

## Healthcare Costs Increase at the Lowest Rate in Five Years, Says Aon Consulting

### Consumer-driven health cost increases projected lower than traditional health plans

CHICAGO, Nov. 15 /PRNewswire-FirstCall/ -- Healthcare cost increases are projected to be about 11 percent in the next 12 months(1), representing the lowest increase in five years, according to Aon Consulting, the human capital consulting organization of Aon Corporation (NYSE: AOC).

Aon Consulting surveyed more than 90 leading healthcare insurers (representing more than 100 million insured individuals) and found that healthcare costs are projected to increase by 11.4 percent for HMOs, 11.2 percent for POS plans and 11.6 percent for PPOs. This compared to one year ago, when HMO cost increases were 12.9 percent, and POS and PPO increases each were 13.0 percent. Five years ago, the medical trend rate was estimated to increase about 16 percent. (See below for trend data from Aon Consulting's prior healthcare surveys.)

According to Bill Sharon, senior vice president with Aon Consulting and director of the study: "Healthcare trend rates continue to move downward due to a number of factors. First, healthcare insurers are aggressively controlling hospital, physician and pharmacy price increases. Second, employers are introducing higher deductibles, coinsurance and co-pays, which have slowed the utilization of healthcare services. Third, employers are implementing health promotion programs to improve employee lifestyles. Finally, employers and healthcare insurers are adding chronic condition management programs to more effectively manage the high cost of chronic conditions such as asthma, diabetes and coronary artery disease."

Meanwhile, consumer-driven health plans (CDH) are estimated to increase by 10.5 percent, a 2.8 percent decrease from one year ago. This is lower than traditional medical plan rates and the lowest increase since 2004 when Aon began tracking CDH trend rates.

"The CDH trend rate decrease has been particularly satisfying," Sharon said. "After six years of CDH there is now enough credible financial information about these plans to show that they can be an effective approach to controlling healthcare costs."

Healthcare rate increases for retiree medical are projected to be lower than active employees, according to the Aon Consulting study. During the next 12 months, Medicare Supplement plans are predicted to increase by 10.5 percent and Medicare Advantage plans will likely increase by 10.1 percent.

"Retiree trend rates continue to decline for many of the same reasons as active employee trend rates," said Jonathan Nemeth, senior vice president with Aon Consulting. "In addition, there is a lot of competition in the Medicare Advantage plan market, and the pharmacy component of retiree trend rates has declined due to the increased availability and usage of generic drugs."

As for prescription drugs, general pharmacy costs are expected to increase by 10.6 percent, compared to 11.8 percent one year ago. Specialty drug costs will increase by 14.9 percent, down from 19 percent at this time last year. (Specialty drugs are biotechnology-derived injectable medications used primarily to treat high-cost disease states for which previous treatments were more invasive or unavailable.) [www.aon.com/hcc](http://www.aon.com/hcc)

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