

# MEDICAL BENEFITS

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For a relatively small net cost, many preventive services produce valuable health benefits.

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Every year, violent acts cause 2.5 million injuries, resulting in total lifetime costs of greater than 70 billion.

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Between 1996 and 2005, there was a 12 percentage point decrease in medical specialists and a 10.3 percentage point decrease in surgical specialists in solo and two-physician practices.

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## HEALTH CARE COSTS

### 2008 Segal Health Plan Cost Trend Survey

The Segal Company, September 2007

"This eleventh annual survey forecasts continued declines in trends for 2008. This marks the fifth consecutive year of declining medical trends. The most surprising finding is that trends for prescription drug coverage are projected to decelerate most, to

levels similar to trends for medical coverage for the second consecutive year.

Other notable findings from this year's survey (summarized in Table 1) include:

- Prescription drug projected trends have declined dramatically, by nearly nine

Table 1. Projected medical, prescription drug, dental, and vision trends, 2007 and 2008.

	2007 projected		2008 projected	
	without Rx	with Rx <sup>1</sup>	without Rx	with Rx <sup>1</sup>
Medical (Actives & Retirees < Age 65)				
Fee-for-service (FFS)/indemnity plans	13.7%	13.3%	12.5%	12.1%
High-deductible health plans <sup>2</sup>	12.0	12.0	10.9	10.9
Open-access preferred provider organizations (PPOs)/point-of-service (POS) plans <sup>3</sup>	11.6	11.7	10.6	10.6
PPOs/POS plans (with PCP gatekeepers)	11.0	11.1	10.5	10.5
Health maintenance organizations (HMOs)	11.1	11.3	10.7	10.7
Medical (Retirees Age 65+)				
Medicare Advantage (MA) <sup>4</sup> FFS plans	8.7	9.8	9.7	9.8
MA-HMOs	8.6	9.8	8.8	9.2
Prescription Drug (Rx) Carve-Out (Actives & Retirees < Age 65)				
Retail network	11.9%		10.7%	
Mail order	11.5		10.6	
Rx Carve-Out (Retirees Age 65+)				
Retail network	12.0		10.1	
Mail order	11.1		10.7	
Dental				
Scheduled plans	5.0		4.3	
FFS/indemnity plans	7.5		6.8	
Dental provider organizations	6.2		5.8	
Dental maintenance organizations	5.2		4.3	
Vision				
Scheduled plans	5.1		3.6	
Reasonable and customary plans	5.5		4.6	

<sup>1</sup> Trend projections were derived by proportionally blending medical plan trends and freestanding prescription drug trends.

<sup>2</sup> HDHPs are defined as those where the deductible is at least the minimum health savings account level required by the IRS (\$1,100 single, \$2,200 family in 2008).

<sup>3</sup> Open-access PPOs and POS plans are those that do not require a primary care physician (PCP) gatekeeper referral for specialty services.

<sup>4</sup> MA plans, part of the Medicare program, can be FFS plans, HMOs, PPOs or special needs plans.

Source: The Segal Company, September 2007