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*For Immediate Release*

## **CAMMACK LARHETTE CONSULTING SURVEY SHOWS COSTS OF MEDICAL AND PRESCRIPTION PLANS CONTINUE TO CLIMB FOR NY METRO AREA HOSPITALS, WHILE ADMINISTRATIVE COSTS DECREASE**

*Cammack LaRhette's Sixth Annual Survey Provides Analysis of Medical and Prescription Benefits Plans Among NY Metro Area Health Care Employers During Health Care Reform Transition*

NEW YORK – October 11, 2011 – While costs of medical and prescription plans have continued to go up overall for New York Metropolitan area hospitals, administrative costs have declined, according to a new survey conducted by Cammack LaRhette Consulting. These results demonstrate that the major driver of cost increases for hospitals is the actual cost of claims by their employees. This sixth annual survey of medical and prescription benefits includes responses from 33 hospitals in the New York metropolitan area, including eight added this year from New Jersey, allowing for benchmarking comparisons on both a state and multi-state level.

According to the survey, participants' overall per employee, per year costs increased an average of 7.93 percent over 2010 and an average of 41.30 percent since 2006. At the same time, their administrative costs (as a percentage of overall cost) have decreased an average of 11.26 percent compared to 2010 and 37.47 percent since 2006. Hospitals with less than 1,000 enrolled employees experienced the largest increases in medical and prescription plan expenses.

Though health care reform was passed in March 2010, most of the provisions of the reform did not take effect for employers until January 1, 2011, so the full financial effects, particularly of the age 26 provision, remain to be seen. However, the passage of health care reform coupled with the economic climate has forced hospitals to make some significant changes. The decision to remain grandfathered or to lose grandfathered status was one of the most prevalent planning topics for the 2011 plan year. Nearly 50 percent of hospitals surveyed stated that they will make plan design, carrier or contribution changes which will cause a loss of grandfathered status.

"Due to their status as both a provider and an employer, hospitals must deal with the double-edged sword of health care reform changes," said Mary Clark, Principal, Health & Welfare Services at Cammack LaRhette Consulting. "Many legislative and economic factors have caused hospitals in the tri-state area to adapt to this evolving landscape. We hope this survey will serve as a tool for participants in helping them to understand these changes, know where they fall among their peers, and guide them to make smart, impactful decisions going forward."

The current economic landscape has contributed to other factors noted in last year's survey that continue to have an impact into 2012. The COBRA subsidy provided by the American Re-investment and Recovery Act (ARRA) for involuntarily terminated workers expired on August 31, 2011, though the end of the subsidy will likely not be very visible in COBRA enrollment data as the subsidy expired already for all but the very latest of terminations. Additionally, some employers have experienced increases to dependent enrollment and overall contract size as a result of layoffs affecting the spouses of employees.

The survey, which represents 100,000 employees and 219,000 members, continues to provide detailed competitive benchmarking information including over-all plan costs, factoring both variable and fixed costs, internal claims data (where available), and analysis of funding mechanisms. In order to show the most current data and to provide the most accurate comparison information, Cammack LaRhette projects costs for each organization based on the information provided by the members and the carriers. The survey also continues to provide plan design and employee contribution benchmarking.

Additional survey highlights include:

- Medical plan cost sharing has increased slightly, while prescription plan cost sharing remains similar to last year.
- PPOs continue to dominate the health plan offerings, with 73 percent of surveyed hospitals offering a PPO.
- Inpatient and outpatient hospital utilization is down from last year, while emergency room visits have increased by 15 percent.
- Specialty drug utilization remains similar to last year, while the percent of plan dollars spent on specialty drugs is increasing.
- Median employee contributions increased for nearly all classes of employees.

For more information on Cammack LaRhette Consulting's Health & Welfare practice, please visit [www.clcinc.com](http://www.clcinc.com).

### **About Cammack LaRhette Consulting**

Cammack LaRhette Consulting is an independent benefits consulting firm that specializes in non-profit organizations. Headquartered in New York City, Cammack LaRhette serves clients nationwide, helping them meet their goals in health and productivity, employee benefits, compliance, retirement, actuarial and communications.

Clients in healthcare rely on Cammack LaRhette to plan, execute, and manage successful population health management programs. The firm uses proprietary modeling to develop scalable, practical and informed strategic decisions that optimize client costs and improve employee health. Solutions are efficient and deliver on short and long-term savings.

Cammack LaRhette's awards and special programs include both the APEX Award for Publication Excellence and the Pegasus Award for communications work produced in conjunction with clients, the *Health Leaders Learning Series*, a year-long educational program of webinars, roundtables, articles and case studies that focus on the basic infrastructure for population health management using a self-insurance model as the starting point, and the Healthcare Rx Alliance to offer healthcare clients best-in-class Pharmacy Benefit Management (PBM) solutions.

For more information about Cammack LaRhette, please contact Victoria Sarmiento at 212-227-7770 or visit [www.clcinc.com](http://www.clcinc.com).

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