FOR IMMEDIATE RELEASE

Milliman Medical Index: Cost of healthcare for a family of four decreases for first time in report history, to $26,078 in 2020, but costs are projected to rebound in 2021

In 2021, healthcare costs for a hypothetical family of four on employer-sponsored insurance projected to be $28,256

MMI healthcare costs dropped by 4.2% from 2019 - 2020, are expected to increase by 8.4% in 2021

SEATTLE – May 26, 2021 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2021 Milliman Medical Index (MMI), which measures healthcare costs for individuals and families receiving coverage from an employer-sponsored preferred provider plan (PPO).

For the first time in the 16-year history of the MMI, healthcare costs decreased by 4.2% as a result of the COVID-19 pandemic. Based on restated claims data, healthcare costs for a hypothetical family of four in 2020 were $26,078, compared to $27,233 in 2019.

“Eliminated care in 2020 more than offset the cost of COVID-19 testing and treatments,” said Dave Liner, co-author of the MMI. “In fact, all categories of healthcare costs – inpatient, outpatient, and professional and other services – were lower in 2020 compared to 2019, except for prescription drug costs.”

“Pharmacy drug costs were not affected by the pandemic like inpatient or outpatient services,” said Paul Houchens, co-author of the MMI. “While elective care was reduced or deferred, mail-order drug delivery surged during the onset of the pandemic and we saw costs continue to increase.”

“What we’re seeing is that healthcare trend took a sabbatical due to the pandemic, and is returning in 2021 with some uncertainty when it comes to vaccine penetration rates, variants, and public health policy,” said Doug Norris, co-author of the MMI.

Looking forward, employer-sponsored healthcare costs for individuals and families are expected to jump in 2021. The cost of healthcare this year for the MMI family of four is projected to be $28,256 and $6,516 for an average individual.

“As people once again return to the doctor, we expect healthcare costs to grow by around 8.4% for our MMI family in 2021,” said Annie Man, co-author of the MMI. “For comparison, that rate is higher than in the past, and higher than GDP growth over the past five years.”

To understand how employees may feel the impact of these changes in cost, the MMI also calculates both employer and employee contributions to healthcare.
From 2019 to 2021, employees will see an estimated cumulative 4.0% increase in their total average costs (employee contributions, plus out-of-pocket expenses incurred at point of care), while employers will see a 4.2% bump in their portions of their employee benefit costs.

“Employee payroll deductions have likely stayed flat in 2021, but we expect employees to feel the increase in their out-of-pocket spending, as people return to the healthcare system to take care of any elective services they may have deferred during the pandemic,” said Scott Weltz, co-author of the MMI.

The MMI also allows for a more granular look at healthcare costs thanks to an interactive tool that was first released two years ago and allows users to estimate the cost of healthcare for different types of families.

To use the interactive tool, visit www.milliman.com/mmifamilies. To view the complete MMI, go to www.milliman.com/mmi.

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