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Press Release

Milliman Medical Index: Healthcare costs for typical American family reach \$28,166 despite low annual rate of increase

For more than ten years, the MMI has been increasing at an average of over \$100 per month

SEATTLE – May 22, 2018 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2018 Milliman Medical Index (MMI), which measures the cost of healthcare for a typical American family of four receiving coverage from an employer-sponsored preferred provider plan (PPO). In 2018, costs for this family will increase by 4.5%, approaching the lowest rate on record. Last year's 4.3% increase was the lowest in the MMI's 18 year history, and points to the recent deceleration in healthcare cost increases.

"There are two ways of looking at this year's MMI," said Chris Girod, co-author of the Milliman Medical Index. "On the one hand it's heartening to see the rate of healthcare cost increase remain low. On the other hand, we're still talking about more than \$28,000 in total healthcare costs for the typical American family."

So is the American healthcare system bending the cost curve? What could be behind this apparent moderation in the annual rate of increase?

"We asked key stakeholders across the healthcare system what might be driving the decline in growth rates," said Sue Hart, co-author of the MMI. "Several common themes emerged, in particular provider engagement, more effective provider contracting, value-driven plan design, and spillover effects from public program initiatives."

For the third straight year, prescription drug cost trends are down, though at 6% the rate of increase still exceeds other components of the MMI.

"Prescription drug costs have steadied, but this trend is volatile and hard to predict," said Scott Wertz, co-author of the MMI. "High-cost drugs can have a big impact on trends, as we witnessed a few years ago when hepatitis C treatments hit the market. Alternatively, point-of-sale rebates could push a consumer's costs in the other direction, particularly for people taking high-cost drugs. As the environment evolves, changes in drug prices can be deployed quite quickly."

To view the complete MMI, go to <http://us.milliman.com/MMI/>.

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