

Health Trends 2026

Balancing cost
control with benefits
optimization

benefits that truly benefit



Balancing cost control with benefits optimization

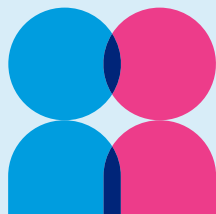
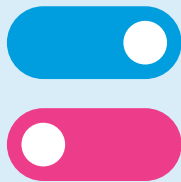
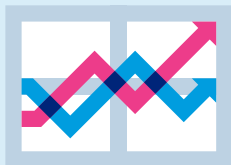
Employer-provided health plans face another year of intense pressure. Medical trends are projected to rise in the double digits across most markets through 2026, continuing the course we have seen in recent years. Meanwhile, the underlying drivers of these higher costs — including increased utilization from higher incidence of health conditions and more advanced technologies — remain firmly in place.

Against this backdrop, proactive management of health plan risk has become crucial. Now is the time for employers to adopt strategic measures that can manage costs and optimize spending to protect plan sustainability. At the same time, coverage continues to lag relative to real-world employee needs. Gaps remain in areas such as mental health, reproductive health, and support for an aging workforce.

This year's report explores these challenges and opportunities, focusing on how employers and insurers can manage costs while optimizing benefits. The goal is clear: to improve affordability, expand protection, and widen the scope of benefits to better meet employee needs.

For our 2026 report, Mercer Marsh Benefits (MMB) surveyed 268 insurers across 67 markets to explore key trends shaping employer-provided health benefits. The survey was conducted in June and July 2025.





Trend

Projected medical trend continues to be double digits in most markets.

Proactive risk management is a requirement for sustainable benefit programs.

Benefits coverage for varied needs remains limited.

What it means

While insurers are adjusting their projections for broader economic uncertainty, underlying claim costs continue to be driven by ever-present health conditions.

Most cost management levers are not typically included under plans today; some of these controls can curb spending, without impacting health outcomes.

Many existing plans are not designed to meet the needs of today’s workforce, with gaps in cover for not just unique health needs, but universal needs as well.

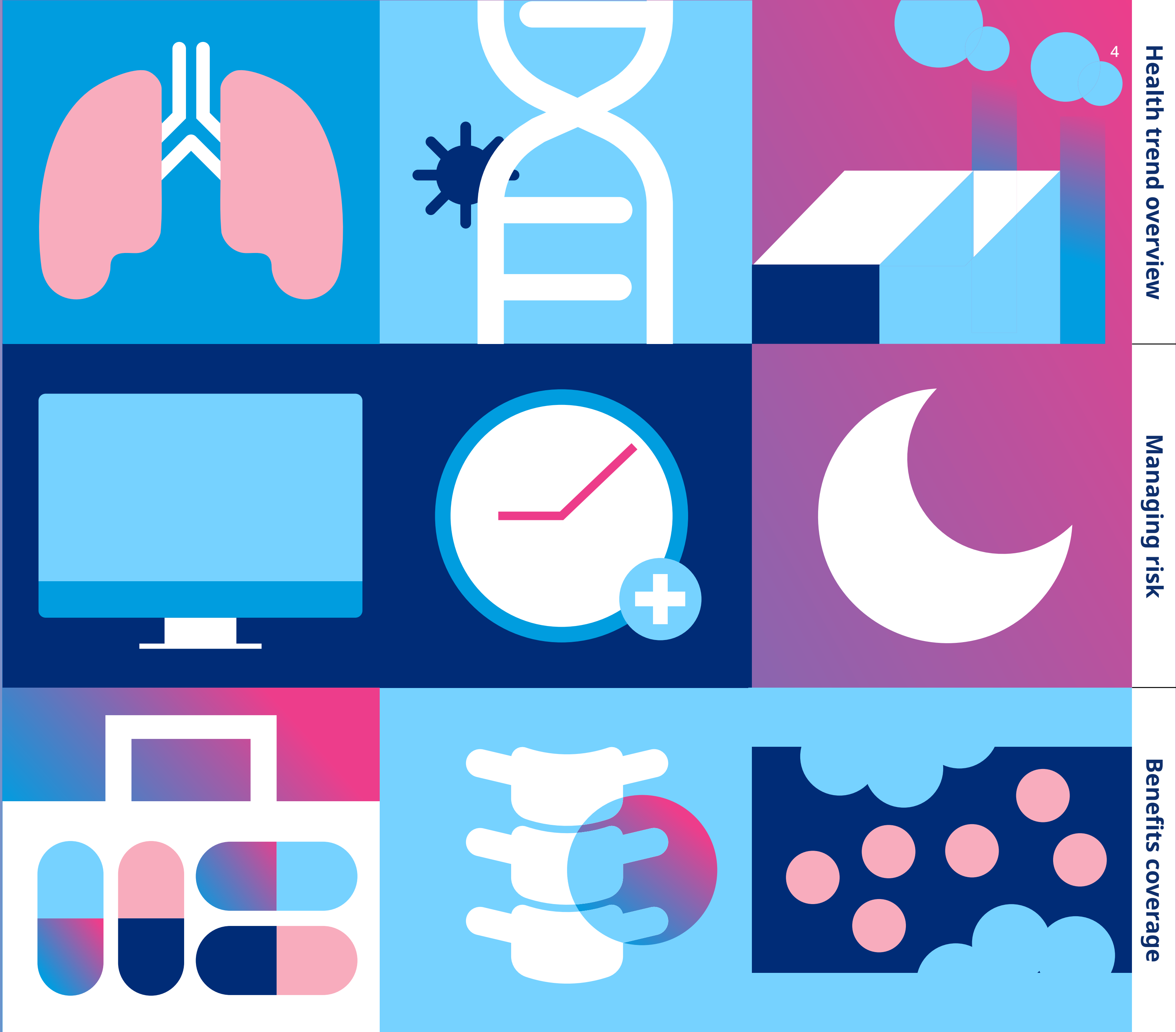
Key finding

High-cost claimant management is the #1 intervention insurers plan to deploy or enhance in the next two years.

76% of insurers are concerned about inefficient and wasteful care making plans unaffordable over the next three years.

Just 50% of insurers globally typically cover mental health counselling; 23% cover hearings aids.

Health trend overview



Medical trend rates remain persistently high. After averaging close to 11% globally in 2024 and 2025, insurers are again forecasting, for 2026, an 11% year-over-year cost increase for medical plan claims per person. This would mark the sixth straight year of double-digit rises, a clear signal that affordability remains under pressure.

Figure 1: Medical trend rates by region

	2019	2020	2021	2022	2023	2024	2025	2026
Global (Ex-US)	9.7%	5.7%	10.1%	10.1%	12.0%	10.6%	10.8%	11.1%
Canada	6.9%	3.9%	7.1%	7.0%	9.0%	7.0%	6.9%	8.6%
Asia	10.2%	3.5%	8.9%	10.7%	12.7%	12.2%	12.4%	12.5%
Europe	8.0%	3.5%	10.9%	11.4%	13.0%	10.3%	9.5%	9.1%
Latin America and Caribbean	13.4%	8.0%	11.1%	10.0%	10.0%	9.8%	10.1%	10.4%
Middle East and Africa	11.1%	9.6%	10.2%	9.3%	12.4%	10.9%	12.5%	14.1%
Pacific	4.6%	5.2%	5.0%	2.9%	9.0%	10.0%	11.4%	10.8%

Note: Rates for 2019 through 2024 are retrospective. Rates for 2025 and 2026 are prospective. Unweighted global averages were used. This data was gathered in June and July 2025 from 268 insurers, with medical trend rates submitted by insurers and validated by our local teams using their own internal book of business data, market-specific insurer surveys, economic forecasts and subjective assessments. Please note the US is not part of the research. For more information related to the US, please see Mercer’s 2025 National Survey of Employer-Sponsored Health Plans.

Drivers of medical trend

Rising plan utilization driven by aging populations and the growing prevalence of chronic health conditions

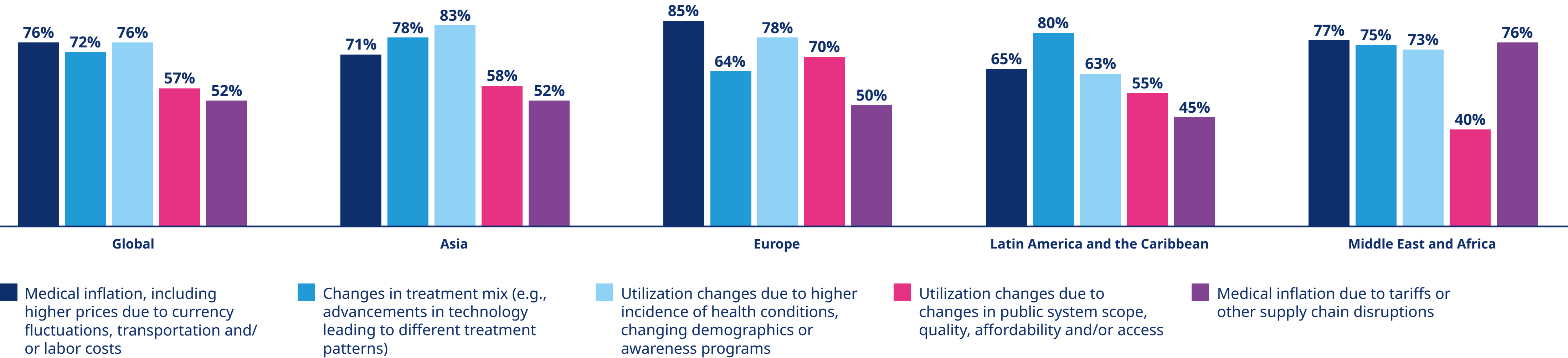
Healthcare staff shortages delaying access to primary care and bringing greater reliance on virtual care, urgent care, or hospital settings

Pressures on public health systems, particularly in Europe, leading more people to use their private health plan benefits

Higher-cost treatments, notably advanced cancer therapies, adding complexity to care delivery and management

Dependence on imported medical goods and services in many markets, creating delays and disruptions in supply chains

Figure 2: How do you expect each of the following trend components will impact your market’s projected 2026 medical trend rate? (Very significant and significant impact)



The impact of trade policy changes

Tariffs expose economies to elevated risks of job losses, inflation, interest rates, and currency exchange fluctuations that also impact benefit plans, specifically medical trend rates. More than half (52%) of insurers expect tariffs and supply chain disruptions will have a significant or very significant effect on medical trend in 2026. On average, insurers are adding between 1.0 to 2.5 percentage points into their trend projections to reflect market uncertainty created by these policy shifts.



US health plan update

Although the US is outside of the scope of this research, US employer health plan costs are projected to increase by 6.5% in 2026, the highest annual increase since 2010, even after accounting for planned cost-reduction efforts. This marks the fourth consecutive year of elevated health benefit cost growth, driven by rising prices for services and increased utilization, partly due to delayed care during the COVID-19 pandemic and the growth of virtual healthcare, particularly in the mental health

space. Factors such as more expensive treatments — for example, cancer treatments and weight-loss drugs — provider consolidation, and inflation are contributing to higher costs.

To lower cost increases in 2026, many employers will make cost-cutting changes such as raising deductibles. At the same time, many are also pursuing longer-term strategies to slow cost growth that don't shift more responsibility for cost

to employees. In particular, they are encouraging the use of high-quality, cost-efficient providers. The findings are based on employer responses to [Mercer's 2025 National Survey of Employer-Sponsored Health Plans](#).



Spotlight on Africa



Across sub-Saharan Africa, spiraling costs and rising demand for preventive and mental health care are reshaping employee benefits.

Double-digit medical trend, particularly in markets like Ghana, Nigeria, and South Africa, is pushing employers towards lower-cost insurance plans, such as plans that cover primary care only or hospitals only. However, despite efforts to reduce costs, many lower income employees are opting out of coverage altogether, creating a growing protection gap.

The need for mental health support is also on the rise, with a growing demand for employee assistance programs (EAPs) to provide more holistic care. The need for localized, in-person mental health services is increasingly urgent, particularly in conflict-affected areas where virtual solutions fall short in meeting employee needs.

Closing these gaps means redesigning benefits to break down the barriers employees face when seeking care.

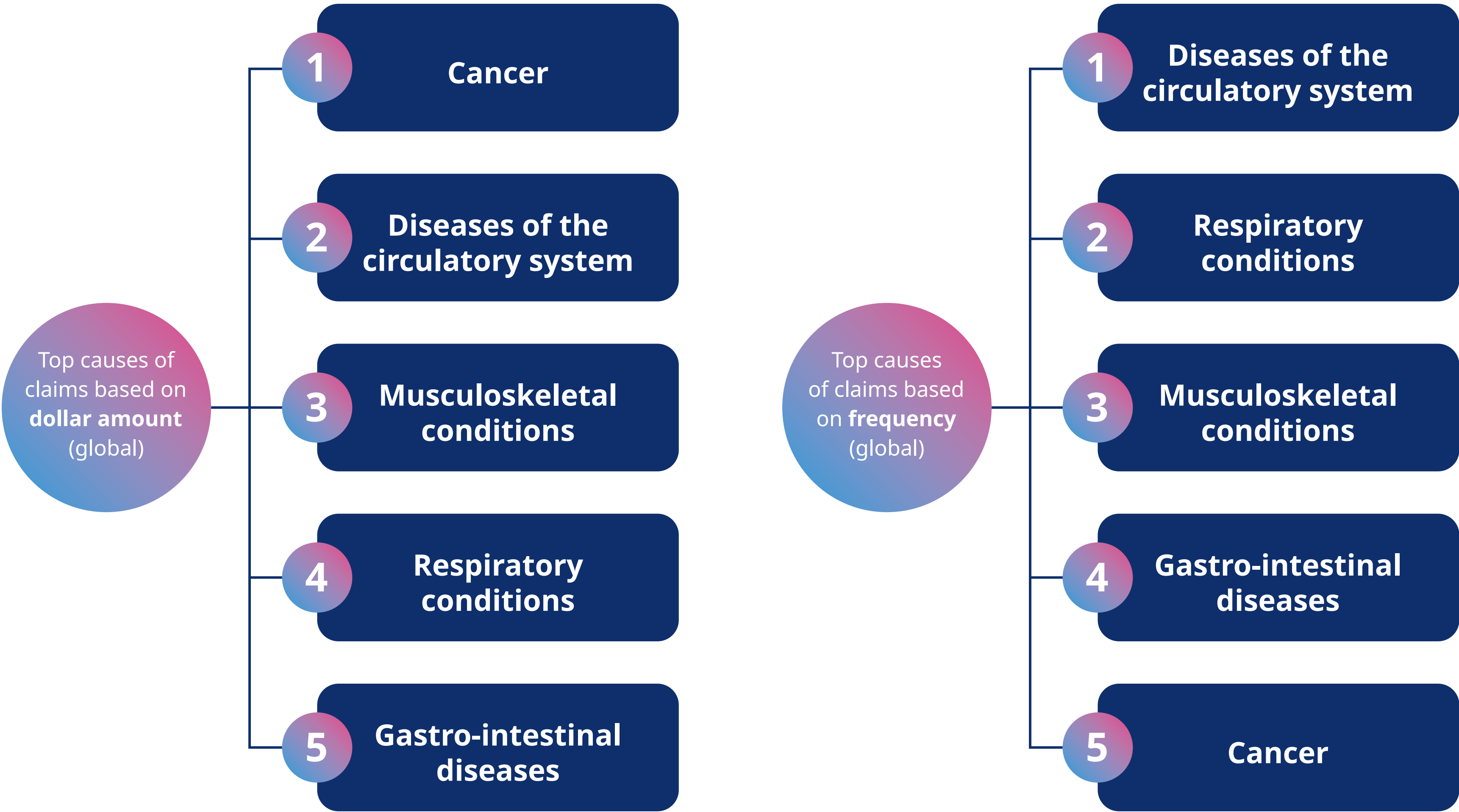
This includes:

- Adapting preventive services to local cultural norms
- Embracing total wellbeing approaches that support physical, mental and financial health
- Collaborating closely with insurers to expand delivery channels, both digital and in-person
- Enhancing health literacy through relevant education and communications
- Encouraging access to preventive care through on-site health services

The 2024 global top causes of health plan claims by both dollar amount and frequency remain largely unchanged from Health Trends reports in recent years, although it is worth noting that musculoskeletal (MSK) conditions have overtaken both cancer and gastro-intestinal diseases to become the third highest cause of claims by frequency.

This rise reflects the increasing prevalence of conditions such as back pain, arthritis, and repetitive strain injuries, which may be linked to aging populations, rising levels of obesity, increasingly sedentary lifestyles attributed to desk jobs and remote work, and inadequate workplace ergonomics.

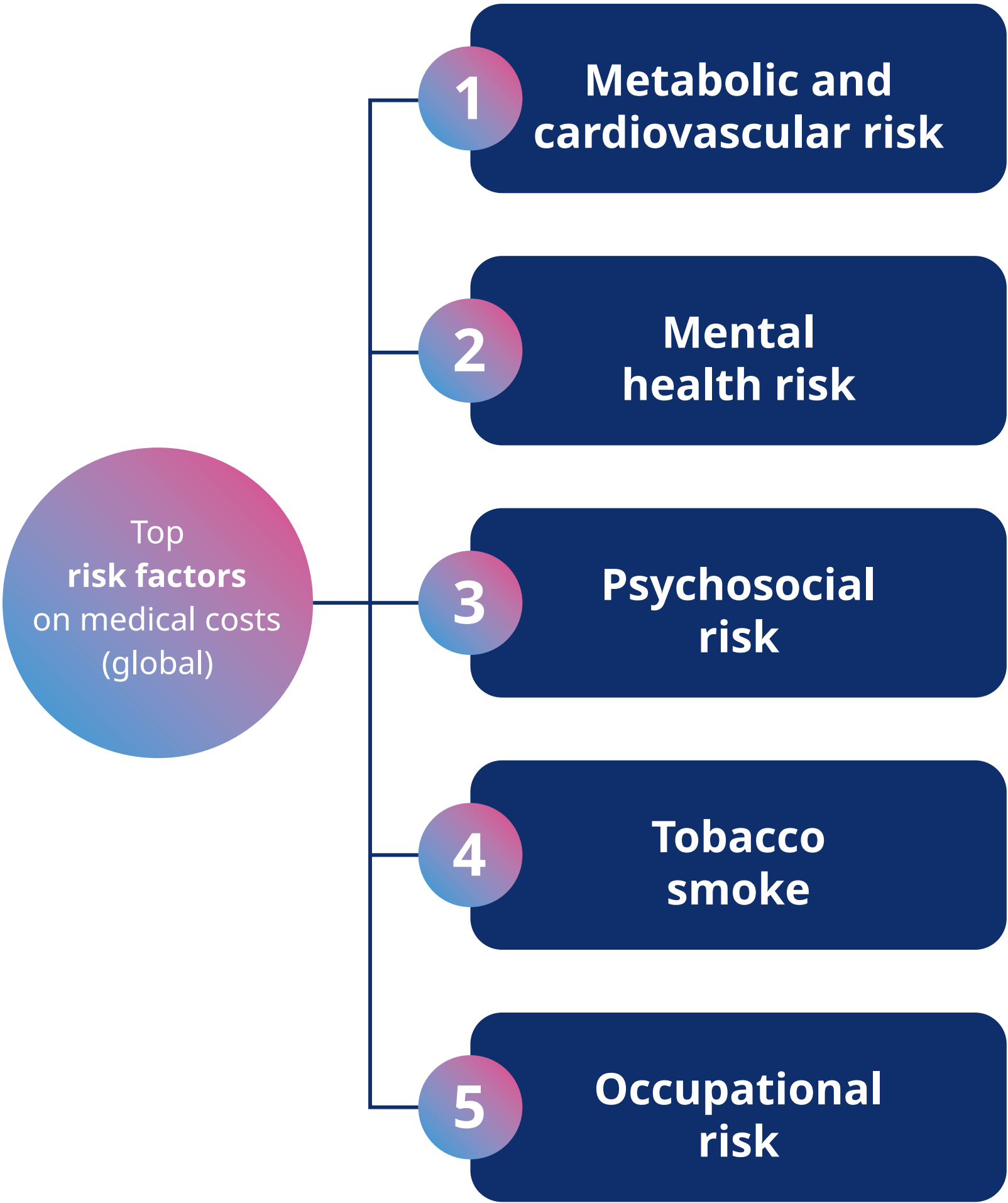
Figure 3: 2024 global top causes of claims by dollar amount and by frequency



Top health risks

Metabolic and cardiovascular conditions remain the largest drivers of medical costs globally; mental health and psychosocial risks also continue to rank highly. This year, occupational risk entered the top five risk factors. This includes work-related factors, such as long working hours, exposure to noise, air pollution and ultraviolet radiation, and poor ergonomics. The impact of these workplace risks can be substantial: according to the latest research by the [International Labour Organization](#), nearly 3 million people died from work-related accidents and diseases.

Figure 4: Top risk factors for medical costs (global)





Musculoskeletal conditions

Musculoskeletal (MSK) conditions affect the joints, bones and muscles, and can be marked by acute or chronic pain, reduced mobility, and dexterity, often restricting people's ability to work and [fully participate in daily life](#). Common MSK conditions include arthritis, fractures and joint problems, but lower back pain is one of the most prevalent.

The World Health Organization identifies lower back pain as the [leading cause of disability](#) worldwide. It affects people across all stages of life and is a near-universal health issue. In 2020, an estimated 619 million people were affected, a figure projected to rise to [843 million by 2050](#). Lower back pain treatments can be

expensive, and treatments may not always be effective. For employers, the implications go well beyond increased healthcare costs — lower back pain is one of the [leading contributors](#) to workplace absence, early retirement and reduced productivity.

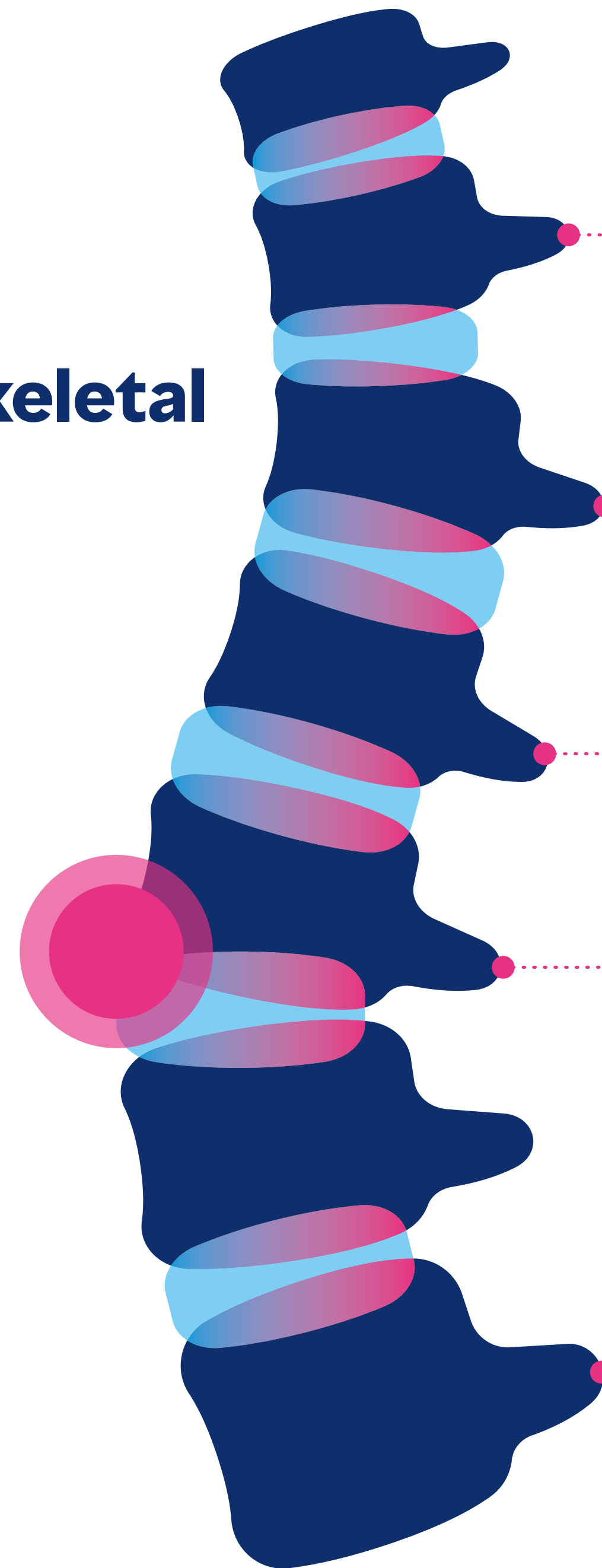


Drivers of lower back pain

Several factors increase the risk of developing lower back pain, including:

- Sedentary lifestyles and lack of regular physical activity
- Excess body weight
- Smoking and high alcohol consumption
- Working conditions including poor workplace ergonomics

Musculoskeletal supports



Ergonomics and worksite safety:

- Desk jobs: chairs/supports for healthy posture
- Non-desk jobs: safety/manual handling training, lifting supports, workplace assessments, AI-powered or wearable sensor technology for movement tracking

Preventive care:

- Strength and flexibility programs and training
- Maintaining a healthy weight
- Physical activity

Early intervention:

- Early assessment
- Triage support

Treatment and rehabilitation:

- Cover for timely needed healthcare, while mitigating risk of unnecessary surgeries
- Physical therapy, including onsite, virtual and AI-powered options to increase adherence
- Cover for specialist pain management and optimization of medication

Support in returning to work:

- Graduated return to work plans to reduce re-injury
- Flexible arrangements, modified duties and accommodations
- Manager training



Spotlight on respiratory conditions

Respiratory conditions, such as chronic obstructive pulmonary disease (COPD), the flu, asthma, and pulmonary hypertension, consistently rank among the top five causes of global health claims, both by dollars billed and claims volume. These conditions take a heavy toll on daily life, work productivity, and healthcare systems. Asthma, for example, affects more than [250 million people worldwide](#), while COPD is the fourth leading cause of death, claiming 3.5 million lives in 2021, around [5% of all global deaths](#).

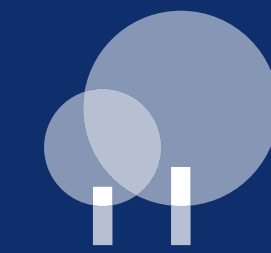
Asthma and COPD are influenced by a range of environmental factors, including exposure to tobacco smoke; allergens such as dust, fumes,

and chemicals; and air pollution. They can also be exacerbated by extreme weather events like [floods, heat waves, and wildfires](#). Our companion [Health on Demand](#) report for 2025 found that around a quarter (26%) of employees globally say that they or their family have experienced worsened physical health conditions, including asthma, due to these kinds of weather events.

Despite this, the insurance industry is only beginning to acknowledge the connection between respiratory illnesses and environmental risks, with just 17% citing extreme weather events as a concern for keeping plans affordable. And while just over half (52%) say they are going to

implement programs to help members manage chronic conditions in the next one to two years, it is not yet clear whether these efforts will adequately address respiratory diseases.

Employers may therefore need to take a more proactive role in providing support to these employees, particularly in the locations most exposed to environmental risks.



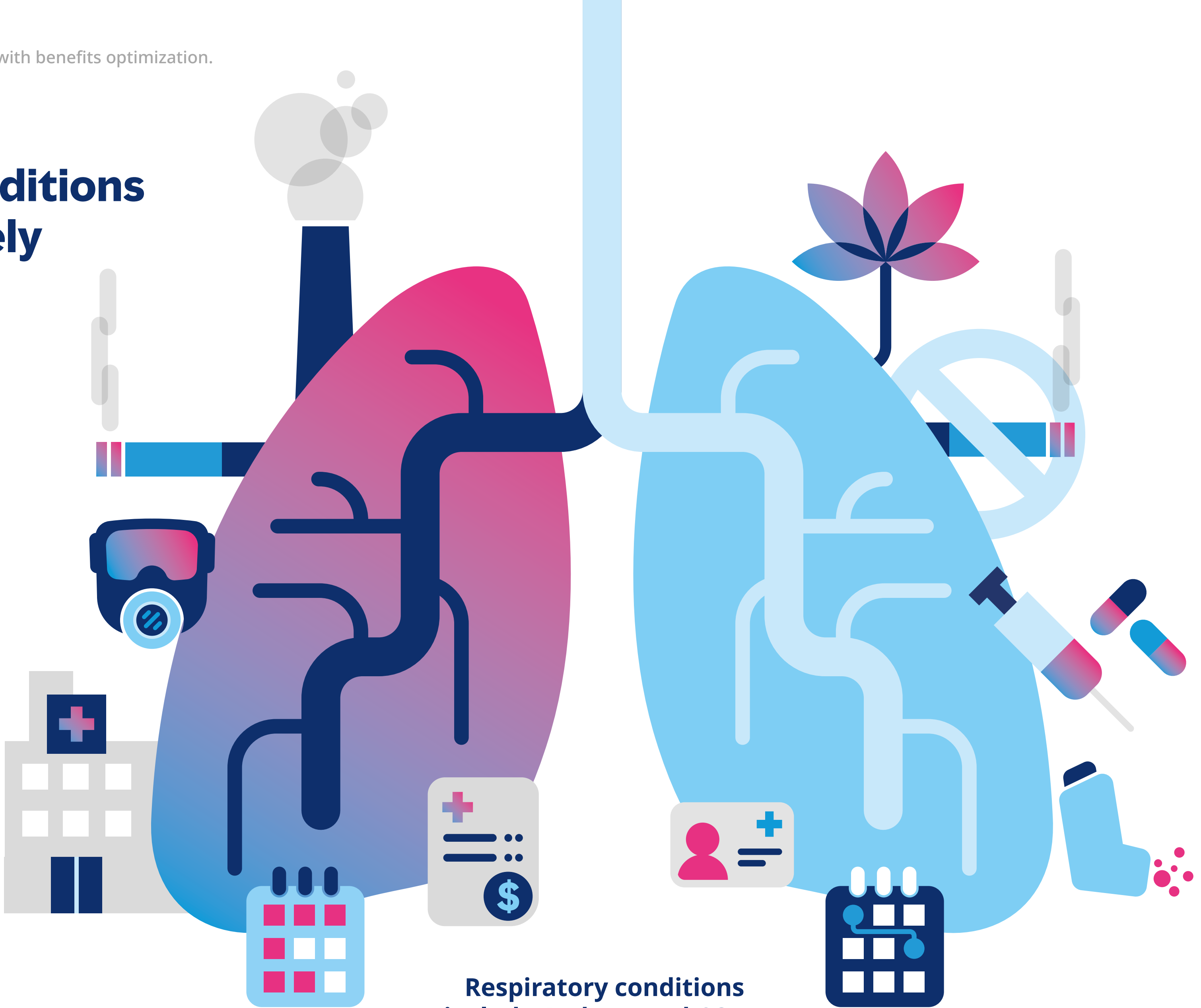
Employer strategies for managing respiratory conditions

While asthma and COPD cannot be cured, effective management can help people to control the symptoms and greatly improve their quality of life. Employers and insurers can play a pivotal role by supporting prevention and treatment through comprehensive programs.

Respiratory conditions can be effectively managed

Example risk factors

- Smoking
- Allergens
- Air pollution, including fumes, Ambient Particulate Matter (APM) and fire smoke



Respiratory conditions include Asthma and COPD and can be triggered by external factors

Employer-provided supports

- Preventive screenings, such as spirometry
- Smoking cessation, including medication
- Self-care through symptom tracking, stress management, healthy weight
- Vaccines coverage for flu, COVID-19, pneumococcal disease, and other respiratory infectious diseases
- Coverage and adherence support for medication and inhalers
- Clean air at workplaces via filters, purifiers
- Flexible work and scheduling during flare ups, infectious seasons, and poor air quality days

Managing risk





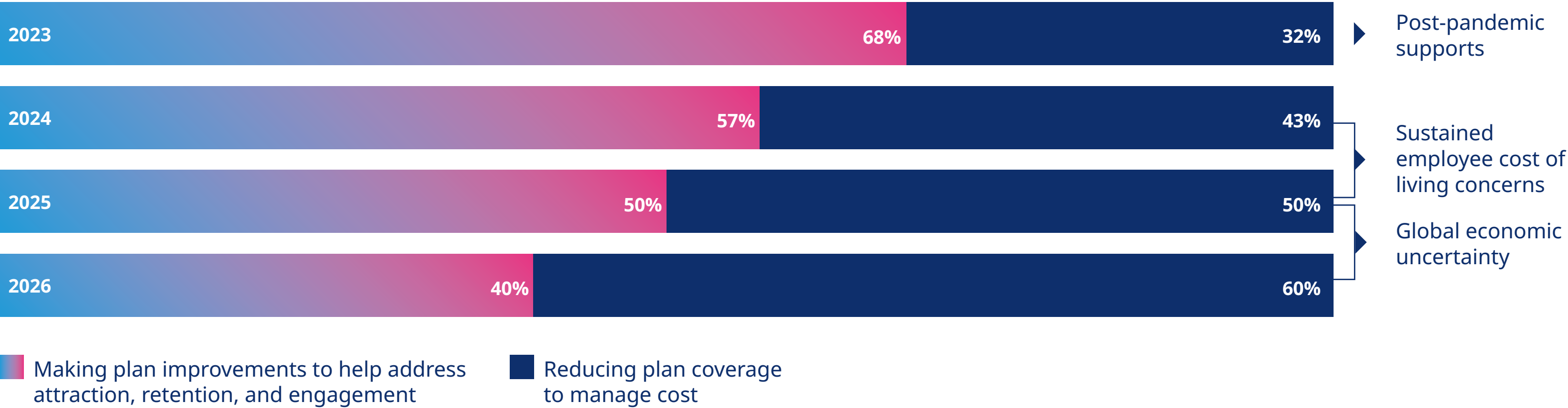
Keeping health plans affordable remains one of the most pressing challenges for insurers, employers, and employees alike. Faced with rising costs, many organizations worry about the long-term sustainability of their plans, with many having to make benefit cuts that simply shift costs onto employees (see Figure 5).

While such measures may deliver short-term budget relief, they often create deeper, long-term challenges, including reduced access to care, worsening health outcomes and, ultimately, higher medical claims. They also risk damaging the employee experience and weakening the company's ability to attract and retain talent.

This leaves organizations facing a difficult challenge: How to manage rising costs without shifting the burden to employees?

Figure 5: Insurers believe employers will prioritize reducing coverage in 2026

Based on your experience with recent medical plan renewals, which of the following objectives do you think most employer plan sponsors will prioritize over the next year?

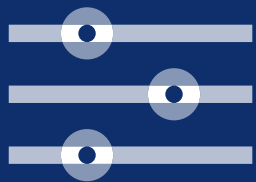




Budgeting and plan financing

Effective cost management begins with sound budgeting. Employers need a budget that reflects their expected costs on a per capita basis. Budgets must be reviewed and adjusted regularly, as claims experience and market conditions evolve.

Budgets must also keep pace with workforce changes. For example, when an employer acquires another organization and expands its headcount, it will inevitably face higher aggregate costs. If leadership fails to account for these additional members, they may find themselves underfunded when renewals arrive. It is also important for every organization to understand its unique cost-drivers and to target spending on its key risks.



Alternative funding models

While most plans outside of the US are fully insured — with insurers charging a fixed premium per person — alternative funding models can provide employers with greater flexibility, transparency, and potential cost savings. It’s vital to choose the right approach, which often depends on the size, structure, and risk tolerance of the organization. Considerations for size include:

Small employers:

Joining a portfolio funding arrangement with other organizations can spread risk and lower costs through group purchasing power. MMB offers such facilities in many markets.

Mid-to-large employers:

Where available, self-insurance allows companies to pay claims directly, with stop-loss insurance in place to limit large, unexpected costs. Other hybrid approaches include premium refunds upon favorable claims experience or local profit sharing.

Multinational employers:

Captive insurance arrangements allow companies to manage risk centrally and keep more of the underwriting profits. Employers without a captive can start with a [cell captive](#) as a simpler entry point.

However, it is important to recognize that alternative funding models are not risk-free. Before proceeding with any of these funding models, employers should consider areas including the potential for increased administrative complexity, regulatory challenges, and risk tolerance. Employers also need to carefully evaluate effective utilization and care management strategies as a part of any alternative funding evaluation.

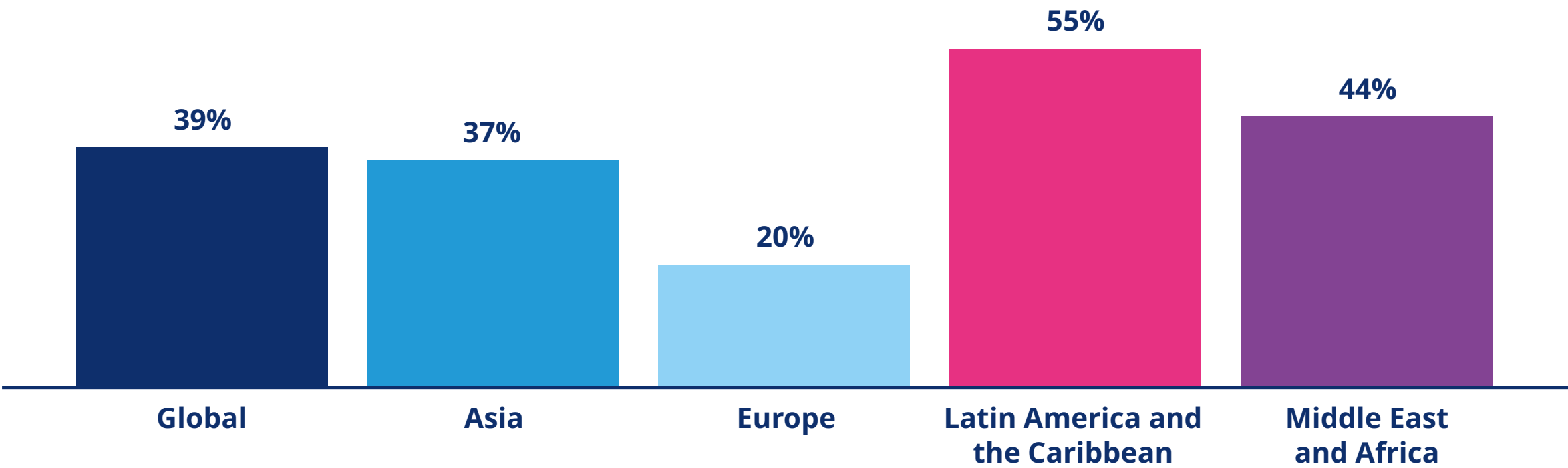


Lifetime limits and governance

A growing number of employees are reaching the lifetime limits of their health plans, meaning that there is a limit to the amount of risk protection offered (see Figure 6). Globally, 39% of insurers have seen an increase in members hitting their maximum claim amounts over the past five years. When this occurs, some employers respond by making exceptions for certain individuals; however, this is a risky approach, creating uneven financial risk and setting unsustainable precedents.

To manage high-cost claims effectively, employers need a clear governance strategy with defined policies for these cases to ensure that members have appropriate protection and reduce reliance on ad hoc exceptions. It is also important for employers to review their plan limit with each renewal, assess it for adequacy, and ensure there are education, navigation, case management, and other supports to help people protect their maximums as much as possible.

Figure 6: Percent of insurers who have experienced an increase in the frequency of plan members reaching their overall lifetime limit due to catastrophic claims



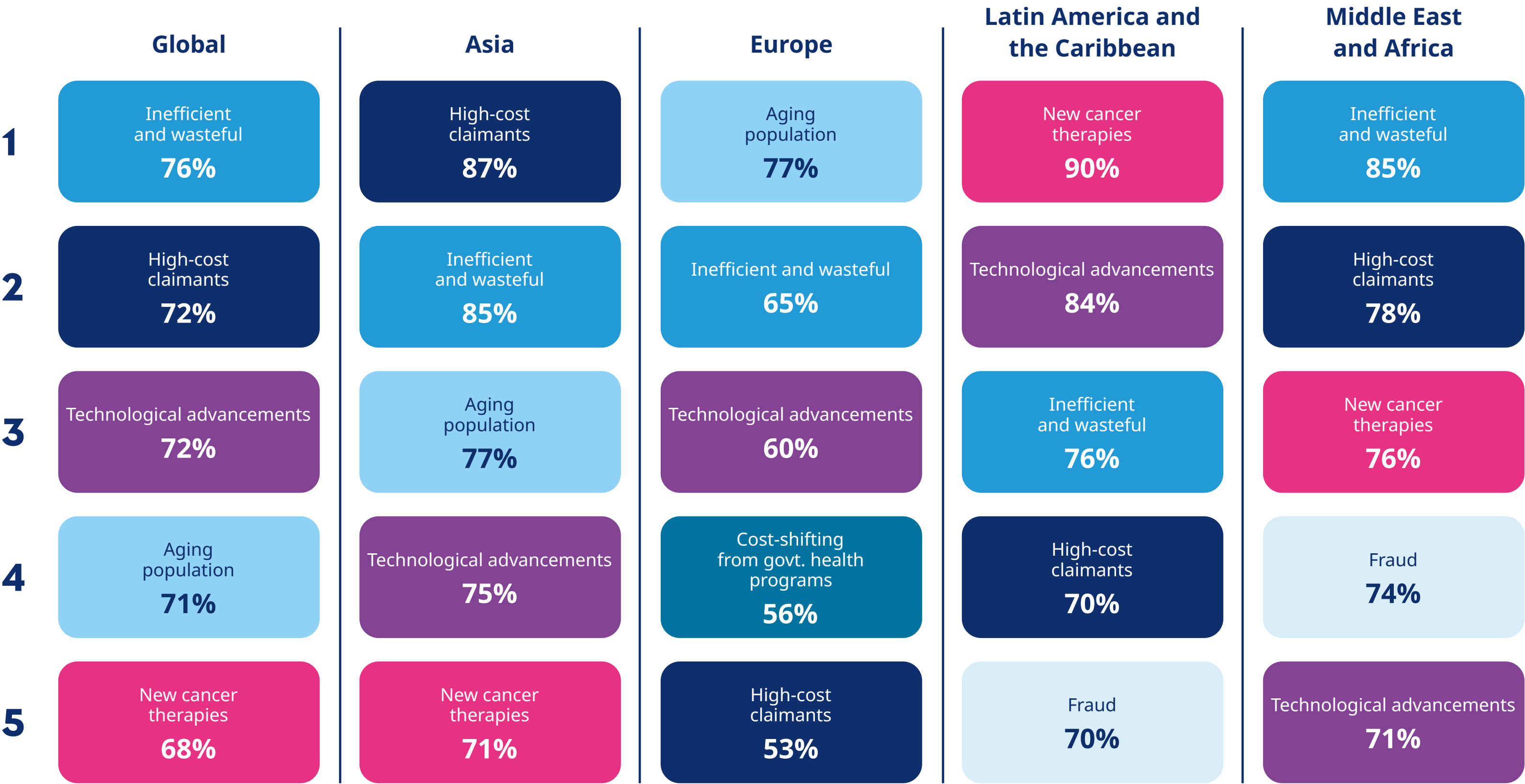
Insurers' top plan affordability concerns

Regionally, we found a great deal of variation in insurers' top concerns for the next three years around keeping plans affordable (see Figure 7). For example:

- In the Middle East and Africa, the top concern is inefficient and wasteful care (85% of insurers cited as very concerning or concerning)
- In Asia, it's high-cost claimants (87%)
- In Europe, it's the aging population and associated healthcare needs (77%)
- In Latin America and the Caribbean, it's new cancer therapies and treatments for rare conditions (90%)

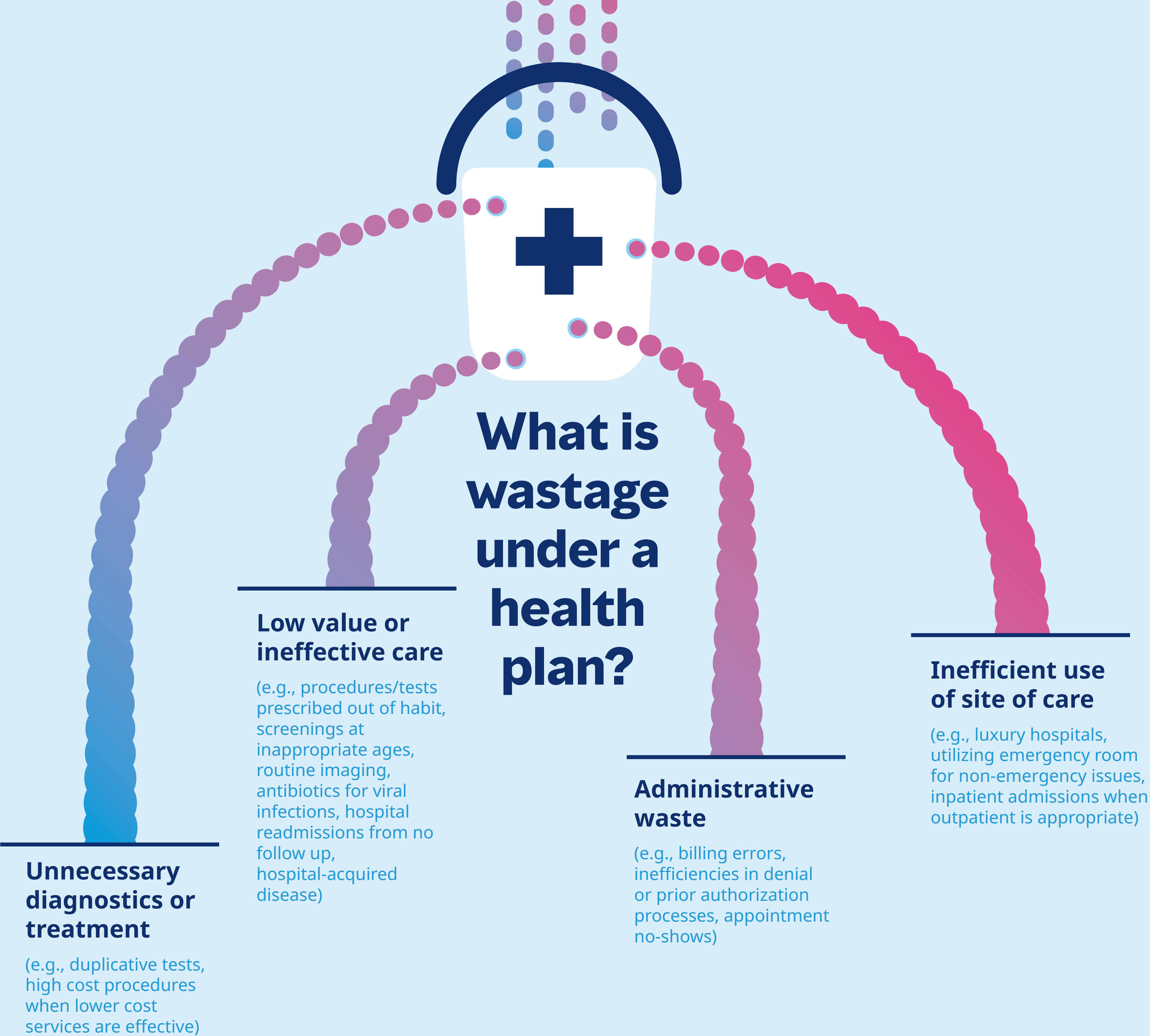
Figure 7: Insurer's top employer-sponsored medical affordability concerns for the next 3 years.

With respect to keeping plans affordable, how concerning is each of these as you look forward over the next three years? (Very concerning + Concerning)



Inefficient and wasteful care

Even with careful plan management, unnecessary procedures and fraudulent claims continue to put pressure on already-stretched benefit budgets. Over three-quarters of insurers (76%) cite inefficient and wasteful care as their top concern. Left unchecked, it can undermine the effectiveness of plans by driving up costs, diverting resources from employees who genuinely need care, and eroding trust in the healthcare system.



Tackling fraud

Healthcare fraud continues to drive unnecessary costs. Although 85% of insurers say they will investigate when fraud is suspected, few take decisive action once it is confirmed. This limited follow-through leaves employers exposed to unnecessary costs, and employees vulnerable to substandard or unsafe care. Employers should work with insurers to ensure suspected fraud triggers decisive action.



Figure 8: Which of the following strategies are used to respond to fraudulent claims?

	Global	Asia	Europe	Latin America and the Caribbean	Middle East and Africa
Claims investigations	85%	93%	72%	90%	91%
Removing coverage for specific facilities or doctors if fraud is identified	62%	62%	49%	59%	84%
Reporting fraud to authorities for criminal prosecution	39%	44%	36%	33%	33%
Sharing information with other insurers and industry groups	31%	49%	18%	27%	22%
Pursuing civil lawsuits to recover losses	26%	30%	26%	20%	18%
Removing fraudulent claims from claims experience used for rate setting purposes	23%	30%	15%	18%	20%
Not sure	6%	4%	13%	2%	2%

Recent global research estimates that between [3% and 15%](#) of total healthcare spending is lost to these inefficiencies each year, representing a significant drain on health system resources worldwide. Employers can help tackle waste using a mix of proactive and reactive measures:

Conduct eligibility audits:
Ensure only eligible employees and dependents are enrolled, minimizing waste and improving compliance

Review pre-authorization protocols:
Assure clear protocols for the use of low-value treatments and cost-effective care

Establish clear health pathways:
Ensure clinically sound, standardized, and coordinated care treatment plans are in place for certain conditions

Educate plan members:
Deliver targeted education campaigns to help employees become smarter consumers of health care, steering them to high quality care

Adopt bundled procedure pricing:
Negotiate fixed prices for common procedures to reduce cost variability and improve predictability in claims

Monitor plan performance:
Track claims trends to detect cost anomalies and flag wasteful spending

Conduct post-claim audits:
Identify excessive claims, recurring high-cost cases, and potential billing errors to safeguard the integrity of the plan

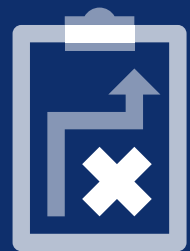
Managing high-cost claims

As health risks evolve and medical costs continue to climb, employers and insurers face the challenge of maintaining access to high-quality care while keeping plans affordable. A central concern is high-cost claimants — individuals with complex medical needs who require extensive and expensive treatments. Effectively managing these claimants is a top priority, with just over two-thirds (67%) of global insurers identifying it as a key focus over the next two years.

The most effective way to manage high-cost claims is to stop them from arising in the first place. Employers should prioritize proven prevention and early detection programs — such as vaccinations, cancer screenings, and routine health checks — and consider policies that allow employees time off to access preventive care.

However, it is equally important to support employees who are already living with illness to enable them to manage their conditions effectively and reduce their need to make frequent, expensive claims. Over the next two years, more than half of insurers (52%) plan to introduce programs to help members manage chronic conditions, underscoring a growing focus on proactive health management.





Effective case management for complex conditions

When a claim is made, strong case management can help keep care on track, improve outcomes and reduce costs. Key elements include:

Reach out early:

Connect with potential high-cost, high-risk members before problems escalate

Check medications:

Review prescriptions to prevent errors and ensure safe use

Support mental health:

Help members cope with stress, fear, or financial worries associated with their illness or injury

Streamline care:

Coordinate specialists and follow-up care to avoid confusion or duplication and ensure care received is within best clinical practices

Direct members to resources:

Help members access relevant programs and tools to manage their own health effectively

These strategies enhance patient outcomes, reduce unnecessary service duplication, and prevent avoidable emergency care, helping both members and insurers manage costs more effectively.





Could changing the site of care improve access?

Where employees go for their care directly affects both costs and outcomes. By strategically guiding employees to the most cost-effective care setting — by leveraging either a virtual platform, primary care, onsite services, or an integrated network — employers and insurers can increase value and deliver better experiences.

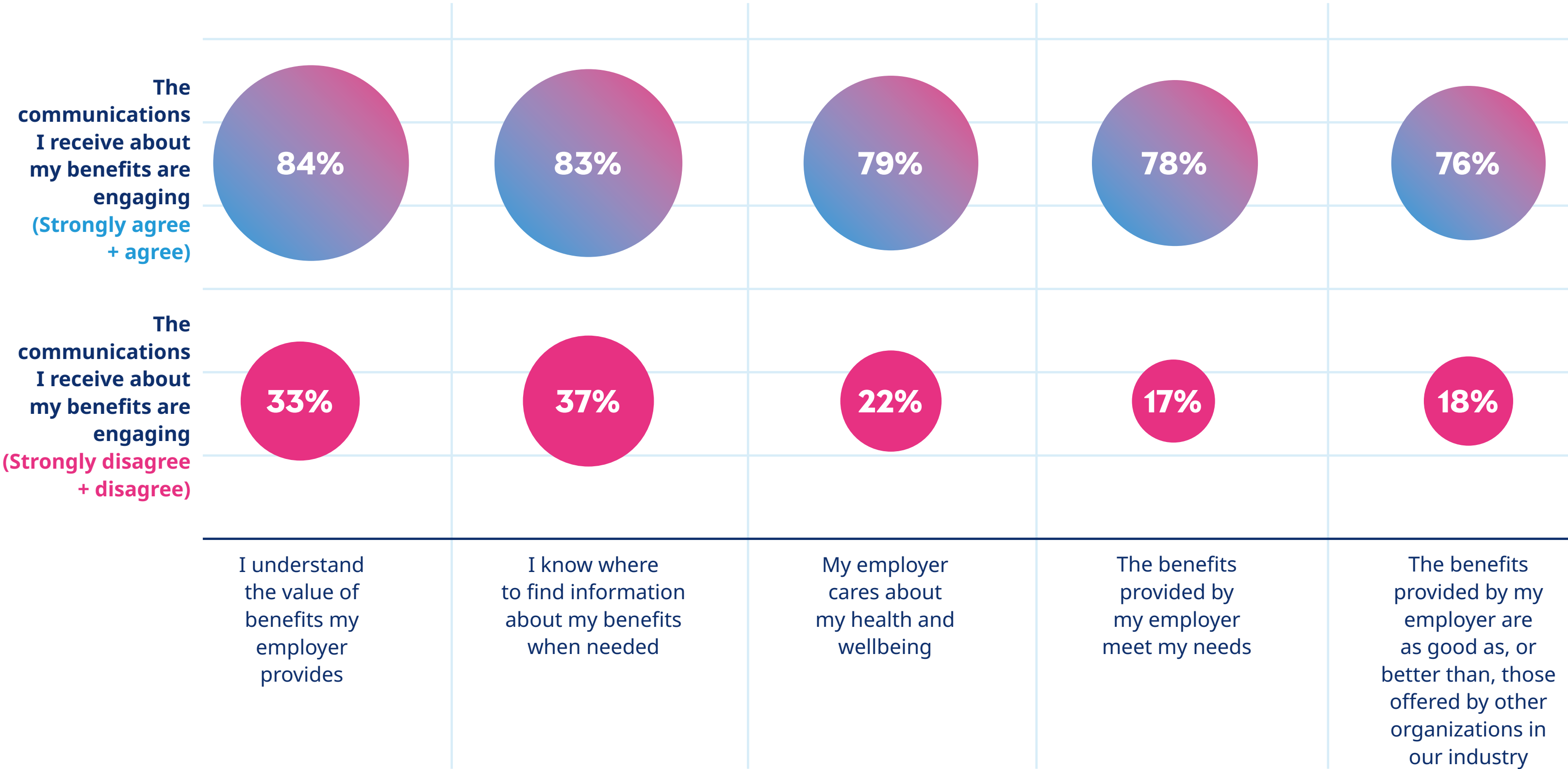
Employee navigation and communication

Even the most carefully designed health plan will fall short if employees do not understand its value or how to use it. To get the best out of their plans, employees need to know what health conditions are covered, how to access services easily, and where to find the highest-quality providers and the easiest point of access (see Figure 9).

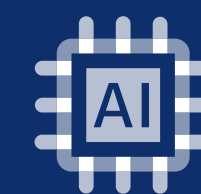
Despite this, globally less than half (47%) of insurers say they typically provide education for employees to help them understand their benefits and become smarter healthcare consumers; only a third (34%) say delivering engaging, high-quality communications is a priority for them over the next one to two years.

Figure 9: Employees who receive engaging communications report higher understanding and satisfaction with their benefits

Percent of employees

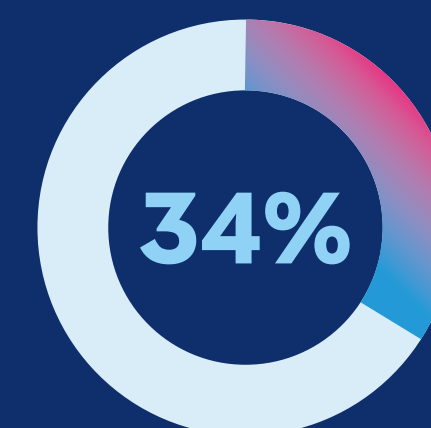


Source: [Mercer Marsh Benefits. Health on Demand 2025.](#)

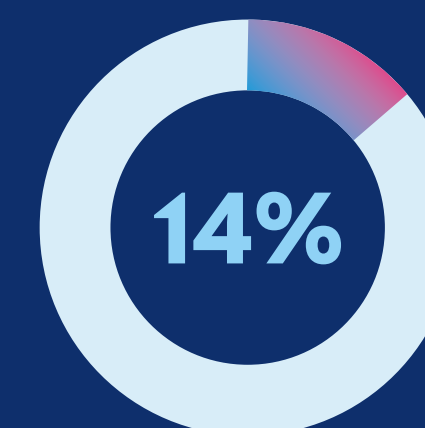


The promises and limitations of AI

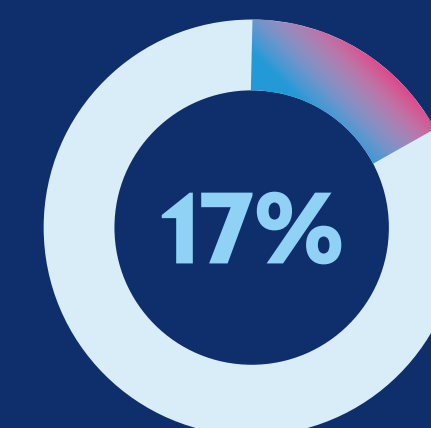
Artificial intelligence has the power to transform benefit navigation and communication by making information more accessible and personalized. Some insurers are already exploring this potential:



**of insurers use
AI-driven customer
service**



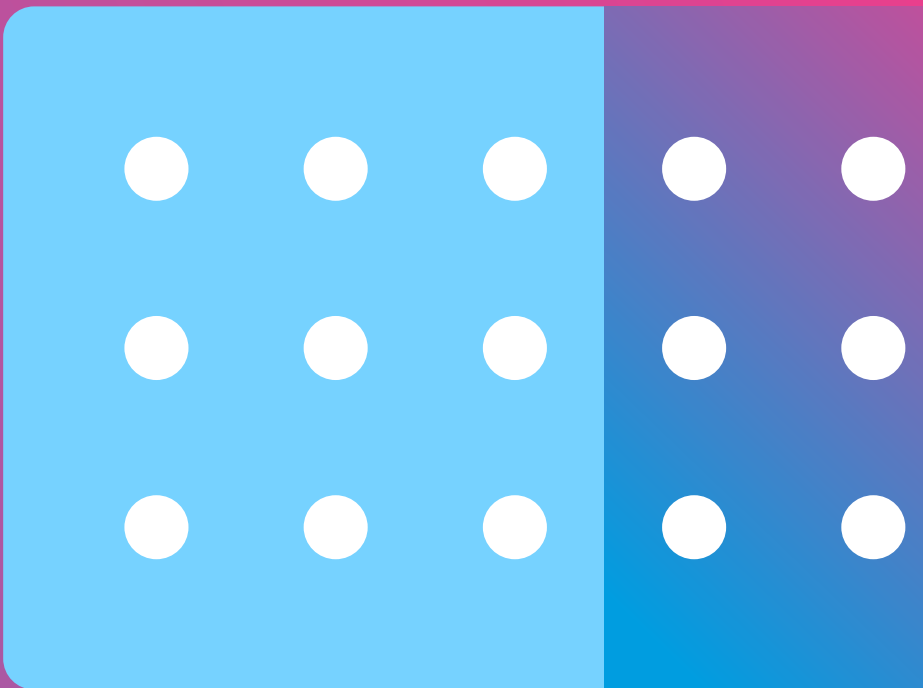
**use AI for plan
member benefit
and policy
navigation**



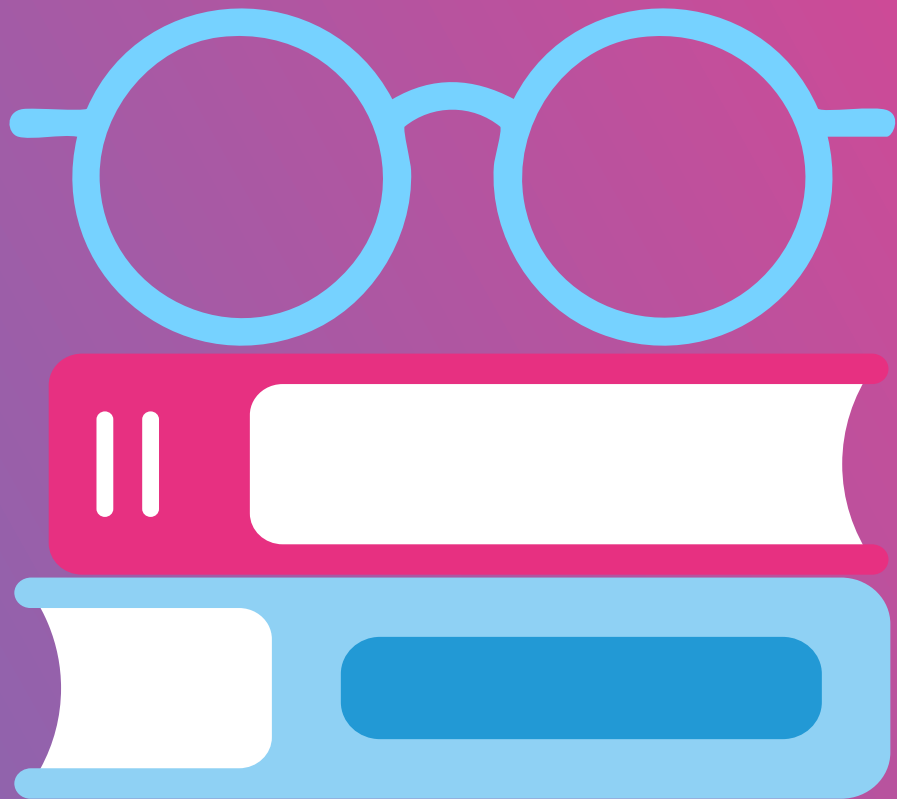
**use AI to
generate
plan member
communications**

However, these tools are still in the early stages of development. Employees with complex or sensitive health needs may not receive the empathy — or the accuracy — they need from AI-powered chatbots. Employers and insurers should use them carefully, making sure they enhance, rather than replace, human support.

Benefits coverage



Health trend overview



Managing risk



Benefits coverage

As health risks change and workforce demographics evolve, benefit programs must keep up. Yet coverage for many essential services remains uneven across markets, leaving significant gaps in care. These gaps are more than an individual employee issue — they create long-term financial risk. When employees delay treatment due to cost or lack of coverage, conditions can worsen and lead to more complex and costly claims, threatening the sustainability of health plans.

Indeed, 4 in 10 insurers cite delayed care as a key risk to future affordability. Yet many existing plans are not designed to meet the needs of today’s workforce – whether that’s supporting mental health, reproductive health, or age-related conditions or having some employees who are ineligible for core medical plans.

For employers, the priority should not be to simply to expand coverage, but to optimize their plans in ways that deliver measurable value for both its members and the business. When benefits meet the needs of employees, the impact is clear: people are far [more likely to report being physically and mentally well and to say they are thriving in their role](#).

Figure 10: When employees have benefits that meet their needs, they’re much more likely to say they’re thriving in their role and that they’re physically and mentally well



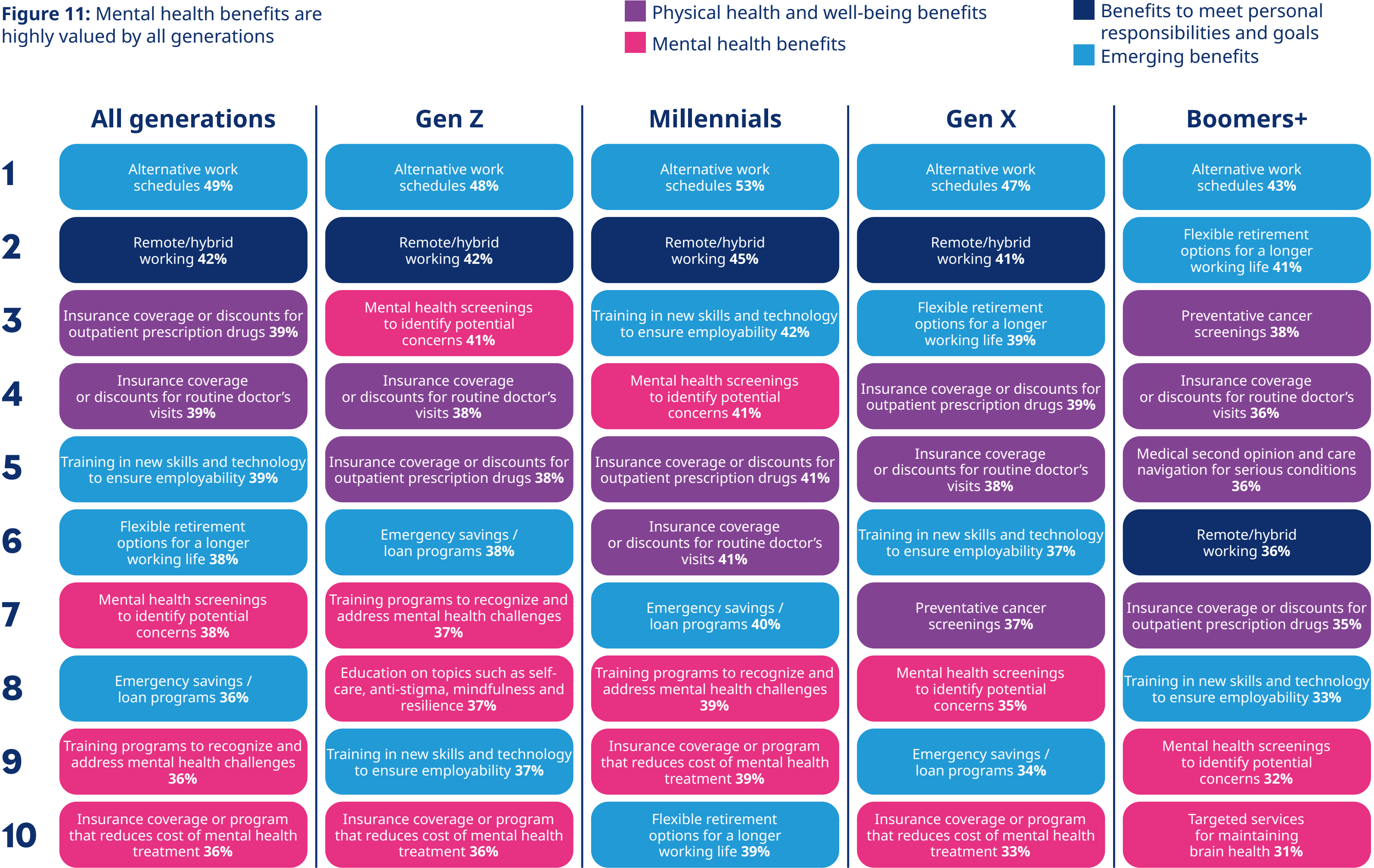
Source: [Mercer Marsh Benefits. Health on Demand 2025](#).

Mental health

Mental health support is now a core expectation in modern benefits plans. In our [Health on Demand report](#), among 38 benefits, employees ranked mental health screenings as the seventh most valued benefit overall (third among Gen Z), underscoring the growing demand for accessible, preventive mental health care.

Yet coverage remains limited. Just a quarter of insurers (24%) typically include mental health screenings within their plans, about a third (35%) include cover for mental health medication, and only half (50%) provide access to counselling services. Employers and insurers should address this lack of coverage. Without adequate support, untreated mental health conditions can quickly escalate into more expensive health plan claims, not to mention other possible risks [including workplace errors and accidents](#).

Figure 11: Mental health benefits are highly valued by all generations



Source: [Mercer Marsh Benefits. Health on Demand 2025](#). Which of the following benefits are helpful to you or your family (or would be if provided)? Ranking top 10 of 38 benefit interventions included within the survey.

Reproductive health

Reproductive health is a critical but often overlooked component of employee wellbeing. For many people, access to fertility support, contraception, maternity care, or midlife health services can be life changing, yet coverage remains inconsistent across markets (see Figure 12). Globally, more than half of insurers (55%) do not cover fertility treatments for women, and almost six in ten (59%) exclude fertility testing for men.

These gaps matter. In our [Health on Demand](#) report, more than a quarter of employees (26%) said financial assistance for family building would be helpful, yet fewer than one in five (19%) report having access to such support today. Employers that close these gaps are supporting employees at critical life stages.

Figure 12: Testing, treatment and services related to fertility remain not covered by most plans

Not available or not applicable	Global	Asia	Europe	Latin America and the Caribbean	Middle East and Africa
Elective egg, sperm, and embryo cryopreservation services	70%	70%	68%	71%	71%
Men’s fertility testing	59%	65%	59%	59%	42%
Women’s fertility and infertility technology including diagnosis, treatment (e.g., IVF) and medication supply	55%	51%	58%	67%	49%
Contraception access/coverage for all purposes including pregnancy prevention	51%	51%	54%	55%	47%



Meeting the needs of an aging workforce

As people delay retirement and stay in the workforce longer, employers must balance the challenges of supporting an aging workforce with the opportunity to retain their valuable skills and experience.

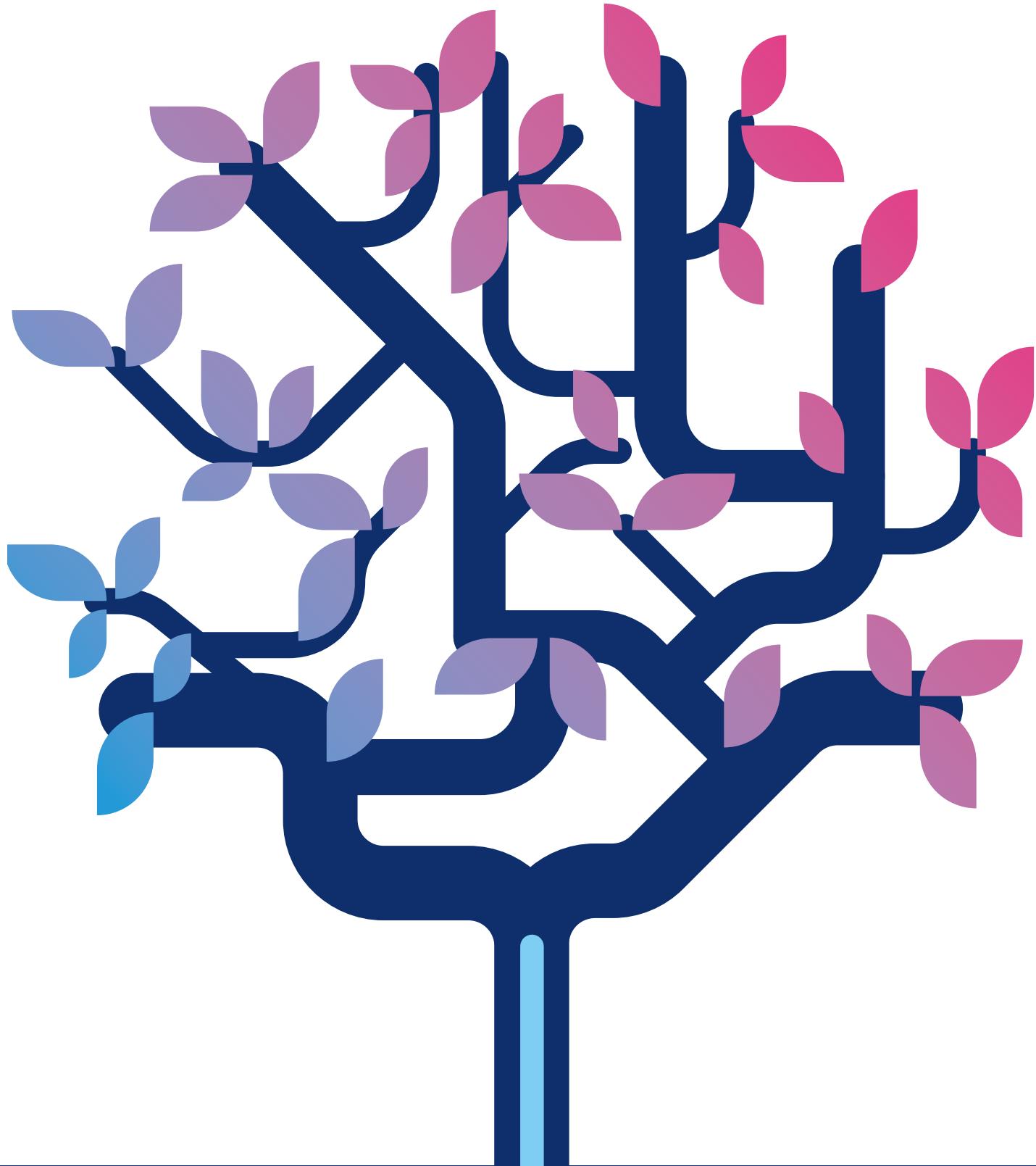
In our latest [People Risk](#) report, “labor shortages” was identified as the second-highest global people risk, surpassed only by “increasing health and benefit costs.” Retaining experienced employees is therefore critical, not only to maintain workforce capacity but also to preserve institutional knowledge and leadership continuity.

Our [Health on Demand](#) report further underlines the value of this group: Older employees report lower stress levels and are more likely to speak up in the workplace. Supporting them is not simply about addressing demographic shifts, it's about leveraging a key talent pool that strengthens the organization's resilience, stability, and productivity.

Targeted benefits can play a major role in helping older employees remain healthy, engaged and productive. Preventive care, such as cancer screenings and routine primary care visits, can help catch health issues early, reducing future costs and supporting long-term wellness.



**Health benefits
that support
healthy aging**
**Powering the
productivity
of your people**

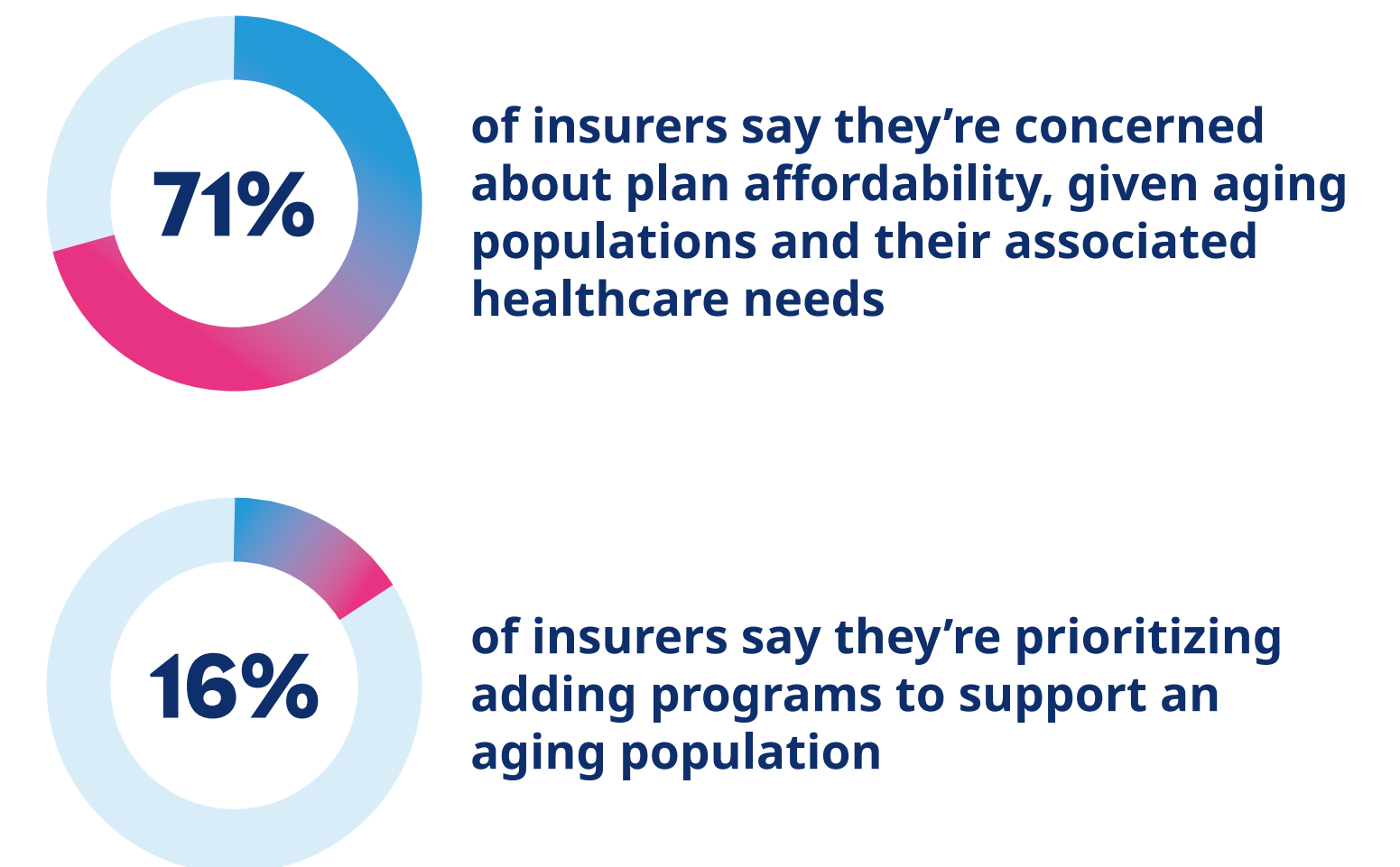




Coverage for age-related health needs remains inconsistent and often insufficient. For example, less than a quarter of plans (23%) typically cover hearing aids, despite hearing aids' ability to help ensure employability. Using hearing aids has also been shown to [reduce social isolation](#) and potentially stave off [cognitive decline](#).

Despite the need for solutions for this growing segment of the workforce, few insurers say they are prioritizing new programs to support aging employees.

Figure 13: Supporting aging populations



Supporting those who are ineligible for core medical plans

In the face of today’s economic pressures, employers may be hesitant to extend full medical coverage to employees who are not eligible for core plans. But offering even basic health support to these individuals can make a real difference for both employees and the business.

Extending access to care can improve employee well-being and help them stay focused and productive at work. Many employees are stressed about money – half of employees globally (48%) are concerned about covering monthly expenses, and [1 in 5 employees](#) aren’t confident they can afford the healthcare they and their families need. Providing access to lower-cost options — like virtual care, preventive services, or prescription discount programs — can help employees manage their health without breaking the bank. Even small steps show employees they are valued, which can build trust, improve morale and reduce turnover.

Figure 14: Could you offer any of the following on a group basis to non-medical plan eligible employees and their families?

Available + Not typically available bit would consider	Global	Asia	Europe	Latin America and the Caribbean	Middle East and Africa
Virtual care or telemedicine service	64%	61%	68%	71%	58%
Medical second opinions and care coordination for complex conditions	61%	62%	58%	59%	71%
Network provider discounts	50%	51%	39%	54%	65%
Education on health systems and community supports	46%	49%	34%	49%	55%
Individual medical insurance discounts	45%	50%	32%	43%	57%
Prepaid medical visits	38%	35%	39%	49%	40%
Prescription drug discounts	31%	40%	6%	47%	44%
Facilitation of care for minor illness from pharmacy	26%	38%	5%	28%	45%

Making healthcare affordable for the entire workforce

Percent of employees

Medical plan eligible employees

- Review employee feedback and eligible expenses to prioritize unmet needs.
- Complete benefit adequacy reviews, including deductibles and maximums.
- Develop a strategy for cancer and catastrophic conditions.
- Partner with insurer to enhance quality, access, and cost (value-based care, virtual care, fraud/waste/abuse).

Make healthcare affordable for your whole workforce, not just medical plan eligible employees

All employees

- Offer defined contribution accounts for routine expenses.
- Educate on health systems and community supports.
- Provide financial education and emergency savings plans.
- Secure and promote discount programs for prescriptions* and insurance.
- Address health determinants like food security, housing, and transport.
- Provide paid time off for medical appointments.
- Consider predictable scheduling and guaranteed hours.
- Offer access to non-insured services like EAP, preventive care, and telemedicine.
- Expand onsite services for biometrics, vaccines, physical therapy, and condition management.
- Monitor market for prepaid medical visits, such as consultations or diabetes management.**
- Determine components of strategy for catastrophic conditions that could be made available to all employees.

Source: Mercer Marsh Benefits. Health on Demand 2025.

* Market specific, for example Brazil
** Market specific, for example a diabetes program in Mexico

Conclusion

Balancing cost control
with benefits optimization



Keeping health plans affordable is not just about cutting costs — it’s about building long-term sustainability. Too often, employers rely on **cost shifting**, passing a greater share of healthcare expenses onto employees. While this may offer short-term budget relief, it risks undermining the value of benefits by reducing affordability, eroding satisfaction, and driving delays in care that increase costs over time.

A more sustainable approach lies in a combination of **cost management** and **health and quality improvement**. Eliminating waste, directing employees to public services where appropriate, and using funding models such as self-insurance, captives, or packaged pricing, can lower costs without

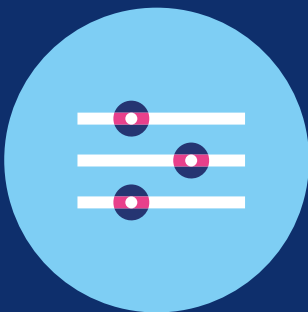
diminishing value. At the same time, investing in proactively preventing illness and injury and addressing gaps in coverage can impact workforce wellbeing and productivity while also reducing the frequency of high-cost claims.

The ultimate ambition is **benefits optimization**. This goes beyond containing costs and involves organizations actively reshaping the benefits mix to deliver more value for employees and the business.

The opportunity is clear. By moving up the optimization curve — away from cost shifting and toward better cost management— dollars saved can be directed back into the health plan, creating benefits that all employees will use, trust, and value.

What is benefits optimization?

How can you optimize your investment in your employees’ health and benefits?



Benefit optimization
Changing benefits mix and strategy to deliver more value

- Maximizing value of benefits to the individual and organization across health, risk protection and well-being, time off and perquisites



Health and quality improvement
Managing utilization through higher value care and support

- Addressing benefit adequacy and gaps (e.g., global minimum standards)
- Prevention and managing health/disability
- Steering to high value care



Cost management
Addressing affordability for both employee and employer

- Packaged pricing
- Removing unneeded frictional costs
- Coordination with public health



Cost shifting
Increasing portion of cost paid for by employee vs employer

- Restricting eligibility
- Claims and premium sharing

Appendix A

Medical trend rates by market

Market/Region	2024 actual medical trend rate ¹	2024 actual inflation rate ²	2025 forecast medical trend rate ¹	2025 forecast inflation rate ²	2026 forecast medical trend rate ¹	2026 forecast inflation rate ²
Global: without US	10.6%	3.5%	10.8%	3.3%	11.1%	2.8%
Global: with US	10.5%	3.5%	10.7%	3.3%	11.0%	2.8%
Global: Expat (IPMI) ³	10.5%	N/A	11.0%	N/A	10.6%	N/A
North America	5.8%	2.7%	6.4%	2.5%	7.6%	2.3%
Canada	7.0%	2.4%	6.9%	2.0%	8.6%	2.1%
United States ⁴	4.5%	3.0%	5.8%	3.0%	6.5%	2.5%
Asia	12.2%	2.3%	12.4%	1.9%	12.5%	2.1%
China	8.7%	0.2%	8.6%	0.0%	8.6%	0.6%
Hong Kong	12.0%	1.7%	11.0%	1.9%	10.5%	2.2%
India	9.9%	4.7%	9.9%	4.2%	9.9%	4.1%
Indonesia	15.9%	2.3%	17.9%	1.7%	17.8%	2.5%
Malaysia	14.0%	1.8%	15.0%	2.4%	15.0%	2.2%

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Estimated rates for 2024 are retrospective. Estimated rates for 2025 and 2026 are prospective. This was gathered in June-July 2025 from 268 insurers, with medical trend rates submitted by insurers and validated/adjusted by our local teams using their own internal book of business data, market-specific insurer surveys and subjective assessments. Regional and global averages are not weighted by factors such as national health expenditure or economy size.

²Inflation rates are sourced from the International Monetary Fund, World Economic Outlook Database, April 2025. Inflation rate information is strictly for general reference purpose; Marsh and Mercer give no guarantees as to their accuracy and will not accept liability for decisions based on them.

³Expat rates were calculated by taking a straight average of 12 expat (IPMI) insurer responses. These rates are excluded from the global averages.

⁴US rates come from the National Survey of Employer Sponsored Health Plans report, and are reflective of costs after making changes to current plans.

⁵Market was not included in regional or global averages.

Market/Region	2024 actual medical trend rate ¹	2024 actual inflation rate ²	2025 forecast medical trend rate ¹	2025 forecast inflation rate ²	2026 forecast medical trend rate ¹	2026 forecast inflation rate ²
Philippines	18.0%	3.2%	16.0%	2.6%	16.0%	2.9%
Singapore	13.0%	2.4%	14.0%	1.3%	14.0%	1.5%
South Korea	10.9%	2.3%	9.6%	1.8%	9.6%	1.8%
Taiwan	9.7%	2.2%	10.2%	1.8%	9.9%	1.6%
Thailand	12.6%	0.4%	14.1%	0.7%	14.6%	0.9%
Vietnam	9.4%	3.6%	10.1%	2.9%	11.6%	2.5%
Pacific	10.0%	3.1%	11.4%	2.3%	10.8%	2.8%
Australia	3.0%	3.2%	3.7%	2.6%	4.5%	3.5%
New Zealand	17.0%	2.9%	19.0%	2.0%	17.0%	2.0%
Europe	10.3%	2.8%	9.5%	3.0%	9.1%	2.4%
Austria	7.0%	2.9%	5.5%	3.2%	5.5%	1.7%
Belgium	4.2%	4.3%	3.7%	3.2%	5.0%	2.1%
Cyprus	4.0%	2.3%	4.0%	2.3%	2.0%	2.0%
Bulgaria	15.0%	2.6%	15.0%	3.7%	15.0%	2.3%
Denmark	5.0%	1.3%	5.0%	1.9%	5.0%	2.1%
Estonia	7.9%	3.7%	7.0%	5.8%	6.5%	3.9%
France	3.5%	2.3%	4.7%	1.3%	3.6%	1.6%
Germany	7.5%	2.5%	7.5%	2.1%	8.0%	1.9%
Greece	8.5%	3.0%	9.0%	2.4%	8.5%	2.1%
Hungary	12.0%	3.7%	9.5%	4.9%	10.0%	3.6%
Ireland	9.0%	1.3%	9.5%	1.9%	10.0%	1.7%
Italy	8.6%	1.1%	7.0%	1.7%	6.8%	2.0%

Market/Region	2024 actual medical trend rate ¹	2024 actual inflation rate ²	2025 forecast medical trend rate ¹	2025 forecast inflation rate ²	2026 forecast medical trend rate ¹	2026 forecast inflation rate ²
Lithuania	18.0%	0.9%	12.0%	3.5%	12.0%	2.8%
Netherlands	10.0%	3.2%	7.3%	2.8%	7.0%	2.3%
Norway	10.0%	3.1%	9.0%	2.6%	10.0%	2.2%
Poland	15.1%	3.7%	15.0%	4.3%	15.0%	3.4%
Portugal	11.0%	2.7%	14.0%	1.9%	14.0%	2.1%
Romania	15.0%	5.6%	14.0%	4.6%	15.0%	3.1%
Serbia	14.0%	4.7%	13.0%	4.0%	12.0%	3.3%
Spain	9.4%	2.9%	9.0%	2.2%	9.0%	2.0%
Sweden	22.0%	2.0%	19.0%	2.1%	12.0%	2.0%
Turkey ⁵	90.0%	58.5%	55.0%	35.9%	45.0%	22.8%
United Kingdom	10.3%	2.5%	8.7%	3.1%	8.0%	2.2%
Middle East and Africa	10.9%	6.2%	12.5%	5.5%	14.1%	4.2%
Angola ⁵	30.0%	28.2%	25.0%	22.0%	30.0%	16.4%
Bahrain	7.5%	0.9%	8.0%	1.0%	10.0%	1.5%
Egypt ⁵	30.0%	33.3%	28.0%	19.7%	21.0%	12.5%
Ethiopia ⁵	45.0%	21.7%	50.0%	21.5%	55.0%	12.2%
Ghana	12.1%	22.9%	15.5%	17.2%	18.0%	9.4%
Kenya	18.2%	4.5%	17.5%	4.1%	17.5%	4.9%
Malawi	22.0%	32.2%	23.0%	24.2%	23.0%	11.5%
Mauritius	15.0%	3.6%	20.0%	3.6%	20.0%	3.6%
Morocco	6.0%	0.9%	7.0%	2.2%	7.0%	2.3%
Mozambique	8.0%	3.2%	7.0%	4.9%	12.0%	5.4%

Market/Region	2024 actual medical trend rate ¹	2024 actual inflation rate ²	2025 forecast medical trend rate ¹	2025 forecast inflation rate ²	2026 forecast medical trend rate ¹	2026 forecast inflation rate ²
Nigeria ⁵	39.8%	33.2%	27.2%	26.5%	31.4%	37.0%
Oman	9.0%	0.6%	12.5%	1.5%	14.5%	2.0%
Qatar	5.0%	1.1%	6.0%	1.2%	8.0%	1.4%
Saudi Arabia	13.0%	1.7%	13.0%	2.0%	15.0%	2.0%
Tanzania	5.0%	3.2%	10.0%	4.0%	15.0%	4.0%
South Africa	11.0%	4.4%	12.0%	3.8%	12.0%	4.5%
United Arab Emirates	10.0%	1.7%	10.5%	2.1%	11.0%	2.0%
Zambia ⁵	20.0%	15.0%	25.0%	14.2%	30.0%	9.2%
Latin America and the Caribbean ²⁰	9.8%	3.0%	10.1%	3.1%	10.4%	3.1%
Brazil	7.0%	4.4%	10.9%	5.3%	10.7%	4.3%
Chile	5.0%	3.9%	5.6%	4.4%	6.2%	3.2%
Colombia	15.0%	6.6%	12.0%	4.7%	11.0%	3.1%
Costa Rica	11.0%	-0.4%	11.0%	2.2%	11.0%	3.0%
Dominican Republic	8.5%	3.3%	10.5%	4.3%	11.5%	4.0%
El Salvador	8.0%	1.0%	9.0%	1.8%	10.0%	1.8%
Guatemala	10.6%	2.9%	11.7%	3.0%	12.1%	4.3%
Mexico	14.8%	4.7%	14.6%	3.5%	14.0%	3.2%
Nicaragua	12.0%	4.6%	10.5%	4.0%	11.5%	4.0%
Panama	10.8%	0.8%	10.0%	0.5%	10.0%	2.0%
Peru	6.5%	2.4%	6.9%	1.7%	8.0%	1.9%
Puerto Rico	8.0%	1.6%	9.0%	2.1%	9.0%	1.9%

Appendix B

Participating insurers

We would like to thank all the insurer respondents for participating in this research. We are very grateful to them for sharing their important perspectives, insights and outlooks. Only those insurers who agreed to include their name within the report are listed below.

Market	Insurer
Angola	NOSSA SEGUROS , SA
Belgium	AXA Belgium DKV Belgium
Brazil	Care Plus OMINT SAÚDE S/A SULAMERICA COMPANHIA DE SEGURO SAUDE
Bulgaria	UNIQA Life plc
Canada	iA Financial Group Medavie Blue Cross Pacific Blue Cross The Empire Life Insurance Company The Equitable Life Insurance Company of Canada
Chile	Metlife Zurich

Market	Insurer
China	AIA Life Insurance Company Limited Allianz China Life Allianz Partners Generali China Life Insurance Ltd. ICBC-AXA Life Assurance Company Medilink (Beijing) TPA Services Co., Ltd MSH CHINA Enterprise Services Co.,Ltd New China Life PICC Health Ping An Property Insurance Prosper Health (TPA) Taiping Pension Co.,Ltd. Zhong An
Colombia	ALLIANZ SEGUROS SA AXA COLPATRIA COOMEVA MEDICINA PREPAGADA PAN AMERICAN LIFE DE COLOMBIA SEGUROS BOLIVAR S.A.
Costa Rica	COMPANIA INTERNACIONAL DE SEGUROS FILIAL IS CR SOCIEDAD ANONIMA
Cyprus	METLIFE EUROPE D.A.C.
Denmark	PFA
Dominican Republic	ARS YUNEN HUMANO SEGUROS Seguros Reservas

Market	Insurer
Egypt	GIG Egypt Life Takaful
El Salvador	MAPFRE SEGUROS EL SALVADOR SA
Ethiopia	Oromia Insurance S.C THE UNITED INSURANCE COMPANY SC (HIBRET INSURANCE)
France	ALLIANZ GGVIE Swisslife AXA France Vie
Germany	Barmenia Krankenversicherung AG
Ghana	Acacia Health Insurance Metropolitan Health Insurance Ghana LTD Premier Health Insurance
Greece	Generali Hellas Groupama Phoenix Asfalistiki NN Hellas
Guatemala	Aseguradora General ASSA Compañía de Seguros, S.A. MAPFRE Seguros Guatemala SEGUROS GYT

Market	Insurer
Hong Kong	AIA International Limited April Hong Kong Limited Asia Insurance Co., Limited AXA Cigna Worldwide General Insurance Company Limited FWD Life Insurance Company (Bermuda) Limited Generali Hong Kong Liberty International Insurance Limited
Hungary	Generali Biztosító Zrt. Groupama Biztosító Zrt. Union Insurance Company
India	Aditya Birla Health Insurance Company Limited Bajaj Allianz General Insurance Co ManipalCigna Health Insurance Company Limited United India Insurance Co Ltd
Indonesia	PT LIPPO GENERAL INSURANCE BTK PT Zurich Asuransi Indonesia Tbk
Ireland	Laya Healthcare
Italy	GENERALI ITALIA Metlife Zurich Insurance Europe AG
Latvia	AAS “BTA Baltic Insurance Company” AAS BALTA ERGO Life Insurance SE
Lithuania	Compensa Life Vienna Insurance Group Lithuanian branch
Malawi	MEDICAL AID SOCIETY OF MALAWI

Market	Insurer
Malaysia	AIA Bhd. ALLIANZ LIFE INSURANCE MALAYSIA BERHAD AmMetLife Insurance Berhad
Mexico	Allianz México, S.A. Compañía de Seguros Grupo Nacional Provincial MAPFRE SEGUROS Seguros Atlas SA Zurich Aseguradora Mexicana
Mozambique	FIDELIDADE MOÇAMBIQUE COMPANHIA DE SEGUROS, SA Hollard Health
Nigeria	AXA Mansard Health Limited Leadway Health Limited REDCARE HEALTH SERVICES LTD TOTAL HEALTH TRUST LTD
Oman	Al Madina Insurance Company SAOG
Panama	ASSA Compañía de Seguros, S. A. Internacional de Seguros, S.A Pan-American Life Insurance de Panamá
Peru	PACIFICO EPS
Philippines	First Life Financial Co., Inc. Generali Life Assurance Philippines, Inc. Insular Health Care, Inc. (iCare) Maxicare Healthcare Corporation PhilhealthCare, Inc THE INSULAR LIFE ASSURANCE CO. LTD. United Coconut Planters Life Assurance Corp. Value Care Health Systems, Inc.

Market	Insurer
Poland	Compensa Towarzystwo Ubezpieczeń S. A. Vienna Insurance Group ENELEMD InterRisk Towarzystwo Ubezpieczeń Spółka Akcyjna LUX MED SP. Z O.O. Medicover sp. z o.o. PZU Zdrowie Saltus Towarzystwo Ubezpieczeń Wzajemnych Signal Iduna Polska SA
Portugal	Allianz Portugal Médis – Companhia Portuguesa de Seguros de Saúde, SA Multicare - Seguros de Saúde SA Victoria Seguros S.A.
Qatar	Seib Insurance & Reinsurance
Romania	OMNIASIG VIENNA INSURANCE GROUP SIGNAL IDUNA Romania
Saudi Arabia	CIGNA WORLDWIDE INSURANCE BRANCH SAUDI
Serbia	Generali Osiguranje Srbija Triglav osiguranje ado
Singapore	Cigna Europe Insurance Company S.A-N.V., Singapore Branch RAFFLES HEALTH INSURANCE PTE. LTD. Singapore Life Limited The Great Eastern Life Assurance Company Limited Tokio Marine Life Insurance Singapore Ltd
South Africa	Agile Alternative Solutions

Market	Insurer
Spain	AXA España CIGNA LIFE INSURANCE COMPANY OF EUROPE DKV SEGUROS Y REASEGUROS SAE Sanitas Seguros SA SegurCaixa Adeslas
Sweden	ERGO Försäkring Filial
Taiwan	Cathay Life Fubon Life Insurance Co., LTD KGI Life Insurance Co., Ltd. Pcalife Assurance Life Company Shin Kong Life Insurance Company Taiwan Life Insurance Co., LTD.
Tanzania	Assemble Insurance Tanzania Limited
Thailand	Tokio Marine Life Insurance (Thailand) PCL
Turkey	ANADOLU ANONIM TURK SIGORTA SIRKETI
Uganda	ICEAN LION LIFE ASSURANCE COMPANY LIMITED
United Arab Emirates	Abu Dhabi National Insurance Company PJSC GIG Gulf Metlife Qatar Insurance Company Sukoon
United Kingdom	Aviva Plc AXA Health Bupa
Vietnam	BAOVIET INSURANCE CORPORATION DBV Insurance Group Joint Stock Company PTI
Zambia	One Life Insurance Limited

Market	Insurer
Zimbabwe	ALLIANCE HEALTH
Global/Expat	Aenta AIA Singapore Private Limited Allianz Partners BUPA Global Cigna GeoBlue Now Health Insurance UnitedHealthcare Global

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- Benefits strategy, broking, design, financing and delivery
- Health and well-being, including mental health and longevity
- Global benefits
- Business continuity
- Enterprise risk management
- Business resiliency and crisis management
- Cybersecurity risk management
- Workforce communications
- Flexible working and work design
- Employee experience, listening and total rewards
- Living wage
- Retirement

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