2024 Global Health Review

Medical Trend Rate Edition

Compiled by:
Alliant Global Benefits Practice
Asinta Network of Brokers

Foreword

Dear Valued Global Benefits Community,

Alliant and Asinta have once again joined forces to bring you the highly anticipated Third Annual Global Health Survey. This year, we are thrilled to present the theme of "Balancing Act," a topic that was extensively discussed at our Asinta Annual Conference in 2023.

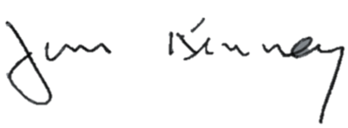
Our goal for 2024 is to help our clients achieve a balance between managing benefits that are cost-effective and enhancing employee engagement.

To attain this objective, and to be more comprehensive in our support of our clients, we have expanded our health survey to include multiple publications. The first of these publications will be regarding the medical trend data that we have collected.

Utilizing medical trend data and other financial devices, Asinta partner Alliant has developed comprehensive cost analytical products that analyze the financial impact of benefits provided on a continuum (past, present, and future).

At Asinta, we are dedicated to supporting employers in their quest for this delicate balancing act.

Sincerely,



James Kinney
Executive Director, Asinta

About Jim

Jim has over 35 years of leadership experience in law, global employee benefits and human resources consulting, and insurance. Jim's education includes a master's degree in Tax Law from Boston University and a J.D. from Quinnipiac University School of Law in Connecticut. He resides in the Boston metropolitan area and is a private pilot, avid skier, and runner who shares these passions with his family.

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Striking a Balance: Cost vs. Productivity

Balancing Competing Factors

In the current economic environment characterized by inflation, adverse claims activity, economic uncertainty, and a tight labor market, companies find themselves in a challenging position. They must carefully strike a fine balance managing potentially significant increases in benefits cost while still ensuring the continued **satisfaction, retention**, and **engagement** of their employees.

Factor 1: General Inflation

While general inflation may cool slightly come the new year, medical trend rate typically lags six to 12 months behind due to the contract-locked nature of premium changes. We expect the impact to benefit spend to continue into 2024 and possibly beyond.

Factor 2: Data Privacy and Security Impact

Data privacy and security has become increasingly important to multinational companies, particularly within the high tech industry. Ensuring compliance with data privacy legislation (such as GDPR) and the safe transfer of employees' data to and from countries around the world is a top priority, second only to spend. However, this focus on data privacy often restricts the opportunity for companies to explore alternative vendors and achieve cost savings through marketing exercises. Prospective vendors may be reluctant to undergo a rigorous onboarding process, leaving employers vulnerable to potential price increases from their existing vendors.

Factor 3: Long Term Consequences of COVID-19

We see certain markets still feeling the effects of COVID claims. Not only are companies seeing catch-up claims continue for services not completed during lockdown, but they are also seeing increases in severe claims due delayed detection. Insurers in those markets are attempting to claw back losses experienced since 2020. This is having an impact on renewal offers across the globe.

Due to these above 3 factors, many companies are considering reductions in benefits for the first time in several years (or perhaps ever when considering start-ups within the high tech industry).

Factor 4: Tight Labor Market and Employee Distress

However, there is still a fight for talent following the great resignation. This situation leads to even shorter job tenures. Maintaining **employee satisfaction** by offering a competitive benefits package is integral to retaining key talents. Due to rising inflation, employees are feeling the effects on their budget, just like their company. Any changes to their benefits package may have a significant negative impact on their financial outlook.

We would like to present our approach to finding that **balance** between responsible spending and competitive benefits.

Many companies are considering reductions in benefits for the first time in several years.

Finding Your Balance

In this volatile economic environment, how can you mitigate rising benefits spend while still supporting employees?

Among many multinational companies, the current consensus is to avoid quick changes. Alliant Global's advice is to carefully analyze all aspects and perspectives before deciding on an approach. It is crucial to maintain responsible spending on benefits programs to ensure sustainable business growth.

We propose a mixed approach with two key steps, both of which should be backed by the company's overarching benefits philosophy.

- **Stage 1:** Understand Where You Are, and Where You Are Going
- **Stage 2:** Determine your Employee & Business Needs

Stage 1: Understand Where You Are, and Where You Are Going

To ensure effective decision-making during these uncertain times, it is crucial to first gain a comprehensive understanding of your global benefits program. This involves evaluating and assessing the following key aspects:

- **Qualitative:** Evaluate the competitiveness of your benefits program by objectively comparing it to industry benchmarks and best practices. By conducting a comprehensive benchmarking exercise at least every three years, you can identify specific areas where improvements/reductions can be made. This will help you effectively allocate your financial resources and ensure your benefits program is competitive within the industry and aligned to your global benefits philosophy.

- **Quantitative:** Evaluate the costs of your benefits program:
    - **Past and Current Expenditure:** Assess the current spending on both supplemental and statutory benefits to gain a clear understanding of your financial commitment. This analysis will enable you to identify potential cost-saving opportunities, and support workforce planning on a global level.
    - **Future Costs:** Implement a cost projection protocol where you action your broker to generate expected cost changes, providing some form of anchor point for expected costs. This protocol should include not only medical trend rates, as outlined later in this report, but also your claims experience (if available).

Stage 2: Determine your Employee & Business Needs

Once you have completed a thorough review of your benefits programs, the next step is to concurrently understand how they impact the needs of your employees and business.

This step necessitates bringing in all stakeholders, such as procurement and finance teams, who must be involved in the benefits decision-making process.

Collaboration with procurement is essential for confirming the budget for renewals, assessing the feasibility of onboarding new vendors to achieve savings, and informing them about any market-specific restrictions that could hinder meeting these requirements.

Similarly, working with finance ensures budgetary alignment for renewals.

However, maintaining employee satisfaction with their benefits package is integral to attracting and retaining key talent. When considering changes to the benefits package, it is important to consider which benefits are most valued in each country. This could be driven by a variety of factors such as local culture, local government-provided benefits, and your employees' demographics (such as generation). Identifying these specifics—as well as countries where retention is a concern or where headcount growth is anticipated—may provide guidance on which aspects of the company's benefits program can be changes more easily.

By fostering this collaboration, you can establish a robust governance structure that supports sound decision-making—successfully finding the balance between your employees' needs and business and spend requirements.

About Medical Trend Rate

Medical Trend Rate: First of Three Main Drivers of Spend

The following information provided in this survey is meant to support organizations in understanding the expected **"baseline"** increase to medical premiums. Our analysis is focused on the first of the three main drivers of premium spend —**Medical Trend Rate** —identifying the expected gross* trend rates in 55 countries.

What is Medical Trend Rate?

Medical trend rate is the predicted change in health plans' per capita claims costs.

Factors that influence medical trend rate include:

- Price inflation
- Leveraging effect of fixed deductibles and copays
- Cost shifting from the uninsured to private payers
- Increased utilization
- Use of more expensive drugs and treatments
- Government-mandated benefits
- Technological advancements.

Medical Trend Rate Methodology

To forecast the change in per capita costs for medical services in each surveyed country, Alliant asked our Asinta broker partners to connect with key insurers in the market to determine what trend rate will be applied by their underwriting teams. This is referred to as the “insurer-rated” medical trend rate.

Our broker partners also reviewed their book of business and shared their anticipated increase in medical premiums in 2024, following negotiations. This is referred to as the “broker-rated” trend rate.

The intent of this methodology is to provide full transparency to employers with two data points that would impact their renewal rate.

- **Insurer-rated Trend Rate** provides employers with actual insight into the factor that is applied by carriers to price the medical benefit.
- **Broker-rated Trend Rate** provides employers with a line of sight in terms of what the baseline is for rate negotiations with the carrier. This baseline will be applied along with a client’s claims utilization/experience to generate the medical premium. There are instances where the broker trend rate is higher and more appropriate for analysis.

**Note: Medical trend rates provided in this report include general inflation.*

Medical Trend Rate by Country

2024 Medical Trend Rate by Country

Region	Country	Insurer-Rated	Broker-Rated
Americas	**Brazil**	17.00%	16.60%
Americas	**Canada**	11.50%	8.00%
Americas	**Colombia**	15.00%	15.00%
Americas	**Costa Rica**	10.00%	7.00%
Americas	**Dominican Republic**	8.00%	8.00%
Americas	**Mexico**	14.00%	11.00%
Americas	**United States**	10.00%	7.25%
APAC	**Australia**[1,2]	3.40%	3.75%
APAC	**China**	9.00%	6.00%
APAC	**Hong Kong**	8.50%	6.00%
APAC	**India**	22.00%	22.00%
APAC	**Japan**	5.00%	5.00%
APAC	**New Zealand**	5.00%	3.00%
APAC	**Singapore**	15.00%	12.50%
APAC	**Taiwan**	12.00%	10.00%
APAC	**Thailand**	12.00%	7.00%
EMEA	**Albania**	25.00%	20.00%
EMEA	**Bahrain**	12.50%	12.50%
EMEA	**Belarus**	15.00%	15.00%
EMEA	**Belgium**[1]	7.00%	7.00%

Region	Country	Insurer-Rated	Broker-Rated
EMEA	**Bosnia & Herzegovina**	7.00%	5.00%
EMEA	**Bulgaria**	13.00%	11.00%
EMEA	**Croatia**[1]	4.00%	4.00%
EMEA	**Czech Republic**	12.00%	10.00%
EMEA	**Denmark**	16.50%	15.00%
EMEA	**Estonia**	20.00%	20.00%
EMEA	**Finland**	9.10%	10.30%
EMEA	**France**	7.20%	5.00%
EMEA	**Georgia**	13.50%	12.50%
EMEA	**Germany**[3]	10.00%	10.00%
EMEA	**Hungary**	20.00%	20.00%
EMEA	**Ireland**	6.50%	6.00%
EMEA	**Italy**	8.00%	7.00%
EMEA	**Jordan**	12.50%	12.50%
EMEA	**Kazakhstan**	27.50%	22.00%
EMEA	**Kuwait**	12.50%	12.50%
EMEA	**Latvia**	21.00%	20.00%
EMEA	**Lithuania**	35.00%	40.00%
EMEA	**Macedonia**	39.00%	30.00%
EMEA	**Moldova**	15.00%	15.00%
EMEA	**Montenegro**	7.00%	7.00%
EMEA	**Netherlands**	7.00%	7.00%
EMEA	**Poland**	20.00%	20.00%
EMEA	**Portugal**	5.80%	5.60%
EMEA	**Qatar**	12.50%	12.50%

Region	Country	Insurer-Rated	Broker-Rated
EMEA	**Romania**	18.00%	20.00%
EMEA	**Serbia**	15.00%	15.00%
EMEA	**Slovenia**[1]	6.20%	10.00%
EMEA	**South Africa**	8.00%	7.75%
EMEA	**Spain**[1]	13.00%	7.00%
EMEA	**Sweden**	8.00%	6.00%
EMEA	**Switzerland**	8.00%	6.00%
EMEA	**Ukraine**	30.00%	20.00%
EMEA	**United Arab Emirates**	12.50%	12.50%
EMEA	**United Kingdom**	18.00%	12.00%

[1] Trend rate is estimated by the carrier and finalized at a later date by the regulators.

[2] Medical trend rate estimated for resident plans only. Non-resident plans have an expected medical trend over 20%.

[3] Predicting medical inflation for the coming year 2023 is risky in the current and highly volatile market environment, also because the German medical fee system (social security) might announce a new reform regarding per-case payments. In addition, health insurance carriers usually do their prognosis in December for the upcoming year.

Meet the Alliant Global Contributors

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About Alliant Global

As a truly independent global brokerage and consultancy, Alliant brings a unique, fresh approach to managing global benefits.

We are broker-neutral, and therefore represent our clients without any favoritism or conflict of interest. Asinta—a strategic partnership of independent global employee benefits advisors—enhances our agility and our current and in-depth knowledge of market intelligence.

Our model enables Alliant to offer advice and ensure compliance when placing local coverage. Our team's talents and skills are the foundation of this approach.

Our global consultants provide a single point of contact for your HR team, providing seamless coordination with local country brokers and consultants while addressing your ongoing HR and employee benefits compliance and country knowledge needs.

Alliant's global benefits management services include:

- New country expansion
- Plan brokering and renewals
- Country benchmarking
- Cost analytics
- Country news and compliance knowledge
- M&A global due diligence.

In addition, we provide our client with a unique, user-friendly benefit inventory system—International IQ®—that gives you a 24/7 view of your international plan benefits, renewal dates, and more.

About the Asinta Network

Alliant is a proud partner of Asinta.

Asinta's network includes partner firms whose like-mindedness creates a natural, supportive, and responsive system that gets the everyday and the spectacular accomplished.

The Asinta network, including affiliates, operate in over 100 countries with a proven track record servicing Alliant's clients. The brokers are rigorously vetted to ensure their local teams have English language proficiency and are a cultural match for US-based multinationals.

Visit asinta.com for more.

Is Creative Agility important to you? It should be.

At Alliant, we celebrate the collective intelligence of our people. We are constantly learning and growing with the industry, enabling us to challenge the status quo on how we deliver our products, services, and experiences to our partners. We call this mindset creative agility. It means that we are not only striving to find solutions today, but we're already looking ahead to solve tomorrow's challenges.

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