



2026 SEHBP

Medical Cost Trend Review

Data Paid through January 2026
(unless otherwise noted)

Trend analysis is based on paid dollars incurred January 24 to December 24 with paid thru January 25 compared to January 25 to December 25 with paid thru January 26.



2025 4th Quarter update SEHBP Executive Summary



SEHBP is trending at 10.8. The trend is broken out by service as follows; 0.6% inpatient, 11.1% outpatient and 14.2% professional. Primary cost drivers include increased out of network spend, behavioral health, outpatient acute same day surgery costs and elevated professional costs per visit.

KEY INDICATORS:



TOTAL TREND: 10.8%	PMPM: \$864	PMPM CHANGE: \$84	TOTAL SPEND: \$1,558M
SHBP/SEHBP – 11.3%	SHBP/SEHBP - \$870	SHBP/SEHBP - \$88	(32% of Total SHBP/SEHBP Spend)



MEMBERSHIP: 150,331	TOP TREND DRIVERS										
(31% of Total SHBP/SEHBP membership)	Behavioral Health – PMPM 18% Trend (Total Trend Impact 13.8%, or 1.5% out of the 10.8%)	Outpatient Acute SDS– PMPM 15% Trend (Total Trend Impact 12.7%, or 1.4% out of the 10.8%)	Professional Cardiovascular – PMPM 69% Trend (Total Trend Impact 8.0%, or 0.9% out of the 10.8%)								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2024</th> <th style="text-align: center;">2025</th> <th style="text-align: center;">% +/-</th> </tr> </thead> <tbody> <tr> <td>SEHBP</td> <td style="text-align: center;">171,066</td> <td style="text-align: center;">150,331</td> <td style="text-align: center;">-12.1%</td> </tr> </tbody> </table>		2024	2025	% +/-	SEHBP	171,066	150,331	-12.1%			
	2024	2025	% +/-								
SEHBP	171,066	150,331	-12.1%								

Groups Departing Local Gov't and Education



Approximately 6% to 11% of members departed the Education and Local Government cohorts respectively in 2025.

These groups were 17% healthier than the average EDU or GOV group, meaning that the cohorts' claim PMPM increased by +1% to +2% without the healthier groups in the average.

These trends accelerated in 2026 with 20% to 23% of EDU and GOV groups departing in the first 5 months of 2026. The average claim PMPM of these cohorts increased by +4% to +3% without the healthier groups.

We anticipate that these departures will continue in the remaining months of 2026.

SEHBP Cost Trend Driver #1

Behavioral Health:

Total Spend **\$137M** or **9%** of SEHBP spend.

Year-over-year PMPM trend impact **+\$21M** or **+14%**

OON spend is **14%** of total spend trending at **+1%** PMPM

Inpatient BH PMPM is favorable at **-5%**



Professional Behavioral Health ABA	<ul style="list-style-type: none"> Total Spend: \$20M (14% of total BH spend) PMPM trending at 30% driven by utilization at 16% causing a \$4.5M trend impact.
Behavioral Health Psychiatric	<ul style="list-style-type: none"> Total Spend: \$66M (48% of total BH spend) PMPM Trending at 18% driven by unit cost 54% of spend is in the professional setting though cost/visit is much lower than the other two settings
Behavioral Health Substance Use Disorder	<ul style="list-style-type: none"> Total Spend: \$19M (14% of total BH spend) Trending at 4% PMPM driven by avg cost 89% of spend is out of network and is trending at 6% PMPM. This is driven by a trend in both cost and utilization. The average cost differential between In vs OON increases the overall spend on these services.
Professional Behavioral Telehealth	<ul style="list-style-type: none"> Total Spend: \$32M (36% of total BH spend) Trending at 22% PMPM driven a mix of utilization and avg cost

Notes and Assumptions: All analysis is based on Paid dollars incurred January 24 to December 24 with paid thru January 25 compared to January 25 to December 25 with paid thru January 26. HZ BoB is comprised of Commercial ASO excluding FEP. Medicare products are excluded. Vendor-At-Risk (eviCore) is excluded in the data. Catastrophic claims included.

SEHBP Cost Trend Driver #2

PROFESSIONAL CARDIOVASCULAR:

Total spend **\$30M**
or **2.0%** of SEHBP
spend,

Year-over-year PMPM
trend impact **+\$12M** or
+69%



OON Average Cost

- Total Spend: \$15M, PMPM up 245% driven by Cost/Visit (383% of trend)
- 87% of Trend Dollar Impact is due to OON Spend.
- Average Cost per visit from \$179 (Par) to \$5,871 (non par)
- Not driven by utilization as there is a negative trend of -29% visits to non-par providers

Varicose Veins

- Total Spend: \$17M, PMPM up 168% driven entirely by average cost increases.
- Driven by diagnosis codes I83 “Varicose veins of lower extremities” and I87 “Other disorders of veins”. These are treated by procedure 35466 and 36465 “Injection of non-compounded foam sclerosant”

Proposed Solution

- *Proposed solution: Through a medical policy, require OON providers to submit evidence of a prescription for compression stockings, documentation confirming 90 days of use, and photos of the pathology (i.e. before and after) to substantiate medical necessity. Implementing this process would strengthen clinical integrity and reduce unnecessary costs. Review cases and if there’s no documentation, send denial with request for pictures or lack of 90-day threshold for compression stockings.*
- 10% reduction savings estimated \$1.5M/year
- 50% reduction scenario estimated \$7.6M/year

SEHBP Cost Trend Driver #3

OUTPATIENT ACUTE SAME DAY SURGERY:

Total spend **\$148M**
or **10%** of SEHBP spend,

Year over year PMPM
trend impact **+\$20M**
or **+15%**



Gastroenterology

- Total Spend: \$41M (28% of Same Day Surgery spend)
- 17% PMPM trend driven by Cost/Visit at 11%
- Top procedure is an esophageal biopsy with a \$2M trend impact
- Top Dx as screening-neoplasm-colon
- Site of service GI program to launch 7/1/2026

Orthopedic

- Total Spend: \$31M (21% of Same Day Surgery spend)
- 11% PMPM trend driven by Cost/Visit
- Top Proc code within Orthopedic is 27447 “Arthroplasty” knee surgery with other top driver being as 27130 (Arthroplasty)
- MSK predictive model to identify members early to get to high performing, cost-efficient providers if they need surgery

Cardiovascular

- Total Spend: \$14M (9% of Same Day Surgery spend)
- 12% PMPM trend driven by Cost/Visit
- Catheter procedures trending.
- Limited by state regulations on procedures that can be moved to ASC/office



Horizon®

