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FOR IMMEDIATE RELEASE

Press Release

Milliman Medical Index: Healthcare costs climb to \$23,215 for a typical American family in 2014

Milliman Medical Index reports record low 5.4% cost increase in 2014—but that still makes 2014 the ninth straight year during which costs increased by more than \$1,100

Seattle – May 21, 2014 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2014 Milliman Medical Index (MMI), which measures the cost of healthcare for a typical American family of four receiving coverage from an employer-sponsored preferred provider plan (PPO). In 2014, costs for this family will increase by 5.4% (\$1,185), resulting in a total cost of \$23,215. The employer pays \$13,520 of this and the employee—through payroll deductions and cost sharing at the time of service—pays \$9,695.

“The good news is that the annual rate of increase has been declining for years,” said Chris Girod, co-author of the Milliman Medical Index. “The bad news is that this represents yet another \$1,100 jump in costs for this typical family. Even if we are bending the cost curve, there are few other household expenses that increase at four figures per year.”

This year’s 5.4% cost increase is the lowest in the 14-year history of the MMI and is almost a full percentage point lower than the rate of increase in 2013, which, at 6.3%, was the prior record low for this study. Even with the deceleration, the impact over time of high trends is still quite evident.

“Healthcare costs for this family have more than doubled over the past ten years,” said Sue Hart, co-author of the MMI. “These costs have increased a total of 107% since 2004.”

Employees and employers have shared the burden of this cost increase. The MMI is somewhat unique among health cost studies because it measures total cost, including out-of-pocket expenses paid at time of service, and it separates the costs into portions paid by employer versus employee. For the fourth consecutive year, employees have assumed an increasing percentage of the total cost of care.

“Since 2010, the total employee cost, which includes both payroll deductions and out-of-pocket expenses, has increased by around 32%,” said Lorraine Mayne, co-author of the MMI. “Employer premium contributions have increased by 26% in that same period.”

What should this family expect in the future?

“Any number of factors could influence healthcare costs in coming years,” said Scott Wertz, co-author of the MMI. “The economy is a big one, but there are others: provider risk sharing and increased transparency may contribute downward cost pressure. Specialty pharmaceuticals could introduce upward cost pressure. And while it has yet to materially affect costs, the Affordable Care Act is an elephant that’s



about to enter the room. There are provisions in the law that may contribute either upward or downward pressure on employer-sponsored plans; it will take some time before we know how health reform is affecting a typical family that receives coverage through an employer.”

To view the complete MMI, go to <http://us.milliman.com/MMI/>.

About Milliman

Milliman is among the world’s largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit www.milliman.com

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