



# 2022 Global Medical Trend Rates Report

Global Benefits



# Introduction

Aon is pleased to present the results of its 2022 survey of average Medical Trend Rates from countries around the world. The survey was conducted among 108 Aon offices that broker, administer, or otherwise advise on employer-sponsored medical plans in each of the countries covered in this report. Each office represents one specific country. The survey responses reflect the medical trend expectations of the Aon professionals based on their interactions with clients and carriers represented in the portfolio of the firm's medical plan business in each country. The trend rates presented in this report do not include any allowances for potential employer countermeasures such as cost-containment plan amendments or the potential impact of any attendant employer/broker negotiations with carriers.

Aon has conducted this survey in order to help multinational companies:

- Budget premium costs for medical plan renewals
- Understand the factors driving medical cost increases
- Devise wellness and cost-containment initiatives to respond to the challenges

The trend rate figures shown in this report represent the percentage increases in medical plan (insured and self-insured) unit costs that are anticipated to be technically required to address projected price inflation, technology advances in the medical field, plan utilization patterns, and cost shifting from social programs in each covered country.

Care should be taken in interpreting the information presented here. The Medical Trend Rates provided are not meant to represent an overview of each country's health care costs as a whole.

Neither are they necessarily indicative of the health care situation of each country's population overall.

This survey covers several separate themes:

- Estimated Medical Trend Rates for 2022
- Risk factors that are driving medical cost inflation
- Principal cost elements in medical claims
- Wellness and health promotion initiatives being undertaken by employers to deal with spiraling medical cost increase trends
- The most common (modal) employer practices

in each covered country around medical plan prevalence, design, funding, and administration

- Qualitative responses to provide greater context to medical plans globally

This report also provides information on the growing practice of requiring employee cost sharing in medical plan costs. The report summarizes the most typical (modal) practices in each covered country in this regard—employee sharing in medical premium costs, or in medical claim outlays.

As a reference, we have also included the projected general inflation rates for 2022 published by the International Monetary Fund (IMF)<sup>(1)</sup> that have been adopted as a proxy for the expected domestic retail inflation level in each country for 2022.

The trend rate figures, risk factors, and cost elements in this report relate to employer-sponsored plans and their participants with aggregate premiums, or premium equivalent, managed by Aon of over USD 180 billion.

The global and regional Medical Trend Rate averages reflect the following technical procedures:

- A weighting process based on each country's average private health care insurance expenditure per person with arbitrary adjustments for some countries in order to prevent over or under weighting.
- A geometric averaging mechanism

Due to the hyperinflation environment prevailing in Argentina, Lebanon, Venezuela and Zimbabwe, we have left these countries out of the regional and global Medical Trend Rate averaging mechanism for 2022.

Aon intends to issue annual survey updates in the future. We expect that as the global demand for medical plan benefits extends to more countries, the number of participating countries in our published reports will increase over time.

We hope you will find this report useful. We welcome any feedback you may wish to provide.

<sup>(1)</sup> IMF did not publish projections on general inflation for Argentina, Bermuda and Lebanon.

For Bermuda we have used the most recent domestic retail inflation figure as the best available proxy. For Argentina and Lebanon, we decided not to report a general inflation figure due to the lack of reliable proxies.

# Key Highlights

## Global Overview

At the time of publication of this report, the world has been submerged in the COVID-19 pandemic for almost two years, with the various economic slowdowns directly impacting employer-sponsored medical plans. Around 60% of countries surveyed reported 2020/2021 plan utilization levels either lower or much lower than the levels observed during 2019 pre-pandemic year.

And although there is still a fair amount of uncertainty regarding COVID-19's impact on deferred treatments and long-term health care, most countries are reporting plan utilization gradually returning to normal levels (or pre-pandemic levels), with normalization expected to occur, for many, during last quarter of 2021 or early 2022.

Despite the pandemic, and also exacerbated by its potential long-term effects, employer sponsored medical plans will continue to be highly prevalent, with insurance as the most common, and growing, financing approach. Furthermore, the scope of the provisions offered by these medical plans continues to expand (e.g. covering new procedures, fewer exclusions from plan coverage, and more lenient plan participation requirements), while the majority of top local insurers expand their offer to include telehealth

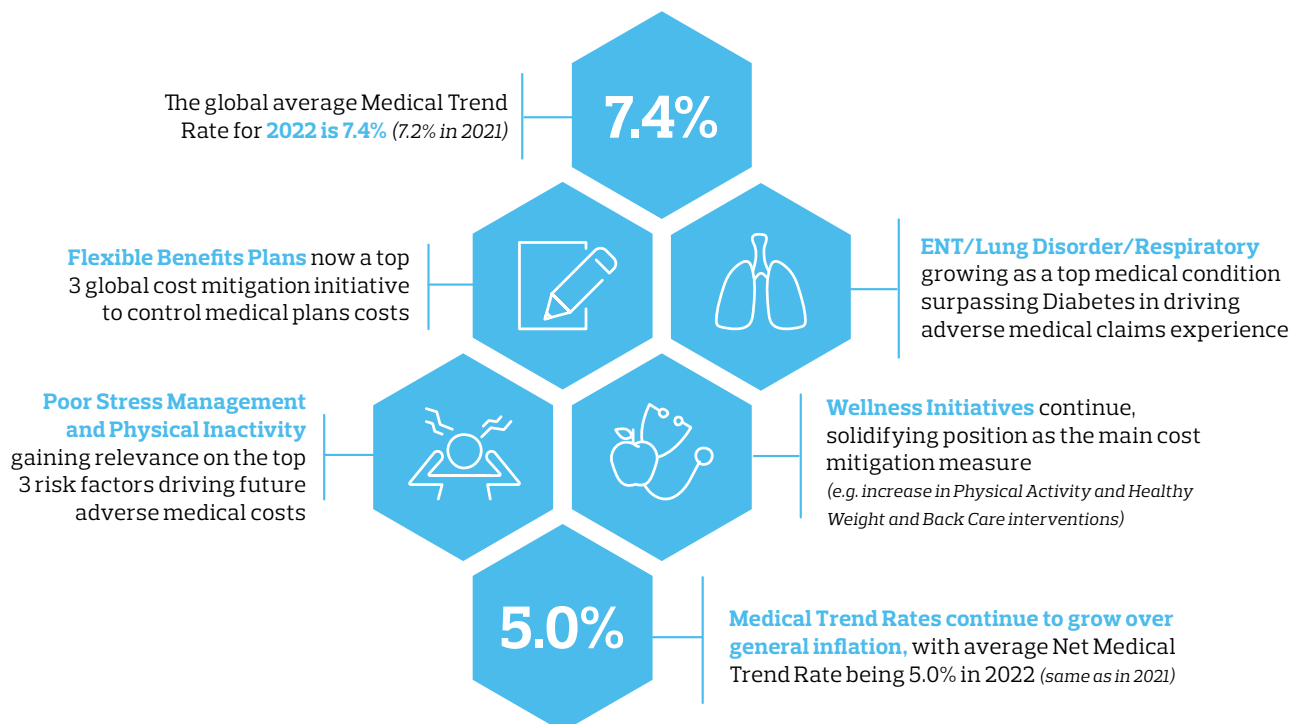
services and/or mental health support, either directly or through third party providers.

At a global level, we are expecting a slightly higher average Medical Trend Rate in 2022 relative to 2021, following the expected global increase in general inflation. With the exception of North America and Middle East & Africa, the increase will be echoed through all the regions, particularly in the Latin American and Caribbean region, where net trend is also expected to increase.

However, and despite the anticipated increase in the Trend Rate in the Latin American and Caribbean region, mostly driven by Brazil and Mexico, the Middle East & Africa will remain the region with the highest average Medical Trend Rate.

For Europe and Asia-Pacific regions the 2022 Medical Trend is expected to remain stable, following the projections for the general domestic inflation, with levels similar to those anticipated for 2021.

Finally, and contrary to the small increase in the domestic general inflation, North America reported a small decrease in the 2022 Medical Trend Rate, with both Canada and the US projecting a downward net trend relative to 2021 reported projections.



**Exhibit 1: Double-digit margins between 2022 Medical Trend Rates and domestic inflation levels were found in the following countries:**



The 2022 average global nominal (gross) Medical Trend Rate is projected to be higher than the corresponding 2021 reported projection:

- For 2022, the global average Medical Trend Rate was projected to be 7.4% and the global average general inflation rate to be 2.4%<sup>1</sup>
- In 2021, the global average Medical Trend Rate was projected to be 7.2% and the global average general inflation rate to be 2.2%<sup>2</sup>

**Furthermore, and for 2022, the gap between the average global nominal Medical Trend Rate and the global average general inflation rate is expected to remain the same, at 5.0%, similar to the reported for 2021.**

<sup>1</sup>2022 projected inflation from IMF World Economic Outlook Database April 2021

<sup>2</sup>2021 projected inflation from IMF World Economic Outlook Database April 2020

## Regional Commentaries

The commentaries below present brief descriptions of developments that influenced the Medical Trend Rates in selected countries that have large medical premiums per employee:

### North America

#### Regional Average Gross Medical Trend Rate

**2022 | 6.6%**

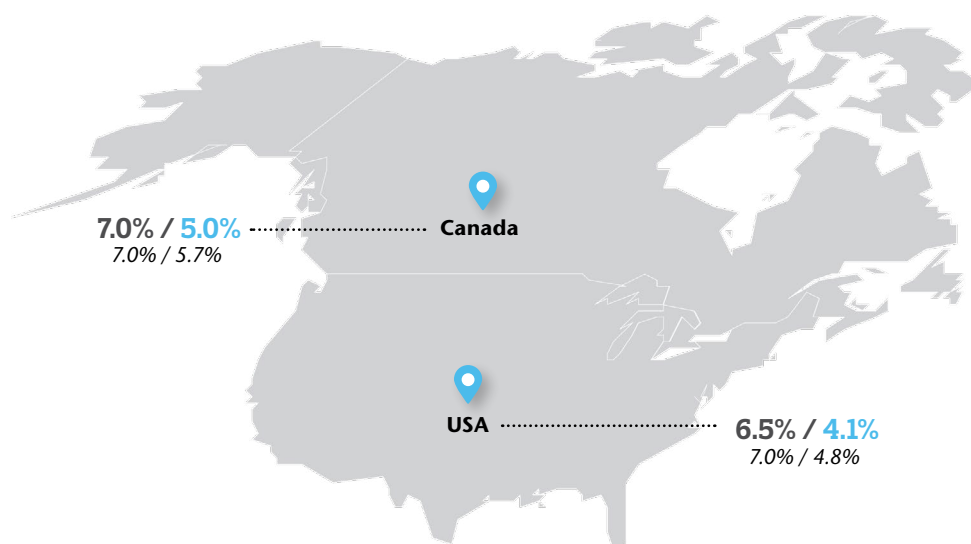
2021 | 7.0%

#### Regional Average Net Medical Trend Rate

**2022 | 4.3%**

2021 | 4.9%

**2022 Annual Medical Gross % / Net %**  
vs.  
2021 Annual Medical Gross % / Net %



#### Canada

In Canada, the COVID-19 lockdowns have resulted in a general reduction on utilization levels, namely Dental and Out-patient non-emergency services, with prescription drugs, the top cost element of employer sponsored medical plans, remaining similar to pre-pandemic years. Furthermore, and with the assumption that no major subsequent lockdowns will occur, we expect utilization to return to pre-pandemic levels by the end of 2021 or beginning of 2022. Therefore, we anticipate for 2022 a Medical Trend rate at a 7% level, similar to the anticipated trend reported in the prior year.

#### United States

In the US, and following the aftermath of COVID-19, with quarantine, social distancing and system capacity concerns, we have seen an important decrease in preventive and so called discretionary medical services, leading to a significant, and generalized, utilization downsize during 2020. In addition, claim activity during 2021 will still remain slightly below expected pre-COVID-19, despite no reported material impact on prescription drug claims and the added direct costs of COVID-19 (adding 1% to 2% as a result of a combination of testing, treatment and vaccination costs).

Furthermore, and considering there is still a lot of uncertainty around the new COVID-19 variants, the impact of chronic condition prevalence and increased cost of treatment, the higher demand for behavioral health services, as well as the true positive impact on claims from a more permanent use of telehealth services, we are anticipating an overall 2022 Medical Trend rate to remain relatively steady at 6.5% level.

## Asia-Pacific (APAC)

### Regional Average Gross Medical Trend Rate

**2022 | 8.2%**

2021 | 8.0%

### Regional Average Net Medical Trend Rate

**2022 | 5.8%**

2021 | 5.5%

### Australia

In Australia, COVID-19 did not have a notable detrimental impact on the overall healthcare system. The backlog of cancelled elective surgeries due to stringent lockdowns and the delaying of health screening is expected to generate a future surge of patients resulting in a negative impact on healthcare costs. This, combined with an ageing population and increasing rates of chronic disease and high cost of medical devices and advancements in technology (cost of prostheses are around 30% higher than NZ) has resulted in a 3.2% projected Medical Trend rate for 2022, despite the slightly lower general inflation projections by the IMF.

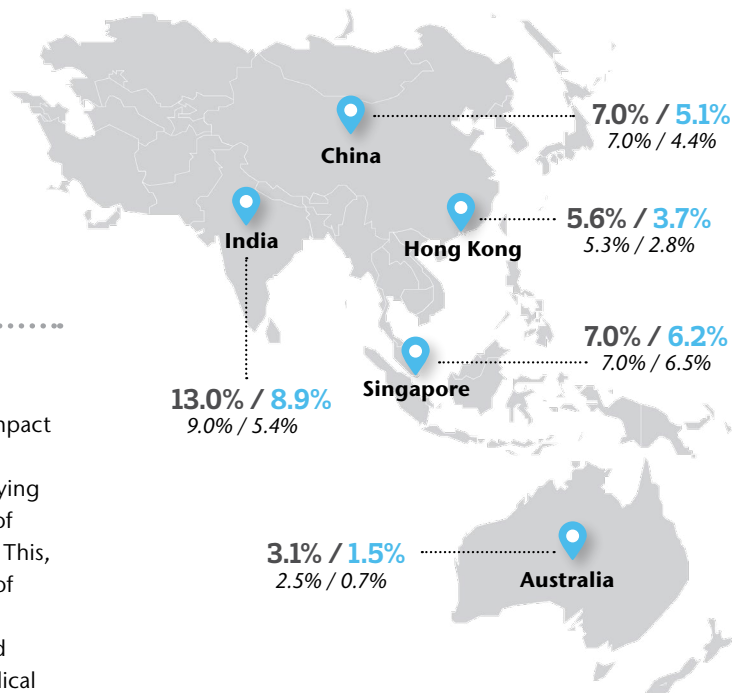
### China

In China, the COVID-19 pandemic has significantly reduced overall plan utilization levels, namely outpatient care. However, we have seen behavior quickly normalize, at a point that, by the end of 2020 claims were reporting similar to pre-pandemic levels, which continued towards 2021, with the exception of online consultations (telehealth) which gradually continues to spike. Therefore, and despite the slight reduction on the projected general inflation, we expected Medical Trend rate to continue to be aligned with what was observed during pre-COVID years. Hence, and for 2022 we anticipate a Medical Trend rate at a 7% level.

### Hong Kong

Despite the lower anticipated general inflation, we have seen medical providers and clinics in Hong Kong increasing their prices to a greater degree. Furthermore, we are starting to observe utilization levels rise above those pre-pandemic, mostly as a result of higher freedom of movement and as a consequence of delayed elective procedures. However, considering we still expect a fair amount of volatility on utilization levels during 2022, we anticipate a 5.6% medical trend rate, below pre-pandemic levels.

### 2022 Annual Medical Gross % / Net % vs. 2021 Annual Medical Gross % / Net %



### India

In India, the COVID-19 pandemic has overshadowed healthcare claims for most of 2020/2021. The cost of treatment has increased due to new COVID-19 security measures, such as the extensive use of PPE, testing and mitigation protocols for inpatient admissions, as well as due to the higher demand for medical services (most facilities stayed devoted to COVID treatments as per government intervention). Furthermore, the adverse health impact of deferred regular screening and a likely third wave remains a big cause of concern, namely considering that a large portion of the population is not yet vaccinated. Therefore, and despite seeing claims incidences gradually settling down, we anticipate 2022 Medical Trend rate to increase to a 13% level, higher than prior years reported trend.

### Singapore

In Singapore, and despite some uncertainty, we have seen claims spike back up in 2021 with the expectation that they would eventually normalize during 2022 as a result of a high vaccination rate (+75% as of August 2021), with country moving steadily from a pandemic to an endemic status. Furthermore, we continue to see a growing interest, and an increased scope of provisions, related with wellness programs, spearheaded by the COVID-19 pandemic and subsequent rise on mental health and telemedicine claims, which, together with the acceleration in technology and digital health usage, results in a 7% anticipated 2022 Medical Trend Rate level, similar to the one reported for 2021.



## Europe

### Regional Average Gross Medical Trend Rate

**2022 | 5.6%**

2021 | 5.5%

### Regional Average Net Medical Trend Rate

**2022 | 3.8%**

2021 | 3.9%

### France

In France, COVID-19 lockdown measures have resulted in a significant drop in medical plan utilization during 2020. However, we are seeing utilization levels gradually coming back to normal, with full normalization (pre-pandemic levels) expected during 2022. Furthermore, general inflation is expected to increase and the new COVID-19 tax on medical plans, introduced by the government to address pandemic social and economic crisis, may continue through 2022 and beyond. Therefore, the 2022 Medical Trend rate is projected for 2022 at 4%, similar to reported levels in prior years.

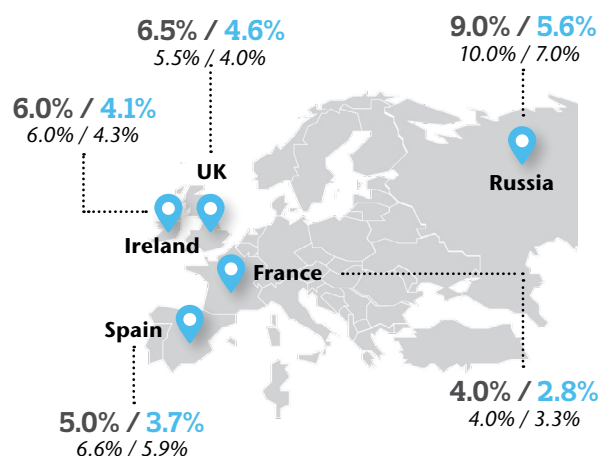
### Ireland

In Ireland, staff in private hospitals are working longer hours, working over the weekends and even cancelling staff holidays to bring down the waiting lists that built up over the various lockdowns. Whilst the number of procedures are not quite up to the pre-COVID yet in 2021, we anticipate the number of procedures in 2022 will catch up and potentially be higher than pre-COVID levels due to pent up demand. In addition, procedures are being carried out in more expensive private settings, which will drive up individual claims costs for insurers. Furthermore, hospitals have been investing in various areas like new drugs, technologies, salary increase, social distancing/PPE related expenses etc, all of these will continue to increase claims costs in 2022. The combination of these factors results in a continued trend level of 6% for 2022.

### Russia

For Russia we are projecting a slightly lower Medical Trend rate, despite a relatively stable general inflation projection. Although utilization levels are still reporting below pre-pandemic, deferred elective treatments have started to materialize during 2021 with the expectation for a full normalization by the end of 2022, and we continue to observe inflationary pressures on the cost of medical services and goods, as well as an increase on the average cost of treatments. Therefore, we are projecting a 2022 Medical Trend rate of 9%, as opposed to the 10% reported for 2021.

### 2022 Annual Medical Gross % / Net % vs. 2021 Annual Medical Gross % / Net %



### Spain

In Spain, and despite the expected increase in general inflation, we are projecting a downward Medical Trend rate at a level of 5%, below anticipated trend reported in prior year. Since the start of the COVID-19 pandemic we have observed a generalized reduction on plan utilization, and, although gradually returning to pre-pandemic levels, there are still many elective surgeries expected to initiate during the course of 2022. On the other hand, we have seen an increase on the cost of clinics/labs in order to undertake additional COVID-19 testing and address treatment requirements and/or patient admissions, with insurers having to incorporate these additional coverages as part of medical plan provisions. Furthermore, we expect by 2022 an incremental use of online consultations (telehealth).

### United Kingdom

In the UK, and due the COVID-19 pandemic, plan utilization saw a sharp reduction in activity during 2020/2021, some plans seeing claims reduce by 20-30%. However, we are likely to see utilization normalize to pre-pandemic levels by the end of 2021, with the aggravation of short-term upward cost pressures such as additional screening requirements, increasing costs of treatments due to delayed diagnosis and increasing incidences of mental health cases. Therefore, we anticipate 2022 Medical Trend rate at a 6.5% level, similar to level reported pre-pandemic.



## Latin America & Caribbean (LAC)

### Regional Average Gross Medical Trend Rate

**2022 | 10.6%**

2021 | 8.8%

### Regional Average Net Medical Trend Rate

**2022 | 7.4%**

2021 | 6.4%

#### Brazil

Due to the COVID-19 pandemic, Brazil has experienced during 2020 a significant reduction in the utilization of health services, especially doctor and emergency room visits. However, and despite the lower demand, costs of medical services continued to increase double digit. In the first half of 2021 it was observed an increase in utilization, both in number and severity, with elective procedures gradually coming back to pre-pandemic levels. Furthermore, currency depreciation against USD in the past year has had an upward impact on the cost of medical equipment and medicines, which often represents 50% of hospitalization costs. As a result, we are anticipating a Medical Trend rate for 2022 at a 12.3% level, increasing from 10.6% as reported for 2021.

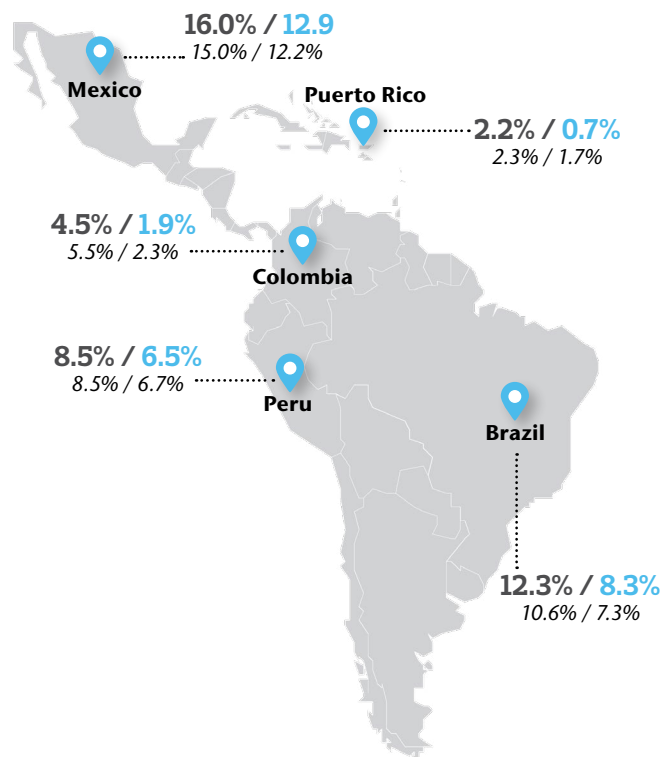
#### Colombia

In Colombia, we have assisted a significant and generalized reduction in plan utilization during 2020, namely in the use of outpatient medical services, contrasting with the increased utilization of mental health and tele health services. Nevertheless, since the last quarter of 2020 claims are slowly, and gradually, returning to pre-pandemic levels, with a full normalization expected by the end of 2022. This, together with an expected reduction on the general inflation has led to a downward projected 2022 Medical Trend rate of 4.5%, as opposed to 5.5% as reported prior year.

#### Mexico

In Mexico, we continue to observe the comeback of deferred treatments for conditions not directly related with COVID, and we expect this to linger through 2022. Additionally, hospitals have been modifying their protocols for safe care of non-COVID patients, which will continue to drive medical average costs upwards. Furthermore, we are also anticipating long term effects from complications in post-COVID patients. Therefore, the 2022 Medical Trend rate is expected to remain double digit, projected at 16%, above anticipated trend reported is the past two years.

### 2022 Annual Medical Gross % / Net % vs. 2021 Annual Medical Gross % / Net %



#### Peru

In Peru we have gradually seen 2021 utilization numbers coming back to pre-pandemic levels. Furthermore, increasing prescription costs and cost of treatments due the use of new technology by private health care providers continue to drive medical trend, keeping the rate significantly above general inflation. Finally, we anticipate that COVID-19 treatments and Delta variant will continue to put pressure on hospital services and rates and therefore anticipate 2022 Medical Trend Rate to remain the same as the reported for 2021.

#### Puerto Rico

Puerto Rico has been historically impacted by strong socio-economic crisis and natural events (hurricane and earthquakes) and most recently the global pandemic. With the COVID-19 pandemic we have observed atypical utilization behaviors as a result of the stay at home and lockdowns orders. However, looking at 2021 utilization, the expectation is that patterns will end very close to those seen during 2019. Nonetheless, Medical Trend Rate is anticipated to stay at a low level, mostly as a result of insurance carriers working with medical providers to keep fees low, reviewing pharmacy contracts and encouraging the use of discount hospitals and networks for laboratories, x-rays and pharmacies.

## Middle East & Africa (MEA)

### Regional Average Gross Medical Trend Rate

**2022 | 11.1%**

2021 | 12.0%

### Regional Average Net Medical Trend Rate

**2022 | 6.1%**

2021 | 7.1%

### Angola

In Angola, and in recent years, the high general inflation and local currency devaluation, together with the uncertainty regarding hard currency availability, have resulted in a sky-high reported Medical Trend rate. However, and due to a more stabilized exchange rate, with local currency gaining some ground to USD, and the fact that COVID-19 has had limited impact on private coverage and employer sponsored medical plans, we anticipate for 2022 a Medical Trend rate at a 15% level, substantially lower than the trend reported in prior year, but aligned with the also downward general inflation projection.

### Nigeria

In Nigeria, the lingering high cost of medicines and medical equipment, as the result of successive currency depreciation against USD, will continue to pressure Medical Trend rate to remain 400-500 basis points above general inflation. Furthermore, the generalized increase on plan utilization following the COVID-19 pandemic, which is expected to continue during 2022 due to the very low vaccination rate, as resulted in a projected Medical Trend rate for 2022 slightly above numbers reported in recent years, at a 18.5% level.

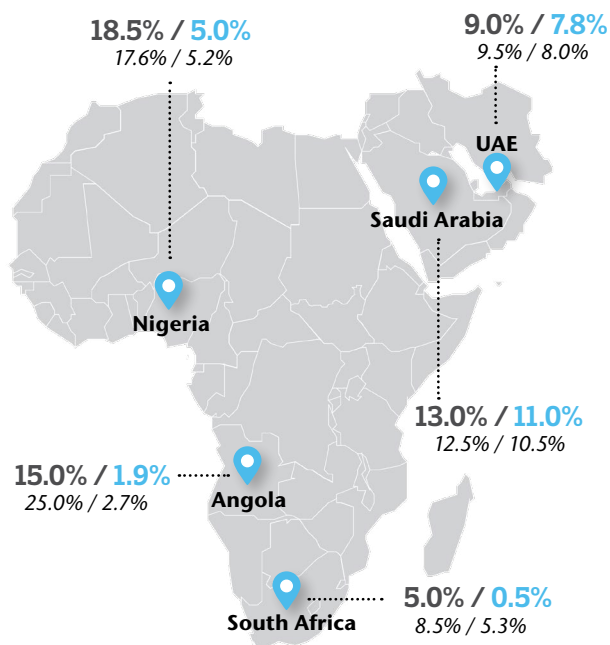
### Saudi Arabia

With the lifting of COVID-19 related restrictions, we have seen a steady increase in plan utilization and claims levels in Saudi Arabia. And although levels are not yet normalized, the pandemic has intensified the demand for more expensive, high quality, medical providers, due to the perceived health and safety issues, for which supply is limited, especially in the eastern provinces of the kingdom. Furthermore, we are seeing more employers expanding coverage to parents as a tool to attract and retain talent, carrying additional risks and bringing additional pressures for costs to increase. Therefore, the combination of these factors is expected to result in a 13% Medical Trend rate, slightly upward level than the reported in prior year.

### 2022 Annual Medical Gross % / Net %

vs.

2021 Annual Medical Gross % / Net %



### South Africa

In South Africa, COVID-19 has resulted in medical schemes having deferred treatments and overall lower utilization during 2020, generally improving the financial position of medical plans and creating net surpluses as well as reserves. And, although expectation is that utilization levels will steady normalize during 2021 and following year, Council for Medical schemes recommends contribution increases for 2022 to be limited to 4.2%. Therefore, and considering schemes may deviate from this recommendation, we expect a downward Medical Trend Rate of 5% for 2022.

### United Arab Emirates

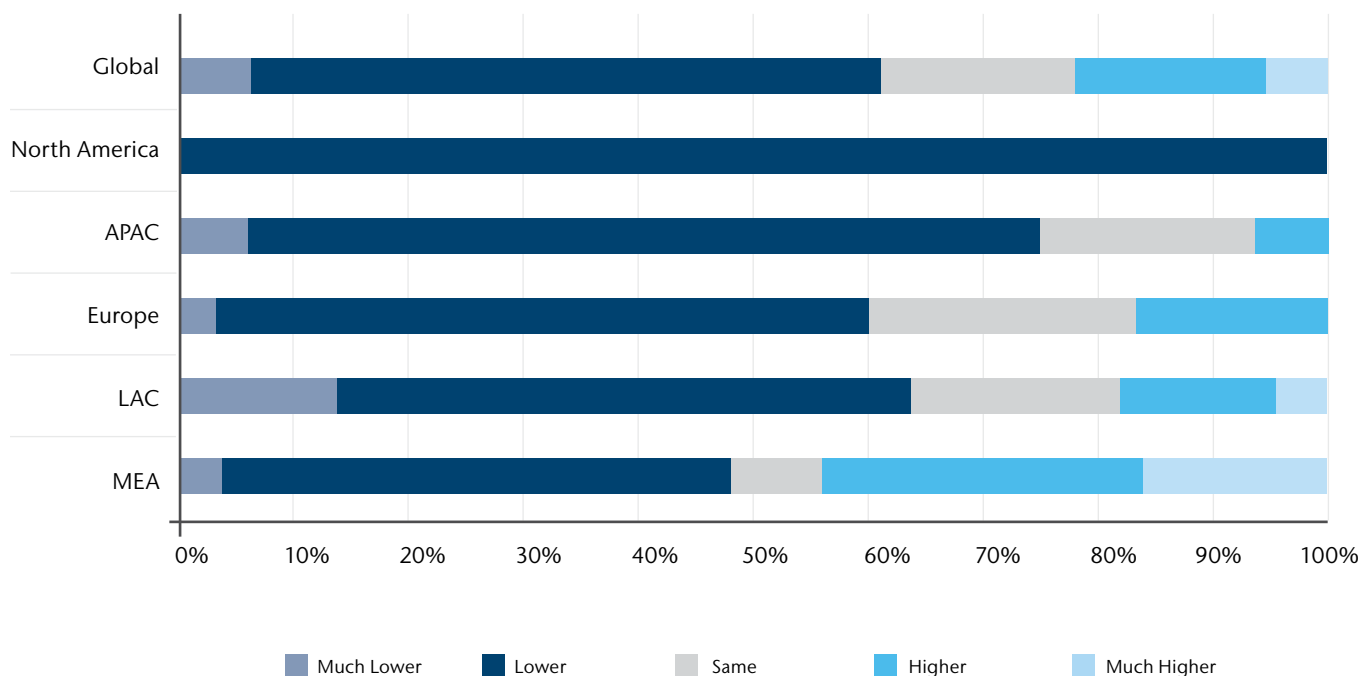
Following the COVID-19 pandemic, the cancellation of medical appointments and elective, non-emergency treatments, and subsequent reduction in the utilization of healthcare services, mostly observed during 2020 and 2021, has had a negative impact on the health care infrastructure in UAE and placed downward pressures on the trend rate. Furthermore, Dubai has recently introduced Diagnostic Related Groups (DRGs), feature where healthcare services are combined to avoid over utilization and charging. Therefore, we anticipate 2022 Medical Trend Rate to be at a 9% level, slightly below rate reported last year, in a country where trend has historically been double digit.

## The Global COVID-19 Pandemic Impact on Medical Plans Usage

COVID-19 has undoubtedly had a major impact on 2020 and 2021 Medical Trend Rates, with the 2021 global nominal (gross) Medical Trend Rate averaging the lowest since we initiated this study a decade ago.

Therefore, and in order to provide a clearer understanding on the impact COVID-19 had, and is expected to have, on medical plans usage, we have surveyed all 108 countries covered in this report and were able to conclude the following, based on the response from the vast majority (+90%) of the countries.

### Exhibit 2: Utilization levels reported for 2020/2021 when compared to pre-COVID-19



More than 60% of the countries observed utilization of employer-sponsored medical plans lower or much lower during 2020/2021 than the 2019 pre-pandemic levels. In this regard, the Asia-Pacific was the region where more countries (+70% countries) reported a downsize on utilization.

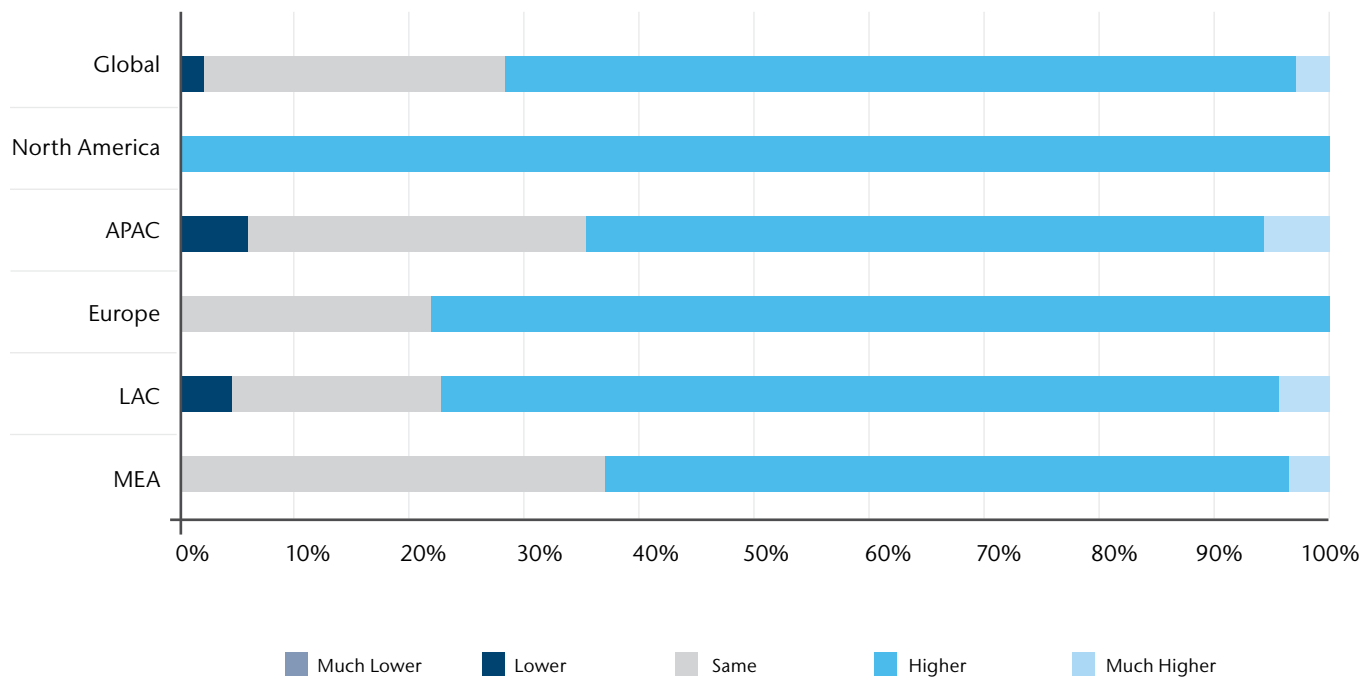
Asia-Pacific was also the region where Outpatient services utilization dropped the most, with four in each five countries reporting lower or much lower utilization levels.

Besides Outpatient, the aftermath of the pandemic also brought an important global reduction on the usage of Preventive Care, Dental, Hospitalization and Vision services.

Regarding Chronic Conditions related services, a little less than 30% of countries globally observed a lower or much lower utilization level in 2020/2021 when compared to pre-pandemic levels.

On the other hand, Mental Health and Telehealth services have seen a global spike on the usage numbers during 2020/2021, namely in Asia-Pacific and Europe, with more than half of the countries reporting a higher or much higher utilization level.

### Exhibit 3: Utilization levels expected for 2022 when compared to 2020/2021



Looking ahead to 2022, more than 70% of countries are expecting utilization level to be higher or much higher than the observed during 2020/2021, with less than 30% expecting the same.

Europe and Latin America and Caribbean are the regions where more countries expect a higher or much higher utilization levels.

Preventive Care and Outpatient are the medical services for which there is a higher percentage of countries across all regions projecting an increase in usage for 2022.

Furthermore, there is the expectation of an even higher demand for Mental Health services globally, most notably in the Asia-Pacific and Latin America and Caribbean regions.

Finally, utilization of Telehealth services is also expected to increase during 2022, continuing the strong increase observed in 2020/2021, with Europe and Asia-Pacific taking the lead.

## Call to Action

2020/2021 have been unprecedented years, with a widespread reported decrease in employer-sponsored medical plan utilization as a result of the COVID-19 pandemic and subsequent global lockdown measures. Consequently, 2021 observed the record lowest anticipated global Medical Trend Rate ever recorded.

However, we will continue to see medical costs rising significantly above general inflation, with the 2022 global Net Medical Trend Rate expected at the same level as 2021 reported projections.

In fact, we expect continued medical plan cost escalation due to population ageing, overall declining health, poor lifestyle habits and increased prevalence of chronic conditions, as these continue to be global phenomena that are further exacerbated by the potential long-term health impacts of the deferred treatments and routine checks, that resulted from the multiple pandemic related lockdowns.

**Employers will continue to face the prospect of added organizational costs and employee productivity losses, unless the controllable factors contributing to these patterns are effectively addressed. This comes in addition to the growing need for a resilient workforce, a need exacerbated by the COVID-19 pandemic.**

The optimization of medical plan design, financial strategy, and delivery mechanisms are a good place for employers to start in addressing some of these challenges around the world. However, once properly executed, these initiatives will have a diminishing incremental improvement on the business.

The structural solution for the long term involves providing robust health care and wellness benefits for all employees and their families, which can actively promote a healthy workforce:

- Providing quality healthcare treatment when needed
- Facilitating the management of chronic health conditions
- Preventing and reducing the risk of accidents and illnesses
- Helping employees understand their health risks and educating them on steps to improve their health
- Encouraging health-positive behaviors

In order to promote workforce resilience, employers must create a supportive environment and framework for employees' wellbeing, addressing aspects such as financial health, mental health, diversity and inclusion, and career development, among others. This environment should also take into account the changes in workforce patterns including much more home working and limited interactions with colleagues.

Wellness is a key component of wellbeing, focusing on physical health. Although this report is not targeted to address wellbeing, the summaries on global practices in this report should be useful in understanding wellness, as well as employer-sponsored medical plans and correspondent cost mitigation efforts being undertaken by employers worldwide.

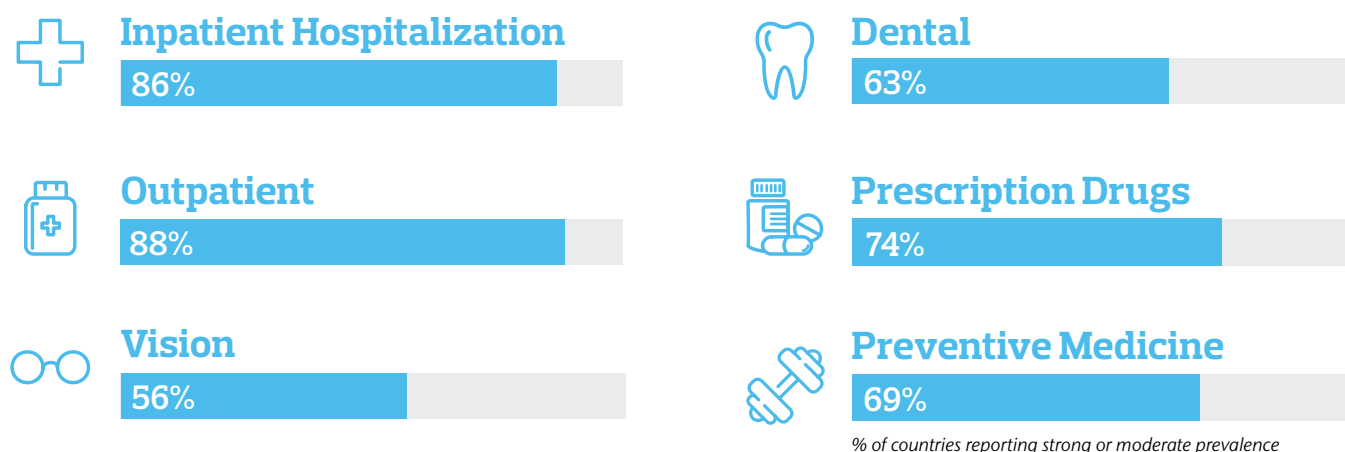
This report also demonstrates that the underlying causes of illness and medical risk factors vary greatly by region, country, company sector, etc. It is therefore important to carefully target employer initiatives to the specific situation in each country and for each medical plan.

# Results Summary

## Medical Plan Features

As in prior years, this year we surveyed our offices to canvass the prevalence of medical programs in each country. A summary of the replies on employer medical benefit provision practices is as follows:

### Exhibit 4: Global Medical Plan Features



## Medical Plan Financing Approaches

The figures below represent the reported prevalence of financing approaches typical within each region.

### Exhibit 5: Prevalence of Financing Approaches

North America		APAC	Europe	LAC	MEA
United States	Canada				
Self Insurance	Insurance	Insurance	Insurance	Insurance	Insurance
Insurance	Mixed	Self Insurance	Self Insurance , Mixed	Self Insurance	Self Insurance
Mixed	Self Insurance	Mixed	Company owned/ Contracted Facilities	Mixed	Mixed

## Medical Plan Employee Cost-Sharing

As employee cost-sharing is often a very important element of a company's medical cost-mitigation strategy, we have investigated the prevalence of employee cost-sharing general practices in each country covered from two perspectives:

- Employees sharing the cost of medical premiums
- Employees sharing in claim outlays, such as deductibles, co-pay and co-insurance

The figures below represent the percentages of countries reporting the most common practices nationwide, in employee cost-sharing in the medical plan premiums and claims, in their respective regions.

### Exhibit 6: Employee Cost-Sharing

	Global	APAC	Europe	LAC	MEA
<b>Share of Medical Premium</b>	69	58	82	92	47
<b>Contributions to employee premium</b>	34	22	24	67	23
<b>Contributions toward spouse premium</b>	68	61	76	92	47
<b>Contributions toward children premium</b>	68	58	79	88	47

*% of countries responding per indicated region*

	Global	APAC	Europe	LAC	MEA
<b>Share of Medical Claims</b>	89	84	82	96	93
<b>Deductibles</b>	43	26	39	67	37
<b>Copays</b>	45	44	36	58	43
<b>Coinsurance</b>	67	63	48	88	70

*% of countries responding per indicated region*

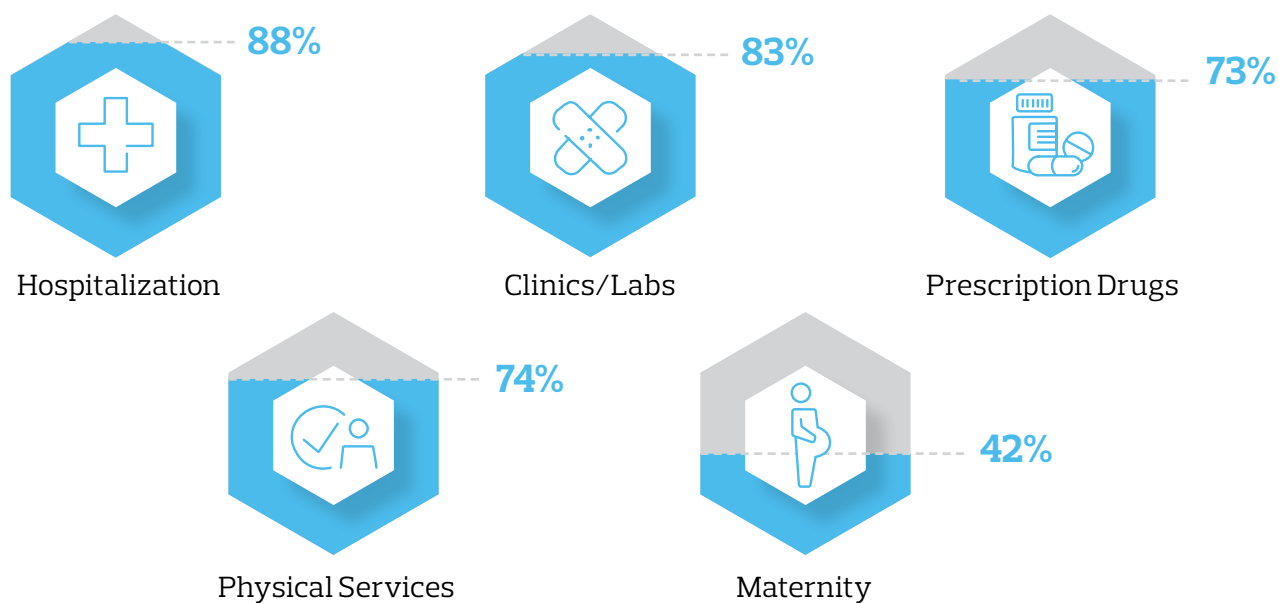


## Most Important Elements of Medical Plan Cost

The figures below represent the percentages of responses from countries that reported the indicated cost item as the most important element of medical plan cost in their respective countries.

### Exhibit 5: Top Global Cost Elements

% of countries responding



The figures below represent the percentages of countries reporting the indicated cost element in their respective regions.

### Exhibit 6: Indicated Cost Elements in Respective Regions

North America		APAC	Europe	LAC	MEA
United States	Canada				
Hospitalization	Prescription Drugs	Hospitalization <b>95</b>	Hospitalization <b>81</b>	Hospitalization <b>96</b>	Clinics/Labs <b>100</b>
Prescription Drugs	Dental	Clinics/Labs <b>84</b>	Clinics/Labs <b>77</b>	Prescription Drugs <b>92</b>	Hospitalization <b>88</b>
Physician Services	Biologic Immunomodulators	Prescription Drugs <b>84</b>	Physician Services <b>65</b>	Physician Services <b>83</b>	Prescription Drugs <b>88</b>
Clinics/Labs	Preventive Care	Physician Services <b>74</b>	Preventive Care <b>48</b>	Clinics/Labs <b>75</b>	Physician Services <b>77</b>
Not Additional	Vision	Maternity <b>42</b>	Dental <b>45</b>	Maternity <b>42</b>	Maternity <b>62</b>

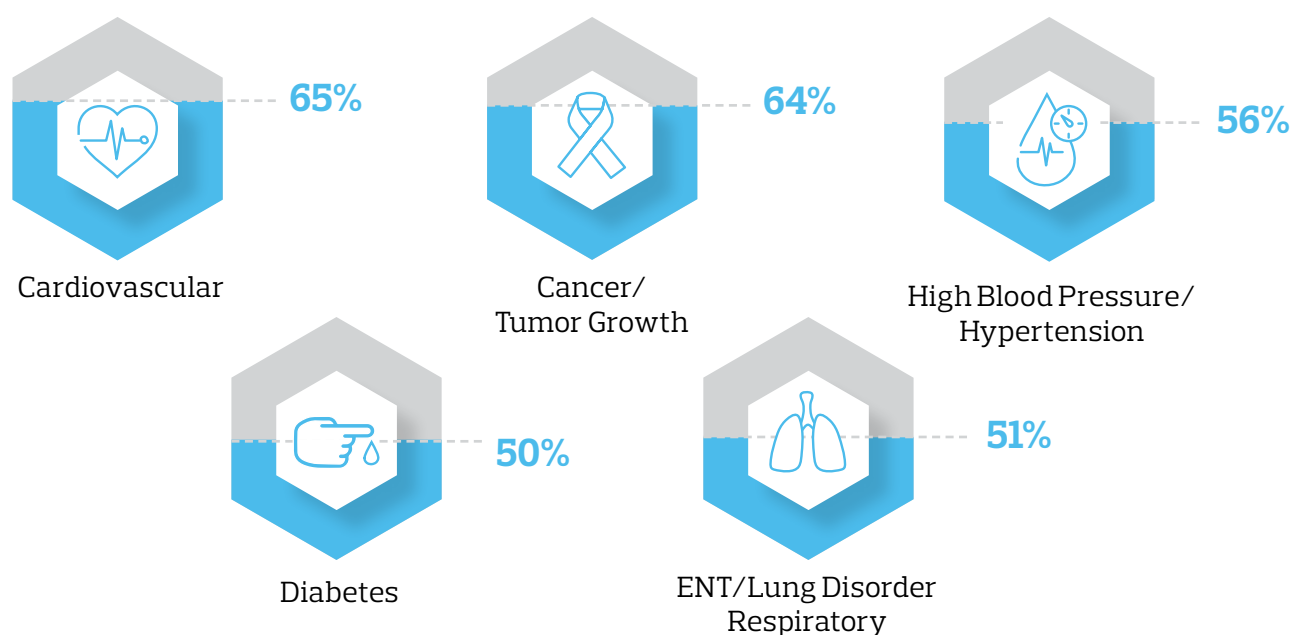
% of countries responding per indicated region

## Key Conditions Driving Adverse Medical Claims Experience

The figures below represent the percentages of responses from countries that reported the indicated medical condition as a contributing factor in adverse claims experience in their respective countries.

### Exhibit 7: Top Global Medical Conditions Driving Medical Plan Costs

% of countries responding



The figures below represent the percentages of countries reporting the indicated leading medical condition in their respective regions.

### Exhibit 8: Leading Medical Conditions Per Region

North America		APAC	Europe	LAC	MEA
United States	Canada				
Musculoskeletal/Back	Autoimmune Disease	Cardiovascular <b>79</b>	Cardiovascular <b>74</b>	Cancer/Tumor Growth <b>79</b>	High blood Pressure/Hypertension <b>85</b>
Cancer/Tumor Growth	Cancer/Tumor Growth	Cancer/Tumor Growth <b>63</b>	Cancer/Tumor Growth <b>71</b>	Cardiovascular <b>67</b>	Diabetes <b>62</b>
Cardiovascular	Cardiovascular	ENT/Lung Disorder/Respiratory <b>53</b>	Musculoskeletal/Back <b>65</b>	Diabetes <b>67</b>	ENT/Lung Disorder/Respiratory <b>62</b>
Gynecological/Maternity	Mental Health	Diabetes <b>47</b>	Mental Health <b>48</b>	ENT/Lung Disorder/Respiratory <b>63</b>	Gynecological/Maternity <b>42</b>
Accident	Diabetes	Musculoskeletal/Back <b>47</b>	High blood Pressure/Hypertension <b>39</b>	High blood Pressure/Hypertension <b>63</b>	Cancer/Tumor Growth <b>38</b>

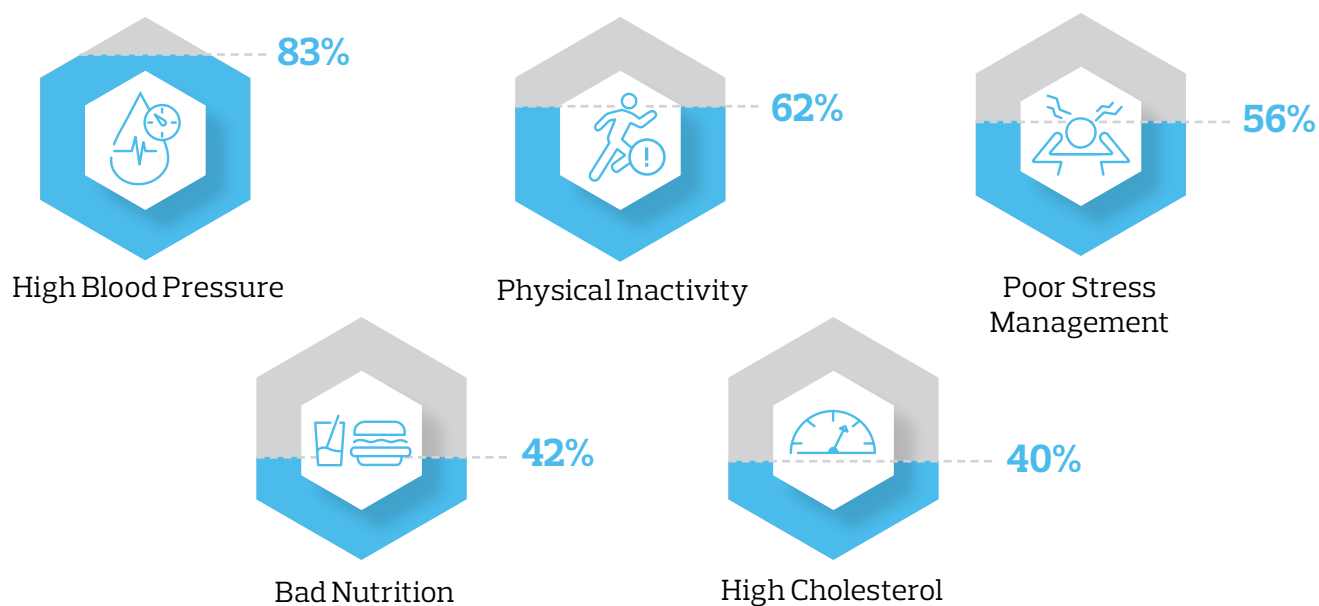
% of countries responding per indicated region

## Risk Factors Driving Supplementary Medical Plan Costs

The figures below represent the percentages of responses from countries that reported the indicated risk as becoming a leading factor in future adverse claims experience in their respective countries.

### Exhibit 9: Top Global Risk Factor

% of countries responding



The figures below represent the percentages of countries reporting the indicated risk factors in their respective regions.

### Exhibit 10: Indicated Risk Factors in Respective Regions

North America		APAC		Europe		LAC		MEA	
United States	Canada								
Physical Inactivity	Poor stress management	High Blood Pressure	83	High Blood Pressure	80	High Blood Pressure	83	High Blood Pressure	92
Obesity	Lack of health screening	Physical Inactivity	67	Poor stress management	67	Bad Nutrition	71	Physical Inactivity	62
Excessive Alcohol or Drug use	Physical Inactivity	Poor stress management	61	Physical Inactivity	57	Physical Inactivity	63	High Blood Glucose	50
Poor stress management	Bad Nutrition	High Cholesterol	50	Lack of health screening	43	High Blood Glucose	54	Lack of health screening	46
Bad Nutrition	Ageing	Ageing	44	Ageing	40	Obesity	54	Poor stress management	46

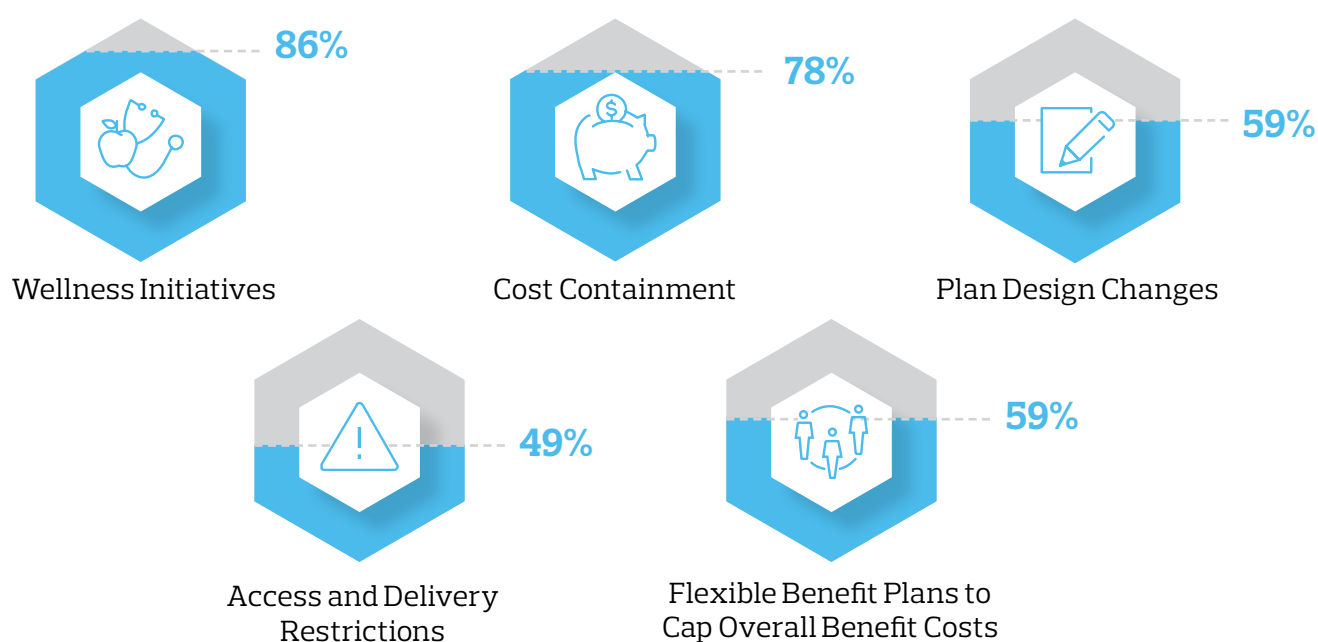
% of countries responding per indicated region

## Mitigation Initiatives to Control Medical Plan Cost Escalation

The figures below represent the percentages of responses from countries that reported methods that aim to best mitigate the increase in costs of a medical plan.

### Exhibit 11: Top Global Mitigation Methods

% of countries responding



The figures below represent the percentages of countries reporting the risk mitigation methods in their respective regions.

### Exhibit 12: Risk Mitigation Methods in Respective Regions

North America		APAC		Europe		LAC		MEA	
United States	Canada								
Optimization of Service Delivery	Wellness Initiatives	Wellness Initiatives	<b>89</b>	Wellness Initiatives	<b>81</b>	Wellness Initiatives	<b>91</b>	Cost Containment	<b>84</b>
Flexible Benefit Plans to Cap Overall Benefit Costs	Changes in Funding	Cost Containment	<b>84</b>	Cost Containment	<b>68</b>	Cost Containment	<b>87</b>	Wellness Initiatives	<b>84</b>
Plan Design Changes	Providers Network	Plan Design Changes	<b>58</b>	Flexible Benefit Plans to Cap Overall Benefit Costs	<b>65</b>	Plan Design Changes	<b>65</b>	Access and Delivery Restrictions	<b>68</b>
Wellness Initiatives	Flexible Benefit Plans to Cap Overall Benefit Costs	Access and Delivery Restrictions	<b>53</b>	Plan Design Changes	<b>61</b>	Flexible Benefit Plans to Cap Overall Benefit Costs	<b>57</b>	Flexible Benefit Plans to Cap Overall Benefit Costs	<b>60</b>
Access and Delivery Restrictions	<i>No Additional</i>	Flexible Benefit Plans to Cap Overall Benefit Costs	<b>47</b>	Providers Network	<b>42</b>	Access and Delivery Restrictions	<b>52</b>	Plan Design Changes	<b>52</b>

% of countries responding per indicated region

## Average Medical Trend Rate Tables

## Exhibit 13: Region (Avg %)

Global & Regional Averages	2021		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
<b>Global</b>	<b>2.2</b>	<b>7.2</b>	<b>5.0</b>
North America	2.1	7.0	4.9
APAC	2.5	8.0	5.5
Europe	1.6	5.5	3.9
LAC	2.4	8.8	6.4
MEA	4.9	12.0	7.1

2022		
Annual General Inflation Rate	Annual Medical Trend Rates	
	Gross	Net
<b>2.4</b>	<b>7.4</b>	<b>5.0</b>
2.3	6.6	4.3
2.4	8.2	5.8
1.8	5.6	3.8
3.2	10.6	7.4
5.0	11.1	6.1

## Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2021		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
<b>North America</b>	<b>2.1</b>	<b>7.0</b>	<b>4.9</b>
Canada	1.3	7.0	5.7
United States	2.2	7.0	4.8

2022		
Annual General Inflation Rate	Annual Medical Trend Rates	
	Gross	Net
<b>2.3</b>	<b>6.6</b>	<b>4.3</b>
2.0	7.0	5.0
2.4	6.5	4.1

<b>Asia-Pacific</b>	<b>2.5</b>	<b>8.0</b>	<b>5.5</b>
Australia	1.8	2.5	0.7
Bangladesh	5.6	7.7	2.1
China	2.6	7.0	4.4
Hong Kong	2.5	5.3	2.8
India	3.6	9.0	5.4
Indonesia	2.9	13.0	10.1
Japan	0.4	0.0	(0.4)
Kazakhstan	6.8	15.0	8.2
Malaysia	2.8	14.0	11.2

<b>2.4</b>	<b>8.2</b>	<b>5.8</b>
1.6	3.1	1.5
5.6	8.0	2.4
1.9	7.0	5.1
1.9	5.6	3.7
4.1	13.0	8.9
3.1	12.2	9.1
0.7	0.0	(0.7)
5.0	15.0	10.0
2.0	12.0	10.0

## Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2021		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
<b>Asia-Pacific</b> (continued)			
Mongolia	6.5	8.0	1.5
New Zealand	1.4	7.5	6.1
Pakistan	8.0	20.3	12.3
Papua New Guinea	5.9	7.0	1.1
Philippines	2.9	8.0	5.1
Singapore	0.5	7.0	6.5
South Korea	0.4	7.5	7.1
Taiwan	1.5	8.0	6.5
Thailand	0.6	6.6	6.0
Vietnam	3.9	8.7	4.8

2022		
Annual General Inflation Rate	Annual Medical Trend Rates	
	Gross	Net
6.4	7.5	1.1
1.6	7.5	5.9
8.0	20.5	12.5
4.7	10.0	5.3
3.0	8.0	5.0
0.8	7.0	6.2
0.9	8.0	7.1
1.2	8.0	6.8
1.0	11.7	10.7
3.9	5.5	1.6

<b>Europe</b>	<b>1.6</b>	<b>5.5</b>	<b>3.9</b>
Austria	1.7	3.5	1.8
Belgium	1.1	2.0	0.9
Bulgaria	1.9	11.5	9.6
Croatia	1.2	1.0	(0.2)
Cyprus	1.0	5.0	4.0
Czech Republic	2.0	5.0	3.0
Denmark	1.2	2.5	1.3
Estonia	2.0	10.0	8.0
Finland	1.7	3.5	1.8
France	0.7	4.0	3.3
Germany	1.2	6.0	4.8
Greece	1.0	4.0	3.0
Hungary	3.2	15.0	11.8

<b>1.8</b>	<b>5.6</b>	<b>3.8</b>
1.8	3.5	1.7
1.9	1.7	(0.2)
2.0	12.5	10.5
1.2	1.0	(0.2)
0.8	1.3	0.5
2.0	5.0	3.0
1.4	2.7	1.3
2.5	10.0	7.5
1.5	3.1	1.6
1.2	4.0	2.8
1.1	7.0	5.9
0.8	5.0	4.2
3.5	16.0	12.5

## Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2021		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
<b>Europe (continued)</b>			
Ireland	1.7	6.0	4.3
Italy	0.7	4.0	3.3
Latvia	3.0	2.8	(0.2)
Lithuania	1.7	14.0	12.3
Luxembourg	1.5	1.9	0.4
Norway	2.2	6.0	3.8
Poland	2.6	8.6	6.0
Portugal	1.4	3.0	1.6
Romania	1.5	8.5	7.0
Russia	3.0	10.0	7.0
Serbia	1.9	12.0	10.1
Slovakia	1.4	5.0	3.6
Slovenia	1.4	1.0	(0.4)
Spain	0.7	6.6	5.9
Sweden	1.5	2.0	0.5
Switzerland	0.6	4.0	3.4
The Netherlands	1.2	4.0	2.8
Turkey	12.0	19.0	7.0
Ukraine	7.2	15.0	7.8
United Kingdom	1.5	5.5	4.0

2022		
Annual General Inflation Rate	Annual Medical Trend Rates	
	Gross	Net
1.9	6.0	4.1
0.9	4.0	3.1
2.2	7.0	4.8
1.9	10.0	8.1
1.8	1.9	0.1
2.0	7.0	5.0
2.5	9.0	6.5
1.2	4.0	2.8
2.1	11.5	9.4
3.4	9.0	5.6
2.4	10.0	7.6
1.9	6.0	4.1
1.5	3.2	1.7
1.3	5.0	3.7
1.3	2.0	0.7
0.3	3.0	2.7
1.5	5.0	3.5
11.8	19.0	7.2
6.8	14.0	7.2
1.9	6.5	4.6

LAC	2.4	8.8	6.4
Argentina	n/a	n/a	n/a
Bahamas	2.8	10.0	7.2
Barbados	1.6	10.0	8.4

3.2	10.6	7.4
n/a	n/a	n/a
2.8	10.0	7.2
2.3	5.2	2.9



## Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2021		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
Bermuda	0.4	8.1	7.7
Bolivia	4.4	6.0	1.6
Brazil	3.3	10.6	7.3
Chile	2.9	6.5	3.6
Colombia	3.2	5.5	2.3
Costa Rica	2.3	12.0	9.7
Dominican Republic	3.6	6.0	2.4
Ecuador	1.2	12.0	10.8
El Salvador	0.6	13.0	12.4
Grenada	1.2	0.0	(1.2)
Guatemala	1.8	13.0	11.2
Honduras	3.0	14.0	11.0
Jamaica	5.2	12.0	6.8
Mexico	2.8	15.0	12.2
Nicaragua	4.0	12.0	8.0
Panama	0.5	12.0	11.5
Peru	1.8	8.5	6.7
Puerto Rico	0.6	2.3	1.7
Trinidad and Tobago	1.3	15.0	13.7
Uruguay	7.9	8.8	0.9
Venezuela	15000.0	n/a	n/a

2022		
Annual General Inflation Rate	Annual Medical Trend Rates	
	Gross	Net
1.4	7.0	5.6
3.7	7.5	3.8
4.0	12.3	8.3
3.0	5.0	2.0
2.6	4.5	1.9
1.1	10.0	8.9
4.0	6.0	2.0
2.4	15.0	12.6
1.4	17.0	15.6
1.7	0.0	(1.7)
3.6	11.8	8.2
4.1	12.0	7.9
5.1	6.5	1.4
3.1	16.0	12.9
3.5	15.0	11.5
1.1	11.0	9.9
2.0	8.5	6.5
1.5	2.2	0.7
1.4	10.0	8.6
7.4	9.1	1.7
5500.0	n/a	n/a

MEA	4.9	12.0	7.1
Algeria	3.7	n/a	n/a
Angola	22.3	25.0	2.7
Bahrain	2.5	n/a	n/a
Botswana	2.6	8.0	5.4

5.0	11.1	6.1
6.0	n/a	n/a
13.1	15.0	1.9
2.1	6.0	3.9
4.3	10.0	5.7

## Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2021			2022		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Democratic Republic of the Congo	10.5	11.0	0.5	7.5	10.0	2.5
Egypt	8.2	18.0	9.8	7.2	19.0	11.8
Ethiopia	9.1	10.0	0.9	8.0	12.0	4.0
Ghana	8.5	15.0	6.5	8.2	15.0	6.8
Israel	0.5	8.0	7.5	0.6	7.8	7.2
Ivory Coast	1.4	14.0	12.6	1.6	14.0	12.4
Jordan	1.6	7.5	5.9	2.0	7.5	5.5
Kenya	5.0	10.0	5.0	5.0	10.0	5.0
Kuwait	2.3	8.5	6.2	2.5	8.5	6.0
Lebanon	n/a	n/a	n/a	n/a	n/a	n/a
Malawi	10.7	15.0	4.3	7.7	12.5	4.8
Morocco	1.3	n/a	n/a	1.2	n/a	n/a
Mozambique	5.7	10.5	4.8	5.5	7.5	2.0
Nigeria	12.4	17.6	5.2	13.5	18.5	5.0
Qatar	2.4	7.5	5.1	2.9	7.1	4.2
Saudi Arabia	2.0	12.5	10.5	2.0	13.0	11.0
Senegal	1.9	2.0	0.1	1.7	10.0	8.3
Sierra Leone	15.3	20.0	4.7	12.3	15.0	2.7
South Africa	3.2	8.5	5.3	4.5	5.0	0.5
Sultanate of Oman	3.4	3.0	(0.4)	2.4	3.0	0.6
Tanzania	4.3	10.5	6.2	3.6	12.0	8.4
Tunisia	4.9	7.0	2.1	6.3	7.3	1.0
Uganda	4.8	18.0	13.2	5.5	5.5	0.0
United Arab Emirates	1.5	9.5	8.0	1.2	9.0	7.8
Zambia	12.1	15.0	2.9	14.8	28.0	13.2
Zimbabwe	3.7	n/a	n/a	24.7	n/a	n/a

## Notes:

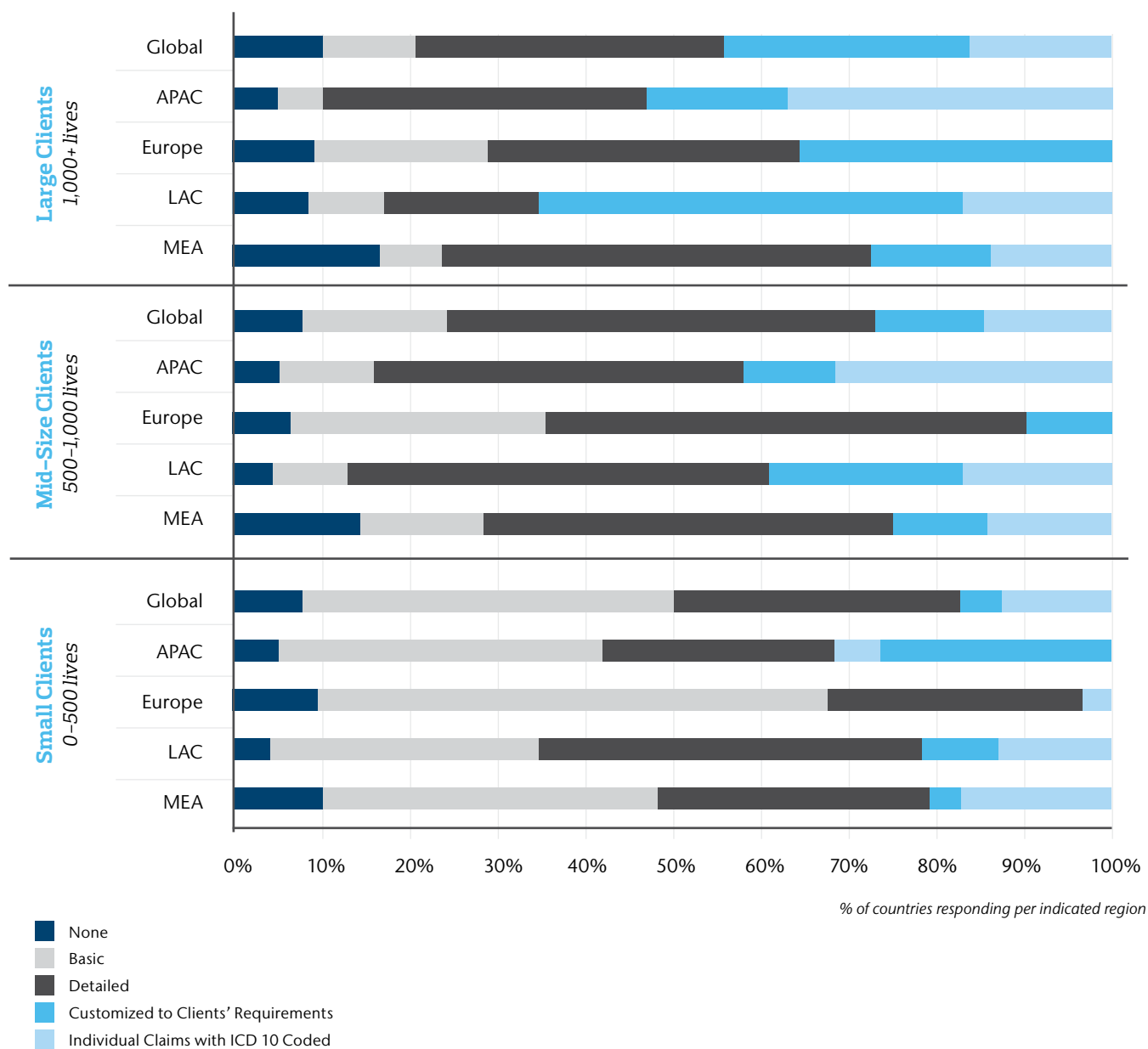
- “Net” indicates Medical Trend Rates net of domestic general inflation rates.
- The 2022 Medical Trend Rate for the United States was obtained from Aon’s Health Value Initiative database, as applicable to PPO plans and adjusted to reflect expected increases prior to any plan, program, or carrier changes for cost containment.
- For Argentina, Lebanon, Venezuela and Zimbabwe we are not reporting 2022 Medical Trend Rates, due to a prevailing hyperinflation environment. We have also excluded those countries from regional and global averages in the 2022 figures.
- Algeria and Morocco were included on the tables above but with no Medical Trend Rate being reported.
- The 2021 figures relate to the previously reported anticipated Medical Trend Rates and general inflation projections.

# Other Survey Results

## Levels of Claims Information Available from Carriers

A deep understanding of the specific factors driving a company’s medical plan cost is fundamental for the development of a sound mitigation strategy. The figures below represent the prevalence and level of claims information available by client size reported by countries in their respective regions.

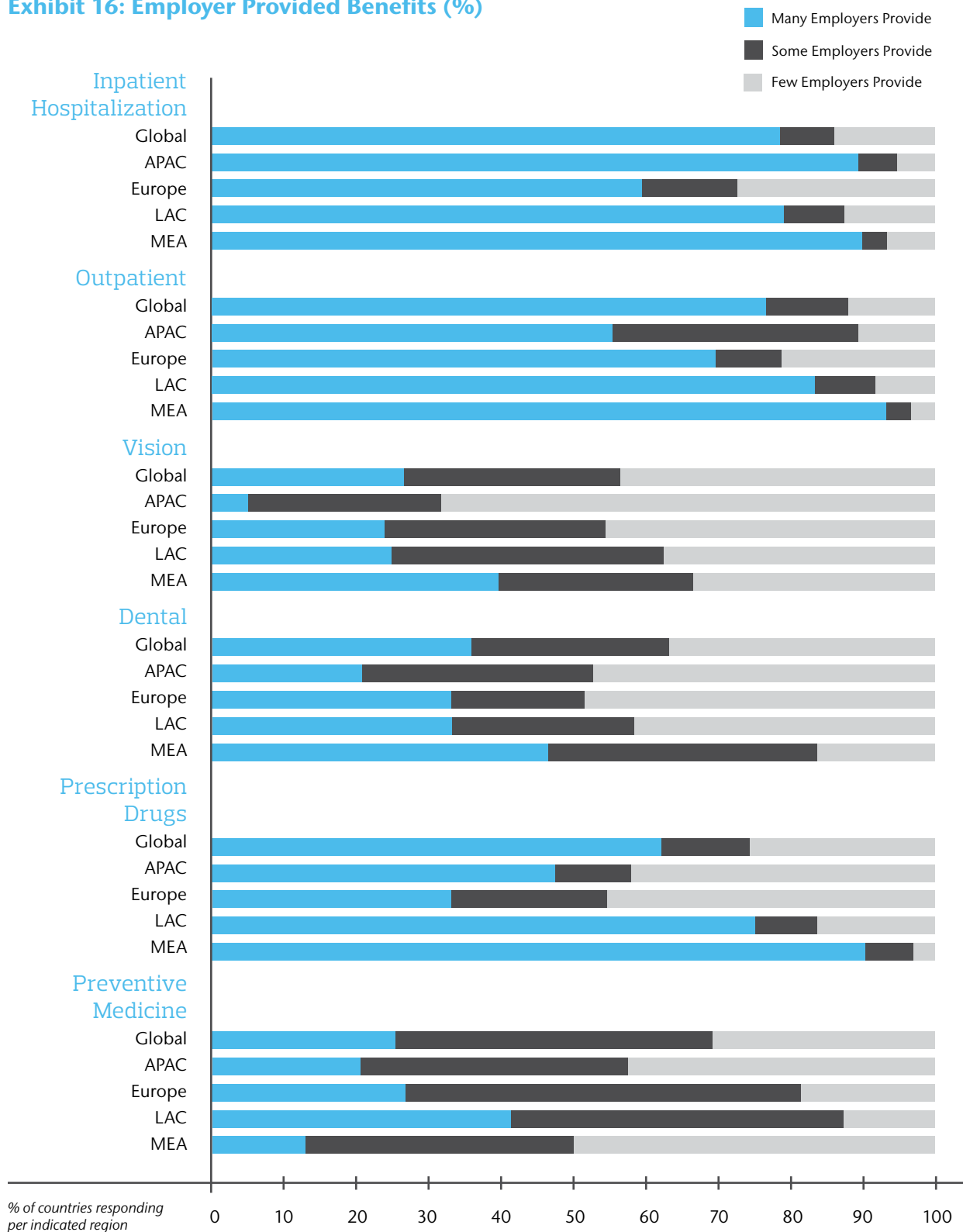
**Exhibit 15: Level of Claims Information Available**



# Prevalence of Medical Plan Features and Derivative Benefits

Countries reported typical medical benefit provision practices. The main results are summarized in the following tables:

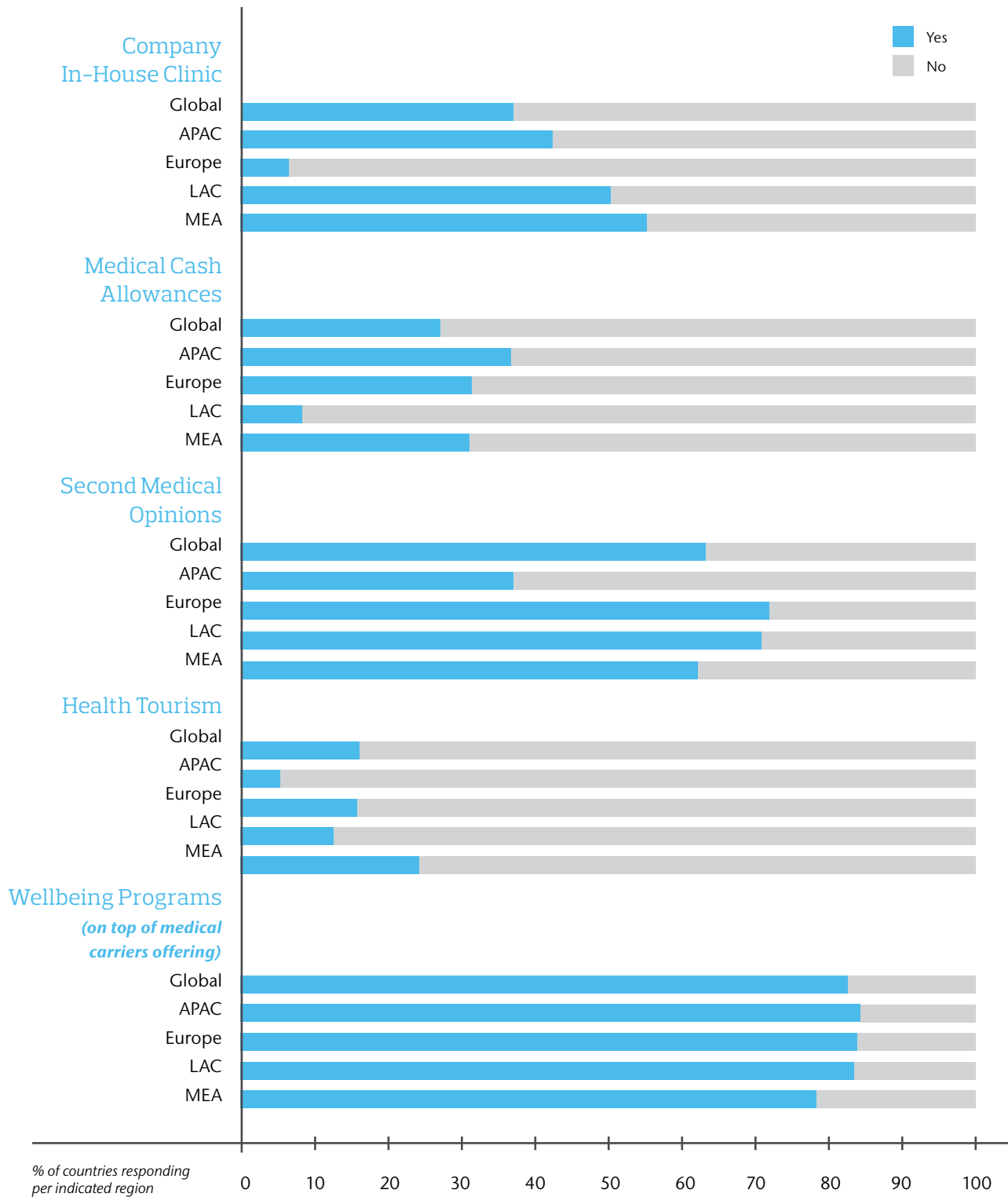
**Exhibit 16: Employer Provided Benefits (%)**



# Alternative/Innovative Delivery Mechanisms

Countries reported prevalence of the following delivery mechanisms supporting medical benefit plans:

**Exhibit 17: Delivery Mechanisms Supporting Medical Benefit Plans (%)**



## Regional Summary of Employee Cost-Sharing Practices Impacting Premiums

The table below shows the prevalence of most common practices in terms of required employee contributions under the typical medical plan in each country, in regard to premiums assessed to cover the employee, spouse and/or dependents.

### Exhibit 18: Countries Reporting Most Common Practices

	Global	APAC	Europe	LATAM	MEA
EE only	1	0	3	0	0
Spouse only	1	0	0	4	0
Children only	1	0	3	0	0
EE + Spouse only	0	0	0	0	0
EE + Children only	0	0	0	0	0
EE + Spouse + Children	32	21	21	67	23
Spouse + Children only	34	37	55	21	23
Plan requires some form of employee contribution toward premiums	69	58	82	92	47

% of countries responding per indicated region

## Regional Summary of Employee Cost-Sharing Practices Impacting Claim Outlays

*(Please refer to Glossary of Terms for definition of indicated element.)*

The table below shows the most common practices per country, in regard to financial contributions required of employees, toward meeting the costs of claims incurred.

### Exhibit 19: Countries Reporting Indicated Plan Design Element

	Global	APAC	Europe	LAC	MEA
Deductible only	5	0	12	0	3
Copay only	5	5	6	0	7
Coinsurance only	16	16	18	4	20
Deductible + Copay only	2	0	6	0	0
Deductible + Coinsurance only	13	11	6	25	13
Copay + Coinsurance only	15	21	9	17	17
Deductible + Copay + Coinsurance	23	16	15	42	20
Plan requires some form of employee contribution toward claims	89	84	82	96	93

\*Includes respondents that reported employee contributions toward medical expenses above allowable limits.

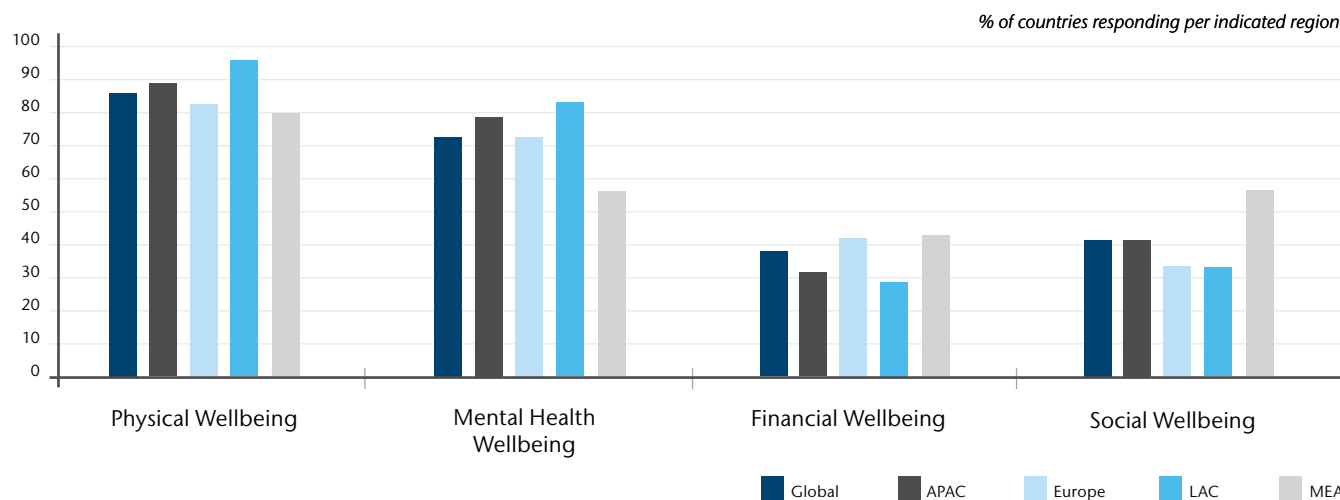
% of countries responding per indicated region



## Global Wellbeing Initiatives

With the growing need for employers to promote a resilient workforce, and in order to provide an overview of the supportive environment and framework for employees' wellbeing, this year we have surveyed all 108 countries covered in this report regarding the overall prevalence of initiatives pertaining the four wellbeing pillars: Physical, Emotional (Mental Health), Financial and Social.

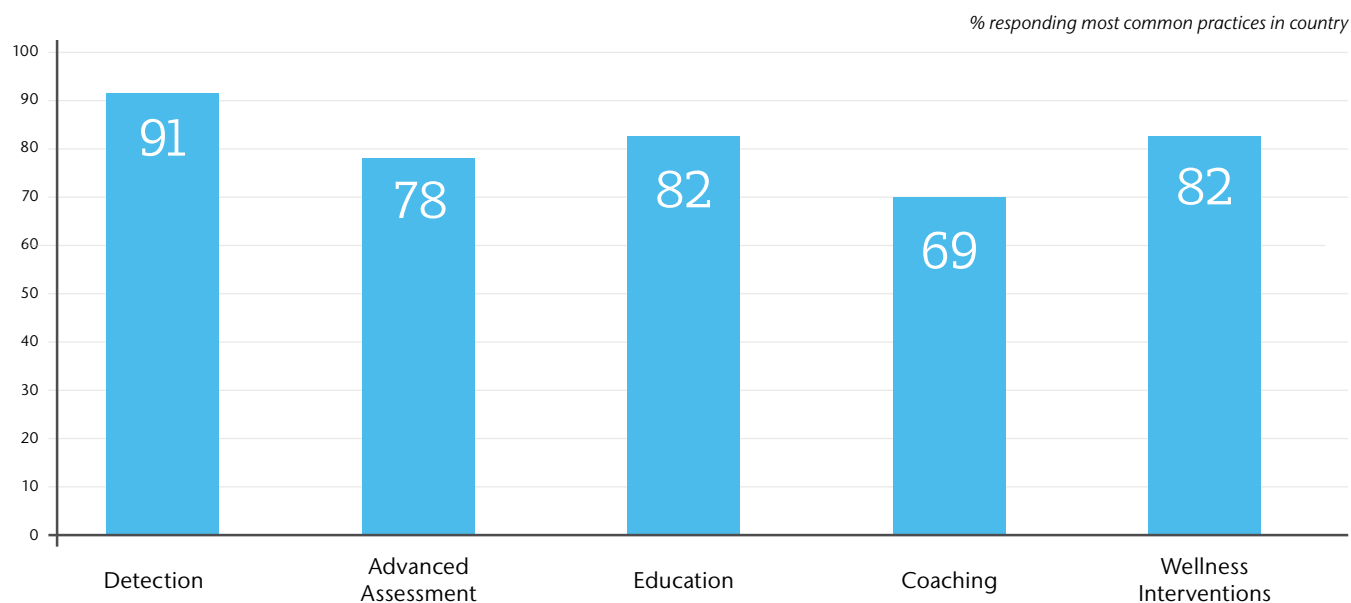
### Exhibit 20: Initiatives



## Global Wellness and Health Promotion Initiatives

The figures below represent the percentages of responses from countries that reported the indicated wellness program, as commonly provided among the indicated employer groups in their respective countries.

### Exhibit 21: Wellness Programs Reported as Commonly Provided



**Exhibit 21: Wellness Programs Reported as Commonly Provided** *(continued)***Detection**

Vision Screening	70
Hearing Screening	49
Mammograms	58
Physical Check-ups	87

*% of countries responding*

**Coaching**

Health Specialist	53
Health Coaching Management System	35
Incentive Programs	57

*% of countries responding*

**Advanced Assessment**

Advanced Check-ups	39
Heart Health	59
Nutrition	49
Substance Use	24
Level of Fitness	40

*% of countries responding*

**Wellness Interventions**

Healthy Eating	72
Quitting Smoking/Tobacco Use	60
Physical Activity	72
Healthy Weight	64
Back Care	52
Reducing Risk for Heart Disease	55
Employee Assistance Program	55

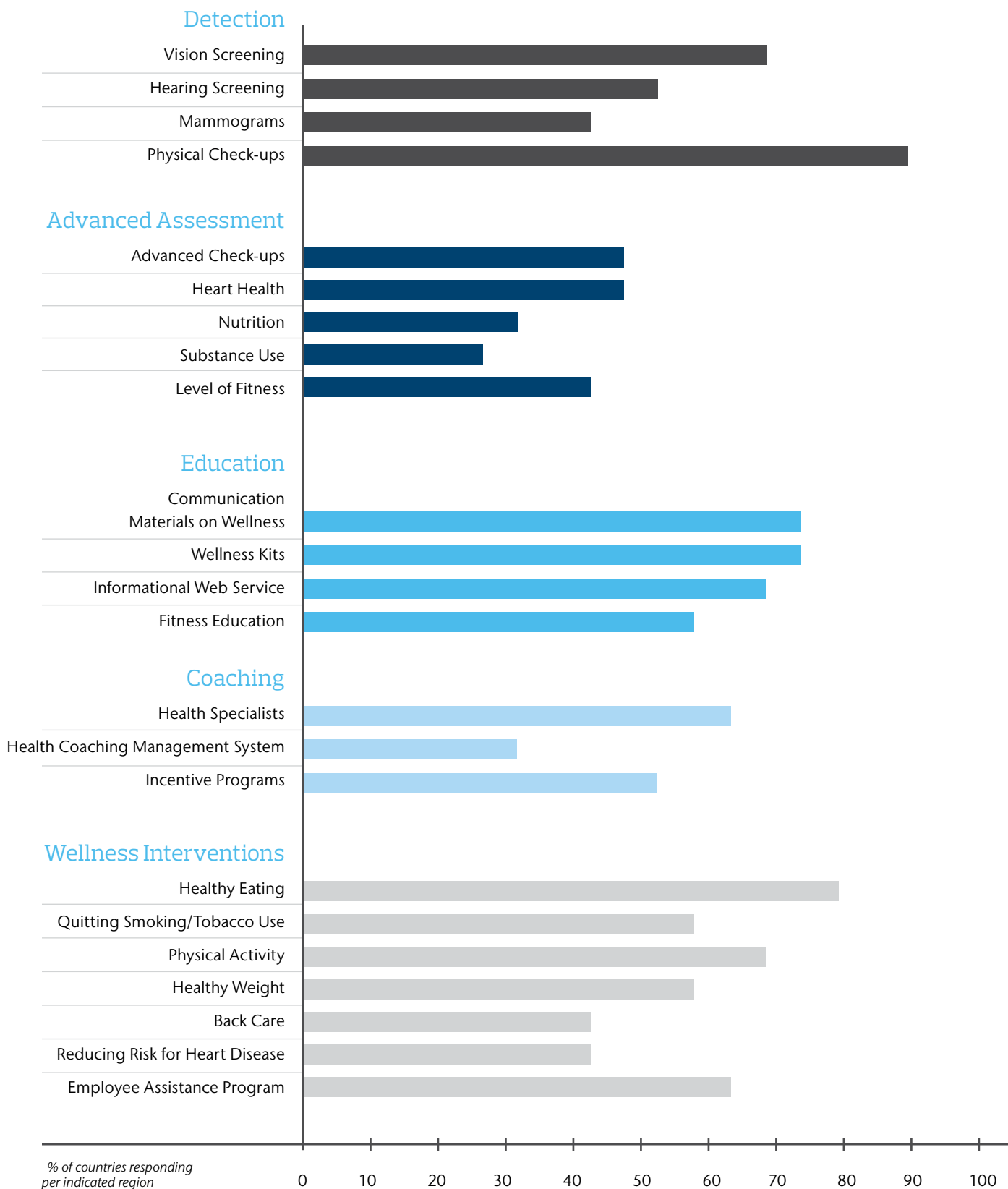
*% of countries responding*

**Education**

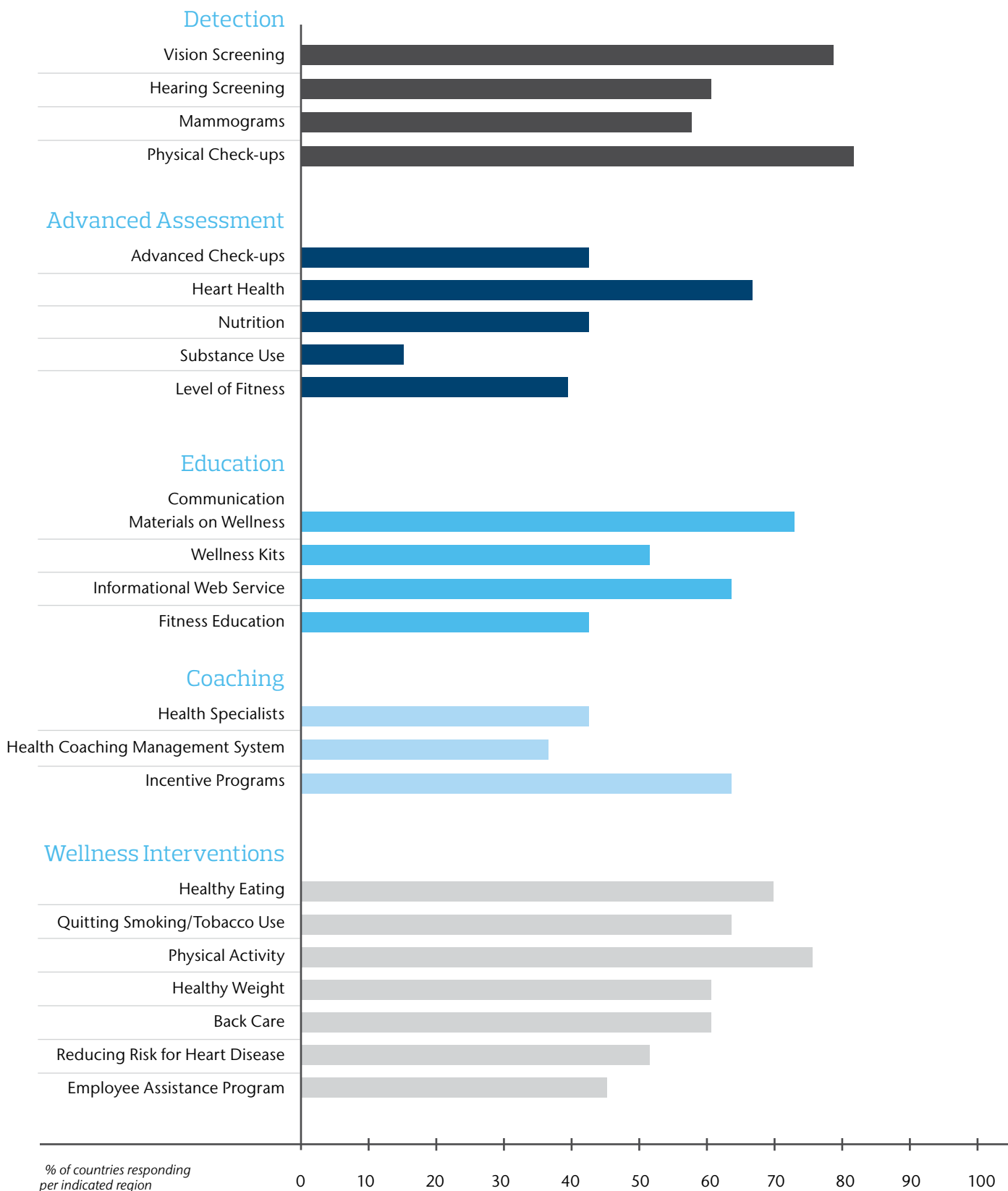
Communication Materials on Wellness	79
Wellness Kits	66
Informational Web Services	67
Fitness Education	58

*% of countries responding*

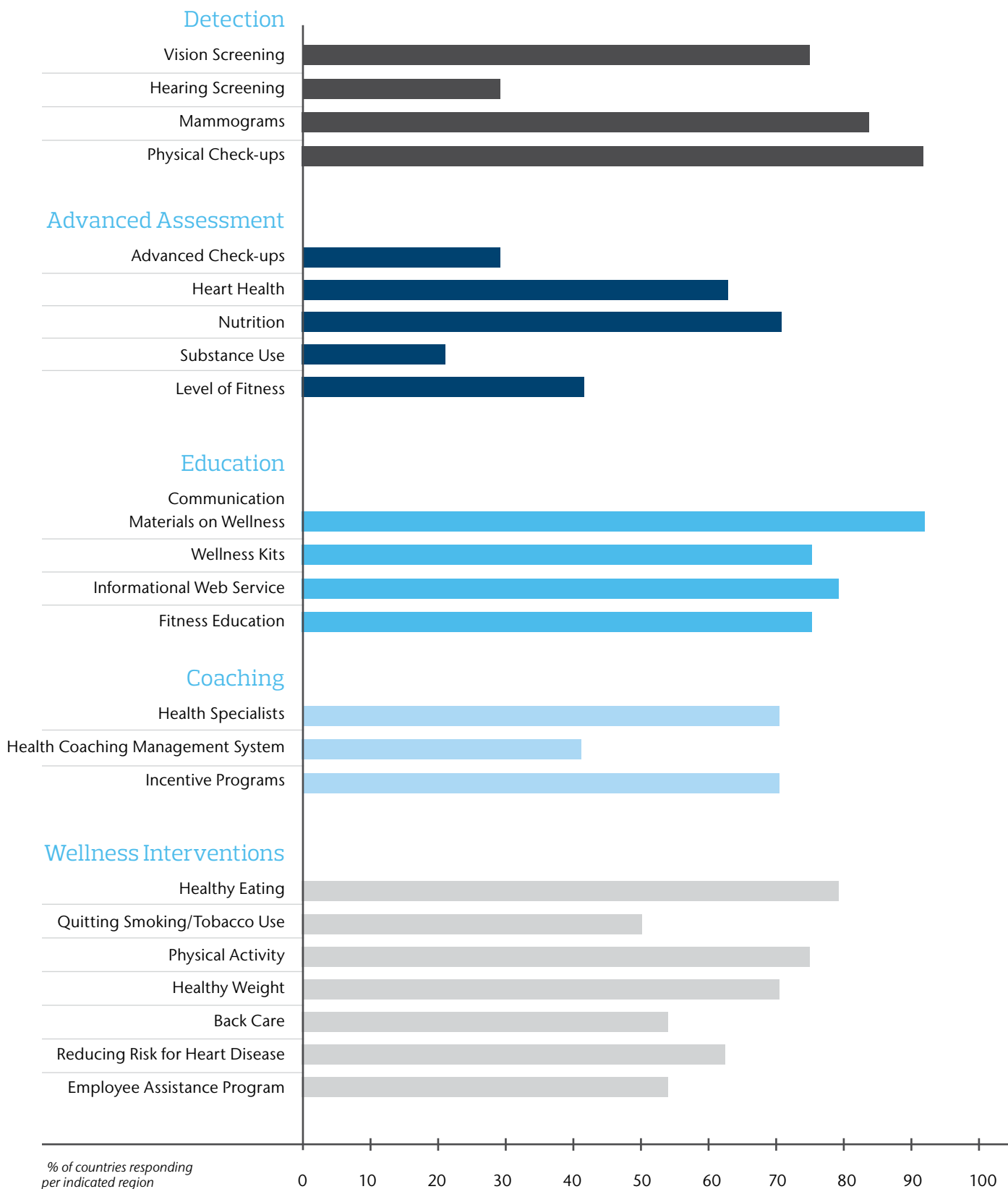
## Exhibit 22: Asia-Pacific



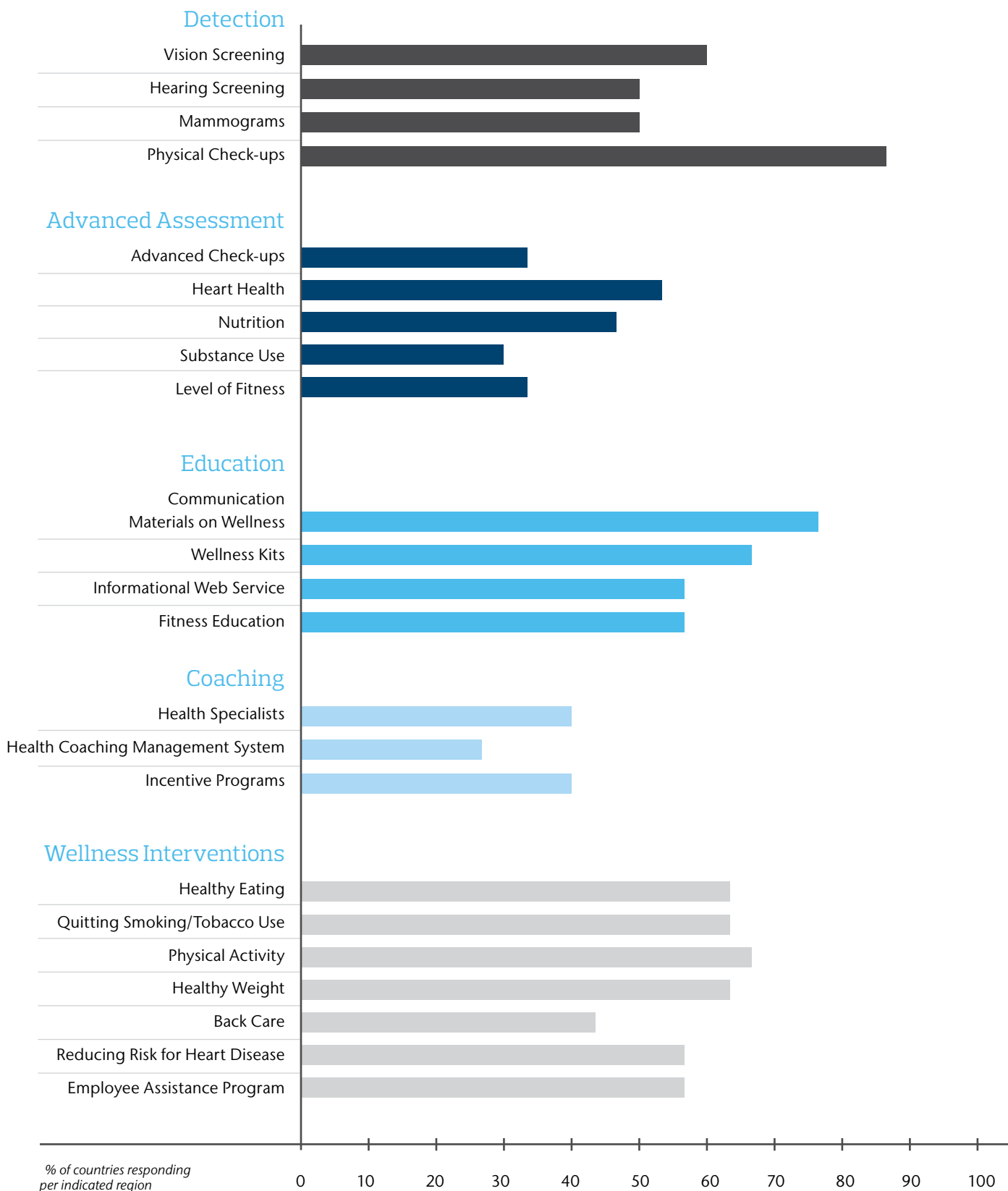
### Exhibit 23: Europe



### Exhibit 24: Latin America & Caribbean

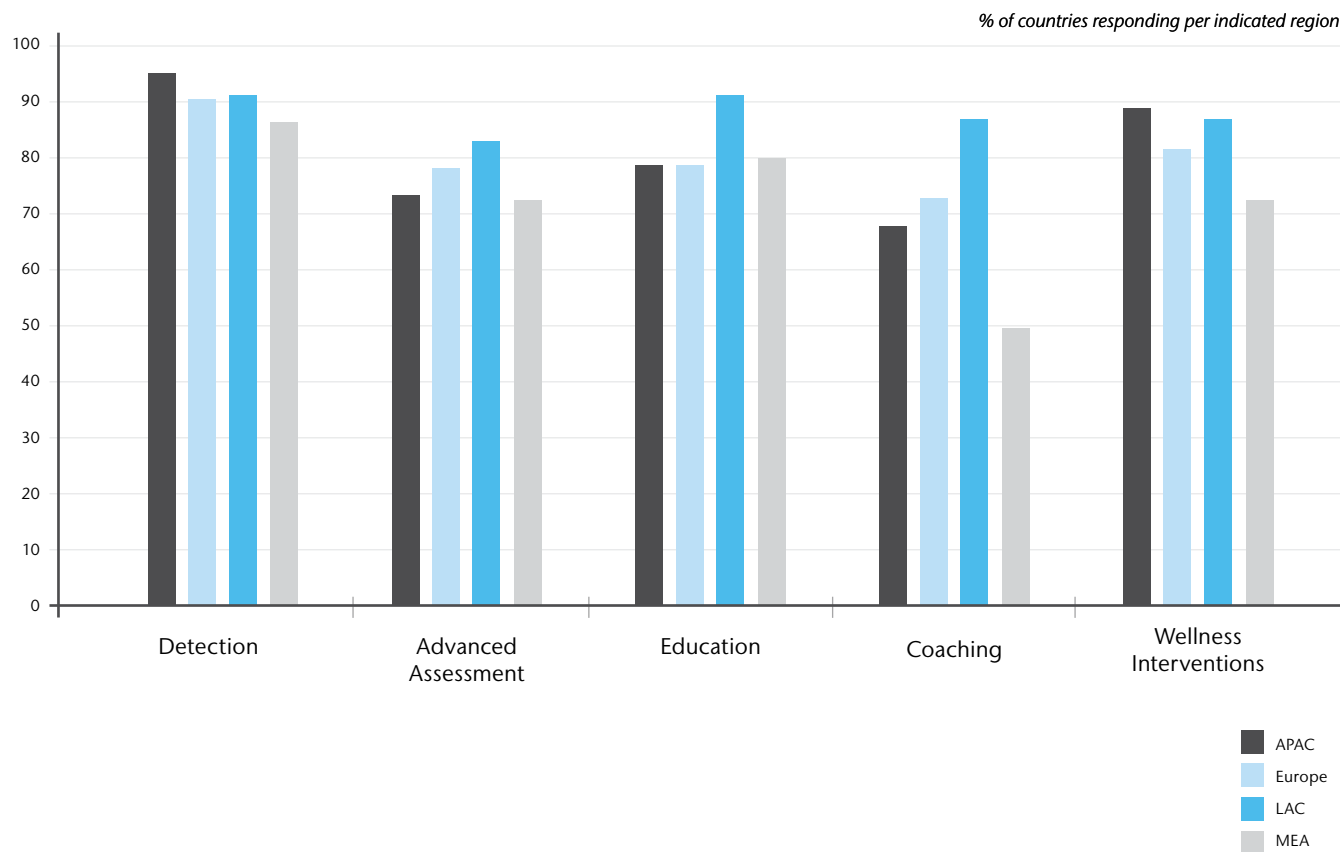


### Exhibit 25: Middle East & Africa



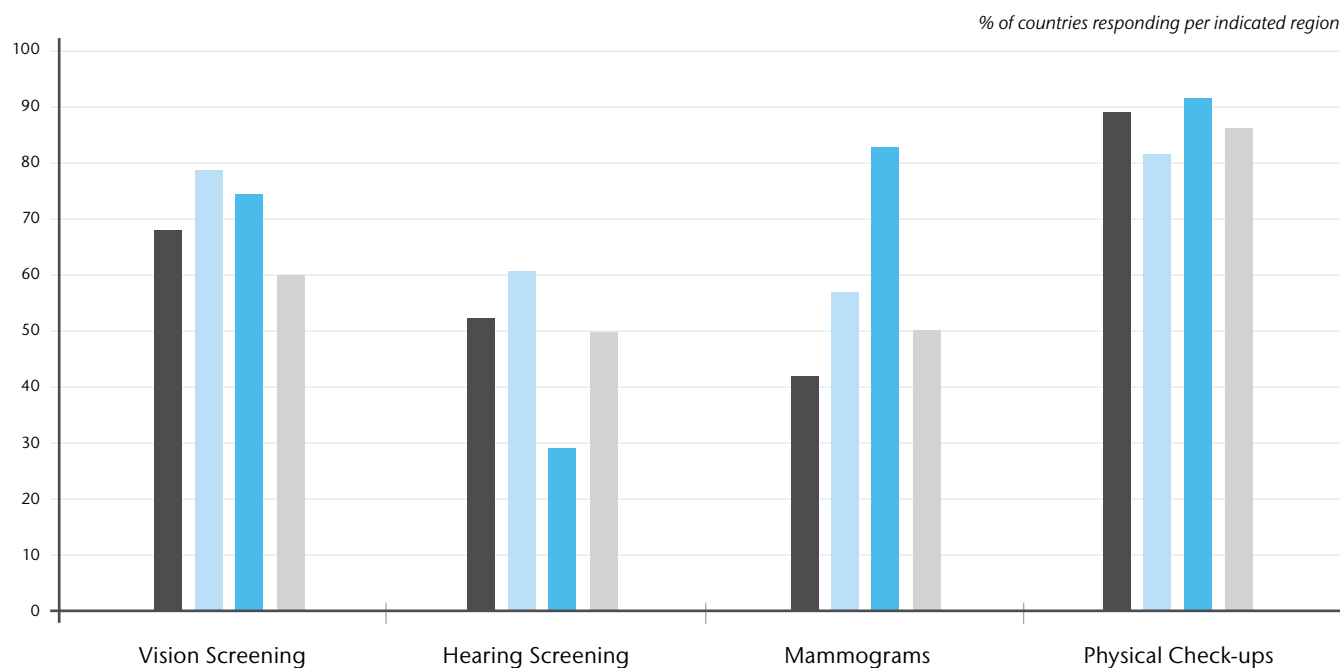
### Exhibit 26: Wellness Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Regions



### Exhibit 27: Detection Programs Commonly Provided by Region

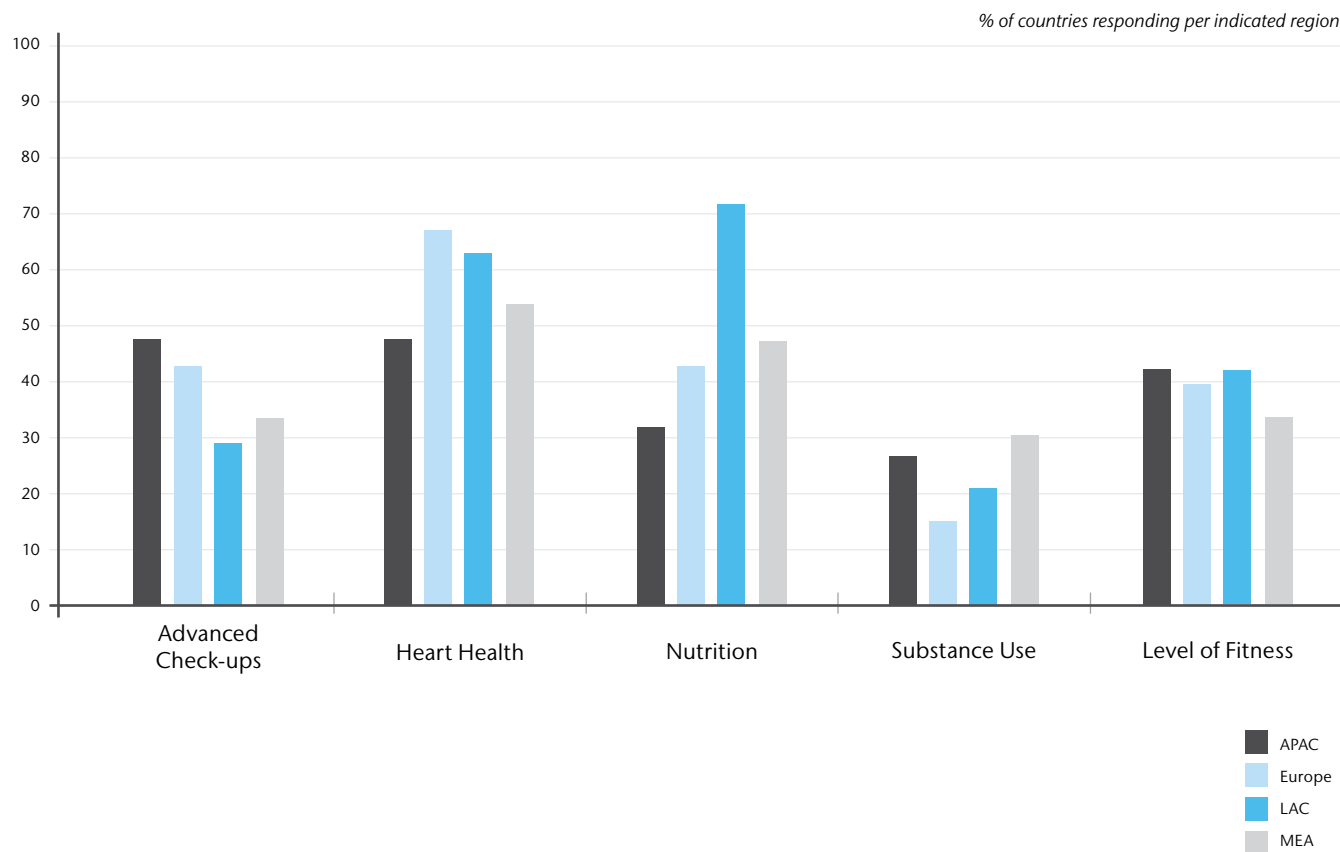
Reported as Commonly Provided by Geographical Region





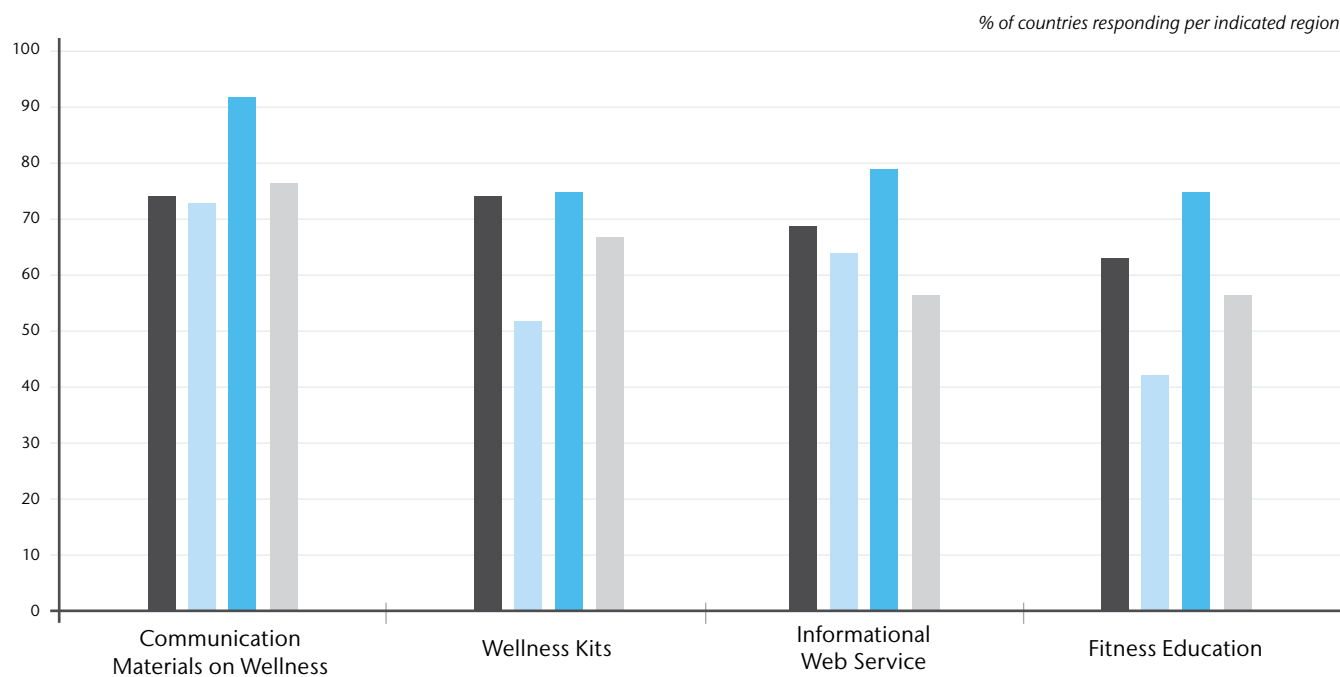
### Exhibit 28: Advanced Assessment Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region



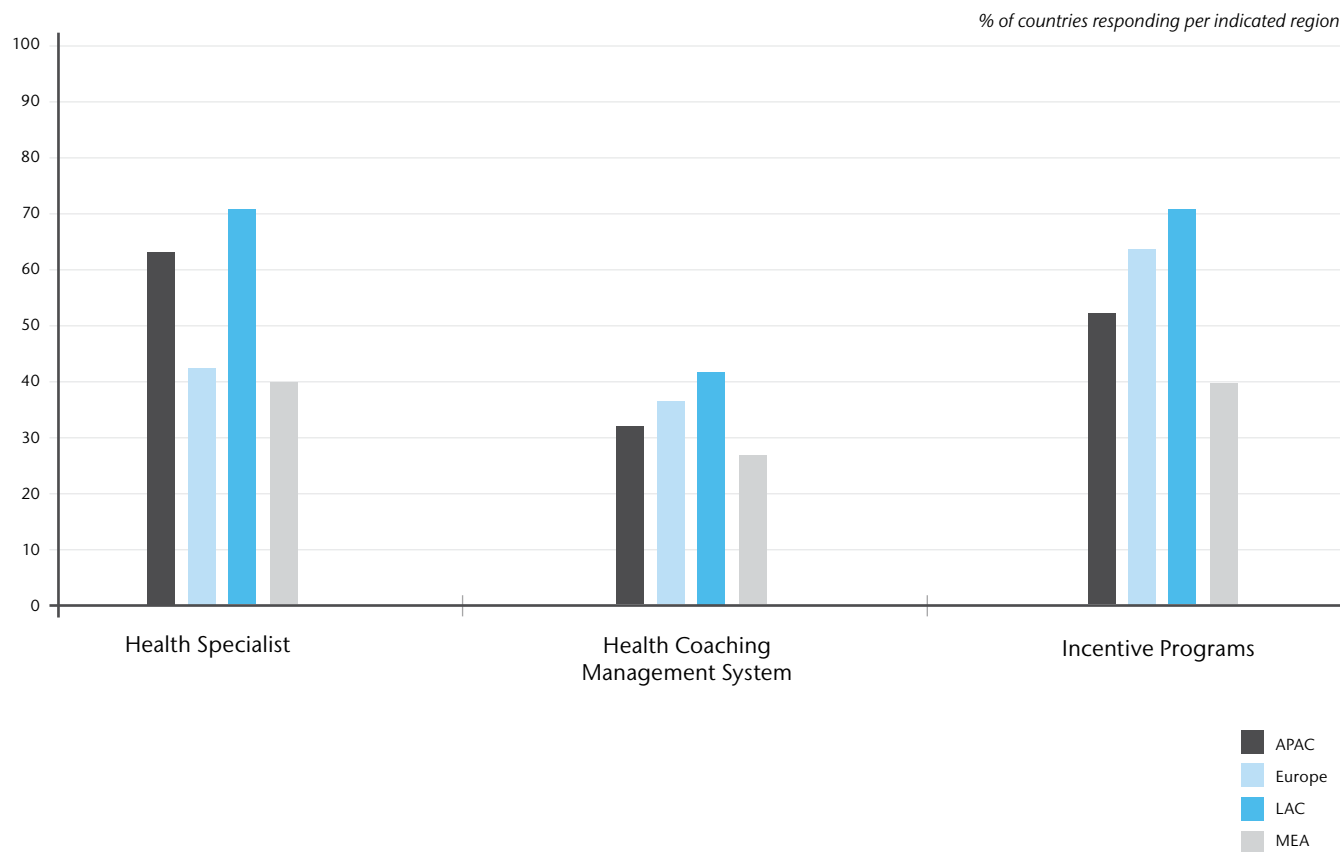
### Exhibit 29: Education Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region



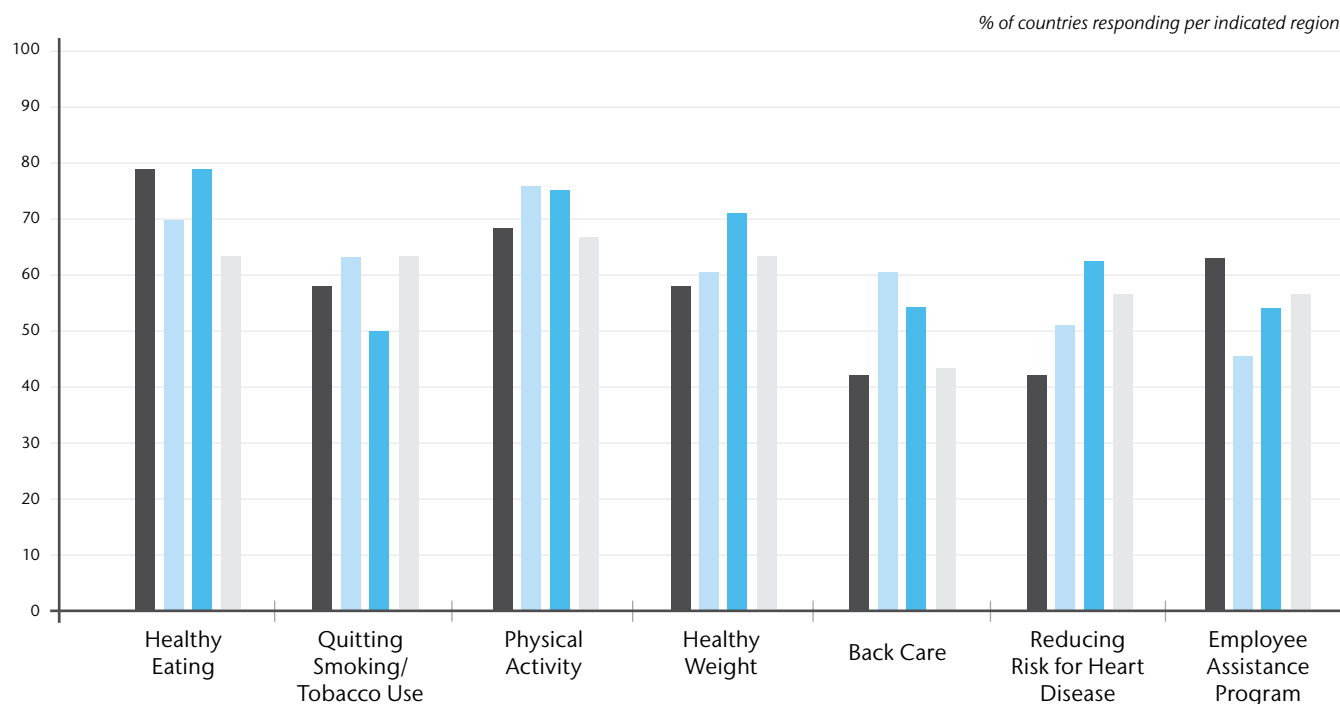
### Exhibit 30: Coaching Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region



### Exhibit 31: Wellness Intervention Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region



# Glossary of Terms

**Coinsurance** - A form of medical cost-sharing in a health insurance plan that requires an insured person to pay a stated percentage of medical expenses after the deductible amount, if any, was paid. In health insurance, an equivalent term is “percentage participation.”

**Copayment (copay)** - A form of medical cost-sharing in a health insurance plan that requires an insured person to pay a fixed monetary amount when a medical service is received. The insurer is responsible for the rest of the reimbursement. There may be separate copayments for different services. Some plans require that a deductible first be met for some specific services before a copayment applies.

**Access & delivery restrictions** - Measures designed to incentivize plan members to seek care in a cost-effective manner (e.g., restrictions on the use of expensive hospitals, mandated use of general physicians prior to using specialists, avoidance of emergency rooms for non-emergency situations).

**Cost-containment measures** - Initiatives aimed at reducing or controlling over-utilization such as the introduction of deductibles, copays, co-insurance in plan design, required use of referrals for expensive surgeries, limitations on reimbursement per type of expense or medical service.

**Deductible** - A fixed dollar amount during the benefit period (usually a year) that an insured person pays before the insurer starts to make payments for covered medical services. Plans may have per individual and family deductibles. Some plans may have separate deductibles for specific services.

**Preferred Provider Organization (medical provider network) (PPO)** - An indemnity medical plan where coverage is provided to participants through a network of selected health care providers (such as hospitals and physicians). The plan participants may go outside the network but would incur larger costs in the form of higher deductibles, higher coinsurance rates, or non-discounted charges from the providers.

**Self-insured plan** - A plan offered by employers who directly assume the financial risk of health insurance for their employees. Some self-insured plans bear the entire risk. Some self-insured employers insure against large claims by purchasing stop-loss coverage. Some self-insured employers contract with insurance carriers or third-party administrators (TPA) for claims processing and other administrative services; other self-insured plans are self-administered.

**Stop loss** - A type of reinsurance designed to transfer a loss from the ceding company to the reinsurer at a given point or a provision in a policy designed to cut off the insurance company’s loss at a given point. Aggregate benefits and maximum benefits are an example.

**Third Party Administrator (TPA)** - An individual or firm hired by an employer to handle claims processing, to pay providers, and manage other functions related to the operation of health insurance. The TPA is not the policyholder or the insurer.

**Mitigate** - To make less severe; steps taken to eliminate further damage after a loss occurs.

**Wellbeing** - A broader term than wellness that encompasses the employees state of balance needed to achieve optimal health and performance, often taking a view on five pillars: Physical, social, emotional, career and financial health.

# Appendix

## Technical Note

The trend rates shown in this report represent national averages and are the predicted increase in premium costs. Trend increase for a specific company may vary significantly from these trend rates due to regional cost variations, company plan design, company demographics, and other factors. In addition, insured rate increases may be higher or lower than these trend rates, based on an insurance company's profitability, the plan's claims-loss ratio, the plan design, insured demographics, and other factors. It is important to note that these trend rates might not be appropriate for other purposes.

Medical Trend Rate is defined as the percentage of change in the cost of health care prior to any cost-containment measure undertaken by plan sponsors.

The components of health care trends that we have considered include:

- **Price inflation:** This is the projected annual change in the domestic retail consumer price index of the health care element in each country. In the absence of information on projected inflation for the medical plan component in any given country, we have used the change in the overall consumer price index.
- **Leveraging impact on fixed-amount elements of plan design:** This is the additional cost added to a health plan due to the leveraging effect of increasing expected claims on unchanging deductibles, copays, or out-of-pocket maximums.
- **Utilization:** This component reflects an increase in the demand for medical care services in response to factors such as increased access to medical services, plan design, participant age, and new medical technology and services.
- **Technology advances:** This reflects the change in cost due to new procedures, information, experience, and equipment replacing older techniques.
- **Cost shifting:** This reflects a provider of medical services, such as a government social health care program, transferring its cost to private-sector supplementary plans.



## About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement, and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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