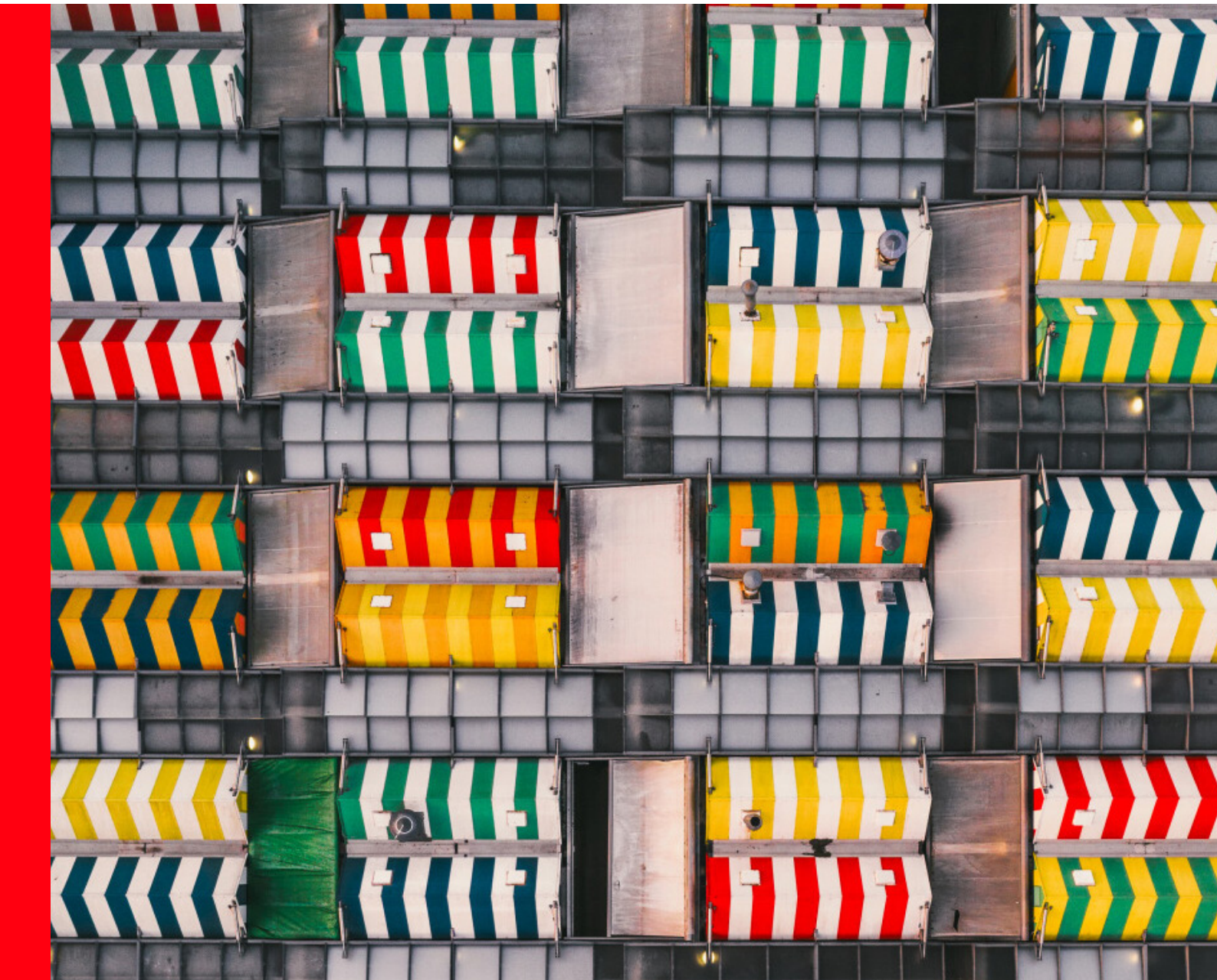


2023 Global Medical Trend Rates Report

Global Overview and Data Tables

Key Highlights



About the Report

The Aon 2023 Global Medical Trend Rates survey was conducted among 113 Aon offices that broker, administer or otherwise advise on employer-sponsored medical plans in each of the locations covered in this report. Each office represents one specific location. The survey responses reflect the medical trend expectations of Aon professionals based on their interactions with clients and carriers represented in the portfolio of the firm's medical plan business in each location.

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 location.

We have also included the projected general inflation rates for 2023 published by the International Monetary Fund (IMF) in April 2022. These have been adopted as a proxy for the expected domestic retail inflation level in each country.

Given the volatility in global price inflation, care should be taken in interpreting the information presented here, as well as seeking your own independent location specific expert advice. The Medical Trend Rates provided are not meant to represent an overview of each location's healthcare costs as a whole.

Executive Summary

The 2023 Global Medical Trend Rates Report publishes amid economically volatile conditions the likes of which haven't been seen in decades. Record inflation has garnered all the headlines – and is a big part of the story – but it's important to highlight not only the topline number, but the regional differences, the conditions driving the trend rate, and the ways in which companies are mitigating the increases.

Although there is still a fair amount of uncertainty on how long global inflationary pressures will persist, it is clear from the locations surveyed that the expectation around employer-sponsored medical plans is that the Medical Trend Rates will see a sharp rise in 2023.

The global average Medical Trend Rate for 2023 is expected to be 9.2 percent, up from 7.4 percent in 2022 and the highest since 2015¹.

That increase is driven by big jumps in Europe, at 9.1 percent, up from 5.6 percent, and Middle East and Africa, at 14.5 percent, compared to 11.1 percent a year ago. Asia Pacific (9.2 percent) and Latin America and the Caribbean (11.6 percent) were each up one point over a year ago. North America was the only region without an increased trend rate, holding steady at 6.6 percent due to the delayed impacts of inflation on U.S. medical trends. North America trend rates will continue to experience upward pressure over the next couple of years, further accelerating the cost and affordability challenges already present in that region; although the 2023 rates may feel comparatively low, there are still significant pressures within the North America healthcare system which are catalyzing higher healthcare costs.

What's behind this trend rate? The top medical conditions driving medical plan costs are consistent with a year ago, with four of the top five remaining the same. The top conditions are:

- 1. Cardiovascular:** Cardiovascular diseases include disorders of the heart and blood vessels, encompassing a number of different conditions. These conditions are responsible for nearly 18 million deaths per year globally, according to the World Health Organization, more than 80 percent of which are from heart attack and stroke².
- 2. Cancer/Tumor Growth:** The most common cancers are breast, lung, colon and rectum, and prostate cancers. A recent study in The Lancet found that cancer is responsible for one in every six deaths worldwide³.
- 3. High Blood Pressure/Hypertension:** High blood pressure is a leading risk factor for many other conditions⁴, but the cost of treating it and the associated conditions it causes makes it the third most mentioned cost driver.

1. 2023 Global Medical Rate Trends Report, Aon

2. Source: <https://www.who.int/health-topics/cardiovascular-diseases>

3. Source: [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(22\)00371-3/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(22)00371-3/fulltext)

4. Source: <https://www.who.int/news-room/fact-sheets/detail/hypertension>

It may come as a surprise that COVID-19 did not make the list of top five conditions driving the trend rate. It is important to remember that this report deals with the costs associated with private insurance, and that in most locations the cost of COVID treatment, testing and vaccination was covered by governments. In locations where the government did not pick up the cost, infectious disease did rank more highly than in previous years.

Although the leading conditions driving the trend rate – cardiovascular and cancer – are associated with risk factors like poor nutrition, air pollution and excessive drug and alcohol use, it is physical inactivity and poor stress management that continue to lead the list of risk factors. As mentioned above, hypertension is both a leading condition in and of itself, as well as being the leading risk factor for other conditions.

At the local level, companies looking to mitigate the increased costs are using a familiar set of strategies. Wellbeing initiatives are again the leading mitigation strategy. These initiatives help to control costs in a few ways. By encouraging utilization of preventative care, they can avoid more expensive care down the road. And by keeping employees engaged in their wellness, they reduce the stress that can exacerbate other health conditions.

Cost containment measures, such as raising deductibles and copays, are also expected to play an important role during 2023, as are plan design changes, access and delivery restrictions and the use of flexible benefit plans to cap overall benefit costs.

As medical plans become a larger part of total rewards spend, and pressure mounts to accurately forecast and manage costs, we hope you find this report valuable as you plan your global budgets and benefits strategies for 2023 and beyond. For more information on how Aon can provide expert support, please reach out to our Global Benefits team or your local Aon subject matter experts.

Rui Silva
Vice President, Global Benefits

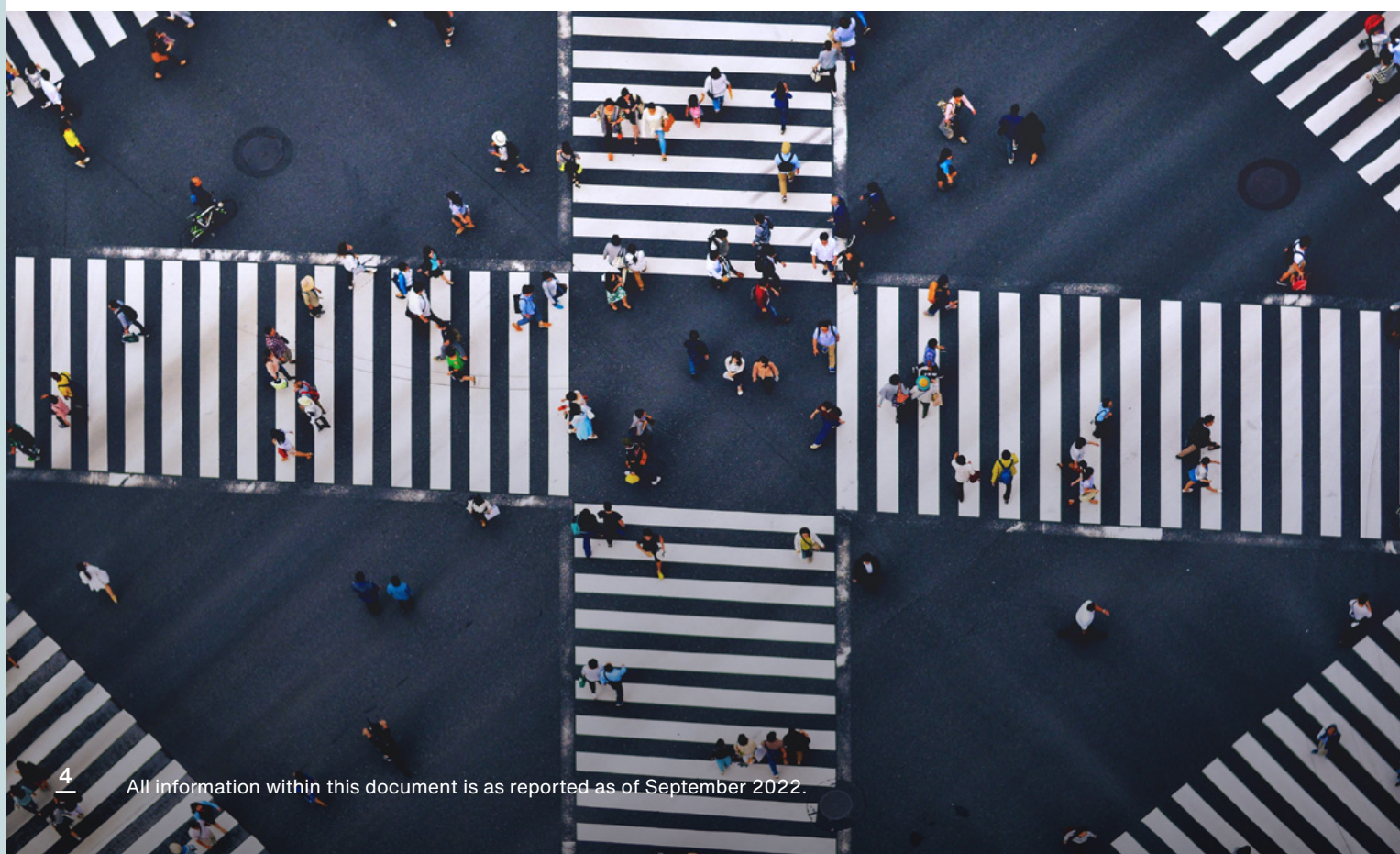


Average Medical Trend Rates Tables

Global/Region (Avg %)

AON	2022			2023		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Global	2.4	7.4	5.0	3.6	9.2	5.6
North America	2.3	6.6	4.3	2.8	6.6	3.8
Asia-Pacific (APAC)	2.4	8.2	5.8	3.0	9.2	6.2
Europe	1.8	5.6	3.8	3.8	9.1	5.3
Latin America & Caribbean (LAC)	3.2	10.6	7.4	4.3	11.6	7.3
Middle East & Africa (MEA)	5.0	11.1	6.1	6.4	14.5	8.1

- "General Inflation Rate" is the 2023 projected domestic general inflation published by the International Monetary Fund (IMF World Economic Outlook Database April 2022).
- "Net" indicates Medical Trend Rates net of domestic general inflation rates. This report was developed in Q3 2022, and all commentary is based on the figures and predictions available at this time.
- The 2023 Medical Trend Rate for the United States was obtained from Aon's Health Value Initiative database, as applicable to PPO plans, adjusted to reflect expected increases prior to any plan, program or carrier changes for cost containment.
- For Lebanon, Venezuela and Zimbabwe we are not reporting 2023 Medical Trend Rates, due to a prevailing hyperinflation environment. We have also excluded those countries, alongside Argentina, from regional and global averages in the 2023 figures.
- Algeria, Latvia, Morocco, Tunisia, Russia and Ukraine were included on the tables, but with no Medical Trend Rate being reported.
- The "n/a" represents rates that were not made available, or were not reported, by the respective sources.
- 2022 figures relate to the previously reported anticipated Medical Trend Rates and general inflation projections. You can download previous versions of this report [here](#).



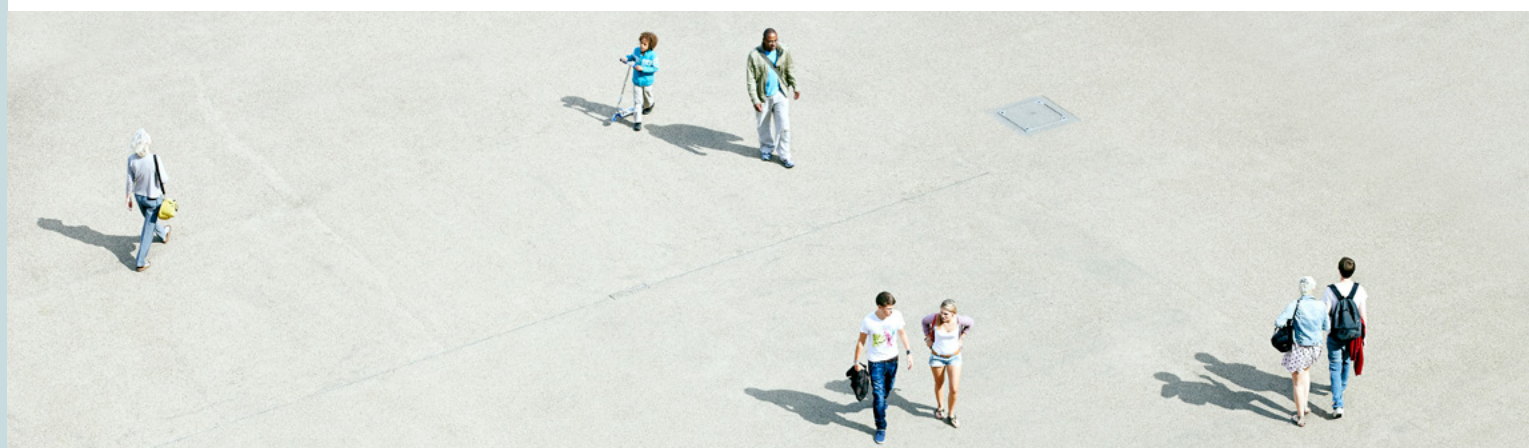
Regional/Location (Avg %)

AON	2022			2023		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
North America	2.3	6.6	4.3	2.8	6.6	3.8
Canada	2.0	7.0	5.0	2.4	7.5	5.1
United States	2.4	6.5	4.1	2.9	6.5	3.6

AON	2022			2023		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Asia-Pacific	2.4	8.2	5.8	3.0	9.2	6.2
Australia	1.6	3.1	1.5	2.7	3.7	1.0
Bangladesh	5.6	8.0	2.4	6.2	6.2	0.0
China	1.9	7.0	5.1	1.8	7.5	5.7
Hong Kong	1.9	5.6	3.7	2.1	7.0	4.9
India	4.1	13.0	8.9	4.8	12.0	7.2
Indonesia	3.1	12.2	9.1	3.3	12.7	9.4
Japan	0.7	0.0	(0.7)	0.8	0.4	(0.4)
Kazakhstan	5.0	15.0	10.0	7.1	15.0	7.9
Malaysia	2.0	12.0	10.0	2.4	15.0	12.6
Mongolia	6.4	7.5	1.1	14.5	16.4	1.9
New Zealand	1.6	7.5	5.9	3.5	8.0	4.5
Pakistan	8.0	20.5	12.5	10.5	24.0	13.5
Papua New Guinea	4.7	10.0	5.3	5.4	9.0	3.6
Philippines	3.0	8.0	5.0	3.7	9.0	5.3
Singapore	0.8	7.0	6.2	2.0	12.0	10.0
South Korea	0.9	8.0	7.1	2.4	7.5	5.1
Taiwan	1.2	8.0	6.8	2.2	10.0	7.8
Thailand	1.0	11.7	10.7	2.8	12.3	9.5
Vietnam	3.9	5.5	1.6	3.2	6.5	3.3

AON	2022			2023		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Europe	1.8	5.6	3.8	3.8	9.1	5.3
Austria	1.8	3.5	1.7	2.2	5.0	2.8
Belgium	1.9	1.7	(0.2)	1.3	13.0	11.7
Bulgaria	2.0	12.5	10.5	3.3	13.5	10.2
Croatia	1.2	1.0	(0.2)	2.7	5.8	3.1
Cyprus	0.8	1.3	0.5	2.3	8.0	5.7
Czech Republic	2.0	5.0	3.0	2.3	5.0	2.7
Denmark	1.4	2.7	1.3	2.1	3.0	0.9
Estonia	2.5	10.0	7.5	4.6	20.0	15.4
Finland	1.5	3.1	1.6	2.7	5.0	2.3
France	1.2	4.0	2.8	1.8	5.0	3.2
Germany	1.1	7.0	5.9	2.9	8.0	5.1
Greece	0.8	5.0	4.2	1.3	8.0	6.7
Hungary	3.5	16.0	12.5	6.4	20.0	13.6
Ireland	1.9	6.0	4.1	2.7	3.0	0.3
Italy	0.9	4.0	3.1	2.5	8.0	5.5
Latvia	2.2	7.0	4.8	3.9	n/a	n/a
Lithuania	1.9	10.0	8.1	4.3	15.0	10.7
Luxembourg	1.8	1.9	0.1	2.0	2.0	0.0
Norway	2.0	7.0	5.0	1.8	8.0	6.2
Poland	2.5	9.0	6.5	10.3	10.5	0.2
Portugal	1.2	4.0	2.8	1.5	7.0	5.5
Romania	2.1	11.5	9.4	4.0	18.0	14.0
Russia	3.4	9.0	5.6	14.3	n/a	n/a
Serbia	2.4	10.0	7.6	4.7	12.0	7.3
Slovakia	1.9	6.0	4.1	4.1	6.0	1.9
Slovenia	1.5	3.2	1.7	5.1	3.2	(1.9)
Spain	1.3	5.0	3.7	1.3	7.5	6.2
Sweden	1.3	2.0	0.7	2.2	5.0	2.8
Switzerland	0.3	3.0	2.7	1.6	10.0	8.4
The Netherlands	1.5	5.0	3.5	2.3	4.0	1.7
Turkey	11.8	19.0	7.2	37.2	80.0	42.8
Ukraine	6.8	14.0	7.2	n/a	n/a	n/a
United Kingdom	1.9	6.5	4.6	5.3	8.5	3.2

AON	2022			2023		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Latin America & Caribbean	3.2	10.6	7.4	4.3	11.6	7.3
Argentina	n/a	n/a	n/a	43.5	55.0	11.5
Bahamas	2.8	10.0	7.2	4.5	12.0	7.5
Barbados	2.3	5.2	2.9	4.5	10.0	5.5
Bermuda	1.4	7.0	5.6	3.7	6.9	3.2
Bolivia	3.7	7.5	3.8	3.6	6.0	2.4
Brazil	4.0	12.3	8.3	5.1	14.4	9.3
Chile	3.0	5.0	2.0	4.5	4.9	0.4
Colombia	2.6	4.5	1.9	4.2	7.2	3.0
Costa Rica	1.1	10.0	8.9	3.7	10.0	6.3
Dominican Republic	4.0	6.0	2.0	5.0	8.0	3.0
Ecuador	2.4	15.0	12.6	2.4	15.4	13.0
El Salvador	1.4	17.0	15.6	2.2	22.0	19.8
Grenada	1.7	0.0	(1.7)	3.5	0.0	(3.5)
Guatemala	3.6	11.8	8.2	4.3	10.5	6.2
Honduras	4.1	12.0	7.9	5.0	11.0	6.0
Jamaica	5.1	6.5	1.4	5.9	10.0	4.1
Mexico	3.1	16.0	12.9	3.9	15.0	11.1
Nicaragua	3.5	15.0	11.5	6.2	20.0	13.8
Panama	1.1	11.0	9.9	3.4	12.0	8.6
Paraguay	n/a	n/a	n/a	4.5	8.0	3.5
Peru	2.0	8.5	6.5	3.6	8.5	4.9
Puerto Rico	1.5	2.2	0.7	3.3	6.3	3.0
Trinidad and Tobago	1.4	10.0	8.6	3.8	10.0	6.2
Uruguay	7.4	9.1	1.7	5.6	10.5	4.9
Venezuela	5500.0	n/a	n/a	500.0	n/a	n/a



AON	2022			2023		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Middle East & Africa	5.0	11.1	6.1	6.4	14.5	8.1
Algeria	6.0	n/a	n/a	8.2	n/a	n/a
Angola	13.1	15.0	1.9	13.2	16.0	2.8
Bahrain	2.1	6.0	3.9	2.9	5.0	2.1
Botswana	4.3	10.0	5.7	4.5	11.0	6.5
Democratic Republic of the Congo	7.5	10.0	2.5	6.1	10.0	3.9
Egypt	7.2	19.0	11.8	11.0	27.0	16.0
Ethiopia	8.0	12.0	4.0	30.5	32.0	1.5
Ghana	8.2	15.0	6.8	13.0	21.0	8.0
Israel	0.6	7.8	7.2	2.0	9.5	7.5
Ivory Coast	1.6	14.0	12.4	2.3	16.5	14.2
Jordan	2.0	7.5	5.5	2.5	5.0	2.5
Kenya	5.0	10.0	5.0	7.1	9.8	2.7
Kuwait	2.5	8.5	6.0	2.3	9.5	7.2
Lebanon	n/a	n/a	n/a	n/a	n/a	n/a
Lesotho	n/a	n/a	n/a	5.6	7.5	1.9
Malawi	7.7	12.5	4.8	7.1	16.0	8.9
Mauritius	n/a	n/a	n/a	5.7	15.0	9.3
Morocco	1.2	n/a	n/a	2.3	n/a	n/a
Mozambique	5.5	7.5	2.0	7.7	9.5	1.8
Namibia	n/a	n/a	n/a	4.6	8.7	4.1
Nigeria	13.5	18.5	5.0	13.1	18.1	5.0
Qatar	2.9	7.1	4.2	3.2	8.5	5.3
Saudi Arabia	2.0	13.0	11.0	2.0	17.5	15.5
Senegal	1.7	10.0	8.3	2.2	7.0	4.8
Sierra Leone	12.3	15.0	2.7	14.5	18.1	3.6
South Africa	4.5	5.0	0.5	4.6	8.7	4.1
Sultanate of Oman	2.4	3.0	0.6	2.2	3.0	0.8
Swaziland	n/a	n/a	n/a	4.2	7.2	3.0
Tanzania	3.6	12.0	8.4	5.4	13.0	7.6
Tunisia	6.3	7.3	1.0	n/a	n/a	n/a
Uganda	5.5	5.5	0.0	4.1	10.0	5.9
United Arab Emirates	1.2	9.0	7.8	2.8	11.0	8.2
Zambia	14.8	28.0	13.2	9.2	15.0	5.8
Zimbabwe	24.7	n/a	n/a	46.5	n/a	n/a

What are leading employers doing to mitigate rising costs?

Health and wellbeing costs have become a topmost concern for companies as year over year medical plan costs continue to escalate. Although expert opinion on the lasting impact of inflationary pressures varies, a multitude of driving factors (including, an aging population, the long-tail effects of the COVID-19 pandemic, and worsening health) will continue upward pressures on Medical Trend Rates globally. The result being increased healthcare cost and affordability challenges for employers and their employees.

Furthermore, with the growing need to compete for talent and create a resilient and healthy workforce, implementing a long-term health and wellbeing strategy becomes increasingly evident.

Aon is partnering with many leading employers as they build workforce resilience while simultaneously trying to “bend” the medical trend curve. The consistent theme is having a well defined strategy for managing employees health with clear metrics for short and long term goals.

Each situation is different but almost all leading employers give consideration to the following as they set a healthcare strategy:

- **Long term healthcare financing** – Gaining insight and influence over the healthcare spend is critical. Leveraging broker and vendor consolidation is one way to do it. Another way that leading employers are adopting is the use of captive insurance vehicles. Captives provide a far greater control over pricing and facilitate the linkage between wellbeing initiatives and healthcare spend. Any underwriting profits on the portfolio can also be reinvested in further wellness and healthcare initiatives.

- **Healthcare analytics** – For any healthcare strategy to work it needs to be built on robust data inputs and an understanding of the underlying claims and health cost drivers. Many leading employers are looking towards using a “Global Healthcare Dashboard” to access quarterly reports on claims and diagnostic data for their major healthcare plans. This information can then be used to set (and measure) tailored wellbeing initiatives and also react to unexpected claims situations.
- **Broad wellbeing strategy** – Rising healthcare costs are just one manifestation of “ill-being” within an employee population. Leading employers build resilient workforces by combining healthcare data with other key data sources (absence, wellbeing app data, EAP statistics, etc) to identify a broad set of wellbeing focus areas and then implement programs and strategies to tackle these.

Expert support in managing cost and mitigating risk.

High Medical Trend Rates are here for the foreseeable future. It is critical to build a strategy that can tackle it. Aon is helping a number of leading employers path the way forward, and others can adapt these approaches to suit their culture and structure.

We would welcome the opportunity to talk more about the work we are doing with other leading companies and how we might be able to help you. Please reach out to any of the contacts listed in this report to learn more.

Aon is in the business of better decisions.

Carl Redondo,
Global Benefits Consulting Leader





Contact Us

Rui Silva
Vice President, Global Benefits
+1 312 381 1967
rui.silva@aon.com

Janine Heijckers
Global Benefits Leader, EMEA & UK
+31 6 429 854 14
janine.heijckers@aon.nl

Alan Oates
Global Benefits Leader, APAC
+852 2917 7944
alan.oates@aon.com

Ed Cwikla
Global Chief Health Actuary
+1 847 442 3098
ed.cwikla@aon.com

Carl Redondo
Global Benefits Consulting Leader
+44 20 7086 0797
carl.redondo@aon.com

About

Aon plc (NYSE: AON) exists to shape decisions for the better—to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

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