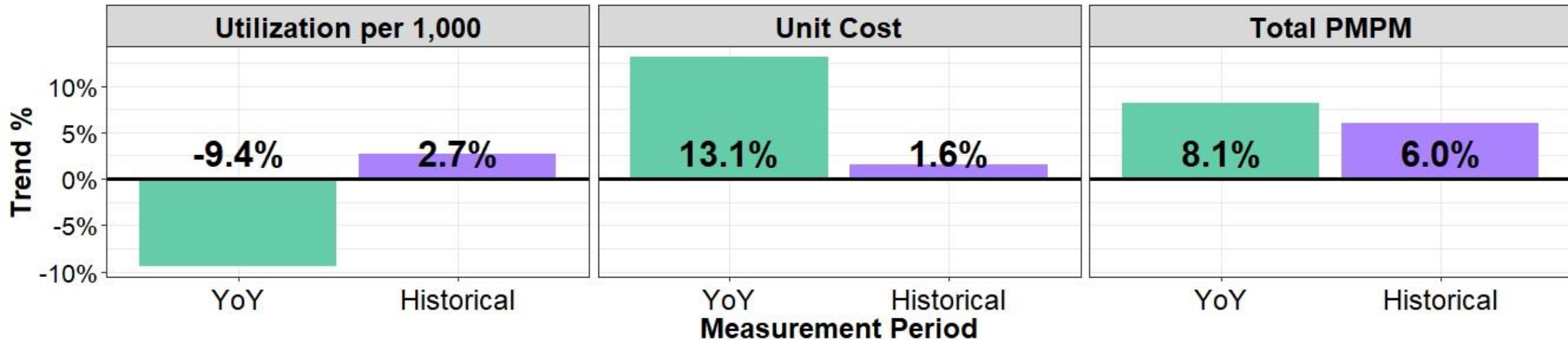


- Inpatient hospital trends are being driven by unit cost increases, primarily for treatments related to cancer, heart disease, and liver disease.
- Overall costs have decreased year-over-year due to fewer admissions, primarily related to COVID-19 and musculoskeletal surgeries.

# Medical Trend Summary — Outpatient

## Outpatient Trends

YoY and Historical

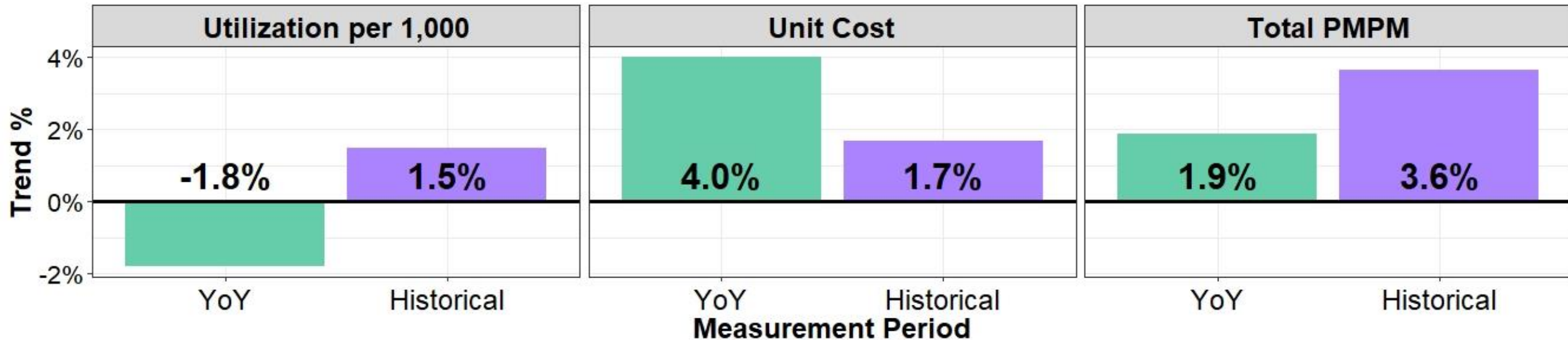


- Outpatient hospital trends are being driven by unit cost increases, primarily for treatments related to cancer, as well as musculoskeletal surgeries.
- Utilization trends have decreased year-over-year primarily due to fewer services for treating COVID-19 and opioid-related disorders.

# Medical Trend Summary — Professional

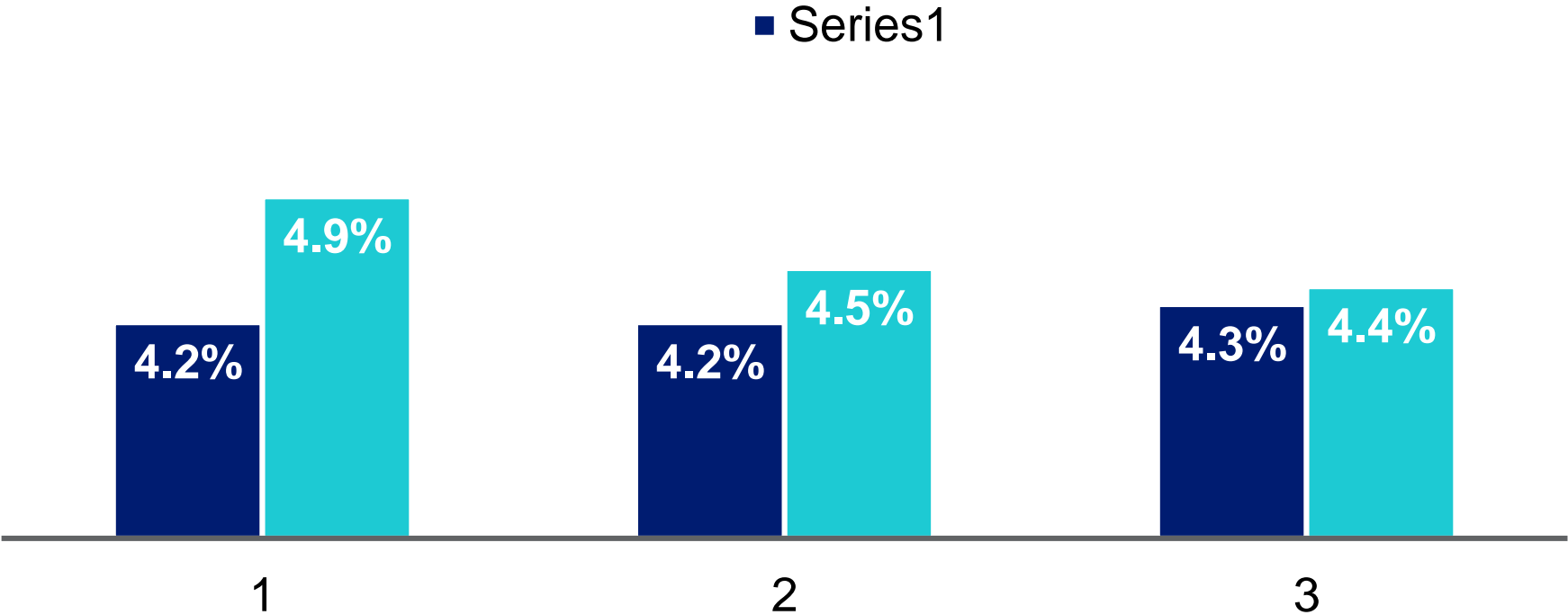
## Professional Trends

*YoY and Historical*

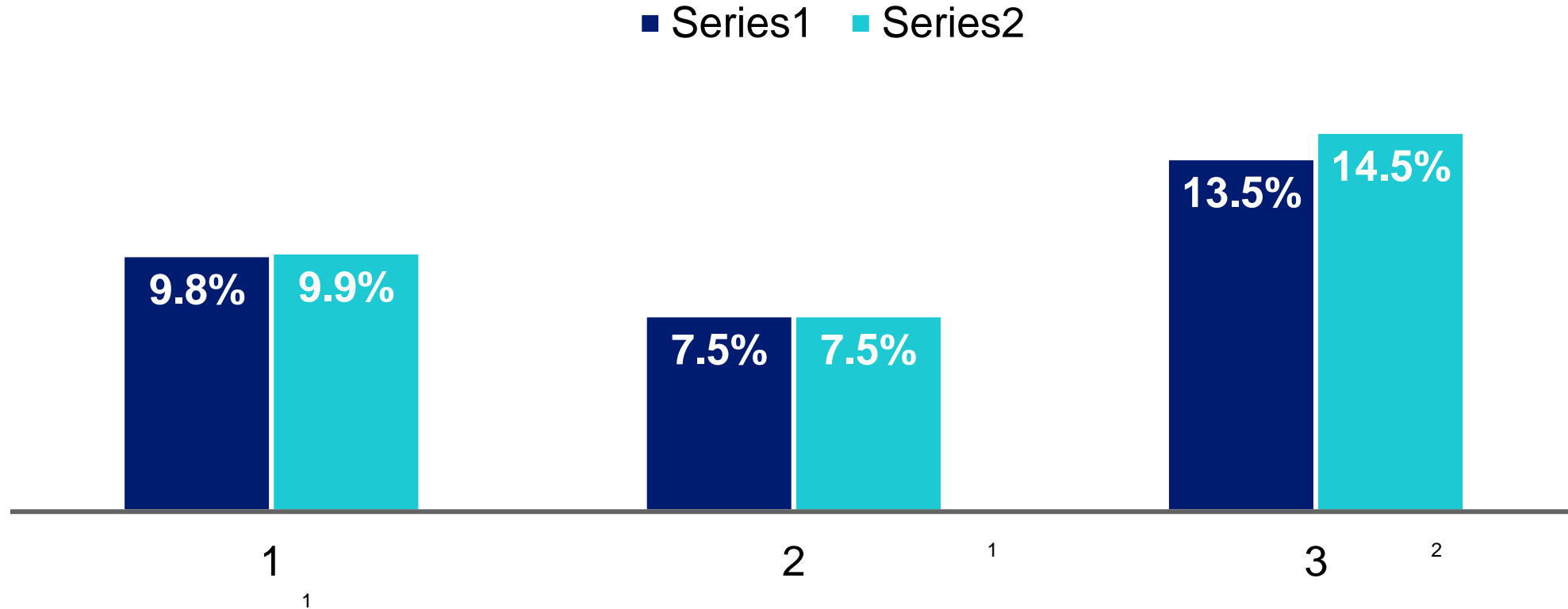


- Professional trends are being driven by unit cost increases, primarily for treatments related to cancer, communicable diseases (excluding COVID-19), and behavioral health-related conditions.
- Utilization trends have decreased year-over-year primarily due to fewer services for treating COVID-19.

# Projected Medical Trends for Medicare Retirees: 2023 and 2024



# Projected Prescription Drug Trends: 2023 and 2024



Source: 2024 Segal Health Plan Cost Trend Survey

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

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



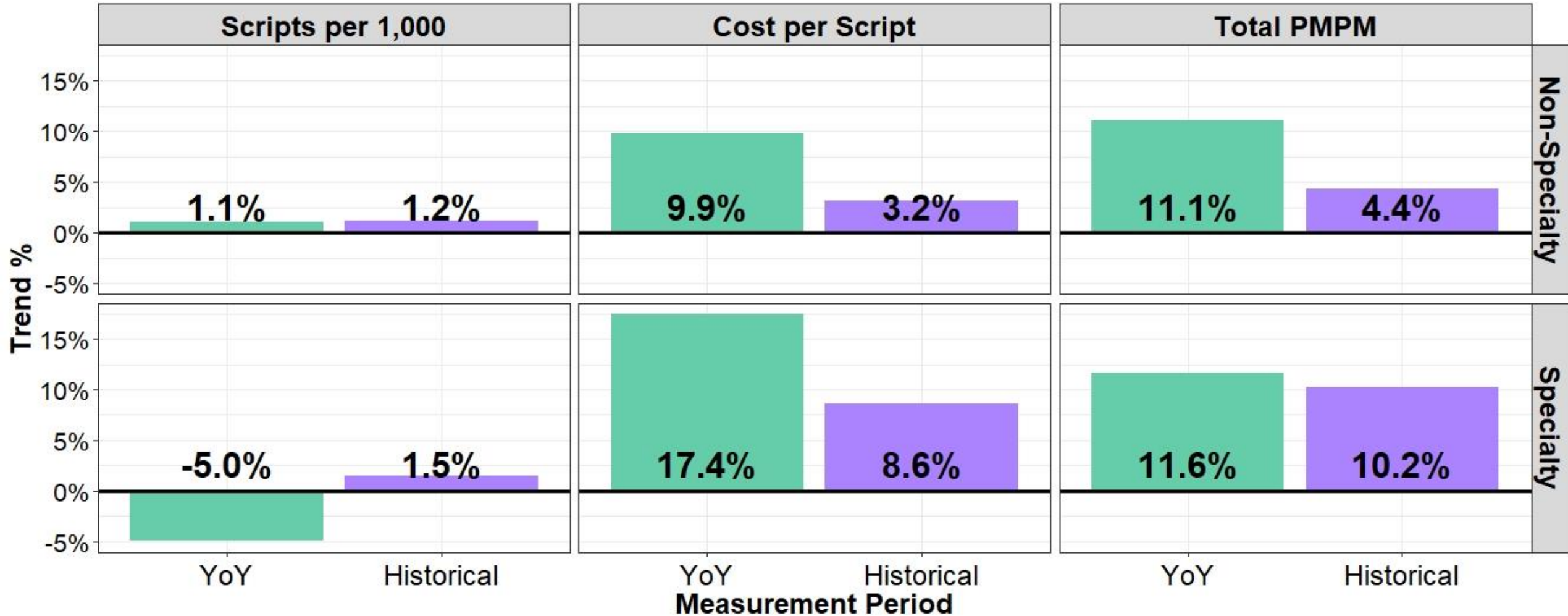


# Prescription Drug Trend Summary

*Specialty vs. Non-Specialty*

## Prescription Drug Trends

*YoY and Historical*

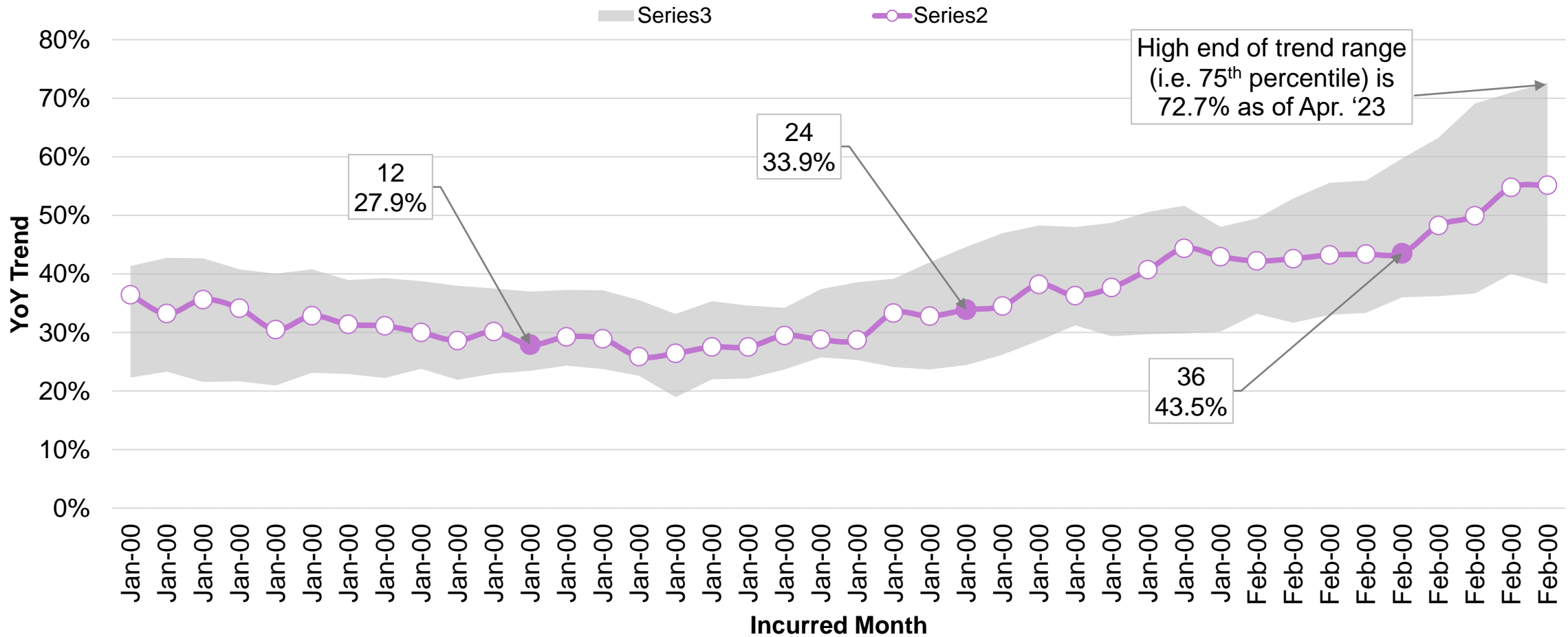


# Prescription Drug Trend Summary – GLP -1s

*% Change in Allowed PMPM*

## Anti-Diabetic GLP-1 Prescription Drugs

*Rolling 12-Month Trend*

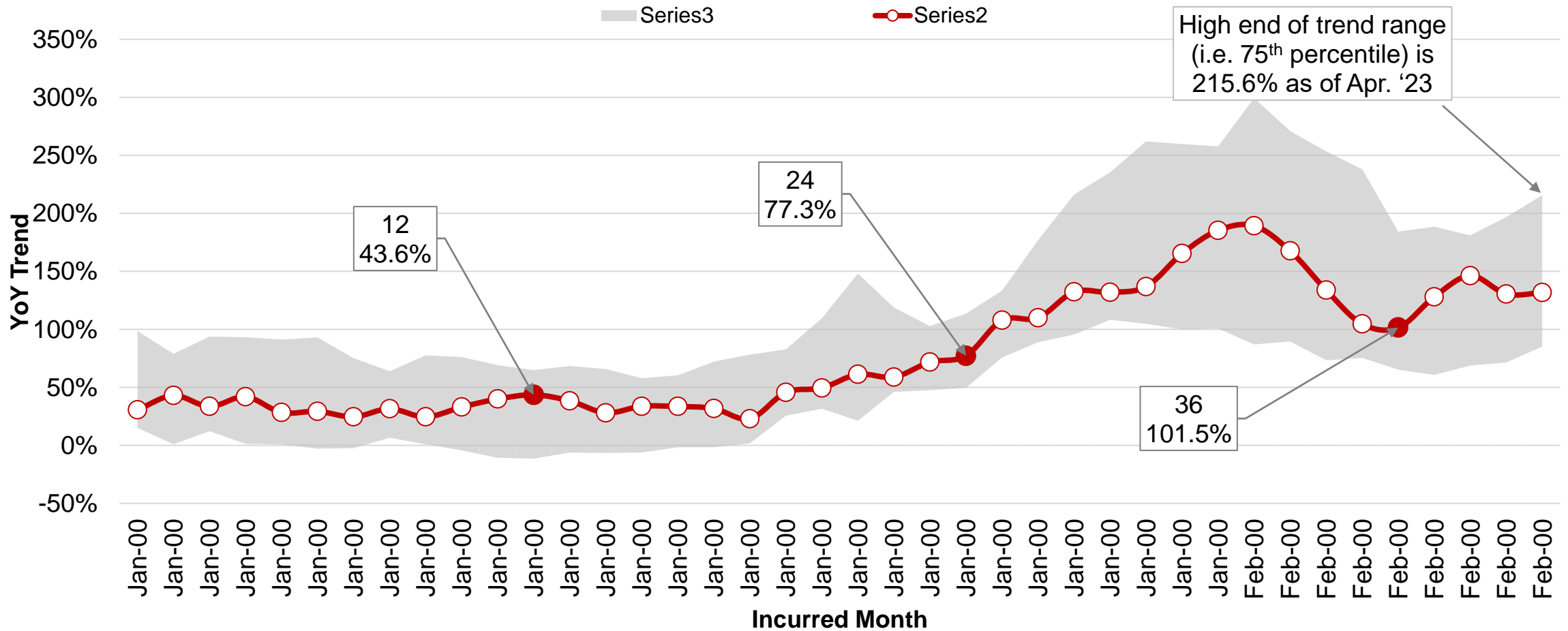


# Prescription Drug Trend Summary – GLP -1s

*% Change in Allowed PMPM*

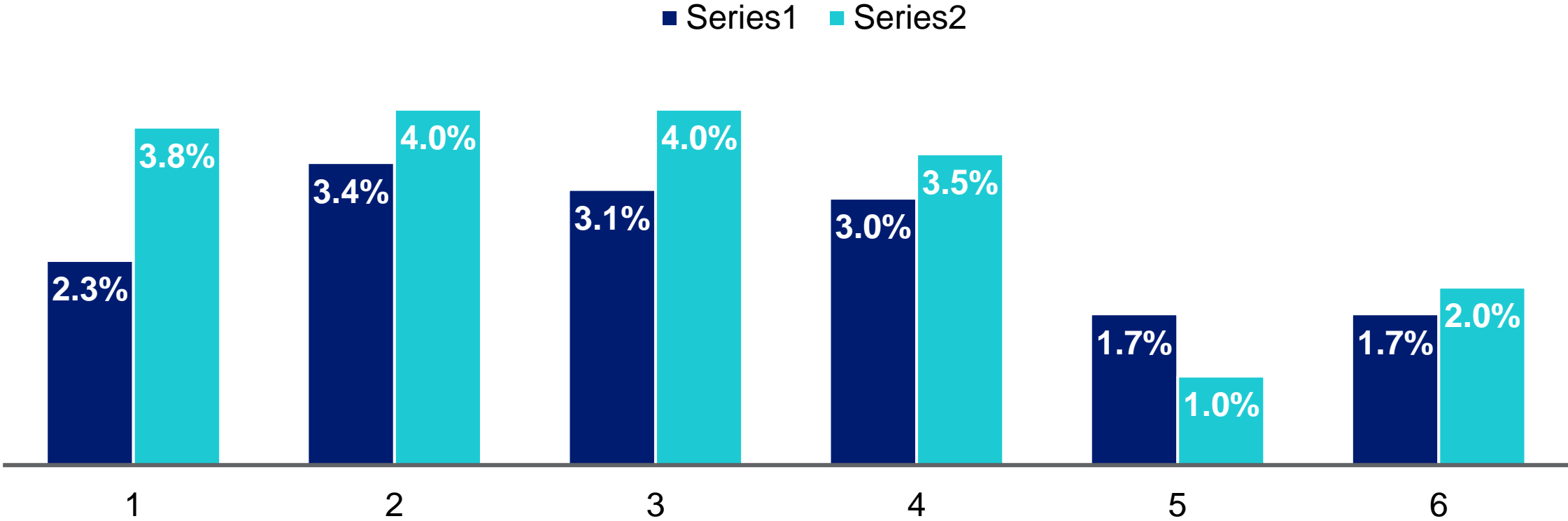
## Anti-Obesity GLP-1 Prescription Drugs

Rolling 12-Month Trend





# Projected Dental and Vision Trends: 2022 and 2023



1

Source: 2023 Segal Health Plan Cost Trend Survey

<sup>1</sup> 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**

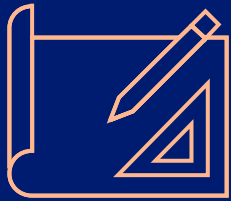


**Enhancing  
High-Cost Claimant  
Case Management**

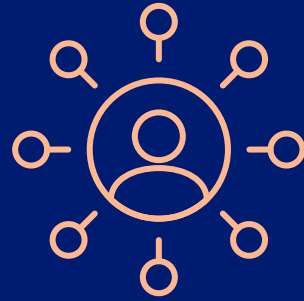




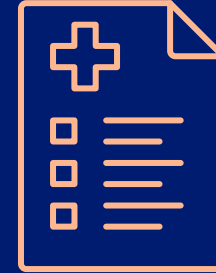
# Rx Cost Management Strategies



**Plan  
Benefit  
Design**



**Modify PBM  
Contracts**



**Limited Use  
of Formulary  
Management**



**Apply  
Effective  
Clinical  
Controls**



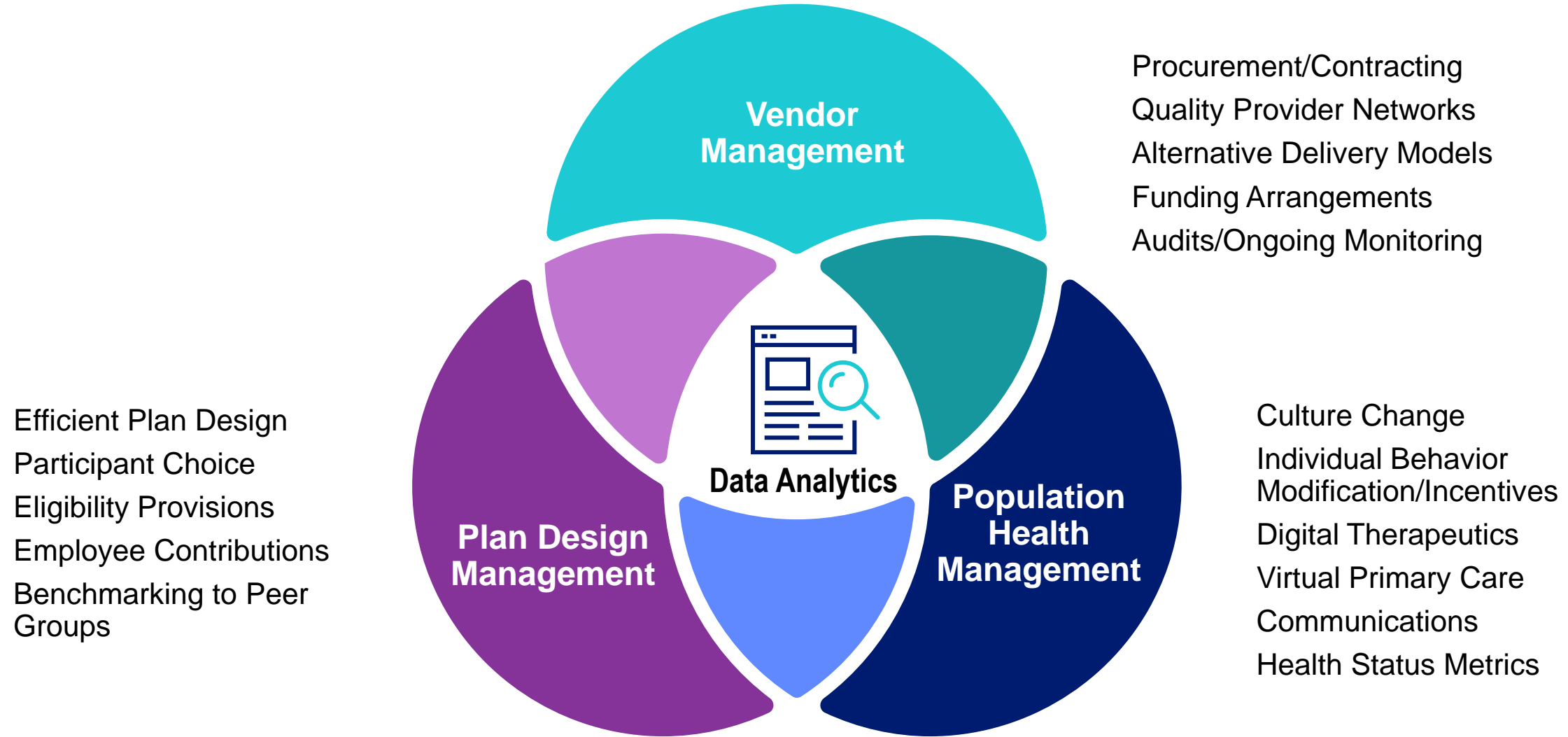
**Leveraging Low  
Net Cost  
Drug Therapies**

# 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

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