



Health Benefit Costs Expected To Rise 4.7% for Employers in 2022



Employers expect health benefit costs to rise 4.7% in 2022, according to the National Survey of Employer-Sponsored Health Plans by the asset management firm Mercer. That's in line with recent annual trends, with the exception of 2020, which saw a lower rate of cost increases after many employees delayed or couldn't access care because of the COVID-19 pandemic.

Questions remain

A report by the American Academy of Actuaries stated that the pandemic could continue to affect health care utilization and spending and, in turn, raise premium rates for 2022. The report showed short-term costs decreasing when people deferred or canceled care, but that raises important questions:

- Will delays in diagnoses lead to higher treatment costs?
- What will the impacts of COVID-19-related care be, including the effects of long COVID?

- Going forward, will insurers and employers pay a bigger share of testing, treatment, booster shots and other medical costs related to the pandemic?

Other issues affecting 2022 health care costs could be:

- Labor shortages
- Supply problems
- Wage inflation
- Transparency rules

Potential remedies

It appears that many employers are planning to absorb the cost instead of passing it along to employees in the form of higher copays and deductibles. Fewer than two in five employers will shift costs to employees in 2022, according to the Mercer survey.

A report by the professional services firm Aon projects that employers will contain costs by:

- Increasing the scope and utilization of virtual care
- Managing chronic health conditions like musculoskeletal disorders, diabetes and mental illness

During the pandemic, many patients started using telehealth for the first time. The number of users nearly doubled, from 9% in 2019 to 17% in 2020.

Aon predicts that virtual care will expand beyond primary care visits to include:

- Prescription refills
- Specialty care
- Emotional health
- Women's health services

Employers and employees have been giving high marks to telehealth. A Mercer analysis found that 74% of employers reported being satisfied or very satisfied with telemedicine service, while only 2% were dissatisfied. And a Health on Demand survey found that 80% of U.S. employees who have used telemedicine during the pandemic plan to continue using it.

For more ideas on virtual care and cost-containment measures for 2022 and beyond, reach out to your insurance broker or benefits adviser.

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