



Contact: Jeremy Engdahl-Johnson  
Milliman, Inc.  
Tel: 646.473.3021  
[jeremy.engdahl-johnson@milliman.com](mailto:jeremy.engdahl-johnson@milliman.com)

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## Press Release

# Milliman Medical Index: Healthcare costs reach \$6,553 for the average American, \$28,653 for hypothetical family of four

**MMI interactive tool enables users to explore healthcare costs for different family compositions**

Seattle – May 21, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2020 Milliman Medical Index (MMI), which measures healthcare costs for individuals and families receiving coverage from an employer-sponsored preferred provider plan (PPO).

“This year healthcare costs grew by approximately 4.1%, which is consistent with recent years but still outpaces growth in gross domestic product,” said Chris Girod, co-author of the Milliman Medical Index.

In 2020, healthcare costs for our hypothetical family of four reached \$28,653. Healthcare costs for the average person are at \$6,553. While these are averages, the MMI allows for greater specificity thanks to an interactive tool that was first released last year.

“The MMI can now estimate the cost of healthcare for different types of families,” said Paul Houchens, co-author of the MMI. “Using our interactive cost tool, you can choose the demographic factors of your particular family—such as age, gender, and location—and see how they contribute to your family’s own healthcare costs.”

To use the interactive tool, go to <http://us.milliman.com/MMIfamilies/>.

As it has for more than 15 years, the MMI continues to look at five components of healthcare costs, including inpatient and outpatient care, pharmacy, physician services, and other services.

“Hospital costs have stolen the show in recent years, increasing faster than other components,” said Scott Wertz, co-author of the MMI. “Hospital costs have increased by approximately 15% in the past three years, with other services growing 10% in that time.”

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 and employees are equally absorbing this year’s 4.1% cost increase,” said Dave Liner, co-author of the MMI. “Over time, economic changes and other forces tend to create an ebb and flow in how cost increases are shared by employers and employees.”

New this year, the MMI contemplates the potential for decreased costs using managed care.



"If we visit the land of 'what if' and apply optimal care management practices we could see healthcare costs for the typical family land 25% lower," said Doug Norris, co-author of the MMI. "To date, this reduction is more aspirational, but huge potential exists in the American system for lower healthcare utilization and more efficient care."

The COVID-19 pandemic introduces tremendous uncertainty to any estimate of 2020 healthcare costs, with major variables including the duration of the pandemic, the amount of care that may be deferred as a result of it, and the possibility of people losing their employer-sponsored coverage. Thus the 2020 MMI does not include an explicit adjustment for COVID-19.

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

### **About Milliman**

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in 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. For further information, visit [www.milliman.com](http://www.milliman.com).