Survey: healthcare costs expected to increase 10 percent by next year

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CHICAGO – Healthcare costs are expected to increase on average 10.5 percent in the next 12 months, according to a new study released by Aon Consulting.

According to Aon, the findings are consistent with a year ago, but the sluggish economy has created a worse situation for many employers and employees.

Aon surveyed more than 60 leading healthcare insurers, representing more than 100 million insured individuals, and found that healthcare costs are projected to increase by 10.4 percent for HMOs and POS plans, 10.7 percent for PPOs and 10.5 percent for CDH plans.

Aon researchers found these results are slightly lower than one year ago, when HMO cost increases were 10.6 percent and POS plans were 10.5 percent. PPOs and CDH plans remained steady at 10.7 percent and 10.5 percent, respectively.

"Aon Consulting conducts a healthcare trend survey twice a year to forecast the expected future increase in employer-provided health plan claims cost, before any plan changes, based on input from leading health plan actuaries," said John Zern, Aon Consulting's U.S. health and benefits practice director. "This data helps employers evaluate the competitiveness of health insurance premium renewals."

Aon Consulting's U.S. Health and Benefits Chief Medical Officer, Paul Berger, said there has been progress in lowering the medical trend rate during the last several years, but there's still significant work to be done.

He said wellness and health promotion initiatives are critical in the next phase of lowering the medical trend rate.

"Approximately 30 percent of workers have chronic medical conditions, which account for 65 percent of this nation's medical spend," he said. "Wellness programs provide a strong platform for effectively managing chronic conditions and preventing future problems, but it's up to the individual to take advantage of the programs offered. Behavior change is never easy, but those willing to make changes in this capacity benefit from better health and lower healthcare costs."

Aon found that prescription drug costs are expected to increase 9.3 percent, which is slightly lower than the 9.4 percent trend rate one year ago. The specialty pharmacy trend rate is 13.2 percent, up from 12.4 percent one year ago. Researchers concluded the sluggish rate of drug adoption across the board compounded by the FDA's reduced rate of drug approvals – especially for new molecular entities and biologic products – contributed to the decline.

In addition, the study found that healthcare rate increases for retirees over the age of 65 are projected to be 6.6 percent for Medicare Supplement plans and 7.3 percent for Medicare Advantage plans, down from 7.3 percent and 7.7 percent, respectively, one year ago.