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FOR IMMEDIATE RELEASE

Press Release

Milliman indicates healthcare costs increase \$1,303 in 2010 for family of four

7.8% increase reflects status quo medical cost growth

Many aspects of healthcare reform will not have material effect on large group benefit costs in 2010

Seattle – May 11, 2010 – 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 \$18,074, an increase of \$1,303 over last year. The total-dollar increase is the highest in the history of this study.

The Milliman Medical Index (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 Milliman study provides not only a total cost number for this family but also the share of costs between employers and employees. It also tracks cost differences among 14 metropolitan areas.

“This year’s MMI offers an interesting example of that old axiom, ‘the more things change, the more they stay the same,’” said study co-author Lorraine Mayne, Milliman principal and consulting actuary. “The cost of group insurance continues to increase at a historically-consistent pace, even with reform now the law of the land. While there will be short-term cost implications, especially for particular employees and certain employers, this year reflects a continuation of the prevailing cost trends.”

“Most employers have held off making significant changes while they awaited detail on healthcare reform,” said MMI co-author Ron Cornwell, Milliman principal and consulting actuary. “Most of the decisions that determine 2010 plan costs were made in an environment of great uncertainty as employers awaited the conclusion of the reform debate. Many of this year’s cost drivers, including the share of employer and employee cost increases, reflect historical trends.”

“The economic environment, and particularly the high rate of unemployment, also has implications for healthcare costs,” said MMI co-author Chris Girod, Milliman principal and consulting actuary. “When employees are laid off, there are also cost ramifications for the remaining employees.”

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. The difference between the least-expensive and most-expensive cities in our study is 37%. Among the 14 metropolitan areas Milliman annually studies, three cities—Miami, New York, and Chicago—now exceed the \$20,000 per-family mark. Phoenix is the least-expensive city in this study with a per-family cost of \$16,071.



The MMI is based on Milliman's analysis of historical claim data and understanding of trends in utilization and cost. The complete Milliman Medical Index is available at www.milliman.com, or by calling Lorraine Mayne at 801.924.1390 or Jeremy Engdahl-Johnson at 646.473.3021.

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 52 offices in key locations worldwide. Milliman employs more than 2,400 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.

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