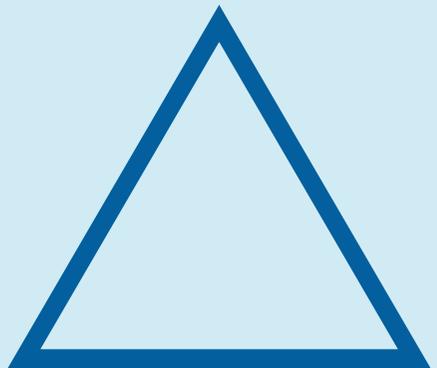
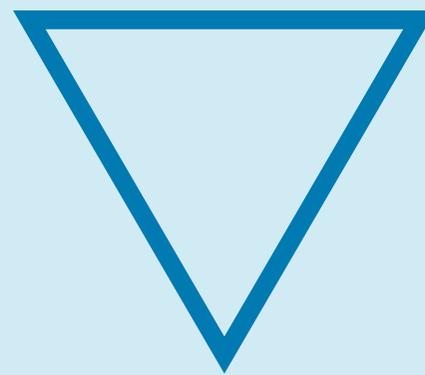
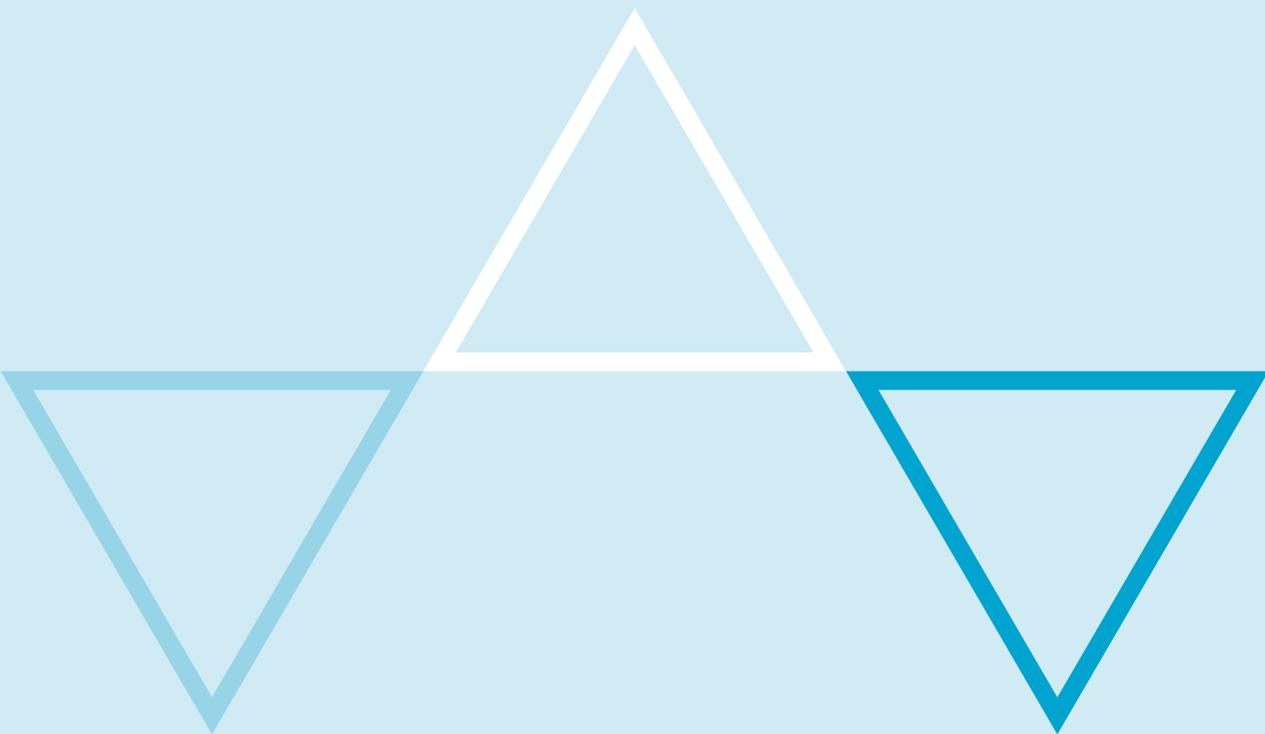


# 2019 Medical Trends Around the World



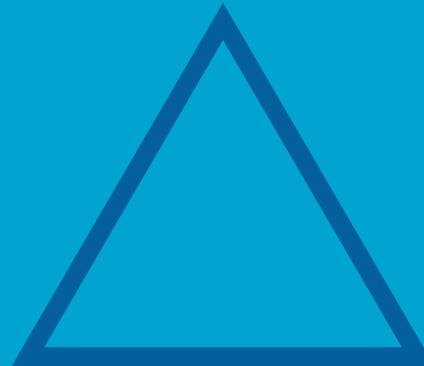
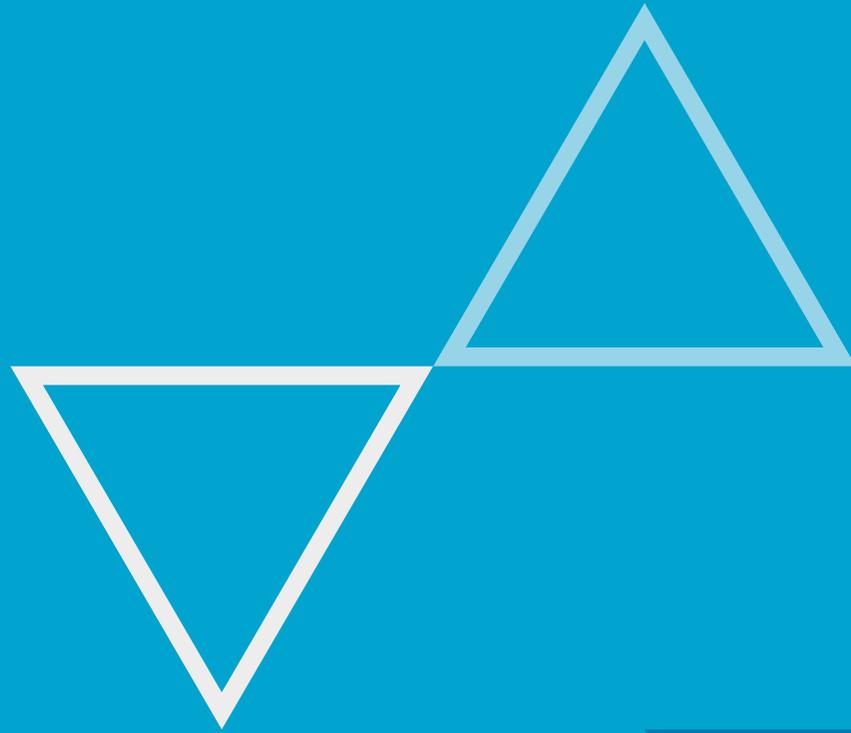
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# 1

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## Message From Mercer Marsh Benefits



On behalf of Mercer Marsh Benefits, I am delighted to release our fifth annual Medical Trends Around the World survey, which provides forward-looking insights into the rising cost of health insurance for our clients around the world. It is encouraging that insurance and adjacent industries are moving forward with advancements to help organizations optimize their employee benefit plan costs so that programs are financially sustainable into the future.

As the new leader of Mercer Marsh Benefits, I am keen to ensure that we maintain our industry leadership position by working with clients, insurers and other partners to drive innovative data-driven approaches that improve health and well-being and ensure that the right care is delivered at the right time in the right place. We are encouraged to see that insurers are responding to the challenges of the rising medical costs by continuing to make strategic investments in digitization and data analytics.

However, we all need to do more to ensure health coverage and care are affordable for employers and employees: medical trends continue to outpace general inflation by close to three times. The average global medical trend rate observed

for 2018 was 9.7%, and a similar increase is expected for 2019. In the absence of using active plan management strategies, employers will need to allocate more and more of their remuneration budget toward benefits. This is at a time when the workforce is demanding a broader set of rewards and more engaging program delivery.

I'd like to thank the 204 insurers across 59 countries\* who participated in this year's "short form" survey (each year we alternate between a summary and detailed research), which ran from January to March 2019. Our clients tell us that data from the survey are a key input into plan design decisions, so we are grateful to insurers for sharing their perspective on interventions that are most likely to be feasible and effective into the future.

We hope that you find the data and insights helpful. We look forward to working with you to design, deliver and finance programs that can help you optimize cost, manage risk, simplify program delivery and digitally engage your workforce.



**Hervé Balzano**

Mercer Marsh Benefits  
International Leader

\*Excludes the United States



# 2

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## Key Trends Shaping Employer-Sponsored Medical Plans



## This year's survey continues to explore how health conditions, supplier factors and consumer habits are driving cost.

It also provides insights to how insurers are responding to these. We found no surprises in many respects:

- Cancer and diseases of the circulatory system remain the top two highest causes of claims, based on cost.
- The top three health risk factors remain metabolic and cardiovascular risk, dietary risk and emotional/mental risk.

We would like to highlight four key findings from this year's survey.

Key findings	Considerations for employers
<p><b>No reprieve in medical inflation</b></p> <p>Medical costs continue to outpace general inflation by close to three times. The average global medical trend rate observed for 2018 was 9.7%, with a similar increase expected for 2019 and even higher rates for 2020.</p>	<p>Plan ahead for design, delivery and financing cost-containment measures, prioritizing solutions that enhance access to quality healthcare. In the absence of aggressive short- and long-term interventions, employers will need to consider budgeting for higher costs.</p>
<p><b>Shifting focus toward making members smarter healthcare consumers</b></p> <p>The number of insurers investing in initiatives to enable quality-focused care (right care at the right time in the right setting) has more than doubled – 29% have indicated it as a top strategic investment area. We view this as a natural evolution of recent investments in data analytics, which continue to be the top strategic focus for insurers (for example, to identify abnormalities in costs and medical practices; in Europe, 15% more insurers are delisting health providers due to clinical or business practices).</p>	<p>Engage with your benefit advisor, other employers, insurers and internal resources to seize opportunities to give plan members the knowledge, tools and incentive to change buying habits, promoting provider and consumer accountability.</p>
<p><b>Exploration is increasingly shifting to execution</b></p> <p>Exploration of virtual care both to contain medical costs and to encourage consumer-based behavior is increasingly turning to execution – 78% of insurers around the world are now considering or already supporting virtual health consultations (highest in the Middle East and Africa at 88%).</p>	<p>Embrace digital disruption to make healthcare accessible and affordable across a spectrum of service providers, including physicians, mental health providers and physical therapists. Supplement this with engaging and personalized communication to improve adoption of the services.</p>
<p><b>Lifestyle factors continuing to drive increases in medical costs</b></p> <p>Circulatory, gastrointestinal and respiratory conditions, largely related to lifestyle choices, continue to drive the top claims by cost and frequency.</p>	<p>Make health a business imperative. Develop a holistic health and well-being strategy that supports employees across their physical, emotional, financial and social well-being.</p>



3

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**Medical Trend Rate  
Exceeds Economic  
Inflation**

The data from this year's survey reflect a slight increase in the actual medical trend rate experienced by insurers in 2018, just 0.2 percentage points above the average reported in our report last year. However, the average global medical trend rate of 9.7% continues to outpace economic inflation by about three times.

Projections by survey respondents for 2019 reflect the potential for a 9.6% global average, with most countries reporting they expect the trend to remain similar to last year.

Please note that the US is excluded from this report because it is a unique healthcare market. For information on US trends, see our separate [Mercer National Survey of Employer-Sponsored Health Plans 2018 report](#).

Based on your block of group or overall medical insurance business, what actual medical trend rate did you experience in 2018 and are you projecting for 2019?

*All aspects of healthcare – including hospitalization, outpatient, medications, maternity and vision – can be included in your assessment, but where possible, please exclude dental. The trend rate should account for per-person increases in cost due to medical inflation, changes in utilization patterns and other factors, like changes in government regulation.*

Country/Region	2018 medical trend rate experienced <sup>1</sup>	2018 estimated inflation rate <sup>2</sup>	2019 projected medical trend rate <sup>1</sup>	2019 forecast inflation rate <sup>2</sup>
Global <sup>3</sup>	9.7%	3.2%	9.6%	3.3%
<b>North America</b>				
Canada	8.5%	2.6%	8.5%	2.2%
<b>Asia</b>	<b>10.4%</b>	<b>2.5%</b>	<b>10.3%</b>	<b>2.6%</b>
China	9.7%	2.2%	10.2%	2.4%
Hong Kong	9.3%	2.3%	9.1%	2.1%
India	8.5%	4.7%	9.3%	4.9%
Indonesia	11.0%	3.4%	10.5%	3.8%
Malaysia	13.4%	1.0%	13.6%	2.3%
Philippines	13.0%	4.9%	13.7%	4.0%
Singapore	10.0%	1.0%	10.1%	1.4%
South Korea	6.0%	1.5%	5.0%	1.8%
Taiwan	11.5%	1.5%	9.1%	1.3%
Thailand	7.9%	0.9%	8.5%	0.9%
Vietnam	14.5%	3.8%	14.2%	4.0%
<b>Pacific</b>	<b>6.0%</b>	<b>1.8%</b>	<b>5.1%</b>	<b>2.0%</b>
Australia	4.0%	2.2%	3.3%	2.3%
New Zealand	8.0%	1.4%	7.0%	1.7%

Country/Region	2018 medical trend rate experienced <sup>1</sup>	2018 estimated inflation rate <sup>2</sup>	2019 projected medical trend rate <sup>1</sup>	2019 forecast inflation rate <sup>2</sup>
<b>Europe</b>	<b>8.1%</b>	<b>3.1%</b>	<b>8.3%</b>	<b>3.0%</b>
Belgium	4.3%	2.2%	4.1%	1.8%
Bulgaria	14.7%	2.6%	15.5%	2.3%
Denmark	2.2%	1.4%	3.6%	1.7%
France	3.3%	1.9%	1.3%	1.8%
Greece	3.7%	0.7%	3.7%	1.2%
Hungary	19.2%	2.8%	17.3%	3.3%
Ireland	4.2%	0.7%	4.5%	1.2%
Italy	3.7%	1.3%	3.2%	1.4%
Latvia	8.6%	2.7%	7.8%	2.4%
Lithuania	8.3%	2.5%	11.1%	2.2%
Norway	5.1%	1.9%	6.3%	2.0%
Poland	7.1%	2.0%	7.7%	2.8%
Portugal	1.6%	1.7%	2.1%	1.6%
Romania	15.0%	4.7%	10.0%	2.7%
Russia	8.4%	2.8%	8.7%	5.1%
Serbia	10.5%	2.1%	7.1%	2.3%
Spain	5.1%	1.8%	5.1%	1.8%
Sweden	6.0%	1.9%	5.6%	1.7%
Switzerland	4.0%	1.1%	4.0%	1.4%
Turkey	15.5%	15.0%	27.0%	16.7%
Ukraine	23.5%	10.9%	20.0%	7.3%
United Kingdom	5.2%	2.5%	6.0%	2.2%

Country/Region	2018 medical trend rate experienced <sup>1</sup>	2018 estimated inflation rate <sup>2</sup>	2019 projected medical trend rate <sup>1</sup>	2019 forecast inflation rate <sup>2</sup>
<b>Middle East and Africa (MEA)</b>	<b>14.0%</b>	<b>5.6%</b>	<b>13.6%</b>	<b>5.0%</b>
Bahrain	8.8%	3.0%	7.6%	4.8%
Egypt	25.0%	20.9%	22.0%	14.0%
Kenya	13.8%	5.0%	12.2%	5.6%
Oman	22.6%	1.5%	24.3%	3.2%
Qatar	11.0%	3.7%	11.0%	3.5%
Saudi Arabia	8.7%	2.6%	8.2%	2.0%
South Africa	11.1%	4.8%	11.3%	5.3%
United Arab Emirates	11.2%	3.5%	12.2%	1.9%
<b>Latin America (LATAM)<sup>4</sup></b>	<b>9.6%</b>	<b>2.7%</b>	<b>9.2%</b>	<b>3.3%</b>
Argentina	41.1%	47.6%	39.6%	29.0%
Brazil	16.9%	3.9%	15.5%	4.0%
Chile	6.1%	2.5%	6.2%	2.7%
Colombia	7.0%	3.2%	5.3%	3.7%
Dominican Republic	7.7%	1.2%	5.5%	4.2%
Mexico	12.9%	4.8%	14.2%	3.9%
Panama	10.5%	1.0%	11.0%	2.4%
Peru	6.5%	2.2%	7.0%	2.5%

## Impact of Brexit<sup>5,6</sup>

Multiple stakeholders are expecting Brexit to adversely impact medical costs. The British Medical Association expects that the UK's withdrawal from the European Union will significantly affect the quality of care received by patients due to notable threats, such as workforce shortages of EU nationals, the end of reciprocal health agreements and reduced funding for healthcare research. The cost of medical supplies is also expected to increase. Given this trend, coupled with the increasing pressures on the National Health Service system, we expect to see increasing utilization of private treatment – in turn contributing to the plan costs.

1. The medical trend rates reflect insurer survey results and may not be MMB's view.

2. Sources for inflation rates include:

- For all countries unless noted: International Monetary Fund, *World Economic Outlook Database*, January 2019
- For Latin America: *Mercer's Latin America Economic Trends*, January 2019
- Note for China and Mexico cities, the data refer to China and Mexico overall country data, respectively.
- Inflation rate information is strictly for general reference purpose; Mercer gives no guarantees as to its accuracy and will not accept liability for decisions based on it.

3. Average of 51 participating countries with an acceptable number of responses.

4. Venezuela is not included in the table due to the current socioeconomic conditions. Also Argentina has been excluded from regional and global averages.

5. Nuffield Trust Research.

6. British Medical Association. *Brexit Briefing – The Impact of Leaving the EU on Patients*, 2018.

## Looking to the future

Do you expect the 2020 medical trend rate figure will be higher, lower or the same?

	Global*	Asia	Europe	LATAM	MEA
Higher than the prior year projection	52%	58%	53%	39%	61%
Lower than the prior year projection	7%	4%	3%	18%	11%
Same as the prior year projection	41%	38%	45%	42%	28%

Insurers are generally predicting further increases on the horizon in 2020.

\*"Global" includes all responses to the survey, including Canada, Australia and New Zealand.

## US health update

Medical plan cost trends for the US are drawn from the Mercer National Survey of Employer-Sponsored Health Plans, which uses a national probability sample. The most recent survey, conducted in mid-2018, received responses from 2,409 employers.

For more information on US health trends, interventions and strategies to control cost, click [here](#) to purchase Mercer's *National Survey of Employer-Sponsored Health Plans* report for 2018.

Health benefit cost growth remained moderate in 2018, at 3.6%. But with an increase of 4.4% projected for 2019, the trend is slowly moving upward – and it's once again above Consumer Price Index and workers' earnings growth.

Drugs remain a key cost driver in health plans – in particular, specialty drugs. Even though the specialty drug trend has cooled slightly since last year, it's still in the double digits.

While midsize and large employers (those with 500 or more employees) were able to hold cost growth to 3.2%, smaller employers (10–499 employees) were hit with a substantially higher increase. Smaller employers tend to be fully insured and have fewer resources to devote to cost management.

But cost experience varies considerably from one employer to the next across all size groups. Among all midsize and large employers, 27% had no increase at all, while 18% experienced increases of more than 10%. The smallest employers were the most likely to have had these very high increases. Very large employers – those with 20,000 or more employees – were better able to keep their cost increases moderate, but even in this group nearly 1 in 10 had increases of more than 10%.

While employers are under pressure to achieve sustainable cost growth, they are also focused on providing a benefit package – and working experience – that will support an engaged and thriving workforce.

For the past several years, the survey has asked employers about their most important strategies for managing their health plans in the near term. Monitoring and managing high-cost claims was in the top spot in 2017 and 2018. Interestingly, "a focused strategy for creating a culture of health" has moved up from third to a strong second.

# 4

## Causes of Claims — Risks and Conditions



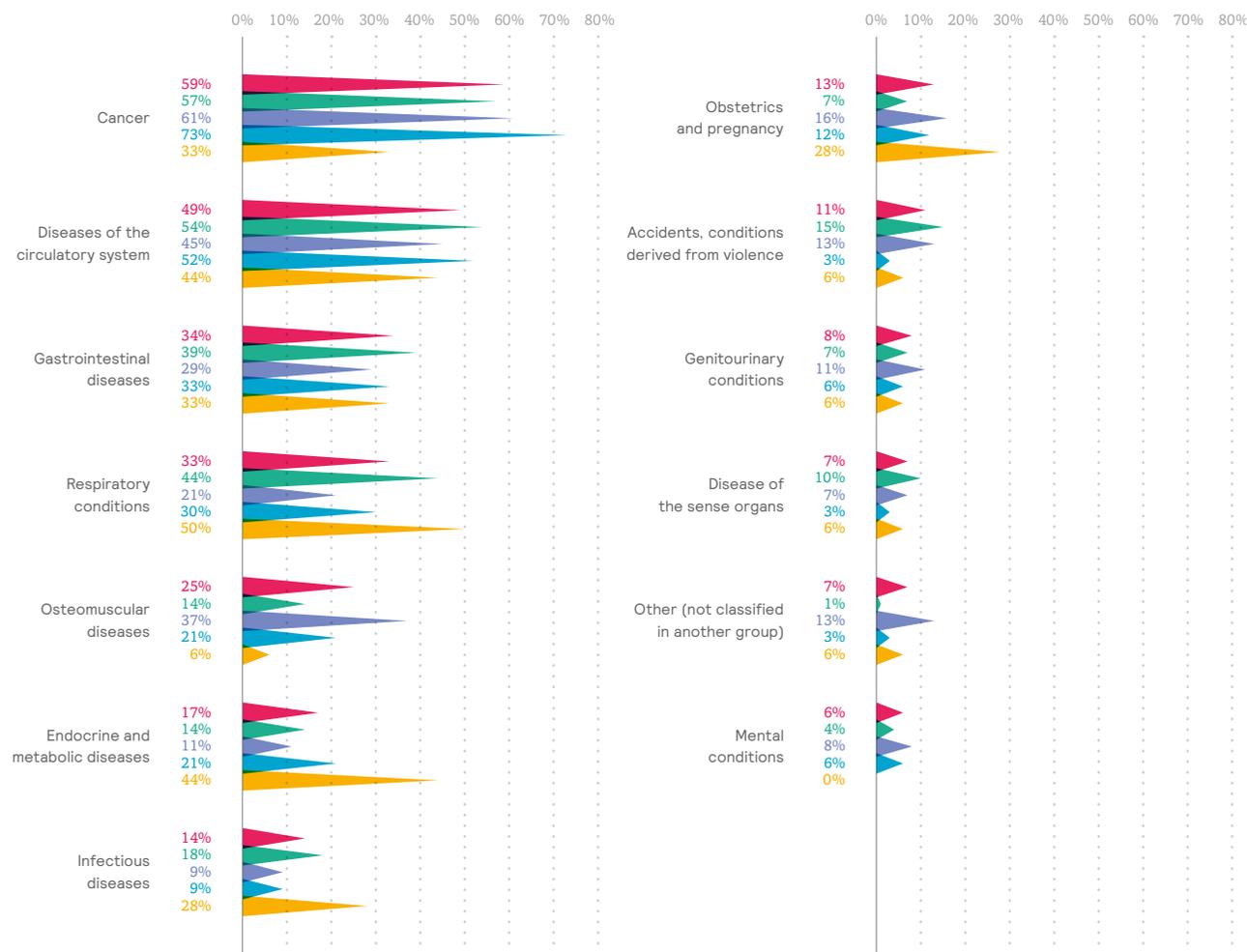
Non-communicable diseases continue to be the leading cause of claims across all regions. Globally, cancer and diseases of the circulatory system remain the top two highest claims reported (respectively) by most insurers, with gastrointestinal diseases and respiratory conditions tied to round out the top four claim categories in terms of cost.

It should be noted that, consistent with prior years, fewer insurers in the Middle East and Africa reported cancer in their top three causes of claim cost; their most claimed category was respiratory diseases. Respiratory diseases also continue to top the most frequent claims in the region.

While overall less than 10% of insurers globally reported mental conditions as one of the top three causes of claims costs, we see an increase in insurers in Asia and Latin America reporting this compared to last year. Although our opinion is speculative and access issues continue to be pervasive, this could be as a result of a number of factors:

- Employers putting pressure on insurers to remove mental health exclusions as part of their design philosophy, increasingly being driven by diversity and inclusion as well as comprehensive care considerations
- Increased recognition of the importance of treating such conditions, ideally with a lowering of stigma and cultural barriers in accessing mental health treatment
- Better data capture and reporting

Based on (dollar) amount claimed, what were the top three causes of claims cost in 2018 based on your book of group or overall business?



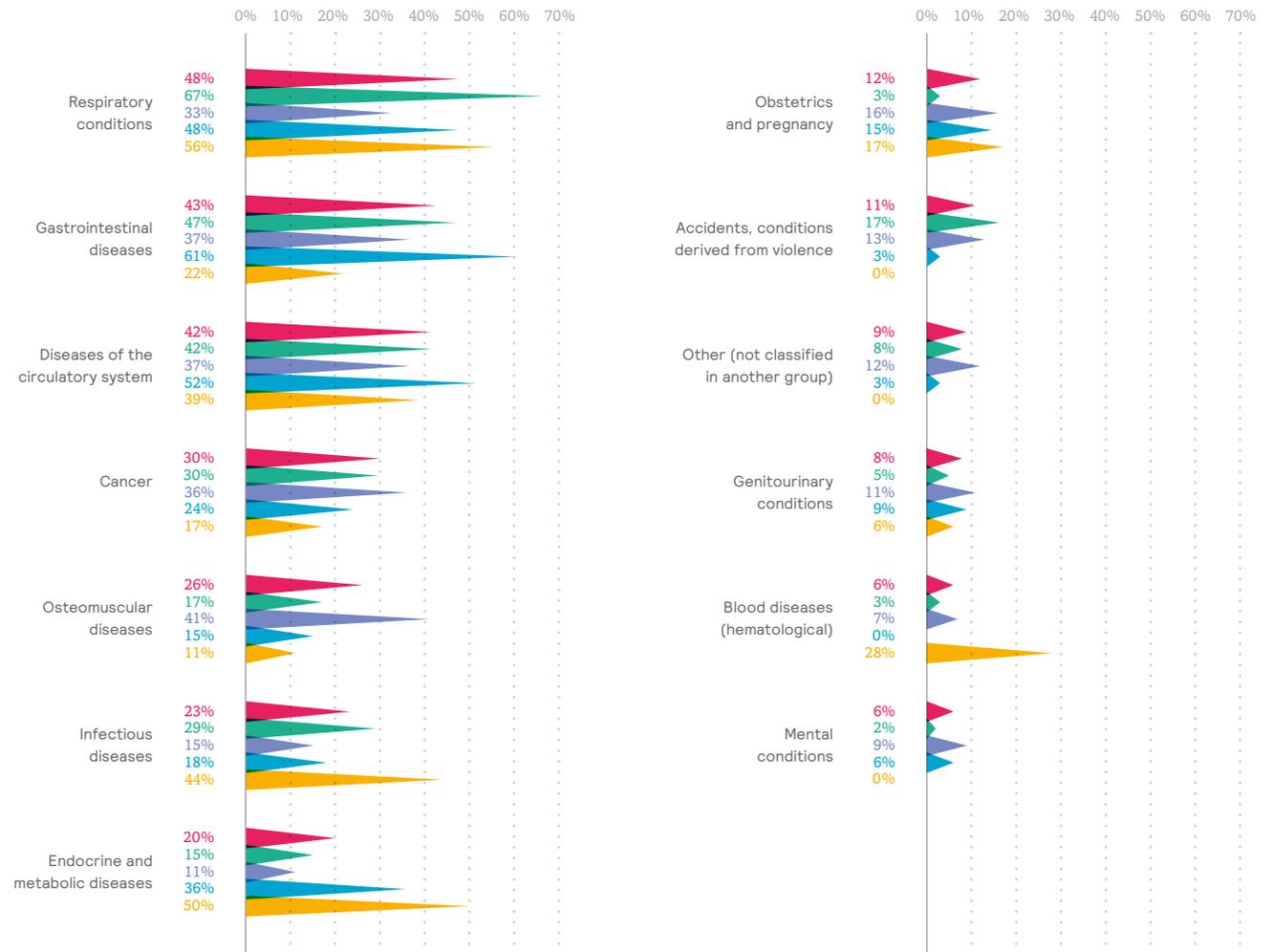
Key

- Global
- Asia
- Europe
- LATAM
- MEA

Respiratory conditions and gastrointestinal diseases, respectively, still have the highest frequency of claims globally. Cancer and diseases of the circulatory system round out the top four claim categories in terms of frequency, with the latter showing a marked increase in frequency in Europe.

The next highest categories vary by region. For example, there is a high frequency of osteomuscular diseases in Europe and endocrine and metabolic diseases in Latin America, whereas infectious diseases have a higher frequency of claims in Asia and the Middle East and Africa.

Based on (frequency) incidence of claims, what were the top three causes of claims in 2018 based on your book of group or overall business?



## Lifestyle-related risks continue to contribute to declining health

What three risk factors do you think influence employer-sponsored group medical costs the most?

	Global	Asia	Europe	LATAM	MEA
1	Metabolic and cardiovascular risk				
2	Dietary risk	Occupational risk	Emotional/Mental risks	Dietary risk	Dietary risk
3	Emotional/Mental risks	Environmental risk	Dietary risk	Emotional/Mental risks	Occupational risk
4	Occupational risk	Dietary risk	Occupational risk	Tobacco smoke	Environmental risk
5	Environmental risk	Emotional/Mental risks	Tobacco smoke	Occupational risk	Tobacco smoke
				Environmental risk	Childhood and maternal under nutrition

Globally, the top three risk factors remain metabolic and cardiovascular risk, dietary risk and emotional/mental risk. This poses a challenge, as these risks continue to persistently contribute to the incidence of chronic conditions.

## The hidden costs of poor mental health<sup>1</sup>

Research by Oliver Wyman and the City Mental Health Alliance Hong Kong has shown that **37%** of employees in the professional services industry in Hong Kong have experienced poor mental health while in employment and 25% while working for their current employer. This is in line with findings in the UK, where the **Mental Health at Work survey** by Mercer Marsh Benefits and Business in the Community indicated **1 in 3 people** in the workforce has been formally diagnosed with a mental health condition at some point in life and nearly two-thirds of people have experienced a mental health issue due to work.

Stigma remains a major hindrance to accessing support. Among Hong Kong respondents, 55% indicated that they experienced stigma themselves and/or know someone who has.

Oliver Wyman estimates that the tangible costs to professional services employers in Hong Kong could be between **US\$0.7 billion** and **US\$1.6 billion** per year, which is 40 to 90 times the current expenditure on employee assistance programs (EAPs).

We have been observing that employers view mental health as a key business imperative. EAPs alone will not be enough; better prevention, intervention mechanisms and engagement are strongly needed among all levels of leadership.

<sup>1</sup> City Mental Health Alliance and Oliver Wyman. *The Cost of Mental Ill Health for Employers in Hong Kong*, January 2019.

# 5

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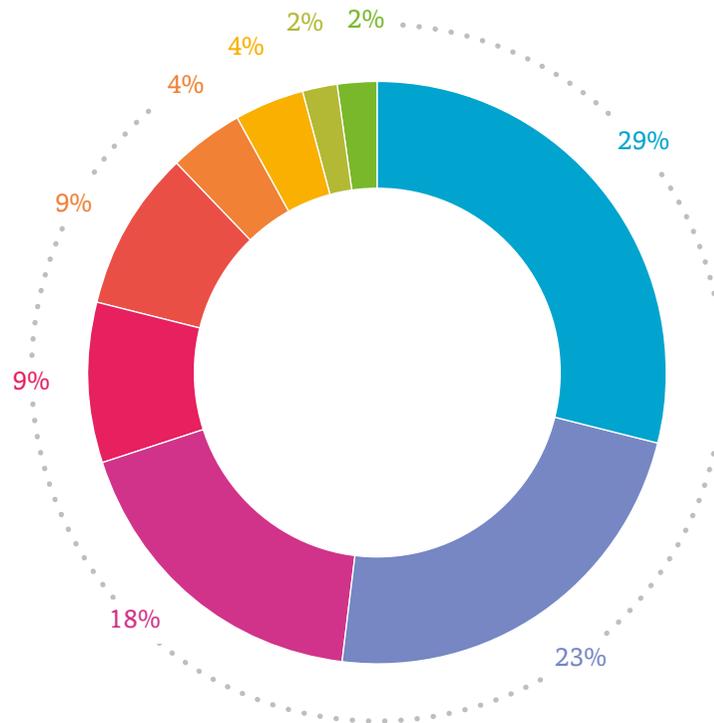
## Supplier-Driven Pressure on Cost of Care



High-cost pharmaceuticals and biologics were the top supplier-driven reason for cost increases globally, most notably in Latin America and Asia. This was followed by new and expensive technology, most notably in Europe.

Wastage has been observed in the healthcare system due to the overprescribing of low-value health tests and procedures – particularly in the Middle East and Africa region, where this is one of the top reasons for cost increases. This points to the strong need for making employees smarter healthcare consumers and leveraging interventions that steer patients to high-quality care based on adherence to protocols and outcomes.

What are your top three supplier-driven reasons for cost increases?



## Controlling pharmacy spend – Canadian example

Controlling pharmacy spend demands constant attention to healthcare reform legislation, prescribing trends, new drugs, innovative technologies and evolving benefit program pricing methods. Furthermore, the arrival on the market of biologic and biosimilar drugs, ultra-high-cost specialty drugs for rare diseases, curative medications and the recent availability of targeted gene therapies for cancer, which could represent costs upward of US\$1,000,000 per year, is threatening the viability of private drug insurance plans.

We are increasingly working with employers on drug plan management strategies that use:

- Advanced analytical skills for identifying issues and trend factors
- Plan design that meets several objectives – cost control, employee satisfaction, optimal drug use, increase in return on investment, provincial legislation compliance and, most important, an improvement in employee health
- Up-to-the minute knowledge of Canadian legislation and underwriting capabilities of insurers for the design and implementation of modernized and innovative drug management plans
- Partnerships with providers who offer superior services and a “lowest price in Canada” guarantee; these portable solutions allow our clients to freely choose their insurer while offering stability and continuity of service for members

# 6

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Levers Being  
Employed for Cost  
Containment



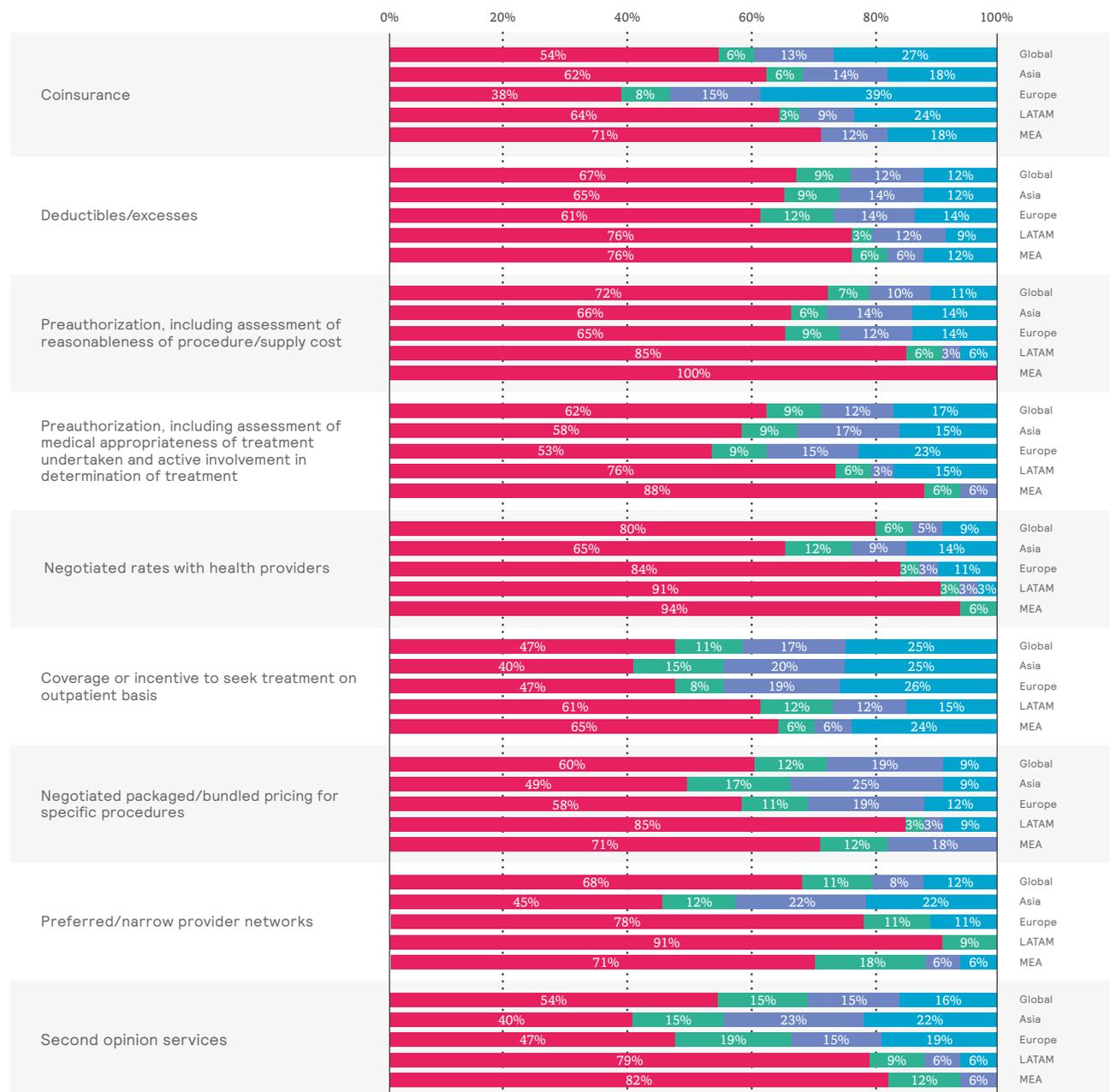
To what extent does your organization perform the following to help manage plan member health and/or contain medical costs for employer-sponsored medical plans?

In addition to efforts to improve the health and well-being of plan members, we are seeing more use of design and management of health providers to contain costs.

Globally, 54% and 67% of the insurers indicated that coinsurance and deductibles, respectively, are an active part of their plan management approach to mitigate medical costs and introduce consumerism among plan members. This is a large increase from last year, where 42% and 52% insurers globally were using coinsurance and deductibles, respectively.

**Key**

- This is an active part of our current plan management approach
- We are experimenting and/or have developed plans to initiate this within the next 24 months
- We are currently considering this
- We have no plans to invest in this area



Note: Due to rounding, percentages may not total 100.

To what extent does your organization perform the following to help manage plan member health and/or contain medical costs for employer-sponsored medical plans? *(continued)*

**Key**

- This is an active part of our current plan management approach
- We are experimenting and/or have developed plans to initiate this within the next 24 months
- We are currently considering this
- We have no plans to invest in this area



Note: Due to rounding, percentages may not total 100.

## Levers being employed for cost containment



### Designing plans that incentivize behavior

We have seen a significant increase globally and across all regions, especially in the Middle East and Africa, of plans utilizing coinsurance and deductibles to encourage consumerism and embed accountability by the plan members.

More insurers globally, and especially in Europe, indicated that providing an incentive to seek treatment on an outpatient as opposed to an inpatient basis is also part of their plan management approach.



### Managing provider delivery

Insurers are increasingly employing preauthorization strategies and working to negotiate the rate with providers, including preferred networks and negotiated packaged/bundled pricing for specific procedures, in an effort to contain costs.

Delisting providers due to clinical or business practices and setting reasonable and customary charging limits are becoming more prevalent practices, especially in Europe.



### Creating new front doors to accessing health

In a bid to make healthcare more affordable and easily accessible, a larger number of insurers globally are adopting virtual health consultations/telemedicine. An increase in onsite/near-site clinics is also being seen in Asia and Latin America.

A significantly larger number of insurers, especially in the Middle East and Africa, are adopting medical second-opinion services and centers of excellence.

### Do you see the insurance industry in your country taking responsibility for such a solution?

It is encouraging to see that over 60% of insurers across all regions agreed that some responsibility for many cost management solutions lies with them. However, a meaningful shift in healthcare costs will be achieved only if all stakeholders, including employers, governments and healthcare providers, play a role in driving more cost effective care.

**Key**

- Yes
- No
- Not applicable



Note: Due to rounding, percentages may not total 100.

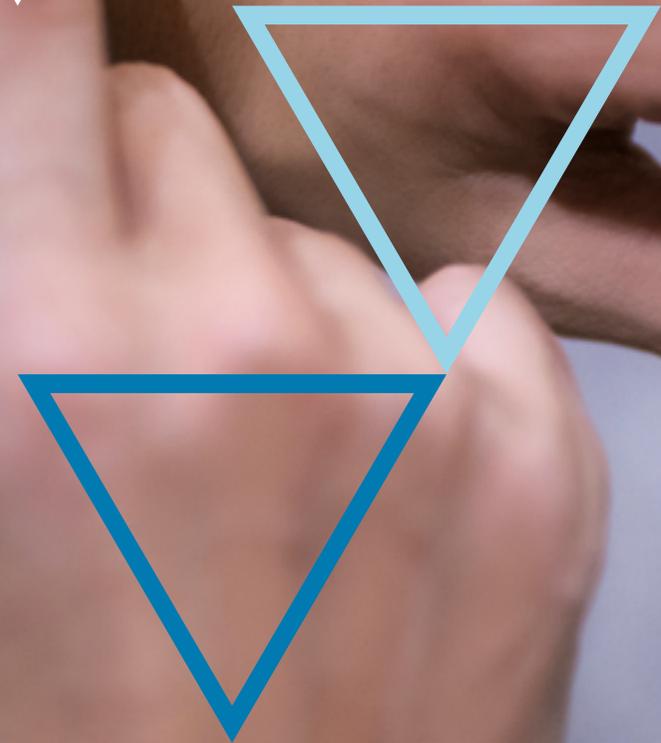


Note: Due to rounding, percentages may not total 100.

# 7

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## Strategic Investments Into the Future

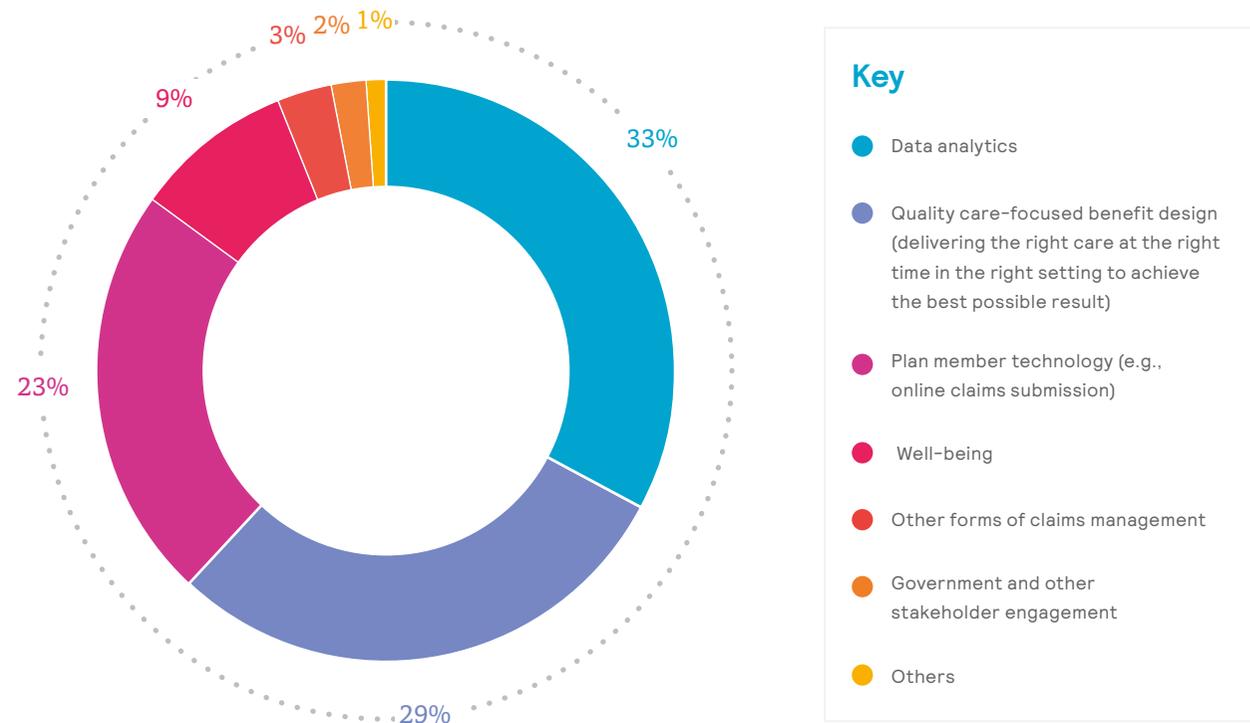


We expect that rising costs, more demanding customers and the changing industry landscape will shape the future of health insurance.

We have observed disruption across the insurance and healthcare ecosystem, driven by digital startups, innovation among established players and vertical integration across the supply chain. Clinicians and consumers are benefiting from the use of advanced analytics for many applications, such as increasing transparency in cost, care quality and greater access and choice.

The survey results show that insurers are making strategic investments in data analytics and digitization.

Rank your insurance company's top three strategic areas of investment relating to group medical insurance.



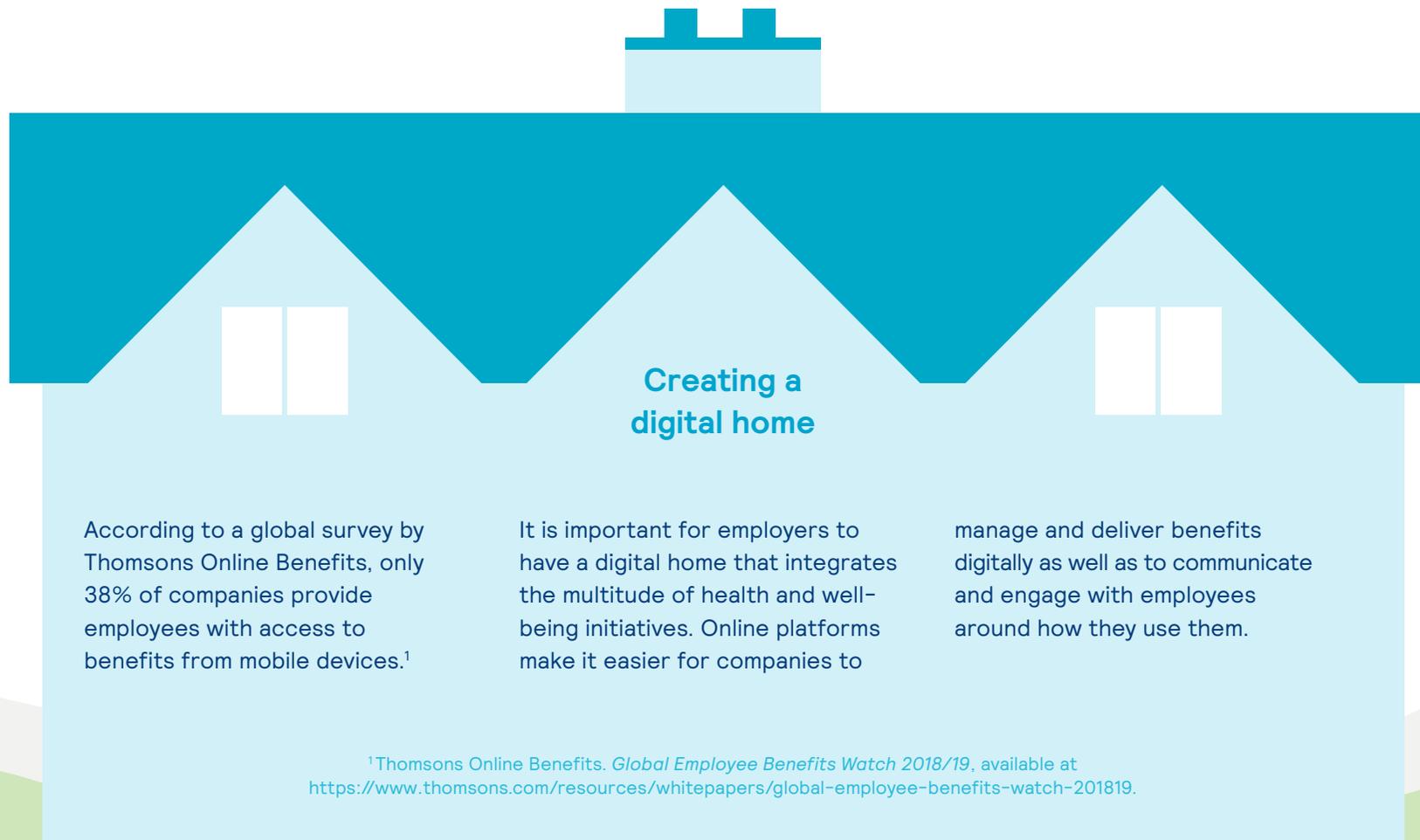
### Data analytics

Data analytics is the top strategic area of investment with regard to group medical insurance globally. We suspect this is for three reasons:

1. Insurers looking to collect various types of data to drive new experiences, solutions and revenue streams
2. Insurers trying to meet the needs of plan-sponsor employers who want to identify/manage cost drivers and design plans that are relevant to the healthcare needs of their employees
3. Insurers needing to obtain actionable insights driven by real-time data from providers and patients to better manage providers and control healthcare costs

## Digitization

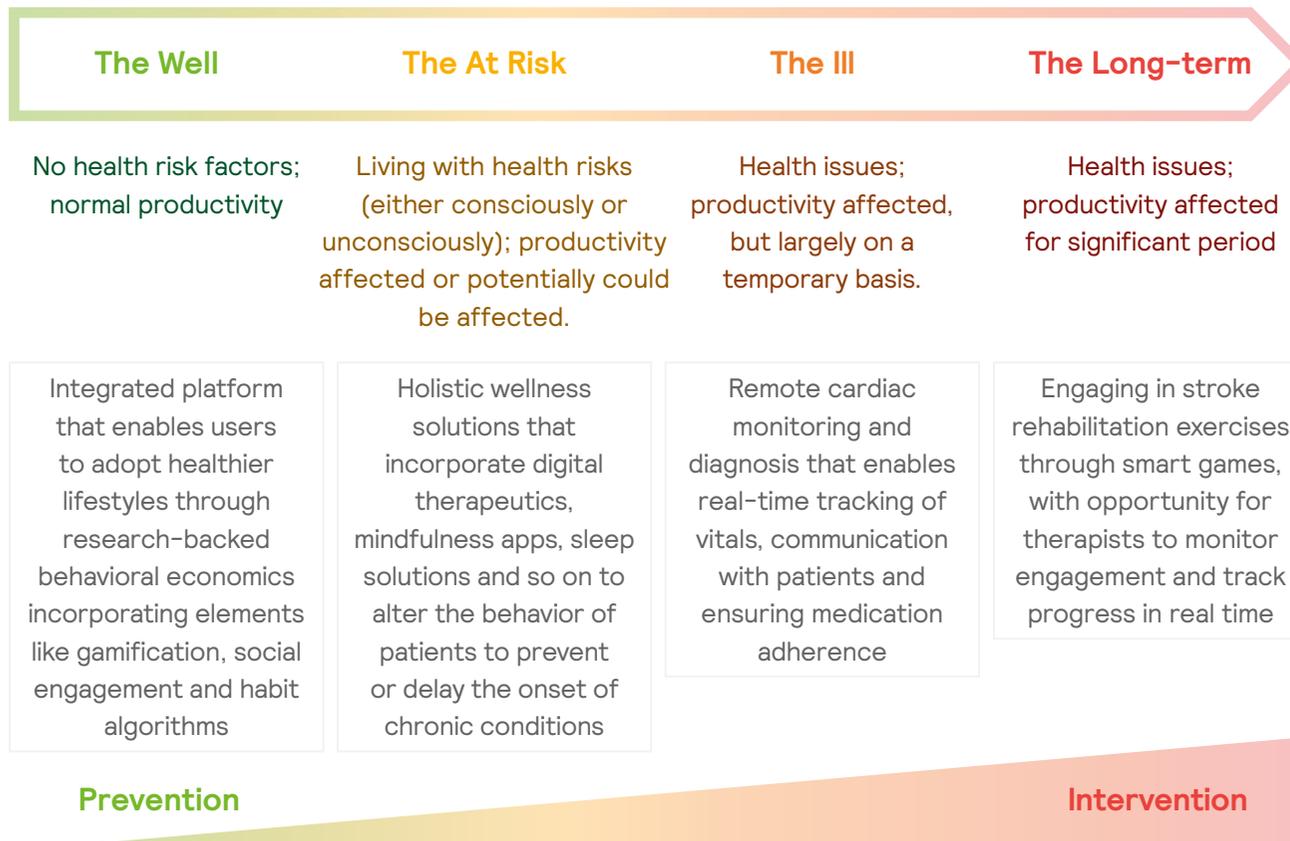
Offering online member engagement is naturally expected, given the expectations of today's workforce for a seamless consumer-grade digital experience. We anticipate continued expansion of digital capabilities to support tasks like claims submission, navigating healthcare providers, appointment booking and medical record management. The number of and, in many cases, value of complementary digital health solutions provided by others in the value chain, including technology start-ups and giants, continue to grow. Our point of view is that employer-sponsored or facilitated digital health programs will increasingly include elements that fall outside the traditional insurance plan and need to be integrated into a cohesive experience for plan members.



## The rise of digital health

Health insurers not only are focused on paying for sick care but are moving toward integrated offerings ranging from preventive wellness measures to condition management. They are also increasingly funding unconventional methods of care – virtual, home based and even machine learning or artificial intelligence, such as AI “doctors” and symptom checkers.

We share below a flavor of the digital health innovations across the wellness to ill spectrum. Adopting preventive and early intervention measures will help employers improve the health and productivity of employees while controlling future increases in medical costs.



At Mercer Marsh Benefits, we are taking a closer look at the rewards that come from companies prioritizing digital technology in the design and delivery of benefits.

For more details, see the third paper in our This is Health | Point of View series, [The New Age of Digital Benefits](#).

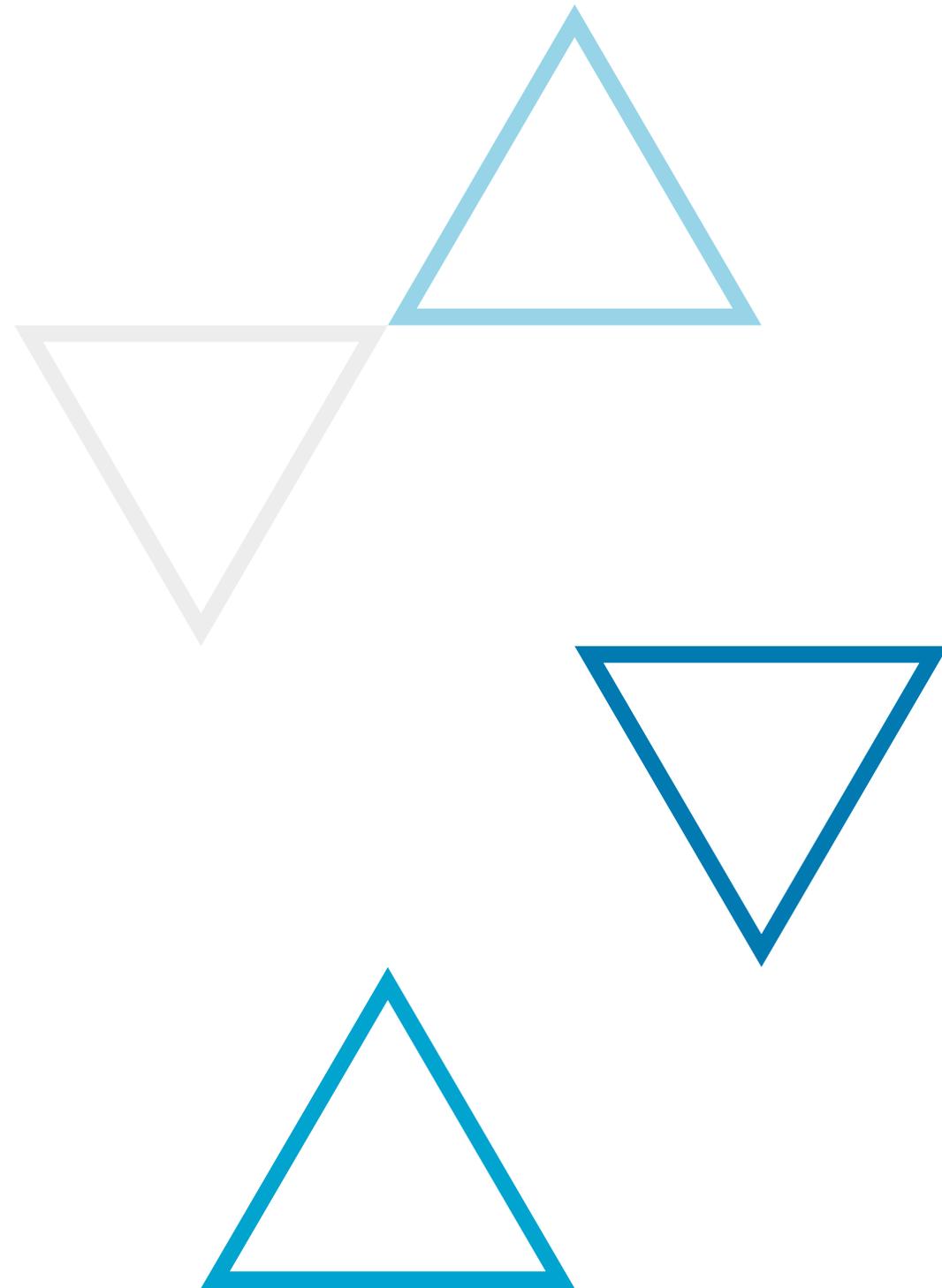
## Making members smarter healthcare consumers

Insurers are continuously wrapping around value-added services that will help plan members make smarter healthcare decisions. Globally, 63% insurers – with a resounding 71% in the Middle East and Africa – indicated that they are adopting approaches. These are currently offered in various forms, including education sessions, case management, supporting wellness content and programs.

However, a gap still lies in shifting from mass communication to creating engaging, personalized and timely messaging to incentivize behavioral change and alter healthcare buying habits. More needs to be done for employee adoption and sustained engagement of digital health.

Are you taking approaches to help plan members make smarter healthcare decisions?

	Global	Asia	Europe	LATAM	MEA
Yes	63%	64%	62%	58%	71%
No	37%	36%	38%	42%	29%



Below are some examples of how we have worked with clients in the area of medical plan design, focusing on incentive-based and clinical approaches:



In **Mexico**, a client integrated its prescription drug plan, major medical plan, legally required occupational health clinic and multiple other healthcare initiatives. The client restructured programs to cost control through standardized processes; reduced overlap and complexity of initiatives; introduced a wellness and health management council and developed a well-being strategy. Primary care consultations increased, which decreased major medical levels of demand.



In **India**, a client introduced tiered coinsurance into the hospitalization scheme to incentivize individuals to use hospitals that met certain quality and cost standards.



In **Malaysia**, a client designed and implemented a medical savings account for outpatient expenses. This introduced flexible and consumerism approaches, including limits and co-payments, with the objective of incentivizing the right behavior and rewarding those that utilized the scheme responsibly.



In the **Philippines**, a client developed and refined individual health risk scores from the annual physical exam to better assist employees in understanding their health conditions. The onsite clinics were also moved from a statutory provision to a highly effective element of the overall health management strategy. These changes drove increased care coordination and reduced insured medical cost.



In **Hong Kong**, a client introduced tiered provider panels to drive responsible member and provider behaviors and partnered with vendors to develop cancer centers of excellence to deliver holistic quality care to members at efficient cost levels.

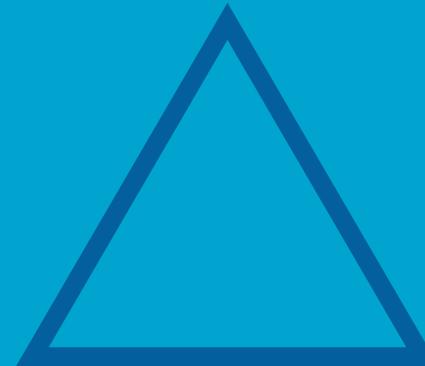
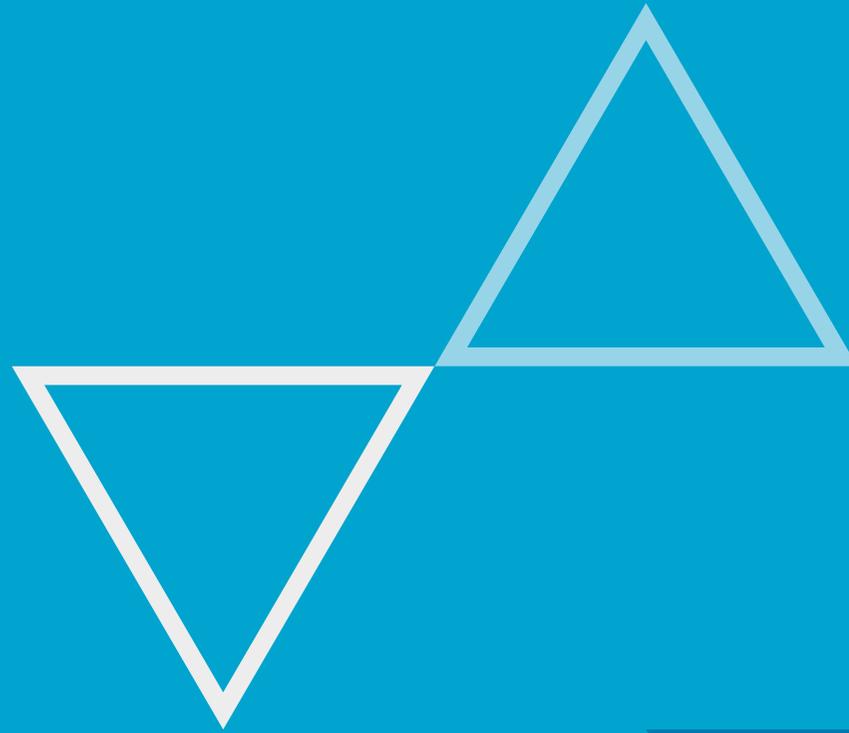


In the **Middle East**, a client addressed supply and demand management processes. This included designated service providers for standardized tariffs, chronic disease management, prescription/pharmaceutical benefit management and care pathways (general practitioner versus specialist).

8

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In Closing



The future of work demands healthy and engaged employees. As global medical trends continue to rise, now is the time for employers to consider proactively implementing plan management measures. We encourage employers to review their plans with both cost optimization and employee engagement lenses.

To achieve cost savings while ensuring access to good-quality healthcare, employers can consider the following:

1. **Pay for value:** Review the plan design to ensure that it incentivizes the right behavior and results.
2. **Drive to quality:** This is about delivering the right care at the right time in the right setting. Although employers may not have the expertise to do this themselves, leveraging specialists who can (often virtually) help employees decide whether to go to the emergency room or a local provider rather than seek telemedicine or visit a center of excellence with the most cost-effective care will be needed to improve quality and affordability.
3. **Personalize the experience:** Employees expect personalization and support anytime, and companies using a technology-enabled approach to achieve this are having the greatest success in impacting well-being outcomes.
4. **Embrace disruption:** Collaborate with insurers, employers and other internal stakeholders to drive change in the system. Increased adoption of clinical consultations is making healthcare (from physicians to mental health providers to physical therapy) more accessible and affordable. Combine the rollout of these virtual-care initiatives with active communication and engagement with employees.



## Time to shift from cost management to an employee-centric view?

Take a holistic view that supports employees through their whole health journey.

The *Medical Trends Around the World* report traditionally takes a focused view on cost. However, we are increasingly seeing employers apply not only a cost lens but also an employee-centric lens as they modernize the design and delivery of their health programs.

Plan members are seeking choice, personalization and support, and while role expectations vary from country to country, many see their employers as a source for these items.

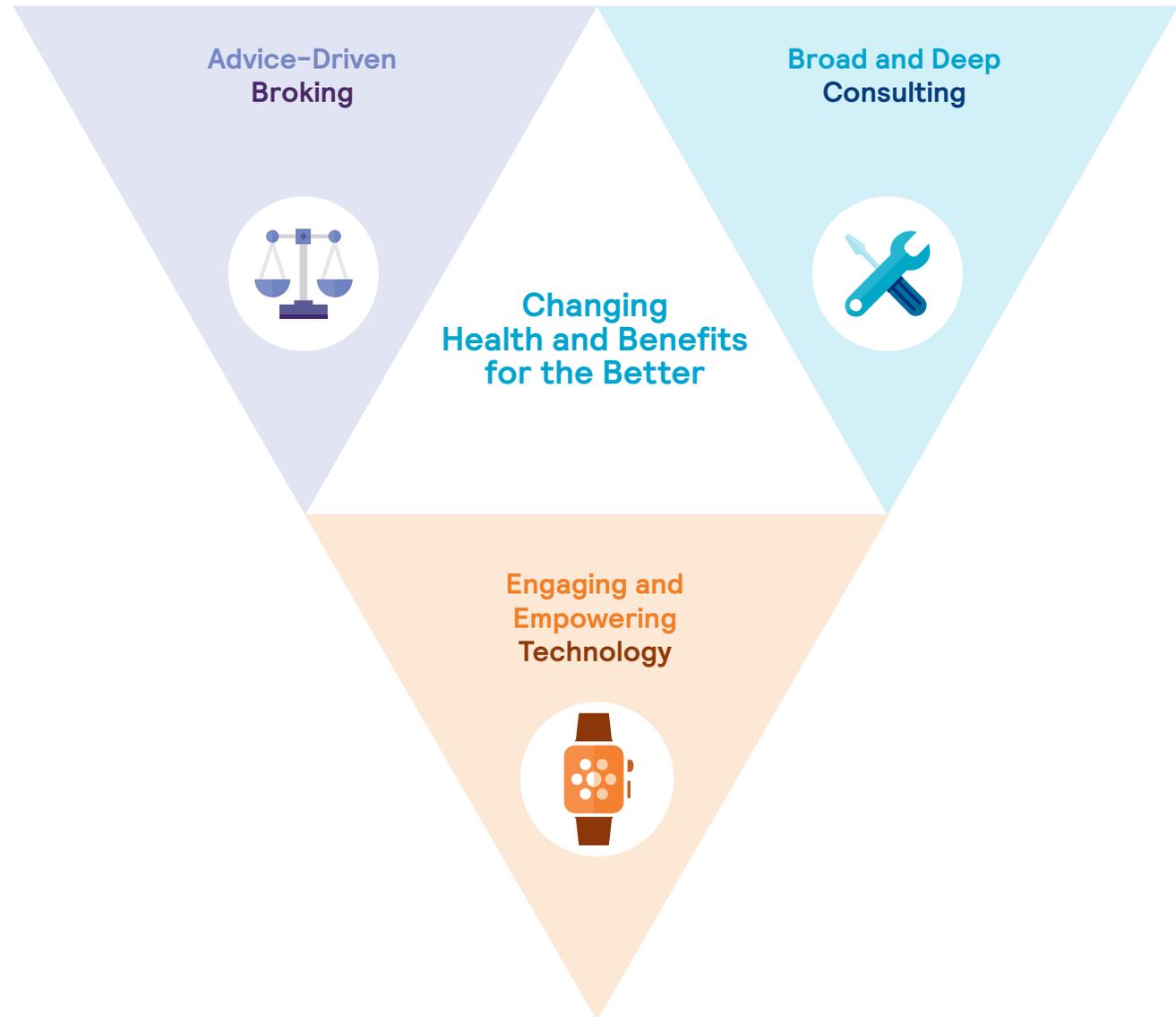
We look forward to engaging with you further on this topic; you can expect to see more viewpoints from Mercer Marsh Benefits.



At Mercer Marsh Benefits, our mission is to change health and benefits for the better — to improve lives and build stronger organizations.

We help clients design, deliver and finance health and risk protection benefits that:

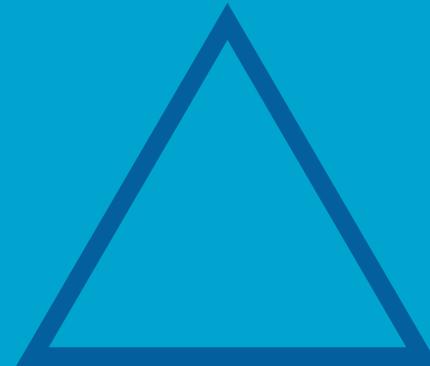
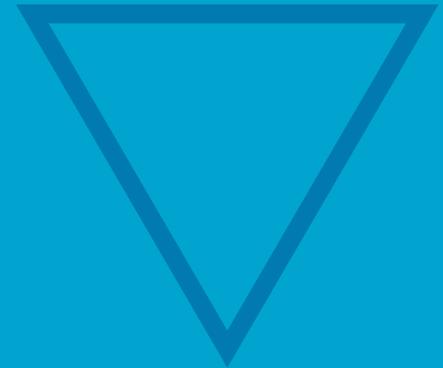
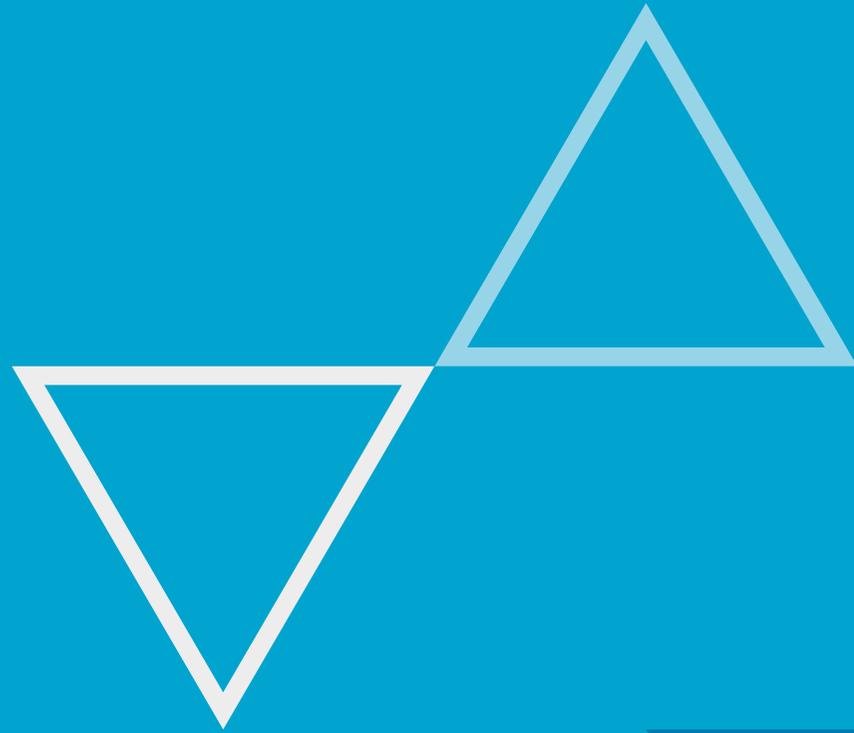
- Create a healthy and engaged workforce
- Optimize cost and manage risk
- Simplify and digitally enable program delivery



# 9

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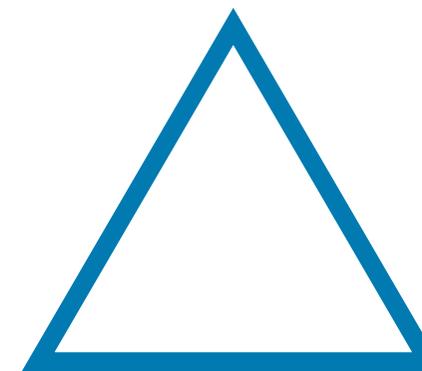
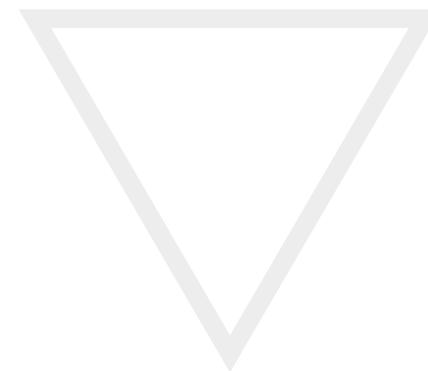
## About This Survey



## Countries by region

Region	Country
Americas	Argentina
	Brazil
	Canada
	Chile
	Colombia
	Costa Rica
	Dominican Republic
	El Salvador
	Guatemala
	Honduras
	Mexico
	Nicaragua
	Panama
	Peru
Venezuela	
Asia Pacific	Australia
	China
	Hong Kong
	India
	Indonesia
	Malaysia
	New Zealand
	Philippines
	Singapore
	South Korea
	Taiwan
	Thailand
	Vietnam

Region	Country
Europe	Belgium
	Bulgaria
	Denmark
	France
	Greece
	Hungary
	Ireland
	Italy
	Latvia
	Lithuania
	Norway
	Poland
	Portugal
	Romania
	Russia
	Serbia
	Spain
	Sweden
	Switzerland
Turkey	
Ukraine	
United Kingdom	
Middle East and Africa (MEA)	Bahrain
	Egypt
	Kenya
	Oman
	Qatar
	Saudi Arabia
	South Africa
United Arab Emirates	



## About This Survey

The following insurers have agreed to having their name published as participants in the survey. An additional 82 insurers participated on a confidential basis.

Country	Insurance company
Argentina	ASE
Argentina	Galeno Argentina S.A.
Argentina	Medicus S.A.
Argentina	Swiss Medical Medicina Privada
Australia	GU Health
Bahrain	Bahrain National Life Assurance Company
Belgium	Allianz Benelux
Belgium	DKV Belgium
Brazil	Care Plus Medicina Assistencial LTDA
Brazil	Omint Saúde
Brazil	Seguros Unimed
Bulgaria	Bulgaria Insurance
Bulgaria	Generali Insurance AD
Canada	Green Shield Canada
Chile	Bice Vida
China	Aviva-COFCO Life Insurance Co., Ltd.
China	AXA TP Property & Casualty Insurance Co., Ltd.
China	Beijing Branch, CPIC Allianz Health Insurance Co., Ltd.
China	Bupa Global
China	Generali China Life Insurance Co., Ltd.
China	ICBC-AXA
China	Ping An Health Insurance Company of China, Ltd.
China	ZhongAn Online P&C Insurance Co., Ltd.
Colombia	Allianz Seguros
Colombia	Colsanitas
Colombia	Coomeva Medicina Prepagada
Colombia	Pan American Life de Colombia
Costa Rica	Assa Compañía de Seguros Costa Rica
Denmark	Dansk Sundhedssikring
Denmark	Skandia A/S
Denmark	Topdanmark

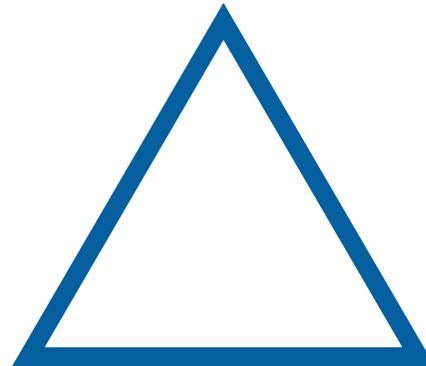
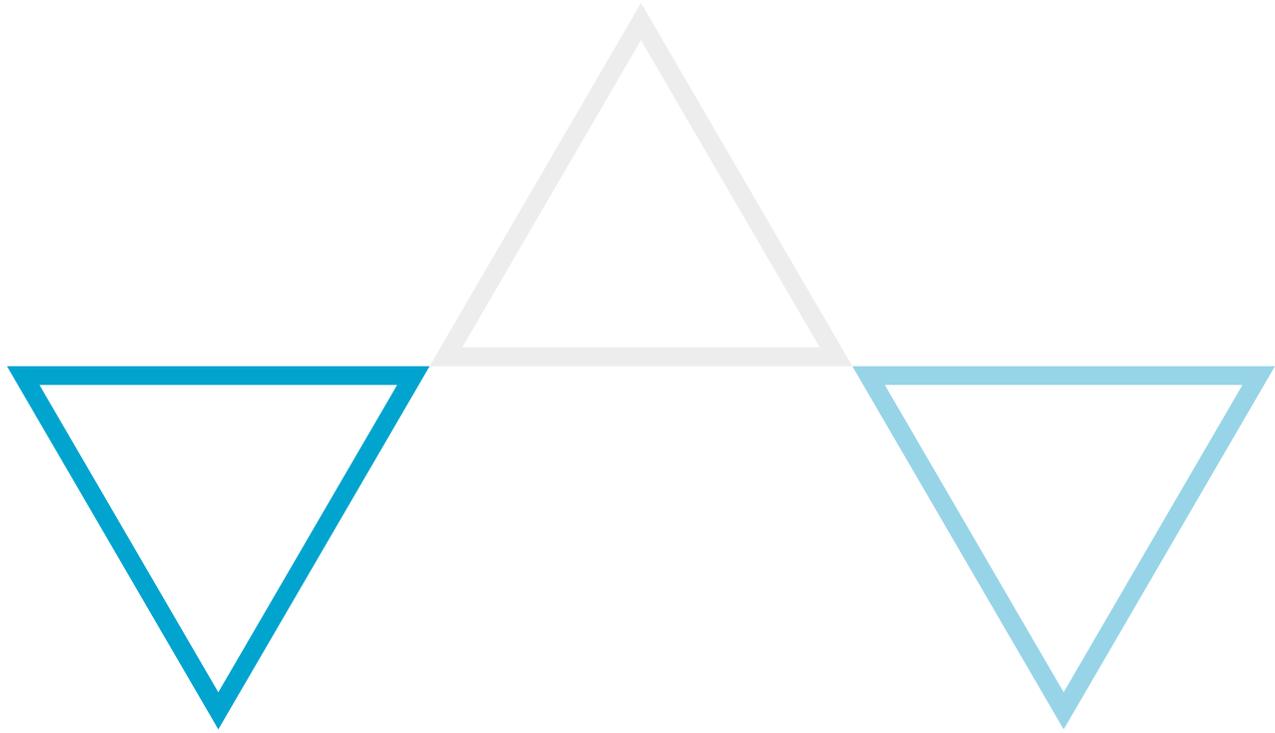
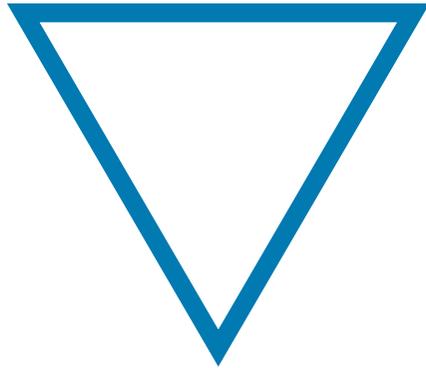
Country	Insurance company
Dominican Republic	Humano Seguros
Egypt	AXA
Egypt	MedGulf Egypt
France	Groupama Gan Vie
France	Swiss Life
Greece	AXA Greece
Greece	Allianz Hellas S.A.
Greece	Generali Hellas
Guatemala	Aseguradora General, S. A.
Honduras	Davivienda Seguros
Hong Kong	Blue Cross (Asia-Pacific) Insurance Limited
Hong Kong	Bupa (Asia) Limited
Hong Kong	FWD General Insurance Company Ltd.
Hong Kong	Liberty Mutual
Hong Kong	MassMutual Asia Ltd.
Hong Kong	Sun Life Hong Kong Limited
Hungary	Groupama Biztosító
Hungary	Union Vienna Insurance Group Biztosító Zrt.
India	HDFC ERGO General Insurance
Indonesia	Lippo General Insurance
Indonesia	PT. Asuransi Reliance Indonesia
Indonesia	PT. Asuransi Sinar Mas
Ireland	Laya Healthcare
Ireland	Vhi Healthcare
Italy	AXA Assicurazioni
Italy	AXA XL
Italy	Generali Italia
Italy	Società Reale Mutua di Assicurazioni
Kenya	Hollard Health International
Kenya	Sanlam
Latvia	Seesam Insurance AS

Country	Insurance company
Malaysia	AIA Bhd.
Malaysia	Allianz Life Insurance Malaysia
Malaysia	AXA Affin General Insurance Berhad
Mexico	Grupo Nacional Provincial
Mexico	MetLife México
New Zealand	Southern Cross Health Society
Norway	DNB Livsforsikring
Norway	Fremtind
Norway	Protector Forsikring ASA
Oman	Al Madina Insurance Company SAOG
Panama	Compañía Internacional de Seguros S.A.
Panama	MAPFRE Panama
Peru	Rimac EPS
Peru	Rimac Seguros
Philippines	First life
Philippines	Generali Life Assurance Philippines, Inc.
Philippines	MediCard Philippines, Inc.
Philippines	Pioneer Life Insurance
Philippines	United Coconut Planters Life Assurance Corp.
Poland	Medicover
Poland	PZU Życie SA
Poland	TU Allianz Życie Polska S.A.
Portugal	Allianz Portugal
Portugal	Generali - Companhia de Seguros S.A.
Portugal	Seguradoras Unidas, S.A.
Portugal	Una Seguros
Russia	AlfaStrahovanie PLC
Russia	Allianz
Russia	JSIC "VSK"
Russia	MetLife
Russia	RESO-Garantia
Russia	Rosgosstrakh (RGS)

Country	Insurance company
Serbia	Triglav Osiguranje a.d.o.
Singapore	AIA Singapore
Singapore	Aviva Ltd
Singapore	FWD Singapore
Singapore	Great Eastern Life
South Africa	Liberty
South Korea	Samsung Life Insurance
Spain	AXA Seguros Generales
Spain	DKV Seguros y Reaseguros SAE
Spain	Sanitas
Sweden	Euro Accident Livförsäkring AB
Sweden	Länsförsäkringar
Taiwan	AIA
Taiwan	Fubon Life Insurance Co., Ltd.
Thailand	Cigna Insurance
Thailand	Generali Life Assurance (Thailand) Plc.
Thailand	Muang Thai Life Assurance
Thailand	Tokio Marine Life Insurance (Thailand) PCL
United Arab Emirates	MetLife
United Kingdom	AXA PPP Healthcare
United Kingdom	VitalityHealth
Ukraine	PJSIC INGO Ukraine
Ukraine	The Private Joint-Stock Company "European Insurance Alliance"
Venezuela	Mercantil Seguros
Venezuela	Seguros Universitas, C.A.
Vietnam	Bao Viet Insurance
Vietnam	BaoMinh Insurance Corporation
Vietnam	Liberty Insurance Limited

## ICD 10 listing for claims-related sample conditions data

1. **Infectious diseases:** intestinal infectious caused by bacteria and parasites, viruses and fungi; includes HIV infection
2. **Cancer:** can include malignant tumors of all body tissues, tumors “in situ” and benign tumors; consider in this group leukemia, myeloma and lymphoma
3. **Endocrine and metabolic diseases:** affections of the glands, metabolic conditions (such as diabetes, obesity and lipid disorders)
4. **Blood diseases (hematological):** all type of anemia, thrombocytopenia, immunodeficiency NOT related to HIV, coagulation, hemorrhagic disorders
5. **Mental conditions:** organic mental disorders, behavioral disorders, alcohol and substances abuse, eating disorders, developmental disorders (such as mental retardation)
6. **Neurological conditions:** meningitis, encephalitis, Parkinson, degenerative diseases, epilepsy, transitory cerebral ischemia, sleep disorders, affection of peripheral nerves (including compression due to intervertebral discs), myopathy, cerebral palsy, hydrocephalus
7. **Disease of the sense organs:** blepharitis, cataract, retinal detachment, glaucoma, blindness; otitis, hearing loss, vertigo
8. **Diseases of the circulatory system:** hypertension, acute myocardial infarction, rheumatic fever, cerebrovascular events
9. **Respiratory conditions:** respiratory tract infections, chronic obstructive pulmonary disease, emphysema, asthma
10. **Gastrointestinal diseases:** gastroesophageal reflux disease, Crohn’s disease, ulcer, gastritis, colitis, hepatic diseases, pancreatitis, cholelithiasis
11. **Genitourinary conditions:** chronic renal failure, urolithiasis, prostatic hyperplasia, pelvic inflammatory disease, infertility
12. **Obstetrics and pregnancy:** abortion, pregnancy, pregnancy-related complications, natural childbirth and termination of pregnancy, postpartum complications
13. **Skin diseases:** infections of the skin and subcutaneous tissue, acne, dermatitis, psoriasis
14. **Osteomuscular diseases:** arthritis, internal affections of the knee, disorders of intervertebral discs, back pain
15. **Congenital anomalies:** congenital malformations, deformations, chromosomal abnormalities
16. **Newborn attention and complications:** respiratory distress syndrome of the newborn, newborn sepsis, congenital pneumonia
17. **Accidents, conditions derived from violence:** injury, fractures, trauma, wounds, poisoning, certain other consequences of external causes
18. **Other (not classified in above groups)**



For further information, please contact your local Mercer Marsh Benefits office.

## About Mercer Marsh Benefits

Mercer Marsh Benefits provides clients with a single source for managing the costs, people risks and complexities of employee benefits. The network is a combination of Mercer and Marsh local offices around the world, plus country correspondents who have been selected based on specific criteria. Our benefits professionals, located in 135 countries and serving clients in more than 150 countries, are deeply knowledgeable about their local markets. Through our locally established businesses, we have a unique common platform that allows us to serve clients with global consistency and locally unique solutions.

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