

2024

HEALTH DYNAMICS AND DISEASE MANAGEMENT

in Latin America and the Caribbean





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2024: Health Dynamics and Disease Management in Latin America and the Caribbean

A Pan-American Life Insurance Group Report



Executive Summary

At Pan-American Life Insurance Group (PALIG), we are committed to understanding the key health patterns and cost drivers of medical care, and to delivering cost-efficient health insurance plans that lead to high quality medical outcomes for our members and clients.

We are pleased to provide you with this **Health Dynamics and Disease Management in Latin America and the Caribbean** report. In it, we examine the key factors that are driving up medical care costs in Latin America and the Caribbean (LAC) and share some of the ways PALIG is working to manage costs and improve the quality of care for our clients and members.

Healthcare costs have reached record highs around the globe, with increases in expenditures especially high in Latin America and the Caribbean Region.

The drivers of these increasing costs in Latin America and the Caribbean include:

- The continued trend towards more chronic disease conditions
- The rise in mental illness, accelerated during the pandemic
- Increased medication use
- The introduction of new medical technologies, and
- Very high rates of obesity and overweight in the Region

In this PALIG report, we examine each of these factors, and discuss ways they can be addressed.

To address some of these trends, at PALIG we are launching innovative programs to help clients better manage the impact of medical cost increases.

In addition to providing benefit plan design recommendations that are informed by claims data, and tight management of provider expense charges, PALIG is rolling out new initiatives for the benefit of our clients and members. An example is our **MÁS SALUD + VIDA** cancer screening program which promotes early detection and improved health outcomes. We have also entered into new agreements with leading pharmaceutical companies and pharmacy providers to increase access to affordable chronic disease medications for patients who need them, continue to enhance the PALIG provider network, and are making personal health education easily available to all members.

We look forward to working with our professional brokers and clients toward our shared goal of helping members and employees live longer and healthier lives.

PALIG is launching innovative programs and solutions to help clients better manage the impact of medical cost increases





"The health, social, and economic effects of COVID-19 in the region have been catastrophic and have brought long-standing weaknesses and challenges of health systems to light."

INTRODUCTION

It has been four years since COVID-19 disrupted our societies, healthcare systems and our lives. The effects of the pandemic were particularly severe in Latin America and the Caribbean. According to a new report by the OECD / World Bank Group entitled “Health at a Glance: Latin America and the Caribbean 2023¹”.

“The effect of COVID-19 in Latin America and the Caribbean (LAC) is proportionally much larger when compared to other regions of the world. By July 2022, LAC accounted for only 8.5% of the world population but 13% of the world’s documented COVID-19 cases and 27% of the documented deaths. The health, social, and economic effects in the region have been catastrophic and have brought long-standing weaknesses and challenges of health systems to light.”

In conjunction with the direct effects of the pandemic, a number of major trends have continued to drive up the cost of medical care and treatments in the Latin America and Caribbean region. We review some of the non-pandemic drivers of increasing medical costs in this report, with a focus on the areas that PALIG, in collaboration with our clients, providers and partners, can have influence.

Addressing these drivers of increasing medical costs is urgent and critical, for now and the future.

A recent report² on the **future of healthcare expenditures** in Latin America and the Caribbean concluded that:

“Latin American and Caribbean countries will face significant increases in future health expenditures. A variety of factors are responsible - population growth and aging, the epidemiological transition to noncommunicable diseases (NCDs), and economic growth and technology, among others. Increasing health expenditures are particularly concerning to countries in Latin America and the Caribbean (LAC)”

In the next section of this report, we will examine some of the key health and other trends that are driving the cost of healthcare in the region.





INCREASING HEALTHCARE COSTS IN LATIN AMERICA AND THE CARIBBEAN

In this section of the report, we look at some of the main drivers of increasing healthcare costs in Latin America and the Caribbean. We examine the continued shift towards more chronic diseases (e.g. of the circulatory system, and diabetes); increased use and cost of medications; introduction of new, often more expensive technologies; and the high burden of overweight and obesity in LAC, among other factors.

Shifting Mix of Medical Conditions and Burden of Disease

A key driver of the increasing healthcare costs in Latin America and the Caribbean is the continued shift among our populations from acute, infectious diseases to more chronic, persistent conditions that typically involve multiple trips to the doctor each year, as well as higher cost treatments and medications.

We conducted an analysis of PALIG's 2023 medical claims data from hundreds of thousands of members and looked at the top conditions in terms of prevalence, the increase in prevalence over the past few years, and which conditions are most costly per patient (Table 1).

In terms of prevalence, diseases of the respiratory, digestive and genitourinary systems were the top three most frequent conditions. Of note, these categories include increasingly prevalent chronic conditions, such as gastroesophageal reflux disease (GERD) within the Digestive Diseases category.

Two other chronic conditions: those related to the musculoskeletal and connective tissue (e.g. back

Top 5 Conditions and Diseases in 2023

Rank	Prevalence ¹	Greatest Increase in Prevalence between 2021-23	Per Patient Cost
1	Respiratory System	Mental Illness	Perinatal Complications, Childbirth, Malformations, Deformations
2	Digestive	Respiratory	Cancer (Neoplasms)
3	Genitourinary	Nervous System	Circulatory System
4	Musculoskeletal and connective tissue	Digestive	Musculoskeletal and connective tissue
5	Endocrine, Nutritional and Metabolic	Injury and Poisoning	Digestive

Table 1 – Top Conditions in 2023 Among PALIG members in Latin America and the Caribbean

Source: PALIG Claims Data from 2023

¹PALIG member submitted at least one claim for this condition

and spine issues) and endocrine, nutritional and metabolic issues rounded out the top 5 most common conditions.

If we look at the conditions that increased most in terms of prevalence over the past few years, mental illness was found to be the condition that increased the most in terms of prevalence, with more than twice the proportion of members seeking care for a mental illness in 2023 as did in 2021.

In regards to cost per patient, the most expensive conditions in 2023 were childbirth related issues (i.e. perinatal complications, childbirth, malformations, deformations), neoplasms (cancer) and diseases of the circulatory system (e.g. heart attacks, stroke). Notably, musculoskeletal, and connective tissues conditions are also very costly per patient/member.

Overall, PALIG’s member population mostly mirrors the employed, working age populations within the countries in which we operate, with increasing rates and higher burden of chronic and obesity-related diseases, which tend to cost more because they last longer and because their treatments are often more expensive.

Mental illness was found to be the condition that increased the most in terms of prevalence.



Medication use and costs

Medication use has increased worldwide, with Latin America showing the fastest growth of any region. In a recent analysis by the IQVIA Institute (December 2023), for example, the defined daily doses (DDD) have increased significantly since 2018, especially in Latin America³.

Trends in defined daily doses (DDD) across regions indexed to 2018 values (2018 value = 100)

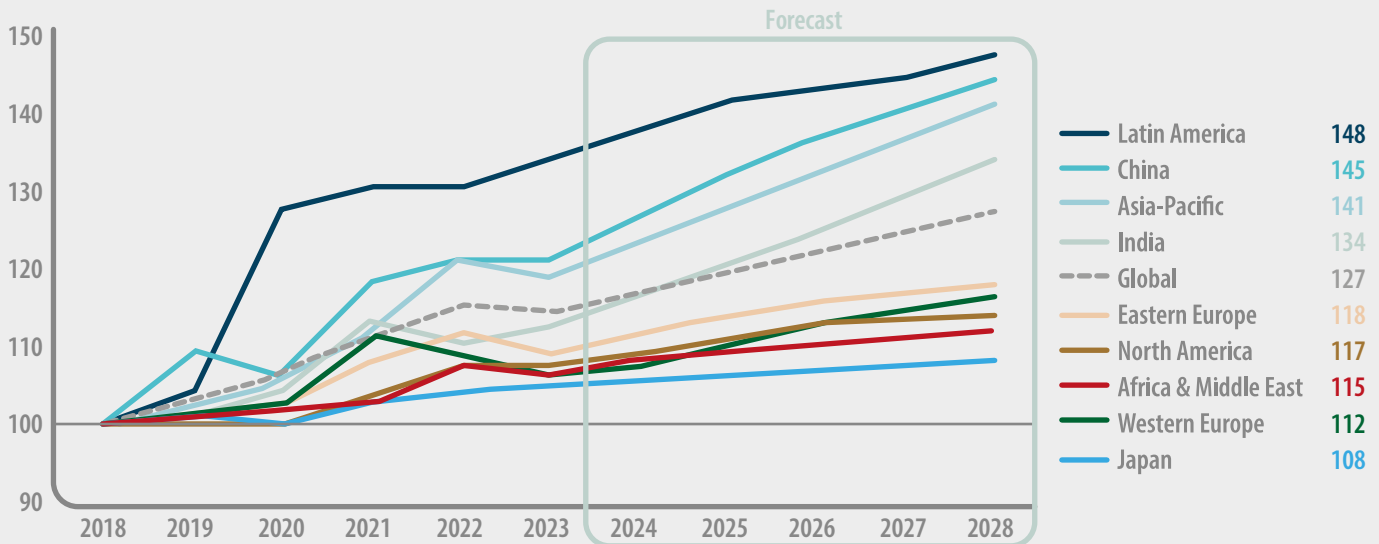


Figure 2. Medication use in Latin America has grown more rapidly than in other regions.

The introduction of new cell and gene therapies, combined with inflationary pressures are also driving up the cost of pharmaceuticals.

Within PALIG's member population, the costs of cancer therapies and specialty drugs have increased significantly over the past few years. Cancer drugs that cost over \$10,000 per dose are becoming more common. The number of PALIG member patients that are on a specialty drug nearly doubled from 2021 to 2023. The cost of ambulatory drugs has increased by 19% to 40% between 2019-2023, depending on the country.





New Technologies

New medical technologies and treatments are widely cited as drivers of medical costs in Latin America. According to the Inter-American Development Bank (IDB), technological advances in health care tend to increase health expenditures, either because new technologies with lower costs are followed by increased volumes demanded or because new technologies which are more expensive are prescribed by clinicians and sought after by patients who want the newest, high-cost interventions.²

In PALIG's markets, use of technology-assisted surgical techniques (e.g. neuronavigation) as well as the widespread use of more costly

diagnostic imaging technologies (e.g. MRIs and PET scans), are examples of technologies that are driving up medical overall costs.

On a positive note, it is expected that AI (artificial intelligence) and generative AI will significantly increase efficiencies in healthcare, thereby lowering overall costs⁴. But it is also widely agreed that it will take a number of years for the healthcare cost savings from AI to be realized⁵. This may be especially true in Latin America and the Caribbean which generally lag the U.S. and Europe in health information technology infrastructures.

New medical technologies and treatments are drivers of higher medical costs in Latin America.



Overweight and obesity rates have tripled in Latin America over the past 50 years, and affects 62.5% of the population, the highest regional prevalence in the world.



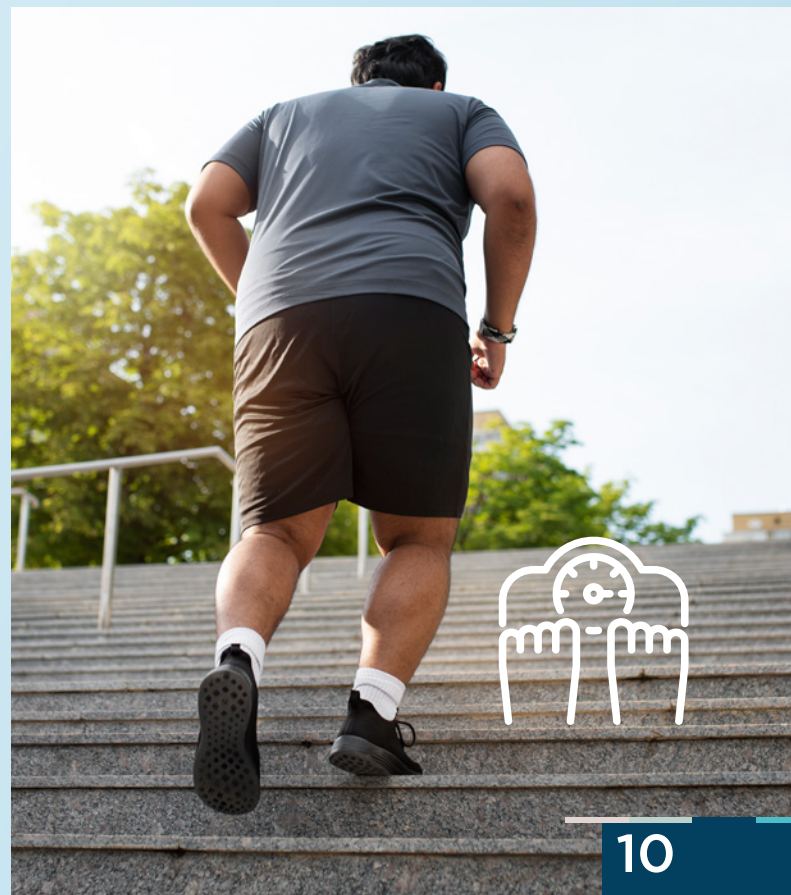
Obesity is driving the rise in noncommunicable diseases

“Noncommunicable diseases (NCDs) are the biggest killer in the Americas, accounting for 80% of all deaths in the Americas, one-third of which are preventable,” Fabio da Silva Gomes, Regional Advisor on Nutrition and Physical Activity at PAHO said. “Halting

the rise in obesity is essential to combat the growing burden of NCDs and improve the health and wellbeing of everyone in the Americas, including the next generation” he added⁶.

Obesity and overweight are well recognized as the primary drivers of Type 2 diabetes, cardiovascular disease, and circulatory diseases. Obesity is also increasingly recognized as a contributing factor in musculoskeletal disorders⁷, cancer⁸ and even mental health⁹.

Helping our employees and members understand the myriad of medical conditions that obesity causes, and providing them guidance on how to reach and maintain a healthy body weight, is crucial to our shared goals of lower costs and better health outcomes.

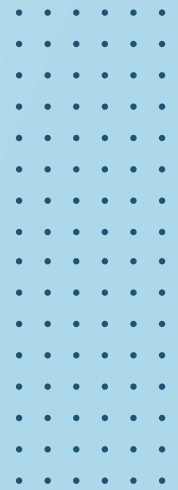




Poor Diets and Physical Inactivity

Underlying the obesity epidemic are increasing urbanization, poor dietary choices, and high rates of physical inactivity¹⁰. Unfortunately, most of these drivers of obesity have gotten worse in Latin America and the Caribbean over the past decade¹¹.

Fortunately, evidence shows that individual consumers, members and patients will make better choices if provided with the knowledge, opportunity and motivation to do so. Workplace wellness programs can be particularly effective. In a recent comprehensive systematic review of 121 published articles, the authors found overall positive benefits of workplace wellness programs on dietary and physical activity habits¹².



Based on a comprehensive review of 121 studies, we conclude that “workplace wellness programs are associated with improvements in specific dietary, anthropometric, and cardiometabolic risk indicators”

The Lancet Public Health, 2023





What PALIG is doing to manage healthcare costs

As it has been for the past 110+ years, PALIG is laser focused on controlling healthcare costs for our clients and partners. Some of the new initiatives and innovative programs we have put in place to help manage costs and improve health outcomes are summarized below.

Cancer Screening Campaigns

The costs of late-stage cancer are extremely high, in both financial and human terms. PALIG has made it a top priority to catch cancer among members early and has launched a new screening campaign program called Más Salud + Vida.

During 2023, PALIG's Más Salud + Vida campaign resulted in thousands of women across six countries getting mammograms. Through this program, asymptomatic female members were diagnosed with very early stage breast cancer. Earlier diagnosis gives

these women more choices and much better prognosis, while reducing treatment costs.

Based on this success, PALIG will be expanding the + Salud + Vida cancer screening program into more countries.

You can learn more and view a testimonial video about the Mas Salud, + Vida cancer screening program here (Spanish):

<https://www.youtube.com/watch?v=Ornu4HphsWs>.



Client Testimonial:

Pan-American Life's screening campaign has been truly a blessing. Last year was great relief for me because, although that's when a tumor was discovered in my left breast, the process was easy and fast, and 'Here I Am'!

I am so thankful to Pan-American Life, because they made everything much faster and easier and found my breast cancer in time to get surgery.

I am now looking forward, thanks to the cooperation of Pan-American Life, to the gift of life and happiness with my family.

**PALIG member in + Salud+Vida,
Honduras, 2023**

PALIGMED Network

PALIG is working hard to optimize its provider networks for both quality and cost control. Network management is being refined to be more dynamic, with closer monitoring of providers – rewarding those that are delivering cost and quality. Networks also now include providers that may be outside of the member's home country, with specialized care occurring in centers of excellence in Latin America, such as Colombia; recommending travel to the U.S. for only the most specialized cases.

PALIGMED Portal

At PALIG we believe "knowledge is power", and we are investing time, effort and resources in making the latest personal health information available to its members. The PALIG Health Education Portal includes over 15,000 easy-to-understand articles on everything from acne to zika virus.

Our white papers, e-newsletters, health education podcasts, and video webinars provide members, providers and clients with the latest guidance on staying healthy. For employers, we offer toolkits and programs to help you keep your workforce healthy and productive.

We encourage you to download PALIG's FREE recent white papers on preventing and managing some of the key conditions cited in this report, including those on:



Access full library of PALIG's educational materials at <https://www.paligmed.com/es/>



Mental Health
Click to White paper



Cancer Prevention
Click to White paper



Respiratory Infections
Click to White paper

Pharmacy Network Agreements that Focus on Chronic Disease, Accessibility and Cost Management

PALIG launched a pharmacy network in five Central American countries (Panama, Costa Rica, El Salvador, Honduras, and Guatemala) that facilitates access to affordable chronic disease medications for patients who need them. In some countries, the network offers a direct payment option, where patients can purchase their prescribed medications directly from an in-network pharmacy, with a fixed co-insurance rate. This has several advantages, including:

- It reduces the out-of-pocket expenses for patients, as they only pay a fraction of the medication cost
- It simplifies the administrative process since patients do not need to submit reimbursement claims or wait for approval*
- It ensures the availability and quality of the medications, as the pharmacies are selected and monitored by the program
- It offers convenience and flexibility, as patients can choose from a variety of pharmacies and delivery options

The pharmacy network can be accessed in the providers search in PALIGMED.com

*Not all PALIG countries offer direct payment for medication. Please verify with your broker if your policy offers it.



Regional Pharmaceutical Negotiations

Another strategy that PALIG is using to reduce the cost of prescription drugs and improve the access and adherence of insured patients is to partner with regional pharmaceutical companies that specialize in chronic, acute, and specialized medications.

These pharmaceutical companies are leaders in medical prescription in the region, with a high percentage of doctors prescribing their drugs. To take advantage of these negotiations, insured PALIG members identify themselves with their physical or digital card and receive discounts on the medications prescribed by their doctor, discounts range from 5% for chronic/acute medications to 20% for specialized medications.

Patients can ask at the pharmacy about this discount benefit and enjoy the convenience and quality of the service.

We hope that the information provided in this report is useful. We look forward to working together with you, towards our shared goal of helping health insurance members live longer and healthier lives.



For more information about PALIG's health programs, we encourage you to contact us at myhealth@palig.com

CONCLUSION



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ABOUT PALIG

Pan-American Life Insurance Group (PALIG), a leading provider of life, accident and health insurance throughout the Americas that has been delivering trusted financial services since 1911. The New Orleans-based Group is comprised of more than twenty-member companies, employs more than 2,100 worldwide and offers top-rated individual and/or group life, accident and health insurance, employee benefits and financial services in 49 states, the District of Columbia (DC), Puerto Rico, the U.S. Virgin Islands, and throughout Latin America and the Caribbean. The Group has branches and affiliates in Costa Rica, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, and 13 Caribbean markets, including Barbados, Cayman Islands, Curacao and Trinidad and Tobago.

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