



By David Leo, President of WMI® Mutual Insurance Company & WMI TPA®

If you have questions ...

about this article or would like to discuss your company's insurance program, please feel free to contact me. If you would like to learn more about how WMI can meet your company's insurance needs, please contact our Marketing Department at **(800) 748-5340**.

We would also invite you to visit our web site at

www.wmimutual.com

for other interesting articles and helpful information about group health insurance.

How Did You Do?

Answers to WMI 2011 Summer Issue

Facts & Figures Quiz

1. 50.7 million (16.7%);
2. 157 million (51.7%);
3. 69%;
4. \$5,049;
5. \$13,770;
6. 114%;
7. \$899;
8. \$3,997;
9. 3%;
10. 86%;
11. \$675;
12. 9%;
13. Physician Services;
14. 16%; 15. 11%

PwP Predicts 8.5% Increase Medical Cost Trend in 2012

*R*ecently, PricewaterhouseCoopers ("PwC") published its annual health research report

for 2012. This annual publication is both fascinating and frightening for its detail and prognostication. This year's report predicts that medical costs for workers are expected to increase 8.5% in 2012, up from an 8% increase in 2011. However, benefit plan design changes are expected to reduce the net increase to 7%.

In addition to post-recession utilization rebounding, there are six main factors given for the calculation. Three of the factors are expected to increase medical cost trend, and three should decrease it.

Factors that are expected to have an inflationary effect on the 2012 medical cost trend:

1. Provider consolidation is expected to result in increased payment rates.
2. The 2012 increase in Medicare inpatient hospital reimbursement rates is expected to be 3.3% below the expected growth in their costs. This will result in cost shifting from Medicare and Medicaid to employer-sponsored health plans which will increase costs to employer plans.
3. Post-recession stress is taking its toll on workers and medical care that was deferred during the recession is being sought.

Factors that are expected to have a deflationary effect on the 2012 medical cost trend:

1. Cost sharing amongst employees and their dependents is rising. This is shifting some of the employer cost to the covered individuals.
2. Many blockbuster brand-name drugs are scheduled to go off patent in 2012.
3. Provider networks are becoming more stringent and are increasing channeling and discounts.

Remember ... WMI was founded 37 years ago by petroleum marketers and for petroleum marketers. Our mission is to be the company of choice for WPMA members by delivering the most cost-effective and highest-value health insurance available. We take that mission very seriously. Call us today and let us show you what we can do for you, your company, and your employees and their families.

How Can WMI Help WPMA Members Manage Their Health Insurance Costs?

If you haven't ever considered WMI for your company's health insurance needs, now is the time! Our well-qualified and professional marketing and sales staff would love an opportunity to review your company's health insurance plan to see if we have a program that may work for you. The process of obtaining a quote is very simple, and our team is trained to be helpful, not pushy. We have many different programs that work for employers with 2-500 employees. All you need to do is follow these three simple steps:

1. **Contact** our Marketing and Sales Department at **(800) 748-5340**. Jim Leigh, WMI's Marketing Director, and his assistant Sandra Cederholm can walk you through the simple process of obtaining a quote. The entire process can be completed in a couple days.
2. **Provide** us basic and easily-compiled information. Although WMI can provide your company a "street rate" quote that is based on a simple census of employees and their ages, we always encourage groups to submit a brief employer application, a list of eligible employees, and a simple health questionnaire for each employee. With that information, we can accurately underwrite your company's health status and provide a firm quote.
3. **Choose** the plan that best fits your company's needs. WMI offers plans with deductibles that range from \$150 to \$3,000, and we offer benefits that range from 90% down to 60%. We have plans with first dollar coverage, and we have high deductible health plans that are HSA-qualified. I'm certain you'll be able to find a plan that fits your needs, and to ensure the process is seamless and simple, we even offer full deductible credit when you make a mid-year transition to a WMI plan from another health plan.