

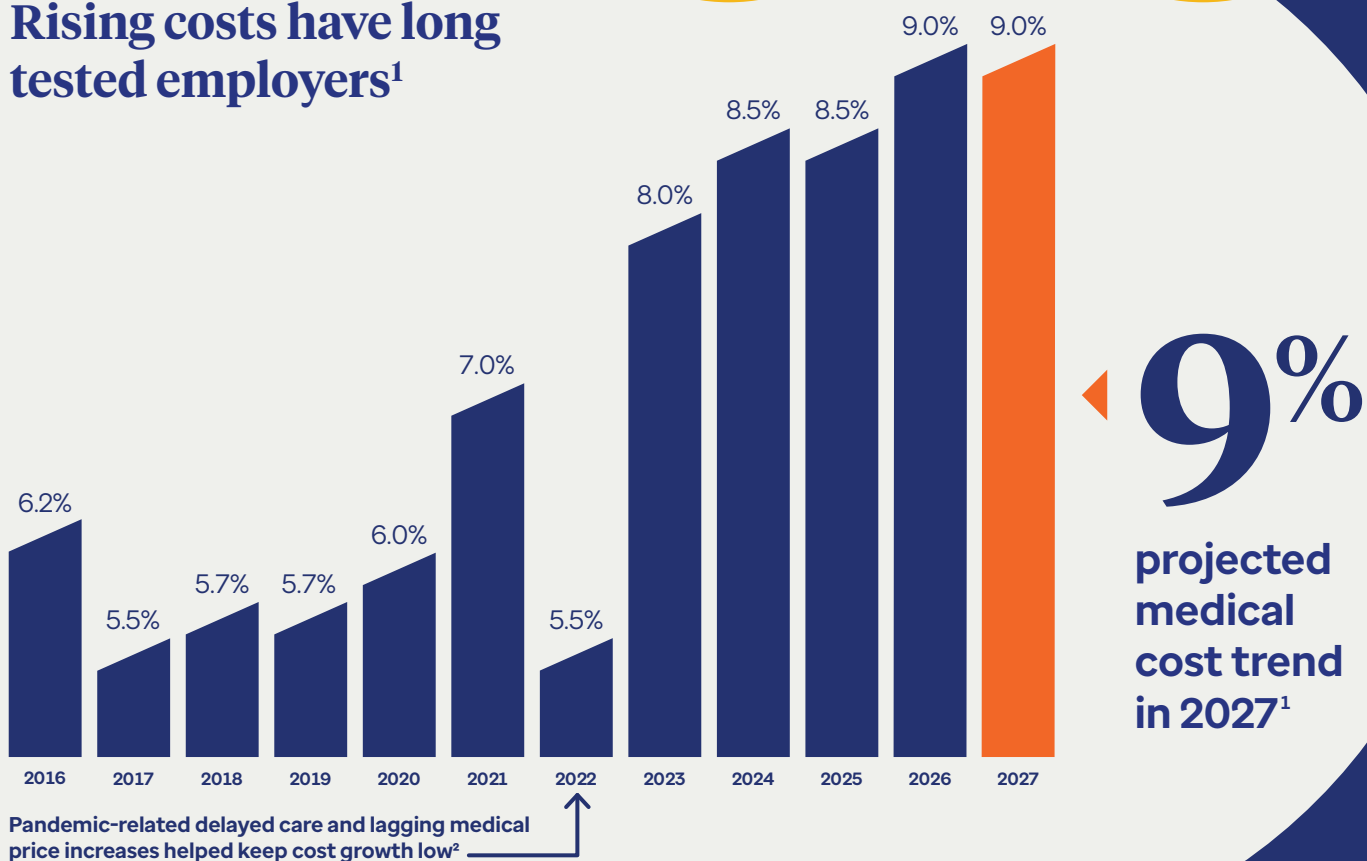


State of employer health spend for 2027

As health care costs rise, the challenge of maintaining competitive benefits becomes even greater.



Rising costs have long tested employers¹



Forces impacting costs

Rising costs aren't driven by a single factor. They're being pushed higher by market pressures, workforce trends and growing health complexity. Strategies focused on affordability, navigation and coordinated care can help counteract those pressures.



What's driving costs higher

Employer costs are rising due to a combination of market dynamics, changing workforce demographics and growing health care complexity. Many of these interconnected factors amplify one another, creating compounding pressure on employer health care spending.

▲ Provider reimbursements

84% of Independent Dispute Resolution (IDR) arbitration cases have resulted in higher reimbursement amounts,³ contributing to \$22.4B in additional health care spending generated by the No Surprises Act over its first 4 years⁴

▲ Specialty and GLP-1 medications

55% of total pharmacy benefit spend came from specialty medications despite accounting for less than 2% of utilization⁵

▲ Behavioral health utilization

117% increase in mental health disorder costs since 2019, largely driven by anxiety, depression and neurodevelopmental or behavioral disorders⁵

▲ Aging workforce and metabolic risk

93% of adults age 65+ have at least 1 chronic condition⁶

▲ High-cost claims

12.9% increase in catastrophic claims costs from 2024 to 2025⁵

▲ Complex health needs

More people are living longer with chronic and long-term conditions, increasing demand for ongoing care⁵

▲ Growing condition prevalence among younger populations

Although Millennials and Gen Z still have lower health care claims than older generations, their claims are increasing at a much faster pace⁵



Costs that often go unnoticed

Beyond the visible drivers, less obvious forces are also pushing costs higher. Unit cost inflation tied to hospital consolidation and private equity influence, unintended policy consequences, administrative inefficiencies and regulatory spillover from Medicare and Medicaid can all add spending pressure behind the scenes. Other hidden pressures include:

Fraud, waste and abuse

25%

of health care spending was identified as wasteful or unnecessary, driven by factors such as failures in care delivery or care coordination, overtreatment or low-value care, pricing failures, administrative complexity or fraud and abuse⁷

AI-assisted coding

\$2.3B

increase in spending from identifying and documenting additional billable services and health conditions⁸



What's helping lower costs

While many forces are driving costs higher, employers also have opportunities to help improve affordability. By working with UnitedHealthcare, the following strategies can work together to lower health care spending and maximize value to employers and employees.

- ▼ **Affordability initiatives**
≈\$5B in savings generated by Payment Integrity practices for self-funded clients⁹
- ▼ **Total cost of care approach**
11% average lower total cost of care than national benchmarks¹⁰
- ▼ **Real-time admission notifications**
Real-time notifications on 90%+ of national inpatient admissions help support appropriate care management¹¹
- ▼ **Biosimilars**
\$56B in health care savings since 2015, including \$20B in 2024 alone¹²
- ▼ **Centers of Excellence (COE)**
20–61% savings through COEs, which help identify the best available care for conditions where protocols and technology are changing rapidly¹³
- ▼ **Integrated benefits**
\$10 per member per month (PMPM) average drug savings on the medical plan with integrated UnitedHealthcare Pharmacy¹⁴
- ▼ **Whole-person care management**
95% of surveyed employers indicated that a whole-person approach may enhance employee experiences and strengthen their benefits value proposition¹⁵

“For employers, high-cost claims have been a part of the overall cost of providing health care to employees for years. What’s concerning is that the frequency and size of these claims have risen rapidly in recent years.”

Jocelyn Herrington

National Spokesperson & Vice President of Strategic Partnerships
Advisory Board



How to withstand the heat



Working with a carrier that is driving affordability behind the scenes –

The coordinated work of payment integrity, claims management and clinical oversight helps keep spending in check and care on track



Focusing on total cost of care – Understanding the true drivers of spending across the entire system, including every service, setting and member, enables employers to engage the right levers to reduce costs. For instance, real-time notifications on 90%+ of national inpatient admissions help support appropriate care management.¹¹



Using data and analytics – With the right insights and expert advice, employers can identify the patterns that drive spending and take action where it may make the biggest difference



Employing the right network strategy –

A smart network strategy lowers costs by connecting members with the right providers at the right rates, and many employers are going further with alternative networks, including more focused designs that may drive even greater savings



Refining plan design – Thoughtful changes, from adjusted cost-sharing to value-based incentives, give employers a direct way to help reduce spending by encouraging members to make more efficient care choices

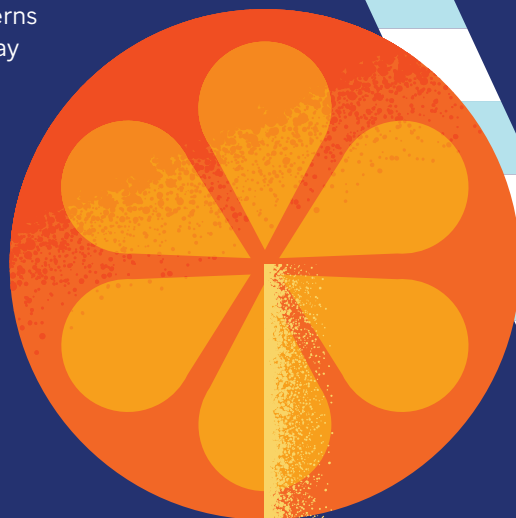


Implementing clinical and care management programs –

Helping members prevent or manage conditions can reduce the need for costly complications and hospitalizations that drive spending



Choosing the right pharmacy management – Optimizing formulary design, negotiating better prescription pricing and promoting lower-cost alternatives like generics and biosimilars can help employers manage costs in one of the fastest-growing and most complex areas of health care spend



Learn how UnitedHealthcare is working for more affordable care —→



¹ Behind the numbers 2027: Medical cost trend is expected to hit 9%, highest in 17 years. Can cost management strategies bend the trend? PwC, June 11, 2026. Available: <https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>. Accessed Sept. 2, 2026.

² The cost of employer-sponsored insurance is about to spike – again. Advisory Board, Dec. 16, 2022. Available: <https://www.advisory.com/daily-briefing/2022/12/16/health-plan-costs>. Accessed Sept. 4, 2026.

³ CMS supplemental tables. Accessed May 1, 2026. (From NSA Webinar.) WITH Independent dispute resolution reports. Centers for Medicare & Medicaid Services, FY2025. Available: <https://www.cms.gov/initiatives/no-surprise-billing/overview/policies-resources/independent-dispute-resolution-reports>. Accessed Sept. 3, 2026.

⁴ No Surprises Act arbitration costs employers \$22.4B, analysis finds. BenefitsPRO, Aug. 31, 2026. Available: <https://www.benefitspro.com/2026/08/31/no-surprises-act-arbitration-costs-employers-224b-analysis-finds/>. Accessed Sept. 1, 2026.

⁵ UnitedHealthcare self-funded and fully insured books of business based on claims incurred between November 2024 through October 2025 and paid through January 2026. Catastrophic claims threshold was \$100K or higher. Results for individual clients will vary based on client-specific demographics, plan design, the state where the insured policy is issued and the level of engagement by employees, among other factors.

⁶ The Top 10 Most Common Chronic Conditions in Older Adults. National Council on Aging, Dec. 1, 2025. Available: <https://www.ncoa.org/article/the-top-10-most-common-chronic-conditions-in-older-adults>. Accessed Sept. 3, 2026.

⁷ Shrank, William H., Rogstad, Teresa L., et al. Waste in the US Health Care System Estimated Costs and Potential for Savings. JAMA, Oct. 7, 2019. Available: <https://jamanetwork.com/journals/jama/article-abstract/2752664>. Accessed Sept. 3, 2026.

⁸ Daly, Rich. Payer study: AI coding drives a multibillion-dollar spending increase. Healthcare Financial Management Association, March 17, 2026. Available: <https://www.hfma.org/fast-finance/ai-hospital-coding-costs-study/>. Accessed Sept. 3, 2026.

⁹ Based on UnitedHealthcare ASO commercial book of business 2025 claims reporting.

¹⁰ Milliman Analysis of Total Cost of Care Benchmarks, March 2026. Based on UnitedHealthcare allowed medical claims and enrollment data using 2022 service dates compared to Merative® MarketScan® industry benchmarks across 50 U.S. regions, adjusted for difference in health status, demographics, geographic mix and excess large claims. Actual results may vary.

¹¹ UnitedHealthcare commercial and Medicare clinical admission, discharge and transfer data, YTD October 2023.

¹² 2025 U.S. Generic & Biosimilar Medicines Savings Report. Biosimilars Council, 2025. Available: <https://biosimilarscouncil.org/resource/2025-generic-biosimilar-medicines-savings-report/>. Accessed Aug. 27, 2026.

¹³ Optum internal analysis, Q2 2026.

¹⁴ 2024 MHO Value Suite Study conducted by UnitedHealthcare Actuarial. Actual client savings will vary depending on client specific experience and attributes that include but are not limited to the client's risk and demographic profile, actual benefits implemented, and member engagement.

¹⁵ 2024 Employee Health & Benefits Trends: The Evolving Workforce. Marsh McLennan Agency, 2024. Available: https://mma.marshmma.com/l/644133/2024-02-08/2jqv4p/644133/1707407360NIOU9BRU/20EHB_Trends_Report_2024.pdf (pdf). Accessed Sept. 3, 2026.

The Centers of Excellence (COE) program providers and medical centers are independent contractors who render care and treatment to health plan members. The COE program does not provide direct health care services or practice medicine, and the COE providers and medical centers are solely responsible for medical judgments and related treatments. The COE program is not liable for any act or omission, including negligence, committed by any independent contracted health care professional or medical center.

These statistics are not guarantees of results or outcomes. Results will vary based on client-specific demographics and plan design. All savings opportunities represent historical performance and are not a guarantee of future savings.

Employee benefits including group health plan benefits may be taxable benefits unless they fit into specific exception categories. Please consult with your tax specialist to determine taxability of these offerings.

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