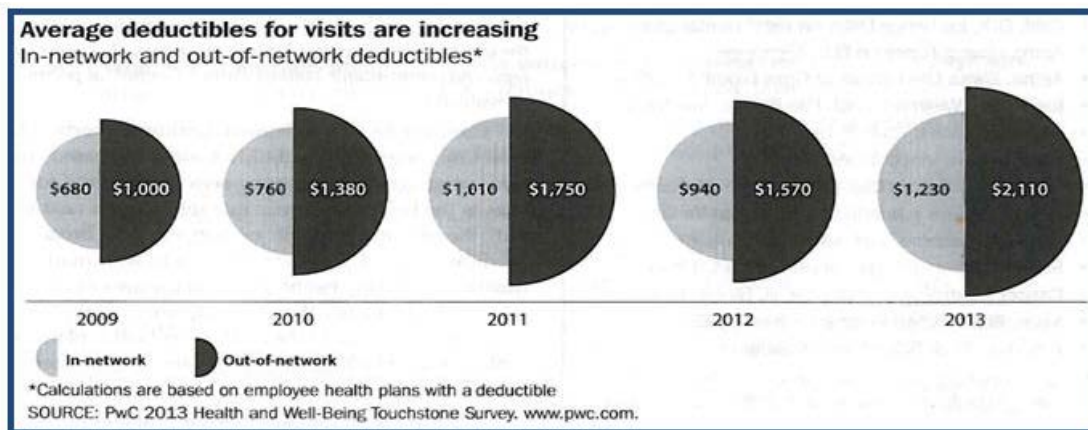




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Medical Cost Trend to Moderate Even Further in 2014

Professional services company PwC's Health Research Institute (HRI) recently issued new projections estimating that the 2014 medical cost trend will be 6.5%, a full percentage point below the firm's forecast for a medical cost trend of 7.5% for 2013. A "tepid" economic recovery, new readmission policies and growth in high-deductible health plans are part of the reason behind the continued moderation in medical costs, HRI said. The 2014 HRI projection comes from an analysis of medical costs in the large employer market, which covers roughly 150 million Americans. The net medical cost growth rate is actually 4.5% for next year after figuring in benefit design changes like higher-deductible plans (see chart below), the institute said. Such plans are increasing in number, with the 2013 PwC Touchstone survey of major U.S. companies showing 44% of employers are weighing offering high-deductible health plans as the only benefit option in 2014. Some 17% of employers already offer such plans as the only option, a 31% bump from 2012.



To keep costs in check, HRI said health insurers should look to form strong partnerships with providers, inside or outside accountable care-type organizations; work with employers to give consumers information on lower-cost treatment options; push for data to manage expensive high-cost specialty drugs; and identify and promote high-performing hospitals for complicated and costly procedures.

Should you have questions about this topic, please call your Conner Strong & Buckelew account representative.



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