



FY27 GHIP Trend Assumptions

State Employee Benefits Committee Meeting

September 28, 2026



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General trend setting considerations

- Trend assumptions for the remainder of 2026 and 2027 can reasonably range from 6% to 16%
- Assumed trend is the sum of assumed unit cost increase (i.e., healthcare inflation) and utilization changes
- **Medical and Rx trend should be considered separately and applied to corresponding claims experience**
- Unit price pressures are expected to be a greater driver of medical trend than overutilization of services
- Pharmacy trend should be set based on whether client covers GLP-1 drugs for weight loss (details can be found on the next slide)
- The split between non-specialty and specialty pharmacy should be considered when setting trends for budgets. While recent specialty claims have averaged over 50% of pharmacy plan cost, variation among clients may be significant

Updated active medical & drug trends for 2026-2027 plan years

Category	Updated: 2026-2027			Prior: 2025-2026		
	Mid	Low	High	Mid	Low	High
Medical	7.0%	5.5%	12.0%	7.0%	5.5%	9.5%
Pharmacy						
<i>GLP-1s covered for weight-loss</i>	17.0%	10.0%	25.0%	12.0%	9.5%	14.5%
<i>GLP-1s not covered for weight-loss</i>	10.0%	7.0%	13.0%	9.5%	7.5%	11.0%

- Assumed trend is the sum of assumed unit cost increase (i.e., healthcare inflation) and utilization changes
- Medical and Rx trend should be applied separately to corresponding claims experience
- Utilization of GLP-1 weight-loss drugs continues to grow faster than previously anticipated in 2026-2027, driven partially by the approval of oral Wegovy at the end of 2025. Although unit cost is expected to decrease as more products drive competition, we have yet to see prices drop in the commercially insured market
- Unit price pressures are expected to be a greater driver of medical trend than overutilization of services

Historical GHIP gross claims increases

Recommended Trend for FY27-FY30

Plan Year	Active+Pre-65 Medical		Active+Pre-65 Rx		Medicfill Medical		Medicfill Rx	
	Per Member Per Year	Increase / (Decrease)	Per Member Per Year	Increase / (Decrease)	Per Member Per Year	Increase / (Decrease)	Per Member Per Year	Increase / (Decrease)
FY23	\$6,847		\$1,970		\$2,229		\$6,343	
FY24	\$7,119	4%	\$2,135	8%	\$2,371	6%	\$6,932	9%
FY25	\$7,638	7%	\$2,660	25%	\$2,557	8%	\$7,563	9%
FY26	\$8,512	11%	\$3,251	22%	\$2,774	9%	\$7,915	5%
Average		8%		18%		8%		8%
CURRENT ASSUMPTION		8%		See Slide 6		5%		See Slide 7
WTW RECOMMENDATION (FY27 through FY30)		8%		Separate trends by component		8%		Separate trends by component

Pharmacy Trend – Commercial Weight-loss GLP-1s

FY26 Actual with FY27 Projected

FY26 ACTUAL				
	Claims	Month-over-Month	FY26 Gross Spend	Month-over-Month
July	4,277	-21%	\$5,452,356	-14%
August	4,643	9%	\$5,947,219	9%
September	4,934	6%	\$6,290,576	6%
October	5,268	7%	\$6,680,003	6%
November	4,901	-7%	\$6,318,149	-5%
December	5,500	12%	\$7,036,922	11%
January	5,600	2%	\$7,168,217	2%
February	5,415	-3%	\$6,875,720	-4%
March	6,406	18%	\$8,145,949	18%
April	6,151	-4%	\$7,802,141	-4%
May	5,995	-3%	\$7,725,895	-1%
June	6,731	12%	\$8,704,628	13%
Total	65,821	3%	\$84,147,774	4%
Increase over FY25			56%	

Zepbound removed from formulary

Zepbound exceptions began

FY27 BUDGET RECOMMENDATION				
	Claims	Month-over-Month	Gross Spend	Month-over-Month
July	4,958	-26%	\$5,358,304	-38%
August	5,138	4%	\$5,605,018	5%
September	5,446	6%	\$5,997,000	7%
October	5,773	6%	\$6,417,000	7%
November	6,119	6%	\$6,866,000	7%
December	6,425	5%	\$7,278,000	6%
January	6,747	5%	\$7,715,000	6%
February	7,084	5%	\$8,178,000	6%
March	7,367	4%	\$8,587,000	5%
April	7,662	4%	\$9,016,000	5%
May	7,969	4%	\$9,467,000	5%
June	8,208	3%	\$9,846,000	4%
Total	78,897	2%	\$90,330,322	1%
Increase over FY26			7%	

\$200 member copay implemented

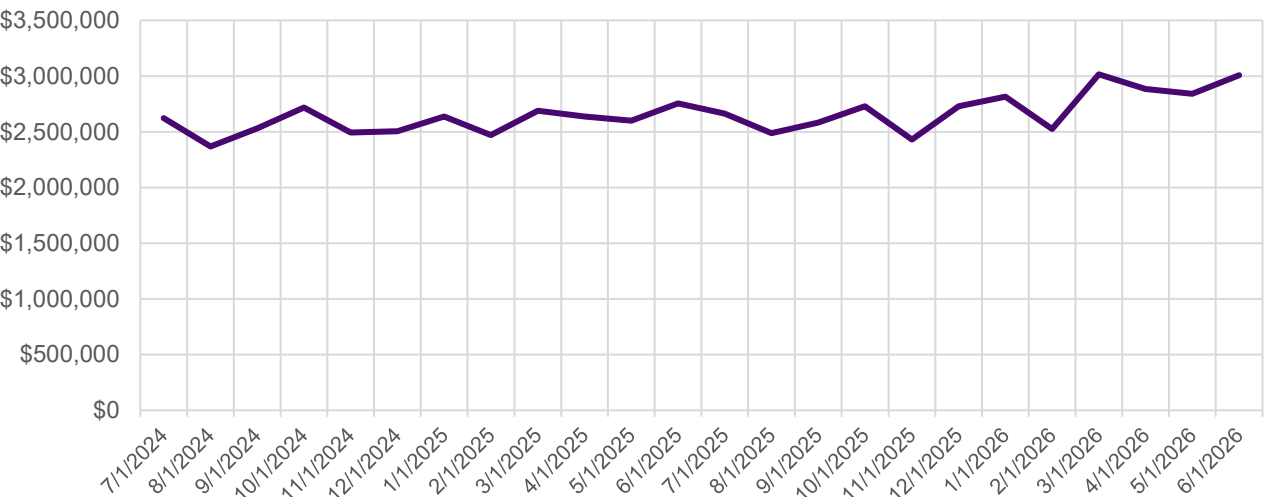
Zepbound back on co-preferred formulary mid-August

Pharmacy Trend - GLP-1 for Diabetes – FY26 Actual/FY27 Projected

Anti-Diabetes (Commercial Only)			
	Claims	FY26 Gross Spend	Month-over-Month
July	2,295	\$2,663,197	-3%
August	2,152	\$2,487,773	-7%
September	2,230	\$2,581,003	4%
October	2,359	\$2,729,366	6%
November	2,108	\$2,428,949	-11%
December	2,381	\$2,729,497	12%
January	2,362	\$2,815,014	3%
February	2,128	\$2,523,399	-10%
March	2,534	\$3,015,437	19%
April	2,388	\$2,882,361	-4%
May	2,337	\$2,839,351	-1%
June	2,498	\$3,006,892	6%
Total	27,772	\$32,702,239	1%
Increase over FY25		5%	

Anti-Diabetes (Commercial Only)			
	Claims	Projected FY27	Month-over-Month
July	2,523	\$3,040,000	1%
August	2,548	\$3,070,000	1%
September	2,574	\$3,100,000	1%
October	2,599	\$3,130,000	1%
November	2,625	\$3,160,000	1%
December	2,652	\$3,190,000	1%
January	2,678	\$3,220,000	1%
February	2,705	\$3,250,000	1%
March	2,732	\$3,280,000	1%
April	2,759	\$3,310,000	1%
May	2,787	\$3,340,000	1%
June	2,815	\$3,370,000	1%
Total	31,998	\$38,460,000	1%
Increase over FY26		18%	

GLP-1 Diabetes Gross Spend



Pharmacy Trend - By Component - Commercial

COMMERCIAL - PMPM	FY24	Incr	FY25	Incr	FY26	Incr	FY27	Incr	FY28	Incr	FY29	Incr	FY30	Incr
Gross Spend before GLP-1s & PrudentRx	\$159	6%	\$162	2%	\$175	8%	\$191	9%	\$208	9%	\$227	9%	\$248	9%
GLP-1 - Weight Loss	\$11		\$42	273%	\$73	71%	\$78	7%	\$94	20%	\$108	15%	\$119	10%
GLP-1 - Diabetes	\$20	43%	\$24	23%	\$28	16%	\$33	18%	\$37	12%	\$41	10%	\$45	10%
PrudentRx Savings	(\$13)		(\$8)	-39%	(\$6)	-27%	(\$5)	-15%	(\$4)	-10%	(\$4)	-10%	(\$4)	-10%
Total Gross Spend before Rebates	\$178	8%	\$222	25%	\$271	22%	\$298	10%	\$335	13%	\$372	11%	\$408	10%
Rebates	(\$72)	24%	(\$87)	19%	(\$111)	28%	(\$113)	2%	(\$129)	14%	(\$143)	11%	(\$156)	9%
Net Spend after Rebates	\$105	0%	\$135	28%	\$160	18%	\$185	16%	\$207	12%	\$229	11%	\$252	10%

Pharmacy Trend - EGWP

EGWP - Per Member per Month	CY26 ¹	CY27 ¹	Incr	CY28	Incr	CY29	Incr	CY30	Incr
Gross Drug Cost ²	\$661	\$629	-5%	\$624	-1%	\$645	3%	\$683	6%
Member Share ³	(\$25)	(\$25)	0%	(\$26)	4%	(\$27)	4%	(\$28)	4%
Net Paid Claims	\$636	\$604	-5%	\$598	-1%	\$618	3%	\$655	6%
Rebates ²	(\$183)	(\$142)	-22%	(\$108)	-24%	(\$90)	-16%	(\$82)	-9%
Manufacturer Discount Program (MDP) ⁴	(\$78)	(\$65)	-17%	(\$59)	-10%	(\$57)	-3%	(\$58)	2%
Select Drug Subsidy (SDS) ⁴	(\$6)	(\$10)	67%	(\$13)	30%	(\$15)	15%	(\$17)	13%
CMS Catastrophic Reinsurance ⁵	(\$67)	(\$68)	1%	(\$68)	0%	(\$68)	0%	(\$68)	0%
Direct Subsidy	(\$151)	(\$192)	27%	(\$209)	9%	(\$228)	9%	(\$249)	9%
Projected Net Cost	\$151	\$127	-16%	\$142	11%	\$160	13%	\$181	13%

1. Provided by CVS.
2. The Inflation Reduction Act phases in Medicare negotiated maximum fair prices (MFPs) for select drugs beginning in 2026. As additional drugs become eligible over time, EGWP costs may be affected based on plan-specific utilization.
3. The annual Medicare Part D out-of-pocket (TrOOP) threshold is \$2,000 in 2025, \$2,100 in 2026, and \$2,400 in 2027. Thresholds for subsequent years are assumed to increase annually in accordance with CMS guidance and the statutory indexing methodology under the Inflation Reduction Act.
4. Beginning in 2025, drug manufacturers provide discounts on many Medicare Part D drugs through the Manufacturer Discount Program. For drugs subject to a Maximum Fair Price (MFP) under the Medicare Drug Price Negotiation Program, plans receive a federal Selected Drug Subsidy (SDS) instead of a manufacturer discount. These projections reflect both programs.
5. Under Medicare Part D, the federal government reimburses plans for a portion of prescription drug costs once members exceed the annual out-of-pocket threshold. Projected costs reflect expected federal reinsurance payments under current law.

Vote on Trend

SEBC to vote on FY27 and long-term trend recommendations for:

1. Medical trend of 8% for active and pre-65 retirees for FY27-FY30 (Slide 5)
2. Medical trend of 8% for Medicfill for FY27-FY30 (Slide 5)
3. Commercial pharmacy trend of 10% for FY27, increasing to 13% for FY28 and declining back to 10% by FY30 (Slide 8)
4. EGWP gross pharmacy trend of -5% for CY27 increasing to 6% for CY30 (Slide 9)

Actuarial assumptions and subsequent limitations

This analysis has been conducted in accordance with generally accepted actuarial principles and practices. The actuarial assumptions, and the accounting policies and methods employed in the development of the document, are consistent with Actuarial Standards of Practice. The results shown in this document have been developed based on actuarial assumptions and reserve calculation methods that, to the extent evaluated or selected by WTW, we consider to be reasonable. Other actuarial assumptions and methods could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions and methods. The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with certainty.