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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman Medical Index: Typical American family faces \$26,944 in annual healthcare costs**

**Despite declining rates of increase, healthcare costs still rise by \$1,118 this year**

Seattle – May 16, 2017 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2017 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 2017, costs for this family will increase by 4.3%—which marks the lowest rate of increase in the history of this study—though the total dollar increase of \$1,118 is consistent with the last decade of healthcare cost increases.

“The good news is that we are seeing a record-low 4.3% cost increase in this year’s MMI,” said Chris Girod, co-author of the Milliman Medical Index. “The bad news: Continuing a 12-year pattern, healthcare costs for a typical family of four this year increased by more than \$1,100.”

In recent years, the Milliman Medical Index has reported notable increases in pharmaceutical costs. Last year, drug costs increased by 9.1%. That rate of increase fell to 8% in 2017, which is still more than twice the rate of increase for all other components of healthcare spending.

“We’re seeing a smaller rate of increase for prescription drugs this year,” said Scott Wertz, co-author of the MMI. “But the longer view reveals a different story. Since we began tracking this data in 2001, prescription drug costs for the typical American family have increased from \$1,111 to \$4,612.”

This year’s MMI includes analysis of dynamics driving healthcare costs, including the sometimes elusive nature of rebates in drug pricing. While rebates often do not result in cost savings for consumers at the pharmacy, they still impact the larger cost puzzle.

The MMI is unique among health cost studies because it measures the total cost of healthcare services used by the family of four, including out-of-pocket expenses paid at time of service. The MMI also separates costs into portions paid by employer versus employee. This year, the employer pays \$15,259 of a family’s total healthcare costs and the employee—through payroll deductions and cost sharing at the time of service—pays \$11,685.

“Back in 2001, the first year we measured the MMI, employees paid 39% of healthcare costs,” said Sue Hart, co-author of the MMI. “This year, the family’s share of healthcare costs reached 43% of the total—a \$11,685 total. We’ve seen a long, slow shift toward employees as these plans look to control healthcare costs.”

This year’s MMI includes discussion of the major components of the cost of care – payments to providers and the frequency and type of services used – and how they might vary outside the employer-sponsored



system. Different discounts and payment mechanisms in the public markets can impact the costs for private insurers and therefore for the MMI family of four.

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

### **About Milliman**

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