



# HOW RISING HEALTHCARE COSTS IMPACT YOUR BENEFIT RENEWALS

Generally, healthcare costs are on the rise nationally. This increase is mostly due to inflation, state-mandated benefits, utilization of services and new treatments, therapies and technology being available. Your business, along with other companies across the country, are already feeling the effects. Further, rising costs are expected to continue until more cost-effective alternatives are offered.



We can help you understand escalating benefit costs and help better manage cost predictability.

## CURRENT US HEALTHCARE ENVIRONMENT

### Key Drivers of Increased Costs\*

- **Hospitals**, like many sectors, are experiencing inflation due to an increase in cost of goods, services and labor. (#1 healthcare cost driver in 2024)
- **Specialty and antidiabetic drugs** have increased in usage.
- **Gene therapies** that are emerging for specific conditions cost more, including Hemophilia, Sickle Cell and Retinal Dystrophy.
- **Behavior and mental health** are increasing in demand post COVID-19 and have a higher adoption in an employer's health plans.
- **Emergency room use** has increased for treatments that were not emergencies. For example, freestanding ER facilities are being used because they look like walk-in clinics.
- **The cost of managing chronic conditions** such as cancer, heart disease, obesity and diabetes is increasing.

Looking toward the future, increased costs may slow as the FDA approves more medicines similar to the costly specialty drugs.

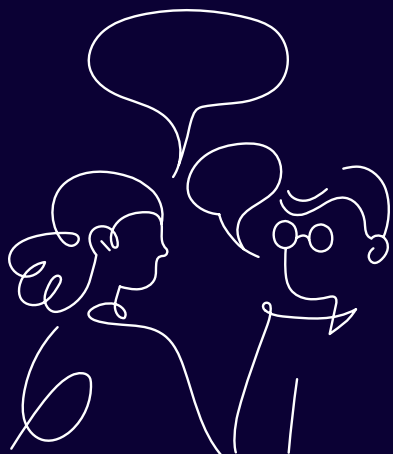
### The Role of COVID-19\*

At the onset of COVID in 2020, medical spending and overall in-person utilization (including ER visits) dramatically decreased for the first time in recorded history. However, telemedicine increased.

As vaccines and medicines have become available and healthcare has emerged from the COVID onset, we are seeing a shift in trends. In 2023 and 2024, medical spending is rising to its highest level in over a decade. Additionally, utilization is increasing as people are returning to their normal visits and having procedures they may have put off during the height of the pandemic. ER visits are also increasing. To add another layer of complexity, telemedicine utilization is decreasing from the levels seen during COVID, since people can go see their healthcare providers in person if they prefer to do so.



A benefit of working with TriNet is that we work closely with the insurance carriers to offer the best possible renewal to our clients as just a piece of our overall strategy.”



## Insurance Company Trends

Another factor to consider when looking at the overall healthcare environment landscape is the insurance carriers. They set their own trends and rates, and look at several factors, including national healthcare trends, the geographic regions they serve, and state-mandates. For example, depending on the region, costs may vary greatly. Those costs, such as the costs of goods and services, can impact healthcare expenses. A benefit of working with TriNet is that we work closely with the insurance carriers to offer the best possible renewal to our clients as just a piece of our overall strategy.

## FACTORS INFLUENCING YOUR BENEFITS RENEWAL—AND HOW TRINET CAN HELP

### How TriNet Benefit Costs Trends Are Different from Open Market Plans

We exclusively serve over 15,000 small and medium-size businesses (SMBs) and are focused on helping each of you build a benefits strategy that meets the needs of your worksite employees. Each SMB has unique characteristics that impact cost trends, such as size, industry, utilization and demographics. A major difference between us and the open marketplace is the focus we place on our SMBs. The open marketplace includes several other factors and characteristics because it tends to serve a broader audience. As such, they may see different cost trend patterns than what SMBs experience when they have access to TriNet-sponsored benefits.

We set our benefits renewal rates each year, by client, based on a combination of several factors, including insurance company trends, anticipated recurrence of high-cost claims, changes in risk profiles of a client, as well as utilization patterns. These utilization patterns include items such as screenings and well visits, settings of care, medication adherence, and chronic conditions.

## How Your Worksite Employees Drive Cost

There are four main areas that impact cost:

# #1

**Where they choose to go for care.** Many people use the ER when they could choose a less expensive option such as urgent care or telemedicine.

# #2

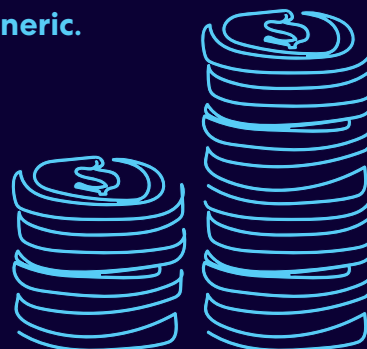
**Not using preventive care.** Preventive care may identify chronic diseases early. By catching them early, chronic diseases may be less costly and easier to treat. Diabetes, heart disease and high cholesterol are on the rise, especially in aging populations.

# #3

**Not adhering to medications and choosing brand name over generic.**

# #4

**Choosing out-of-network care.**



### WHAT YOU CAN DO TO HELP MITIGATE COSTS

**Benefits education is key!** And we are here to help. We have educational materials that you can use to help your worksite employees understand how they can best use their benefits.

Based on the worksite employee cost drivers above, here are links to items you can use for those specific topics:

- [Where to go for care matters.](#)
- [Why preventive care is important.](#)
- [Did you know having your medications delivered can not only save you time but money?](#)
- [What's the difference between choosing in and out of network providers?](#)

Additionally, we have [year-round educational materials](#) you can use to continuously promote wellness and benefits within your company.

### Questions?

We are here to help you find the right benefits solution and have multiple options available. To contact us, log in to TriNet ([login.TriNet.com](https://login.trinet.com)) > Contact TriNet > Create Case > Client Level Inquiry > Benefits. If you are unable to log in, [watch this short video](#) or go to TriNet ([login.TriNet.com](https://login.trinet.com)) and select one of the following options: Forgot Password, Forgot ID, Unlock Account, Login Help.



**Use our Benefits in a Box for quick and easy communication materials that you can send to your worksite employees.**