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Press Release

Milliman: Healthcare costs for American family exceed \$20,000 in 2012

Milliman Medical Index indicates average healthcare costs for typical American family of four reach \$20,728, 6.9% higher than in 2011

Seattle – May 15, 2012 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its 2012 Milliman Medical Index (MMI), which measures the average healthcare costs for a typical American family of four receiving healthcare through an employer-sponsored preferred provider organization (PPO) plan. The average cost of care for this typical family in 2012 is \$20,728. While the 6.9% increase over 2011 is the lowest rate of increase in the 12 years tracked by the MMI, the \$1,335 increase surpasses last year's record of \$1,319.

"The average rate of increase this year dips below 7% for the first time since we began analyzing these costs, but the total dollar increase is still the highest we have seen," said Lorraine Mayne, principal and consulting actuary with the Salt Lake City office of Milliman. "This helps illustrate the challenge of controlling healthcare costs. When the total cost is already so high, even a slower rate of growth has a serious impact on family budgets."

The MMI's release date falls during an uncertain time for American healthcare, with the nation awaiting the outcome of the U.S. Supreme Court's decision on the future of the Patient Protection and Affordable Care Act (PPACA). To date, PPACA has had only a limited effect on healthcare costs for families covered by an employer-sponsored PPO plan; longer term, the implications may be more pronounced, and will depend on a number of dynamic and interrelated factors.

"We face a number of different potential scenarios depending on the future of reform," said Chris Girod, principal and consulting actuary with the San Diego office of Milliman. "With this year's MMI we have tried to map out what those different scenarios may mean for consumers, employers, care providers, and the government."

As has been the case in prior years, this year's analysis examines several key medical cost components:

- The MMI includes analysis of healthcare costs in 14 cities, thereby showcasing the role that geography plays in healthcare costs. This year, the average cost of care for the typical family in all but three of these cities exceeds \$20,000. Of the 14 cities analyzed, Miami is the most expensive, at \$24,965, while Phoenix is the least expensive at \$18,365.
- The MMI examines how employers and employees share the cost of healthcare. This year employers will on average contribute \$12,144 of the \$20,728 total while employees—through payroll deductions and out-of-pocket expenditures—will pay the remaining \$8,584.



“Some families may be surprised to hear their total average healthcare costs are exceeding \$20,000 this year,” said Scott Wertz, consulting actuary with the Milwaukee office of Milliman. “While everyone knows the cost of healthcare is increasing, most people who receive health insurance through their employer are insulated from the true costs associated with the care they receive.”

To view the complete MMI, go to <http://bit.ly/L3hT66>.

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 milliman.com.

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