

TALKING TREND

Four Key Factors Driving Medical Cost Trends

The medical cost trend, representing the expected year-over-year growth in treatment costs, is a key concern highlighted in [PwC Health Research Institute's 2024 report](#). For the upcoming year, PwC anticipates a 7.0 percent increase in the medical cost trend within individual and group health insurance markets, signifying a corresponding rise in healthcare expenditure for insurers.



1. Inflation's Influence on Healthcare Spending

As the country experiences overall price inflation, healthcare costs tend to follow suit, albeit with a delay. According to the PwC report, household expenditures surged by 6.0 percent in the fourth quarter of 2022, and healthcare costs began to catch up in the first quarter of 2023. Consequently, health insurers are grappling with higher unit costs in 2023 and 2024, contributing to the upward trajectory of the medical cost trend.

2. Workforce Shortages Drive Higher Reimbursement Rates

[A prior PwC report](#) shows workforce shortages have a profound impact on providers' negotiation power, ultimately affecting healthcare spending trends. The aftermath of the COVID-19 pandemic disrupted healthcare employment, leading hospitals to invest in temporary staff and increased wages to fill gaps. Despite expectations of a rebound, healthcare employment remains below 2019 levels, a trend projected to persist.

3. Consolidation's Impact on Competitive Pricing

The consolidation of healthcare providers and payers can significantly reduce regional healthcare competition, resulting in potential price hikes. The American Health Insurance Plans (AHIP) has [called for](#) congressional action to address health system consolidation, emphasizing its role in raising prices for consumers. However, providers argue that payer consolidation and market dominance also have significant effects.

4. Escalating Pharmaceutical Costs Affect the Healthcare Sector

Escalating pharmaceutical costs are a significant driver of increased healthcare expenses. This is primarily due to the rising prices of generic drugs and the proliferation of new cell and gene therapies, which pass on high development costs to insurers.

Despite rising healthcare costs, employers are [unlikely to increase employee cost-sharing](#). Instead, they may opt for narrow and high-performing networks, centers of excellence, low-cost provider networks, and patient navigation tools. These four key factors are driving medical cost trends, and proactive measures can help mitigate their impact on healthcare spending.

To help address these issues, Health Net has invested with LA Care in Los Angeles County to support unhoused Medi-Cal members through grants that support housing and other services. Furthermore, Health Net has expanded its investment to [\\$46 million in grant awards across 26 California counties](#). Another example of their investment in essential wraparound care: our [\\$1.5 million grant earlier this year](#) to Keck School of Medicine of USC's Street Medicine program. Its goal is to ensure there are enough clinicians & practitioners culturally sensitive & trained to meet our members where they are.

INDUSTRY NEWS

California Commercial COVID-19 Benefit Changes Begin November 12, 2023



During the COVID-19 Public Health Emergency (PHE), Health Net offered certain COVID-19 benefits at no cost. This was based on federal guidance. These enhanced benefits helped members get care during the pandemic.

The federal PHE for COVID-19 ended on May 11, 2023. Per state guidance, Health Net will resume normal health plan benefit coverage. The changes will begin on November 12, 2023.

Benefit changes apply to the following Grandfathered (GF) and Non-Grandfathered (NG) plans:

- GF and NG PPO (including Ambetter PPO)
- GF and NG HDHP/HSA PPO (including Ambetter PPO)
- GF and NG PPO with No RX Coverage
- GF HMO
- GF HMO with NO Rx Coverage
- GF and NG POS
- NG POS with NO RX Coverage

Non-Grandfathered HMO plans (and NG plans with no OON benefits such as HSP, EOA, EPO) are not impacted at this time.

Letters were mailed to impacted employers and members on September 12, 2023, informing them about these COVID-19 benefit changes.

Review all Benefits changes [HERE](#).

HEALTH NET NEWS

FAQ Available for Health Net PPO Employers and Members with Out-of-State Coverage

As previously announced, effective November 1, 2023, the Cigna Healthcare PPO Network will replace the First Health network as the provider network outside of California for Health Net PPO plans with out-of-state coverage. In order to help you assist your members in navigating this change, Health Net has created an FAQ flyer to answer their questions such as:

1. Do I need to do anything to make this change?
2. If I need assistance, do I call Cigna or Health Net?
3. How do I find a provider?

The Cigna FAQ flyers are available now: [Broker FAQ](#), [Member FAQ](#)



*The Cigna Healthcare PPO Network refers to the health care providers (doctors, hospitals, specialists) contracted as part of the Cigna Healthcare PPO for Shared Administration.

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WELLNESS

Give Your Immunity System a Boost – Stop Smoking



Cigarette smoking causes about 480,000 deaths every year and is a contributor to four of the five leading causes of deaths in the US: heart disease, cancer, lung disease and stroke. Need another reason to quit? Here are four.

1. Smoking changes your DNA. A 2016 study of nearly 16,000 people published in *Circulation: Cardiovascular Genetics*¹ suggests that not only does cigarette smoking cause changes to your cells' DNA through a process called methylation, but some of those changes can stick around for more than 30 years. DNA methylation is part of the process that signals cells to "turn on" genes. Smoking causes methylation in about one-third of known genes. The good news: most of these genes are back to normal by five years after quitting smoking.
2. The chemicals in cigarette smoke read like the contents of an industrial supplies warehouse. There are 4,000 toxic [chemicals](#) contained in either tobacco or smoke.
3. Smoking can cause conception problems. Smoking can impair proper hormone production in women, which may make it more difficult to become pregnant. Men who smoke are more likely to have damaged DNA in their sperm, reducing the chance to conceive.²
4. Smoking affects your entire body. Smoking raises your risk of type 2 diabetes by 30 to 40 percent. Postmenopausal women who smoke have weaker bones than non-smokers, and are more susceptible to rheumatoid arthritis. Smoking also hurts your eyes, potentially increasing your risk of cataracts and age-related macular degeneration. Smoking can even [aggravate your back](#)—according to the American Chiropractic Association (ACA) back pain is considerably [reduced](#) in people who quit smoking during the study.³

Good news! Many of the health risks smoking causes likely go away after you quit. Your risk of heart disease is cut in half a year after you quit. In five years your risk of mouth, throat, esophagus and bladder cancers are half of what they were when you smoke, and in 10 years your risk of lung cancer has been reduced by half. And some benefits happen even quicker: You'll smell and taste better, your circulation improves, your immune system bounces back and your risk of a sudden heart attack goes down all within the first year after quitting.⁴ Don't wait.

Our Health Net partner, Sharecare offers a step-by-step program to help you [Quit Today](#).

1. [Health Effects of Cigarette Smoking](#); 2. [NBC Health News](#); 3. [National Institutes of Health](#); 4. [CDC Benefits of Quitting](#)

IN THE COMMUNITY

82,000 kids have better oral health thanks to Early Smiles Sacramento – and our support

California children with dental pain miss 874,000 school days each year – and this costs schools \$29 to \$32 million annually in average daily

To address oral health disparities among children in the Sacramento region, Health Net joined the Center for Oral Health (COH), LIBERTY Dental, and Access Dental plans to create Early Smiles Sacramento, a preventative school-based oral health program.

Since 2016, it's served more than 82k children in Sacramento area schools, preschools and kindergarten. The Center for Oral Health released a [six-year evaluation of the program](#) that highlights its:

- Impact on Sacramento County
- Accomplishments
- Positive results in the fight against the dental disease epidemic



[Learn more here and view the report.](#)

JUST FOR FUN



10 Halloween Activities for Kids, Ranging from Cutesy to Spooky

Trick-or-treating time is almost upon us—and in your efforts to make this year's celebration the most epic one yet, don't stop at ringing doorbells for candy. There are plenty of other ways to commemorate All Hallows' Eve.

Here are 10 suggestions for Halloween fun for the whole family

1. Pop Some Crafted Pumpkins

Buy a bag of orange balloons, then fill each one with a Halloween-themed surprise (candy or a silly trinket like a spider ring). From there, take construction paper and craft green leaves that you can attach to the spot where you tie the balloon. Then, all your kids have to do is pop the balloons to collect their prize.

2. Put That Candy Corn to Use

You can totally create your own version of "Minute to Win It." Each kid will need a stack of candy corn, a bowl and a pair of chopsticks. You'll need a timer set to 60 seconds. The goal of the game is to see who can transfer the most candy corn to the bowl using only chopsticks.

3. Create a Halloween Scavenger Hunt

Deck the halls with spooky decor, then send your kids on a scavenger hunt to track down all the on-theme items they see. (You can also walk around the neighborhood scouting as a family.)

4. Make Your Own Mummies

You'll need toilet paper for this game. Split up into teams and pick one person to be the mummy. Then, it's up to the rest of the group to wrap them in TP until they, look like a mummy. The group that mummifies the fastest wins!

5. Try Bobbing for Donuts

This germ-free Halloween activity requires two things: string and donuts. From there, all you have to do is hang donuts from tree branches and invite your kids to eat theirs hands-free.

6. Have a Halloween Movie Marathon

Hocus Pocus, Ghostbusters, Nightmare Before Christmas! Cook up a bucket of popcorn and watch a classic with your kids.

7. Play Halloween Movie Trivia

After screening their favorite Halloween movie, come up with trivia questions to ask your kids. You can make them as simple or tricky as you want.

8. Make Paper Bag Pumpkins

All you need are orange paper bags, newspaper, cardstock, pipe cleaners and tons of glue and you can create a craft even your littlest tots can get in on.

9. Swap Scary Stories

Pull one from your childhood, make one up on the fly, or recite a tried-and-true kid-friendly Halloween tale like "The Legend of Sleepy Hollow."

10. Check Out Local Halloween Activities and Events

Most communities have special Halloween venues for families to enjoy. Visit a local haunted house, go apple picking, find your way together through a corn maze or embark on a pumpkin patch excursion.