

Global insurer survey report

MMB Health Trends 2023

Navigating cost trends and using innovation in employer-provided healthcare



Five key trends from our insurer survey

226 insurers across 56 countries participated in this year's study.

- Trend**
 - Per-person medical cost increases are back to pre-pandemic levels.**
 - COVID-19 continues to impact claims experience.**
 - Plan modernization has begun.**
 - Mental health gaps persist.**
 - Plan management requires greater rigor.**

What it means

- Plan sponsors must factor forecasted cost increases into budgets and determine how to balance empathy with economics.
- Insurers say people are experiencing the effects of disrupted care alongside ongoing COVID claims.
- Digital health support is rapidly evolving, but there has been limited progress on health sustainability.
- Despite progress, plans continue to exclude mental health care or provide only minimal coverage. Employers are left to fill the gap in other ways.
- Benefits managers must develop more robust strategies and prepare for more complex underwriting and plan design decisions.

- Key finding**
 - 68%** of insurers expect plan sponsors to prioritize improvements despite forecasted double-digit medical trend rates in some markets.
 - 55%** of insurers report an increase in later-stage diagnosis of illness due to deferred care.
 - 1 in 2** insurers has changed or expects to change eligibility requirements and eligible expenses to make coverage more inclusive for those who identify as LGBTQ+.
 - 16%** of insurers report not providing plans that cover mental health services (versus 26% in 2022).
 - More than 1 in 5** insurers in Asia are adjusting medical plan premiums based on COVID-19 vaccination status.

Trend 1 Per-person medical cost increases are back to pre-pandemic levels

Medical trend rates are expected to exceed 2019 levels in 2022 and 2023 due to rising prices, supply chain issues and deferred care.

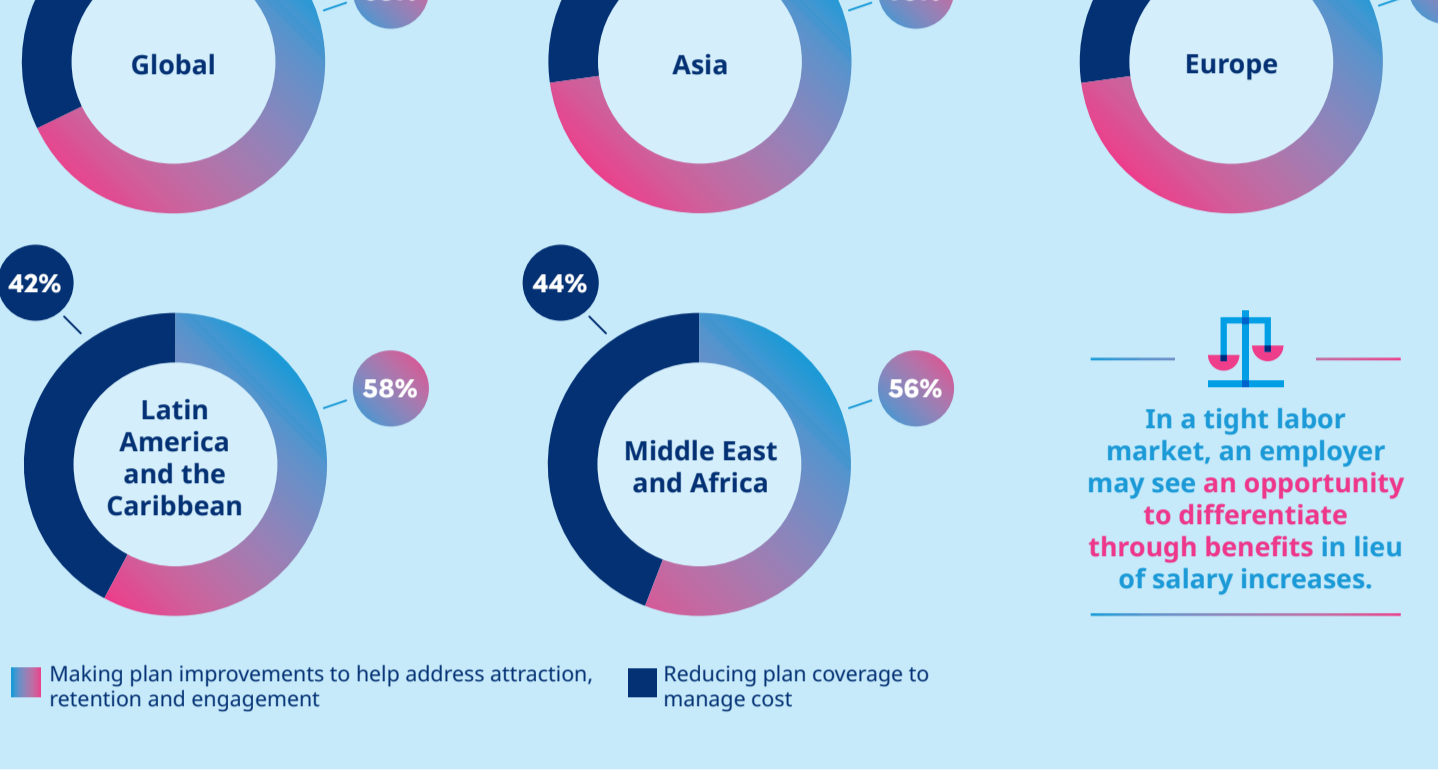
2019-2023 Medical Trend.

	2019	2020	2021	2022	2023
Global	9.7%	5.7%	10.1%	12.7%	12.6%
Canada	6.9%	3.9%	7.1%	7.0%	7.0%
Asia	10.2%	3.5%	8.9%	10.7%	11.5%
Pacific	4.6%	5.2%	5.0%	5.6%	5.8%
Europe	8.0%	3.5%	10.9%	13.9%	13.8%
Middle East and Africa	11.1%	9.6%	10.2%	15.0%	13.8%
Latin America and Caribbean¹	13.4%	8.0%	11.1%	10.7%	11.3%

¹Rates for 2019, 2020 and 2021 are retrospective. Rates for 2022 and 2023 are prospective. Unweighted global averages used. ²Argentina and Venezuela are not included in the table due to current socioeconomic conditions.

Be aware that inflation in the wider economy may further affect medical trend rates, and plan for a higher-inflation environment.

Despite this, insurers expect employers to prioritize making plan improvements over reducing plan coverage in 2023.

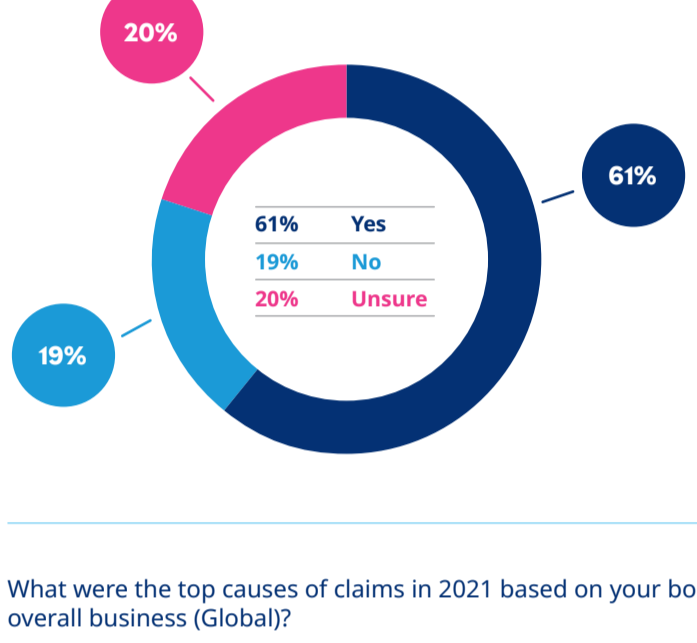


In a tight labor market, an employer may see an opportunity to differentiate through benefits in lieu of salary increases.

Trend 2 COVID-19 continues to impact claims experience

The pandemic has led to higher cost care for the majority of insurers.

In 2022 have you experienced changes in group medical plan claiming patterns due to deferred care during the pandemic?



How has the pandemic manifested itself in current (2022) claims experience?

	Global
Higher cost per claim due to more advanced treatment due to deferred care	58%
More later stage illness diagnoses due to deferred care	55%
Increase in utilization of mental health services	40%
Higher incidence of chronic conditions due to lifestyle changes	37%
Increase in individuals reaching annual sub-limits/caps	26%
Increase in utilization of musculoskeletal services	24%

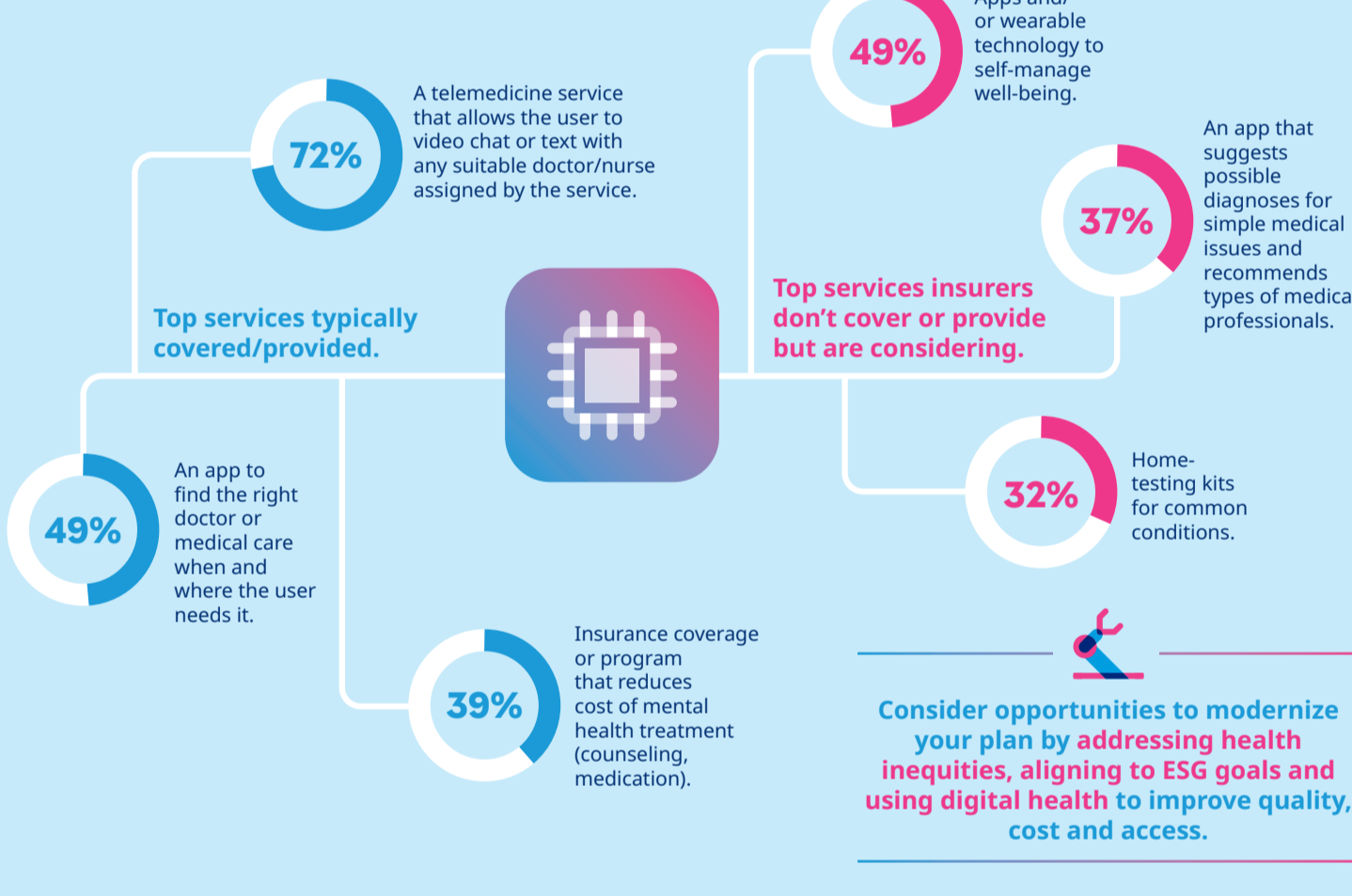
What were the top causes of claims in 2021 based on your book of group or overall business (Global)?

	Claim Amount (Dollar)	Claim Incidence (Frequency)
1	Cancer	Diseases of the circulatory system
2	Diseases of the circulatory system	Respiratory conditions
3	COVID-19	Cancer
4	Respiratory conditions	COVID-19
5	Gastro-intestinal diseases	Gastro-intestinal diseases

Employers should consider specific strategies to address cancer, including prevention and use of treatment centers of excellence.

Trend 3 Plan modernization has begun

Some modern health solutions have been widely adopted, but new and innovative solutions are on the horizon.



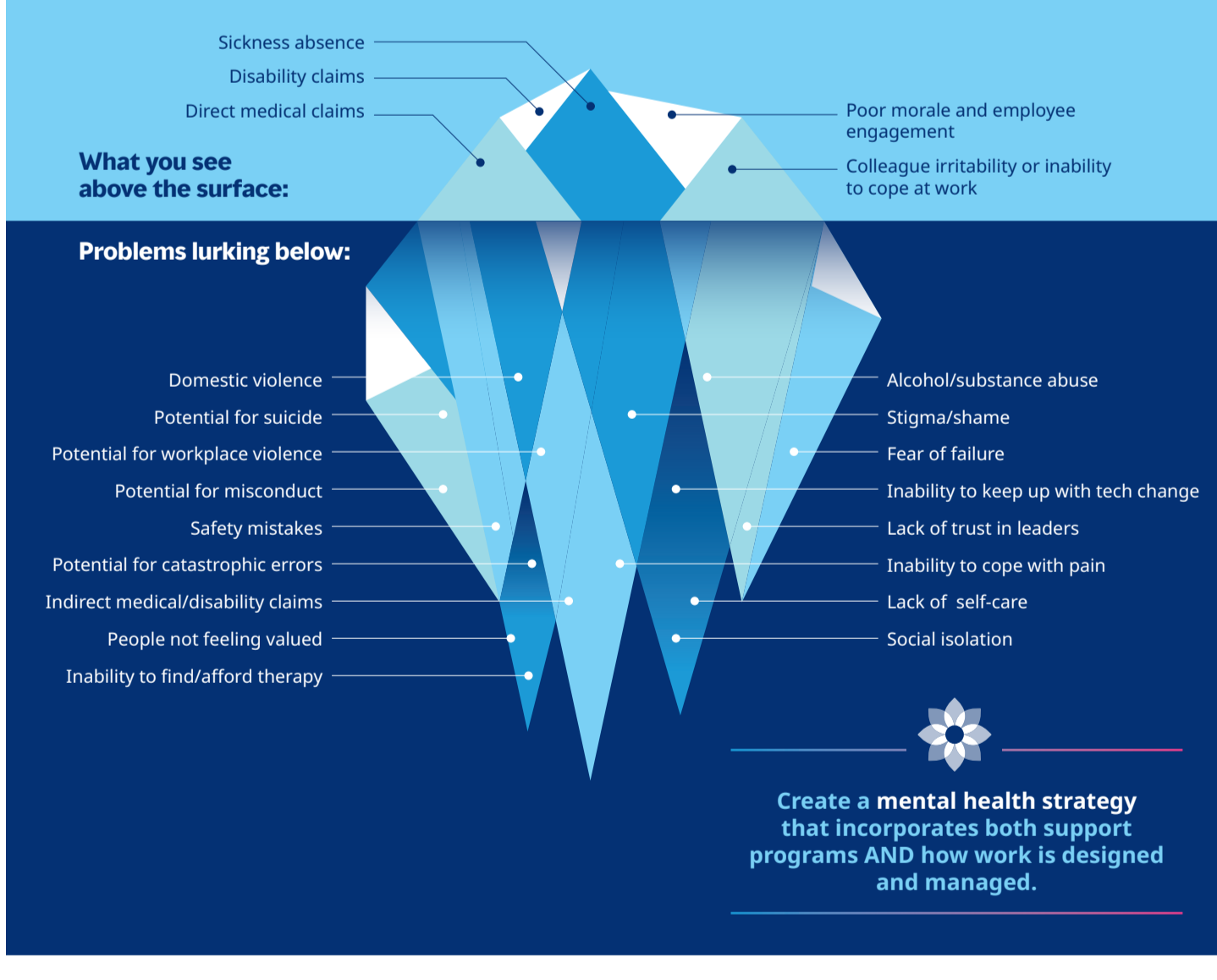
Consider opportunities to modernize your plan by addressing health inequities, aligning to ESG goals and using digital health to improve quality, cost and access.

Trend 4 Mental health gaps persist

Opportunities exist to fill the gaps in mental health coverage, particularly for preventive care and more specialized services.

What are you doing to provide access to mental health prevention, management and treatment as part of your insured health around the world?

	Global	Asia	Europe	Latin America and the Caribbean	Middle East and Africa
Covering psychological and/or psychiatric counseling sessions	66%	55%	73%	73%	66%
Covering inpatient treatment for mental health	53%	54%	47%	48%	66%
Supplying virtual mental health counseling via video chat with a therapist to manage anxiety, sadness or personal relationship issues	40%	30%	41%	46%	50%
Supplying communication on mental topics, like how to access crisis support lines	38%	37%	41%	27%	47%
Covering preventative resilience or mindfulness coaching	27%	20%	27%	29%	44%
Covering substance abuse treatment	8%	5%	16%	4%	3%
We do not provide plans that cover mental health services	16%	16%	14%	17%	19%

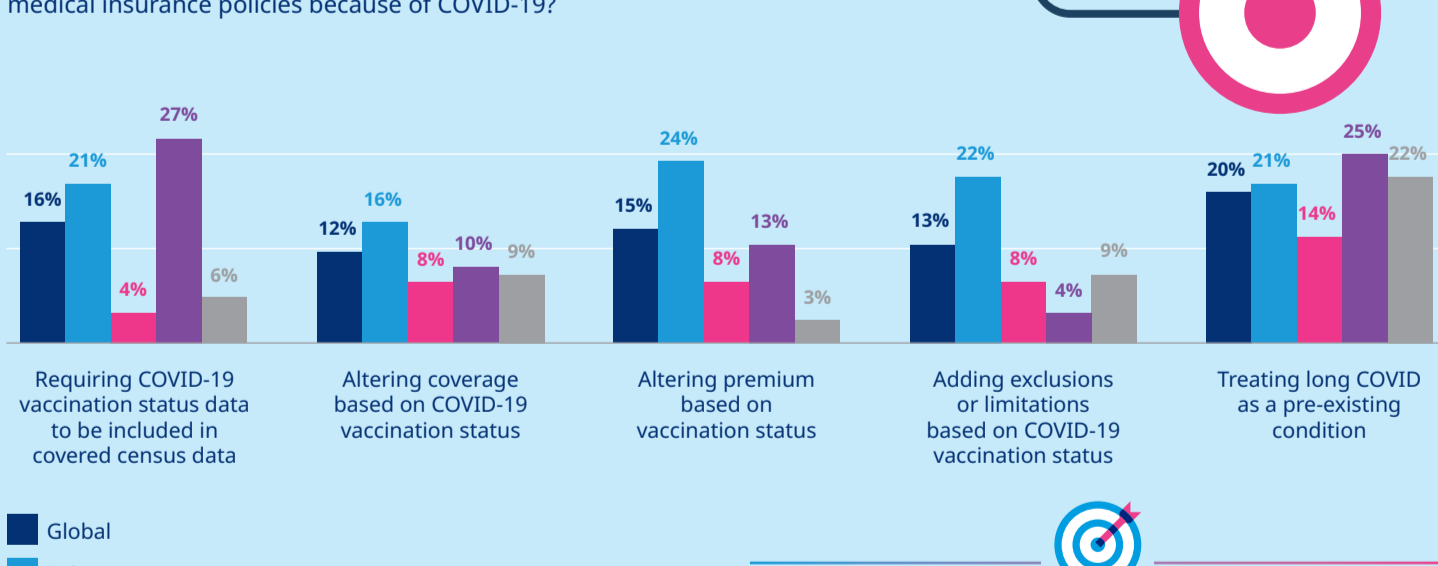


Create a mental health strategy that incorporates both support programs AND how work is designed and managed.

Trend 5 Plan management requires greater rigor

Underwriters may require more information around participants' health than before to secure a renewal.

Are you making any of the following changes to your group medical insurance policies because of COVID-19?



Benefit managers must continue to make their benefit management approach more strategic due to increased c-suite involvement, scrutiny from stakeholders and changing underwriting practice.

In summary

As medical trend returns pre-pandemic levels, the pressure to manage employee health programs grows ever stronger. Partner with MMB to explore how market innovation offers opportunities to modernize plans and increase value for money.

- Determine how to balance empathy for employees' financial wellbeing with economics of the business.
- Explore and deploy high-value, new to market, digital health solutions.
- Promote early screening and diagnosis for serious illness.
- Understand insurer coverage for mental health and where gaps exist.
- Monitor and be ready to meet new insurer renewal requirements.

Reach out to one of our specialists to have a conversation around the actions that are right for your employees and your business.

Download the [MMB Health Trends 2023 Report](#) to learn more.



For further information, please contact your local Mercer Marsh Benefits office. Mercer Marsh Benefits provides a range of solutions to help you manage workforce health and well-being, including: - Brokerage of core employee benefits as well as plan design. - Advice and support for health and well-being, including telemedicine, mental health support, diversity and inclusion, environmental/social/governance, flexible benefits, and plan member - Digital solutions to engage plan members in their health and benefits.

About Mercer Marsh Benefits Mercer Marsh Benefits (MMB) was born out of the unification of one of the world's most respected consultancies, the global leader in people risk advisory and the number one disruptive benefits technology firm to form a unique business. Together they have shaped some of the world's most loved employee-benefit experiences for small companies, growing enterprises and global firms. MMB is 2,000 strong, on the ground in 73 countries, and servicing clients in more than 150 countries. It brings local expertise to more places and works side-by-side with clients, and Mercer and Marsh colleagues around the world. Mercer and Marsh are two businesses of Marsh McLennan (NYSE: MMC), together with Guy Carpenter and Oliver Wyman. The Company's 81,000 colleagues advise clients in 130 countries. With annual revenue over \$20 billion, through its market-leading companies Marsh McLennan helps clients navigate an increasingly dynamic and complex environment.