

2018 Global Medical Trend Rates



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Introduction

Aon is pleased to present the results of its 2018 survey of average medical trend rates from countries around the world. The survey was conducted among 98 Aon offices that broker, administer, or otherwise advise on employer-sponsored medical plans in each of the 98 countries covered in this report. The survey responses reflect the medical trend expectations of the Aon professionals, clients, and carriers represented in the portfolio of Aon medical plan business in each country. The trend rates presented in this report do not include any allowances for potential employer countermeasures such as cost-containment plan amendments or the potential impact of any attendant employer negotiations with carriers.

Aon has conducted this survey in order to help multinational companies:

- Budget premium costs for medical plan renewals
- Understand the factors driving medical cost increases
- Devise wellness and cost-containment initiatives to respond to the challenges

The trend rate figures shown in this report represent the percentage increases in medical plan (insured and self-insured) unit costs that are anticipated to be technically required to address projected price inflation, technology advances in the medical field, plan utilization patterns, and cost shifting from social programs in each covered country.

Care should be taken in interpreting the information presented here. The medical trend rates provided are not meant to represent an overview of each country's health care costs as a whole. Neither are they necessarily indicative of the health care situation of each country's population overall.

This survey covers several separate themes:

- Estimated medical trend rates for 2018
- Risk factors that are expected to drive medical cost inflation in the future
- Cost elements that could be mitigated through medical plan adjustments
- Wellness and health promotion initiatives being undertaken by employers to deal with spiraling medical cost increase trends
- The most common (modal) employer practices in each covered country around medical plan prevalence, design, funding, and administration
- Qualitative responses to provide greater context to medical plans globally

As a reference, we have also included the projected general inflation rates for 2018 published by the International Monetary Fund (IMF) that have been adopted as a proxy for the expected domestic retail inflation level in each country for 2018.

The trend rate figures, risk factors, and cost elements in this report relate to employer-sponsored plans and their participants with aggregate premiums managed by Aon in the vicinity of USD154 billion.

The global and regional medical trend rate averages reflect the following technical procedures:

- A weighting process based on each country's average private health care insurance expenditure per person
- A geometric averaging mechanism

Due to the hyperinflation environment prevailing in Venezuela, we have left this country out of the regional and global medical trend rate averaging mechanism for 2018.

Aon intends to issue annual survey updates in the future. We expect that as the global demand for medical plan benefits extends to more countries, the number of participating countries in our published reports will increase over time. In this report, we cover 98 countries.

We hope you will find this report useful. We welcome any feedback you may wish to provide.

Key Highlights

The prevalence of employer-sponsored medical plans is increasing in all countries covered by the survey. Furthermore, the scope of the provisions offered by these medical plans is expanding as well (e.g., larger maximum lifetime benefits, larger allowances for maternity benefits, fewer exclusions from plan coverage, more types of medical procedures covered by the plan.)

This report provides detail on the growing practice of requiring employee cost sharing in medical plan costs. The report summarizes the most typical (modal) practices in each covered country in this regard—employee sharing in medical premium costs, or in medical claim outlays.

The nominal global medical trend average continues to increase, while the real global average medical trend rate experienced a modest decrease.

For 2018, the gap between the average medical trend rate and the average general inflation rate is expected to modestly decrease to 5.3 percentage points from the corresponding 5.4 figure in 2017.

The average nominal medical trend rate is expected to increase 0.2 percentage points:

- For 2018, the global average medical trend rate was 8.4% and the average general inflation rate was 3.1%.¹
- In 2017, the global average medical trend rate was 8.2% and the average general inflation rate was 2.8%.²
- Aon expects further medical cost escalation due to global population aging, overall declining health, poor lifestyle habits becoming pervasive in emerging countries, continuing cost shifting from social programs, and increasing utilization of employer-sponsored plans.

Exhibit 1: Double-digit margins between 2018 medical trend rates and domestic inflation levels were found in the following countries:



¹IMF World Economic Outlook Database April 2017; ²IMF World Economic Outlook Database April 2016

Key Highlights

Exhibit 2: The top-reported conditions giving rise to adverse claim experience around the world are:

	Cancer/Tumor Growth	68
	Cardiovascular	66
	High Blood Pressure	54

% of countries responding

Exhibit 3: Differentials by geographic region among the primary medical conditions that were reported to generate adverse claim experience are:

United States	Canada	Asia-Pacific (APAC)	Europe	Latin America (LATAM)	Middle East/Africa (MEA)
Musculoskeletal/Back	Mental Health	Cardiovascular	Cardiovascular	Cancer/Tumor Growth	High Blood Pressure
Cardiovascular	Cardiovascular	Cancer/Tumor Growth	Cancer/Tumor Growth	Diabetes	Diabetes
Diabetes	Diabetes	Gastrointestinal	High Blood Pressure	Cardiovascular	Respiratory

Noncommunicable diseases (NCDs) are the biggest contributors to the adverse experience driving high medical inflation. NCDs are directly linked to modern lifestyles, and their incidence can be significantly reduced through modification of individual behaviors. Influencing these behaviors presents both a challenge and an opportunity for employers.

Exhibit 4: The key reported global risk factors that are expected to drive future claims are:

	High Blood Pressure	78
	Physical Inactivity	49
	Obesity	48

% of countries responding

Key Highlights

Exhibit 5: Differentials by geographic region among the risk factors that are expected to generate future claims are:

United States	Canada	APAC	Europe	LATAM	MEA
Physical Inactivity	Aging	High Blood Pressure	High Blood Pressure	High Blood Pressure	High Blood Pressure
Bad Nutrition	Physical Inactivity	Obesity/Physical Inactivity	Poor Stress Management	Bad Nutrition	Physical Inactivity
Obesity	Obesity	High Cholesterol/Bad Nutrition	Obesity/Physical Inactivity/Smoking	Obesity/High Cholesterol	Bad Nutrition/High Cholesterol

Exhibit 6: The most impactful elements of medical plan costs around the world are:

	Hospitalization	86
	Clinics/Labs	74
	Physician Services	73

% of countries responding

Exhibit 7: Differentials by geographic region among the cost elements are:

United States	Canada	APAC	Europe	LATAM	MEA
Hospitalization	Biologic Immunomodulators	Hospitalization	Hospitalization	Hospitalization, Prescription Drugs and Clinics/Labs	Hospitalization and Clinics/Labs
Physician Services	Prescription Drugs	Physician Services	Clinics/Labs and Physician Services	Physician Services	Prescription Drugs
Prescription Drugs	Preventive Care	Clinics/Labs	Dental	Maternity	Physician Services

Key Highlights

Exhibit 8: The methods most commonly reported for mitigating the increase in the costs of a medical plan are:

	Wellness Initiatives	71
	Cost Containment	69
	Access and Delivery Restrictions	49

% of countries responding

Exhibit 9: The cost-mitigation methods most commonly reported by geographic region are:

United States	Canada	APAC	Europe	LATAM	MEA
Cost Containment	Cost Containment	Cost Containment	Cost Containment	Wellness Initiatives	Wellness Initiatives
Plan Design Changes	Wellness Initiatives	Wellness Initiatives	Wellness Initiatives	Cost Containment	Cost Containment
Access and Delivery Restrictions	Plan Design Changes	Access and Delivery Restrictions	Provider Networks	Access and Delivery Restrictions	Access and Delivery Restrictions

Exhibit 10: The most common wellness and health promotion initiatives being undertaken by progressive employers globally are:

Wellness Programs	Commonly Provided
Detection	83
Education Programs	72
Wellness Interventions	69

% of countries responding

Key Highlights

Medical Plan Features

This year we surveyed our offices to canvass the prevalence of medical programs in each country. A summary of the replies is as follows:

Exhibit 11: Medical Plan Features

	Hospitalization	90
	Outpatient	86
	Vision	60
	Dental	63
	Prescription Drugs	72
	Preventive Medicine	62

% of countries reporting strong or moderate prevalence

Medical Plan Employee Cost Sharing

General Practices

As employee cost sharing is often a very important element of a company’s medical cost-mitigation strategy, we have investigated the prevalence of employee cost-sharing practices in each country covered from two perspectives:

- Employees sharing the cost of medical premiums
- Employees sharing in claim outlays

The figures below represent the percentages of Aon offices reporting countrywide modal practices in employee cost sharing in the medical plan premiums and claims in their respective regions.

Exhibit 12: Employee Cost Sharing

	Global	APAC	Europe	LATAM	MEA
Share of Medical Premiums	78	68	94	90	52
Share of Medical Claims	85	95	65	86	100

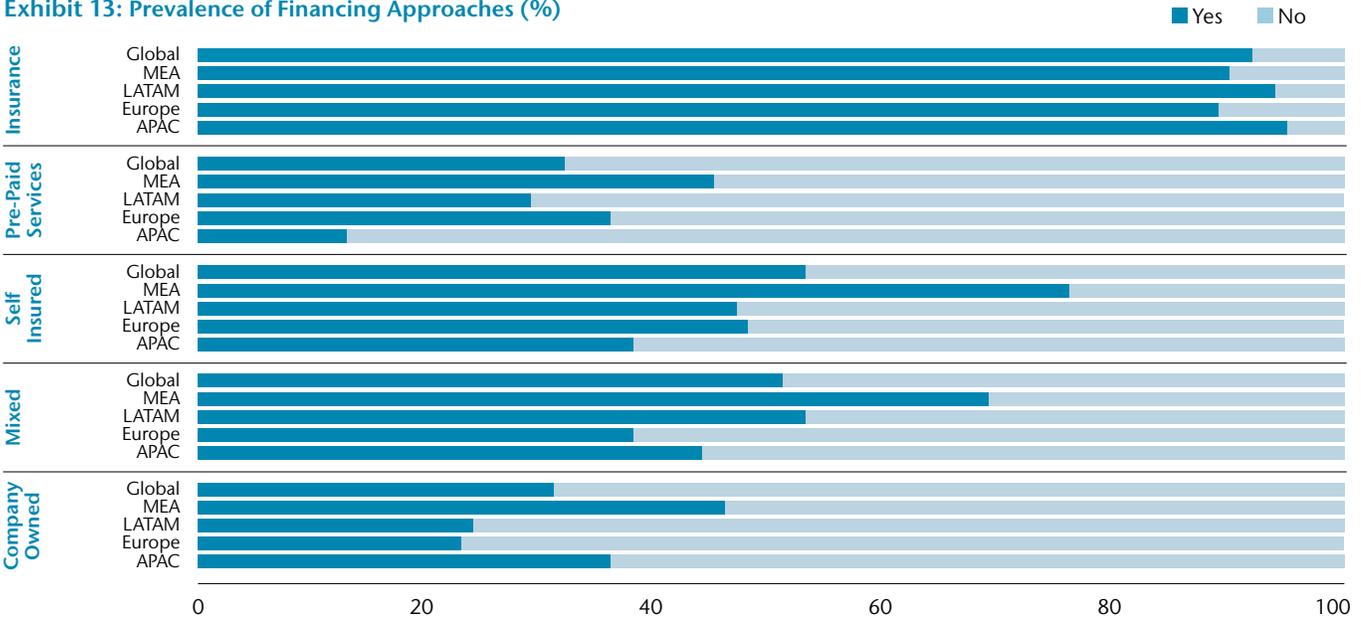
% of countries responding

Key Highlights

Medical Plan Financing Media

The reported prevalence of financing approaches typical within each country was as follows:

Exhibit 13: Prevalence of Financing Approaches (%)



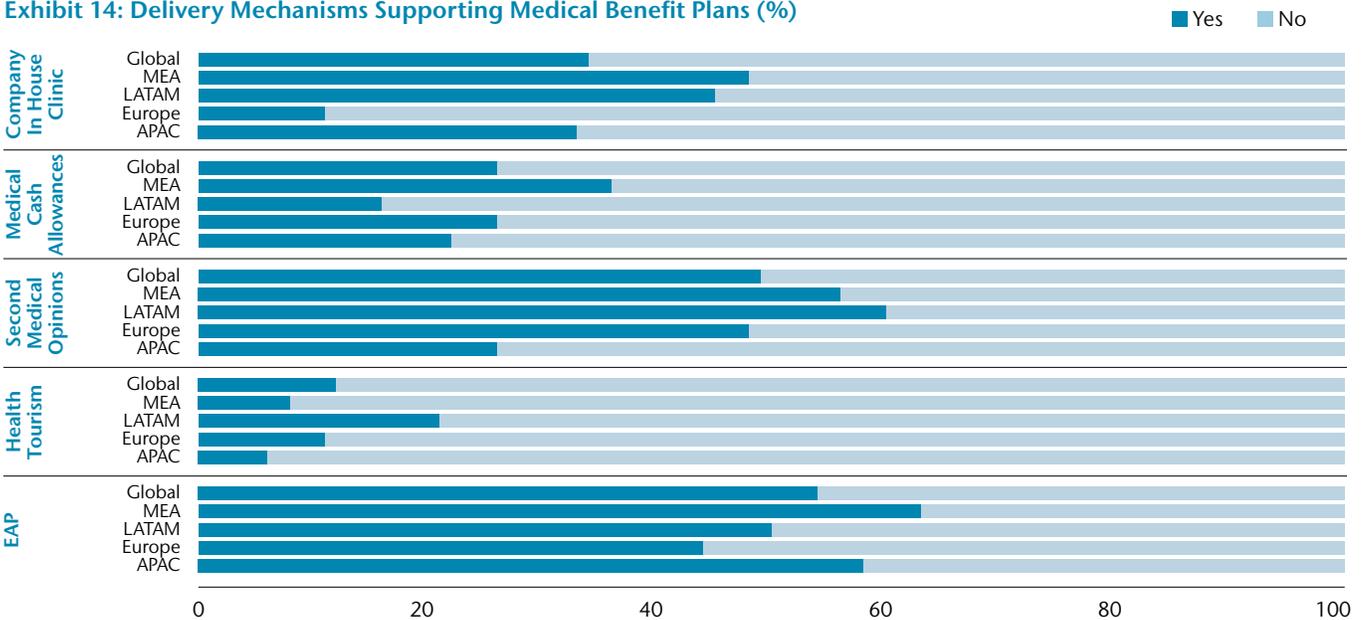
Notes:

- “Prepaid Services” refers to the financing of medical coverage via set fees per participant which are community rated and which are assessed by the provider network
- “Direct Provision Through Company-owned Facility” refers to company owned (or rented) clinics or medical dispensary (a generalist physician or nurse and basic prescription drugs) generally available on-site.

Alternative/Innovative Delivery Mechanisms

Aon offices reported prevalence of the following delivery mechanisms supporting medical benefit plans:

Exhibit 14: Delivery Mechanisms Supporting Medical Benefit Plans (%)



Call to Action

The findings addressed in this report suggest that employers need to accelerate their efforts in helping employees to both understand their own health risks and begin to take steps to improve their health. Rising costs and the increased prevalence of chronic conditions are global phenomena—and regardless of the underlying medical insurance system, employers will experience added organizational cost and lost workforce productivity if these trends continue.

The wellness initiative summaries in this report should be useful in understanding wellness and cost mitigation efforts being undertaken by employers. However, the underlying causes of illness and risk factors vary greatly by region, country, company sector, etc. It is therefore important to carefully target employer initiatives to the specific situation surrounding each medical plan.

Survey Results

Average Medical Trend Rate Tables

Exhibit 15: Region (Avg %)	2017			2018		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Global	2.8	8.2	5.4	3.1	8.4	5.3
North America	1.6	6.3	4.7	2.4	6.9	4.5
Latin America & Caribbean	6.0	14.2	8.2	5.2	13.9	8.7
Europe	1.6	5.7	4.1	2.0	5.8	3.8
Middle East & Africa	6.7	14.3	7.6	7.6	15.3	7.7
Asia	2.9	8.9	6.0	3.0	8.9	5.9

Exhibit 16: Region/Country (Avg %)	2017			2018		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Global	2.8	8.2	5.4	3.1	8.4	5.3
North America	1.6	6.3	4.7	2.4	6.9	4.5
Canada	1.9	8.0	6.1	2.1	6.0	3.9
United States	1.5	6.0	4.5	2.4	7.0	4.6
Latin America & Caribbean	6.0	14.2	8.2	5.2	13.9	8.7
Argentina	19.9	30.0	10.1	18.7	25.0	6.3
Bahamas	1.1	10.0	8.9	1.5	10.0	8.5
Bolivia	5.0	12.5	7.5	5.0	10.0	5.0
Brazil	6.1	17.2	11.0	4.3	19.0	14.7
Chile	3.0	6.0	3.0	3.0	6.5	3.5
Colombia	3.4	9.3	5.9	3.2	6.8	3.6
Costa Rica	3.0	14.0	11.0	3.0	14.0	11.0
Dominican Republic	4.0	6.0	2.0	4.2	6.0	1.8
Ecuador	3.0	16.0	13.0	0.6	10.0	9.4
El Salvador	1.9	10.0	8.1	2.3	10.0	7.7
Guatemala	3.8	15.0	11.2	4.0	10.0	6.0
Honduras	3.4	15.0	11.6	4.5	15.0	10.5
Jamaica	5.9	5.0	(0.9)	5.3	10.0	4.7
Mexico	3.0	10.3	7.2	3.2	11.8	8.6
Nicaragua	6.8	11.6	4.8	7.4	12.0	4.6
Panama	2.0	14.0	12.0	2.3	12.0	9.7
Peru	2.5	8.0	5.5	2.6	7.0	4.4
Puerto Rico	1.2	7.5	6.3	0.5	7.2	6.7
Trinidad and Tobago	4.7	18.0	13.3	2.4	10.0	7.6
Uruguay	8.0	8.0	0.0	7.5	8.8	1.3
Venezuela	1,642.8	600.0	(1,042.8)	2,068.5	1,000.0	(1,068.5)

Survey Results

Exhibit 16 (continued): Region/Country (Avg %)	2017			2018		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Europe	1.6	5.7	4.1	2.0	5.8	3.8
Austria	1.8	2.2	0.4	1.8	2.3	0.5
Belgium	1.1	2.4	1.2	1.7	3.8	2.1
Bulgaria	1.2	10.0	8.8	1.8	10.1	8.3
Croatia	1.3	1.2	(0.1)	1.1	1.2	0.1
Cyprus	0.3	1.5	1.2	1.4	1.5	0.1
Czech Republic	2.2	3.0	0.8	1.8	3.6	1.8
Denmark	1.4	1.5	0.1	1.1	1.3	0.2
Finland	1.4	10.0	8.6	1.6	5.0	3.4
France	1.1	4.5	3.4	1.2	3.0	1.8
Germany	1.4	8.0	6.6	1.7	10.0	8.3
Greece	0.6	4.0	3.4	1.4	6.0	4.6
Hungary	2.4	2.2	(0.2)	3.3	4.0	0.7
Ireland	1.4	6.0	4.6	2.4	8.0	5.6
Italy	0.7	4.0	3.3	1.3	4.0	2.7
Latvia	1.5	3.0	1.5	2.5	8.0	5.5
Lithuania	1.9	15.0	13.1	2.0	15.0	13.0
Luxembourg	n/a	n/a	n/a	1.3	1.9	0.6
Norway	2.5	8.0	5.5	2.5	7.0	4.5
Poland	1.3	5.0	3.7	2.3	5.0	2.7
Portugal	1.2	4.0	2.8	1.4	4.0	2.6
Romania	3.1	5.0	1.9	3.2	5.0	1.8
Russia	6.5	15.0	8.5	4.2	12.0	7.8
Serbia	3.1	10.0	6.9	3.0	8.0	5.0
Slovakia	1.7	1.5	(0.2)	1.5	20.0	18.5
Slovenia	1.3	0.7	(0.6)	2.0	2.6	0.6
Spain	1.0	4.5	3.5	1.4	2.9	1.5
Sweden	n/a	n/a	n/a	1.6	1.7	0.1
Switzerland	(0.1)	4.0	4.1	0.7	4.0	3.3
The Netherlands	0.7	3.6	2.9	1.4	4.0	2.6
Turkey	8.8	13.0	4.2	9.1	13.0	3.9
Ukraine	11.0	13.0	2.0	9.5	12.0	2.5
United Kingdom	1.9	8.0	6.1	2.6	8.0	5.4

Survey Results

Exhibit 16 (continued): Region/Country (Avg %)	2017			2018		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Middle East & Africa	6.7	14.3	7.6	7.6	15.3	7.7
Angola	15.2	20.0	4.8	17.8	25.0	7.2
Bahrain	5.0	10.0	5.0	3.4	13.0	9.6
Botswana	n/a	n/a	n/a	4.2	8.7	4.5
Democratic Republic of the Congo	2.5	4.0	1.5	10.0	12.0	2.0
Egypt	9.5	17.0	7.5	16.9	35.0	18.1
Ethiopia	11.6	15.0	3.4	7.5	12.5	5.0
Ghana	8.9	17.0	8.1	9.0	15.0	6.0
Ivory Coast	0.0	3.0	3.0	2.0	9.0	7.0
Kenya	6.0	12.5	6.5	2.4	12.0	9.6
Kuwait	3.5	10.0	6.5	3.6	12.0	8.4
Lebanon	2.0	15.0	13.0	2.0	16.0	14.0
Malawi	13.9	25.0	11.1	10.6	14.0	3.4
Morocco	2.0	0.0	(2.0)	n/a	n/a	n/a
Nigeria	12.4	23.0	10.6	17.5	22.5	5.0
Qatar	5.8	11.0	5.3	5.7	15.0	9.3
Saudi Arabia	1.0	14.0	13.0	5.1	13.5	8.4
Senegal	1.2	2.7	1.5	2.0	0.5	(1.5)
Sierra Leone	n/a	n/a	n/a	8.5	10.0	1.5
South Africa	6.3	10.3	4.0	5.5	10.4	4.9
Sultanate of Oman	2.8	5.0	2.2	3.0	7.5	4.5
Tunisia	3.9	8.3	4.4	3.8	8.0	4.2
Uganda	5.9	20.0	14.1	6.0	15.0	9.0
United Arab Emirates	2.7	12.0	9.3	3.7	10.0	6.3
Zambia	n/a	n/a	n/a	8.0	10.0	2.0
Zimbabwe	n/a	n/a	n/a	6.6	12.0	5.4

Survey Results

Exhibit 16 (continued): Region/Country (Avg %)	2017			2018		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Asia	2.9	8.9	6.0	3.0	8.9	5.9
Australia	2.4	6.9	4.4	2.4	5.3	2.9
Bangladesh	6.9	7.5	0.6	5.8	7.4	1.6
China	2.0	5.0	3.0	2.3	5.5	3.2
Hong Kong	2.6	5.0	2.4	2.7	6.2	3.5
India	5.3	12.0	6.7	5.1	9.0	3.9
Indonesia	4.0	15.0	11.0	4.5	15.0	10.5
Japan	1.2	3.3	2.1	0.6	0.7	0.1
Kazakhstan	9.3	7.5	(1.8)	7.2	7.2	0.0
Malaysia	2.9	15.0	12.1	2.9	15.3	12.4
Mongolia	n/a	n/a	n/a	5.1	6.5	1.4
New Zealand	1.9	5.0	3.1	2.0	6.0	4.0
Pakistan	5.0	16.2	11.2	5.0	16.8	11.8
Papua New Guinea	n/a	n/a	n/a	6.5	7.0	0.5
Philippines	3.4	8.0	4.6	3.3	10.0	6.7
Singapore	1.3	10.0	8.7	1.8	10.0	8.2
South Korea	2.2	13.0	10.8	1.9	11.0	9.1
Taiwan	1.1	8.2	7.1	1.3	8.0	6.7
Thailand	2.5	8.0	5.5	1.5	8.5	7.0
Vietnam	2.3	20.0	17.7	5.0	23.2	18.2

Notes:

- “Net” indicates medical trend rates net of domestic general inflation rates.
- The 2018 medical trend rate for the U .S. was obtained from Aon’s Health Value Initiative database as applicable to PPO plans and adjusted to reflect expected increases prior to any plan, program, or carrier changes for cost containment.
- Venezuela has been excluded from region and global averages in both the 2017 and 2018 figures.

Survey Results

Most Important Elements of Medical Plan Cost

The figures below represent the percentages of responses from Aon non-U.S. offices that reported the indicated cost item as the most important element of medical plan cost in their respective countries.

Exhibit 17: Top Global Cost Elements

	Hospitalization	86
	Clinics/Labs	74
	Physician Services	73
	Prescription Drugs	67
	Maternity	34

% of countries responding

The figures below represent the percentages of Aon offices reporting the indicated cost element in their respective regions.

Exhibit 18: Indicated Cost Elements In Respective Regions

APAC		Europe		LATAM		MEA	
Hospitalization	89	Hospitalization	86	Hospitalization	86	Hospitalization	88
Physician Services	74	Clinics/Labs	62	Clinics/Labs	86	Clinics/Labs	88
Clinics/Labs	68	Physician Services	62	Prescription Drugs	86	Prescription Drugs	84
Prescription Drugs	63	Dental	52	Physician Services	81	Physician Services	80
Administration Costs	26	Prescription Drugs	38	Maternity	57	Maternity	48

% of countries responding

Survey Results

Key Reported Conditions Driving Adverse Medical Claim Experience

The figures below represent the percentages of responses from Aon non-U.S. offices that reported the indicated medical condition as a contributing factor in adverse claims experience in their respective countries.

Exhibit 19: Top Global Medical Conditions Driving Medical Plan Costs

	Cancer/Tumor Growth	68
	Cardiovascular	66
	High Blood Pressure	54
	Diabetes	48
	Respiratory	44

% of countries responding

The leading conditions per region as reported by Aon offices were:

Exhibit 20: Leading Conditions Per Region

APAC		Europe		LATAM		MEA	
Cancer/Tumor Growth	74	Cardiovascular	79	Cancer/Tumor Growth	86	High Blood Pressure	72
Cardiovascular	74	Cancer/Tumor Growth	76	Diabetes	67	Diabetes	60
Gastrointestinal	58	High Blood Pressure	55	Cardiovascular	62	Respiratory	56
Respiratory	47	Musculoskeletal/Back	45	High Blood Pressure	62	Cardiovascular	44
Musculoskeletal/Back	47	Diabetes	38	Musculoskeletal/Back	38	Cancer/Tumor Growth	40

% of countries responding

Survey Results

Risk Factors Driving Supplementary Medical Plan Costs

The figures below represent the percentages of responses from Aon non-U.S. offices that reported the indicated risk as becoming a leading factor in future adverse claims experience in their respective countries.

Exhibit 21: Top Global Risk Factor

	High Blood Pressure	78
	Physical Inactivity	49
	Obesity	48
	High Cholesterol	47
	Bad Nutrition	45

% of countries responding

The figures below represent the percentages of Aon offices reporting the indicated risk factors in their respective regions.

Exhibit 22: Indicated Risk Factors in Respective Regions

APAC		Europe		LATAM		MEA	
High Blood Pressure	68	High Blood Pressure	93	High Blood Pressure	81	High Blood Pressure	72
Obesity	53	Poor Stress Management	50	Bad Nutrition	76	Physical Inactivity	48
Physical Inactivity	53	Smoking	46	High Cholesterol	62	Bad Nutrition	44
High Cholesterol	47	Obesity	46	Obesity	62	High Cholesterol	44
Bad Nutrition	47	Physical Inactivity	46	Physical Inactivity	48	Poor Stress Management / Unsafe Water, Sanitation, Hygiene	40

% of countries responding

Survey Results

Mitigation Initiatives to Control Medical Plan Cost Escalation

The figures below represent the percentages of responses from Aon non-U.S. offices that reported the methods that aim to best mitigate the increase in costs of a medical plan.

Exhibit 23: Top Global Main Elements

	Wellness Initiatives	71
	Cost Containment	69
	Access and Delivery Restrictions	49
	Plan Design Changes	48
	Flexible Benefit Plans to Cap Overall Benefit Costs	38

% of countries responding

The figures below represent the percentages of Aon offices reporting the risk mitigation methods in their respective region.

Exhibit 24: Risk Mitigation Methods in Respective Regions

APAC		Europe		LATAM		MEA	
Cost Containment	89	Cost Containment	64	Wellness Initiatives	76	Wellness Initiatives	76
Wellness Initiatives	74	Wellness Initiatives	57	Cost Containment	57	Cost Containment	68
Access and Delivery Restrictions	58	Provider Networks	50	Access and Delivery Restrictions	52	Access and Delivery Restrictions	60
Plan Design Changes	53	Plan Design Changes	43	Provider Networks	33	Plan Design Changes	60
Flexible Benefit Plans	42	Flexible Benefit Plans	39	Plan Design Changes	33	Flexible Benefit Plans	40

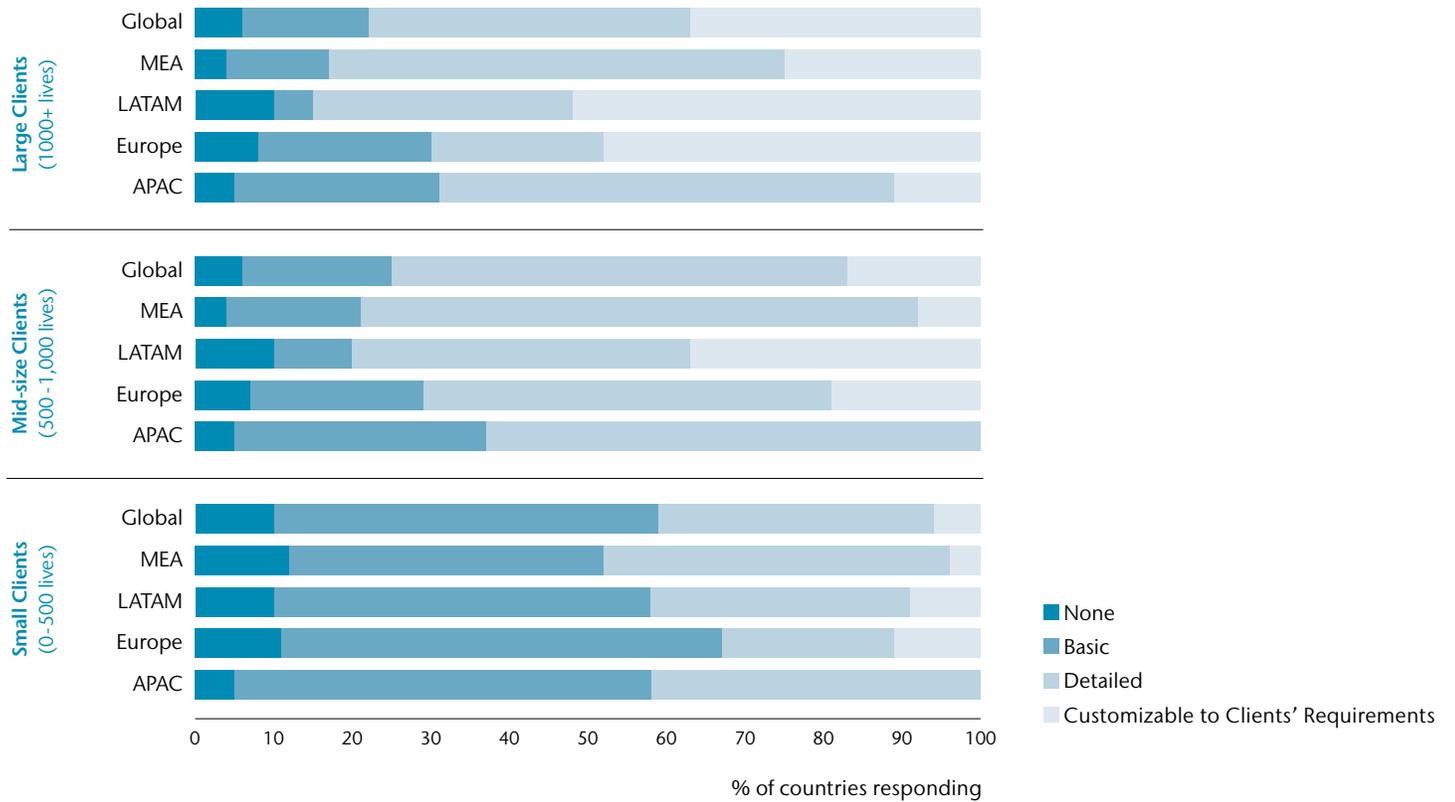
% of countries responding

Survey Results

Levels of Claims Information Available from Carriers

A deep understanding of the specific factors driving a company’s medical plan cost is fundamental for the development of a sound mitigation strategy. The figures below represent the prevalence and level of claims information available by client size reported by Aon offices in their respective region.

Exhibit 25: Level of Claims Information Available

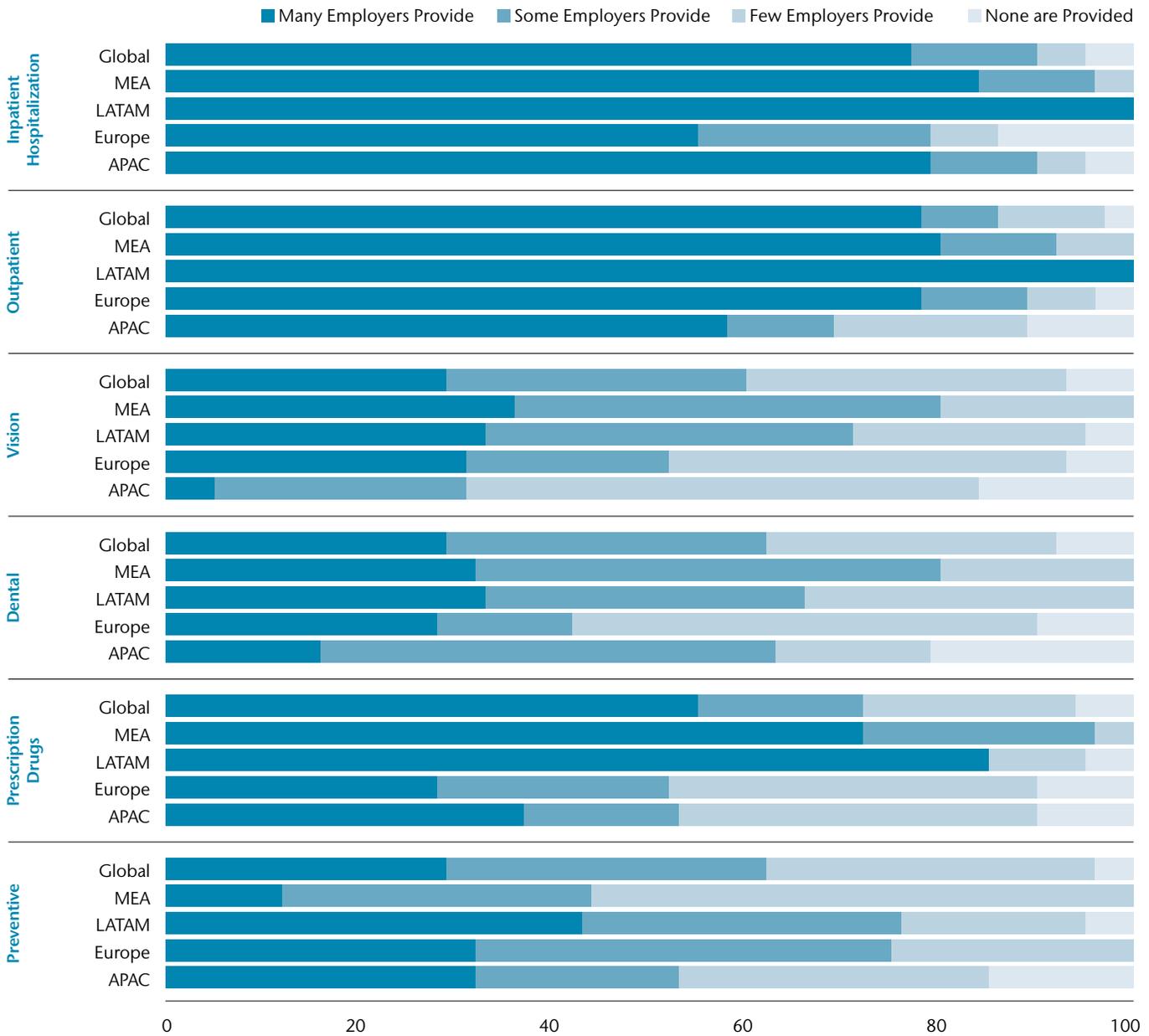


Survey Results

Prevalence of Medical and Derivative Benefits

This year the surveyed countries reported on typical medical benefit provision practices along with the utilization of financing media and innovative delivery mechanisms. The main results are summarized in the following tables:

Exhibit 26: Employer Provided Benefits (%)

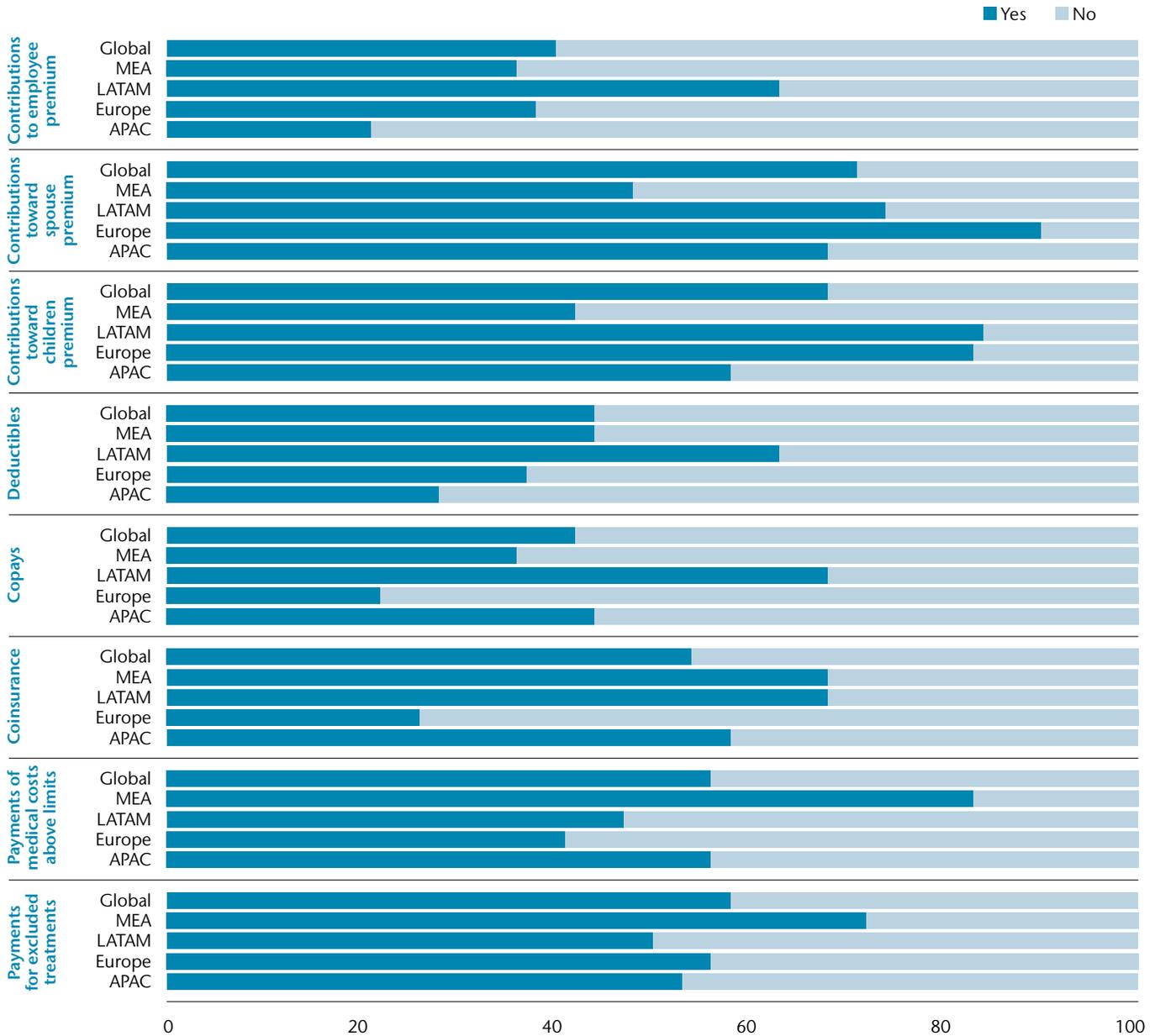


Survey Results

Summary of Modal Practices per Country—Employee Cost Sharing

Aon offices reported the prevalence of employee cost-sharing on medical plans via contributions towards premiums and/or toward claims outlays*.

Exhibit 27: Offices Reporting Modal Practices (%)



*Please refer to the Glossary of Terms for the definition of deductibles, co-pay and co-insurance.

Survey Results

Regional Summary of Practices on Employee Cost Sharing on Premiums

The table below shows the prevalence of modal practices in terms of required employee contributions under the typical medical plan in each country in regard to premiums assessed to cover the employee, spouse and/or dependents.

Exhibit 28: Offices Reporting Modal Practices

	Global	APAC	Europe	LATAM	MEA
EE Only	3	0	3	5	4
Spouse Only	3	11	3	0	0
Children Only	0	0	0	0	0
EE + Spouse	3	0	3	0	8
EE + Children	2	0	0	11	0
EE + Spouse + Children	32	21	31	47	24
Spouse + Children	33	37	52	26	16
None	23	32	7	11	48

% of countries responding

Regional Summary of Country Practices on Employee Cost Sharing on Claim Outlays*

The table below shows the most common practices per country reported by Aon offices in regard to financial contributions required of employees toward meeting the costs of claims incurred.

Exhibit 29: Offices Reporting Modal Practices

	Global	APAC	Europe	LATAM	MEA
Deductible only	8	0	15	11	4
Copay only	3	5	0	5	4
Coinsurance only	11	21	4	0	20
Deductible + Copay only	4	5	7	5	0
Deductible + Coinsurance only	10	5	7	11	16
Copay + Coinsurance only	12	16	7	21	8
Deductible + Copay + Coinsurance	22	16	7	37	24
None	30	32	52	11	24
Total number of Countries Reporting	92	19	27	19	25

*Please refer to the Glossary of Terms for the definition of deductibles, co-pay and co-insurance.

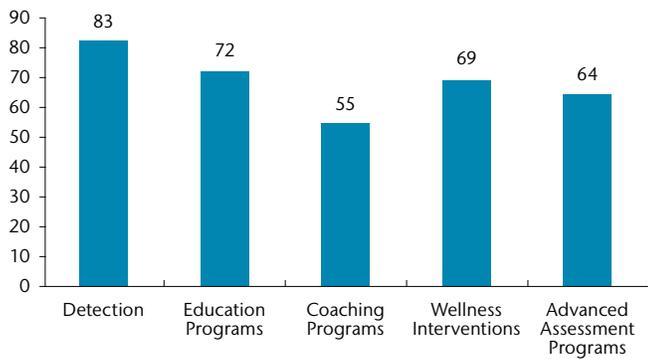
% of countries responding

Survey Results

Global Wellness and Health Promotion Initiatives

The figures below represent the percentages of responses from Aon offices that reported the indicated wellness program as commonly provided among the indicated employer groups in their respective countries.

Exhibit 30: Wellness Programs Reported as Commonly Provided
(% responding modal practices in country)



Detection

Physical Check-ups	83
Vision Screening	69
Mammograms	53
Hearing Screening	47

% of countries responding

Advanced Assessment

Heart Health	52
Advanced Check-ups	39
Nutrition	39
Substance Use	22
Level of Fitness	33

% of countries responding

Education

Communication Materials on Wellness	70
Informational Web Service	56
Wellness Kits	61
Fitness Education	45

% of countries responding

Coaching

Health Coaching Management System	22
Incentive Programs	52
Health Specialists	28

% of countries responding

Wellness Interventions

Quitting Smoking/Tobacco Use	46
Employee Assistance Program	47
Physical Activity	58
Healthy Weight	46
Back Care	39
Healthy Eating	58
Reducing Risk for Heart Disease	42

% of countries responding

Survey Results

The tables below show the percentage of countries per each region that reported the indicated programs as prevalent in local markets.

Exhibit 31: Asia-Pacific

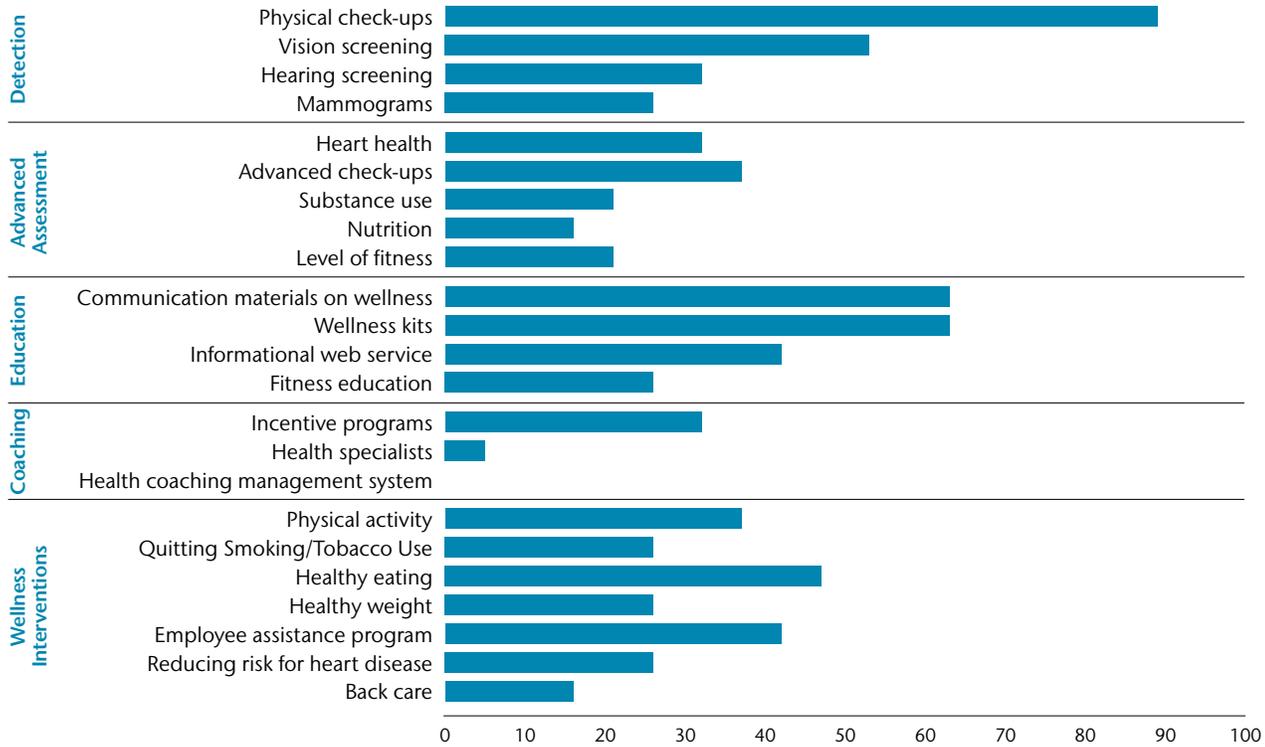
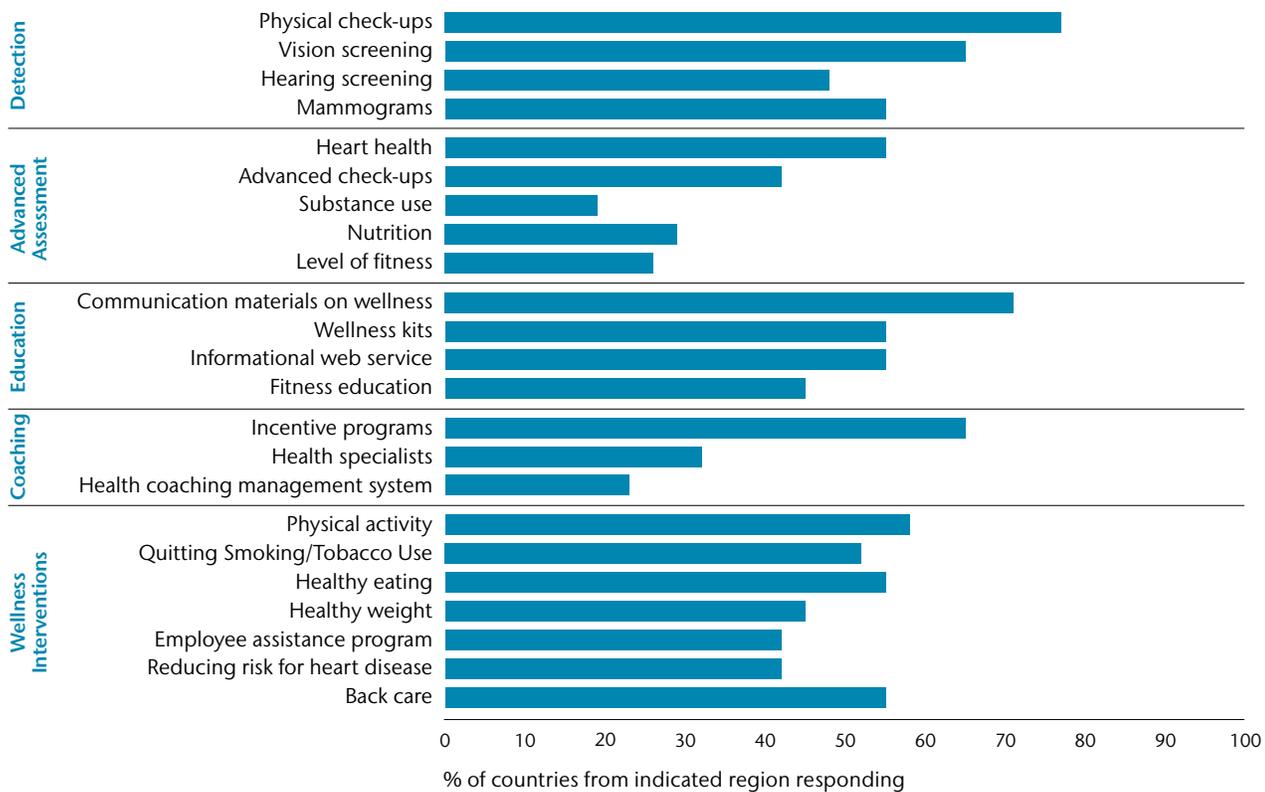


Exhibit 32: Europe



Survey Results

Exhibit 33: Latin America

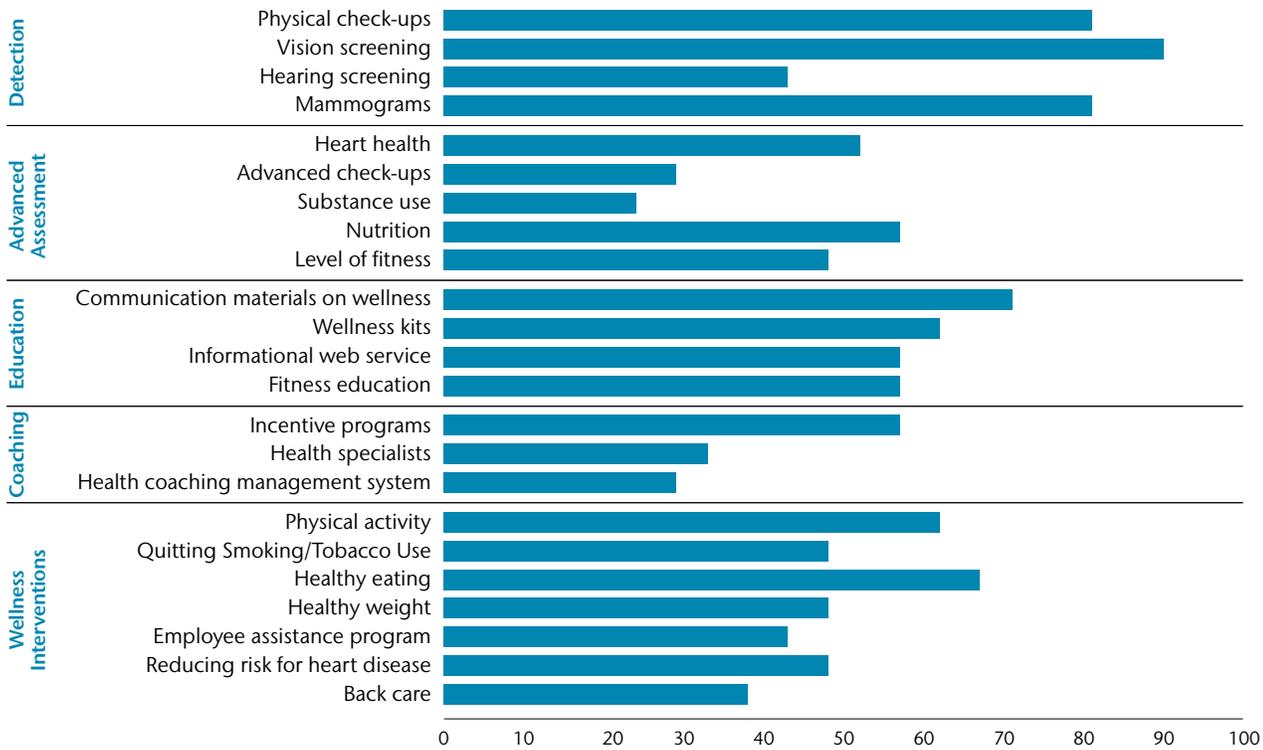
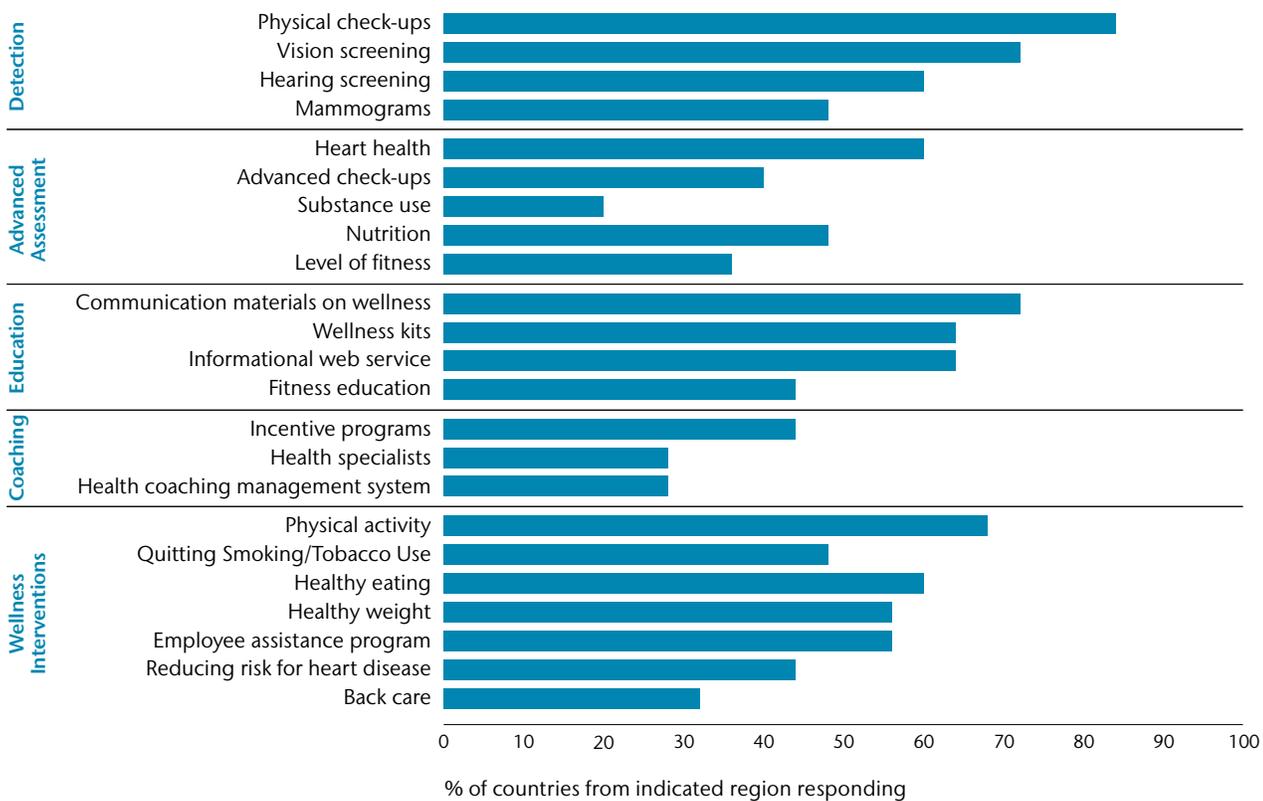


Exhibit 34: Middle East/Africa



Survey Results

Exhibit 35: Wellness Programs Reported as Commonly Provided by Geographical Region (% of country responses)

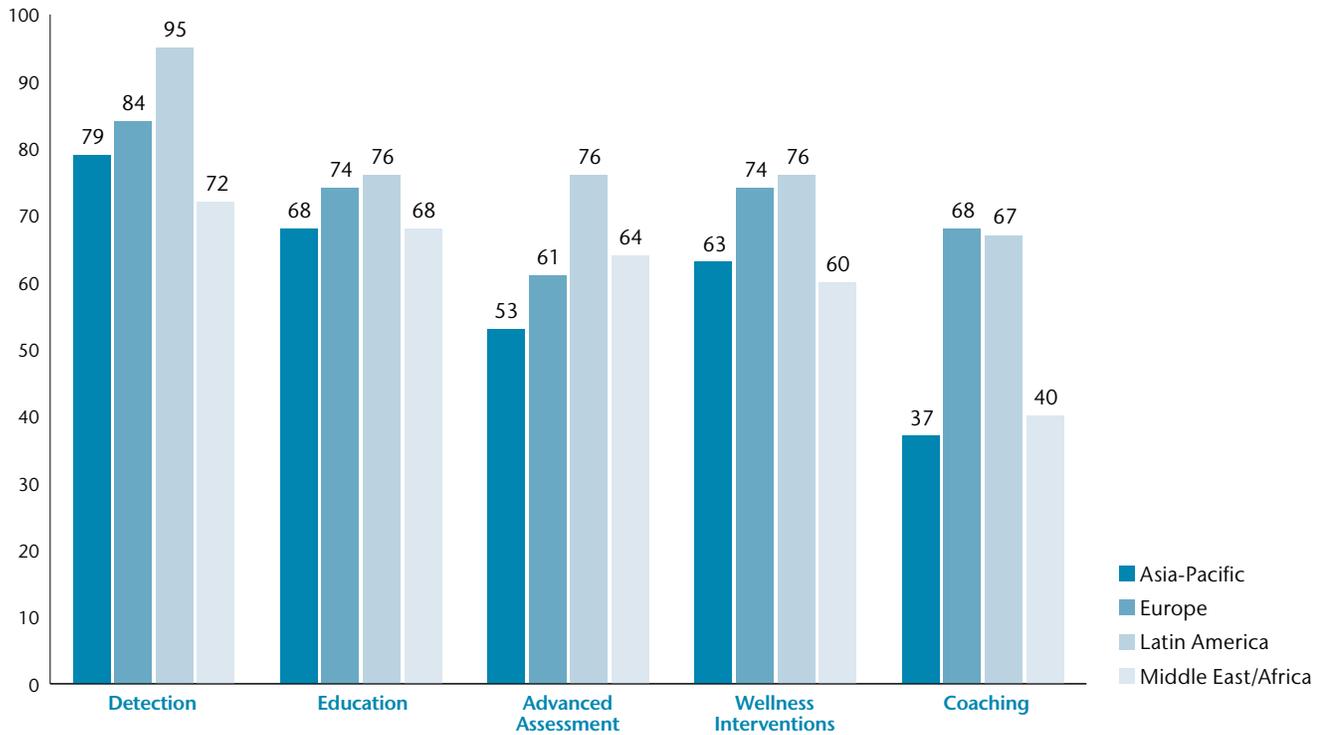
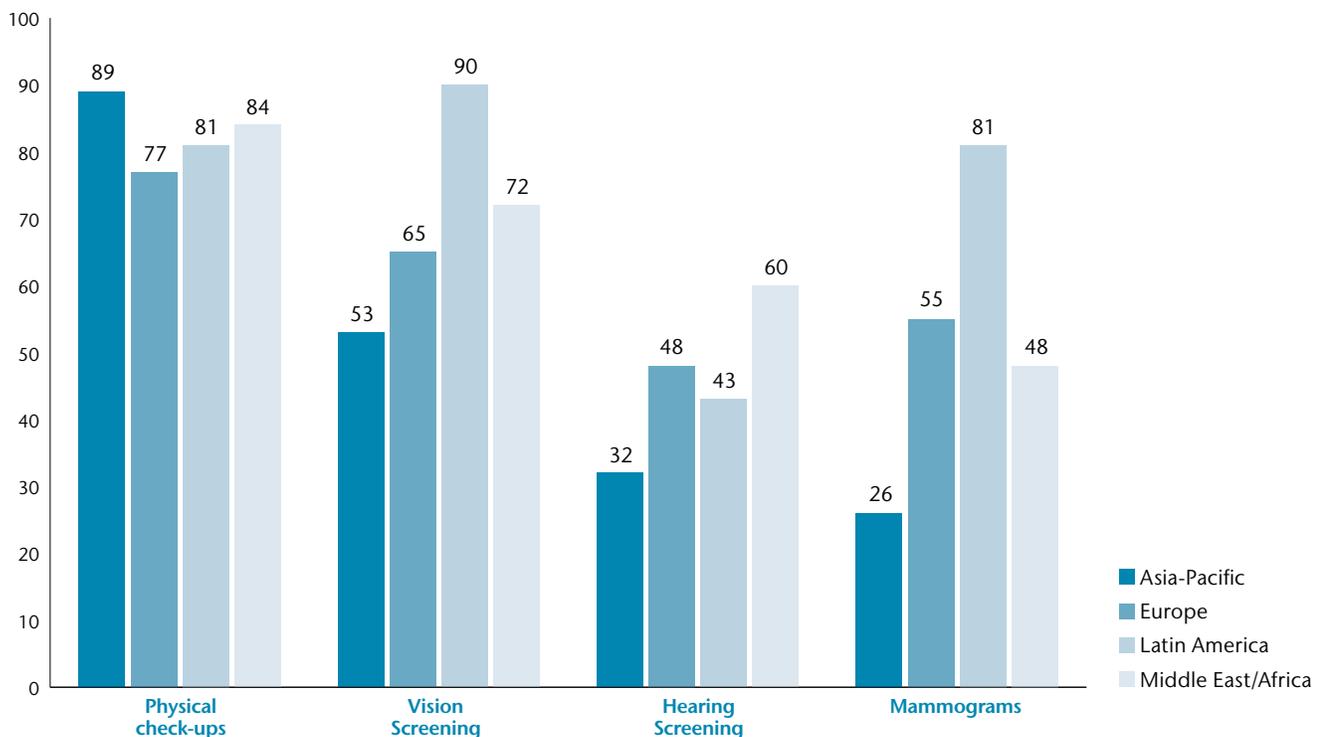


Exhibit 36: Detection Programs Reported as Commonly Provided by Geographical Region (% of country responses)



Survey Results

Exhibit 37: Advanced Assessment Programs Reported as Commonly Provided by Geographical Region (% of country responses)

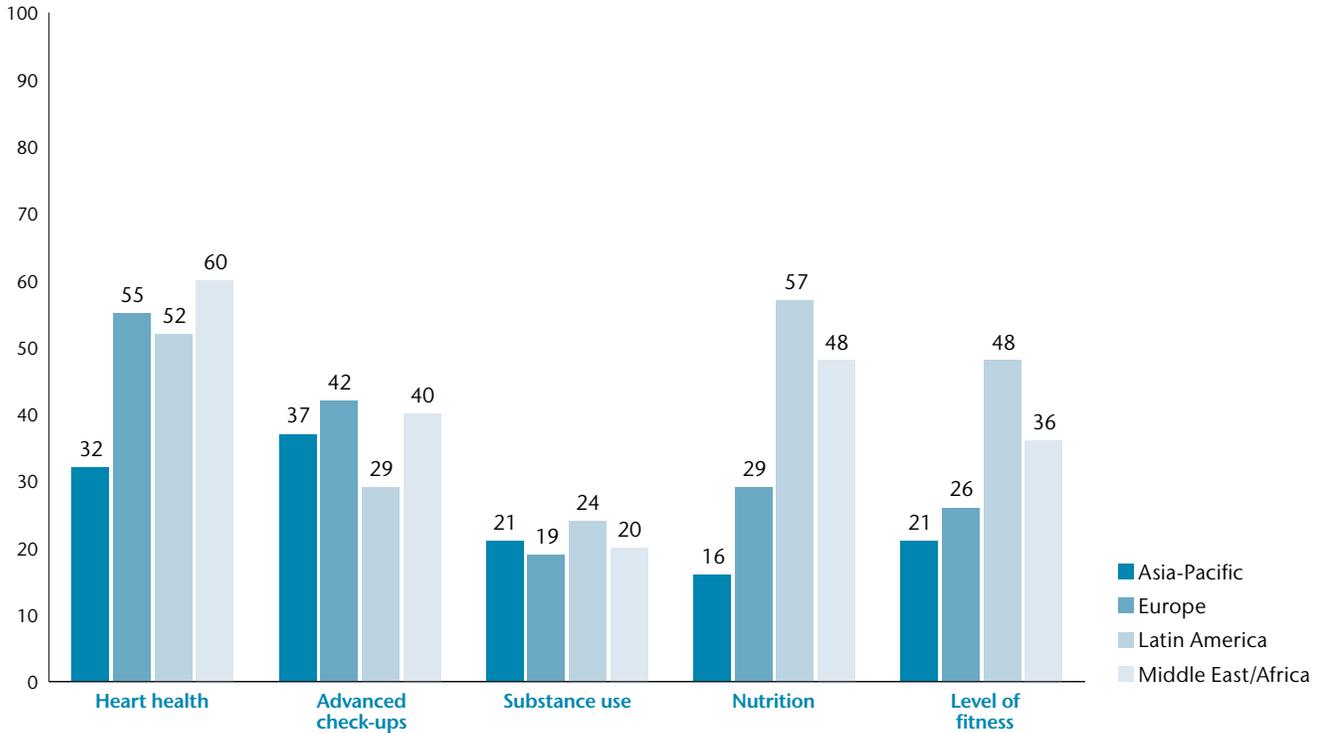
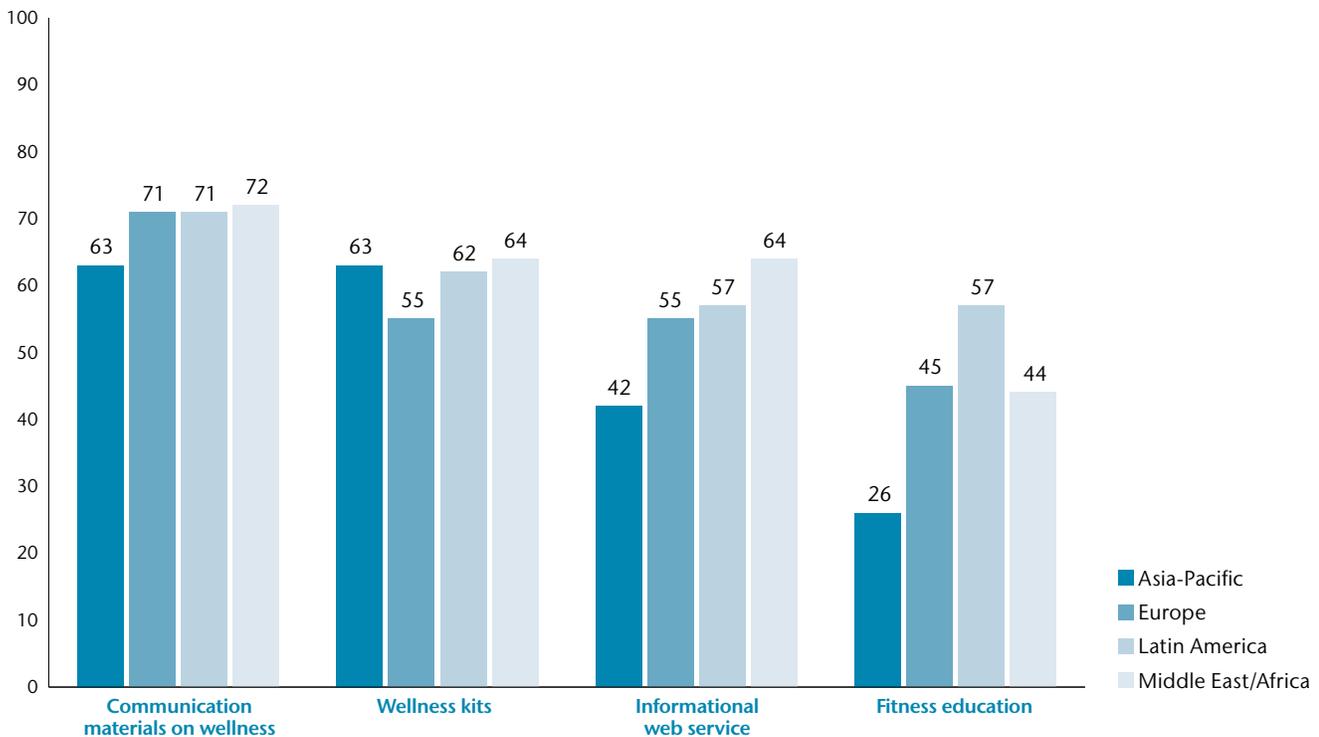


Exhibit 38: Education Programs Reported as Commonly Provided by Geographical Region (% of country responses)



Survey Results

Exhibit 39: Coaching Programs Reported as Commonly Provided by Geographical Region
(% of country responses)

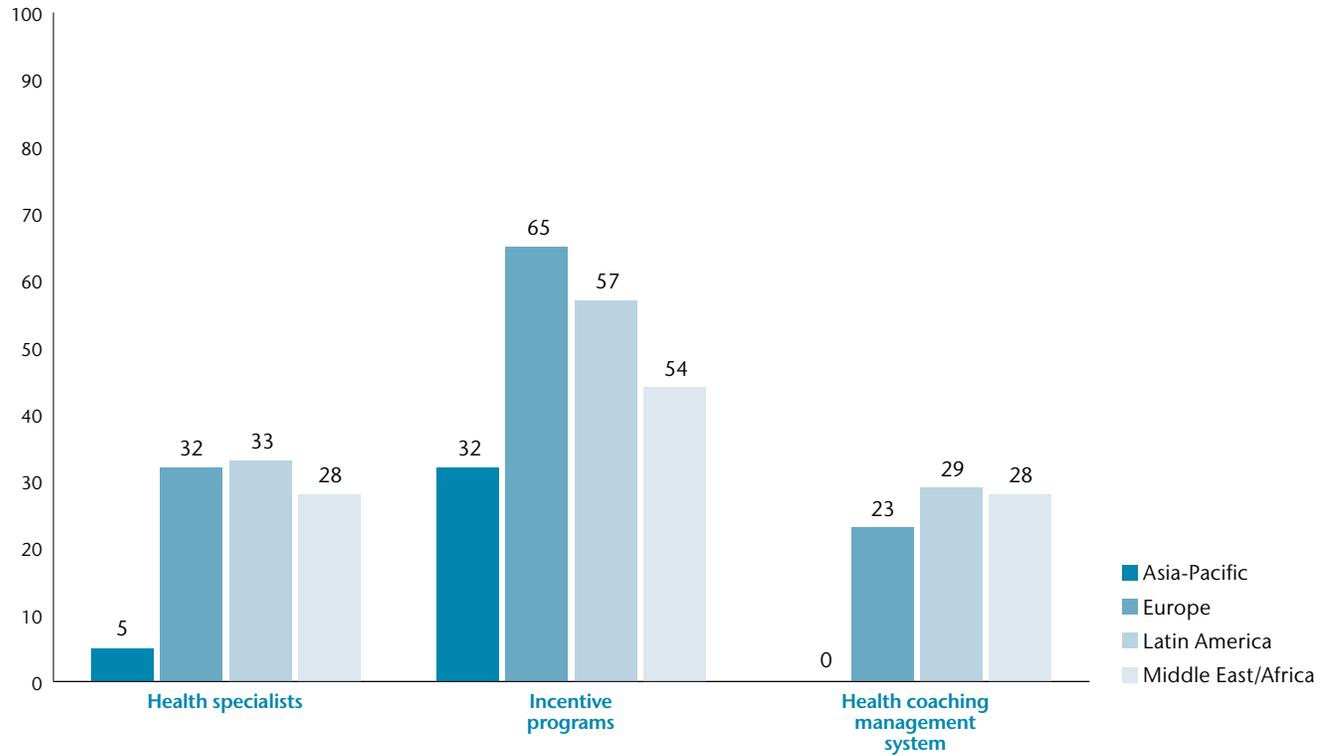
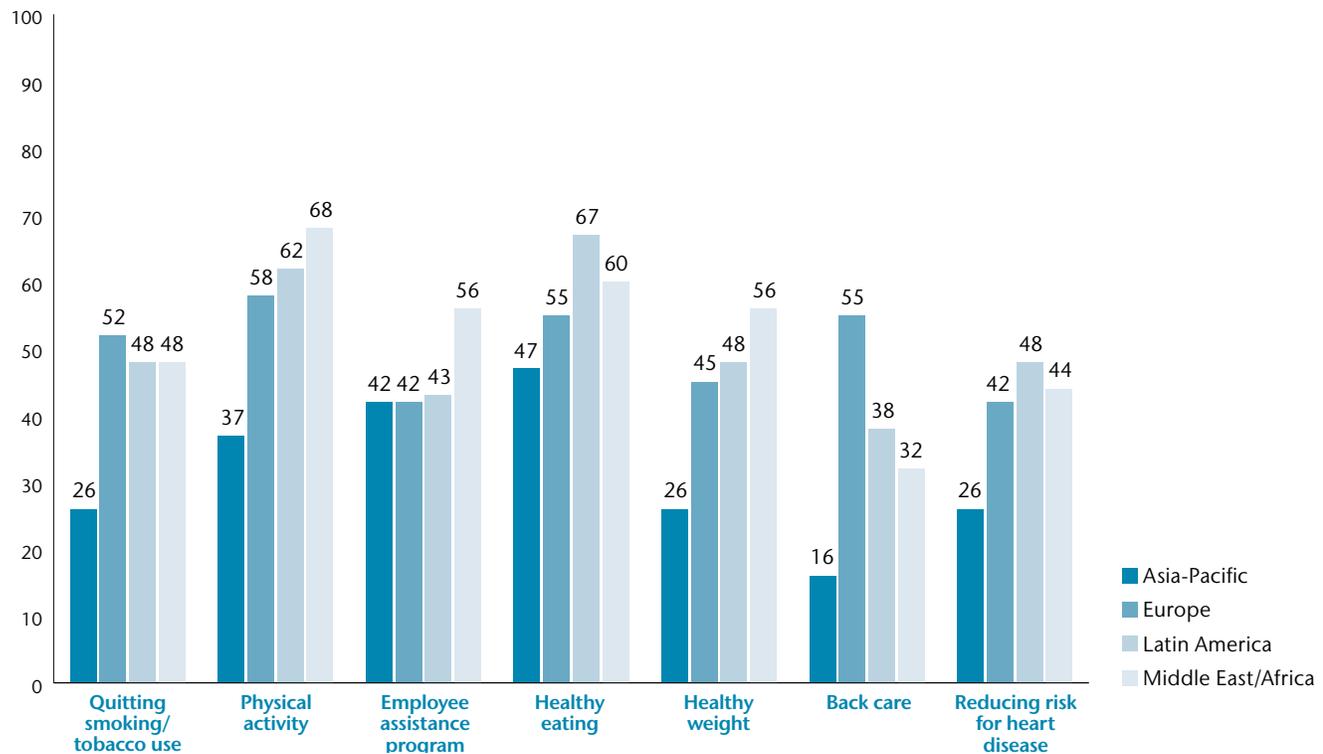


Exhibit 40: Wellness Interventions Programs Reported as Commonly Provided by Geographical Region
(% of country responses)



Glossary of terms

Coinsurance. A form of medical cost sharing in a health insurance plan that requires an insured person to pay a stated percentage of medical expenses after the deductible amount, if any, was paid. In health insurance, an equivalent term is “percentage participation”.

Copayment (copay). A form of medical cost sharing in a health insurance plan that requires an insured person to pay a fixed monetary amount when a medical service is received. The insurer is responsible for the rest of the reimbursement. There may be separate copayments for different services. Some plans require that a deductible first be met for some specific services before a copayment applies.

Deductible. A fixed dollar amount during the benefit period - usually a year - that an insured person pays before the insurer starts to make payments for covered medical services. Plans may have both per individual and family deductibles. Some plans may have separate deductibles for specific services.

Preferred provider organization (medical provider network) (PPO). An indemnity medical plan where coverage is provided to participants through a network of selected health care providers (such as hospitals and physicians). The plan participants may go outside the network, but would incur larger costs in the form of higher deductibles, higher coinsurance rates, or non-discounted charges from the providers.

Self-insured plan. A plan offered by employers who directly assume the financial risk of health insurance for their employees. Some self-insured plans bear the entire risk. Some self-insured employers insure against large claims by purchasing stop-loss coverage. Some self-insured employers contract with insurance carriers or third party administrators (tpa) for claims processing and other administrative services; other self-insured plans are self-administered.

Stop loss. A type of reinsurance designed to transfer the loss from the ceding company to the reinsurer at a given point. A provision in a policy designed to cut off the insurance company’s loss at a given point. Aggregate benefits and maximum benefits are an example.

Third party administrator (TPA). An individual or firm hired by an employer to handle claims processing, pay providers, and manage other functions related to the operation of health insurance. The tpa is not the policyholder or the insurer.

Mitigate. To make less severe; steps to eliminate further damage after a loss occurs

Appendix

Trend Rate Overview

The trend rates shown in this report represent national averages and are the predicted increase in premium costs. Trend increases for a specific company may vary significantly from these trend rates due to regional cost variations, company plan design, company demographics, and other factors. In addition, insured rate increases may be higher or lower than these trend rates based on an insurance company's profitability, the plan's claims-loss ratio, the plan design, insured demographics, and other factors. It is important to note that these trend rates might not be appropriate for other purposes.

Medical trend rate is defined as the percentage of change in the cost of health care prior to any cost-containment measure undertaken by plan sponsors.

The components of health care trends that we have considered include:

- **Price inflation.** This is the projected annual change in the domestic retail consumer price index of the health care element in each country. In the absence of information on projected inflation for the medical plan component in any given country, we have used the change in the overall consumer price index.
- **Leveraging impact on fixed-amount elements of plan design.** This is the additional cost added to a health plan due to the leveraging effect of increasing expected claims on unchanging deductibles, copays, or out-of-pocket maximums.
- **Utilization.** This component reflects an increase in the demand for medical care services in response to factors such as increased access to medical services, plan design, participant age, and new medical technology and services.
- **Technology advances.** This reflects the change in cost due to new procedures, information, experience, and equipment replacing older techniques.
- **Cost shifting.** This reflects a provider of medical services, such as a government social health care program, transferring its cost to private-sector supplementary plans.

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