

2022 Global Medical Trends Survey Report



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Executive summary

The 2022 Global Medical Trends Survey reveals considerable variation in healthcare cost increases around the world. With COVID-19 cases surging in different countries at different times in 2020 and 2021, the uneven trajectory of the pandemic created considerable volatility in healthcare utilization and costs. After dropping to 4.8% in 2020 and rebounding to 8.1% this year, the projected healthcare benefit cost trend is expected to continue at a similar level for 2022, at a global average of 8.1%. However, volatility is more marked at an individual country level due to the uncertainties with the ongoing effects of COVID-19, which is expected to extend into 2022.

Average increases across different regions next year are expected to range from 14.2% in Latin America to 10.6% in the Middle East and Africa to 7.6% in Asia Pacific to 6.7% in Europe. The average medical trend in the U.S. is projected at 7.6% in 2022 based on other Willis Towers Watson research.

Healthcare costs are expected to continue to accelerate beyond 2022, with over three-quarters of health insurers anticipating higher or significantly higher medical trend over the next three years. Eighty-six percent of insurers in Europe expect higher or significantly higher medical trend over this time period as do 82% of insurers in the Middle East and Africa, 74% of insurers in Latin America and 64% of insurers in Asia Pacific.

The pandemic has helped accelerate the adoption of telehealth, with over half of insurers globally now offering telehealth across all plans with the associated potential for reductions in cost that virtual healthcare can bring. In this year's survey, we devote a special section on the evolving role of telehealth in helping to manage medical trend and expediting access to effective care.

Over three-quarters of health insurers anticipate higher or significantly higher medical trend over the next three years.



Key findings

- **Incidence of claims related to musculoskeletal disorders soar.** Respondents ranked musculoskeletal disorders, potentially attributable to poor ergonomics in employees' work-from-home environment, as the top condition by incidence of claims followed by cardiovascular diseases and respiratory conditions. In the 2021 survey, insurers ranked musculoskeletal disorders as number five.

Cancer, which in prior surveys held the top spot, dropped to number five by incidence, likely due to deferred treatments during the pandemic; however, cancer continues to be a top condition affecting medical costs, followed by cardiovascular and musculoskeletal disorders.

Insurers expect mental and behavioral disorders to be the fastest-growing condition by incidence in the next 18 months, followed by cancer and musculoskeletal disorders. And insurers expect cancer to be the fastest-growing condition by cost in the next 18 months, followed by cardiovascular and musculoskeletal disorders.

- **Insured coverages continue to see restrictions.** Gaps in coverage persist for conditions that are prevalent in the covered population and for which treatments exist. Over half of group policies, regardless of size, have exclusions for HIV/AIDS (54% to 56%) as well as alcoholism and drug use (52% to 53%). Employers should continue to try to remove these exclusions and involve their consultants/brokers in helping negotiate inclusion coverages that are part of global benefit philosophies and of critical value to many employees.
- **Telehealth emerges as a top cost management method.** Insurers ranked contracted networks of providers (75%) and preapproval for scheduled inpatient services (67%) as the top two cost management methods. Telehealth (63%) moved up from number five in last year's survey to number three, suggesting that more insurers are recognizing the potential for improved cost management through remote diagnosis and treatment of patients.

- **Overuse of care continues to affect medical costs.**

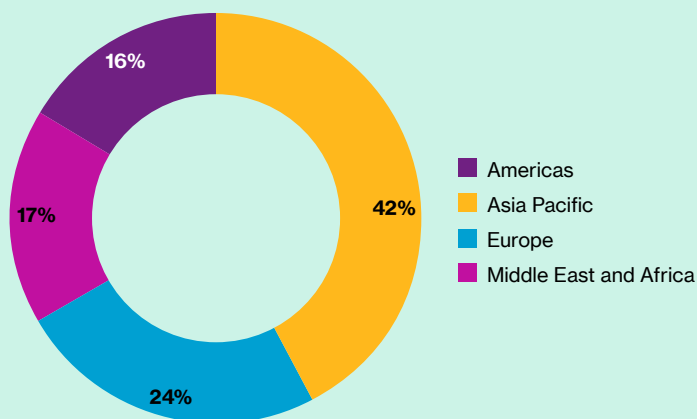
Overuse of care by medical practitioners (64%) recommending too many services continues to be the most significant factor contributing to rising medical costs related to employee/provider behavior. Fifty-nine percent of insurers also think that overuse of care by insureds is driving up costs.

- **Volatility will continue in the short term.** COVID-19 has produced the biggest impact on global medical trend variation the industry has seen. Nevertheless, we expect the impact and volatility from COVID-19 to extend into 2022 and beyond. Countries and employers are experiencing the impact at different times and rates. For some countries the impact of a recovery in demand of regular medical services will occur in 2021, while for others this might not happen until 2022 or 2023. COVID-19, combined with the changing face of the work environment, has had a significant impact on medical trend, service delivery and the future drivers of medical claims.

About the survey

Willis Towers Watson conducts the Global Medical Trends Survey every year between July and September. A total of 209 leading insurers representing 61 countries participated in our 2022 survey. Global results presented here have been weighted using GDP per capita. The U.S. medical trend data are drawn from the Willis Towers Watson National Trend Survey.

Figure 1. Participant profile



Note: Percentages do not add to 100 due to rounding.



Global average medical trends by country



Asia Pacific China

The medical industry is working toward establishing post-pandemic routines for daily medical treatment to support the Chinese people's everyday needs. With close to 1.1 billion of its people vaccinated – almost 80% of the population – China's healthcare market and medical facilities are trending back to the typical pre-COVID-19 state, both in terms of capabilities and capacity.

Medical inflation is expected to increase in 2022 to pre-pandemic levels, following significant stagnation in 2020. Besides highlighting life and medical coverage needs, the pandemic is elevating wellbeing awareness and the adoption of wellbeing initiatives by employers. Physical safety and mental health are becoming high-priority topics in the China market, and employers are seeking support to implement approaches targeting these issues.

India

While hospital utilization trends have stabilized after showing a large spike during parts of 2021 (especially during wave two of the pandemic between April and July), India is currently in a situation where non-COVID-19 deferred claims are rising and the average cost of procedures is gradually increasing due to the impact of providers implementing COVID-19 protocols.

From a provider management perspective, the Indian government is still at an early stage of implementing regulations on the treatment and pricing protocol of medical care. While hospital billing practices continue to pose a challenge, the government is trying to address this issue through guidelines around pricing for COVID-19 tests and treatments.

In 2022, we expect to see a similar level of trend as in 2021, that is, in excess of 20%; however, we also may see an increased awareness and a rising utilization of prevention strategies and wellbeing initiatives.

Malaysia

The vaccination rate among Malaysian adults is trending upward in 2021, and with this comes the lifting of the interstate travel ban together with a host of economic activities. This is expected to bring a large degree of normalcy back into everyday life, including the rescheduling of elective medical procedures previously postponed due to the pandemic.

Medical tourism is also expected to pick up again once the international travel ban is lifted, largely expected by early 2022. It is with these expectations that medical trend is projected at a much higher rate for 2022, with the medical industry catching up after an almost two-year hiatus.

Singapore

Insurers in Singapore have projected a slightly higher medical inflation for 2022, mainly due to the higher utilization of services. This includes the residual impact of delayed elective surgical procedures, largely performed at private hospitals given the surge in COVID-19 cases in Singapore government hospitals. Overall trend is hovering at the higher range from 8% in 2021 to 9% in 2022.

The mental wellbeing of employees continues to be a key employer focus. The healthcare system has also pivoted to include virtual mental wellbeing support, largely to ensure that employees receive the quality telehealth support they need as they continue to work from home. Employers are reviewing how wellbeing solutions, in general, can be incorporated as a core benefit item, seeking support from insurers.

In Singapore, employers are reviewing how wellbeing solutions can be incorporated as a core benefit.



Vietnam

Most of the insurance companies participating in the survey predict that medical costs in Vietnam will increase next year to about 9% compared with 7% in 2021 and 5% in 2020. COVID-19 has been the main driver of this, but 2022 is still showing a level of trend below that of 2019; however, this situation will not last long, as we expect utilization to return to normal gradually, especially in 2022 and 2023.

Healthcare providers enhanced their services by providing tele-consultation services to meet the needs of patients during the pandemic as they switched to remote working. Consequently, insurers are considering the inclusion of telemedicine services and diagnosis/consultation in their coverage, but it is still limited to certain specific clients in 2021. We expect this trend to develop further in 2022 and beyond.

Figure 2. Global average medical trends by country, 2020 – 2022

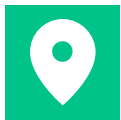
Respondents	Gross			Net**		
	2020	2021	2022	2020	2021	2022
Global	4.76	8.12	8.10	3.60	5.16	5.41
Latin America	13.08	13.18	14.18	7.21	4.64	6.21
North America	6.60	9.67	8.60	5.67	6.07	5.64
Asia Pacific	5.41	7.02	7.57	4.67	4.91	5.65
Europe	2.29	7.14	6.65	1.52	4.62	4.49
Middle East/Africa	6.11	10.19	10.58	5.17	7.28	7.55
Latin America						
Argentina	49.08	57.37	55.80	7.07	38.94	43.05
Brazil	10.70	2.20	11.10	7.49	-5.50	5.75
Chile	3.00	4.00	4.00	-0.04	-0.19	-0.43
Colombia	4.39	4.41	4.31	1.86	1.21	0.78
Costa Rica	9.00	5.00	8.00	8.28	3.66	6.53
El Salvador	8.00	5.00	9.00	8.37	1.44	6.06
Guatemala	11.00	14.00	15.50	7.79	9.24	11.03
Honduras	7.00	12.50	12.50	3.53	7.93	8.83
Mexico	14.25	19.00	18.63	10.85	13.63	14.78
Nicaragua	10.00	15.00	12.00	6.32	10.87	8.39
Panama	8.00	9.00	9.00	9.55	7.56	7.04
Peru	18.00	8.00	10.00	16.17	4.86	7.47
North America						
Canada	6.18	11.25	9.30	5.46	8.10	6.66
United States#	7.24	7.30	7.56	5.99	3.02	4.10
Asia Pacific						
Australia	2.83	5.03	4.25	1.94	2.52	2.16
China	5.54	7.22	8.34	3.15	6.15	6.52
Hong Kong	6.54	6.77	8.22	6.29	4.87	6.12
India	18.50	25.00	23.50	12.33	19.44	18.62
Indonesia	6.20	7.00	7.40	4.17	5.45	4.56
Malaysia	9.45	7.73	16.18	10.59	5.23	14.18
New Zealand	2.00	9.35	6.85	0.29	6.39	4.63
Philippines	6.38	16.43	14.36	3.74	12.12	11.38
Singapore	7.71	8.64	9.00	7.90	7.08	7.54
South Korea	3.67	0.00	2.67	3.13	-2.19	1.02
Taiwan*	5.80	5.80	6.80	5.98	4.20	5.30
Thailand	8.97	11.30	9.20	9.81	10.44	7.87
Vietnam	5.33	7.00	9.00	2.11	4.97	6.68

Respondents	Gross			Net**		
	2020	2021	2022	2020	2021	2022
Europe						
Belgium	1.20	3.00	4.00	0.77	0.64	1.77
Cyprus	-2.00	-3.00	2.00	-0.90	-4.67	0.95
Denmark	4.25	6.00	6.00	3.92	4.60	4.44
France	-2.25	7.13	3.33	-2.78	5.16	1.71
Germany	3.70	6.00	5.50	3.33	3.12	3.99
Greece	4.50	4.50	4.75	5.76	4.61	4.38
Hungary	8.00	10.00	10.00	4.68	5.46	6.42
Ireland	-8.00	8.50	8.00	-7.54	6.60	6.10
Norway	11.75	13.33	7.50	10.46	10.73	5.50
Poland	4.00	9.00	9.00	0.60	4.58	5.73
Portugal	3.93	6.50	5.00	4.05	5.31	3.72
Romania	9.75	16.25	13.75	7.10	11.93	10.37
Russia	1.40	8.40	8.20	-1.98	2.46	3.38
Spain	3.08	7.35	7.20	3.40	5.11	5.55
Sweden	3.00	0.00	6.00	2.34	-2.04	4.40
Turkey	16.00	17.75	20.50	3.72	0.77	5.13
United Kingdom	-3.83	11.17	8.17	-4.68	8.98	5.55
Middle East and Africa						
Bahrain	3.50	7.00	4.50	5.82	6.00	1.80
Cameroon	10.00	9.30	10.20	7.56	7.00	8.15
Cote d'Ivoire	10.00	18.00	15.00	7.60	15.00	12.50
Egypt	10.79	12.86	17.29	5.09	8.36	11.01
Ghana	10.00	15.00	20.00	0.12	5.72	11.23
Jordan	6.00	4.00	4.00	5.60	2.35	2.01
Kuwait	7.00	12.00	15.00	4.89	8.84	12.00
Nigeria	12.00	11.50	12.50	-1.25	-5.41	-0.75
Oman	-10.00	10.00	5.00	-9.10	7.00	2.30
Saudi Arabia	10.00	10.00	10.00	6.56	6.77	7.78
Senegal	43.33	49.00	52.00	40.80	46.56	50.00
South Africa	3.43	10.67	8.50	0.17	6.25	4.02
Uganda	20.00	30.00	40.00	17.24	27.84	34.99
United Arab Emirates	5.00	5.00	6.67	7.07	2.98	4.49

*Countries with significant (5+) participation

#United States data are from various years of the Willis Towers Watson National Trend Survey

**Net of general inflation



Europe France

The expected trend for 2021 in France is highly influenced by the impact of delayed medical services that were postponed in 2020 along with the full-year impact of the legislative reforms that went into effect in 2019 that increased minimum thresholds of coverage (i.e., 100% Santé). Additional services such as telehealth and wellbeing are increasing costs in the short term with prevention expectations over the longer term.

Spain

Similar to other countries, the delayed medical services in 2020 caught up in 2021, and we have seen lengthier hospital stays (inpatient claims) than in other years. Medical groups are consolidating in Spain resulting in higher prices (and less choice). Careful attention must be paid to policy terms, as we are seeing some insurance companies attempting to exclude coverage due to pandemics.

Netherlands

As of January 1, 2023, insurers will no longer be allowed to discount premiums on the collective medical plan (basic insurance). This is expected to reduce the attractiveness of collective medical plans, and premiums are expected to rise. Companies are advised to review this and consider alternatives in 2022 ahead of this change.

U.K.

The U.K. has seen routine and elective medical treatments delayed for much of 2020 and the first half of 2021. At the end of Q2 2021, claims were suppressed by around 5% to 10% against expected corporate norms. Although during Q3 2021, claims returned to near pre-pandemic levels, much uncertainty remains regarding how much of these deferred claims will come through in late 2021 or into early 2022.

We expect to see the pandemic continue to have an adverse impact on medical trend in the following areas:

- Claims incidence rates could be affected as the state National Health System (NHS) deals with record waiting lists for routine and elective treatments, prompting more employees to use private/corporate programs.
- Delayed diagnoses and treatments could mean disease progression could affect average claim costs. This applies not only to more routine treatments, such as musculoskeletal, but also to serious and high-cost illnesses, such as cancer.

- The effects of long COVID-19 are still unclear but could affect claim incidence rates both in the short and medium term.
- Increasing claims around both musculoskeletal and mental health, due to changes in both work and social habits, are likely to be a key claims driver.

However, some impacts of COVID-19 are expected to positively affect medical trend:

- Changing working behaviors and a move to permanent hybrid working could mean more treatments are delivered regionally and outside of more costly city centers.
- The continued use of telehealth, remote consultations and therapies should positively affect claim costs given the efficiencies around delivery.
- The development of digital pathways provides the opportunity for more consistency as well as the ability to optimize the patient journey and remove inappropriate treatments.



Latin America Argentina

High inflation and the devaluation of the Argentine currency against the U.S. dollar continue to be among the key factors driving medical trend in Argentina. In addition, healthcare salary growth and the increase of the list of mandatory treatments that medical plans must cover are two factors that have a marked impact on medical costs. The projected 2022 medical cost trend reflects the impact of the expected increase in medical services utilization as COVID-19 cases decrease and people resume elective treatments as well as all other treatments that were delayed during 2020 and 2021.

Brazil

Medical trend in Brazil is expected to return to pre-pandemic levels in 2022 after a drop during the past two years. The key reasons are the return of patients for elective hospitalizations and elective treatments that had been postponed due to COVID-19 (e.g., orthopedic surgeries, digestive tract, otorhinolaryngology, gynecology). We are also seeing increased medical plan utilization deriving from use of therapies for the treatment of post-COVID-19 symptoms related to mental health, such as occupational therapy, physiotherapy and psychiatry. Telehealth continues to be utilized and is expected to increase in popularity, as people got used to having access to this service during 2020. This is an element that will help contain medical inflation, preventing it from returning to its highest levels.



Chile

The increase in healthcare costs for 2022 is projected to continue at 4%. While elective treatments are resuming, Chile is benefiting from having one of the most efficient vaccination campaigns in Latin America, with 84% of its population vaccinated with at least one dose in 2021. Other factors helping to manage trend include the acceleration of technology developments for insurers, improving self-service tools (e.g., via apps) for reimbursement processes, digital enrollment and subscription. We are also seeing further development of wellbeing programs focused on mental health benefits, telemedicine and the incentive to use preferred providers for outpatient and hospital services.

Colombia

Medical trend is projected to increase for 2022 to 4.3% due to slight increase in utilization. Containment of medical trend is helped by competitive pressures in the insurance market, with many insurers seeking to increase their market share. At the same time medical providers are focusing their efforts on developing their technology further, and there is an increase in wellbeing and utilization of telemedicine, all of which should help to contain medical trend in the coming years.

Mexico

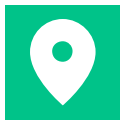
Overall, the medical trend rate in Mexico is projected to continue in 2022 at a similar level to 2021, maintaining a double-digit trend. The depreciation of the Mexican peso versus the U.S. dollar continues to affect costs of imported

medical devices and hospital supplies, which continue to drive trend. In addition, demand for private healthcare remains high, particularly as the public health system has been besieged by COVID-19 cases and also because of a shortage of medicines in the public sector.

The medical trend rate in Mexico is projected to continue in 2022 at a similar level to 2021, maintaining a double-digit trend.



There is a trend to redesign medical programs and underwriting processes in an effort to reduce costs. The main features include the incorporation of wellbeing services and telemedicine programs, which are expected to reduce the severity of medical cases and decrease utilization levels in hospitals. Underwriting analysis with geographical differentiation by region is being implemented to capture the differentiated impact that COVID-19 had across the country. Finally, insurance companies are considering including a COVID-19 factor for medical insurance policies, which will affect the medical cost trend in the coming years.



Middle East and Africa

Africa

In 2021, we are seeing claims returning to normal pre-pandemic levels in many countries. We are also observing COVID-19 claims being paid by medical insurers in some countries (e.g., Egypt, South Africa), which is expected to lead to a high trend in many countries in Africa. Significant variations in levels of trend are expected across the continent depending on the rate of general inflation and amounts of medical supplies being imported. We also observed a new trend to offer telemedicine facilities (Nigeria and Egypt); however, we have not yet seen a high utilization of this service.

Saudi Arabia

Trend is projected to be the same in 2022 as in the past two years, holding steady at 10%. We are expecting that demand for healthcare services will continue to rise in 2022; costs will also rise due to the scope of cover required within the mandated plan design. Nationalization in the healthcare sector (i.e., mandated employment of local nationals in key roles) may also be an inflationary factor.

Significant variations in levels of trend are expected across the African continent.



South Africa

COVID-19 has led to lower-than-average medical cost increases over the past three years. This results in part from the decline in non-COVID-19 healthcare claims seen during the course of the pandemic. (Elective surgeries/procedures were deferred during this period.) The Council for Medical Schemes recommended that medical aid schemes limit contribution increases to 4.2% or less in 2022, but some schemes have maintained that the uncertainty of future COVID-19 claims has made it hard to do so, and so we are seeing a higher projected medical trend for 2022 of 8.5%.

U.A.E.

The projected trend numbers in the U.A.E. are a little lower than expected. As in other countries, we are seeing an uptick in trend for 2022 based on delayed services or demand for healthcare services that had been suspended during the pandemic. We have also seen increased use of telehealth services in the Emirates. There is an expectation of higher cost of materials coming through in 2022, with the expanding scope of coverage in relation to mental health conditions, increased capability to treat complex medical conditions locally and ongoing high prevalence of chronic/lifestyle-related conditions.



North America

Canada

Medical trend in Canada is expected to slow slightly in 2022 compared with 2021. Nevertheless, employers continue to be concerned about COVID-19's impact on mental health and disability needs. Day care subsidization across provinces has made an impact, supporting the return to work. Pharmacy costs remain a concern in Canada with progress on a national pharmacare plan still awaited.

U.S.

COVID-19 has cost employers more in 2021 than in 2020 with the upward trend expected in the second half of 2021. The delta surge and vaccine hesitancy has defined the national landscape. Other delayed medical services continue to resume gradually with the results that 2022 trend continues to edge upward from 2021 to an expected 7.6%. Pharmacy costs continue to be a large contributor to trend in the U.S. For employers, there is a focus on wellbeing programs (with an increase on digital vendors) as well as support for family/caregivers and newer healthcare delivery strategies.

Update on telehealth

Our [last survey](#) included a spotlight on telehealth, which finally came into its own during the pandemic. We have now provided an update on this feature, as we have seen telehealth understandably expand in use across the globe with fewer restrictions and a growing acceptance among insured members.

Four in 10 insurers (37%) identified the addition of telehealth services as the biggest change organizations have made to their medical portfolios in 2021. We believe telehealth's momentum will be sustained post-pandemic and that the role of telehealth will continue to evolve as a navigation tool to speed access to the right care and as a means of closing gaps in access to care.

Prevalence

Globally, 52% of insurers offered telehealth across all plans (Figure 3). Of these, 85% offered telehealth at no additional cost. Insurers in Latin America (87%) and Europe (68%) are most likely to offer telehealth across all plans, with 78% and 92%, respectively, offering these services at no additional cost.

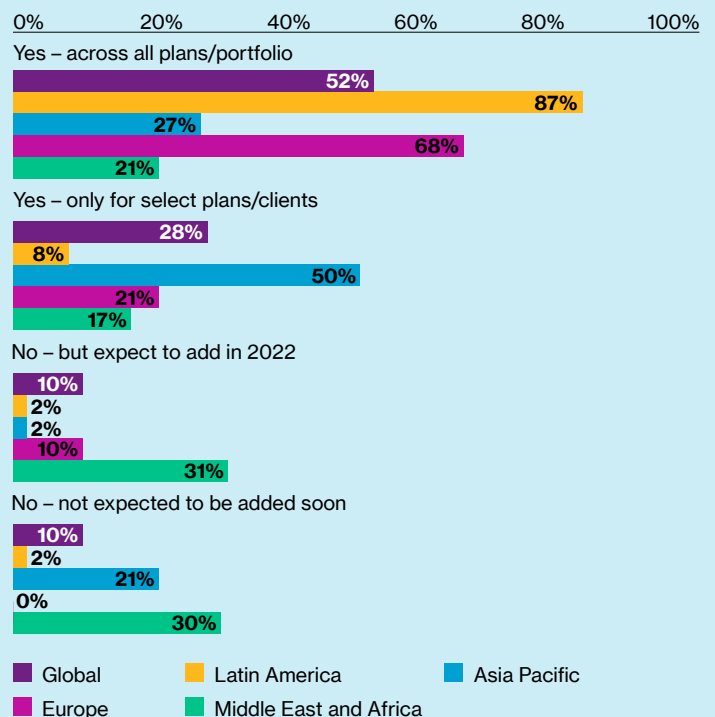
Almost three in 10 insurers (28%) offered telehealth only for select plans. Of these, 78% offered telehealth at no additional cost. Insurers in Asia Pacific (50%) were most likely to offer telehealth only for select plans, with 92% offering these services at no additional cost.

Services covered under telehealth

Across all regions, insurers that offer telehealth are most likely to cover primary physician/general practitioner (GP) services. The other key areas most likely to be covered include prescription drugs, specialists consultants, mental health and navigation for acute illness.

Globally, 97% of insurers indicate that physician/GP services are legally allowed to be delivered via telehealth. Results for prescription drugs are fairly similar to those for GP services, with an average of 90% indicating that these services are legally allowed to be delivered via telehealth.

Figure 3. **Prevalence of insurers offering telehealth through their current plans**



Globally, 52% of insurers offered telehealth across all plans.



On a global basis, 80% and 85% of insurers, respectively, report that specialist consultants and mental health services are available under country legislation; however, in the Middle East roughly three in 10 insurers indicate that these services are not legally available via telehealth.

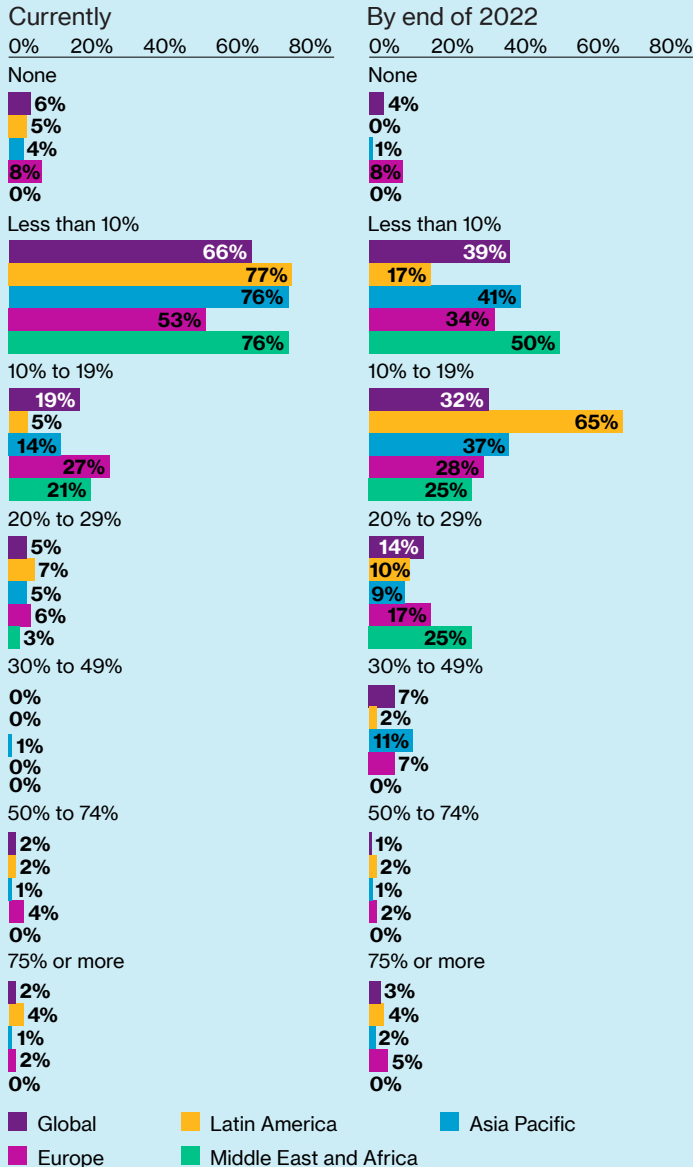
Two-thirds of insurers globally indicate that navigation for acute illnesses is legally allowed to be delivered via telehealth, a figure that rises to 91% in Latin America and drops to 53% in Asia Pacific.

Telehealth utilization

Physician/GP services

Currently, 66% of insurers globally report that less than 10% of insured members use telehealth for physician/GP services, while 19% indicate that 10% to 19% use telehealth for these services (Figure 4).

Figure 4. The percentage of covered lives using telehealth for physician/GP services



By the end of 2022, we expect more widespread acceptance of telehealth, with just 39% of insurers expecting less than 10% of insured members will use telehealth for physician/GP services, whereas a third (32%) of insurers expect 10% to 19% of insured members to access these services in this way. And 14% of insurers expect as many as 20% to 29% of insured members to access GP services via telehealth.

Insurers expect the use of telehealth for GP services to grow across all regions but especially in Latin America, and Middle East and Africa.

- **Latin America.** By the end of 2022, 65% of insurers expect 10% to 19% of insured members in Latin America will access physician/GP services via telehealth, and 10% expect 20% to 29% of these insured members to do so.
- **Middle East.** By the end of 2022, 25% of insurers expect 10% to 19% of insured members will use telehealth to access GP services, and 25% expect 20% to 29% of these members to do so.

Prescription drugs/pharmacy

Globally three-fifths of insurers (59%) say that less than 10% of insured members use telehealth to access prescription drugs. Seventy-six percent of insurers in Latin America and 71% of those in the Middle East indicate that less than 10% of insured members in their respective regions access prescription drugs in this way.

By the end of 2022, 38% of insurers globally expect that less than 10% of covered members will access pharmacy services via telehealth.

Strong growth in this service is expected by the end of 2022 in Latin America – where 46% of insurers expect 10% to 19% of insured members to access pharmacy services via telehealth – and in Europe – where 28% of insurers expect this same percentage of insured members to access pharmacy services via telehealth. In the Middle East and Africa, 27% of insurers expect 20% to 29% of insured members to access these services in this way.



Specialist consultant services

Currently, 57% of insurers globally report that less than 10% of insured members access specialist consultant services via telehealth. This percentage is expected to hold steady through the end of 2022.

A key growth area is the Middle East and Africa where roughly a fifth (19%) of insurers expect 30% to 49% of insured members to use telehealth to access specialist consultant services by the end of 2022.

Mental health services

At present, 56% of insurers globally report that less than 10% of insured members access mental health services via telehealth; however, almost three in 10 (29%) insurers in Europe and 19% in the Middle East and Africa say that 10% to 19% of their insured members do so.

By the end of 2022, roughly one-fifth of insurers globally indicate that 10% to 19% of insured members will access mental health services via telehealth. Another fifth of insurers in Europe (22%) and in the Middle East and Africa (23%) expect 20% to 29% of insured members to use telehealth to access mental health services.

At present, 56% of insurers globally report that less than 10% of insured members access mental health services via telehealth.



Navigation for acute illnesses

It's still early days when it comes to using telehealth for navigation in cases of acute illnesses. Currently, 44% of insurers globally indicate that none of their insured members are using telehealth in this way, and 46% say less than 10% of insured members are using telehealth for navigation for acute illnesses.

By the end of 2022, we anticipate modest growth, with a fifth of insurers in Latin America (23%) and slightly more than one-tenth of insurers globally (14%) as well as those in Asia Pacific (13%) and Europe (14%) expecting 10% to 19% of insured members to use telehealth to access navigation services for acute illnesses.

Wellbeing services

While telehealth can be considered a wellbeing service, as it provides easy access to care and often enables members to receive additional coaching, we asked participants what other wellbeing services they now have available to their members and whether the services were provided through a third party or not. We inquired specifically about the following categories of services:

- **Wellbeing/Engagement portal.** Employee-facing portal that provides basic health information with interactive features that help employees build healthy behaviors and integrates with other apps that employees already use to track health indicators, such as exercise and weight
- **Employee assistance plan.** Voluntary, work-based program that offers free and confidential assessments, short-term counseling, referrals and follow-up services to employees who have personal and/or work-related problems
- **Health content/kits/tips.** Basic information (e.g., flyers, videos) on health-related items to manage and prevent illness as well as promote wellness
- **Point solutions.** Targeted programs to manage chronic illnesses or other conditions (e.g., addiction/substance abuse, diabetes, tobacco cessation, nutrition, maternity)
- **Fitness/gym/challenges/competitions.** App or other programs to support physical fitness
- **Financial education platform.** Website or app that provides basic financial education on topics such as budgeting, financial goal setting and balance sheets for individuals

While there is still a long way to go, the results were encouraging, with most insurers globally now offering at least some of these services either directly or through a third-party partner organization (Figure 5).

Figure 5. Ancillary wellbeing and medical services

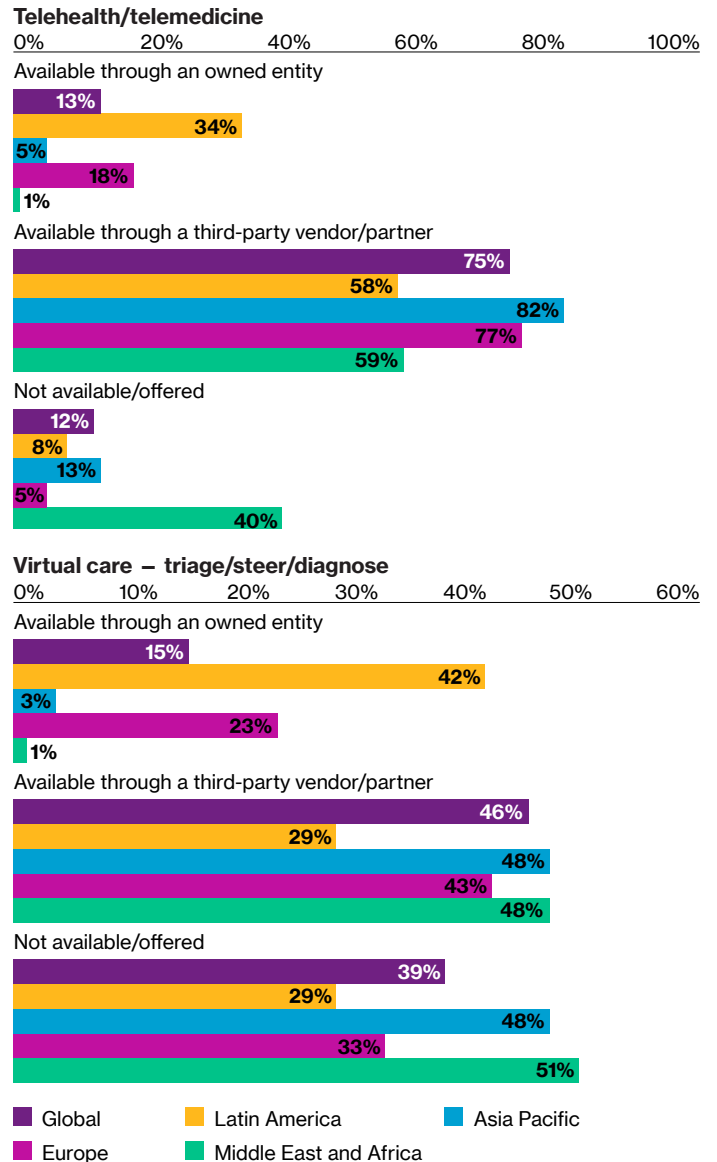
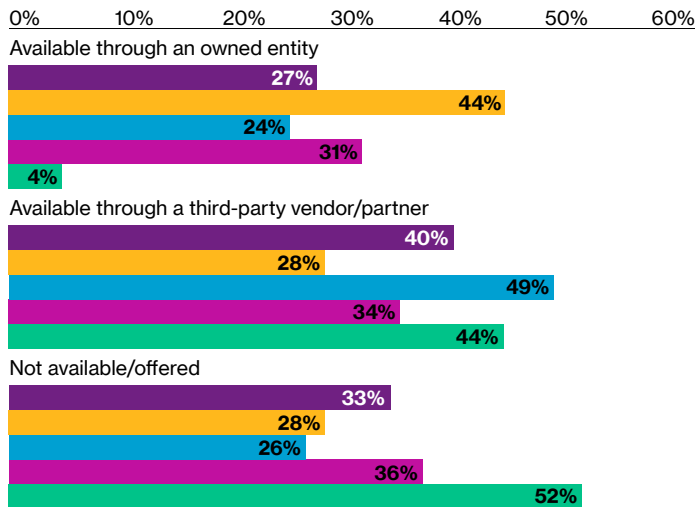
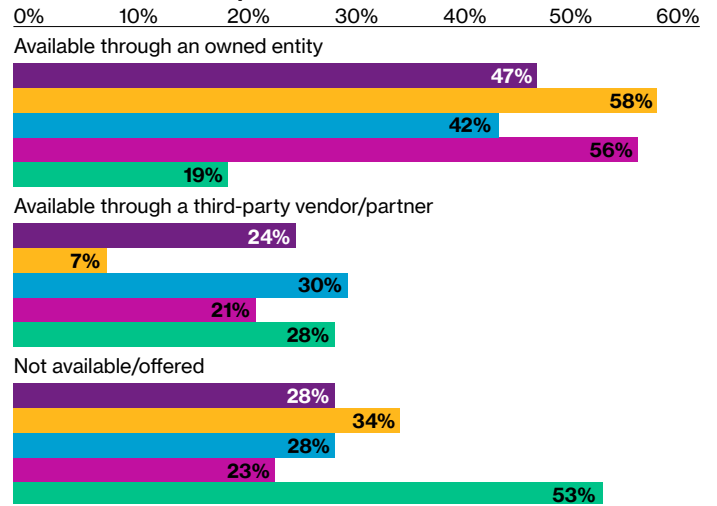


Figure 5 (cont.). **Ancillary wellbeing and medical services**

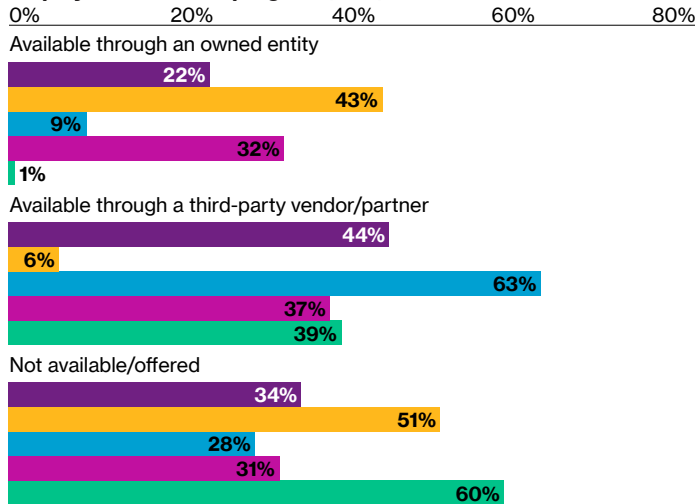
Wellbeing/engagement portal



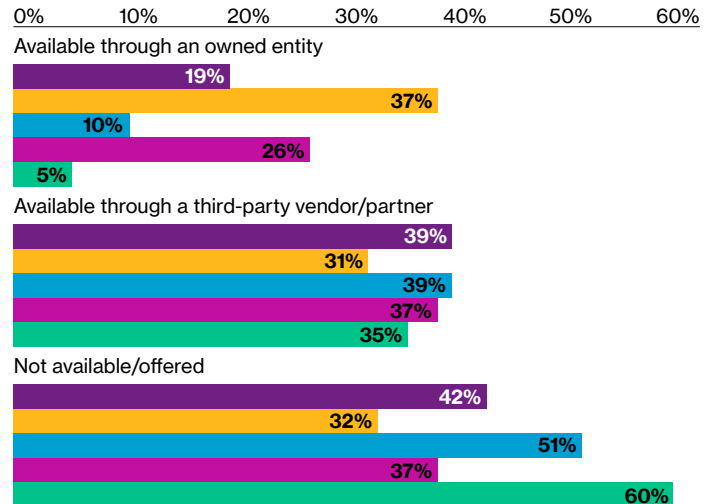
Health content/kits/tips



Employee assistance program (EAP)

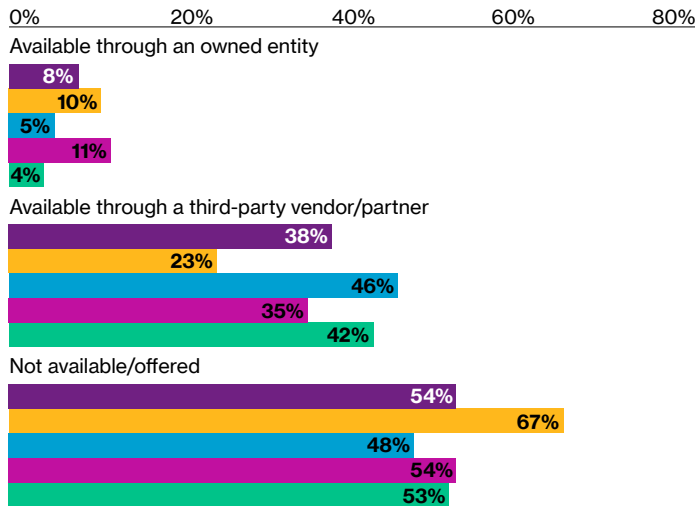


Point solutions

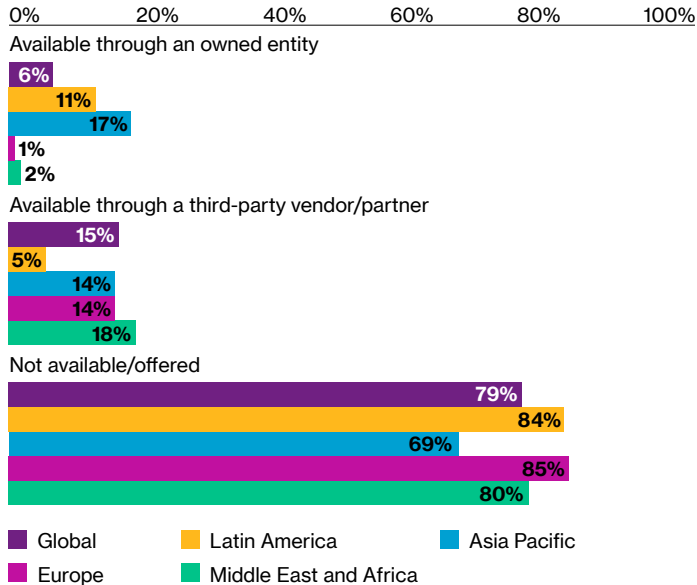


■ Global
 ■ Latin America
 ■ Asia Pacific
■ Europe
 ■ Middle East and Africa

Figure 5 (cont.). **Ancillary wellbeing and medical services**
Fitness/gym



Financial education platform



Globally, telehealth and virtual care are available primarily through third-party vendors, although it should be noted that in Latin America, 42% of survey participants report that virtual care is available through an owned entity. Two-fifths of insurers (40%) indicate that engagement portals are provided through third-party vendors, a figure that rises to 44% in the Middle East and Africa, and to 49% in Asia Pacific. At the same time, over half of insurers (52%) in the Middle East and Africa say that engagement portals are not offered at all.

Over two-fifths of survey respondents globally (44%), 63% in Asia Pacific, and over a third in Europe (37%) and the Middle East and Africa (39%) indicate that employee assistance programs are available through third-party vendors. A notable exception is Latin America, where 43% of insurers report that these programs are provided through an owned entity.

Health content kits are available primarily through owned entities, with over two-fifths of respondents globally, except in the Middle East and Africa, indicating this to be the case. When it comes to point solutions, over three in 10 insurers globally and across all regions say that these solutions are provided through third-party vendors. Notably, 42% of respondent globally and over half in Asia Pacific (51%) and the Middle East and Africa (60%) report that point solutions are not offered.

Fitness programs and financial education platforms are less likely to be offered. Over half of insurers globally (54%) report that fitness programs are not available, and almost four-fifths (79%) indicate that this is the case for financial education platforms.



What's driving global medical trend

The cost drivers remain largely unchanged from prior years, from an insurer viewpoint:

- The overuse of care due to medical practitioners recommending too many services or overprescribing continues to be the leading driver of medical costs. The percentage of insurers citing this factor as a leading cost driver held steady at 64%, down slightly from 65% last year.
- Similarly, the overuse of care by insured members continues to be the second most important driver of medical costs, with 59% of insurers indicating that this is a significant cost driver, up four percentage points from last year.
- Understandably the percentage of employers indicating that the underuse or lack of preventive services is a significant cost driver rose from 34% last year to 38% in this year's survey. This can be largely attributed to delay or avoidance of medical care during the pandemic.

64% of insurers report that overuse of care is the leading driver of medical costs.



Top conditions globally

Figure 6. Top five conditions currently by cost

	Global	Latin America	Asia Pacific	Europe	Middle East and Africa
1	Cancer (neoplasms)	Cancer (neoplasms)	Cancer (neoplasms)	Musculoskeletal and connective tissue	Circulatory system (cardiovascular)
2	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)	Cancer (neoplasms)	Cancer (neoplasms)
3	Musculoskeletal and connective tissue	COVID-19	Musculoskeletal and connective tissue	Circulatory system (cardiovascular)	Diabetes, endocrine, nutritional and metabolic diseases
4	Mental and behavioral disorders	Diabetes, endocrine, nutritional and metabolic diseases	Digestive system (gastrointestinal)	Mental and behavioral disorders	COVID-19
5	Diabetes, endocrine, nutritional and metabolic diseases	Musculoskeletal and connective tissue	Injury and other consequences of external cause	Injury and other consequences of external cause	Digestive system (gastrointestinal)

Figure 7. Top five conditions currently by incidence

	Global	Latin America	Asia Pacific	Europe	Middle East and Africa
1	Musculoskeletal and connective tissue	Diabetes, endocrine, nutritional and metabolic diseases	Digestive system (gastrointestinal)	Musculoskeletal and connective tissue	Respiratory
2	Circulatory system (cardiovascular)	Digestive system (gastrointestinal)	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)	Diabetes, endocrine, nutritional and metabolic diseases
3	Respiratory	Circulatory system (cardiovascular)	Musculoskeletal and connective tissue	Cancer (neoplasms)	COVID-19
4	Digestive system (gastrointestinal)	COVID-19	Respiratory	Mental and behavioral disorders	Musculoskeletal and connective tissue
5	Cancer (neoplasms)	Cancer (neoplasms)	Cancer (neoplasms)	Digestive system (gastrointestinal)	Mental and behavioral disorders

By cost

Cancer, cardiovascular and musculoskeletal are the top three conditions by cost as was the case in the prior year (Figure 6); however, the biggest surprise was the percentage of insurers citing musculoskeletal as a top condition by cost, which jumped from 41% last year to 52% in this year's survey. This can be largely attributed to remote workers' sedentary lifestyle, which can increase the risk of musculoskeletal injuries.

It is expected that cancer, cardiovascular and musculoskeletal will remain the top three fastest-growing conditions by cost over the next 18 months.

By incidence

Musculoskeletal, cardiovascular and respiratory are the top three conditions by incidence (Figure 7). Cancer dropped from number one to number five this year, likely due to delayed treatment during the pandemic. This year saw musculoskeletal move into the top spot, whereas last year it was number five. The prevalence of respiratory conditions can in part be attributed to COVID-19. Looking ahead to the next 18 months, insurers expect mental and behavioral disorders, cancer and musculoskeletal to be the fastest-growing conditions in terms of incidence.

Over half of insurers cited musculoskeletal as a top condition by cost.

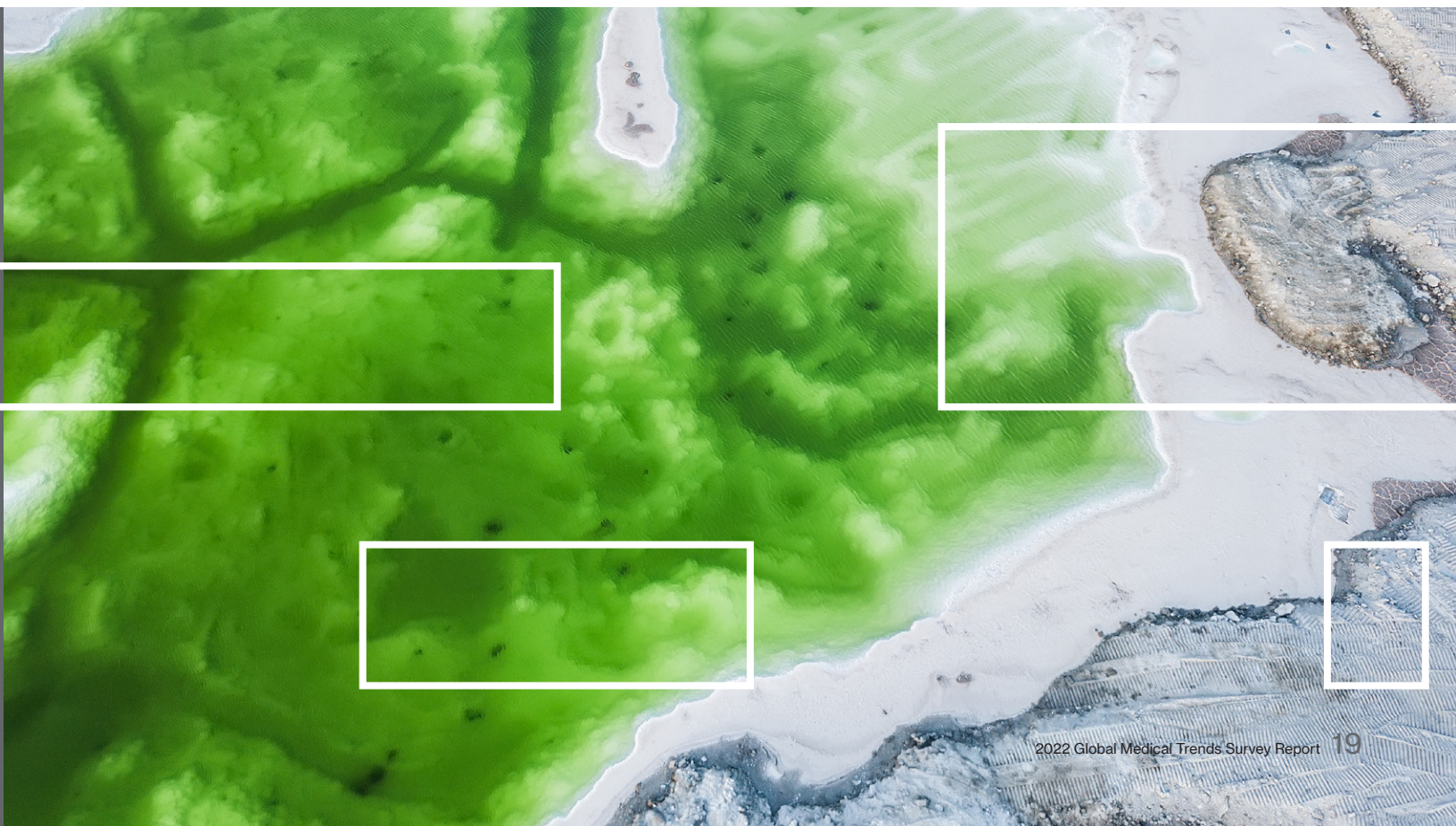


Regional perspectives

Cancer continues to be the leading condition by cost in Latin America and Asia Pacific. In Europe, musculoskeletal is the leading condition by cost; in the Middle East and Africa, cardiovascular is the costliest condition.

Cardiovascular is the second leading condition by cost in Latin America and Asia Pacific. Cancer is the second costliest condition in Europe and in the Middle East and Africa.

When it comes to incidence of claims, there is even more variation by region. In Latin America, respondents rated diabetes as the leading condition by incidence, whereas in Asia Pacific, gastrointestinal is the top condition. In Europe, musculoskeletal is the leading condition by incidence; in Middle East and Africa, respiratory is in the top spot.



Managing medical trend

Cost sharing

As was the case in past surveys, insurers identified member coinsurance as the most typical cost-sharing approach in all regions but Europe, where socialized medicine skews the results. There is also wide regional variation. In Latin America, 55% of insurers say member coinsurance is very typical, while only 19% of respondents in Asia Pacific report that this is the case.

Among other cost-sharing mechanisms are deductibles, which are very typical in Latin America (39%) and Europe (27%). In addition, 46% of insurers in the Middle East and Africa indicate that deductibles are a typical practice, as do 23% of those in Asia Pacific.

Less prevalent are annual limits on out-of-pocket expenses, which less than one-fifth (16%) of insurers report as a very typical practice.

Methods and tools for managing medical costs

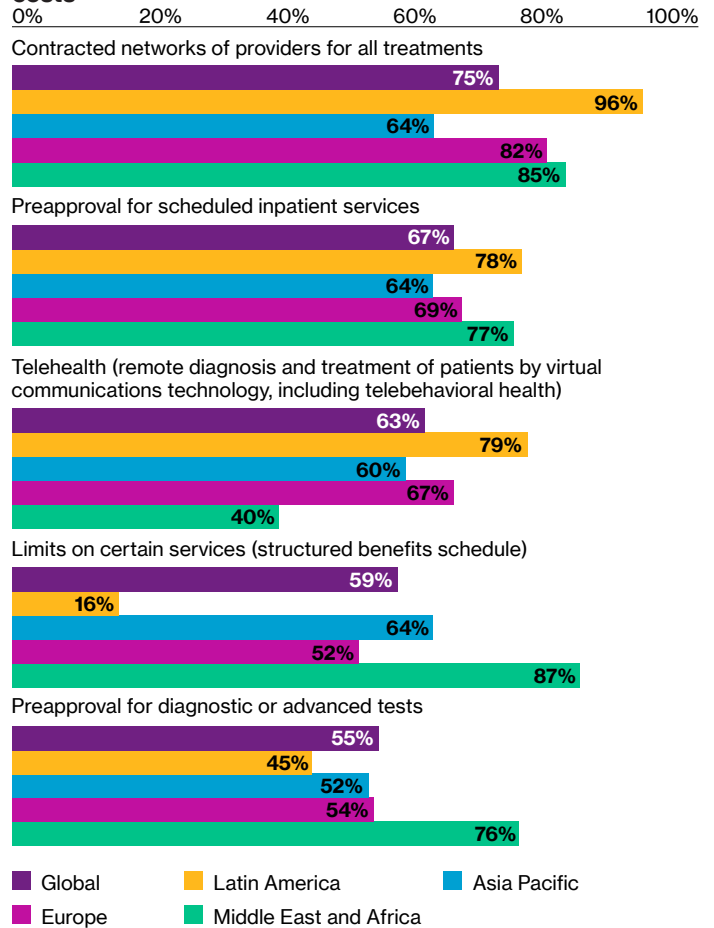
Seventy-five percent of insurers globally indicate that using contracted networks of providers for all treatments is the most effective method for managing medical costs (Figure 8). This is the most popular cost management method in Latin America (96%), Europe (82%) and Asia Pacific (64%), and the second most prevalent cost management practice in the Middle East and Africa (85%), where limits on certain services (87%) is the leading method of managing costs.

Preapproval for scheduled inpatient services was the second most popular cost management tool, with 67% of insurers globally citing this as an effective approach to managing costs. Roughly three-quarters of insurers in Latin America (78%) and the Middle East and Africa (77%) find this to be an effective cost management method.

Seventy-five percent of insurers globally indicate that using contracted networks of providers for all treatments is the most effective method for managing medical costs.



Figure 8. **Methods and tools to effectively manage medical costs**



Telehealth emerged as the third most popular method of managing costs, with 63% of insurers globally indicating that telehealth is an effective cost management method, up from 54% last year. There is a significant increase in insurers reporting that telehealth is an effective cost management tool in Latin America, where 79% of insurers hold this view, up from 38% last year. Increases were also seen in Asia Pacific, where 60% report that telehealth is an effective cost management method versus 46% last year, and in Europe, where the percentage of insurers holding this view rose from 61% to 67%.

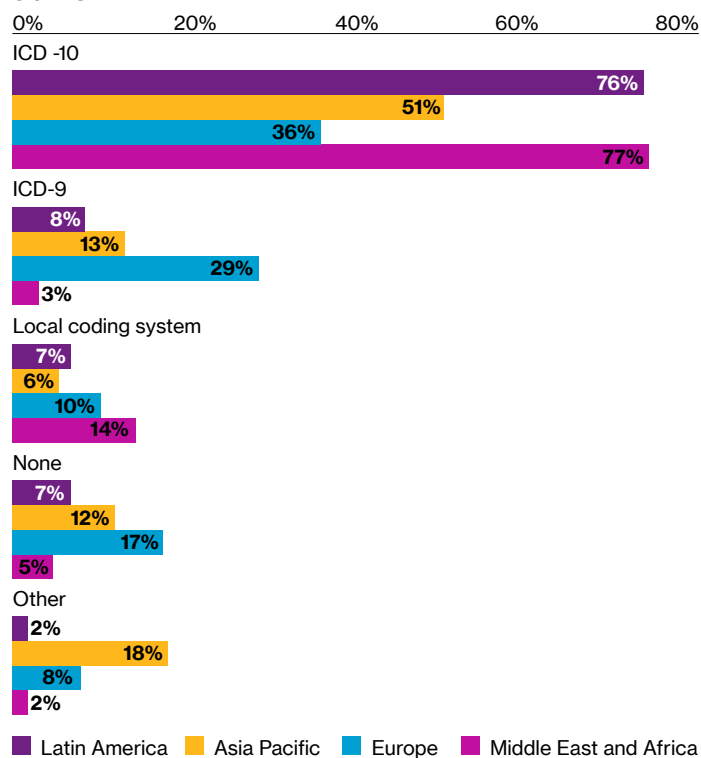
Claims data availability

For policies covering more than 500 lives, insurers are most likely to provide aggregate claims data identified by the top 10 medical causes or conditions to clients (81%), followed by high-level claims data only — total claims incurred (60%) and data on medical facilities used by the insured population (56%). Two-fifths (39%) provide data on the use of telehealth by the insured population, up from 32% in the prior year. Only 35% of policies (with either 200-plus or 500-plus lives) provide individual claims data indicating service provided and diagnosis, which is disappointing from an analytics perspective.

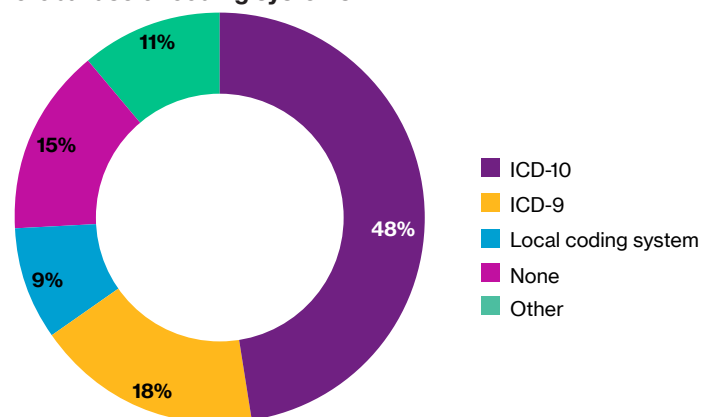
Nearly half of insurers globally (48%) use the ICD-10 claim-coding system (Figure 9). This system is most popular with insurers in Latin America (76%) and the Middle East and Africa (77%). It is less popular with insurers in Asia Pacific (51%) and Europe (36%).

We continue to see a trend toward more standardized claims data reporting using the ICD systems. Only 7% of insurers in Latin America are now using a local coding system, down from 15% last year; however, 14% of insurers in the Middle East and Africa continue to use a local system.

Figure 9. Claim coding systems used to adjudicate medical claims



Global use of coding systems



Note: Percentages do not add to 100 due to rounding.

Insurers globally continue to exclude a significant number of conditions, including HIV/AIDs, alcoholism and drug use.



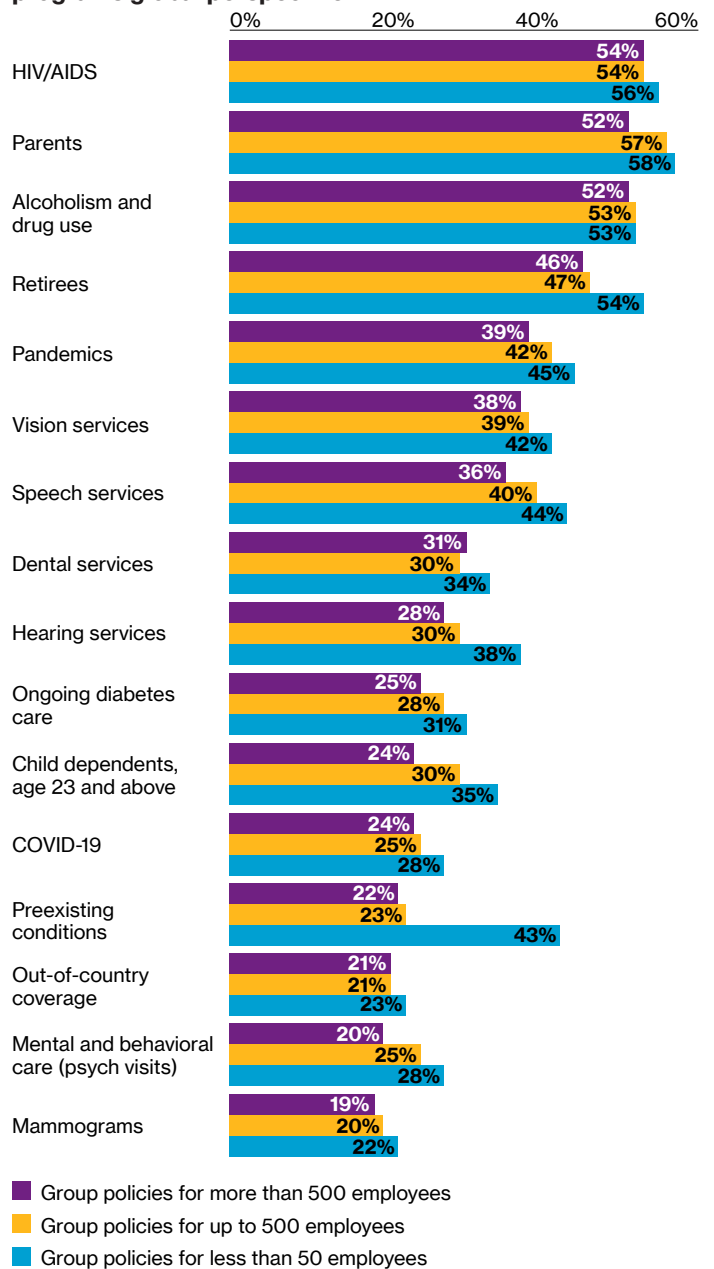
Medical insurance program exclusions

Insurers globally continue to exclude a significant number of conditions for which there is a demonstrable need for care among the insured population and for which there are treatments to make these conditions manageable. These include HIV/AIDS as well as alcoholism and drug use. In the case of HIV/AIDS, the percentage of group policies for more than 500 employees excluding this condition jumped from 41% last year to 54% today (Figure 10).

There are also some key regional differences when it comes to these exclusions. In Latin America, only between 7% and 10% of group policies regardless of size exclude HIV/AIDS, while in Asia Pacific and the Middle East and Africa, over half of group policies regardless of size exclude this condition. Additionally, over half of all group policies in the Middle East and Africa have exclusions for alcoholism and drug use, while in Europe, between 40% and 43% of all group policies have this exclusion.

Also appearing on this year's exclusion list are pandemics, which may reflect the fact that in some countries, governments may be bearing most of the pandemic costs. Globally, 39% of group policies covering more than 500 employees exclude pandemics.

Figure 10. Exclusions in standard medical insurance programs global perspective



Key changes to medical portfolios in 2021

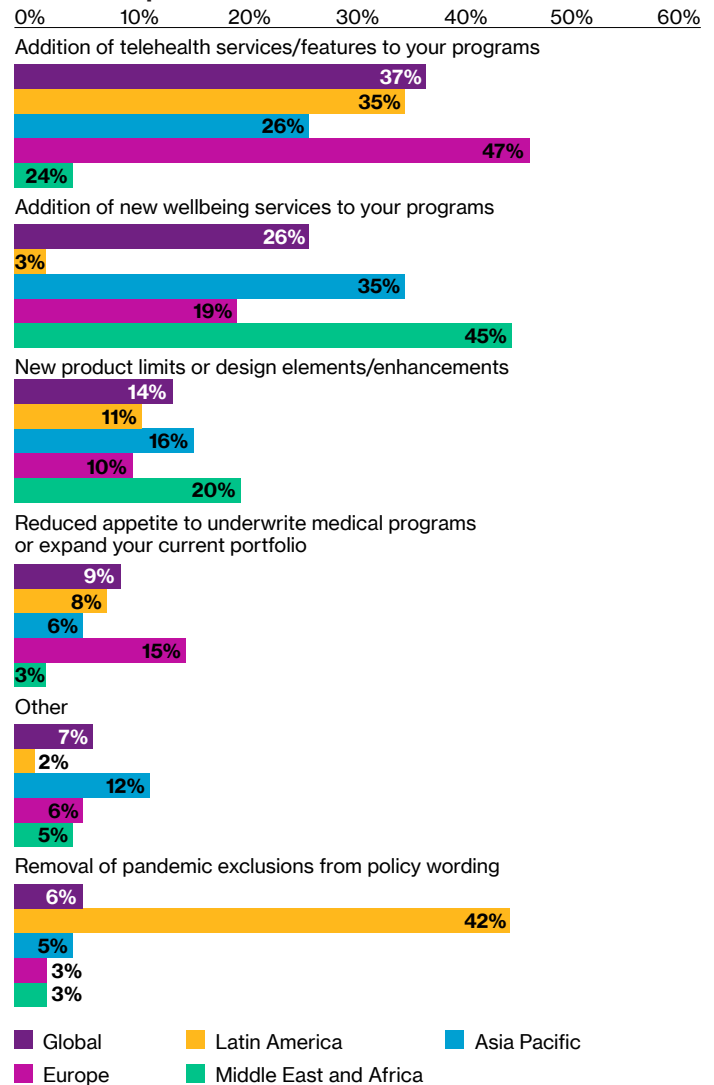
Telehealth services

Globally, 37% of organizations added telehealth services to their medical portfolios, a number that rises to 47% in Europe (Figure 11).

New wellbeing services

A quarter of organizations globally (26%) added new wellbeing services to their programs, a figure that jumps to 35% in Asia Pacific and 45% in the Middle East and Africa.

Figure 11. **Biggest change your organization has made to its medical portfolio in 2021**





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