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FOR IMMEDIATE RELEASE

Press Release

Milliman Medical Index: Healthcare costs exceed \$31,000 for hypothetical American family of four

Total healthcare costs for an average person reach \$7,221

Seattle – May 30, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2023 Milliman Medical Index (MMI), which measures healthcare costs for individuals and families receiving coverage from an employer-sponsored preferred provider plan (PPO).

“Healthcare costs increased 5.6% this year and have increased by 4.8% annually since 2021, which is the sort of year-to-year increase we were seeing before the pandemic,” said Dave Liner, co-author of the Milliman Medical Index. “Call it a return to the status quo or a rebound from the pandemic—either way, family healthcare costs have resumed their persistent climb.”

“Healthcare cost inflation tends to trail general inflation by six to 12 months,” said Doug Norris, co-author of the Milliman Medical Index. “While there have been some encouraging numbers on the general inflation front recently, we have a while before healthcare cost inflation catches up.”

“Macroeconomic forces are further contributing to the upward direction in healthcare costs,” said Annie Man, co-author of the MMI. “It’s not just inflation—it’s the supply chain, labor shortages in healthcare, and a strong job market elsewhere.”

In 2023, healthcare costs for our hypothetical family of four reached \$31,065. Costs for the average person reached \$7,221. While these are averages, the MMI provides greater specificity thanks to an interactive tool that allows people to calculate costs for themselves or their own family. To use the interactive tool, go to <http://us.milliman.com/MMIfamilies/>.

One of the things that makes the MMI unique is that it calculates both employer and employee contributions to healthcare costs, including out-of-pocket costs incurred at the point of care.

“Employers are shouldering almost 60% of this year’s cost increase, a sign that increased job mobility and the complexities of remote work are continuing to give employers a good reason to invest in benefits,” said Paul Houchens, co-author of the MMI.

“Although employee out-of-pocket costs are not affected by pharmaceutical rebates directly, we know this growing component of pharmacy benefit management is a focus area for employers and the healthcare market,” said Deana Bell, co-author of the MMI. “We project rebates to be 25% to 31% of drug costs. If rebates were shared with employees, as some have suggested, the average prescription drug cost for an employee would decrease by about 6%.”



“Looking toward the future, costs for families and individuals may see downward pressure as a result of healthcare price transparency,” said Mike Gaal, co-author of the Milliman Medical Index. “Hospitals and payers are now required to publish their negotiated reimbursement rates, a move that has the potential to create systemic change in the market dynamics—especially for employers that can harness the data to drive down costs.”

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

About Milliman

Milliman is among the world’s largest providers of actuarial, risk management, and technology solutions. Our consulting and advanced analytics capabilities encompass 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. Visit us at Milliman.com.