

Employee Health Trends

2025



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Employee Health Trends 2025

The Total Medical and Rx Plan Paid trend rose 2.5% in 2022 after another year of dramatic increases in brand name and specialty pharmacy drug spend and utilization.

progressive narrative?

With our Historian hats on, we found key events quickly presented themselves, building a timeline of drug development, health plan shifts, and events essential to shaping the healthcare industry we know today.

Year 1 Year 2 Year 3 Year 4

Category	Year 1	Year 2	Year 3	Year 4
Diabetes and Obesity	\$2.99	\$6.63	\$1.02	\$10.10
Diabetes	6.1%	13.1%	19.2%	26.1%
Obesity	0.5%	3.5%	1.8%	4.0%
Inhaled and Injectables				
Specialty Pharmacy				
Medical				
Pharmacy				
Medical				
Pharmacy				
Medical				
Pharmacy				
Medical				
Pharmacy				
Medical				
Pharmacy				

See to 42% (\$6.4K) in the last two years, and a whopping 272% (\$9.8K) in the last four years. \$1.9* represents new account for close to 85% of all Rx drug spending.

FUTURE
PRESENT

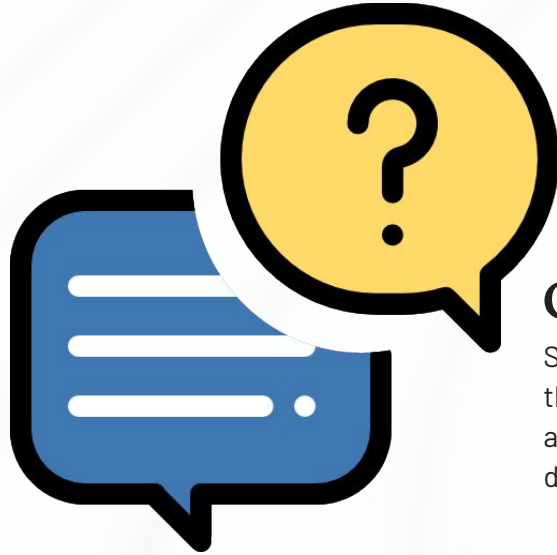
From reactive care to proactive, whole-person wellness

From gut feelings to data-driven decisions



Recording

Today's webinar is being recorded and will be available on-demand following the event.



Q&A

Submit your questions throughout the presentation and we will answer at the end during the Q+A.

Today's Speakers



Janet Young, M.D.
Clinical Analytics Advisor



Chris Gagen
Senior Director, Solution Management



Nicole Belles
Senior Vice President, Product

Today's Agenda



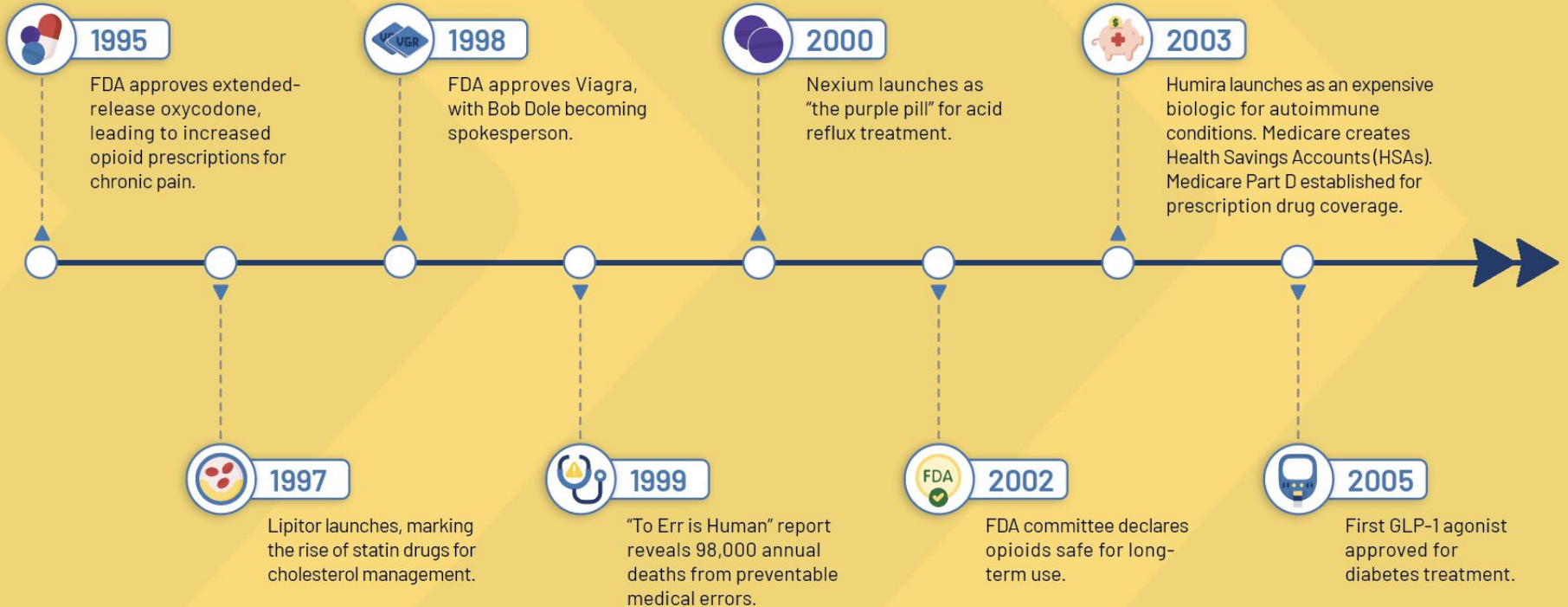


The Evolution of Benefits



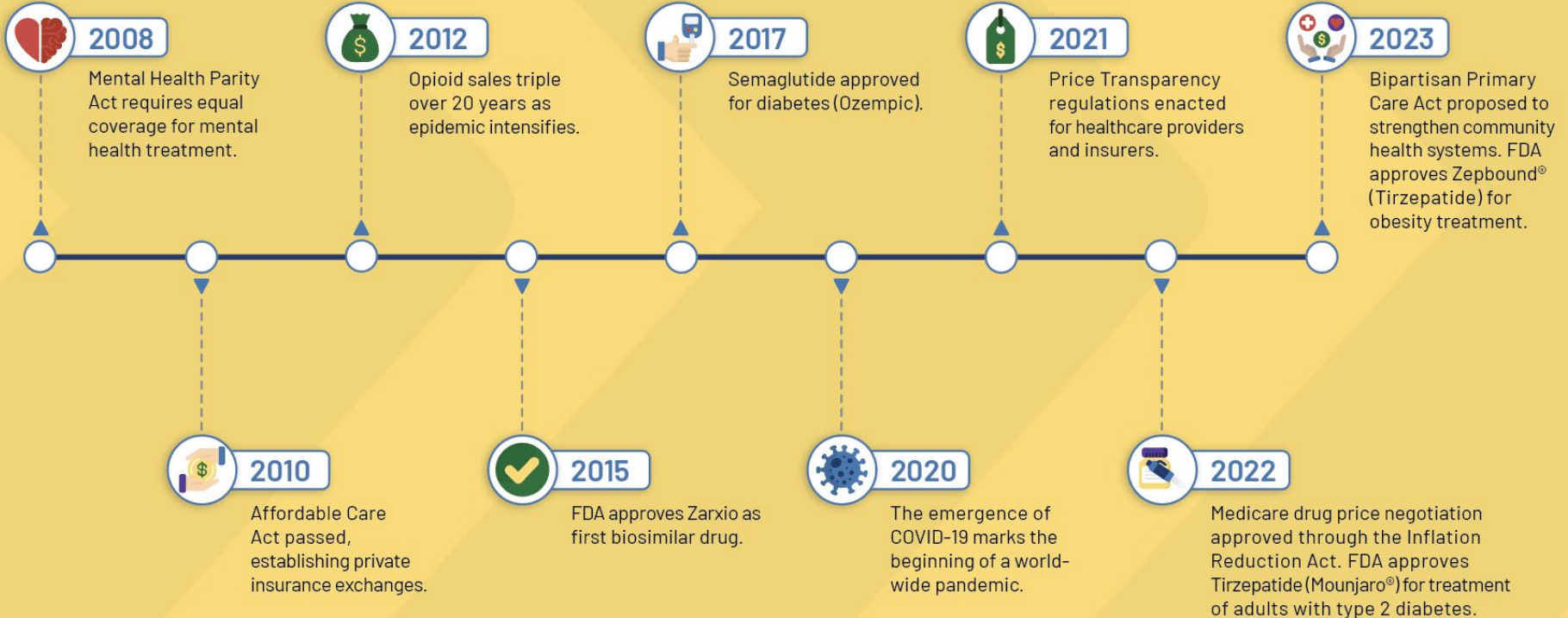
Healthcare Timeline: Key Events & Developments

1990's - Early 2000's



Healthcare Timeline: Key Events & Developments

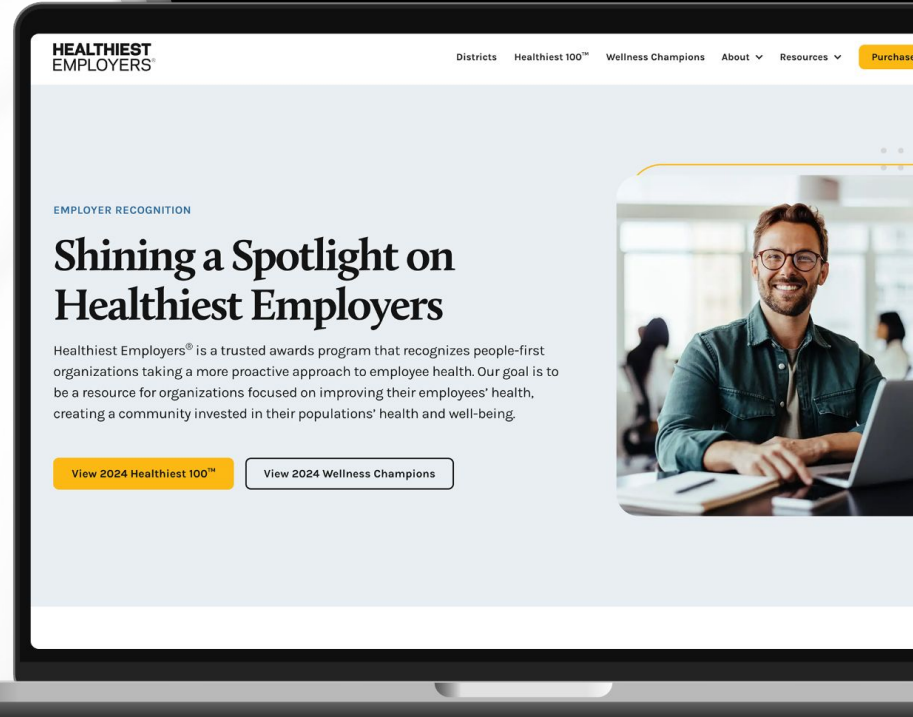
2010's - Present



Healthiest Employers

Over the past decade, the Healthiest Employers® has celebrated the Healthiest 100™ Workplaces in America as part of their national awards program, administered by Springbuk.

This program honors the “best of the best” in corporate health and wellness.



Healthiest Employers - Key Trends



Workplace Structure & Employee Support: The Hybrid Revolution

-) **The New Normal of Work**
 -) 43.8% operate on hybrid schedules, reflecting a major shift in workplace culture
-) **Family-Centric Benefits Expansion**
 -) Family planning benefits reached **59%** (up 6.6% from 2023), showing increased recognition of work-life integration



Mental Health Investment: Beyond Basic Coverage

-) **Comprehensive Support Infrastructure**
 -) Near-universal EAP adoption at **97.8%** shows mental health is no longer optional
-) **Expanded Condition Coverage**
 -) High coverage across common conditions: Stress (**98.6%**) and Anxiety (**97.8%**) nearly universal



Financial Wellness: A Holistic Approach

-) **Professional Financial Guidance**
 -) 92.2% provide financial advisor access, recognizing financial stress impacts
-) **Tangible Financial Benefits**
 -) HSA/HRA contributions increased to **81.4%**, supporting healthcare cost management

Healthiest Employers - Key Trends



Data-Driven Decision Making: The Analytics Revolution

- › **Sophisticated Data Infrastructure**
 - › 66% now use data warehouses, up 5.1% from 2023
- › **Strategic Health Analytics**
 - › 82% track total healthcare spending



Disease Management & Innovation: Targeted Health Interventions

- › **Comprehensive Condition Management**
 - › Diabetes management leads at 89%
- › **Revolutionary Weight Management Approaches**
 - › First-time tracking of **GLP-1 coverage** shows industry evolution



Social Determinants of Health: Understanding the Whole Person

- › **Dramatic Shift in Health Assessment**
 - › Healthcare resource evaluation **jumped to 74.8% from 32.8%** in 2020
- › **Expanded Evaluation Criteria**
 - › Demographics tracking at **50%**

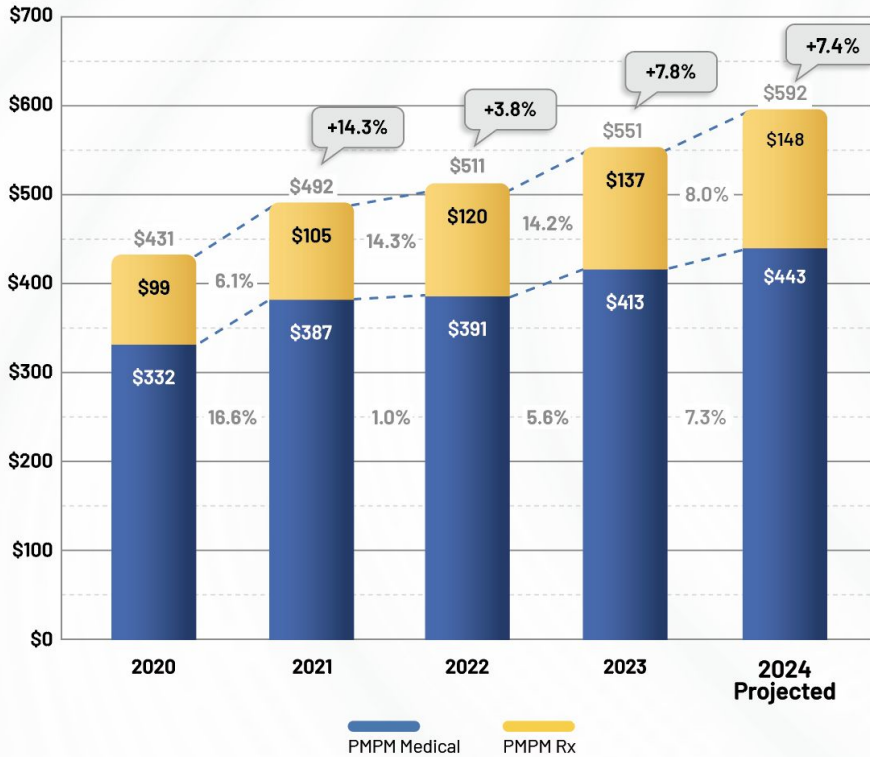


1

Healthcare Cost Drivers



Total Plan Paid PMPM Incurred Years



Annual Trends

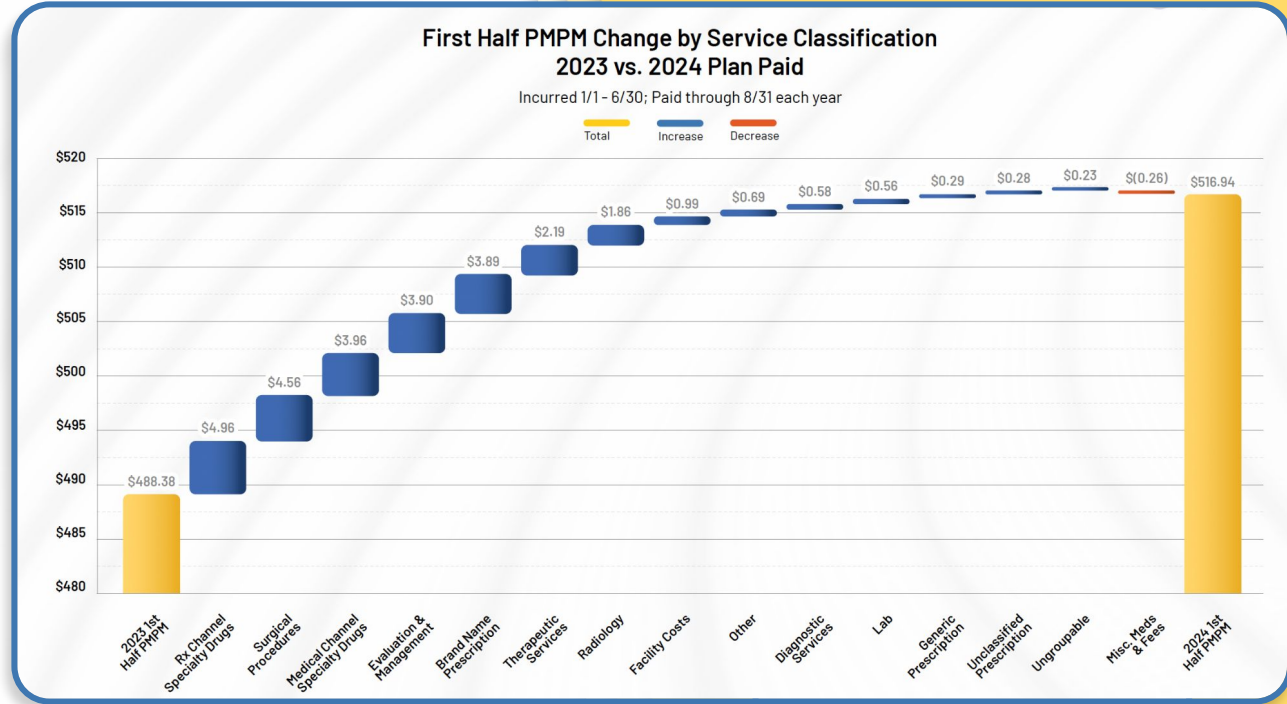
7.4% projected for year end 2024

- › Pharmacy PMPM trend increasing but slowing down (8% vs. 14%)
- › Medical trend highest since 2021(7.3%)

Key Drivers of Annual Trend

Top drivers include increases in:

- › Rx Channel Specialty Drugs
- › Surgical Procedures
- › Medical Channel Specialty Drugs



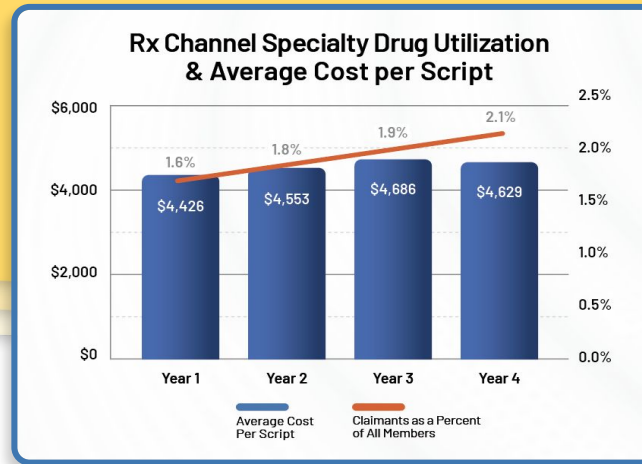
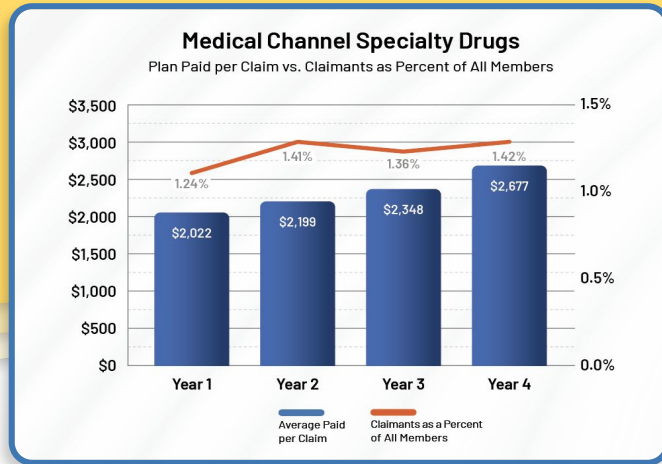
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Prescription for Clarity

What is Driving Increased Spend on Specialty Drugs?

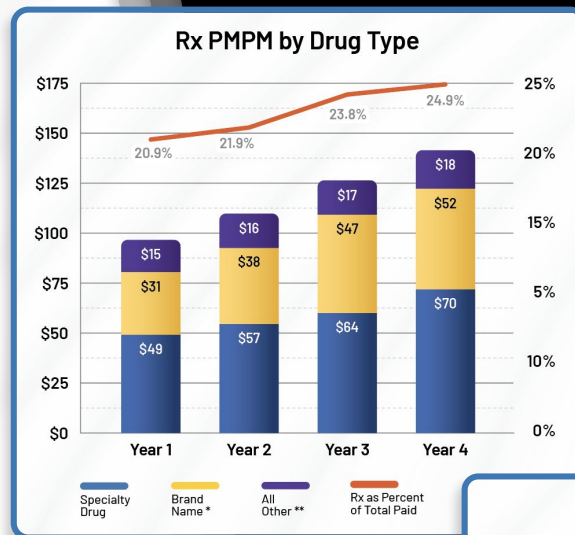


Year 1: July 2020 – June 2021
Year 2: July 2021 – June 2022
Year 3: July 2022 – June 2023
Year 4: July 2023 – June 2024

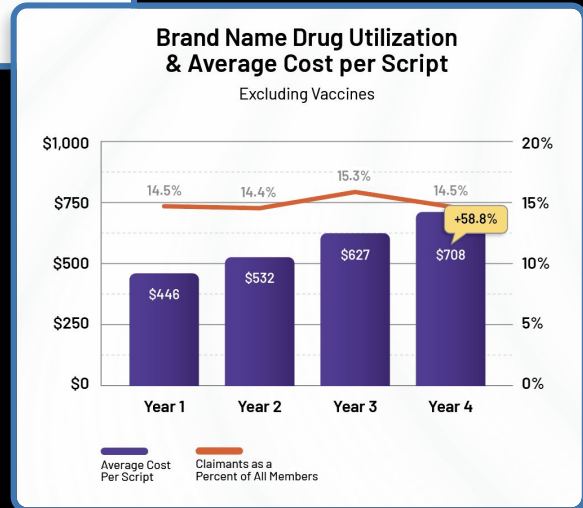
- Medical channel specialty drug spend increased by 11.2% and Rx channel specialty drug spend increased by 8.2% in the last 2 years
- Increased medical channel specialty drug spend is being driven by increasing cost per claim, largely due to drugs used in cancer treatment
- Increased Rx channel specialty drug spend is being driven by more members using these drugs, due to increased prevalence of inflammatory conditions, impact of advertising, provider comfort prescribing and expanded uses of specialty drugs

How are Brand Name Drugs Impacting Drug Spend?

- Brand name drug spend increased over \$5 PMPM in the last two years, but rate of increase is slower than in prior years
- GLP-1 agonists are classified as brand name drugs in our analysis
- Most of the increased spend on brand name drugs is due to increase in average cost per script. This is largely due to change in mix of drugs - most notably increased use of GLP-1 agonists

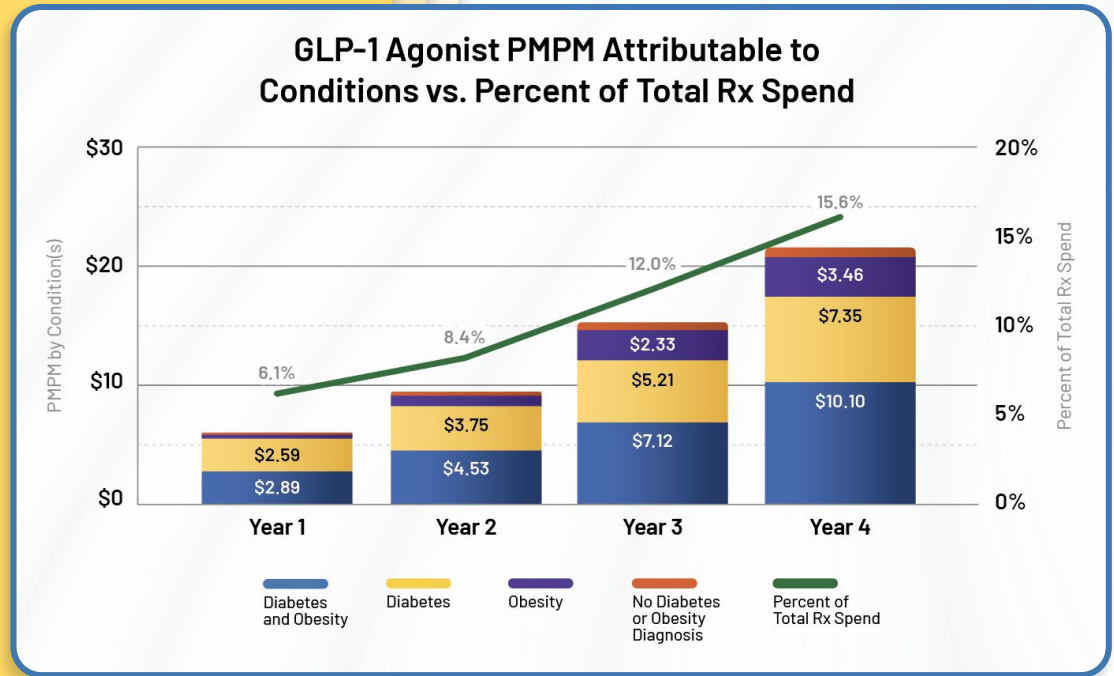


*Brand name drugs excluding vaccines. These are excluded due to their outsized impact on stats for utilization, cost per claimant, etc.
 **Includes supplies, generic drugs and vaccines.



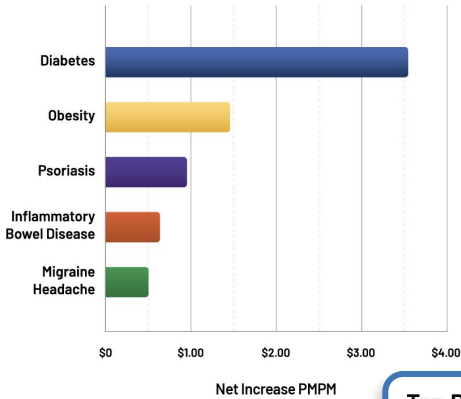
GLP-1s are the Biggest Drivers of Increasing Brand Name Spend

- Year-over-year rate of increased spend on GLP-1 agonists is down slightly (42% between years 3 and 4 compared to 65% between years 2 and 3)
- In Springbuk BoB, GLP-1 agonists represent close to 16% of spend within pharmacy
- Most of the increase in spend is on members with diabetes, particularly those who are also obese



Top Conditions Based on Net Change Rx PMPM

July 2023 - June 2024 Compared to July 2022 - June 2023

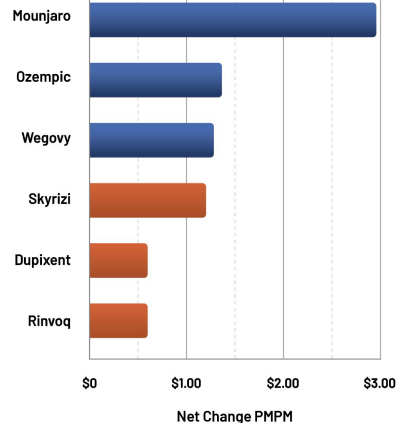


What are the Top Conditions & Drugs Driving Increased Rx Spend?

-) The top 5 conditions are responsible for $\frac{2}{3}$ of the increase in Rx spend in the last 2 years.
-) Diabetes and obesity are the top conditions driving increased Rx spend. This is due to a higher percentage of members with these conditions using GLP-1 agonists, including Mounjaro, Ozempic and Wegovy.
-) Other top drugs driving cost include Skyrizi, Dupixent, and Rinvoq, resulting in increased spend on inflammatory conditions like psoriasis, inflammatory bowel disease, and eczema. Expansion of indications for these drugs is partially responsible for increased use.
-) Migraine is also in the top 5 conditions driving increased Rx spend, largely due to increased use of drugs like Nurtec ODT, Ubrelvy and Qulipta.

Top Drugs Based on Net Change Rx PMPM

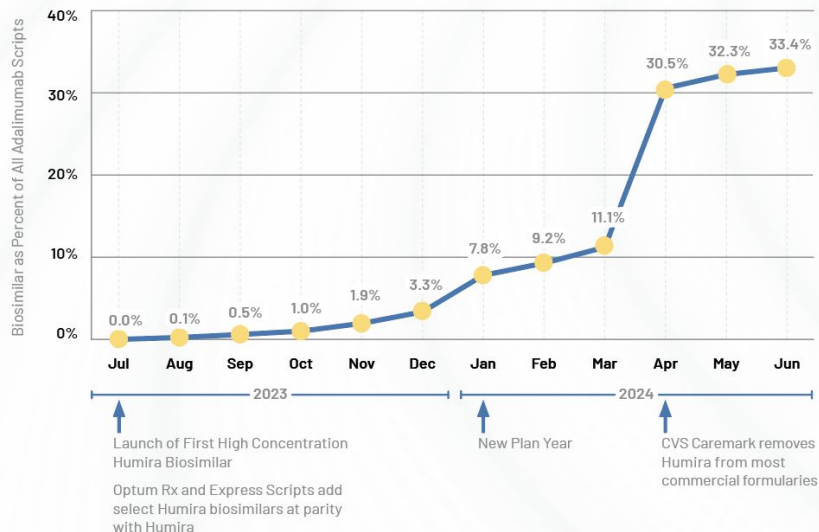
July 2023 - June 2024 Compared to July 2022 - June 2023



Potential Impact of Biosimilars on Drug Costs

Update of Humira (adalimumab) Biosimilar High Concentration (40mg/0.4 ml)

July 2023 - June 2024



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- › Biosimilars are near copies of originator biologic drugs. They are as effective as the originator drugs, but typically cost less.
- › Humira biosimilars introduced in 2023
- › **At least 7 Stelara biosimilars** are being launched in the first half of 2025
 - › Wezlana (Jan 1, 2025)
 - › Selarsdi (Feb 21, 2025)
 - › Pyzchiva (Feb 22, 2025)
 - › Otulfi (Feb 22, 2025)
 - › Imuldosa (Feb 22, 2025)
 - › Steqeyma (Feb, 2025)
 - › Yesintek (May 15, 2025)
- › Large potential impact of Humira and Stelara biosimilars because Humira remains the #1 drug in terms of total drug spend, and Stelara ranks #3 in Springbuk BoB
- › **Lessons learned from Humira:** Increased uptake of biosimilar occurs when use is incentivized by preferring drug over originator drug and by reducing member copays
- › Expect greater uptake of Humira biosimilars this year as other major PBMs incentivize their use

Employer's Roadmap

- › We are likely to continue to see increased utilization of GLP-1 agonists
 - › Untreated members with qualifying conditions
 - › New indications
- › Newer specialty drugs will continue to drive up costs due to expansion of indications, unique characteristics of the drugs, patient demand, and increasing prevalence of inflammatory conditions
- › Incentivizing use of biosimilars by preferring them over originator drugs and providing \$0 member copays can lead to cost savings

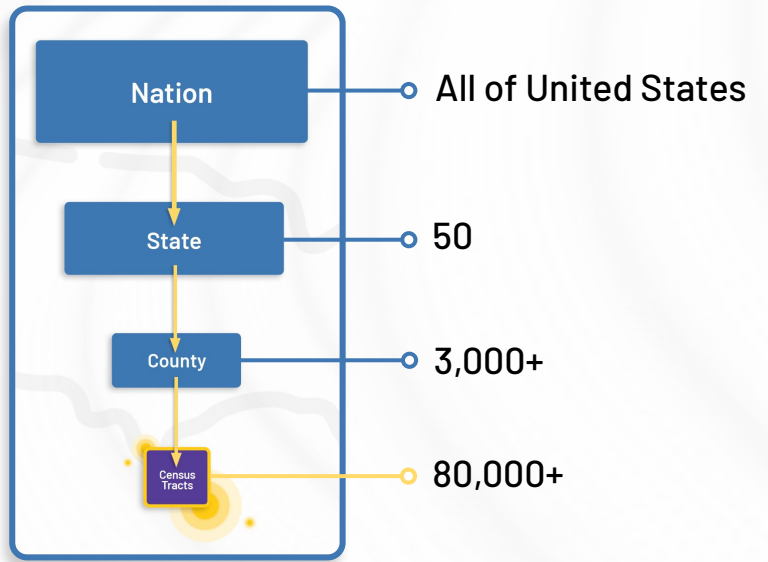
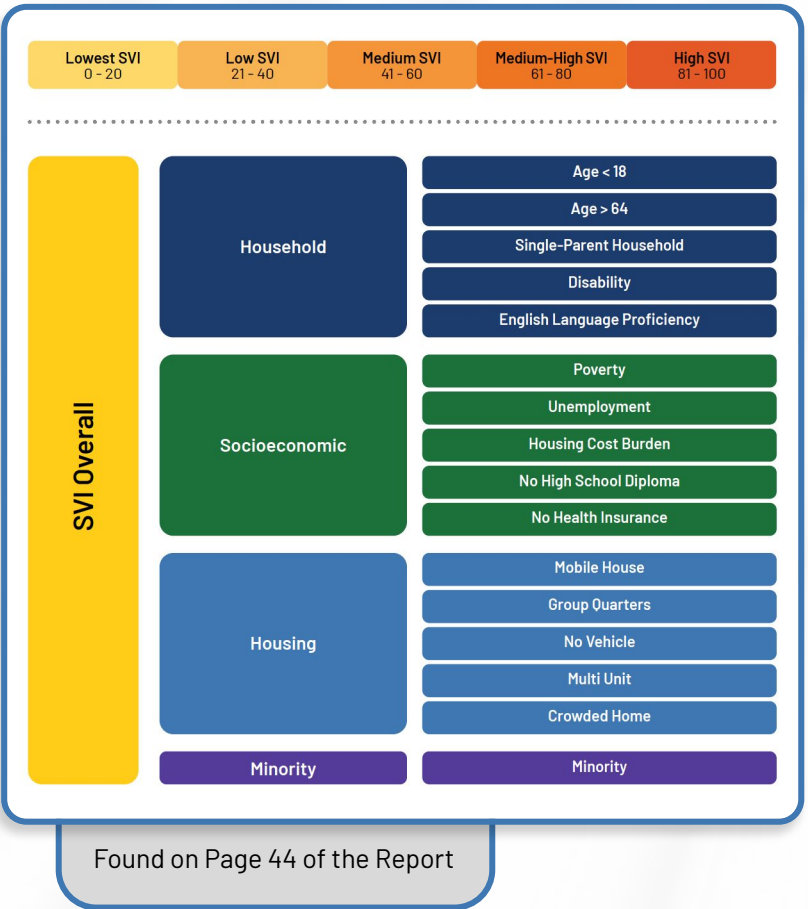


Social Determinants of Health (SDoH)



SVI Scoring

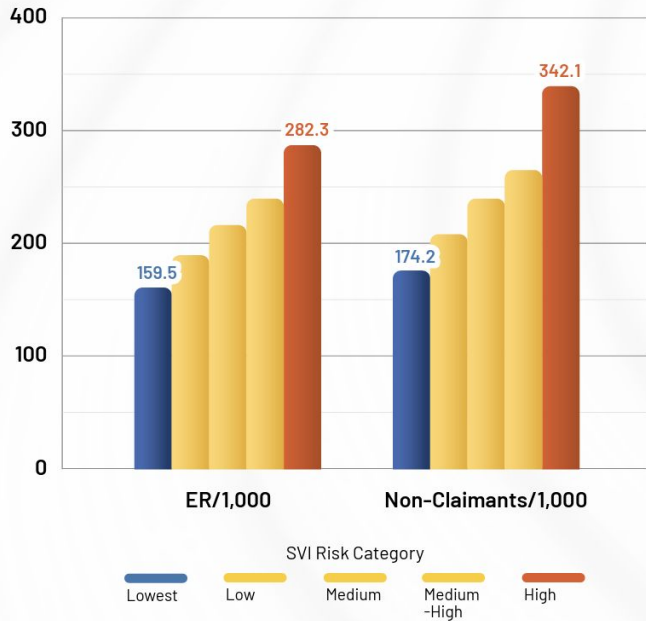
The CDC Social Vulnerability Index (SVI) groups 16 census variables into four categories related to social vulnerability including: 1. Socioeconomic Status 2. Household Characteristics 3. Racial and Ethnic Minority Status 4. Housing Type and Transportation.



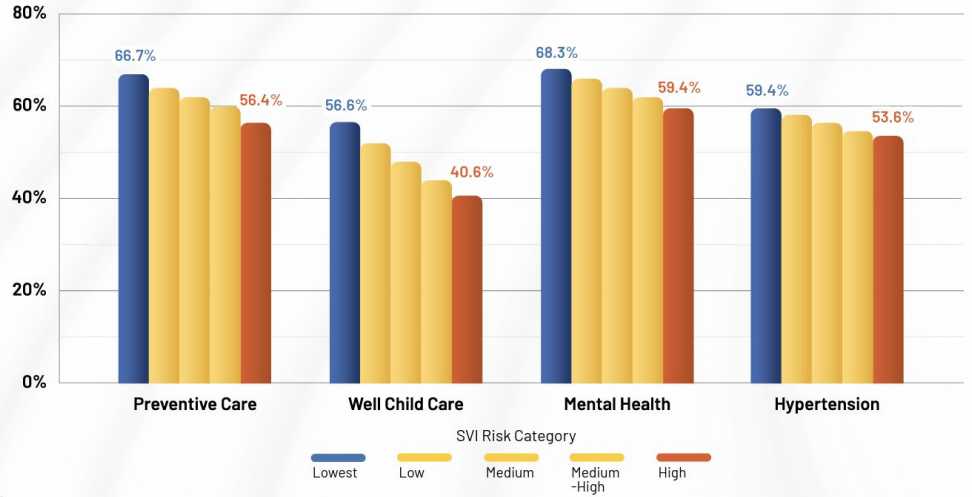
SVI Impact

Where you live influences how you interact (or don't interact) with the healthcare system

2023 ER Utilization & Non-Claimant Rates by Overall SVI Risk Category



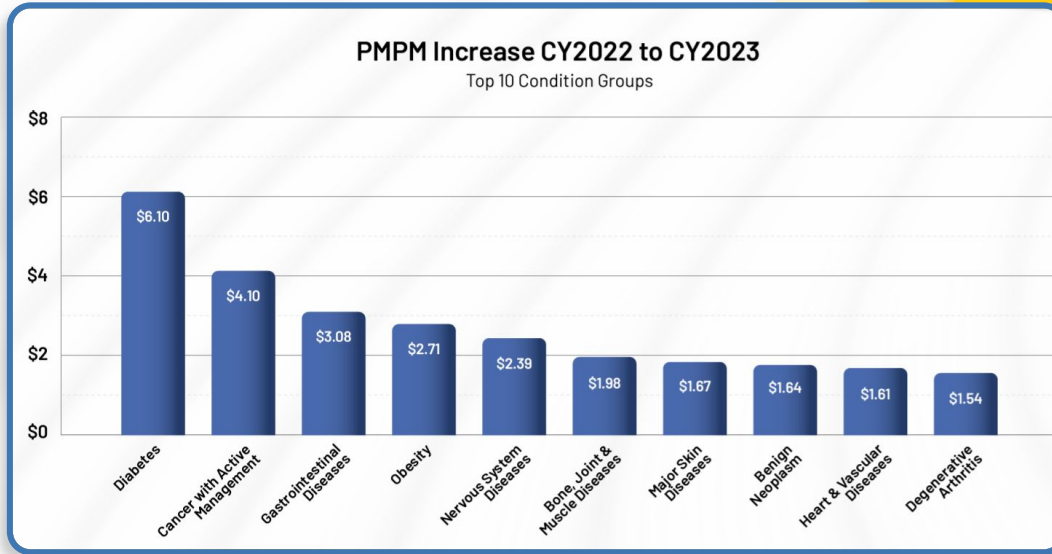
2023 Gaps in Care Compliance Rates by SVI Risk Category





3

The Diabetes Dilemma

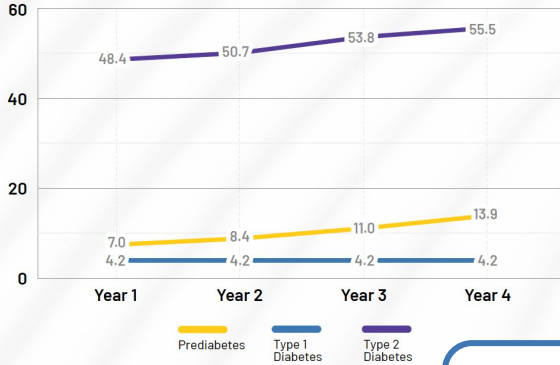


Why Did We Focus Analysis on Diabetes?

Although diabetes is not the top condition based on total spend, **it is the condition where spend is increasing by the greatest amount.**

Diabetes & Prediabetes Prevalence

Claimants per 1,000 Members



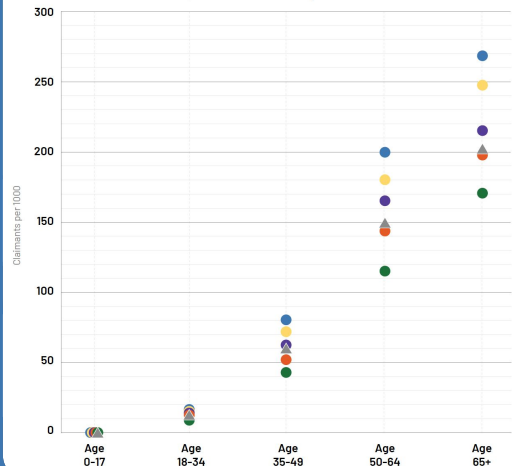
Year 1: July 2020 - June 2021
 Year 2: July 2021 - June 2022
 Year 3: July 2022 - June 2023
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Diabetes Prevalence

- Increasing prevalence of type 2 diabetes will add to overall costs
- Prevalence of prediabetes has nearly doubled over the last 4 years. Members with this condition are at high risk of developing type 2 diabetes.
- Prevalence is highly variable by age and social vulnerability
 - Prevalence increases with age
 - Prevalence increases with social vulnerability

Diabetes Prevalence

Group and Social Vulnerability Index (SVI) in Year 4



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What is Driving Increasing Diabetes Treatment Costs?

- › Most of the increased costs are due to increases in drug spend
- › Close to **90%** of the increased cost to treat diabetes over the last 4 years is due to increasing use of GLP-1 agonists
- › Over 40% of type 2 diabetic members are receiving GLP-1 agonists in the current time period.
- › GLP-1 agonists clinical impact:
 - › Lowers A1C
 - › **Reduces cardiovascular and kidney complications**
 - › Useful where weight loss is a treatment goal

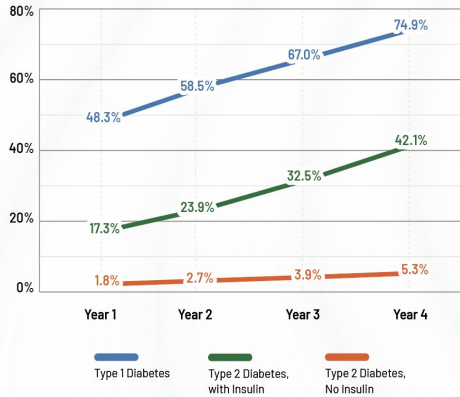
Diabetes Treatment: Paid per Type 2 Diabetic Claimant per Month



GLP-1 Agonist Utilization by Members with Type 2 Diabetes



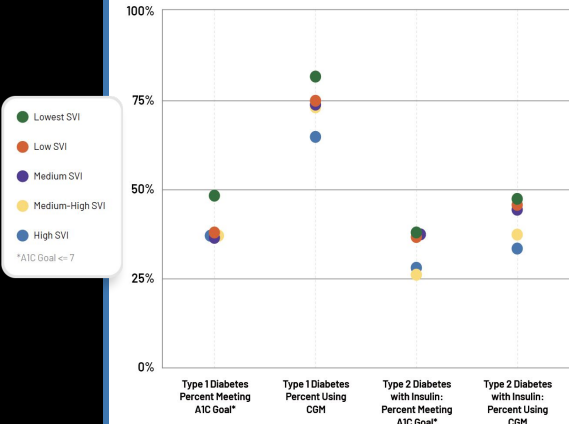
Continuous Glucose Monitoring Utilization
Percent of Members

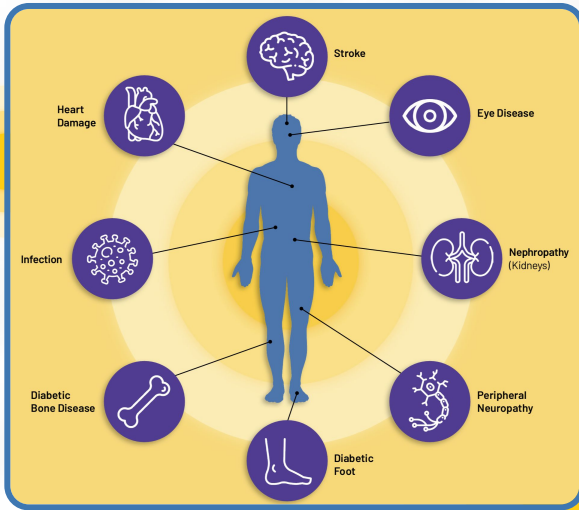


Continuous Glucose Monitoring (CGM) Trends

- › A sensor under the skin provides real-time, ongoing monitoring of glucose levels that is transmitted to a wearable device or cell phone. Used mainly by members with type 1 diabetes or members with type 2 diabetes taking insulin
- › Increasing CGM use by both type 1 diabetic claimants and type 2 diabetic claimants using insulin
- › CGM less likely to be used by most socially vulnerable who also tend to be less likely to meet A1C goals
- › CGM cost impact over last 4 years has been about a \$16 increase in monthly costs to treat all (type 1 and type 2) diabetic members, but monthly cost for treatment of members with type 1 diabetes has increased by over \$100

Association Between SVI & Meeting A1C Goal* or Receiving CGM





Overall Spend for Type 2 Diabetic Members

- › Most of the cost of treating members with type 2 diabetes is due to treatment of complications and conditions that have overlapping risk factors (e.g. cancer)
- › The cost of treating diabetes itself is going up at a much faster rate than cost of treating other conditions
- › Within other conditions, decrease in spend on COVID has partially offset increases in spend for non-infectious conditions
- › Promising cost trends within cardiovascular and kidney diseases





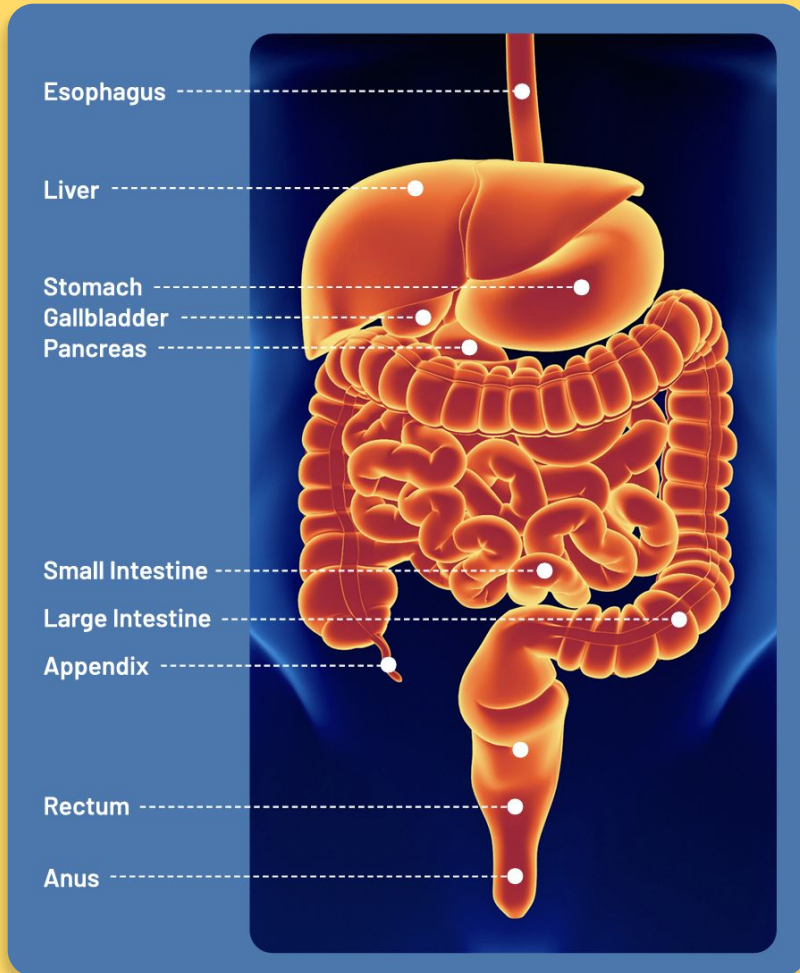
Employer's Roadmap

- › Prepare for continued growth in GLP-1 agonist and CGM adoption in eligible diabetic members not yet using these medications/devices.
- › Determine whether there are gaps in treatment access due to social vulnerability, and take steps to address existing gaps
- › Balance the high near-terms costs of modern treatments against their potential to prevent costly complications
- › Consider investing in programs that can help decrease risk of disease progression in members with prediabetes and diabetes



4

GI's Cost Impact



Understanding the Rising Costs of GI Care

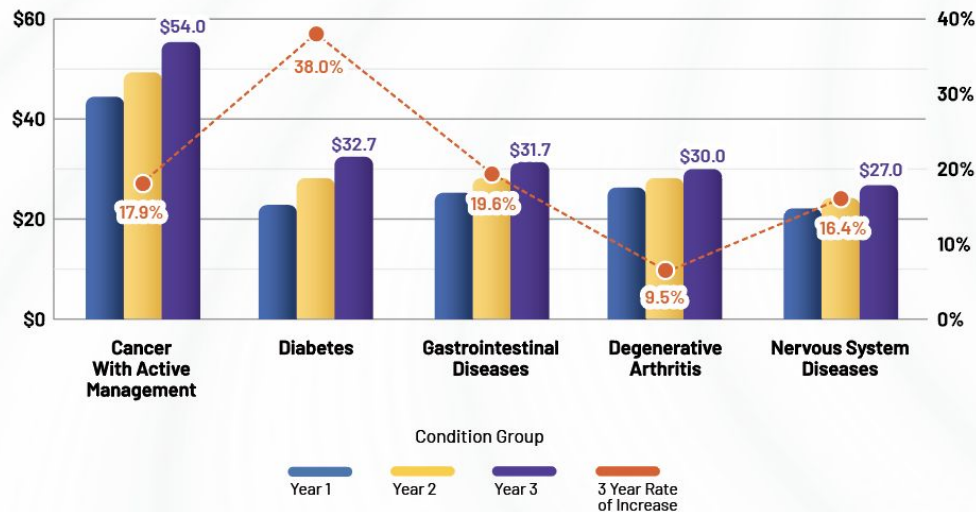
- › Diseases involving the gastrointestinal tract
 - › Esophagus
 - › Stomach
 - › Small and large intestine
 - › Rectum

- › Top conditions include:
 - › Inflammation of esophagus (#)
 - › IBD - Inflammatory bowel disease (\$)
 - › Crohn's disease
 - › Ulcerative colitis
 - › Hemorrhoids
 - › Hernias
 - › IBS - Irritable bowel syndrome

Why GI?

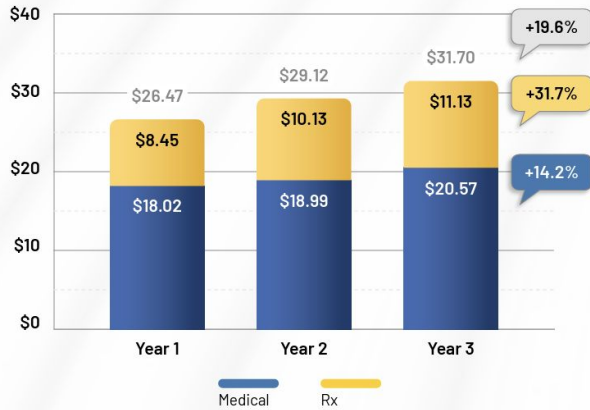
- › 3rd highest spend
- › 2nd highest trend
- › Specialty drug driver
- › High cost claimants
- › Mental health connection

Top 5 Condition Groups by PMPM Over Time with 3 Year Rate of Increase

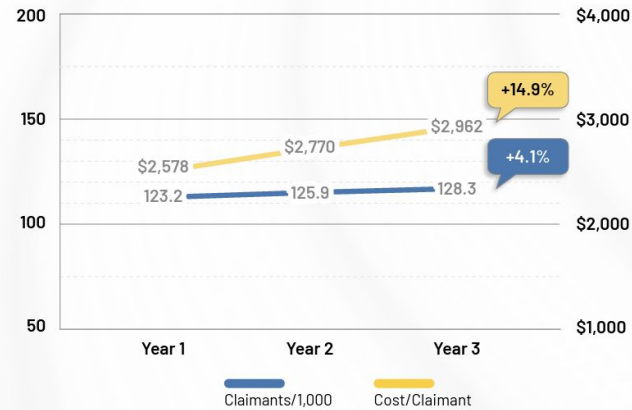


Year 1: July 2021 – June 2022; Paid through 8/2022
Year 2: July 2022 – June 2023; Paid through 8/2023
Year 3: July 2023 – June 2024; Paid through 8/2024

Gastrointestinal Diseases PMPM Trend



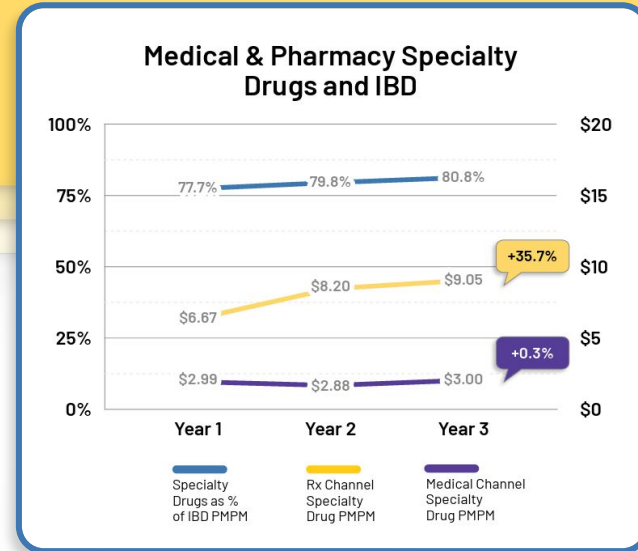
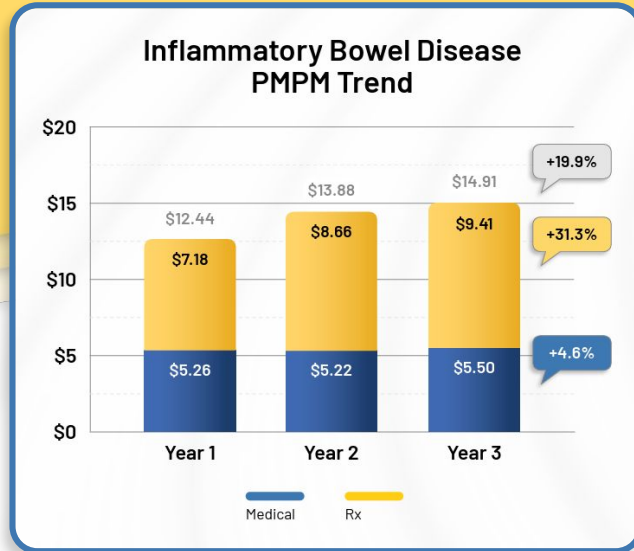
Gastrointestinal Diseases Utilization vs. Cost Trend



Breaking Down the Rising Costs of GI Care

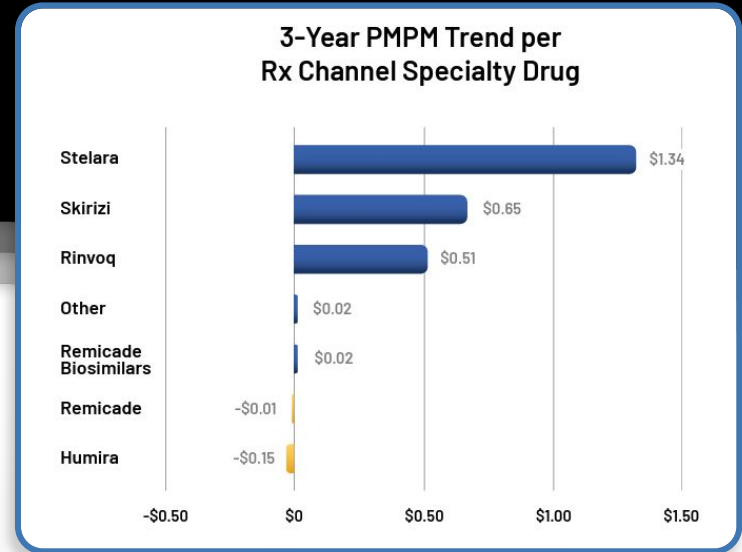
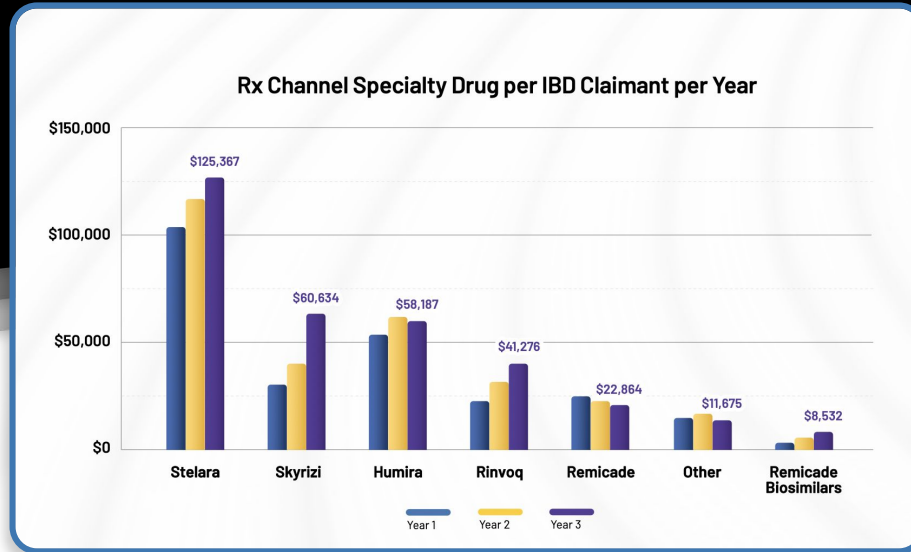
- › Pharmacy accounts for 35% of GI spend and has increased 31.7% over last three years
- › Cost of treatment impacting trend more than increase in patients
- › Conditions driving increases: IBD, inflammation of esophagus, and hernias

Inflammatory Bowel Disease (IBD)



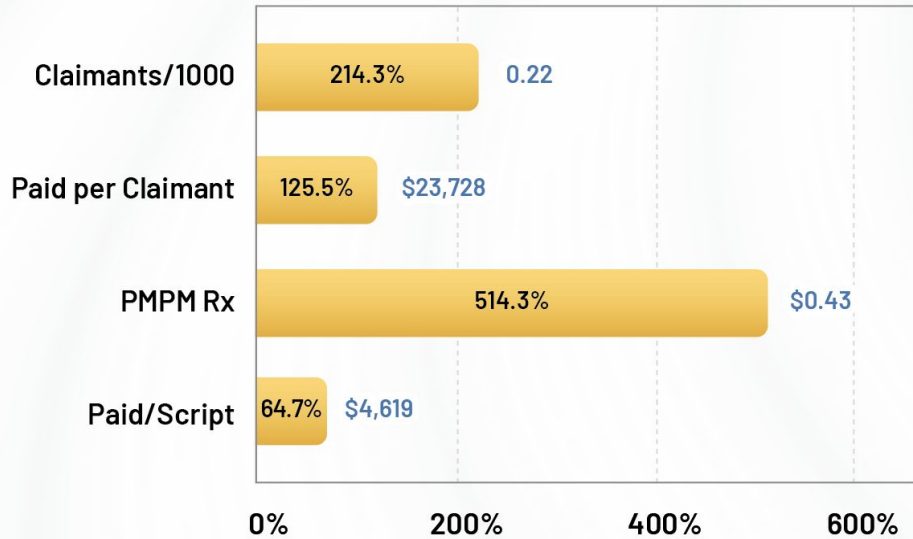
- › IBD is the #1 cost driver within the GI category, making up nearly 50% of the total PMPM
- › Specialty drugs make up ~80% of IBD spend
- › 3 year trend driven by specialty drugs in from the pharmacy channel

IBD - Specialty Rx



- › Members taking specialty medications to treat IBD are very expensive
- › Skyrizi and Rinvoq are having a significant impact on trend
- › Biosimilars are helping and are expected to continue to offset increases (Stelara, Humira, Remicade)

Dupixent - Inflammation of Esophagus



3 Year Trend
Increase (%)

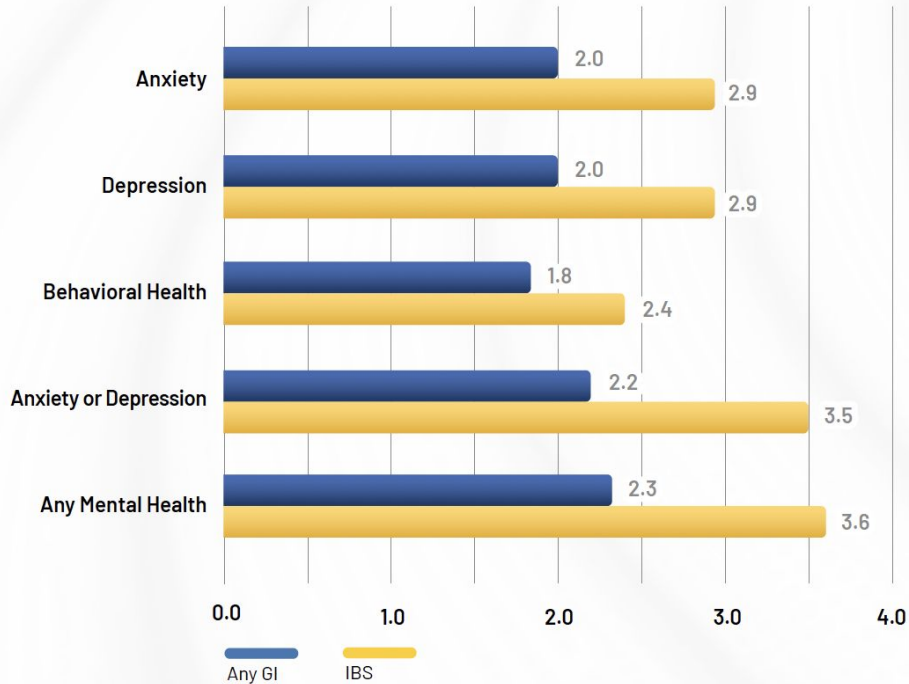
Year 3 Value

Eosinophilic Esophagitis (EoE) & Dupixent

- › Claimants have tripled
- › Claimants are more expensive
- › A relatively small spend overall but rapidly increasing

Risk of GI Condition Given a Mental Health Condition

Year 3 - Adults Only



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Mental Health & GI

- › Positive risk ratios between mental health and GI conditions
- › **Adults with anxiety or depression are 3.5x more likely to have IBS** than adults that do not have these mental health conditions
- › Wellness and stress management help with both conditions

Employer's Roadmap

- › Review strategies and education material to help members use biosimilars when possible, especially new patients
- › Steer patients that are utilizing medical channel specialty drug infusions toward lower cost settings
- › Consider plan design options and strategies to help support medication adherence
- › Partner with vendors that can assist with managing members with complex needs

Questions?



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