

## 5 Reasons Renewals Keep Going Up

If it feels like your renewal goes up every year regardless of your group's claims experience, you are not imagining it. Here are five of the most common drivers, and why shopping the market alone rarely solves the underlying problem.

### 1 **Medical trend outpaces general inflation**

Healthcare costs have consistently risen faster than overall inflation for years, driven by provider consolidation, more expensive treatments, and increased utilization. Carriers build this trend into every renewal, whether or not your group's own claims justify it.

### 2 **Specialty drug costs**

A small number of high-cost specialty prescriptions can meaningfully move a renewal, even in an otherwise low-utilization group. As more conditions get expensive biologic treatments, this line item keeps growing as a share of total spend.

### 3 **Network and facility cost creep**

The negotiated rates between carriers and hospital systems tend to increase steadily, and those increases flow directly into premium. This happens largely independent of your group's own health status.

### 4 **Administrative and stop-loss cost increases**

For self-funded and level-funded groups, administrative fees and stop-loss premiums can rise substantially year over year, sometimes more than the underlying claims cost itself.

### 5 **Renewal methodology, not just claims**

Carriers use pooled and manual rating methodologies that smooth out costs across many groups, meaning your renewal can increase even in a year where your own group's claims were favorable.

## WHERE THE REAL OPPORTUNITY LIVES

None of these factors are things a group can control directly. But the funding structure, plan design, and communication strategy behind a benefits program often can be, and that is usually where the real opportunity lives.

**Funding structure:** fully insured, level-funded, or self-funded.

**Plan design:** deductibles, copays, networks, and pharmacy benefits.

**Communication:** helping employees understand and use their plan.

## QUESTIONS TO ASK AT RENEWAL

- What portion of the increase comes from our own claims?
- How were the carrier's assumptions set for our group?
- Which options would change the cost, and by how much?

## DON'T OVERLOOK EMPLOYEE EDUCATION

Whatever strategy addresses these cost drivers, none of it delivers full value if employees don't understand what they have. According to UnitedHealthcare's own member research, 60% of new health plan members say they don't have a good understanding of their health plan. Every UBA Health engagement includes employee education support: custom, company-branded materials, text message campaigns, short explainer videos, and a certified benefits counselor available to every employee.

### Curious what this looks like for your organization?

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