

On The Rise: What's Driving Higher Health Care Premiums

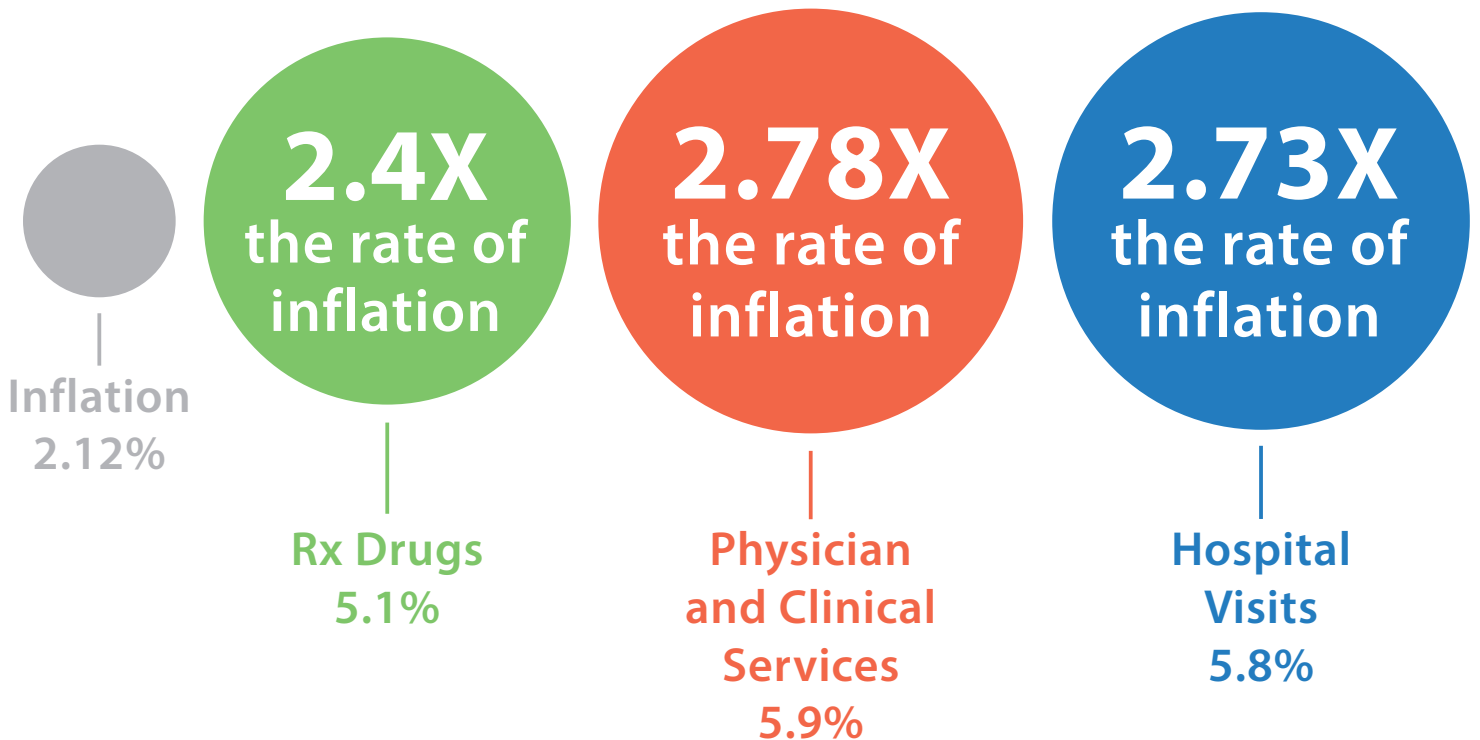
The overwhelming majority of costs that drive health care premiums are based on factors largely beyond an insurer's control – rising health care costs, mandated coverages and massive state and Federal taxes.

In fact, health insurers are required by state and Federal law to devote 82¢ of every premium dollar to health care costs. Many insurers exceed this mandate.



About 10-12% of each premium dollar represents costs that health insurers can control. These costs include administrative expenses, technology developments and overhead costs.

Average Annual Projected Growth (2012-2022)



Source: U.S. Bureau of Labor Statistics, CPI Inflation Calculator, www.bls.gov/data/inflation_calculator.htm

Source: National Health Expenditures, Center for Medicare and Medicare Services, <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet.html>



The overall increase in spending on prescription drugs, compared to other segments of the health care market, has been more modest due to pharmacy benefit cost controls such as the increased use of generic drugs. However, spending on specialty drugs is on the rise and estimates for future spending growth is in the double digits.

Source: The 2013 Drug Trend Report, The Express Scripts Lab, April 2014