



# Impact of COVID-19 on 2020 Net Medical Trend Rates

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Prepared by Global Benefits

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# Study Overview

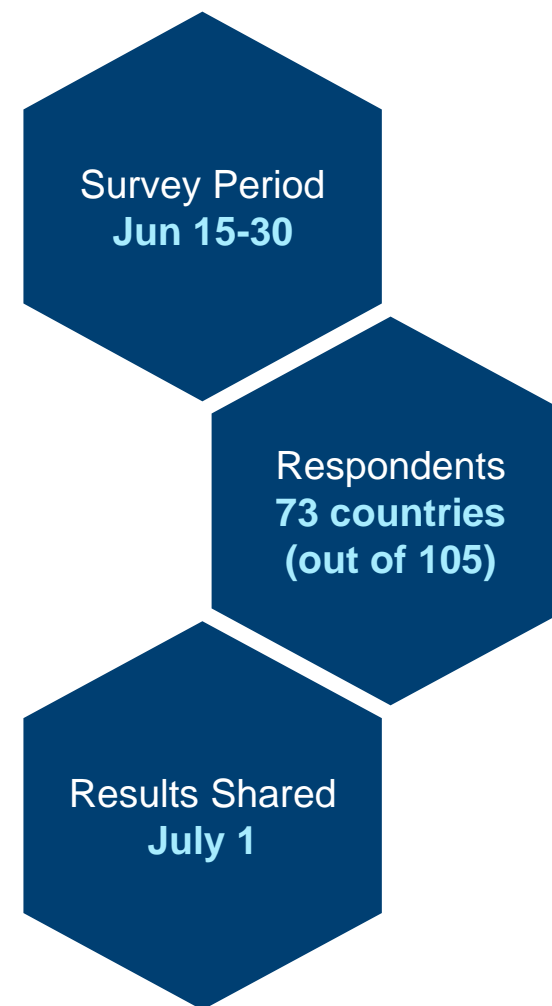
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The design of this study reflects a broad view of each Aon office with regard to the impact that the COVID-19 pandemic has had on the 2020 Global Medical Trend Rates. This study is not intended to replace the study that Aon will launch prospectively for the 2021 Global Medical Trend Rates.

Overall, this global study, conducted from June 15 to 30, garnered responses from 73 of the 105 countries represented in the 2020 Global Medical Trend Rates Report that was published back in September 2019.

## Interpreting study results:

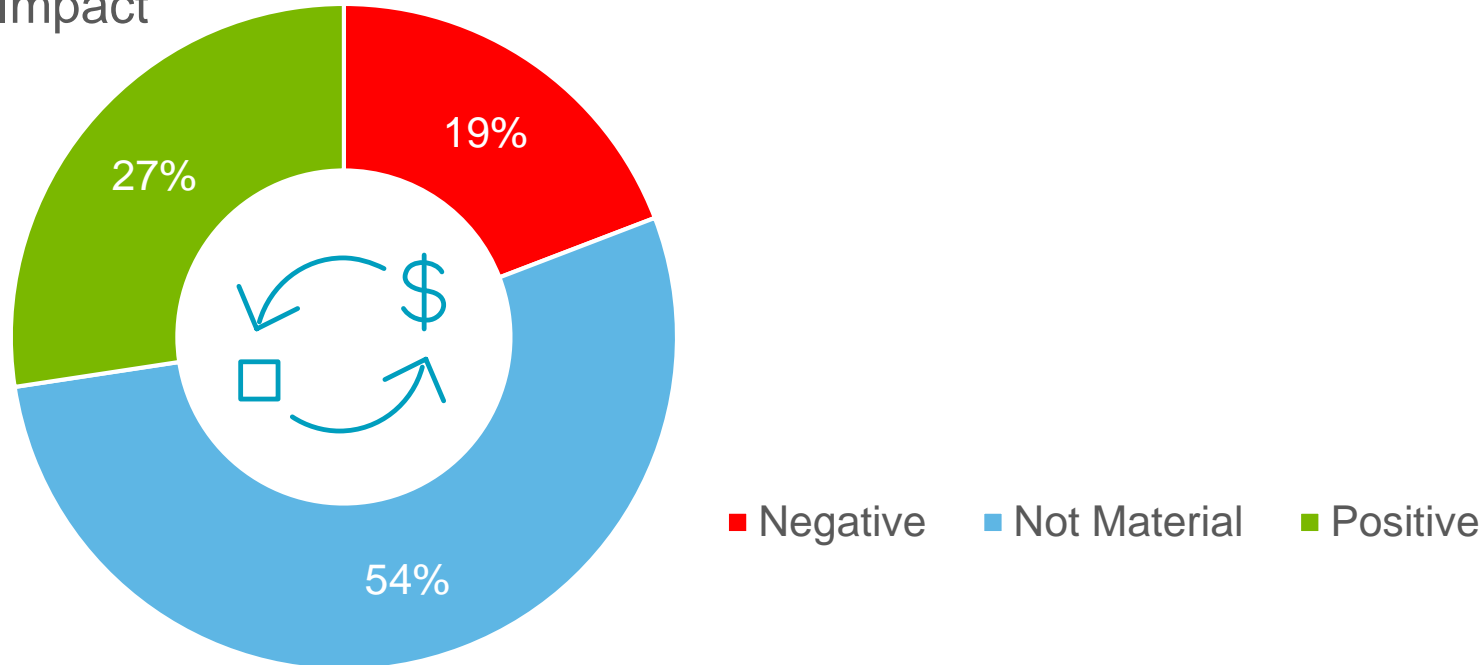
- The COVID-19 pandemic continues to evolve on a daily basis, with varying levels of impact by geography and market. This survey aims to capture a *point-in-time* snapshot of the impact on previously reported 2020 Net Medical Trend Rates. To access the 2020 Global Medical Trend Rates Report, please use the Link: <https://healthresources.aon.com/reports-2/2020-global-medical-trend-rates-report>
- Medical Trend Rates represent the percentage increases in medical plan (insured and self-insured) unit costs that are anticipated to be technically required to address projected price inflation, technology advances in the medical field, plan utilization patterns, and cost-shifting from social programs in each covered country.



# Global Impact of COVID-19 on 2020 Net Medical Trend Rates

Aon offices were asked to self-select if impact has been Negative (trend has been higher than what was projected), Positive (trend will be lower than what was projected), or Not Material (trend has remained more or less within projections).

## Global Impact



Number of Responses = 73 countries

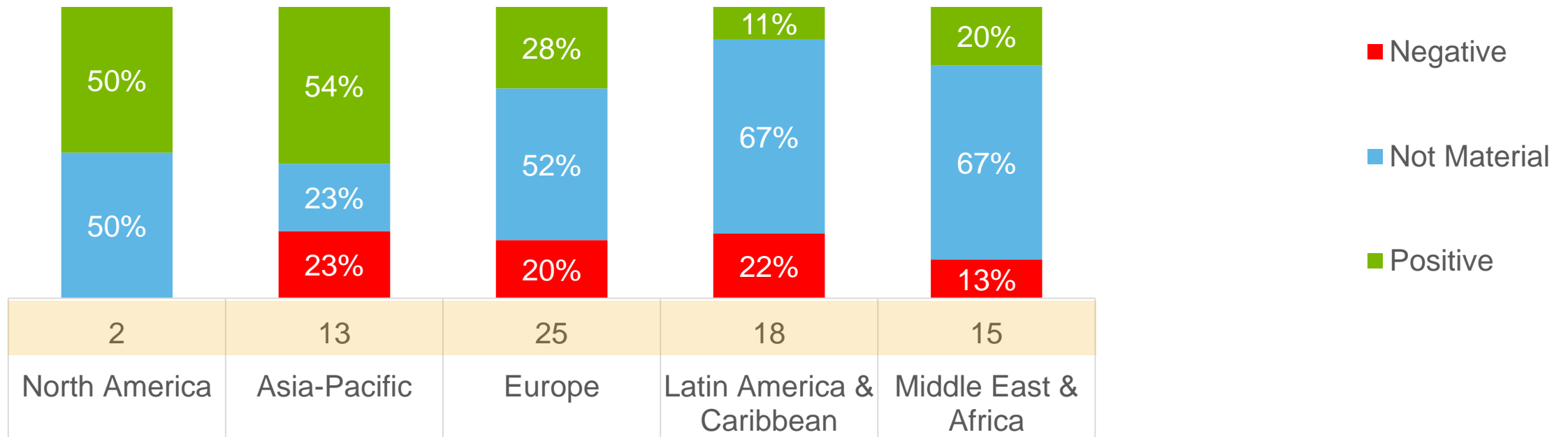
### Instant Insight

90% of countries that responded "Not Material" reported a no change or a small reduction on the net medical trends.

# Regional Impact of COVID-19 on 2020 Net Medical Trend Rates

Aon offices were asked to self-select if impact has been Negative (trend has been higher than what was projected), Positive (trend will be lower than what was projected), or Not Material (trend has remained more or less within projections).

## Regional Impact



Number of Responses = 73 countries

Country Responses per Region

# Drivers of Negative Impact

Aon offices were asked to self-select the key drivers for Negative Impact of COVID-19 Pandemic on Medical Trend Rates.

| Rank | Global  | North America  | Asia-Pacific  | Europe  | Latin America & Caribbean   | Middle East & Africa  |
|------|---|--|---|---|---|---|
| 1    | Physical and mental illness expected to rise as a result of stay-at-home orders and economical stress | Potential for second or third outbreaks before year-end      | Potential for second or third outbreaks before year-end   | Physical and mental illness expected to rise as a result of stay-at-home orders and economical stress | Potential for second or third outbreaks before year-end   | Physical and mental illness expected to rise as a result of stay-at-home orders and economical stress |
| 2    | Potential for second or third outbreaks before year-end   | COVID-19 cases mostly handled by private healthcare services | Physical and mental illness expected to rise as a result of stay-at-home orders and economical stress | Potential for second or third outbreaks before year-end   | Physical and mental illness expected to rise as a result of stay-at-home orders and economical stress | Potential for second or third outbreaks before year-end   |
| 3    | High demand for private healthcare services previously (and commonly) handled by the public system    |  | COVID-19 cases mostly handled by private healthcare services  | Other   | High demand for private healthcare services previously (and commonly) handled by the public system    | High demand for private healthcare services previously (and commonly) handled by the public system    |



In Europe, the increase on security procedure requirements, namely mandatory screening and testing of COVID-19 before hospitalization and higher spend on PPE, hazard pay and allowances, and negatively impacted hospitalization costs were key drivers.

Number of Responses = 73 countries

# Drivers of Positive Impact

Aon offices were asked to self-select the key drivers for Positive Impact of COVID-19 Pandemic on Medical Trend Rates.

| Rank | Global   | North America  | Asia-Pacific   | Europe   | Latin America & Caribbean  | Middle East & Africa   |
|------|--|--|--|--|--|--|
| 1    | Emergency status prevents access to elective surgery or routine non-emergency treatments                                 | Emergency status prevents access to elective surgery or routine non-emergency treatments                                 | COVID-19 cases are mostly handled by public healthcare services and therefore do not impact the private insurance market | COVID-19 cases are mostly handled by public healthcare services and therefore do not impact the private insurance market | Emergency status prevents access to elective surgery or routine non-emergency treatments                                 | Emergency status prevents access to elective surgery or routine non-emergency treatments                                 |
| 2    | COVID-19 cases are mostly handled by public healthcare services and therefore do not impact the private insurance market | Emergency status prevents access to regular check-ups or routine consultations   | Emergency status prevents access to elective surgery or routine non-emergency treatments                                 | Emergency status prevents access to elective surgery or routine non-emergency treatments                                 | Emergency status prevents access to regular check-ups or routine consultations   | COVID-19 cases are mostly handled by public healthcare services and therefore do not impact the private insurance market |
| 3    | Emergency status prevents access to regular check-ups or routine consultations   | COVID-19 cases are mostly handled by public healthcare services and therefore do not impact the private insurance market | Emergency status prevents access to regular check-ups or routine consultations   | Emergency status prevents access to regular check-ups or routine consultations   | COVID-19 cases are mostly handled by public healthcare services and therefore do not impact the private insurance market | Emergency status prevents access to regular check-ups or routine consultations   |



In Middle East & Africa, the downward economic trend and deflation which puts pressure on medical costs to likewise decrease, is also seen as a driver for Positive Impact.

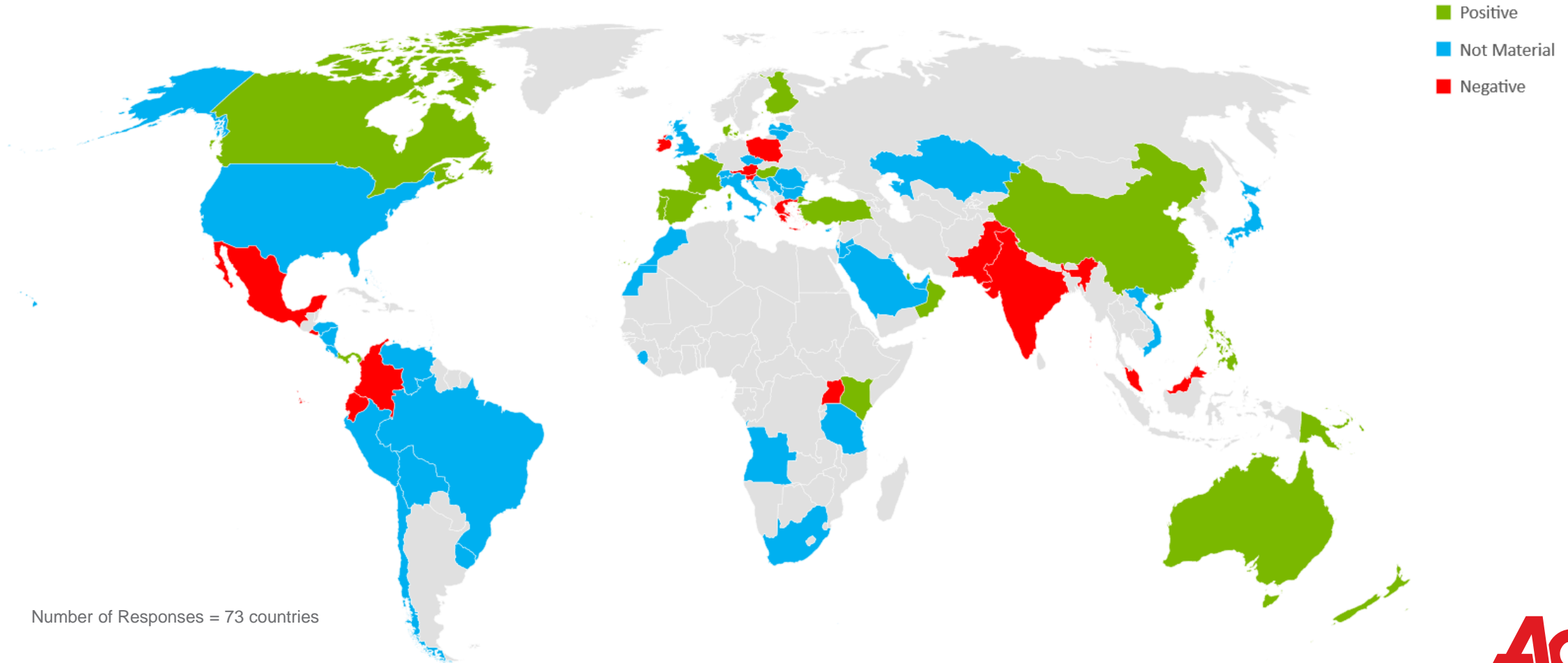
Number of Responses = 73 countries

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# World Map Overview

Aon offices were asked to self-select if impact has been Negative (trend has been higher than what was projected), Positive (trend will be lower than what was projected), or Not Material (trend has remained more or less within projections).



Number of Responses = 73 countries

# Impact of COVID-19 on 2020 Net Medical Trend Rates

## Additional Information



# List of Countries and Response Summary (1/2)

|                      | Annual General Inflation Rate | Gross Medical Trend | Net Medical Trend | COVID-19 Impact |
|----------------------|-------------------------------|---------------------|-------------------|-----------------|
| <b>North America</b> | 2.6                           | 6.4                 | 3.8               |                 |
| Canada               | 1.9                           | 6                   | 4.1               | Positive        |
| United States        | 2.7                           | 6.5                 | 3.8               | Not Material    |
| <b>Asia-Pacific</b>  | 2.8                           | 8.7                 | 5.9               |                 |
| Australia            | 2.3                           | 3.5                 | 1.2               | Positive        |
| China                | 2.5                           | 7.5                 | 5                 | Positive        |
| Hong Kong            | 2.5                           | 8.1                 | 5.6               | Positive        |
| India                | 4.2                           | 8.5                 | 4.3               | Negative        |
| Japan                | 1.5                           | 1.5                 | 0                 | Not Material    |
| Kazakhstan           | 5                             | 11.2                | 6.2               | Not Material    |
| Malaysia             | 2.6                           | 14                  | 11.4              | Negative        |
| New Zealand          | 1.9                           | 7                   | 5.1               | Positive        |
| Pakistan             | 7                             | 20                  | 13                | Negative        |
| Papua New Guinea     | 4.7                           | 7                   | 2.3               | Positive        |
| Philippines          | 3.3                           | 9.2                 | 5.9               | Positive        |
| Singapore            | 1.4                           | 10                  | 8.6               | Positive        |
| Vietnam              | 3.3                           | 11                  | 7.7               | Not Material    |

|                | Annual General Inflation Rate | Gross Medical Trend | Net Medical Trend | COVID-19 Impact |
|----------------|-------------------------------|---------------------|-------------------|-----------------|
| <b>Europe</b>  | 2.1                           | 5.7                 | 3.6               |                 |
| Austria        | 2                             | 3                   | 1                 | Negative        |
| Belgium        | 1.6                           | 4                   | 2.4               | Not Material    |
| Bulgaria       | 2.3                           | 10.9                | 8.6               | Not Material    |
| Croatia        | 1.6                           | 2                   | 0.4               | Not Material    |
| Cyprus         | 1.6                           | 1.6                 | 0                 | Not Material    |
| Czech Republic | 2                             | 5                   | 3                 | Not Material    |
| Denmark        | 1.3                           | 2.5                 | 1.2               | Positive        |
| Finland        | 1.5                           | 3.5                 | 2                 | Positive        |
| France         | 1.5                           | 4                   | 2.5               | Positive        |
| Greece         | 1.4                           | 5                   | 3.6               | Negative        |
| Hungary        | 3.1                           | 11                  | 7.9               | Positive        |
| Ireland        | 1.5                           | 5.5                 | 4                 | Negative        |
| Italy          | 1.2                           | 4                   | 2.8               | Not Material    |
| Latvia         | 2.4                           | 12                  | 9.6               | Not Material    |
| Lithuania      | 2.3                           | 13                  | 10.7              | Not Material    |
| Luxembourg     | 1.9                           | 1.9                 | 0                 | Not Material    |
| Poland         | 1.9                           | 9                   | 7.1               | Negative        |
| Portugal       | 1.7                           | 3.5                 | 1.8               | Positive        |
| Romania        | 3                             | 10                  | 7                 | Not Material    |
| Serbia         | 2.5                           | 12                  | 9.5               | Not Material    |
| Slovenia       | 1.6                           | 1.9                 | 0.3               | Negative        |
| Spain          | 1.6                           | 5.3                 | 3.7               | Positive        |
| Switzerland    | 0.9                           | 4                   | 3.1               | Not Material    |
| Turkey         | 14.1                          | 25                  | 10.9              | Positive        |
| United Kingdom | 2                             | 6.5                 | 4.5               | Not Material    |

Annual General Inflation Rate, Gross Net Medical Trend as per Reported on the 2020 Global Medical Trend Survey published in September 2019

## List of Countries and Response Summary (2/2)

|                                      | Annual General Inflation Rate | Gross Medical Trend | Net Medical Trend | COVID-19 Impact |
|--------------------------------------|-------------------------------|---------------------|-------------------|-----------------|
| <b>Latin America &amp; Caribbean</b> | <b>5.6</b>                    | <b>13.1</b>         | <b>7.5</b>        |                 |
| Bahamas                              | 2.4                           | 8.9                 | 6.5               | Not Material    |
| Bermuda                              | 1.3                           | 7.8                 | 6.5               | Positive        |
| Bolivia                              | 3.6                           | 5                   | 1.4               | Not Material    |
| Brazil                               | 4.1                           | 15                  | 10.9              | Not Material    |
| Chile                                | 3                             | 7                   | 4                 | Not Material    |
| Colombia                             | 3.2                           | 5.8                 | 2.6               | Negative        |
| Costa Rica                           | 3.1                           | 14                  | 10.9              | Not Material    |
| Ecuador                              | 1.2                           | 12                  | 10.8              | Negative        |
| El Salvador                          | 1.3                           | 10                  | 8.7               | Negative        |
| Grenada                              | 1.9                           | 1.9                 | 0                 | Not Material    |
| Honduras                             | 4.5                           | 14                  | 9.5               | Not Material    |
| Mexico                               | 3.1                           | 12                  | 8.9               | Negative        |
| Nicaragua                            | 3.9                           | 15                  | 11.1              | Not Material    |
| Panama                               | 2                             | 10                  | 8                 | Positive        |
| Peru                                 | 2                             | 8.5                 | 6.5               | Not Material    |
| Trinidad and Tobago                  | 2.2                           | 10                  | 7.8               | Not Material    |
| Uruguay                              | 7.2                           | 8                   | 0.8               | Not Material    |
| Venezuela                            | 10000000                      | n/a                 | n/a               | Not Material    |

|                                 | Annual General Inflation Rate | Gross Medical Trend | Net Medical Trend | COVID-19 Impact |
|---------------------------------|-------------------------------|---------------------|-------------------|-----------------|
| <b>Middle East &amp; Africa</b> | <b>5.6</b>                    | <b>12.2</b>         | <b>6.6</b>        |                 |
| Angola                          | 11.1                          | 30                  | 18.9              | Not Material    |
| Israel                          | 1.7                           | 7.5                 | 5.8               | Not Material    |
| Jordan                          | 2.5                           | 10.5                | 8                 | Not Material    |
| Kenya                           | 5                             | 10                  | 5                 | Positive        |
| Kuwait                          | 2.7                           | 8.8                 | 6.1               | Not Material    |
| Morocco                         | 2                             | n/a                 | n/a               | Not Material    |
| Qatar                           | 3.7                           | 10                  | 6.3               | Positive        |
| Saudi Arabia                    | 2.2                           | 9.5                 | 7.3               | Not Material    |
| Sierra Leone                    | 13                            | 20                  | 7                 | Not Material    |
| South Africa                    | 5.4                           | 10                  | 4.6               | Not Material    |
| Sultanate of Oman               | 1.8                           | 5                   | 3.2               | Positive        |
| Tanzania                        | 4.5                           | 10.5                | 6                 | Not Material    |
| Uganda                          | 4.4                           | 17                  | 12.6              | Negative        |
| United Arab Emirates            | 2.1                           | 10                  | 7.9               | Not Material    |
| Zimbabwe                        | 9.4                           | n/a                 | n/a               | Negative        |

Annual General Inflation Rate, Gross Net Medical Trend as per Reported on the 2020 Global Medical Trend Survey published in September 2019

# Contact Our Team

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If you have questions about this study, or want to speak to a member of the Global Benefits team about developing a detailed view on a regional or country basis, please contact our study leaders below:

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