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PRESS RELEASE

Early Milliman Survey Results Indicate Group Health Insurance Rates to Rise 9% to 11% in 2011

Seattle, WA, Aug 2, 2010 – Preliminary results from Milliman’s 2010 Group Health Insurance Survey indicate premium rate increases continue to exceed the government’s official rate of inflation and are higher than premium increases in recent years. The estimated January 2011 renewal increases are about 9.0% for health maintenance organizations (HMOs) and 11.0% for preferred provider organizations (PPOs). This marks the 17th time that Milliman has conducted the survey, the complete version of which will be available in late October.

The Milliman survey is unique in that it asks HMOs and PPOs to respond regarding a given set of group health benefits and demographics. The survey removes three important factors that can skew the results of other health cost surveys: changes in plan design, shifts in premium sharing between employer and employee, and member demographics.

Doug Proebsting, co-author of the report, notes that “It appears that group premium rates are likely to increase at a higher rate in 2011 than what we have seen in recent years. We will learn more about what is driving these increases once the survey is completed. For now, we can point to several potential contributing factors, including the possibility that the economy and employment worries are influencing utilization. There is also the question of how reform is affecting insurance rates.”

Proebsting also noted in a recent paper that the expansion of Medicaid combined with an increase in Medicare eligible members may cause healthcare providers to shift costs to the commercial market. Proebsting’s paper is one of several analyses of healthcare reform that are now available at www.milliman.com/hcr.

The survey was sent to the nation’s HMOs and fully insured PPOs that serve the commercial, large and mid-group employer market. These results are preliminary; Milliman will continue collecting data for the 2010 Group Health Insurance Survey through the summer months. About 40% of all eligible insurers typically participate.

The October report will include premium rates and trends for medical and prescription drugs. Milliman will also report 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 prescription drug claim costs, implications of healthcare reform, and the implementation of ICD-10 codes.

About Milliman

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