



## **The Vita Viewpoint Important Information for Decision Makers**

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### **Dramatic Health Care Premium Increases Witnessed**

#### **The Forecast**

Over the past 5-8 years, health plan costs have remained relatively stable. However, analysts have projected that the market will experience significant health care plan premium increases in 1999 and 2000. Many analysts have projected double digit premium increases for the upcoming years.

#### **The Reality**

California Public Employees Retirement System (CAL-PERS) just announced the biggest HMO rate hike in 8 years. CAL-PERS is the largest public pension plan representing over a million individuals. It is known for its heavy-handed negotiations, but despite these efforts, its HMO rates will rise an average of 9.7% for the year 2000.

#### **The Ramifications**

When CAL-PERS experiences such significant rate increases, it is reasonable to expect that the rest of the market will follow closely behind.

#### **Our Experience**

Within our own pool of clients, Vita has witnessed benefit plan rate increases that are consistent with these increased costs, with wide disparity based on actual group utilization and plan design. Recent HMO premium increases have been between 6% and 12%. PPO and POS cost increases have ranged from 9% all the way up to a 57% rate increase!

***For questions or additional information, please contact Vita Benefits Group at (650) 968-8811.***