

springbuk®

Employee Health Trends

2024

Mid-year Update



Mid-year Health Trends Update: Costs, Conditions, & the GLP-1 Drug Surge

In January 2024, Springbuk released our 5th annual [Employee Health Trends report](#), providing a comprehensive analysis of aggregate health data in our platform from more than 5,600 employer customers. 

Now, **at the mid-year point**, it's time to revisit the critical trends impacting employee health and employer costs.

This update dives into:

1. How did costs in the second half of 2023 unfold?
2. Were there any shifts in conditions driving high-cost claimants?
3. Which specialty drugs are driving Rx costs?
4. How are costs of GLP-1's affecting overall drug spend?

This update also provides a more in-depth analysis of the GLP-1 drug class, as we now have data spanning a longer timeframe to examine the surge of these drugs, treatments, and heightened attention on this topic.



These Trends Aren't Going Away It's Time to Take Action

If you've already started the ball rolling on addressing the issues from Employee Health Trends 2024, that's excellent news.

If you haven't tackled them yet, no need to worry. The trends we identified seem to be holding steady. That means you've got a great window here to start taking action.



With the insights in this update, now is the perfect time to put some new strategies in motion.





MID-YEAR UPDATE

A Recap of Where We Stood and Where We Landed

When compiling **Employee Health Trends**, our team follows a **top-down approach to gain a broad overview** before diving into granular details. This ensures a solid foundation for our analysis.

As we began preparing the mid-year update, the first question on our minds was: **“How did last year’s projections hold up, and where do we stand now?”**

Costs Continued to Climb

Looking back at the overall trend for 2023, our initial forecast anticipated a 5.7% increase in healthcare costs.

With the complete 2023 data now available for analysis, our team discovered that the year ended with a slightly higher increase of 6%.

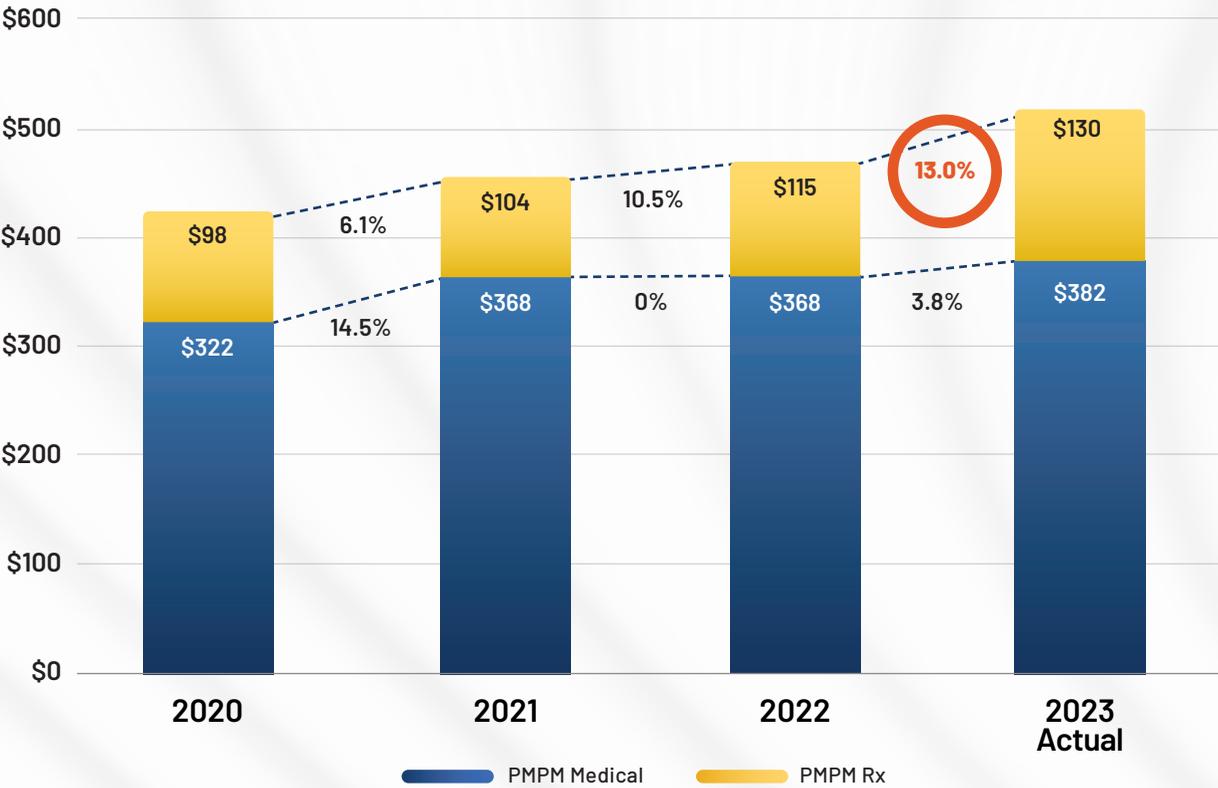


Diving Deeper into the Components:

Medical spend was predicted to rise by 3.8%, and the actual increase **aligned perfectly with our projection.**

Pharmacy spend was initially forecasted to surge by 11.3%, but the final figures revealed a steeper increase of **13.0%**; this higher-than-anticipated jump can be attributed to the rise in utilization of expensive brand-name and specialty drugs.

Total Plan Paid Per Member Per Month
Incurred Years

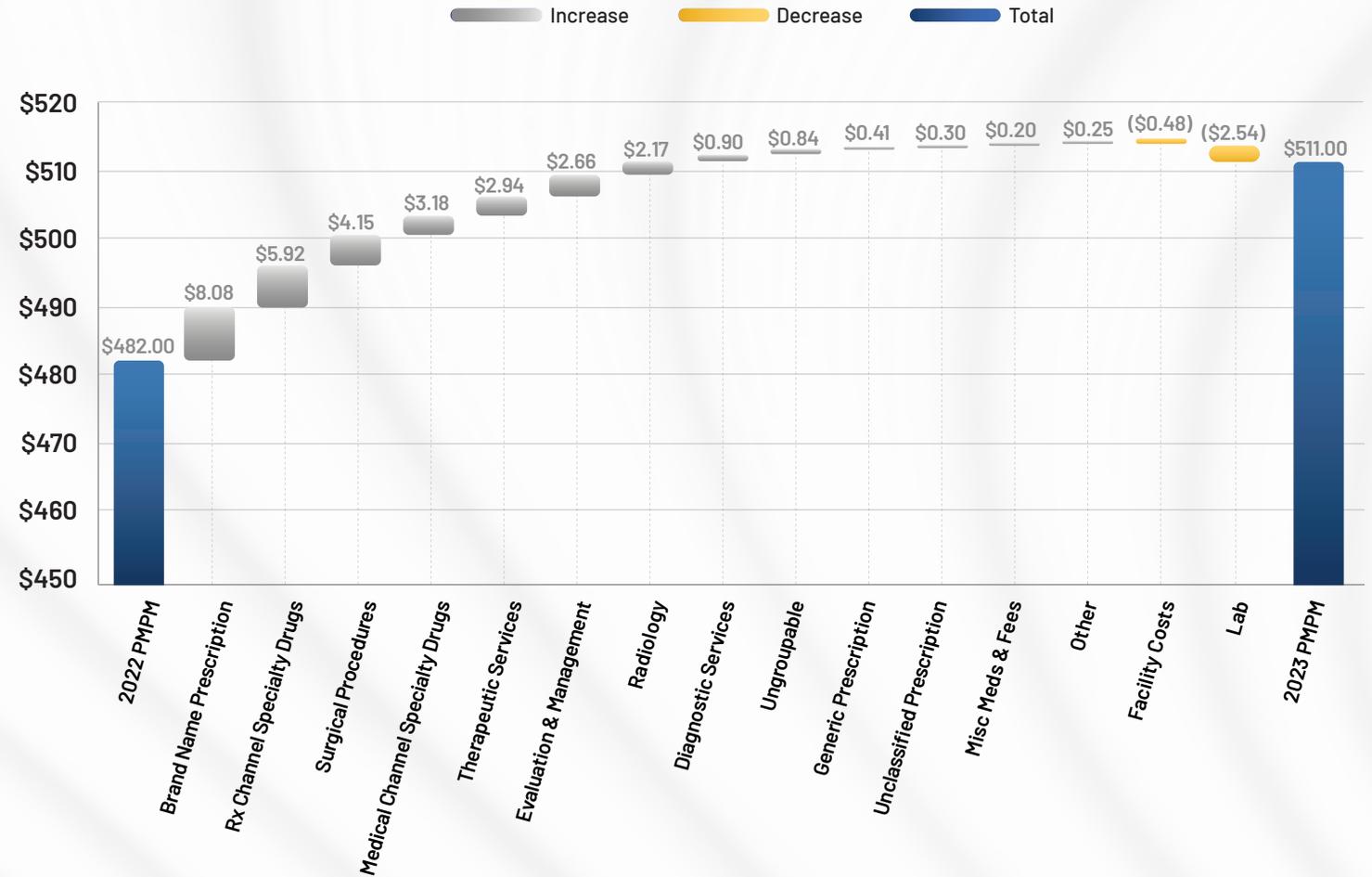


When we reviewed the data from the first half of 2023, we anticipated that the top three drivers of health trends would stay consistent with the previous year. **With the complete 12 months of data available, our prediction was validated.**

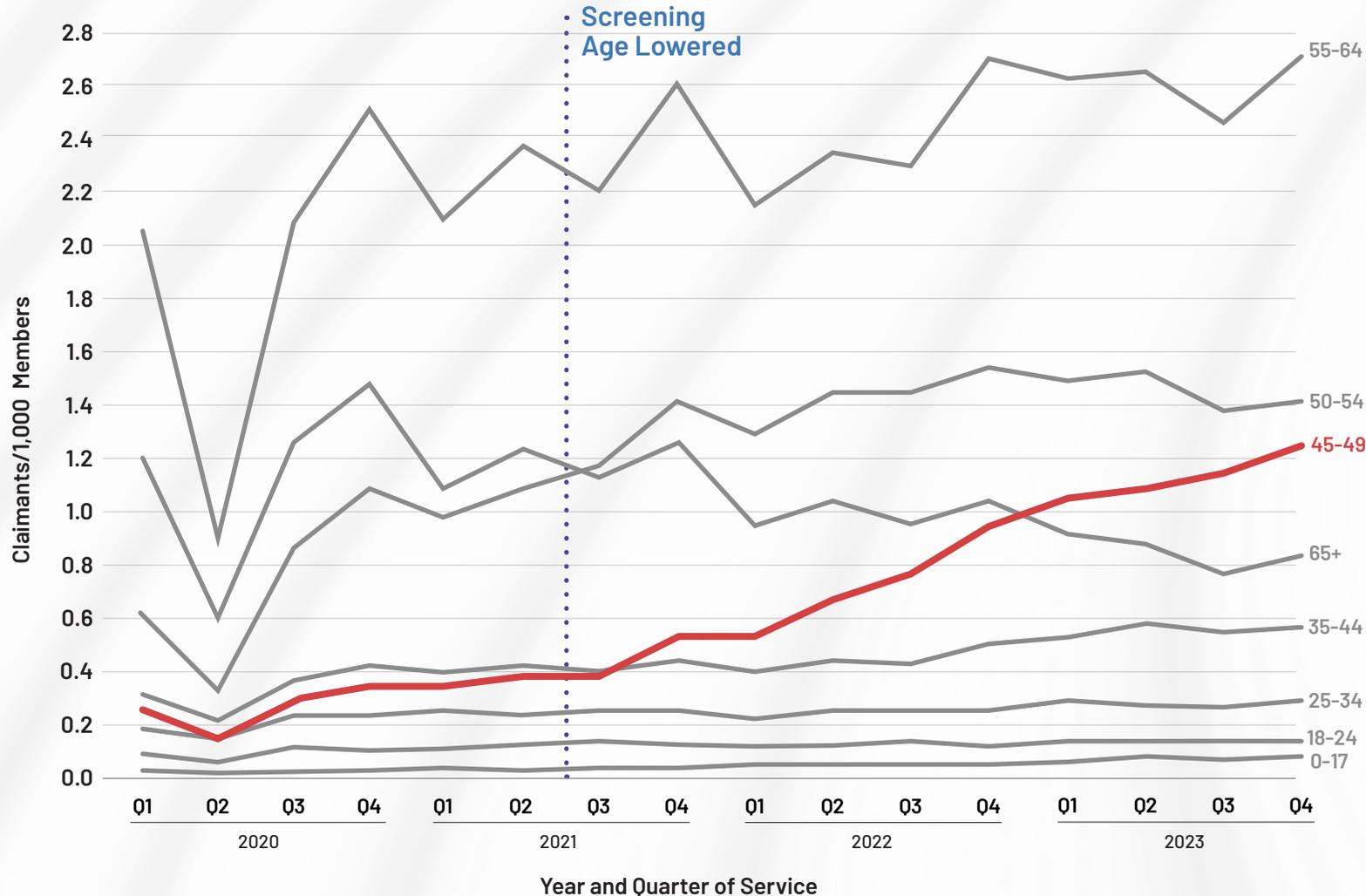
The **Three Primary Forces** Shaping Healthcare Trends in 2023 Were:

- 1 Brand Name Drugs
- 2 Specialty Pharmacy
- 3 Surgical Costs

Per Member Per Month Change by Service Classification
2022 - 2023 Incurred PMPM Change by Service Classification



Surgical Procedures: **Gastrointestinal** Colonoscopy with Surgical Procedure Trend by Age Group



Since the colorectal screening age was lowered from 50 to 45 in May 2021, **2022 saw a huge increase in colonoscopies with biopsies for 45-49-year-olds**. This trend continued through 2023.

Note: As colorectal screenings increase and impact surgical procedure cost for GI, **our experts deem this to be a good cost** - while payers will cover the cost of this screening for more individuals now (increasing cost in the short term), these screenings have the potential to have a positive, long-term impact.

MID-YEAR UPDATE



High-cost Claimants: The Ongoing & New Trend Drivers

We know high-cost claimants are still a headache for employers and their advisors. **For this mid-year update, our team focused on understanding whether any particular conditions had become more prevalent drivers of these costs based on different spending thresholds.**

Through their analysis and exploration, our data scientists and clinical experts uncovered the following insights.

What Are Top 10 Conditions Based on High-cost Claimant Threshold?

	\$50,000 - \$99,999	\$100,000 - \$249,999	\$250,000 - \$499,999	\$500,000 +
Most Common Condition  Least Common Condition	Psoriasis	Inflammatory bowel disease	Malignant neoplasm of breast	Leukemia
	Adult rheumatoid arthritis	Malignant neoplasm of breast	Malignant neoplasm of pulmonary system	Malignant neoplasm of breast ↑
	Inflammatory bowel disease	Ischemic heart disease	Inflammatory bowel disease ↑	Other neonatal disorders with perinatal origin* ↓
	Ischemic heart disease	Psoriasis ↑	Cystic fibrosis ↓	Multiple myeloma ↑
	Multiple sclerosis	Joint degeneration, localized - back	Multiple myeloma	Malignant neoplasm of pulmonary system
	Joint degeneration, localized - knee & lower leg	Multiple sclerosis ↓	Chronic renal failure ↓	Lymphoma ↓
	Diabetes ↑	Adult rheumatoid arthritis ↑	Ischemic heart disease	Malignant neoplasm of genitourinary system** ↑
	Malignant neoplasm of breast	Malignant neoplasm of pulmonary system	Other neonatal disorders with perinatal origin* ↑	Malignant neoplasm of skin, major ↑
	Joint degeneration, localized - back ↓	Chronic renal failure ↓	Leukemia ↑	Sepsis ↓
	Pregnancy, with delivery	Leukemia	Lymphoma ^{NEW}	Other metabolic disorder ^{NEW}

High drug costs and surgical costs (highlighted in grey) dominate the top conditions with lowest cost thresholds.

Cancers (highlighted in yellow) dominate top conditions with highest cost thresholds.

Changes Since the Original Report

\$50,000-\$99,999 Update:

Joint degeneration, localized - back dropped in rankings

\$100,000-\$249,999 Update:

Adult rheumatoid arthritis increased in rankings

\$250,000-\$499,999 Update:

Inflammatory bowel disease moved up in ranking, and lymphoma replaced malignant neoplasm of GU system

\$500,000+ Update:

Other metabolic diseases replaced hemophilia; 7 of the top 10 conditions are cancers

- › Specialty drugs and surgical procedures remain the key services driving high-cost claimants in lower thresholds
- › Facility/inpatient costs and medical specialty drugs are still the top contributors to spend in higher thresholds tied to cancers
- › Cancers continue to dominate the conditions driving the highest-cost claimants (those over \$250K)

*Neonatal disorders with perinatal origin (e.g. respiratory distress)

**Except prostate

↑↓ Arrows indicate an increase or decrease in ranking from previous reporting period

^{NEW} Indicates a new entry in the top conditions chart

3

MID-YEAR UPDATE

Analyzing Rx Costs for Actionable Insights

Benefits costs continue to skyrocket. There's a new treatment option everywhere you look. And employee needs shift overnight.

It's no wonder employers feel the odds are stacked against them.

To help benefits leaders regain control over their programs and plan for 2025, our analysts searched for patterns driving the rise in prescription (Rx) costs.



Rx Per Member Per Month Trend by Drug Type



- Over the past four years, Rx costs have surged 42%, reaching \$131 per member per month (PMPM)
- The primary contributors to this increase are specialty drugs and brand-name maintenance drugs, which are crucial for treating chronic conditions.
- Notably, in the past year, the PMPM for brand-name maintenance drugs has grown at a faster rate than that for specialty drugs, with increases of 15.5% and 9.8%, respectively

MID-YEAR UPDATE

The Soaring Costs of GLP-1 Agonists: A Closer Look at Obesity & Diabetes Treatment

The Employee Health Trends 2024 report unveiled a striking revelation: **Five conditions accounted for 75% of the increased prescription drug spending from the previous year**, with diabetes and obesity among the top contributors.





Diabetes
Diagnosis

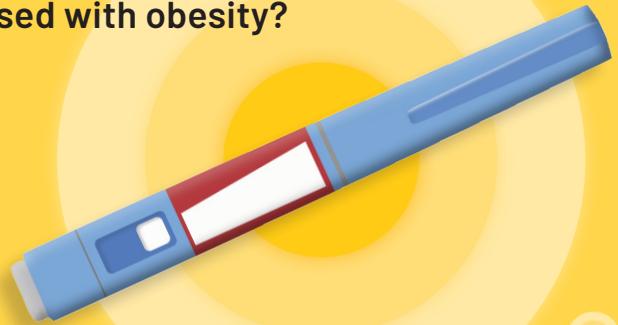
VS

Obesity
Diagnosis

Diving deeper, our analysis revealed that three of the top five drugs driving the net change in costs per member per month (PMPM) were GLP-1 agonists.

At the time of the report's publication, several top-ranked GLP-1 agonist drugs were relatively new to the market.

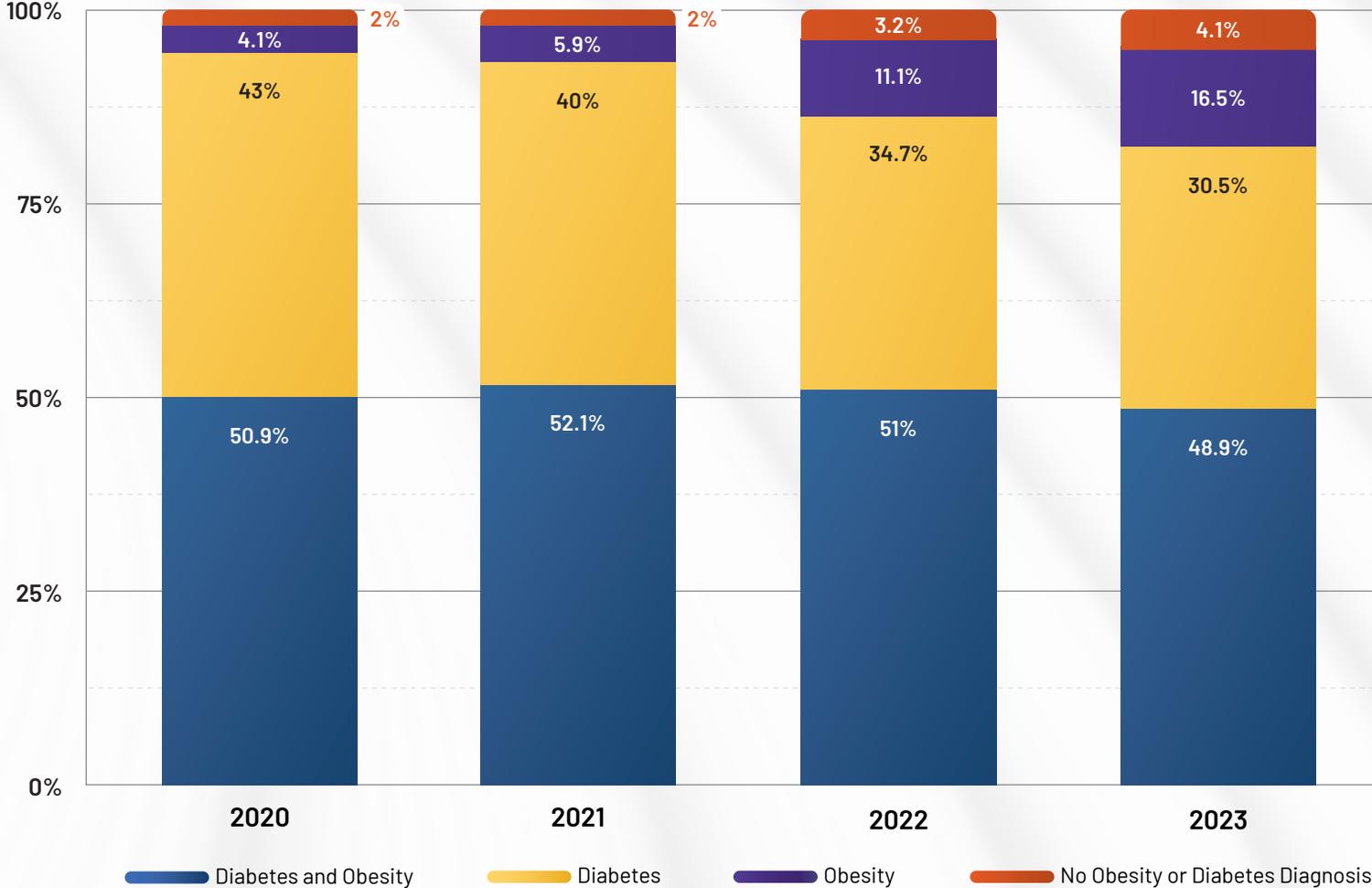
With six additional months of data, our curiosity was piqued—we knew there was a jump in GLP-1 utilization, but **how much was attributed to treating those diagnosed with diabetes vs. those diagnosed with obesity?**



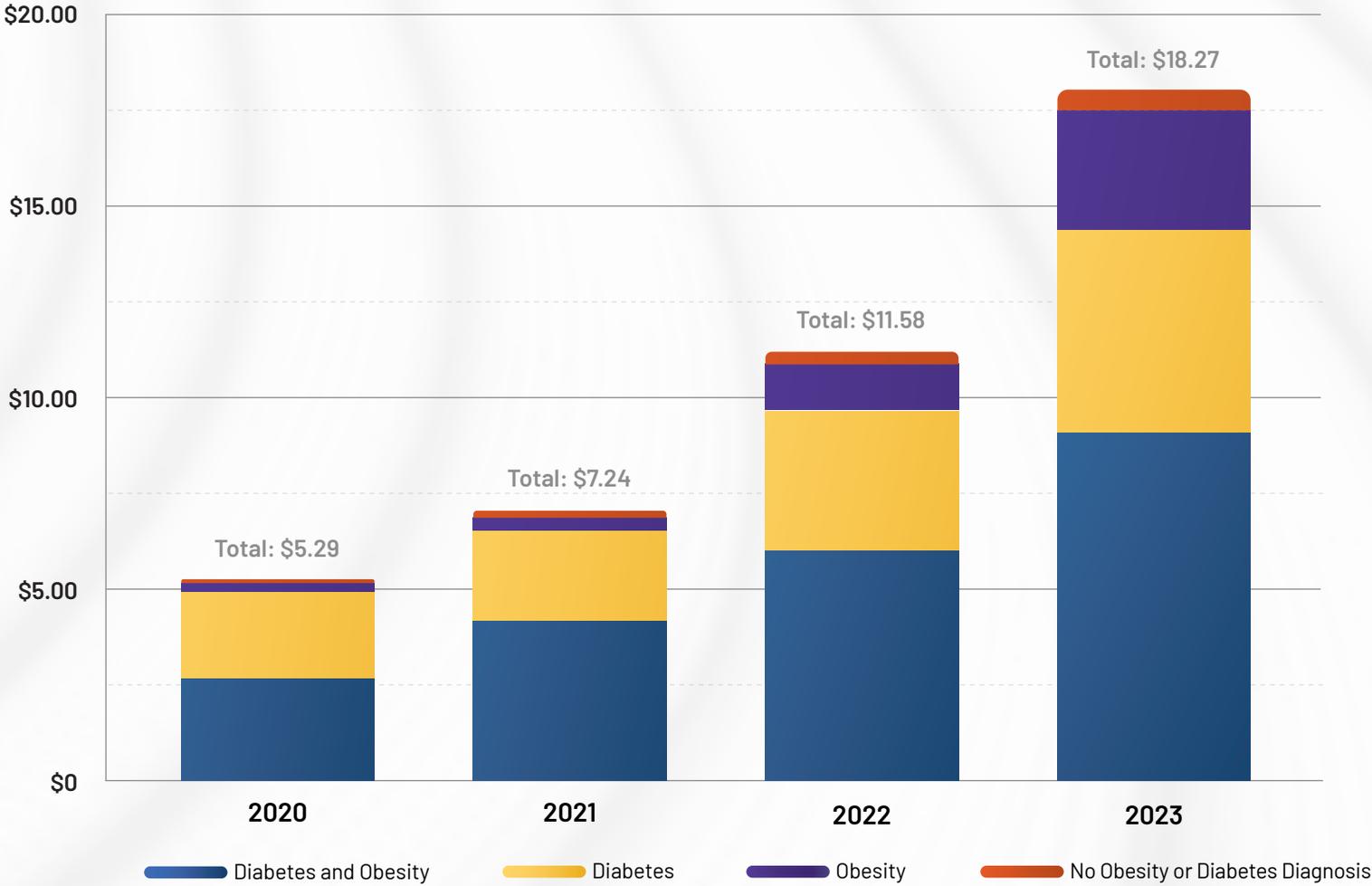
Contribution to total spend on GLP-1s for members with obesity without a diabetes diagnosis continues to grow – now constituting almost **16.5%** of spend on these drugs compared to 11% in 2022 and just 4% in 2020.

16.5%

Percent of Total GLP-1 Spend by Condition



GLP-1 Agonist PMPM Trend By Member Condition(s)



Our team uncovered that GLP-1 spend increased by more than **\$6.70 PMPM** between 2022 and 2023. Furthermore, since 2020, total GLP-1 spend has increased by almost **\$13 PMPM**.

\$6.70
In the Last Year

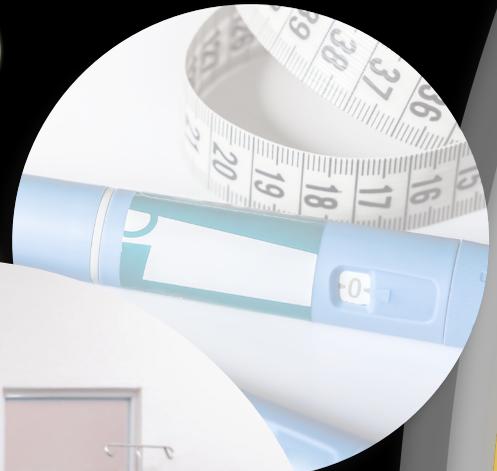
Evaluating the Role of **GLP-1 Agonists** in Obesity Treatment

Obesity is a well-established risk factor for numerous chronic conditions, and evidence suggests that effective obesity treatment could potentially reduce the risk of developing these associated implications.

We readily acknowledge the need to manage potentially preventable conditions like diabetes and cardiovascular disease that stem from obesity rather than investing in treating obesity.

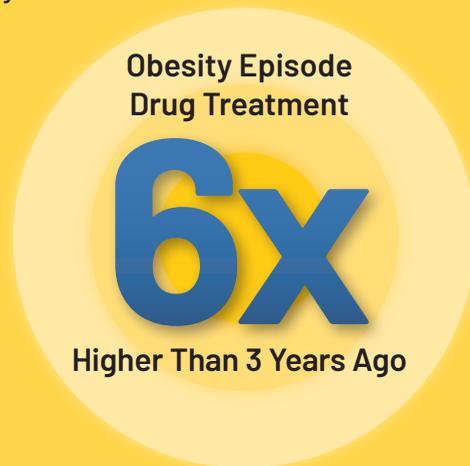
In this landscape, GLP-1s could be game-changers in your approach to combating obesity.

Nonetheless, these treatments come with a high price tag, underscoring the need for a **balanced and cost-effective strategy that simultaneously prioritizes preventive care and disease management.**



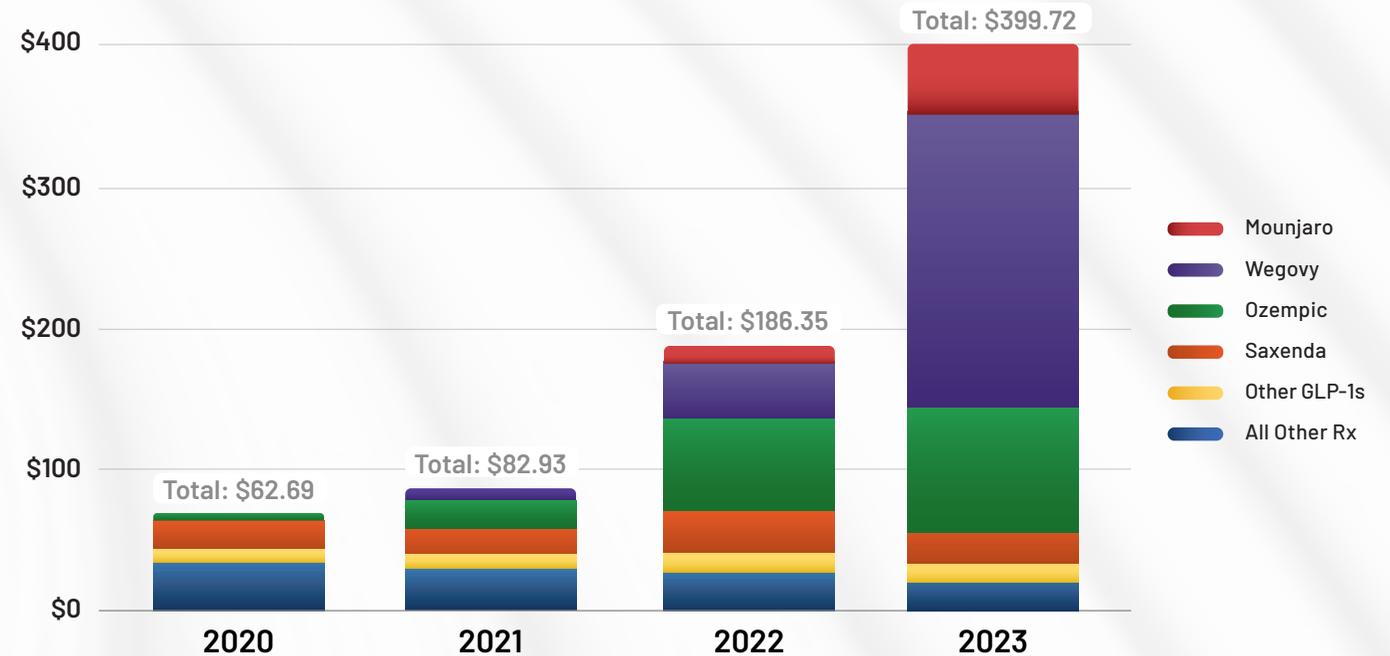
To help employers prepare for the potential of a multi-faceted approach to treating obesity, **our team analyzed the 2023 total plan paid amounts for GLP-1 drug treatment and found:**

- › Spend on drug treatment within obesity episodes is **over 6x what it was 3 years ago**
- › **About half of spend in the most recent year is for Wegovy**, which is approved for the treatment of obesity



- › **Close to 40% of spend was for GLP-1 agonists** that are being used off-label for treatment of obesity
- › Zepbound, released in late 2023 for treatment of obesity, is included in "Other GLP-1s" - **it accounted for <\$1 per year per claimant**

Average Rx Annual Paid Amount per Claimant
Obesity Episodes





Mid-year Key Takeaways

3

Organizations may benefit from exploring partnerships with clinical program providers specializing in identifying pharmacy cost-saving opportunities. [Springbuk Activate](#) offers employers and benefits advisors visibility into potential savings through integrated pharmacy solutions, enabling improved decision-making based on employers' own data.

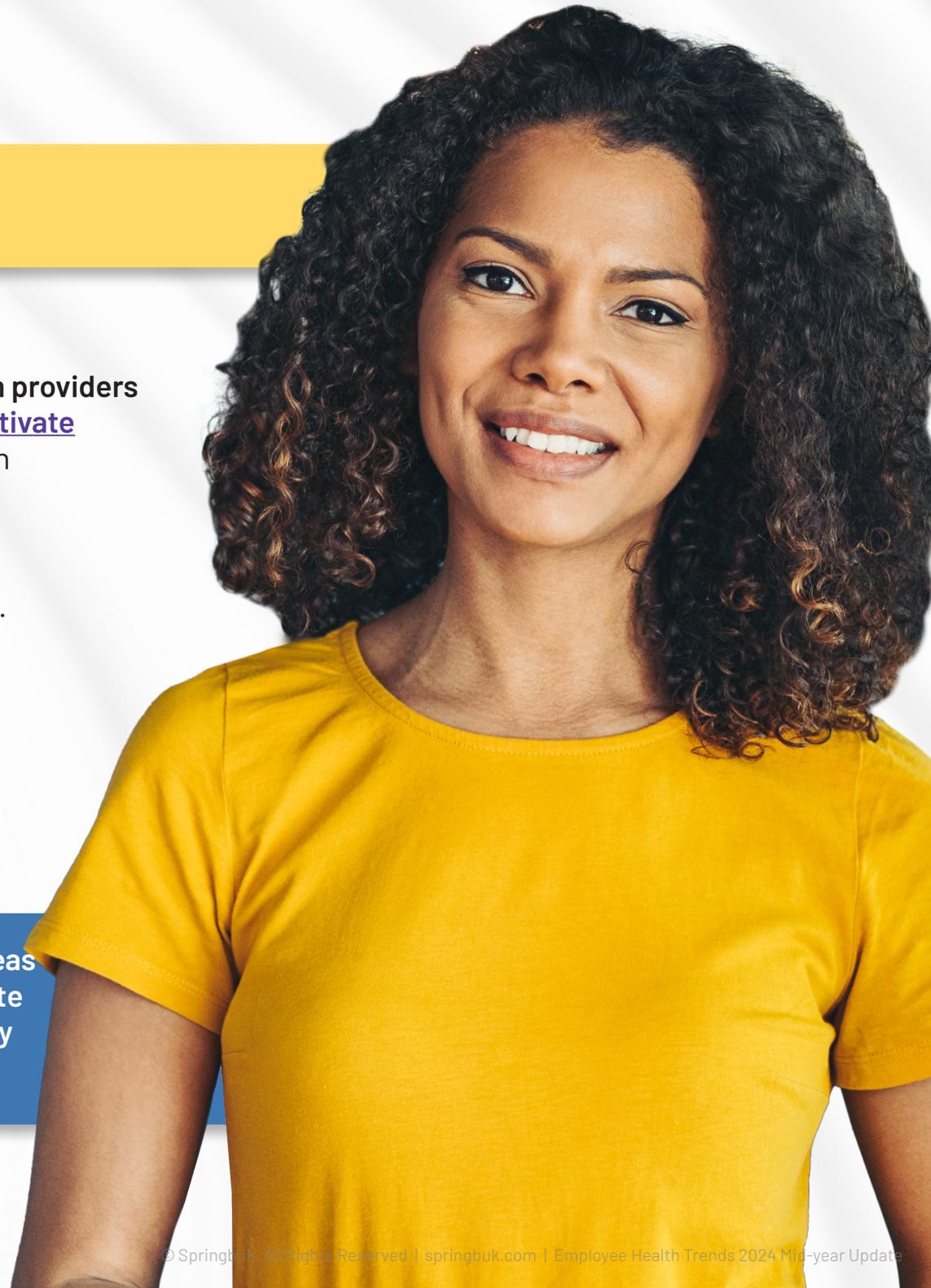
4

Consider a comprehensive strategy to address rising obesity treatment costs. **This could involve partnering with clinical programs that take a holistic approach, combining:**

- › Step therapy protocols to ensure cost-effective medication use
- › Lifestyle interventions
- › Disease management strategies



Springbuk Insights™ allows customers to pinpoint potential savings and areas for program engagement related to obesity. Then, the Springbuk Activate marketplace connects employers with suitable partners to manage obesity through an evidence-based, multifaceted approach.





Unlock the Power of Your Health Data

Your health data holds the key to tailored employee benefits and cost optimization. **Harness its insights to craft offerings catering to your workforce's unique needs while fortifying your organization's financial health.**

[Download Employee Health Trends 2024](#) now to unlock the full potential of your data. Transform your benefits strategy and drive employee well-being and organizational success.



Learn more at springbuk.com

