2026 Annual Report

Health Insurance Coverage, Affordability, and Cost Transparency

ILLINOIS DEPARTMENT OF INSURANCE

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Executive Summary

This inaugural Health Insurance Coverage, Affordability, and Cost Transparency Annual Report provides a data driven assessment of health care spending trends, insurance market dynamics, and affordability pressures in Illinois. Drawing on statewide economic indicators, insurer reported claims and premium data, federal datasets, and national research, the report evaluates how costs have evolved across commercial markets, public programs, and households, and identifies the key forces driving cost growth throughout the state.

Overall Cost Growth

Health care spending in Illinois has continued to rise across multiple measures. While national personal health care expenditures grew steadily from 2014 to 2024, Illinois experienced particularly high growth in 2020 and again in recent commercial market data. From 2022 to 2024, allowed claim costs rose 12% in the Individual market (from $748 to $776 PMPM), 23% in the Small Group market (from $676 to $833 PMPM), and 18% in the Large Group market (from $649 to $766 PMPM). Premium growth followed similar patterns, with modest increases in the Individual market (0–2% annually) and substantially higher increases in the Group markets (6% annually in Large Group and 6% in Small Group in both 2023 and 2024).

Affordability Pressures

Although Illinois' economy has grown in recent years, household affordability has tightened. Wage growth has not kept pace with general inflation, and medical inflation, while lower than overall inflation, still adds upward pressure on costs. State budget resources have expanded, but they must accommodate many competing priorities. As a result, rising health care costs increasingly challenge both households and the state's fiscal capacity.

Distribution of Cost Burden

Health care cost burdens vary significantly across regions, markets, and demographic groups. Rural areas experience substantially higher claim costs than urban areas, and certain ACA rating regions consistently show elevated spending. Older enrollees account for a disproportionate share of costs across all market segments. Out-of-pocket costs have remained elevated, and rising delinquency in medical bill payments reflects growing financial strain on both consumers and providers. Deductible patterns indicate that many enrollees are trading higher cost sharing for lower premiums, though trends differ across markets.

Drivers of Cost Growth

Across the Illinois commercial markets, rising prices—rather than greater utilization—are the primary drivers of health care cost growth. Outpatient services and pharmacy spending, especially brand and specialty drugs, continue to increase rapidly. Structural forces compound these pressures, including hospital consolidation, healthcare workforce shortages and wage inflation, increasing behavioral health utilization, chronic disease burden, supply chain cost escalation, and instability from insurer and provider exits. Market concentration among both providers and insurers further limits competitive pressure on prices.

Conclusion

Rising health care costs in Illinois reflect a complex combination of price pressures, market dynamics, and evolving population needs. The evidence presented in this report shows that affordability challenges are intensifying for households, employers, and public programs, and that cost pressures are distributed unevenly across the state. These findings underscore the importance of continued oversight, robust data collection, and targeted policy action to improve transparency, strengthen competition, and support long-term affordability and sustainability in Illinois' health care delivery system.

Introduction

Background

In 2024, the State of Illinois enacted legislation establishing a comprehensive Health Insurance Coverage, Affordability, and Cost Transparency Annual Report, recognizing the need for a clearer understanding of the drivers of health care spending, coverage, and consumer affordability across the state. Beginning May 1, 2026, and continuing annually thereafter, this report is required to present a detailed, data-driven assessment of the trends and factors influencing Illinois' health insurance markets. Specifically, the legislation directs the State to examine a broad set of interconnected indicators, including medical cost trends by major service category; utilization patterns; the effects of benefit design changes; enrollment dynamics; demographic and geographic shifts; provider availability; inflationary pressures; financial assistance and tax credit availability; trends in consumer out-of-pocket spending; and any additional drivers not otherwise captured in these categories. Together, these elements are intended to provide a strong picture of cost, access, and market behavior across the health care system.

Importantly, the statute also provides explicit protections for sensitive information. The report must not attribute any data, trend, or finding to an individual insurer, nor may it disclose information deemed confidential or proprietary. This safeguard ensures that the analysis remains focused on system-level insights and statewide trends rather than company-specific performance. By synthesizing these diverse inputs into a single, cohesive annual publication, Illinois aims to promote greater transparency, support evidence based policymaking, and enhance the affordability and sustainability of health coverage for individuals, families, and small businesses throughout the state.

Methods and Assumptions

This report uses a multi-layered analytical framework to evaluate statewide trends in health care spending, affordability, utilization, premiums, and cost drivers across Illinois. All analyses comply with statutory confidentiality requirements prohibiting the disclosure or attribution of insurer-specific information. Accordingly, all results are presented only at the statewide, fully-insured market, service-category, rating-area, or demographic-group level.

Data Sources and Aggregation

The report draws on several data sources:

- Illinois Health Insurance Coverage, Affordability, and Cost Transparency Data Call (referred to as the Data Call throughout this report), which provides deidentified,

aggregated insurer-reported data for Individual, Small Group, and Large Group fully-insured markets, including:

  - Allowed claim costs per member per month (PMPM)
  - Paid amounts and member cost sharing
  - Premiums
  - Enrollment
  - Deductible distributions
  - Pharmacy spending by category (generic, brand, specialty)
  - Allowed costs by major service category
  - Geographic detail aggregated to ACA rating regions

- CMS Personal Health Care Expenditure data, used to assess national, regional (Great Lakes), and Illinois specific historical spending trends.

- State and federal economic datasets for affordability benchmarking, including:

  - Bureau of Economic Analysis (Gross Domestic Product (GDP) per capita)
  - Bureau of Labor Statistics (general and medical Consumer Price Index (CPI); wages)
  - State of Illinois budget books (aggregate and per capita spending)

- External research and industry publications, used to contextualize Illinois trends within broader national cost growth patterns.

All insurer submitted data are aggregated across issuers before analysis. No company-level metrics, market shares, proprietary rating information, or issuer names appear in this report.

Cost Trend Estimation

Medical and pharmacy cost trends are calculated as year over year percentage changes in allowed PMPM spending. Allowed costs include both insurer payments and member cost sharing. Trends reflect:

- Changes in prices
- Changes in service mix
- Changes in utilization
- Changes in morbidity and population composition

The report does not adjust for changes in benefit richness, coding, network design, or contracting dynamics unless explicitly noted. As a result, trends represent observed experience.

Utilization and Service Mix Metrics

Where possible, utilization trends and cost per service metrics are derived from Data Call information. For pharmacy benefits, allowed cost per service and utilization per 1,000 members are calculated for generic, brand, and specialty drug categories.

Because some carriers' utilization submissions for non-pharmacy categories were inconsistent or overstated, detailed utilization analysis is limited to categories with reliable reporting.

Geographic and Demographic Analyses

Geographic comparisons are performed at two levels:

- Urban vs. Rural, using Illinois Department of Public Health classifications.
- ACA Rating Regions, using aggregated commercial claims experience mapped by county.

Demographic cost variation is evaluated using age banded allowed per member per month (PMPM) claims and enrollment distributions for each market segment.

Affordability Analyses

Affordability is measured using:

- Statewide economic indicators (Gross Domestic Product per capita, general inflation, medical inflation, wage growth).
- Household level spending data (Bureau of Labor Statistics Consumer Expenditure Survey) to estimate health care costs as a share of income.
- State budget trends to contextualize the fiscal capacity to absorb medical spending growth.

Out-of-pocket spending is calculated as allowed minus paid PMPM claims, reflecting member cost sharing for those who do not hit the maximum out-of-pocket limit.

Premium Analyses

PMPM premiums and annual percentage changes are calculated from Data Call submissions across the commercial markets. Because premiums reflect both rate changes and membership shifts (by age, geography, and benefit level), premium growth should not be interpreted as identical to filed rate increases.

Pharmacy and Service Category Analyses

The report analyzes allowed claim PMPMs and trends for:

- Inpatient
- Outpatient

- Physician
- Behavioral Health
- Other medical services
- Generic Pharmacy
- Brand Pharmacy
- Specialty Pharmacy

These analyses highlight where spending growth is concentrated and how price versus utilization contributed to trends when reliable data were available.

Cost Driver Framework

Chapter 4 synthesizes findings from:

- Illinois Data Call results,
- State economic indicators,
- Provider financial performance reports, and
- National research

to identify the most significant drivers of cost growth, including:

- Unit price escalation
- Specialty drug spending
- Provider consolidation
- Workforce costs
- Behavioral health utilization increases
- Chronic disease burden
- Market instability driven by insurer/provider exits
- Cost shifting from Medicare/Medicaid underpayment

This framework integrates both quantitative and qualitative evidence to evaluate increases in costs in Illinois.

Confidentiality Compliance

To comply fully with statutory requirements:

- All insurer data are aggregated; no issuer specific data is shown.
- No references to specific price negotiations, network structures, or contracting terms are included.
- Data points are combined or suppressed where needed to avoid inadvertent identification.
- All external benchmarks and comparisons use publicly available, non-proprietary sources.

Acronym Glossary

The following glossary provides definitions for all acronyms and abbreviations used throughout this report. Because the analysis spans multiple aspects of health insurance markets—including costs, utilization, benefit design, enrollment, demographics, and economic conditions—many technical terms and program names are referenced. To support clarity and ease of use, this section consolidates each acronym into one comprehensive list, ensuring readers can quickly interpret terminology and maintain a clear understanding of the data and concepts presented in the report.

ACA – Affordable Care Act
AHA – American Hospital Association
APCD – All Payer Claims Database
ARPA – American Rescue Plan Act
AV – Actuarial Value
BEA – Bureau of Economic Analysis
BLS – Bureau of Labor Statistics
CMS – Centers for Medicare & Medicaid Services
CPI – Consumer Price Index
CSR – Cost Share Reduction
DME – Durable Medical Equipment
DOI – Illinois Department of Insurance
DSCC – Division of Specialized Care for Children
EHB – Essential Health Benefits
ePTCs – Enhanced Premium Tax Credits
ER – Emergency Room
FPL – Federal Poverty Level
FQHC – Federally Qualified Health Center
GDP – Gross Domestic Product
GLP1 – Glucagon Like Peptide1 medications
HAMP – Health Alliance Medical Plans
HCCI – Health Care Cost Institute
HHS – U.S. Department of Health & Human Services
HSA – Health Savings Account
HDHP – High Deductible Health Plan
HCSC – Health Care Service Corporation (e.g. Blue Cross Blue Shield of Illinois)
ICU – Intensive Care Unit
ILGA – Illinois General Assembly
KFF – Kaiser Family Foundation
LTC – Long-Term Care
MCPAR – Medicaid Managed Care Program Annual Report

NHE – National Health Expenditures
OOP – Out-of-Pocket
PHE – Public Health Emergency
PHC – Personal Health Care (CMS expenditure category)
PMPM – Per Member Per Month
PwC – PricewaterhouseCoopers
SUD – Substance Use Disorder
SFY – State Fiscal Year
UIC – University of Illinois Chicago
YOY – Year Over Year

Chapter 1: Overall Cost Growth

This chapter provides an examination of the overall growth in health care costs across the Illinois health insurance markets. Section 1.1 evaluates several complementary measures of health care spending, including total personal health care expenditures and total claim costs. Section 1.2 further disaggregates cost trends by type of insurance coverage, recognizing that spending patterns may differ substantially across the Medicaid, Medicare, and Commercial markets. The Commercial market is further broken down into the Individual, Small Group, and Large Group markets. Finally, Section 1.3 presents the change in average premiums over time for the Commercial market, providing additional context for understanding how rising health care costs translate into the price of coverage for Illinois residents. Together, these sections offer a foundational view of cost growth that informs the more detailed analyses that follow in later chapters.

1.1 Overall Rate of Growth in Health Care Expenditures

Health care costs can be measured in multiple ways including health care expenditures and total claim costs (the amount paid by the insurer and the member for individuals with Commercial insurance). National Health Care Expenditures are defined by Centers for Medicare and Medicaid Services (CMS) as Personal Health Care, government administration, non-medical insurance expenditures, public health activities, and investment. National health care expenditures are published annually by CMS and include a 10-year projection. CMS also produces estimates of state level personal health care expenditures which are published periodically with the most recent publication in 2022 with data through 2020. Personal Health Care (PHC) expenditures include[1]:

- Physician and Clinical Services
- Other Professional Services
- Dental Services
- Other Health, Residential, and Personal Care
- Home Health Care
- Nursing Care Facilities and Continuing Care Retirement Communities
- Prescription Drugs
- Other Non-Durable Medical Products

[1] https://www.cms.gov/files/document/definitions-sources-methods.pdf page 4

- Durable Medical Equipment

The table below shows the per capita personal health care expenditures per year and annual trend nationwide, for the Great Lakes region (defined as Illinois, Indiana, Michigan, Ohio, and Wisconsin), and Illinois. While nationwide data is available through 2024, state and regional data is only available through 2020 as this data is refreshed by CMS periodically, not annually.

Table 1 Per Capita Personal Health Care Expenditures and Annual Trend 2014-2024

Year	National Per Capita PHC	Great Lakes Per Capita PHC	Illinois Per Capita PHC	National Trend	Great Lakes Trend	Illinois Trend
2014	$7,924	$8,143	$8,017	n/a	n/a	n/a
2015	$8,323	$8,481	$8,300	5.0%	4.2%	3.5%
2016	$8,636	$8,797	$8,630	3.8%	3.7%	4.0%
2017	$8,914	$9,050	$8,849	3.2%	2.9%	2.5%
2018	$9,235	$9,291	$9,118	3.6%	2.7%	3.0%
2019	$9,676	$9,754	$9,496	4.8%	5.0%	4.1%
2020	$10,237	$10,221	$10,190	5.8%	4.8%	7.3%
2021	$10,870	n/a	n/a	6.2%	n/a	n/a
2022	$11,360	n/a	n/a	4.5%	n/a	n/a
2023	$12,323	n/a	n/a	8.5%	n/a	n/a
2024	$13,222	n/a	n/a	7.3%	n/a	n/a

Note: Great Lakes is defined as Illinois, Indiana, Michigan, Ohio, and Wisconsin.
Source: Historical | CMS Table 01 National Health Expenditures; Aggregate and Per Capita Amounts.xlsx accessed 3/1/2026 for national data and State (Residence) | CMS US_PER_CAPITA20.csv accessed 3/1/2026 for regional and state data.

Illinois per capita personal healthcare expenditures grew 7.3% from 2019 to 2020, above the regional (4.8%) and national growth for this period (5.8%). National per capita personal healthcare expenditures have grown 8.5% from 2022 to 2023 and 7.3% from 2023 to 2024, compared to an average annual growth rate of approximately 5.3% since 2014. These increases reflect growth above the long-term historical average, indicating elevated health care cost trends in the most recent years.

1.2 Cost Growth by Insurance Type

Understanding how health care spending evolves across different types of insurance coverage is important for interpreting overall cost trends in Illinois. While Section 1.1 focuses on broad statewide expenditure patterns, the mix of public and private coverage drives meaningful variation in both spending levels and growth rates. Each program serves populations with distinct demographic, health status, and utilization profiles, and these differences shape their respective cost increases over time.

This section examines per capita personal health care expenditures by insurance type, drawing on national and Illinois specific data to highlight how cost growth has differed across programs. This section also includes a breakdown of total claim costs in the Commercial markets to provide a more robust understanding of how Illinois' Commercial markets contribute to overall health care cost growth.

The table below shows the per capita personal health care expenditures per year and annual trend on a nationwide basis split between Medicaid, Medicare, and Commercial markets.

Table 2 National Per Capita Personal Health Care Expenditures and Annual Trend by Insurance Type 2014-2020

	Medicaid Per Capita PHC	Medicare Per Capita PHC	Commercial Per Capita PHC	Medicaid Trend	Medicare Trend	Commercial Trend
2014	$6,694	$10,965	$4,183	n/a	n/a	n/a
2015	$6,777	$11,168	$4,339	1.2%	1.9%	3.7%
2016	$6,853	$11,279	$4,549	1.1%	1.0%	4.8%
2017	$6,977	$11,529	$4,735	1.8%	2.2%	4.1%
2018	$7,245	$11,871	$4,941	3.8%	3.0%	4.4%
2019	$7,649	$12,372	$5,129	5.6%	4.2%	3.8%
2020	$7,727	$12,271	$4,994	1.0%	-0.8%	-2.6%

Source: State (Residence) | CMS Tables 11, 23, and 26 accessed 3/1/2026

National per capita personal health care expenditures for each type of insurance grew each year from 2014 to 2019. In 2020, Medicare and Commercial insurance spending decreased, while Medicaid spending grew 1%. For all years except 2019 and 2020, Commercial trend exceeds Medicaid and Medicare trend. In 2019 Medicaid trend was 5.6% which is the highest annual trend of any market for any year shown. Per capita costs for Medicare are the highest of the markets, with Medicaid being the second highest and Commercial having the lowest per capita costs each year.

The table below shows the per capita personal health care expenditures per year and annual trend for Illinois split between Medicaid, Medicare, and Commercial markets.

Table 3 Illinois Per Capita Personal Health Care Expenditures and Annual Trend by Insurance Type 2014-2020

Year	Medicaid Per Capita PHC	Medicare Per Capita PHC	Commercial Per Capita PHC	Medicaid Trend	Medicare Trend	Commercial Trend
2014	$4,876	$11,129	$4,521	n/a	n/a	n/a
2015	$5,213	$11,231	$4,566	6.9%	0.9%	1.0%
2016	$4,847	$11,373	$4,690	-7.0%	1.3%	2.7%
2017	$5,258	$11,603	$5,012	8.5%	2.0%	6.9%
2018	$5,339	$11,982	$5,091	1.5%	3.3%	1.6%
2019	$5,736	$12,409	$5,084	7.4%	3.6%	-0.1%
2020	$7,044	$12,109	$4,942	22.8%	-2.4%	-2.8%

Source: State (Residence) | CMS Tables 11, 23, and 26 accessed 3/1/2026

At a market level, Illinois trends were more volatile than nationwide trends. While Medicare trend increased a growing rate from 2015 to 2019, Medicaid and Commercial trends were variable with Medicaid experiencing trends as low as -7.0% and as high as 8.5% and Commercial experiencing trends as low as -0.1% and as high as 6.9%. In 2020, Medicare and Commercial per capita costs decreased while Medicaid increased significantly (22.8%) which may have been driven by COVID-era emergency policy changes.

While the previous table highlights long-term trends in per capita personal health care expenditures by insurance type through 2020, the following table shifts the focus to more recent, market-specific experience. Using insurer-reported data from a recent data call, the table below presents total insurer allowed claim costs on a PMPM basis for the Individual, Small Group, and Large Group markets from 2022 through 2024. It also shows the annual percentage change for each segment, allowing for a comparison of cost levels and year-over-year trends across the three market types.

Table 4 Total Insurer Claim Costs Per Member Per Month and Annual Trend 2022-2024

	Allowed PMPMs			Trends		
Year	Individual	Small Group	Large Group	Individual	Small Group	Large Group
2022	$748.20	$675.65	$648.47	n/a	n/a	n/a
2023	$758.56	$738.15	$709.25	1.4%	9.2%	9.4%
2024	$776.01	$797.10	$765.40	2.3%	8.0%	7.9%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

Allowed claim PMPMs increased across all three market segments from 2022 through 2024. The Individual market experienced relatively low trend levels during this period. In contrast, both the Small Group and Large Group markets experienced materially higher increases, with Small Group exhibiting the highest trends in 2024 and Large Group had the highest trend in 2023. Overall,

Small Group and Large Group trends followed a similar pattern, and both exceeded trend levels in the Individual market.

Building on the previous table, which summarized full-year insurer claim costs and annual trends from 2022 through 2024, the table below provides a view of emerging 2025 experience. As claims costs are subject to seasonality, it is not appropriate to compare a half year of data to a full year of data. Therefore, the table below compares allowed claim PMPMs for the first half of each year where data was submitted.

Table 5 Total Insurer Claim Costs Per Member Per Month and Trend First Half 2022-2025

	Allowed PMPMs			Trends		
Year	Individual	Small Group	Large Group	Individual	Small Group	Large Group
1H2022	$732.15	$658.62	$631.97	n/a	n/a	n/a
1H2023	$735.76	$719.11	$691.21	0.5%	9.2%	9.4%
1H2024	$739.11	$770.01	$740.74	0.5%	7.1%	7.2%
1H2025	$764.98	$829.64	$794.65	3.5%	7.7%	7.3%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

The first half of the year results again show higher trends in the Group market and lower trends for the Individual market. Data for the first half of 2025 reflects higher trend levels than in the first half of 2024 in all segments, though the increase in Large Group is more moderate. As claim costs typically rise in the second half of the policy year due to seasonality, full year 2025 trends may remain elevated.

1.3 Average Premium Growth in the Commercial Market

This section reviews how average health insurance premiums have changed over time in the Individual, Small Group, and Large Group markets. By examining PMPM premium levels alongside year-over-year changes in the table below, the analysis highlights how premiums have responded to underlying cost trends, shifts in enrollment, and market dynamics. This provides important context for understanding the relationship between insurer claim costs and the prices consumers and employers ultimately pay for coverage. Premium changes reflect both base rate and mix changes, such as shifts in enrollment. The underlying base rate increases for the ACA market are shown in Appendix B of this report.

Table 6 Total Annual Premium Per Member Per Month by Calendar Year

	Premium PMPMs			Premium Change		
Year	Individual	Small Group	Large Group	Individual	Small Group	Large Group
2022	$694.64	$576.59	$557.97	n/a	n/a	n/a
2023	$702.35	$611.79	$592.89	1.1%	6.1%	6.3%
2024	$695.81	$649.68	$632.63	-0.9%	6.2%	6.7%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

Premiums in the Illinois Group market continue to increase year over year and exhibit the most consistent changes. The Individual market showed modest premium growth in 2023 followed by a slight decline in 2024, reflecting the combination of insurer rate increases and shifts in enrollment mix including area, age, and benefit level. We note that claim trends exceeded premium trends in all markets.

Overall, the analyses in this chapter show that health care cost growth in Illinois continues to vary meaningfully across measures, insurance types, and market segments. Statewide per capita expenditures have generally risen in line with or above national trends, with notable differences by payer. More recent insurer reported data indicates that allowed claim costs have increased across all commercial segments from 2022 through 2024, with the Small Group and Large Group markets experiencing the highest trend levels, 9.2% (2023)/8.0% (2024) for Small Group and 9.4% (2023)/7.9% (2024) for Large Group, as shown in Table 4 above. Premium growth has followed a similar pattern: relatively modest changes in the Individual market and more consistent, moderate growth in Group markets. Together, these findings establish a clear picture of elevated and persistent cost pressures that inform the remainder of the report's affordability, distributional, and cost driver analyses.

Chapter 2: Affordability

Affordability is central to understanding whether Illinois residents, employers, and public agencies can sustain rising health care costs over time. This chapter examines health care spending in the broader context of the state's economic conditions, household financial capacity, and public budget resources. It compares medical cost growth to key economic indicators including GDP, wages, and inflation to assess whether health care spending is increasing faster than the state's economic growth. The chapter then evaluates affordability from the perspective of households by analyzing trends in income, out-of-pocket costs, and the share of family budgets devoted to health care. Finally, the chapter reviews state budget trends to understand how health care spending compares with other funding priorities. Together, these analyses provide a view of the financial pressures associated with health care in Illinois and set the stage for evaluating who bears the cost burden and what is driving these trends in subsequent chapters.

2.1 Affordability Relative to the State Economy

The table below summarizes key economic indicators relevant to assessing health care affordability in Illinois. It presents year-over-year trends in GDP per capita, general inflation for both the Midwest and the Chicago–Naperville–Elgin metropolitan area, and medical inflation at the national and local levels. By comparing economic growth to inflationary pressures, the table provides context for understanding whether increases in health care spending are aligned with, or outpacing, the state's overall economic performance.

Table 7 GDP and Inflation

	2022-2023	2023-2024		2022-2024	2022-June 2025
GDP Per Capita Trend	5.9%	3.7%		9.9%	n/a
General Inflation: Midwest	3.8%	2.7%		6.6%	10.0%
General Inflation: Chicago-Naperville-Elgin	3.3%	3.5%		6.9%	10.6%
Medical Inflation: Nationwide	0.5%	2.7%		3.2%	6.3%
Medical Inflation: Chicago-Naperville-Elgin	0.4%	3.5%		3.9%	6.1%

Source: BEA Interactive Data Application and https://data.bls.gov/pdq/SurveyOutputServlet

Growth in State Gross Domestic Product (GDP)

Between 2022 and 2024, Illinois' GDP per capita increased by 9.9%, based on data from the U.S. Bureau of Economic Analysis. GDP growth reflects the overall expansion of the state's economy and provides a high-level indicator of the resources available to support rising health care expenditures. While strong GDP performance suggests an economy capable of absorbing increases in health spending, GDP measures total output rather than the financial capacity of households or state agencies directly.

General Inflation Trends

Inflation affects the ability of households and public entities to manage health care cost increases by reducing purchasing power. From 2022 to June 2025, general inflation in the Midwest rose 10.0%, while inflation in the Chicago–Naperville–Elgin metropolitan area increased 10.6%, according to CPI data from the U.S. Bureau of Labor Statistics. In comparison, the national CPI increased 13.8% between January 2022 and June 2025, indicating lower inflation in Illinois than observed on a national scale.

Over this period, national CPI inflation averaged approximately 3.8% annually based on year-over-year (December-to-December) changes, reflecting an elevated inflation environment relative to longer-term historical CPI averages of approximately 2.6% (based on average annual CPI

changes from December 2000 through December 2025).[2] These increases indicate broad upward pressure on living costs across Illinois, which influences the affordability of premiums, out-of-pocket spending, and health-related goods and services.

Medical Inflation

Medical inflation, which reflects price changes specifically for medical goods and services, rose more moderately than overall inflation during the same period. From 2022 to June 2025, the U.S. city average medical inflation rate was 6.3%, and the Chicago–Naperville–Elgin area experienced a similar increase of 6.1%. These estimates draw on Bureau of Labor Statistics medical care CPI data and analyses from the Peterson–KFF Health System Tracker. While lower than general inflation, medical inflation still contributes to cost pressures in the health system, particularly in combination with growth in service use.

2.2 Affordability Relative to the Household Spending Capacity

Household wages are a central determinant of the ability to afford rising health care costs. Between 2022 and 2024, wages in Illinois increased 8%, according to data from the U.S. Bureau of Labor Statistics. Over the same period, wages increased by about 12% nationally and approximately 10% in the Midwest.

While wage growth for Illinois was slightly lower than the Midwest region, it exceeds the rate of general inflation for Illinois Chicago-Naperville-Elgin (IL-IN-WI) area, which was 6.9% over the same time period. General inflation for the Midwest and on a nationwide was 6.6% for this time period.

2.3 Affordability Relative to Other Categories of State Spending

State budget trends provide another perspective on the capacity to sustain public health care spending. From state fiscal year (SFY) 2022 to SFY 2025, Illinois' total state budget increased 26%, according to state budget reports. This increase reflects continued recovery from funding cuts due to an historic budget impasse between SFY 2016 and the start of SFY 2018.

[2] https://fred.stlouisfed.org/series/CPIAUCSL - accessed April 23, 2026

Table 8 State Budget Aggregate and Per Capita and Annual Trends from 2022 to 2025

Year	State Budget (billions)	State Budget Per Capita	State Budget Trend	State Budget Per Capita Trend
2022	$42.3	$3,355	-1.4%	-0.7%
2023	$46.0	$3,640	8.7%	8.5%
2024	$50.4	$3,970	9.7%	9.1%
2025	$53.1	$4,175	5.3%	5.2%

Source: State budget books https://budget.illinois.gov/budget-books.html for budget and the Federal Reserve Bank of St. Louis resident population was used to calculate per capita estimates https://fred.stlouisfed.org/graph/?m=ZbZbE accessed 3/1/2026

While Illinois' total state budget has grown since SFY 2022, this increase should be interpreted in context. Much of the growth reflects recovery from an extended budget impasse, inflationary pressures, and required spending in areas such as education, pensions, debt service, and federal program pass-throughs. As a result, aggregate budget growth does not necessarily translate into increased discretionary capacity to absorb rising health care costs. Health-related programs must therefore compete with other mandated and essential expenditures, limiting the extent to which budget growth alone can offset ongoing medical cost pressures.

Across the indicators reviewed, the data present a mixed picture of affordability in Illinois:

- State economic growth has been strong, with GDP per capita rising each year.
- General inflation in Illinois increased approximately 7% based on BLS data for the Chicago-Naperville-Elgin (IL-IN-WI) area while wages increased by approximately 8.4%.
- This trend of wages exceeding general inflation was observed both in the Midwest region and nationally.
- Medical inflation remained below general inflation, though still contributed to rising overall system costs.

Taken together, the indicators suggest that while Illinois' overall economy is growing, households may be experiencing pressure on real income, particularly for services where cost increases may have outpaced wage growth. These dynamics underscore the importance of assessing how health care cost growth compares to the economic capacity of both residents and state government.

Chapter 3: Who Bears the Burden

Understanding how rising health care costs affect Illinois residents requires examining not only overall spending but also how those costs are distributed across different communities, insurance markets, and demographic groups. This chapter analyzes how health care costs vary geographically across the state, highlighting differences between rural and urban areas as well as across Affordable Care Act (ACA) rating areas. It then explores how costs differ by insurance

type, illustrating how claim costs and spending trends in the Individual, Small Group, and Large Group markets shape the financial burden on consumers and employers. The chapter also evaluates how costs vary by age, revealing how utilization and medical needs contribute to higher spending among older adults. Finally, this chapter examines out-of-pocket expenses, bad debt, and deductible patterns to assess the extent to which insured individuals are directly bearing more of the cost of care. Together, these analyses provide a comprehensive picture of who is most affected by rising health care costs and how the burden is shared across Illinois.

3.1 Health Care Costs and Growth Across Illinois

Health care costs across Illinois vary from one part of the state to another, reflecting differences in local provider markets, population needs, and the availability of services. Urban areas often experience different cost pressures than rural regions, and the pace at which costs grow can also differ across geographies. Insurers use area factors within rating formulas to reflect this cost differential and to vary premiums by rating region.

Cost Variation Between Rural and Urban Areas

In general, areas that are considered urban have lower claim costs than rural areas. This pattern is consistent with known differences in health care cost structures across geographic areas, including higher prices due to lower provider competition and limited availability of lower cost care settings in rural regions. The table below summarizes allowed claim PMPMs by rural and urban classification for calendar year 2024 based on the Illinois Department of Public Health county designations[3].

[3] https://dph.illinois.gov/content/dam/soi/en/web/idph/files/rur-urb-2021.pdf accessed as of March 4, 2026

Table 9 Health Care Costs by Rural vs. Urban Areas of Illinois for Calendar Year 2024

	Individual		Small Group		Large Group	
Area	Average Enrollment	Allowed PMPM	Average Enrollment	Allowed PMPM	Average Enrollment	Allowed PMPM
Urban	333,754	$759.61	404,963	$789.30	734,100	$751.05
Rural	44,459	$1,113.38	37,495	$865.04	96,573	$893.99
Total	**378,213**	**$801.20**	**442,458**	**$795.72**	**830,673**	**$767.67**

Notes: Average enrollment is calculated as member months for calendar year 2024 divided by 12
Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

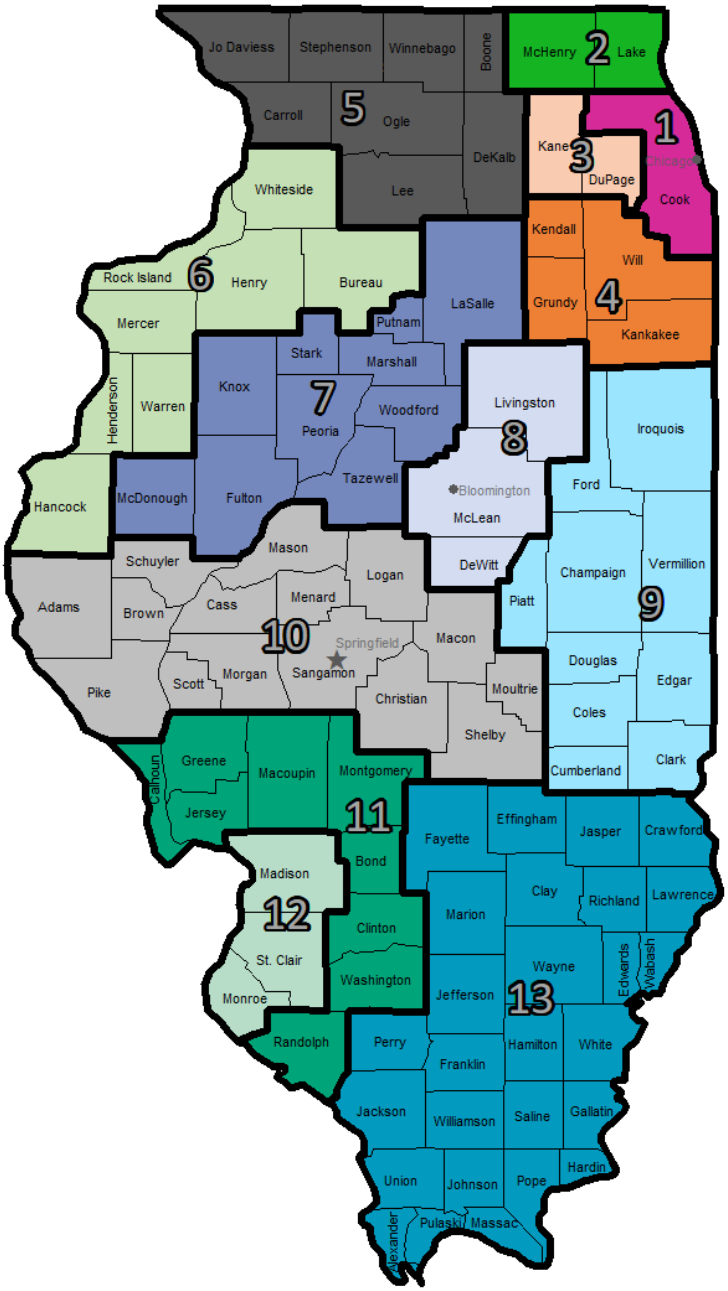
Across all three market segments, allowed PMPMs are higher in rural areas than in urban areas. Although overall enrollment is concentrated in urban counties, the rural segments show substantially higher per member costs, most notably within the Individual market.

Rating Area Factors in Pricing

In the ACA market, there are 13 standardized rating areas and insurers submit area factors in annual rate filings. These area factors are meant to represent the true cost of an area and are not allowed to account for population morbidity differences between rating areas. Year-to-year changes to area factors are generally small but can vary due to provider contracting updates and network savings. The table below summarizes the average area factors in the Individual ACA market by rating area and effective year, weighted by enrollment.

Map 1 shows how counties are grouped into the 13 Illinois ACA rating areas.

Map 1 Commercial Health Care Costs by ACA Rating Area



Source: https://idoi.illinois.gov/content/dam/soi/en/web/insurance/consumers/documents/2026-analysis-of-illinois-on-exchange.pdf

Table 10 Average Rating Area Factor in Illinois by Plan Year, Individual Plans

	Average Rating Area Factor				Percent Change		
	2022	2023	2024	2025	2022-2023	2023-2024	2024-2025
Rating Area 1	0.9741	0.9916	1.0023	0.9973	1.8%	1.1%	-0.5%
Rating Area 2	1.0186	1.0089	1.0043	1.0145	-1.0%	-0.5%	1.0%
Rating Area 3	1.0035	0.9888	0.9758	0.9719	-1.5%	-1.3%	-0.4%
Rating Area 4	0.9674	0.9552	0.9266	0.9246	-1.3%	-3.0%	-0.2%
Rating Area 5	1.0497	1.0342	1.0220	1.0232	-1.5%	-1.2%	0.1%
Rating Area 6	0.8637	1.0176	1.0164	1.1385	17.8%	-0.1%	12.0%
Rating Area 7	0.9814	1.0060	0.9881	1.0866	2.5%	-1.8%	10.0%
Rating Area 8	0.9545	0.9647	0.9553	0.9624	1.1%	-1.0%	0.7%
Rating Area 9	1.0535	1.0526	1.0366	1.0895	-0.1%	-1.5%	5.1%
Rating Area 10	1.0553	1.0613	1.1618	1.2746	0.6%	9.5%	9.7%
Rating Area 11	0.9557	0.9600	1.0597	1.1279	0.4%	10.4%	6.4%
Rating Area 12	0.9690	0.9695	0.9638	0.9689	0.1%	-0.6%	0.5%
Rating Area 13	1.1667	1.1563	1.1569	1.1413	-0.9%	0.1%	-1.3%

Notes: Average rating area factor is calculated as the average of the rating factor for each insurer in the rating area weighted by enrollment for that plan year.
Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call, CMS Public Use Files https://www.cms.gov/marketplace/resources/data/rate-review-data

These factors vary by geography and change over time, and year-over-year patterns are not uniform across the state. Changes may be driven by changes in enrollment (and not solely cost) due to the use of weighted averages by enrollment. Rating Areas 6 and 10 have experienced some of the largest increases over the period shown. Rating Areas 10 and 13 are consistently among the highest area factors across the reported years, with Rating Area 10 showing roughly 10% growth for each of the last two years. Conversely, Rating Areas 4 and 8 tend to have some of the lowest area factors and have generally shown reductions during the period. Rating Area 4 consists of four counties, three of which are classified as urban, which is typically associated with lower claim costs relative to more rural regions. Carrier entrances and exits, provider contracting changes, network savings, and health care consolidation (including vertical integration) are generally understood to be key drivers of the rating area factor changes; however, at this time, there is insufficient information to attribute observed increases or decreases to specific drivers within specific rating areas.

The table below summarizes the average area factors in the Small Group ACA market by rating area and effective year, weighed by enrollment.

Table 11 Average Rating Area Factor in Illinois by Plan Year, Small Group Plans

	Average Rating Area Factor				Percent Change		
	2022	2023	2024	2025	2022-2023	2023-2024	2024-2025
Rating Area 1	0.9941	0.9950	1.0008	0.9883	0.1%	0.6%	-1.3%
Rating Area 2	1.0023	1.0037	1.0107	0.9942	0.1%	0.7%	-1.6%
Rating Area 3	0.9832	0.9809	0.9698	0.9612	-0.2%	-1.1%	-0.9%
Rating Area 4	0.9628	0.9597	0.9430	0.9255	-0.3%	-1.7%	-1.9%
Rating Area 5	1.0332	1.0312	1.0133	1.0044	-0.2%	-1.7%	-0.9%
Rating Area 6	0.8483	0.8721	0.8743	0.8814	2.8%	0.3%	0.8%
Rating Area 7	0.9355	0.9541	0.9522	0.9608	2.0%	-0.2%	0.9%
Rating Area 8	0.9592	0.9652	0.9626	0.9614	0.6%	-0.3%	-0.1%
Rating Area 9	1.0359	0.9857	1.0354	1.0346	-4.9%	5.1%	-0.1%
Rating Area 10	1.0251	1.0312	1.0206	1.0067	0.6%	-1.0%	-1.4%
Rating Area 11	0.9457	0.9552	0.9506	0.9063	1.0%	-0.5%	-4.7%
Rating Area 12	0.9133	0.9137	0.8931	0.8384	0.0%	-2.3%	-6.1%
Rating Area 13	1.1476	1.1489	1.1478	1.1449	0.1%	-0.1%	-0.3%

Notes: Average rating area factor is calculated as the average of the rating factor for each insurer in the rating area weighted by enrollment for that plan year

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call, CMS Public Use Files https://www.cms.gov/marketplace/resources/data/rate-review-data

The Small Group market has seen smaller area factor changes than the Individual market as seen in the table above, with changes ranging from -6.1% to 5.1%. This may be partly due to more consistent year-to-year enrollment used in determining the weighted averages. Rating Area 13 has consistently had the highest area factor, and it has been stable throughout the reported years.

While rating area factors illustrate how insurers adjust premiums to reflect underlying geographic cost differences, they do not capture actual claim experience which is discussed in the next section.

Claim Cost by Rating Area

Allowed claim costs from the Data Call were aggregated to ACA Rating Areas and compared across regions. While Rating Area 13 generally has the highest area factor, its allowed claim costs are not the highest in the state. This is expected, as area factors do not reflect population morbidity differences, whereas claim costs do. As a result, certain regions with higher rating factors may not exhibit the highest underlying claim costs once actual experience is considered.

Table 12 Commercial Health Care Costs by ACA Rating Region for 2024

Rating Region	Individual Average Enrollment	Individual Allowed Claims	Small Group Average Enrollment	Small Group Allowed Claims	Large Group Average Enrollment	Large Group Allowed Claims
Rating Area 1	174,533	$686.19	209,201	$807.96	348,665	$746.84
Rating Area 2	37,900	$807.52	41,517	$849.77	78,200	$767.06
Rating Area 3	54,650	$769.69	89,289	$732.01	131,982	$707.81
Rating Area 4	27,999	$785.81	29,716	$732.34	72,476	$734.85
Rating Area 5	18,445	$1,018.79	12,908	$787.97	40,960	$848.83
Rating Area 6	7,161	$889.65	5,875	$818.86	15,037	$787.58
Rating Area 7	9,980	$1,109.54	12,118	$805.10	32,341	$800.37
Rating Area 8	2,520	$1,053.16	5,209	$773.88	15,990	$755.93
Rating Area 9	3,382	$1,399.67	3,103	$979.65	20,536	$918.89
Rating Area 10	11,394	$1,208.44	12,226	$867.83	26,703	$910.11
Rating Area 11	5,905	$996.12	4,283	$892.21	10,267	$858.46
Rating Area 12	14,119	$875.46	8,254	$800.89	20,614	$854.03
Rating Area 13	10,225	$1,266.97	8,759	$889.68	16,904	$973.08
Total	**378,213**	**$801.20**	**442,458**	**$795.72**	**830,673**	**$767.67**

Notes:

1.) Average enrollment is calculated as member months for calendar year 2024 divided by 12. Claims and enrollment records that could not be mapped to an Illinois county have been excluded.

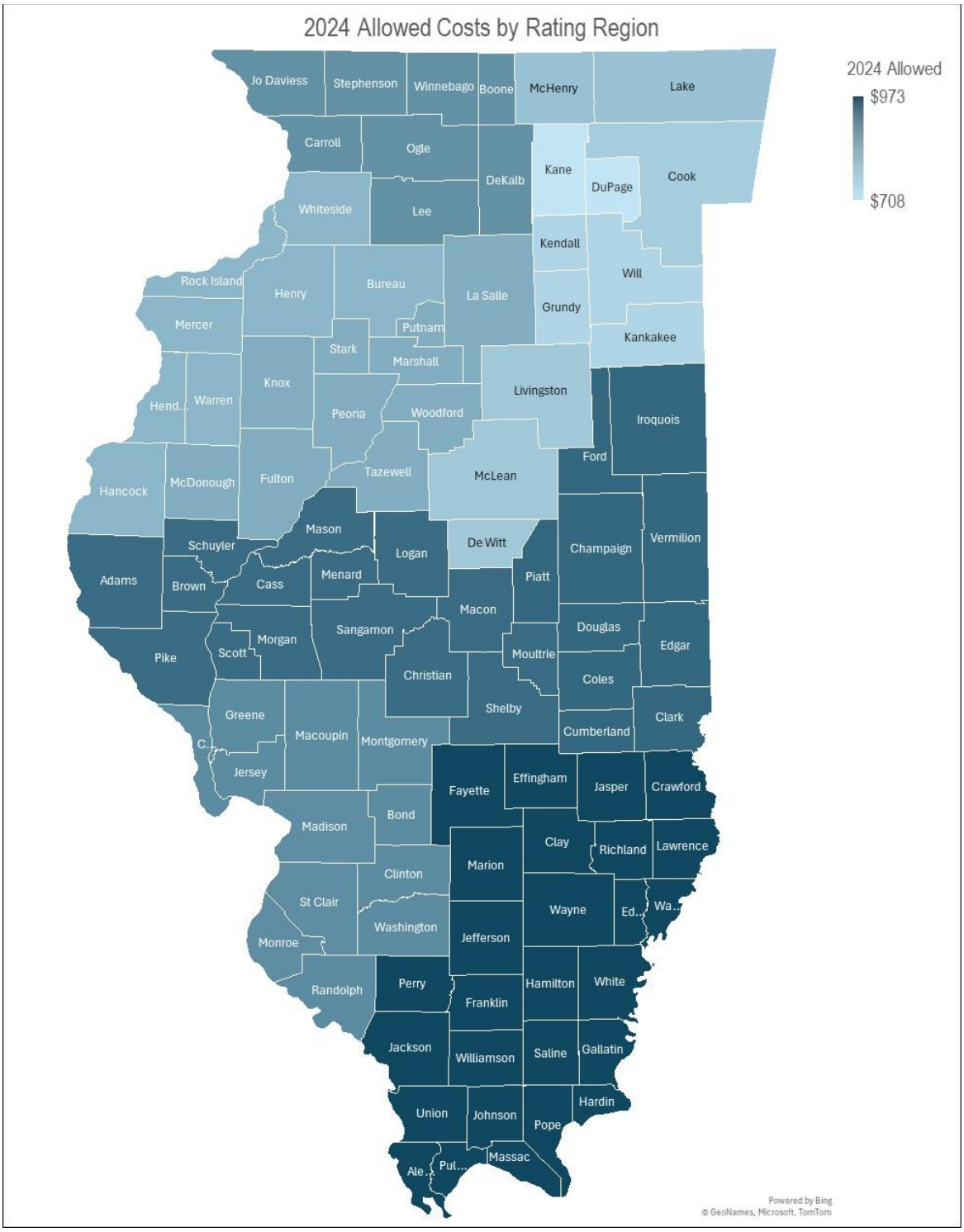
2.) Large Group plans are not subject to ACA rating area requirements and may use different geographic structures (areas and factors) for rating. However, for purposes of this analysis, large group claims were summarized using ACA rating regions to allow for consistent geographic comparison across the Individual, Small Group, and Large Group markets.

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

The chart above shows allowed claims costs and average enrollment by ACA rating region. Rating Area 9, which includes Champaign, Coles, Douglas, Edgar, Piatt, Ford, Iroquois, Vermilion, Clark, and Cumberland counties, exhibits the highest claim costs in the state for the Individual and Small Group segments and the second highest claim costs in the Large Group market. In contrast, Rating Area 3 (Kane and DuPage counties), shows the lowest claim costs in the Group market, while Rating Area 1 (Cook County) has the lowest claim costs in the Individual market. Rating Area 1 has the highest enrollment in the state across all three market segments followed by Rating Area 3. Higher than average claim costs are also observed in Rating Area 13 across the three segments, which includes only rural counties.

The map below groups the total Individual, Small Group, and Large Group experience by ACA rating area and displays the aggregated allowed claim PMPM for each region. These values are derived from the county level results and are consistent with the rating area results shown in the table above. For each rating area, an average allowed claim cost is calculated and presented on the map to provide a geographic view of cost variation across the state.

Map 2 Commercial Health Care Costs by ACA Rating Region



Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

3.2 Enrollment Distribution by Insurance Type

Variation in health care costs is also influenced by the type of insurance coverage. For example, the Individual market and Medicare serve different populations, and the underlying health status and care needs of these groups contribute to meaningful differences in the costs associated with each program.

The distribution of insurance by type in Illinois has remained relatively constant since 2019 (note that data was not available for 2020). Employer sponsored insurance is the most common type of insurance, and about half of Illinois residents have this type. Medicaid is the next most common type of insurance and covers 20% of residents. The number of uninsured residents has risen slightly from about 6% in 2019 to more than 7% in 2023.

Table 13 Distribution of Insurance Types in Illinois 2019-2023

Year	Employer	Non-Group	Medicaid	Medicare	Military	Uninsured	Total
2019	53.9%	5.0%	19.5%	14.7%	0.6%	6.1%	100%
2021	53.1%	5.2%	20.1%	14.4%	0.6%	6.6%	100%
2022	53.2%	5.2%	19.8%	14.3%	0.7%	6.9%	100%
2023	54.6%	5.2%	18.2%	14.1%	0.7%	7.3%	100%

Source: Kaiser Family Foundation Health Facts https://www.kff.org/state-health-policy-data/state-indicator/total-population/?currentTimeframe=2&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D accessed 3/1/2026
Note: Non-Group includes those covered by a policy purchased directly from an insurance company, either as policyholder or as dependent.

Table 14 Illinois Enrollment by Insurance Type

Year	Employer	Non-Group	Medicaid	Medicare	Military	Uninsured	Total
2019	6,743,800	637,800	2,250,200	1,741,400	83,200	905,900	12,362,300
2021	6,580,700	641,000	2,446,000	1,768,200	81,500	851,500	12,368,800
2022	6,526,500	636,300	2,475,400	1,772,300	70,600	815,100	12,296,100
2023	6,609,900	617,000	2,393,500	1,804,600	75,000	752,700	12,252,700

Source: Kaiser Family Foundation Health Facts https://www.kff.org/state-health-policy-data/state-indicator/total-population/?dataView=1&currentTimeframe=2&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D accessed 3/1/2026
Note: Non-Group includes those covered by a policy purchased directly from an insurance company, either as policyholder or as dependent.

According to the Kaiser Family Foundation[4], 54.4% of firms offering Large Group health insurance in Illinois in the private-sector were enrolled in self-insured plans in 2024. In comparison, 64.3% of firms are enrolled in a self-insured plan on a national level. Self-insured plans provide an alternative to traditional fully-insured coverage and can result in a lower cost option.

3.3 Health Care Costs and Growth by Age

Age is another factor that contributes to variation in health care costs. Older enrollees typically have higher expenditures because they tend to have more chronic conditions and require more frequent or intensive health care services. Younger enrollees, by contrast, generally have lower health care costs, as they tend to be healthier and use fewer services. The table below shows the allowed PMPM claims cost and exposures (members) by age band and by segment for 2024.

Table 15 Allowed PMPM Claims by Age Band and Segment for 2024

Age Band	Individual		Small Group		Large Group	
	Average Exposure	Allowed PMPM	Average Exposure	Allowed PMPM	Average Exposure	Allowed PMPM
0-18	37,308	$525.21	93,412	$481.97	245,321	$395.03
19-25	32,684	$359.01	43,687	$411.49	125,594	$400.59
26-29	29,954	$528.09	31,821	$540.39	80,467	$498.71
30-39	68,825	$691.38	81,773	$672.21	210,386	$652.81
40-49	63,389	$785.37	75,812	$828.43	194,659	$799.82
50-59	80,830	$923.89	75,389	$1,110.43	188,775	$1,095.03
60-64	60,292	$1,210.80	34,425	$1,528.07	82,056	$1,468.91
65-69	2,762	$1,870.14	6,582	$1,842.66	25,920	$1,946.66
70-79	1,745	$1,478.34	2,227	$2,961.05	8,973	$2,615.45
80-89	430	$1,974.80	350	$4,266.69	1,414	$4,224.85
90+	47	$2,641.23	21	$23,835.93	415	$5,538.65
Total	**378,266**	**$795.50**	**445,499**	**$796.88**	**1,163,980**	**$764.47**

[4] KFF Private-Sector Enrollees in Self-Insured Plans: https://www.kff.org/state-health-policy-data/state-indicator/share-of-private-sector-enrollees-enrolled-in-self-insured-plans/?currentTimeframe=0&selectedRows=%7B%22wrapups%22:%7B%22united-states%22:%7B%7D%7D,%22states%22:%7B%22illinois%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

Notes: Average enrollment is calculated as member months for calendar year 2024 divided by 12. Some insurers have been excluded as average members were reported instead of total members for a given year.
Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

2024 Allowed PMPM Claims for all three segments are higher than the overall segment averages starting at the 50-59 year-old age band and exceed $1,000 PMPM in the 60-64 year old band. The 30-39, 40-49, 50-59, and 60-64 age bands account for approximately 72% of Individual membership. Trends for these age groups have generally remained below 6.0% and have even declined in certain years. As is typical in age-based analyses, the older cohorts exhibit the highest claims costs; however, trend within these upper age bands is more variable due to the relatively low enrollment levels.

The next three tables look at the allowed PMPM Claims by age band for each market from 2022 through 2024.

The 30-39, 40-49, 50-59, and 60-64 age bands account for approximately 72% of Individual membership. Allowed PMPMs increase consistently with age, as expected in age-based analyses, with the highest costs observed in the 70+ cohorts. Trend patterns vary across age groups: younger bands generally show modest or negative trends in 2024, while several older cohorts experienced higher increases, including the 60–64, 65–69, and 90+ bands. Trend volatility remains more pronounced at the upper ages due to relatively low enrollment levels, which can produce larger year-over-year percentage changes.

Table 16 Allowed PMPMs and Trend by Age in the Individual Market

	Allowed PMPMs			Trend		
Age Band	2022	2023	2024	2022	2023	2024
0-18	$539.44	$569.94	$525.21	n/a	5.7%	-7.8%
19-25	$356.84	$357.70	$359.01	n/a	0.2%	0.4%
26-29	$512.11	$538.45	$528.09	n/a	5.1%	-1.9%
30-39	$667.89	$678.37	$691.38	n/a	1.6%	1.9%
40-49	$729.84	$729.18	$785.37	n/a	-0.1%	7.7%
50-59	$843.34	$855.38	$923.89	n/a	1.4%	8.0%
60-64	$1,043.61	$1,107.53	$1,210.80	n/a	6.1%	9.3%
65-69	$1,650.99	$1,822.20	$1,870.14	n/a	10.4%	2.6%
70-79	$1,386.95	$1,503.38	$1,478.34	n/a	8.4%	-1.7%
80-89	$2,022.05	$1,957.12	$1,974.80	n/a	-3.2%	0.9%
90+	$3,845.04	$1,600.32	$2,641.23	n/a	-58.4%	65.0%
Total	**$749.58**	**$771.12**	**$795.50**	**n/a**	**2.9%**	**3.2%**

Notes: Average enrollment is calculated as member months for calendar year 2024 divided by 12. Some insurers were excluded as average members were reported instead of total members for a given year.
Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

In the Small Group market, approximately 21% of enrollment falls within the 0–18 age band. Unlike the Individual market, most Small Group members are under age 65, likely due to Medicare eligibility shifting older adults out of this segment. Allowed PMPM Claims for enrollees under age 65 are trending between 5.9% and 12.8%. While trends are positive across nearly all age categories, the degree of variation differs by cohort. Younger age bands (0–29) show moderate increases, whereas older working-age segments (60–64 and 65–69) exhibit the highest volatility. This variation is likely influenced by the smaller enrollment counts at the oldest ages within the Small Group segment.

Table 17 Allowed PMPMs and Trend by Age in the Small Group Market

	Allowed PMPMs			Trend		
Age Band	2022	2023	2024	2022	2023	2024
0-18	$416.77	$443.34	$481.97	n/a	6.4%	8.7%
19-25	$356.94	$382.45	$411.49	n/a	7.1%	7.6%
26-29	$462.60	$493.99	$540.39	n/a	6.8%	9.4%
30-39	$568.20	$620.50	$672.21	n/a	9.2%	8.3%
40-49	$693.05	$753.97	$828.43	n/a	8.8%	9.9%
50-59	$940.31	$1,048.75	$1,110.43	n/a	11.5%	5.9%
60-64	$1,260.80	$1,354.53	$1,528.07	n/a	7.4%	12.8%
65-69	$1,772.08	$2,043.04	$1,842.66	n/a	15.3%	-9.8%
70-79	$2,844.80	$2,870.50	$2,961.05	n/a	0.9%	3.2%
80-89	$4,433.09	$4,444.30	$4,266.69	n/a	0.3%	-4.0%
90+	$36,545.17	$20,366.22	$23,835.93	n/a	-44.3%	17.0%
Total	**$675.39**	**$737.91**	**$796.88**	**n/a**	**9.3%**	**8.0%**

Notes: Average enrollment is calculated as member months for calendar year 2024 divided by 12. Some insurers have been excluded as average members were reported instead of total members for a given year.
Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

Large group has a similar pattern as Small Group as 21% of enrollees are in the 0 - 18 age bands and bands over age 65 are smaller than the other buckets. Allowed claims increase by about 37% between the 40 - 49 and the 50 - 59 year-old age bands in 2024. Trends for the under 65 population range between 6.1% and 10.6%.

Table 18 Allowed PMPMs and Trend by Age in the Large Group Market

Age Band	Allowed PMPMs			Trend		
	2022	2023	2024	2022	2023	2024
0-18	$349.18	$372.19	$395.03	n/a	6.6%	6.1%
19-25	$353.74	$375.25	$400.59	n/a	6.1%	6.8%
26-29	$430.32	$466.04	$498.71	n/a	8.3%	7.0%
30-39	$543.34	$590.09	$652.81	n/a	8.6%	10.6%
40-49	$674.54	$745.34	$799.82	n/a	10.5%	7.3%
50-59	$924.58	$1,017.86	$1,095.03	n/a	10.1%	7.6%
60-64	$1,247.76	$1,364.04	$1,468.91	n/a	9.3%	7.7%
65-69	$1,649.15	$1,751.96	$1,946.66	n/a	6.2%	11.1%
70-79	$2,249.98	$2,522.94	$2,615.45	n/a	12.1%	3.7%
80-89	$3,242.60	$3,674.05	$4,224.85	n/a	13.3%	15.0%
90+	$5,358.48	$5,780.30	$5,538.65	n/a	7.9%	-4.2%
Total	**$648.37**	**$709.07**	**$764.47**	**n/a**	**9.4%**	**7.8%**

Notes: Average enrollment is calculated as member months for calendar year 2024 divided by 12. Some insurers have been excluded as average members were reported instead of total members for a given year.
Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

3.4 Health Care Costs as a Share of Income

Building on the geographic and demographic comparisons in the previous section, this part of the chapter shifts focus to how health care spending relates to household financial capacity. According to the Bureau of Labor statistics, healthcare spending as a percent of income in the Midwest (defined as Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, Ohio South, Dakota and. Wisconsin) has remained at about 7% from 2020 to 2023. In the Chicago area, spending has been slightly lower, averaging about 6% for the same period. Average income before taxes, average healthcare expenditures, and healthcare spending as percentage of income for the Midwest and Chicago specifically is shown in the next two tables.

Table 19 Healthcare spending as a percentage of average income in the Midwest

Year	Income before taxes	Healthcare Expenditures	% Healthcare spending
2020-2021	$81,523	$5,787	7.1%
2021-2022	$87,956	$6,203	7.1%
2022-2023	$92,022	$6,619	7.2%

Source: https://www.bls.gov/cex/tables/geographic/mean.htm accessed 3/1/2026

Table 20 Healthcare spending as a percentage of average income in Chicago

Year	Income before taxes	Healthcare Expenditures	% Healthcare spending
2020-2021	$89,516	$103,638	6.4%
2021-2022	$103,638	$5,946	5.7%
2022-2023	$111,097	$7,216	6.5%

Source: https://www.bls.gov/cex/tables/geographic/mean.htm accessed 3/1/2026

Overall, the data show that health care spending has remained a relatively stable share of income across both the Midwest and the Chicago area in recent years. However, even small increases in this share can signal growing financial pressure for households, particularly when wage growth does not keep pace with rising medical costs and other living expenses.

3.5 Insured Out-of-Pocket Expense

As shown throughout this report, claim costs generally increase from year to year. When underlying costs rise but benefit designs remain the same, enrollees typically reach their deductibles more quickly because each service they receive is more expensive. After the deductible is met, higher service prices also increase the amount members pay through coinsurance until cost-sharing limits are reached. Since most enrollees do not reach their out-of-pocket maximum in a given year, increases in underlying claim costs can result in higher out-of-pocket spending for many members.

The table below summarizes the difference between allowed and paid PMPM Claims as reported by insurers in the Data Call. This difference represents the portion of claim costs paid by members through cost sharing. Out-of-pocket (OOP) costs in the Individual market have been decreasing since 2022, indicating richer plan offerings or migration to richer plan designs. This is reasonable given the tighter actuarial value ranges that were adopted in 2023 and carried forward into 2024. Small Group out-of-pocket trends were elevated in 2023 and then decreased in 2024, while Large Group trends were more stable.

Table 21 Out-of-Pocket Costs Per Member Per Month and Annual Trend 2022-2024

	OOP Costs PMPMs			Annual Trends		
Year	Individual	Small Group	Large Group	Individual	Small Group	Large Group
2022	$139.32	$122.43	$97.21	n/a	n/a	n/a
2023	$138.91	$134.89	$101.81	-0.3%	10.2%	4.7%
2024	$133.66	$135.82	$106.93	-3.8%	0.7%	5.0%

Note: OOP Costs PMPM are defined as Allowed PMPMs minus Paid PMPMs
Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

On a national level, Out-of-Pocket costs as a percentage of health consumption expenditures have averaged between 10% to 11% between 2019 and 2023 and have been stable as shown in the table below.

Table 22 Total Nationwide Out-of-Pocket Expenditures (billions) Compared to Health Consumption Expenditures

Year	Health Consumption Expenditures	Out-of-pocket	% out-of-pocket
2019	$3,563.80	$403.00	11.3%
2020	$3,953.90	$398.10	10.1%
2021	$4,109.20	$440.90	10.7%
2022	$4,298.60	$471.50	11.0%
2023	$4,627.70	$505.70	10.9%

Source: https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet accessed 3/1/2026

While out-of-pocket costs reflect what insured individuals pay directly for their care, they do not capture the full extent of the financial strain that rising medical costs can create. When households are unable to meet these expenses, unpaid balances can accumulate and ultimately transition into bad debt for medical providers. The next section examines this downstream impact by reviewing trends in medical debt and uncompensated or charity care, offering a broader view of how affordability challenges affect both consumers and the health care system.

3.6 Bad Debt

Bad debt reflects the portion of health care costs that remains unpaid by patients and is a signal of the financial strain associated with rising health care expenses. It often results when individuals face out-of-pocket costs that exceed their ability to pay, highlighting the challenges people encounter in managing the cost of care. The Peterson-KFF Health System Tracker reports that

10.1% of adults in Illinois have medical debt in a given year, based on data reported between 2019 and 2021.[5]

Bad debt is one way hospitals measure the share of health care costs that ultimately go unpaid by patients. When underlying medical costs rise or when more patients face higher out-of-pocket obligations, hospitals see a greater portion of billed charges move into bad debt or charity care. Recent hospital performance data reflect this growing pressure. Kaufman Hall reports in the *National Hospital Flash Report*[6] that bad debt and charity care per calendar day increased 48% between 2022 and 2025 in the Midwest region, and bad debt and charity care as a percent of gross revenue increased 12% over the same period. These trends suggest that a larger share of health care cost is being shifted to patients, many of whom are unable to pay their portion of the bill. As a result, hospitals are absorbing more uncompensated care, indicating increased financial strain on both households and providers.

3.7 Deductible Shifts

As health care costs increase, enrollees often look for ways to manage rising premiums and out-of-pocket expenses. One common approach is selecting a plan with a higher deductible, which lowers premiums but shifts more cost sharing to the enrollee. Another is choosing a consumer driven health plan, such as one paired with a Health Savings Account (HSA). These plans are typically High-Deductible Health Plans (HDHPs) and allow enrollees to offset some of the higher cost sharing by contributing pretax dollars to an HSA.

Deductible Distributions in the Illinois Market

The tables below show the distribution of enrollment by deductible level from 2022 to 2024 for Individual, Small Group, and Large Group.

[5] https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/#Share%20of%20adults%20who%20have%20medical%20debt,%20by%20state,%202019-2021

[6] https://www.kaufmanhall.com/sites/default/files/2025-05/KH-NHFR-Report_Mar_2025_Metrics.pdf

Table 23 Individual Market Enrollment by Deductible

Year	$0 to $250	$251 to $1000	$1001 to $2500	$2501 to $5000	$5001 to $7500	$7501 to $10000	$10001+
2022	22.1%	14.9%	13.5%	11.5%	31.1%	3.9%	3.0%
2023	24.9%	15.6%	12.1%	10.0%	27.6%	7.4%	2.4%
2024	35.4%	14.1%	12.3%	6.3%	26.1%	5.2%	0.6%
2025	37.1%	13.9%	12.5%	9.0%	21.8%	5.6%	0.1%
Total	29.8%	14.6%	12.6%	9.0%	26.9%	5.5%	1.6%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

The Individual market has seen a shift to lower deductible plans as 22.1% of members enrolled in plans with a $0 to $250 deductible in 2022 compared to 37.1% in 2025. In contrast, 31.1% of members in 2022 and 21.8% were enrolled in plans with deductibles between $5,001 and $7,500. During this period, ACA rate increases have remained relatively moderate and several regulatory changes affecting plan design and consumer cost sharing have occurred.

Under the ACA, individuals with lower incomes who purchase plans on the Exchange may qualify for financial assistance that reduces both their monthly premium and their out-of-pocket costs when they receive care. On March 11, 2021, the American Rescue Plan Act (ARPA) expanded this financial assistance by increasing advanced premium tax credits beginning April 1, 2021.

As a result, many insureds who are eligible for subsidies enrolled in plans with higher levels of coverage and lower deductibles than they had previously selected.

For insureds who received financial assistance for out-of-pocket costs (CSR-eligible insureds), enrollment shifted toward the most generous plan designs. In 2022, 36% of CSR-eligible insureds were enrolled in the 94% actuarial value silver plan variant, which is designed to significantly reduce deductibles and other out-of-pocket costs. By 2025, enrollment in the 94% actuarial value variant increased to 52%. These high-coverage, low-deductible plans contributed to the observed shift toward lower deductibles in Illinois' Individual market, as shown in Table 23.

Financial assistance through premium subsidies and cost sharing reductions is only available for Individual On-Exchange plans and is not available in the Small Group and Large Group markets which are Off-Exchange.

Table 24 Small Group Market Enrollment by Deductible

Year	$0 to $250	$251 to $1000	$1001 to $2500	$2501 to $5000	$5001 to $7500	$7501 to $10000	$10001+
2022	20.5%	19.5%	28.1%	26.2%	4.7%	1.1%	0.0%
2023	20.2%	20.2%	27.9%	23.3%	7.1%	1.2%	0.0%
2024	20.7%	20.2%	28.0%	21.3%	8.5%	1.3%	0.0%
2025	11.7%	26.8%	26.0%	22.5%	11.7%	1.3%	0.0%
Total	**19.3%**	**20.9%**	**27.7%**	**23.5%**	**7.4%**	**1.2%**	**0.0%**

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

The Small Group market had a reasonably stable distribution between 2022 and 2024 with minor changes in the $2,501 to $5,000 and the $5,001 to $7,500 deductible ranges. The first six months of 2025 indicate groups are “buying down” and increasing deductibles. This is especially true in the $0 to $250 deductible range which had 20.7% of members enrolled in 2024 and decreased to 11.7% in 2025.

Table 25 Large Group Market Enrollment by Deductible

Year	$0 to $250	$251 to $1000	$1001 to $2500	$2501 to $5000	$5001 to $7500	$7501 to $10000	$10001+
2022	25.9%	23.3%	29.4%	18.6%	2.4%	0.1%	0.4%
2023	24.6%	24.8%	27.7%	19.6%	2.9%	0.1%	0.2%
2024	23.6%	25.4%	25.1%	21.3%	4.3%	0.2%	0.1%
2025	23.7%	26.1%	22.1%	22.9%	4.8%	0.4%	0.1%
Total	**24.6%**	**24.7%**	**26.6%**	**20.3%**	**3.5%**	**0.2%**	**0.2%**

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

The Large Group market’s deductible distribution is reasonably consistent across the four-year period. In 2022, the $1,001 to $2,500 deductible range represented the largest share of enrollment at 29.4%. By 2025, the $251 to $1,000 deductible range accounted for the highest share at 26.1%.

Health Savings Accounts and High Deductible Health Plans

The next table shows the distribution of enrollment in the private Commercial market with HDHPs.

Table 25 Percentage of Private Sector Employees with a HDHP in Illinois

Year	Percentage with a HDHP
2021	51%
2022	48%
2023	55%
2024	44%

Source: https://statehealthcompare.shadac.org/Bulk#15/172 accessed 3/1/2026

The percentage of private sector employees with a HDHP in Illinois has fluctuated slightly each year since 2021, but it remains around 50%, with 2024 as a slight outlier.

The tables below show the distribution of HSA and non-HSA plans by year and by market segment, based on the Data Call results. Across all markets, enrollment is higher in non-HSA plans, which account for approximately 80% of total membership. Premiums for HSA plans are generally lower, reflecting the leaner cost-sharing requirements associated with HSA-qualified plan designs. The Small Group market shows the smallest premium difference between HSA and non-HSA plans.

Table 26 Individual Market Enrollment and Premium: HSA vs. Non-HSA Plans

	Enrollment		Premium	
Year	Non-HSA	HSA	Non-HSA	HSA
2022	75.5%	24.5%	$737.23	$563.87
2023	77.4%	22.6%	$730.96	$593.82
2024	82.0%	18.0%	$712.58	$606.03
Total	**78.6%**	**21.4%**	**$725.28**	**$587.76**

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

Table 27 Small Group Market Enrollment and Premium: HSA vs. Non-HSA Plans

	Enrollment		Premium	
Year	Non-HSA	HSA	Non-HSA	HSA
2022	82.4%	17.6%	$587.92	$539.96
2023	82.9%	17.1%	$622.90	$567.33
2024	83.1%	16.9%	$660.35	$588.67
Total	**82.8%**	**17.2%**	**$623.05**	**$564.45**

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

Table 28 Large Group Market Enrollment and Premium: HSA vs. Non-HSA Plans

	Enrollment		Premium	
Year	Non-HSA	HSA	Non-HSA	HSA
2022	79.8%	20.2%	$590.37	$431.75
2023	80.1%	19.9%	$625.38	$464.19
2024	77.4%	22.6%	$684.44	$459.62
Total	**79.1%**	**20.9%**	**$633.06**	**$452.12**

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

Taken together, the analyses in this chapter show that the burden of rising health care costs in Illinois is unevenly distributed across regions, insurance markets, age groups, and households. Rural areas and certain ACA rating areas experience substantially higher claim costs, while the Small Group and Large Group markets continue to face faster-rising spending than the Individual market. Age-based patterns further highlight the concentration of costs among older adults, reflecting higher utilization and greater medical needs. Together, these findings illustrate that affordability pressures extend beyond premium levels and are increasingly reflected in direct consumer spending and unpaid medical bills, providing important context for understanding the underlying drivers of cost growth explored in the next chapter.

Chapter 4: Drivers of Cost Growth

Understanding why health care spending continues to rise in Illinois requires looking beyond overall cost trends to examine the underlying forces that shape them. This chapter analyzes the key drivers influencing cost growth across the commercial markets, drawing on insurer-reported data from the Data Call. It evaluates changes in allowed claims across major service categories, highlights the growing impact of outpatient and pharmacy spending—particularly brand and specialty drugs—and assesses how both utilization patterns and price levels contribute to rising costs. The chapter also places Illinois' experience in a national context, referencing external research showing that price growth, rather than increased service use, is the dominant factor behind rising health care spending. By exploring these dynamics in detail, this chapter provides a clearer understanding of the structural, market, and clinical factors that continue to drive cost growth across Illinois' health care system.

4.1 Major Service Category

The tables below are sourced from the data provided by insurers in response to the Data Call. With the data provided, we were able to review Illinois allowed claims data to analyze the drivers of cost increases in the Illinois market.

The Group markets continue to experience trend levels that are consistent or slightly higher than industry benchmarks reported in national studies, including PwC's *Medical Cost Trend: Behind the Numbers 2026*. [7] The report indicates that trend projections for both the Individual and Group markets remain elevated, with Group medical allowed trends estimated at 8.5% and Individual trends at 7.5%. Pharmacy trend is projected to be approximately 2.5 percentage points higher than medical trend.

[7] https://www.pwc.com/us/en/industries/health-industries/library/assets/pwc-behind-the-numbers-2026.pdf

Table 29 Individual Allowed Claims and Trend by Major Service Category

Year	Inpatient Allowed PMPM	Outpatient Allowed PMPM	Physician Allowed PMPM	Other Medical Allowed PMPM	Capitated Allowed PMPM	Pharmacy Allowed PMPM
2022	$129.43	$217.24	$132.96	$46.58	$38.98	$183.01
2023	$128.34	$217.46	$133.63	$44.30	$41.01	$193.82
2024	$136.53	$222.45	$129.95	$51.31	$40.70	$195.07

Year	Inpatient Trend	Outpatient Trend	Physician Trend	Other Medical Trend	Capitated Trend	Pharmacy Trend
2022	n/a	n/a	n/a	n/a	n/a	n/a
2023	-0.8%	0.1%	0.5%	-4.9%	5.2%	5.9%
2024	6.4%	2.3%	-2.8%	15.8%	-0.8%	0.6%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

In the Illinois Individual market, the Outpatient service category accounts for the highest claim costs, followed by Pharmacy. Trends are inconsistent between the reported years but show high growth in 2024 for the Inpatient and Other Medical Trend categories.

Table 30 Small Group Allowed Claims and Trend by Major Service Category

Year	Inpatient Allowed PMPM	Outpatient Allowed PMPM	Physician Allowed PMPM	Other Medical Allowed PMPM	Capitated Allowed PMPM	Pharmacy Allowed PMPM
2022	$100.94	$193.96	$155.38	$53.06	$22.79	$149.52
2023	$106.93	$209.36	$168.57	$54.18	$22.07	$177.04
2024	$108.54	$229.44	$178.32	$60.63	$22.33	$197.84

Year	Inpatient Trend	Outpatient Trend	Physician Trend	Other Medical Trend	Capitated Trend	Pharmacy Trend
2022	n/a	n/a	n/a	n/a	n/a	n/a
2023	5.9%	7.9%	8.5%	2.1%	-3.1%	18.4%
2024	1.5%	9.6%	5.8%	11.9%	1.2%	11.7%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

In the Small Group market, the highest spending is in the Outpatient and Pharmacy service categories, similar to the Individual market. Trends in the larger service categories generally fall

within the high single-digit to low-teen percentage range. Pharmacy trends remain in the double-digit range, contributing to higher overall Pharmacy spending.

Table 31 Large Group Allowed Claims and Trend by Major Service Category

Year	Inpatient Allowed PMPM	Outpatient Allowed PMPM	Physician Allowed PMPM	Other Medical Allowed PMPM	Capitated Allowed PMPM	Pharmacy Allowed PMPM
2022	$106.56	$192.47	$132.07	$51.43	$33.71	$132.24
2023	$112.10	$212.70	$144.12	$52.52	$31.97	$155.85
2024	$117.50	$233.04	$154.89	$55.87	$31.03	$173.07

Year	Inpatient Trend	Outpatient Trend	Physician Trend	Other Medical Trend	Capitated Trend	Pharmacy Trend
2022	n/a	n/a	n/a	n/a	n/a	n/a
2023	5.2%	10.5%	9.1%	2.1%	-5.2%	17.9%
2024	4.8%	9.6%	7.5%	6.4%	-2.9%	11.1%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

Outpatient allowed claims in 2024 account for approximately 30% of total costs in the Large Group market. Trends in this category are among the highest across service types. Pharmacy trends declined in 2024 but remain in the double-digit range.

4.2 Allowed Costs by Service Category

Across the Individual, Small Group, and Large Group markets, several consistent patterns emerge in the allowed cost experience reported through the Data Call. Pharmacy continues to be a significant driver of overall spending in every segment, with Brand and Specialty Pharmacy showing persistent year-over-year growth. Service categories tied to outpatient or office-based care, such as primary care, behavioral health visits, and emergency room services, also display steady increases. In contrast, Generic Pharmacy and certain inpatient categories show more variable movement. Overall, the Commercial segments share similar directional trends, with the highest growth concentrated in Brand and Specialty Pharmacy and in select outpatient services.

Table 32 Individual Allowed Claims and Trend by Service Category

	PMPM			Trends		
Category	2022	2023	2024	2022	2023	2024
Medical and Surgical Inpatient	$60.35	$60.89	$63.40	n/a	0.9%	4.1%
Behavioral Health Inpatient	$9.10	$9.44	$10.17	n/a	3.8%	7.7%
Emergency Room	$74.24	$75.53	$74.60	n/a	1.7%	-1.2%
Primary Care Physician	$15.03	$14.49	$13.87	n/a	-3.6%	-4.3%
Behavioral Health Office Visits	$11.83	$12.07	$10.91	n/a	2.0%	-9.6%
All Other (Non-PCP)	$109.63	$108.80	$98.07	n/a	-0.8%	-9.9%
Urgent Care	$0.55	$0.59	$0.52	n/a	7.0%	-12.2%
Generic Pharmacy	$21.81	$21.17	$18.70	n/a	-2.9%	-11.7%
Brand Pharmacy	$70.56	$79.96	$87.57	n/a	13.3%	9.5%
Specialty Pharmacy	$89.96	$93.84	$91.25	n/a	4.3%	-2.8%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

In the Individual market, allowed costs increased in inpatient service categories, with particularly high growth in behavioral health inpatient care. Office based services generally showed declining trends, including both primary care and behavioral health office visits. Pharmacy results were mixed as generic prescription costs declined while brand prescription costs increased. The All Other (Non-PCP) services category remained the highest-cost service area, though its trends moved downward in the most recent periods.

Table 33 Small Group Allowed Claims and Trend by Service Category

	PMPM			Trends		
Category	2022	2023	2024	2022	2023	2024
Medical and Surgical Inpatient	$38.69	$42.94	$42.74	n/a	11.0%	-0.5%
Behavioral Health Inpatient	$6.10	$6.21	$6.61	n/a	1.7%	6.5%
Emergency Room	$59.99	$63.66	$70.53	n/a	6.1%	10.8%
Primary Care Physician	$22.30	$22.97	$23.85	n/a	3.0%	3.8%
Behavioral Health Office Visits	$16.32	$18.28	$20.25	n/a	12.0%	10.8%
All Other (Non-PCP)	$106.10	$117.82	$125.58	n/a	11.0%	6.6%
Urgent Care	$0.51	$0.40	$0.35	n/a	-21.8%	-11.2%
Generic Pharmacy	$18.58	$19.71	$19.22	n/a	6.0%	-2.4%
Brand Pharmacy	$54.88	$66.94	$71.57	n/a	22.0%	6.9%
Specialty Pharmacy	$85.10	$99.16	$114.62	n/a	16.5%	15.6%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

In the Small Group market, most service categories show increasing trend, with Urgent Care, Generic Pharmacy, and Medical and Surgical Inpatient services being the exception. Specialty

Pharmacy and Behavioral Health services have double-digit trend in both 2023 and 2024, though both have decreased in 2024. The All Other (Non-PCP) category remains one of the highest-cost service areas, with trends moving downwards in the most recent periods. Overall, the cost growth is observed across most major service categories, driven particularly by Emergency Room, Behavioral Health, and Specialty Pharmacy services.

Table 34 Large Group Allowed Claims and Trend by Service Category

	PMPM			Trends		
Category	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Medical and Surgical Inpatient	$45.72	$47.54	$46.85	n/a	4.0%	-1.5%
Behavioral Health Inpatient	$5.24	$5.71	$5.84	n/a	9.0%	2.2%
Emergency Room	$65.00	$71.07	$78.53	n/a	9.3%	10.5%
Primary Care Physician	$24.67	$25.45	$27.17	n/a	3.1%	6.7%
Behavioral Health Office Visits	$10.98	$12.64	$14.43	n/a	15.1%	14.2%
All Other (Non-PCP)	$55.75	$62.14	$67.21	n/a	11.4%	8.2%
Urgent Care	$4.17	$4.55	$5.24	n/a	9.0%	15.2%
Generic Pharmacy	$16.71	$18.13	$16.90	n/a	8.5%	-6.8%
Brand Pharmacy	$58.38	$68.48	$76.06	n/a	17.3%	11.1%
Specialty Pharmacy	$67.77	$79.49	$89.03	n/a	17.3%	12.0%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

With the exception of Medical and Surgical Inpatient Admissions and Generic Pharmacy Scripts, all other service categories in the Large Group market showed growth in 2024, and every category increased in 2023. Emergency Room services, Behavioral Health services, Urgent Care services, Brand Pharmacy, and Specialty Pharmacy each experienced double-digit allowed cost trends in 2024.

4.3 Pharmacy Cost per Service and Utilization

As part of the Data Call, insurers submitted detailed allowed claim and utilization data by service category. The tables that follow present an analysis of Pharmacy services across the Commercial segments, focusing on average allowed cost, utilization, and cost per service.

Table 34 Individual Pharmacy Utilization and Cost per Service for 2024

	Metrics			Trend – 2024 over 2023		
Category	Allowed PMPM	Utilization / 1,000	Cost per Service	Allowed PMPM	Utilization / 1,000	Cost per Service
Generic Pharmacy	$18.70	13,880.38	$1.35	-11.7%	0.0%	-11.7%
Brand Pharmacy	$87.57	1,643.59	$53.28	9.5%	-1.6%	11.3%
Specialty Pharmacy	$91.25	142.41	$640.79	-2.8%	-1.8%	-1.0%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

In the Individual market, allowed costs for Generic Pharmacy decreased in 2024, driven primarily by lower cost per service. In contrast, Brand Pharmacy Allowed PMPMs increased year over year due to rising unit costs. Specialty Pharmacy continues to have the highest cost per service overall, though its unit cost declined in 2024.

Table 35 Small Group Pharmacy Utilization and Cost per Service

	Metrics			Trend - 2024 over 2023		
Category	Allowed PMPM	Utilization / 1,000	Cost per Service	Allowed PMPM	Utilization / 1,000	Cost per Service
Generic Pharmacy	$19.22	8,571.24	$2.24	-2.4%	3.7%	-5.9%
Brand Pharmacy	$71.57	1,270.37	$56.34	6.9%	-9.1%	17.7%
Specialty Pharmacy	$114.62	162.83	$703.93	15.6%	10.4%	4.7%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

In the Small Group market, Specialty Pharmacy Allowed PMPMs increased in 2024, driven by growth in both utilization and cost per service. Brand Pharmacy experienced a sharp increase in cost per service; however, the overall allowed cost impact was tempered by declining utilization. Conversely, Generic Pharmacy allowed costs decreased, reflecting lower unit costs that were only partially offset by higher utilization.

Table 36 Large Group Pharmacy Utilization and Cost per Service

	Metrics			Trend - 2024 over 2023		
Category	Allowed PMPM	Utilization / 1,000	Cost per Service	Allowed PMPM	Utilization / 1,000	Cost per Service
Generic Pharmacy	$16.90	17,868.99	$0.95	-6.8%	4.5%	-10.8%
Brand Pharmacy	$76.06	2,648.84	$28.71	11.1%	-3.1%	14.6%
Specialty Pharmacy	$89.03	187.52	$474.76	12.0%	11.6%	0.3%

Source: Insurer responses from the Illinois Health Insurance Coverage, Affordability and Cost Transparency Data Call

In the Large Group market, Generic Pharmacy experienced a reduction in overall allowed costs, reflecting lower unit costs despite an uptick in utilization. Brand Pharmacy showed low double-digit growth in allowed PMPMs, driven primarily by higher cost per service, although this impact was partially moderated by declining utilization. Specialty Pharmacy continued to represent the highest cost category, with increases in both utilization and overall allowed spending, while cost per service remained relatively stable.

4.4 Nationwide Cost Growth Driven by Prices or Utilization

The Health Care Cost Institute (HCCI) published its *2022 Health Care Cost and Utilization Report*[8], which analyzes health care spending among people with employer sponsored insurance from 2018 to 2022. While the period reviewed includes COVID-19 claim suppression in 2020 and the rebound that occurred in 2021, health care spending grew by about 19%. Average prices increased by 14%, while utilization increased by just 4%, indicating that price growth was the primary driver of rising health care costs. The report also breaks out spending, prices, and utilization by major service category. Prescription drugs (not adjusted for rebates) saw the largest increase in spending over the five-year period (35%), followed by outpatient services (18%). Utilization increased in prescription drugs (12%), professional services (9%), and outpatient care (6%), and declined for inpatient (-11%). The 14% overall increase in service prices was driven mainly by prescription drugs (21%) and inpatient services (20%). Together, these findings point to a consistent pattern in which increases in prices, rather than increases in the use of services, are the dominant source of cost growth.

[8] https://healthcostinstitute.org/wp-content/uploads/images/pdfs/HCCI_2022_Health_Care_Cost_and_Utilization_Report.pdf

The report also reviews overall cost (spend), utilization, and price by Inpatient Facility, Outpatient Facility, Outpatient Procedures Facility, Professional, and Pharmacy.

Inpatient Facility

Between 2018 and 2022, overall Inpatient Facility spending increased by approximately 6%. This growth was driven almost entirely by higher prices charged by providers and facilities, which rose by about 20% over the same period. Price increases were observed across every inpatient sub-category, indicating there is a broad upward pressure on unit costs.

In contrast, utilization declined by roughly 11% overall. Most inpatient service categories experienced reductions in use, with the exception of Respiratory and Newborn services, which were the only areas where utilization increased. Despite these isolated increases, the overall decrease in inpatient utilization helped moderate what would have been a larger increase in total spending, given the magnitude of price growth. As a result, reduced utilization appears to be the primary factor limiting overall spending growth in the inpatient setting.

Outpatient Facility

Outpatient Facility spending increased by approximately 18% between 2018 and 2022. Both components of spending contributed to this growth with prices charged by facilities increasing by about 12% over the period, while utilization rose by roughly 6%. The overall increase reflects broad growth across several outpatient service categories.

Medical Tests had the most pronounced change in use, with utilization rising sharply and peaking in 2021, and remaining significantly elevated relative to 2018. Durable Medical Equipment (DME) experienced some of the strongest price growth, increasing by more than 40% and continuing on an upward trajectory through 2022. Additional contributions to spending growth came from increases in procedures, anesthesia services, and administered drugs, each of which exhibited growth in either price, utilization, or both.

Outpatient Procedures Facility

Outpatient Procedures Facility spending increased by about 21% from 2018 to 2022, driven entirely by higher prices charged by the facilities. Utilization remained essentially flat over the study period, indicating that the rise in spending reflects changes in the cost of services rather than changes in the volume of care delivered. Price growth was consistent across all sub-categories, with each area experiencing double-digit increases. This pattern suggests upward pressure on procedure related costs in outpatient settings, regardless of service type.

Professional Services

Professional Services spending increased by about 16% between 2018 and 2022. Both utilization and price of services contributed to this growth, with utilization rising by approximately 8% and prices increasing by roughly 7%. This is the only major service category in which utilization growth outpaced price growth over the period. The strongest driver of this pattern was the Test sub-category, which experienced a substantial increase in utilization. Despite this spike, modest price growth across the remaining professional service categories also contributed to the overall increase in spending.

Prescription Drugs

Prescription Drugs experienced the highest overall spending increase among all major service categories, rising by approximately 35% between 2018 and 2022. Point-of-sale price growth played a significant role, increasing by about 21% over the period. Much of this increase was concentrated in specific drug types, with Hormones, Immunological therapies, Musculoskeletal drugs, and Cancer treatments each exhibiting substantial double-digit price growth. Utilization also increased, rising by around 12%, but the rate of utilization growth was outpaced by the increase in prices resulting from the whole sale acquisition costs set by the manufacturer, PBM contract terms, pharmacy reimbursement, and rebate application. As a result, higher unit costs were the principal driver of overall spending growth in the Prescription Drugs category.

HCCI Report Conclusions

Overall, the HCCI report shows that spending growth in employer-sponsored insurance has been driven primarily by rising prices. Prescription Drugs and Inpatient services contributed the largest price increases over the study period. Although Inpatient prices declined slightly in the most recent year, most major service categories continued to experience price growth through 2022. These patterns indicate that price increases were the predominant factor behind overall spending growth during the study period.

4.5 Drivers of Cost Growth

The primary health care cost growth drivers in Illinois may include the following:

- Hospital inpatient and hospital outpatient commercial prices
- Specialty drug and pharmacy spending
- Workforce shortages and wage inflation
- Increasing behavioral health utilization
- Chronic disease burden and deferred care

In the section below, we give consideration to each of these primary cost drivers. However, further analysis is required to quantify the direct impacts of these cost drivers on health insurance cost and coverage.

Hospital Inpatient and Outpatient Prices

Nationally, commercial prices for hospital care (especially hospital outpatient care) have been the primary drivers of health care spending growth. This trend is consistent across different states, including Illinois. In addition, following a national trend, Illinois has been experiencing hospital system consolidation. As noted in a recent Issue Brief[9] from the Bipartisan Policy Center: "Consolidation can be attractive to providers because larger systems generally have better leverage to negotiate better rates and favorable contracts with insurers". This consolidation has led to increased bargaining power on the part of those hospital systems, which has in turn led to higher negotiated rates putting upward pressure on prices. This report does not assess hospital consolidation in depth.

Beginning January 1, 2024, health care facilities and provider organizations are required to provide 30-day notice to the Illinois Attorney General of certain mergers, acquisitions, or contracting affiliations to allow for review for potential anticompetitive effects.[10, 11] This report does not evaluate the effects of this law.

Specialty Drug and Pharmacy Spending

Nationally, it is well-documented that pharmacy spending has accelerated at a faster rate than other medical care costs in recent years. PwC reported in its medical trend report (*Behind the Numbers 2026*[12]) that there was a $50 billion dollar increase in pharmacy spending in 2024, which was up from the $20 billion dollar increase in 2023. The rising shift toward biologic drugs has been a major contributor to increased drug spending. Specialty drugs remain a top driver of health plan costs in 2025 and 2026 for employer health plans. PwC reported that nearly half of the health

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[9] Source: Bipartisan Policy Center; "Issue Brief: Health Care Provider Consolidation"; 1/29/2026 (https://bipartisanpolicy.org/issue-brief/health-care-provider-consolidation/)

[10] https://www.ilga.gov/Legislation/publicacts/view/103-0526

[11] https://illinoisattorneygeneral.gov/Consumer-Protection/Health-Care/Antitrust-Health-Care/

[12] Source: pWc; "Behind the Numbers 2026 Medical Cost Trend Report" (https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html)

plans surveyed cited GLP-1 medications as one of the top two cost drivers for 2025 and 2026. While prices for some of these medications have stabilized in the past year, double-digit increases in their utilization continue to put upward pressure on overall pharmacy costs.

Workforce Shortages and Wage Inflation

According to the American Hospital Association[13], labor accounts for approximately 56% of hospital operating costs and, over the past four years, wages for Registered Nurses have increased nearly 27% faster than inflation. In addition, workforce shortages have required hospitals to pay higher wages and to pay for expensive contract labor, putting upward pressure on hospital rates which in turn drives higher commercial medical premiums. These same pressures can be seen in Illinois' Medicaid and Medicare cost reports for hospital providers[14], which document rising hospital operating expenses.

Increasing Behavioral Health Utilization

In the same PwC report cited earlier, behavioral health utilization increased by 45% between the beginning of 2023 and the end of calendar year 2024, which significantly outpaced other health care service lines. At the same time, surveyed employers list behavioral health as a key driver of rising large-claimant costs. Illinois is likewise subject to these same cost pressures from rising utilization of behavioral health services. The Illinois *FY2024 HFS Annual Report for Medical Assistance Programs*[15] cited more than $48 million in provider rate increases for community mental health and substance use disorder (SUD) services in Illinois, which included an increase of 30% for SUD residential services, further compounding the overall cost impact.

Chronic Disease Burden and Deferred Care

Nationwide, as reported by the American Hospital Association, hospitals face rising utilization driven by chronic conditions contributing to both inpatient and outpatient spending increases. Examples cited include a 127% increase per capita over a 10-year period from 2010 to 2019 in emergency department visits related to heart failure, a 50% increase due to acute renal failure,

[13] Source: American Hospital Association; "The Cost of Caring: Challenges Facing America's Hospitals in 2025" (https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf)

[14] Source: Illinois Department of Healthcare and Family Services (HFS); "Medicaid Hospital Cost Reports" (https://hfs.illinois.gov/medicalproviders/costreports/hospitalproviders.html)

[15] Illinois Department of Healthcare and Family Services (HFS); "FY 2024 Annual Report: Medical Assistance Programs"; April 01, 2025 (https://hfs.illinois.gov/content/dam/soi/en/web/hfs/sitecollectiondocuments/fy2024hfsannualreport.pdf)

and a 43% increase for type 2 diabetes[16]. These metrics highlight the demand-side strains on the system related to the chronic disease burden, further driving overall cost growth.

Other significant but secondary cost drivers described further below include:

- Medicare/Medicaid underpayments leading to cost-shifting
- Supply chain and medical input inflation
- Market consolidation reducing competition

Medicare/Medicaid Reimbursement Rates

Per the American Hospital Association, in 2023 hospitals nationwide absorbed $130 billion in underpayments from Medicare and Medicaid and current trends indicate continued widening gaps.[17] The 2021 Health Care Cost Institute fact sheet[18] reported that commercial prices for professional services were 1.3 times higher than Medicare in Illinois. For outpatient services in Illinois, commercial prices were 2.4 times higher than Medicare.

The Kaiser Family Foundation (KFF) prepares a Medicaid-to-Medicare Fee Index[19] both nationwide and at a state level. This index shows how nationwide averages or state specific Medicaid reimbursement levels compares to Medicare. The nationwide Medicaid-to-Medicare Fee Index in 2019 was 0.72 and increased to 0.75 in 2024. Similarly the Illinois' Medicaid reimbursement increased from 0.59 in 2019 to 0.63 in 2024, although the state is lower than the national average and is ranked #46 nationally on the index. The majority of states fall below 1.00, with only six (6) states having a score of greater than 1.00. The Medicaid-to-Medicare Fee Index is often used to assess Medicaid payment level, access risk, and cross-state differences but it is just one indicator. Additional research is needed to understand to full understand the potential implications of the Medicaid-to-Medicare reimbursement levels[20].

[16] Source: American Hospital Association; "The Cost of Caring: Challenges Facing America's Hospitals in 2025"; Figure 3 (https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf)

[17] Source: American Hospital Association; "The Cost of Caring: Challenges Facing America's Hospitals in 2025" (https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf)

[18] Source: Health Care Cost Institute; "State Health Care Cost Trends | State Fact Sheets | Illinois" (https://datahub.healthcostinstitute.org/state-fact-sheets)

[19] Source: KFF; "Medicaid-to-Medicare Fee Index 2024" (https://www.kff.org/medicaid/state-indicator/medicaid-to-medicare-fee-index/)

[20] Source: https://www.macpac.gov/wp-content/uploads/2025/01/Evaluating-the-Effects-of-Medicaid-Payment-Changes-on-Access-to-Physician-Services.pdf

Supply Chain and Medical Input Inflation

Supply chain disruptions and costlier medical supplies have an effect on Illinois hospital operating budgets, which leads to higher negotiated rates with insurers. As reported by Strata Decision Technology in their Q3 2025 Strata Performance Trends report[21], the 9.3% year-over-year (YOY) growth in hospital non-labor expenses nationwide was driven in part by a 12.1% YOY rise in supply expenses. Overall non-labor expenses for Midwest hospitals, which includes Illinois, were reported as being the highest in the country coming in at 10.5% or 1.2% higher than the nationwide average. A *2025 Rural Health State of the State* study by Chartis[22] reports that nearly half of rural hospitals nationwide are operating in the red, making them particularly vulnerable to cost spikes and supply chain disruptions. Rural hospitals in Downstate Illinois regions, already designated as provider shortage areas, are likewise susceptible to these same issues.

Market Consolidation Reducing Competition

There are two different aspects to the issue of market consolidation.

First, there is the matter of health care provider market consolidation. The Bipartisan Policy Center published an issue brief analysis in January of 2026 on "Health Care Provider Consolidation".[23] This analysis noted that, based on 2025 data from HHS, horizontal (i.e., hospital-to-hospital) mergers in concentrated markets can raise hospital prices by anywhere from 6% to as much as 65%. The same analysis found that vertical integration (hospital acquisitions of physician practices) can increase average prices for physician services by 14%. According to this analysis, there is a sizeable body of research that demonstrates provider consolidation leads to considerably higher prices.

A separate analysis by Avalere Health on Chicago Provider Market Trends[24] published in the middle of 2025 concluded that the significant number of hospital mergers and acquisitions in the Chicago market have resulted in more care occurring in hospital settings in both commercial and Medicare markets. Such hospital dominance in the Chicago region has guided more patients to

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[21] Source: Strata Decision Technology; "Healthcare Performance Trends: Q3 2025" (https://www.stratadecision.com/resources/report/quarterly-healthcare-performance-trends-report)

[22] Source: CHARTIS; "2025 Rural Health State of the State" (https://www.chartis.com/insights/2025-rural-health-state-state)

[23] Source: Bipartisan Policy Center; "Issue Brief: Health Care Provider Consolidation"; January 29,2026 (https://bipartisanpolicy.org/issue-brief/health-care-provider-consolidation/)

[24] Source: Avalere Health; "Chicago Provider Market Trends | Key Considerations for Employers"; June 2025 (https://advisory.avalerehealth.com/wp-content/uploads/2025/06/AH-Chicago-Provider-Market-Trends-Considerations-for-Employers-June-2025.pdf)

costlier hospital settings and has contributed to benefit cost growth for employers seeking to maintain competitive benefit packages. Another related issue was briefly touched upon earlier. Hospital outpatient services are the second highest driver of increased health care costs after prescription drugs. Outpatient cost inflation has been accelerated by market consolidation and facility fee expansion.

Second, there is the matter of consolidation of the health insurance market impacted by the market exit of a number of insurance companies and health plans from the state of Illinois. On the payer side, the same Avalere Health analysis cited above reports that Health Care Service Corporation (HCSC)'s dominance in the Illinois market (almost 75% of the individual and 80% of the group market) along with the predominance of large self-insured employers has a significant impact on the market dynamics in Chicago.

This situation is exacerbated by the exits of four major insurers from the Illinois market in 2026. Aetna, Aetna Life, Health Alliance (HAMP) and Quartz have all exited the individual ACA Marketplace for 2026, reducing the number of issuers from eleven to seven. At the same time, Cigna has exited Cook County but continues to do business elsewhere in Illinois. Health Alliance, which was Illinois' largest downstate insurer, ended all insurance coverage (commercial, ACA, and group plans) at the end of 2025. This left nearly 188,000 members looking for new coverage. HAMP and its North Carolina affiliate, FirstCarolinaCare, exited all lines of business in all states in which they operated. Among the reasons cited for HAMP's shutdown were: unsustainable financial performance, rising drug costs, increased utilization, inflation, and lack of scale for provider-owned health plans. These changes follow on the heels of several market exits that took place the prior year.

State-Level Cost Oversight Infrastructure

As reported by the Health Care Value Hub in its *2024 Health Care Affordability State Policy Snapshot for Illinois*[25], the state has opportunities to implement policies that may improve oversight, accountability, and transparency. These policies are not guaranteed to reduce costs or improve affordability or coverage access. While the state has already initiated regulations to address various aspects of medical debt collection by providers, the state may consider other interventions such as: the establishment of Health Spending Oversight Entities, the development of an all payer or multi-payer claims database (APCD), or the development of a publicly available price transparency tool. This report does not evaluate the impacts of these policies in states where these policies have been implemented, nor does it project the potential impacts should they be

[25] Source: The Health Care Value Hub; "2024 Health Care Affordability State Policy Snapshot" (https://healthcarevaluehub.org/wp-content/uploads/Illinois_Snapshot.pdf)

implemented in Illinois. Additional analysis is required to evaluate the impacts of these policies on health insurance coverage, access, and affordability in states that have implemented them.

Health Spending Oversight Entities monitor and track health care spending on a systematic basis. The goal of these entities is to put forward data and research support to assure the cost-effective use of health care resources. Many states have established overall population health priorities. However, relatively few have established oversight entities with any enforcement authority.

All-payer claims databases (APCDs) collect different health care data from a variety of payers that include private insurers, state employee health programs, Medicare, and Medicaid. If only a subset of these payers is included, then it is described as a multi-payer claims database. APCDs are usually created via legislation and oftentimes subject to state oversight and regulation. In some cases, such claims databases have been created by independent entities on their own accord, limiting state oversight.

A price transparency tool provides readily available public access to health care price data through a user-friendly interface. The tool is typically accessible at no charge and without any restrictions and provides access to negotiated prices for various services. Some states may also require prescription drug price data to be reported and accessible.

Impact of Increases in Unit Cost Versus Utilization

One fundamental underlying question is: Has cost growth in Illinois been driven more by increases in service prices or increases in the utilization of services (i.e., the quantity of services)? The short answer is that in recent history health care cost growth in Illinois has been driven by increases in prices to a greater extent than by increases in utilization. This has been broadly true for both commercial business (i.e., employer-sponsored insurance) and Medicaid. In an analysis performed by the Health Care Cost Institute (HCCI)[26] looking at the medical cost changes per enrollee over the five year period from 2017 to 2021 broken down into four main factors (inflation, price, utilization, and mix), the conclusion was that of the $1,383 net change for Illinois, $835 or approximately 60% was due to the prices of the healthcare services themselves. Utilization accounted for $597 (43%) and inflation for $132 (10%). The change in the mix of services over this period contributed to a net reduction of $181 (or 13%).

The same analysis performed on a national data sample, representing about one-third of the employer-sponsored insurance market nationwide, was directionally consistent with this result. The nationwide analysis was even more pronounced showing that prices represented 81% of the

[26] Source: Health Care Cost Institute; "State Health Care Cost Trends | State Fact Sheets | Illinois" (https://datahub.healthcostinstitute.org/state-fact-sheets)

nationwide net cost change per enrollee, while utilization and inflation represented 32% and 10%, respectively. The nationwide mix of services offset total costs by $254 or 22%.

The same study gave an example of the difference in costs for the same service in a hospital outpatient department setting versus an independent office. In the case of a lab test, the same service costs almost five times more ($79) in a hospital setting versus in a freestanding office ($17). The fact that commercial prices for health care services in Illinois are reported to be higher than Medicare—130% of Medicare on average for professional services and 240% of Medicare for outpatient facility services—is further evidence of unit price escalation that is unrelated to utilization of services.

A similar conclusion can be drawn indirectly from the data on Medicaid spending in Illinois. The Illinois FY2024 HFS Annual Report does not provide a comparable price/utilization breakdown, but the spending pattern demonstrates that there have been large program spending increases tied closely to policy-driven rate (price) increases. The Annual Report notes that FY2024 Medicaid spending in Illinois saw an annual increase of more than $1.1 billion due to provider rate increases[27], including an additional $550 million in reimbursements for hospitals, an increase in physician reimbursement rates from roughly 60% of Medicare to 70% of Medicare, an 11% rate increase per encounter for Federally Qualified Health Centers (FQHCs), and a 30% increase in Substance Use Disorder (SUD) residential rates. In addition to the impact from these growing price/rate pressures, costs per enrollee rose because of increased morbidity levels among retained members resulting from case-mix, intensity, and severity levels (not by a higher number of encounters) triggered by Medicaid redeterminations coming out of the COVID-19 pandemic. According to the Kaiser Family Foundation (KFF) brief on its Medicaid Managed Care Program Annual Report (MCPAR)[28], 78% of Medicaid beneficiaries are enrolled in managed care programs and managed care programs make up 50% of Medicaid spending. Capitation payments for managed care program accounts are driven more by rate-setting considerations than raw service utilization. The preceding data points indicate that prices of services including facility services, professional services, and prescription drug cost — not utilization — have been the primary driver of health care cost growth in Illinois across both commercial and Medicaid business segments.

Service Category Use Growth

[27] Source: Illinois Department of Healthcare and Family Services (HFS); "FY 2024 Annual Report: Medical Assistance Programs"; April 01, 2025 ; page 19 (https://hfs.illinois.gov/content/dam/soi/en/web/hfs/sitecollectiondocuments/fy2024hfsannualreport.pdf)

[28] Source: KFF; "Medicaid Managed Care Reporting and Transparency: Managed Care Program Annual Reports"; February 18, 2026 (https://www.kff.org/medicaid/medicaid-managed-care-reporting-and-transparency-managed-care-program-annual-reports/#ad20e0da-d57d-417e-9029-70792e7f5cf9)

The HCCI/Commonwealth Fund Illinois State Fact Sheet[29] provides some insight into Emergency Room (ER) utilization. This analysis showed that Emergency Room visits in Illinois from 2012 to 2021 increased from 170 visits per 1,000 enrollees to 199 visits, representing a 17% increase over this period. At the same time, the number of ER visits coded as high severity increased dramatically, driving a substantial increase in overall ER spending.

As noted above, the FY2024 HFS Annual Report supports the conclusion that prices not utilization were the driving force behind rising Medicaid costs in Illinois. Unfortunately, the report does not include utilization metrics by category such as hospital admissions, inpatient days, outpatient visits, physician encounters, prescription volume, etc. Thus, no clear insight is readily available into the fastest growing use categories for Medicaid in Illinois.

Other Factors Potentially Contributing to Health Care Cost Growth

There are a number of additional factors that may have cost implications for Illinois consumers' health insurance coverage. Due to the complexity of these additional factors, this report does not conduct a full analysis of the impacts of these factors.

These factors include but are not limited to:

- Insurer market exits
- Rural hospital closure risks
- Hospital and provider system economics
- Availability of primary care providers and related reimbursement rates
- Pharmacy availability and access
- Tariffs
- Prior authorization policies
- Demographic trends

There are a number of additional factors that may have cost implications for Illinois customers and health systems. These include reductions in ACA Marketplace competition, coverage and provider contracting disruptions, and financial pressures on the hospital systems. Decreased market competition along with provider exits may also drive premium increases, along with network instability, higher uncompensated care costs, and reduced negotiating power, putting pressure on consumers and providers alike. These factors are discussed in more detail below,

[29] Source: Health Care Cost Institute; "State Health Care Cost Trends | State Fact Sheets | Illinois" (https://datahub.healthcostinstitute.org/state-fact-sheets)

but further analysis is required to quantify the potential impacts to the cost of health insurance coverage.

Insurer Market Exits

Major healthcare provider and insurer market exits in Illinois (as noted elsewhere in this report) have been well-documented in industry announcements, news reports, and state agency analyses over the past several years. SSM Health Plan, which offered plans in Rating Area 12 (Madison, St. Clair, and Monroe Counties in the southwestern corner of the state) exited the individual ACA Marketplace in 2025.

Reduced competition typically leads to higher premiums. Part of this is driven by the increased administrative and re-contracting costs due to the displacement of consumers caused by insurer exits from the market. These exits require re-enrollment into different plans, realignment of provider networks, new underwriting of risk pools, and an increased administrative burden for both providers and insurance brokers. These lead to higher broker and administrative fees, increased workload for state enrollment systems, and greater overhead expenses which are passed on through higher premiums. With the latest insurer exits, Blue Cross Blue Shield of Illinois (HCSC) becomes the sole issuer in a large number of counties in the state.

Provider/Hospital Market Exits/Closures/Service Eliminations

In the spring of 2025, Kindred Hospitals closed two Illinois long-term acute care facilities—Kindred Hospital Lakeshore (Chicago) and Kindred Hospital Sycamore (DeKalb County). It was reported that these closures were due to declining patient volumes and consolidation toward remaining Kindred facilities.[30]

It was anticipated that Carle Health's decision to dissolve its insurance arm (HAMP) could trigger some downstream provider network instability in central and southern Illinois given its large contracting footprint there.

In December of 2025, it was reported in *Becker's Hospital Review*[31] that Peoria, Illinois-based OSF HealthCare received approval to consolidate its inpatient obstetrics and intensive care unit services between OSF Saint Elizabeth Medical Center in Ottawa and OSF Saint Elizabeth in Peru.

[30] Source: Chief Healthcare Executive; "Two Illinois Hospitals Will Be Closing Their Doors"; 10/31/2024 news article (https://www.chiefhealthcareexecutive.com/view/two-illinois-hospitals-will-be-closing-their-doors)

[31] Source: Becker's Hospital Review; "41 Hospitals Closing Departments or Ending Services"; 12/31/2025 (https://www.beckershospitalreview.com/finance/10-hospitals-closing-departments-or-ending-services-8/)

Rural Hospital Closure Risks

A January 2026 report from the *Center for Healthcare Quality & Payment Reform* on Rural Hospitals at Risk of Closing[32] reported that nationwide, more than 700 rural hospitals (about one-third) are experiencing financial problems putting them at risk of closing. Roughly 50% of rural hospitals lose money on the patient services they deliver.

This same report included information on Illinois' rural hospital environment. According to the report, there have been three rural hospital closures in Illinois since 2015. Currently, there are 79 rural hospitals open in the state. Twenty-three of these hospitals (or 29%) are presently suffering losses on the patient services provided in the most recent year (2024-2025) available. Sixteen or 20% of Illinois rural hospitals are deemed to be at risk of closing with eight or 10% at immediate risk of closure.

The report states that the main reason so many rural hospitals are at risk is because the payments for services from private insurance plans for those hospitals are inadequate to cover the costs. Roughly 50% of the services at rural hospitals are provided to patients with either employer-sponsored insurance or Medicare Advantage coverage. In many instances, these "private-pay" payments must also offset losses due to services provided to the uninsured and to Medicaid patients.

Rural hospital closures harm patients by forcing them to travel long distances for emergency care or inpatient hospital services. In many instances, these rural hospitals are the only places where local residents can obtain routine lab tests or imaging services. In addition to restricting access to needed services, rural hospital closures add to the cost burden faced by patients and their families caused by longer travel distances to access care leading to delayed care and more severe conditions when presented along with increased emergency room utilization at regional facilities.

Rising Consumer Cost Burdens

There is recent evidence of consumer financial distress related to health care in Illinois. The *Illinois Healthcare Report Card,*[33] based on a survey of 453 participants from Illinois as part of a nationally representative survey of 19,535 participants, provides a snapshot of how Illinois residents rated their experience with the state's healthcare system. The survey was prepared for the Center on

[32] Source: Center for Healthcare Quality & Payment Reform; "Rural Hospitals at Risk of Closing"; January 2026 (https://chqpr.org/downloads/Rural_Hospitals_at_Risk_of_Closing.pdf)

[33] Source: West Health | GALLUP; "Illinois Healthcare Report Card" (https://westhealth.gallup.com/explore/scorecards/illinois)

Healthcare by the West Health | Gallup organization in the summer of 2025. The scorecard measures how the state performs in terms of cost, quality, access, and on an overall basis to the rest of the nation. Illinois ranked 27th in the nation on an overall basis. In terms of the cost metric, Illinois ranked about the same at 28th. With respect to the quality metric, Illinois fared much better ranking at number 12. Conversely, the state ranked 34th in terms of the access to healthcare metric.

The table below compares Illinois' ranking amongst all 50 states in terms of health care affordability, quality, and access to its neighboring mid-western states in terms of these metrics:

Table 37 Ranking of Select States for Health Care Affordability, Quality, and Access

Health Care Rank by Metric vs. Midwest Comparison States				
State	**Overall Rank**	**Cost Rank**	**Quality Rank**	**Access Rank**
Illinois	#27	#28	#12	#34
Indiana	#30	#29	#34	#32
Iowa	#1	#5	#1	#3
Michigan	#9	#17	#7	#13
Minnesota	#12	#15	#10	#9
Missouri	#18	#24	#5	#18
Ohio	#11	#20	#11	#5
Wisconsin	#13	#16	#17	#4

According to the West Health | Gallup survey, 21% of Illinois respondents reported healthcare costs as a major financial burden for their household, which was comparable to the 22% reported at the national level. At the same time, 30% reported skipping necessary (doctor-recommended) care because they could not afford it, the same as that reported nationally. Only 17% said that they or a family member had skipped drug doses to save money over the past year versus 23% nationally.

A nationwide Kaiser Family Foundation (KFF) poll[34] updated in January of 2026 reported that just under half of adults in the United States said that it was difficult to afford health care costs, and roughly 30% reported someone in their household had trouble paying for health care in the last year. In the past year, 36% of adults said they had skipped or postponed receiving needed health care because of the cost. This was more pronounced amongst uninsured adults, where 75% went

[34] Source: KFF; "Americans' Challenges with Health Care Costs"; 1/29/2026 (https://www.kff.org/health-costs/americans-challenges-with-health-care-costs/)

without needed care due to cost factors. The high cost of prescription drugs was reported to have prevented 21% of adults from filling their prescriptions and another 14% reported halving or skipping pill doses to stretch their prescriptions. The KFF survey stated that about two-thirds of adults are very (32%) or somewhat (34%) worried about affording the cost of health care, ranking health care at the top of the list of people's affordability concerns.

With Illinois being one of the states affected by the recent expiration of the federal ACA subsidies (ePTCs), cost burden considerations for Illinoisans have been further amplified. Illinois faces rising consumer burdens which lead to reduced coverage and delayed care which in turn leads to higher uncompensated care. This then drives greater provider cost-shifting which leads to higher insurer premiums that serve to further increase the cost burden to the consumer.

Hospital/Provider System Economics

There are a multitude of factors at play in Illinois that are serving to increase prices for employers, payers, and patients. These include the following:

Persistent Operating Cost Growth for Hospitals

Hospitals face rising operating expenses. Of these, labor costs remain the largest and fastest growing expense. The American Hospital Association published a report on *Challenges Facing America's Hospitals in 2025*[35] in the second quarter of 2025, which stated that labor costs represent 56% of average hospital operating expenses. Workforce shortages require hospitals to pay competitive wages and sometimes procure expensive contract labor. As an example, salaries for Registered Nurses were reported to have grown 26.6% faster than inflation over the prior four years.

Thin Hospital Margins

Strata Decision Technology issued a report on hospital operating expenses in December of 2025[36], which reported that median health system operating margins have remained around 1% throughout 2025. The same report also reported that hospitals also saw steep increases in non-labor expenses. Nationwide, drug expenses for hospitals rose 8.4% YOY, while hospital supply expenses grew 9.2% YOY. Some regions reported even greater increases than these.

[35] Source: American Hospital Association; "The Cost of Caring: Challenges Facing America's Hospitals in 2025" (https://www.aha.org/system/files/media/file/2025/04/The-Cost-of-Caring-April-2025.pdf

[36] Source: Strata Decision Technology; "Healthcare Performance Trends: Q3 2025" (https://www.stratadecision.com/resources/report/quarterly-healthcare-performance-trends-report)

Reliance on Medicaid & Medicare

State of Illinois hospital revenue data as shown on the Illinois Hospital Report Card for 2024[37] indicated that Inpatient Medicaid represented 18.43% of total inpatient revenue on average. Inpatient Medicare accounted for another 53.58%, meaning that just over 72% of inpatient revenue came from these two government healthcare programs. This overall level has been consistent over the past several years. The corresponding Medicaid and Medicare figures for outpatient revenue are 21.37% and 35.31%, meaning that nearly 57% of total outpatient revenue is attributable to these programs. Roughly 34% of total outpatient revenue came from private insurance. Hospitals may compensate for this heavy reliance on these government sources of revenue by increasing commercial prices which redirects the cost burden onto the employer-sponsored insurance market.

High Commercial Prices

Milliman published a White Paper on Commercial Reimbursement Benchmarking in 2025[38] based on 2022 and 2023 hospital data trended to 2025. Nationally, 2025 commercial payment rates average 196% of Medicare FFS in total as compared to 199% of Medicare FFS for Illinois.

Table 38: Reimbursements as a % of Medicare FFS Rates by Service Category 2025

2025 Reimbursements as a % of Medicare FFS Rates		
Service Category	**Nationwide**	**Illinois**
Inpatient Hospital	209%	201%
Outpatient Hospital	263%	275%
Professional	148%	150%
Total	196%	199%

[37] Source: State of Illinois; "Illinois Hospital Report Card and Consumer Guide to Health Care"; 2024 data (https://healthcarereportcard.illinois.gov/revenue-data)

[38] Source: Milliman; "White Paper: Commercial Reimbursement Benchmarking 2025"; 7/24/2025 (https://www.milliman.com/en/insight/commercial-reimbursement-benchmarking-medicare-ffs-rates-2025)

According to the RAND Corporations 5th Update to its National Hospital Price Transparency Study[39], Illinois hospital prices were ranked 32nd in the country. The table below shows how Illinois' hospital prices as a percentage of Medicare compare to its nearby state neighbors:

Table 39: Comparison of Commercial Hospital Prices as % of Medicare 2025

Comparison of Commercial Hospital Prices as % of Medicare	
State	**Relative Hospital Prices as % of Medicare**
Illinois	247%
Indiana	297%
Iowa	185%
Michigan	192%
Minnesota	238%
Wisconsin	318%

Illinois is in the upper middle range in terms of hospital prices in the Midwest.

Another March 2026 analysis of the average cost of hospital stays in the United States on a state-by-state basis from North American Community Hub Statistics (NCH Stats)[40] shows Illinois' cost position relative to its neighbors as summarized in the table below:

[39] Source: RAND Corporation; "Prices Paid to Hospitals by Private Health Plans"; 12/10/2024 (https://www.rand.org/pubs/research_reports/RRA1144-2-v2.html)

[40] Source: North American Community Hub Statistics; "State-by-State Breakdown – Average Cost of Hospital Stays in the U.S. 2026"; 3/2/2026 (https://nchstats.com/average-cost-of-hospital-stays-in-us/)

Table 40: Comparison of Average Cost per Inpatient Day by State 2026

Comparison of Average Cost per Inpatient Day by State		
State	**Average Cost per Inpatient Day**	**Normalized to Illinois**
Illinois	$3,181	1.000
Indiana	$3,175	0.998
Iowa	$1,880	0.591
Michigan	$2,475	0.778
Minnesota	$2,745	0.863
Missouri	$2,743	0.862
Wisconsin	$2,804	0.881

Illinois has the highest average cost per inpatient day when compared to its neighboring states.

Chicago Market Provider Dynamics

In an analysis of Chicago provider market trends published in June of 2025, Avalere Health[41] examined five physician specialties and found that 58% of specialty physicians in Chicago are affiliated with hospital systems versus just 45% nationally. This affiliation was said to be the consequence of having a sizeable number of major health systems in the Chicago metropolitan area. The table below shows a comparison of the differences in hospital affiliation for each of the five specialties chosen for this analysis:

Table 41: Hospital Affiliation of Physicians by Specialty 2022 & 2023

Hospital Affiliation of Physicians by Specialty (2022 & 2023)		
Physician Specialty	**Chicago Metro**	**Nationwide**
Cardiology	77%	62%
Gastroenterology	65%	32%
Oncology	71%	52%
Orthopedics	52%	33%
Urology	49%	42%
All 5 Specialties Combined	58%	45%

[41] Source: Avalere Health; "Chicago Provider Market Trends | Key Considerations for Employers"; June 2025 (https://advisory.avalerehealth.com/wp-content/uploads/2025/06/AH-Chicago-Provider-Market-Trends-Considerations-for-Employers-June-2025.pdf)

The difference in total Medicare FFS expenditures by specialty between those performed in a hospital setting versus a community-based multispecialty provider setting are shown in the table below:

Table 42: Provider Setting Cost Comparison Across Selected Specialties

Provider Setting Cost Comparison Across Selected Specialties			
	Total Medicare FFS Expenditures by Specialty		
Specialty	Multispecialty Setting	Hospital Setting	% Difference Hospital vs. Multispecialty
Cardiology	$30,002	$38,947	+29.8%
Gastroenterology	$29,982	$36,172	+20.6%
Oncology	$41,178	$60,689	+47.4%
Orthopedics	$19,456	$26,525	+36.3%
Urology	$24,043	$31,649	+31.6%

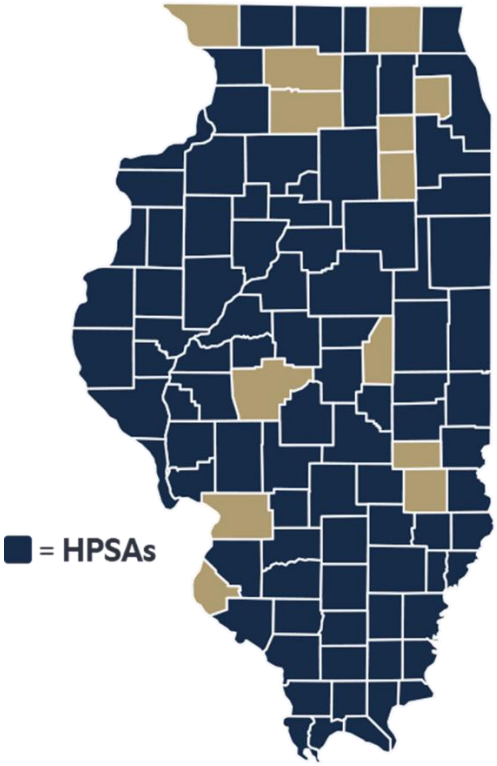
This analysis concluded that the consolidation of affiliated healthcare providers in the Chicago market in combination with other unique regional factors has resulted in higher healthcare costs for consumers there.

Primary Care Provider Shortages

According to an analysis presented by the Cicero Institute[42], 89 of Illinois' 102 counties (87%) are designated as health professional shortage areas (HPSAs). An HSPA designation indicates an area where the ratio of patients to providers is greater than 3,500 to 1. According to HHS data, there are more than 3.6 million Illinois residents that live in an HSPA.

Map 3 Illinois Counties by Health Professional Shortage Areas

[42] Source: Cicero Institute; "Illinois Physician Shortage Facts"; 3/28/2024 (https://ciceroinstitute.org/research/illinois-physician-shortage-facts/)



According to AAMC's U.S. Physician Workforce Data Dashboard, Illinois has approximately 309 active physicians per 100,000 population, compared to a national average of approximately 304, indicating that Illinois's overall physician supply is slightly above the national average.[43]

However, specialty-specific analyses indicate that physician availability varies by discipline and geography. The Cicero Institute reports that Illinois experiences comparatively larger gaps in certain specialties, including general surgery, orthopedics, and preventive medicine, reflecting maldistribution and specialty-level shortages rather than an overall statewide physician deficit.

Physician shortages can cause patients to wait longer to see a doctor (or even defer care) leading ultimately to higher healthcare costs. In addition, these shortages may lead to provider burnout.

[43] Source: AAMC's U.S. Physician Workforce Data Dashboard (https://www.aamc.org/data-reports/report/us-physician-workforce-data-dashboard)

Pharmacy Deserts

Pharmacy deserts are areas where people do not have reasonable access to a local pharmacy. According to research, there are several structural factors that drive the formation of pharmacy deserts. These include: the rapid closure of retail chain stores and independent pharmacies, low reimbursement and financial instability for community pharmacies, and socioeconomic and infrastructural inequities such as redlining.

As reported by the Ohio State University College of Pharmacy[44], over 29% of pharmacies nationwide closed during the period from 2010 to 2021 leading to growing pharmacy deserts in low-income, rural, and underserved communities. With respect to Illinois, a retrospective longitudinal statewide study performed by the Southern Illinois University Edwardsville (SIUE) School of Pharmacy[45] found that an average of 70 pharmacies a year close in Illinois. This study also reported that a total of 838 pharmacies had closed in the state between 2009 and 2021. The objective of the study was to identify pharmacy deserts in Illinois and to assess those desert areas in terms of correlation for chronic diseases and underuse of prescription medications.

The SIUE study defined rural and urban pharmacy deserts differently. A rural area pharmacy desert was defined as an area with a population greater than 500 that was ten or more miles from a pharmacy or a hospital. An urban area pharmacy desert was defined as a low-income community with low vehicle access that was more than half a mile from a pharmacy or was more than a mile from a pharmacy regardless of vehicle access. According to the SIUE analysis, 73% of the counties in Illinois fit this pharmacy desert definition.

As of November 2021, the SIUE study found those areas classified as pharmacy deserts to have lower COVID-19 vaccination rates than the 55.2% state average, with some areas as low as 27.4%. The study also found that these pharmacy deserts were present in counties with a high percentage of residents living below the poverty level. The study concluded that the lack of medication in these desert areas may have been associated with above average mortality rates due to treatable chronic diseases such as diabetes, cardiovascular disease, and high cholesterol. It also is reasonable to conclude that health care costs would be higher in these areas due to complications related to deferred or avoided care for these health conditions.

Tariffs

[44] Source: Ohio State University College of Pharmacy; "The Growing Crisis of Pharmacy Deserts"; 4/28/2025 (https://pharmacy.osu.edu/news/growing-crisis-pharmacy-deserts)

[45] Source: Southern Illinois University Edwardsville School of Pharmacy; "Analysis of Current Pharmacy Deserts in Illinois"; (https://www.siue.edu/pharmacy/current-students/pdf/impact/Caguitla.Kevin.Poster.pdf)

Federal tariff policies have a big effect on health systems since large volumes of medical devices, supplies, and even construction materials used in hospital capital projects are imported from outside the United States.

According to KPMG[46], two-thirds of the medical devices used in the United States are manufactured outside of the country, and tariffs are projected to increase prices for these devices by 20% to 30%. More than 90% of high-tech medical imaging equipment machines are made abroad with expected tariff-driven price increases of 40% or more. Nearly 70% of personal protective equipment (PPE) is imported from China including N95 masks and plastic gloves, which are impacted by tariffs on Chinese products. Approximately 30% of active pharmaceutical ingredients (APIs) are produced in China. These APIs are a key component of the production of generic drugs. Tariffs on these could lead to increases in generic drug costs.

Hospitals routinely spend 25% of their operating budgets on high-volume supplies, so higher tariffs translate immediately into increased operational expenses. Illinois hospitals are not immune to these pressures. With many of the state's hospitals already at financial risk, rising supply costs put added strain on these facilities that might not easily be passed on to customers.

Tariffs on steel, aluminum, and other industrial components will increase the costs of hospital construction, renovation, and maintenance. Tariffs are expected to exacerbate already fragile supply chains. Rural hospitals in Illinois may be particularly vulnerable to cost spikes and supply problems. KPMG has predicted that hospital operating expenses could increase by 9% to 15% due to current federal tariff policies. According to KPMG, such an increase would lower already thin operating margins by 2% to 4%.

Primary Care Reimbursement Levels

Illinois' primary care cost environment is heavily shaped by Medicaid reimbursement levels, which are significantly below Medicare rates and often below national averages. The most authoritative comparative metric is the Medicaid-to-Medicare Fee Index, which measures each state's Medicaid physician fees relative to Medicare fees. According to the Kaiser Family Foundation (KFF)[47], Illinois ranks at the very bottom (#50) in terms of the Medicaid-to-Medicare Fee Index for primary care services. The state only fares slightly better when comparing the index for all medical

[46] Source: KPMG; "Mitigating Tariff Impact on US Healthcare Supply Chain" (https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/2025/mitigating-tariff-impact-us-healthcare-supply-chain.pdf)

[47] Source: KFF; "Medicaid-to-Medicare Fee Index 2024" (https://www.kff.org/medicaid/state-indicator/medicaid-to-medicare-fee-index/)

services, coming in at #46. The table below lists the top ten states and then shows Illinois in comparison.

Table 43: Top 10 Ranked States in Terms of Medicaid-to-Medicare Fee Index

Top 10 Ranked States in Terms of Medicaid-to-Medicare Fee Index						
Primary Care Services				All Medical Services		
Rank	**State**	**Fee Index**		**Rank**	**State**	**Fee Index**
1	Montana	1.32		1	Montana	1.32
2	Alaska	1.30		2	Alaska	1.30
3	New Mexico	1.21		3	New Mexico	1.21
4	North Dakota	1.06		4	North Dakota	1.06
5	Wyoming	1.03		5	Nebraska	1.01
6	Maryland	1.02		6	Wyoming	1.00
7	Indiana	1.00		7	Arizona	0.98
8	Idaho	0.97		8	Delaware	0.96
9	Delaware	0.96		9	Indiana	0.96
10	Mississippi	0.94		10	Maryland	0.95
50	**Illinois**	**0.47**		**46**	**Illinois**	**0.63**

The table below compares Illinois' index for primary care services to that of its neighboring states.

Table 44: Neighboring State Comparison of Medicaid-to-Medicare Fee Index for Primary Care

Neighboring State Comparison of Medicaid-to-Medicare Fee Index for Primary Care	
State	**Medicaid-to-Medicare Fee Index**
Indiana	1.00
Missouri	0.86
Minnesota	0.76
Michigan	0.73
Iowa	0.62
Ohio	0.56
Wisconsin	0.56
Illinois	**0.47**

Low Medicaid reimbursement suppresses the number of physicians willing to accept Medicaid patients, thereby diminishing access for a large share of Illinois residents. These access bottlenecks lead to higher downstream healthcare costs. Limited access to primary care results

in higher utilization of emergency departments, urgent care clinics, and inpatient services—all of which are higher cost care settings. In Illinois (as reported by the Illinois Department of Healthcare and Family Services (HFS)[48]) 50% of births, 68% of nursing facility days and 80% of community mental health care are financed by Medicaid.

Prior Authorization

Both Illinois-specific evidence and national studies have demonstrated that prior authorization requirements have increased health care costs in Illinois by:

- Increasing administrative overhead
- Delaying treatment, worsening conditions, and increasing high-cost care utilization
- Driving Emergency Room visits, hospitalizations, and preventable complications
- Elevating Medicaid administrative and appeal costs
- Worsening workforce burnout and raising staffing expenses
- Raising insurance premiums and creating system-wide inefficiencies

State lawmakers have passed several major reforms because prior authorization has become a quantifiable cost driver within the state's health system.

The Illinois Health and Hospital Association (IHA)[49] has taken the position that prior authorization denials and delays are one of the top challenges to providing healthcare services to Medicaid patients. They cite a 2023 HHS OIG study that found that the denial rate of Medicaid managed care organizations (MCOs) was more than double the denial rate observed for Medicare claims. Upon appeal, one Illinois MCO was reported to have overturned 57% of denied prior authorization requests while another overturned 63%. The delays caused by prior authorization denials can exacerbate a patient's health condition and lead to poorer outcomes, including higher rates of mortality. Inefficiencies in the prior authorization process, along with the increased administrative

[48] Source: Illinois Department of Healthcare and Family Services (HFS); "Medicaid's Impact in Illinois: What We Stand to Lose"; 3/5/2025; page 6 (https://hfs.illinois.gov/content/dam/soi/en/web/hfs/sitecollectiondocuments/smhimpactfcilmedicaid.pdf)

[49] Source: Illinois Health and Hospital Association (IHA); "Fact Sheet: Reduce Barriers to Healthcare, Improve Patient Access" (https://hfs.illinois.gov/content/dam/soi/en/web/hfs/sitecollectiondocuments/smhimpactfcilmedicaid.pdf)

burden on healthcare workers, have been cited by the U.S. Surgeon General in a 2022 Advisory as a factor in healthcare worker burnout[50].

In 2024, *Health Affairs Scholar*[51] conducted a survey of patients, provider employees, and private payer employees to better understand the burden in terms of financial expense and delayed/perceived inferior care caused by prior authorization processes/denials. Provider respondents included both clinical and non-clinical administrative professionals. The survey concluded that the time involved by clinical staff was substantial, making the assertion that if the prior authorization process could be automated and half of the RN's time was refocused it would equate to introducing more than 100,000 RNs into the nationwide workforce leading to better patient care. Thirty-one percent of patients reported negative impact on their ability to seek treatment with 85% of those reporting additional stress and 84% citing delays in receiving care.

Because prior authorization prevents timely outpatient care, patients' health conditions often deteriorate requiring higher acuity care. As a result, emergency departments and hospitals experience higher uncompensated care, higher acuity per visit, and increased staffing costs all of which serve to increase costs to the health system.

Demographic Trends

Illinois' median age (39.4 years per the 2024 ACS) is virtually identical to the nationwide median age of 39.2 years indicating similar aging trajectories for both populations. Based on information from Census.gov,[52] Illinois has slightly fewer children (21.2% under age 18 versus 21.5% under 18 nationwide) and roughly the same percentage of the population age 65 and over, which implies Illinois is aging marginally faster than the national average. In terms of median income, Illinois median household income based on the 2024 ACS is $83,211 which is about 2% higher than the national median household income of $81,604. Per capita income comparisons show Illinois to be about 3.7% higher than the country, which is consistent with the slightly smaller household size in Illinois. Illinois experienced a mild population loss of 0.8% from 2020 to 2025 while the U.S. population overall grew. Overall, the Illinois poverty rate (11.6%) is slightly worse than the 10.6% poverty rate nationwide.

Overall, the analyses in Chapter 4 demonstrate that rising health care costs in Illinois are driven primarily by increases in unit prices rather than by higher utilization. Across the Commercial

[50] https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf

[51] Source: Health Affairs Scholar; "Perceptions of Prior Authorization Burden and Solutions"; 8/6/2024 (https://academic.oup.com/healthaffairsscholar/article/2/9/qxae096/7727862)

[52] Source: Census.gov; "QuickFacts Illinois"; 7/1/2024 (https://www.census.gov/quickfacts/fact/table/IL/PST045224)

markets, outpatient services and pharmacy particularly brand and specialty drugs remain the most significant and consistently growing contributors to spending. These patterns mirror national research showing that price escalation, rather than service volume, is the dominant source of cost growth. Structural market factors further intensify these pressures: hospital consolidation has strengthened provider bargaining power; workforce shortages and wage inflation have increased operating costs; behavioral health needs continue to rise; and chronic disease burden remains high in several regions of the state. Additional system stresses including insurer and provider exits, supply chain cost increases, and limited statewide cost-oversight infrastructure compound these upward cost trends. Taken together, these findings indicate that Illinois' health care cost growth is shaped by a combination of market dynamics, pricing pressures, and evolving population needs, underscoring the importance of continued monitoring and targeted policy interventions to improve affordability and system sustainability.

Disclosures

I, Rebecca Sheppard, FSA, MAAA, am a consulting actuary from RRC, contracted by the Illinois Department of Insurance to prepare a Health Insurance Coverage, Affordability, and Cost Transparency Report for 2026. I have met the basic education and experience prerequisites, and the continuing education requirements needed to meet the American Academy of Actuaries' Qualification Standards to issue Statements of Actuarial Opinion. Beth Verticchio, FSA, MAAA, George Korean, ASA, MAAA, and Austin Opalko of RRC also worked on this report. Tricia Matson, FSA, MAAA, partner and consulting actuary from RRC, reviewed this report.

We have utilized actuarial standards of practice as well as generally accepted actuarial procedures and methodologies in preparing this report. However, we do not guarantee that our conclusions, opinions, or estimates provided in this report are accurate in their expressed or implied predictions of future events. The opinions stated in this analysis are dependent on the assumptions and underlying data sources used which are described in this report.

This report outlines the general scope and limitations of our analysis and provides an executive summary of our findings.

Actuarial Standard of Practice No. 41 *Actuarial Communications* and Actuarial Standard of Practice No. 23 *Data Quality* require actuaries to disclose reliance on other sources of data and information. We have relied upon publicly available reports related to historical health care cost and utilization information as prepared by reputable government and/or industry sources in order to identify and summarize health care cost trends on both a nationwide and an Illinois basis. No additional checks as to the reasonableness of this third-party data was performed as such analysis was outside the scope of this assignment. As such, RRC disclaims any responsibility for any material assumption or method selected by these third parties.

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Appendix A: Data Sources

This table provides a high level summary of the data sources used and documented throughout this report.

Category	Data Source
Enrollment, average premiums, out-of-pocket costs, and allowed claims	Insurer Data Call
Healthcare spending by type, out-of-pocket costs	CMS National Healthcare Expenditures
Distribution of Illinois population by type of insurance	Kaiser Family Foundation State Health Facts
Illinois GDP	Bureau of Economic Analysis
Rate of general and medical inflation, healthcare costs relative to income	Bureau of Labor Statistics
Illinois State Budget	State of Illinois Governor's Office of Management and Budget
Employees in Illinois enrolled in an HDHP	State Health Access Data Center
Bad debt and charity spending	KaufmanHall

Appendix B: Illinois ACA Base Rate Increases

The following table summarizes overall rate increases by market and year.

IL ACA January 1 Average Base Rate Increases				
	2022	2023	2024	2025
Small Group	7.2%	4.7%	6.7%	8.6%
Individual	4.5%	6.6%	5.4%	5.6%

Source: https://www.cms.gov/marketplace/resources/data/rate-review-data
Notes: Average Base Rate increases were calculated based on renewing plans only using current premium and enrollment as reported in the URRTs.