

# Issues and Trends in Group Health Benefits

April 2025

## NJ Health Insurance Funds and the MEL

CONNER  
STRONG &  
BUCKLEW

# Discussion Items

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State of the state on cost and issues

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What are the Big Issues

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Opportunities

# State of the State

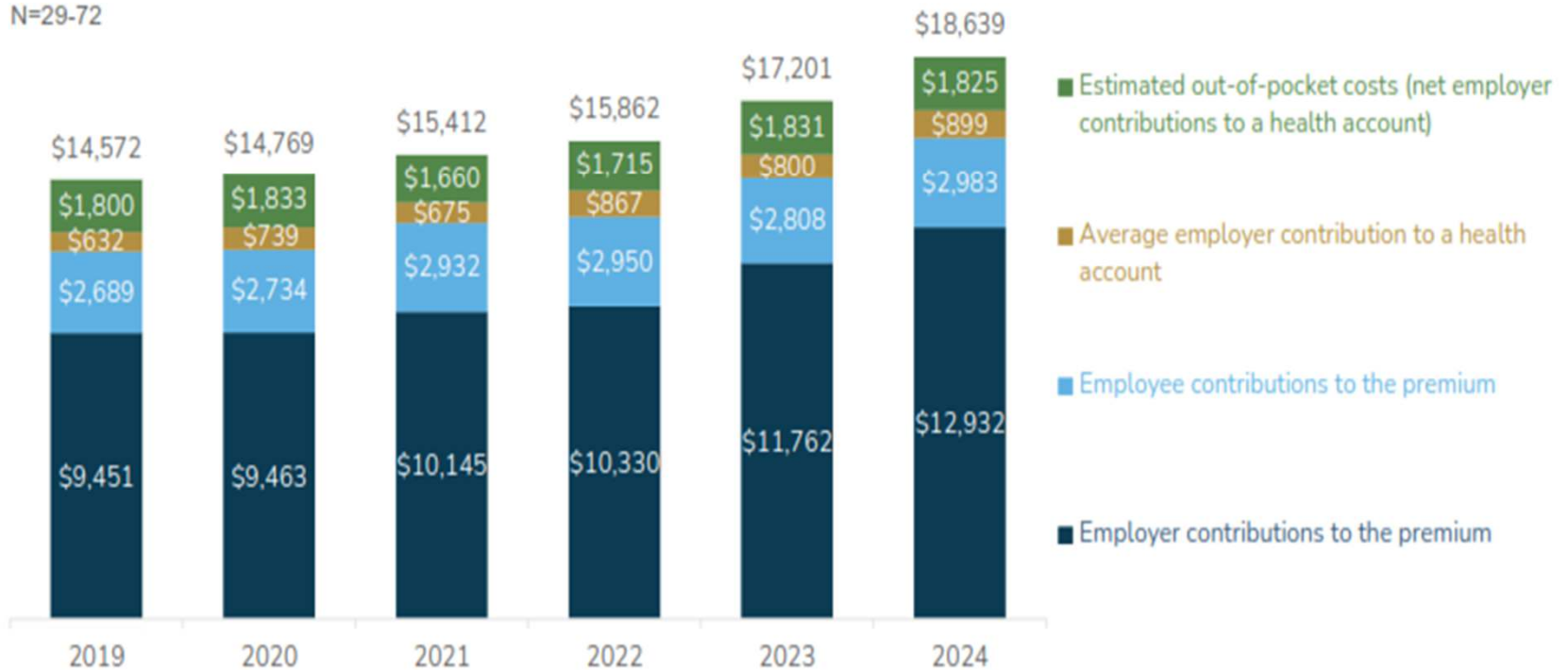
# State of the State

## Cost Trend

### Cost Increases and Trend – National Business Group on Health

In 2024, the estimated total cost of health care per employee is \$18,639—a \$1,438 increase from 2023. Most of that cost increase will be absorbed by the employer in the form of premiums and contributions to employees' health accounts.

N=29-72



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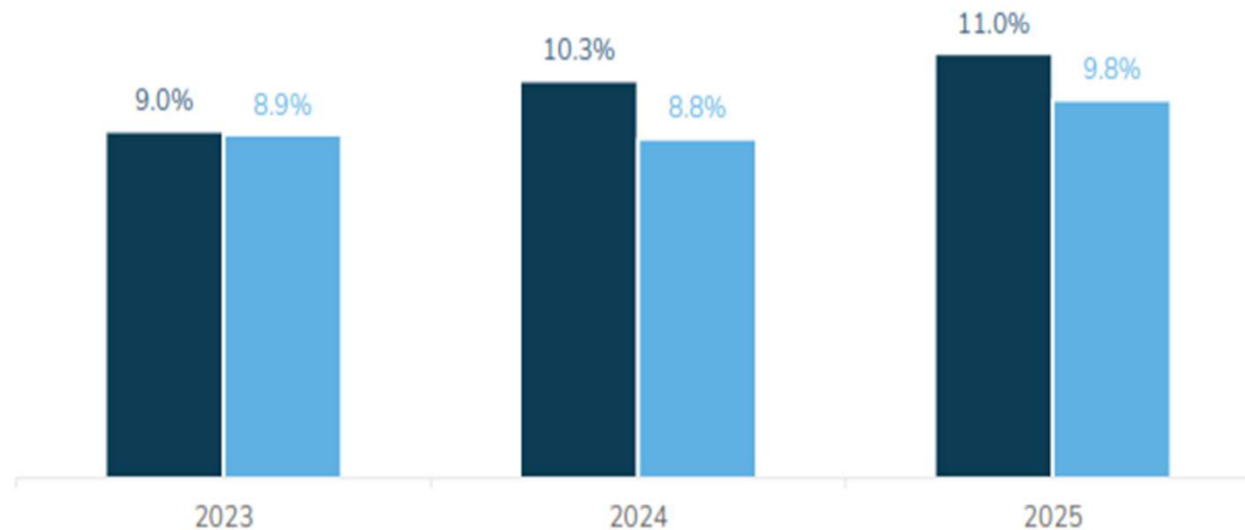
## Cost Trend

### Cost Increases and Trend – National Business Group on Health

Pharmacy cost trend outpaces overall health care cost trend, with pharmacy costs expected to increase by 11% if employers make no adjustments in 2025, and by 9.8% after accounting for plan design changes.

N=39-57

■ Projection (before plan design changes) ■ Projection (after plan design changes)



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## Cost Trend

### Cost Increases and Trend – National Business Group on Health

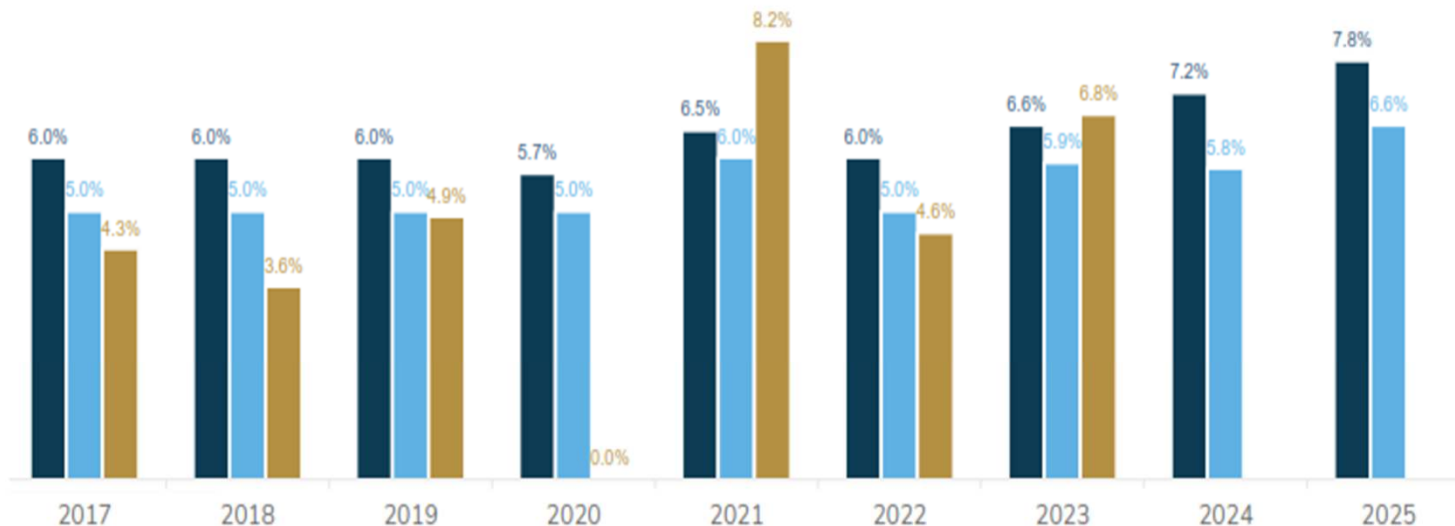
Actual health care trend among employers was 6.8% in 2023, which was higher than projected. Before plan design changes, health care cost trend projections for 2024 and 2025 are expected to be 7.2% and 7.8% respectively before plan design changes take place.

N=59-76

■ Projection (before plan design changes)

■ Projection (after plan design changes)

■ Actual health care trend



The compounding effect of high health care trend increases means that by 2025 health care costs are projected to be more than 50% higher than they were at the start of 2017.

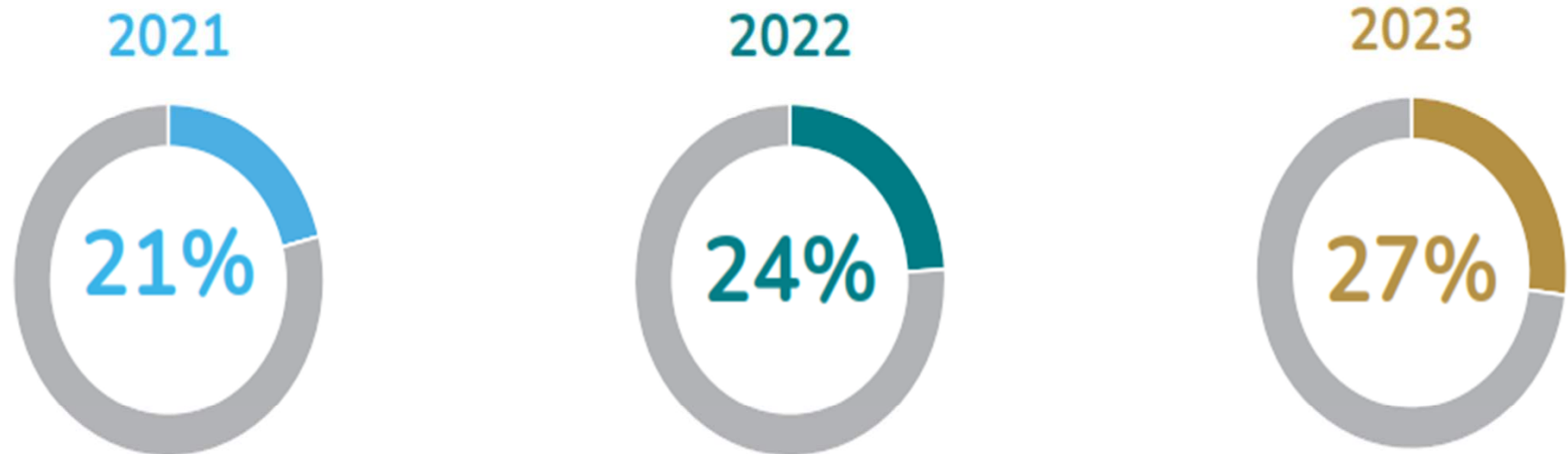
# State of the State

## Cost Trend

### Cost Increases and Trend – National Business Group on Health

Over just 2 years, employers have reported that the median amount of overall health care spend on pharmacy has risen from 21% to 27%.

N=72



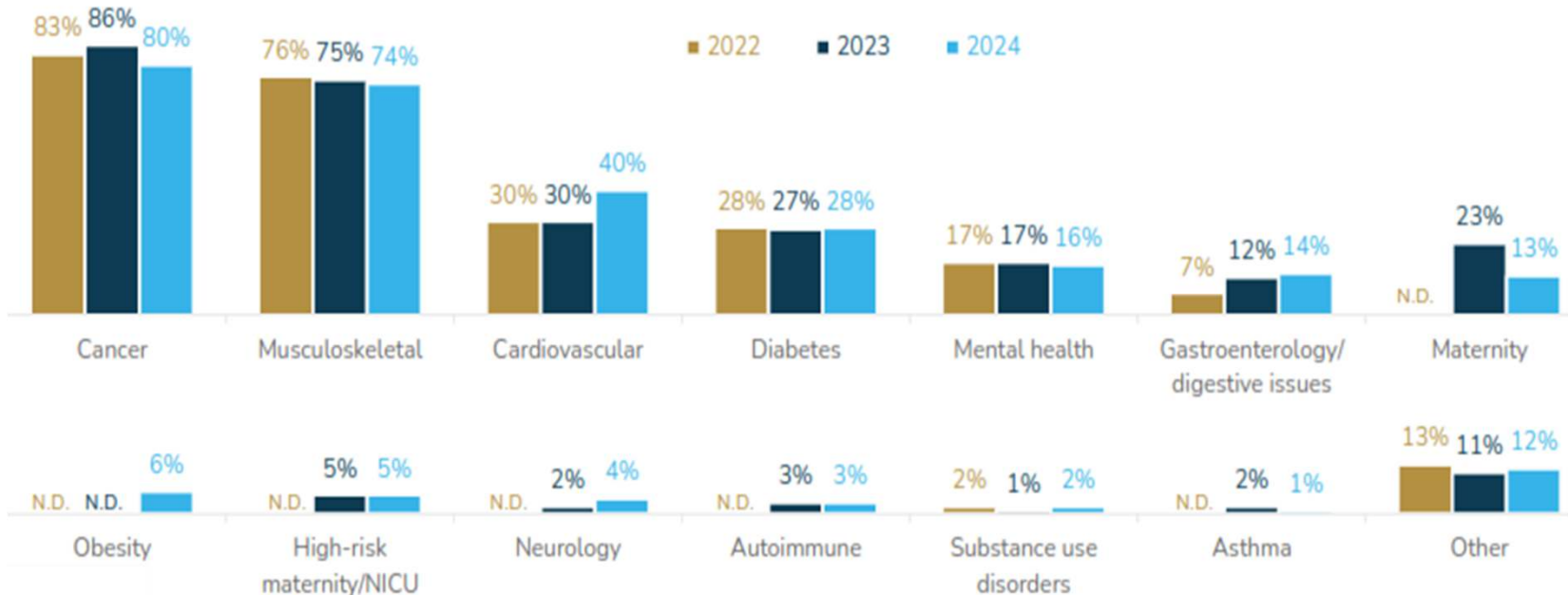
# State of the State

## Cost Trend

### Cost Increases and Trend – National Business Group on Health

The most reported condition that drives health care costs for 2024 was cancer, followed by musculoskeletal and cardiovascular conditions.

N=118



N.D.: No data collected for that year.

Note: Respondents were asked to select their top three conditions. The percentages indicate the conditions that were the top, second or third conditions impacting trend.

Note: Other responses included: preventive care; Pompe disease; degenerative arthritis; and congenital abnormalities.

Q: What are the top three conditions impacting your organization's health care costs for 2024?

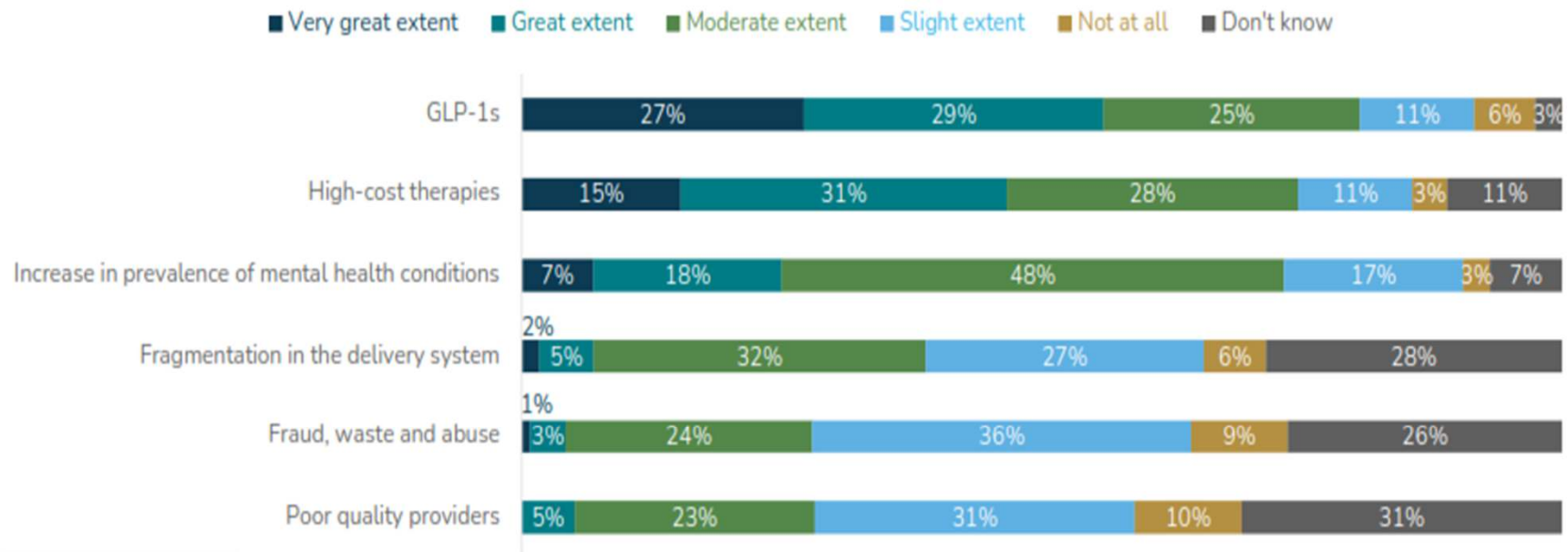
# State of the State

## Cost Trend

### Cost Increases and Trend – National Business Group on Health

Both GLP-1s and high-cost therapies are driving health care costs to a great or very great extent.

N=118



# State of the State

## Cost Trend

### Cost Increases and Trend – National Business Group on Health

Employers' top priorities for 2025 revolve around costs: health care cost overall, affordability for employees and the organization and pharmacy costs.

N=125

RANK	PRIORITY	
1		Health care cost overall
2		Affordability for employees
3		Affordability for the organization
4		Pharmacy cost overall
5		Employee experience
6		Provider quality
7		Vendor/partner performance and effectiveness
8		Data integration and transparency

Q: In an increasingly complex environment for employers, how is your organization prioritizing the following efforts for 2025? Please rank the following from 1= highest priority to 8= lowest priority.

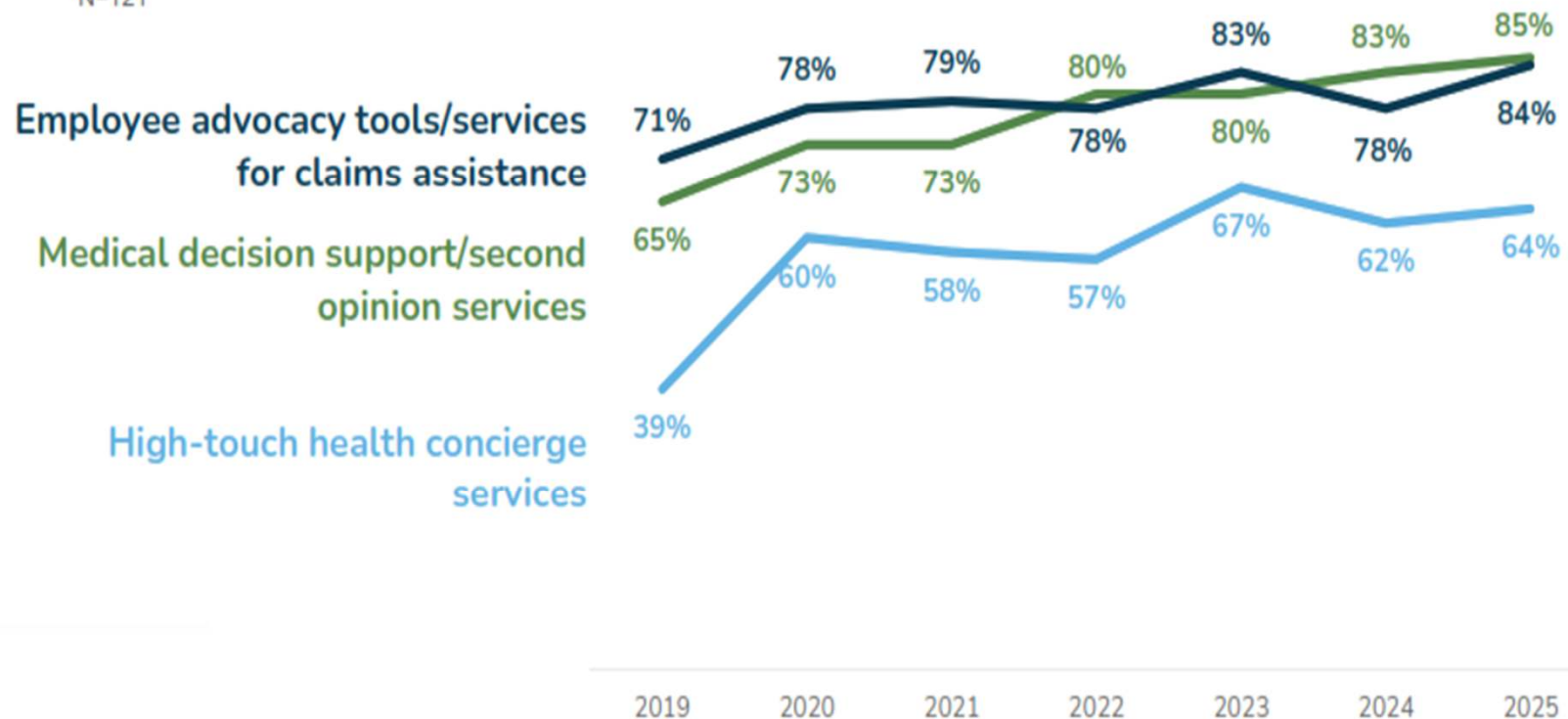
# State of the State

## Cost Trend

### Cost Increases and Trend – National Business Group on Health

Medical decision support/second opinion services continues an upward trajectory.

N=121



Q: Which of the following tools or programs will your employees have access to either through the health plan or a directly contracted relationship in 2025? (Select all that apply)

# Where the money is at...

## Stop-loss claim reimbursements

2023 rank	4 Year rank	Condition/Disease/Disorder	2023 reimbursements	2020-2023 reimbursements
1	1	Malignant Neoplasm	\$415.6M	\$1.31B
2	2	Cardiovascular	\$165.8M	\$510.4M
5	3	Leukemia, Lymphoma, Multiple Myeloma	\$96.2M	\$461.2M
3	4	Newborn/Infant Care	\$140.8M	\$408.1M
4	5	Orthopedics/Musculoskeletal	\$121.8M	\$389.0M
7	6	Respiratory	\$81.6M	\$287.9M
9	7	Sepsis	\$79.4M	\$285.4M
6	8	Gastrointestinal	\$87.0M	\$273.8M
8	9	Neurological	\$79.4M	\$263.4M
12	10	Urinary/Renal	\$55.7M	\$224.1M
10	11	Physician Treatment*	\$63.7M	\$193.5M
11	12	Congenital Anomaly (structural)	\$56.8M	\$185.6M
29	13	COVID-19	\$6.8M	\$135.0M
13	14	Mental and Behavioral Health	\$38.1M	\$121.5M
15	15	Cerebrovascular	\$29.8M	\$110.5M
17	16	Hemophilia/Bleeding	\$28.8M	\$104.1M
16	17	Malnutrition	\$29.6M	\$98.9M
18	18	Transplant	\$27.3M	\$98.8M
14	19	Blood and Blood-Forming Organs	\$33.2M	\$94.7M
19	20	Immune System	\$25.0M	\$91.8M

The total percentage breakdown of the top 3, top 10, and top 20 conditions is in line with our 2023 report.

### Total reimbursements

### Reimbursement breakdown

Top 3 conditions	<b>\$2.29B</b>	<b>37% of total</b>
Top 10 conditions	<b>\$4.42B</b>	<b>72% of total</b>
Top 20 conditions	<b>\$5.65B</b>	<b>92% of total</b>
All conditions	<b>\$6.16B</b>	

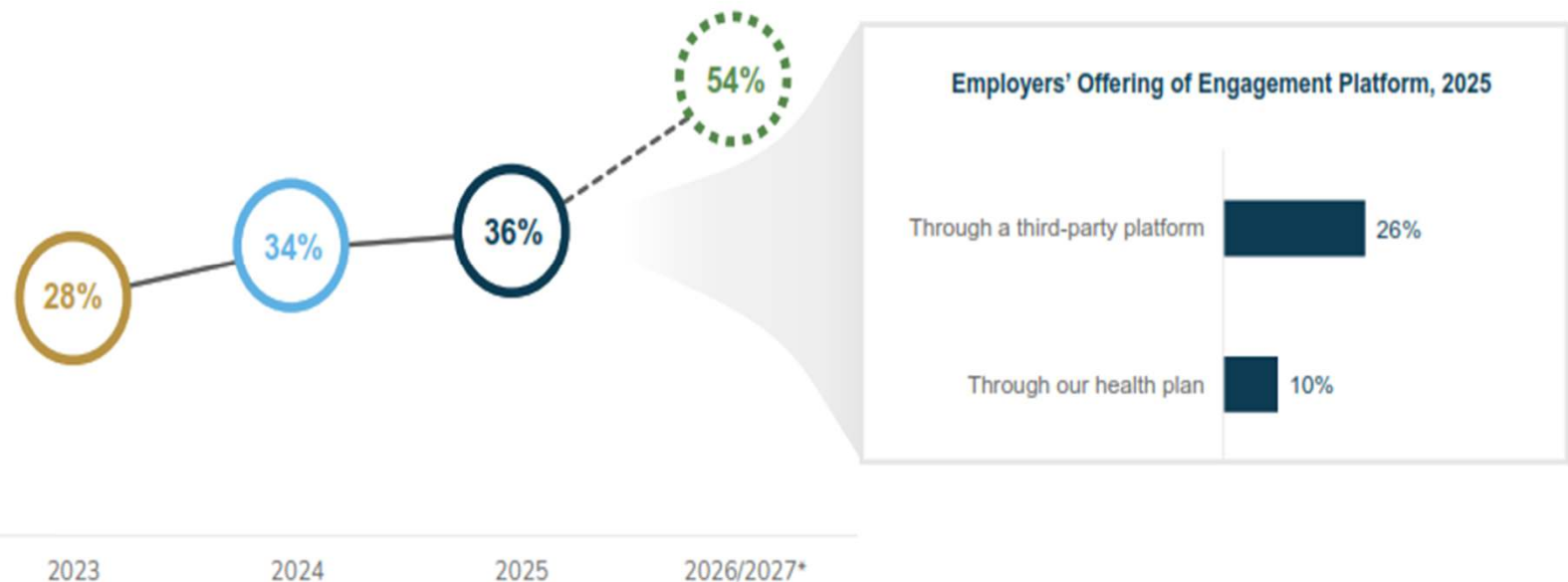
# State of the State

## Help is Needed

### Cost Increases and Trend – National Business Group on Health

Over one-third of employers will offer an engagement platform in 2025 and an additional 18% are considering it for 2026/2027.

N=121



\*Data for 2026/2027 is based on those employers offering in 2025 and those considering offering for 2026/2027.  
Q: Do you contract with an engagement platform to act as a navigator across all your vendor offerings?

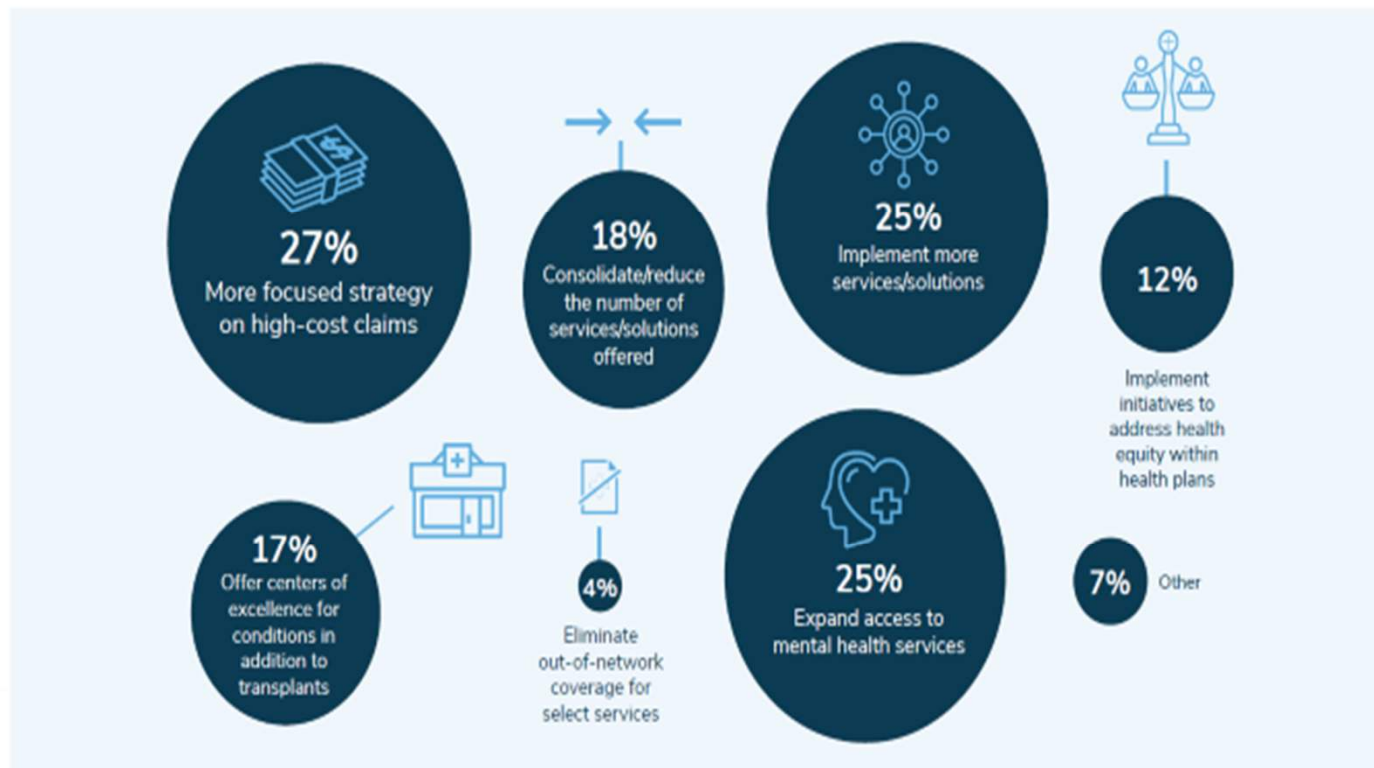
# State of the State

## Focus

### Policy Issues – National Business Group on Health

In 2025, more than a quarter of employers (27%) will have a more focused strategy on high-cost claimants, and 25% will expand access to mental health services or implement more services/solutions.

N=118



Note: Other responses include: GLP-1 weight management solution; solution for gene therapy; implement pharmacy affordability solution; and review point solution offerings.

Q: Which of the following initiatives will your organization implement for the first time and/or expand in 2025? (Select all that apply)

# The BIG Issues

Cost  
Cost  
Cost  
Cost  
Cost

Large increases  
in chronic care  
and continued  
gaps in care

Hospitals  
garnering big  
increases at the  
negotiating table

Cancer costs,  
especially cancer  
drugs

State Health Plan  
Challenges

Weight Loss  
medications and  
pharmacy

Large Claims

# Weight Loss Drugs

GLP1 medications have skyrocketed. Average costs are upwards to \$1,000 per month (per lifetime). After rebates, \$750 per moth

State of NC ceased covering for weight-loss. The cost was \$170 million for 25,000 people or \$6,800 per person

Only 25% of private plans cover for weight loss but most public entities do

The market fo GLP1s is predicted to reach \$150 billion in the next decade (wait until you can take a pill)

# Weight Loss Drugs

## 2024 Prime Therapeutics Study:

“The full-year cost of care for U.S. patients with obesity two years after starting on Novo Nordisk’s Wegovy or similar GLP-1 drugs was \$18,507, on average. That represents a 46% jump over the average annual medical cost of \$12,695 prior to taking the medication, data provided by pharmacy benefits manager Prime Therapeutics show.

The costs for a similar control group of patients not taking the drugs grew by 14% for the same period. Among GLP-1 patients, prescription drug costs drove most of the spending increase, but medical costs also climbed over the two-year period.”

# Weight Loss Drugs

**The collection of HIFs  
in 2024 spent \$22  
million on weight  
loss**

## **2024 Prime Therapeutics Study:**

“Over the two-year period, the analysis found *“no reduction in obesity-related medical events,”* such as heart attacks, strokes and diagnoses of type 2 diabetes, or use of prescription drugs for hypertension and high cholesterol, compared to the control group. Novo and rival Eli Lilly which makes the GLP-1 weight-loss drug Zepbound, have reaped billions of dollars in profits since their new drugs hit the U.S. market, with only a fraction of an estimated 100 million patients with obesity having used them. “

# Specialty Pharmacy

2% of patients need specialty medication

But these medications account for 50% of pharmacy spend.

The average specialty medication cost is \$38,000 vs. \$495 for a non-specialty medication

# Gene Therapy

Gene Therapy medications have the potential to “cure” serious illness and conditions.

Costs range between \$300,000 to \$2.7 million per medication

No solution in sight BUT the impact has not been as bad as originally predicted

# Hospital Landscape

Hospital consolidation is re-establishing hospitals as having the upper hand in negotiations.

Hospitals are securing very, very large increases that have an immediate impact on self-funded plans

Transparency is there but has not yet taken hold. Still needs to be a push for quality and the use of tools like Leapfrog

# Pharmacy, Pharmacy, Pharmacy

Major shift in the industry to move away from the bigger PBMs to “disruptor” organizations

The new “big oil”

PBM litigation and member push back

Legislation (good and bad)

The “Mark Cuban factor” (continues)

# Mental Health

\$44 billion in lost productivity at the workplace due to depression



Employee burn-out is a threat



There's not a "break out" model that has taken hold

# Disruptors



There is huge interest in the health care sector, which is largely good.



AI is starting to take hold to impact quality and care management



Things like Reference Based Pricing, direct contracting, etc. are here



[PERMA FAIR](#)

# Transparency

Transparency data is available but still not readily used. Getting better



There is some hope with “machine readable files” and a cottage industry of firms trying to monetize the data



There is still not a connection to quality



Transparency will continue to change and get better

# Other



Cancer costs are rising dramatically. What more can be done to manage care, early prevention, etc? Is there a cancer solution?



AI is here but apps don't work in healthcare. Some technology works in targeted areas but focus on the "big claims"

# Opportunities

# Thoughts and Solutions



Focus on large claims, chronic care and gaps



Know all the resources and solutions groups have



Be candid with bargaining units



Be willing to challenge the status quo

Thank you

Thank You

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