

# Benefits Breakdown

March 2024

## Managing Rising Health Care Costs in 2024

Employees and employers alike can expect their health care costs to increase in 2024. In fact, many anticipate health care costs growing between 6% and 8.5% in 2024, the largest increase in over a decade. Employers should consider the following key drivers of 2024 health care costs and strategies to manage them:

- **Mental health challenges**—Employees' mental health concerns and needs, such as depression, anxiety and substance use disorder, undoubtedly rose during the COVID-19 pandemic and continue to linger in its aftermath. Thus, employers are expected to continue to expand access to mental health support and services; many plan to provide more options for support and reduce cost barriers to care.
- **Pharmacy costs**—Specialty and costly prescription drugs—especially the high demand for diabetes and obesity drugs—and cell and gene therapies are behind employers' pharmacy cost increases in 2024. Employers can implement pharmacy management strategies, including prioritizing transparent pharmacy benefit manager practices and plan design changes, to address rising drug and treatment costs.
- **Cancer treatment**—Since the pandemic disrupted preventive screenings, employers anticipate more late-stage cancers among workers. In response, employers can encourage advanced screening measures and employees should maintain full coverage of recommended prevention and screening services.

To combat rising costs this year and beyond, employers are focusing on improving health outcomes, reducing unnecessary services, and prioritizing preventive and primary care. Reach out for more tips on managing costs.

## Improving the Utilization of Employee Assistance Programs

Employee assistance programs (EAPs) are employer-sponsored programs that offer services or referrals to help employees deal with personal problems. These programs can boost employee well-being, satisfaction, performance and health. Unfortunately, these programs are often heavily underutilized. Mental Health America reports that 98% of mid- to large-sized companies offer EAPs, but only 4% of employees use them each year, representing a significant missed opportunity for employers and employees. Consider these best practices for increasing EAP utilization:

- Communicate frequently, honestly and transparently about the program.
- Address confidentiality concerns by informing employees that it's against federal law for EAPs to disclose information employees share with their employers.
- Challenge mental health stigma by encouraging employees to prioritize their mental health, training managers to recognize the signs of mental illness, offering flexibility and scheduling regular check-ins with employees.
- Monitor and evaluate EAP performance to understand the effectiveness of communications.

Employers who proactively address barriers and educate employees may see increased utilization of these programs, which can increase employee engagement, retention and attraction. Contact us for more information about EAPs.