



Little Relief From Health Benefit Cost Increases Expected, Watson Wyatt, National Business Group on Health Survey Finds

Press Release

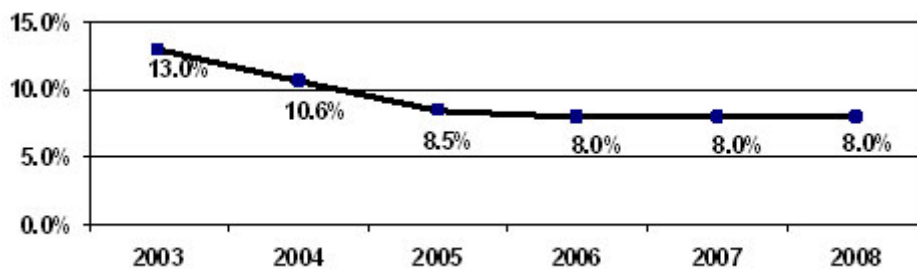
Employers Focus on Improving Employee Health

WASHINGTON, February 21, 2007 – Employers do not expect a decline in the rate of health benefit cost increases any time soon. Meanwhile, they continue to invest in on-site medical clinics, call-in medical help lines and employee health appraisals in efforts to control those costs. These are among the major findings of a forthcoming survey conducted by Watson Wyatt Worldwide and the National Business Group on Health.

The survey of 573 large employers reveals that annual median increases for health care costs will remain at 8 percent in 2007. What's more, employers expect cost increases to stay at 8 percent through 2008. While costs remain high, they have become more predictable in recent years. Eighty-two percent of employers also said their health care costs came in at or below budget in 2006, as did 84 percent in 2005.

Little Change Expected in Health Care Cost Increases

(median percentage cost increase for active employees)



“The rate at which health care costs are increasing may be stabilizing, but it is still three times higher than the annual rate of inflation overall,” said Ted Nussbaum, director of group and health care consulting at Watson Wyatt. “With no reduction in cost increases, it becomes even more important to engage employees to carefully consider health care choices and make the most of health care dollars. And while investing in education programs, communication and infrastructure will not change behavior overnight, it will produce returns in the long run.”

Many employers are implementing creative solutions in an effort to improve employee health and stem costs long-term. More than three out of four of the surveyed companies (78 percent) offer a nurse line, while 72 percent offer health risk appraisals. Additionally, 42 percent are implementing programs that focus on reducing obesity among employees. Some employers are seeking to improve employee health by also providing easy access to health care. For example, 23 percent have opened on-site clinics at some locations, and 14 percent have opened on-site pharmacies.

“It goes without saying that easing access to health care and encouraging employees to choose healthy lifestyles are beneficial to an organization as a whole,” said Helen Darling, president of the National Business Group on Health. “But employers need to go beyond mere implementation to see results. Communicating clear information about these programs and providing incentives that motivate employees to take the necessary steps to improve their own health are also necessary while we move from being a country of very unhealthy lifestyles to one with much more attention to better eating habits, much more physical activity, less tobacco use and other health improvement and disease prevention activities.”

About the Survey

The 12th annual Watson Wyatt/National Business Group on Health Survey is based on responses from 573 large employers that collectively employ 11 million full-time workers.

The survey report can be found [here](#).

About Watson Wyatt Worldwide

Watson Wyatt (NYSE: WW) is the trusted business partner to the world's leading organizations on people and financial issues. The firm's global services include: managing the cost and effectiveness of employee benefit programs; developing attraction, retention and reward strategies; advising pension plan sponsors and other institutions on optimal investment strategies; providing strategic and financial advice to insurance and financial services companies; and delivering related technology, outsourcing and data services. Watson Wyatt has 6,000 associates in 30 countries and is located on the Web at www.watsonwyatt.com.

About the National Business Group on Health

The National Business Group on Health, representing 266 large employers — including 64 of the Fortune100 — is the nation's only nonprofit organization devoted exclusively to finding innovative and forward-thinking solutions to large employers' most important health care and related benefit issues. The Business Group, located in the nation's capital, identifies and shares best practices in health benefits, disability, health and productivity, related paid time off and work/life balance issues. National Business Group on Health members provide health coverage for more than 50 million U.S. workers, retirees and their families. www.businessgrouphealth.org

Contact

Ed Emerman, 609/452-5967, eemerman@eaglepr.com
Emily Rieger, 703/258-7634, emily.rieger@watsonwyatt.com
