

Milliman Medical Index Indicates Healthcare Costs for Typical American Family of Four Have Doubled in Fewer Than Nine Years

Even with a historically low annual rate of increase, healthcare costs for American families reach \$19,393 in 2011

SEATTLE, May 11, 2011 /PRNewswire/ -- Milliman, Inc., a premier global consulting and actuarial firm, today released the results of the 2011 Milliman Medical Index, which measures the total cost of healthcare for a typical family of four covered by a preferred provider organization (PPO). The 2011 MMI cost is \$19,393, an increase of 7.3% over 2010, which is the lowest annual rate of increase in more than a decade. Yet even though the rate of increase is the lowest in recent memory, the increase in total dollars—\$1,319 in 2011—is the highest in the history of this study.

"In 2002, American families had healthcare costs of \$9,235, and those costs have now doubled in fewer than nine years," said Lorraine Mayne, Milliman principal and consulting actuary. "As costs continue to grow—and even as the cost trend decelerates—the total cost of care for American families constitutes a larger and larger portion of the household budget."

Of the \$1,319 total cost increase, employers bore \$641 while employees shouldered the rest—\$403 in payroll contributions and \$275 in additional cost sharing.

"As has been the case in four of the last five years, employees are paying a larger share of the cost increase than their employers," said Scott Wertz, consulting actuary at Milliman. "That said, in absolute dollars, both employers and employees have shouldered approximately the same amount of additional costs since 2006, with employers absorbing \$3,023 and employees absorbing \$2,988."

In addition to looking at costs on a nationwide basis, the Milliman Medical Index also examines 14 geographic areas.

"This year, six of the fourteen cities we studied exceeded \$20,000 in total costs for a typical family of four," said Milliman principal and consulting actuary Chris Girod. "But we still have several cities, Phoenix, Atlanta, and Seattle, with less than \$19,000 in total costs for the typical family. These cost differences result from variation in local practice patterns and from differing costs for healthcare goods and services."

This year's Milliman Medical Index also helps put healthcare reform changes in perspective, and includes various analyses of how healthcare reform is (or is not) contributing to the underlying cost of care. The report also looks at how healthcare reform changes may affect the typical family of four represented in this analysis.

To view the complete Milliman Medical Index, go to www.milliman.com.

About Milliman

Milliman is among the world's largest independent actuarial and consulting firms. Founded in Seattle in 1947 as Milliman & Robertson, the company currently has 54 offices in key locations worldwide. Milliman employs over 2,500 people. The firm has consulting practices in healthcare, employee benefits, property & casualty insurance, life insurance and financial services. Milliman serves the full spectrum of business, financial, government, union, education and nonprofit organizations. For further information, visit www.milliman.com