

Health Trends 2024

Getting the right balance between
managing costs and meeting
employee needs

benefits that truly benefit



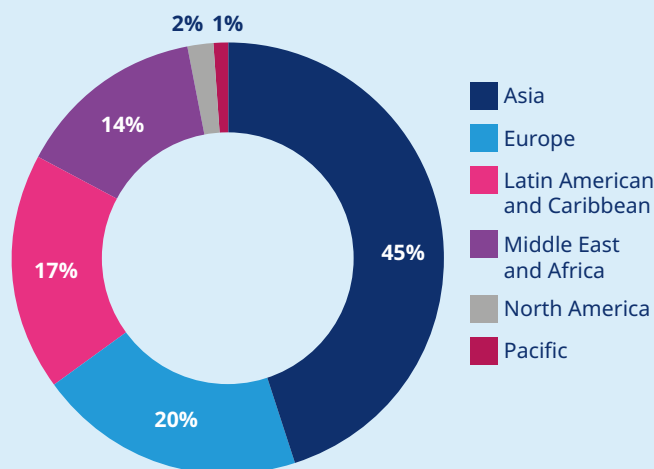
Introduction

The fine balancing act for employers and healthcare insurers in 2024 is cost containment — but not at the expense of quality and inclusivity.

The rising cost of medical care is a significant concern globally, and over half of countries are forecast to see double-digit rate increases on average over 2022, 2023 and 2024 for employer-sponsored health insurance. Non-communicable diseases (for example, cardiovascular and cancer conditions) are major drivers of claim costs and claim frequency. Costs are also rising in part because of less attractive public healthcare delivery, most notably in Europe, so employers are increasingly requiring cost-containment mechanisms within their insurance plans. At the same time, health systems are transforming as health innovations change how care is delivered.

In August 2023, Mercer Marsh Benefits (MMB) surveyed 223 insurers across 58 countries outside the United States to explore the key trends shaping employer-provided health benefits and produce our Health Trends 2024 report.

The trends revealed in this report are invaluable for employers designing fit-for-purpose healthcare and benefits plans. Insurers' practices, policy language, flexibility, willingness to innovate, and access to large pools of claims data give them a key role in shaping the future of employee benefits, but employers must also shape benefits to meet the needs of their own workforces as well as anticipate, contain and mitigate business risk.



Executive summary table

Trend



Over half of markets are facing double digit cost increases; Cancer tops the list of claim costs.



Health systems are undergoing transformation as they face disruption from skills shortages with digital healthcare still at an early stage.



Insurers are responding to the need for cost containment and providing options for employers to make plan design changes.



Mental health, women's health and inclusive benefits gaps continue to persist.

What it means

Preventative measures such as screening programs continue to need prioritization and focus while newer solutions to support people with a serious diagnosis should be considered.

Employer-sponsored healthcare provides opportunities to lead the way, both in offering access to high-quality centers of excellence and in embracing digital health solutions.

Employers and their advisors must negotiate with insurers to make sure that sensible cost containment measures, such fraud, waste and abuse controls as well as claims sharing features are updated and competitive.

Employers have an opportunity to make meaningful change for employees by offering inclusive benefits and targeting coverage gaps.

Key finding

86% of insurers globally believe medical inflation had a significant or very significant impact on 2023 medical trend.

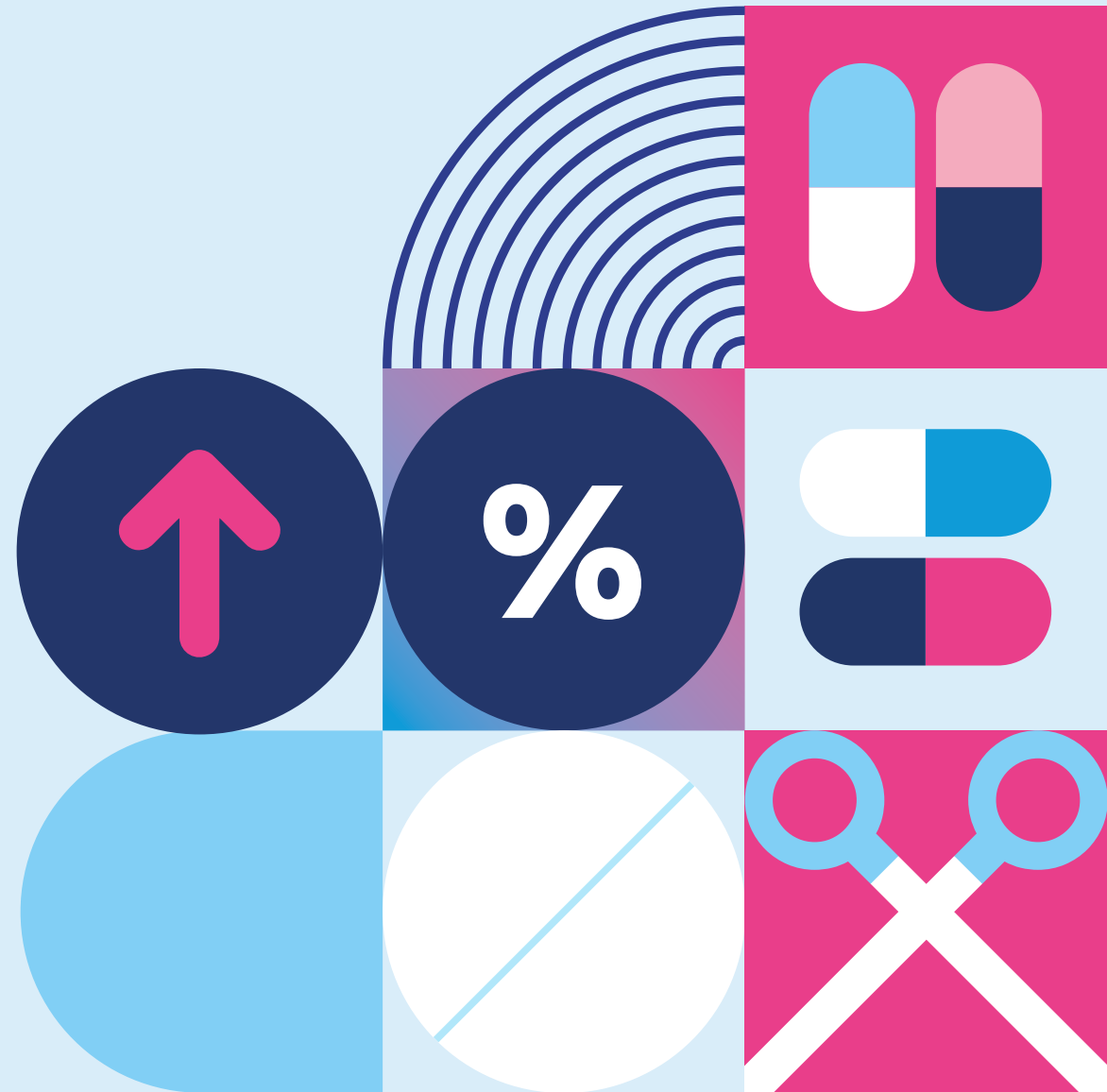
70% expect using AI for first-line diagnosis and/or navigation to have a transformative impact on employer-sponsored health care over the next five years.

42% of insurers have not adjusted deductible/excesses and co-payments in line with inflation and have no plans to do so.

56% of insurers do not currently cover targeted mental health, socialization and learning issues for children, teenagers and families.

Part 1

Over half of markets facing double-digit cost increases



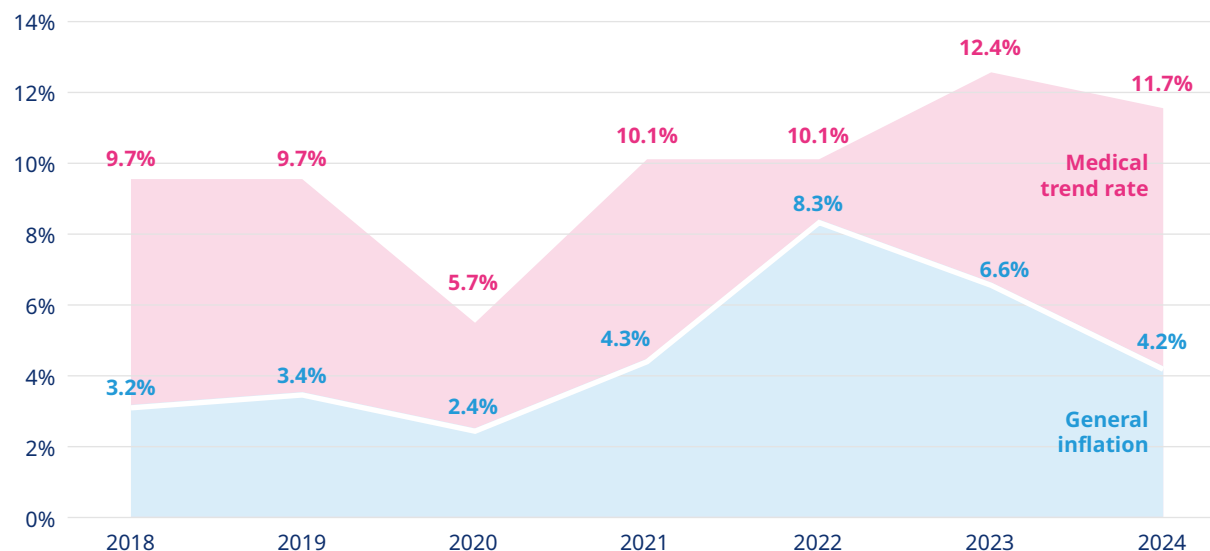
Defining medical trend



Medical trend rates are beginning to exceed pre-pandemic levels. In 2021 and 2022, we saw rate increases of 10.1%, close to the pre-pandemic level of 9.7% we saw in 2018 and 2019. In 2023, we expect rates to increase to 12.4% globally as a result of inflation, utilization, and changes in treatment mixes. Although the rate of increase is forecast to drop to 11.7% in 2024 due to expected slowing of inflation, that rate will still be higher than levels we saw prior to the pandemic.

Our research this year found that over half of countries are forecast to see double-digit rate increases over the average of 2022, 2023 and 2024. Poland has a three-year medical trend average of 23%,² driven by high general inflation; increased minimum wages in the health sector; and a challenged public health system, which is driving higher use of private services. In Argentina, medical expenses are growing at a faster pace than general inflation due to hyperinflation and scarcity of goods. This means the costs of prepaid medicines doubled in 2022 (100%) and is expected to increase by at least 91% in 2023. In the Philippines, medical personnel shortages caused by outward migration; the ongoing impact of COVID-19; higher claims utilization; and a preference for face-to-face care over telemedicine has resulted in a medical trend average of 20%.

Figure 1: Medical trend rates continue to exceed general inflation rates¹



¹ Rates for 2018–2022 are retrospective. Rates for 2023 and 2024 are prospective. Unweighted global averages are used for medical trend. See Appendix A for additional detail, including inflation data sources.

² Average of 2022, 2023 and 2024 medical trend rates.

US health update

To capture developments in the US health landscape, which are outside the scope of this survey, Mercer conducts the annual [National Survey of Employer-Sponsored Health Plans](#). According to the 2023 survey, employers expect total health benefits cost per employee to rise 5.4% on average in 2024, even after taking into account changes made by US-based employers to healthcare plans designed to slow cost growth. The estimate suggests that last year's high inflation and labor shortages in the healthcare industry have pushed healthcare costs higher, contributing to higher health benefits costs. The projected increase comes after more than a decade of annual cost increases typically averaging from 3%–4%. In addition to the effects of recent inflationary pressures, health benefits costs are rising due to the consolidation of health systems and the introduction of ultra-expensive gene and cellular therapies. Many employer plan sponsors have also chosen to absorb cost increases in recent years rather than ask employees to pay more out of pocket for healthcare.

These actions are offset by employers implementing cost-management strategies directed at the biggest cost drivers – complex care and chronic medical conditions. Additionally, 42% have improved access to mental health care within the past three years by adding supplemental behavioral healthcare provider networks for virtual or in-person care. Behavioral healthcare remains a strong focus for employers. These types of interventions — which lead to better outcomes for the patient — also tend to save money for the plan as a result.

Employers expect total health benefits cost per employee to rise 5.4% on average in 2024



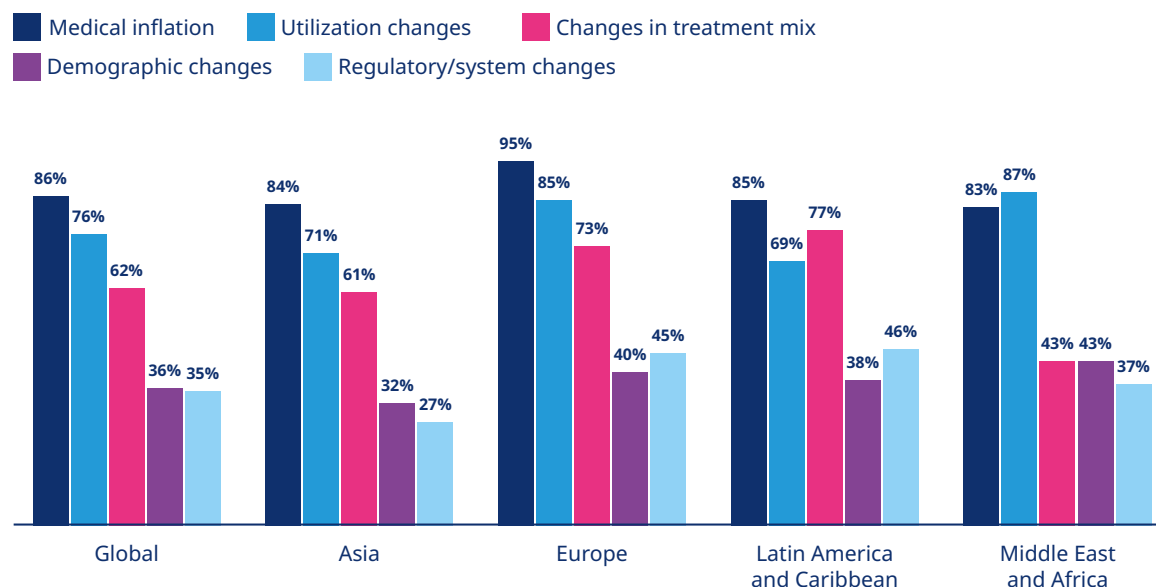
Expatriate Medical

We are pleased to share that for the first time this year our medical trend rates table (see appendix A) includes expatriate medical (international private medical insurance). We would like to thank all the new insurers who participated in this year's survey. Please note that the global expatriate rates are lower than the global average of the domestic rates, because the trend rates provided by each expatriate insurer reflect weighting of typical membership country distribution. This suggests that expatriate membership is more weighted towards slightly lower trend rate countries.



The impact of medical trend

Figure 2: Medical inflation is the top concern across regions. How would you describe the impact of the following on 2023 medical trend rate within your market?



Medical inflation is the top concern in every region except the Middle East and Africa, and is particularly acute in Europe, where 95% of insurers have concerns. Changes in utilization and in treatment mix have both had a significant impact across all regions, perhaps reflecting perceived deteriorating public health services (see Section 2) and the high costs of new drugs and therapeutics. Increased scope of coverage may also be driving up utilization rates.

Cancer is a key risk

Cancer remains a key health risk worldwide. In this year’s research it was the top cause of claims in 2022 by dollar amount globally.

Cancer is also having a significant impact on frequency of claims compared to last year, along with diseases of the circulatory system. Endocrine and metabolic diseases, most notably diabetes - a major cause of kidney failure, heart attacks and stroke - continue to affect claims experience most notably in Latin America and the Caribbean. The World Health Organization reports that prevalence of diabetes has been rising more rapidly in low- and middle-income countries compared to high-income countries.³

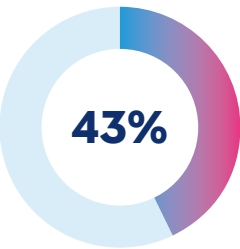


Figure 3: Cancer and diseases of the circulatory system are the top causes of high medical claims costs. Based on dollar amount claimed, what were the top causes of claims cost in 2022 based on your book of group or overall business?

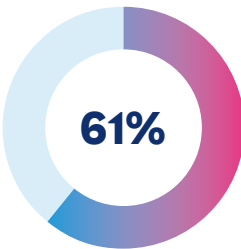
	Global	Asia	Europe	Latin America and Caribbean	Middle East and Africa
1	Cancer	Cancer	Musculoskeletal conditions	Cancer	Diseases of the circulatory system
2	Diseases of the circulatory system	Diseases of the circulatory system	Cancer	Diseases of the circulatory system	Cancer
3	Musculoskeletal conditions	Gastrointestinal diseases	Diseases of the circulatory system	Musculoskeletal conditions	Respiratory conditions
4	Gastrointestinal diseases	Respiratory conditions	Gastrointestinal diseases	Endocrine and metabolic diseases	Obstetrics and pregnancy
5	Respiratory conditions	COVID-19	Mental conditions	Accidents and injuries caused by external factors	Musculoskeletal conditions

More support for cancer claimants

Insurers are recognizing the need for wider cancer support to help claimants and reduce claim costs.



of insurers globally make cancer rehabilitation and return-to-work support available for employer sponsors of private group medical insurance, and a further 30% are considering it. These benefits can be a significant support for employees to pick up their careers again after diagnosis and treatment.



of insurers globally make communications on cancer prevention/preventive care available for employer sponsors of private group medical insurance, and a further 27% are considering it.

Additional services to support cancer in group medical insurance plans often include second-opinion services, which are particularly well embedded in Europe. However, it is less common to offer hands-on support like advocacy and navigation support to help employees optimize use of their insurance and get the highest-quality care to avoid errors in diagnosis and treatment.

Figure 4: Cancer-related services typically included in group medical insurance.
Related to cancer, which of the following does your company typically make available for employer sponsors of private group medical insurance to include in their plan? (Typically included)

	Global	Asia	Europe	Latin America and Caribbean	Middle East and Africa
Second-opinion services (a service that coordinates expert independent diagnosis and treatment plan)	70%	60%	83%	74%	73%
Navigation, advocacy and case management	57%	49%	50%	64%	60%
Steerage toward specialist centers of excellence	58%	47%	40%	90%	70%

³ World Health Organization. "Diabetes," 2023, available at www.who.int/news-room/fact-sheets/detail/diabetes.

Innovations in cancer care

We are seeing exciting innovations in cancer care. Second-opinion services are now regularly incorporated into plans, and we see great future potential for new innovations, including:

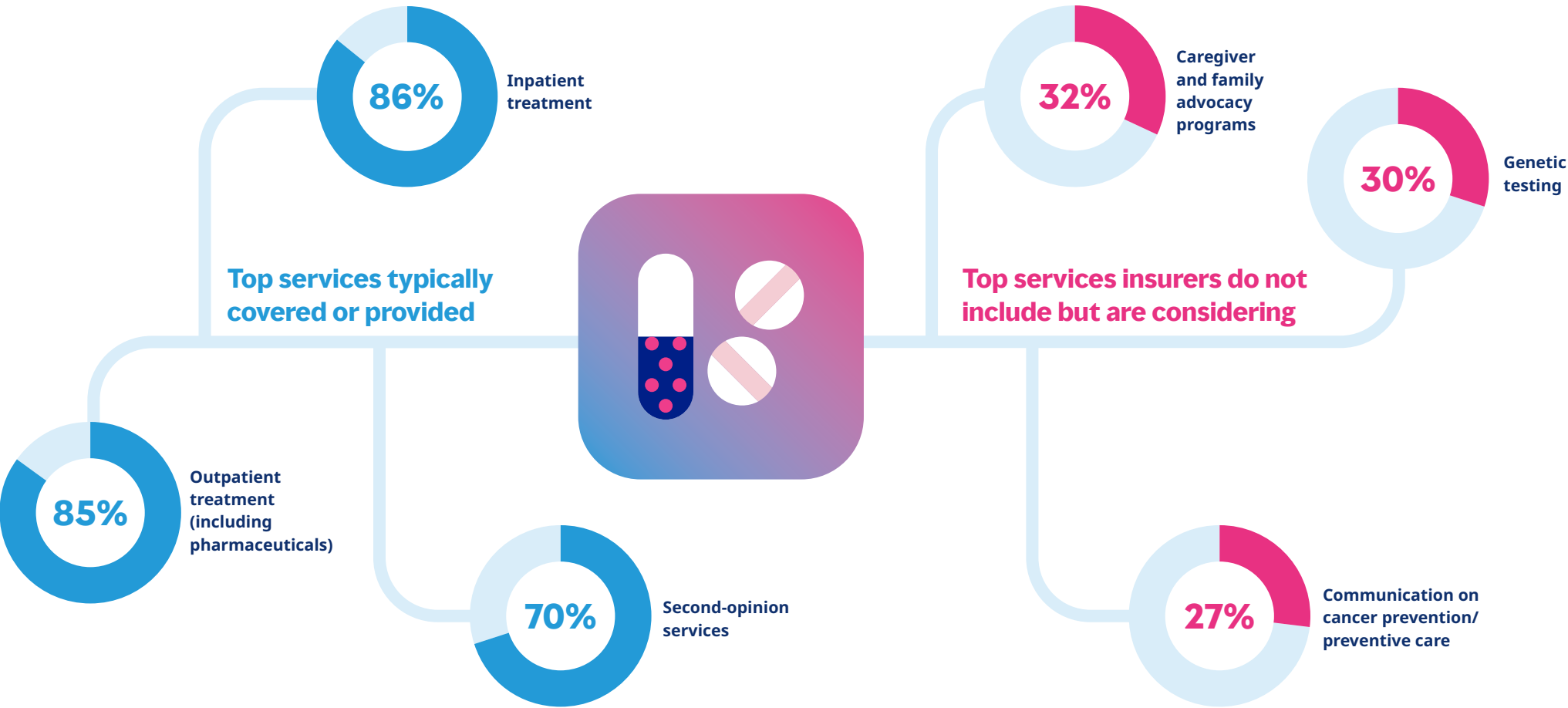
- Personalized risk assessments for cancer using polygenic-risk scoring
- Increasing use of pharmacogenomics testing to personalize the required dose of chemotherapy and reduce the risk of adverse drug reactions
- Increasing the use of oral chemotherapy drugs to provide more treatment at home rather than in a clinical setting
- Leveraging specialized multidisciplinary care to improve outcomes.

These innovations may be applied to care for other medical conditions in addition to cancer. Plan sponsors should carefully monitor the latest developments with an eye toward understanding where plan design decisions and other controls may need to be considered in the future.

Other wrap-around services, such as mental health coverage and caregiver advocacy programs, are now beginning to feature in cancer support. Genetic testing is also gathering pace, with 30% of insurers considering this.



Figure 5: Cancer-related services typically included or not included in group medical insurance



Noncommunicable diseases are top causes of claims frequency

The top three causes of claims by frequency are all related to noncommunicable diseases (NCDs), including cancer. Diseases of the circulatory system, such as hypertension and cardiovascular disease, are now the top cause of claims frequency globally, and respiratory disease is the third highest after cancer.

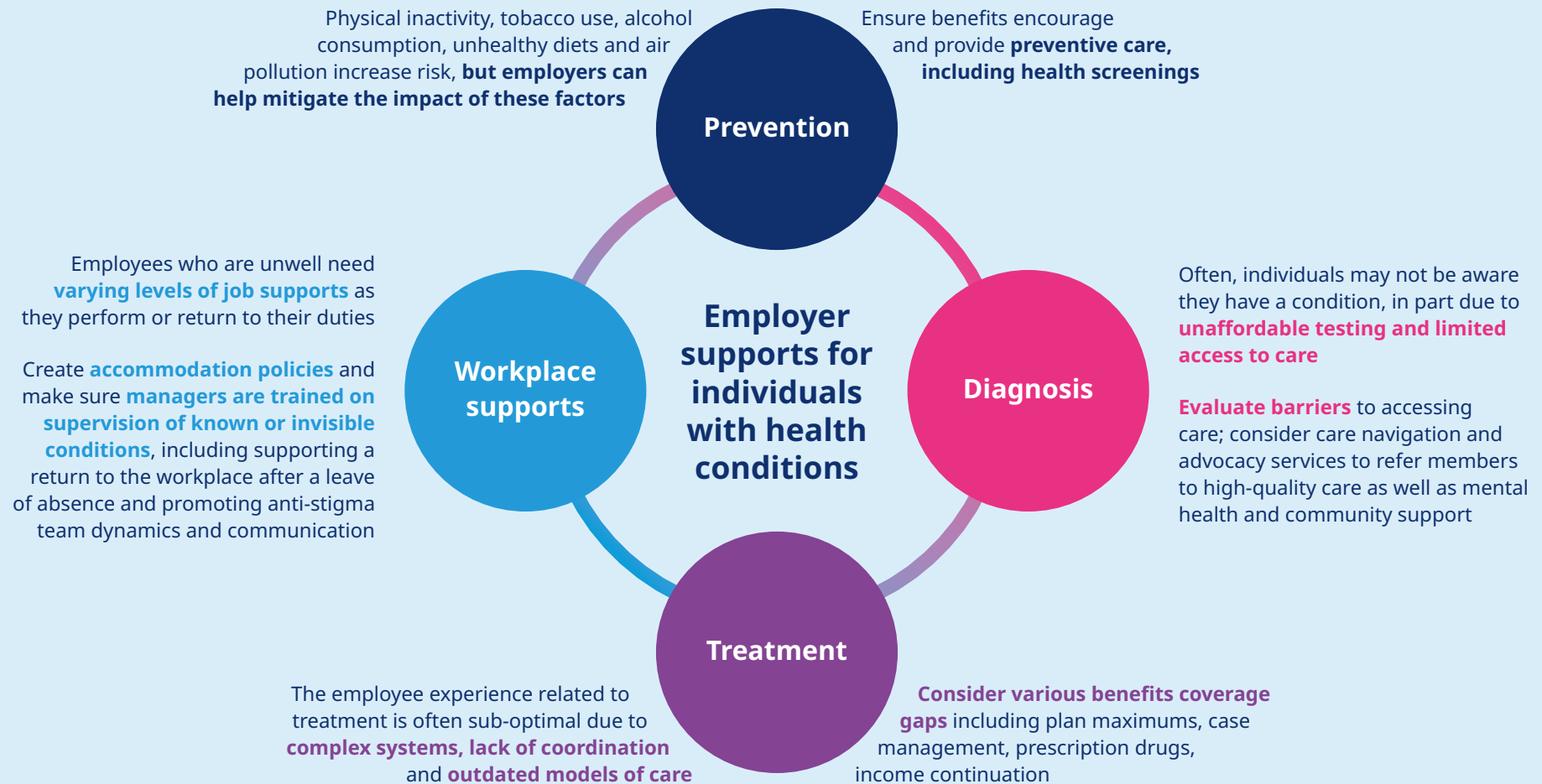
Employers can help mitigate the risk of NCDs through prevention, diagnosis, treatment and workplace support. Many of the services now being developed to support cancer patients, such as virtual advocacy services, could also benefit employees with other NCDs.



Figure 6: Insurers list cancer and diseases of the circulatory system as the top causes of high medical claims frequency. Based on frequency, what were the top causes of claims cost in 2022 based on your book of group or overall business?

	Global	Asia	Europe	Latin America and Caribbean	Middle East and Africa
1	Diseases of the circulatory system	Diseases of the circulatory system	Musculoskeletal conditions	Diseases of the circulatory system	Diseases of the circulatory system
2	Cancer	Respiratory conditions	Diseases of the circulatory system	Cancer	Respiratory conditions
3	Respiratory conditions	Cancer	Mental conditions	Accidents and injuries caused by external factors	Musculoskeletal conditions
4	Musculoskeletal conditions	Gastrointestinal diseases	Cancer	Endocrine and metabolic diseases	Endocrine and metabolic diseases
5	Gastrointestinal diseases	Accidents and injuries caused by external factors	Gastrointestinal diseases	Gastrointestinal diseases	Cancer

Figure 7: Noncommunicable diseases are on the rise, but employers can help



The impact of emotional and mental health risks

Emotional and mental health is a top-five risk globally for employer-sponsored plans, despite gaps in coverage. Occupational risk also features highly across all regions.



Figure 6: Emotional or mental health risks are one of the top 5 risk factors for medical claims costs
How much of an impact do the following risk factors have on employer-sponsored group medical costs?

	Global	Asia	Europe	Latin America and Caribbean	Middle East and Africa
1	Metabolic and cardiovascular risk	Metabolic and cardiovascular risk	Metabolic and cardiovascular risk	Metabolic and cardiovascular risk	Metabolic and cardiovascular risk
2	Endemic infectious diseases	Endemic infectious diseases	Emotional or mental risks	Endemic infectious diseases	Endemic infectious diseases
3	Occupational risk	Occupational risk	Occupational risk	Emotional or mental risks	Environmental risk
4	Emotional or mental risks	Tobacco smoke	Tobacco smoke	Occupational risk	Childhood and maternal under nutrition
5	Tobacco smoke	Environmental risk	Endemic infectious diseases	Tobacco smoke	Occupational risk



Extreme heat is a risk area to watch

With temperature records being shattered worldwide,⁴ populations are feeling the physical and economic impacts of extreme heat. Death is the biggest concern, but heatstroke, increases in mental health conditions, and exacerbation of respiratory and cardiovascular conditions make extreme heat the deadliest climate risk.⁶

Extreme heat also has economic impacts, with hundreds of billions of work hours lost every year, equating to roughly 1.7% of global GDP.⁷

These challenges are not exclusive to employers with outdoor workforces, as many workers currently lack cooling systems⁸ at indoor work locations or at home.



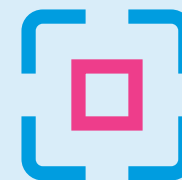
⁴ France24. "Hottest global temps ever shatter records for two consecutive days, preliminary data show," 2023, available at www.france24.com/en/environment/20230705-hottest-global-temps-ever-shatter-records-for-two-consecutive-days-preliminary-data-show

⁵ World Health Organization. "Heat and health," 2018, available at www.who.int/news-room/fact-sheets/detail/climate-change-heat-and-health.

⁶ Adams-Fuller T. "Extreme heat is deadlier than hurricanes, floods and tornadoes combined," Scientific American, July 2023, available at www.scientificamerican.com/article/extreme-heat-is-deadlier-than-hurricanes-floods-and-tornadoes-combined.

⁷ Parsons LA, et al. "Global labor loss due to humid heat exposure underestimated for outdoor workers," Environ. Res. Lett. 17 014050, 2022, available at <https://iopscience.iop.org/article/10.1088/1748-9326/ac3dae>

⁸ Worland J. "Why air conditioning is a life-saver — and a danger," Time, July 2018, available at <https://time.com/5342768/air-conditioning-heat-waves-climate-change>.



COVID-19 is receding, but linked conditions remain

In our [2023 Health Trends](#) survey, COVID-19 was still the third-highest cause of claims by dollar amount globally (based on 2021 claims data), but its impact is lessening. In this year's report, COVID-19 is no longer a major cause of claims globally, although it remains a top-five cause of claims cost by dollar amount claimed in Asia.

However, COVID-19 could still be having a wider impact, in areas such as mental health. Musculoskeletal conditions are now the top cause of claims cost in Europe, perhaps influenced by more emphasis on remote or home working. Respiratory conditions, some of which may be COVID-19-related, continue to be a top-five cause of claims globally.

Employer actions



- 1** Evaluate cancer strategies (both policy and benefits-related) around prevention, diagnosis, treatment and workplace supports, including rehabilitation.
- 2** Monitor the market for innovative services to support care for cancer and other NCDs, and question insurers on integrating new ideas into employer-sponsored plans.
- 3** Understand the workplace and personal risks posed by emotional and mental health issues and identify solutions for mitigating these.

Part 2

Health systems are transforming



Public health services are feeling the strain

Over the past three years, public health systems have been put under unprecedented stress by the COVID-19 pandemic and other factors, including industrial action and skills shortages.

This pressure is now starting to take a toll, with marked differences in insurer perception between the quality of public and private health provision in regions including Europe. Overall, views on public health systems are more favorable in Asia and the Middle East and Africa than in other regions.

Views on the scope and quality of private medical care are universally positive — but affordability and access show a more varied picture.

Figure 9: For better and for worse: perceptions of public and private healthcare.
In your opinion, how do attributes of today's public and private systems compare to before the pandemic?

Public Healthcare	Scope		Quality		Affordability		Access	
	Better	Worse	Better	Worse	Better	Worse	Better	Worse
Global	34%	18%	29%	28%	22%	29%	19%	48% ▼
Asia	49% ▲	6%	48% ▲	12%	31%	22%	31%	33%
Europe	15%	38%	10%	48% ▼	13%	35%	8%	73% ▼
Latin America and Caribbean	21%	31%	13%	38%	8%	42% ▼	3%	59% ▼
Middle East and Africa	43% ▲	13%	27%	23%	33%	27%	23%	30%

Private Healthcare	Scope		Quality		Affordability		Access	
	Better	Worse	Better	Worse	Better	Worse	Better	Worse
Global	52% ▲	3%	50% ▲	3%	26%	42%	37%	14%
Asia	52% ▲	3%	59% ▲	1%	32%	38%	46% ▲	5%
Europe	50% ▲	0%	40% ▲	3%	13%	50% ▼	28%	28%
Latin America and Caribbean	54% ▲	3%	59% ▲	3%	42%	16%	44%	13%
Middle East and Africa	60% ▲	7%	47% ▲	10%	23%	63% ▼	33%	7%

>40% of insurers found this aspect of private or public healthcare had worsened

>40% of insurers found this aspect of private or public healthcare had improved

The impact of digital health

Innovation in digital health has the potential to make far-reaching changes to the way that both private and public healthcare providers and employers alike deliver services. However, as we saw in 2023, change is likely to be incremental rather than revolutionary.

Virtual tools and telemedicine could support wider access and improve the affordability of private healthcare services, but insurers are still undecided about their impact.

Artificial intelligence (AI) is becoming an increasing force in healthcare, from improved first-line diagnoses to personalized medicines. Insurers believe AI can have a transformative impact on employer-sponsored healthcare costs over time.

Figure 10:
The impact of
virtual tools and
telemedicine on
plan costs

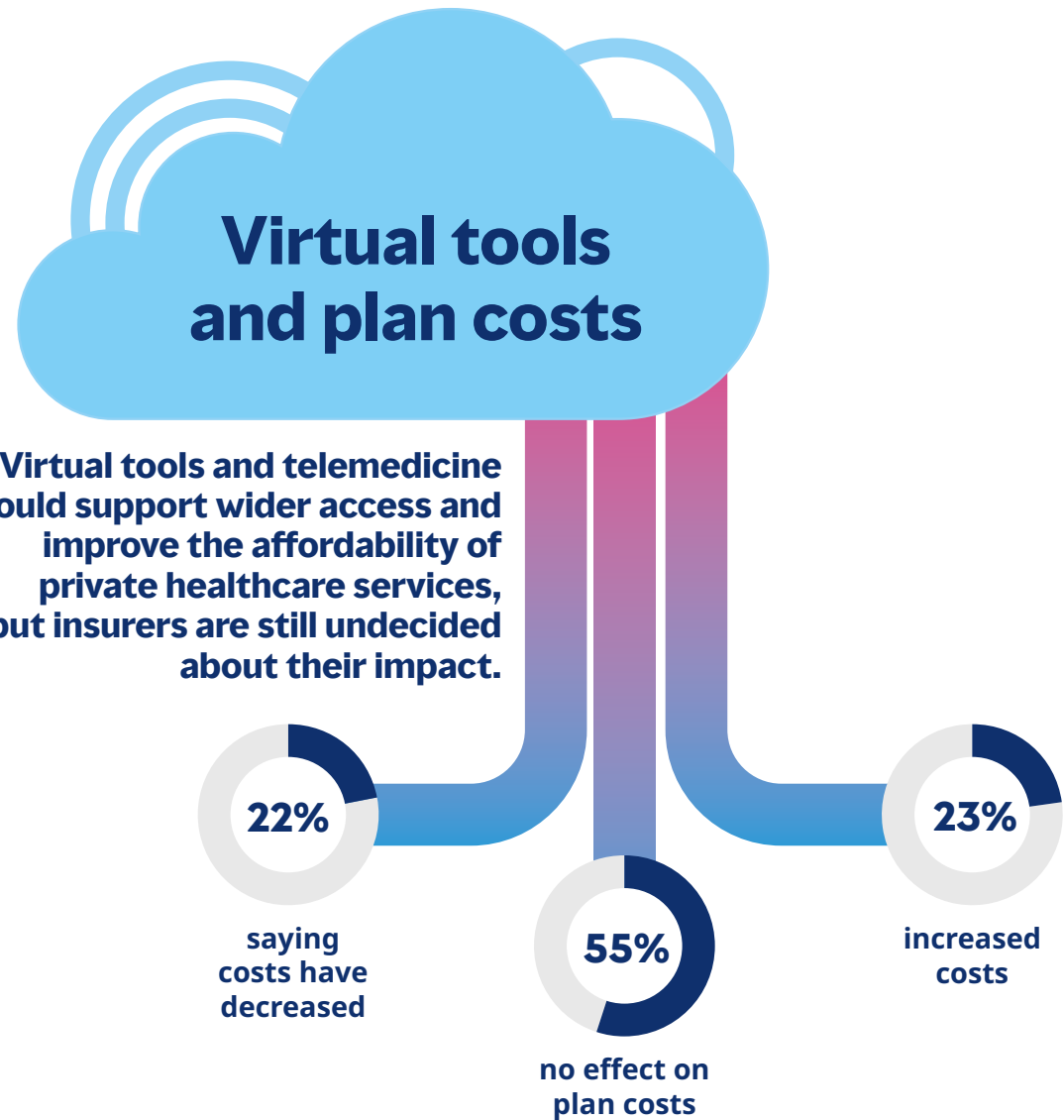
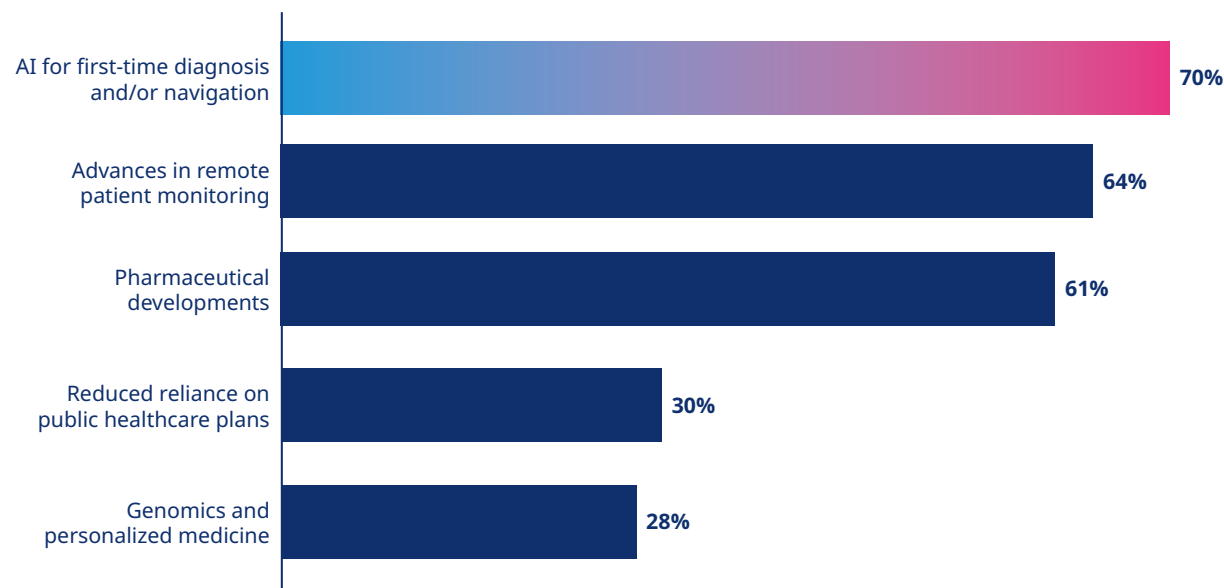


Figure 11: Factors with the greatest transformative impact on employer-sponsored healthcare costs.
Which of the following do you think will have the most transformative impact on employer-sponsored healthcare costs over the coming five years? Please select three.



We were somewhat surprised not to see pharmaceutical developments rank higher on the list, given relatively new drugs for conditions like diabetes and the number of drugs in development, especially within oncology, and the potential high cost of these advanced cancer therapies.

Regarding AI, insurers have seen the power of deploying this technology in non-clinical aspects of delivery (for example, basic customer service). However, we see potential for further optimization around clinical navigation/triage using AI in terms of ensuring individuals are directed quickly and appropriately to the right person, which would free up valuable clinician time.

With respect to remote monitoring, much more needs to be done to assess the effectiveness of concepts like “hospital at home” and whether this actually delivers robust clinical outcomes for the individual as well as healthcare savings for the funder. Currently, virtual wards are being rolled out across the UK’s National Health Service focusing on the use of remote monitoring of biometrics to achieve earlier discharge of patients delivering positive outcomes, driving efficiencies and improved patient satisfaction.⁹

⁹ NHS England. “Caring for people with acute respiratory infections at home, through a virtual ward in Wolverhampton,” 2022, available at www.england.nhs.uk/virtual-wards/case-studies/caring-for-people-with-acute-respiratory-infections-at-home-through-a-virtual-ward-in-wolverhampton.

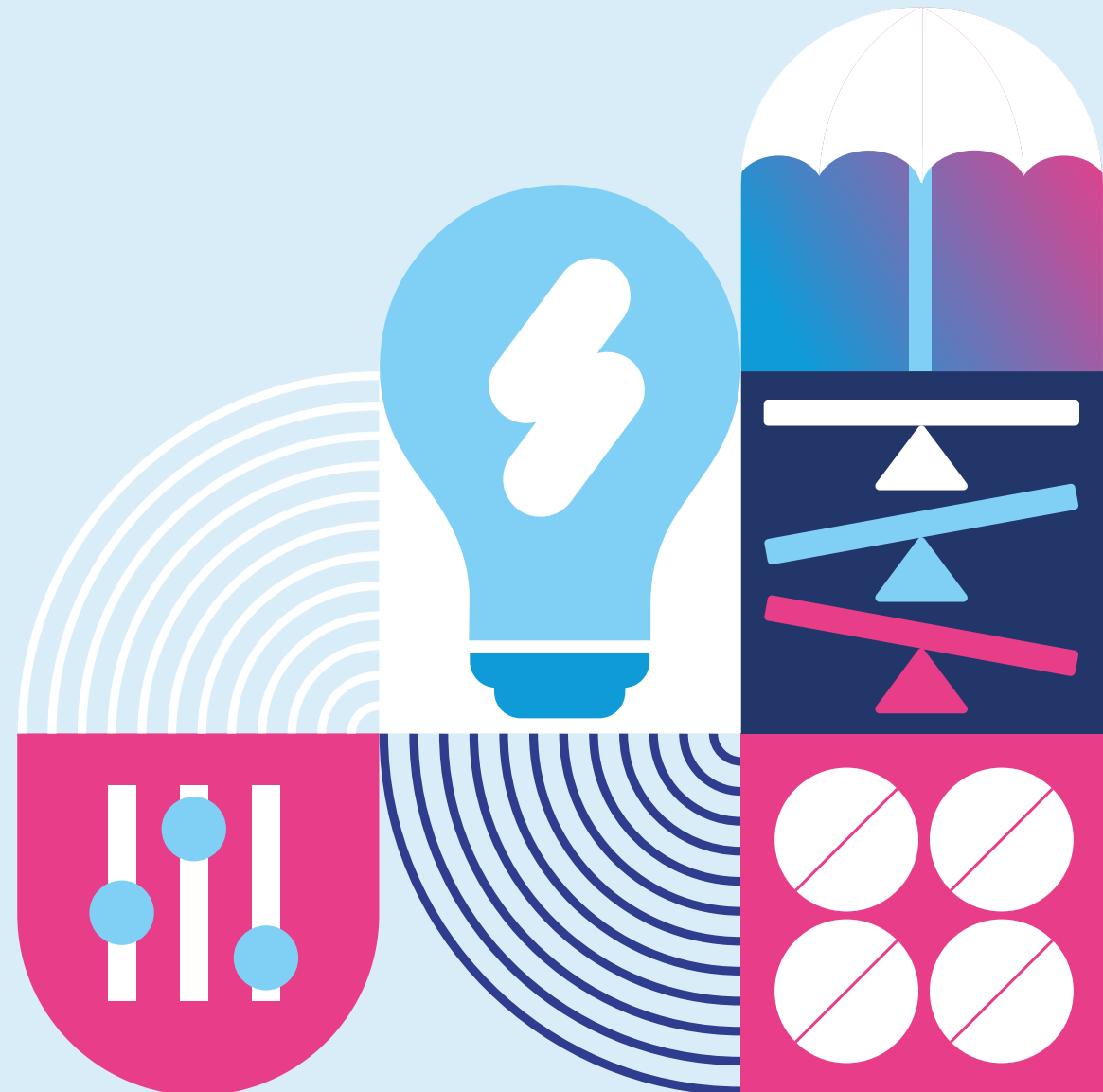
Employer actions



- 1** Seek to understand insurers' proposals for integrating digital health tools and AI solutions into their plans in the next five years and how these are being used as potential levels for cost containment.
- 2** Consider the impact of reliance on public health services in your region, especially in Europe. What could this mean for workplace absence/productivity?
- 3** Monitor the affordability of private healthcare for your people and consider whether any concerns can be managed through benefits design.

Part 3

Insurers are responding to demand for cost containment



As outlined in Section 1, the impact of medical trend costs and wider inflation are causing concern for insurers and employer plan sponsors alike. Employers need to make sure their programs remain affordable both at an organizational level and for employees.

That means employers need to:

1
Monitor claims experience over time to get ahead of trends.

2
Understand plan features that are important to the workforce.

3
Create an intentional, strategic plan to manage costs over the long term.

Opportunities for cost containment by employers: a checklist



Design for value:

- Within your portfolio of benefits, what programs are highly valued by employees?
- Are there opportunities to integrate new solutions with a positive return on investment (ROI)?
- Could underused programs in your offering be replaced?
- How are you using plan design to encourage high-quality care? (This could include higher reimbursement levels for getting treatment from a center of excellence, reducing risk of misdiagnosis or treatment complications.)

Managing health risk:

- Are you consistently analyzing areas of claim spend and identifying cost drivers for your plan?
- Are there specific preventive and management strategies to address illnesses, such as cancer, hypertension or diabetes?

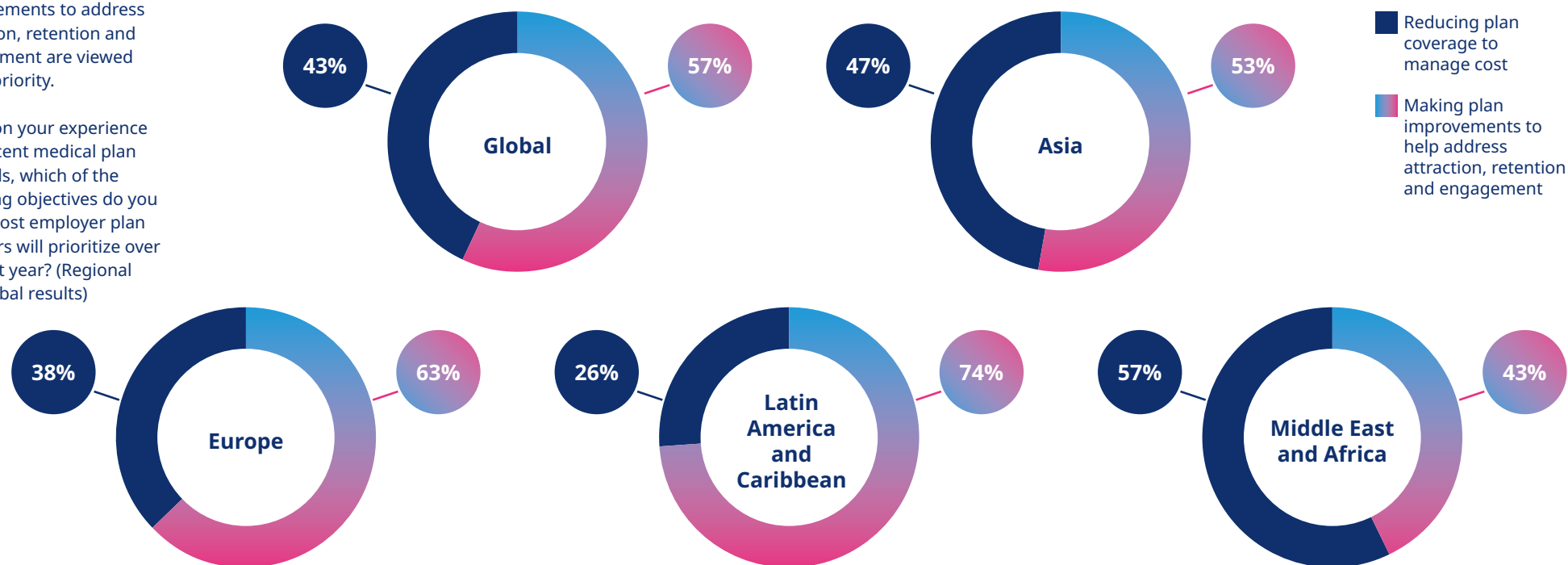
Drive efficiencies:

- Are there alternative financing and placement options available as the healthcare marketplace continues to evolve?
- Have you considered captives or self-insurance?
- To what extent is your insurer tackling fraud, waste and abuse?
- When did you last evaluate your providers? Is your insurer offering fair, transparent and competitive terms?

Insurers expect plan improvements to take precedence over cost-containment measures

Figure 12: Globally and in most regions, plan improvements to address attraction, retention and engagement are viewed as the priority.

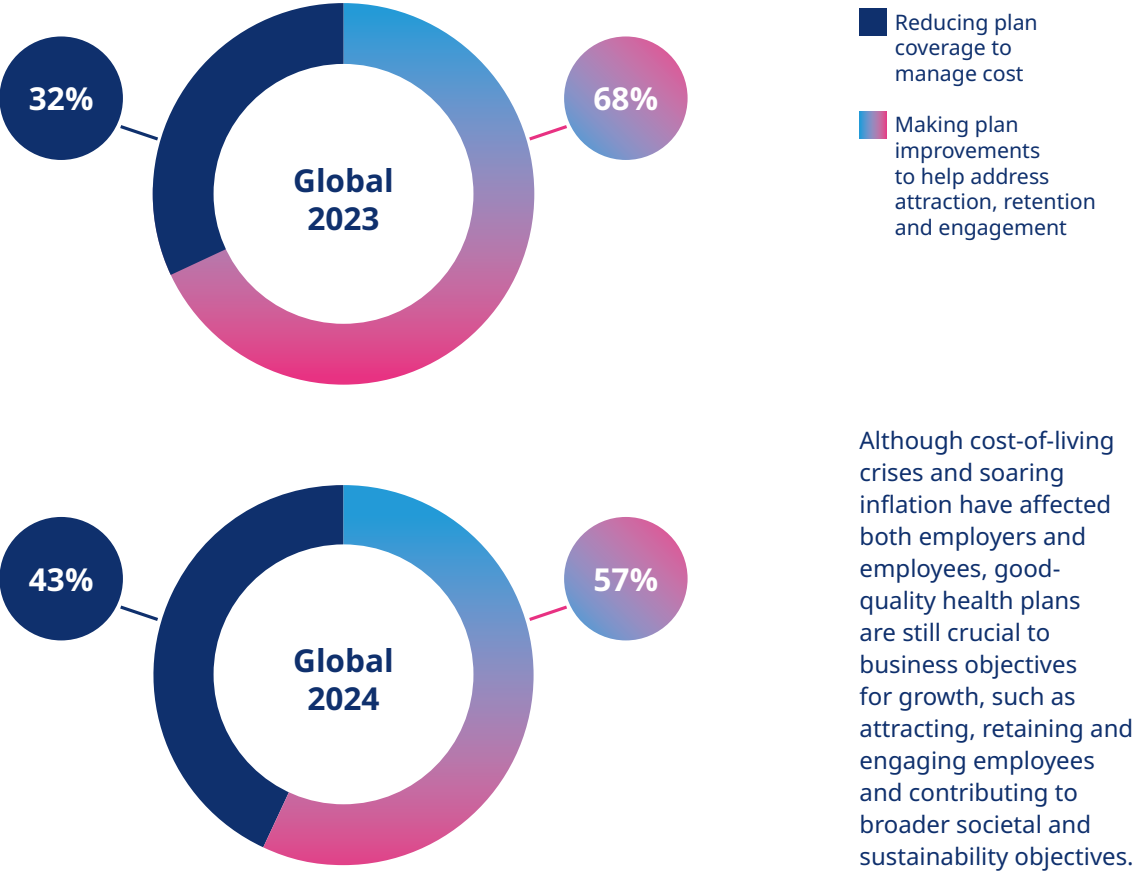
Based on your experience with recent medical plan renewals, which of the following objectives do you think most employer plan sponsors will prioritize over the next year? (Regional and global results)



Insurers expect plan improvements to take precedence over cost containment measures, with 57% of insurers globally saying that they believe employer plan sponsors will prioritize making plan improvements, compared to 43% who believe sponsors will reduce coverage

to manage cost. This rises to 63% who believe plan improvements will take precedence over reduced coverage in Europe, and 74% in Latin America and the Caribbean.

Figure 13: In 2024, employer plan sponsors will prioritize making plan improvements to address attraction, retention and engagement. Based on your experience with recent medical plan renewals, which of the following objectives do you think most employer plan sponsors will prioritize over the next year? (Global results: 2023 vs 2024)



Keep checking cost-sharing features

Employer sponsors and insurers both need to focus on rigorous cost optimization in a high-inflation environment, including review of cost-sharing features such as:

- Deductibles
- Co-pays
- Covered expense sub-limits
- Out-of-pocket maximums

Ideally, these features will be designed in a way that encourages individuals to behave in the desired manner; for example, seeking treatment on an outpatient instead of inpatient basis when appropriate or seeking treatment from preferred network providers. Initiate conversations about these changes on a regular basis, as insurers may not proactively review these.

Many of these concepts are not routine in Europe, where insurers and employers have been less aggressive about intrusive cost-containment approaches. Although cost shifting to employees is an unattractive option, some cost sharing will be inevitable. This should be combined with more effective communication and preventive care.

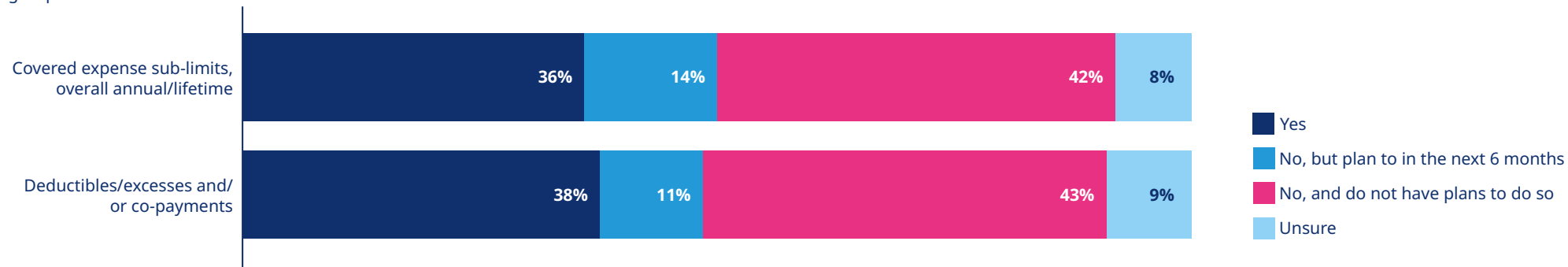
Figure 14: Cost-containment features offered for employer sponsors of private group medical insurance. Related to cost-containment options, which of the following does your company typically make available for employer sponsors of private group medical insurance to include in their plan?

Cost containment feature	Typically included (Globally)
Education to make plan members smarter consumers of health care	59%
Steering members away from unproven/unnecessary treatment/technologies/pharmaceuticals	59%
Steering members to quality care (e.g., narrow networks, centers of excellence), through a navigation or advocacy service (beyond the health plan's standard customer service)	39%
Tiered coinsurance/co-pays (claims sharing) for preferred vs. non-preferred treatment/provider	45%
Tiered coinsurance/co-pays (claims sharing) to incentivize virtual-first care	32%

Insurers are also focused on AI to support future cost containment; for example, by detecting fraud, waste and abuse. Forty-four percent of insurers globally are considering introducing this feature, rising to 60% in the Middle East and Africa.



Figure 15: Plan design adjustments made in line with inflation.
Has your company adjusted the following in line with inflation for group medical insurance?



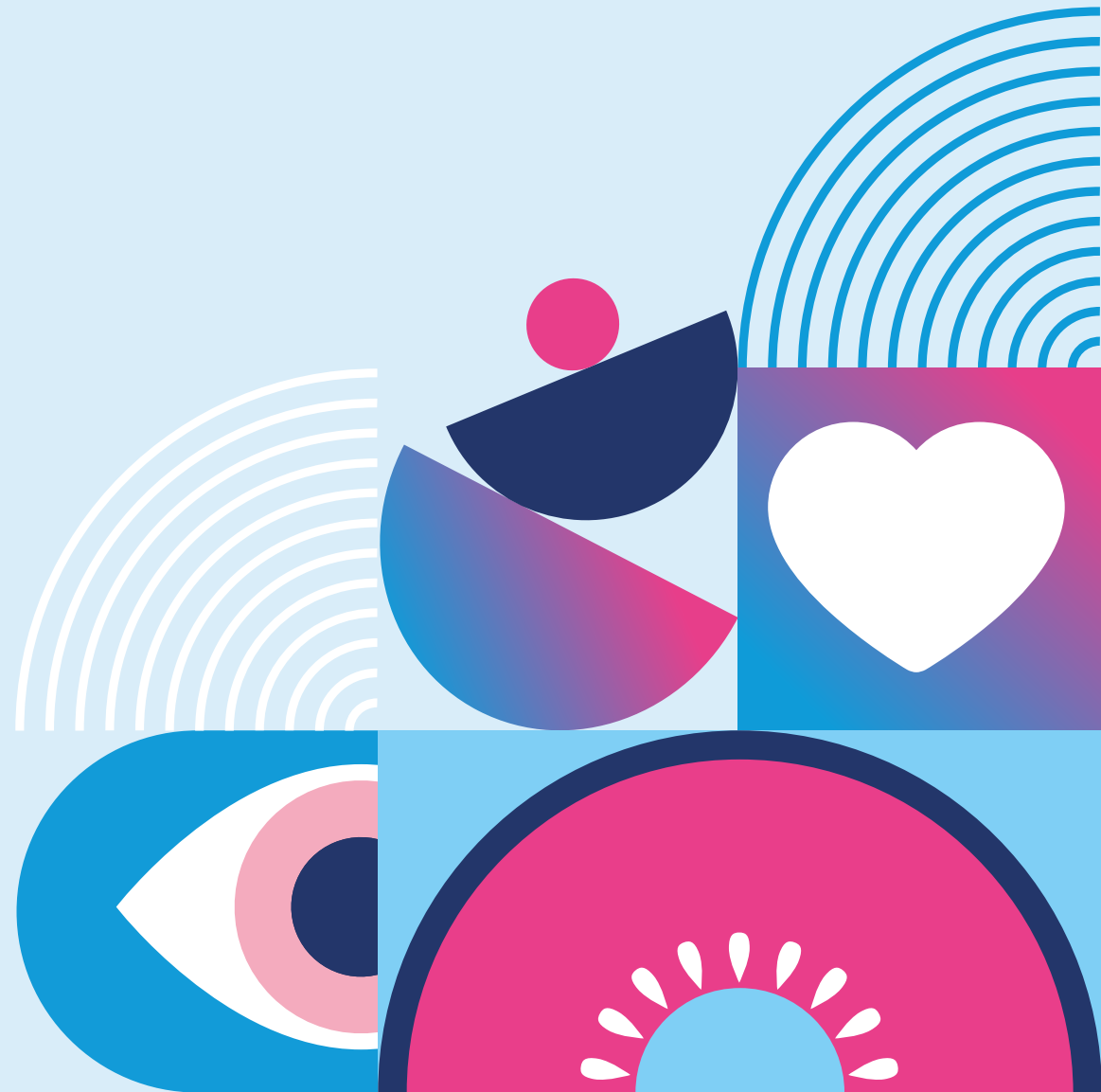
Employer actions



- 1** Proactively discuss cost containment with your advisors or insurers to make sure features such as deductibles and treatment limits are realistic and take account of inflation.
- 2** Audit your healthcare benefits to make sure they are designed for value and drive efficiencies.
- 3** Create a long-term plan for managing healthcare costs and monitor data, such as claims costs to build a realistic picture of current use.

Part 4

More action is needed on gaps such as mental health, women's health and inclusive benefits design



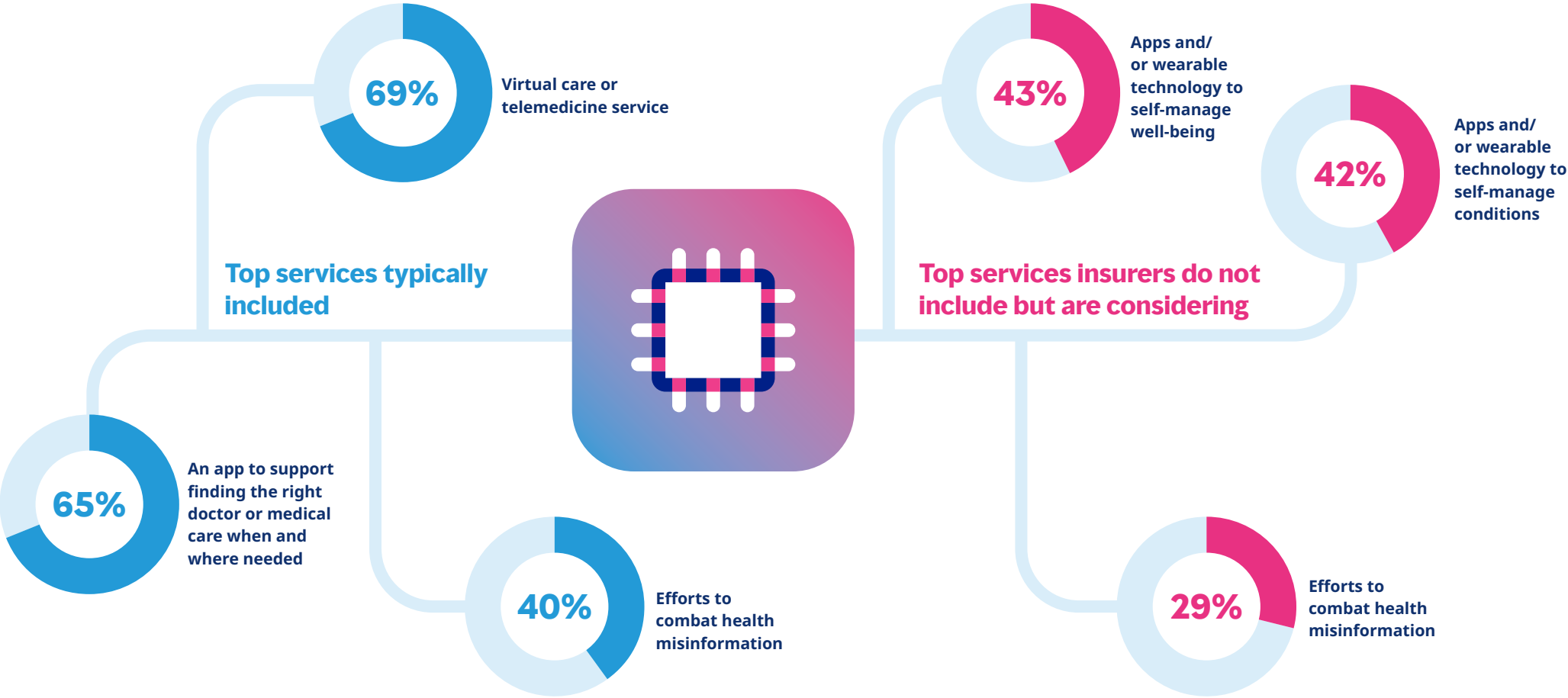
General health and benefits modernization

Some digital health benefits are now becoming part of everyday plan modernization, with virtual care or telemedicine services becoming a standard part of most insurers' offering. 69% of insurers globally offer telemedicine, with 78% doing so in Europe and 82% in Latin America.

Insurers are also becoming more conscious of emerging needs, such as combatting health misinformation, and this needs to be managed in collaboration with employers as well.



Figure 16: Companies typically provide a telemedicine service, but not efforts to combat health misinformation. Related to general health and benefits modernization, which of the following does your company typically make available for employer sponsors of private group medical insurance to include in their plan?



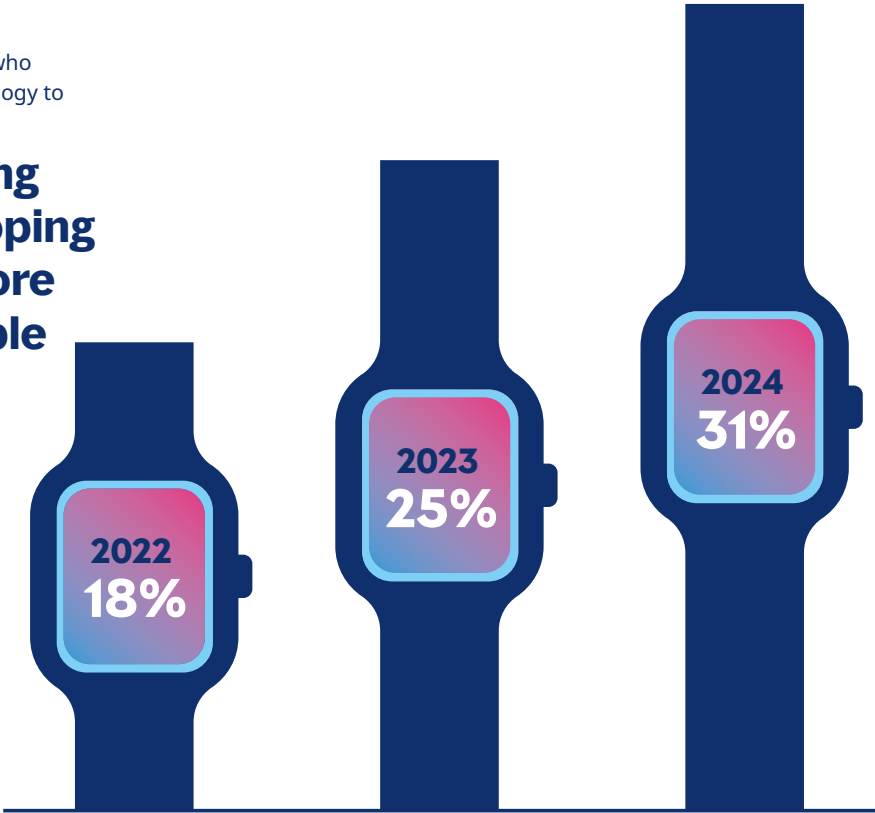
The rise of apps and wearables

We are also seeing insurers developing plans to offer more apps and wearable technology to self-manage well-being or specific conditions. In our 2023 Health on Demand research we found that

digital tools to self-manage well-being are an increasing priority among employees, with 45% saying this was helpful to them and their families.¹⁰

Figure 17: Percentage of insurers who offer apps and/or wearable technology to self-manage well-being over time

We are also seeing providers developing plans to offer more apps and wearable technology to self-manage well-being or specific conditions



	Already offer	Not included but considering	Total
Global	31%	43%	74%
Asia	27%	48%	75%
Europe	30%	35%	65%
Latin America and Caribbean	36%	44%	80%
Middle East and Africa	23%	43%	66%

¹⁰ Mercer. Health on Demand, 2023, available at www.mercer.com/en-us/insights/total-rewards/employee-benefits-strategy/health-on-demand-2023-survey-report.

Genetic makeup and lifestyle choices: a new frontier

Tests that use genetic makeup to offer lifestyle suggestions and/or screen for certain conditions are beginning to gain traction with insurers. Although current provision is low, at roughly 9% globally, around a quarter of insurers are currently considering including this service.

Employees in some regions may already be familiar with genetic testing in a consumer setting, related to suitability of pharmaceuticals or nutritional advice. This could drive wider use in a healthcare plan context, but with wariness around introduction of unethical underwriting practices.

Figure 18: Insurers considering genetic makeup testing

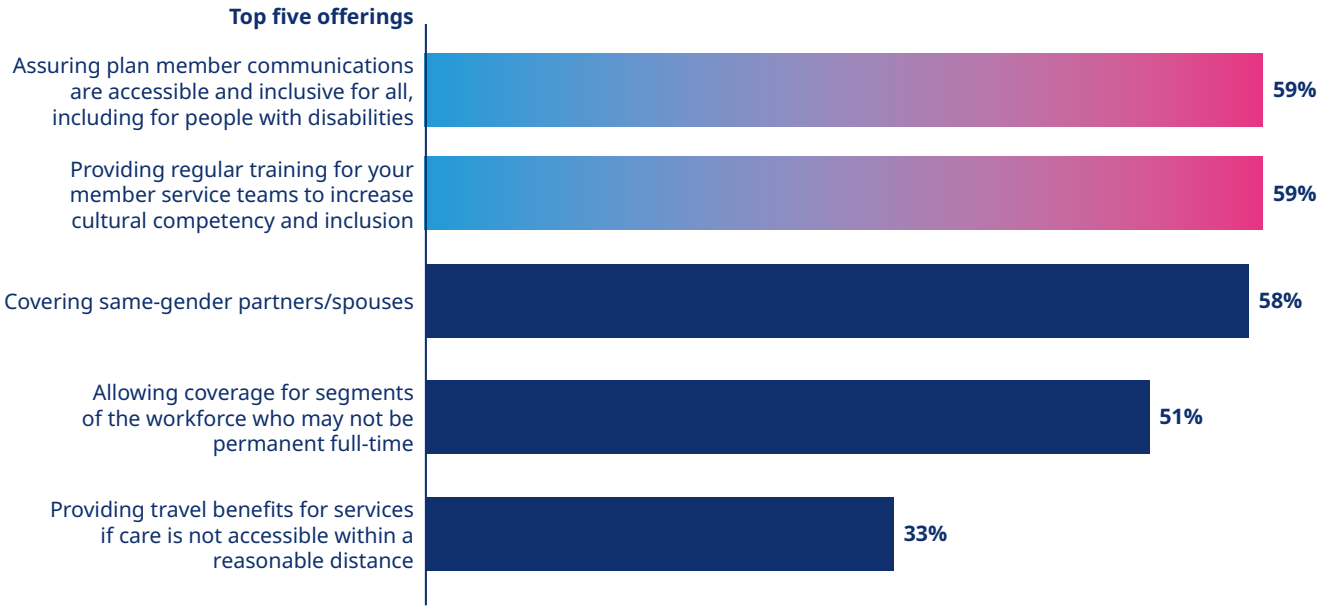
	Already include	Not included, but considering	Total included or considering
Global	9%	26%	35%
Asia	9%	32%	41%
Europe	10%	28%	38%
Latin America and Caribbean	5%	15%	20%
Middle East and Africa	3%	20%	23%



Inclusive benefits

Insurers are becoming more aware of inclusivity in the context of their own behaviors and general product offerings. For example, more than half of insurers globally (59%) say that they offer regular training for member services teams to increase cultural competency, and the same number regularly review plan communications for inclusivity.

Figure 19: Top five inclusivity features and actions that insurers include in their plans



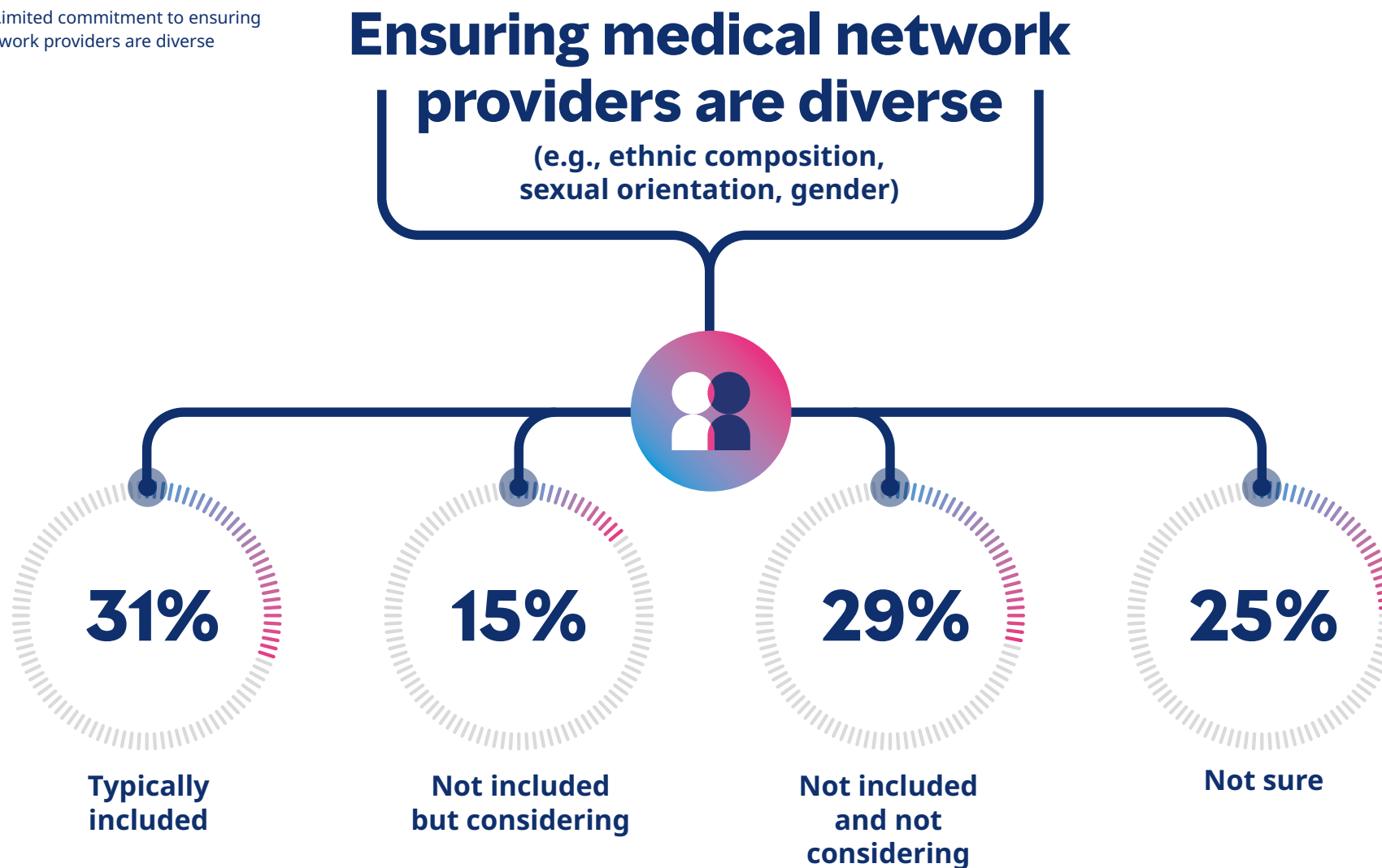
It is also encouraging to see that 31% of insurers globally are considering adding diagnosis, learning support or occupational therapy to support neurodiversity (although only 18% of European insurers are considering doing so). Around a quarter (26%) of insurers globally are considering making sure member communications are accessible and inclusive for all.

But insurers are currently showing less commitment to making sure the wider ecosystem of medical network partners they work with are diverse, with almost a third (29%) saying that they do not address this and have no plans to do so, rising to 45% in Europe.





Figure 20: Limited commitment to ensuring medical network providers are diverse



More action needed on race and ethnicity

Health-related disparities based on race and ethnicity are well documented around the world, but it is rare for insurers to use data to help address these inequities. Plans to make greater use of data are also muted. In Europe in particular, there is very little appetite for data collection (likely due to the regulatory environment), although more insurers in Asia and the Middle East and Africa are considering introducing this analysis.

Figure 21: Percentage of insurers that collect data on members’ race/ethnicity to address health disparities (table excludes respondents who said ‘not sure’)

		Global	Asia	Europe	Latin America and Caribbean	Middle East and Africa
Collecting data on members’ race, ethnicity to address health disparities	Typically included	11%	18%	3%	10%	7%
	Not included but considering	19%	25%	0%	10%	33%
	Not included and not considering	57%	46%	85%	64%	43%

Access to healthcare benefits requires monitoring

As we saw in Section 2, access to private healthcare is generally perceived as improving. However, localized access issues remain that may mean insurers need to revisit medical travel benefits and policies to ensure inclusivity.

Figure 22: Percentage of insurers that offer travel benefits for services if care is not accessible within a reasonable distance (table excludes respondents who said ‘not sure’)

		Global	Asia	Europe	Latin America and Caribbean	Middle East and Africa
Providing travel benefits for services if care is not accessible within a reasonable distance	Typically included	33%	24%	30%	36%	40%
	Not included but considering	26%	34%	18%	28%	30%
	Not included and not considering	23%	24%	33%	18%	13%

Mental health benefits

Despite growing awareness, mental health remains a blind spot for many businesses, and coverage from medical insurers is still less consistent than some other areas of health.

The top mental-health-related benefits offered by insurers are focused on traditional services, such as counseling, in-patient treatment and coverage for prescription medications.

What you see above the surface:

Problems lurking below:

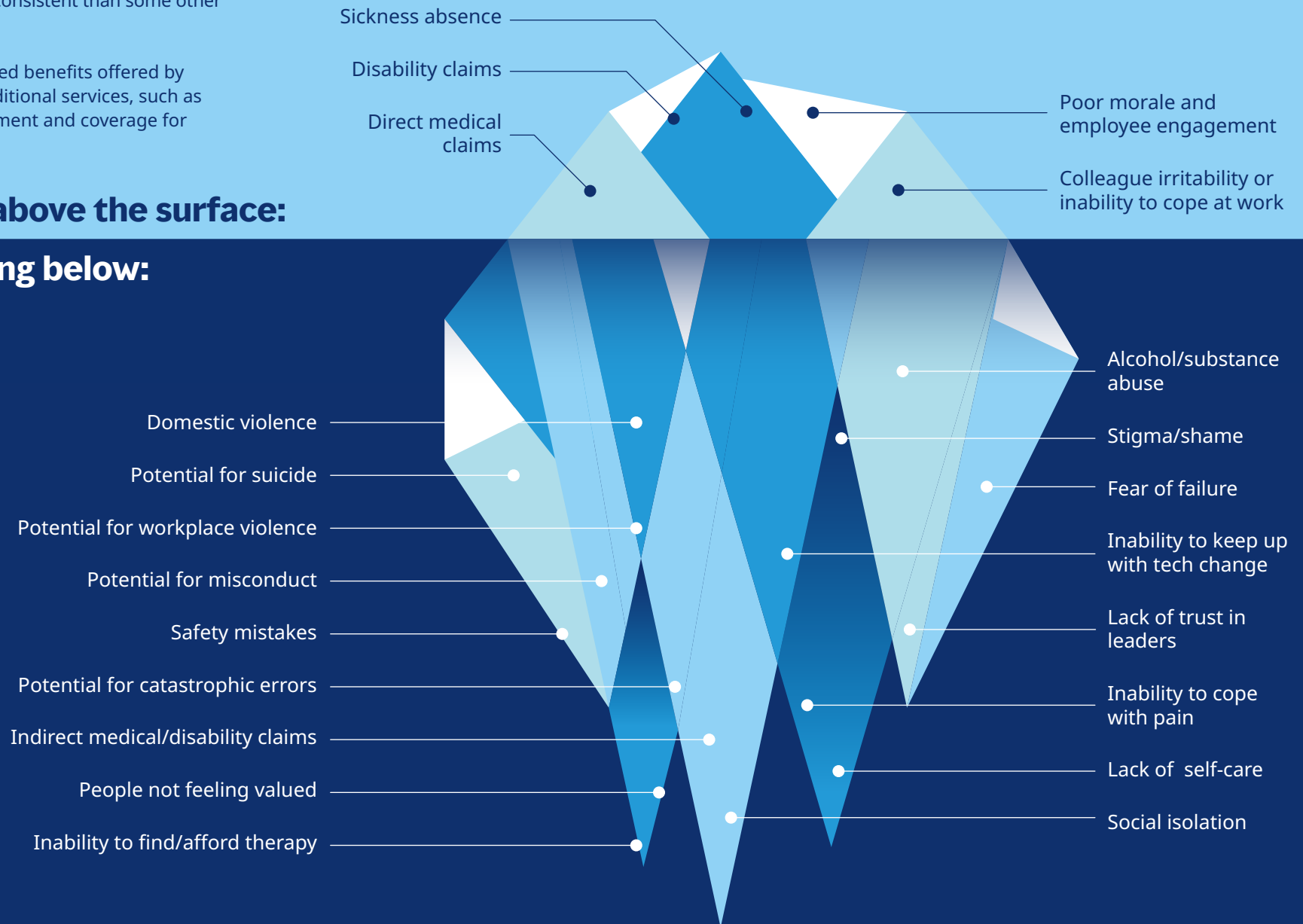




Figure 23: Top five mental health benefits offered globally

Typically included	Global
Coverage for psychological and/or psychiatric counseling sessions (outpatient)	69%
Inpatient treatment	62%
Coverage for prescription medications prescribed for mental health (outpatient)	57%
Education, resources and tools on mental health topics such as self-care, anti-stigma, mindfulness and resilience	49%
Virtual mental health counseling via video chat with a therapist to manage anxiety, sadness or personal relationship issues	48%

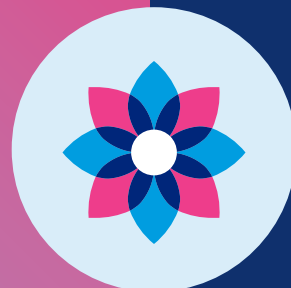
Figure 24: The three least-covered mental health benefits (percentage of insurers that said they do not offer this and have no plans to do so)

Not included and not considering	Global
Alternative mental health therapies (e.g., culturally relevant health therapy, animal therapy)	41%
Substance use/abuse treatments	35%
Virtual advice via chat, powered by artificial intelligence (no human involved), for anxiety, sadness or relationship issues	29%

Mental health benefits: What employees value

In our 2023 Health on Demand research,¹¹ we asked employees about the benefits they found the most helpful for themselves or their family. Comparing these results to insurers' current and future offerings reveals some gaps.

Figure 25: Top five most helpful benefits for employees — and insurers' plans (percentage of employees who said each service would be helpful to them or their families, and the percentage of insurers that offer it)



Health on Demand 2023

What people would
find helpful

¹¹ Mercer. Health on Demand, 2023, available at www.mercer.com/en-us/insights/total-rewards/employee-benefits-strategy/health-on-demand-2023-survey-report.

44%

Targeted services for children, teenagers and parents to support youth mental health, socialization and learning issues

35% of insurers offer this

35% don't currently offer, but have plans to do so

42%

Alternative mental health therapies

17% of insurers offer this

41% do not and have no plans to do so

42%

Training to recognize/address mental health challenges in myself/others

36% of insurers offer this

33% do not but have plans to do so

41%

Insurance/program to reduce the cost of mental health treatment

57% of insurers offer cover for prescription treatments

62% cover in-patient treatment

41%

Virtual counseling (video text/chat) with therapist for anxiety, sadness, relationship issues

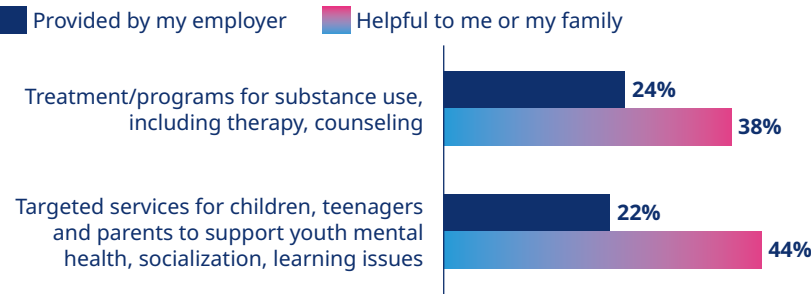
48% of insurers currently offer virtual counseling



Provider offerings

Figure 26: Areas of significant mental health coverage gaps
(from Health on Demand 2023)

Mental health benefits



Insurers are adding more coverage related to one of employees’ top area of need – targeted services to support youth mental health, socialization and learning.

Substance-abuse treatment is an underserved mental health offering, with 35% of insurers saying they do not offer it and have no plans to do so.



Counseling cover may not be sufficient

Few plans provide meaningful support for employees who need ongoing therapy. Although 69% of insurers globally say they cover psychological and/or psychiatric counseling sessions, in practice, 52% of those only cover 10 sessions or fewer.

Figure 27: Most plans cover counseling sessions but limited to 10 sessions or less.

Typically included	Global	Asia	Europe	Latin America and Caribbean	Middle East and Africa
Coverage for psychological and/or psychiatric counseling sessions (outpatient)	69%	54%	85%	79%	67%

	Percentage that offer coverage for psychological and/or psychiatric counseling sessions	Percentage of those that offer counseling but only offer 10 sessions or less
Global	69%	52%
Asia	54%	67%
Europe	85%	56%
Latin America and Caribbean	79%	16%
Middle East and Africa	67%	65%





How much counseling is enough?

A lot depends on the reasons for counseling, and the severity of an individual's mental health concerns. However, various studies have shown that 10 sessions are unlikely to be sufficient.



For depression, 6–8 sessions offer more benefit than 1–5 sessions. Having more than eight does not confer any additional benefit.¹²

For more severe depression, the recommendation is 16 regular sessions, although additional sessions may be needed for certain individuals.¹³

Research indicates that on average 15–20 sessions are required for 50% of patients to recover.¹⁴

¹² Forde F, Frame M, Hanlon P, MacLean G, Nolan D, Shajahan P, Troy, E. "Optimum number of sessions for depression and anxiety," Nursing Times, 2005, available at <https://pubmed.ncbi.nlm.nih.gov/16276843/#:~:text=Results%3A%20For%20depression%2C%20the%20study,benefit%20than%201%2D5%20sessions.>

¹³ NICE guidelines. "Depression in adults: treatment and management," National Institute for Health and Care Excellence, 2022, available at www.nice.org.uk/guidance/ng222/chapter/Recommendations#:~:text=Depression%20in%20adults,29%20June%202022.

¹⁴ American Psychological Association. "How long will it take for treatment to work?" 2017, available at www.apa.org/ptsd-guideline/patients-and-families/length-treatment.

Women’s health benefits

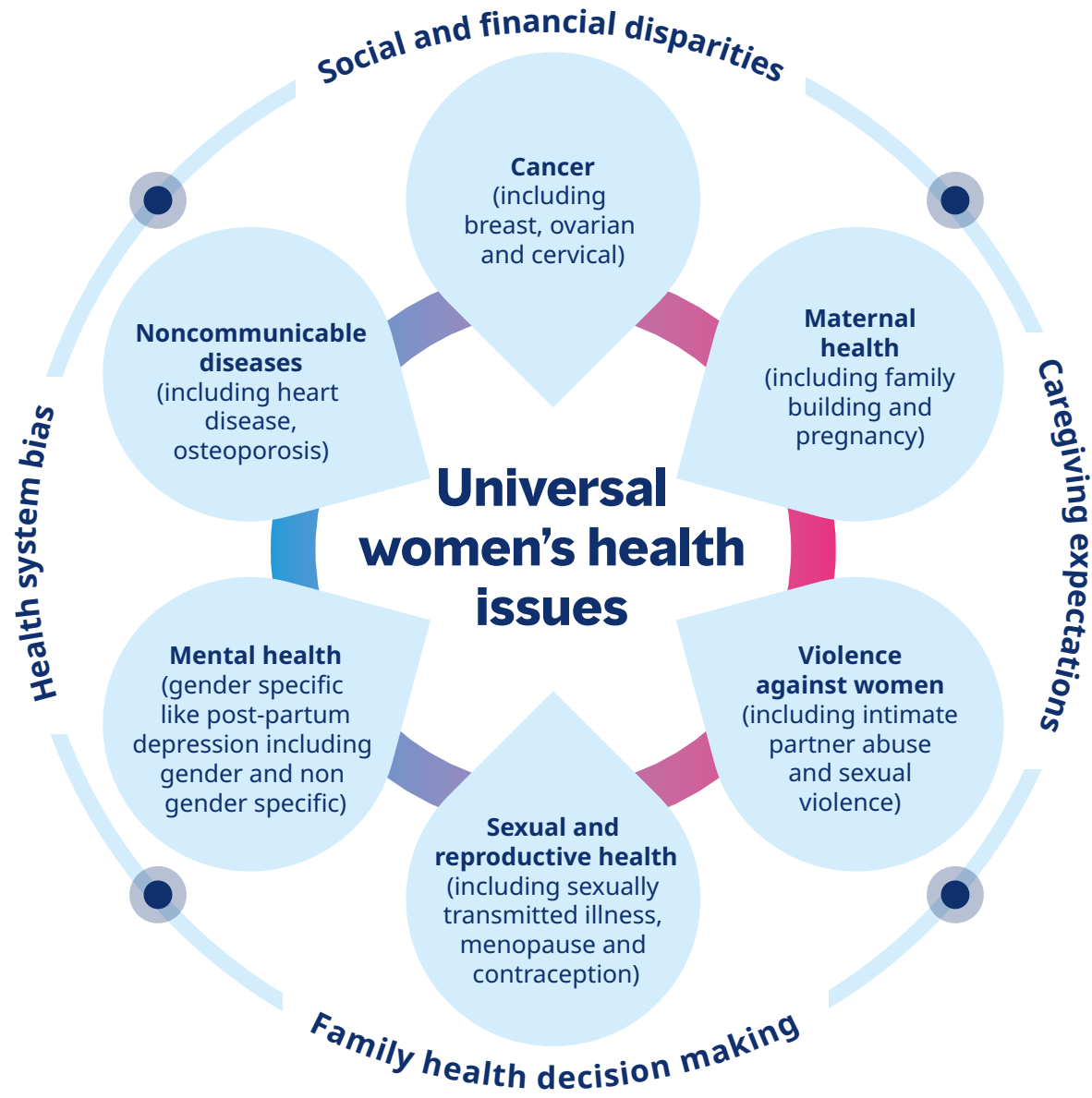
Coverage for women’s health benefits remains sporadic and varies across geographic regions. For example, 64% of insurers in Asia do not offer contraception access and coverage, compared to only 33% in Latin America and the Caribbean.

In some cases, women’s health benefits are not provided through private plans as they are offered through the public system. However, with public health systems struggling following the pandemic, this may result in gaps. For example, almost a quarter (24%) of insurers globally do not provide post-partum care, leaving women on those plans to either receive the care through the public system or receive none at all.

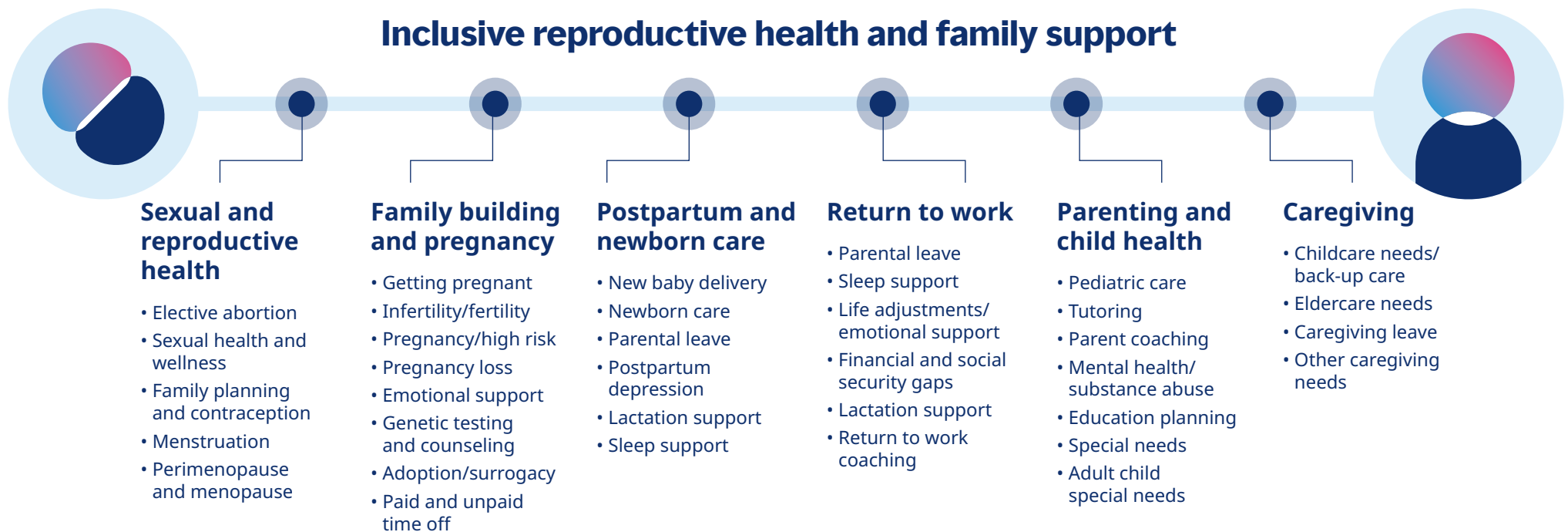
Figure 28: Globally, insurers say that many reproductive/ women’s health benefits are not available.
Related to reproductive health benefits, which of the following are not available under employer sponsored group medical insurance?

	Global	Asia	Europe	Latin America and Caribbean	Middle East and Africa
Egg/sperm freezing	67%	73%	60%	54%	86%
Lactation equipment and support (coaching, pump, hygienic storage)	59%	62%	63%	49%	66%
Pre-conception family planning	55%	61%	55%	38%	62%
Contraception access/coverage	53%	64%	56%	33%	59%
Fertility (e.g., coverage for IVF)	46%	52%	38%	41%	59%
Menopause care and support	44%	56%	43%	37%	31%
Abortion access/coverage	43%	52%	50%	31%	38%
Postpartum care	24%	29%	38%	13%	14%
Support for high-risk pregnancies and pregnancy loss	21%	29%	35%	5%	0%
Maternity coverage (pre-natal care and delivery)	6%	5%	15%	0%	0%

Although coverage varies regionally, women's health issues are universal, with significant social and financial disparities and health system inequalities to address in all regions. Employers looking to address gender equity in the workplace may want to evaluate these topics.



Reproductive health benefits have traditionally been seen as an aspect of women's health, but reproductive health and family support affects others in the workforce as well.



Role of employer and legislative framework varies from market to market.

Employer actions



- 1** Review opportunities to meet inclusive benefit gaps, including unmet women's health needs.
- 2** Discuss mental health counseling coverage with your provider and ensure there is contingency for employees who need more than 10 sessions of counseling support.
- 3** Compare insurers' mental health offerings with employees' greatest areas of need for your own workforce.

Part 5

Conclusion

Employers will need to continue to balance economics and empathy for the foreseeable future, using a mix of plan design changes, delivery and financial interventions, and health risk-management techniques to keep plans sustainable for employees.

Understanding and addressing drivers of cost will be vital. Cancer continues to be a major source of claims, both in terms of per-dollar value and frequency. Developing strategies that address cancer prevention, diagnosis, treatment and work supports can help with cost mitigation and have relevance for other noncommunicable diseases as well.

Broadening of support for cancer is just one example of transforming healthcare with an emphasis on health innovations. The future offers great potential with AI-driven tools such as remote patient monitoring and pharmaceutical developments predicted to have a significant impact on employer-sponsored health plans within the next five years.

1
2
3
4
5

If you only do five things:

Refresh your benefits strategy in light of health system transformation, evolving employee needs, pervasive gaps and cost pressures. Twenty-first century challenges require 21st century benefits design and delivery. Is your provider offering or planning to offer these?

Enhance prevention, diagnosis, treatment and workplace supports pillars for NCDs like cancer. Challenge your plan to manage cost while improving the employee experience.

Consider digital solutions for growing risks like ergonomic hazards, extreme temperature and mental distress. The majority of employees find the digital future of healthcare appealing and should be willing to embrace new digital solutions.

Monitor the impact of disruptive technology and health advancements on your benefits and healthcare in general. AI is just a part of the picture, and many innovative solutions are under development.

Be a catalyst to advance cost-management options that improve healthcare quality and cost. Be open to considering cost levers that have been viewed as too intrusive in the past, like steering people to high-quality care.

Appendix A

Medical trend rates by country¹⁵

Country/Region	2022 actual medical trend rate	2022 actual inflation rate ¹⁶	2023 forecast medical trend rate	2023 forecast inflation rate ¹⁶	2024 forecast medical trend rate	2024 forecast inflation rate ¹⁶
Global: without US	10.1%	8.3%	12.4%	6.6%	11.7%	4.2%
Global: with US ¹⁷	10.0%	8.3%	12.3%	6.6%	11.6%	4.2%
Global: expat (IPMI) ¹⁸	7.6%	N/A	11.0%	N/A	10.6%	N/A
North America	5.1%	7.4%	7.2%	4.2%	6.5%	2.4%
Canada	7.0%	6.8%	9.0%	3.9%	7.5%	2.4%
United States ¹⁷	3.2%	8.0%	5.4%	4.5%	5.4%	2.3%
Asia	10.7%	4.3%	12.5%	3.8%	11.4%	2.9%
China	7.2%	1.9%	10.5%	2.0%	10.1%	2.2%
Hong Kong	7.3%	1.9%	7.8%	2.3%	8.3%	2.4%
India	7.9%	6.7%	9.6%	4.9%	11.0%	4.4%
Indonesia	12.6%	4.2%	14.6%	4.4%	13.0%	3.0%
Malaysia	12.0%	3.4%	13.0%	2.9%	14.0%	3.1%

¹⁵ This document does not constitute or form part of any offer or solicitation or invitation to sell by either Marsh or Mercer to provide any regulated services or products in any country in which either Marsh or Mercer has not been authorized or licensed to provide such regulated services or products. You accept this document on the understanding and agreement that it does not form the basis of any contract, and Mercer and Marsh shall have no liability in respect of any reliance on, or decisions based on, the content of this document. The availability, nature and provider of any services or products, as described herein, and applicable terms and conditions may therefore vary in certain countries as a result of applicable legal and regulatory restrictions and requirements. Please consult your Marsh or Mercer consultants regarding any restrictions that may be applicable to the ability of Marsh or Mercer to provide regulated services or products to you in your country.

¹⁶ Inflation rates are sourced from the International Monetary Fund, World Economic Outlook Database, June 2023. Inflation rate information is strictly for general reference purpose; Marsh and Mercer give no guarantees as to their accuracy and will not accept liability for decisions based on them.

¹⁷ US rates come from the National Survey of Employer Sponsored Health Plans report.

¹⁸ Expat rates were calculated by taking a straight average of 15 expat (IPMI) insurer responses.

Country/Region	2022 actual medical trend rate	2022 actual inflation rate ¹⁶	2023 forecast medical trend rate	2023 forecast inflation rate ¹⁶	2024 forecast medical trend rate	2024 forecast inflation rate ¹⁶
Philippines	20.0%	5.8%	23.0%	6.3%	18.0%	3.2%
Singapore	10.0%	6.1%	11.0%	5.8%	12.0%	3.5%
South Korea	7.9%	5.1%	7.8%	3.5%	7.6%	2.3%
Taiwan	12.0%	2.9%	16.0%	1.9%	9.1%	1.7%
Thailand	9.8%	6.1%	11.1%	2.8%	10.1%	2.0%
Vietnam	11.0%	3.2%	13.3%	5.0%	12.0%	4.3%
Pacific	2.9%	6.9%	8.2%	5.4%	6.5%	2.9%
Australia	2.7%	6.6%	2.9%	5.3%	3.5%	3.2%
New Zealand	3.0%	7.2%	13.5%	5.5%	9.5%	2.6%
Europe	11.4%	11.1%	13.0%	7.3%	11.0%	3.5%
Austria	5.5%	8.6%	9.0%	8.2%	9.0%	3.0%
Belgium	0.5%	10.3%	13.3%	4.7%	7.5%	2.1%
Bulgaria	20.0%	13.0%	18.0%	7.5%	15.0%	2.2%
Denmark	7.0%	8.5%	7.0%	4.8%	5.0%	2.8%
Estonia	19.4%	19.4%	18.9%	9.7%	15.0%	4.1%
France	1.8%	5.9%	5.7%	5.0%	6.1%	2.5%
Greece	8.0%	9.3%	8.5%	4.0%	10.0%	2.9%
Hungary	22.0%	14.5%	25.0%	17.7%	20.0%	5.4%
Ireland	14.5%	8.1%	9.0%	5.0%	7.0%	3.2%
Italy	9.0%	8.7%	11.0%	4.5%	9.0%	2.6%
Latvia	15.0%	17.2%	12.0%	9.7%	10.0%	3.5%

Country/Region	2022 actual medical trend rate	2022 actual inflation rate ¹⁶	2023 forecast medical trend rate	2023 forecast inflation rate ¹⁶	2024 forecast medical trend rate	2024 forecast inflation rate ¹⁶
Lithuania	15.0%	18.9%	23.0%	10.5%	18.0%	5.8%
Netherlands	5.2%	11.6%	6.5%	3.9%	6.0%	4.2%
Norway	9.5%	5.8%	10.0%	4.9%	9.5%	2.8%
Poland	20.0%	14.4%	25.0%	11.9%	25.0%	6.1%
Portugal	17.5%	8.1%	15.0%	5.7%	10.0%	3.1%
Romania	20.0%	13.8%	18.0%	10.5%	15.0%	5.8%
Spain	6.5%	8.3%	8.0%	4.3%	8.5%	3.2%
Sweden	5.0%	8.1%	4.0%	6.8%	4.0%	2.3%
Turkey ¹⁹	93.0%	N/A	91.0%	N/A	73.0%	N/A
UK	5.6%	9.1%	13.8%	6.8%	11.0%	3.0%
Middle East and Africa	9.3%	8.0%	12.7%	8.4%	14.4%	6.6%
Bahrain	8.0%	3.6%	9.5%	2.2%	11.0%	2.2%
Egypt	20.0%	8.5%	25.0%	21.6%	28.0%	18.0%
Ghana ¹⁹	27.5%	31.9%	40.0%	45.4%	35.0%	22.2%
Kenya	3.0%	7.6%	9.0%	7.8%	7.0%	5.6%
Kuwait	8.0%	3.9%	9.0%	3.3%	10.5%	2.6%
Lesotho	10.0%	N/A	12.0%	N/A	10.0%	N/A
Malawi	10.0%	20.8%	12.0%	24.7%	15.0%	18.3%
Mauritius	15.0%	10.8%	23.0%	9.5%	30.0%	6.9%
Morocco	2.5%	6.6%	2.5%	4.6%	2.5%	2.8%
Mozambique	12.0%	9.8%	18.0%	7.4%	21.0%	6.5%

¹⁹ Country was not included in regional or global averages, which are not weighted by factors such as national health expenditure or economy size.

Country/Region	2022 actual medical trend rate	2022 actual inflation rate ¹⁶	2023 forecast medical trend rate	2023 forecast inflation rate ¹⁶	2024 forecast medical trend rate	2024 forecast inflation rate ¹⁶
Nigeria	4.0%	18.8%	17.0%	20.1%	21.0%	15.8%
Oman	11.0%	2.8%	13.0%	1.9%	12.5%	2.4%
Qatar	5.0%	5.0%	6.0%	3.0%	7.0%	2.7%
Saudi Arabia	17.0%	2.5%	16.0%	2.8%	15.0%	2.3%
South Africa	5.0%	6.9%	8.9%	5.8%	9.0%	4.8%
Uganda	8.0%	6.8%	10.0%	7.6%	20.0%	6.4%
United Arab Emirates	10.0%	4.8%	12.5%	3.4%	11.0%	2.0%
Latin America and the Caribbean²⁰	10.0%	7.9%	11.3%	5.9%	10.3%	3.7%
Brazil	13.8%	9.3%	18.0%	5.0%	15.3%	4.8%
Chile	7.3%	11.6%	8.2%	7.9%	8.5%	4.0%
Colombia	10.2%	10.2%	12.5%	10.9%	11.0%	5.4%
Dominican Republic	8.8%	8.8%	11.0%	5.7%	7.8%	4.3%
Mexico	16.8%	7.9%	15.1%	6.3%	14.2%	3.9%
Panama	11.0%	2.9%	10.0%	2.2%	10.8%	2.2%
Peru	6.7%	7.9%	9.7%	5.7%	7.8%	2.4%
Puerto Rico	5.5%	4.3%	6.0%	3.3%	7.0%	2.2%
Venezuela¹⁹	20.5%	N/A	29.5%	N/A	35.0%	N/A

²⁰ Argentina was not included in the table due to current socioeconomic conditions (hyperinflation; multiple exchange rates for the dollar).

Appendix B

Participating insurers²¹

We would like to thank all the insurer respondents for participating in this research. We are very grateful to them for sharing their important perspectives, insights and outlooks.

Country	Insurer
Angola	Nossa Seguros Sanlam
Argentina	William Hope Hospital Aleman ASE Sancor Salud
Australia	NIB/GU
Belgium	DKV Belgium AXA Belgium
Brazil	Golden Cross Care Plus
Canada	Equitable Life Medavie Blue Cross

Country	Insurer
China	MSH Taiping New China Life GBG AIA Shanghai CITIC-Prudential Life Manulife-Sinochem China Life Guangzhou Medlink Ping An Annuity Shanghai Bupa Sunlife Everbright Life Beijing Generali China Shanghai Fosun Prosper Health ICBC-AXA
Colombia	AXA Colpatria Seguros Bolivar Pan American Life de Colombia Allianz Compania de Medicina Prepagada Colsanitas S.A. Coomeva MP

²¹ Only participants that indicated on the survey that their company names could be published are listed here. Names are printed as they were reported in the survey response.

Country	Insurer
Cyprus	MetLife Eurolife
Denmark	PFA Pension
Dominican Republic	Grupo Yunen Mapfre Salud ARS Humano Seguros
Egypt	AXA Egypt MetLife Libano-Suisse-Takaful
France	Groupama Gan Vie
Ghana	Acacia Health
Greece	Groupama
Hong Kong	Sun Life Hong Kong Limited Manulife FWD General Insurance Company Limited AXA China Region Insurance Co. Ltd Liberty International Insurance Limited APRIL Hong Kong Limited
Hungary	Groupama Biztosító Zrt.
India	Liberty Videocon Aditya Birla Health Insurance ManipalCigna Health Insurance Royal Sundaram General Insurance
Indonesia	AstraLife LippoInsurance AIA Financial

Country	Insurer
Ireland	Laya Healthcare Irish Life Health
Italy	Generali Life Assurance Philippines Zurich MetLife Generali Italia
Kuwait	Orient Insurance
Libya	SAHARA
Lithuania	Compensa Vienna Insurance Group
Malawi	MASM
Malaysia	AmMetlife Great Eastern Etika
Mexico	MAPFRE Zurich Allianz Grupo Nacional Provincial Seguros Atlas Grupo Nacional Provincial AXA Mexico
Mozambique	Fidelidade
New Zealand	Unimed Southern Cross
Nigeria	Total Health Trust Limited AXA Mansard

Country	Insurer
Norway	If/Vertikal Gjensidige Forsikring
Oman	Oman Qatar Insurance National Life & General Insurance Company New India Oman Oman Qatar Insurance
Panama	Aseguradora del Istmo Adisa S.A. Assa Compania de Seguros Blue Cross and Blue Shield of Panama
Peru	Mapfre Peru Pacifico Seguros
Philippines	The Insular Life Assurance Co. Ltd. Insular Health Care, Inc. PACIFIC CROSS INSURANCE, INC. Medicard Maxicare Healthcare Corporation First Life Financial Co., Inc.
Portugal	Fidelidade
Qatar	Doha Insurance Group Al Koot SEIB
Romania	Signal Iduna Groupama Asirom VIG

Country	Insurer
Singapore	Singlife Raffles Health Insurance Tokiomarine Life Cigna
South Africa	Liberty Health
Spain	AXA Seguros Generales Cigna Life Insurance Company of Europe ASISA Segurcaixaadeslas
Swaziland	Oracle Insure Eswatini
Thailand	Tokio Marine Life Insurance (Thailand) PCL FWD Life Insurance LMG Insurance PCL. Muang Thai Life Assurance PCL. Prudential Life Assurance (Thailand) PCL.
Turkey	Anadolu Sigorta
United Kingdom	Bupa Global WPA Aviva Health UK Healix AXA-PPP
Venezuela	Mapfre Huamanitas
Vietnam	Generali

