

NEWS BRIEF

Major Health Insurers Warn of Increased Medical Costs



Major health insurers UnitedHealth and Humana are warning about a jump in medical costs this year due to higher-than-anticipated demand for surgeries and other medical procedures.

Insurers have benefited from nonurgent surgery delays during the COVID-19 pandemic and hospital staffing shortages. In fact, some individuals, especially older adults, put off elective procedures during the height of the pandemic. As care patterns continue shifting back to pre-pandemic norms, many individuals are catching up on their elective care and now opting for procedures.

“A lot of this (increase in demand) is being driven by physician offices opening up and increasing capacity.”

- Brian Tanquilut, health care services analyst at investment banking company Jefferies

Insurers issued these warnings following recent financial results. Stock shares for several larger health insurance companies trended down after such comments, while stocks of medical device makers and hospital operators have been rising. Financial experts expect this built-up demand to impact at least the next two quarters.

Employer Takeaway

In addition to impacting individuals, deferred care also comes with a financial component. Specifically, delayed routine care can lead to serious health problems not being detected early enough, resulting in potential complications and more complex and expensive care. Further, employees who receive early diagnoses often don't have to take as much time off from work for medical appointments, treatment or recovery.

As such, employers should begin planning for increased health claims in the future and consider preventive strategies to reduce the likelihood of additional care delays. Employers are uniquely positioned to encourage workers to get medical care and procedures back on track. They can also offer education and guidance about what it means to be a good health care consumer to help curb medical costs.

Going forward, employers should continue to monitor health care trends, utilization and spending. Contact us today for more information.

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