



2026 SHBP

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 SHBP Executive Summary



SHBP is trending at 11.9%. The trend is broken out by service as follows; 10.7% inpatient, 9.7% outpatient and 14.3% 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: 11.9%

SHBP/SEHBP – 11.3%

PMPM: \$810

SHBP/SEHBP - \$870

PMPM CHANGE: \$86

SHBP/SEHBP - \$88

TOTAL SPEND: \$3,240M

(68% of Total SHBP/SEHBP Spend)

SHBP/SEHBP - \$4,799M



MEMBERSHIP: 333,115

(69% of Total SHBP/SEHBP membership)

	2024	2025	% +/-
SHBP	355,716	333,115	-6.4%

TOP TREND DRIVERS

<p>Behavioral Health – PMPM 19% Trend (Total Trend Impact 13.2%, or 1.6% out of the 11.9%)</p>	<p>Inpatient Trend- PMPM 10.7% Trend (Total Trend Impact 16.1%, or 1.9% out of the 11.9%)</p>	<p>Outpatient Acute SDS– PMPM 16% Trend (Total Trend Impact 12.7%, or 1.5% out of the 11.9%)</p>	<p>Professional Cardiovascular – PMPM 52% Trend (Total Trend Impact 6.4%, or 0.8% out of the 11.9%)</p>
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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.

SHBP Cost Trend Driver #1

Behavioral Health:

Total Spend **\$280M** or **9%** of SHBP spend.

Year-over-year PMPM trend impact **+\$45M** or **+19%**

OON spend is **20%** of total spend trending at **+10%** PMPM

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



Professional Behavioral Health ABA	<ul style="list-style-type: none"> • Total Spend: \$43M (15% of total BH spend) • PMPM trending at 35% driven by utilization at 27% causing a \$11M trend impact.
Behavioral Health Psychiatric	<ul style="list-style-type: none"> • Total Spend: \$122M (44% of total BH spend) • PMPM Trending at 15% drive by unit cost • Top drivers Psychotherapy and Evaluation of Established Patient • Each of professional and outpatient settings contribute approximately 39% of the overall spend of BH Mental Health
Behavioral Health Substance Use Disorder	<ul style="list-style-type: none"> • Total Spend: \$62M (22% of total BH spend) • Trending at 16% PMPM driven by a mix of utilization and avg cost • 88% of spend is out of network and is trending at 20% PMPM. Primarily owing to a rise in utilization.
Professional Behavioral Telehealth	<ul style="list-style-type: none"> • Total Spend: \$53M (36% of total BH spend) • Trending at 24% PMPM driven by a mix of utilization and avg cost

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SHBP Cost Trend Driver #2

Inpatient Trend:

Total Inpatient spend **\$572M**

or **18%** of SHBP spend,

Year-over-year PMPM trend

impact **+\$55M** or **+11%**

High-Cost Inpatient procedures (Transplants, Acute Cardiac, Sepsis, Detained Births) are responsible for **+55%** of **Inpatient** trend impact or **+\$30M** year-over-year



Organ Transplants + Tracheostomy

- Total Spend: \$41M (7.3% of inpatient spend)
- PMPM up 26% driven by avg cost up 19%
- These cases are infrequent, yet high cost. Even with a slight decrease in volume, some very high-cost cases are driving the Average Cost higher.

Detained Births

- Total Spend: \$19.8M (3.4% of inpatient spend)
- PMPM up 52% driven by a mix of avg cost and utilization
- Detained births refer to births which are not discharged.
- Extended length of stay for births, all Premature Birth and Neonate DRGs

Acute Cardiac

- Total Spend: \$73M (13% of inpatient spend)
- PMPM up 19% driven by a 18% increase in unit cost. This is a \$12M trend impact because of increased acuity in the case mix

Sepsis

- Total Spend: \$21.2M (3% of inpatient spend)
- PMPM increase 17% driven by utilization
- Severity of cases and share of cases with major complications and comorbidities are trending upwards.
- **SEPSIS 3 policy.** New guidance to prevent over diagnosing or misclassifying patients as septic without an infection but with two or more Systemic Inflammatory Response Syndrome Criteria (SIRS) can lead to overutilization of antibiotics and an increased risk of opportunistic infections and has no statistically significant impact on 30-day mortality.

SHBP Cost Trend Driver #3

PROFESSIONAL CARDIOVASCULAR:

Total spend **\$63M**
or **1.9%** of SHBP
spend,
Year-over-year PMPM
trend impact **+\$22M** or
+6.14%



<h3>OON Average Cost</h3>	<ul style="list-style-type: none"> • Total Spend: \$31M, PMPM up 138% driven by Cost/Visit (216% of trend) • 85% of the trend impact comes exclusively from a 216% increase in average cost of out of network providers. • Average Cost per visit from \$2,186 to \$6,894 • Not driven by utilization as there is a negative trend of -25% visits to non-par providers
<h3>Varicose Veins</h3>	<ul style="list-style-type: none"> • Total Spend: \$30M, PMPM up 150% driven by average cost (81% trend) • 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”
<h3>Proposed Solution</h3>	<ul style="list-style-type: none"> • <i>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.</i> • 10% reduction savings estimated \$3.2M/year • 50% reduction scenario estimated \$15.9M/year

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SHBP Cost Trend Driver #4

OUTPATIENT ACUTE SAME DAY SURGERY:

Total spend **\$314M**
or **7%** of SHBP spend,

Year over year PMPM
trend impact **+\$43M**
or **+12%**



Gastroenterology

- Total Spend: \$93M (30% of Same Day Surgery spend)
- 16% PMPM trend driven by Utilization trending at 36%
- Top procedure is an esophageal biopsy with a \$4.3M trend impact
- Top Dx as screening-neoplasm-colon
- Site of service GI program to launch 7/1/2026

Orthopedic

- Total Spend: \$64M (21% of Same Day Surgery spend)
- 22% PMPM trend driven by utilization at 28%
- 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: \$35M (11% of Same Day Surgery spend)
- 18% PMPM trend driven by utilization at 54%
- Catheter placement trending by placement.
- Limited by state regulations on procedures that can be moved to ASC/office



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