

# Key Drivers and Strategy Shifts in 2025

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# Agenda

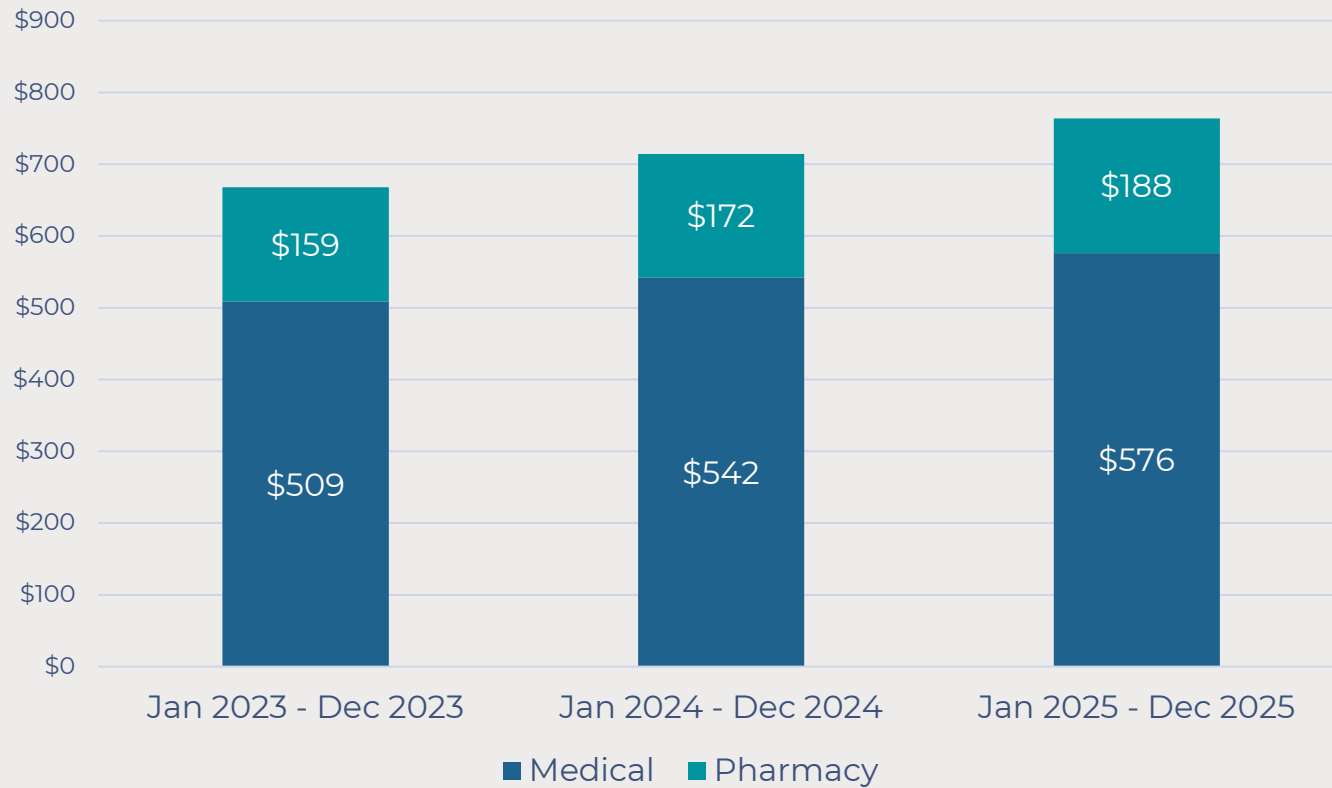
- Overall medical and pharmacy cost trends and key growth drivers
- High-cost claimant concentration and spend dynamics
- Medical cost drivers: MSK, cancer, cardiovascular, maternity
- Pharmacy trends: specialty drugs, GLP-1s, and advertising impact
- Maternity, fertility, and preventive care strategy shifts
- Generational differences in cost, risk, and utilization
- Regional and TPA cost variation analysis

# Overall Trends

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# Overall Spend

## TOTAL COST PMPM YEAR OVER YEAR



2023 to 2025 Spend +14%

- Medical +13%
- Pharmacy +18%

2024 to 2025 Spend +7%

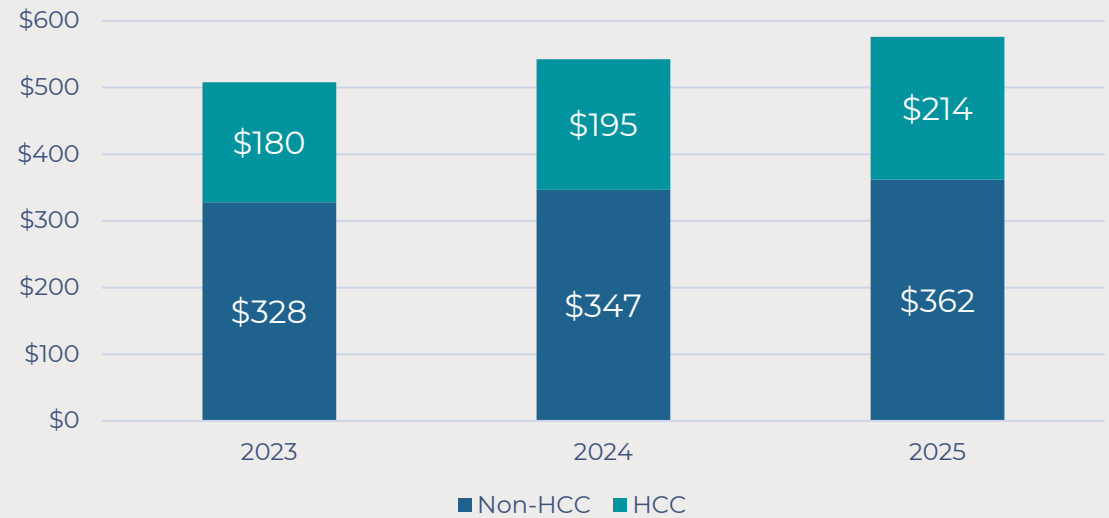
- Medical +6%
- Pharmacy +9%

# Medical vs Pharmacy Detail



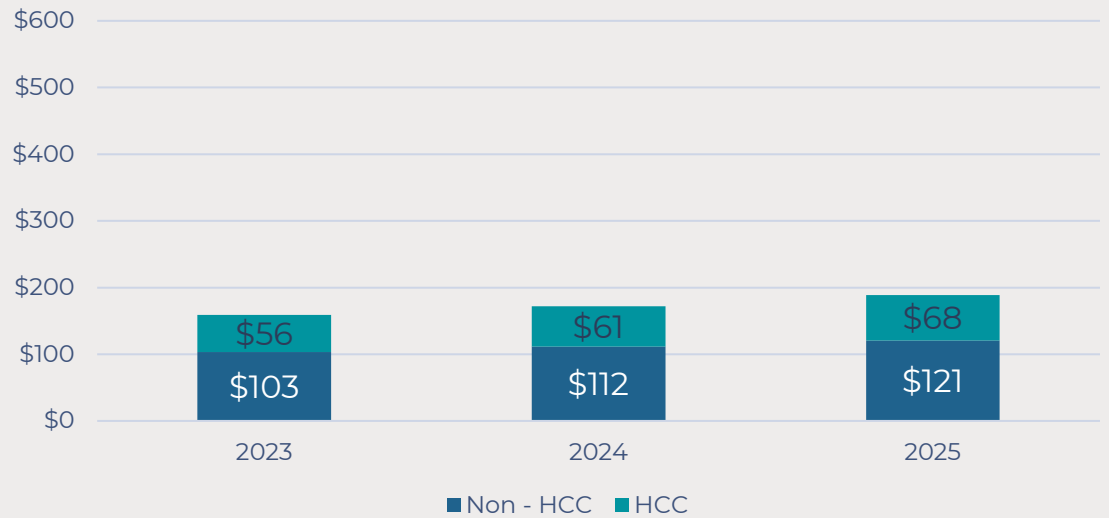
## MEDICAL

Medical Total Cost PMPM



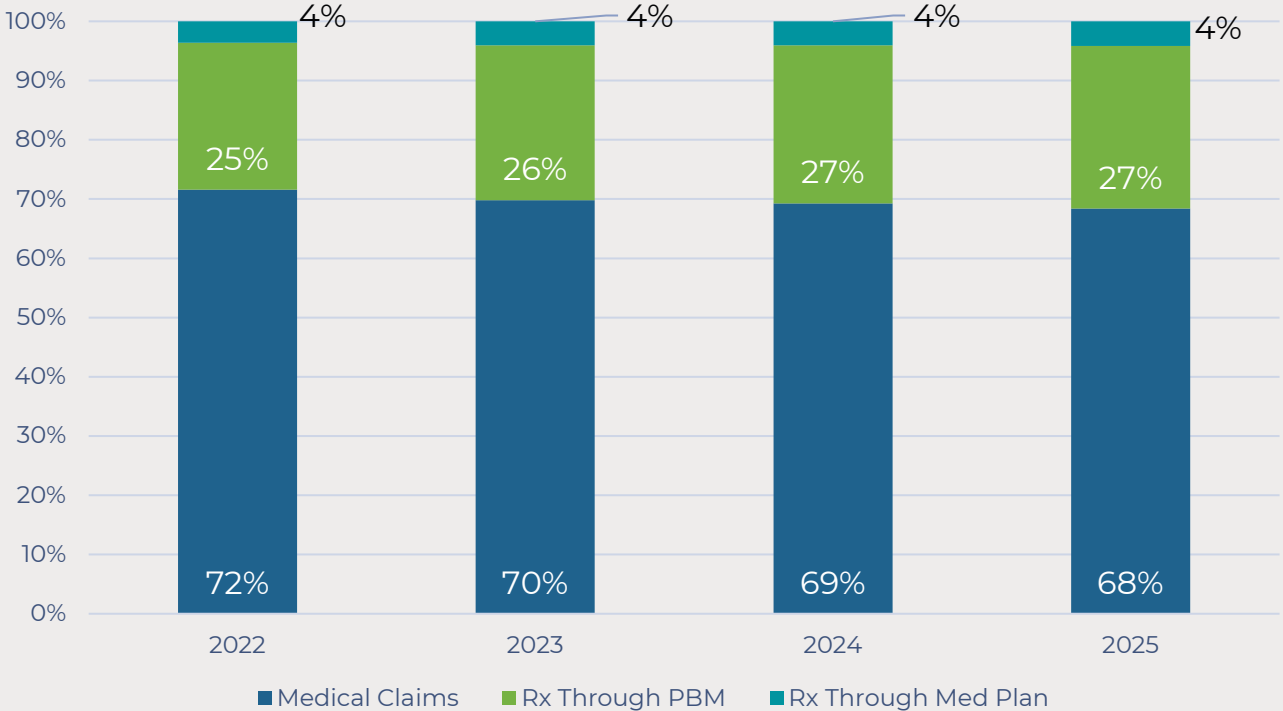
## PHARMACY

Pharmacy Total Cost PMPM



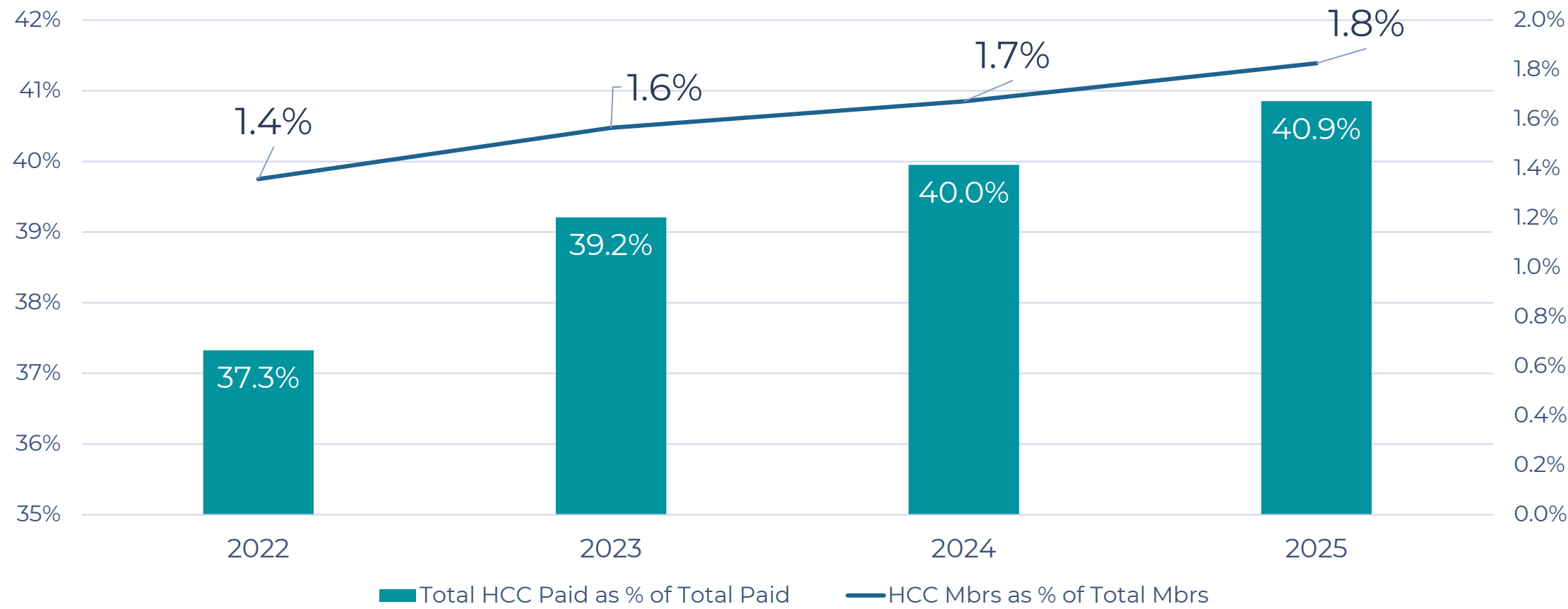
# Spend Distribution for Non- High Cost Claimants

## TREND IN MEMBERS WITH PLAN PAID < \$75K



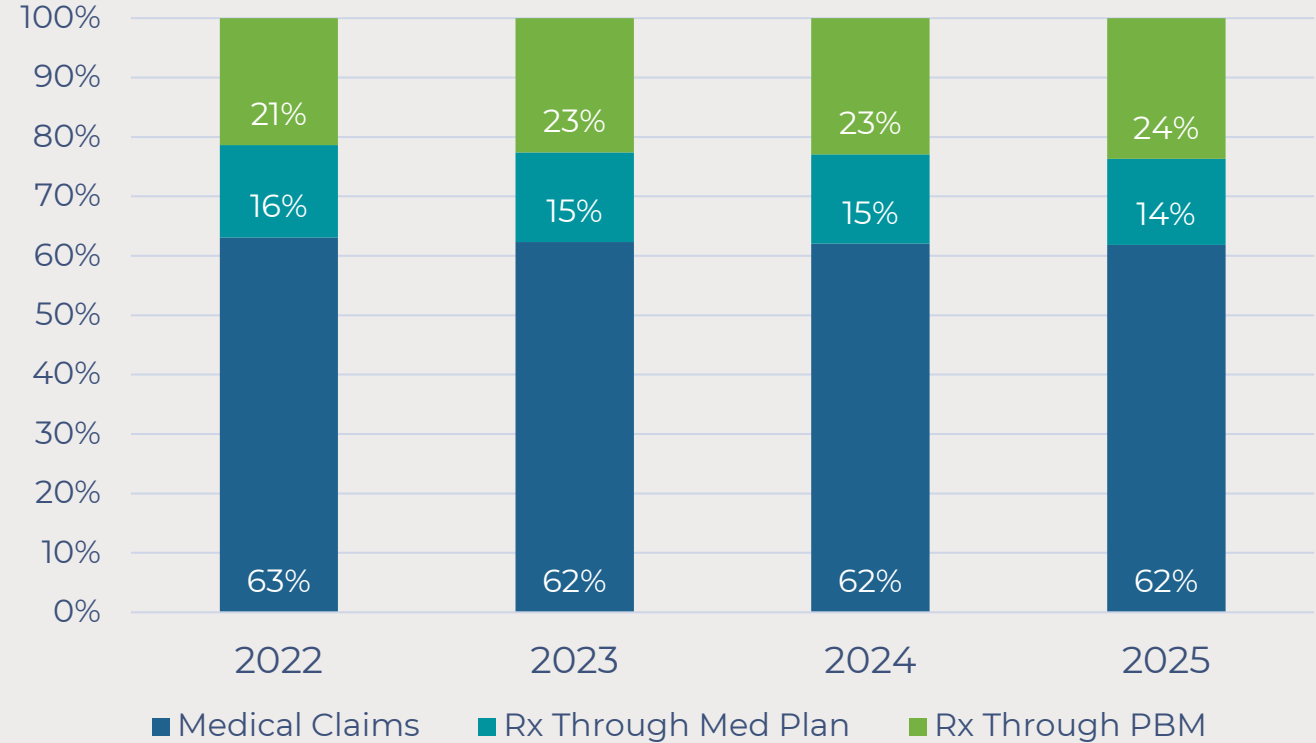
- PBM spend rising as % of non high cost claimant spend at
- Rx through Medical (Jcodes) remains stable

# Spend Distribution for High Cost Claimants $\geq$ \$75k



# Spend Distribution for High Claimants

## TREND IN MEMBERS WITH PLAN PAID ≥ \$75K



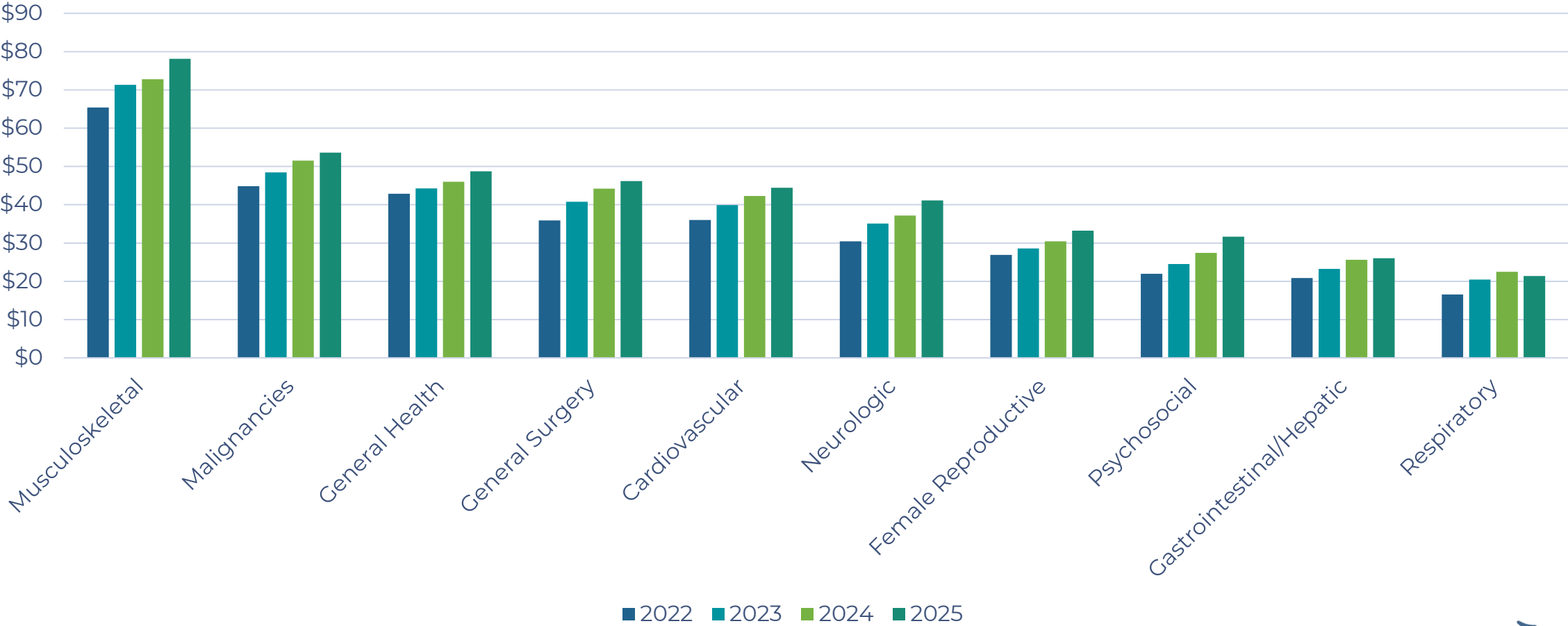
- Rx through PBM Drivers:
  - Inflammatory
    - Stelara
    - Skyrizi
    - Humira
    - Rinvoq
    - Enbrel
  - Cystic Fibrosis
    - Trikafta

# Medical Trends

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# Medical Drivers

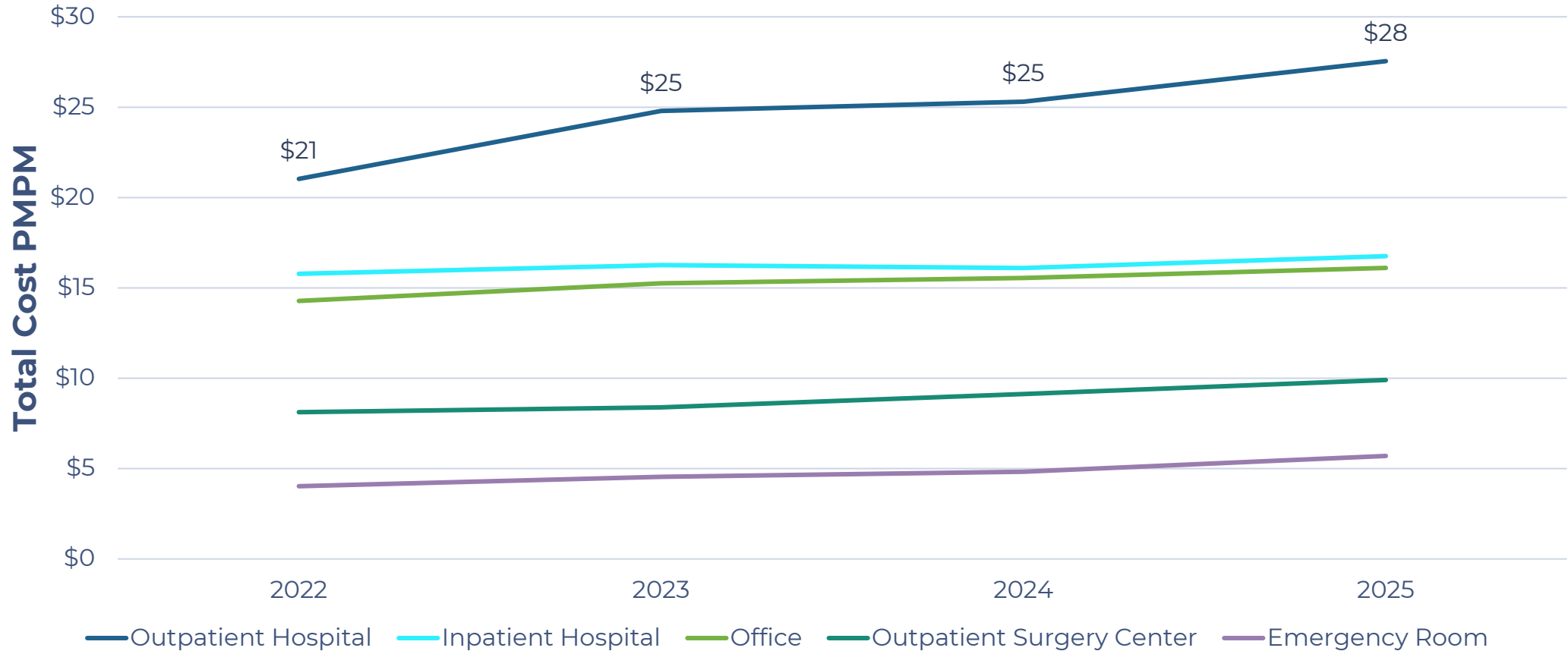
TOP 10 MEDICAL SPEND CATEGORIES BY TOTAL COST PMPM



# Musculoskeletal Place of Service

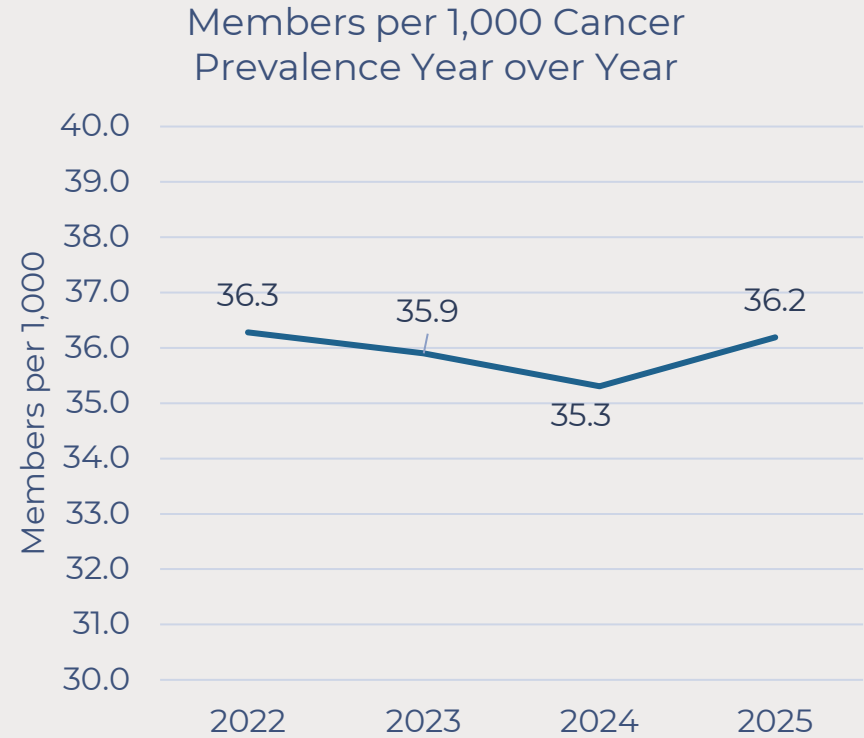
- Use of outpatient hospitals increased 8% since 2022, while cost has increased 33%.
- Costs for MSK surgical procedures increased from \$10 PMPM in 2022 to \$14 PMPM in 2025.

MUSCULOSKELETAL TOTAL COST PMPM BY POS YEAR OVER YEAR



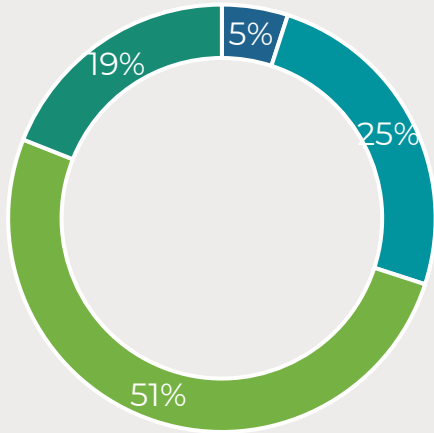
# Cancer

## PREVALENCE

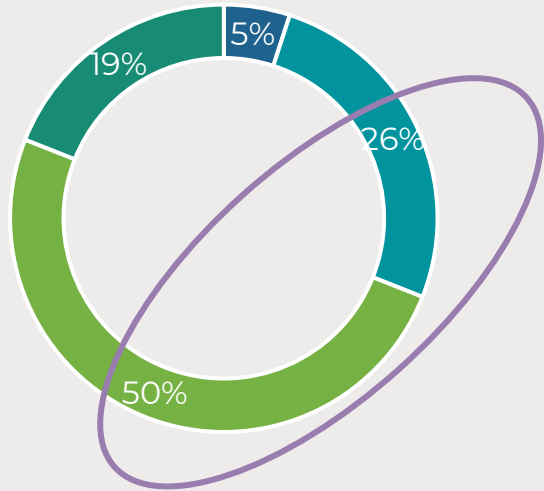


## CANCER BY AGE

2022 Cancer ID by Age Band



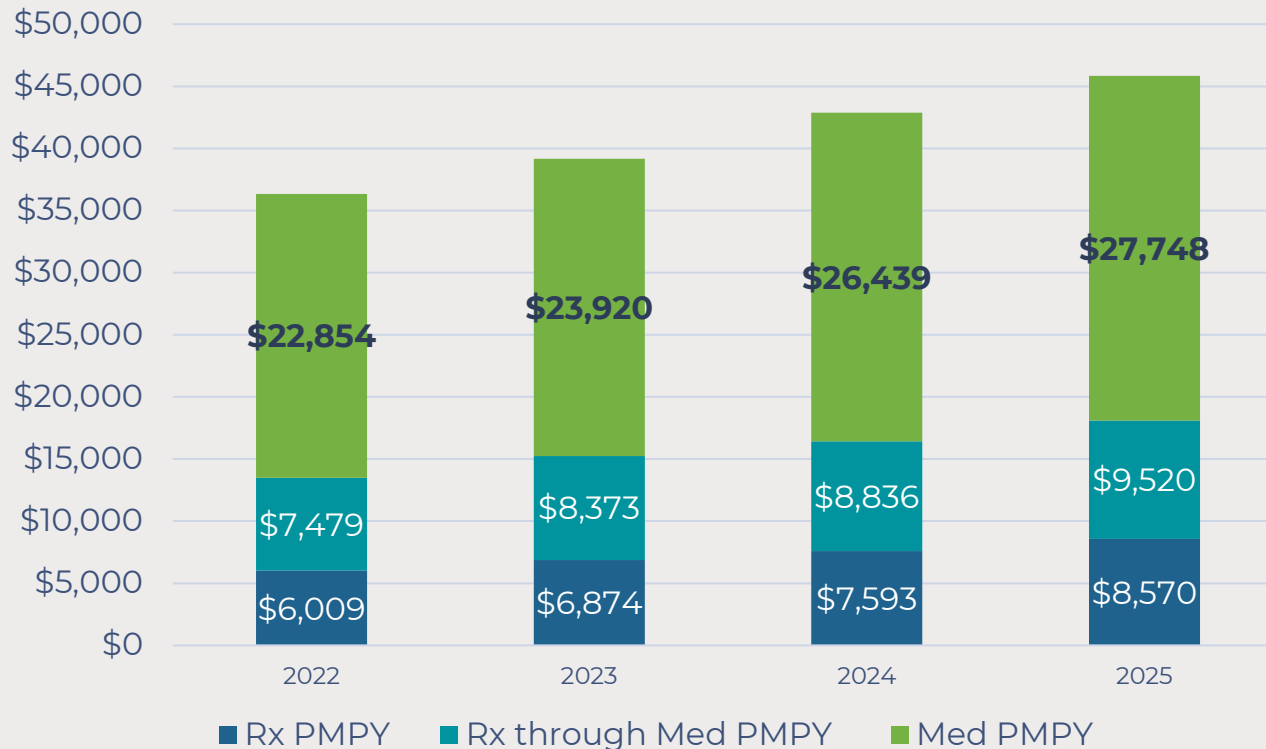
2025 Cancer ID by Age Band



■ 0-30 Years ■ 31-50 Years ■ 51-64 Years ■ 65+ Years

# Cancer

## PMPY SPEND FOR MEMBERS WITH CANCER

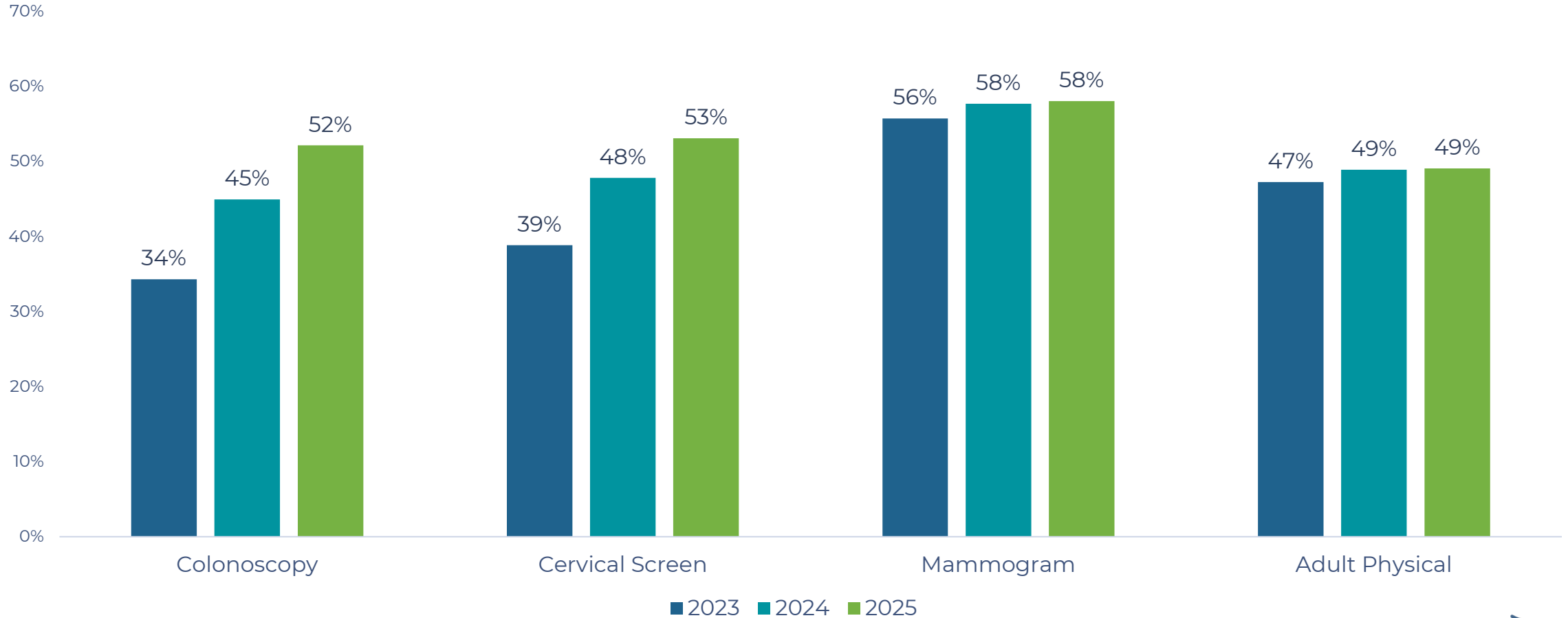


- Rx PMPY for cancer continues to increase. Rising cost for drugs outpaces the growth in members taking them.
- At \$27M, Keytruda accounts for 26% of cancer related Jcode spend. Episode costs increased 12% from 2024 to 2025.
- Increased costs for radiation therapy and surgical procedures influence rising cancer medical spend

# Preventive Care

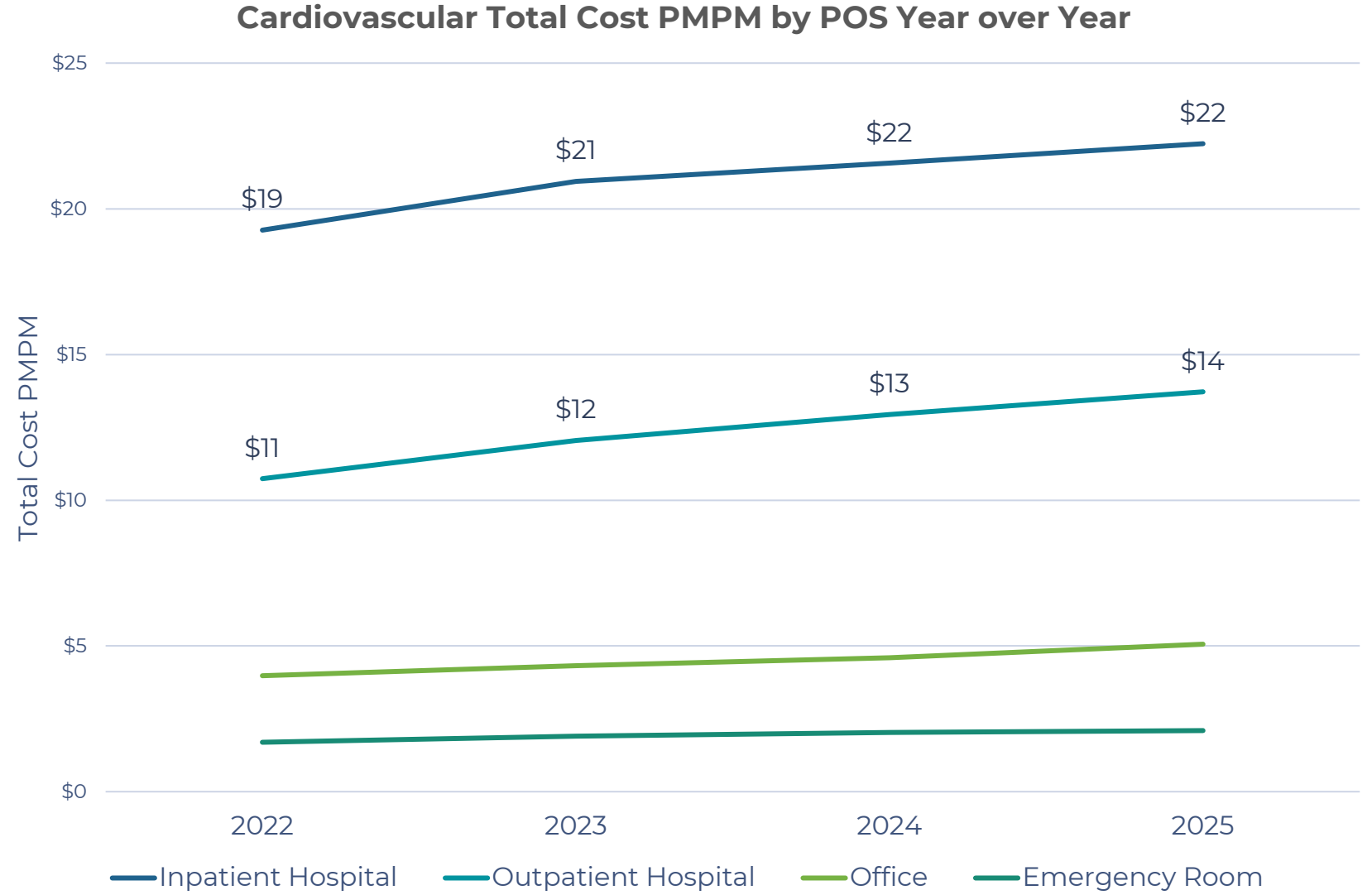
- General health is the 3<sup>rd</sup> highest overall medical cost category. Preventive care drives 74% of this spend.
- Preventive care accounts for 7% of overall medical spend.

## PREVENTIVE CARE COMPLIANCE YEAR OVER YEAR



# Cardiovascular

- Cardiovascular total cost PMPM increased from \$36 in 2022 to \$45 in 2025.
- There is a 17% increase in prevalence of cardiovascular diagnosis since 2022.
- HCC impact influences rising costs, increasing from 54% of category spend in 2022 to 59% in 2025.
- Avg length of inpatient stay has remained steady a  $\pm 5$  days since 2022, but cost per day has increased 6% (\$8,700 in 2025).



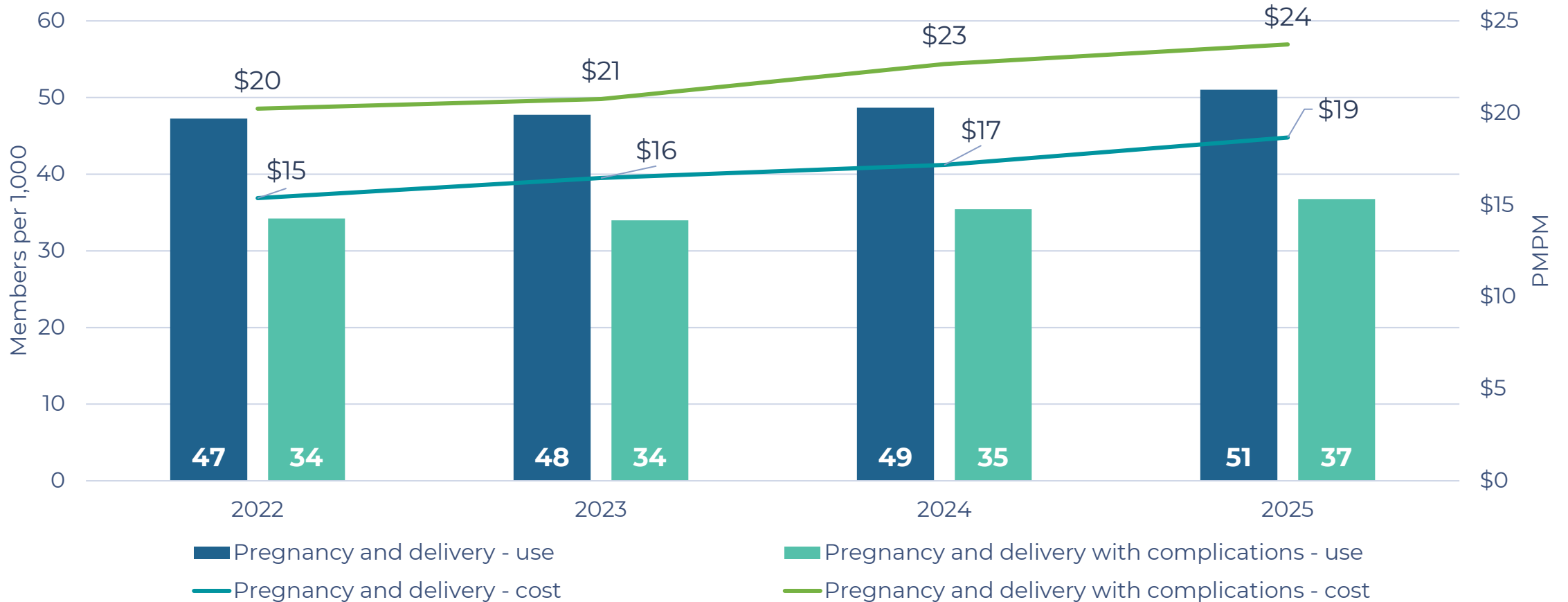
# Pregnancy and Delivery



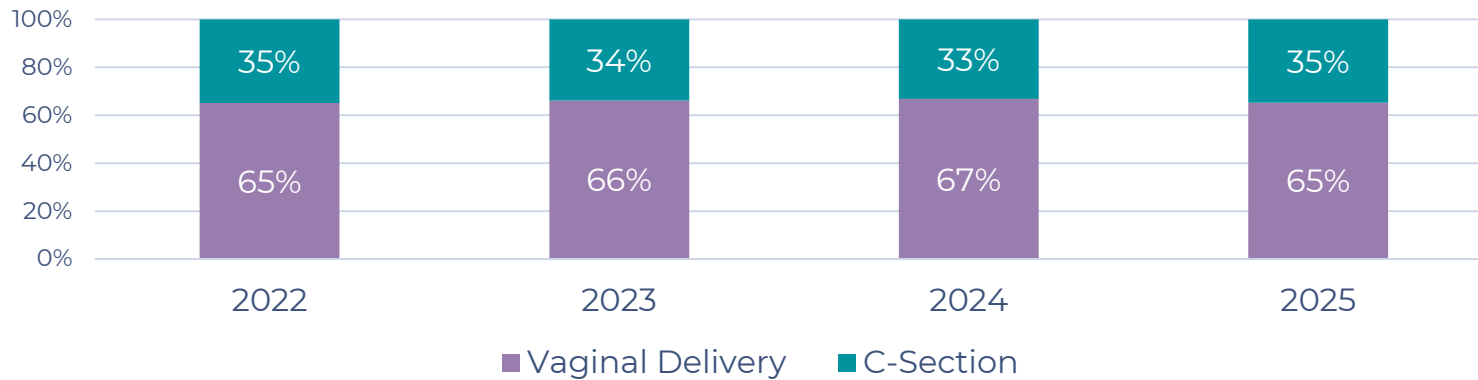
## AMA creates new maternity care coding system

The doctors' association is blowing up the U.S.' decades-old coding system for recording pregnancy services and starting fresh next year.

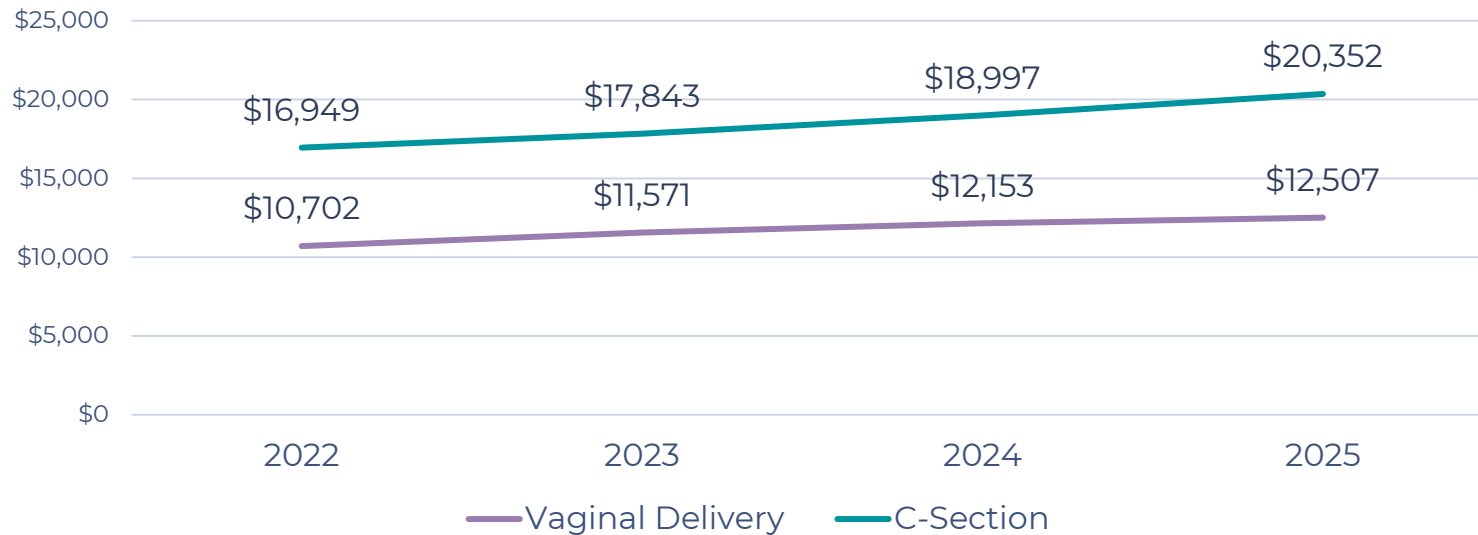
### PREGNANCY AND DELIVERY PREVALENCE AND COST YEAR OVER YEAR



% of Deliveries Year over Year



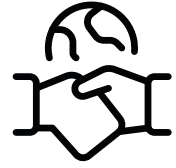
Change in Average Total Cost Per Episode by Delivery Type Year over Year



## Delivery Types

- Increased prevalence of C-section deliveries and have consistently represented 1/3 of deliveries over the past 4 years
- Cost for c-section and vaginal deliveries increasing

# Fertility



## Costco slashes fertility drug prices by up to 80% with new partnership

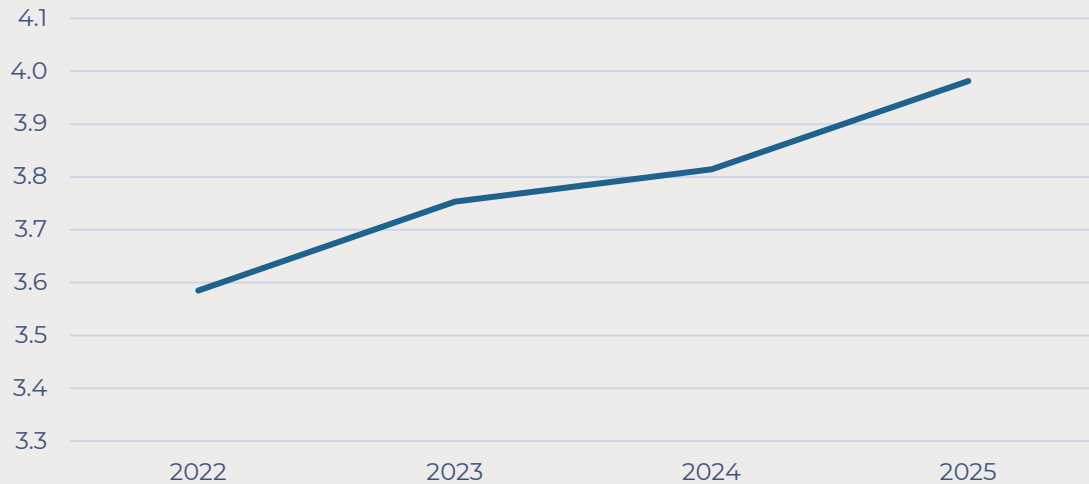
Costco has launched a strategic partnership with Sesame and IVI RMA North America to provide members with transparent pricing and significant discounts of up to 80% on essential fertility medications.

Posted 2:32 PM Mar 10, 2026



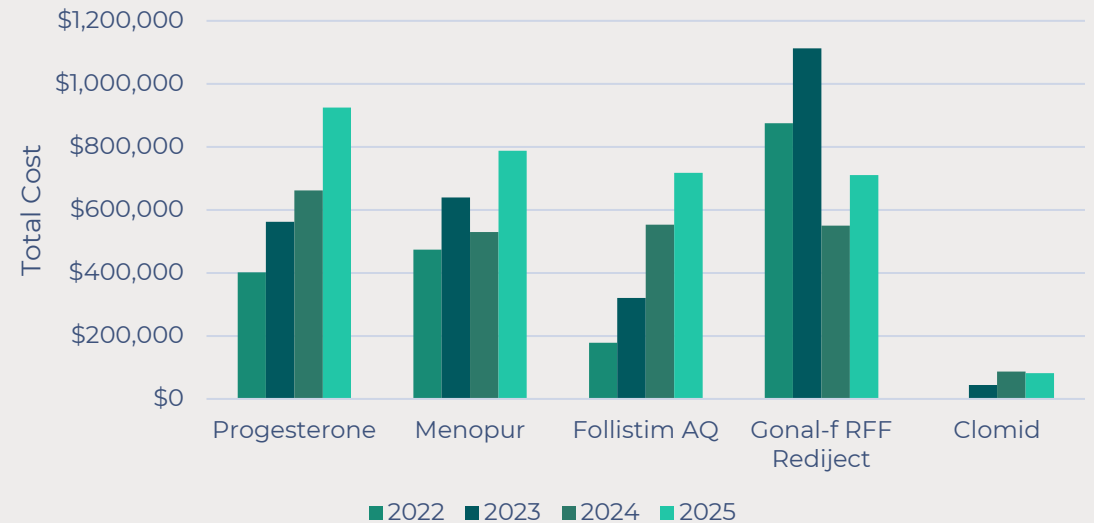
### PREVALENCE

Member Per 1,000 Female infertility Year over Year



### MEDICATION USE

Top 5 Fertility Medications Year over Year



# Pharmacy Trends

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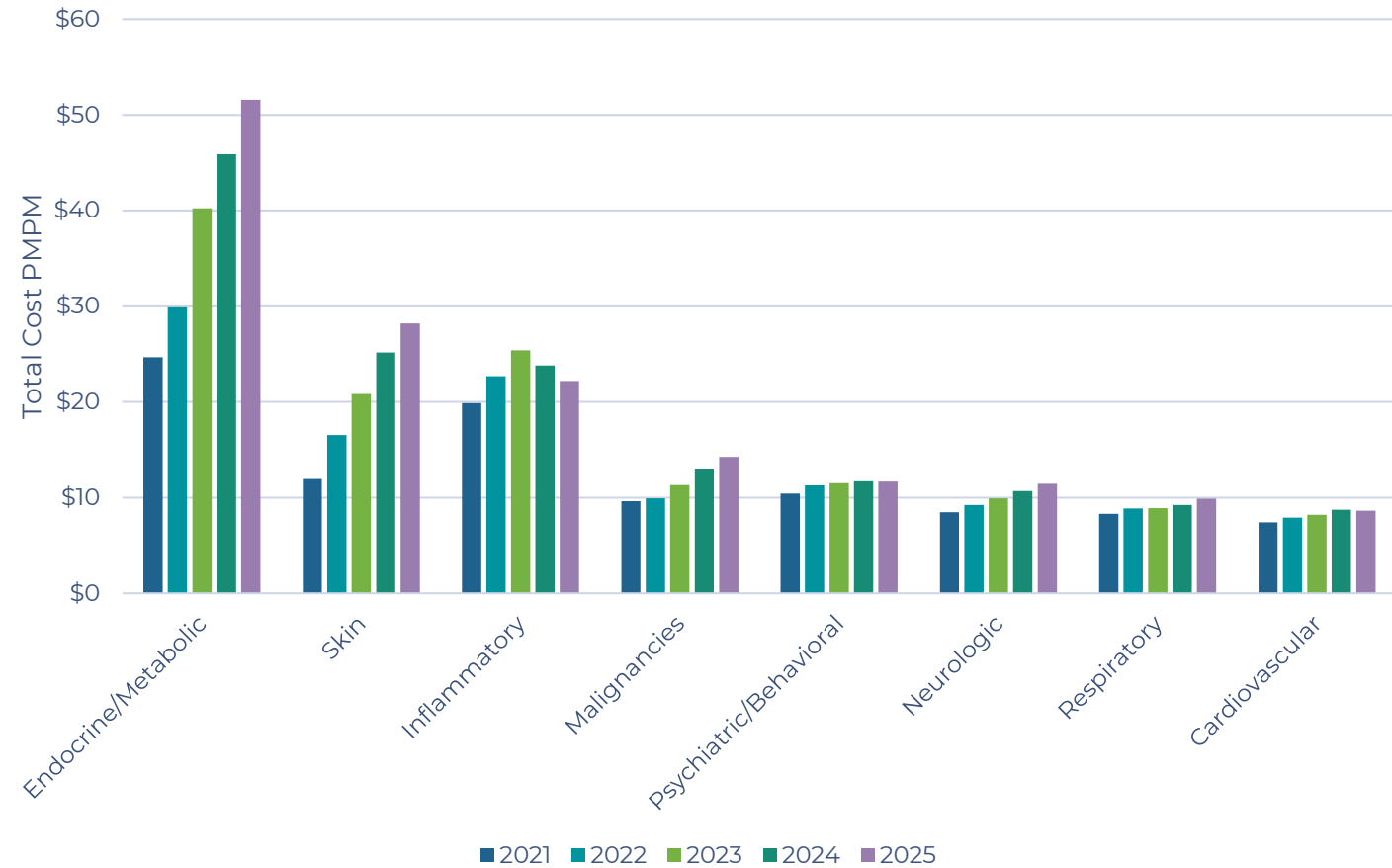
# Pharmacy Trends

- Increases among 3 of top 5 categories PMPM
  - Endocrine – GLP-1
  - Skin– Skyrizi
  - Malignancy – Specialty drugs

Estimated TV Ad Spend (\$M)

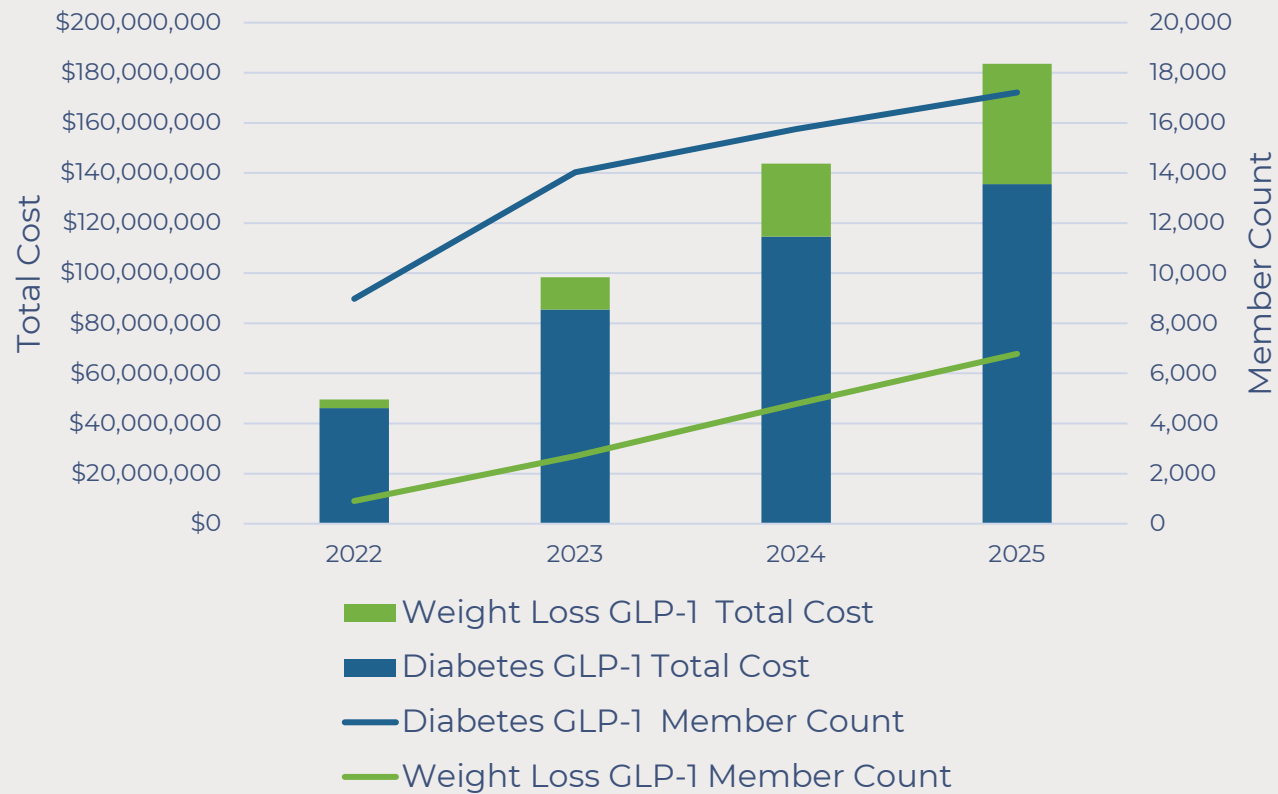


Top Rx Categories Total Cost PMPM



# GLP-1

## GLP-1 USE TREND BY APPROVAL CATEGORY



- GLP-1 2025 usage
  - 20% of pharmacy spend (5% for weight loss)
  - 4% of members
    - 12% of high risk
    - 17% of very high risk

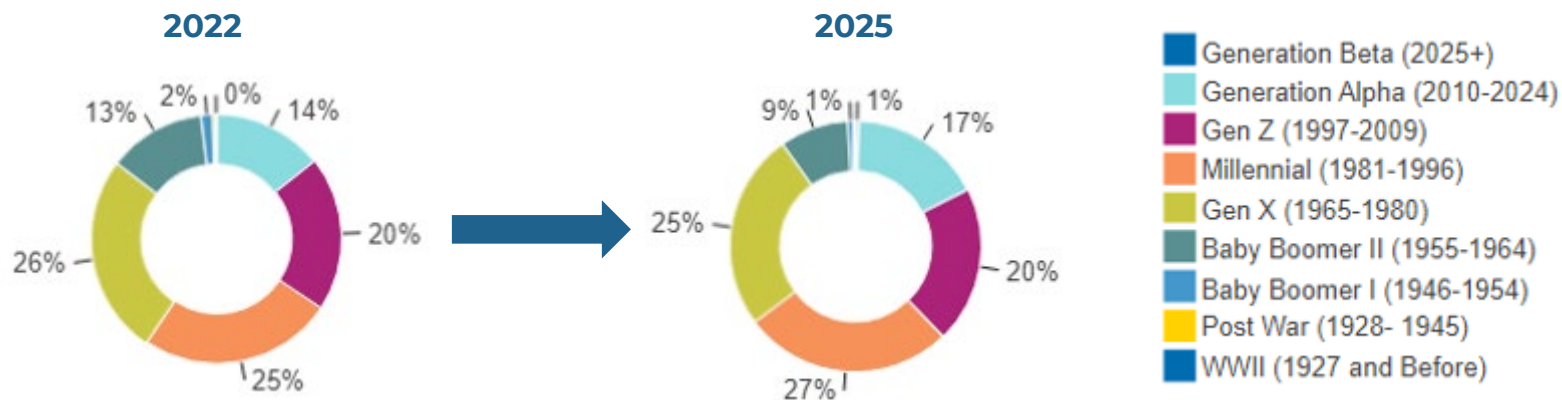
# Generational Shifts and Trends

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# Generational Change

## CHANGES IN GENERATION SIZE, COST, AND RISK FROM 2022 - 2025

Generations	2022 % of Mbrs	2025 % of Mbrs	2022 PMPY	2025 PMPY	2022 Avg Risk	2025 Avg Risk	2022 CPUR	2025 CPUR
Generation Alpha (2010-2024)	14%	17%	\$3,334	\$3,408	0.73	0.63	\$4,661	\$5,401
Gen Z (1997-2009)	20%	20%	\$3,237	\$4,178	0.89	1.02	\$4,503	\$5,090
Millennial (1981-1996)	25%	27%	\$4,817	\$6,697	1.27	1.55	\$4,521	\$4,949
Gen X (1965-1980)	26%	25%	\$7,957	\$11,180	1.97	2.41	\$4,321	\$4,688
Baby Boomer II (1955-1964)	13%	9%	\$12,502	\$16,819	2.89	3.45	\$4,219	\$4,510
Baby Boomer I (1946-1954)	2%	1%	\$15,534	\$19,661	4.43	5.13	\$3,521	\$3,707

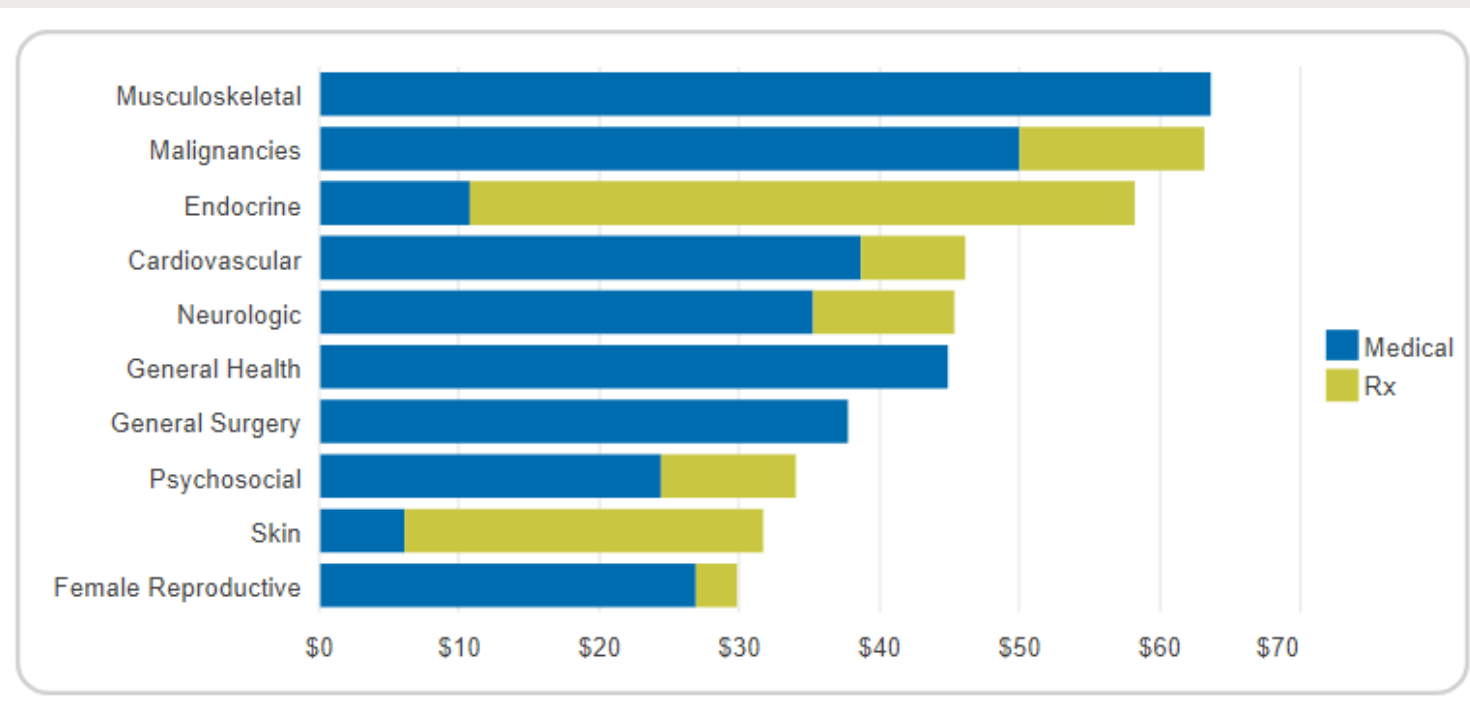


- From 2022 to 2025 population declined among Baby Boomers, with observed increases in younger generations.
- From Gen Z and older, risk increased for all generations, leading to higher PMPY. Risk adjusted costs also increased.

# Overall Cost Drivers – VI Book of Business

- Top spend categories in 2025 are MSK, malignancy, endocrine, and cardiovascular. This is consistent with 2024.
- Categories influencing increased costs in 2025 are endocrine (+\$7 PMPM), neurologic (+\$5 PMPM), and MSK (+\$5 PMPM)

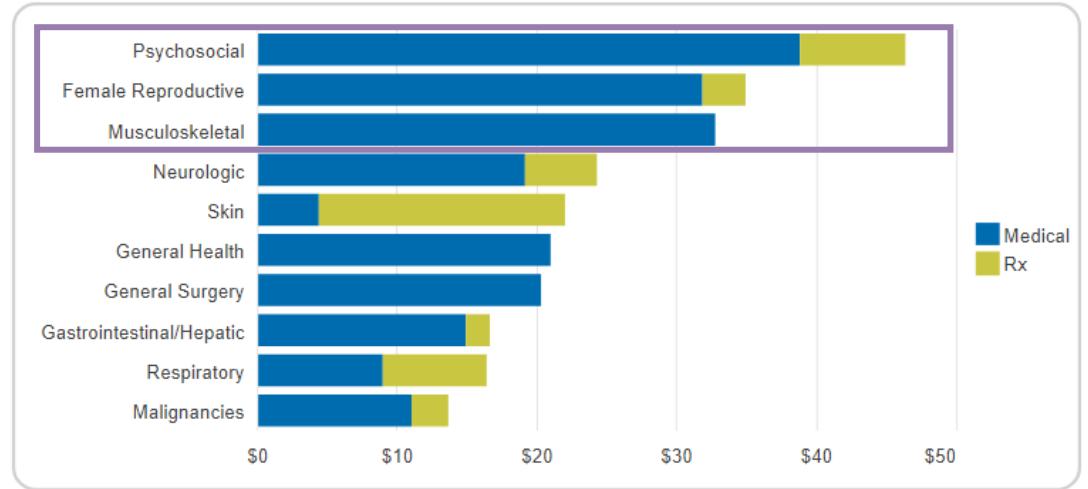
TOP 10 CONDITIONS BY PLAN PAID



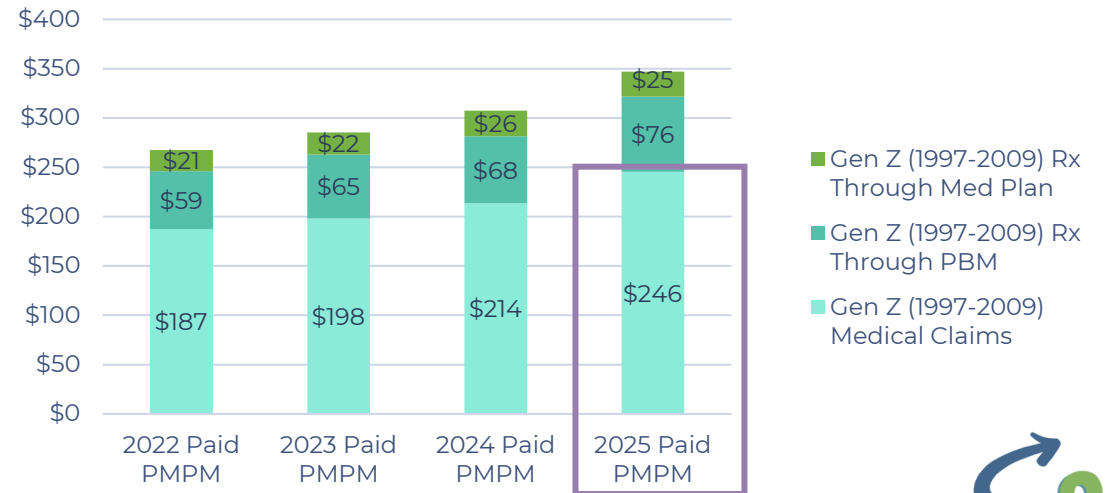
# Gen Z

- Psychosocial, female reproductive, and MSK are the top cost categories among Gen Z.
- PMPM costs are influenced by a 15% increase in medical PMPM from 2024. Non-HCC psychosocial and female reproductive claims drive the medical increase.
- Notably, endocrine and cardiovascular are not among the top 10 conditions by cost for Gen Z.

## TOP 10 CONDITIONS BY PLAN PAID



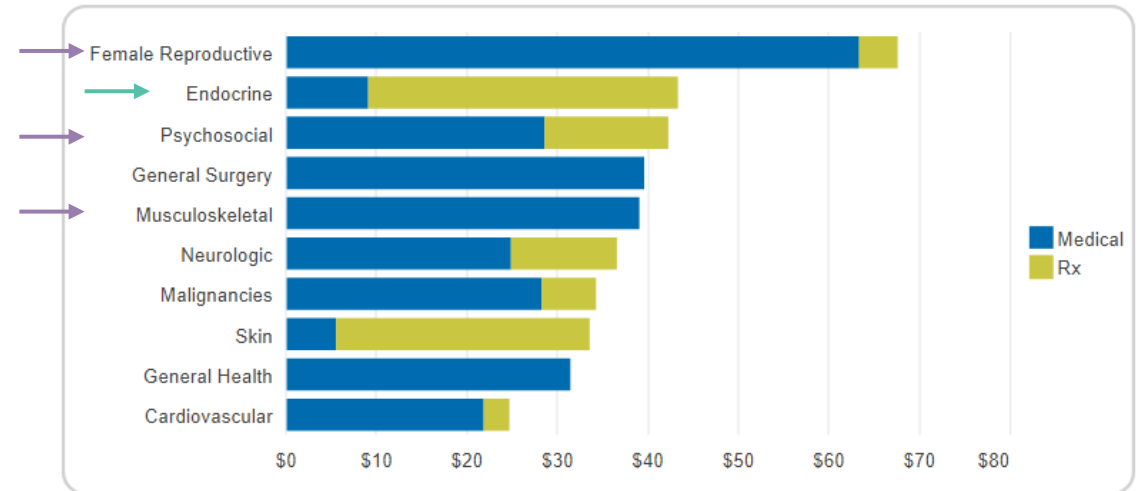
## PMPM 2022 - 2025



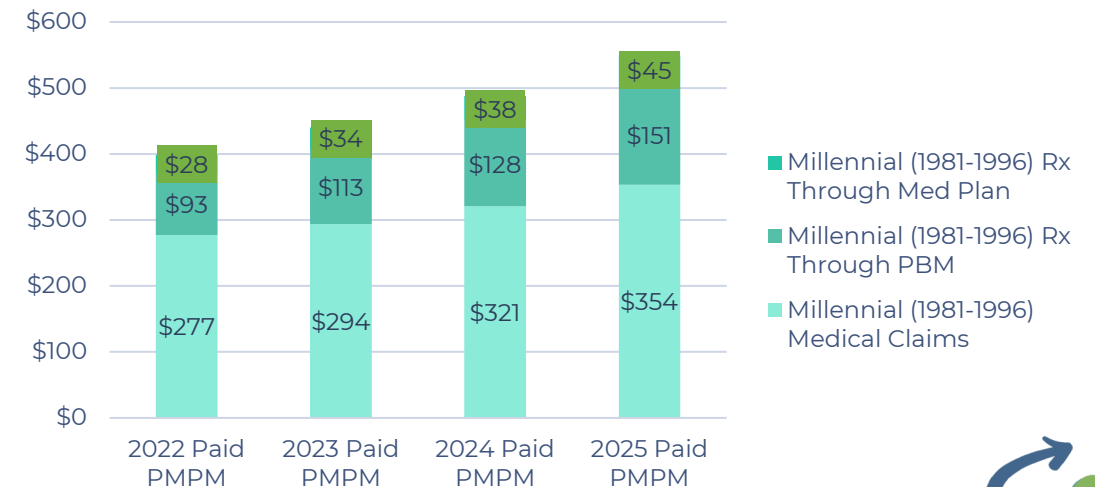
# Millennial

- At \$550 PMPM, Millennial cost is 58% higher than Gen Z.
- Female reproductive is a key influencer of higher medical claims for Millennials compared to Gen Z.
- Endocrine is the 2<sup>nd</sup> most costly condition category, and the greatest influencer of increased Rx spend from 2024 to 2025.
- Malignancy and cardiovascular costs begin to elevate.

TOP 10 CONDITIONS BY PLAN PAID



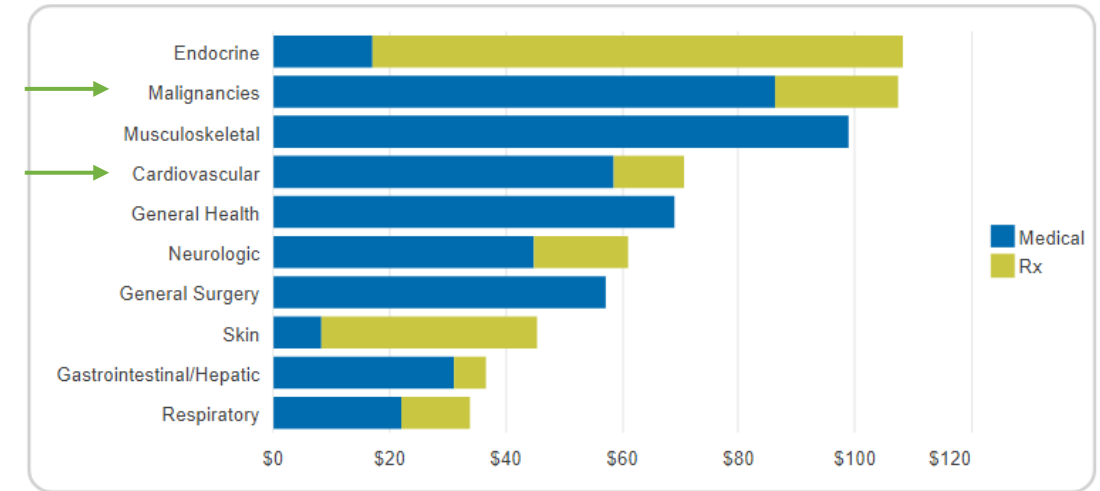
PMPM 2022 - 2025



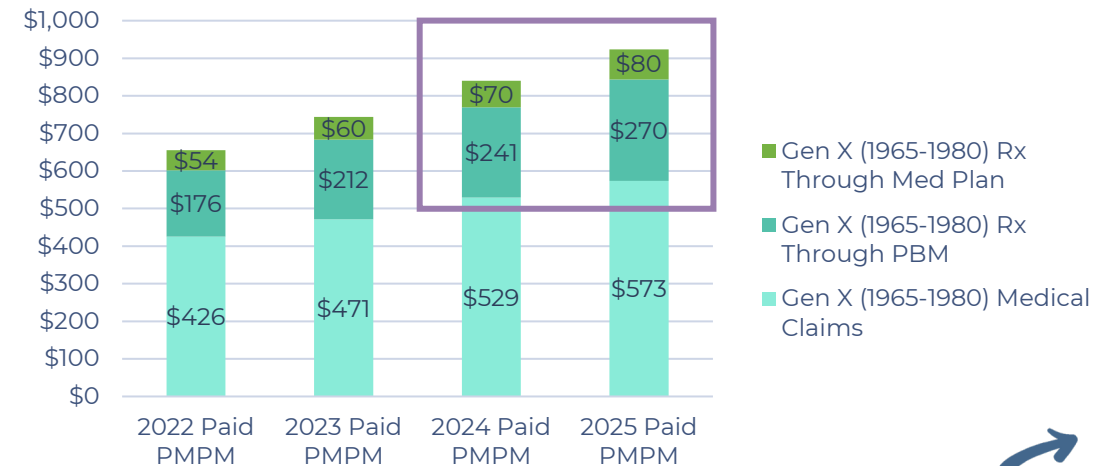
# Gen X

- At \$923 PMPM, Gen X trend increase is +10% from prior and 68% above Millennials.
- HCC impact becomes more pronounced, accounting for 44% of spend (32% Gen Z and Millennial).
- Rx through medical increased 14% from prior, followed by Rx at 12%.
- Endocrine and malignancy are the top cost categories, and also the greatest influencers of year-over-year PMPM increase.
- Female reproductive and psychosocial are no longer among top 10 cost categories.

## TOP 10 CONDITIONS BY PLAN PAID



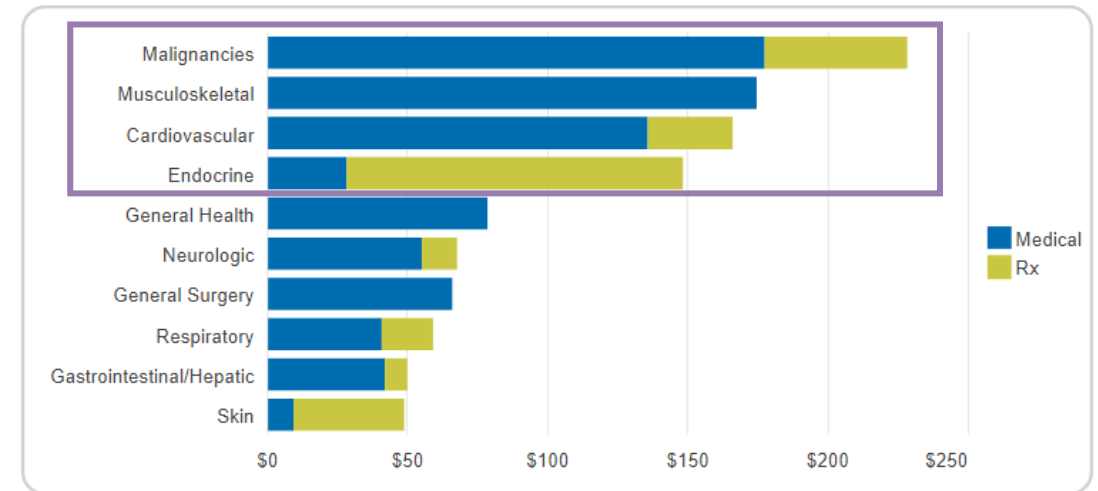
## PMPM 2022 - 2025



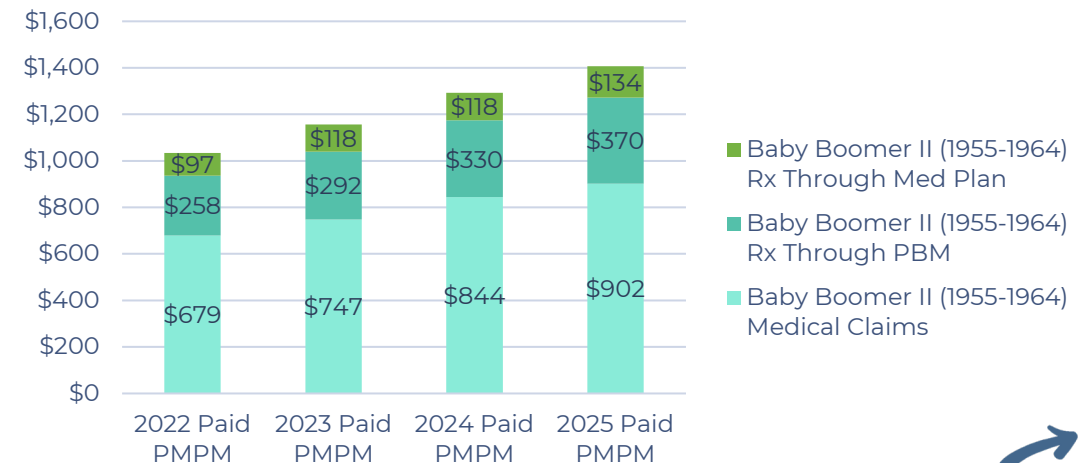
# Baby Boomers II

- Baby Boomer II are \$1,406 PMPM in 2025, 9% higher than 2024.
- Malignancies, MSK, cardiovascular, and endocrine are the top cost categories and all contribute to increased trend in 2025.
- 51% of Baby Boomer II spend is from HCCs
- Rx through medical and PBM influence higher spend. Medications for cancer drive spend in both categories while GLP-1s continue to impact pharmacy increases.

## TOP 10 CONDITIONS BY PLAN PAID



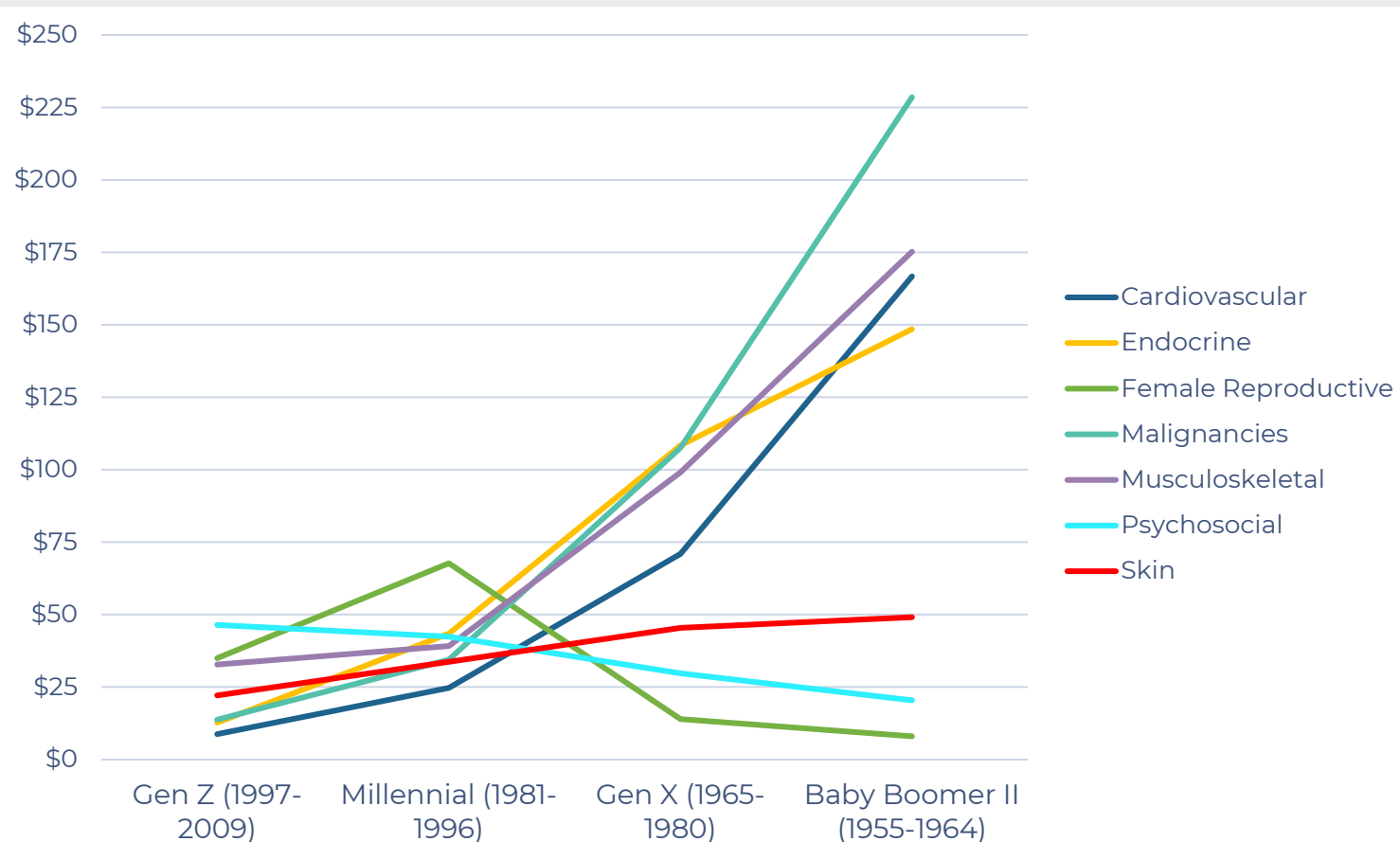
## PMPM 2022 - 2025



# Generational Comparison – key cost drivers

- Female reproductive is a top cost driver for Gen Z and spikes for Millennials but declines after that.
- Psychosocial spend is highest among Gen Z and consistently declines across subsequent generations.
- Malignancies, MSK, cardiovascular, and endocrine exhibit a strong correlation between age and cost.
- Skin category is a secondary cost driver in each generation and increases steadily with age.

KEY CONDITIONS PMPM BY GENERATION



# TPA Comparisons

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- Risk Adjusted Cost
  - Avg. total cost per person for every unit of risk
- Average \$3,296
- Regence Blue Shield- Lowest
- Point32 Health- Highest
- BUCA by risk adjusted cost
  - Aetna- \$3,236
  - Blues- \$3,214
  - UHC- \$3,143
  - Cigna- \$2,967

Carrier	Group Count	Average Members	Risk Adjusted Cost
ANTHEM	25	49,964	\$3,736
UHC	13	17,265	\$3,143
BCBSAL	41	15,629	\$3,775
Allegiance	7	14,259	\$4,216
BCBSTX	9	14,225	\$3,088
AETNA	11	12,914	\$3,236
UMR	21	12,823	\$3,079
MERITAIN	14	10,978	\$3,284
CIGNA	17	9,941	\$2,967
BCBSTN	2	7,279	\$2,663
RGH	11	7,044	\$2,991
CAREFIRST ADMINISTRATORS	2	5,399	\$2,470
Point32Health	1	5,176	\$4,387
HNAS	16	4,851	\$2,254
HIGHMARK_BCBS	2	4,661	\$3,945
REGENCE BLUE SHIELD	4	4,658	\$1,827
PREMERA	3	4,096	\$4,208
HEALTH PARTNERS	7	3,940	\$4,071
AMERIBEN	3	3,467	\$2,543
HEALTHGRAM	4	3,275	\$3,633

**Northwest**  
**\$3,217**

**Midwest**  
**\$4,011**

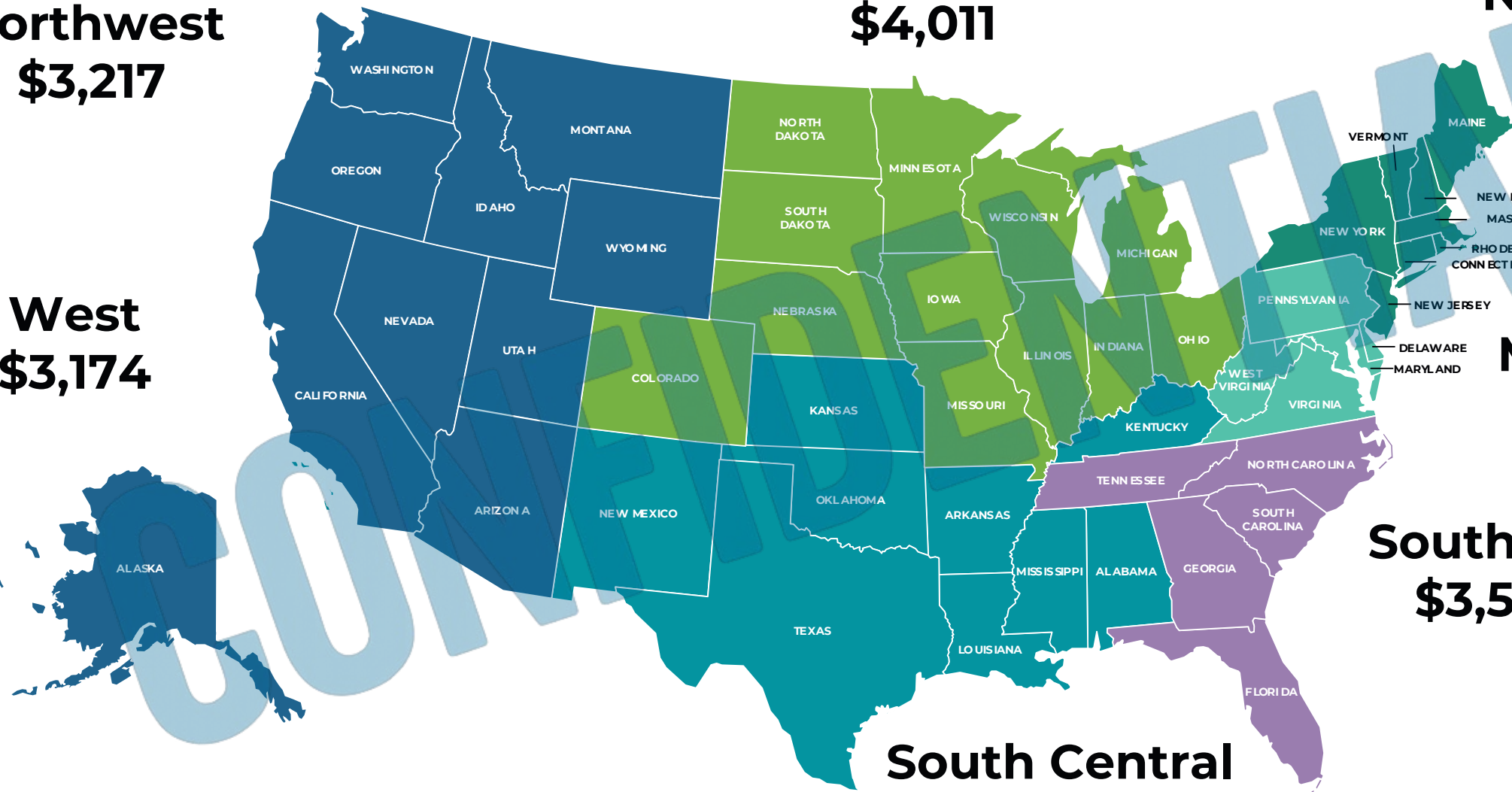
**Northeast**  
**\$3,570**

**West**  
**\$3,174**

**Mid-Atlantic**  
**\$3,410**

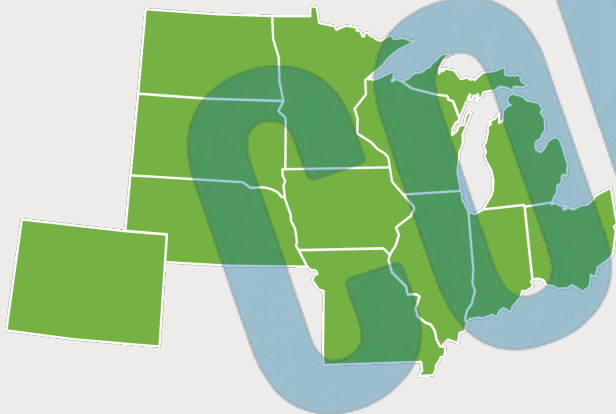
**Southeast**  
**\$3,568**

**South Central**  
**\$3,323**



# Midwest

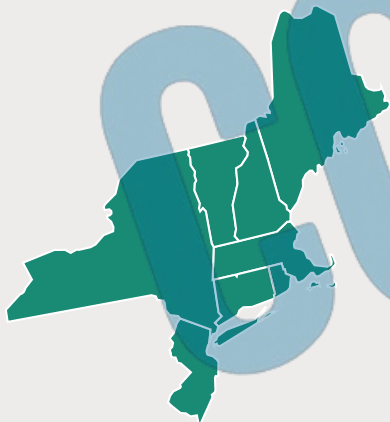
- Average \$4,011
- BCBSMN- Lowest
- Prairie States- Highest



Carrier	Group Count	Average Members	Risk Adjusted Cost
ANTHEM	24	49,285	\$3,816
Allegiance	7	14,259	\$4,457
UMR	13	8,999	\$3,193
UHC	5	8,613	\$3,545
BCBSTX	4	6,349	\$3,002
HEALTH PARTNERS	7	3,940	\$4,086
AUXIANT HEALTH	1	1,997	\$3,572
MERITAIN	3	1,920	\$3,522
SUREST	4	1,909	\$2,956
CIGNA	5	1,723	\$3,284
AMERIBEN	1	1,666	\$2,881
ALLIED BENEFITS	1	1,233	\$3,113
UNIFIED GROUP SERVICES	1	1,067	\$3,266
SIHO	2	901	\$3,398
BCBSMN	1	740	\$2,714
PRAIRIE STATES	3	723	\$6,637
PREMERA	1	632	\$4,210
BCBSMI	1	572	\$3,190

# Northeast

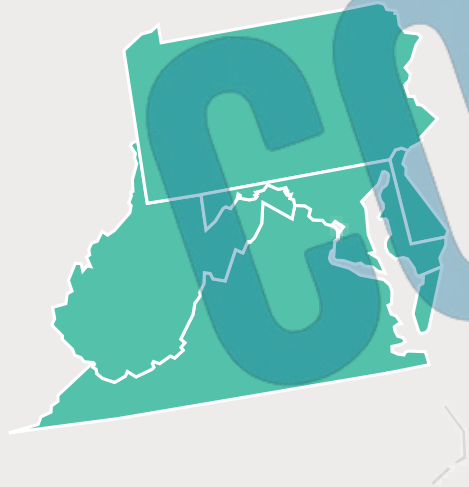
- Average \$3,570
- Surest- Lowest
- BCBSMA- Highest



Carrier	Group Count	Average Members	Risk Adjusted Cost
UHC	6	7,849	\$3,240
AETNA	7	7,646	\$3,369
Point32Health	1	5,176	\$4,387
MERITAIN	6	3,206	\$4,089
BCBSMA	1	2,835	\$4,512
CIGNA	2	1,913	\$2,763
HEALTH PLANS INC	1	1,263	\$3,500
PERSONIFY HEALTH	1	1,239	\$3,974
HEALTHGRAM	2	733	\$3,552
ANTHEM	1	679	\$3,775
HNAS	1	665	\$2,417
EXCELLUS BLUE CROSS	1	552	\$3,672
SUREST	1	542	\$2,369

# Mid-Atlantic

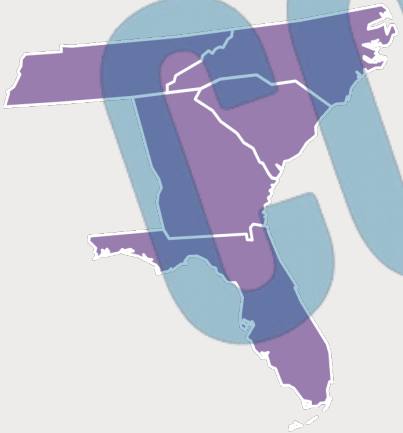
- Average \$3,410
- Meritain- Lowest
- Trustmark- Highest



Carrier	Group Count	Average Members	Risk Adjusted Cost
CareFirst Administrators	2	5,399	\$2,986
HNAS	14	2,643	\$2,275
Capital Blue Cross	3	2,105	\$2,739
Horizon Blue	1	2,027	\$3,026
Trustmark	3	774	\$5,398
WebTPA	1	720	\$2,084
UHC	1	647	\$1,780
Meritain	1	559	\$1,569
UMR	1	499	\$3,071

# Southeast

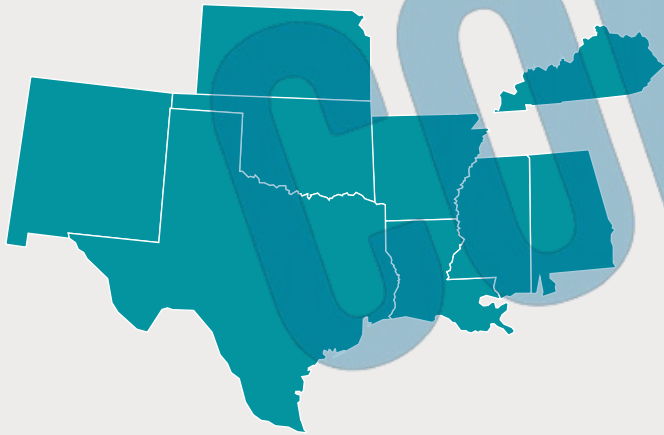
- Average \$3,568
- UMR- Lowest
- BCBSAL- Highest



Carrier	Group Count	Average Members	Risk Adjusted Cost
BCBSTN	2	7,279	\$2,525
MERITAIN	4	5,293	\$2,806
HEALTHGRAM	2	2,542	\$3,799
AMERIBEN	2	1,801	\$3,160
CIGNA	2	1,650	\$3,068
BCBSFL	2	1,510	\$3,027
UMR	3	1,259	\$2,287
BCBSAL	1	501	\$4,299

# South Central

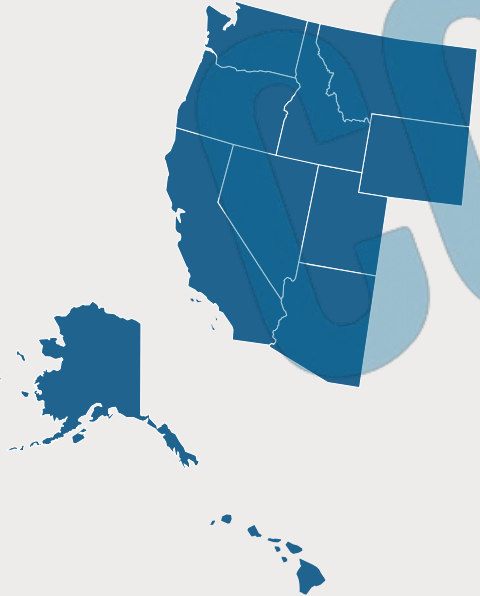
- Average \$3,323
- Lucent Health- Lowest
- BCBSAL- Highest



Carrier	Group Count	Average Members	Risk Adjusted Cost
BCBSAL	40	15,128	\$3,858
BCBSTX	5	7,876	\$2,864
HIGHMARK BCBS	1	4,389	\$3,565
HNAS	1	1,543	\$3,285
UMR	2	779	\$2,955
LUCENT HEALTH	1	535	\$1,924

# West

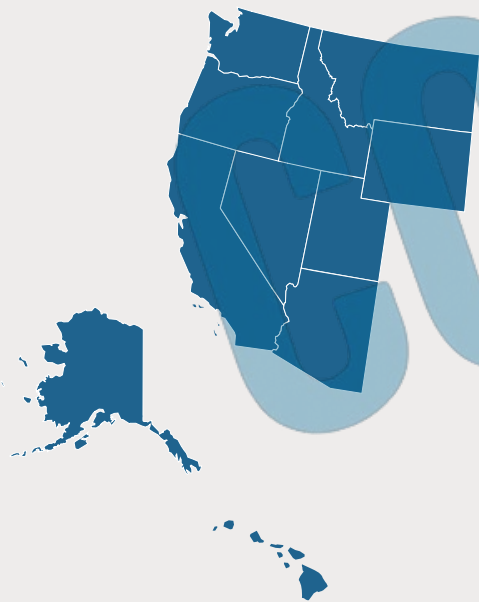
- Average \$3,174
- Cigna- Lowest
- BRMS- Highest
- Very little variance



Carrier	Group Count	Average Members	Risk Adjusted Cost
AETNA	2	4,866	\$2,951
CIGNA	6	4,116	\$2,915
BRMS	1	652	\$2,981

# Northwest

- Average \$3,217
- RGA- Lowest
- Premera- Highest



Carrier	Group Count	Average Members	Risk Adjusted Cost
RGA	11	7,044	\$2,911
REGENCE BLUE SHIELD	4	4,658	\$3,323
PREMERA	2	3,464	\$4,317
PROVIDENCE HEALTH PLANS	2	3,195	\$3,187
UMR	2	1,288	\$2,923

 **ALERA**GROUP

