

Analyst Team

Budgeting Season Is Here » **What You Need to Know**

As we move into the heart of renewal planning, the analyst team wants to ensure our client consultants have the tools and insights needed to run effective, informed budgeting conversations with your groups. Below is a quick-reference guide to help you stay ahead of expectations, avoid common pitfalls, and leverage our team's support where it matters most. This month's entire newsletter is dedicated to budgeting help, tips & tricks – hope you enjoy 😊

What Do You Need to Build a Budget?

To build a solid budget for your client (utilizing the Self-Funded Budget Calculator), gathering these reports will ensure help you be successful in creating a budget with ease:

- 3 years of experience data: medical/Rx claims, subscriber/member enrollment, Rx rebates, SL reimbursements (monthly report)
- Most recent Coverage Toolkit for demographic indices
- Most recent Plan Modeling Toolkit for in-force AVs
- Final budget deliverable from the prior year
- Current fixed costs included in budgets and rates
- Any unique circumstances impacting budget setting/client preferences. (e.g. network change, recent acquisition, etc.)

This data is critical for modeling renewal scenarios, projecting leveraged trend, and identifying cost drivers.

***Reminder:** the analyst team assists national accounts in budgeting. Consultant teams are expected to run budgets for Large & Mid-Market accounts. Reach out to the analyst team for complicated scenarios.*

Tips from the Analyst Team

- Start early: We recommend kicking off budget discussions at least 120+ days ahead of renewal.
- Review specific deductible strategy: With medical trend hovering around 8.5%, holding deductibles flat can lead to disproportionate increases in stop-loss premiums. Consider whether a deductible adjustment is warranted to manage leveraged trend.
- Align with stop loss illustration: Ensure that employee counts match between the budgeting toolkit & SAM toolkit. Discrepancies in counts can often lead to misstated premium.
- Build in volatility: Million-dollar claims are up 62% in the past four-years, and the frequency of \$3M+ claims are rising. (see chart below) Conservative budgeting is key.

Ready to engage the Analytics Team?

Get started [here!](#)

Emerging and Impactful Trends to Keep an Eye on

- **Overall Costs:** According to industry surveys and reports, employers anticipate health care costs to increase between 7-8% in 2025.
- **Industry Developments:** Innovations like gene therapy, immunotherapy, and surgical robotics are introducing new costs to the healthcare system.
- **Chronic Health Conditions:** U.S. healthcare spending is dominated by chronic and mental health conditions (90%), with multi-condition cases on the rise.
- **Ageing Population:** Healthcare costs for seniors (65+) are 2.5x higher than working-age adults, with 55+ million Americans now over 65.
- **Specialty Medications:** Specialty drugs, particularly biologics, drive significant healthcare spending.
- **Total Prescription Drug Spend:** Drug costs to rise 4-5% amid higher usage from chronic illness, aging, and new treatments.
- **GLP-1 Drugs:** With 40% of U.S. adults affected by obesity, GLP-1s offer treatment but traditionally cost \$1,000 monthly and require continuous use.
- **Healthcare Labor Costs:** Healthcare worker shortages persist & are worsening due to increased demand, aging workforce, & burnout.

Cost Trends

Year	Medical Trend	Rx Trend
2023	6.2%	5.6%
2024	6.2%	8.0%
2025	7.0% (applied)	9.0% (applied)

The medical trends referenced and utilized in the budget are derived from the Milliman Medical Index and the Mercer survey, which provide insights into the cost trends.

Need Help?

If you're working with a non-national account and need support reviewing a budget or modeling a complex scenario, submit a Monday.com Analyst ticket. We're here to help with:

- Budget reviews and validation
- Specific deductible modeling
- High-cost claimant impact analysis
- Benchmark comparisons

Let's make this renewal season as smooth and strategic as possible – for you and your clients!