

Cigna Healthcare Insight #1

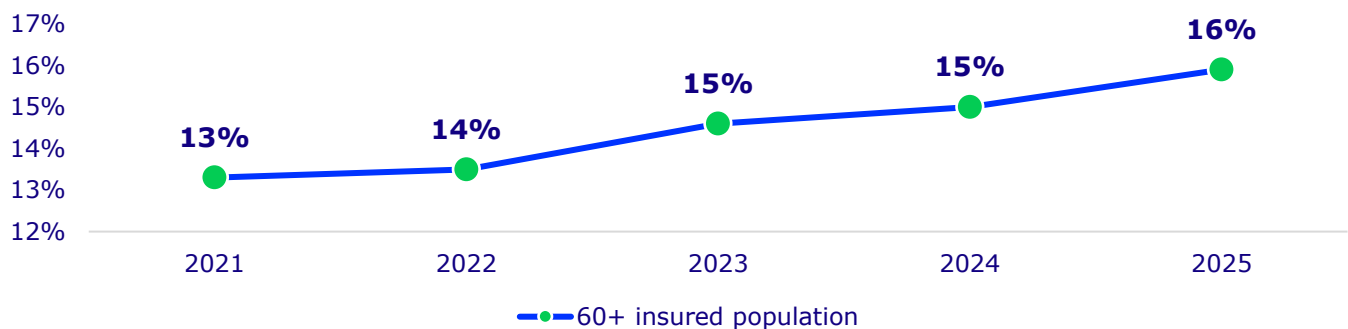
The demographic imperative: Retiree healthcare costs in International Organisations



Retiree healthcare plays an increasingly important role in the long-term sustainability of International Organisations. It is both a reflection of an organisation's commitment to its people, and a growing area of focus from a cost perspective.

Among the organisations we serve, one thing is clear: populations are aging faster than expected. In 2021, staff aged 60 and over made up around 13% of our insured population. By 2025, that number reached 16%.¹

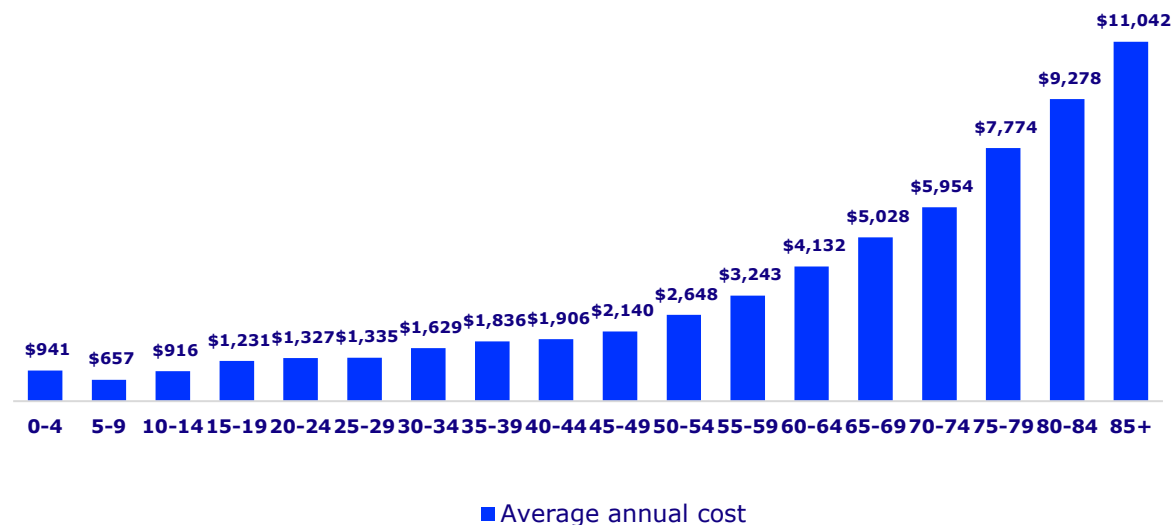
Percentage of insured population aged 60+ across International Organisations served by Cigna Healthcare



This may sound like a modest increase. But when healthcare costs for staff over 60 can be nearly four times higher than for younger staff, even small demographic shifts create substantial financial pressure.

¹ Cigna Healthcare proprietary data

Healthcare cost by age group



The cost differential is striking. Our analysis of claims across the International Organisations (IO) sector shows that staff aged 60 and over cost an average of \$5,425 per year to insure. By comparison, staff aged 20 to 59 cost \$2,095, and those under 20 cost just \$936.

The impact of this shift is measurable. For every 1% increase in the share of retirees, claims expenses on a Plan will increase, on average, by 2.6%.

Yet, retiree healthcare is a continuation of the promise organisations make to their people, supporting them not only during their careers, but beyond.

As more staff transition into retirement, many organisations are taking a step back to reflect: how can we continue to honour this commitment, while ensuring healthcare remains sustainable for the generations that follow?

This is not simply a question of cost, but of balance between long-term financial sustainability, organisational values, and the evolving needs of a changing population.

How the challenge amplifies for IOs

In OECD countries, the share of people aged 65+ has more than doubled in the past 50 years. They are today over 252 million people, projected to reach 28.5% of total population in 2050.²

Meanwhile, healthcare costs continue to rise. Globally, medical cost inflation is running at 6 to 10% annually, nearly four times the rate of general inflation. Government spending towards public healthcare is expected to grow twice as fast as GDP towards 2040, putting additional strain on their ability to actually fund their healthcare systems.³



Though the average age and retiree population of most IO's is still below that of populations in Europe or North America, their ageing populations soon be carrying the same challenges that governments are dealing with today. And for IOs, those challenges will be more acute, because:



They operate across borders: retirees access care in multiple countries, often with different cost pathways and cost structures.



They carry long-term post-employment obligations that were designed decades ago, in a different macroeconomic environment.



They face limited flexibility to adjust coverage retroactively, due to legal and contractual commitments.

² [OECD – Health at a Glance Report 2025](#)

³ WTW (2025), Global Medical Trends Survey

The sustainability math

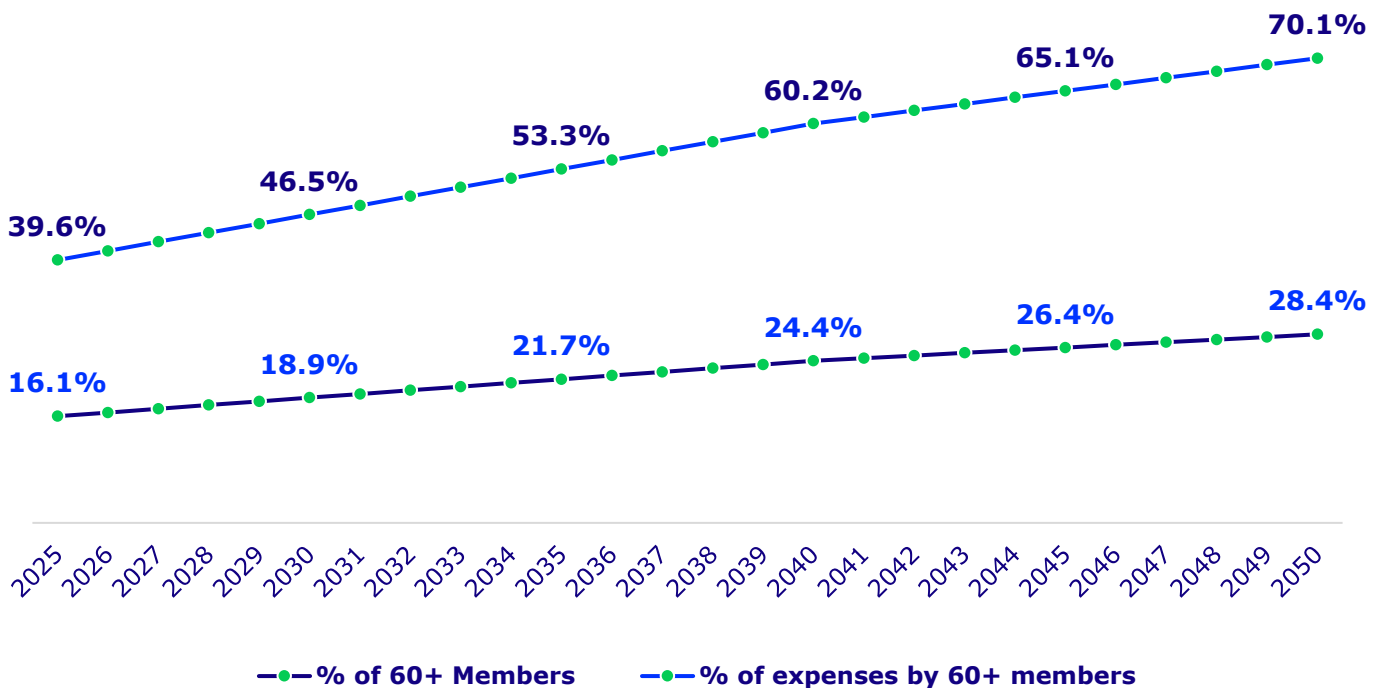
The long-term implications require careful planning. If retiree populations grow at 4% per year and healthcare costs rise at 6 to 8% annually while budgets stay flat or decline, retiree healthcare could potentially use 60 to 65% of IO healthcare budgets within ten years. Whatever's left should then cover active staff, new hires, and dependents.

The budget squeeze is real, and deeply felt across the IO community, with some organisations having to reduce staffing costs by 30%.

But retiree healthcare obligations don't shrink with these cuts: they grow. The demographic curve doesn't stop because the budget does.



60+ population and associated healthcare expenses (projected)



Why this is hard to address

The issue is not a lack of awareness: leaders know the numbers. The challenge is that retiree healthcare sits at the intersection of financial sustainability, organisational values, and legal obligations.

What do we owe to staff who have already retired after decades of service? How do we balance their needs against those of current staff and new hires? And when budgets are under pressure from multiple directions, how do we make these decisions in a way that is both sustainable and fair?

These are strategic questions that will shape an organisation's financial health for the next decade. But IOs need to take hard decisions now, because waiting will only make them more expensive. The cost of doing nothing compounds every year.

What strategic planning looks like

Organisations that are navigating this transition successfully tend to do three things:

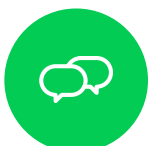


Use evidence to understand trade-offs before making changes.

Demographic modelling, claims pattern analysis, benefit scenario testing are some of the tools that help leaders understand what different choices actually mean for different stakeholder groups, before decisions are made.



Build integrated decision-making structures. Rather than leaving these questions to one function alone, organisations that handle this well bring HR, Finance, Medical, and retiree representation together to evaluate matters of sustainability and fairness.



Communicate clearly and transparently. If contributions change, who's affected and by how much? If geographic restrictions are introduced, what do members gain or lose? Clear communication builds trust, even when choices are difficult.

At Cigna Healthcare

At Cigna Healthcare International Health, we serve more than half of all International Organisation staff globally. This unique positioning gives us visibility into demographic trends, claims patterns, and cost drivers that already shape the future of staff benefits.

Through our consultative guidance approach, we help organisations evaluate the full range of strategic levers available for managing retiree healthcare costs sustainably. These can include, among others:

- **Assessing premium contributions.** When retirees can cost up to 2.5 times more than other adult members, adjusting their contribution levels is one option to align cost-sharing with actual expenses.
- **Adjusting benefits, limits, or deductibles.** Strategic changes to plan design can reduce the organisation's direct financial exposure, while maintaining core coverage for retirees.
- **Reviewing the area of coverage.** Some organisations limit retiree coverage to their country of residence rather than providing worldwide access, significantly reducing claims expenses while ensuring care remains available where people actually live.

Which approach is right depends on each organisation's priorities, legal obligations, and workforce demographics. Because we work across the sector, we can bring experience from organisations that have already navigated similar decisions.

The organisations that will navigate the next decade successfully will be those that take a proactive, thoughtful approach, balancing sustainability with their ongoing commitment to staff and retirees.

Cigna Healthcare can help you structure those conversations, and explore together what sustainable retiree healthcare looks like for your organisation.

This article launches Cigna Healthcare's Return on Care series, exploring how International Organisations can balance duty of care with financial sustainability.

Explore our global research on health, vitality and well-being:
[Cigna Healthcare Global Well-being and Vitality](#)

#ReturnOnCare #DutyOfCare #HealthcareGovernance
#InternationalOrganisations #SustainableHealthcare