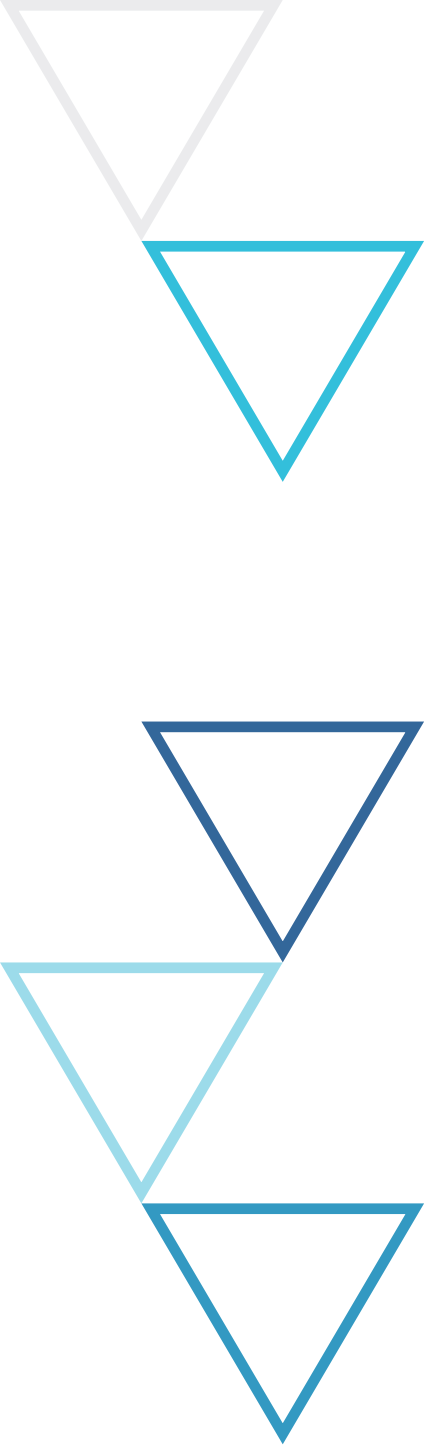
MERCER MARSH BENEFITS™

2018 Medical Trends Around the World

MARSH & McLENNAN COMPANIES



Contents

Introduction

Top trends shaping employer-sponsored medical plans

Health affordability, accessibility and quality continue to be key organizational and individual imperatives. The Mercer Marsh Benefits (MMB) annual medical trend survey, *Medical Trends Around the World*, touches on all of these three issues. It provides information about the cost of healthcare and top claims in markets around the world to help plan sponsors understand medical plan costs and design their overall health and well-being strategies. Medical trend rates are an essential element in MMB's insurance rate analysis as we assist clients to design plans to help control cost and meet the needs of their diverse workforces.

From February to March this year, we surveyed insurers around the world for our fourth straight year. A total of 225 insurers across 62 countries participated in the survey — 40% of the participating insurers are network affiliates of multinational pooling providers. We received sufficient response in 50 countries to publish medical trend rates.

Our findings emphasize that though the actual medical trend rate percentage is somewhat steady, medical cost continues to exceed inflation rates. Though the pace of cost increase remains stable, we have seen some regional variation, due in part to currency fluctuations and other country variables. We are, however, excited to see insurers and employers responding to the continued high cost of care, a likely "sign of the times" as extensive disruption occurs in insurance and healthcare. We fully expect the coming years to involve bold moves driven by digital startups, innovation in established players and vertical integration in the supply chain.

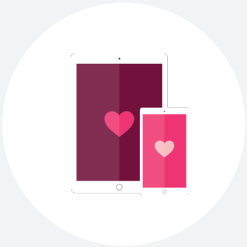
At MMB, we believe that by harnessing our collective expertise as a global business we can build, shape and improve the lives of people and organizations around the world. We promote evidence-based solutions that improve employee health and thus drive better corporate performance. We support approaches that ensure benefit programs are meaningful and sustainable. We hope that you'll derive value from this report and, more important, intend to engage with us, other employers and insurers on driving change for good. Please become familiar with our digital playbook, which will expand over time as new issues and opportunities are translated into best-practice case studies and approaches.

We thank all of the participating insurers for taking the time to respond to this year's survey. (For a full list of participating countries and the names of insurers who have agreed to be mentioned, please refer to the Appendix.)

Please note that the US is excluded from this report because it is a unique healthcare market. For information on US trends, see Mercer's *National Survey of Employer-Sponsored Health Plans 2017* report.

The survey results emphasized the following key areas of focus for insurers and observations of actions being taken by employers:

INSURERS ARE INCREASINGLY:



Investing in digitalization and data analytics

Managing health providers (e.g., hospitals)

EMPLOYERS ARE INCREASINGLY:

Expanding and creating wellness/well-being solutions for employees and families

Engaging members in new ways, including refreshing the mix of coverage options for diverse workforces

1 Medical Trend Rate

Cost of care continues to outpace inflation

BASED ON YOUR BLOCK OF GROUP OR OVERALL MEDICAL INSURANCE BUSINESS, WHAT ACTUAL MEDICAL TREND RATE DID YOU EXPERIENCE IN 2017 AND ARE YOU PROJECTING FOR 2018?

All aspects of healthcare, including hospitalization, outpatient, medications, maternity and vision, can be included in your assessment, but where possible, please exclude dental. The trend rate should account for per-person increases in cost due to medical inflation, changes in utilization patterns and other factors, like changes in government regulation.

	2017 medical trend rate experienced[1]	2017 estimated inflation rate[2]	2018 projected medical trend rate[1]	2018 forecast inflation[2]
Global[3] (average)	**9.5%**	**3.4%**	**9.1%**	**3.5%**
North America				
Canada	6.2%	1.6%	5.6%	2.2%
Asia (average)	**10.4%**	**2.3%**	**10.0%**	**2.7%**
China	9.5%	1.6%	10.3%	2.5%
Hong Kong	9.0%	1.5%	8.4%	2.2%
India	10.0%	3.6%	10.0%	5.0%
Indonesia	14.3%	3.8%	12.6%	3.5%
Malaysia	11.6%	3.8%	12.5%	3.2%
Philippines	12.4%	3.2%	13.1%	4.2%
Singapore	8.6%	0.6%	9.1%	1.2%
South Korea	7.0%	1.9%	7.0%	1.7%
Taiwan	10.6%	0.6%	9.0%	1.3%
Thailand	10.0%	0.7%	8.7%	1.4%
Vietnam	11.8%	3.5%	9.4%	3.8%
Pacific (average)				
Australia	4.4%	2.0%	3.8%	2.2%

	2017 medical trend rate experienced[1]	2017 estimated inflation rate[2]	2018 projected medical trend rate[1]	2018 forecast inflation[2]
Europe (average)	**7.6%**	**2.8%**	**7.5%**	**2.8%**
Belgium	3.7%	2.2%	3.8%	1.6%
Bulgaria	13.0%	1.2%	13.5%	2.0%
Denmark	2.0%	1.1%	1.7%	1.4%
France	1.6%	1.2%	1.5%	1.5%
Greece	5.7%	1.1%	5.1%	0.7%
Hungary	10.0%	2.4%	15.0%	2.7%
Ireland	4.6%	0.3%	5.8%	0.9%
Italy	2.5%	1.3%	2.1%	1.1%
Latvia	8.9%	2.9%	7.0%	3.0%
Lithuania	16.7%	3.7%	12.1%	2.2%
Netherlands	2.1%	1.3%	2.1%	2.0%
Norway	9.1%	1.9%	7.3%	1.9%
Poland	10.1%	2.0%	10.7%	2.5%
Portugal	2.7%	1.6%	2.2%	1.6%
Romania	15.0%	1.3%	15.0%	4.7%
Russia	7.5%	3.7%	6.8%	2.8%
Serbia	17.5%	3.1%	15.0%	2.7%
Spain	4.6%	2.0%	4.4%	1.7%
Sweden	5.0%	1.9%	7.0%	1.5%
Switzerland	4.5%	0.5%	4.5%	0.7%
Turkey	12.0%	11.1%	14.0%	11.4%
Ukraine	11.4%	14.4%	11.7%	11.0%
United Kingdom	4.6%	2.7%	4.9%	2.7%

	2017 medical trend rate experienced[1]	2017 estimated inflation rate[2]	2018 projected medical trend rate[1]	2018 forecast inflation[2]
Middle East & Africa (MEA) (average)	**12.5%**	**4.7%**	**11.9%**	**6.2%**
Bahrain	12.2%	1.4%	9.2%	2.9%
Egypt	28.4%	23.5%	20.0%	20.1%
Oman	3.6%	1.6%	10.0%	2.5%
Qatar	13.5%	0.4%	15.0%	3.9%
Saudi Arabia	5.5%	-0.9%	5.5%	3.7%
United Arab Emirates	11.5%	2.0%	11.5%	4.2%
Latin America[4] (LATAM) (average)	**12.7%**	**5.9%**	**11.5%**	**4.7%**
Argentina	32.8%	24.8%[5]	26.0%	19.3%
Brazil	17.6%	2.9%	15.4%	3.6%
Chile	8.9%	2.3%	8.5%	2.0%
Colombia	7.5%	4.1%	7.4%	3.8%
Dominican Republic	4.8%	4.1%	5.5%	3.3%
Mexico	13.5%	6.8%	12.0%	4.1%
Panama	10.0%	0.8%	10.3%	0.6%
Peru	6.5%	1.5%	6.8%	1.2%

The data from this year's survey reflect a slight decline in the actual medical trend rate experienced by insurers in 2017, just 0.4% below the average reported in our report last year. However, the average global medical trend rate of 9.5% remains close to three times that of economic inflation.

Projections for 2018 reflect the potential for a 9.1% global average, with most countries reporting they expect the trend to remain consistent from last year.

1. These medical trend rates reflect insurer survey results and may not be MMB's view.
2. Sources for inflation rates include:
   - For all countries unless otherwise noted: International Monetary Fund, *World Economic Outlook Database*, April 2018
   - For Latin America: Mercer's *Latin America Economic Trends*, April 2018
3. Average of 50 participating countries with an acceptable number of responses.
4. Venezuela is not included in the table, as the current socioeconomic conditions in Venezuela are causing medical insurance premiums to rapidly increase, with weekly changes to price becoming more common.
5. Argentina: The source of the inflation data is LatinFocus Consensus Forecast.

Note for China and Mexico cities, the data refer to China and Mexico overall country data, respectively. Inflation rate information is strictly for general reference purpose; Mercer gives no guarantees as to their accuracy and will not accept liability for decisions based on them.

2018 MEDICAL TRENDS: THE MERCER MARSH BENEFITS VIEWPOINT

Brazil | Italy

Insurers in Asia were also asked to provide medical trend rates for inpatient and outpatient coverage:

	2017 actual medical trend rate	2017 inpatient	2017 outpatient	2018 projected	2018 projected inpatient	2018 projected outpatient
China	9.5%	8.1%	10.7%	10.3%	9.3%	12.0%
Hong Kong	9.0%	9.0%	8.4%	8.4%	9.0%	7.0%
India	10.0%	9.5%	10.5%	10.0%	9.5%	10.5%
Indonesia	14.3%	--	--	12.6%	--	--
Malaysia	11.6%	11.9%	11.4%	12.5%	12.5%	12.5%
Philippines	12.4%	--	--	13.1%	--	--
Singapore	8.6%	--	--	9.1%	9.9%	6.2%
South Korea	7.0%	--	--	7.0%	--	--
Taiwan	10.6%	--	--	9.0%	--	--
Thailand	9.1%	8.3%	9.1%	8.7%	8.1%	9.1%
Vietnam	11.8%	14.1%	11.7%	9.4%	9.0%	8.8%

Where we are headed

DO YOU EXPECT THE 2019 MEDICAL TREND RATE FIGURE WILL BE HIGHER, LOWER OR THE SAME?

	Global[1]	Asia	Europe	LATAM	MEA
Higher than 2018 projection	50%	65%	36%	51%	47%
Same as 2018 projection	41%	30%	60%	26%	32%
Lower than 2018 projection	9%	5%	4%	23%	21%

1. "Global" in this survey includes all responses to the survey, including Canada, Australia and New Zealand.

Insurers are generally predicting that there could be further increases on the horizon, with some cautiously expecting 2019 to remain similar to 2018. Higher medical spend without demonstratable return on investment will continue to be a challenge.

2018 MEDICAL TRENDS:
THE MERCER MARSH BENEFITS VIEWPOINT - ASIA

China | India | Philippines

TO WHAT EXTENT DO YOU THINK THE FOLLOWING WILL INCREASE EMPLOYER-SPONSORED HEALTHCARE COSTS IN YOUR COUNTRY OVER THE NEXT THREE YEARS?

KEY

- Very large extent
- Large extent
- Some extent
- Modest extent
- No extent at all

Note: Global data include all responding insurers, including Canada and the Pacific countries.

Note: Due to rounding, percentages may not total 100.

1 For example, heart disease, cancers, stroke, chronic respiratory diseases, diabetes, Alzheimer's disease, mental illness and kidney diseases.

2 For example, Malaria, lower respiratory, HIV/AIDS, Tuberculosis, Measles, Hepatitis B, other outbreaks of infection, such as Ebola, Dengue Fever, Zika and Chikungunya,

As expected, insurers generally believe that increased noncommunicable disease (for example, heart disease, cancer, stroke, chronic respiratory disease, diabetes, Alzheimer's disease, mental illness and kidney disease), together with supplier increases (such as availability and access to new medical technologies) will drive cost over the next three years. Other factors are expected to include changes to health provider fee guides/schedules, rising employee expectations and aging.

Increased workplace and/or personal-related stress/pressure as well as changes to public/government social security schemes and/or health reform/legislation also ranked high globally as potentially having a large impact on costs in coming years.

What is being done

Throughout the data collected in this year's survey, it is evident insurers have balanced well-being investments with an increased focus on managing behaviors and costs of health providers (for example, managing high-cost treatment and care via approaches like pre-authorization and hospital length of stay reviews), tightening their use of preferred health provider networks, negotiating fees/bundle packages and managing fraud. In addition, digital approaches to healthcare management continue to be pursued. Such solutions offer promise to enhance access and quality of care.

US health update

Employer healthcare cost growth in the US remains moderate. In 2017, the average total health benefit cost per employee rose by just 2.6%; little changed from 2016's increase of 2.4%. For about 15 years, employers struggled to control cost increases that were much higher than inflation. But in 2012, they managed to bring cost growth down to about 4%, and since then it's remained in the low single digits.

However, behind that average increase of 2.6% is a lot of variation from one employer to the next. For example, 31% of large employers (500+ employees) had no increase at all, whereas about a fifth experienced increases of more than 10%. The smallest employers were more likely to have very high increases. Jumbo employers — those with 20,000 or more employees — were mostly able to keep their cost increases moderate, but even in this group 11% had increases of more than 10%.

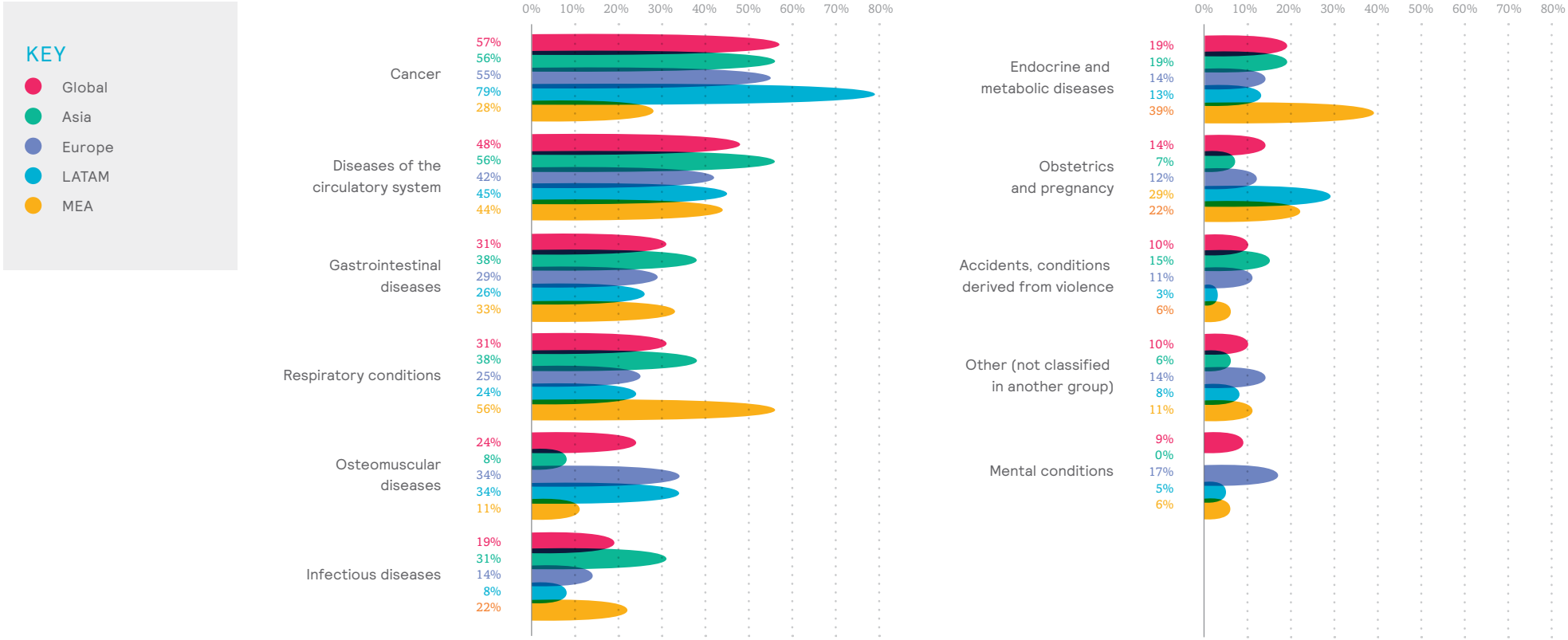
Employers predict an increase of 4.2% in 2018, which would be an uptick. But over the past few years, the actual cost increase has come in slightly lower than predicted, so at this point it's not clear that we're seeing a shift toward faster cost growth.

Medical plan cost trends for the US are drawn from Mercer's *National Survey of Employer-Sponsored Health Plans,* which uses a national probability sample. The most recent survey, conducted in mid-2017, received responses from 2,481 employers.

2 Managing/Influencing the Components of Cost

Where is money being spent?

BASED ON (DOLLAR) AMOUNT CLAIMED, WHAT WERE THE TOP THREE CAUSES OF CLAIMS COST IN 2017 BASED ON YOUR BOOK OF GROUP OR OVERALL BUSINESS?



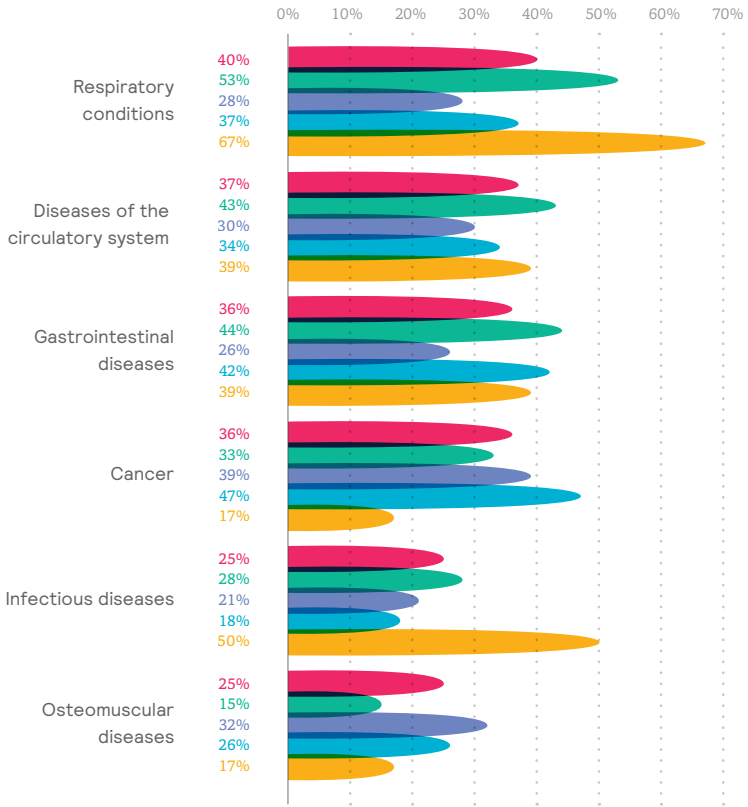
Noncommunicable diseases continue to be the leading claims across all regions of the world.

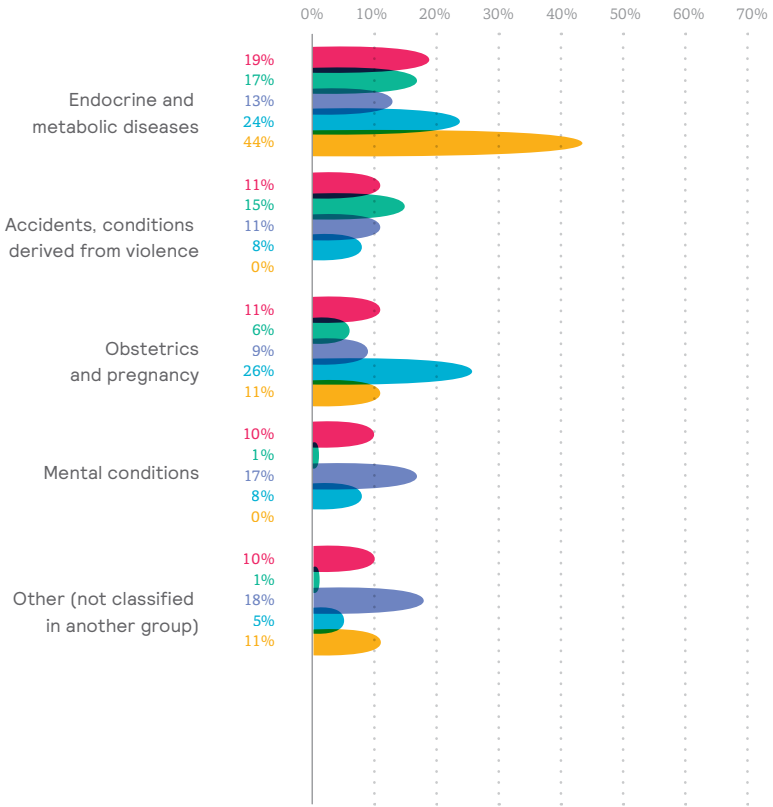
Globally, cancer and diseases of the circulatory system remain the top two highest claims reported by most insurers (respectively), with gastrointestinal diseases and respiratory conditions tied to round out the top four claim categories in terms of cost. Most notably, fewer insurers in the Middle East and Africa reported cancer in their top three causes of claim cost, while their most costly claim category was respiratory disease.

BASED ON (FREQUENCY) INCIDENCE OF CLAIMS, WHAT WERE THE TOP THREE CAUSES OF CLAIMS IN 2017 BASED ON YOUR BOOK OF GROUP OR OVERALL BUSINESS?

KEY

- Global
- Asia
- Europe
- LATAM
- MEA





Respiratory conditions and diseases of the circulatory system, respectively, still have the highest frequency of claims globally, although the gap between the two is narrowing in some regions. Cancer and gastrointestinal disease tied for the third highest in frequency.

The next-highest categories vary by region. For example, in Latin America osteomuscular disease and obstetrics and pregnancy are more prevalent, whereas infectious diseases have a higher frequency of claims in Asia and the Middle East and Africa.

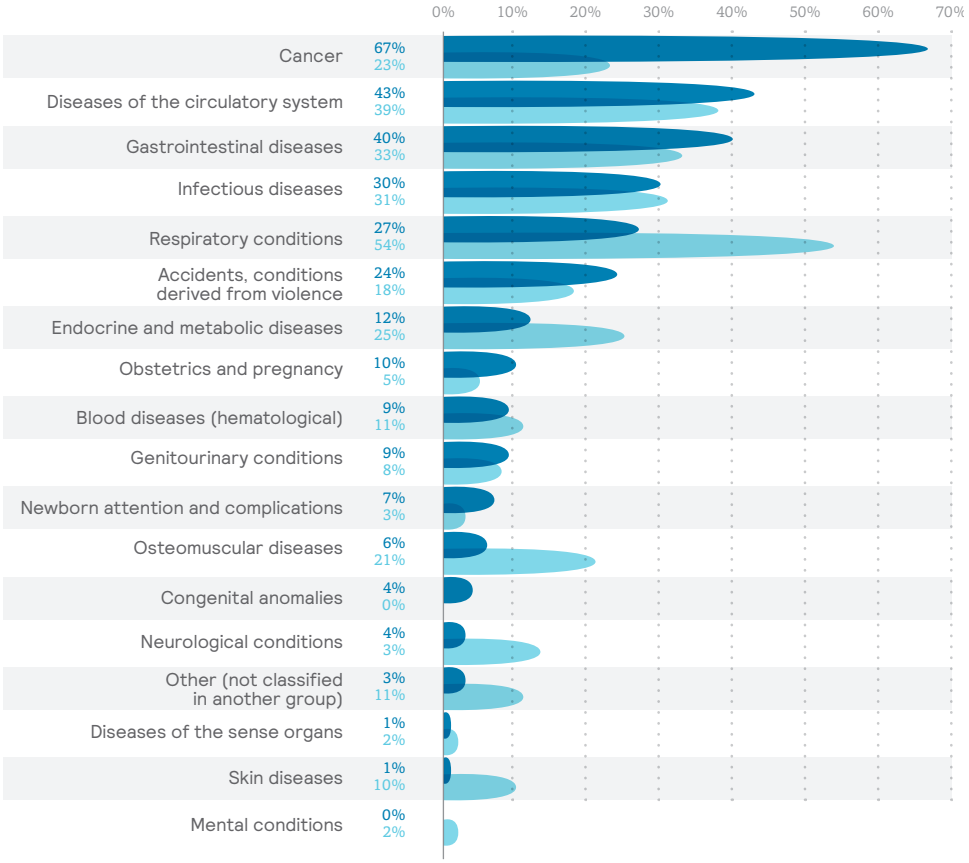
Inpatient/outpatient top claims — a closer look at Asia

For Asia, where inpatient and outpatient plans are often separated, we share a further breakdown below. Inpatient obstetrics and pregnancy continue to be a key focus for improved quality in India. From an outpatient perspective, issues like air pollution and tobacco use drive respiratory-track infections and more serious illnesses.

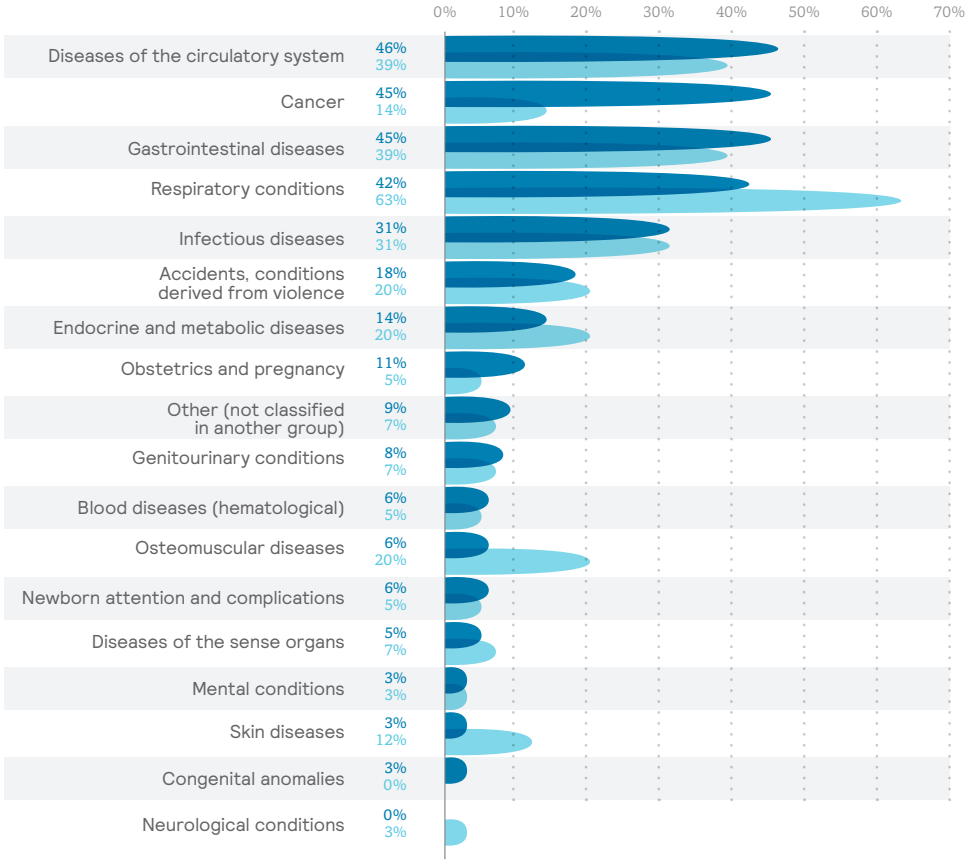
KEY

- Asia inpatient services
- Asia outpatient services

TOP CAUSES OF CLAIMS BASED ON (DOLLAR) AMOUNT OF CLAIMS

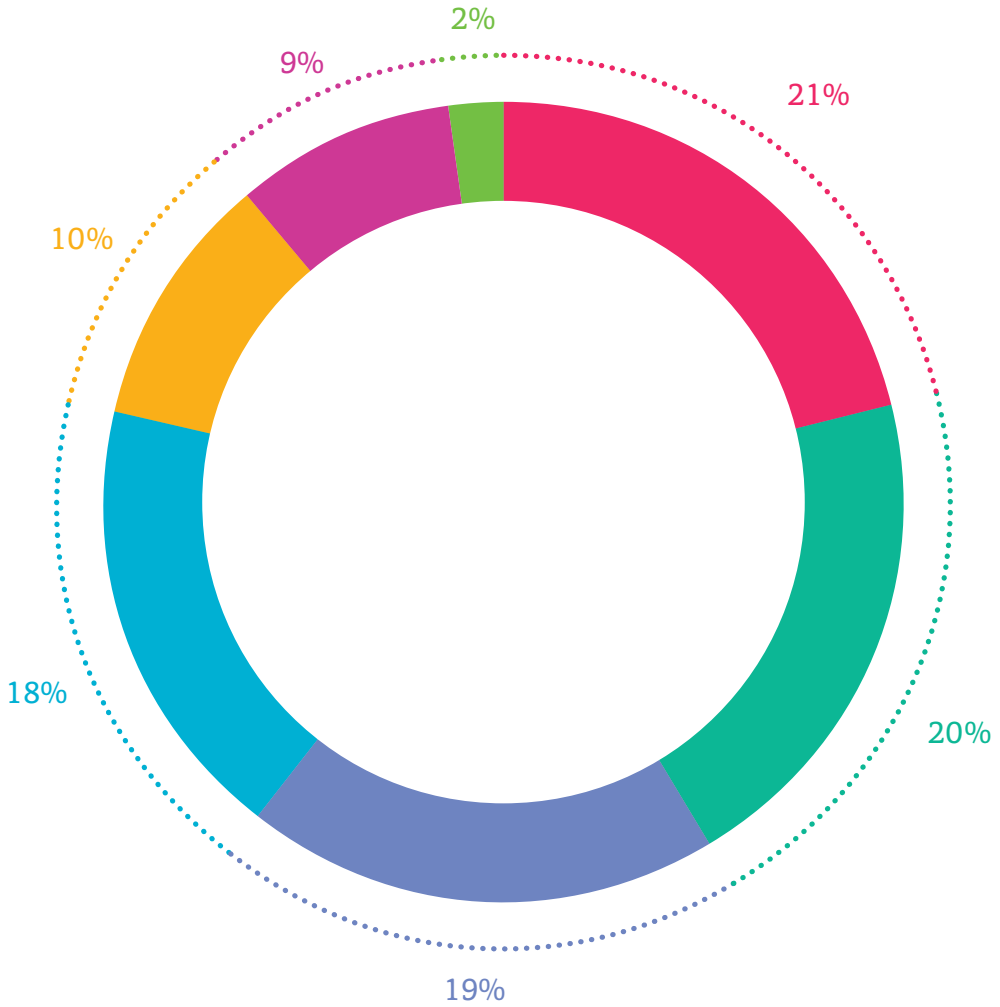


TOP CAUSES OF CLAIMS BASED ON (FREQUENCY) INCIDENCE OF CLAIMS



IN 2017, WHAT WERE THE TOP THREE COMPONENTS OF COST UNDER YOUR BOOK OF GROUP OR OVERALL BUSINESS?

Hospital, surgery room, inpatient room and inpatient equipment rental expenses were selected first by more insurers globally when ranking their most significant components of cost. Physician fees — both outpatient and inpatient — came in a close second and third, followed by fees for outpatient and inpatient medicines. The rankings of these items show very little change in the two years since we surveyed insurers on this topic and support the survey findings that provider management is an important strategy in the effort to contain medical costs.



KEY

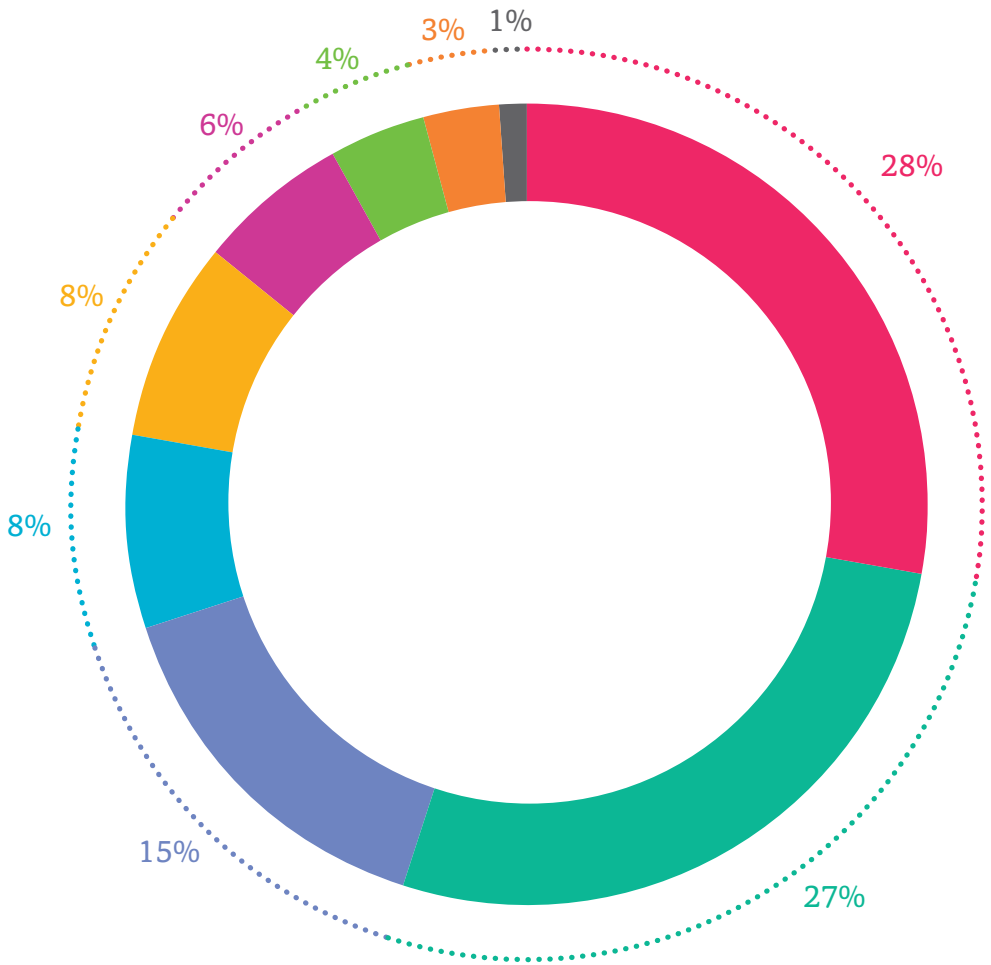
- Hospital, surgery room, inpatient room, inpatient equipment rental expenses
- Outpatient fees from physicians
- Inpatient fees from physicians and other health professionals
- Inpatient medicines, materials, prostheses and supplies
- Outpatient medicines
- Lab tests/diagnostics
- Outpatient fees from other health professionals (e.g., acupuncturists, nutritionists, counselors/psychologists)

WHAT ARE THE TOP THREE SUPPLIER-DRIVEN REASONS FOR COST INCREASES?

From a supplier-driven cost perspective, the top reason for cost increases most selected by insurers globally is new and expensive technology. When looking at regional responses, high-cost pharmaceuticals was the top reason in Latin America and the Middle East and Africa, followed by technology.

KEY

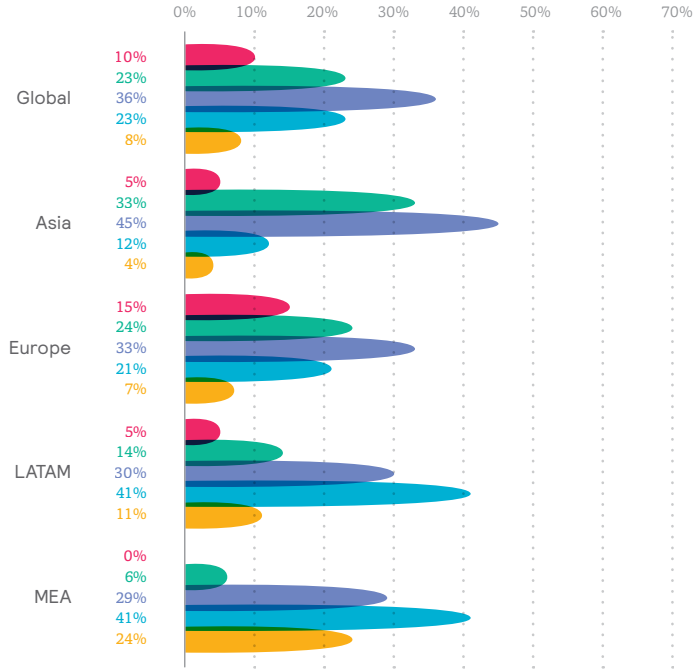
- New and expensive technology, such as biodegradable cardiac stents
- High-cost pharmaceuticals and biologics
- Overprescribing of low-value health tests and procedures
- Other
- Extensive hospital inpatient lengths of stay
- Limited access to high-quality care resulting in limited payment competition in the market
- Regulatory environments that limit hospital payment competition
- Regulatory environments that limit pre-authorization or physician management
- Poor quality of care



TO WHAT EXTENT DO GOVERNMENT(S) OR PROFESSIONAL BODIES CONTROL THE COST AND QUALITY OF MEDICAL CARE (FOR EXAMPLE, TREATMENT PROTOCOLS)?

KEY

- Very large extent
- Large extent
- Some extent
- Modest extent
- No extent at all



Insurers report that government(s) or professional bodies do control the cost and quality of medical care to some extent. This is more evident in Asia and Europe and less prevalent in Latin America and the Middle East and Africa.

AND SO WE ASKED INSURERS: TO WHAT EXTENT DOES YOUR ORGANIZATION PERFORM THE FOLLOWING TO HELP MANAGE PLAN MEMBER HEALTH AND/OR CONTAIN MEDICAL COSTS FOR EMPLOYER-SPONSORED MEDICAL INSURANCE?

The focus on managing provider delivery of services is evident in the data: Insurers are increasingly employing preauthorization strategies and working to negotiate rates with providers, including preferred networks and negotiated packaged/bundled pricing for specific procedures, in an effort to contain costs. Delisting providers due to clinical or business practices and setting reasonable and customary charging limits are becoming more prevalent practices. More insurers in Latin America and the Middle East and Africa indicate that offering coverage or an incentive to seek treatment on an outpatient as opposed to an inpatient basis is also a part of their plan management approach.

KEY

- This is an active part of our current plan management approach
- We are experimenting and/or have developed plans to initiate this within the next 24 months
- We are currently considering this
- We have no plans to invest in this area

Note: Due to rounding, percentages may not total 100

KEY

- This is an active part of our current plan management approach
- We are experimenting and/or have developed plans to initiate this within the next 24 months
- We are currently considering this
- We have no plans to invest in this area

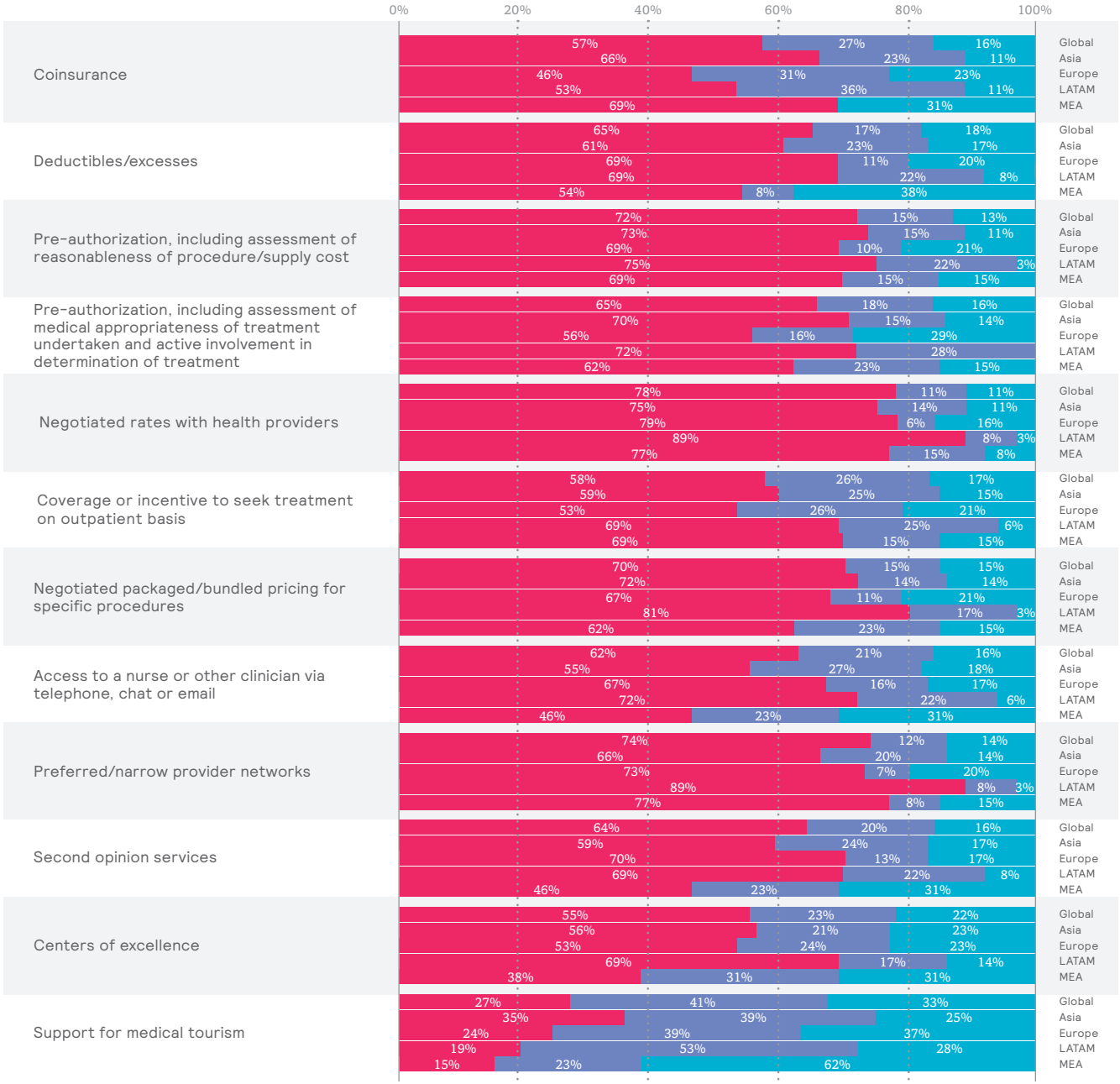
Note: Due to rounding, percentages may not total 100.

DO YOU SEE THE INSURANCE INDUSTRY IN YOUR COUNTRY TAKING RESPONSIBILITY FOR SUCH A SOLUTION?

The results suggest that insurers have a role in influencing government around legislative changes/health reform and in partnering with other stakeholders to deliver wellness programs. However, these are less of a focus compared to those mentioned previously.

KEY

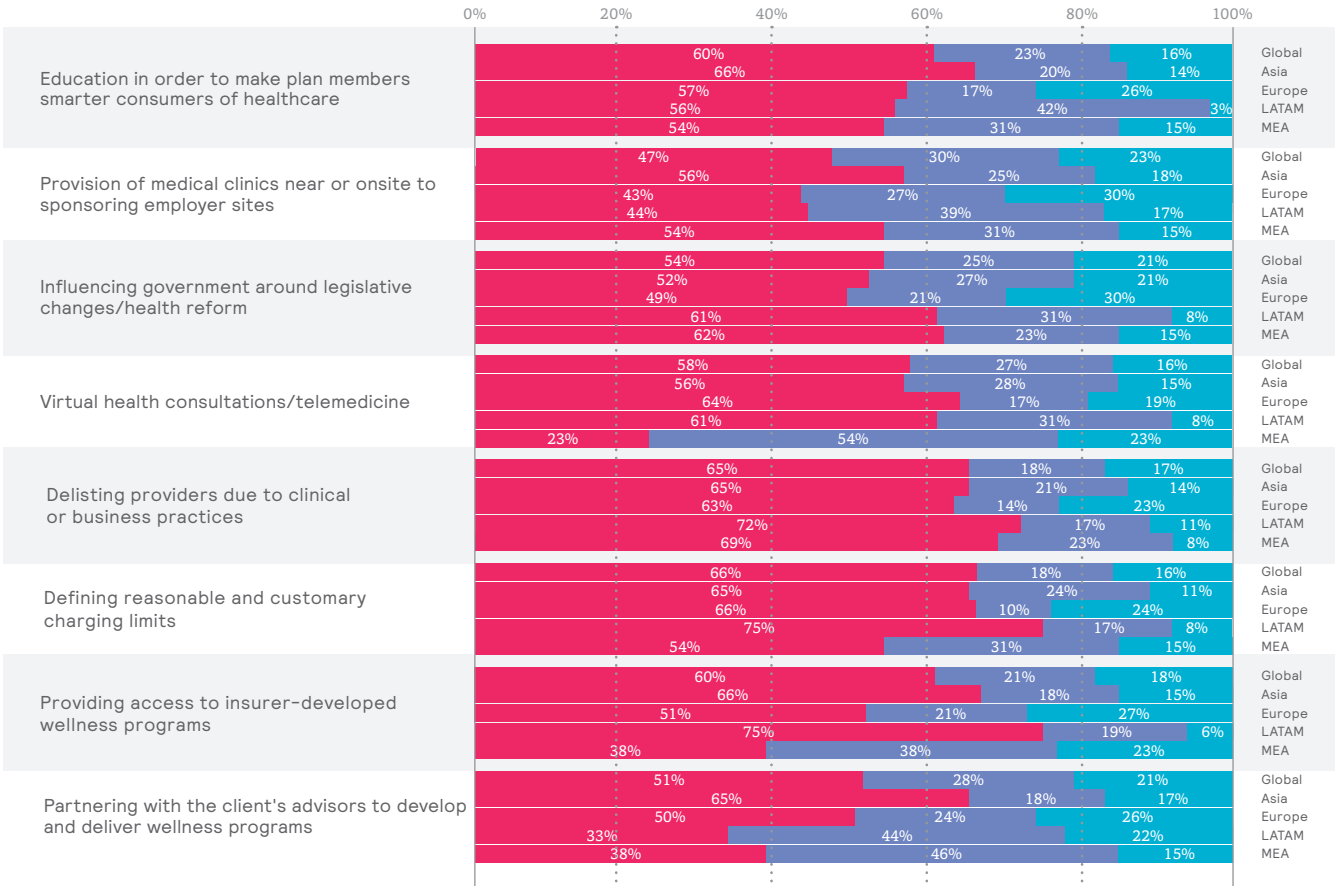
- Yes
- No
- Not applicable



Note: Due to rounding, percentages may not total 100.

KEY

- Yes
- No
- Not applicable

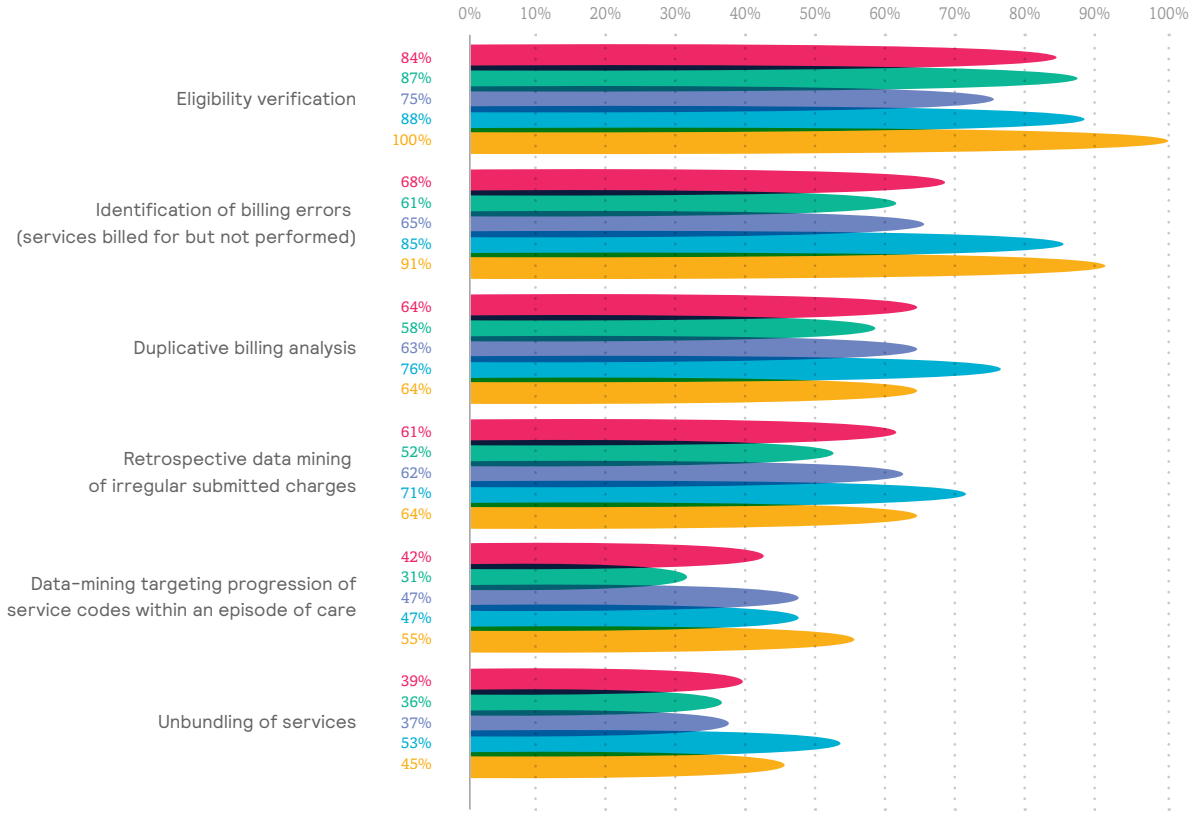


Note: Due to rounding, percentages may not total 100.

HAVE YOU ADOPTED ANY OF THE FOLLOWING FRAUD MANAGEMENT STRATEGIES TO CONTROL COSTS?

KEY

- Global
- Asia
- Europe
- LATAM
- MEA



AND SO WE CONTINUE TO ASK INSURERS:

TO WHAT EXTENT DO YOU SEE EMPLOYERS ENGAGING IN THE FOLLOWING TO IMPROVE PLAN MEMBER HEALTH AND/OR CONTAIN HEALTHCARE COSTS?

From the insurer's lens, the top ways employers are engaging to improve plan member health and/or contain healthcare costs are by implementing flexible benefits programs, creating or expanding onsite clinical services and creating or expanding wellness programs, with strong results in all three categories from Asia. Implementing more consumer-based healthcare options — for example, where employees are required to pay a portion of claims (for example, coinsurance, deductibles) — remains common practice.

Consistent with insurers' view of their role, insurers are also not seeing employers influencing government around legislative changes/health reform to any great extent.

Note: Due to rounding, percentages may not total 100.

KEY

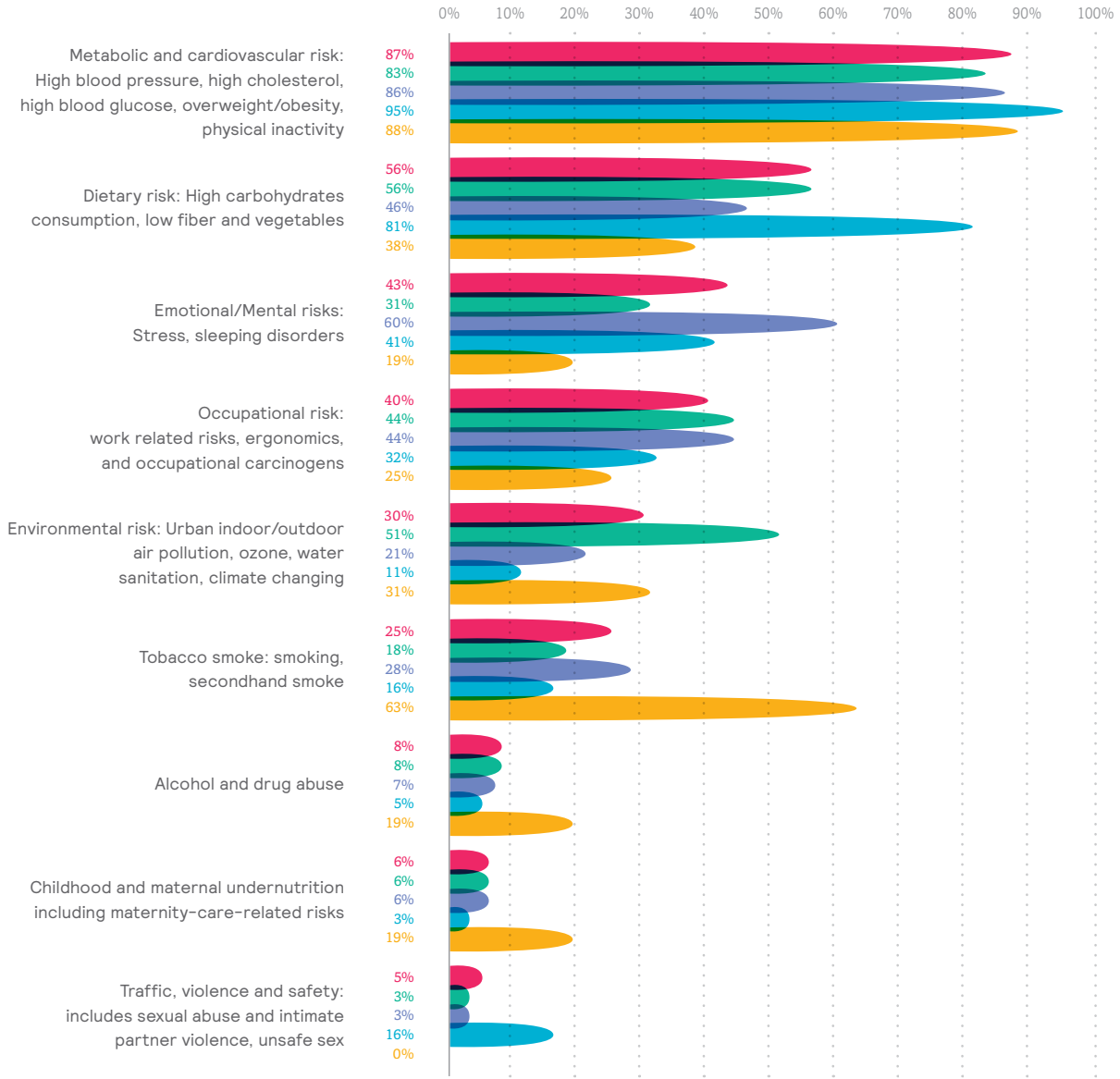
Very large extent · Large extent · Some extent · Modest extent · No extent at all

3 Strategies for Improved Health

WHAT THREE RISK FACTORS DO YOU THINK INFLUENCE EMPLOYER-SPONSORED GROUP MEDICAL COSTS THE MOST?

KEY

- Global
- Asia
- Europe
- LATAM
- MEA



WHAT THREE RISK FACTORS DO YOU THINK INFLUENCE EMPLOYER-SPONSORED GROUP MEDICAL COSTS THE MOST?

	Global	Asia	Europe	LATAM	MEA
1	Metabolic and cardiovascular risk	Metabolic and cardiovascular risk	Metabolic and cardiovascular risk	Metabolic and cardiovascular risk	Metabolic and cardiovascular risk
2	Dietary risk	Dietary risk	Emotional/Mental risks	Dietary risk	Tobacco smoke
3	Emotional/ Mental risks	Environmental risk	Dietary risk	Emotional/ Mental risks	Dietary risk
4	Occupational risk	Occupational risk	Occupational risk	Occupational risk	Environmental risk
5	Environmental risk	Emotional/Mental risks	Tobacco smoke	Tobacco smoke	Occupational risk
5				Traffic, violence and safety	

Globally the top three risk factors remain metabolic and cardiovascular risk, dietary risk and emotional/mental risk.

Metabolic risk is often defined as a prediabetic state in which weight, blood pressure and genetics play a role. As outlined by the World Health Organization in its 2016 global report on diabetes, "Diabetes is on the rise. No longer a disease of predominantly rich nations, the prevalence of diabetes is steadily increasing everywhere, most markedly in the world's middle-income countries."

Mental health awareness is rising. Our UK-based thought leaders have written various articles surrounding this topic, including "Six Ways to Boost Mental Health at Work" and our collaboration with Business in the Community in the *Mental Health at Work 2017* report.

In Canada, Mercer is helping to find a measurable solution to the growing threat of absenteeism by focusing on cost. According to the article "*How Much are you Losing to Absenteeism*," Canadian companies lose an estimated $16.6 billion in productivity per year due to workers calling in sick, as a result of mental health issues.

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2018 MEDICAL TRENDS: THE MERCER MARSH BENEFITS VIEWPOINT

Canada

2018 MEDICAL TRENDS:
THE MERCER MARSH BENEFITS VIEWPOINT

United Kingdom

Britain's Healthiest Workplace

Mercer Marsh Benefits, in partnership with Vitality in the United Kingdom, offers Britain's Healthiest Workplace — one of the biggest surveys of workplace wellness in the UK. It was established in 2013 in response to the fact that many UK employers are failing to adequately invest in the health and well-being of their staff. Health-related lost productivity is costing the UK economy an estimated £77.5 billion, which would reduce significantly with adequate investment in health and well-being.

Britain's Healthiest Workplace aims to study the link between modifiable health risks and short-term productivity and develop a common understanding of what employee health and well-being means. It also establishes a common set of standards that can be applied to all industries. The survey uses a broad set of questions covering lifestyle, clinical and mental health, along with work engagement and productivity and an in-depth assessment of the health and well-being interventions being offered by employers.

Since its inception in 2013, over 370 companies and 124,000 employees have taken part in the study.

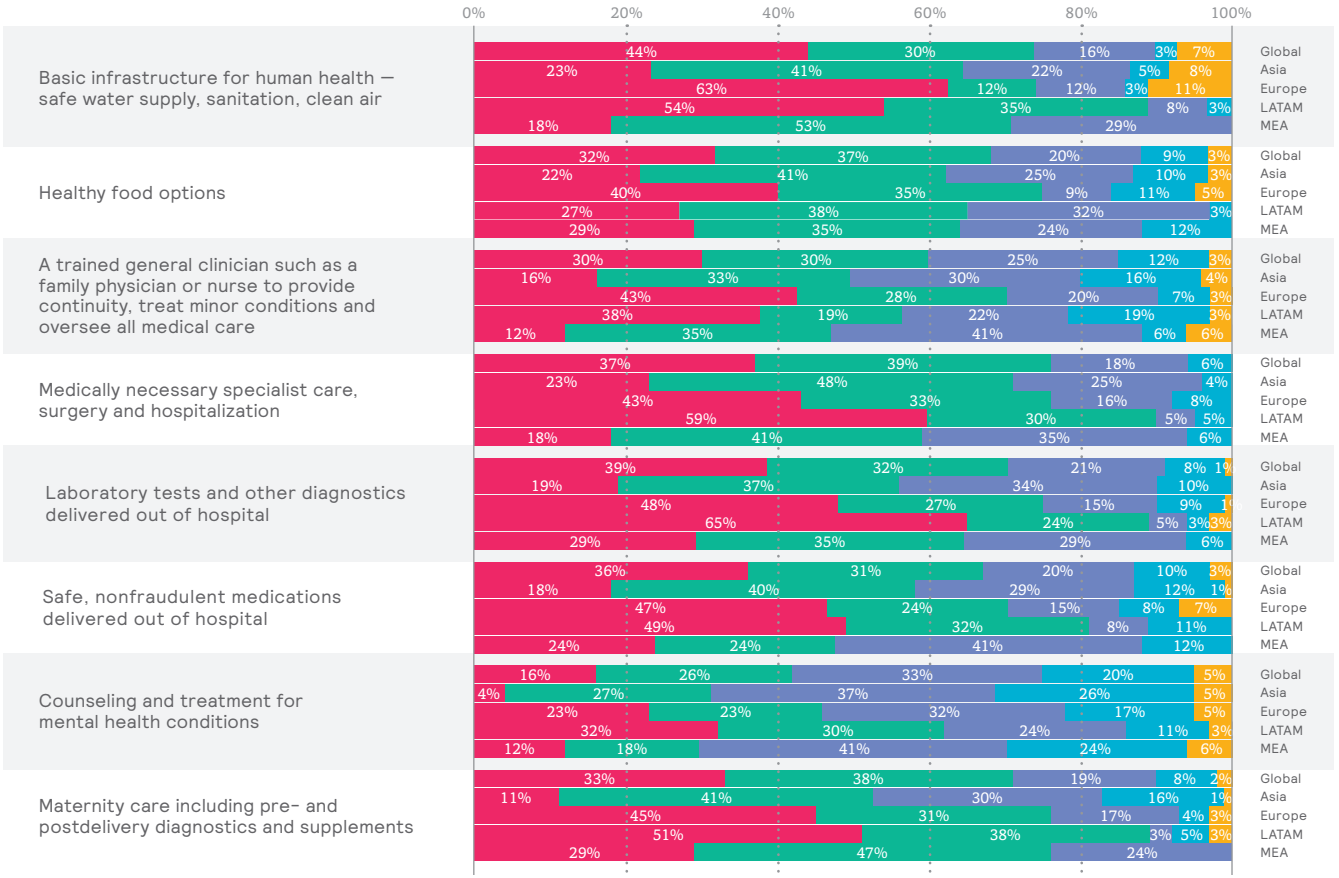
While insurers focus on managing providers, managing the health of the workforce remains a critical component to controlling healthcare cost in order to keep claims spend down.

4 Health Accessibility

The shift from incenting volume of care to a focus on the quality of care is underway. It's not enough to simply say healthcare is accessible — rather, what type and what quality of healthcare? And are the benefit policies responsive to the needs of the modern, more diverse workforce? Modern employers are increasingly dismissing market practice as the guide and, instead, are asking whether benefits align with minimum essential care standards for a 21st century workforce and whether those standards are clinically sound.

TO WHAT EXTENT DO PLAN MEMBERS COVERED UNDER YOUR MEDICAL INSURANCE PLANS HAVE HIGH-QUALITY AND COMPREHENSIVE ACCESS TO THE FOLLOWING, WITHOUT SIGNIFICANT BARRIERS SUCH AS POOR ENVIRONMENTAL CONDITIONS, A LARGE OUT-OF-POCKET COST OR A TREATMENT WAITING LIST?

Greater access to healthy food choices, a trained general clinician to oversee medical care and safe, nonfraudulent medicines delivered out of hospital reveals that essential care is available and accessible to more and more individuals globally. However, as indicated previously, globally and in most regions, counseling and treatment for mental health conditions is only to some extent available to plan members covered under medical insurance plans.



Note: Due to rounding, percentages may not total 100.

KEY

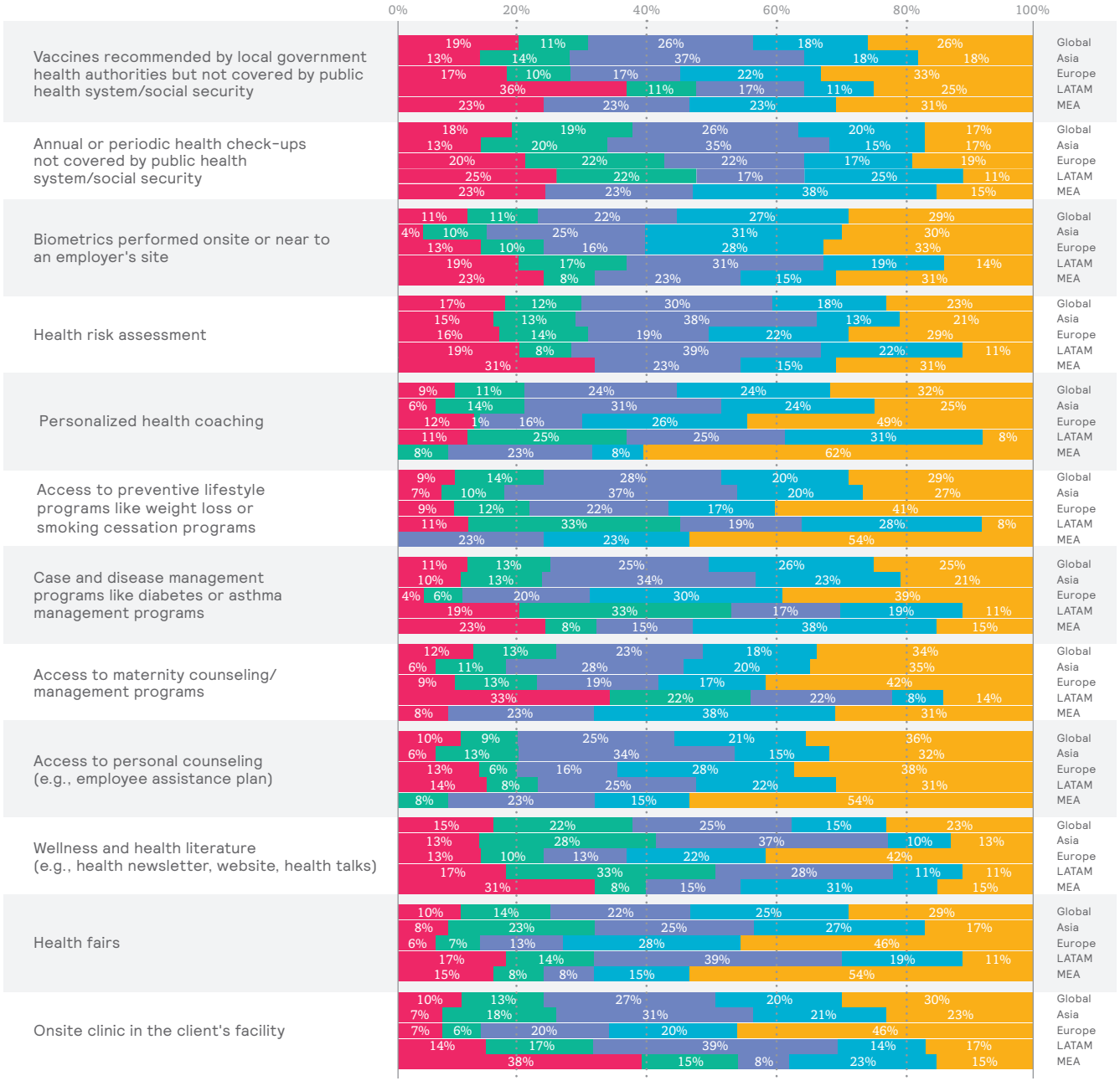
- Very large extent
- Large extent
- Some extent
- Modest extent
- No extent at all

TO WHAT EXTENT DOES YOUR STANDARD EMPLOYER-SPONSORED MEDICAL PLAN COVER THE FOLLOWING?

Our 2018 data reveal slight changes in plan design from when we last surveyed insurers on this point in 2016. More employers are including access to case and disease management programs, especially in Asia and Europe, and globally a higher percentage of insurers are seeing maternity counseling/ management programs covered than in the past, as is evidenced in the shift in responses from no coverage to “a modest extent.”

KEY

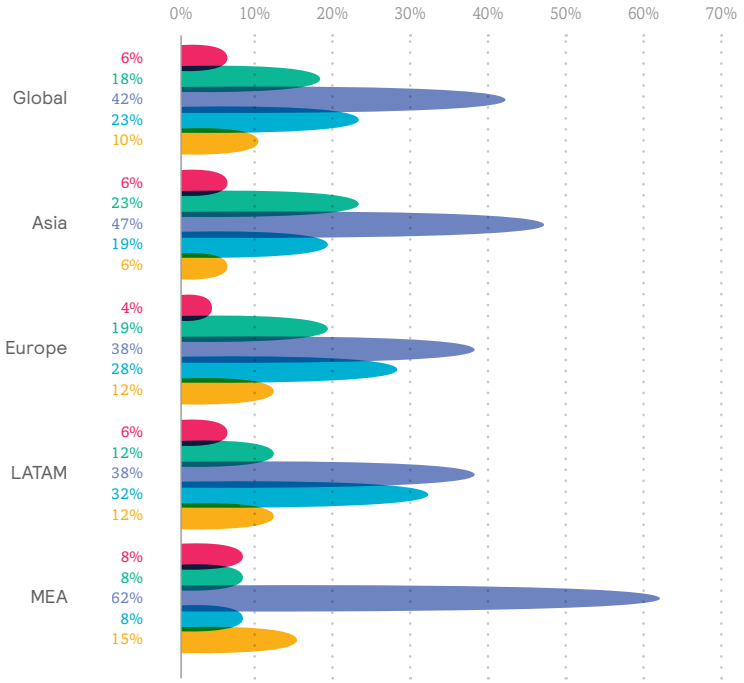
- Very large extent
- Large extent
- Some extent
- Modest extent
- No extent at all



Note: Due to rounding, percentages may not total 100.

TO WHAT EXTENT ARE YOU WILLING TO ELIMINATE ALL CONDITION-SPECIFIC COVERAGE LIMITATIONS, INCLUDING PRE-EXISTING CONDITIONS, CONGENITAL MALFORMATIONS AND MENTAL HEALTH CONDITIONS?

Globally, the survey confirmed that the pace of change in eliminating coverage conditions and limitations is slow.



KEY

- Very large extent
- Large extent
- Some extent
- Modest extent
- No extent at all

Diversity and inclusion

Traditional insurance has been focused on crisis coverage, but evidence indicates that the sensible economics of covering prevention are gaining momentum. As we consider plan design improvements, we asked insurers:

TO WHAT EXTENT ARE YOU SEEING EMPLOYERS SEEK TO EXPAND COVERAGE UNDER THEIR INSURED MEDICAL PLANS FOR THE FOLLOWING?

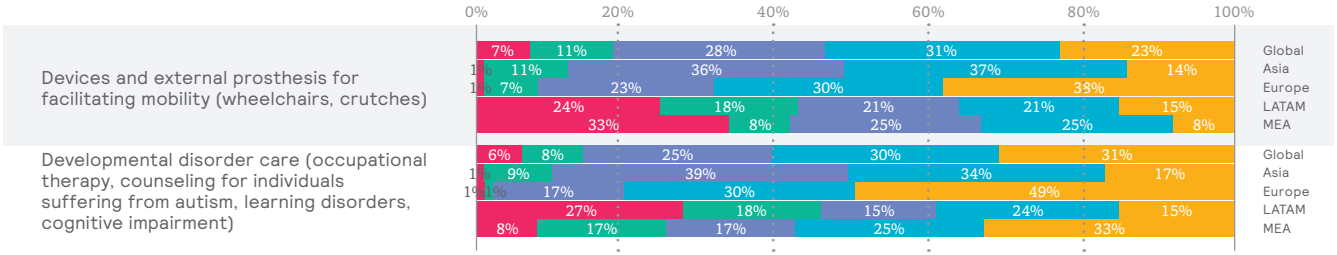
KEY

- Very large extent
- Large extent
- Some extent
- Modest extent
- No extent at all

Note: Due to rounding, percentages may not total 100.

The data reveal preventive and primary care being the most common areas where employers might seek to expand coverage. In general, the data reflect less expansion of coverage across all categories, as compared with responses in our 2016 report. One area with a slight increase in response pertains to women's health.

Unchanged are the categories of gender-reassignment procedures and family planning, as globally and across the regions we are seeing a trend of these not being expanded in insured medical plans. We are, however, aware of multiple employers looking to address these issues and provide support outside the traditional medical plan.



Note: Due to rounding, percentages may not total 100.

Multiple employers are looking to address issues related to women's health and provide support outside the traditional medical plan.

KEY

- Very large extent
- Large extent
- Some extent
- Modest extent
- No extent at all

5 Future of Health

Insurers and employers are preparing for the future by focusing on two distinct areas:

- Digital and data
- Provider management and member engagement strategies

The rise of digital

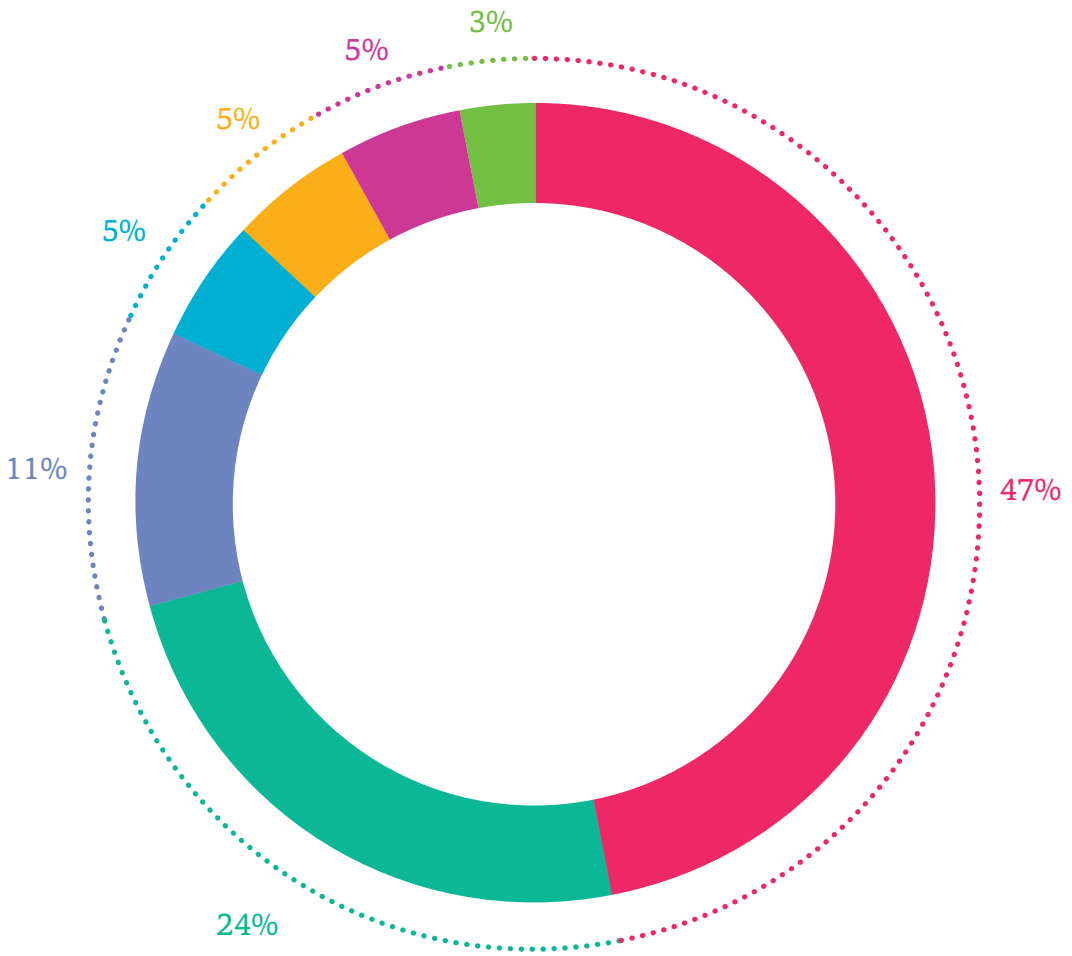
Offering online member engagement tools is expected in today's global health market, and we are now seeing insurers shift their focus to improve data analytics, partially in an effort to better manage providers and control healthcare costs.

Data analytics is the top strategic area of investment with regard to group medical insurance for insurance companies globally. Plan member technology and rational benefit design (incentive-based design) followed, completing the top three.

KEY

- Data analytics
- Plan member technology (e.g., online claims submission)
- Rational benefit design (e.g., incentive-based design)
- Well-being
- Other forms of claims management
- Government and other stakeholder engagement
- Others

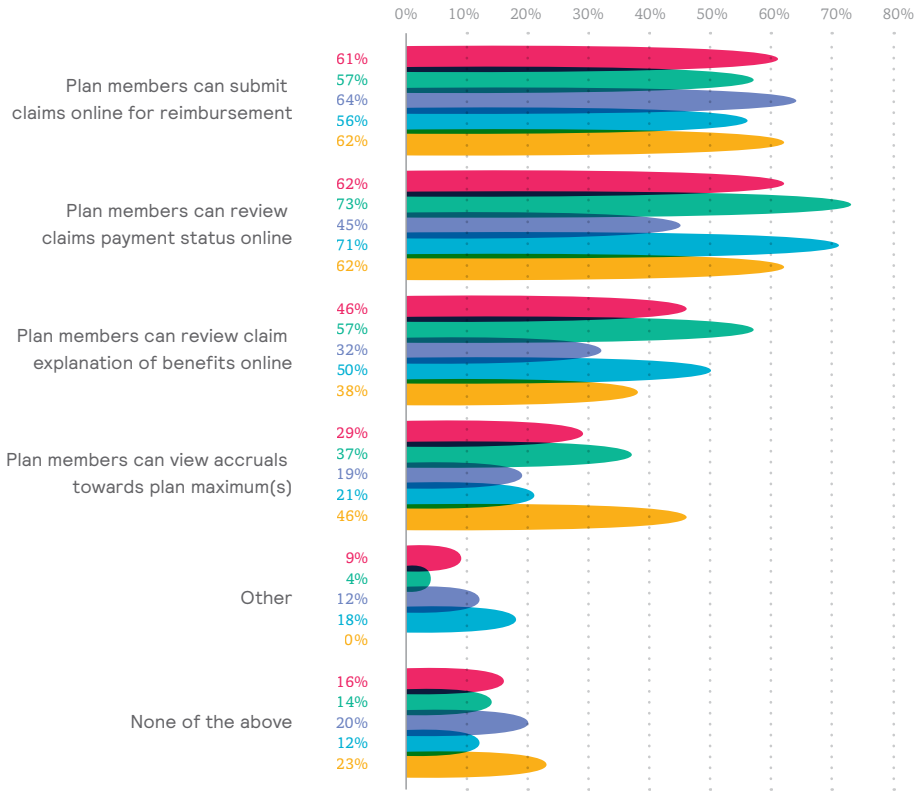
RANK YOUR INSURANCE COMPANY'S TOP THREE STRATEGIC AREAS OF INVESTMENT RELATING TO GROUP MEDICAL INSURANCE.



WHICH OF THE FOLLOWING DIGITAL CLAIM CAPABILITIES DOES YOUR ORGANIZATION PROVIDE?

Given the expectations of today's workforce for a seamless consumer-grade digital experience, we expect significant change as well as expansion of the above capabilities. We anticipate we will see new entrants who excel in this area and who can offer integrated health navigation, payment coordination, appointment booking and medical record management.

We've seen some innovative applications built in Asia that leverage mobile technologies (for example, apps to find the nearest cashless/direct pay provider).



KEY

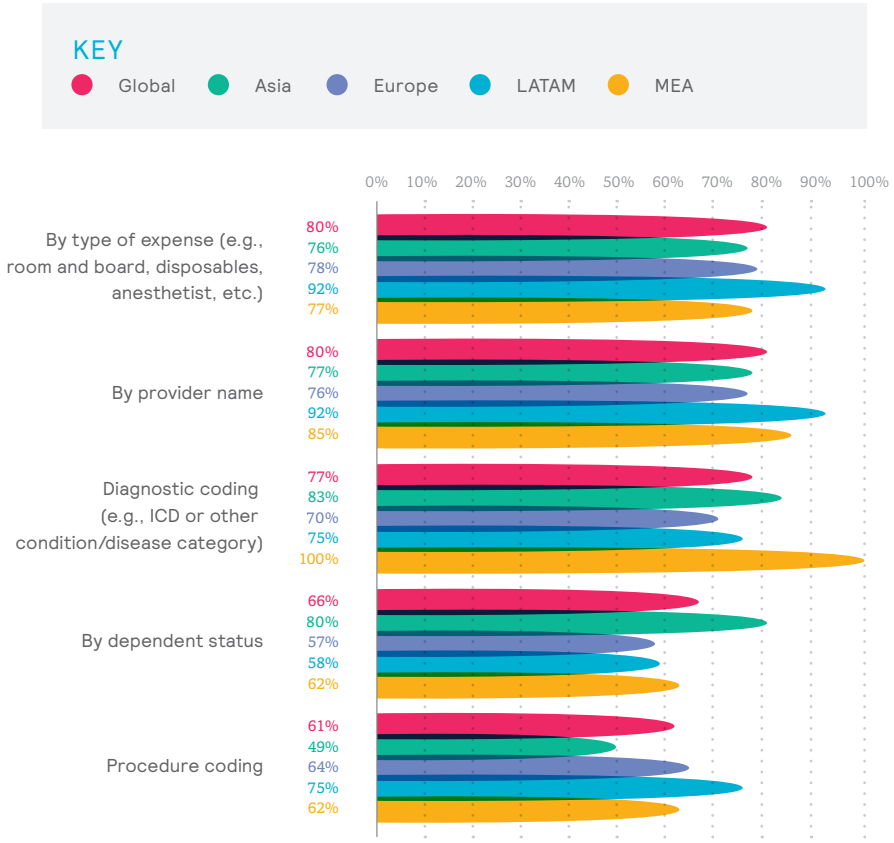
- Global
- Asia
- Europe
- LATAM
- MEA

FOR MEDICAL, WHICH BREAKDOWN OF CLAIMS IS AVAILABLE?

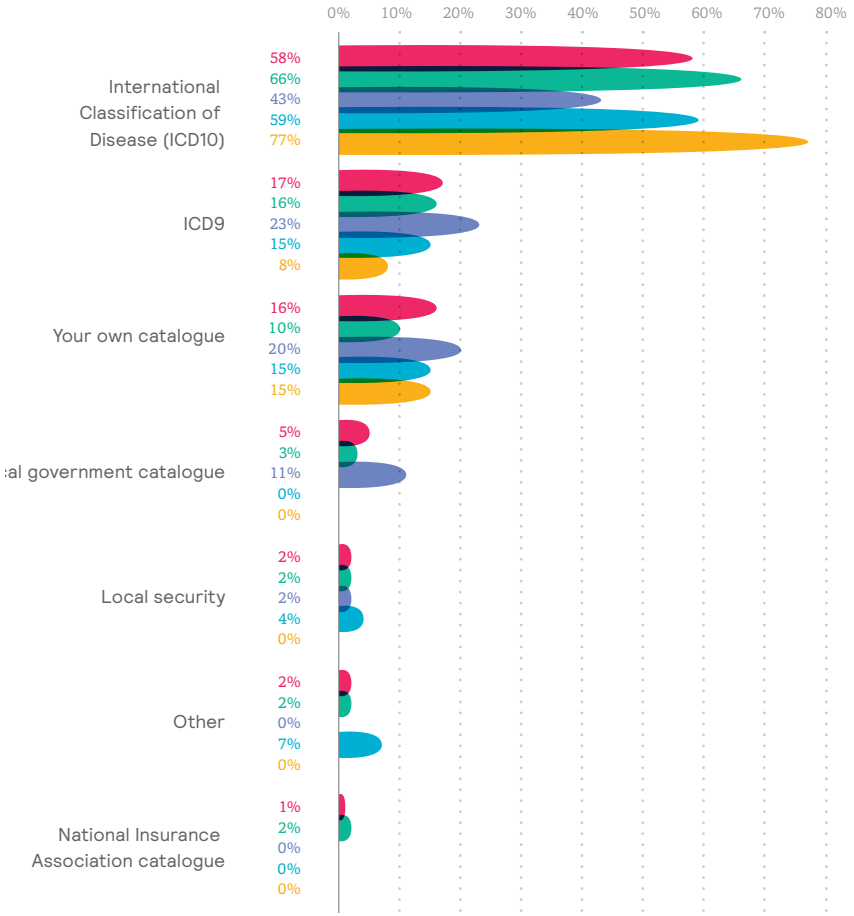
Claims reporting

As the desire for better data analytics grows, insurers explained what types of tracking they are already doing today.

Approximately 25% of insurers that responded indicated they did not have a system to collect data. Many also indicated concerns about privacy restrictions.

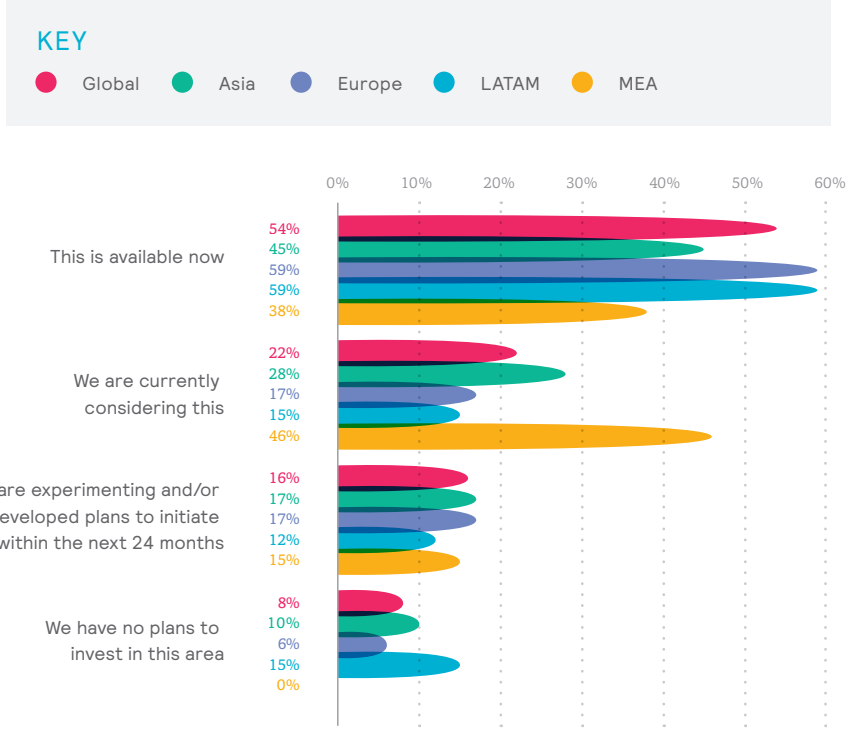


IF YOU USE A DIAGNOSTIC CODING CLASSIFICATION SYSTEM, PLEASE INDICATE WHICH TYPE OF SYSTEM IS USED:



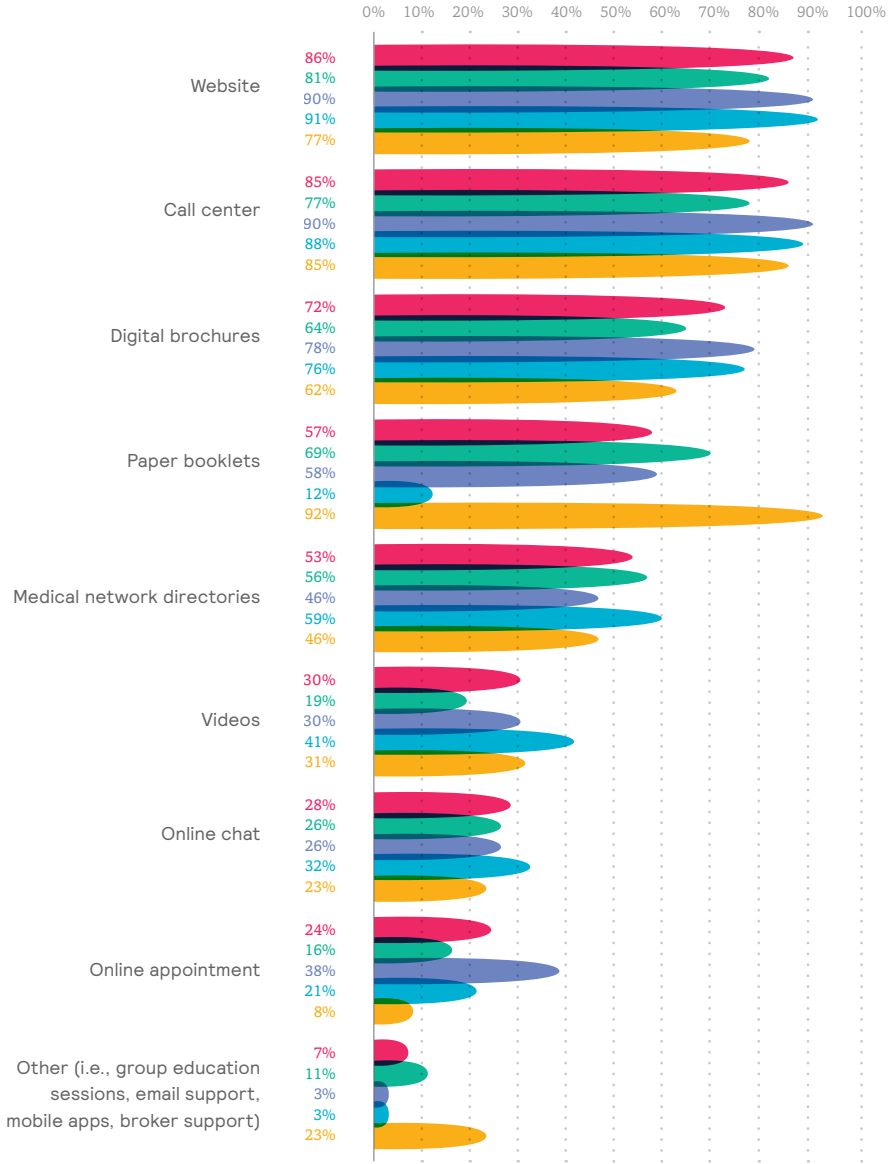
TO WHAT EXTENT DOES YOUR ORGANIZATION HANDLE ELIGIBILITY FILE TRANSFER VIA ELECTRONIC DATA EXCHANGE (FOR EXAMPLE, APPLICATION PROGRAMMING INTERFACE) SECURE FILES UPLOAD TO CARRIER PORTAL?

Globally, 54% of insurers handle eligibility file transfer via electronic data exchange. The majority of countries either already have this available or are currently considering this as an option. This will be of greater importance as plan members expect a more seamless experience across the health and benefit provider ecosystem.



Engagement

WHICH OF THE FOLLOWING EMPLOYEE COMMUNICATION MECHANISMS DOES YOUR ORGANIZATION PROVIDE TO PLAN MEMBERS?



Our point of view is that as employers and insurers look to embed more accountability into programs, ask people to change their healthcare buying habits, launch new health interventions in cultures where the employer has not had much of a role to play in health, and so forth, the need for engaging and personalized messaging, content and media will be even greater.

We asked insurers about the communications mechanisms they offer to plan members. The top communication mechanisms for 2017 continued to be fairly traditional: websites, call centers and digital brochures, as well as paper booklets. This is another area ripe for disruption. Countries like the Philippines offer various other communication mechanisms, including client orientation sessions, customer helpdesks via email, face-to-face interactions and meetings with account officers.

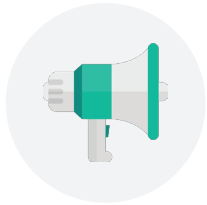
Some insurers in China are helping members by providing pre-authorization and medical provider referrals with ease. Others utilize a care team to provide members with health advisory services, or they have a case manager assist in making decisions. In addition, some insurers are also providing healthcare seminars to help members make smarter decisions regarding their healthcare needs.

Mercer China also offers **China's Healthiest Company Award**, China's first employer award focused on health. Since its inception in 2016, some 129 employers and almost 15,000 employees have participated in this survey, which has revealed immediate impact to staff engagement in their health.

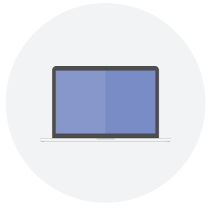
Are you taking any approaches to help plan members make smarter healthcare decisions?

Insurers are taking various approaches to helping plan members make smarter healthcare decisions, such as:

Supporting wellness programs



Promoting awareness sessions/communications



Developing digital platforms

6 Closing

Into the future, managing cost, improving the experience and optimizing plan design and delivery will require not just engagement of all key stakeholders, like insurers and employers, but also the creation of new, digitally integrated health ecosystems. We urge employers to drive change in four vital areas:

Pay for value

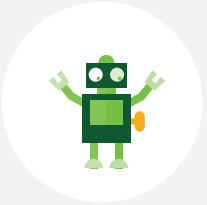
Aligning reimbursement with value (ensure plan designs incentivize the right behavior)

Personalize the experience

Leveraging better data and technology to engage employees in their health and health consumption decisions

Drive to quality

Delivering the right care at the right time, in the right setting, error-free (for example, review coverage gaps that delay treatment, consider centers of excellence)



Embrace disruption

Injecting change into the system — with internal stakeholders and external partners — to be future-ready

We look forward to engaging with you further on these topics. Over the coming year, expect to see more points of view from Mercer Marsh Benefits on:

- Quality healthcare
- Health and well-being improvement
- Future of health
- Employee engagement
- Digital health
- Risk management

About this survey

COUNTRIES BY REGION

Region	Country
Asia Pacific	Australia
	China
	Hong Kong
	India
	Indonesia
	Kazakhstan
	Malaysia
	New Zealand
	Philippines
	Singapore
	South Korea
	Taiwan
	Thailand
	Vietnam
Europe	Austria
	Belgium
	Bulgaria
	Denmark
	Finland
	France
	Germany
	Greece
	Hungary
	Ireland
	Italy
	Latvia
	Lithuania
	Netherlands
	Norway

Region	Country
Europe	Portugal
	Romania
	Russia
	Serbia
	Spain
	Sweden
	Switzerland
	Turkey
	Ukraine
	United Kingdom
Americas	Argentina
	Brazil
	Canada
	Chile
	Colombia
	Dominican Republic
	Mexico
	Panama
	Peru
	Venezuela
Middle East and Africa	Bahrain
	Egypt
	Ghana
	Kenya
	Nigeria
	Oman
	Qatar
	Saudi Arabia
	South Africa
	Uganda
	United Arab Emirates
	Zambia

INSURER PARTICIPATION LIST

The following insurers agreed to having their names published as participants in the survey; a further 111 insurers participated on a confidential basis.

Country	Insurance company
Argentina	ASE
Argentina	Medicus S.A.
Argentina	Medife AC
Argentina	Obra Social del Personal de Direc-cion de Sanidad Luis Pasteur
Argentina	OPDEA Obra Social del Personal de Dirección
Argentina	Prevencion Salud
Argentina	Sancor Salud
Argentina	Swiss Medical Medicina Privada
Belgium	Allianz Benelux
Belgium	DKV Belgium
Brazil	Care Plus Medicina Assistencial LTDA
Brazil	Seguros Unimed
Brazil	Sompo Seguros
Brazil	Sul América Companhia de Seguro Saúde
Bulgaria	Bulgaria Insurance AD
Bulgaria	UNIQA Life Bulgaria
Canada	Green Shield Canada
Canada	Medavie Blue Cross
Canada	Pacific Blue Cross
Chile	Bice Vida
Chile	EuroAmerica
China	Bupa Consulting (Beijing) Co. Ltd
China	BUPA Global
China	China Life Insurance Company Shanghai Branch
China	CPIC Allianz Health Insurance Co.,Ltd
China	Generali China

Country	Insurance company
China	Sunshine Insurance Co., Ltd. Beijing branch
China	Taiping Pension Co., Ltd
China	Yong An insurance Co., Ltd
Colombia	MAPFRE Colombia VIDA
Denmark	Dansk Sundhedssikring
Denmark	PFA Pension
Denmark	Topdanmark
Egypt	Orient Takaful Insurance Company
Egypt	Prime Health for Medical Services
Finland	LocalTapiola General Mutual
France	AXA France
France	Groupama Gan Vie
Ghana	Metropolitan Health Insurance Ghana Limited
Greece	Generali Hellas
Greece	Groupama Asfalistikh
Greece	MetLife
Hong Kong	Blue Cross (Asia-Pacific) Insurance Limited
Hong Kong	Bupa (Asia) Limited
Hong Kong	Liberty International Insurance Ltd
Hong Kong	MassMutual Asia Ltd
Hong Kong	Sun Life Hong Kong Limited
Hungary	AEGON Magyarország Általános Biztosító Zrt.
India	Future Generali India insurance Co.Ltd
India	Star Health & Allied Insurance Co Ltd
Indonesia	Generali Indonesia
Indonesia	PT Avrist Assurance

Country	Insurance company
Indonesia	PT Lippo General Insurance TBK
Ireland	Laya Healthcare
Italy	AXA Assicurazioni
Italy	Reale Mutua
Kazakhstan	Interteach
Latvia	Balta
Lithuania	Compensa Life Vienna Insurance Group SE Lithuanian Branch
Malaysia	AIA BHD
Malaysia	AmMeLife Insurance Berhad
Malaysia	AXA Affin General Insurance Berhad
Mexico	Grupo Nacional Provincial, S.A.B.
Mexico	Seguros Atlas
Mexico	Seguros Monterrey New York Life, SA de CV
Norway	Gjensidige Forsikring ASA
Oman	National Life & General Insurance Company SAOG
Oman	Oman United Insurance Company
Panama	Cia. Internacional de Seguros S.A.
Panama	MAPFRE
Peru	MAPFRE Peru

Country	Insurance company
Philippines	AsianLife and General Assurance Corp
Philippines	Medicard Philippines Inc.
Philippines	The Insular Life Assurance Co. Ltd.
Philippines	United Coconut Planters Life Assurance Corporation
Poland	Allianz Poland
Poland	Medicover
Poland	PZU Życie SA
Poland	Towarzystwo Ubezpieczeń ZDROWIE SA
Portugal	Allianz Portugal
Portugal	Generali - Companhia de Seguros SA
Portugal	Groupama Seguros
Portugal	Seguradoras Unidas
Portugal	VICTORIA - Seguros, S.A.
Qatar	Q Life & Medical Insurance Company
Romania	Asirom VIG
Russia	“RESO-Garantia” Insurance Company
Russia	Allianz Life
Russia	CAO “BCK” (VSK)

Country	Insurance company
Serbia	Generali Osiguranje Srbija A.D.O.
Serbia	UNIQA Serbia
Singapore	Allianz
Singapore	Aviva Ltd
Singapore	FWD Singapore
South Africa	MMI Holdings
Spain	AXA Seguros Generales
Spain	Cigna Life Insurance Company of Europe
Switzerland	Helsana
Taiwan	Fubon Insurance Co., Ltd.
Thailand	FWD
Thailand	Tokio Marine Life Insurance (Thailand) PCL
Uganda	UAP Old Mutual Insurance Company of Uganda LTD
Ukraine	Alfa Insurance
Ukraine	PJSIC INGO Ukraine
Ukraine	The Private Joint Stock Company “European Insurance Alliance”
United Arab Emirates	Abu Dhabi National Insurance Company
United Kingdom	Aviva UK Health Ltd
United Kingdom	AXA PPP Healthcare
United Kingdom	Cigna UK HealthCare Benefits
Venezuela	Mercantil Seguros
Venezuela	seguros piramide
Vietnam	Baoviet Insurance Corporation
Zambia	Liberty life Insurance Zambia Limited

For further information, please contact your local Mercer Marsh Benefits office.

About Mercer Marsh Benefits

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