2027 Health Plan Cost Trends & Strategies

Survey Highlights and a Discussion of Today’s Healthcare Cost Trends

July 2026

Proprietary & confidential

Today's Presenters

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Agenda

Results of the 2027 *Segal Health Plan Cost Trend Survey*

What Drives Trend?

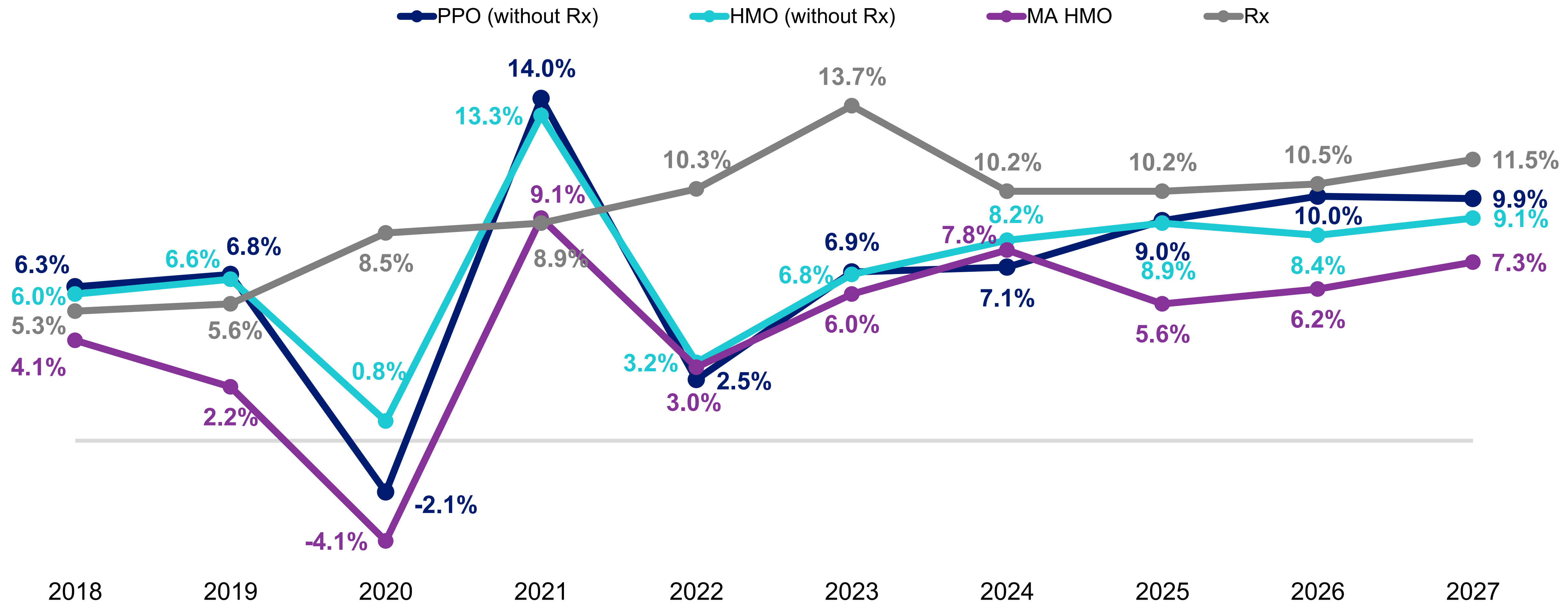
What's Behind the Numbers

Top Cost-Management Strategies in 2026

Questions?

Ten-Year Summary of Selected Medical and Rx Trends:

2018–2025 Actual and 2026-2027 Projected[1]

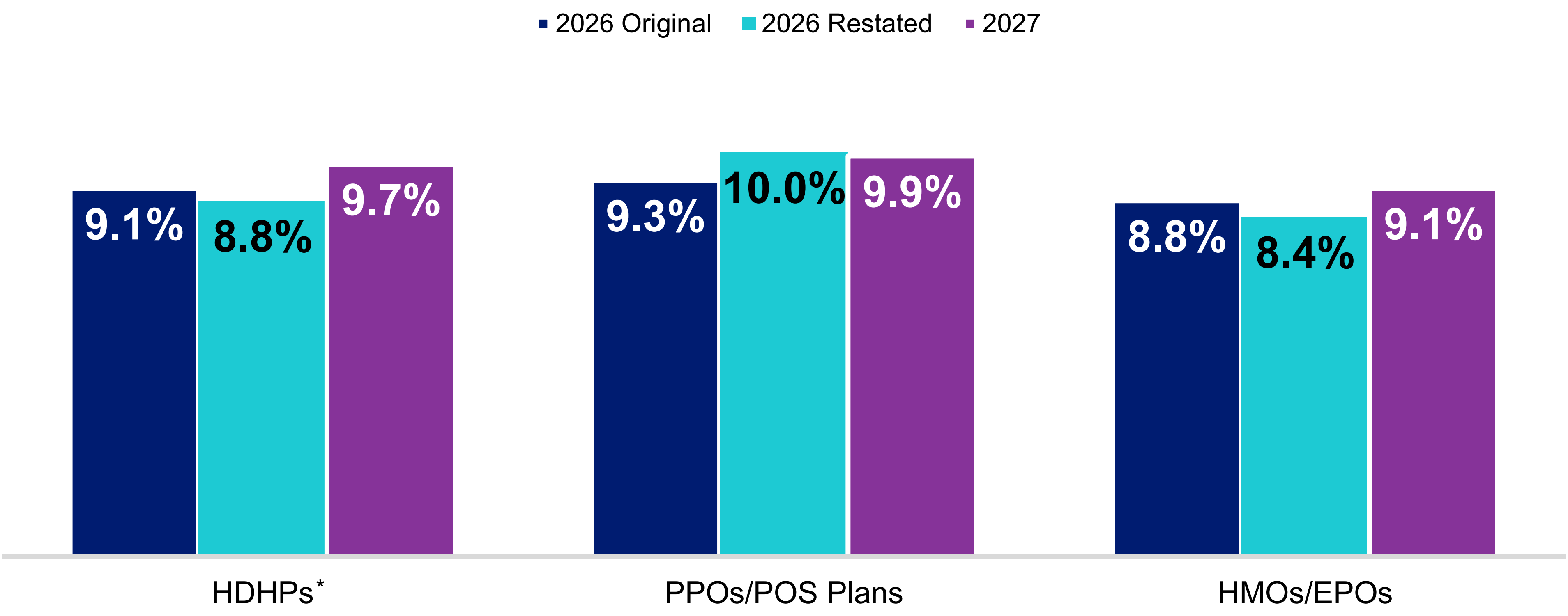


Source: 2027 *Segal Health Plan Cost Trend Survey*

[1] All trends are illustrated for actives and non-Medicare retirees, except for MA HMOs.

[2] Prescription drug trend is combined for retail and mail order delivery channels.

Projected Medical Trends for Actives and Non-Medicare Retirees: 2026 and 2027

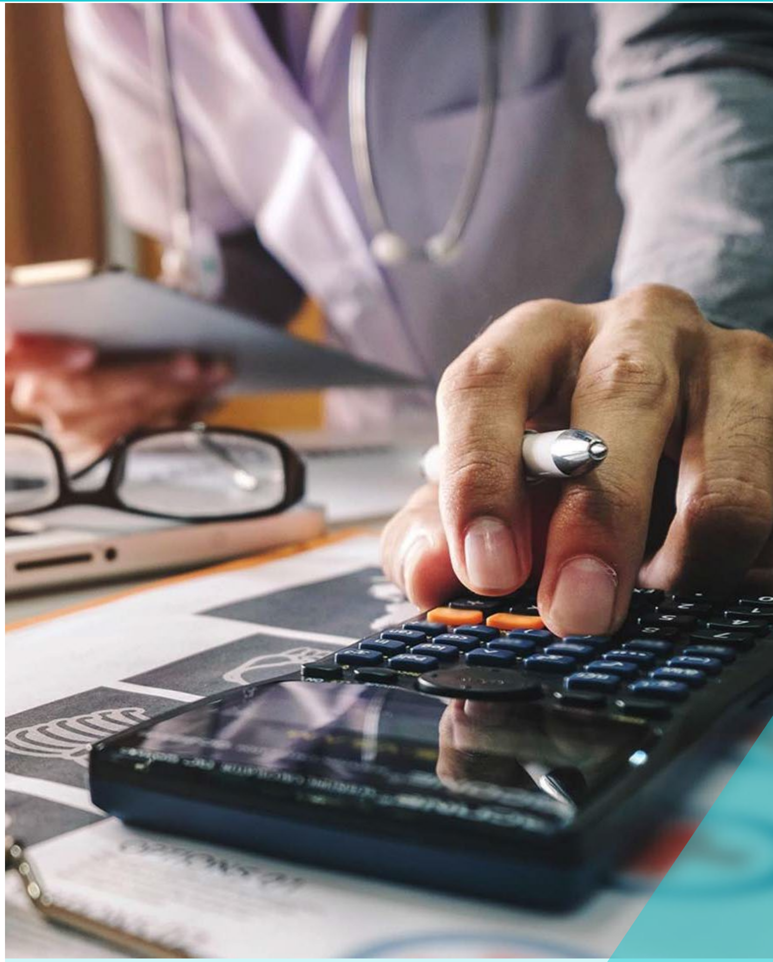


Source: 2027 *Segal Health Plan Cost Trend Survey*

* HDHPs with an employee-directed, tax-advantaged health account — a health savings account (HSA) or a health reimbursement account (HRA) — are referred to as account-based health plans and are designed to encourage consumer engagement, resulting in more efficient use of healthcare services.

What Drives Trend?

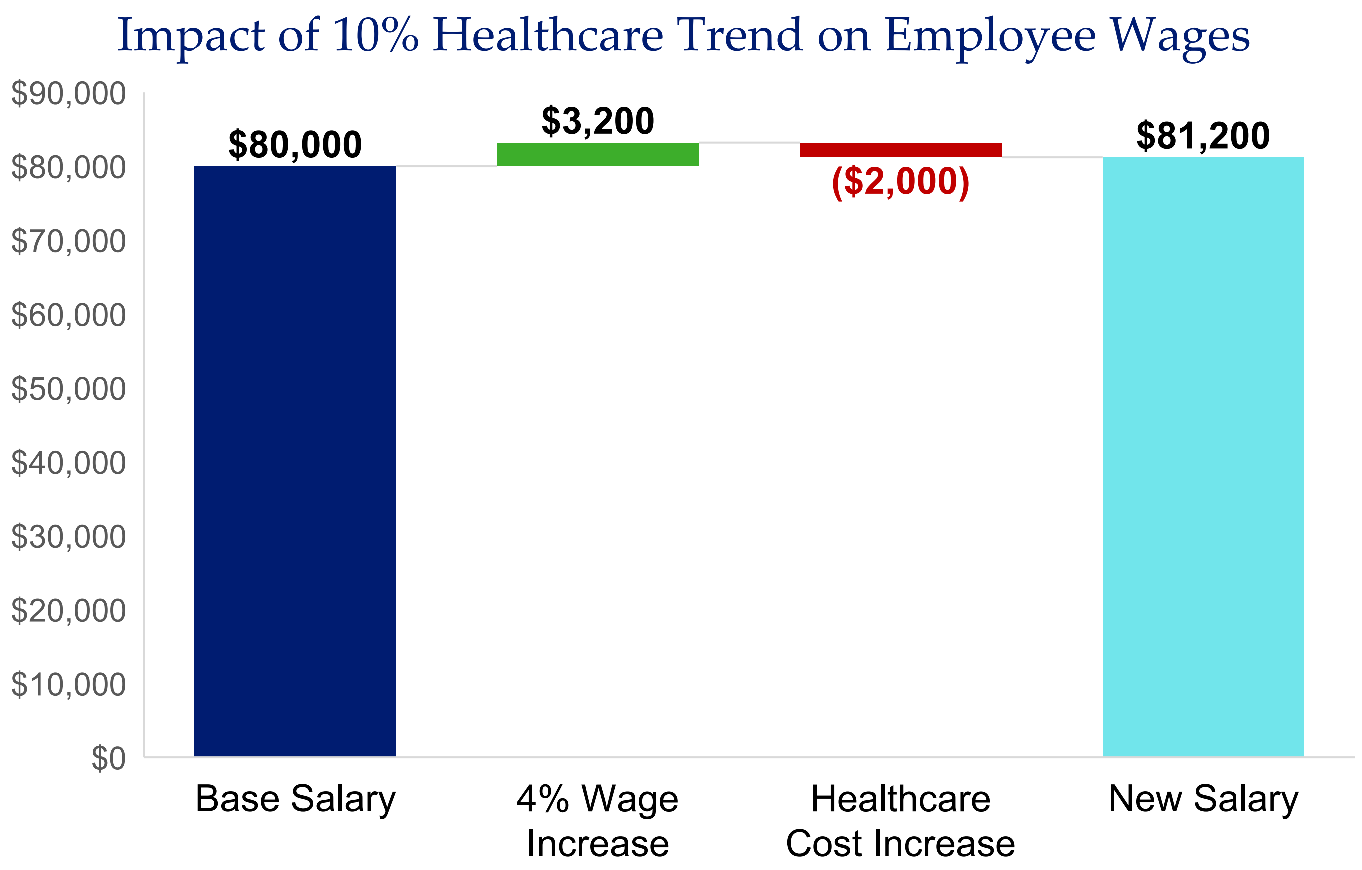
- Medical price inflation, impacting the cost of care delivery
- New treatments, therapies and technology
- Expanded disease indications for existing therapies
- Health provider consolidation
- Provider cost shifting to commercial plans
- Largely fee-for-service payment system
- AI-driven billing practices
- Regulatory changes (e.g., No Surprises Act/Independent Dispute Resolutions)
- Increased treatment burden due to the aging population and rise in chronic conditions
- Social and economic factors, which can influence utilization or care decisions
- Environmental factors, which influence the concentration and spread of acute illness

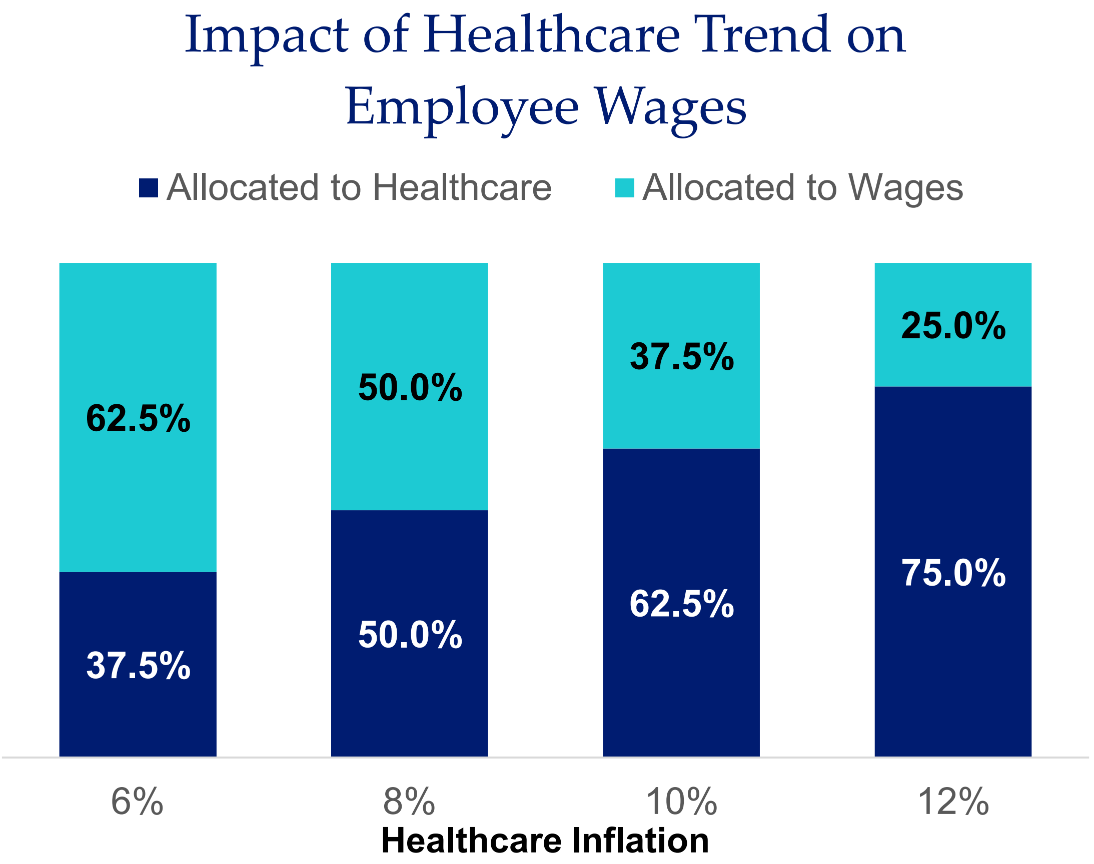


Plan Sponsors' Experience May Differ from Projections

- Prevalence of **high-cost, catastrophic** claim events
- Investment and use of **effective cost-management programs**
- **Choice of provider networks —** non-competitive pricing terms
- **Plan design features** supporting lower-cost treatments and providers
- **Change in covered workforce demographics —** (from mergers, turnover, etc.)

Impact of Healthcare Trend on Employee Wages





Assumptions:

- $20,000 in annual healthcare costs per employee
- $80,000 annual salary
- 4% wage increase

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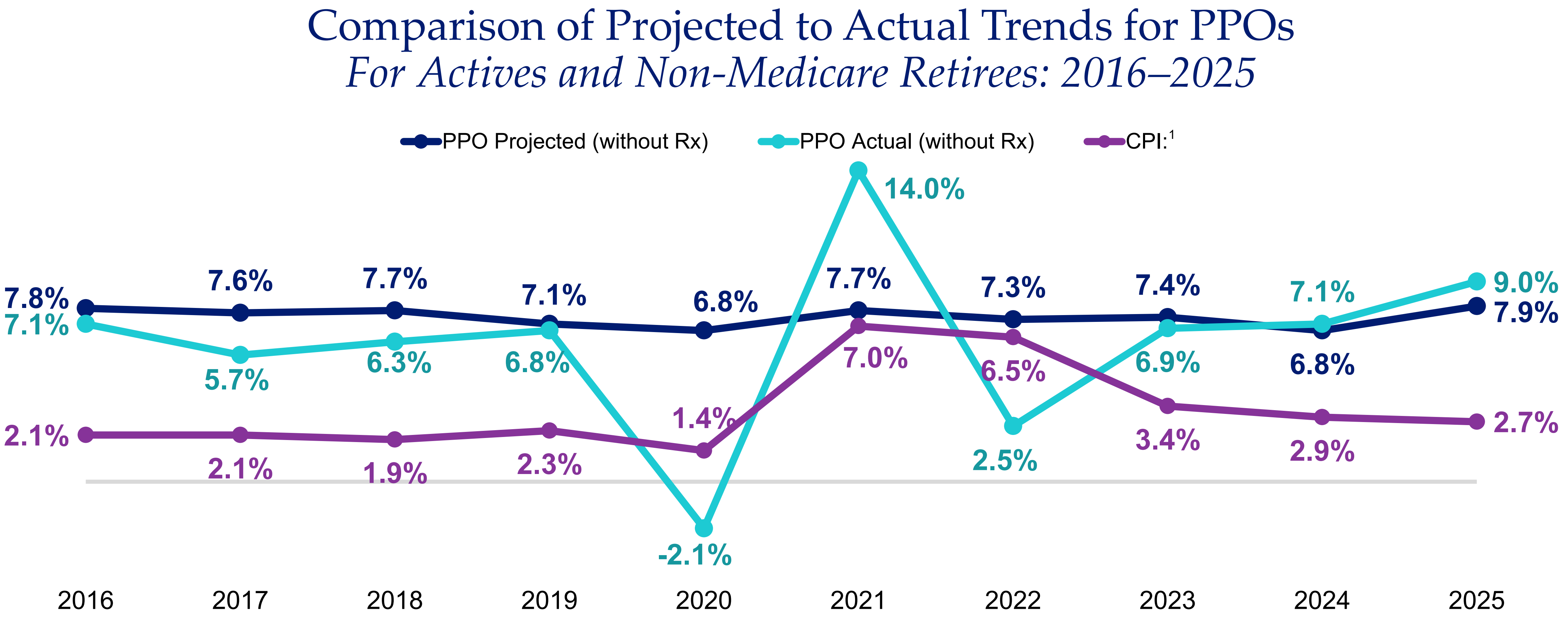
Comparison of Projected to Actual PPO Trends



Results are based on annual survey of health insurers, HMOs and TPAs.

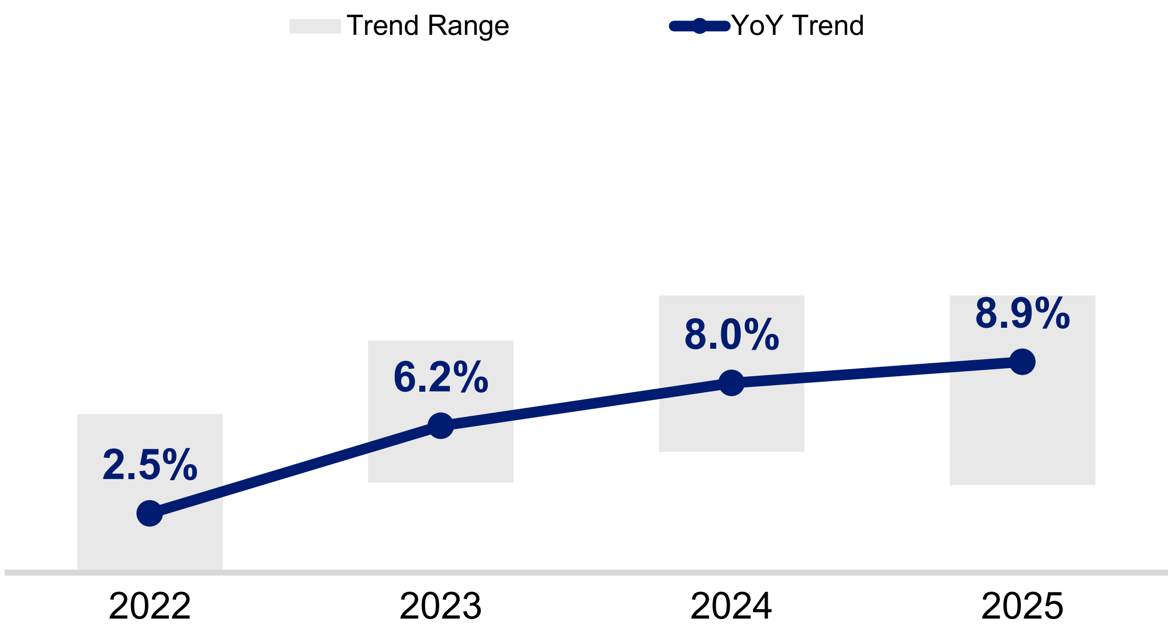
Source: 2027 *Segal Health Plan Cost Trend Survey*

[1] Bureau of Labor Statistics. (n.d.). Consumer Price Index - Historical Data. Retrieved Historical CPI-U, March 2026 (database) (PDF), located on this page: https://www.bls.gov/cpi/tables/supplemental-files/. CPI-U shown is as of December for each year.

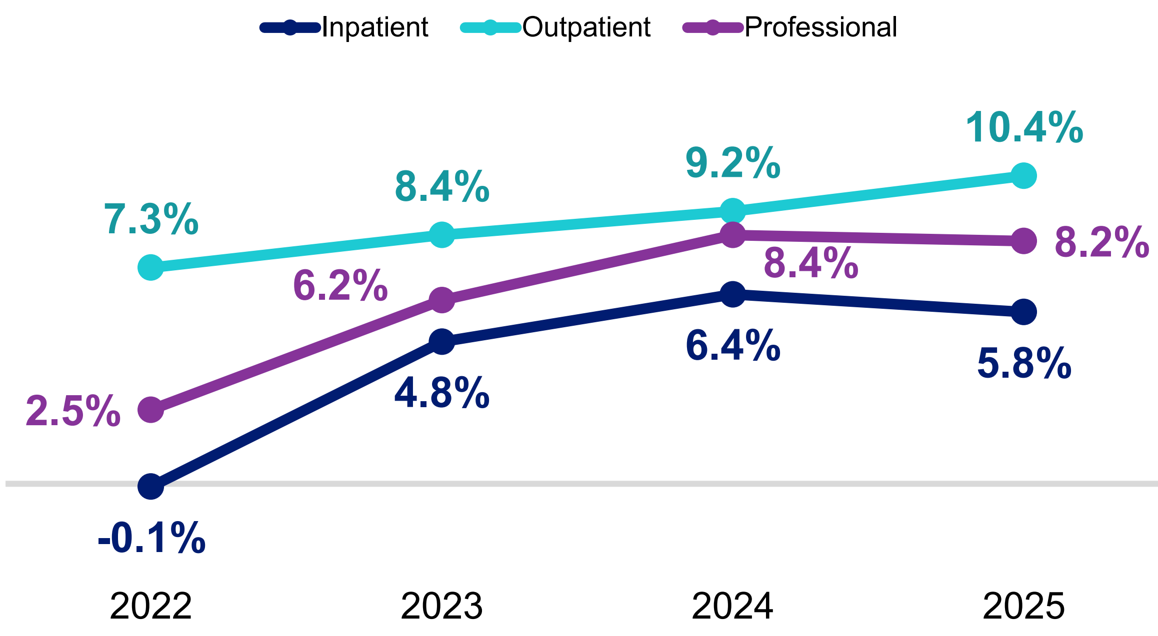
Medical Trend Summary

Annual Trend – by Place of Service

Overall Medical Cost Trend



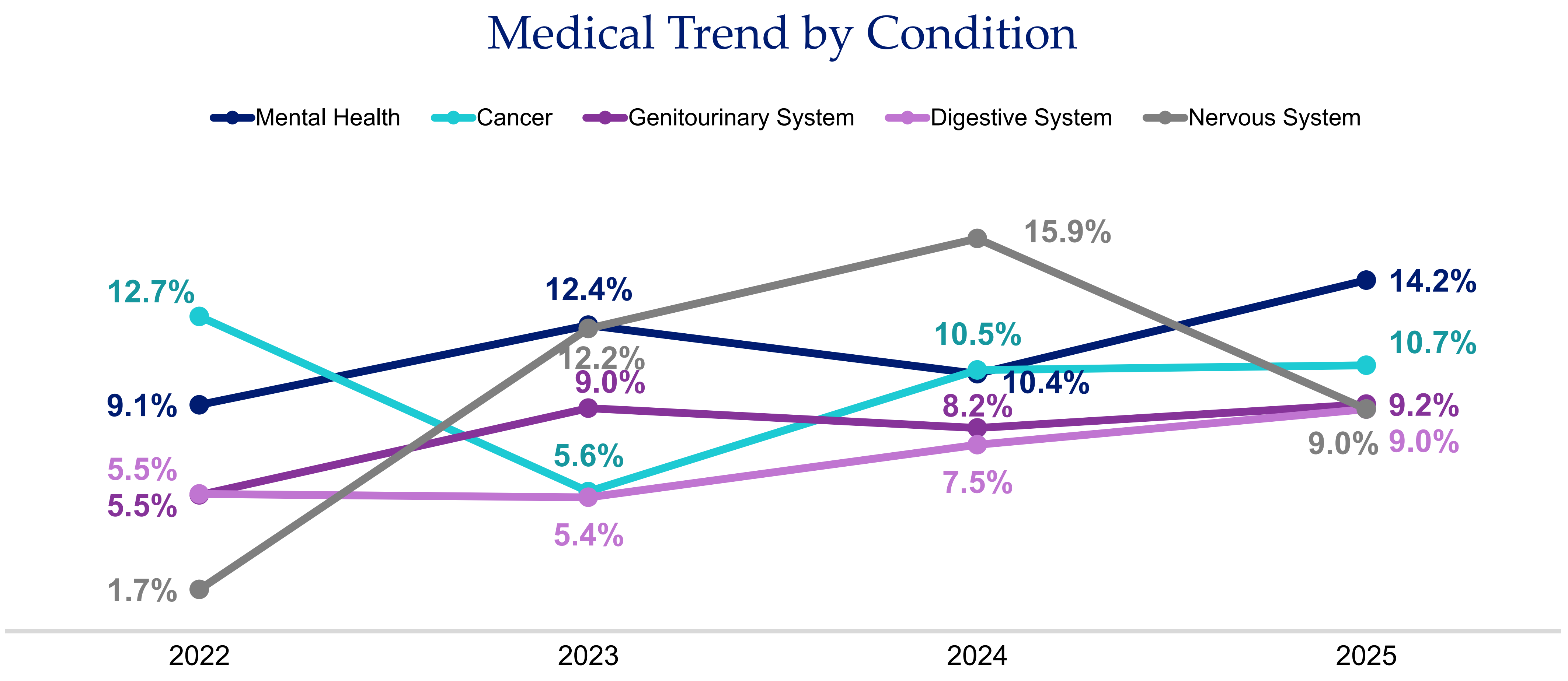
Medical Trend by Place of Service



Source: SHAPE Data Warehouse

Medical Trend Summary

Top Condition Trend Drivers for 2025



Source: SHAPE Data Warehouse

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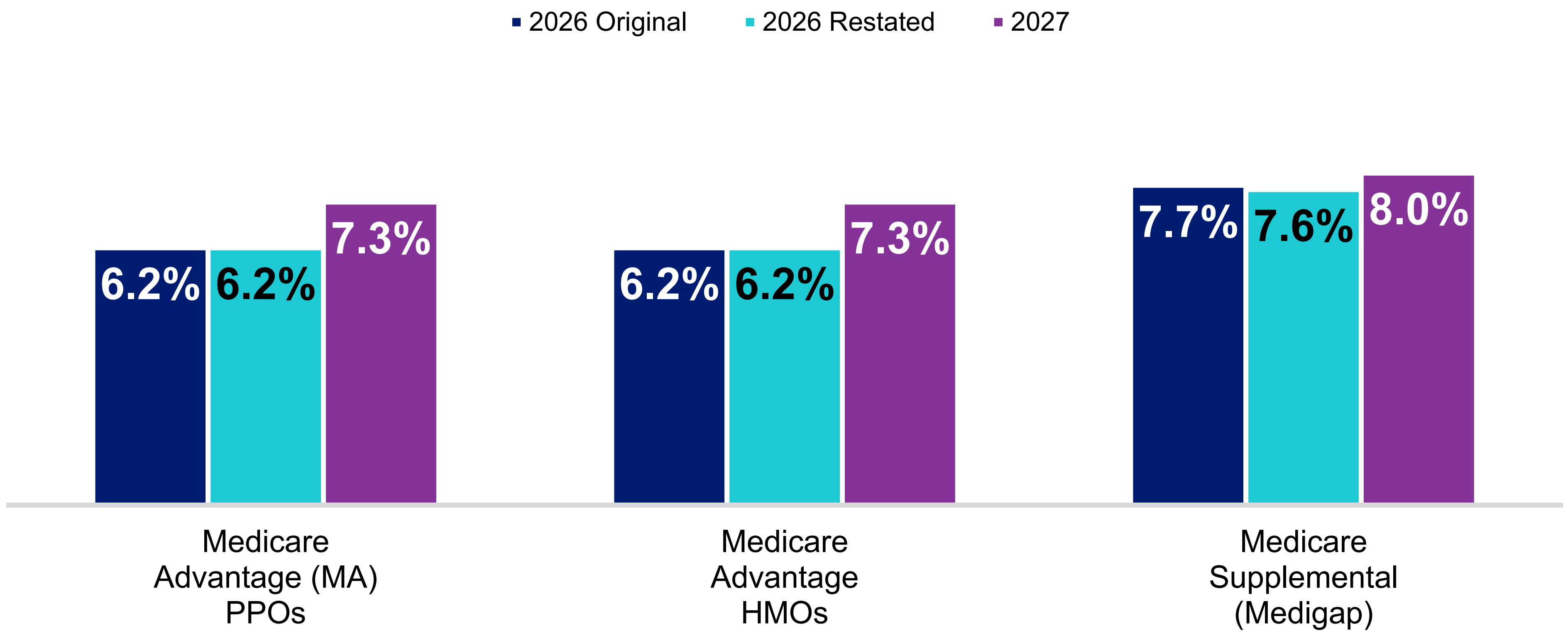
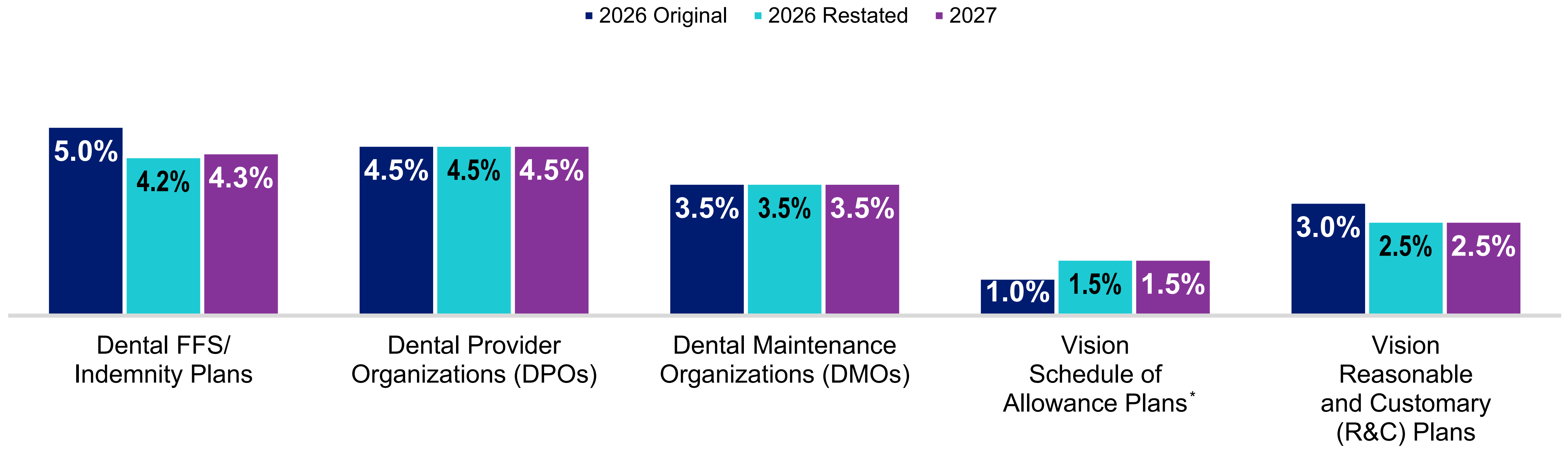
Projected Medical Trends for Medicare Retirees: 2026 and 2027



Source: 2027 *Segal Health Plan Cost Trend Survey*

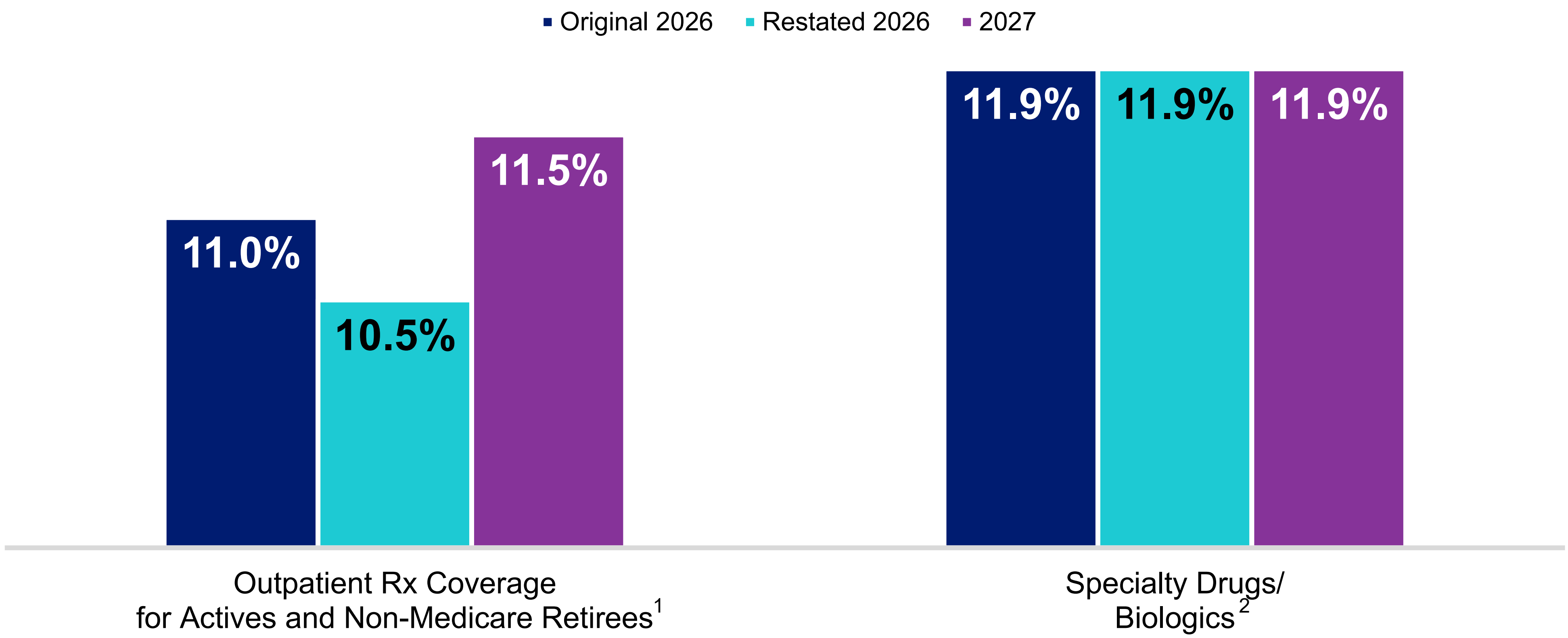
Projected Dental and Vision Trends: 2026 and 2027



Source: 2027 *Segal Health Plan Cost Trend Survey*

* A schedule of allowance plan is a plan with a list of covered services with a fixed-dollar amount that represents the total obligation of the plan.

Projected Prescription Drug Trends: 2026 and 2027



Source: 2027 *Segal Health Plan Cost Trend Survey*

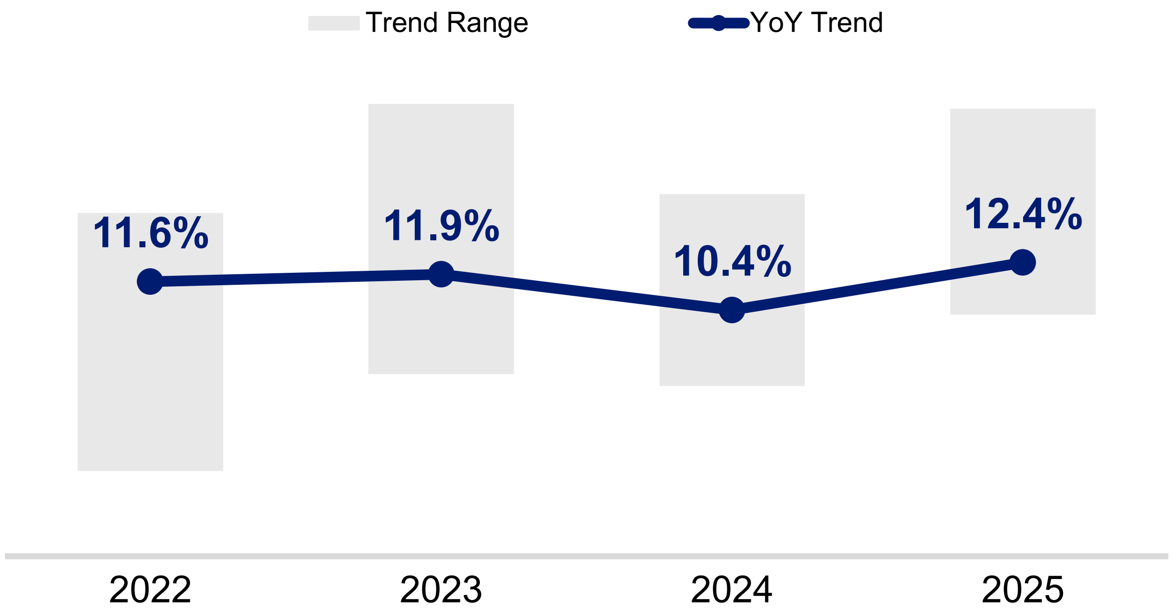
[1] Outpatient Rx trend is for all prescription drugs (non-specialty and specialty drugs combined) for employer sponsored plans before PBM rebates.

[2] Specialty drug/biologics trend is for outpatient specialty coverage. This data is for all coverage of specialty drugs for participants of all ages.

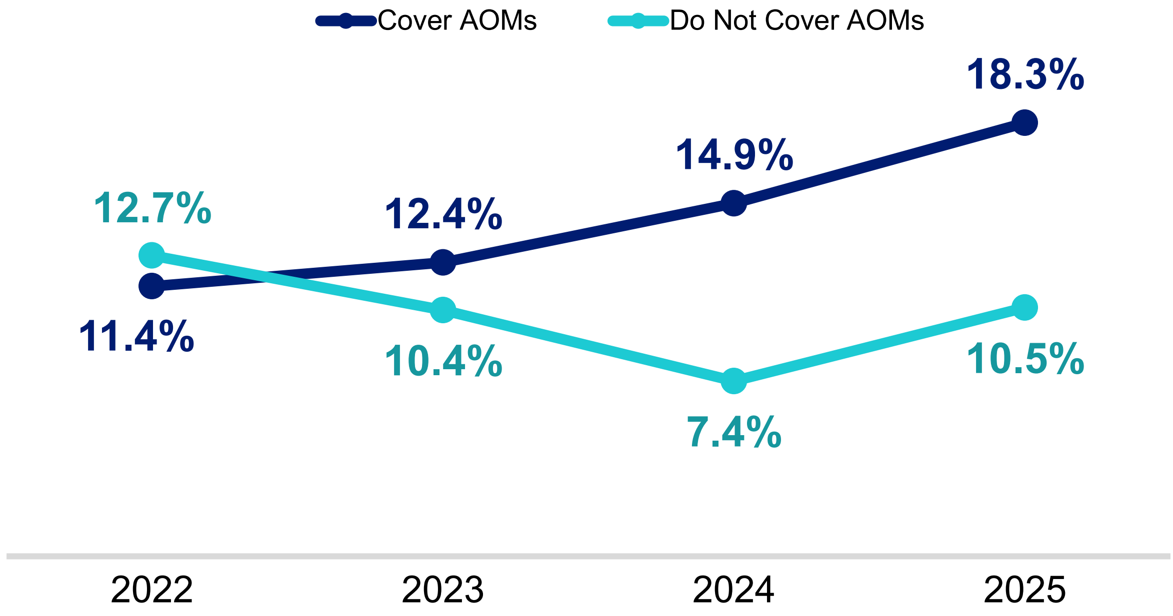
Prescription Drug Trend Summary

Annual Trend – by Anti-Obesity Medication (AOM) GLP-1 Coverage

All Prescription Drug Claims



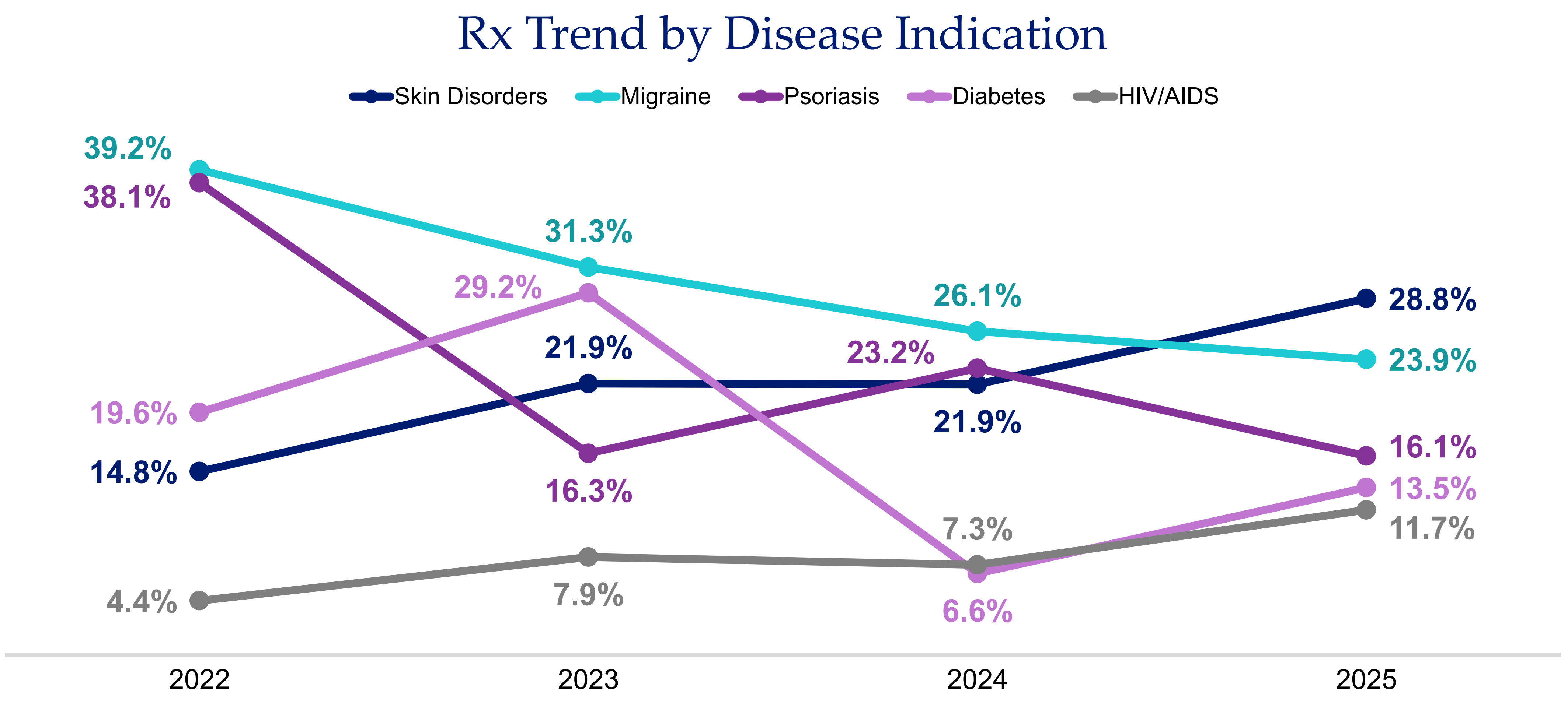
Prescription Drug Trend by AOM GLP-1 Coverage



Source: SHAPE Data Warehouse

Rx Trend Summary

Top Trend Drivers



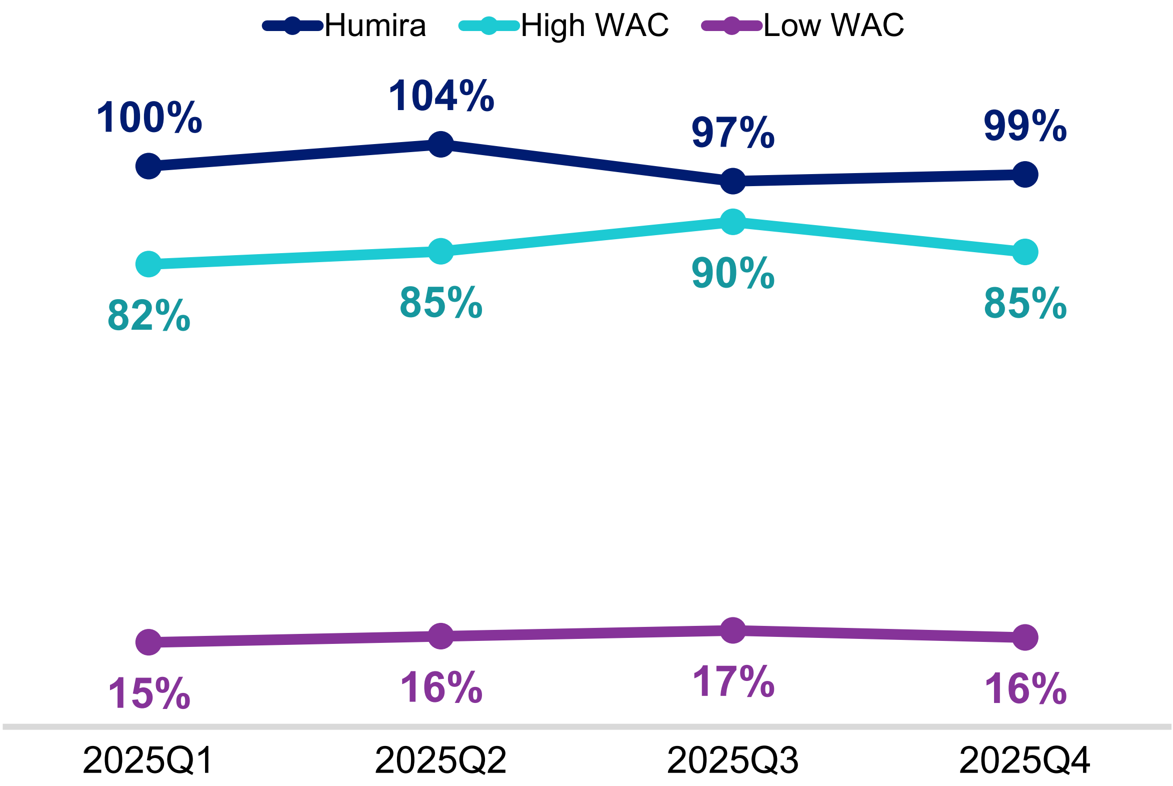
Source: SHAPE Data Warehouse

Relative Cost of Biosimilars

Humira and Stelara

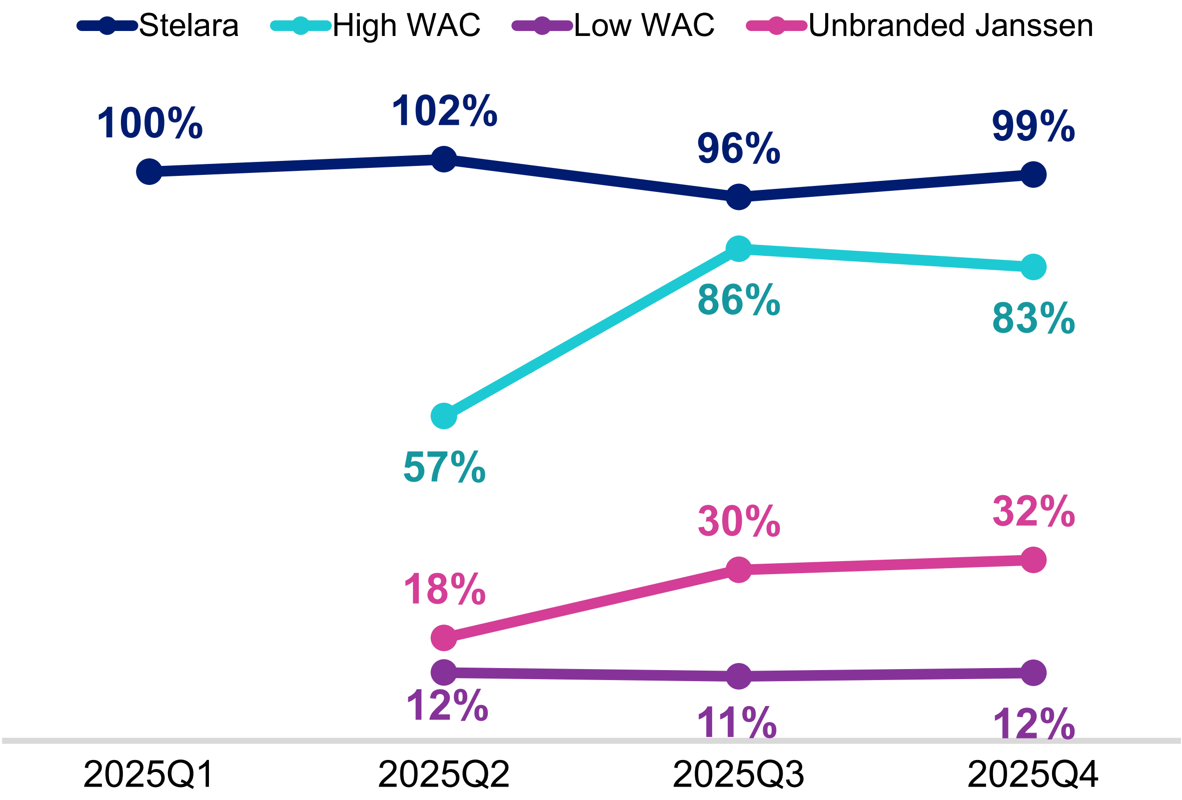
Humira and Biosimilars

Compared to Q1 2025



Stelara and Biosimilars

Compared to Q1 2025



Source: *SHAPE Data Warehouse*

Strategies for Managing Medical and Pharmacy Benefit Costs in 2026 and Beyond

Top 2026 Rx Cost Management Strategies

Strategies Around GLP-1s

Specialty Cost Management

Biosimilar Strategies

Apply Effective Clinical Controls

Adopt Custom or Narrow Drug Formulary

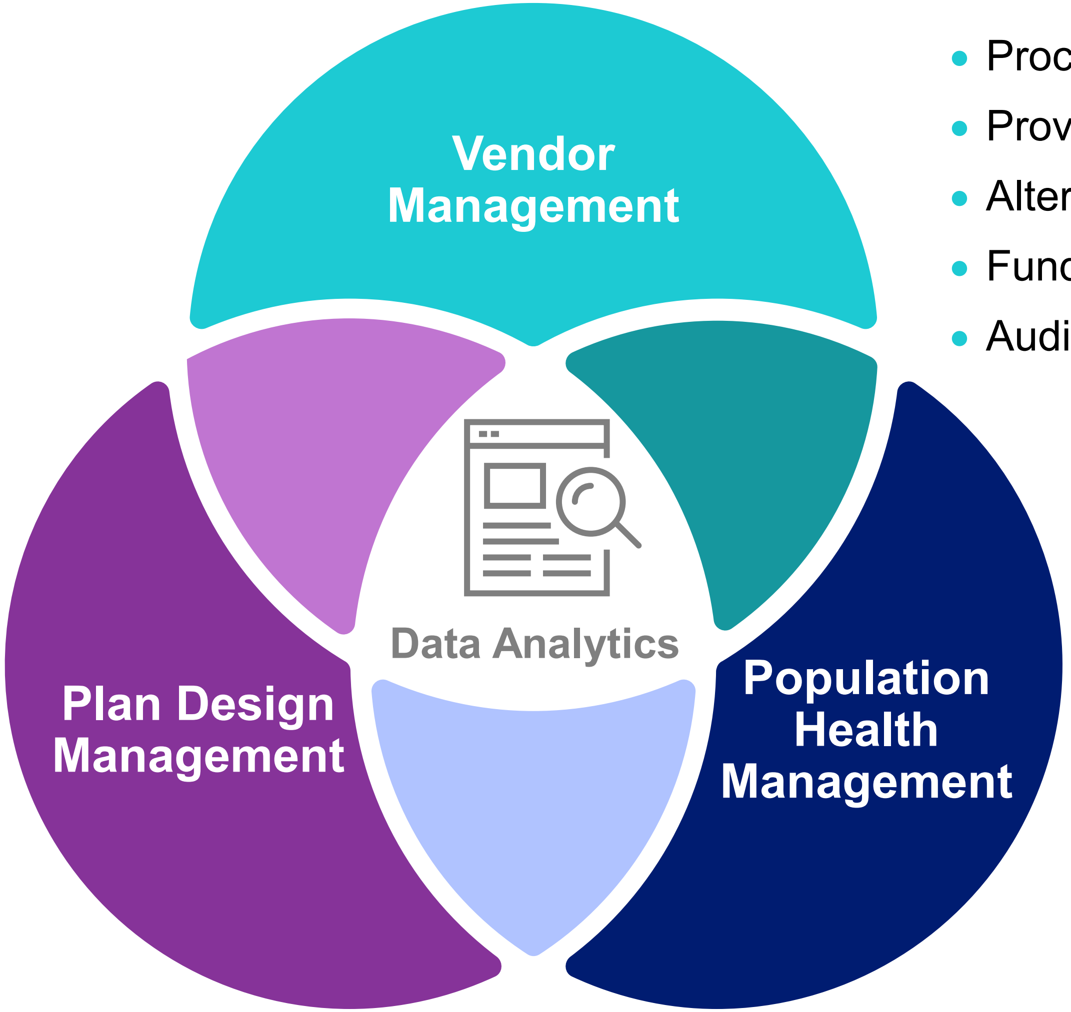
Most of these cost-management strategies will still be relevant for 2027 and beyond.

Top 2026 Medical Cost-Management Strategies

Well-Being services	**Target High Cost Claimants**	**Use of AI** (Detect Fraud, Improve Outreach)
Narrow Networking Strategies	**Out-of-Network Negotiations**	**Site-of-Care Steerage**

Plan sponsors continue to implement various cost management strategies to mitigate increasing health plan costs while maintaining access to high-quality care.

Segal's Health Consulting Approach



- Procurement/contracting
- Provider network optimization
- Alternative delivery models
- Funding arrangements
- Audits/ongoing monitoring

- Efficient plan design
- Participant choice
- Eligibility provisions
- Employee contributions
- Benchmarking to peer groups

- Healthy culture
- Individual behavior modification/incentives
- Digital therapeutics
- Virtual primary care
- Communications
- Targeted solutions

Data ➔ Insight ➔ Action

Questions?

Download your copy of the 2027 *Segal Health Plan Cost Trend Survey*

Provide feedback on today's presentation