



Segal Survey on Projected Health Cost Trends for 2026

Segal Consulting produces an annual survey of managed care organizations, health insurers, PBMs, and TPAs (Third-Party Administrators). This survey reports respondents' projected trends for medical, prescription drug, dental, and vision coverage while highlighting the key cost drivers. This survey contains the input from more than 80% of the non-Medicare insured market.

For 2026, according to survey responders, prescription drugs have the highest projected cost rate increase at 11%. **Hospital/medical plan trends are also projected to increase by a median of 9%, which is the highest annual projection in more than a decade.** For PPO plans like PEEHIP, survey respondents projected their per-person cost trend to be 9.3% for 2026.

Hospital prices (different than utilization) are a leading cost driver for hospital/medical trends. Overall, medical price inflation stems from increased labor costs, regulatory changes, and workforce shortages. This is compounded with increased demand yet limited supply of clinical staff, which further surges the cost of labor. With limited clinical staff supply, operational efficiency is reduced, creating longer stays and delayed services. This all leads to higher costs for health systems and sustained inflation. That inflation correlates with higher contracted reimbursement rates, which drives up costs for PPO plans.

While price is a major factor, it's not the only thing driving up hospital/medical costs: utilization increases in physician services are thought to be due to increased demand for certain services, increased rates of common seasonal illnesses, or from market pressures such as providers ordering additional tests and procedures to offset inflationary pressures

and protect margins.

Apart from price and utilization in the hospital/medical setting, changes in U.S. trade policy have created new layers of uncertainty. Tariffs on medical devices and supplies, along with proposed tariffs on pharmaceuticals, could intensify existing shortages, disrupt patient care, and increase operational costs in the healthcare system. Even if proposed rates are short-lived, the healthcare market is likely to react proactively and strongly to shore up against the mere potential of future high rates.

Tariffs aren't the only regulatory change that could drive up costs. Many U.S. insurers are implementing voluntary actions aimed at relaxing or eliminating the prior authorization (PA) process. PAs have long been criticized for increasing administrative burdens, but removing appropriate PAs will likely lead to higher costs, as there is a known correlation between healthcare waste and lack of oversight. Therefore, removing PAs invites abuse in the system.

Another regulatory impact comes from the One Big Beautiful Bill Act, which introduces significant changes to the ACA, Medicaid, and health savings accounts. According to the non-partisan Congressional Budget Office, the health sector will lose \$1.1T, with 15.1M people uninsured by 2034. Of the 15.1M people, 10M will become uninsured from Medicaid changes, and 5.1M will become uninsured from changes to ACA exchanges. These changes are thought to incentivize hospitals to shift costs to commercially insured plans (like non-Medicare PPOs), which could drive up costs for those payers.

Despite significant movement in the regulatory environment, there are many other drivers of hospital/medical cost

continued from page 1

increases, including provider consolidation, higher prevalence and acuity of chronic diseases and cancer, increased supply and demand of mental health and substance abuse services, and advances in medical technology such as gene therapy, robotic surgeries, and improved screenings leading to increased diagnoses and treatments.

Moving to the prescription drug side of healthcare costs, specialty drugs, or high-cost drugs for rare conditions, continue to be a significant driver of the increasing trend. When patients in a plan utilize more expensive drugs in one year compared to the previous year, that is called an increase in drug mix. Survey respondents reported drug mix as the leading driver, meaning their members are shifting to using higher-cost specialty drugs over less expensive, non-specialty or generic alternatives. Non-specialty utilization trend is reported at 2%, whereas the specialty utilization trend is expected to rise by more than 7%. This is before any increases in the price of the drugs are factored in. One of the main drivers of drug price inflation is the lack of competition in the pharmaceutical market, especially for brand-name drugs that are protected by patents. These patents allow manufacturers exclusive market access with monopolistic pricing. **From 1985 to 2024, drug prices rose more than 5.5 times, outpacing general inflation by a factor of 3.**

Specialty drugs aren't the only drugs on the rise; non-spe-

cialty drugs like GLP-1 receptor agonists are gathering additional FDA-approved indications, broadening their potential for utilization outside type-2 diabetes. These highly expensive medications are expected to increase pharmacy costs as they are utilized by more members over previously prescribed lower-cost alternatives.

Additional drivers of pharmaceutical cost increases come from supply chain pressure of drug shortages, aggressive direct-to-consumer advertising that affects prescribing habits, and the proliferation of more and more new specialty drugs, leading to increased utilization and cost.

To address these significant challenges in healthcare cost, survey respondents are considering a variety of options such as seeking to improve population health with digital wellness tools, narrowing healthcare networks to improve pricing, focusing on eliminating fraud, leaning on biosimilar alternatives over specialty drugs, and more detailed drug formulary management. ●

Original Source:

2026 health plan cost trend survey report: A must-read. Segal. (2025, September 9). <https://www.segalco.com/consulting-insights/2026-health-plan-cost-trend-survey>

Medicare-Eligible PEEHIP Members

The information below pertains to Medicare-eligible PEEHIP retirees or Medicare-eligible dependents of PEEHIP retirees. For more information, visit rsa-al.gov/peehip/retirees/.

Medicare's Annual Enrollment Period Begins October 15

Each year, Medicare holds its Annual Enrollment Period (AEP) from October 15 to December 7. This is the time when Medicare allows Medicare-eligible individuals to enroll or change their individual Medicare plan coverage. **This does not apply to PEEHIP members who are enrolled in PEEHIP's UnitedHealthcare® Group Medicare Advantage (PPO) Plan. (These**

members will automatically transition to the PEEHIP Humana Group Medicare Advantage (PPO) Plan effective January 1, 2026.) You have an exclusive Group Medicare Advantage plan that was designed at the direction of PEEHIP to meet its benefit requirements. Only Medicare-eligible members of PEEHIP (retirees and dependents) are able to join this plan. Medicare allows groups, like PEEHIP, to determine their own annual enrollment period. PEEHIP held its annual Open Enrollment period earlier this year (July 1 – August 31) for an October 1, 2025, effective date.

PEEHIP Medicare members who like their PEEHIP coverage can simply disregard all the information from other plans about Medicare Open Enrollment. In fact,

continued on page 3

if you would like to stay in your PEEHIP coverage, it is very important that you do not enroll in any individual Medicare plan, like a Medicare Advantage or Part D prescription drug plan. If you do, you will risk losing your PEEHIP-sponsored medical and prescription drug coverage.

Medicare only allows you to be enrolled in one Medicare Advantage plan and one Medicare Part D prescription drug plan at a time. If you enroll in another Medicare Advantage plan or a stand-alone

Medicare Part D plan not offered by PEEHIP, you will be disenrolled from the PEEHIP Group Medicare Advantage (PPO) Plan. Any family members will also be disenrolled from this PEEHIP Medicare Advantage coverage, and you and your family will not have hospital medical or drug coverage with PEEHIP.

If you drop your PEEHIP group-sponsored retiree health coverage, you will not be able to reenroll until the next PEEHIP Open Enrollment period of July 1 through August 31 for an October 1, 2026, effective date. ●



Understanding Statins

Statins are prescription drugs that can help lower low-density lipoprotein (LDL) – also known as “bad cholesterol.” Cholesterol is a substance found in the blood and is necessary to build healthy cells. However, at high levels, cholesterol can increase your risk of heart disease.

Statin drugs are designed to lower the amount of LDL in the liver. This may lower the risk of heart disease and stroke. Healthcare providers call LDL “bad cholesterol” because of its ability to build up in your arteries and block blood flow. High levels of LDL may increase the likelihood of two types of heart disease: coronary artery disease and peripheral artery disease.* Statins may also help increase your high-density lipoprotein (HDL) – also known as the “good cholesterol,” because it brings cholesterol to your liver to get it out of your body. There are many different types of statins your provider may prescribe, depending on your specific needs and medical history.¹

Who should take them?

It's possible to lower LDL without medications with diet change and exercise, but if this does not work, your health care provider may suggest statins to help bring your LDL to a normal range. Those who may be helped by statins:

- People who have one or more cardiovascular disease risk factors and a higher 10-year risk of a heart attack
- People who have cardiovascular disease related to

hardening of the arteries

- People who have high LDL (“bad”) cholesterol (190 mg/dL (4.92 mmol/L) or higher)
- People who have diabetes and LDL cholesterol levels between 70 and 189 mg/dL

Are statins right for you? Talk with your provider.

Statins are very successful, effective, and safe for most people. Some people may have side effects, like muscle pain, stomach problems, or mental confusion² – but serious side effects are rare. It's important to discuss the benefits and risks of taking statins with your primary care provider (PCP) before you start taking the medicine. Also, statins can cause interactions with other medications, so make sure your PCP knows what else you're taking.³ If you are taking statins, healthy eating and exercise may help improve the medication's success. Along with a healthy diet and exercise, statins can be an important part of good health.

Other steps you can take

Regardless if you take statins or not, there are other things you can do to help manage or lower cholesterol levels:⁴

- Adopt a healthy diet
- Limit saturated fat and trans fat

continued from page 3

- Quit smoking
- Exercise regularly
- Keep weight at a healthy level

Foods that may help lower cholesterol levels include:⁵

- Soluble fiber (examples include beans, broccoli, avocados, apples, pears, flax, and sunflower seeds)

- Soybeans
- Omega-3 fatty acids like walnuts and salmon
- Phytosterols (found in fruits, legumes, nuts, vegetables, and whole grains)

Talk to your provider to see which path is right for you. ●

*Coronary artery disease (CAD) is the most common type of heart disease. Plaque (a waxy substance) builds up in the arteries, making them hard and narrow. Less blood can flow through the arteries, and the heart muscle may not get the blood or oxygen it needs. At its most severe, coronary heart disease (CHD) can cause chest pain, a heart attack, or stroke. Peripheral artery disease (PAD) is the kind of heart disease that happens most often in the legs. It may be caused by the build-up of plaque inside the artery which blocks the blood vessel. Plaque builds up in the arteries to your arms and legs, as well as other parts of your body. That build-up makes it harder for blood and oxygen to flow to your muscles and other tissue.

Sources:

<https://www.uhc.com/news-articles/healthy-living/statins>; [mayoclinic.org](https://www.mayoclinic.org); [clevelandclinic.org](https://www.clevelandclinic.org), 2024; Heart disease types, risks, and symptoms | Health & Wellness | UnitedHealthcare®

¹<https://my.clevelandclinic.org/health/treatments/22282-statins>

²<https://www.mayoclinic.org/diseases-conditions/high-blood-cholesterol/in-depth/statin-side-effects/art-20046013>

³<https://www.mayoclinic.org/diseases-conditions/high-blood-cholesterol/in-depth/statins/art-20045772>

⁴<https://www.mayoclinic.org/diseases-conditions/high-blood-cholesterol/in-depth/reduce-cholesterol/art-20045935>

⁵<https://my.clevelandclinic.org/health/drugs/17368-phytosterols-sterols-stanols>

This information is being provided to eligible plan members and is not intended to imply the recipient has a specific condition or disease, nor requires a particular medical test or procedure. Information is for educational purposes only and is not a substitute for the advice of a licensed medical provider. Consult your provider prior to beginning an exercise program or making changes to your lifestyle or health care routine. References to other websites do not imply an endorsement of the material on the website.

Wellness for Healthy Aging

Follow these tips to help with a healthier lifestyle:

Check your diet

You may know what you are supposed to eat, but it may be hard to stick to a plan. Nourishing your body with the right mix of foods may help lower your risk of heart disease, diabetes, some cancers, obesity and more, according to the Academy of Nutrition and Dietetics.

Get fit, stay fit

Make a goal to exercise 150 minutes a week. This could be 30 minutes a day, 5 days a week. The options are endless — walk, run, cycle, do yoga or group exercise classes, and more.

Check out a class — in person or online

Join a fitness center or go online for classes and programs to get your heart rate up, build muscle mass, and improve flexibility. Check out Let's Move by UnitedHealthcare® live virtual classes and on-demand videos at letsmovebyuhc.com.

Improve sleep

A restful night's sleep doesn't just feel good — it may closely connect to your physical and mental health.¹

Track your activity to help meet your goal

Walking toward a goal of 10,000 steps a day is another way to stay active. Determine how many steps a day you walk and aim to add 1,000 steps a day every two weeks to reach 10,000.² An easy way to keep track of your steps is with a fitness tracker app on your smartphone. Or invest in an activity tracker to measure your heart rate and the quality of your sleep. Some models have GPS, play music, and are a telephone all rolled into one.

If you have questions about your UnitedHealthcare® PEEHIP Group Medicare Advantage (PPO) Plan, visit retiree.uhc.com/peehip or call 877.298.2341, TTY 711, 8 a.m. – 8 p.m. CT, Monday – Friday. ●

Sources:

¹American College of Sports Medicine physical activity guidelines, Physical Activity Guide

²Riech, Thom. 10,000 Steps a Day: Too low? Too high? Mayo Clinic, March 23, 2020.