



2025 SHBP

3rd Quarter Trend Review

November 2025




2025 3rd Quarter update SHBP Executive Summary



SHBP is trending at 10.7% , 0.4% less than SHBP&SEHBP and 0.8% higher than Horizon Book of Business (BoB). The trend is broken out by service as follows; 11.8% inpatient, 10.2% outpatient, and 10.7% 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: 10.7%

SHBP & SEHBP - 11.1%

(202405-202504 Paid thru 202507)

PMPM: \$770

SHBP & SEHBP - \$786

\$

PMPM CHANGE: \$75


SHBP & SEHBP - \$78

\$

TOTAL SPEND: \$3,204M

SHBP & SEHBP - \$4,792M

(67% Of Total SHBP & SEHBP Spend)



MEMBERSHIP: 347,020

(68.3% of Total SHBP&SEHBP Membership)

SHBP&SEHBP – 507,881

TOP TREND DRIVERS

Inpatient PMPM Trend 11.8%
(Total Trend impact 2.2%)

OON Spend – PMPM 19% Trend
(Total Trend impact 1.9%)

Outpatient Acute SDS–PMPM 12.3% Trend
(Total Trend impact 1.1%)

Professional Specialist – PMPM 10.8% Trend
(Total Trend impact 0.7%)

SHBP Cost Trend Driver #1

OUT-OF-NETWORK (OON) SPEND:

Total Spend **\$351M** or
11% of SHBP spend.



Year-over-year PMPM
trend impact **+\$56M**
or **+19%** concentrated
in Outpatient and
Professional services



Outpatient Behavioral Health SUD

- Total OON Spend: \$37M (11% of total OON spend)
- PMPM Trend 19.5% driven by utilization at 12%
- Training to UM team regarding OON LOS outlier compared to INN
- Network continues to recruit and enroll new providers at standard rates

Professional Behavioral Health Mental Health

- Total OON Spend: \$21M (5% of total OON spend)
- Trending for 9% driven by average cost at 8%
- Top drivers Psychotherapy and Evaluation of Established Patient
- 1% increase utilization of PF 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: \$23M (6% of total OON spend)
- Trending at 40% PMPM driven by utilization and avg cost at 18%
- Procedures 90853, S9480, and 90834 trend by visits
- Coding edit implemented to control for supplemental/duplicate billing

SHBP Cost Trend Driver #2

OUTPATIENT ACUTE SAME DAY SURGERY:

Total spend **\$302M**
or **10%** of SHBP spend.



Year-over-Year PMPM
trend Impact **+\$33M** or
12.3%



Gastroenterology	<ul style="list-style-type: none">• Total Spend: \$90M (30% of total)• 13.4% 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	<ul style="list-style-type: none">• Total Spend: \$59M (20% of total)• 13.2% 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	<ul style="list-style-type: none">• Total Spend: \$35M (12% of total)• 15% PMPM trend driven by Visits• Electrophysiologic evaluations are trending• Limited by state regulations on procedures that can be moved to ASC/office

Notes and Assumptions: All analysis is based on Paid dollars incurred May 23 to Apr 24 with paid thru July 24 compared to May 24 to April 25 with paid thru July 25. HZ BoB is comprised of Commercial ASO excluding FEP. Medicare products are excluded. Vendor-At-Risk (eviCore) is included in the data. Catastrophic claims also included.

SHBP Cost Trend Driver #3



PROFESSIONAL SPECIALIST:

Total spend **\$202M**
or **6%** of SHBP spend.



Year-over-Year
trend impact **+\$20M** or
+10.8%



Level 4	<ul style="list-style-type: none">• Total Spend: \$50M, PMPM up 15% driven by Cost/Visit (25% of total)• 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	<ul style="list-style-type: none">• Total Spend: \$23M, PMPM up 13% driven by utilization (11% of total)• 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)	<ul style="list-style-type: none">• Total Spend: \$15M, PMPM up 9% driven by Cost/Visit (7% of total)• Horizon initiated a Maternity Reimbursement policy• This policy adjusts reimbursement for healthy babies to avoid paying for NICU levels of care when inappropriate
Cardiology	<ul style="list-style-type: none">• Total Spend: \$14M (7% of total)• PMPM up 9% driven by Cost/Visit• Prevalence of chronic conditions are driving increase in services• Horizon is actively vetting respondents to recent RFP solicitations in the Payment Integrity space• Horizon is negotiating with vendors to augment capabilities in areas such as medical record reviews and data mining

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SHBP Cost Trend Driver #4

Inpatient Trend:

Total Inpatient spend **\$597M**

or **18%** of SHBP spend,



Year-over-year PMPM trend impact **+\$63M** or **+11.8%**

High-Cost Inpatient procedures (Transplants, Spinal, NICU) are responsible for **28%** of **Inpatient** trend impact or **+\$17.8M** increase year-over-year



Organ Transplants

- Total Spend: \$44M (7% of total)
- PMPM up 11% driven by utilization at 22%
- Trend is driven by utilization within “State” as visits increased from 76 to 103

Acute NICU

- Total Spend: \$26M (4% of total)
- PMPM up 36% driven by a mix of Cost/Visit and utilization
- Cases are of births with extreme immaturity with major complications.

Spinal Fusion Surgeries

- Total Spend: \$16M (3% of total)
- PMPM up 50% driven by mix of utilization and Cost/visit
- DRG “Combined Anterior and Posterior Spinal Fusion”

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January – August, Paid thru September YTD

The overall Medical PMPM increased by +12.8% YOY, resulting in a \$238M paid dollar impact, driven by Professional and Outpatient

Inpatient-PMPM +16.7%

Outpatient-PMPM +9.1%

Professional-PMPM +14.7%

Drug Spend and Trend SHBP

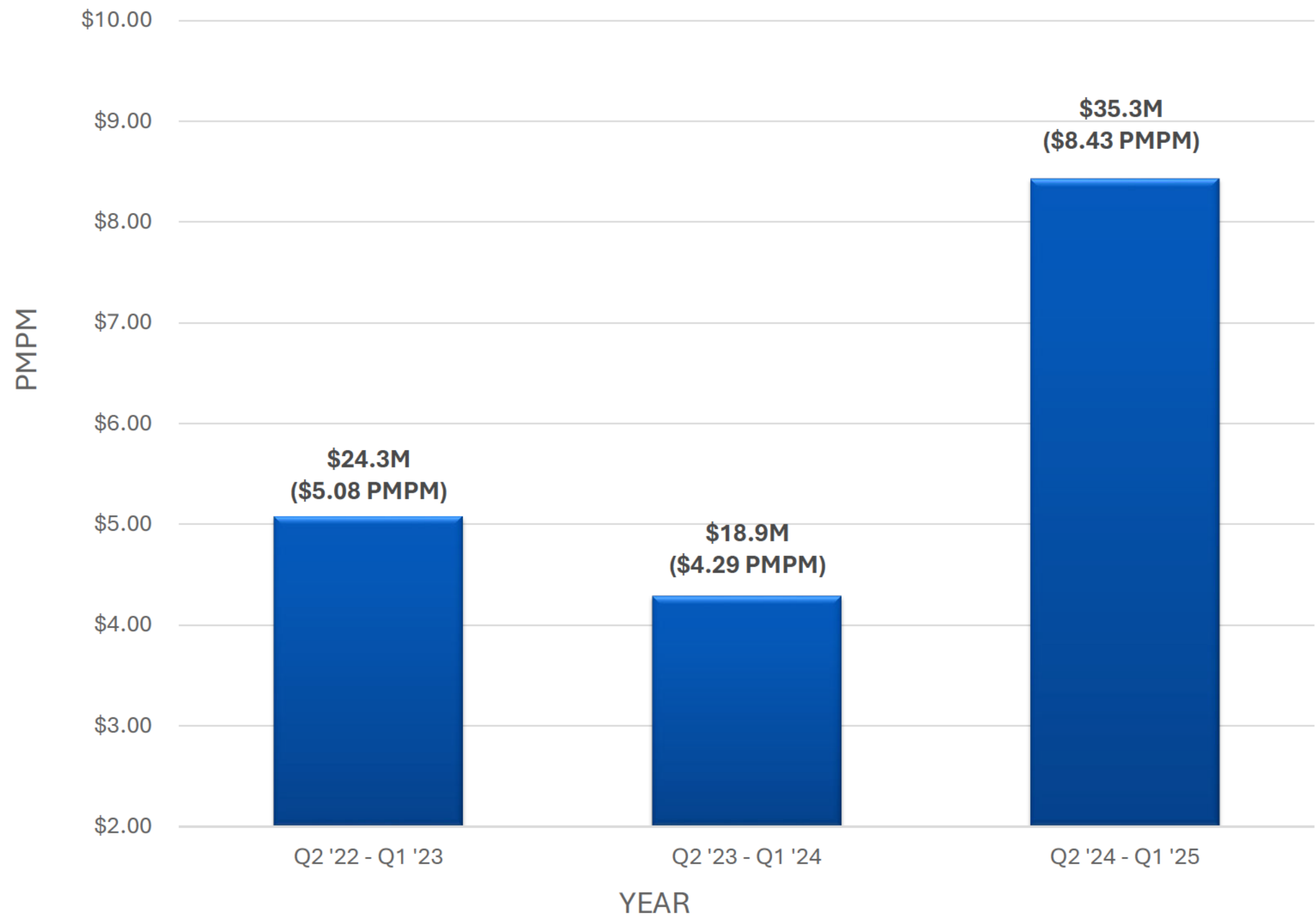
Drug Spend - SHBP

- YTD for claims through July paid through September
- Spend and PMPM showing decreases for YTD 2025

	2023		2024		2025	
	SPEND	PMPM	SPEND	PMPM	SPEND	PMPM
YTD	\$182,998,430	\$68.75	\$187,794,940	\$74.01	\$171,720,766	\$72.95
CY	\$319,988,268	\$70.90	\$318,701,074	\$74.66	N/A	N/A

Total PMPM Savings - SHBP

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

