



2020 Global Medical Trend Rates Report

Global Benefits

Introduction

Aon is pleased to present the results of its 2020 survey of average Medical Trend Rates from countries around the world. The survey was conducted among 105 Aon offices that broker, administer, or otherwise advise on employer-sponsored medical plans in each of the countries covered in this report. Each office represents one specific country. The survey responses reflect the medical trend expectations of the Aon professionals based on their interactions with clients and carriers represented in the portfolio of the firm's medical plan business in each country. The trend rates presented in this report do not include any allowances for potential employer countermeasures such as cost-containment plan amendments or the potential impact of any attendant employer/broker negotiations with carriers.

Aon has conducted this survey in order to help multinational companies:

- Budget premium costs for medical plan renewals
- Understand the factors driving medical cost increases
- Devise wellness and cost-containment initiatives to respond to the challenges

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 country.

Care should be taken in interpreting the information presented here. The Medical Trend Rates provided are not meant to represent an overview of each country's health care costs as a whole.

Neither are they necessarily indicative of the health care situation of each country's population overall.

This survey covers several separate themes:

- Estimated Medical Trend Rates for 2020
- Risk factors that are driving medical cost inflation
- Principal cost elements in medical claims
- Wellness and health promotion initiatives being undertaken by employers to deal with increasing medical costs

- The most common (modal) employer practices in each covered country around medical plan prevalence, design, funding, and administration
- Qualitative responses to provide greater context to medical plans globally

This report also provides information on the growing practice of requiring employee cost-sharing in medical plan costs. The report summarizes the most typical (modal) practices in each covered country in this regard—employee sharing in medical premium costs, or in medical claim outlays.

As a reference, we have also included the projected general inflation rates for 2020 published by the International Monetary Fund (IMF)⁽¹⁾ that have been adopted as a proxy for the expected domestic retail inflation level in each country for 2020.

The trend rate figures, risk factors, and cost elements in this report relate to employer-sponsored plans and their participants with aggregate premiums, or premium equivalent, managed by Aon of over USD 120 billion.

The global and regional Medical Trend Rate averages reflect the following technical procedures:

- A weighting process based on each country's average private health care insurance expenditure per person with arbitrary adjustments for some countries in order to prevent over or under weighting.
- A geometric averaging mechanism

Due to the hyperinflation environment prevailing in Venezuela, we have left this country out of the regional and global Medical Trend Rate averaging mechanism for 2020.

Aon intends to issue annual survey updates in the future. We expect that as the global demand for medical plan benefits extends to more countries, the number of participating countries in our published reports will increase over time.

We hope you will find this report useful. We welcome any feedback you may wish to provide.

(1) IMF does not publish projections on general inflation for Bermuda, therefore we have used the most recent domestic retail inflation figure as the best available proxy.

Key Highlights

Global Overview

The prevalence of employer-sponsored medical plans is increasing in all countries covered by the survey. Furthermore, the scope of the provisions offered by these medical plans continues to expand (e.g. covered procedures, larger maximum lifetime benefits, higher allowances for maternity benefits, fewer exclusions from plan coverage, more lenient participation plan requirements).

At a global level, we are expecting a slightly higher Medical Trend Rate in 2020 relative to 2019, following an expected global increase in general inflation. The small increase in the Medical Trend Rate will be echoed mostly through the Europe region.

Contrasting with the global Medical Trend Rate increase will be the Middle East & Africa region, where we expect a reduction in the Medical Trend Rates in 2020, following also a lower general inflation expectation.

Medical Trend in the North America region is expected to remain at 2019 levels, with the neighboring region of Latin America & Caribbean presenting a small decrease.

Despite a slightly higher nominal (gross of inflation) global Medical Trend Rate in 2020, the average real (net of inflation) Medical Trend Rate is expected to maintain the same level as 2019.

In fact, we expect to see a drop in real Medical Trend Rates in the Middle East & Africa region as well as in the Latin America & Caribbean region. This drop is partially due to the elimination of the leveraging effect caused by the introduction of value added tax (VAT) to supplemental medical plans in the Middle East & Africa region. Despite this drop, the two regions will continue to see the highest Medical Trend Rates, as those continue to grow over general inflation.

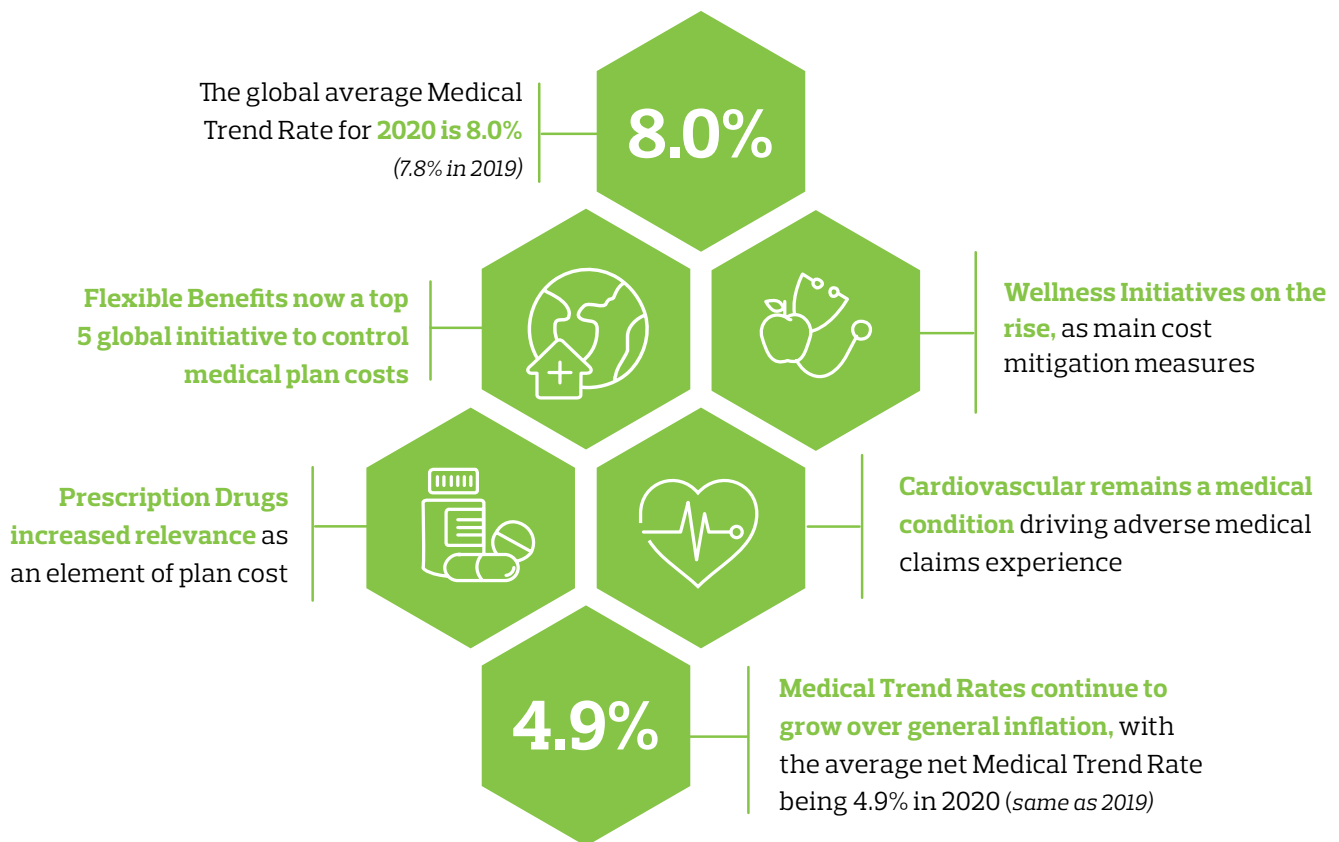


Exhibit 1: Double-digit margins between 2020 Medical Trend Rates and domestic inflation levels were found in these countries:



The 2020 average global nominal and real Medical Trend Rates are slightly higher than the corresponding 2019 average global Medical Trend Rates:

- **For 2020**, the global average **Medical Trend Rate is 8.0%** and the average **general inflation rate is 3.1%**.¹
- **In 2019**, the global average **Medical Trend Rate was 7.8%** and the average **general inflation rate was 2.9%**.²

For 2020, the gap between the average global nominal Medical Trend Rate and the global average general inflation rate is expected to remain at 4.9%, similar to the 2019 figure.

¹ 2020 projected inflation from IMF World Economic Outlook Database April 2019;

² 2019 projected inflation from IMF World Economic Outlook Database April 2018

Regional Commentaries

The commentaries below present brief descriptions of developments that influenced the Medical Trend Rates in selected countries that have large medical premiums per employee:

North America (NA)

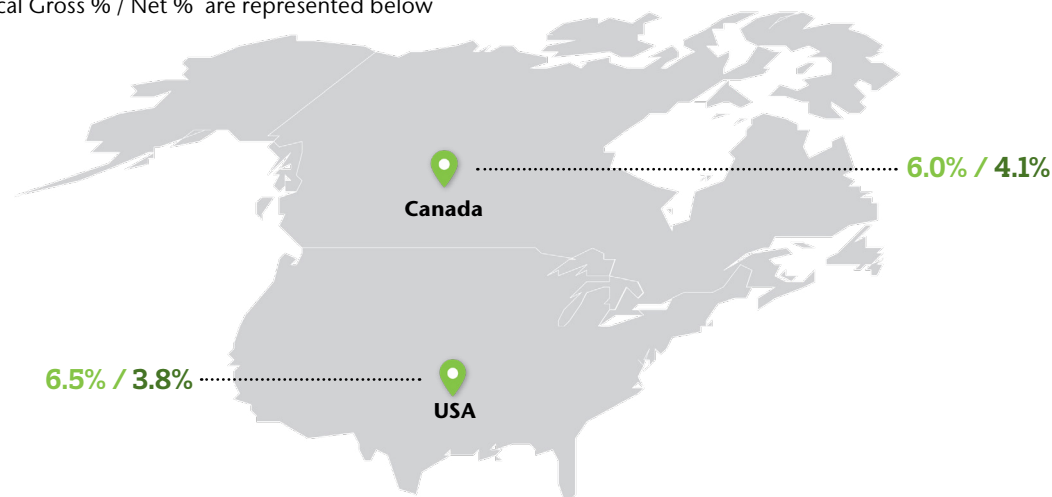
Regional Average Gross
Medical Trend Rate

| **6.4%**

Regional Average Net
Medical Trend Rate

| **3.8%**

2020 Annual Medical Gross % / Net % are represented below



Canada

We expect the Medical Trend Rate for 2020 to be similar to last year. However, there is a federal election in late 2019, which may impact the implementation of a National Pharmacare program that aims to provide coverage for certain pharmaceutical products at the national level. If the incumbent government remains, we could very well see some changes in this regard, which will result in a positive outcome for the 2021 Medical Trend Rate, since prescription drug cost is the largest single cost driver for medical plans in Canada.

United States

Medical Trend is expected to remain stable in the US. This is driven mainly by moderate price and minimal utilization increases. Prices continue to drive trend while utilization of services remains relatively flat or decreasing. Furthermore, we expect the negative utilization trends to drift higher in the next few years, but should remain low. Additionally, pharmacy trends continue to have significant volatility, but we see gross trends remaining elevated (driven mainly by specialty drugs), while net trends remain lower as a result of aggressive negotiations and management of pharmacy costs through formulary design and utilization monitoring.

Asia-Pacific (APAC)

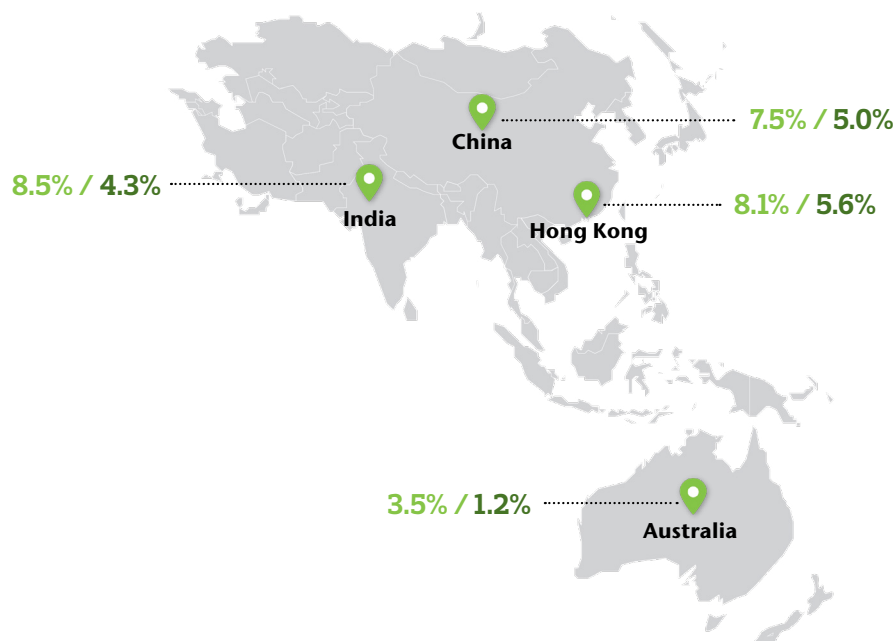
Regional Average Gross
Medical Trend Rate

| **8.7%**

Regional Average Net
Medical Trend Rate

| **5.9%**

2020 Annual Medical Gross % / Net % are represented below



Australia

We expect to continue to see a reduction in the Medical Trend Rate in Australia, despite a stable general inflation outlook. Although obesity remains Australia's largest non-communicable disease, the country has been able to keep the Medical Trend Rate under the 4% mark. One key driver for this relates to cardiovascular diseases and the incidence of cancer, such as bowel, as these conditions are starting to decrease and are now presenting a positive forecast. Furthermore, there is also a steady decline in smoking and alcohol usage in Australia.

China

In China, the Medical Trend is expected to continue to soar despite government measures recently launched aiming mostly to control costs on drugs and medicines. Prices of medical goods and services are still growing at a level of two to three times general inflation, driven by an ageing population and the development of advanced technology applications. Furthermore, the penetration of online claims management, through the use of mobile applications, are resulting also in a general increase in claims reported by supplemental medical plans.

Hong Kong

Despite the slight net and gross decrease, the Medical Trend Rate in Hong Kong will remain high and without any foreseeable drop anytime soon. General rising of health care goods, increasing levels of stress and respiratory infections, as well as an ageing population, are intensifying the usage of supplemental medical plans and ultimately contributing to the high trend. As a result, there is an increasing number of companies exploring cost containment measures.

India

Despite the expected decrease in general inflation, we expect the net Medical Trend Rate to increase slightly, with the main driver being the recent requirements for insurers to set premium rates based on portfolio claim experience, and to avoid artificially low medical premiums for competitive advantage. Additionally, employers in general, due to budget constraints, will be concentrating on initiatives aimed at medical plan cost-shifting to employees, especially for parental coverage.

Europe

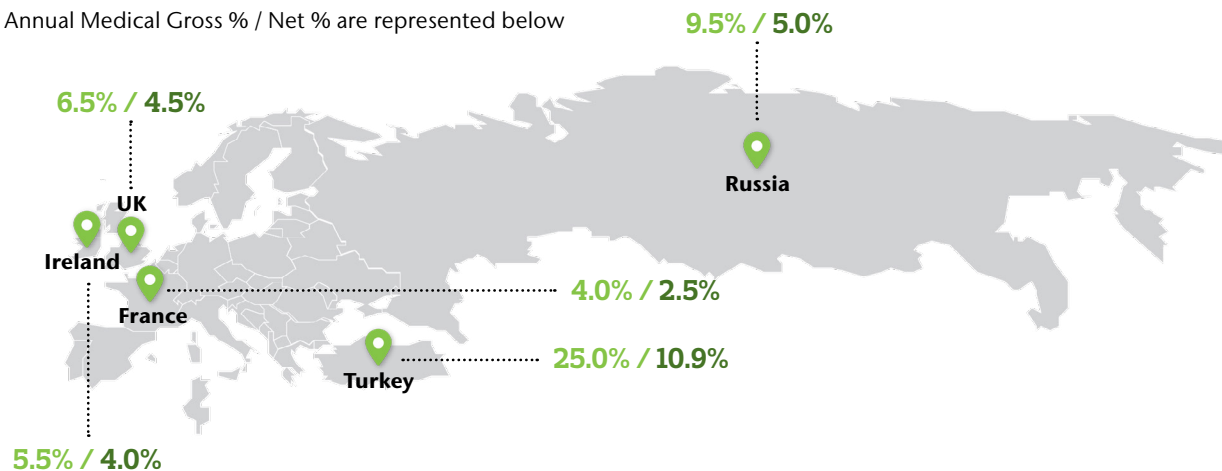
Regional Average Gross
Medical Trend Rate

| **5.7%**

Regional Average Net
Medical Trend Rate

| **3.6%**

2020 Annual Medical Gross % / Net % are represented below



France

It is expected that the upward direction on the net Medical Trend Rate will continue for 2020 as a result of the recent reforms seeking a shift of medical costs from Social Security to the insurance market. The “100% santé” reform, which will impose full coverage for a wide variety of dental, optical, and audio prosthetics-related costs by medical insurance plans, will have a strong impact on lower to mid-level schemes, which will have to introduce upgraded coverages to meet regulatory requirements. The “100% santé” reform began having some effect in 2019 and will continue over 2020 and 2021.

Ireland

In Ireland, we anticipate the Medical Trend Rate to soar, compared to last year. This is mostly the result of reduced government interference in the market and an overall generalized increase in claims. Higher inflationary pressures around the incremental use of new technologies and the open agenda on diversity and inclusion has created a pathway for the introduction of high-cost, low utilization benefits (such as gender identify, fertility benefits, and genetic testing/care), which are expected to bring additional pressures on medical claims and costs of supplemental medical plans.

Russia

We anticipate Medical Trend for 2020 to see a net decrease following the recent year’s downward movements, despite the expected inflationary pressures for an upward move. This is due partially to the fact that local currency has been recovering

against the euro and it is common for medical providers in Russia to link their prices to the exchange rate. Additionally, insurance carriers have been able to strike agreements with medical providers to limit the annual claims exposure, which has proven to help stabilize medical costs and mitigate the increasing demand for medical services.

Turkey

Turkey is still feeling the effects of the economic crisis that hit the country back in August 2018. The plunging of the currency and the rising of inflation levels have also placed additional pressure on the costs of medical goods and services. As a result, the Medical Trend Rate is expected to soar in 2020 to levels significantly higher than general inflation.

United Kingdom

In the UK, Medical Trend Rate is expected to remain at a high level relative to other industrialized countries. This is mostly the result of a continuous increase in the utilization of supplemental plans, mostly due to a subsiding social health system (NHS) and the rising costs of cancer treatments. As an example, the costs of chemotherapy drug therapies are soaring and are becoming an increasing risk with surging claims costs. Furthermore, mental health has seen growing attention over the past 12 months, with nationwide campaigns focusing on increasing the importance of being more open on mental health issues.

Latin America and Caribbean (LAC)

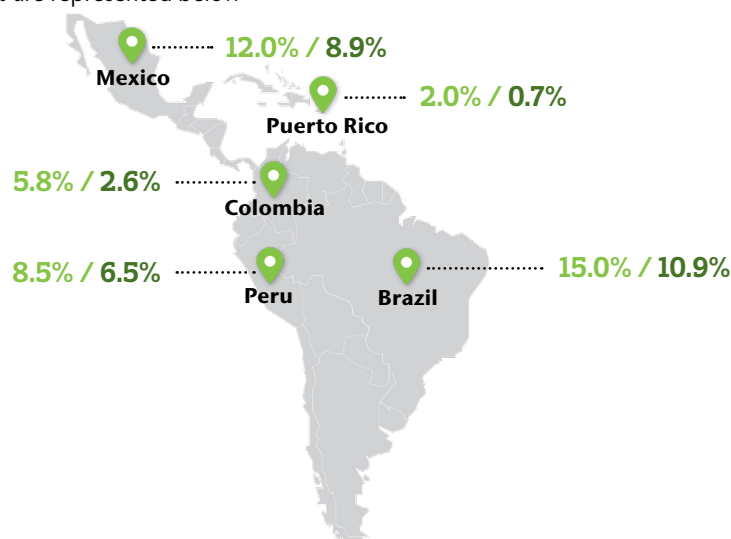
Regional Average Gross
Medical Trend Rate

| **13.1%**

Regional Average Net
Medical Trend Rate

| **7.5%**

2020 Annual Medical Gross % / Net % are represented below



Brazil

Although still in double digits, the Medical Trend Rate for Brazil has been steadily reducing as a result of insurance carriers playing a more active role in the management of costs. This new positioning of insurance carriers is reflected mostly through the negotiation of new models of remuneration with the medical providers. Part of these new negotiations include performance-based payments, service package agreements instead of fee-for-service, and implementation of health management and wellness programs, such as sports counseling or pediatric home visits.

Colombia

The 2020 Medical Trend in Colombia is expected to reduce in comparison with last year's. This downward trend is seen as being the result of an increased focus from insurance carriers on controlling prescription drugs, namely on polymedicated users (+5 medications by a single doctor). Insurance carriers are also actively looking for ways to encourage the use of in-network clinics and at the same time expanding service offered through those clinics. Furthermore, we have assisted insurance carriers on the optimization of the contracting model for hospital supplies, medicines, and prostheses.

Mexico

The gross Medical Trend Rate for 2020 is expected to remain high, at roughly the same level as last year's. The top element of claims cost in Mexico is hospitalization, which is where we have

seen continuous introduction of new medical treatments, with hospitals eager to provide top treatments to their patients through the use of new and advanced high-cost technology, and as a way to retain preference and gain market competitiveness.

Peru

The gross Medical Trend Rate for 2020 is expected to continue at the highest level in recent years, similar to last year's. One key driver for this is the incremental use of advanced high-cost technology as a substitute to traditional treatments (e.g. oncology medicines now being used in other diagnoses such as asthma, arthritis, etc.). On top of that, we continue to assess drugs and medicine prices soaring higher than general inflation.

Puerto Rico

After an atypical period of utilization behavior preceded by the 2017 storms and the challenges that, from a macro-economic standpoint, emerged thereafter, the Puerto Rican Medical Trend for 2020 is expected to increase. Pharmacy costs are expected to continue to outpace inflation, with specialty drugs every so often representing 50% of pharmacy, and technological advancements continuing to create new opportunities for specialty medication treatment. Furthermore, and as a response to the rise of pharmacy costs, insurance carriers will continue to renegotiate pharmacy contracts and encourage the use of discount networks, mostly for laboratories, x-rays, and pharmacies.

Middle East & Africa (MEA)

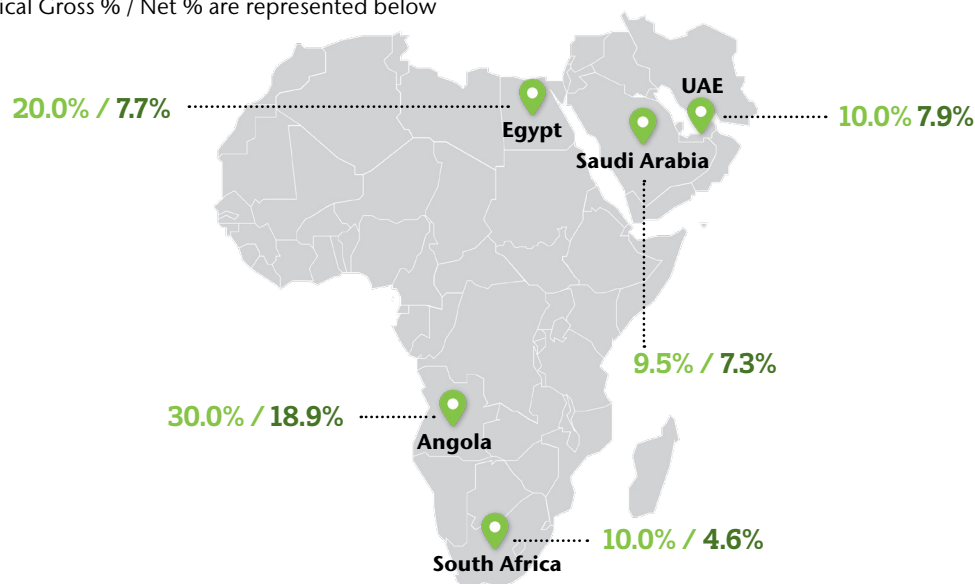
Regional Average Gross
Medical Trend Rate

| **12.2%**

Regional Average Net
Medical Trend Rate

| **6.6%**

2020 Annual Medical Gross % / Net % are represented below



Angola

The Medical Trend Rate in Angola, as in many other sub-Saharan countries, is highly exposed to key economic fluctuations, namely inflation and exchange rate. Angola, as well as others like Ghana, Congo, Mozambique, or Zambia, have seen constant instability around those indicators, which has given rise to increasing costs of medical goods and services in the region, as well as volatility on those costs.

Egypt

Although still double digits, we expect the Medical Trend in Egypt to continue to steadily decline for the next couple of years. This is mostly the result of several reforms implemented by the government to tackle the currency devaluation that occurred in 2016–2017, causing a price hike in imported products, including health, wellness, and pharmaceutical goods. Additionally, in Egypt we are starting to see a growing awareness of health and wellness, with companies introducing multiple initiatives to manage costs, as well as focusing on the wellbeing of the workforce.

Saudi Arabia

We will continue to see the Medical Trend in Saudi Arabia at a higher level, despite the slight reduction, in comparison with last year. Benefit enhancements enforced by the health insurance regulator during last year, together with a VAT tax increase have already been absorbed by the market,

nevertheless, there is still an insufficient network of high-quality private health care providers in many regions of Saudi Arabia to cater to the rising health care demands which are resulting from a lack of price/service competition, allowing for the main medical service providers to continue to present substantial price increases.

South Africa

The Medical Trend Rate in South Africa is expected for 2020 to be slightly lower than in the previous year. The increase in VAT taxes has already been fully assimilated by the market, and we will continue to see carriers working to contain costs by extending network arrangements in an effort to direct utilization to more managed care interventions. However, the need to grow solvency levels and the ageing population will continue to pressure the market to keep Medical Trend Rates at a high level.

United Arab Emirates

Even under a scenario of a general inflation reduction, we expect to continue to see higher health care spending for UAE. Fueled mainly by the high incidence of chronic diseases, supplemental medical coverage is now becoming the second largest cost for employers in UAE, apart from salaries. The increasing trend of sedentary lifestyle patterns and the shift from traditional, nutritious diets to fast foods have led to increased instances of hypertension, obesity, cancer, heart conditions, and other lifestyle diseases.

Call to Action

After 2019, a year where rates reported hit their lowest ever, the 2020 Medical Trend Rates appear to be gradually recovering lost ground. As a result, Medical Trend Rate levels in nominal and real terms continue extremely high and we do not foresee a different path anytime soon.

In fact, we expect continued medical plan cost escalation due to global population ageing, overall declining health, poor lifestyle habits becoming pervasive in emerging countries, continuing cost-shifting patterns from social programs, and heavy utilization of employer-sponsored plans.

Rising costs and the increased prevalence of chronic conditions are global phenomena. Employers will continue to face the prospect of added organizational cost and employee productivity losses unless the controllable factors contributing to these patterns are effectively addressed.

A good place for employers to start addressing these challenges is the optimization of the plan design, financial strategy, and delivery mechanisms of their medical plans around the world.

However, once these initiatives have been properly executed, they will have a diminishing incremental improvement effect on the business.

The structural solution for the long term involves the active promotion of a healthy workforce, beginning with a robust health care benefits offering for all company employees and their families aimed at:

- Providing quality health care treatment when needed
- Facilitating the management of chronic health conditions
- Preventing/reducing the risk of accident and illness
- Helping employees understand their health risks and educating them on steps to improve their health
- Encouraging healthy behaviors

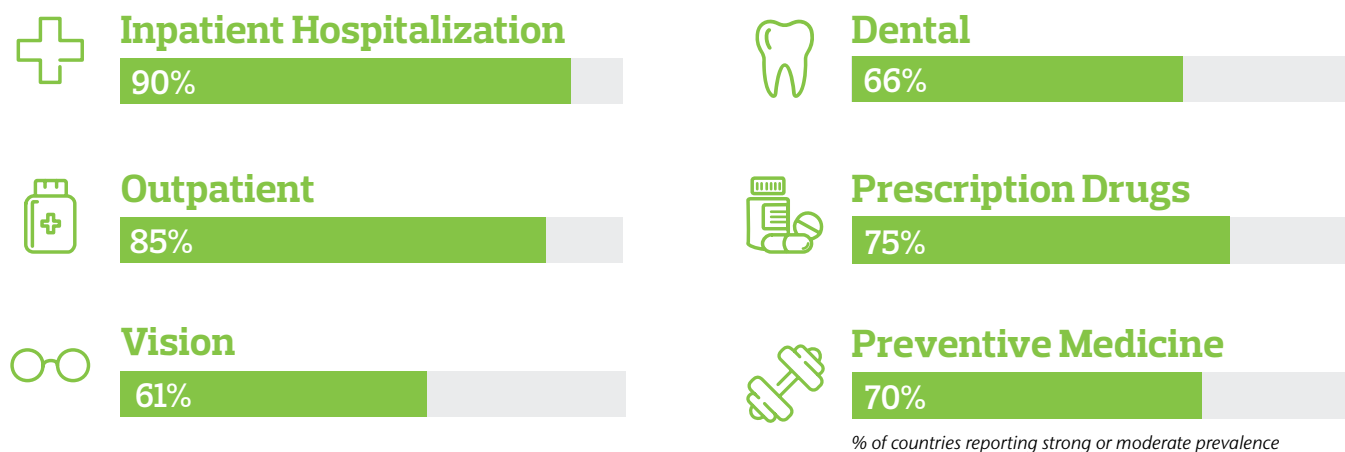
The summaries on global practices in this report should be useful in understanding wellness and cost-mitigation efforts being undertaken by employers worldwide. However, the report shows that the underlying causes of illness and risk factors vary greatly by region, country, company sector, etc. It is therefore important to carefully target employer initiatives to the specific situation surrounding each medical plan.

Results Summary

Medical Plan Features

This year we surveyed our offices to gauge the prevalence of medical programs in each country. A summary of the replies on employer-provided benefits is as follows:

Exhibit 2: Global Medical Plan Features



Medical Plan Financing Approaches

The figures below represent the reported prevalence of financing approaches typical within each region.

Exhibit 3: Prevalence of Financing Approaches

North America		APAC	Europe	LAC	MEA
United States	Canada				
Self Insurance	Insurance	Insurance	Insurance	Insurance	Insurance
Insurance	Mixed	Self Insurance	Self Insurance, Mixed	Self Insurance	Self Insurance
Mixed	Self Insurance	Mixed	Company-Owned/ Contracted Facilities	Mixed	Mixed

Medical Plan Employee Cost-Sharing

As employee cost-sharing is often a very important element of a company's medical cost-mitigation strategy, we have investigated the prevalence of employee cost-sharing general practices in each country covered from two perspectives:

- Employees sharing the cost of medical premiums
- Employees sharing in claim outlays, such as deductibles, co-pays, and co-insurance

The figures below represent the percentages of countries reporting the most common practices nationwide, in employee cost-sharing in the medical plan premiums and claims, in their respective regions.

Exhibit 4: Employee Cost-Sharing

	Global	APAC	Europe	LAC	MEA
Share of Medical Premium	75	63	83	92	59
Contributions to employee premium	40	21	37	67	31
Contributions toward spouse premium	75	63	83	92	59
Contributions toward children premium	74	63	83	92	55

% of countries responding per indicated region

	Global	APAC	Europe	LAC	MEA
Share of Medical Claims	91	89	83	96	97
Deductibles	45	26	43	67	38
Copays	45	42	33	54	52
Coinsurance	70	74	43	88	79

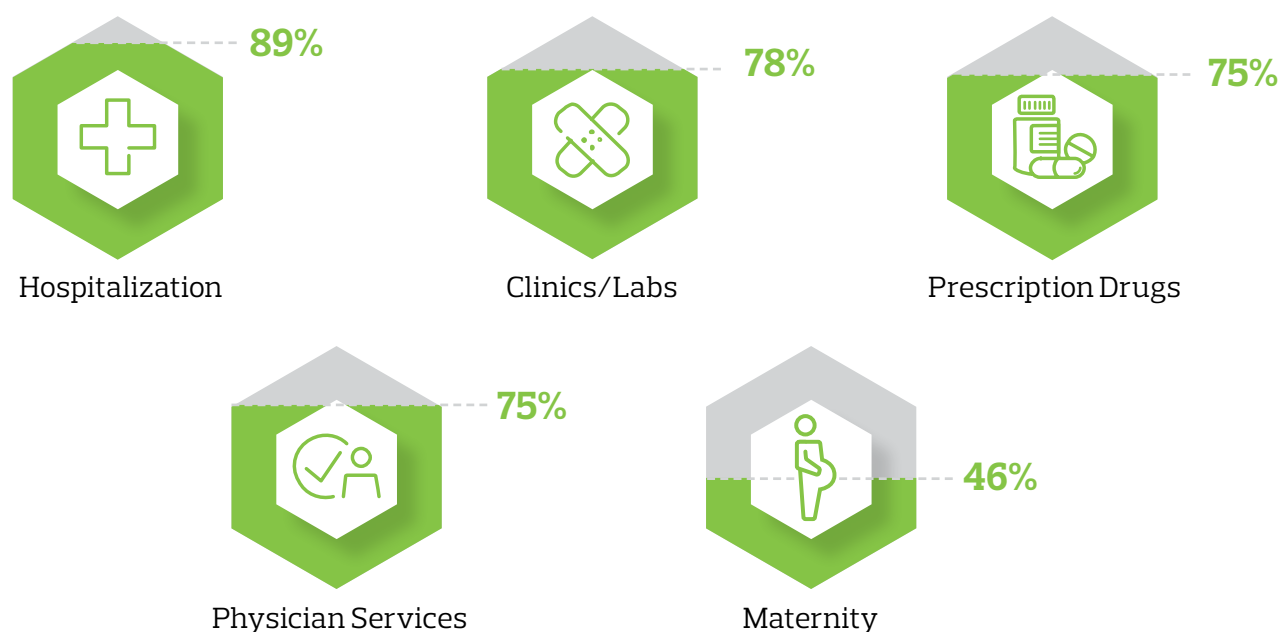
% of countries responding per indicated region

Most Important Elements of Medical Plan Cost

The figures below represent the percentages of responses from countries that reported the indicated cost item as the most important element of medical plan cost in their respective countries.

Exhibit 5: Top Global Cost Elements

% of countries responding



The figures below represent the percentages of countries reporting the indicated cost element in their respective regions.

Exhibit 6: Indicated Cost Elements in Respective Regions

North America		APAC		Europe		LAC		MEA	
United States	Canada								
Hospitalization	Dental	Hospitalization	89	Hospitalization	86	Hospitalization	96	Clinics/Labs	93
Outpatient Services/ Surgeries	Prescription Drugs	Clinics/Labs	79	Physician Services	76	Prescription Drugs	96	Hospitalization	89
Prescription Drugs	Preventive Care	Physician Services	79	Clinics/Labs	69	Clinics/Labs	79	Prescription Drugs	89
Physician Services	Biologic Immunomodulators	Prescription Drugs	79	Preventive Care	45	Physician Services	79	Maternity	68
Clinics/Labs	Vision	Maternity	37	Prescription Drugs	41	Maternity	50	Physician Services	68

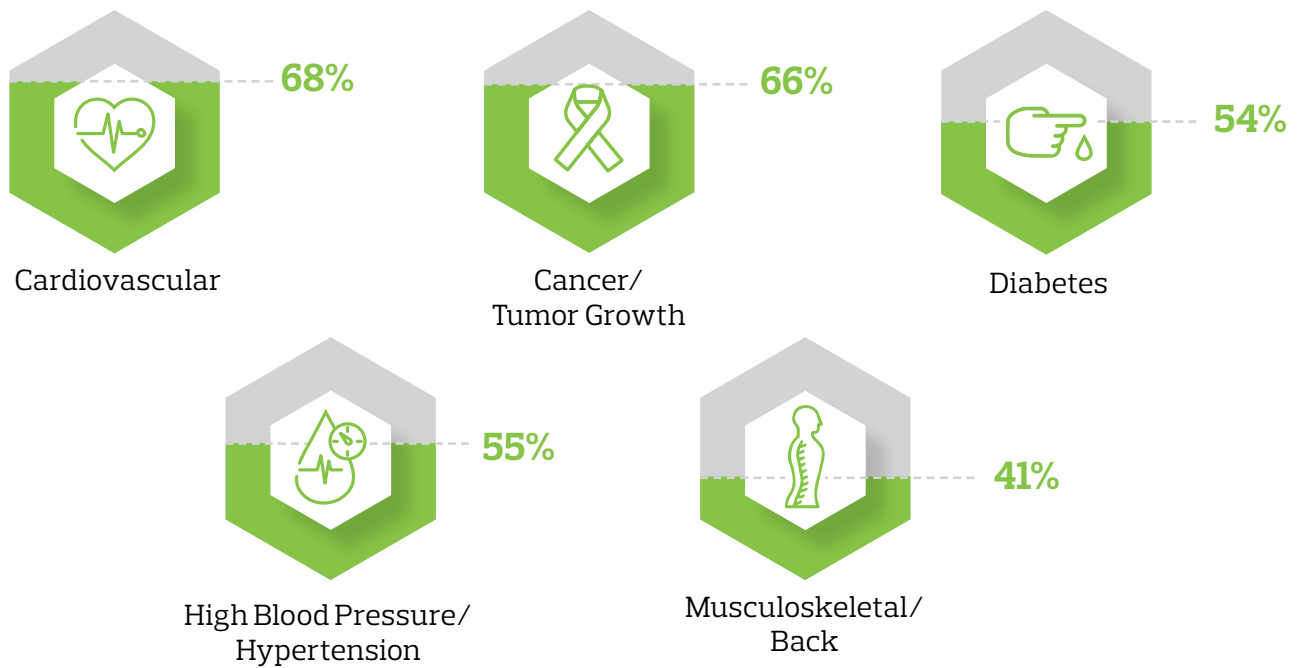
% of countries responding per indicated region

Key Conditions Driving Adverse Medical Claims Experience

The figures below represent the percentages of responses from countries that reported the indicated medical condition as a contributing factor in adverse claims experience in their respective countries.

Exhibit 7: Top Global Medical Conditions Driving Medical Plan Costs

% of countries responding



The figures below represent the percentages of countries reporting the indicated leading medical condition in their respective regions.

Exhibit 8: Leading Medical Conditions Per Region

North America		APAC	Europe	LAC	MEA
United States	Canada				
Musculoskeletal/Back	Musculoskeletal/Back	Cardiovascular 95	Cardiovascular 83	Cancer/Tumor Growth 83	High Blood Pressure/Hypertension 66
Cancer/Tumor Growth	Cardiovascular	Cancer/Tumor Growth 74	Cancer/Tumor Growth 73	Diabetes 75	Diabetes 59
Cardiovascular	Mental Health	Musculoskeletal/Back 53	Musculoskeletal/Back 57	Cardiovascular 67	Gynecological/Maternity 41
Diabetes	Diabetes	ENT/Lung Disorder/Respiratory 42	Diabetes 43	High Blood Pressure/Hypertension 67	Cancer/Tumor Growth 41
High Blood Pressure/Hypertension	Cancer/Tumor Growth	Gastrointestinal 42	High Blood Pressure/Hypertension 43	ENT/Lung Disorder/Respiratory 46	ENT/Lung Disorder/Respiratory 38

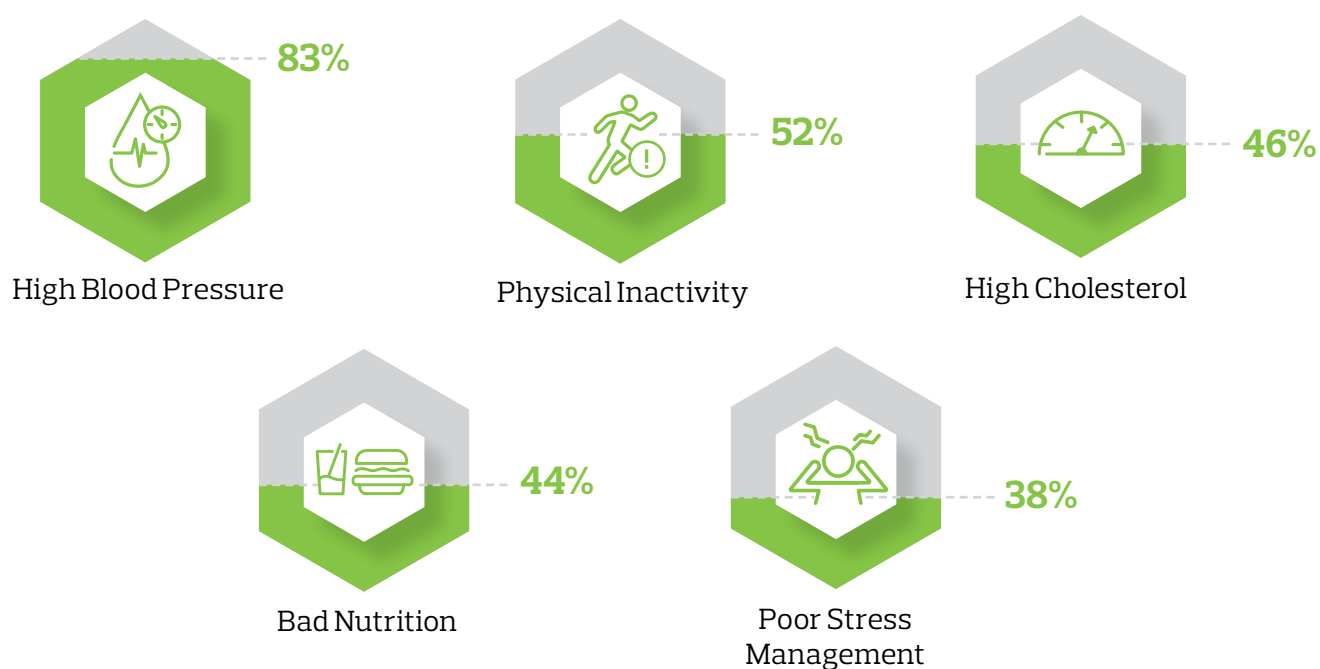
% of countries responding per indicated region

Risk Factors Driving Supplementary Medical Plan Costs

The figures below represent the percentages of responses from countries that reported the indicated risk as becoming a leading factor in future adverse claims experience in their respective countries.

Exhibit 9: Top Global Risk Factor

% of countries responding



The figures below represent the percentages of countries reporting the indicated risk factors in their respective regions.

Exhibit 10: Indicated Risk Factors in Respective Regions

North America		APAC	Europe	LAC	MEA
United States	Canada				
Physical Inactivity	Ageing	High Blood Pressure 74	High Blood Pressure 86	High Blood Pressure 88	High Blood Pressure 90
Obesity	Physical Inactivity	Physical Inactivity 58	Physical Inactivity 59	Bad Nutrition 67	High Cholesterol 45
Bad Nutrition	Bad Nutrition	Bad Nutrition 47	Poor Stress Management 59	High Cholesterol 67	High Blood Glucose 41
Ageing	Insufficient Sleep	Obesity 47	Smoking 52	High Blood Glucose 63	Lack of Health Screening 41
Excessive Alcohol or Drug Use	Smoking	Ageing 32	Ageing 45	Physical Inactivity 50	Physical Inactivity 41

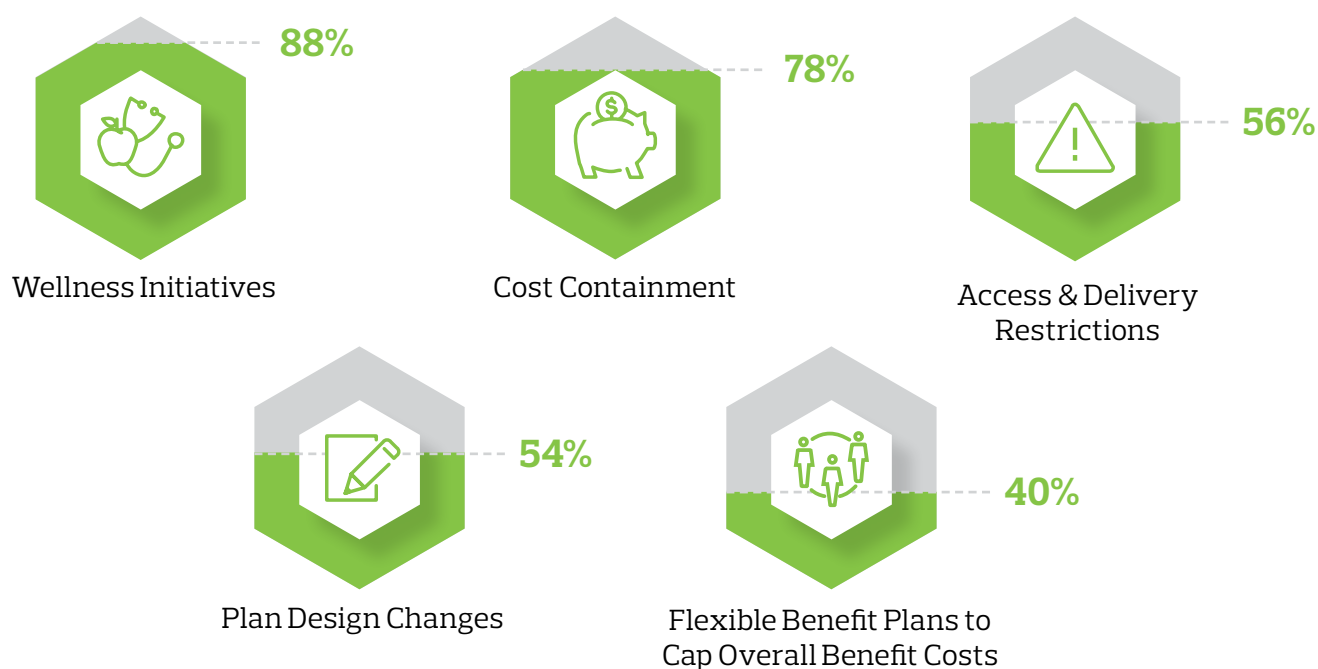
% of countries responding per indicated region

Mitigation Initiatives to Control Medical Plan Cost Escalation

The figures below represent the percentages of responses from countries that reported the methods that aim to best mitigate the increase in costs of a medical plan.

Exhibit 11: Top Global Mitigation Methods

% of countries responding



The figures below represent the percentages of countries reporting the risk mitigation methods in their respective regions.

Exhibit 12: Risk Mitigation Methods in Respective Regions

North America		APAC		Europe		LAC		MEA	
United States	Canada								
Cost Containment	Cost Containment	Wellness Initiatives	89	Wellness Initiatives	86	Cost Containment	92	Wellness Initiatives	86
Wellness Initiatives	Access and Delivery Restrictions	Cost Containment	74	Cost Containment	69	Wellness Initiatives	92	Cost Containment	76
Changes in Funding	Changes in Funding	Plan Design Changes	58	Plan Design Changes	62	Plan Design Changes	58	Access and Delivery Restrictions	72
Plan Design Changes	Wellness Initiatives	Access and Delivery Restrictions	53	Flexible Benefit Plans to Cap Overall Benefit Costs	48	Access and Delivery Restrictions	50	Plan Design Changes	41
Access and Delivery Restrictions	Benefit Curtailments Through Plan Design Other Than Cost Containment	Flexible Benefit Plans to Cap Overall Benefit Costs	47	Access and Delivery Restrictions	45	Flexible Benefit Plans to Cap Overall Benefit Costs	38	Providers Network	31

% of countries responding per indicated region

Average Medical Trend Rate Tables

Exhibit 13: Region (Avg %)

Global & Regional Averages	2019		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
Global	2.9	7.8	4.9
North America	2.4	6.4	4.0
APAC	2.8	8.6	5.8
Europe	2.1	5.1	3.0
LAC	4.7	13.2	8.5
MEA	6.1	13.7	7.6

Annual General Inflation Rate	2020	
	Annual Medical Trend Rates	
	Gross	Net
3.1	8.0	4.9
2.6	6.4	3.8
2.8	8.7	5.9
2.1	5.7	3.6
5.6	13.1	7.5
5.6	12.2	6.6

Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2019		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
North America	2.4	6.4	4.0
Canada	2.2	6.0	3.8
United States	2.4	6.5	4.1

Annual General Inflation Rate	2020	
	Annual Medical Trend Rates	
	Gross	Net
2.6	6.4	3.8
1.9	6.0	4.1
2.7	6.5	3.8

APAC	2019		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
2.8	8.6	5.8	
Australia	2.4	3.8	1.4
Bangladesh	6.0	7.7	1.7
China	2.6	6.0	3.4
Hong Kong	2.1	8.3	6.2
India	5.0	9.0	4.0
Indonesia	3.4	13.0	9.6
Japan	1.1	2.7	1.6
Kazakhstan	5.6	11.7	6.1
Malaysia	2.4	16.0	13.6

Annual General Inflation Rate	2020	
	Annual Medical Trend Rates	
	Gross	Net
2.8	8.7	5.9
2.3	3.5	1.2
5.4	7.0	1.6
2.5	7.5	5.0
2.5	8.1	5.6
4.2	8.5	4.3
3.6	13.0	9.4
1.5	1.5	0.0
5.0	11.2	6.2
2.6	14.0	11.4

Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2019		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
APAC (continued)			
Mongolia	6.8	11.9	5.1
New Zealand	2.1	6.5	4.4
Pakistan	5.2	16.5	11.3
Papua New Guinea	2.5	4.0	1.5
Philippines	3.8	10.0	6.2
Singapore	1.0	10.0	9.0
South Korea	1.9	9.0	7.1
Taiwan	1.3	8.0	6.7
Thailand	0.7	9.0	8.3
Vietnam	4.0	12.0	8.0

Annual General Inflation Rate	2020	
	Annual Medical Trend Rates	
	Gross	Net
7.6	9.5	1.9
1.9	7.0	5.1
7.0	20.0	13.0
4.7	7.0	2.3
3.3	9.2	5.9
1.4	10.0	8.6
1.6	8.0	6.4
1.2	8.0	6.8
1.3	13.9	12.6
3.3	11.0	7.7

Europe	2.1	5.1	3.0
Austria	2.2	3.0	0.8
Belgium	1.8	3.8	2.0
Bulgaria	2.1	10.3	8.2
Croatia	1.5	1.5	0.0
Cyprus	1.6	1.6	0.0
Czech Republic	2.0	5.0	3.0
Denmark	1.7	4.0	2.3
Finland	1.7	4.0	2.3
France	1.6	3.5	1.9
Germany	1.7	5.0	3.3
Greece	1.1	5.0	3.9
Hungary	3.3	7.0	3.7

2.1	5.7	3.6
2.0	3.0	1.0
1.6	4.0	2.4
2.3	10.9	8.6
1.6	2.0	0.4
1.6	1.6	0.0
2.0	5.0	3.0
1.3	2.5	1.2
1.5	3.5	2.0
1.5	4.0	2.5
1.7	5.5	3.8
1.4	5.0	3.6
3.1	11.0	7.9

Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2019			2020		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
Europe (continued)						
Ireland	1.3	0.0	(1.3)	1.5	5.5	4.0
Italy	1.3	4.0	2.7	1.2	4.0	2.8
Latvia	2.5	10.0	7.5	2.4	12.0	9.6
Lithuania	2.2	15.0	12.8	2.3	13.0	10.7
Luxembourg	1.8	1.8	0.0	1.9	1.9	0.0
Norway	2.0	5.0	3.0	1.7	5.0	3.3
Poland	2.5	8.0	5.5	1.9	9.0	7.1
Portugal	1.6	3.5	1.9	1.7	3.5	1.8
Romania	3.1	8.0	4.9	3.0	10.0	7.0
Russia	3.8	11.0	7.2	4.5	9.5	5.0
Serbia	3.0	12.0	9.0	2.5	12.0	9.5
Slovenia	2.0	1.7	(0.3)	1.6	1.9	0.3
Spain	1.6	5.0	3.4	1.6	5.3	3.7
Sweden	1.6	1.6	0.0	1.7	1.7	0.0
Switzerland	1.0	4.0	3.0	0.9	4.0	3.1
The Netherlands	2.2	5.5	3.3	1.6	4.6	3.0
Turkey	10.5	15.0	4.5	14.1	25.0	10.9
Ukraine	8.0	11.0	3.0	5.9	15.0	9.1
United Kingdom	2.2	6.0	3.8	2.0	6.5	4.5
LAC	4.7	13.2	8.5	5.6	13.1	7.5
Argentina	15.4	25.0	9.6	23.2	30.0	6.8
Bahamas	2.5	8.0	5.5	2.4	8.9	6.5
Barbados	2.9	10.0	7.1	1.9	10.0	8.1
Bermuda	2.2	8.0	5.8	1.3	7.8	6.5
Bolivia	4.5	8.0	3.5	3.6	5.0	1.4
Brazil	4.2	17.0	12.8	4.1	15.0	10.9

Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2019		
	Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net
LAC (continued)			
Chile	3.0	7.0	4.0
Colombia	3.4	7.4	4.0
Costa Rica	3.0	14.0	11.0
Dominican Republic	3.5	5.5	2.0
Ecuador	1.4	10.0	8.6
El Salvador	1.9	10.0	8.1
Grenada	1.8	1.8	0.0
Guatemala	3.7	10.0	6.3
Honduras	4.5	13.0	8.5
Jamaica	5.0	10.0	5.0
Mexico	3.1	13.0	9.9
Nicaragua	7.2	13.0	5.8
Panama	2.5	13.0	10.5
Peru	2.0	8.5	6.5
Puerto Rico	0.8	1.0	0.2
Trinidad and Tobago	2.1	10.0	7.9
Uruguay	6.1	7.1	1.0
Venezuela	12874.6	n/a	n/a

2020		
Annual General Inflation Rate	Annual Medical Trend Rates	
	Gross	Net
3.0	7.0	4.0
3.2	5.8	2.6
3.1	14.0	10.9
4.2	6.0	1.8
1.2	12.0	10.8
1.3	10.0	8.7
1.9	1.9	0.0
3.7	10.0	6.3
4.5	14.0	9.5
4.9	8.0	3.1
3.1	12.0	8.9
3.9	15.0	11.1
2.0	10.0	8.0
2.0	8.5	6.5
1.3	2.0	0.7
2.2	10.0	7.8
7.2	8.0	0.8
10000000.0	n/a	n/a

MEA	6.1	13.7	7.6
Angola	17.0	20.0	3.0
Bahrain	4.9	13.0	8.1
Botswana	3.8	8.0	4.2
Democratic Republic of the Congo	13.7	13.7	0.0
Egypt	13.0	25.0	12.0
Ethiopia	8.6	9.0	0.4

5.6	12.2	6.6
11.1	30.0	18.9
3.2	10.0	6.8
3.8	10.0	6.2
6.7	10.0	3.3
12.3	20.0	7.7
8.0	8.0	0.0

Exhibit 14: Region/Country (Avg %)

Regional & Country Averages	2019			2020		
	Annual General Inflation Rate	Annual Medical Trend Rates		Annual General Inflation Rate	Annual Medical Trend Rates	
		Gross	Net		Gross	Net
MEA (continued)						
Ghana	8.0	16.0	8.0	8.4	20.0	11.6
Israel	1.3	6.5	5.2	1.7	7.5	5.8
Ivory Coast	2.0	18.0	16.0	2.0	15.0	13.0
Jordan	2.5	13.0	10.5	2.5	10.5	8.0
Kenya	5.0	12.5	7.5	5.0	10.0	5.0
Kuwait	3.7	10.0	6.3	2.7	8.8	6.1
Lebanon	3.0	15.0	12.0	2.3	15.0	12.7
Malawi	7.6	20.0	12.4	8.2	20.0	11.8
Morocco	2.0	n/a	n/a	2.0	n/a	n/a
Mozambique	n/a	n/a	n/a	5.5	10.5	5.0
Nigeria	14.8	19.8	5.0	11.7	16.4	4.7
Qatar	3.5	12.5	9.0	3.7	10.0	6.3
Saudi Arabia	2.0	10.0	8.0	2.2	9.5	7.3
Senegal	1.5	2.5	1.0	1.5	2.0	0.5
Sierra Leone	11.2	15.0	3.8	13.0	20.0	7.0
South Africa	5.3	11.0	5.7	5.4	10.0	4.6
Sultanate of Oman	3.5	7.5	4.0	1.8	5.0	3.2
Tanzania	n/a	n/a	n/a	4.5	10.5	6.0
Tunisia	6.1	10.5	4.4	5.6	10.0	4.4
Uganda	4.3	20.0	15.7	4.4	17.0	12.6
United Arab Emirates	2.5	10.5	8.0	2.1	10.0	7.9
Zambia	8.0	10.0	2.0	12.0	14.0	2.0
Zimbabwe	6.3	15.0	8.7	9.4	n/a	n/a

Notes:

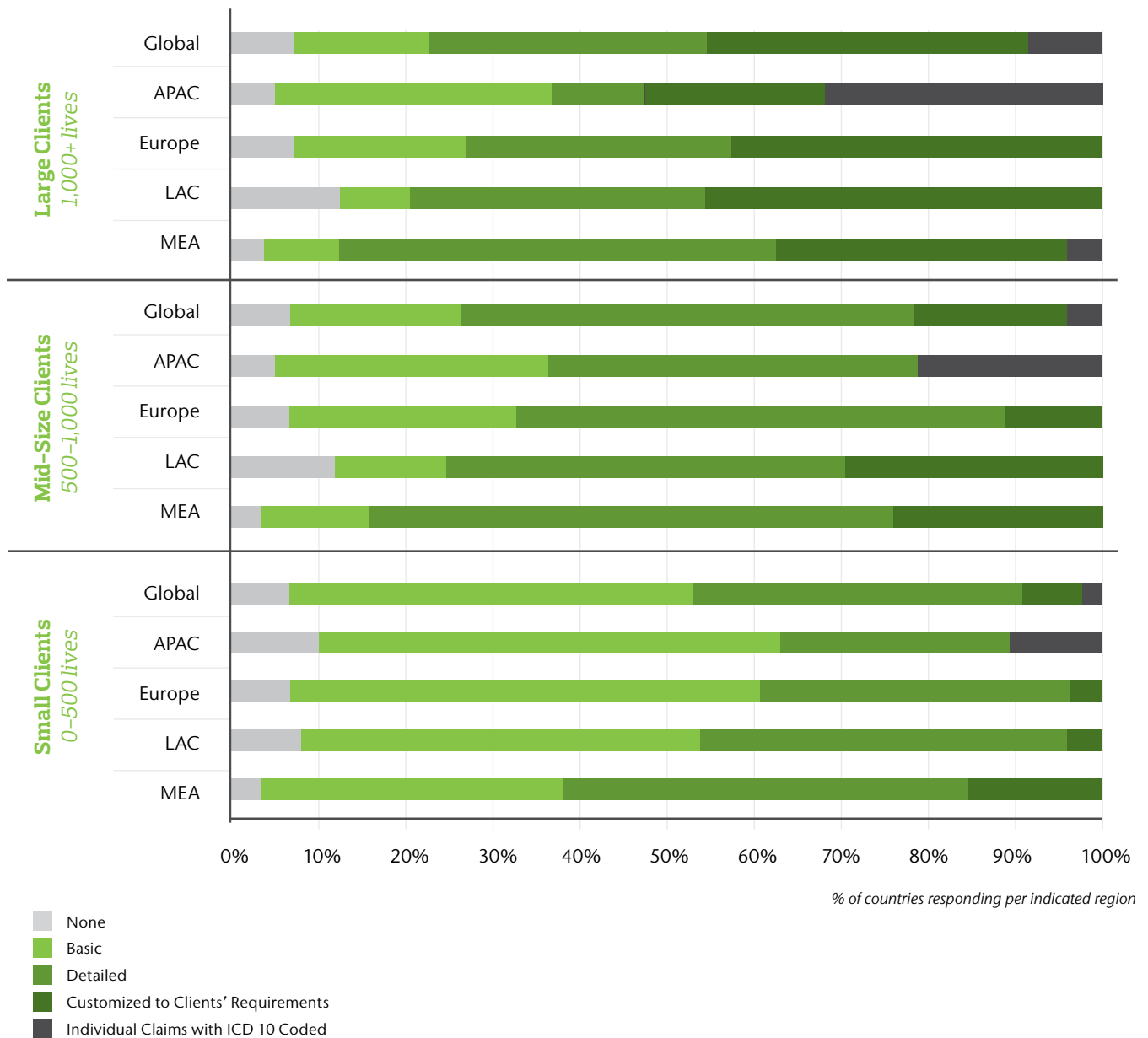
- “Net” indicates Medical Trend Rates net of domestic general inflation rates.
- The 2020 Medical Trend Rate for the United States was obtained from Aon’s Health Value Initiative database as applicable to PPO plans and adjusted to reflect expected increases prior to any plan, program, or carrier changes for cost containment.
- Venezuela has been excluded from region and global averages in both the 2019 and 2020 figures.
- Morocco and Zimbabwe were included in the tables above but without medical trend figures.

Other Survey Results

Levels of Claims Information Available from Carriers

A deep understanding of the specific factors driving a company’s medical plan cost is fundamental for the development of a sound mitigation strategy. The figures below represent the prevalence and level of claims information available by client size reported by countries in their respective regions.

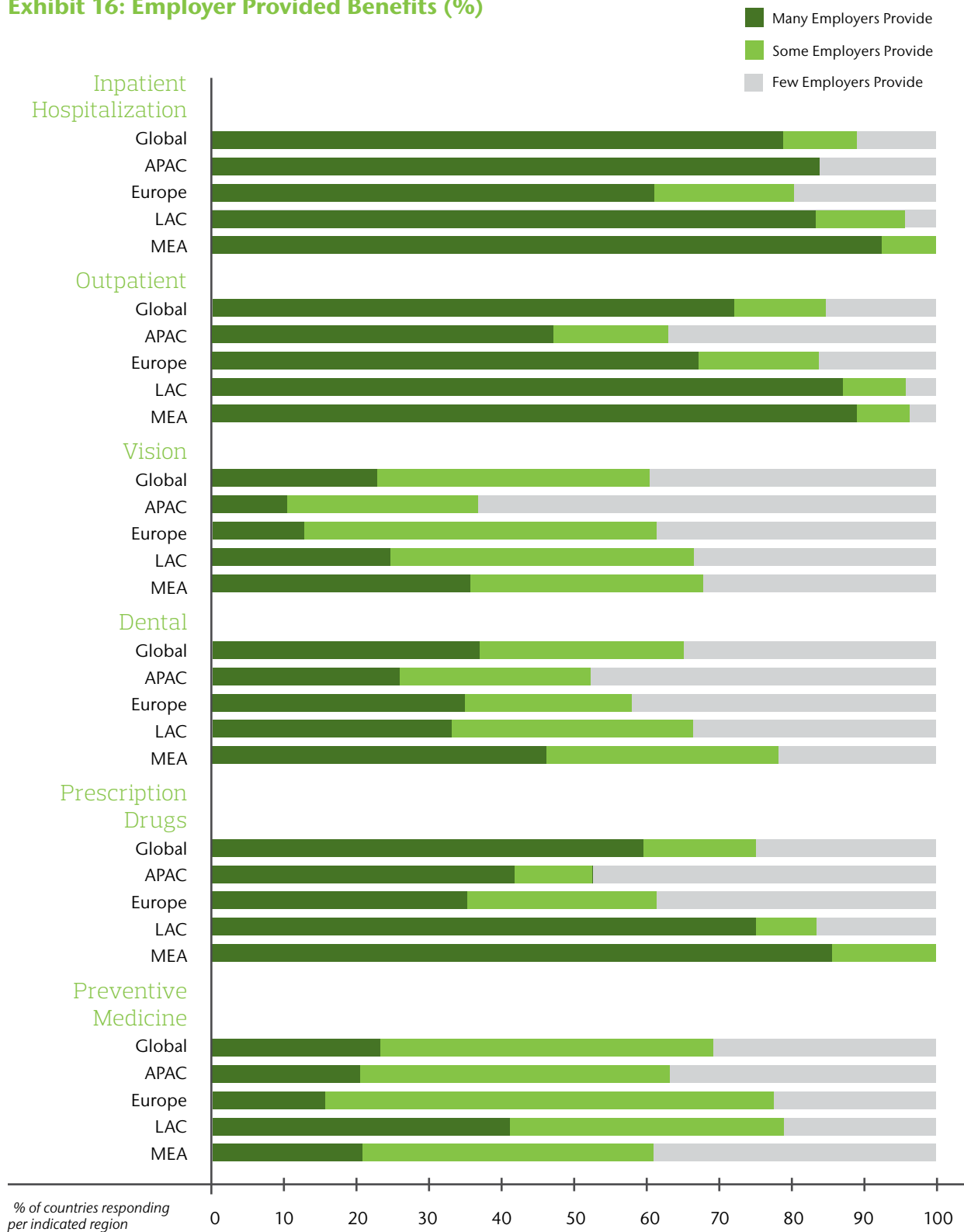
Exhibit 15: Level of Claims Information Available



Prevalence of Medical Plan Features and Derivative Benefits

This year the surveyed countries reported on typical medical benefit provision practices. The main results are summarized in the following tables:

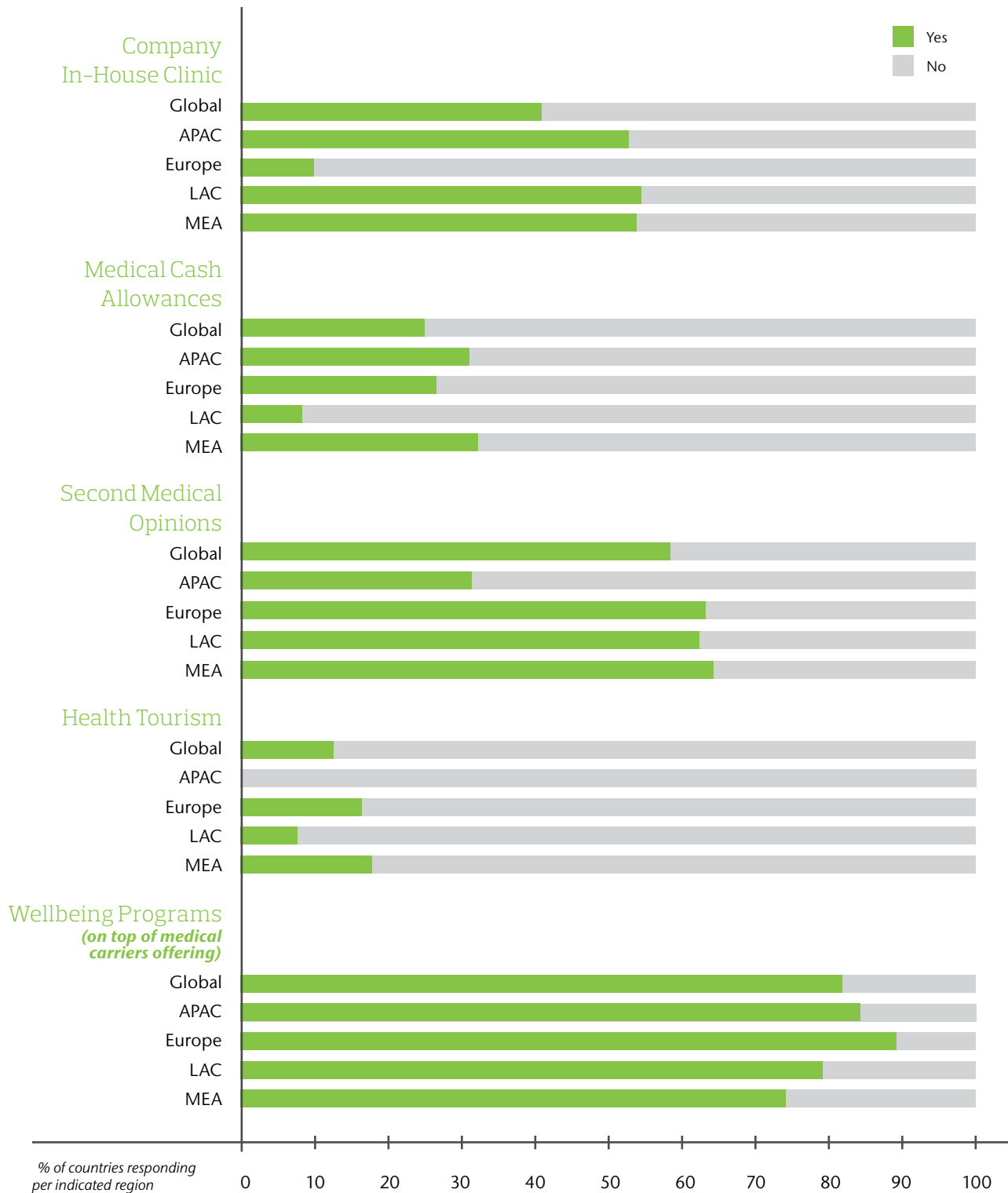
Exhibit 16: Employer Provided Benefits (%)



Alternative/Innovative Delivery Mechanisms

Countries reported prevalence of the following delivery mechanisms supporting medical benefit plans:

Exhibit 17: Delivery Mechanisms Supporting Medical Benefit Plans (%)



Regional Summary of Employee Cost-Sharing Practices Impacting Premiums

The table below shows the prevalence of the most common practices in terms of required employee contributions under the typical medical plan in each country, in regard to premiums assessed to cover the employee, spouse, and/or dependents.

Exhibit 18: Countries Reporting Most Common Practices

	Global	APAC	Europe	LAC	MEA
EE only	1	0	3	0	0
Spouse only	1	0	0	0	3
Children only	0	0	0	0	0
EE + Spouse only	0	0	0	0	0
EE + Children only	0	0	0	0	0
EE + Spouse + Children	39	21	33	67	31
Spouse + Children only	34	42	47	25	24
Plan requires some form of employee contribution toward premiums	75	63	83	92	59

% of countries responding per indicated region

Regional Summary of Employee Cost-Sharing Practices Impacting Claim Outlays *(Please refer to Glossary of Terms for definition of the indicated element.)*

The table below shows the most common practices by country, in regard to financial contributions required of employees, toward meeting the costs of claims incurred.

Exhibit 19: Countries Reporting Indicated Plan Design Element

	Global	APAC	Europe	LAC	MEA
Deductible only	6	0	20	0	0
Copay only	3	0	7	0	3
Coinsurance only	15	21	20	4	17
Deductible + Copay only	2	0	7	0	0
Deductible + Coinsurance only	14	11	3	29	14
Copay + Coinsurance only	17	26	7	17	24
Deductible + Copay + Coinsurance	23	16	13	38	24
Plan requires some form of employee contribution toward claims	91	89	83	96	97

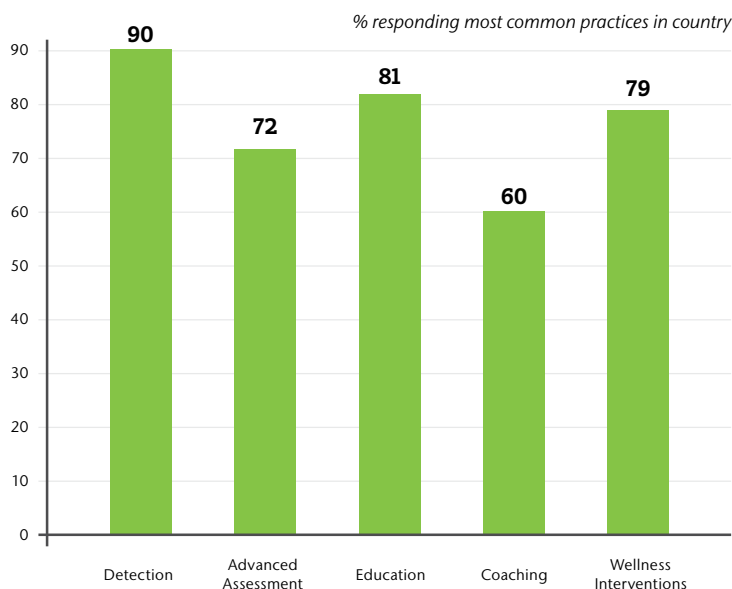
*Includes respondents that reported employee contributions toward medical expenses above allowable limits.

% of countries responding per indicated region

Global Wellness and Health Promotion Initiatives

The figures below represent the percentages of responses from countries that reported the indicated wellness program, as commonly provided among the indicated employer groups in their respective countries.

Exhibit 20: Wellness Programs Reported as Commonly Provided



Detection

Vision Screening	66
Hearing Screening	49
Mammograms	58
Physical Check-ups	86

% of countries responding

Advanced Assessment

Advanced Check-ups	37
Heart Health	56
Nutrition	44
Substance Use	25
Level of Fitness	37

% of countries responding

Education

Communication Materials on Wellness	75
Wellness Kits	63
Informational Web Services	63
Fitness Education	54

% of countries responding

Coaching

Health Specialist	36
Health Coaching Management System	24
Incentive Programs	54

% of countries responding

Wellness Interventions

Healthy Eating	64
Quitting Smoking/Tobacco Use	56
Physical Activity	65
Healthy Weight	55
Back Care	44
Reducing Risk for Heart Disease	47
Employee Assistance Program	50

% of countries responding

Exhibit 21: Asia Pacific

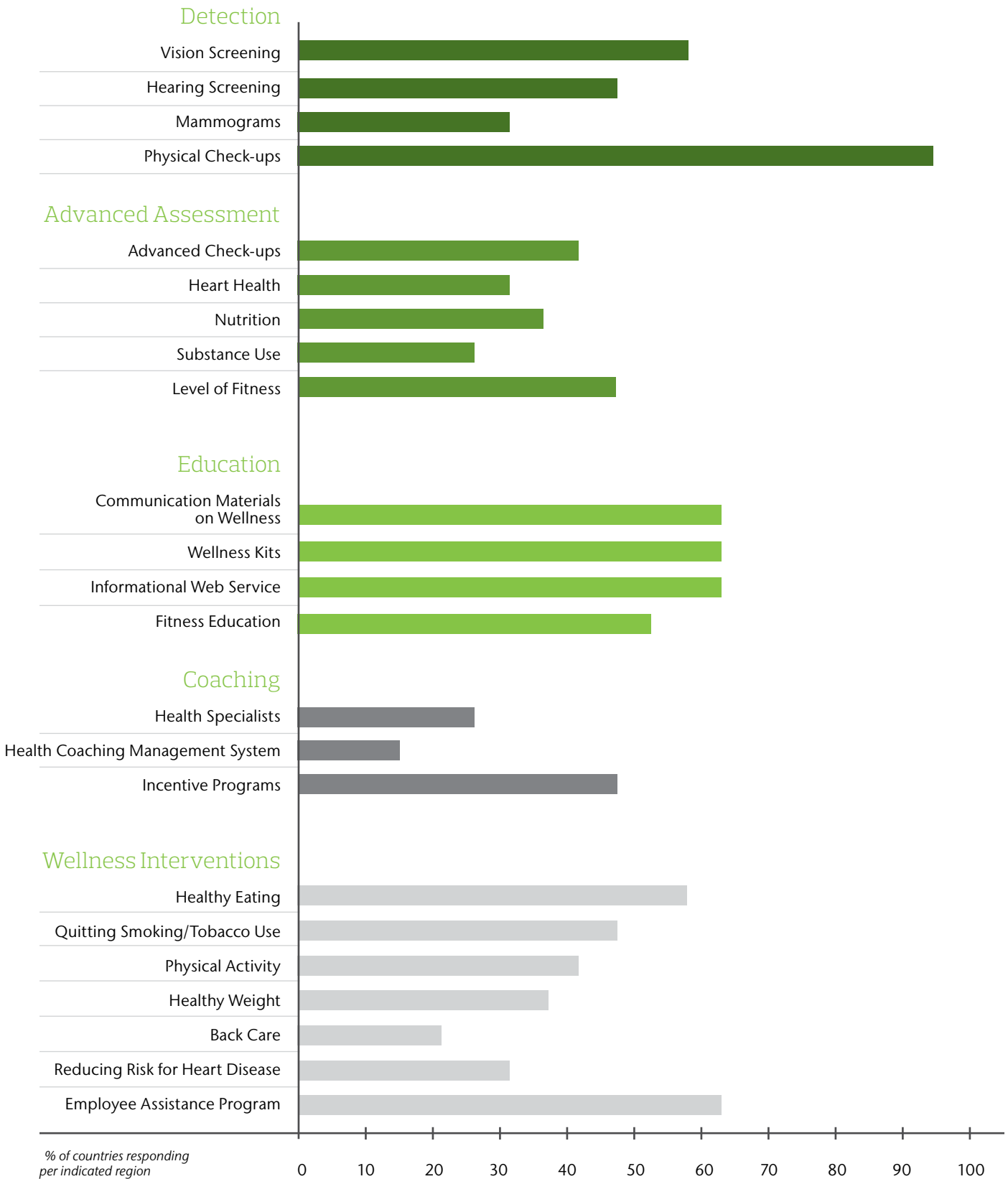


Exhibit 22: Europe

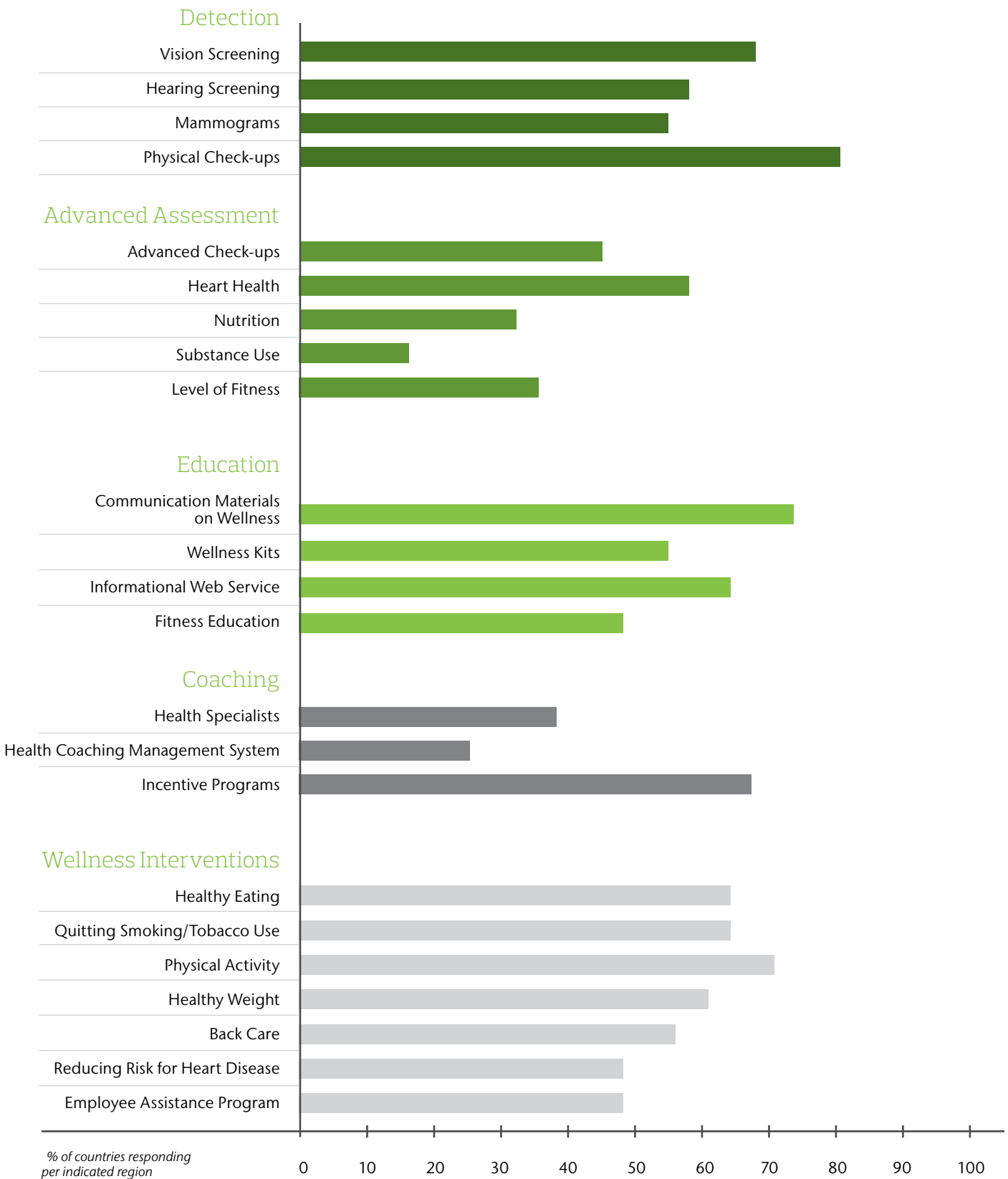


Exhibit 23: Latin America & Caribbean

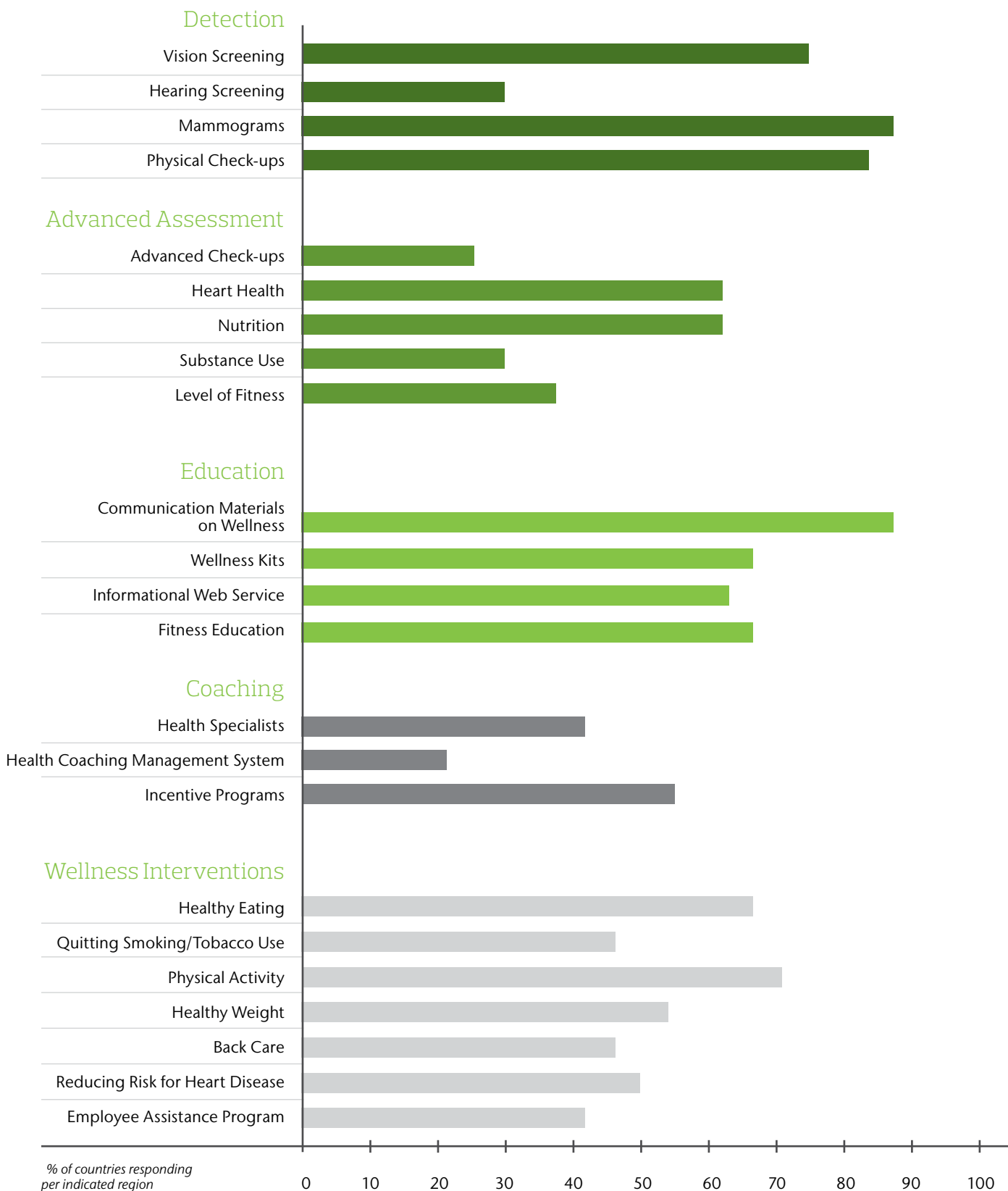


Exhibit 24: Middle Eastern & Africa

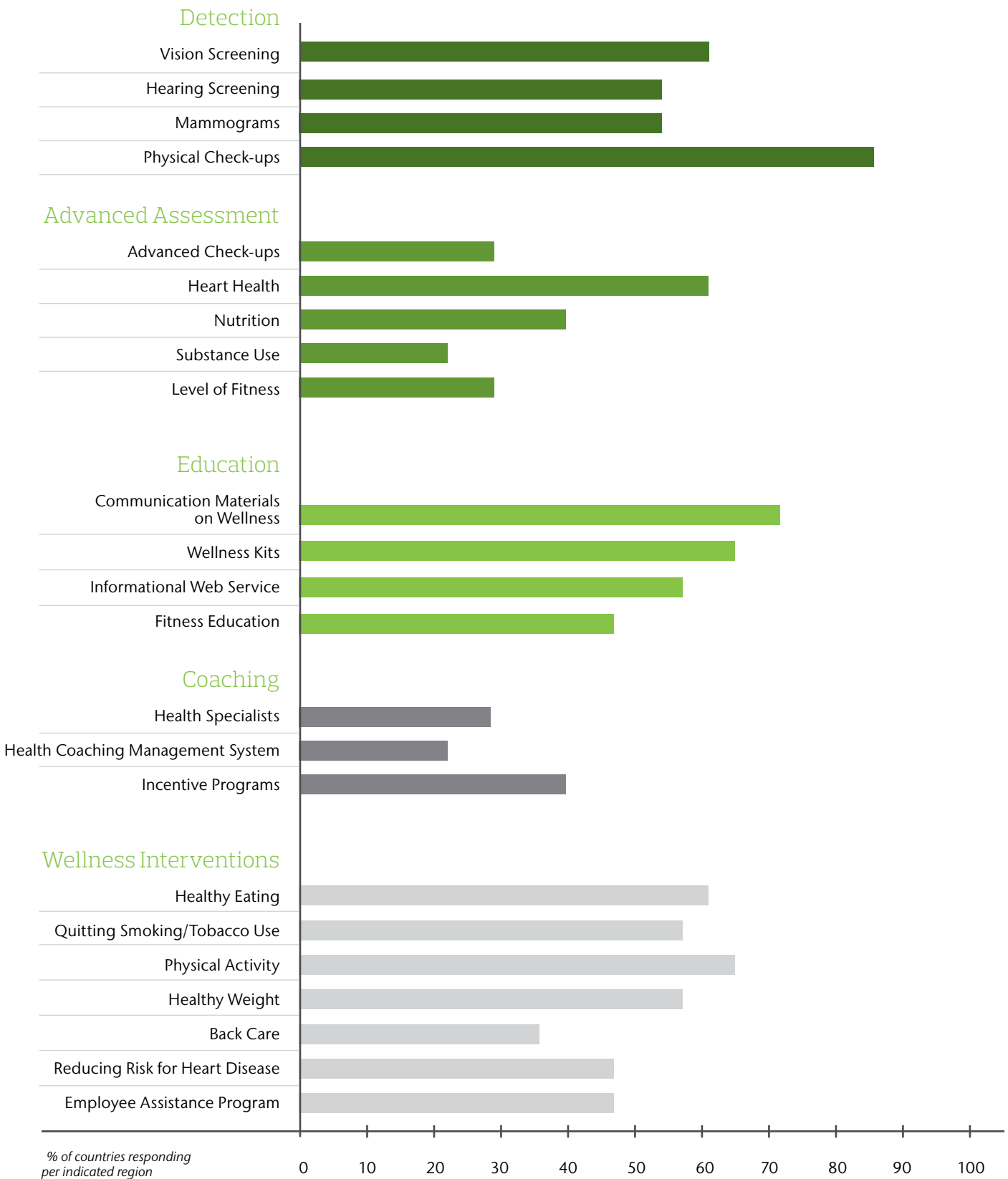


Exhibit 25: Wellness Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Regions

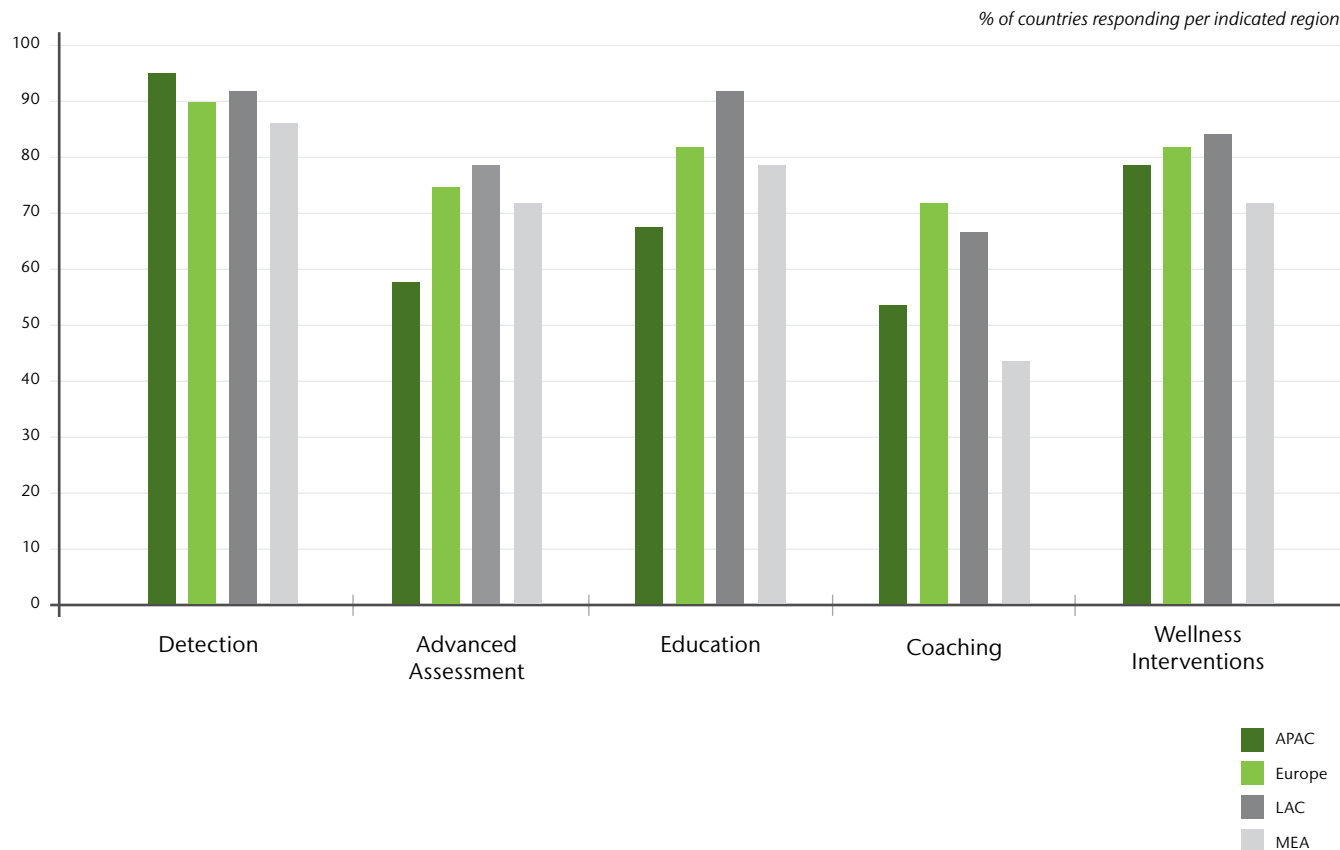


Exhibit 26: Detection Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region

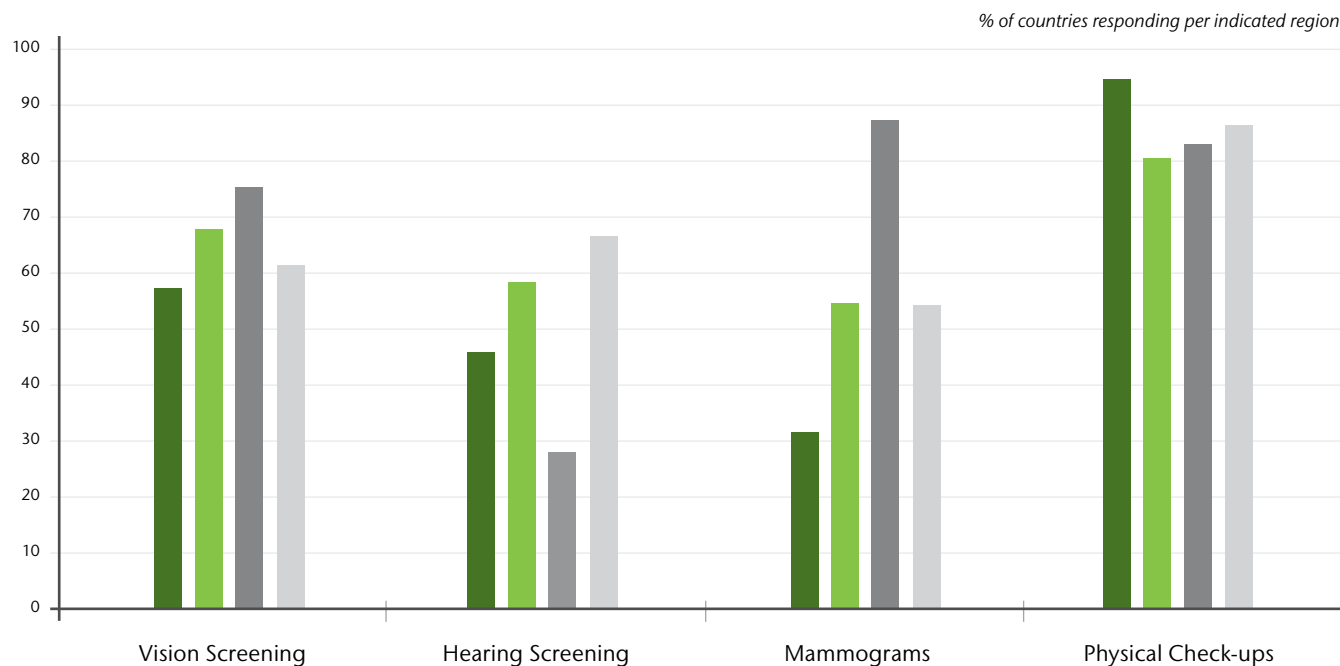


Exhibit 27: Advanced Assessment Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region

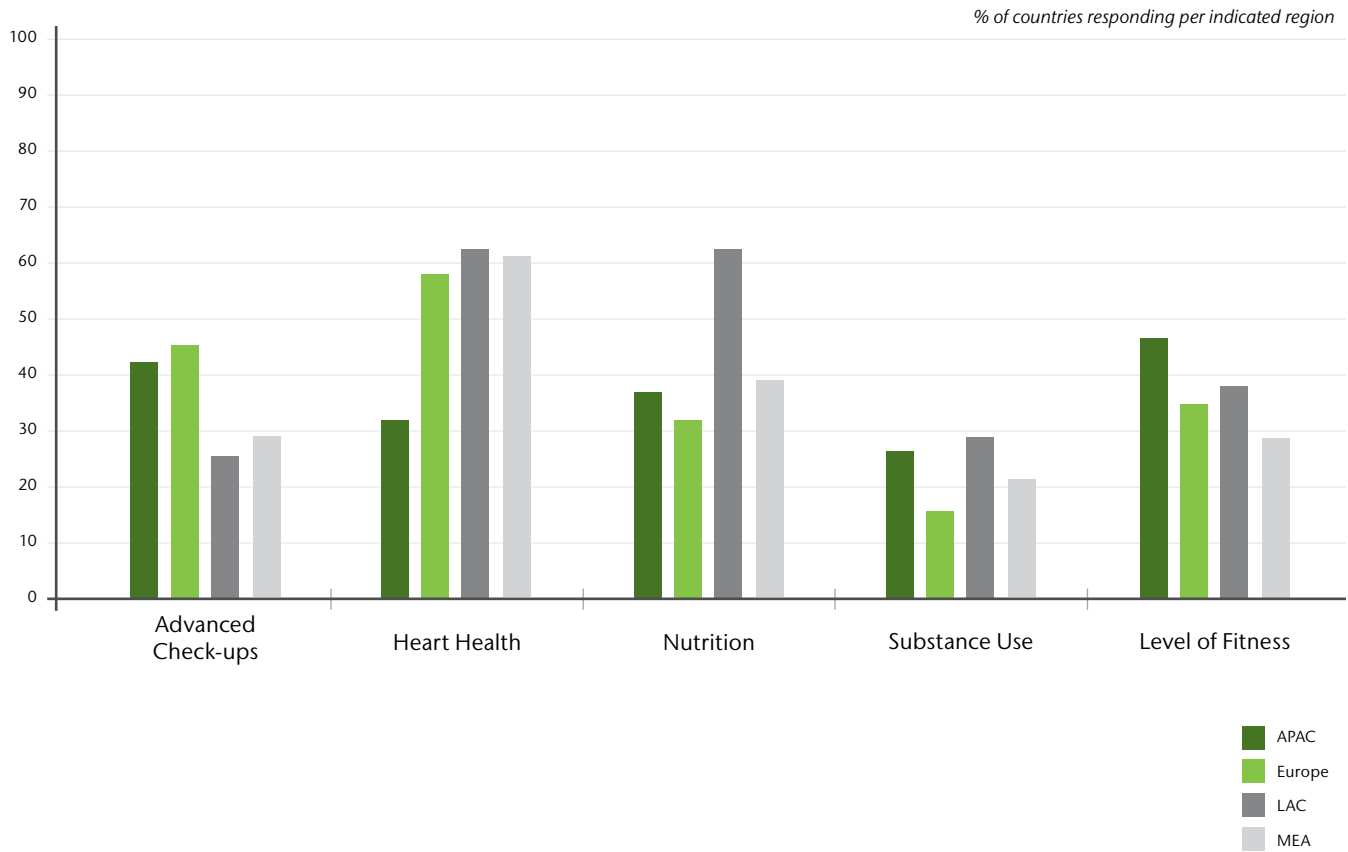


Exhibit 28: Education Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region

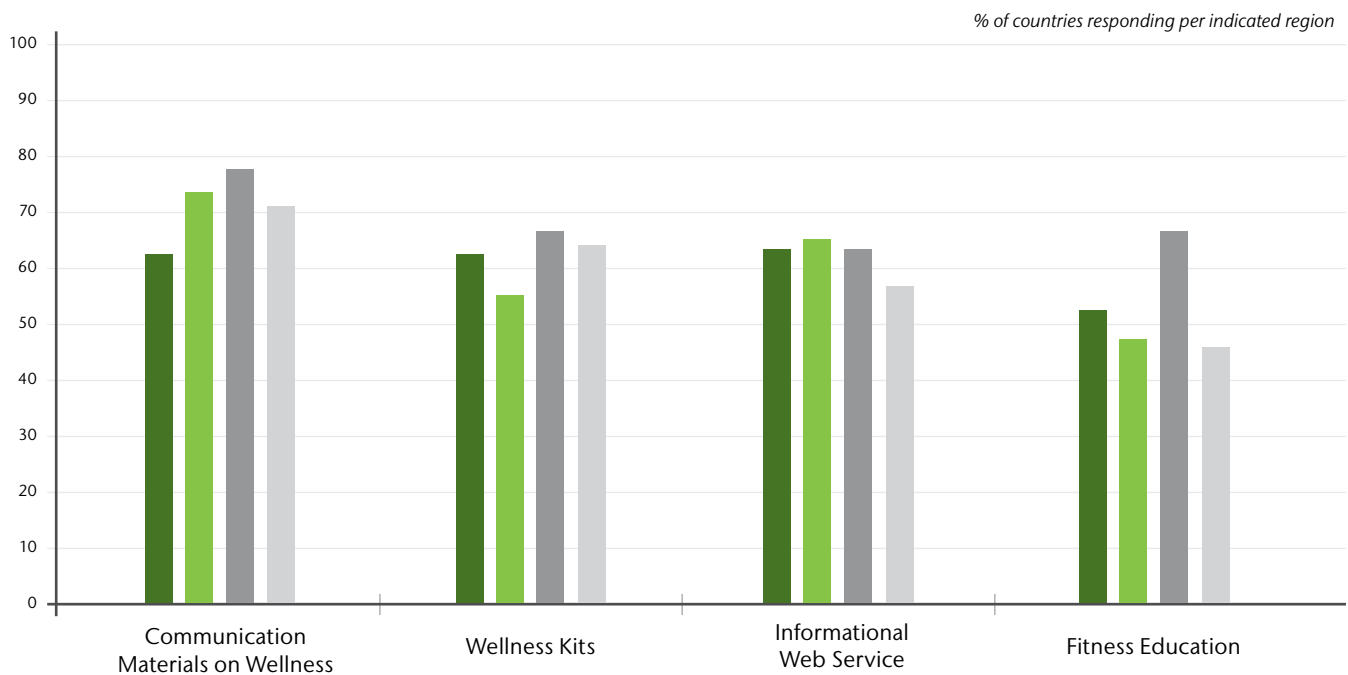


Exhibit 29: Coaching Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region

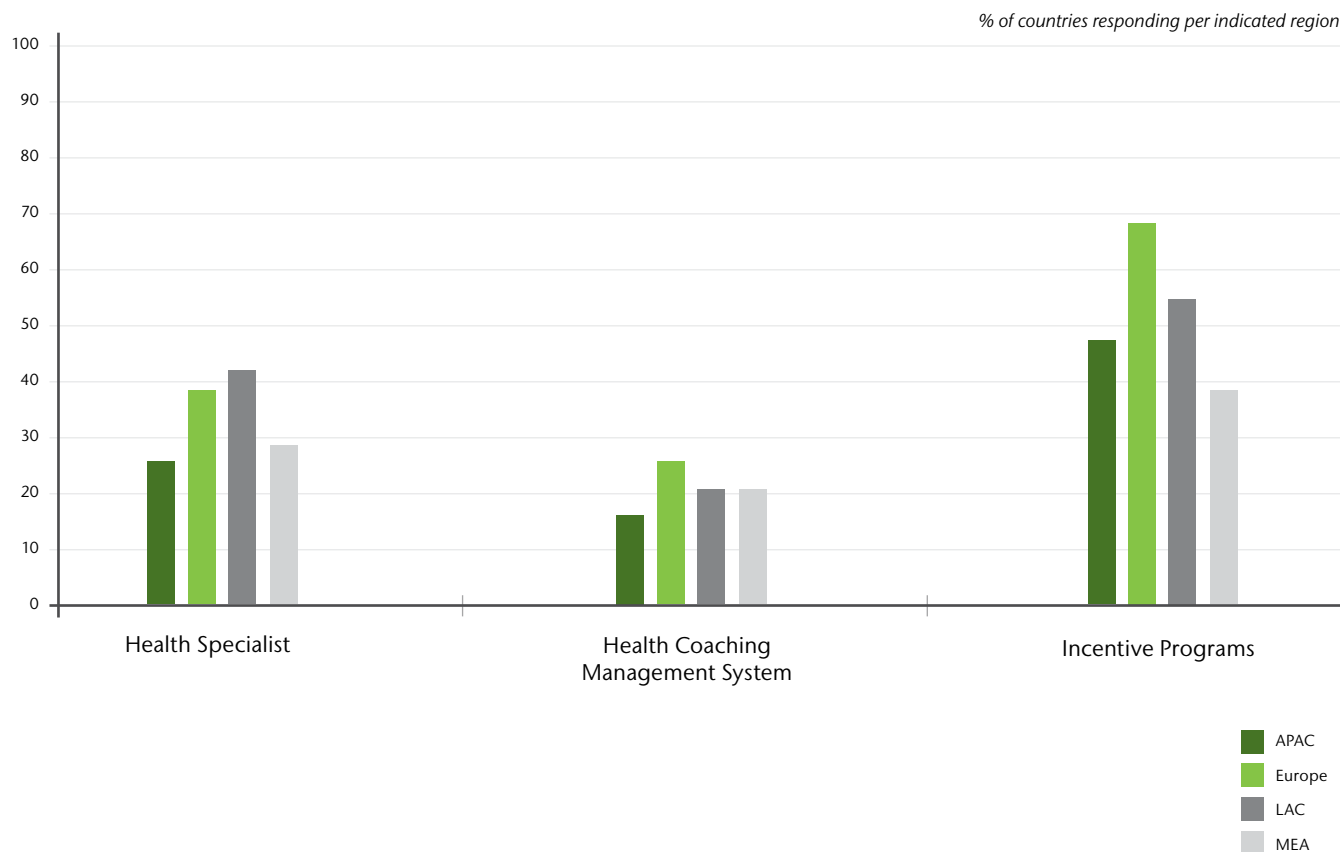
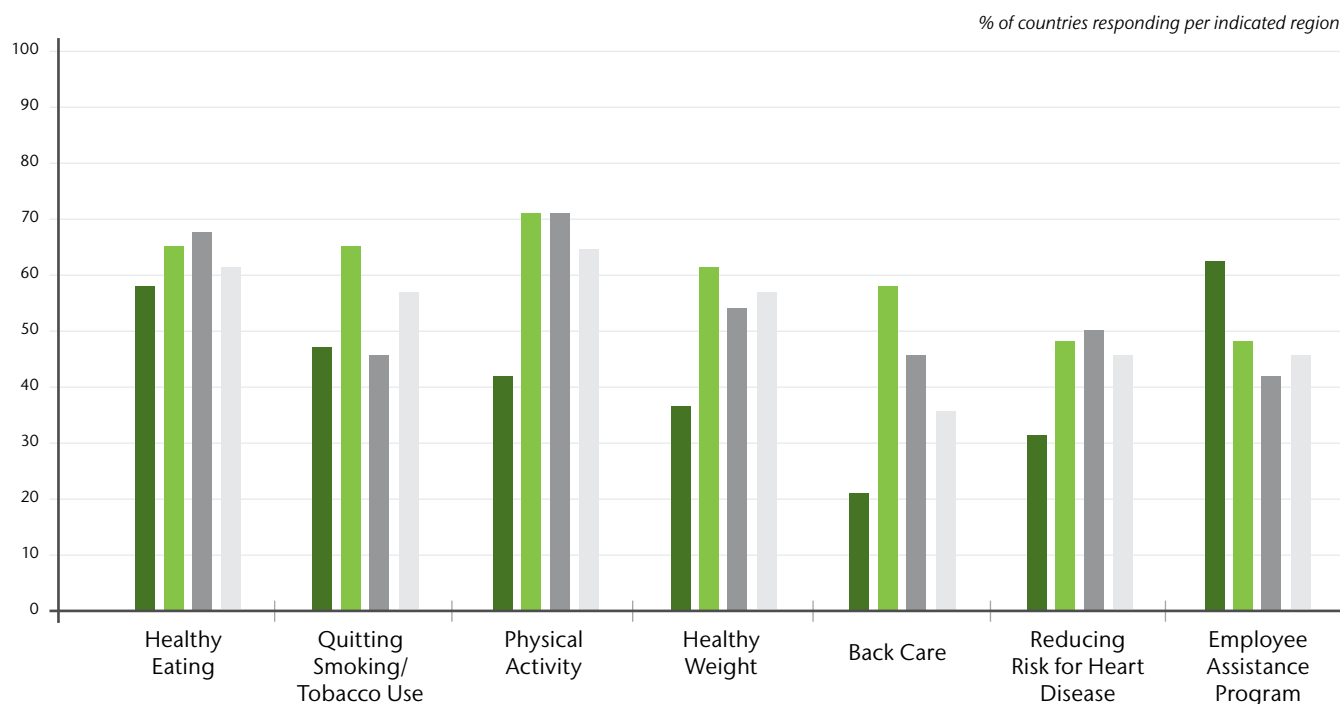


Exhibit 30: Wellness Intervention Programs Commonly Provided by Region

Reported as Commonly Provided by Geographical Region



Glossary of Terms

Coinsurance – A form of medical cost-sharing in a health insurance plan that requires an insured person to pay a stated percentage of medical expenses after the deductible amount, if any, was paid. In health insurance, an equivalent term is “percentage participation”.

Copayment (Copay) – A form of medical cost-sharing in a health insurance plan that requires an insured person to pay a fixed monetary amount when a medical service is received. The insurer is responsible for the rest of the reimbursement. There may be separate copayments for different services. Some plans require that a deductible first be met for some specific services before a copayment applies.

Access & Delivery Restrictions – Measures designed to incentivize plan members to seek care in a cost-effective manner (e.g. restrictions on the use of expensive hospitals, mandated use of general physicians prior to using specialists, avoidance of emergency rooms for non-emergency situations).

Cost-Containment Measures – Initiatives aimed at reducing or controlling over-utilization such as introduction of deductibles, copays, co-insurance in plan design, required use of referrals for expensive surgeries, and limitations on reimbursement per type of expense or medical service.

Deductible – A fixed dollar amount during the benefit period – usually a year – that an insured person pays before the insurer starts to make payments for covered medical services. Plans may have both per individual and family deductibles. Some plans may have separate deductibles for specific services.

Preferred Provider Organization (medical provider network) (PPO) – An indemnity medical plan where coverage is provided to participants through a network of selected health care providers (such as hospitals and physicians). The plan participants may go outside the network but would incur larger costs in the form of higher deductibles, higher coinsurance rates, or non-discounted charges from the providers.

Self-Insured Plan – A plan offered by employers who directly assume the financial risk of health insurance for their employees. Some self-insured plans bear the entire risk. Some self-insured employers insure against large claims by purchasing stop-loss coverage. Some self-insured employers contract with insurance carriers or third-party administrators (TPA) for claims processing and other administrative services; other self-insured plans are self-administered.

Stop-Loss – A type of reinsurance designed to transfer the loss from the ceding company to the reinsurer at a given point. A provision in a policy designed to cut off the insurance company’s loss at a given point. Aggregate benefits and maximum benefits are an example.

Third Party Administrator (TPA) – An individual or firm hired by an employer to handle claims processing, pay providers, and manage other functions related to the operation of health insurance. The TPA is not the policyholder or the insurer.

Mitigate – To make less severe; steps to eliminate further damage after a loss occurs.

Appendix

Technical Note

The trend rates shown in this report represent national averages and are the predicted increase in premium costs. Trend increases for a specific company may vary significantly from these trend rates due to regional cost variations, company plan design, company demographics, and other factors. In addition, insured rate increases may be higher or lower than these trend rates based on an insurance company's profitability, the plan's claims-loss ratio, the plan design, insured demographics, and other factors. It is important to note that these trend rates might not be appropriate for other purposes.

Medical Trend Rate is defined as the percentage of change in the cost of health care prior to any cost-containment measure undertaken by plan sponsors.

The components of health care trends that we have considered include:

- **Price inflation:** This is the projected annual change in the domestic retail consumer price index of the health care element in each country. In the absence of information on projected inflation for the medical plan component in any given country, we have used the change in the overall consumer price index.
- **Leveraging impact on fixed-amount elements of plan design:** This is the additional cost added to a health plan due to the leveraging effect of increasing expected claims on unchanging deductibles, copays, or out-of-pocket maximums.
- **Utilization:** This component reflects an increase in the demand for medical care services in response to factors such as increased access to medical services, plan design, participant age, and new medical technology and services.
- **Technology advances:** This reflects the change in cost due to new procedures, information, experience, and equipment replacing older techniques.
- **Cost shifting:** This reflects a provider of medical services, such as a government social health care program, transferring its cost to private-sector supplementary plans.

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement, and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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