

2014 Global Medical Trends

Survey Report

Executive Summary

Rising medical trend continues across the globe, and insurers see no end in sight, according to the results of the 2014 Towers Watson Global Medical Trends Survey. Although trend has slowed in some countries and regions, it is still more than double the rate of inflation. Drivers include the scaling back of public benefits in many countries, which has put additional pressure on private plans, raised the cost of prescription drugs and caused an increase in lifestyle illnesses such as cardiovascular disease.

How are employers responding? Insurers report that employers continue primarily using traditional methods of cost management, including coinsurance and premium cost sharing. However, the availability and use of health and wellness programs is growing.

Key Findings

- Average medical trend was 7.9% for 2013 and is projected to be slightly higher for 2014. While somewhat lower than in previous years — driven primarily by low rates of increase in Europe, where economic and competitive pressures have slowed the rate — it is still more than twice the rate of inflation. In all other regions, health care cost trend is expected to continue to increase, although it has moderated significantly from previous years.
- A number of common global factors contribute to the rising trend, including increases in employee demand, the rise of noncommunicable (typically lifestyle) diseases and the continued shifting of the health care burden from the public systems to the private sector.
- More than half of health insurers in all regions anticipate higher or significantly higher medical trend over the next three years. The expectation is that global medical trend will stay ahead of U.S. medical trend in the short term.
- Globally, there is more consistency among the medical conditions causing the highest prevalence of claims (e.g., cardiovascular disease, cancer) than in the past, although there are a few notable differences by region (e.g., respiratory conditions in the

Middle East/Africa, gastrointestinal conditions in Asia Pacific, musculoskeletal conditions in Europe).

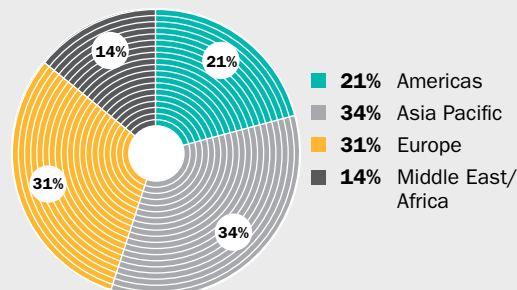
- Traditional methods of cost management still dominate globally (e.g., coinsurance); however, health promotion and well-being programs are growing in availability and prevalence. The availability of claim data and reporting is improving. However, there are still many markets where nonstandard claim coding systems are being used, which is an ongoing concern, and limits employers' ability to use data to understand employee population health trends and make health care strategy decisions.

About the Survey

The Towers Watson Global Medical Trends Survey was conducted between November 2013 and January 2014. It reflects responses from 173 leading medical insurers operating in 58 countries. Most participants have at least a 10% share of the group medical insurance market in their country. The survey received good representation from all regions. Thirteen countries had high enough levels of participation to warrant separate country reports. U.S. insurers and the U.S. marketplace were not included in this survey. (The U.S. market is covered separately by Towers Watson's extensive research on U.S. health care cost trends.) In this survey, Americas responses are from Canadian and Latin American insurers.

“More than half of health insurers in all regions anticipate higher or significantly higher medical trend over the next three years.”

Participant profile



Medical Trends by Country

After a period of double-digit growth, average trend rates have started to stabilize in the last couple of years due, in part, to significant slowing in some countries and regions, notably Europe. Globally, insurers experienced an average trend of 7.9% in 2013, similar to 2012 (Figure 1). However, international trend is still higher, on average, than U.S. trend and is more than twice the rate of general inflation, reflecting the continued global demand for private health care.

Americas

The Americas (excluding the U.S.) trend rate remained stable at 9.1% for 2013. Brazil has the highest-cost medical market in Latin America, as the country's rapid growth spurred demand for private health care. Excluding countries such as Venezuela, where trend is driven by high general inflation, Brazil has one of the highest trends. It was 13.2% in 2013 and is expected to be higher in 2014. Aside from demand, other factors driving trend in Brazil include expanded legislative requirements such as mandated coverage of new chemotherapy drugs and an increase in preventive care as employers promote a culture of health.

Other Latin American markets, including Costa Rica and Panama, also had double-digit trend in 2013 and are expected to in 2014 as well. Costa Rica, in particular, is seeing rapid increases in pricing from health care providers and facilities. Venezuela experienced an extraordinarily high trend of 35% in 2013 and is projecting a trend rate of 40% in 2014 due to inflationary woes. By contrast, Mexico had one of the lowest 2013 trends in the region, at 6.5%, and it is expected to remain about the same in 2014. Many of the hospital supplies and much of the technology that Mexican hospitals use are imported from the U.S., so the exchange rate can significantly affect trend in that country.

Canada experienced trend of 11% in 2013, and it is expected to have similar trend in 2014. It's estimated that 70% of this increase is driven by drug pricing. However, some Canadian employers have benefited from generic-drug pricing reforms and have experienced below-average trend for the past couple of years.

Figure 1. Global medical trends by region: 2012 – 2014

	2012	2013	2014*
Global	7.7%	7.9%	8.3%
Americas	9.1%	9.1%	9.7%
Asia Pacific	8.4%	8.8%	9.3%
Europe	5.3%	5.2%	5.4%
Middle East/Africa	8.8%	9.8%	10.0%

*Projected

Asia Pacific

Medical trend remains high in many Asia Pacific markets due to factors such as aging demographics (in markets such as Hong Kong, Singapore and South Korea), the rise of noncommunicable diseases and continued cost shifting from public to private systems. There were slight increases in this high trend in 2013, and another slight increase is expected in 2014.

Hong Kong's trend was just over 10% in 2013, despite fierce competition among insurers. China's trend also continues to edge upward, driven by increased demand and utilization, and a significant uptick in noncommunicable diseases such as cancer and respiratory conditions.

“India's trend continues to be one of the highest in the region.”

Indonesia is in the midst of health care reform (begun in January 2014), which mandates employer contributions to Jamsotek, the state-owned company that manages social insurance for private sector employees. Reform will impact future provision, utilization and costs.

Malaysia's 2014 medical trend is likely to be impacted by a new schedule of inpatient surgical charges that allows costs to increase by approximately 14%, and a 100% to 200% increase in general and specialist practitioner rates.

India's trend continues to be one of the highest in the region. The numbers are understated due to competitive pricing pressures in the India marketplace. What's more, India has yet to experience the full impact of insurance regulatory guidance issued in 2013 on the standardization of treatment protocols and drug pricing caps.

The Philippines is seeing increased projected trend, some of which may be due to the impact of reduced coverage under PhilHealth, the state-owned health insurer, which will increase demand on private health care and insurers. These changes alone are expected to result in a 2% to 5% trend increase.

Europe

Europe has the lowest level of gross medical trend increase for private medical insurance. The average rate for 2013 was 5.2%, which has dropped significantly since 2011, and there are many markets (Austria, France, Germany and the Netherlands) that are projecting even further decreases in 2014. Nevertheless, there are areas of concern.

Ireland's trend is expected to be 7% for 2014. This is heavily influenced by massive increases in public hospital charges imposed by the government on those with private health insurance using public hospitals.

Russia has experienced a double-digit medical trend over the last five years, and it seems likely to persist given the continued high demand for private health care and extensive chronic diseases seen at particularly young ages. Russia's 2013 trend was 10.4%, and an increase is projected for 2014.

The U.K. trend rate decreased slightly in 2013, to 5.1%, but is projected to increase next year, driven by an aging demographic and an increase in the instances when state primary care physicians route insured patients to private treatment. In addition, wider access to advancements such as new-generation cancer drug therapies are impacting trend.

Italy's medical trend continues to increase, and like several other countries, it appears to be driven by the shifting of coverage from the national system to private plans.

Economic troubles in markets such as Greece, Portugal and Spain have impacted medical trend, and employers in those countries have placed significant competitive pressures on insurers to hold down any premium increases on group plans, thereby suppressing the normal medical trend.

The Netherlands has also experienced a reduced trend due to cost containment measures. However, as in other European markets, this measure may not be sustainable in the long term, given the aging of the Dutch population and the continued demand for care.

Middle East and Africa

Medical cost trends in the Middle East and Africa continued to hover around 10% and averaged 9.8% across the region in 2013. At 8.1% for 2013, South African medical inflation continues to be slightly lower than the rest of the continent. However, the 2014 outlook for medical trend does not appear to factor in the increased outlook for general price inflation, and there is some speculation that medical trend (in particular, hospital cost inflation) is being artificially contained due to a government market inquiry into the high cost of private health care.

There is also growth in private health care in other African markets, which is no doubt driving the double-digit medical trend in Angola, Kenya and other African countries.

In the Middle East, trend averages 10% in most markets. The U.A.E. has seen a slight reduction in trend in the last few years but is still projecting a consistent 9% for 2014.

“Europe has the lowest level of gross medical trend increase for private medical insurance.”

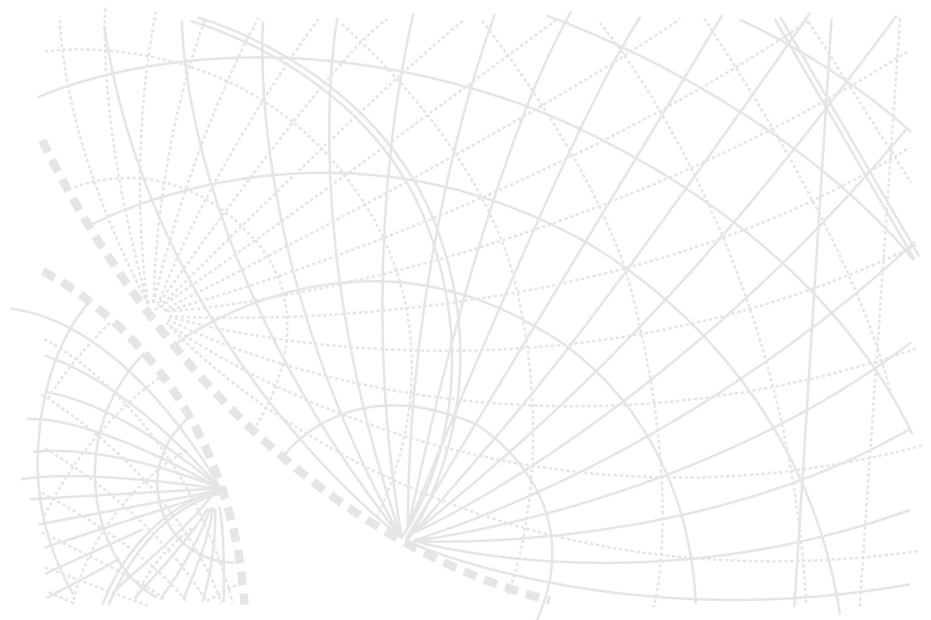


Figure 2. Global average medical trend rates by country: 2011 – 2014

	Gross			Net* *		
	2012	2013	2014 (expected)	2012	2013	2014 (expected)
Global	7.7%	7.9%	8.3%	3.8%	4.4%	4.8%
Americas	9.1%	9.1%	9.7%	5.3%	5.3%	5.8%
Brazil	12.9%	13.2%	14.0%	7.5%	6.8%	8.2%
Canada*	11.9%	11.2%	11.3%	10.4%	10.1%	9.7%
Chile	4.5%	4.8%	4.5%	1.5%	3.0%	1.5%
Colombia*	6.6%	6.2%	6.4%	3.4%	4.0%	3.4%
Costa Rica	10.0%	11.0%	12.0%	5.5%	6.3%	7.0%
Dominican Republic	5.0%	6.0%	8.0%	1.3%	1.5%	3.3%
Ecuador	7.5%	8.8%	10.5%	2.4%	6.0%	8.1%
El Salvador	10.0%	8.0%	8.0%	8.3%	6.1%	5.6%
Guatemala	8.0%	7.5%	9.0%	4.2%	3.0%	4.5%
Honduras	10.0%	8.0%	10.0%	4.8%	2.6%	5.0%
Mexico*	6.6%	6.5%	6.9%	2.5%	2.9%	3.9%
Panama	12.0%	12.0%	12.0%	6.3%	7.8%	8.0%
Peru	6.3%	5.7%	5.9%	2.6%	2.8%	3.4%
Venezuela	25.0%	35.0%	40.0%	3.9%	-2.9%	2.0%
Asia Pacific	8.4%	8.8%	9.3%	4.3%	5.1%	5.5%
Australia	7.0%	7.0%	7.0%	5.2%	4.8%	4.5%
Bangladesh	10.0%	10.0%	10.0%	1.3%	2.4%	3.5%
China*	7.4%	7.8%	8.3%	4.8%	5.0%	5.4%
Hong Kong*	9.8%	10.1%	9.3%	5.8%	6.6%	5.8%
India*	10.6%	11.4%	11.2%	0.2%	0.5%	2.3%
Indonesia	11.5%	12.5%	13.5%	7.2%	5.2%	6.0%
Malaysia	10.3%	10.3%	12.0%	8.7%	8.3%	9.4%
Philippines*	8.8%	9.2%	9.8%	5.6%	6.4%	6.3%
Singapore	7.1%	8.1%	8.5%	2.6%	5.8%	5.8%
South Korea	8.0%	5.0%	10.0%	5.8%	3.6%	7.7%
Taiwan	3.8%	4.3%	5.0%	1.8%	3.1%	3.0%
Thailand	6.3%	6.3%	8.7%	3.3%	4.1%	6.5%
Vietnam	10.0%	10.0%	10.0%	0.9%	1.2%	2.6%

*Countries with significant participation

**Net of general inflation

Figure 2. Global average medical trend rates by country: 2011 – 2014 (cont.)

	Gross			Net**		
	2012	2013	2014 (expected)	2012	2013	2014 (expected)
Europe	5.3%	5.2%	5.4%	2.5%	3.1%	3.5%
Austria	5.0%	4.0%	3.0%	2.4%	1.8%	1.2%
Belgium	4.0%	4.0%	5.0%	1.4%	2.6%	3.8%
Cyprus	4.8%	2.3%	2.3%	1.7%	1.3%	1.1%
Estonia	8.5%	5.0%	5.0%	4.3%	1.5%	2.2%
France	2.2%	2.7%	2.3%	0.0%	1.7%	0.9%
Germany	2.3%	3.1%	3.0%	0.2%	1.5%	1.2%
Greece	2.5%	2.3%	4.0%	1.0%	3.1%	4.4%
Ireland	7.0%	6.7%	7.0%	5.1%	5.7%	5.8%
Italy	6.0%	6.2%	7.2%	2.7%	4.5%	5.9%
Netherlands	4.0%	3.0%	2.5%	1.2%	0.1%	1.2%
Norway	8.0%	9.0%	8.0%	7.3%	7.2%	6.2%
Poland	6.5%	6.0%	6.0%	2.8%	4.6%	4.1%
Portugal*	0.4%	1.2%	2.0%	-2.4%	0.5%	1.0%
Romania	10.0%	10.0%	10.0%	6.7%	5.5%	7.2%
Russia*	11.6%	10.4%	11.4%	6.6%	3.7%	5.7%
Serbia	21.0%	25.0%	15.0%	13.7%	16.5%	10.0%
Spain*	2.9%	2.9%	3.0%	0.4%	1.1%	1.5%
Sweden	9.0%	11.0%	8.0%	8.1%	10.8%	6.4%
Ukraine	5.0%	3.0%	7.0%	4.4%	3.0%	5.1%
United Kingdom*	5.4%	5.1%	6.1%	2.6%	2.4%	3.8%
Middle East/Africa	8.8%	9.8%	9.9%	3.5%	4.5%	4.7%
Angola	0.6%	10.0%	14.5%	-9.6%	0.8%	6.0%
Bahrain	10.0%	10.0%	10.0%	7.2%	7.3%	7.7%
Democratic Republic of the Congo	8.0%	13.0%	10.0%	5.9%	8.6%	4.0%
Egypt	12.0%	13.0%	13.0%	3.4%	6.1%	2.7%
Kenya	10.0%	12.5%	15.0%	0.6%	7.1%	10.0%
Kuwait	10.0%	10.0%	10.0%	6.8%	7.0%	6.5%
Lebanon	18.0%	18.0%	18.0%	11.4%	11.7%	14.9%
Oman	10.0%	10.0%	10.0%	7.1%	7.2%	6.8%
Qatar	12.5%	12.5%	11.0%	10.6%	8.8%	7.0%
South Africa*	8.4%	8.1%	7.9%	2.7%	2.3%	2.4%
U.A.E.	9.0%	9.3%	9.0%	8.3%	7.8%	6.5%

*Countries with significant participation

**Net of general inflation

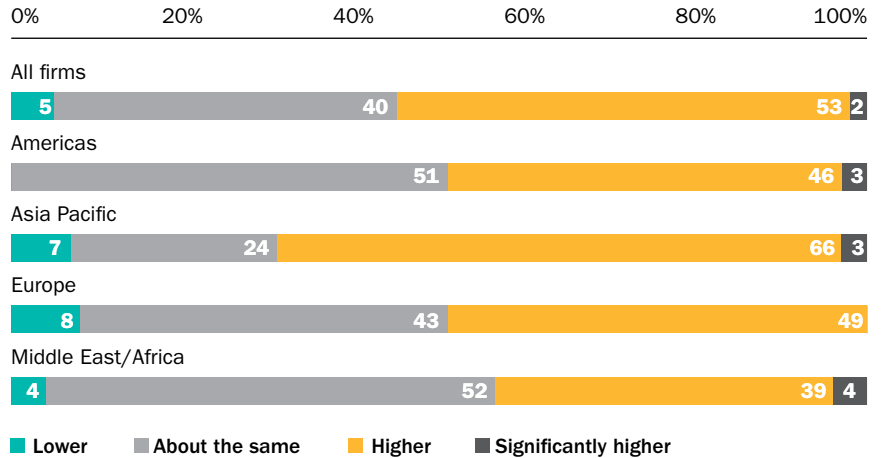
Expected Rate of Future Medical Trend

More than half of health insurers in all regions anticipate higher or significantly higher medical trend over the next three years. While some countries have had reduced trend since the last survey, insurers are largely less optimistic about moderating costs than they were in 2012. Asia Pacific insurers are particularly pessimistic, with 69% (comprising 59 insurers across 13 countries) saying they expect medical trend in the next three years to be higher or significantly higher than current rates (Figure 3). In our 2012 survey, 50% of Asia Pacific insurers, 41% of European respondents and 35% in the Middle East/Africa expected medical trends to be higher in the subsequent five years.

What's Driving Medical Cost Increases?

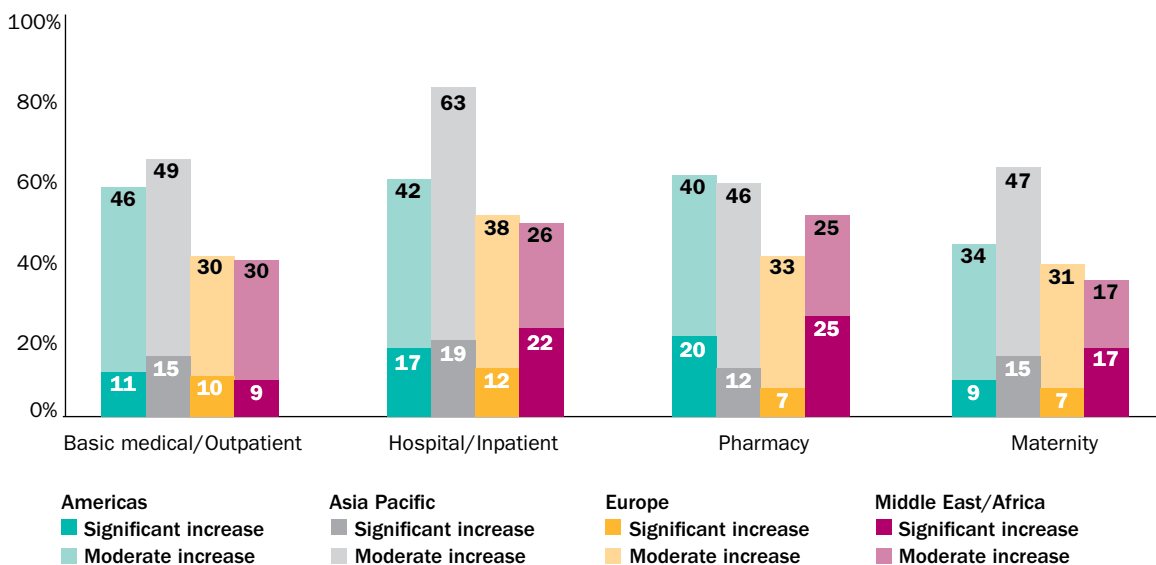
- **Basic outpatient.** Insurers in the Middle East/Africa and Europe anticipate lower increases in outpatient costs over the next five years than they did in 2012, and Asia Pacific insurers project the highest increases (Figure 4).
- **Hospital/inpatient.** Eighty-two percent of Asia Pacific insurers expect a moderate to significant increase, far higher than those in other regions and far higher than the overall average in 2012.

Figure 3. How do you expect medical trend to change over the next three years?



- **Pharmacy.** More than 50% of respondents in aggregate expect moderate or significant increases in drug trend over the next five years. The one exception is Europe, where only 40% of insurers expect moderate to significant increases. One-quarter (25%) of Middle East/Africa respondents anticipate significant pharmacy cost increases, higher than any other region.
- **Maternity.** This raised the lowest concern of the four areas for insurers. The only exception was Asia Pacific respondents, 62% of whom anticipate moderate to significant cost increases in this area.

Figure 4. How do you expect expenses related to the following service categories to change over the next five years?



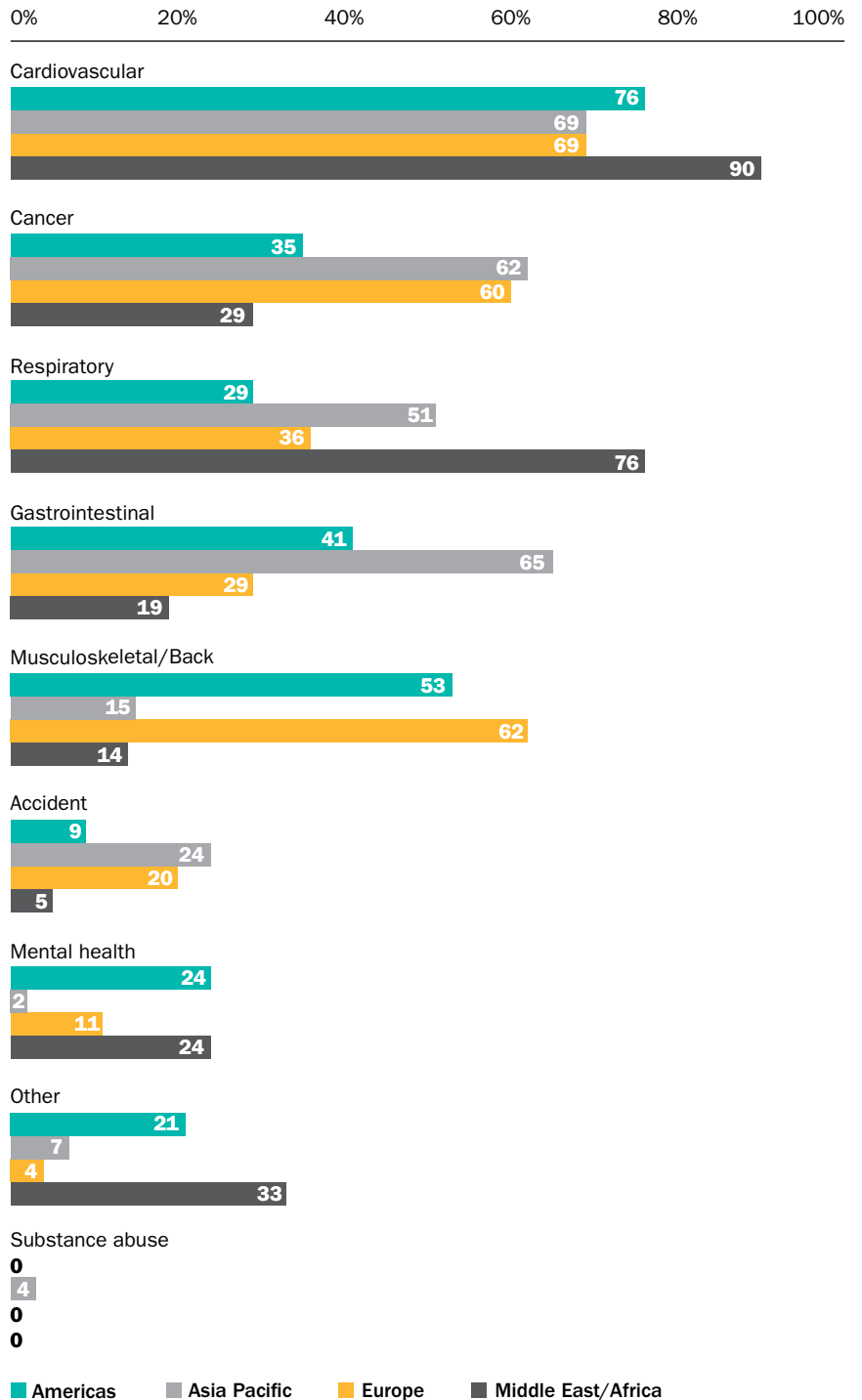
“Although cancer hasn’t yet replaced cardiovascular disease as the leading condition, as insurers predicted in prior surveys, it has significantly increased in prevalence in Asia Pacific and Europe.”

Cardiovascular disease causes the highest incidence of medical claims across regions (Figure 5). It has the highest incidence of all regions in the Middle East/Africa, with respiratory illness second. Cancer is second across all other regions. Although cancer hasn’t yet replaced cardiovascular disease as the leading condition, as insurers predicted in prior surveys, it has significantly increased in prevalence in Asia Pacific and Europe. Globally, the claim incidences for respiratory illness have increased since 2012, although gastrointestinal illness has decreased in all regions except Asia Pacific.

Musculoskeletal/back conditions have increased in prevalence overall since the 2012 survey, driven primarily by increased claims in Europe and the Americas. Respondents rank it among the top three conditions in Canada, Spain and the U.K.

Although many insurers still do not cover mental health conditions (particularly in Asia Pacific), claims in this category continue to grow. Stress, which has been identified by both employers and employees as a significant workplace challenge in other Towers Watson research,* may be a factor driving increased mental health claims.

Figure 5. What are the top three conditions that cause the highest prevalence of claims?



*Towers Watson 2013 Staying at Work Global Survey; Towers Watson 2013 Global Benefits Attitudes Global Survey

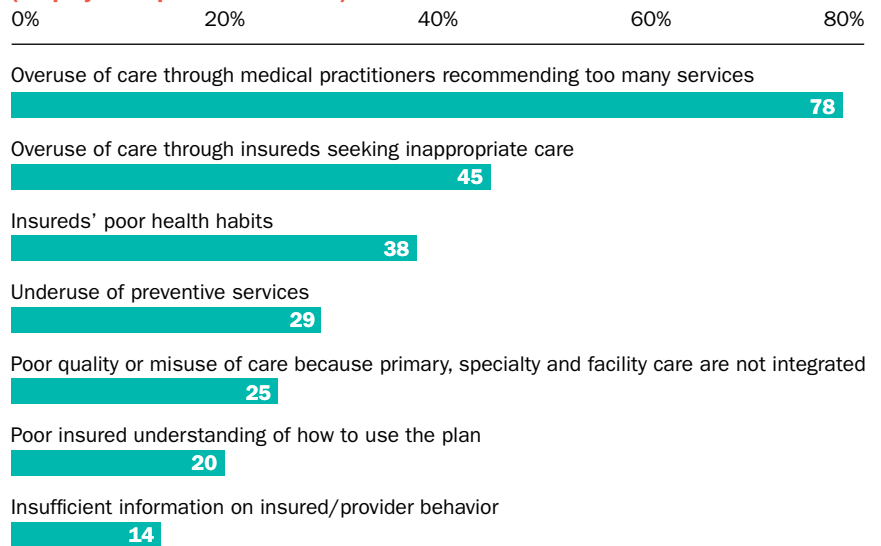
This year's survey asked respondents about the factors driving medical costs from two perspectives: those affected primarily by employee or provider behavior, and those affected primarily by external factors. Respondents were most concerned about providers driving up costs by overprescribing or recommending too many services, and plan participants seeking inappropriate care (Figure 6).

A significant change this year was the increased number of insurers that cited plan members' poor health habits as the third leading factor. This finding aligns with employers' views in other Towers Watson research* that the poor health habits of their employees are a leading factor driving medical costs. Insurers also cited underuse of preventive care as a more significant factor in 2014 than in previous years. This view may be linked to the growing use and awareness of well-being initiatives worldwide, and greater recognition that employees should be using these programs. Other Towers Watson research* has shown that when implemented correctly, a health and productivity strategy that engages employees in their health and well-being through educational programs and communication can help mitigate lifestyle conditions such as cardiovascular illness, obesity and tobacco use.

When asked about the external factors affecting medical costs, respondents globally cited the high cost of new medical technologies first, followed by the profit motives of providers, consistent with previous years' responses (Figure 7).

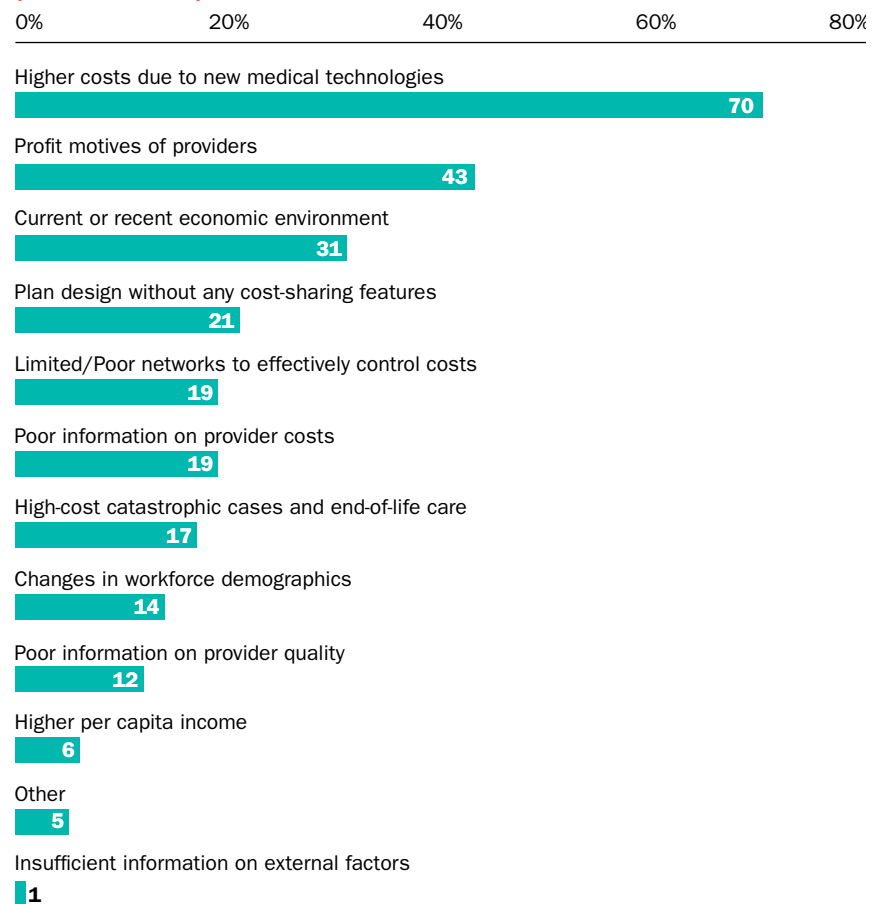
“Respondents were most concerned about providers driving up costs by overprescribing or recommending too many services, and plan participants seeking inappropriate care.”

Figure 6. What are the three most significant factors driving medical costs (employee or provider behavior)?*



*Based on all participants

Figure 7. What are the three most significant factors driving medical costs (external factors)?*



*Based on all participants

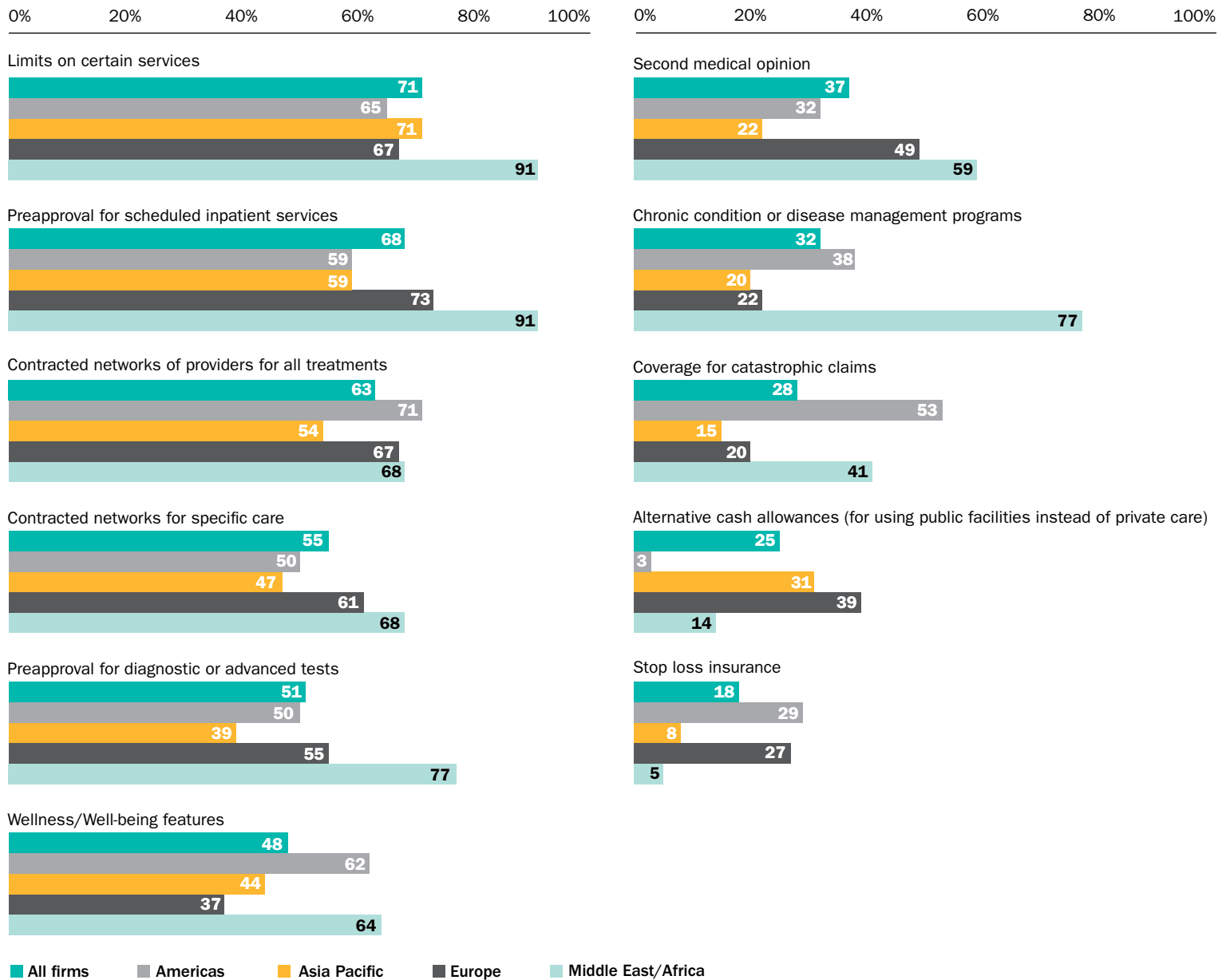
*Towers Watson 2013 Staying at Work Global Survey

How Are Insurers Managing Medical Cost Increases?

In the past, the most popular methods for cost containment were the use of contracted provider networks and preapproval for inpatient services. While these remain in the top three, the top cost management method in 2014 is to limit certain services, thereby capping maximum claims for some treatments (Figure 8). This is particularly popular among Middle East/Africa and Asia Pacific insurers.

Use of contracted networks and preapproval for tests has increased across all regions since the last survey. Well-being strategies and tactics have also increased significantly in all regions, but they remain highest in the Americas and the Middle East/Africa. Chronic condition or disease management programs are becoming much more widespread, particularly in the Middle East/Africa, where the introduction of programs such as diabetes management has grown in use by some leading insurers to tackle the high prevalence of the condition among employees in the Gulf states.

Figure 8. What are the most effective tools you employ for managing medical costs?



As in prior surveys, respondents identified member coinsurance as the most typical cost-sharing approach in all regions but Europe (Figure 9).

The Americas region uses employee premium cost sharing more than all other markets; 69% of respondents said that employers in that market use it “typically” or “very typically.” Employers in other regions never or only occasionally use premium cost sharing to control costs. Asia Pacific is least likely to use such cost sharing; only 19% of respondents report that employers use it.

Annual out-of-pocket limits and deductibles are more popular in the Americas and Europe. They are reported as the leading tactics for cost sharing in Europe.

Health Promotion

The percentage of respondents that say they offer health promotion features (either directly or through a partner) continues to grow. Insurers are most likely to offer (or offer through their partners) an option for a second medical opinion (67% offer), biometric screening (66%), and lifestyle and health education (62%). They are least likely to offer tobacco-cessation programs (59% have no plans to offer), fitness programs (43%) or chronic condition/disease management programs (33%) (Figure 10).

There are likely significant differences among insurers in how these services are defined and the consistency with which they are provided. In particular, we are surprised to see the number of insurers offering biometric screenings and health reimbursement arrangements, since in our experience and that of our multinational clients, these capabilities are not widespread in many countries.

Figure 9. How typical are the following cost-sharing approaches for the medical products you offer?

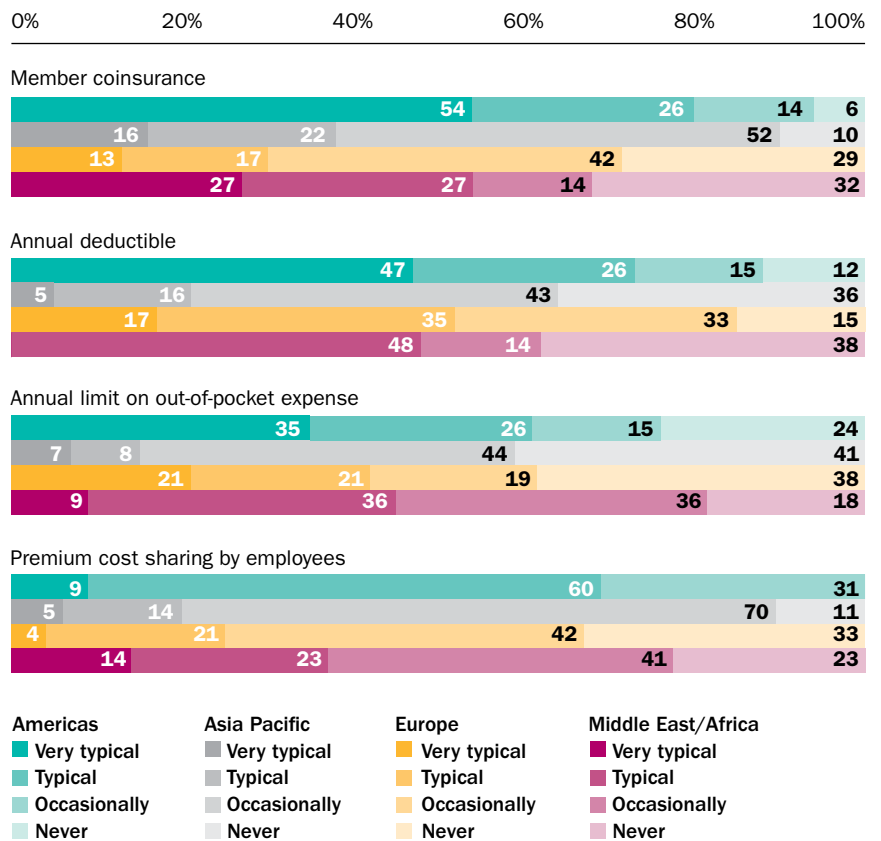
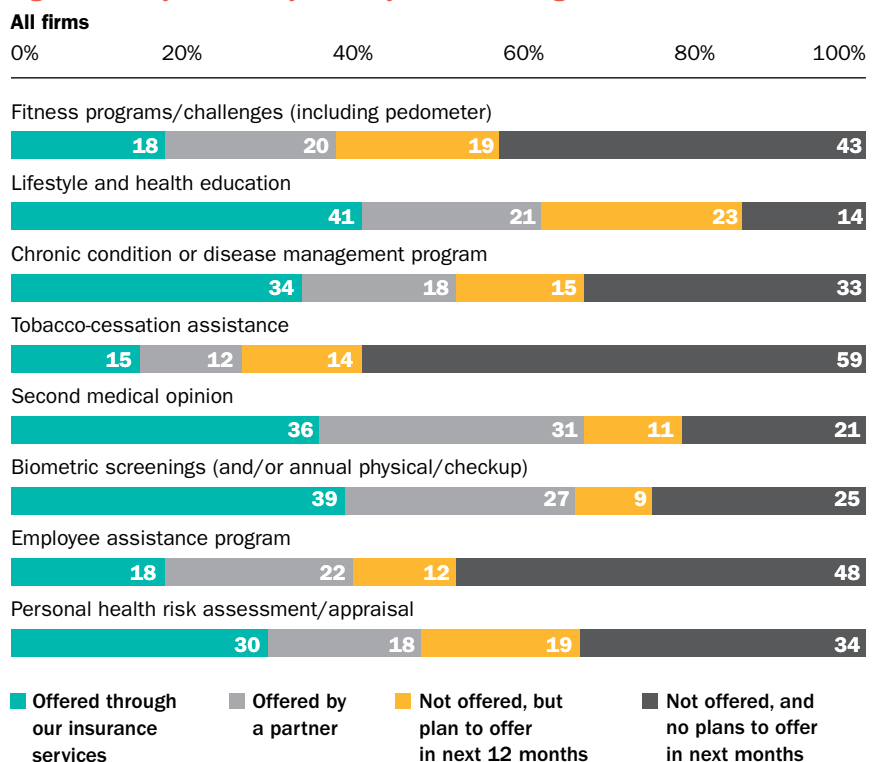


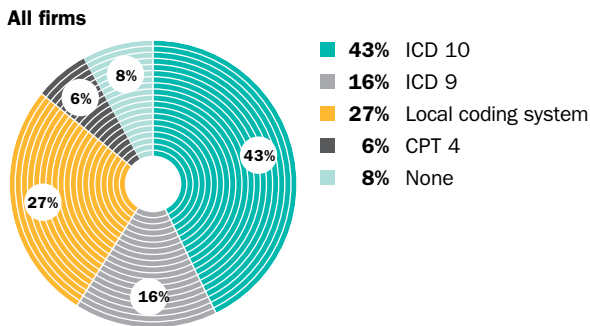
Figure 10. Do you currently offer any of the following wellness features?



Claim Coding System

To generate comprehensive and useful data, insurers need a robust claim coding system, preferably the International Classification of Diseases (ICD) claim coding systems (ICD 9 or its successor, ICD 10). There is an increase in the percentage of respondents using ICD 10, perhaps driven by the global move to this standard, and a decrease in the number using ICD 9 (Figure 11). A higher percentage of insurers in the Middle East/Africa and Asia Pacific use ICD 9 and ICD 10 than in other regions. ICD 10 is used by 100% of Indian respondents, 90% of South African respondents, 75% of respondents in the Philippines and 71% of respondents in Singapore.

Figure 11. What claim coding system do you use to adjudicate medical claims?



Our 2013/2014 Staying@Work Survey showed that employers globally continue to implement health promotion programs or show interest in implementing them. Some of the major trends related to the planning and delivery of health and productivity (H&P) programs include:

- Worldwide, an intensifying focus on H&P as part of organizational strategy — 49% of employers reported H&P as an essential component, and 84% expected this focus to further increase in the next two years
- Globally, stress is the number one workforce health issue — stress surpassed (in descending order of importance) obesity, inactivity and smoking
- Lack of employee engagement — low participation or interest in H&P programs was cited as the top barrier to success, followed in many countries by lack of budget and lack of evidence of program effectiveness
- Employer dependency on insurers for key components of their H&P strategy, chronic condition management, web-based health information tools, treatment/health decision support

There is also evidence that well-managed H&P efforts offer payoffs. Globally, employers that implement highly effective H&P programs experienced a 1.2-percentage-point lower turnover, 1.0 fewer days per employee per year in total absence, over 20 percentage points higher market premium and 34% higher revenue per employee.

	Medical insurer standard services	Medical insurer optional services
Health risk assessment/appraisal	34%	10%
Biometric screening (e.g., BMI, blood pressure, cholesterol)	25%	10%
Onsite or near-site health center	18%	6%
Worksite diet/exercise activities	9%	3%
Lifestyle behavior coaching programs	17%	9%
Weight management programs	17%	9%
Tobacco-cessation program	23%	11%
Stress or resilience management	14%	8%
Chronic condition management	34%	20%
Treatment/Health decision support	37%	9%
Web-based health information tools	40%	8%
Absence management	11%	3%
Disability management	20%	5%
Employee assistance program	11%	5%
Pregnancy care	28%	8%
Drug/Alcohol treatment program	8%	5%

Most surprisingly, though, 35% of insurers still use a local coding system or no system at all, making it very difficult for multinational employers to get consistent claim data reporting. This is most pronounced in Europe, where almost 40% of insurers reported using some form of local coding system, and the Americas, where 14% of insurers reported using no system at all (Figure 12).

Insurers' ability to provide detailed reporting is linked to the claim coding system they use. Insurers were asked to specify the claim data they provide clients by employee population size. Figure 13 shows the percentage of all insurers that offer each type of report for clients with more than 500 insured lives. The prevalence of data available is surprisingly similar at smaller population sizes and drops significantly only at fewer than 50 lives.

Sixty-seven percent of respondents offer data on the top 10 claims by condition, although 56% indicated they provided only high-level claim data (e.g., total claims incurred).

Historically, it has been difficult for employers to obtain comprehensive medical claim data to help them analyze population health and target specific interventions. However, insurers report offering more data in 2014 than in past years, and we expect this trend to continue.

“Most surprisingly, though, 35% of insurers still use a local coding system or no system at all, making it very difficult for multinational employers to get consistent claim data reporting.”

Figure 12. What claim coding system do you use to adjudicate medical claims?

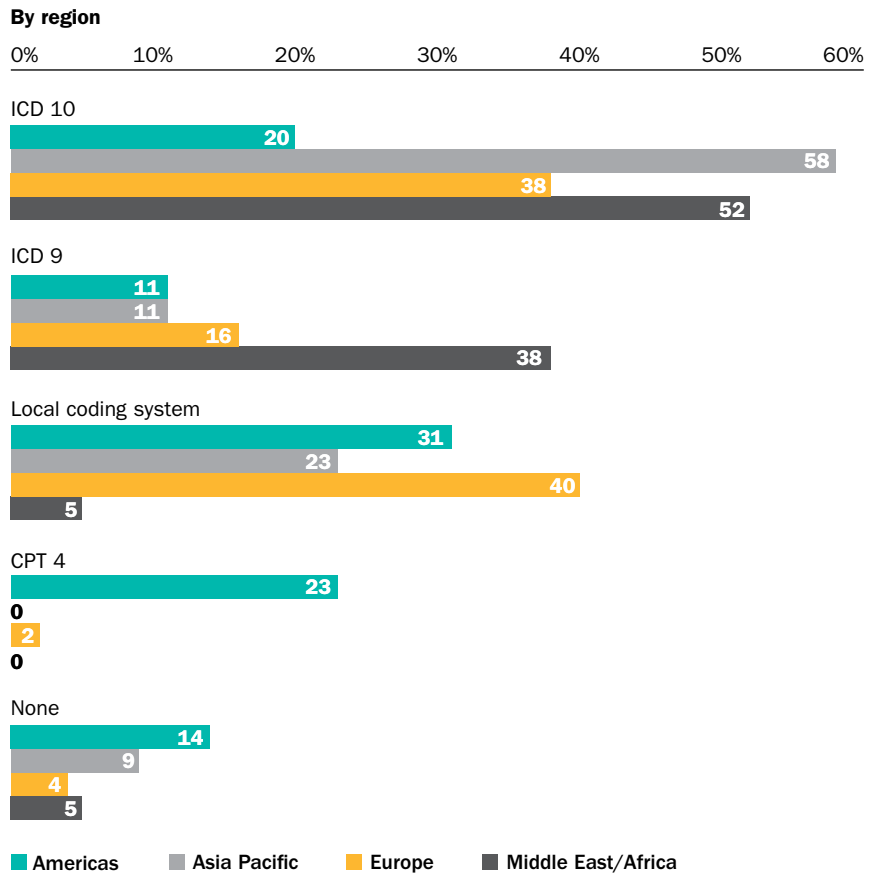
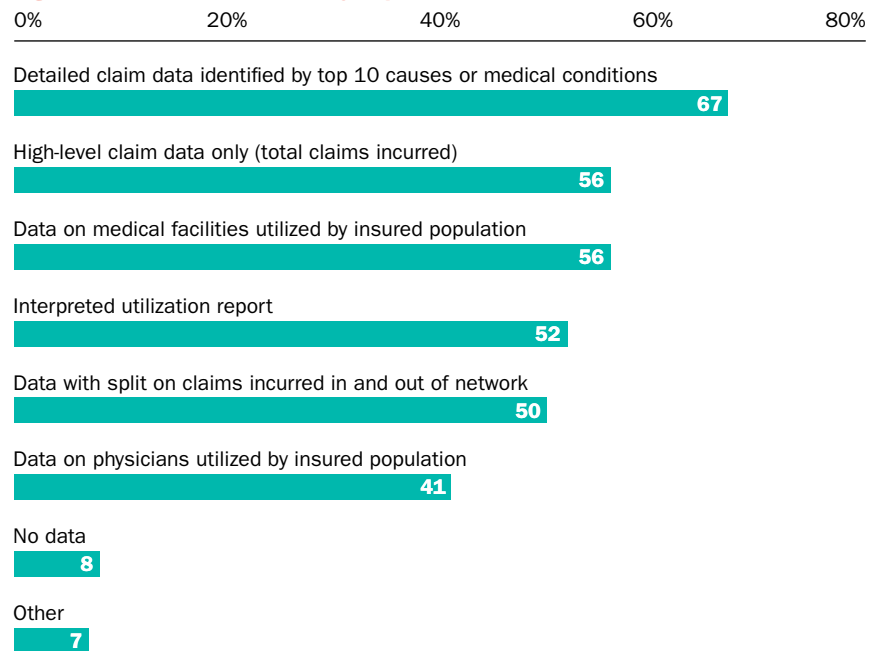


Figure 13. What claim data do you provide to clients with more than 500 lives?*



*Based on all participants

Medical Insurance Program Exclusions

Despite the high levels of employee stress worldwide, over half of respondents exclude mental health coverage from their standard medical insurance programs.

Eighty-one percent of Asia Pacific insurers do not offer this coverage and have no plans to do so, nor do 47% of European insurers. In the Americas, 72% of insurers offer this coverage, as do 62% in the Middle East/Africa.

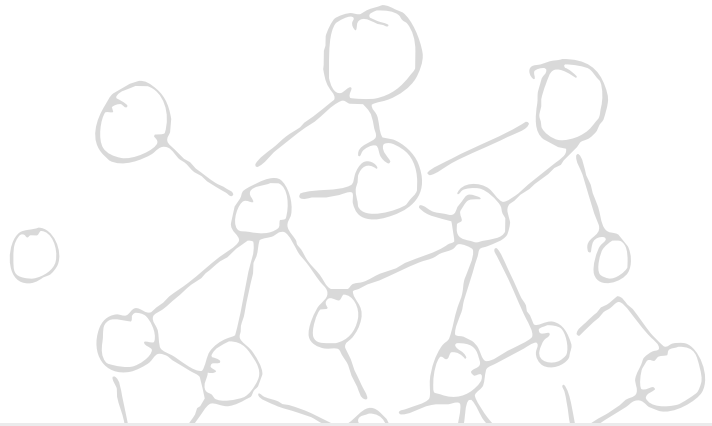
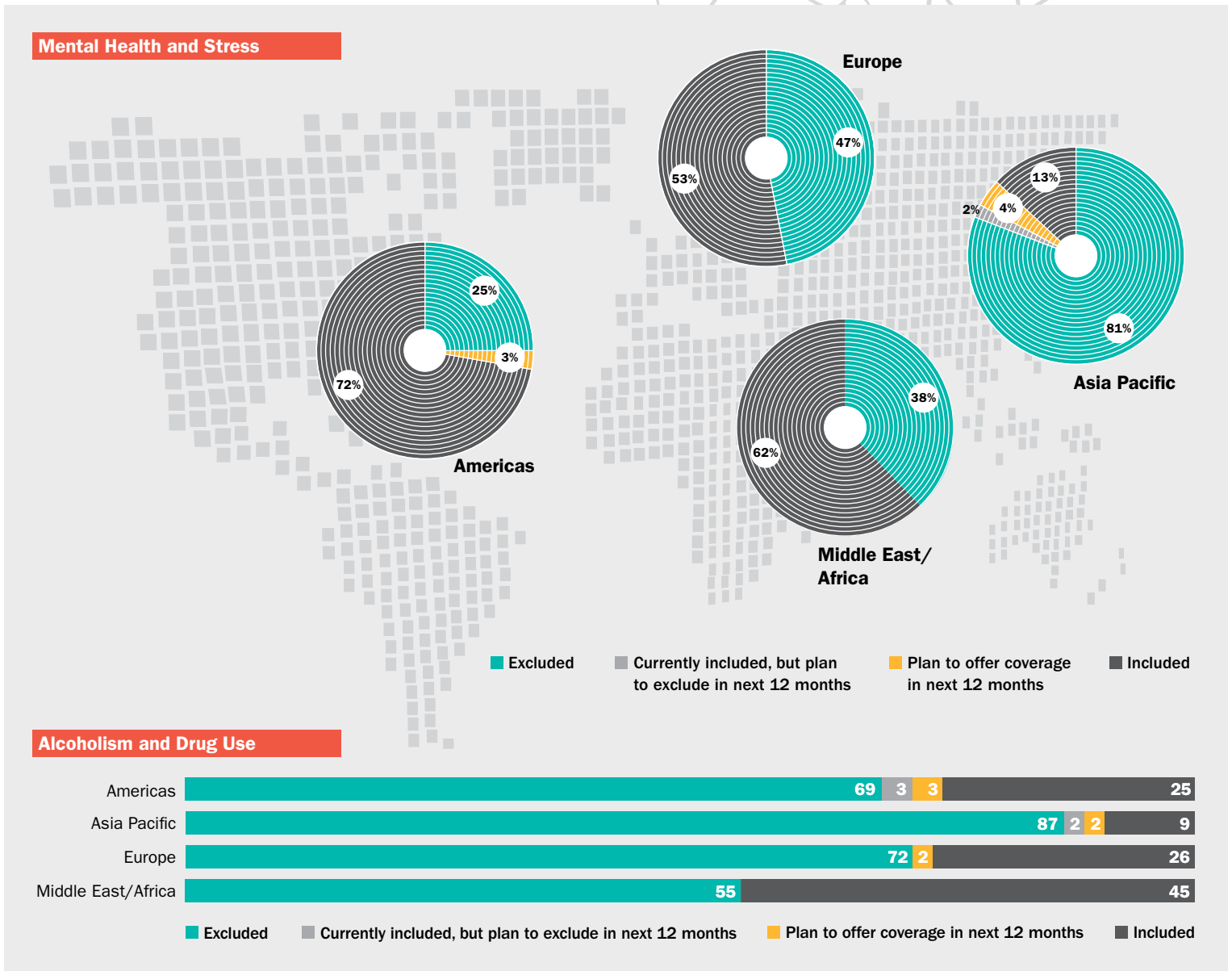


Figure 14. Typical medical insurance program exclusions



Conclusion

- Private health care demand and the insurance marketplace continue to grow globally, as evidenced by the number of new markets where health care is now a critical employee benefit and by the increased number of insurers offering group health coverage worldwide.
- Medical cost trends are stabilizing, but overall health care costs continue to rise. With the exception of Europe, medical trend remains at double the rate of general inflation.
- Europe is seeing a much lower trend than other regions, driven primarily by economic and competitive pressures in the region.
- Medical trend is projected to increase in the coming years, particularly in Asia Pacific. In a number of key markets globally (Brazil, Canada, India, Russia and the U.A.E.), medical trend continues to increase by double digits, a cause for concern.
- The types of medical conditions causing the highest prevalence of claims globally are more consistent than in the past. In most regions, cardiovascular disease and cancer top the list, although there are some notable differences by region. Respiratory conditions in the Middle East/Africa, gastrointestinal conditions in Asia Pacific and musculoskeletal conditions in Europe continue to predominate.
- Traditional methods of cost management (i.e., coinsurance) still predominate globally. However, health promotion and well-being programs are increasing in availability and usage.

“Medical cost trends are stabilizing, but overall health care costs continue to rise.”

- Many insurers have expanded their claim-reporting capabilities. However, in some markets, insurers continue to use claim coding systems that are not based on ICD standards, which could compromise the accuracy and usefulness of the data in multi-country analyses.
- Although employee stress is a major issue globally, there appears to be a gap in some markets between the coverage that employees and employers need, and what insurers are currently willing to cover.

For more information

To learn more about global medical trends and approaches to cost management, please contact your Towers Watson consultant or:

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