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## Press Release

### Milliman Says 2008 Medical Cost for “American Family of Four” Exceeds \$15,600

#### Employees’ Share of Spending & Cost of Prescription Drugs Record Double-Digit Increases

Seattle, WA – May 14, 2008 – Milliman, Inc., one of the premier global consulting and actuarial firms, announced today that average total medical spending for its “typical American family of four” reached \$15,609 in 2008, an increase of \$1,109 over the preceding year. The finding is contained in the fourth annual Milliman Medical Index (MMI).

The MMI tracks the changes in average yearly healthcare costs when the family of four is covered by an employer-sponsored Preferred Provider Organization (PPO). The new Milliman study determined that the average annual medical cost for a family of four increased by 7.6% from 2007 to 2008. This was lower than the 8.4% average annual rate of increase for the period 2003-2007, but the burden of overall expense is steadily shifting to employees.

“The employee’s share of spending on healthcare services rose by double digits for the second consecutive year in 2008,” said study co-author Lorraine Mayne, a Milliman principal and consulting actuary. “We estimate the employees’ portion of healthcare premiums increased 10.1% in 2008 over 2007. This is likely to increase pressure on the next presidential administration to address healthcare costs,” Mayne added.

“The MMI examines the key drivers and the components of actual medical spending, including physician charges, prescription drugs and hospital charges,” said Gary Brace, Milliman principal and study co-author. “Over the past year, the rate of prescription drug costs increased by double digits at 10.6%. This is a trend we expect will continue for several years, as fewer high volume drug patents expire. For many Americans, this rate of increase is exceeded only by fuel and certain food costs,” Brace noted.

Medical costs for a family are determined by the number, type and cost of healthcare services that they utilize and the amounts that the employee’s health plan pays medical providers for these services. Utilization of medical services for a particular family varies significantly based on the family’s ages, geographic area, health status and other factors. This year, among the 14 representative metropolitan areas Milliman studied, healthcare costs varied by more than 35% from lowest to highest.

The MMI is based on Milliman’s analysis of historical claim data and understanding of trends in provider contracting. The complete Milliman Medical Index is available at [www.milliman.com](http://www.milliman.com), or by calling Marjorie Taylor at 202-292-1195 or Jim Loughman at 203-698-0008.



### **About Milliman**

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 48 offices in principal cities in the United States and worldwide. Milliman employs more than 2,000 people, including a professional staff of more than 900 qualified consultants and actuaries. The firm has consulting practices in employee benefits, healthcare, life insurance/financial services, and property and casualty insurance. For further information visit [www.milliman.com](http://www.milliman.com).