2024 Global Medical Trends

Survey report

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Near double-digit global medical costs projected in 2024 despite decline from 2023 highs

The cost of medical care globally reached a historic high in 2023, with the medical trend rate climbing into the double digits for the first time. However, the WTW 2024 Global Medical Trends Survey reveals a near-term improvement in trend while longer-term challenges persist.

After surging from 7.4% in 2022 to a high of 10.7% in 2023, the medical cost trend for 2024 is projected to decrease to a global average of 9.9%.

Several factors are contributing to this decline. The spike in elective procedures, consultations and other medical care resulting from delayed or postponed care due to the pandemic is starting to ease. In addition, global inflation, which was a significant factor in driving up healthcare costs, is expected to continue to fall in 2024.

But while medical trend is projected to decline, it remains elevated. The high cost of new medical technologies is a key reason for persistently high trend. Furthermore, in some regions, ongoing geopolitical conflicts and resulting displaced populations have negatively affected medical costs due to an increased need for care and reduced availability of providers.

The growth in medical costs is projected to decline or remain unchanged in most regions in 2024 (Figure 1). Healthcare insurers participating in our survey expect the sharpest decrease to occur in Europe, where medical trend is projected to drop from 10.9% in 2023 to 9.3% in 2024, the lowest rate of increase projected in any region. While this decline is encouraging, Europe has traditionally seen much lower levels of trend. The stubbornly high medical trend in Europe can be attributed primarily to higher healthcare cost increases in countries in Eastern Europe and in Turkey (Figure 2).

Survey findings reveals a near-term improvement in trend while longer-term challenges persist

Figure 1. **Global medical trend 2022 – 2024, globally and by region**

	Gross			Net**		
	2022	2023	2024 (projected)	2022	2023	2024 (projected)
Global†	7.4	10.7	9.9	–0.3	5.2	6.5
Latin America†	10.5	12.4	11.6	2.7	6.3	7.9
North America	8.0	9.8	9.4	0.5	5.6	7.1
Asia Pacific	7.2	9.9	9.9	2.2	5.6	7.0
Europe	6.7	10.9	9.3	–2.4	5.0	5.9
Middle East and Africa	9.8	11.3	12.1	2.6	4.2	6.8

† Global and Latin America numbers exclude Argentina and Venezuela
**Net of general inflation

The growth in medical trend in Latin America is expected to decrease from 12.4% to 11.6%, while in Asia Pacific the trend rate is projected to remain unchanged at 9.9%. In North America, it is anticipated that medical trend will drop from 9.8% to 9.4%, due in large part to abating inflation. At the same time, in the Middle East and Africa, insurers expect trend to increase slightly from 11.3% to 12.1%.

58%

of insurers anticipate higher or significantly higher medical trend over the next three years

Medical costs are expected to rise over the longer term

While the growth in medical trend is projected to slow globally in 2024, insurers expect costs to resume their ascent over the longer term. Over half of insurers (58%) anticipate higher or significantly higher medical trend over the next three years. Eighty-four percent of insurers in the Middle East and Africa expect higher or significantly higher healthcare cost increases during this time period as do over half of insurers in Europe (57%) and Asia Pacific (59%); however, in the Americas, less than half of insurers (45%) anticipate this level of cost increase.

Key findings

Our survey uncovers the key factors influencing medical trend rates and opportunities to control costs

- **More insurers cite musculoskeletal disorders as a top condition by incidence. Mental health ranks among the fastest-growing conditions by incidence and costs.** Musculoskeletal disorders remain the top condition by incidence of claims, followed by cardiovascular disease and cancer. The percentage of insurers ranking musculoskeletal disorders as a top condition in this category increased from 46% in 2022 to 57% in 2023. These disorders are associated with issues ranging from carpal tunnel syndrome to chronic neck, shoulder and back pain. Poor ergonomics in employees' home work environments and a sedentary lifestyle are key factors contributing to musculoskeletal disorders.

  Employees also continue to struggle with mental health issues, including anxiety and depression, which can affect overall employee wellbeing and productivity. Mental and behavioral health disorders are expected to remain among the top five fastest-growing conditions by both cost and claims over the next 18 months. In the Americas, mental health is the top condition by incidence of claims. Additionally, mental and behavioral health disorders rank among the top five conditions by cost in all regions except in Asia Pacific and in the Middle East and Africa, where sociocultural stigmas around mental health may still exist and coverage exclusions may be in place.

  Cancer remains the top condition affecting costs globally and across all regions. Moreover, cancer is projected to be the fastest-growing condition globally by cost and the second-fastest-growing condition by incidence in the next 18 months. This is likely due in part to delayed access to or avoidance of care during the pandemic. Missed screenings can lead to cancer being diagnosed at later stages, resulting in higher costs. Furthermore, in many regions, including Europe, cancer claims are becoming more prevalent and more expensive due to the high cost of medications and new technology.

- **New medical technologies and overuse of care drive healthcare spend.** The use of new medical technologies ranging from artificial intelligence-powered diagnostic tools to gene therapy remains the leading external factor contributing to increased medical costs. This is particularly the case in Asia Pacific where rapid development of medical technologies has occurred in an effort to catch up with other regions.

  Additionally, insurers continue to be concerned about overuse of care due to providers recommending too many services, which is the leading factor driving up medical costs per person. This commonly occurs where systems are overburdened and providers have limited time to spend with patients. As a result, members are directed to inappropriate treatment, bypassing preventive care steps, resulting in inefficient use of the healthcare plan.

  But there is progress to report on this front. The percentage of insurers that regard overuse of care as a significant cost driver declined from three-quarters (74%) in 2022 to 59% in 2023. This decline may be due to the easing of the surge in care following the COVID-19 shutdown, which likely contributed to overuse of care.

- **Exclusions and other variations in healthcare programs thwart the impact of wellbeing and DEI initiatives.** In regions such as Asia Pacific and the Middle East and Africa, many organizations' medical insurance programs continue to exclude coverage for treatment of certain conditions for which treatments exist and despite a recognized need for care among the insured population. These exclusions — which include drug and alcohol abuse treatments, HIV/AIDS medications, fertility treatments and gender-affirming care — can significantly affect employee wellbeing and diversity, equity and inclusion (DEI) efforts. Insurers are increasingly interested in expanding eligibility in these programs to be more inclusive, but legal or major sociocultural considerations in some countries pose barriers to change.

  Public healthcare systems in other regions have embedded inclusion and widespread program eligibility in their scope of coverage; however, in countries with public systems where quality of and access to care have deteriorated, coverage gaps exist, and private insurers have not yet caught up to these needs.

Furthermore, many insurers include wellbeing services as free “value-adds” to healthcare programs. This can result in employers having multiple and duplicative benefits, which creates confusion as to what wellbeing support is available. Often, employers forget that these benefits are in place or they do not communicate them to employees, resulting in little to no program utilization.

- **Weakened public healthcare systems put more pressure on private insurers and providers.** The decline in the quality and funding of public healthcare systems has increased as a top driver of private medical costs, from 27% in 2022 to 34% in 2023. Public healthcare systems are facing major challenges due to geopolitical conflicts, inflation and risks of a global recession. Moreover, many of these systems face a backlog of scheduled procedures that resulted from the COVID-19 pandemic. At the same time, the number of medical practitioners and staff in social healthcare systems has reportedly declined in many local markets, contributing to lengthy wait times.

  Consequently, the demand for private healthcare to bridge the gaps within public systems is higher than ever. To fulfill this demand, private insurers are continuing to contract with local networks of providers and facilities. The prevalence of contracting with networks has increased from 2022, reflecting the growing need to provide healthcare at competitive rates.

- **Telehealth offerings continue to be a priority for insurers.** In 2023, 40% of insurance organizations globally added telehealth services, making this one of the top coverage changes insurers are making to their medical portfolios. Telehealth has redefined and improved healthcare delivery by providing speedy and efficient access to a range of medical services, including primary care and specialist care, prescription drugs, mental and behavioral health programs, and care navigation support for acute illnesses. Additionally, insurers recognize that telehealth provides opportunities to manage healthcare costs more effectively. Telehealth and virtual care help reduce the need for costly emergency room visits and provide cost-efficient access to specialists, especially in the area of mental health.

  While the use of telehealth globally continues to rise, there is considerable variation across regions in the medical services delivered through telehealth. Member preferences also vary. In some countries, members are utilizing healthcare more than ever due to the accessibility that virtual care affords. In others, there is a noted member preference for in-person care. But our Global Benefits Attitude Survey shows that employees globally view virtual consultations favorably in comparison to in-person consultations.

Gain a competitive advantage through your healthcare benefits

Global medical trend is expected to decrease in 2024 but remains elevated in the double digits. Moreover, the majority of insurers anticipate higher or significantly higher healthcare cost increases over the next three years. This situation prompts a call to action for employers to mitigate costs where possible.

While recognizing that some factors influencing costs may be out of their control, employers can focus on actions to drive effectiveness of healthcare programs and continue to put the employee experience first.

- **Conduct a program review** to analyze if coverage is the right fit, identifying potential gaps in programs and opportunities to mitigate risks.
- **Review policy utilization** using data and predictive analytics to understand health risks and key drivers of policy usage to make data-driven decisions.
- **Optimize communications** so that employees understand what's available, when and how to use what coverage, and why it's valuable to them.
- **Boost preventive healthcare** by offering screenings and other proactive prevention services, including digital- and technology-based solutions.
- **Prioritize wellbeing** by formulating a corporate global wellbeing strategy and ensuring wellbeing benefits are accessible to all employees and their families.

By understanding the factors affecting healthcare, employers can develop strategies to build resilience and combat the ever-present threat of rising costs.

Figure 2. **Global medical trends, by market**

	Gross			Net**			Inflation rates (From IMF World Economic Outlook)		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Weighted									
Global†	7.44	10.72	9.86	–0.28	5.20	6.46	7.91	5.53	3.45
Latin America†	10.51	12.40	11.64	2.68	6.28	7.90	7.97	6.12	3.76
North America	8.00	9.83	9.41	0.49	5.56	7.07	7.51	4.27	2.34
Asia Pacific	7.18	9.91	9.90	2.15	5.56	6.97	5.00	4.34	2.92
Europe	6.68	10.91	9.31	–2.40	5.00	5.93	8.83	5.57	3.27
Middle East/ Africa	9.84	11.30	12.08	2.60	4.20	6.85	9.40	8.83	6.63
By market									
Latin America									
Argentina	92.00	135.00	90.00	19.57	36.41	29.85	72.43	98.59	60.15
Brazil	18.52	16.31	16.62	9.24	11.29	11.82	9.28	5.03	4.79
Chile	1.00	7.50	4.00	–10.65	–0.38	–0.04	11.65	7.88	4.04
Colombia	8.62	9.56	10.10	–1.57	–1.30	4.66	10.18	10.85	5.44
Costa Rica	14.00	12.00	10.00	5.73	6.81	6.44	8.28	5.19	3.56
Ecuador	11.00	9.50	13.50	7.53	7.04	11.96	3.47	2.47	1.54
El Salvador	10.00	25.00	10.00	2.80	20.88	7.91	7.20	4.12	2.10
Guatemala	20.00	35.00	27.50	13.12	27.60	21.96	6.89	7.40	5.54
Honduras	10.00	15.00	15.00	0.91	8.06	9.72	9.09	6.94	5.28
Mexico	8.66	10.04	12.30	0.76	3.77	8.41	7.90	6.27	3.89
Nicaragua	6.50	6.50	6.50	–3.95	–2.03	1.50	10.45	8.53	5.00
Panama	11.87	11.63	13.00	9.01	9.39	10.76	2.86	2.24	2.24
Peru	8.75	10.80	10.40	0.88	5.11	7.98	7.87	5.69	2.43
Venezuela	26.75	27.75	17.25	–174.16	–372.23	–182.73	200.91	399.98	199.98
North America									
Canada	9.85	12.35	10.13	3.05	8.45	7.74	6.80	3.90	2.39
United States	6.79	8.17	8.94	–1.20	3.65	6.63	7.99	4.52	2.32
Asia Pacific									
Australia	4.17	9.37	9.53	–2.45	4.02	6.34	6.62	5.35	3.20
China	7.38	7.50	8.35	5.50	5.52	6.16	1.88	1.99	2.19
Hong Kong	7.53	8.27	8.36	5.65	5.97	5.96	1.88	2.30	2.40
India	10.51	9.38	10.50	3.84	4.44	6.07	6.67	4.95	4.43
Indonesia	10.00	11.50	12.74	5.79	7.12	9.71	4.21	4.38	3.03
Malaysia	10.99	12.07	13.36	7.61	9.18	10.30	3.38	2.89	3.06
New Zealand	3.00	12.50	8.50	–4.17	7.05	5.86	7.17	5.45	2.65
Philippines	15.50	13.67	13.94	9.68	7.33	10.71	5.82	6.34	3.24
Singapore	8.44	10.33	10.67	2.32	4.54	7.19	6.12	5.80	3.48
South Korea	9.00	10.67	11.67	3.91	7.12	9.37	5.09	3.54	2.30
Taiwan	5.75	5.75	6.25	2.80	3.83	4.60	2.95	1.92	1.65
Thailand	8.30	10.67	9.27	2.22	7.82	7.29	6.08	2.84	1.97
Vietnam	5.40	10.25	11.33	2.21	5.29	7.08	3.19	4.96	4.25

† Global and Latin America numbers exclude Argentina and Venezuela.
**Net of general inflation.

Figure 2. **Global medical trends, by market** *(continued)*

	Gross			Net**			Inflation rates (From IMF World Economic Outlook)		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Europe									
Belgium	4.21	5.98	4.50	–6.12	1.30	2.37	10.33	4.68	2.14
Cyprus	0.00	8.00	2.00	–8.08	4.10	–0.47	8.08	3.90	2.47
Denmark	1.50	10.50	7.50	–7.03	5.70	4.70	8.53	4.80	2.80
Finland	3.00	7.00	5.50	–4.17	1.71	3.04	7.17	5.30	2.46
France	3.38	5.48	7.46	–2.52	0.44	5.00	5.90	5.05	2.46
Germany	4.30	5.65	5.95	–4.37	–0.54	2.87	8.67	6.19	3.08
Greece	5.75	8.77	9.40	–3.55	4.78	6.52	9.30	3.99	2.88
Hungary	18.50	22.33	15.00	3.97	4.68	9.62	14.53	17.65	5.38
Ireland	7.00	8.50	6.00	–1.07	3.50	2.80	8.07	5.00	3.20
Italy	6.00	8.00	6.75	–2.74	3.55	4.18	8.74	4.45	2.57
Luxembourg	2.50	4.28	2.00	–5.65	1.64	–1.13	8.15	2.64	3.13
Netherlands	4.10	8.65	7.40	–7.53	4.79	3.23	11.63	3.86	4.17
Norway	7.00	11.00	9.50	1.24	6.10	6.70	5.76	4.90	2.80
Poland	13.03	12.40	16.00	–1.33	0.50	9.94	14.36	11.90	6.06
Portugal	8.88	14.50	12.60	0.77	8.78	9.55	8.10	5.72	3.05
Romania	19.86	17.71	20.29	6.06	7.24	14.49	13.80	10.48	5.80
Serbia	11.67	14.50	14.50	–0.32	2.31	9.17	11.98	12.20	5.33
Spain	5.93	7.60	7.63	–2.40	3.30	4.47	8.32	4.30	3.15
Sweden	8.50	19.00	16.00	0.44	12.18	13.66	8.06	6.82	2.34
Switzerland	3.60	8.20	8.23	0.77	5.76	6.64	2.84	2.45	1.60
Turkey	86.00	102.25	89.50	13.69	51.67	54.33	72.31	50.58	35.17
United Kingdom	9.33	13.00	11.20	0.27	6.16	8.22	9.07	6.84	2.98
Middle East/Africa									
Cameroon	23.50	15.00	15.00	18.20	9.10	10.30	5.30	5.90	4.70
Congo (Republic of)	1.75	8.25	12.50	–1.75	4.95	9.30	3.50	3.30	3.20
Cote d'Ivoire	7.80	16.00	20.20	2.59	12.27	18.40	5.21	3.73	1.80
Egypt	18.50	24.00	23.50	10.00	2.37	5.47	8.50	21.63	18.03
Ghana	9.00	17.00	22.00	–22.89	–28.44	–0.22	31.89	45.44	22.22
Jordan	7.90	6.50	5.00	3.68	2.70	2.11	4.22	3.80	2.89
Kenya	7.50	9.00	11.25	–0.15	1.21	5.67	7.65	7.79	5.58
Kuwait	6.25	6.50	6.75	2.33	3.25	4.11	3.92	3.25	2.65
Mozambique	10.00	12.00	15.00	0.23	4.58	8.48	9.77	7.42	6.52
Nigeria	21.00	19.25	30.00	2.15	–0.88	14.21	18.85	20.13	15.80
Saudi Arabia	12.50	14.00	12.50	10.03	11.20	10.19	2.47	2.80	2.31
South Africa	11.00	7.20	9.25	4.13	1.45	4.45	6.87	5.75	4.80
Tunisia	10.00	15.00	15.00	1.69	4.08	5.48	8.31	10.92	9.52
United Arab Emirates	10.00	11.50	12.50	5.17	8.08	10.50	4.83	3.42	2.00
Zimbabwe	9.50	8.00	8.00	–183.90	–164.17	–126.59	193.40	172.17	134.59

**Net of general inflation.

Global average medical trends by market

Asia Pacific

China

The decline in medical costs is attributed to economic stabilization after a period of high inflation. Healthcare organizations in China, like most companies, have taken strict measures to control costs in different areas, including the labor force, purchasing and transportation.

China's national health insurance system is continually implementing reform measures, such as expanding access for individual medical savings accounts to family members and centralizing procurement of drugs, which can significantly reduce costs for individuals. In response to these changes from the national system, private insurers will need to cover more types of drugs and face ever-higher claim costs.

Hong Kong

Insurers in Hong Kong are projecting that medical trend will remain stable in 2024, largely due to a continuing high demand for hospitalizations resulting from earlier detection of chronic illnesses.

More patients from mainland China are using the Hong Kong medical system given the fully reopened border, and healthcare providers are adjusting treatment costs to align with rising staff costs.

As a result, insurers are trying to manage rising medical costs through pre-authorization requirements and promoting outpatient surgery to reduce unnecessary hospitalization costs. Many employers are considering reviewing their insurance provider and negotiating better pricing through a marketing exercise; however, a growing trend is emerging where insurers are less willing to provide competitive pricing than they were during pandemic. Given that most insurers paid significant claims in the past two years, they are now focusing on offering long-term sustainable pricing to their clients.

India

Medical trend has outpaced the general inflation rate, and healthcare costs are projected to increase in 2024 and beyond. Various macro and micro economic factors contributed to this level of medical inflation, including greater demand and utilization, advancements in technology, increasing medical tourism and rising costs of raw materials. Additionally, the average length of hospital stay has increased, which has raised total average per-patient costs. Factors such as increasing costs of hospital supplies, hospital staff compensation, consulting fees and other expenses (including rent, utilities and technology) influence the rising cost of hospitalization.

While insurers are expected to impose premium increases for 2024, potential future legislation could help control medical inflation. A bill has been introduced to India's parliament to establish a national commission to control medical inflation. If approved, this will influence the future of the healthcare sector in India.

In India, medical trend has outpaced the general inflation rate

Malaysia

Medical trend is expected to increase in 2024 due to high utilization continuing post-pandemic. The increase in costs is further exacerbated by the fluctuating and weakening Ringgit, depreciating as much as 15% against the U.S. dollar in the past one to two years. This has a major impact on the cost of medications, surgical supplies and other medical equipment, which are mostly imported.

Interest in telemedicine has increased, predominantly in the pharmacy area for long-term medication needs and, to a lesser extent, for medications to treat common non-life-threatening illnesses. Through alliances with large pharmacy chains, insurers and employers are increasingly encouraging the direct purchase of medications online rather than at clinics and hospitals. Online purchasing, which includes delivery to members, has resulted in average cost savings of 30%.

Vietnam

Medical trend in Vietnam is projected to increase significantly in 2024, mainly due to cost increases at state-owned hospitals (increased by approximately 30% starting in August 2023 as per Ministry of Health's mandate). Post-pandemic, the need for medical treatments in general is increasing, and the number of elective treatments at private hospital continues to climb, contributing significantly to the high loss ratio. Additionally, the return to work following the pandemic lockdown and global inflation have contributed to higher levels of workforce stress, potentially giving rise to chronic conditions and advancing poor health outcomes.

Singapore

The medical inflation rate in Singapore will remain relatively stable in 2024 after having climbed steeply from 2022 to 2023. The key contributing factors include medical tourism, high real estate costs, rising cost of talent and an increasing number of elective surgeries. Additionally, the post-COVID return to work and uncertainty in the global economy have contributed to higher levels of workforce stress and consequently, exacerbated chronic conditions.

In June 2023, the government released new private hospital benchmark fees for roughly 29 surgical procedures and medical conditions, due to rising operating expenses. As a result, benchmark fees have increased in key areas (for example, surgeon fees increasing by 12.1%, anesthesiologist fees by 9.9% and doctors' in-patient attendance fees by 5.7%). Even though these benchmark fees are not mandatory, they serve as an informative pricing tool for insurers. At this point in time, medical inflation is not expected to decrease.

Latin America

Chile

Following two years of cost increases in Chile, indicators show a slight downward trend. Healthcare utilization has been high in Chile as surgeries and hospitalizations resume following the pandemic. Spending on prescription drugs has also increased, especially those used to treat mental health disorders, which are expensive and require prolonged use. Additionally, insurers have experienced significant delays in receiving medical claims from private providers, often resulting in a jump in total claims at the end of a claims period.

A current crisis is affecting private social insurance, stemming from a court ruling forcing certain insurers to pay the equivalent of US$1.4 billion in overcharges to beneficiaries, an amount that greatly exceeds the equity of each affected company. Consequently, there will be liquidity pressures on private social insurers which will result in private hospitals having to increase their prices.

Mexico

Costs are expected to continue to rise in 2024. Over the past few years, Mexico has experienced a double-digit increase in average hospital costs, significantly adding to total healthcare spend. Furthermore, an increasing number of suppliers are joining together to create large hospital groups, which risks creating a highly concentrated market. The top fastest-growing conditions in terms of cost and incidence include diabetes, endocrine, nutritional and metabolic diseases. This trend has spurred a demand for wellbeing offerings within healthcare plans, and insurers have made tremendous efforts to put these offerings in place.

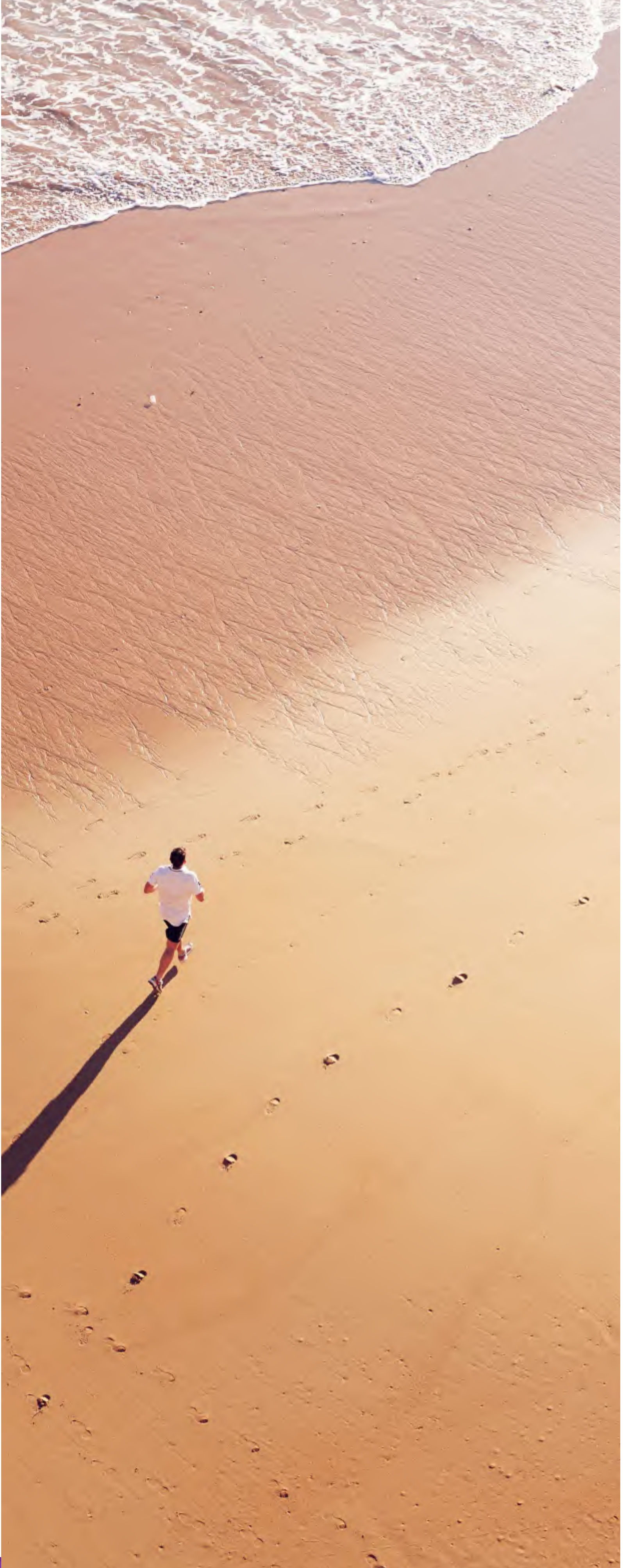
Argentina

Argentina's highly inflationary environment affects all sectors of the economy, especially healthcare. The government uses a "health cost index" to regulate price increases for medical plans. The index is constructed from a combination of general inflation, the impact of the devaluation of the Argentine currency on imported medicines and supplies, and salary increases in the healthcare sector. The deterioration of the healthcare sector continues to worsen after many years of soaring inflation and currency devaluation. Additionally, the instability of the current political climate (attributed to the upcoming changeover in president in December) has created uncertainty in the healthcare sector.

The deterioration of the healthcare sector in Argentina continues to worsen after many years of soaring inflation and currency devaluation

Brazil

In Brazil, the impact of postponed medical treatments on healthcare costs will continue into 2024. Further impacting medical trend, the national healthcare agency has increased the amount of mandatory treatments to be covered by private insurers, including a lot of high-cost treatments. The frequency of mental health claims, such as clinical therapy and psychiatry, has also increased. Moreover, a growing concern is emerging over the existing reimbursement model (whereby members use out-of-network providers and receive reimbursement from insurers), as it is subject to fraud due to limited oversight.



Middle East — Kuwait, Saudi Arabia, U.A.E.

There is little relief in rising medical costs among countries in the Middle East. The Gulf economies have remained relatively strong despite global inflation, given high oil and gas prices; however, many insurers are experiencing an increase in operating costs and have had to respond by raising their prices. The heightened demand for private healthcare has been driven by an increase in the population (as a result of geopolitical conflicts). In this region, the most prevalent health conditions include respiratory, diabetes, endocrine, nutritional and metabolic diseases.

Medical trend in UAE is projected to be

12.5% in 2024,

up from 11.5% in 2023

Africa

Cameroon

Healthcare premiums increased in 2023, with the COVID-19 pandemic as the key driving factor. The other contributing factors to cost increases include restrictions on imports, a significant increase in transportation costs and an energy crisis; however, premiums are projected to ease in the future, as healthcare consumption is expected to slow over time.

Cote d'Ivoire

Medical trend in Cote d'Ivoire is expected to continue to climb. A number of factors are driving this increase, including the fact that all clinics now apply rates aligned with those of the Association des Cliniques Privées de Côte d'Ivoire (ACPCI). Furthermore, many clinics are now charging 25% to 43% more than the standard fee. Insurance companies are negotiating with the ACPCI in anticipation of future increases. Insurers will strictly apply the new market adjustment clause, which has been in force since 2022.

In Cote d'Ivoire, many clinics are now charging

25% to 43%

more than the standard fee

Nigeria

Medical trend is projected to continue to increase, driven by hyperinflation and the devaluation of the Nigerian naira against the U.S. dollar. This has substantially affected the cost of imported medical resources, such as equipment and pharmaceuticals. In response to these challenges, healthcare providers and insurers in Nigeria are focusing on financial sustainability.

Additionally, while plans for mandatory health insurance for all Nigerians have been announced, the impact on inflation remains to be seen.

Critical illness insurance is becoming increasingly popular, which helps to offload the financial burden of specific medical conditions from conventional medical insurance, thus lessening the strain on healthcare budgets. In 2024, telemedicine and virtual care solutions, which have not yet been widely popular, are expected to gain more traction in Nigeria.

South Africa

Increases in medical trend are largely due to a greater supply of healthcare services, driven by new hospitals in already oversupplied regions and advances in drugs, medical procedures and medical technology. The Council for Medical Schemes (CMS) recommended that medical aid schemes in the country limit their price hikes in 2024 to 5%, plus a reasonable utilization estimate of 3.2% to 3.8%. The demand for private care has been driven by chronic illness and adverse selection owing to the financial strain during the challenging economic year. A pattern has emerged of members using private healthcare only for immediate or serious health issues during a year of financial strain, which skews the utilization and negatively affects rates.

Europe

Portugal

Medical inflation is projected to remain elevated in double digits in 2024. The main drivers include an increase in utilization of private medical care as the service levels of the National Health Service continue to deteriorate, new high-cost treatments and technologies, an increase in the cost of individual medical services, and an increase in hospitalization frequency due in part to delayed diagnoses during the pandemic lockdowns (and worsening to more advanced stages). Employers are taking steps to improve the financial viability of their healthcare programs by reconfiguring plan designs and introducing cost-sharing best practices. Others are implementing separate hospitalization policies with high coverage limits, to lessen the impact of serious illnesses and expensive claims on the main policy's loss ratio.

Frequency of hospitalizations has increased, which can be attributed to delayed diagnoses caused by the COVID-19 pandemic lockdown.

Switzerland

A number of factors are fueling medical trend in Switzerland, including more utilization of expensive treatments, more use of emergency hospital care for minor issues instead of seeing a general practitioner and increasing requests for mental health treatment — ostensibly an after-effect of the pandemic. Employers in Switzerland are not able to influence their own premiums, as plans are rated on behalf of the general population rather than by an employer's own member pool. Some of the cost-control levers available to employers include employee education — to counsel employees on how to best utilize insurance plans and work with insurers — as well as wellbeing and preventive care initiatives.

Poland

Contrary to the global trend, medical trend in Poland is expected to increase from 2023 to 2024. While Eastern Europe is generally seeing higher rate trends than Western Europe, the market in Poland has faced unprecedented demands for private healthcare. The Russia-Ukraine conflict has resulted in a large migration of many displaced people to Poland, consequently straining existing social systems, including public healthcare. This has caused more citizens to turn to private healthcare, which has overwhelmed medical facilities and insurers alike. Reportedly, not enough clinical staff are available to meet the demands of the insured members. Employers are displeased with rising costs because, despite high plan utilization, employees are experiencing delays in accessing care and receiving poor service. To otherwise manage costs, employers are relying on wellbeing offerings to promote healthy behaviors and provide access to other tools.

United Kingdom

Public confidence in accessing National Healthcare System (NHS) services has notably declined. As a result, people are bypassing the NHS, utilizing private care and leaning heavily on virtual services. This has resulted in an exponential increase in utilization (especially in telehealth) and contributed to higher claims overall in outpatient treatment and diagnostics. In an effort to control costs, insurers are developing directional models, whereby the insurer chooses the clinician or hospital group rather than the individual or his or her general practitioner. This approach directs members through smaller numbers of hospitals and treating clinicians, allowing insurers to secure favorable rates and manage the condition to avoid overprescription of services.

France

Trend continues to climb in France, despite overall relief projected throughout Western Europe . Several factors are driving this trend, unique to the French market. Primarily, some government-sponsored benefits have been transferred to supplementary private coverage, putting more demand on the private sector to fulfill healthcare services that were previously under the government's purview. Examples of state-sponsored coverages impacted include 100% covered telehealth and reduced dental care. Additionally, a new medical quotation contract between government and medical providers has resulted in price increases for such services as medical consultations, dental and physiotherapy.

In France, the recent pension reform has raised the retirement age, causing people to work longer and increasing healthcare costs

North America

United States

The inflationary environment in the U.S. affects the underlying cost of delivering care from the provider standpoint. Additionally, new, high-cost obesity management drugs have hit the market with incredible demand, and employers are still determining how to best manage utilization. Even more expensive specialty drugs for complex conditions are also driving up costs. Lastly, the market is still seeing the effects of the deferral of care for complex conditions such as cancer. During the pandemic, many people stopped routine preventive care or deferred non-urgent care, which has led to worse health outcomes.

Canada

In Canada, the medical trend is largely driven by prescription drug utilization; physician and hospital costs are covered by the public healthcare system, so prescription drugs make up roughly 60% of healthcare costs. The primary driving factors for trend in drugs is new high-cost specialty drugs that are introduced to the market and the increased use of anti-obesity drugs and off-label use of diabetes drugs for weight loss; however, this uptake has been counterbalanced by the increased use of biosimilars, which are less expensive than their reference products because they require a shorter U.S. Food and Drug Administration approval process. Biosimilars are used for illnesses such as cancer, arthritis, kidney conditions, and chronic skin and bowel disorders.

In Canada, prescription drugs make up roughly

60%

of healthcare costs

What's driving medical trend

Basic medical/outpatient costs and hospital/inpatient costs are expected to rise across all regions. The key behavioral factors that insurers report drive medical costs per person include the overuse of care due to medical practitioners recommending too many services (59%) and the lack of integration between primary, specialty and facility care (48%). Additionally, insured members' poor health habits continue to be a key factor negatively impacting medical costs (49%).

Insurers also point to the higher costs of new medical technologies (57%) along with the decline in the quality or funding of public health systems (34%) and the profit motive of providers (34%) as the key external factors driving medical costs.

57%

of insurers cite new medical technologies as top driving factor of costs

Top conditions by cost

Cancer, cardiovascular and musculoskeletal remain the top three condition by cost (Figure 3). The percentage of insurers citing cancer as a top condition by cost of claims remains basically the same as in last year's study: 78% in 2023 and 77% in 2022. Over two-thirds of insurers (67%) cite cardiovascular as a top condition in this category, up from 51% last year. As a result, cardiovascular moves up to second place this year from third place in 2022. Many behavioral risk factors contribute to the growing incidence of cardiovascular disease, including an unhealthy diet, sedentary behavior, tobacco use and excessive use of alcohol.

Cancer, cardiovascular and musculoskeletal are expected to remain the top three fastest-growing conditions by cost globally through the end of 2024.

Top conditions by incidence

Musculoskeletal, cardiovascular and cancer are the top three conditions by incidence (Figure 4). A growing number of insurers (57% in 2023 versus 46% in 2022) cite musculoskeletal as a top condition in this category. There is less variation in the percentage of insurers ranking cardiovascular and cancer as top conditions by incidence. Cardiovascular moves up to the second spot, highlighting the growing burden of cardiovascular diseases.

Over the next 18 months, insurers expect mental and behavioral health to be tied with cancer for the top spot as the fastest-growing condition by incidence globally. Cardiovascular moves up to third place, with 46% of insurers expecting this condition to be among the fastest growing in the next 18 months, up from 34% in 2022.

Mental health and cancer are anticipated to be the fastest growing conditions by incidence over next 18 months.

Regional perspectives

Cancer and cardiovascular rank as top two in highest cost conditions across all regions, including the Americas, Europe, Asia Pacific, and the Middle East and Africa. In the Americas, mental and behavioral health is the third leading condition by cost, whereas in Europe and Asia Pacific, musculoskeletal takes the third spot. Insurers in the Middle East and Africa cite diabetes, endocrine, nutritional and metabolic diseases as the third most expensive condition category.

Greater variation by region is seen in the top conditions by incidence of claims. Mental and behavioral health is the leading condition in this category in the Americas, while cancer is the top condition in Asia Pacific. Insurers in Europe rate musculoskeletal as the leading condition by incidence, whereas in the Middle East and Africa diabetes, endocrine, nutritional and metabolic diseases are in the top spot.

Top conditions globally

Figure 3: Top five conditions currently by cost

Rank	Global	Americas	Asia Pacific	Europe	Middle East and Africa
1	Cancer (neoplasms)	Cancer (neoplasms)	Cancer (neoplasms)	Cancer (neoplasms)	Cancer (neoplasms)
2	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)
3	Musculoskeletal and connective tissue	Mental and behavioral health (e.g., anxiety, depression)	Musculoskeletal and connective tissue	Musculoskeletal and connective tissue	Diabetes, endocrine, nutritional and metabolic diseases
4	Diabetes, endocrine, nutritional and metabolic diseases	Musculoskeletal and connective tissue	Injury	Mental and behavioral health (e.g., anxiety, depression)	Musculoskeletal and connective tissue
5	Mental and behavioral health (e.g., anxiety, depression)	Diabetes, endocrine, nutritional and metabolic diseases	Digestive system (gastrointestinal)	Diabetes, endocrine, nutritional and metabolic diseases	Respiratory

Figure 4: Top five conditions currently by incidence

Rank	Global	Americas	Asia Pacific	Europe	Middle East and Africa
1	Musculoskeletal and connective tissue	Mental and behavioral health (e.g., anxiety, depression)	Cancer (neoplasms)	Musculoskeletal and connective tissue	Diabetes, endocrine, nutritional and metabolic diseases
2	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)	Mental and behavioral health (e.g., anxiety, depression)	Respiratory
3	Cancer (neoplasms)	Diabetes, endocrine, nutritional and metabolic diseases	Digestive system (gastrointestinal)	Cancer (neoplasms)	Musculoskeletal and connective tissue
4	Mental and behavioral health (e.g., anxiety, depression)	Musculoskeletal and connective tissue	Musculoskeletal and connective tissue	Circulatory system (cardiovascular)	Circulatory system (cardiovascular)
5	Diabetes, endocrine, nutritional and metabolic diseases	Cancer (neoplasms)	Respiratory	Diabetes, endocrine, nutritional and metabolic diseases	Eye and adnexa, ear and mastoid process

Managing medical trend

Cost-sharing

Globally, respondents identify deductibles as the most common cost-sharing approach. In the Americas, 76% of insurers indicate that deductibles are common or very common, while a similar percentage of insurers in Europe (78%) hold this view. Member coinsurance is the second most common approach to cost sharing globally. Regionally, this approach is most prevalent in Asia Pacific and the Middle East and Africa where 57% and 43% of insurers, respectively, indicate that this approach is common or very common. Other less prevalent approaches to cost sharing include member copays and an annual limit on out-of-pocket expenses.

Cost management

Seventy-five percent of insurers globally indicate that contracted networks of providers help them effectively manage medical costs, making this the top cost management method. This method is especially popular in the Middle East and Africa (90%), Europe (77%) and the Americas (73%).

Telehealth remains the second most popular cost management method. Slightly over six in 10 insurers (61%) globally cite telehealth as an effective approach to managing costs. This is a popular approach in the Americas where 82% of insurers say they use telehealth to help clients effectively manage medical costs. Over half of insurers in Europe (58%) and the Middle East and Africa (67%) also share this view.

Moreover, 60% of insurers globally report that placing limits on certain services is an effective way to manage costs. This cost management method is most popular with insurers in the Americas (74%) and those in the Middle East and Africa (65%).

Availability of claim data

For policies covering more than 500 lives, insurers are most likely to provide claim data by top 10 medical causes (73%), followed by high-level claim data (63%) and data on medical facilities used by the insured population (52%).

The use of International Classification of Diseases (ICD) coding continues to grow, with 58% of insurers globally reporting they use ICD-10, up from 37% in 2022. Over half of insurers in the Middle East and Africa (77%), Europe (62%) and Asia Pacific (51%) use this coding system.

Medical insurance exclusions

Many medical insurance policies continue to include coverage exclusions to limit their exposure. However, many of the conditions excluded are being increasingly recognized as needed and important to members. Globally, over half of group policies covering more than 500 lives exclude fertility treatments (67%), alcoholism and drug use (62%), doulas and midwives (59%), and gender re-affirming care (57%). The most common exclusions in each region are those that support DEI strategies: doulas and midwives in the Americas (84%), fertility treatments in Asia Pacific (75%), and Europe (75%) and gender re-affirming care in the Middle East and Africa (60%).

Working with their consultants and brokers, organizations can take action to bridge these coverage gaps and help deliver more equitable healthcare while also managing costs.

75%

of insurers globally indicate that contracted networks of providers help them effectively manage medical costs, making this the top cost management method

Call to action:

How WTW is helping clients mitigate cost increases

EMEA

Optimizing plan design
Redesigned an existing regional plan by dismantling the current regional structure and setting up local plans for greater control of network rates and lower operating costs. With the cost savings achieved, the client was able to implement a flexible spending account (FSA) program and provide a fixed amount for employees to use for reimbursement of healthcare costs. Employees were able to access a wider range of coverage via locally admitted plans (wider networks and providers) and reimbursement through the FSA versus remaining in the existing regional structure.

Using captives to manage costs
Established a benefits captive to retain the insured risk that would otherwise be externalized to an insurer. Since medical plans are among the top risks included, a strategic captive advisor identified top medical claim drivers and tailored a wellbeing program to tackle these issues specifically and control associated costs. This positively impacted claims experience in the mid to long term, as it enhanced the risk profile of the insured group. As the employee population reported better health outcomes over time, the resulting effect was increased engagement and productivity.

LATAM

Performing claim audits
Conducted systematic claim audits to check for inconsistencies in the vendor's claim and data processing on behalf of the client. This also included auditing of medical billing to ensure accuracy in amount billed for procedures, medicines, fees, equipment and the like.

Conducting vendor assessments
Reviewed alternative vendor options in the market based on the client's needs. This resulted in moving the client away from vendors with a reimbursement model and switching to vendors with contracted hospitals/facilities to be able to better control costs and avoid networks with high-cost facilities.

Enabling data-driven decision making
Provided digital tools to manage plans, including a utilization dashboard that allowed clients to understand key cost drivers on a monthly basis. This tool also included the capability to review top providers in the local market and see the average cost of procedures per provider. By utilizing this feature, employers gain insight into what to consider when reconfiguring plan design or cost-sharing arrangements.

APAC

Providing support in crisis and unprecedented situations
Supported clients in unprecedented situations (e.g., global pandemic, natural disasters, geopolitical conflicts) by providing immediate resources and solving for clients' needs. This included developing hotlines, establishing onsite urgent clinic services and setting up home healthcare solutions. With existing vendors, advocated for competitive rates for additional benefits (or complementary benefits where possible) and acted as additional support resource for employees.

Differentiating large claimants
Identified large claimants and differentiated them for separate rating from the rest of the member population and utilization. This was done on an ongoing basis to ensure that the pricing appropriately reflected the overall group risk and was not negatively impacted by outlier experiences. Where applicable, provided disease management programs to help support employees and improve outcomes.

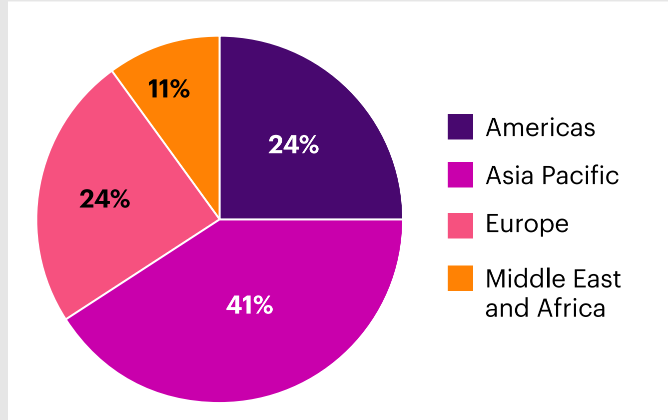
Americas

Employee experience
Prioritized employee experience to drive engagement, retention and overall business performance. Introduced employee listening strategies in order to understand needs and turn insights into meaningful decisions. The approach included virtual focus groups, employee engagement/pulse surveys and employee life cycle surveys. Drawing upon the resulting insights, the client implemented a digital engagement platform to optimize employee access and provided flexible benefits to allow employee choice.

About the survey

A total of 266 leading health insurers representing 66 countries participated in our 2024 Global Medical Trends Survey, which was conducted in July 2023. To lessen the effect of market size and currency issues, we have weighted regional and global trend rates using GDP per capita.

Regional profile of respondents



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About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organizational resilience, motivate your workforce and maximize performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at wtwco.com.

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WTW-124211/10/2023

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