



The industry's robust, data-driven source for understanding the velocity of healthcare costs and utilization

Clarity on cost trends, month by month

Milliman Health Trend Guidelines™ give insurers, healthcare providers, and employers monthly information on healthcare expenditures and utilization for individuals enrolled in commercial insurance plans in the United States. The Guidelines are updated with 12-month trailing data each month, serving as a vital tool and benchmark for negotiations for plan renewals, the setting of trend guarantees, forecasting, premium rate development, and a myriad of other applications.

The most comprehensive data set on the market

The HTGs are a series of indices providing data on the cost, utilization, and unit costs of healthcare services—both in total and broken down separately for professional services, inpatient and outpatient services, and brand and generic prescription pharmaceuticals.

The information used to calculate the indices is provided by leading health insurance plans and data firms, covering approximately 60 million insured covered individuals in the United States, representing about 40% of the total commercially enrolled private fee-for-service (FFS) market. The data is provided by a variety of organizations, representing 33 contributing plans and all 50 states.

These guidelines are the main source for subscribers to get an independent, data-driven read on the pulse of what's happening with healthcare in the U.S. Our guidelines incorporate real data points—based on experience data—leading to a more accurate overall picture of the trajectory of the healthcare system in this country.

Transparent, consistent, monthly—at your fingertips

The costs covered by the HTGs are based on the allowed amounts accepted by each healthcare provider—doctor, hospital, outpatient test center, or pharmacy. The indices are calculated along four lines of business:

- Large fully-insured employer group plans
- Small fully-insured employer group plans
- Individual plans
- Administrative Services Only (ASO) employer group plans.

Main indices

Indices are constructed by dividing cost or utilization measures by the number of insured individuals included in the data. That is, the indices are calculated on a per-member-per-month (PMPM) basis.

1. NATIONAL HEALTHCARE CLAIMS INDEX

This index is broken out into subindices as follows:

- Three-month incurred, six-month incurred, and 12-month final indices
- Line of business (ASO, large group, small group, and individual)
- Healthcare service type (medical, including inpatient, outpatient, and professional services; and drug, including branded and generic)
- Utilization and unit cost for inpatient services and prescription drugs.

2. CENSUS DIVISION INDICES: NORTHEAST, SOUTH, MIDWEST AND WEST

These indices provide similar information to the National Index in terms of incurred costs over time, line of business, healthcare type and utilization and unit cost. However, they also divide the data into the four major census divisions. Each of these can be further broken down into census region, state, and various metropolitan areas, all the way down to the three-digit ZIP code of the covered member's residence when data volumes permit credible measurement.

3. ADDITIONAL STATE-LEVEL AND CUSTOM INDICES ARE AVAILABLE

Please contact your Milliman Consultant or Health Trend Guidelines manager at HTGmanager@milliman.com for more information.

Transparent and comprehensive

The Milliman Health Trend Guidelines provide a high level of data on the direction of healthcare costs, with minimal time lag since the date of service. The comprehensiveness of the indices yield critical benchmarks to trends in specific key markets, as well as for the country as a whole. This provides insurance plans, employers and providers the information they need to make defensible decisions in negotiations and price-setting.

Key benefits for subscribers

- Provides a benchmark for contractual parties to assist in negotiations over costs and rates, and set trend guarantees or other alternative payment mechanisms.
- Allows carriers to examine current and historical trends to help them better forecast needed premium increases.
- Gives employers a way to see how their trends are lining up against the broader trends in the industry, helping to identify potential problems.

Index construction

The Health Trend Guidelines include three general categories of indices:

- **Cost indices.** These indices track the cost of a set of specific covered services per insured individual.
- **Utilization indices.** These track usage per period of time per insured individual of covered services.
- **Unit cost indices.** These track the average cost per unit of healthcare service provided (such as cost per inpatient hospital day) for specific types of healthcare services.

Milliman Health Trend Guidelines and the ACA

Milliman Health Trend Guidelines give a full view of how indices changed after the rollout in 2014 of the insurance exchanges for the Patient Protection and Affordable Care Act. The Guidelines have a historical data going back to 2010, giving a full view of before and after the ACA's introduction. In 2014, healthcare costs were subject to significant disruption, and the indices allow subscribers to examine those disruptions and their aftershocks across the country since then. This is just one example of how the Guidelines can be used to uncover the impacts of policy changes.

Milliman Commercial Trend Forecast

As an additional product, the Milliman Commercial Trend Forecast applies sophisticated analysis to forecast potential future trends beyond the historical data provided in the Guidelines. This insight can prove invaluable to stakeholders weighing actuarial risks and associated underwriting decisions. The Commercial Trend Forecast uses Health Trend Guidelines data, plus data from the history of long-established relationships between the broader U.S. economy and the health care industry, to predict what will drive costs in the future. The forecast focuses on cost per person per month, and examines economic, hospital, physician, and prescription drug patterns. Projections cover three years, and are compiled by a team of actuaries, analysts, and statisticians.

We help you navigate the ever-changing healthcare landscape

The Health Trend Guidelines™ serve as a natural addition to the Health Cost Guidelines™ suite of products offered by Milliman for over 50 years, since the inception of our modern system of healthcare financing. All along, we have been consulting with our clients about the drivers of the changes that have occurred in healthcare. The Health Cost Guidelines have provided benchmarks of healthcare utilization at a very detailed level that remain the gold standard used throughout the industry.



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

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