

Double-digit health care costs projected for 2008

By Chris Silva

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Costs for the most popular health care plans in the United States are expected to increase by double digits for the rest of 2007 and continue into 2008, reports Buck Consultants.

Analyzing responses from 79 health insurers, HMOs and third-party administrators, the HR consulting firm found that costs for four of the most popular health care options are set to increase by more than 10%, including PPO plans (by 10.75%), HMO plans (11.14%), point-of-service plans (10.54%) and consumer-driven health plans with high deductibles (10.36%).

In addition, respondents indicated prescription drug costs are projected to rise by 11.68% for the coming year, up from the 11.33% reported in Buck's previous survey. Dental costs are also expected to rise, with dental PPO rising by 5.71% and dental HMOs rising by 4.88%.

Health insurers did report lower trends for plans that supplement Medicare - 7.32% for plans with drug coverage and 6.82% for plans without. This reflects the impact of federal controls on Medicare fees and the lower increases expected in Medicare deductibles and copays, Buck reports.

"Insurers are concerned about the cost shifting to private employers that may result due to health care reform at the state level," says Harvey Sobel, a Buck principal and consulting actuary.

"Complying with federal and state mental health parity laws is also expected to raise costs."