



2025 SEHBP

3rd Quarter Trend Review

November 2025

(Incurred 202405-202504 Paid thru 202507)



2025 3rd Quarter update SEHBP Executive Summary



SEHBP is trending at 12.2%, 1.1% higher than SHBP&SEHBP. The trend is broken out by service as follows; 12.9% inpatient, 14% outpatient and 10.6% professional. Primary cost drivers include increased out of network spend, rising outpatient acute same day surgery costs and elevated professional specialist utilization.

KEY INDICATORS:



TREND: 12.2%	PMPM: \$822	PMPM CHANGE: \$89	TOTAL SPEND: \$1,587M
SHBP & SEHBP - 11.1%	SHBP & SEHBP - \$786	SHBP & SEHBP - \$78	SHBP & SEHBP - \$4,792M
Incurred 202405-202504 Paid thru 202507			(33% Of Total SHBP & SEHBP Spend)



MEMBERSHIP: 160,861	TOP TREND DRIVERS			
(31.6% of Total SHBP & SEHBP Membership)	Inpatient Trend- PMPM 12.9% Trend (Total Trend Impact 2.1%)	OON Spend – PMPM 14.4% Trend (Total Trend Impact 1.6%)	Outpatient Acute SDS– PMPM 10.6% Trend (Total Trend Impact 1.0%)	Professional Specialist – PMPM 9.1% Trend (Total Trend Impact 0.6%)
SHBP&SEHBP – 507,881				

SEHBP Cost Trend Driver #1

OUT-OF-NETWORK (OON) SPEND:

Total Spend **\$177M** or
11% of SEHBP spend.

Year-over-year PMPM
trend impact **+\$22M** or
+14.4% concentrated
in Outpatient and
Professional services



Outpatient Behavioral Health SUD

- Total OON Spend: \$14M (8% of total OON spend)
- Alcohol use disorder trending at 20%
- Driven by average cost at 12%
- Training to UM team regarding OON length of stay outlier compared to INN
- Network continues to recruit and enroll new providers at standard rates

Professional Behavioral Health Mental Health

- Total OON Spend: \$21M (12% of total OON spend)
- Trending for 7.8% driven by utilization at 4%
- Top drivers Psychotherapy and Evaluation of Established Patient
- 4% increase utilization of Professional is good, shows better access & treatment at least costly LOC.
- Network continues to recruit and enroll new providers at standard rates

Outpatient Behavioral Health Mental Health

- Total OON Spend: \$9M (5% of total OON spend)
- Trending at 10% PMPM driven by utilization and avg cost at 5%
- Procedures (Psychotherapy) 90853, S9480, and 90834 trend by visits
- Coding edit implemented to control for supplemental/duplicate billing

SEHBP Cost Trend Driver #2

OUTPATIENT ACUTE SAME DAY SURGERY:

Total spend **\$145M**
or **9%** of SEHBP spend.

Year over year PMPM
trend impact **+\$14M** or
+10.6%



Gastroenterology

- Total Spend: \$40M (28% of Same Day Surgery spend)
- 16.4% PMPM trend driven by Cost/Visit
- Increase of Gastric Sleeve procedures
- Horizon focus includes moving procedures (colonoscopy/endoscopy) out of HOPD and into ASC
- Policy implemented for bariatric surgery to move those out of Inpatient to Outpatient

Orthopedic

- Total Spend: \$31M (21% of Same Day Surgery spend)
- 8.5% PMPM trend driven by Cost/Visit
- Arthroplasty (hip and knee) trending by Cost/Visit
- Horizon focus includes working with our providers to move hips/knees into ASC
- MSK predictive model to identify members early to get to high performing, cost-efficient providers if they need surgery

Cardiovascular

- Total Spend: \$14M (10% of Same Day Surgery spend)
- 4.6% PMPM trend driven by Visits
- Electrophysiologic evaluations are trending
- Limited by state regulations on procedures that can be moved to ASC/office

SEHBP Cost Trend Driver #3

PROFESSIONAL SPECIALIST:

Total spend **\$100M**
or **6%** of SEHBP spend.

Year-over-year PMPM
trend impact **+\$8M** or
+9.1%



Level 4

- Total Spend: \$39M, PMPM up 10% driven by Cost/Visit (39% of spend)
- Horizon is initiating an Outlier Program Expansion: High-Level E&M Coding
- Horizon will review the details of all claims submitted with Level 4 or Level 5 E&M codes.
- Based on our review of claim detail and diagnoses, select claims will be proactively adjusted to lower, more appropriate, levels for reimbursement.

Emergency Medicine

- Total Spend: \$9M, PMPM up 11% driven by utilization (9% of spend)
- Working with providers in our VB programs as well as our specialty providers through education, awareness, and coaching to address overall and avoidable ED visits
- New ER policy adjusts reimbursement for certain high-complexity Evaluation and Management (E&M) services when a low acuity, non-emergent (LANE) diagnosis code is on the claim, potentially resulting in a lower reimbursement level.

Obstetrics/ Gynecology (OB/GYN)

- Total Spend: \$9M (9% of spend)
- PMPM up 10% driven by Cost/Visit
- Horizon initiated a Maternity Reimbursement policy for implementation
- This policy adjusts reimbursement for healthy babies to avoid paying for NICU levels of care when inappropriate

Cardiology

- Total Spend: \$7M, PMPM up 12.6% driven by Cost/Visit (7% of spend)
- Prevalence of chronic conditions are driving increase in services

SEHBP Cost Trend Driver #4

Inpatient Trend:

Total Inpatient spend **\$261M** or **16%** of SEHBP spend,
Year-over-year PMPM trend impact **+\$30M** or **+12.9%**

High-Cost Inpatient procedures (Transplants, Spinal, NICU) are responsible for **26%** of **Inpatient** trend impact or **+\$7.7M** year-over-year



Organ Transplants

- Total Spend: \$16M (6% of inpatient spend)
- PMPM up 24% driven by utilization at 8% and avg cost up 15%.
- If we exclude the trend impact of these transplants the inpatient trend would drop from 12.9% to 11.6% a 1.3% drop in trend

Acute NICU

- Total Spend: \$10M (4% of inpatient spend)
- PMPM up 16% driven by Cost/Visit
- Cases are of births with extreme immaturity with major complications.

Spinal Fusion Surgeries

- Total Spend: \$13M (5% of inpatient spend)
- PMPM up 31% driven by utilization
- These surgeries also increase costs in professional anesthesia pain management and professional rehab therapy

Forward Trend Insights



January 2025 – October 2025, Paid thru November 2025

Latest Trend results indicate the overall Medical PMPM increased by +11% YOY, resulting in a \$127.7M paid dollar impact, driven by Professional and Outpatient

Inpatient-PMPM +4%

Outpatient-PMPM +10%

Professional-PMPM +14%

Drug Spend and Trend SEHBP

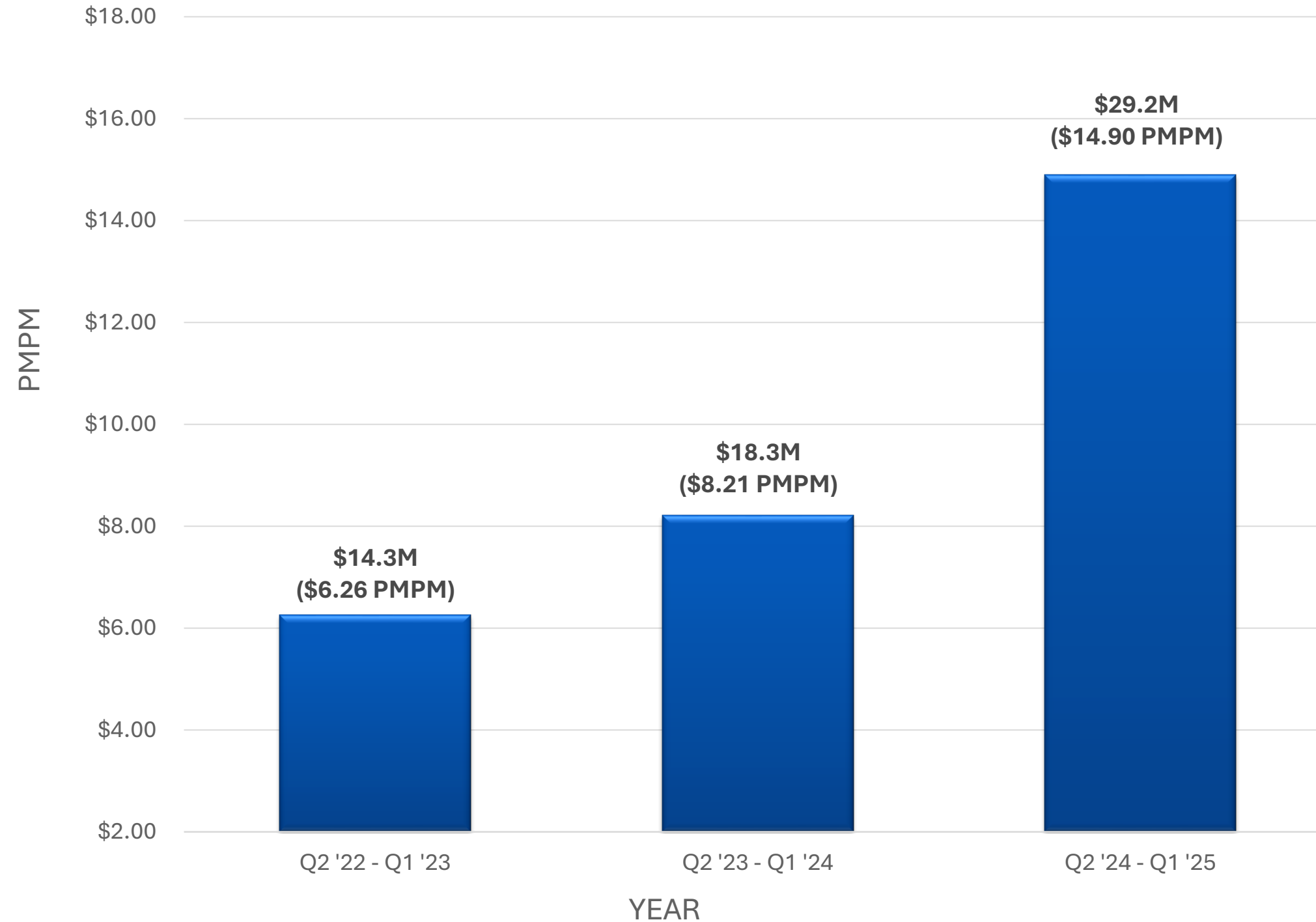
Drug Spend - SEHBP

- YTD- Claims January through July Paid thru September
- Spend and PMPM showing increases for YTD 2025

	2023		2024		2025	
	SPEND	PMPM	SPEND	PMPM	SPEND	PMPM
YTD	\$95,048,506	\$73.44	\$98,081,476	\$78.48	\$90,514,139	\$85.47
Calendar Year	\$164,659,272	\$73.93	\$165,593,140	\$80.67	N/A	N/A

Total PMPM Savings –SEHBP

Rolling 4 Quarters



Higher savings *predominately due to* the three program enhancements State adopted on 7/1/24:

- Mandatory Drug Wastage
- Mandatory Site of Service Expansion
- High-Cost Therapy Management



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