CORPORATE AMERICA'S HEALTH-CARE CRISIS:

THE FUTURE OF EMPLOYER BENEFIT PLANS

Multi-Client Study Report and Advisory Services

UNPARALLELED EXPERTS AND ANALYSIS

Our comprehensive approach to analyzing health market trends incorporates input costs, utilization, structural changes, technology, demographic trends, and regulations to paint a complete picture. We help our clients understand how premiums are reacting and why.

Laura Hodges is the Director of Global Insight’s Health-Care Service and is responsible for the wage, benefit, and health-care forecasts and ongoing support for the Center for Medicare and Medicaid Services. Ms. Hodges previously worked for Project HOPE, where she analyzed a wide range of health policy issues. Her primary areas of research focused on access to care issues related to underserved populations, health maintenance organizations, and costs/benefits of certain drug treatments.

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ADDITIONAL INFORMATION AND CONTACTS

For more details about this study, please visit us online at: http://www.globalinsight.com/healthcrisis

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U.S. health premiums have come full cycle over the past decade and are once again front-page news. Employer-sponsored health insurance costs rose 14% in 2003, the third consecutive year of double-digit acceleration and the highest premium increase since 1990. Corporate profit margins are eroding, competitive advantages are disappearing, and employees are disenchanted. Is your company prepared for the health premiums and market trends that lie ahead?

Global Insight’s multi-client study report, Corporate America’s Health-Care Crisis, provides a clear, concise outlook for health benefit costs and the underlying fundamentals driving these volatile premiums. Our analysts have the expertise and infrastructure to help organizations:

- Understand key components that impact national and regional premiums
- Monitor data indicators that accurately reflect current conditions
- Anticipate future trends and issues affecting this market
- Quantify economic impacts on their health plans/exposure

Global Insight helps companies decipher today’s health-care costs by quantifying sources of premium increases and identifying underlying trends. Finance executives, human resources directors, and strategic planners will find this information invaluable to:

- Assess employer provider plans
- Identify areas for potential savings
- Construct budgets
- Develop compensation plans
- Evaluate contract escalator clauses
- Provide support for union contract negotiations
- Benchmark company performance

For over 20 years, Global Insight has delivered reliable analysis and forecasts of health-care markets by:

- Setting hospital, nursing home, and home health reimbursement rates for Medicare and Medicaid through our extensive relationship with the Center of Medicare and Medicaid Services (CMS)
- Monitoring health premium trends and providing this vital information to understand current market conditions and identify future potential warning signs.

Is the end of soaring premiums in sight? When will the next cycle begin? Will consumer-driven health plans be the key to lower expenditures? How will the expansion of over-the-counter and generic drugs impact your bottom line?

Key drivers that are pushing these costs:

- Near-term factors—utilization, cost sharing, health insurance coverage, and provider cost pressures
- Medium-term factors—profitability of U.S. health insurers, provider cost pressures, and economic environment
- Long-term factors—technology and economic environment

Measuring health benefits costs by applying the medical care consumer price index (CPI) alone will not produce accurate results. The chart (right) compares CPI and premium costs over the past decade, demonstrating the disparity between health market influences and prevailing inflation.

This volatility further highlights the importance of using accurate information to understand current market conditions and identify future potential warning signs.

Rely on the same trusted source the federal government uses to project future reimbursement rates. Global Insight has a proven track record in analyzing industry prices and trends.

Select Subscription:

- Corporate America’s Health Care Crisis report in PDF format, featuring:
  - Insightful analysis of current and emerging health-care issues highlighting key planning and negotiating issues
  - Detailed discussion of the key underlying baseline forecast assumptions
  - Market segmentation highlighting discrepancies by plan, region, and company size
- Microsoft® Excel data tables containing history and proprietary ten-year projections of benefit premiums and their component costs
- Access to Global Insight’s staff of experts

Premium Subscription:

- Select Subscription deliverables
- Semi-annual forecast updates incorporating recurring data revisions within a dynamic economic and public policy landscape
- Webcasts addressing topical health legislation and market condition implications
- Priority access to Global Insight’s staff of experts

Customized Premium Subscription:

- Client-defined scenario analysis
- Plan-specific spending projections for use in evaluating alternatives
- Quantification of economic and/or public policy impacts on the client’s health benefits exposure
- Custom documentation for negotiations
- On-site presentation of objective third-party expert view
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- Setting hospital, nursing home, and home health reimbursement rates for Medicare and Medicaid through our extensive relationship with the Center of Medicare and Medicaid Services (CMS)
- Monitoring health premium trends and providing this vital information to ensure proper planning and reimbursement from contract escalator clauses
- Leveraging our proven methodology for analyzing price and wage escalation in the global marketplace

Time and time again, Global Insight has predicted the turning points for price and wage escalation. As early as 1995, Global Insight was predicting a resurgence in employers’ health benefit costs and accurately reported the cost acceleration in the late 1990s and early 2000.

**GLOBAL INSIGHT ANALYZES AND FORECASTS...**

**Health premium costs for the employer and employee:**

- By coverage type—family or individual
- By plan type—conventional, HMO, PPO, POS
- By U.S. region—Northeast, South, West, and Midwest
- By company size
- For active and retired workers

**STANDARD INDICATORS HIDE THE ISSUE**

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**BOTTOM LINE BLUES**

**AN INVAILABLE PLANNING TOOL**

**A PROVEN TRACK RECORD**

**Premium Volatility Highlights Inadequacies**

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