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PRESS RELEASE

Milliman Survey Foresees Lowest Health Insurance Rate Increase in 7 Years

Seattle, WA, July 18, 2006 – Preliminary results from Milliman's 2006 Group Health Insurance Survey indicate the lowest rate increase in seven years. This is the fourth year in a row in which the rate of increase has declined. The 2007 estimated January renewal increase of 9.7% for Health Maintenance Organizations (HMOs) is 0.9% lower than last year's survey result of 10.6%, and down 7% from four years ago. Preliminary results for Preferred Provider Organizations (PPOs) show an anticipated 2007 renewal rate increase of 10.7%, or 1.0% lower than last year but 1.0% higher than HMOs. This marks the fifteenth year for this Milliman survey.

This is the third year for which Milliman has surveyed PPOs and the fourth year for consumer driven health (CDH) products. The survey was sent to the nation's HMOs and fully insured PPOs that serve the commercial large and mid-group employer market. Results are preliminary. Milliman will continue collecting data for the 2006 Group Health Insurance Survey through the summer months. Every year about 40% of all eligible insurers participate. Final results will be published in October.

There are many possible contributing factors to the rise in healthcare costs, including an aging population, increasing consumer demand, rising rates of conditions like obesity, diabetes and asthma, new technology and specialty drugs, high medical malpractice litigation cost, healthcare workforce shortages, a move away from "true" managed care, cost shifting impact from government healthcare programs, cost of HIPAA compliance, and changing consumer attitudes toward healthcare.

"Look for the 2006 survey to report a continuing shift to CDH products," predicts Doug Proebsting, co-author of this year's survey. The 2005 survey reported insurers were offering products with high deductibles and employee accounts in nearly all of their employer markets. "As costs escalate, employers, through education, cost sharing and spending accounts, are looking to engage employees to help reduce costs," Proebsting added.

The annual Milliman survey is unique in that it asks HMOs and PPOs to respond to a given set of benefits and demographics. The survey removes three important factors that can skew the results of a typical survey on health costs: differences in benefit design scope, cost sharing levels and member demographics.

Final results later this year will include premium rates and trends by component, hospital inpatient cost and utilization data, physician reimbursement levels, medical expense ratios and profit levels. Results will be provided by metropolitan area, state, region and nationwide. Results for HMOs and PPOs will be shown separately. The survey will also include information on the implementation of consumer-driven approaches to healthcare and disease management programs.

Milliman, whose corporate offices are in Seattle, serves the full spectrum of business, financial, government and union organizations. Founded in 1947 as Milliman & Robertson, the company has 32 offices in the United States as well as offices in Amsterdam, Bermuda, Hong Kong, London, Madrid, México City, Milan, Munich, New Delhi, São Paulo, Seoul, Tokyo and Warsaw. Milliman employs approximately 1,900 people, including a professional staff of about 850 qualified consultants and actuaries. The firm has consulting practices in healthcare, property & casualty insurance, employee benefits and life insurance/financial services. It is a founding member of Milliman Global, an international organization of consulting firms serving insurance, employee benefits and healthcare clients worldwide. For further information, visit www.milliman.com.

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