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2014 Cost Benchmarking Data Shows Mixed Results

According to a new report by the actuarial firm Milliman, the estimated gross amount spent in 2014 on healthcare for a typical American family of four covered by an average employer-sponsored health plan is \$23,215 (See Figure 1). While the amount has more than doubled over the past 10 years (growing from \$11,192 to \$23,215), the 5.4% growth rate from 2013 to 2014 is the lowest annual change since Milliman started tracking the data in 2002 (See Figure 2). The 5.4% growth rate from 2013 to 2014 is significantly lower compared to the 10.1% growth rate from 2003 to 2004. According to the report, employers continue to pay the largest portion of healthcare costs, contributing \$13,520 per year or 58% of the total. However, increasing proportions of costs have been shifted to employees. Since 2007 the average cost to employers has increased 52%; an average of 6% per year, while the expenses borne by the family, through payroll deductions and out-of-pocket costs, have grown at an even faster rate, 73% (average of 8% per year). Other key findings from the report include:

- In almost every year of the past 10 the growth rate has decelerated. Figure 2 shows the most recent five years of that deceleration. In each of the past four years, employees have assumed an increasing percentage of the total cost of care;
- The total employee cost (payroll deductions plus out-of-pocket expenses) increased by approximately 32% from 2010 to 2014 while employer costs (premium contributions) increased by 26%;
- Although the annual rate of increase is down, it is still well above the rate of growth in the consumer price index (CPI).



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