HOW RISING HEALTHCARE COSTS IMPACT YOUR BENEFIT RENEWALS

Healthcare costs remain persistently high across the nation, which is mainly attributed to inflation, labor shortages, utilization of services and new treatments, therapies and cutting-edge technology. TriNet is poised to help you navigate the healthcare landscape through our consultative approach to your benefits contribution strategy decisions as well as equipping you with tools and resources that promote benefits optimization that drive smarter consumerism.

Key Drivers of Increasing Healthcare Costs*

- **Artificial intelligence (AI)** is driving short-term cost increases to detect disease earlier leading to more frequent testing, follow-up, and specialists visits. Some newly identified abnormalities may not require intervention, contributing to potential overdiagnoses and unnecessary procedures.

- **Changing drug mix** is impacting pharmacy trend as lower cost drugs are being replaced with newer, more expensive drugs that have multiple indications, being used for a variety of purposes (ie. GLP-1s) and is driving higher utilization.

- **Hospitals**, like many sectors, are continuing to experience inflation due to increases in the cost of goods, services and labor.

- **Specialty drugs** have increased in usage and continue to be the leading cost driver in pharmacy trends.

- **Gene therapies** that are emerging for specific conditions cost more, including Hemophilia, Sickle Cell and Retinal Dystrophy.

- **The cost of managing chronic conditions** such as cancer, heart disease, obesity and diabetes is increasing.

Key Drivers of Decreasing Healthcare Costs*

- **Emergence of biosimilars** as alternatives to costly specialty drugs, driving more competition within this category leading to cost reductions.

- **Advancements in pharmacotherapies** (the use of medicine) to treat, prevent and cure diseases/illness.

- **Plan design incentives** to shift to lower cost settings for treatment options.

- **Precision medicine** to improve outcomes through targeted treatments reducing costs of unnecessary treatments.
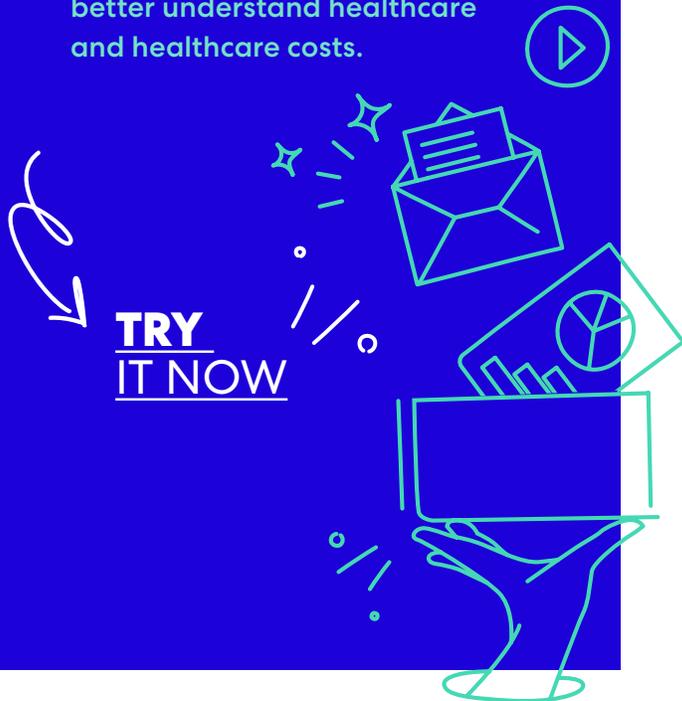
*2026 Segal Health Plan Cost Trend Survey

NEW!
MEET OUR HEALTHCARE COST STRATEGY TOOLKIT.

From open enrollment basics to year-round education, this toolkit is packed with ready-to-use resources designed to help worksite employees better understand healthcare and healthcare costs.

TRY IT NOW

Understanding Trend vs. Renewal

A trend forecasts per capita claim cost increases by considering medical inflation, provider price hikes, mandated benefits, and advances in treatments and technology. However, trend estimates and actual annual plan cost changes are not always equal, as renewal rates adjust for future costs, regional variations, plan design changes, and insurer rates.

- Renewals help align health care fees with real plan costs.
- Even with a 5% trend, renewal rates may rise 10% due to prospective costs and volatility, especially in small groups.
- National renewals reflect regional, regulatory, and carrier differences.

Insurance Company Trends

Insurance carriers set their own trends and rates based on national and regional healthcare patterns, mandates, and varying costs. These factors impact expenses, but TriNet works directly with carriers to secure competitive renewals for clients.

How TriNet Benefit Costs Trends Differ from Open Market Plans

TriNet focuses on tailoring benefits strategies to each organization's needs. Cost trends depend on factors including group size, industry, usage, and demographics. Unlike broader open-market plans, TriNet's approach addresses the unique profile of SMBs. Renewal rates are set annually per client, factoring in insurance trends, recurring high-cost claims, risk changes, and usage patterns such as preventive care and chronic conditions.

How Your Worksite Employees Drive Cost

There are four main areas that impact cost:

Click on each area to view a short, animated video that explains the importance of managing each cost driver.

PRO TIP: Share these videos with your worksite employees!

→ **Care Setting**

Many people use the ER when they could choose a less expensive option such as in-network urgent care or telemedicine.

→ **Chronic Condition**

As the leading driver of U.S. healthcare costs, poorly managed chronic conditions—such as not following treatment plans—can increase co-existing conditions and overall healthcare costs.

→ **Preventive Care**

Preventive care may identify chronic diseases early, potentially making them less costly and easier to treat.

→ **Healthcare Illiteracy**

Employees who don't understand healthcare basics are less able to make smart benefit decisions, potentially leading to poor plan elections and utilization.

What You Can Do To Help Contain Costs

Proactive benefits education is key! When worksite employees understand their benefits and how their choices impact their health and future costs, they can make smarter healthcare decisions. TriNet is here to help.

Explore the interactive resources below to empower worksite employees to choose and use their plans wisely.

→ Benefits in a Box

→ Benefits Basics Video Library

→ Client Benefits Education Site