

# 2023 Global Medical Trends Survey Report



Rampant inflation and increased healthcare utilization coming out of the pandemic are contributing to the highest projected increase in global medical costs in nearly 15 years. The 2023 Global Medical Trends Survey reveals that after rising from 8.2% in 2021 to a higher-than-anticipated 8.8% in 2022, the healthcare benefit cost trend for 2023 is projected to remain at a stubbornly high global average of 10%.

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# Executive summary

Rampant inflation and increased healthcare utilization coming out of the pandemic are contributing to the highest projected increase in global medical costs in nearly 15 years. The 2023 Global Medical Trends Survey reveals that after rising from 8.2% in 2021 to a higher-than-anticipated 8.8% in 2022, the healthcare benefit cost trend for 2023 is projected to remain at a stubbornly high global average of 10%.

Costs are expected to continue rising in many regions (Figure 1). These include Latin America where average increases are projected to climb from 18.2% to 18.9% as well as Asia Pacific where the rate of increase is expected to jump from 6.9% to 10.2%. In addition, it is anticipated that medical trend in the Middle East and Africa will increase from 10.5% to 11.5%.

Even Europe, which has traditionally seen much lower levels in the past, is not excluded from the record levels of trend. For 2023, the rate of increase in Europe is expected to rise to 8.6%, which is a significant jump over 2021 levels (5.6%). The one region with an expected decrease in trend is North America, where medical trend is projected to drop from 9.4% in 2022 to 6.5% in 2023. While this would be welcome news, U.S. employers in particular are not necessarily seeing this affect them yet and remain very concerned on cost and volatility — despite the fact that inflation overall may be abating for the coming year.

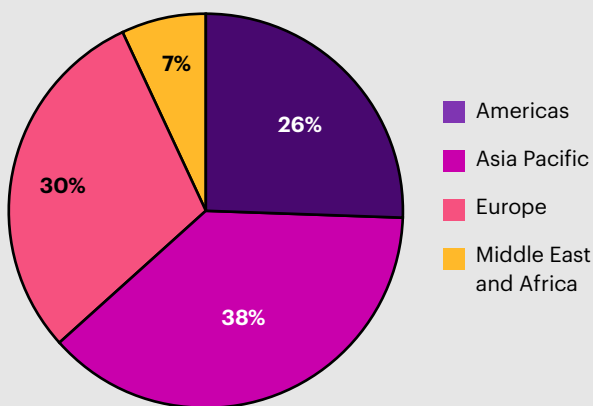
## Medical costs are expected to continue to accelerate

Medical costs are expected to continue to accelerate beyond 2023. Over three-quarters of health insurers (78%) anticipate higher or significantly higher medical trend over the next three years. Eighty-four percent of insurers in Europe expect higher or significantly higher medical trend during this time period, as do 73% of insurers in Asia Pacific, 69% of insurers in Latin America, and 60% of insurers in the Middle East and Africa.

The pandemic highlighted the health disparities among different employee groups, prompting employers to place a greater emphasis on diversity, equity and inclusion (DEI) in their healthcare benefit strategy. To raise insurers' awareness of this issue, our report includes a special section on DEI and healthcare coverage gaps in areas related to DEI.

## About the survey

### Regional profile of respondents



WTW conducts the Global Medical Trends Survey every year between July and September. A total of 257 leading health insurers representing 55 countries participated in our 2023 survey. Regional and global trend rates have been weighted using GDP per capita. The U.S. medical trend data are drawn from other WTW research.



## Key findings

- **Incidence of musculoskeletal disorders remains high.**

Respondents once again ranked musculoskeletal disorders as the top condition by incidence of claims. This finding likely reflects the ongoing impact of poor ergonomics in employees' home work environments combined with reduced levels of physical activity during the pandemic.

Cancer, which is predicted to be the fifth leading condition in terms of incidence of claims in 2022, is expected to move up to the second spot in 2023. This is not surprising and is reflective of the impact of COVID-19 on delayed access to diagnosis and care. Cancer remains the top condition affecting medical costs, followed by musculoskeletal and cardiovascular disorders.

Mental health conditions such as anxiety and depression continue to take a toll on employees. Insurers ranked mental and behavioral health disorders as the fourth leading condition by both incidence of claims and cost. In our 2022 study, mental and behavioral disorders were ranked among the top five conditions by cost but not by incidence of claims. Respondents expect mental and behavioral disorders to be among the top five fastest-growing conditions by both incidence of claims and cost in the next 18 months.

- **Coverage gaps may hamper DEI initiatives.**

Exclusions persist for conditions in areas related to DEI, a key priority and board-level issue in many organizations. These exclusions range from benefits eligibility to fertility treatments and gender reaffirming surgery to midwives and HIV/AIDS treatments. Employers have an opportunity to work with their consultants and brokers to bridge these coverage gaps and help deliver more inclusive and equitable health outcomes across different employee groups.

- **Telehealth continues to gain traction in health delivery and in cost management.**

Insurers ranked contracted networks of providers (70%) as the top cost management method. Telehealth continues to gain ground as a means of managing medical costs, moving up from number three in last year's survey to number two this year. A notable shift over the prior year occurred in the area of preapprovals for scheduled inpatient services, which dropped from number two (67%) in 2021 to number five (52%) in 2022.

- **Concern about overuse of care increases.**

The percentage of insurers most concerned about providers driving up costs by recommending too many services rose from 64% in 2021 to 74% in this year's study. In addition, more insurers are concerned about the impact of insured members' poor health habits on healthcare costs. Over half of insurers (52%) currently indicate that insured members' poor health habits are among the top factors affecting medical costs per person, up from 35% in the prior year.

- **Broader external factors influence medical costs.**

Consistent with previous surveys, the high cost of new medical technologies (62%) and the profit motives of providers (35%) continue to be the key factors affecting medical costs. But in this year's survey, insurers also cite broader issues that influence these costs, including the decline in the quality or funding of public health systems (27%) and geopolitical conflicts (19%). These findings provide a more comprehensive picture of the range of external factors that impact medical costs.

# Global average medical trends by country

While medical costs are climbing globally, it can be useful to understand the different factors that affect these costs in key regions and the actions employers are taking to manage increased trend (Figure 1).

Figure 1: Global medical trends, by market

	Gross			Net*			Inflation rates (from IMF World Economic Outlook)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Global	8.2	8.8	10.0	5.0	3.1	6.5	3.3	5.8	3.4
<b>By Region</b>									
Latin America	15.1	18.2	18.9	6.3	7.1	10.5	8.7	11.0	8.3
North America	9.1	9.4	6.5	5.3	3.1	4.0	3.8	6.3	2.5
Asia Pacific	9.8	6.9	10.2	7.3	3.2	7.6	2.5	3.6	2.6
Europe	5.6	8.0	8.6	2.7	2.0	5.4	2.9	6.1	3.2
Middle East and Africa	12.4	10.5	11.5	10.5	5.7	7.2	1.9	4.7	4.3
<b>By Market</b>									
<b>Latin America</b>									
Argentina	66.7	78.7	79.7	18.3	27.0	36.3	48.4	51.7	43.5
Brazil	9.7	15.9	14.8	1.4	7.6	9.7	8.3	8.2	5.1
Chile	4.7	6.0	7.5	0.1	-1.5	3.0	4.5	7.5	4.5
Colombia	9.0	12.3	13.0	5.5	4.6	8.8	3.5	7.7	4.2
Costa Rica	7.7	9.3	11.7	5.9	3.9	7.9	1.7	5.4	3.7
El Salvador	9.3	7.7	8.3	5.9	2.4	6.2	3.5	5.2	2.2
Guatemala	13.3	14.3	18.3	9.0	9.9	13.9	4.3	4.4	4.3
Honduras	8.5	14.5	10.8	4.0	8.5	5.8	4.5	6.0	5.0
Mexico	13.1	13.7	15.4	7.5	6.9	11.5	5.7	6.8	3.9
Nicaragua	8.0	8.0	10.0	3.1	-0.7	3.8	4.9	8.7	6.2
Panama	9.5	11.0	10.5	7.9	7.9	7.1	1.6	3.1	3.4
Peru	9.4	8.1	8.6	5.4	2.7	4.9	4.0	5.5	3.6
<b>North America</b>									
Canada	10.1	10.4	6.3	6.7	4.8	3.9	3.4	5.6	2.4
United States#	7.3	7.6	6.8	2.6	-0.1	4.0	4.7	7.7	2.9
<b>Asia Pacific</b>									
Australia	16.0	-1.8	8.3	13.2	-5.8	5.7	2.8	3.9	2.7
China	7.9	8.2	9.0	7.0	6.1	7.2	0.9	2.1	1.8
Hong Kong	7.5	8.2	8.8	5.9	6.3	6.7	1.6	1.9	2.1
India	8.3	14.2	8.6	2.8	8.1	3.8	5.5	6.1	4.8

	Gross			Net**			Inflation rates (from IMF World Economic Outlook)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Indonesia	10.2	11.5	10.6	8.6	8.2	7.3	1.6	3.3	3.3
Malaysia	6.8	12.9	13.8	4.3	9.9	11.5	2.5	3.0	2.4
New Zealand	9.9	2.7	15.0	5.9	-3.3	11.5	3.9	5.9	3.5
Philippines	16.6	13.0	12.6	12.6	8.7	8.9	3.9	4.3	3.7
Singapore	8.5	9.6	9.8	6.2	6.1	7.8	2.3	3.5	2.0
South Korea	10.9	11.3	11.5	8.4	7.3	9.0	2.5	4.0	2.4
Thailand	7.4	8.3	7.9	6.2	4.8	5.1	1.2	3.5	2.8
Vietnam	5.6	9.0	10.0	3.7	5.2	6.8	1.9	3.8	3.2
<b>Europe</b>									
Belgium	8.0	5.2	7.9	4.8	-2.8	6.6	3.2	8.0	1.3
Cyprus	-5.0	0.0	2.0	-7.2	-5.3	-0.3	2.2	5.3	2.3
Denmark	6.0	8.0	10.0	4.1	4.2	7.9	1.9	3.8	2.1
France	2.6	2.6	3.3	0.5	-1.5	1.5	2.1	4.1	1.8
Germany	3.7	7.4	7.6	0.5	1.9	4.7	3.2	5.5	2.9
Greece	5.0	5.5	6.5	4.4	1.0	5.2	0.6	4.5	1.3
Hungary	11.0	14.0	17.0	5.9	3.7	10.6	5.1	10.3	6.4
Ireland	17.5	13.5	7.5	15.1	7.8	4.8	2.4	5.7	2.7
Italy	7.7	6.0	9.0	5.7	0.7	6.5	1.9	5.3	2.5
Netherlands	-3.2	2.3	7.4	-6.0	-2.8	5.1	2.8	5.2	2.3
Norway	5.8	7.3	7.3	2.3	3.8	5.5	3.5	3.5	1.8
Poland	5.8	14.5	15.3	0.7	5.6	4.9	5.1	8.9	10.3
Portugal	6.0	6.1	6.4	5.1	2.1	4.9	0.9	4.0	1.5
Romania	11.8	24.3	23.3	6.8	15.1	19.3	5.0	9.3	4.0
Russia	10.5	18.0	14.0	3.8	-3.3	-0.3	6.7	21.3	14.3
Spain	4.2	6.2	7.4	1.1	0.9	6.1	3.1	5.3	1.3
Sweden	6.0	10.0	9.0	3.3	5.2	6.8	2.7	4.8	2.2
Switzerland	0.0	5.5	6.5	-0.6	3.0	4.9	0.6	2.5	1.6
Turkey	28.3	71.8	73.5	8.7	11.3	36.3	19.6	60.5	37.2
United Kingdom	8.2	6.8	8.8	5.6	-0.6	3.6	2.6	7.4	5.3
<b>Middle East and Africa</b>									
Cameroon	6.5	7.5	7.5	4.2	4.6	5.2	2.3	2.9	2.4
Congo (Republic of)	46.5	-6.0	2.5	44.5	-8.7	-0.5	2.0	2.7	3.0
Cote d'Ivoire	18.0	40.0	30.0	13.8	34.5	27.7	4.2	5.5	2.3
Egypt	13.8	15.8	17.4	9.3	8.2	6.4	4.5	7.5	11.0
Nigeria	8.3	15.5	22.5	-8.7	-0.6	9.4	17.0	16.1	13.1
South Africa	2.9	5.9	9.0	-1.6	0.2	4.4	4.5	5.7	4.6
United Arab Emirates	11.5	9.5	10.0	11.3	5.8	7.2	0.2	3.7	2.8

\*Net of general inflation (inflation rates from IMF World Economic Outlook, April 2022)

#United States data are from previous years of the WTW National Trend Survey.



## Europe

On a regional level, there are constraints on public healthcare systems in Europe that are not going to be corrected in the near term. We are seeing the impact of missed screenings and delays in diagnosis due to the pandemic. Additionally, we are observing increased musculoskeletal disorders, some of which can be linked to poor ergonomics in home work environments, resulting in an uptick in disability claims. There is also an increased demand for wellbeing solutions, especially in the areas of mental health.

## U.K.

In the U.K., private medical insurance costs are expected to increase 8.8% in 2023, marginally above the European average but significantly higher than this year's 6.8% increase. While the U.K. has seen general inflationary pressures due to broader economic and geopolitical factors, the pandemic has created other dynamics that are contributing to increasing medical trend:

- The state National Health Service (NHS) continues to grapple with a backlog for routine and elective treatments, with over 7 million people — in excess of 10% of the population — on the waiting list. This is likely to continue to impact claims incidence rates under private plans as people look to the private sector to receive the care they need.
- Delayed access to preventive screenings and/or appropriate treatments for existing conditions has resulted in disease progression, impacting average claims costs. This applies to almost all condition types, including high incidence areas such as musculoskeletal conditions and high-cost conditions such as cancer.
- Changes to work and social habits have had detrimental effects on musculoskeletal and mental health, leading to an increase incidence of conditions and growing costs in these areas.

Some of the changes that occurred during the pandemic are now serving as claims control mechanisms. These include treatments delivered outside of more costly city centers due to remote and hybrid work; telehealth and remote consultations positively affecting claims through speed of access and efficiency of delivery; and digital pathways for such areas as mental health and musculoskeletal conditions that deliver care more efficiently.

# 8.8%

## Medical trend growth in the U.K. in 2023

### Spain

Increased utilization and higher healthcare costs due to delayed treatments as a consequence of the pandemic are key factors driving the trend numbers in Spain. Other contributing factors include inflation, increasing medical expenses due to the Consumer Price Index (CPI) in Spain and the consolidation of hospital groups. The CPI in Spain closed at 6.5% in 2021. In 2022, it is expected to close in the 9% to 10% range. The upward trend is due primarily to price increases on the part of large hospitals and hospital consolidation.

To manage rising medical trend, employers are considering offering copayment products as well increasing the use of telemedicine and healthcare technology such as apps. In addition, they are looking to take advantage of communication strategies to improve employee awareness of benefit programs.

### France

Overall, insurers in France are focused on profitability. Not only are they increasing premiums but they are also being selective in terms of the clients with whom they work and the industries in which they do business. Some carriers are increasing premiums more than 5% for clients, even for those with good loss ratios, and imposing even higher increases on those with poor loss ratios.

In terms of legislation, the 100% Sante reform from 2019, which eliminated out-of-pocket costs for optical, dental and hearing aid benefits, is expected to increase the cost of claims in 2022 and 2023. Moreover, the Social Security monthly ceiling in France, which is the main basis for medical premiums calculation, will increase around 3.5%.

Employers are focusing on wellbeing, virtual care and the employee experience. The leading employers are using employee engagement surveys to understand employee needs and take appropriate actions in the area of health benefits.

### Belgium

Healthcare costs in Belgium represent 10.7% of the GDP. Even with high public spending on health, four out of five Belgians have a private hospital plan, and a significant portion of medical costs — 19.1% — are borne by the patient; however, the biggest expense for patients are outpatient fees, which can include pharmaceutical and dental care. Consequently, we see employers now considering adding outpatient and dental care insurance as well.

While our trend data shows an almost 8% projected increase for 2023, we are also seeing some insurers going to 10% for hospital plans and slightly higher for outpatient coverage.

There is also a trend of hospital patients opting for single rooms, which has a significant impact on hospitalization costs. The additional costs that some hospitals charge single room patients can be as high as 300%. Employers can consider increasing deductibles as a way of curbing this trend.

### Turkey

Hyperinflation and the devaluation of the Turkish lira against the U.S. dollar are the key factors driving medical trend in Turkey. There has been a huge surge in medical costs in 2022, with trend rising from 28.3% to 71.8%. This is expected to continue in 2023, with trend expected to rise to 73.5%. Although claims started returning to near pre-pandemic levels during the third quarter of 2022, deferred claims are expected to come through in the fourth quarter of 2022 and throughout 2023.

Employers' key focus throughout 2022 and in 2023 is to ensure that benefit design reflects market prevalence and that, due to the increased medical costs, the inpatient and outpatient limits are sufficient to cover employees and their families. Other priorities for employers include providing employees with access to mental health and checkup programs as well as reviewing the medical plan in terms of diversity and inclusion.





## Asia Pacific

### Singapore

Singapore's core and headline inflation figures continue to rise, with projected 2023 medical trend surging to 9.8%. As a premier medical tourism hub and one of the first few Asian countries to lift the pandemic travel ban, Singapore experienced a large influx of overseas patients seeking previously deferred elective procedures. Moreover, a fast-aging workforce coupled with a heavier chronic disease burden remained key contributors to the rise in healthcare costs. Other contributing factors include overuse of care by insured members as well as overtreatment or overprescribing by medical practitioners.

Adopting a more strategic and longer-term view, employers are now more open to using preventive care and integrated wellbeing programs to tame their medical cost increases.

### Malaysia

Malaysian insurers project a continued increase in medical trend, from 12.9% in 2022 to 13.8% in 2023. As the country returns to normalcy, the rate of increase is expected to return to pre-pandemic levels. As the flow of patients in hospitals and clinics has generally returned to normal, the cost of drugs and medical procedures has increased.

In terms of employer focus, there is an unmistakable growing interest in wellbeing programs. Employers are especially interested in programs that address mental health, with 60% expressing concern over employee stress and burnout; however, this sentiment has not translated into a corresponding increase in wellbeing budget allocation as employers struggle with shrinking budgets and inflationary pressures.

Multinationals and government-linked companies are more likely to implement structured wellbeing programs. Other employers in general request basic wellbeing initiatives to be incorporated into their insured benefit programs. For now, some insurers have extended mental illness cover with an additional premium to selected clients.

## Vietnam

Medical trend in Vietnam is projected to increase marginally in 2023 to 10%, up from 9% in 2022 and 5.6% in 2021. The daily cash allowance for COVID-19 patients was added into certain policies last year, contributing to an increase in claims and higher loss ratios across the industry's book of business. As a result, insurers have started to remove COVID-19-related benefits to better control claims and costs.

The pandemic has accelerated the adoption of telehealth consultation services, which remain in demand by patients and which most insurance companies now offer as a standard with certain limits in amount and sessions. Additionally, employee stress and mental health remain a major concern for organizations; therefore, most companies are focusing more on wellbeing programs and are aiming to introduce and enhance these benefits in the coming years.

## Hong Kong

Insurers in Hong Kong are projecting that medical trend will climb to around 9% in 2023 compared with 8.2% in 2022. This increase is mainly due to the gradual relaxation of social gathering restrictions within the community and the quarantine requirement for travelers coming into Hong Kong. Most insurers predict that this will drive hospitalization demand, as delayed operations would resume and a more relaxed quarantine requirement would mean more patients from mainland China using the Hong Kong medical system.

Currently, there is a trend of earlier detection of chronic illnesses leading to larger hospitalization claims reported to insurers during the course of 2022. In the long run, this would improve the sustainability of insurance programs; however, in the short term the high frequency of relatively larger hospitalization claims has caused a spike in renewal terms due to less favorable loss ratios. As a result, insurers are trying to manage rising medical costs through pre-authorization requirements and promoting outpatient surgery to reduce unnecessary inpatient costs.

**9%**

**Medical trend growth in  
Hong Kong in 2023**

## China

The use of healthcare services and medical treatments has reverted to pre-pandemic levels due to the strict zero-COVID control policy in China, notwithstanding sporadic outbreaks in some parts of the country. As a result, medical trend is expected to increase in 2023 to 9.0% (8.2% in 2022) mainly due to high medical utilization and other perennial challenges such as a fast-aging workforce with a higher incidence of chronic diseases.

Wellbeing awareness and adoption of wellbeing initiatives by employers have become a key market trend post pandemic. Employers are continuing to seek solutions from consultants and/or insurers to address their needs in this area, though affordability remains a key concern. Mental wellbeing is a particular priority topic among employers as they seek to address employees' mental stress and fatigue exacerbated by prolonged social restrictions.

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**In India, insurance providers are adopting tighter underwriting and pricing discipline, resulting in premium increases.**

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## India

Post-pandemic health conditions, patients' health awareness and the healthcare ecosystem's response are expected to drive up costs in 2023, with medical trend projected to be 8.6%.

Healthcare providers are also planning to increase investments in staffing, infrastructure and supply chain improvements — after experiencing shortages and disruptions during the pandemic — which will drive up costs. We are also seeing insurance providers adopting tighter underwriting and pricing discipline, resulting in premium increases.

Due to the rapidly changing work environment, a majority of employers are reassessing their current benefit design from the perspective of an inclusive and holistic employee value proposition with an eye on cost sustainability. Other priorities include design strategies to differentiate their benefit programs from those of other organizations as well as personalizing the employee experience.



## Latin America

### Argentina

High inflation continues to be one of the key factors driving medical trend in Argentina. The devaluation of the Argentine currency against the U.S. dollar and increases in salaries in the healthcare industry are two of the main factors contributing to increases in medical costs. In addition, starting in August 2022, the government has defined a new methodology to update the cost of medical plans on a bimonthly basis, creating an index that weighs wages in the sector, medications and supplies, among other factors.

In addition to ensuring competitiveness of the medical, companies are also focusing on evaluating their medical programs to ensure that mandatory contributions are sufficient to cover need.

### Brazil

Brazilian insurers use annual indexes that capture their change in medical costs. These are published and used for negotiations in the market, and in 2022, the median of the 10 largest operators was 14.55%, an increase of 5.4 percentage points over the median of 2021 and substantially above the official inflation rate of 10.07% (12-month accumulated index to August 2022). This is very similar to the 2023 projected trend level of 14.8% we've captured in our survey.

This scenario is largely due to the significant increase in medical procedures being conducted post pandemic. Moreover, the country's president and the National Health Agency made some changes this year: The limit on the number of physiotherapy, psychotherapy and occupational therapy sessions was removed, and the list of medical procedures that need to be covered by insurers was expanded.

Inevitably, all these issues have a direct impact when negotiating medical insurance contracts. In anticipation of these negotiations, more companies are seeking market studies to inform their decision making.

### Mexico

Inflation in Mexico is on the rise, and controlling it in the coming years will be challenging even with government efforts. The average cost of private healthcare has increased by double digits. Insurance companies are looking for cost containment schemes to mitigate the resulting impact, including closed provider networks, employee contribution plans and higher coinsurance options. Likewise, large hospital groups continue to grow without having price controls in place, which will make it challenging to control hospital costs in the future.

### Colombia

Higher utilization rates with higher average costs of post-pandemic medical services, the devaluation of the Colombian peso against the U.S. dollar in the past two years and the rise of general inflation will continue to impact medical trend and the healthcare industry in the next year.

Colombia is currently experiencing a shortage of certain medications, stemming from the pandemic's blow to supply chain logistics at the global level. While this will not have a significant impact on the voluntary health plans in Colombia since they are not market-based, this issue is important to mention, as it drives up general costs and contributes to overall inflation in the country.

Additionally, a series of preliminary reforms to the Colombian health system are expected in the first half of 2023 following a recent change of government. For example, early plans call for a change from a private administration model to one administered directly by the government; however, the current government has not yet formalized this project or disclosed further details.

## Middle East and Africa

### South Africa

Medical plans in South Africa increase contributions every year to meet the expected costs of healthcare claims in the following year. The increase is normally in line with medical trend, which is in the range of 3% to 4% above the Consumer Price Inflation (CPI). In September 2022, CPI was 7.6%.

The cost of healthcare services is expected to increase by 0.5% in excess of CPI in 2023. Changes in demographic risk will increase claims by 3% in 2023. And utilization is expected to increase 1.5% to 2.5% in 2023. Our survey shows a projected increase of 9% for 2023.

### Nigeria

Medical insurance policies in Nigeria are performing poorly due to hospitals increasing prices up to 40%. Premium increases during most renewals are above 15%, with community-rated schemes averaging between 7.5% and 12.5%. Many insurers have simply stopped dealing with certain high-end hospitals or only allow access to these facilities on their highest plans, which typically cover only senior management in companies.

### U.A.E.

We forecast an uptick in medical trend in 2023 for the United Arab Emirates (U.A.E.) following a slight decline in 2022. Trend is being driven by increasing, pent-up demand post COVID-19, as essentially all restrictions have now been lifted. Moreover, medical service providers are seeking to boost prices to recover some of the income lost during the pandemic, which also drives trend. Other contributing factors include expanded coverage for more mental health and wellbeing services as well as diversity, equity and inclusion (DEI) efforts. Employers are reviewing cost management options such as more-efficient value-based networks, telehealth, the use of deductibles and competitive tendering taking advantage of regional consolidation opportunities. In addition, employers are focusing on employee communication as a way of promoting desired behaviors.

**Medical service providers in the U.A.E. are seeking to boost prices to recover some of the income lost during the pandemic.**

### Other Gulf states

Saudi Arabia, in particular, is expected to experience high inflation through 2022 and 2023 renewals due to mandatory plan enhancements. Additionally, Saudization and other nationalization initiatives are a driver of inflation as health plan coverage is expanded to broader segments of the workforce.

Plans for mandatory health insurance have been announced in Oman and Qatar, as well as other Gulf Cooperation Council states. Details and impact on inflation are still unknown.

## North America

### Canada

While trend in Canada is projected to drop to 6.3% in 2023, costs remain a concern. In particular, high-cost specialty drugs continue to be a significant issue. In the meantime, progress on a national system of pharmacare is still awaited.

The proposed Canada Dental Benefit providing direct payments for families with an annual income under \$90,000 who do not have access to dental coverage is coming to the fore. The first part of this legislation is slated to take effect in late 2022, providing dental benefits to children under the age of 12 who do not have access to other dental coverage and based on certain family income thresholds. There is also a continuing focus in Canada on leaves, especially for caregiving, and legislation in this area continues to evolve.

The Reform of the Charter of the French Language expanding requirements for the use of the French language in Quebec went in to effect June 1, 2022. Plan sponsors should ensure their employee communication complies with this legislation.

### U.S.

Inflation in the U.S. hit a 40-year high of 9% in 2022. Even though inflationary pressures show signs of abating, insurers are operating in an elevated healthcare cost environment characterized by a high degree of variability. The variability is attributed to uncertain pandemic risks, changes in utilization patterns, medical cost inflation and the impact of health plan recontracting with providers and health systems across the U.S., which is expected to usher in higher pricing across the healthcare system.

**Insurers in the U.S. are operating in an elevated healthcare cost environment characterized by a high degree of variability.**

Given the impact of inflation and other healthcare cost factors in the U.S., we project a medical cost trend in 2023 of 6.8%. As multiyear contracts between medical providers and insurers are renewed, we expect this will lead to higher trend rates in the future. Wages and supply of healthcare labor are anticipated to be a significant contributing factor in these contract negotiations.

As far as new legislation is concerned, the Inflation Reduction Act allows the Department of Health and Human Services (HHS) to negotiate prices for certain high-cost drugs covered under Medicare, the public healthcare insurance program for those over the age of 65. This legislation will have a potentially cost-shifting effect on commercial payors in the U.S.

Going into next year, employers will be focused on striking a balance between managing costs and addressing employee wellbeing needs and the competitiveness of the tight labor market. There will also be an emphasis on navigation and advocacy solutions as well as a movement to a “virtual first” delivery model to improve efficiency and create a better employee experience.

# Spotlight on DEI

Benefit policy exclusions persist for services that support DEI strategies, a key priority for many organizations. Many insurers' policies have exclusions related to gender, a diversity lens that is most consistently a focus of organizations. Globally, approximately three-quarters of all group policies exclude fertility treatments (Figure 2). This figure is even higher in some regions. Roughly 85% of all group policies in Asia Pacific exclude these treatments as do over 90% of group policies in the Middle East and Africa.

Exclusions for gender transition surgery follow a similar pattern. Globally about 75% of all group policies exclude this type of surgery. This figure rises to over 85% of all group policies in Asia Pacific and 93% of all group policies in the Middle East and Africa.

Additionally, exclusions for doulas and midwives are found in approximately three out of five group policies globally. At the same time, exclusions for treatments related to menopause exist in about 37% of all group policies on a global basis.

Exclusions for HIV/AIDS persist despite the existence of treatments to make this a manageable chronic condition. The percentage of group policies covering more than 500 employees globally that exclude treatments for HIV/AIDS has steadily increased from 41% in 2020 to 54% in 2021 to 57% in 2022.

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**The percentage of group policies for more than 500 employees that exclude HIV/AIDS jumped from 41% in 2020 to 57% in 2022.**

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Moreover, at the most foundational level of inclusive benefits, insurers continue to report exclusions for same-sex legal spouse or domestic partners. Approximately a quarter of all group policies globally regardless of size contain these exclusions. Sixty percent of insurers attribute these exclusions to legal restrictions.

## Growing demand for benefits that support DEI

Insurers are facing pressure to modernize and redefine their benefit packages in response to the growing demand from organizations that are aligning benefits with their DEI strategy. The challenge can be complex, particularly for multinationals that strive for global benefit consistency or consistent minimum standards. In some countries, exclusions are a result of legal restrictions; in others, exclusions may exist due to government-provided social benefits, and in still other countries, insurers may not have enough experience to price the benefit effectively. Moreover, economic uncertainty fueled by rampant inflation and a looming potential recession is another factor impacting both insurers and organizations exploring the possibility of removing exclusions.

As organizations further align their benefits with their DEI strategies and insurers modernize their offerings, there may be opportunities to remove exclusions to drive greater benefit inclusivity, better meeting the diversity of employee health needs. Some may be at a low or nominal cost where the insurer feels they can better understand and price the risk and the utilization is low (e.g., domestic partner coverage, doulas/midwives, menopause coverage), while others may be areas of pricing development that will only be further refined as more organizations remove exclusions (e.g., fertility treatments, gender reaffirming surgery [i.e., sex change]).

It is important to discuss the intent of globally consistent benefits or minimum standards and the benefits to be included, factoring in social benefits provided by the government. Also critical is a discussion of the governance structure used to make equitable decisions. Working with their consultants and brokers, organizations can make important strides to bridge these coverage gaps and help deliver more equitable health outcomes across different employee groups while also managing costs.

Figure 2: Exclusions of DEI elements — global perspective

Fertility treatments included but not limited to IVF, cryopreservation, surrogacy, etc.



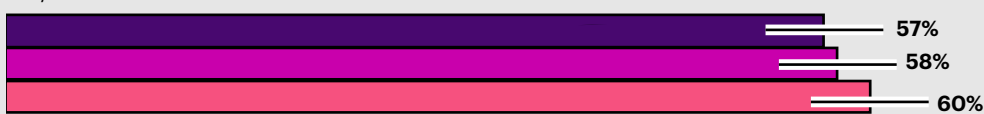
Gender reassignment surgery (Sex change)



Doulas and Midwives



HIV/AIDS



Other mental and behavioral health including but not limited to Autism, ADHD, etc.



Treatments related to menopause



Preexisting conditions



Same-sex legal spouse or domestic partner



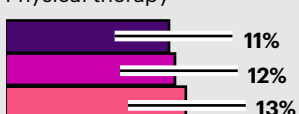
Maternity



Mammograms



Physical therapy



- Group policies for more than 500 employees
- Group policies for up to 500 employees
- Group policies for less than 50 employees

# What's driving global medical trend

While the top three drivers of medical costs are not new, they are increasing in importance.

- **Overuse of care.** The leading driver of medical costs continues to be the overuse or misuse of care due to medical practitioners recommending too many services. Three-quarters of insurers (74%) cited this factor as a key cost driver, up from 64% last year. This finding may suggest that as the number of employees catching up on care coming out of the pandemic increases, so too does the overuse of care.

# 3/4

insurers cite overuse of care as a key cost driver.

- **Poor health habits.** Over half of respondents (52%) cited insured members' poor health habits as a key factor influencing medical costs, up from 35% in the prior year. This jump may reflect the impact of insured members' more sedentary lifestyles due to increased remote work and, in some cases, periodic lockdowns.
- **Underuse of preventive services.** A growing percentage of insurers indicate that the underuse of preventive services is a significant factor influencing medical costs. Fifty percent of insurers cite this factor as a key cost driver, up from 34% in 2021 and 38% in 2022.

A number of external factors also influence medical costs. The most significant of these factors is the high cost of new medical technologies, cited by more than three-fifths of insurers (62%), up from 55% in 2021. Roughly a third of insurers (35%) report that the profit motives of providers constitute a key cost driver.

Additionally, roughly a fifth or more of insurers recognize the impact of broader issues on healthcare costs such as the quality or funding of public health systems (27%); epidemics and global pandemics (26%); and geopolitical conflicts, including war (19%). An understanding of these issues will help insurers and employers better monitor the range of factors that can affect medical costs.



# Top conditions globally

## By cost

Cancer, musculoskeletal and cardiovascular are the top three conditions by cost (Figure 3). The percentage of insurers citing cancer as a top condition by cost rose from 69% last year to 77% in this year's survey. This finding likely reflects the impact of insured members catching up on cancer treatments that had been delayed or postponed during the pandemic.

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

## By incidence

Musculoskeletal, cancer and cardiovascular are the top three conditions by incidence of claims (Figure 4). Three in 10 insurers cited cancer as a top condition by incidence last year while over four in 10 (45%) did so this year. This is not surprising and is reflective of the impact of COVID-19 on delayed access to diagnosis and care. As a result, cancer moved up from number five in 2021 to number two in 2022.

Looking ahead, mental health disorders such as anxiety and depression are expected to rise. In fact, insurers anticipate that mental health will be the fastest growing condition by incidence of claims over the next 18 months followed by cancer and musculoskeletal disorders.

## Regional perspectives

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**Mental health is expected to be the fastest growing condition by incidence of claims over the next 18 months.**

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Cancer is the leading condition by cost in all regions — Latin America, Asia Pacific and Europe — except for the Middle East and Africa where respiratory is the costliest condition. Cardiovascular is the second most costly condition in all regions except for the Middle East and Africa where musculoskeletal is in the second spot.

There is more variation when it comes to incidence of claims. Insurers in Asia Pacific and Europe rated cancer as the leading condition by incidence. But in Latin America, gastrointestinal was the top condition by incidence, and diabetes was the leading condition in this category in the Middle East and Africa.

The second leading condition by incidence of claims varies in each region: musculoskeletal in Europe, cancer in Latin America, gastrointestinal in Asia Pacific, and respiratory in the Middle East and Africa.

Figure 3: Top five conditions currently by cost

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

Figure 4: Top five conditions currently by incidence

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

# Managing medical trend

## Cost sharing

Consistent with prior surveys, insurers identified member coinsurance as the most typical cost-sharing approach in all regions but Europe. The results in Europe are skewed due to socialized medicine. Our findings show considerable variation across regions. In the Middle East and Africa, three-quarters of insurers (75%) indicate that member coinsurance is typical or very typical. In contrast, only 36% of respondents in Asia Pacific report this to be the case.

Other cost-sharing approaches include deductibles, which are very typical for Latin America (33%) and Europe (31%) and typical for Asia Pacific (34%) and the Middle East and Africa (39%). Annual limits on out-of-pocket expenses are less prevalent in most regions with the exception of the Middle East and Africa where roughly four in 10 insurers (39%) say that these limits are very typical.

## Cost management methods

Seventy percent of insurers globally identified contracted networks of providers for all treatments as the most effective method for managing medical costs (Figure 5). This is the most popular cost management approach in Europe (77%) and Latin America (73%) where it is tied with telehealth. Limits on certain services was the leading method for managing costs in Asia Pacific (73%) and the Middle East and Africa (97%) where it is tied with preapproval for scheduled inpatient services.

Telehealth emerged as the second-most popular cost management method, up from third last year. Six in 10 insurers globally cited telehealth as an effective approach to managing costs. Half of insurers in Europe, roughly six in 10 of those in Asia Pacific (62%) and almost three-quarters of insurers in Latin America (73%) said they used telehealth to help clients effectively manage medical costs.

# 6 in 10

**insurers cited telehealth as an effective cost management method.**

Telehealth made considerable inroads in the Middle East and Africa where the percentage of insurers identifying telehealth as an effective cost management method jumped from 40% in 2021 to 83% in 2022.

Roughly six in 10 insurers (58%) globally found placing limits on certain services to be an effective approach to managing costs, making this the third most popular cost management method. This approach saw the biggest increase in Latin America where almost half of insurers (49%) indicated such limits help clients manage medical costs, a substantial jump from 16% in the prior year.

Figure 5: The top cost management methods in 2022

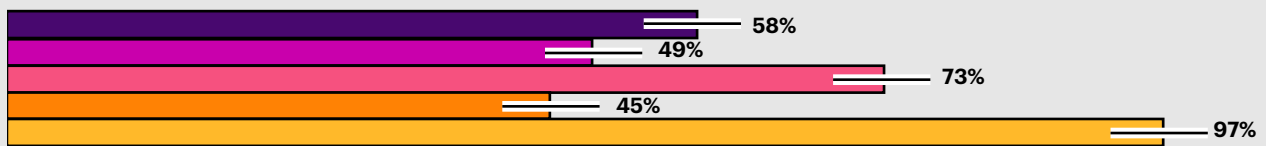
Contracted networks of providers for all treatments



Telehealth (remote diagnosis and treatment of patients by virtual communications technology, including telebehavioral health)



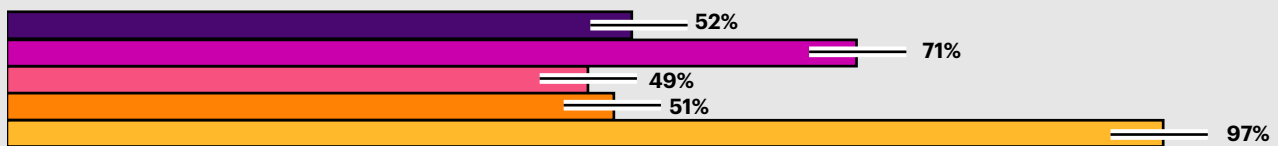
Limits on certain services (structured benefits schedule)



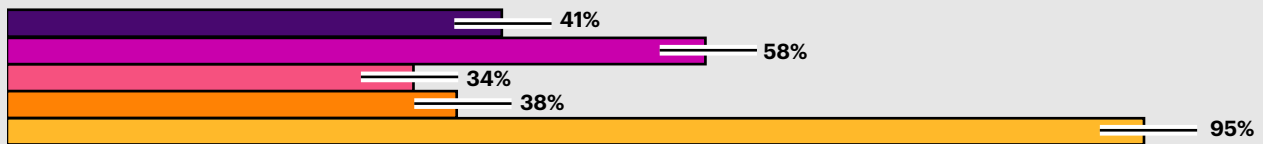
Contracted networks for specific care



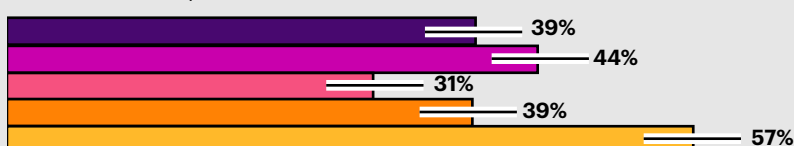
Preapproval for scheduled inpatient services



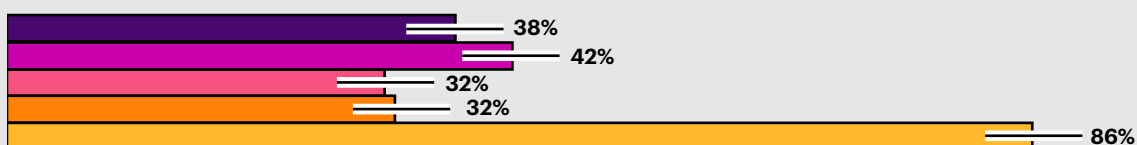
Preapproval for diagnostic or advanced tests



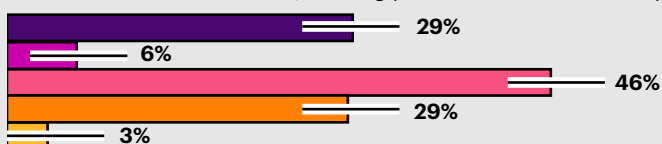
Second medical opinion



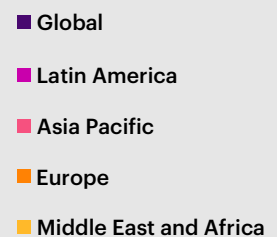
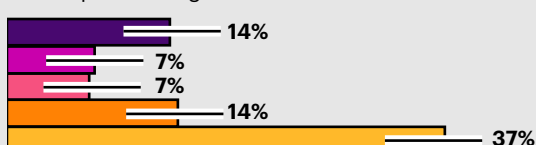
Chronic condition or disease management programs



Alternative cash allowances (for using public facilities instead of private care)



Other special design features



## Availability of claims data

For policies covering more than 500 lives, insurers globally are most likely to provide detailed claims data by the top 10 medical causes or conditions (71%) followed by high-level claims data only (55%) and data on medical facilities used by the insured population (49%). Fewer than half of insurers globally (46%) provide individual claims data indicating service provided and diagnosis. When it comes to telehealth, the percentage of insurers providing data on this service declined slightly from 39% last year to 34% this year.

The use of ICD coding continues to increase globally with nearly two-fifths of insurers globally (37%) now using the ICD 10 system to adjudicate medical claims (Figure 6). Over half of insurers in the Middle East and Africa (52%) and Latin America (60%) use ICD-10. It is less popular with insurers in Asia Pacific (41%) and Europe (34%). A small percentage of insurers globally (4%) have started using the recently released ICD 11.

**2/5**  
insurers globally use the ICD 10 system.

Although we see a movement toward more standardized claims data reporting, 10% of insurers continue to use local coding systems. This is particularly the case in Asia Pacific where almost one in five insurers (19%) uses a local coding system to adjudicate claims and in the Middle East and Africa where 11% use local systems.

## Medical insurance exclusions

We continue to see certain conditions excluded in medical insurance policies despite a recognized need for care among the insured population and advances in treatments that can make these conditions more manageable (Figure 7). The conditions most commonly excluded include alcoholism and drug use. Globally, 63% of group policies for more than 500 employees currently exclude alcoholism and drug use, up from 52% last year. There are notable regional differences. In the Middle East and Africa, 93% of all group policies regardless of size exclude these conditions.

Also concerning are exclusions for mental and behavioral health, which is expected to be the fastest growing condition by incidence over the next 18 months. Globally, roughly a quarter of group policies for more than 500 employees (24%) do not cover mental and behavioral health disorders. Regionally, these exclusions are most common in Asia Pacific where 35% of group policies for more than 500 employees exclude disorders related to mental and behavioral health.

Figure 6: Claim coding systems

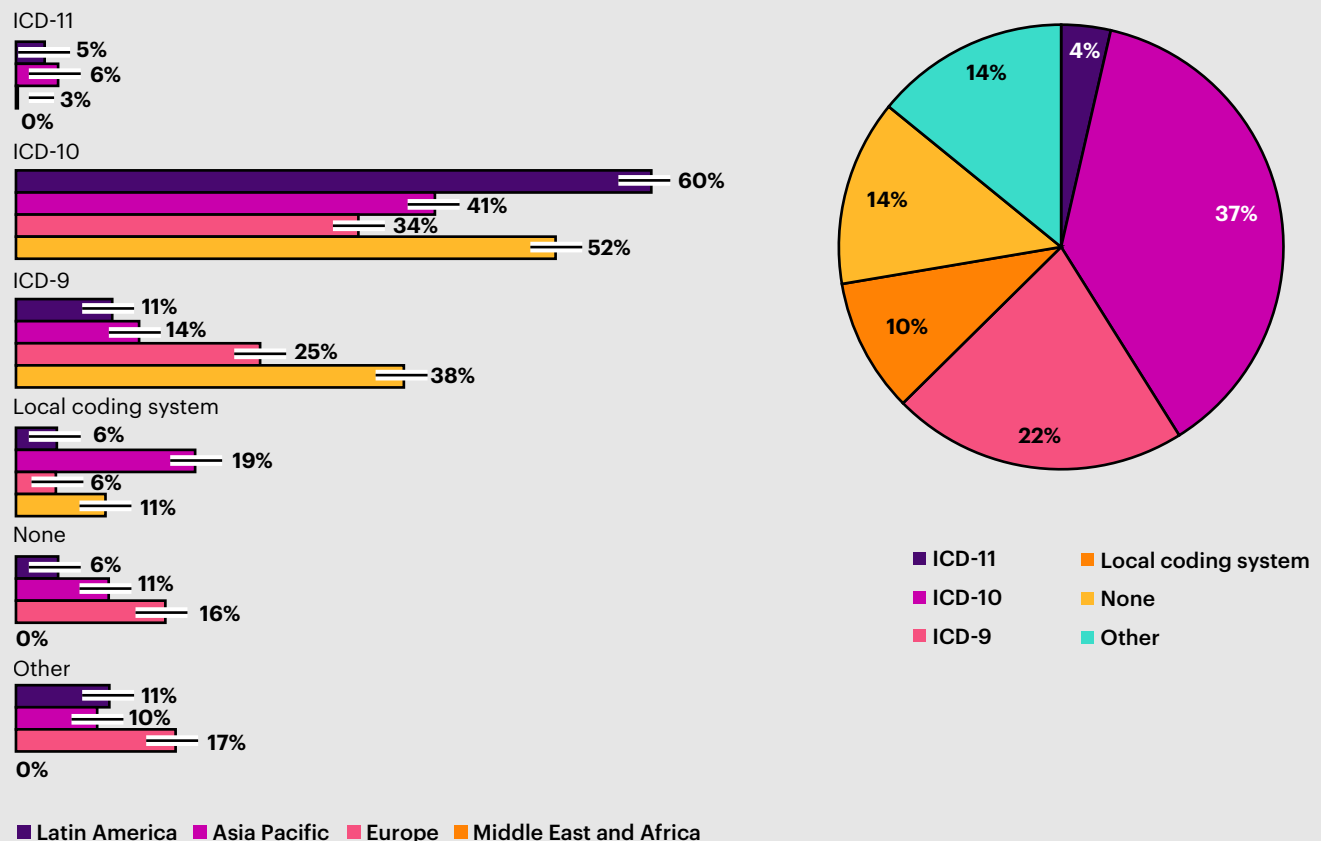
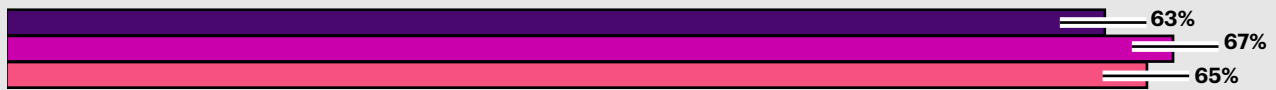


Figure 7: Exclusions in standard medical insurance programs — global perspective

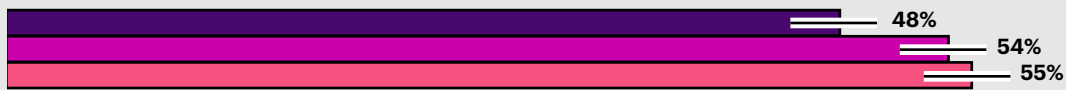
Alcoholism and drug use



Parents



Retirees



Pandemics



Speech services



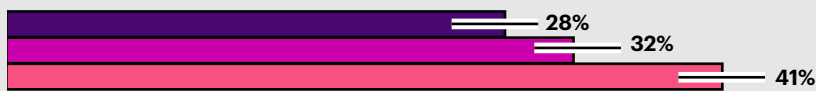
Hearing services



Child dependents, age 23 and above



Vision services



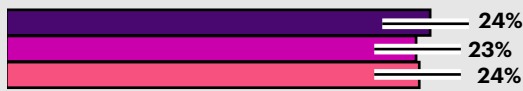
Dental services



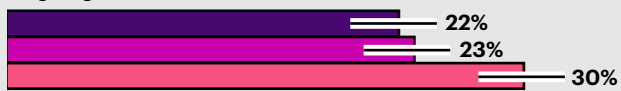
Mental and behavioral health (e.g. anxiety, depression)



COVID-19



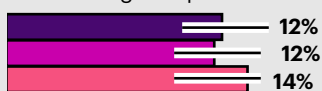
Ongoing diabetes care



Out-of-country coverage



Second surgical opinion



- Group policies for more than 500 employees
- Group policies for up to 500 employees
- Group policies for less than 50 employees



### Telehealth continues to expand

As expected use of telehealth or virtual care continues to increase globally. Roughly six in 10 insurers globally (59%) report that the addition of telehealth services was the biggest change their organizations made to their medical portfolios in 2022, up from 37% in 2021. The region with the largest percentage of insurers that identified telehealth as the most prevalent change this year was the Middle East (77%) followed by Europe (62%), Latin America (61%) and Asia Pacific (57%).

**6 in 10**  
insurers said the biggest change to their medical portfolios in 2022 was the addition of telehealth.

### Services covered

Primary physician/general practice (GP) services delivered via telehealth are mostly likely to be covered as part of the existing medical premium, with more than seven in 10 insurers (73%) globally indicating this to be the case.

Among those not covering primary physician/GP services, 47% attribute the exclusion to legal restrictions, but over a third (36%) are looking to add these services in the next 12 to 18 months.

Other telehealth services likely to be covered as part of the existing medical premium include prescription drugs (58%), navigation for acute illnesses (55%), mental and behavioral health (50%), and specialist consultant services (49%). Given the increase in cases of anxiety and depression in recent years, it is notable that almost a quarter of insurers globally (24%) do not cover mental and behavioral health services offered via telehealth, a figure that rises to almost four in 10 (37%) in Asia Pacific. Among those excluding these services, 27% are looking to add them in the next 12 to 18 months.

## Telehealth utilization

### Physician/GP services

Sixty-three percent of insurers globally report that less than 10% of insured members used telehealth for physician/GP services in 2021, while 15% indicate that 10% to 19% used telehealth for these services. By the end of 2022, an uptick in the use of telehealth is expected. Forty-seven percent of insurers expect less than 10% of insured members will be using telehealth for physician/GP services at that time, while almost three in 10 insurers (27%) expect 10% to 19% of insured members to access these services in this way.

The use of telehealth for physician/GP services is expected to expand across all regions especially in Europe. By the end of 2022, roughly a third of insurers in Europe (33%) anticipate that 10% to 19% of insured members will access physician/GP services via telehealth.

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### The use of telehealth for physician/GP services is expected to expand across all regions.

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### Prescription drugs/pharmacy

Globally roughly six in 10 insurers (59%) say that less than 10% of insured members used telehealth to access prescription drugs in 2021. Ninety-two percent of insurers in the Middle East and Africa and 63% of those in Asia Pacific indicate that less than 10% of insured members in their respective regions access prescription drugs in this way.

By the end of 2022, 26% of insurers globally along with 26% of insurers in Asia Pacific and 28% in Europe expect that 10% to 19% of insured members will access pharmacy services in this way.

### Specialist consultant services

Slightly more than half of insurers globally (51%) report that less than 10% of insured members accessed specialist consultant services via telehealth in 2021. By the end of 2022, 45% of insurers expect less than 10% of covered members to use these telehealth services.

At the same time, 22% of insurers globally as well as 40% of insurers in the Middle East and Africa and 24% of insurers in Europe expect 10% to 19% of insured members to use specialist services delivered via telehealth by the end of 2022. Additionally, in Latin America, one in 10 insurers anticipates that 20% to 29% of insured members will access these telehealth services during this time period.

### Mental health services

Globally, roughly half of insurers (51%) indicate that less than 10% of covered members accessed mental health services via telehealth in 2021. These telehealth services appear to be more popular in the Middle East and Africa where approximately a quarter of insurers (24%) say that 10% to 19% of insured members accessed these services in the prior year.

By the end of 2022, a fifth of insurers globally (20%) and roughly a quarter of insurers in Europe (24%) expect 10% to 19% of insured members to use mental health services delivered via telehealth. Moreover, about one in 10 insurers globally (10%) and in Latin America (11%) as well as 14% of those in Europe anticipate that 20% to 29% of covered members will access these telehealth services.

There is opportunity to expand the use of mental health services delivered via telehealth. A significant minority of insurers — 25% globally and roughly a third in Latin America (33%) and Asia Pacific (35%) — expect that none of their covered members will have accessed these services by the end of 2022.

### Navigation for acute illnesses

Insurers are just starting to tap the potential of telehealth to provide navigation services for acute illnesses. Roughly a third of insurers globally (34%) report that none of their insured members use telehealth to access these navigation services. At the same time, 56% of insurers indicate that less than 10% of insured members are using telehealth in this way.

Over a fifth of insurers in Latin America (21%) and over 10% of insurers globally (14%), in Asia Pacific (16%) and in Europe (14%) expect that 10% to 19% of insured members will have used telehealth to access navigation services for acute illnesses by the end of 2022.

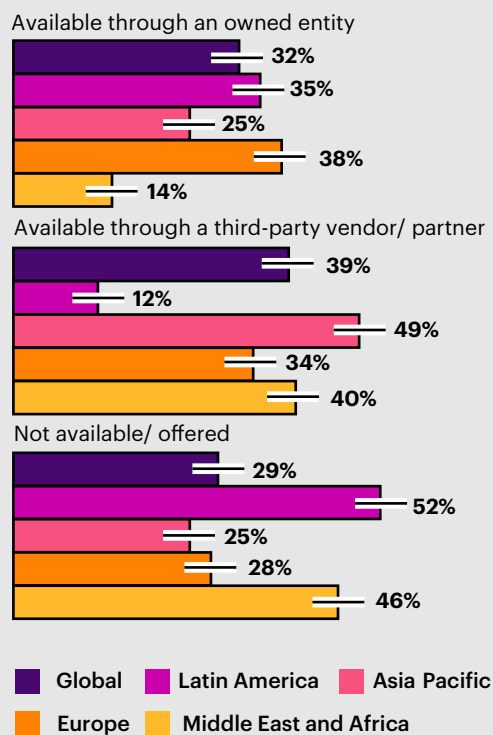


# Ancillary wellbeing and medical services

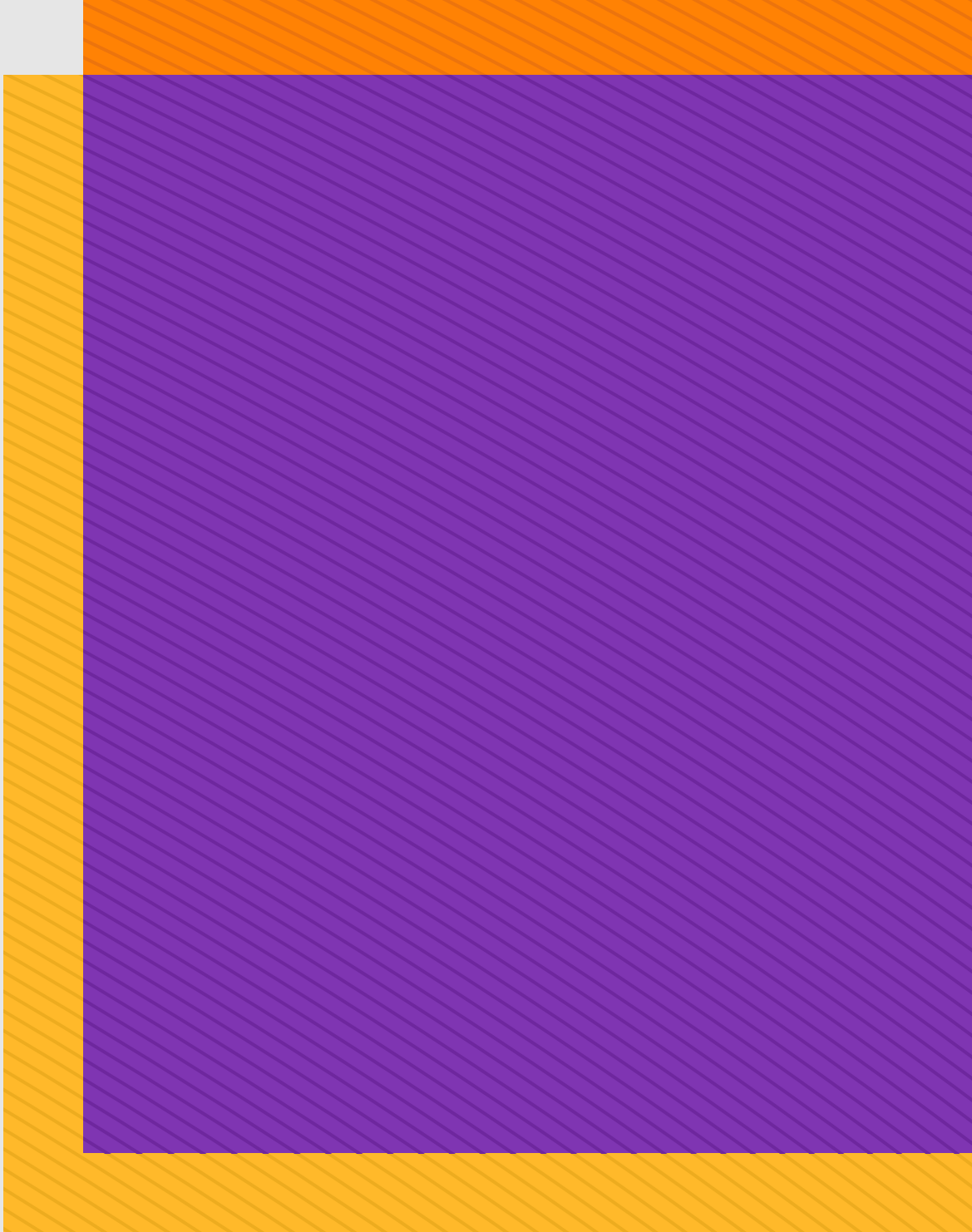
A range of ancillary wellbeing and medical services are now offered via an owned entity or a third-party partner or vendor.

- Telehealth.** Three-quarters of insurers globally and over 70% of insurers in Asia Pacific (71%), Europe (76%) and the Middle East (81%) indicate that telehealth services are available primarily through third-party vendors; however, in Latin America roughly two-thirds of insurers say that these services are available through third parties, while about three in 10 (29%) report that telehealth services are offered through an owned entity.
- Health coaching.** Approximately four in 10 insurers globally (41%) say that health coaching is offered via third-party vendors, while 27% indicate that this type of service is available through an owned entity. Insurers in Europe (41%) are more likely to say that health coaching is provided through an owned entity, while insurers in the Middle East and Africa (77%) are more likely to report that this service is provided via a third party.
- Wellbeing/Engagement portal.** Roughly four in 10 insurers globally (39%) and almost half of insurers in Asia Pacific (49%) indicate that wellbeing portals are offered via third-party vendors (Figure 8). Roughly a third of insurers globally (32%) and more than a third of insurers in Latin America (35%) and Europe (38%) report that wellbeing portals are provided through an owned entity.
- Employee assistance programs (EAP).** EAP programs are more likely to be provided through third-party vendors. More than four in 10 insurers globally (46%) as well as those in Asia Pacific (47%), Europe (43%), and the Middle East and Africa (81%) hold this view. Only roughly a fifth of insurers globally (19%) say that EAP programs are offered through an owned entity.
- Point solutions.** More than three in 10 insurers globally (35%) and across all regions except in Latin America indicate that point solutions are provided through third-party vendors. When it comes to insurers in Latin America, over half (51%) indicate that point solutions are available through owned entities and only 11% say that these solutions are available via third-party partners. Notably, over four in 10 insurers globally (44%) report that point solutions are not offered.

Figure 8: How wellbeing portals are made available



Insurers indicate that fitness programs and financial education platforms are less likely to be offered. More than half (54%) report that fitness programs are not available, and more than two-thirds (68%) say that financial education platforms are not provided.



### 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](https://wtwco.com).



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