

Michigan's Health Insurance Market

*Joan Budden, President & CEO
March 2019*

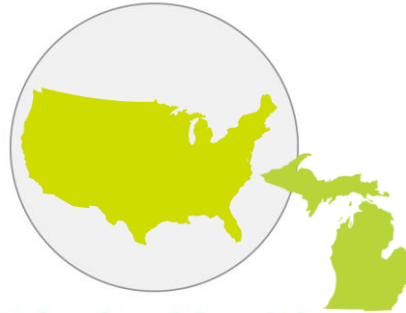
PriorityHealth 

Who is Priority Health?



MEDICARE + MEDICAID
GROUP + INDIVIDUAL

95% OF MEMBERS
recommend us
TO FRIENDS & FAMILY



Priority Health
COVERAGE



31,000
EMPLOYEES
system-wide

TOUCHED 1.1 MILLION
PEOPLE IN 2018



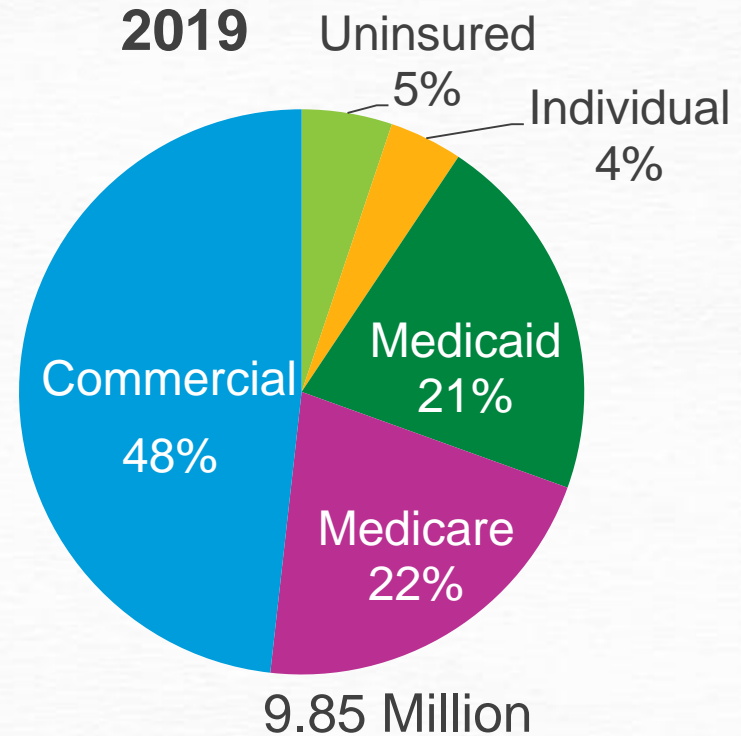
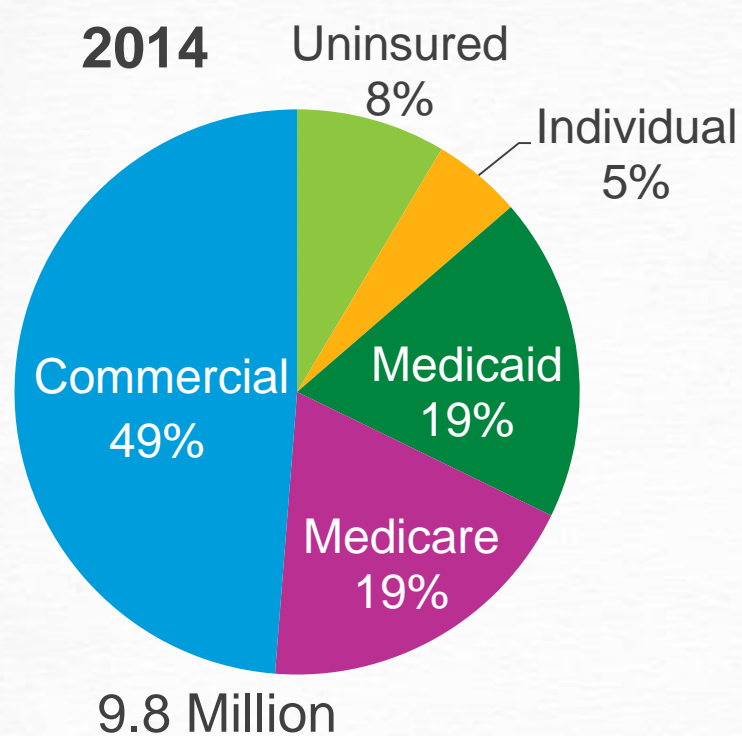
\$4B+
REVENUE

We spend 88 cents
OF EVERY DOLLAR
ON OUR MEMBERS' CARE

What do health plans do?

- Right care, right time, right place at the right price
- Network of quality providers
- Core operations of claims & enrollment
- Engage with members
- Focus on wellness & preventive care

Michigan sources of coverage



How are premiums spent?

Priority
Health

Pharmacy
22%

Medical providers
66%

Admin
10%

Operating
margin
2%



National

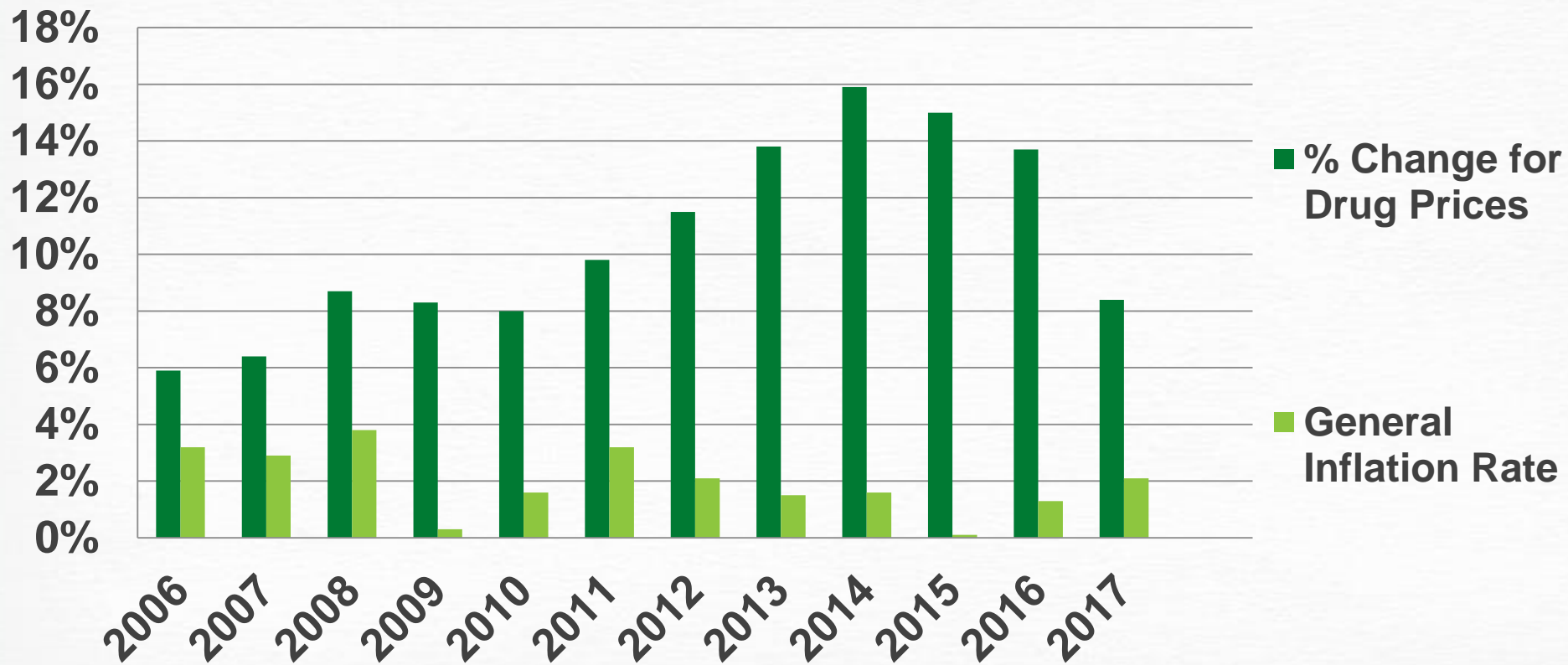
25%

52%-59%

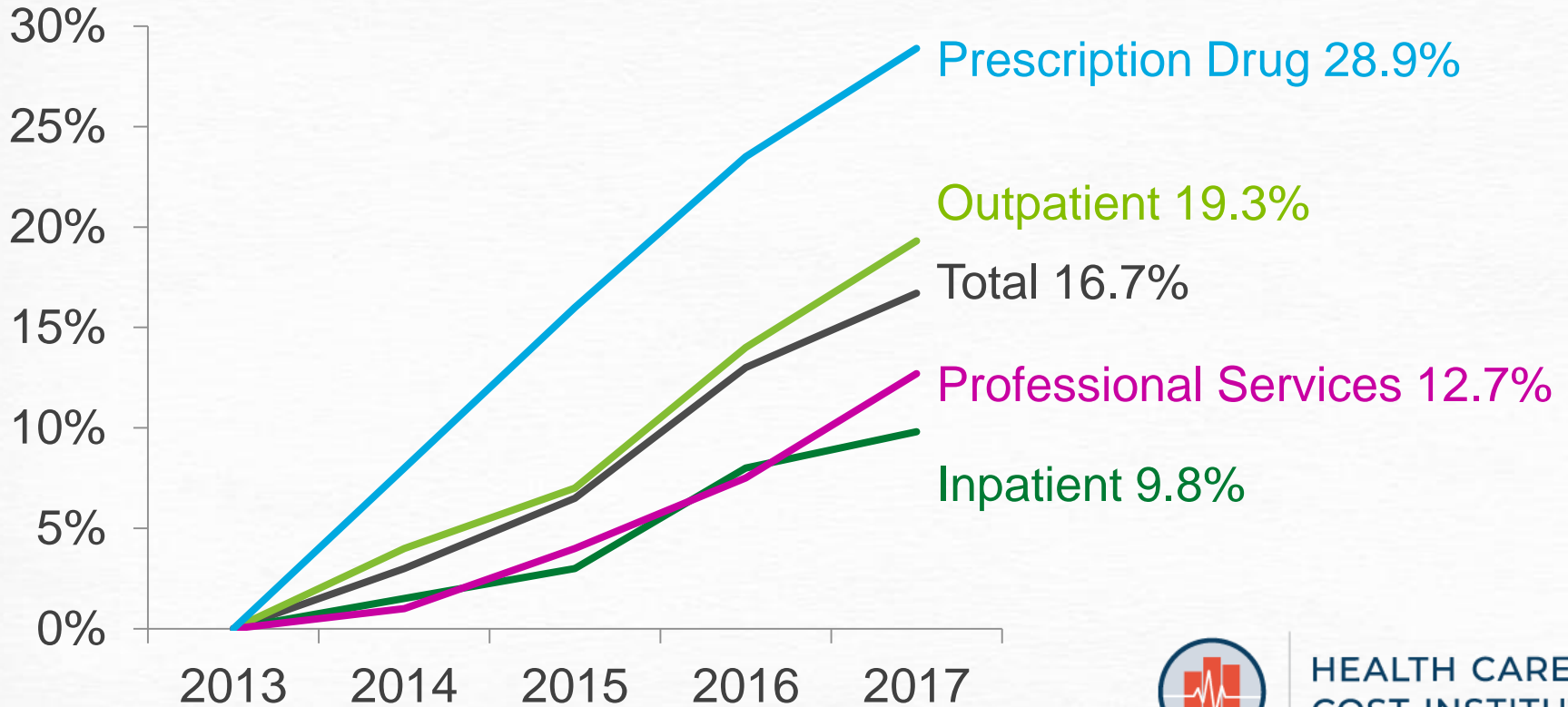
12%-18%

4%-5%

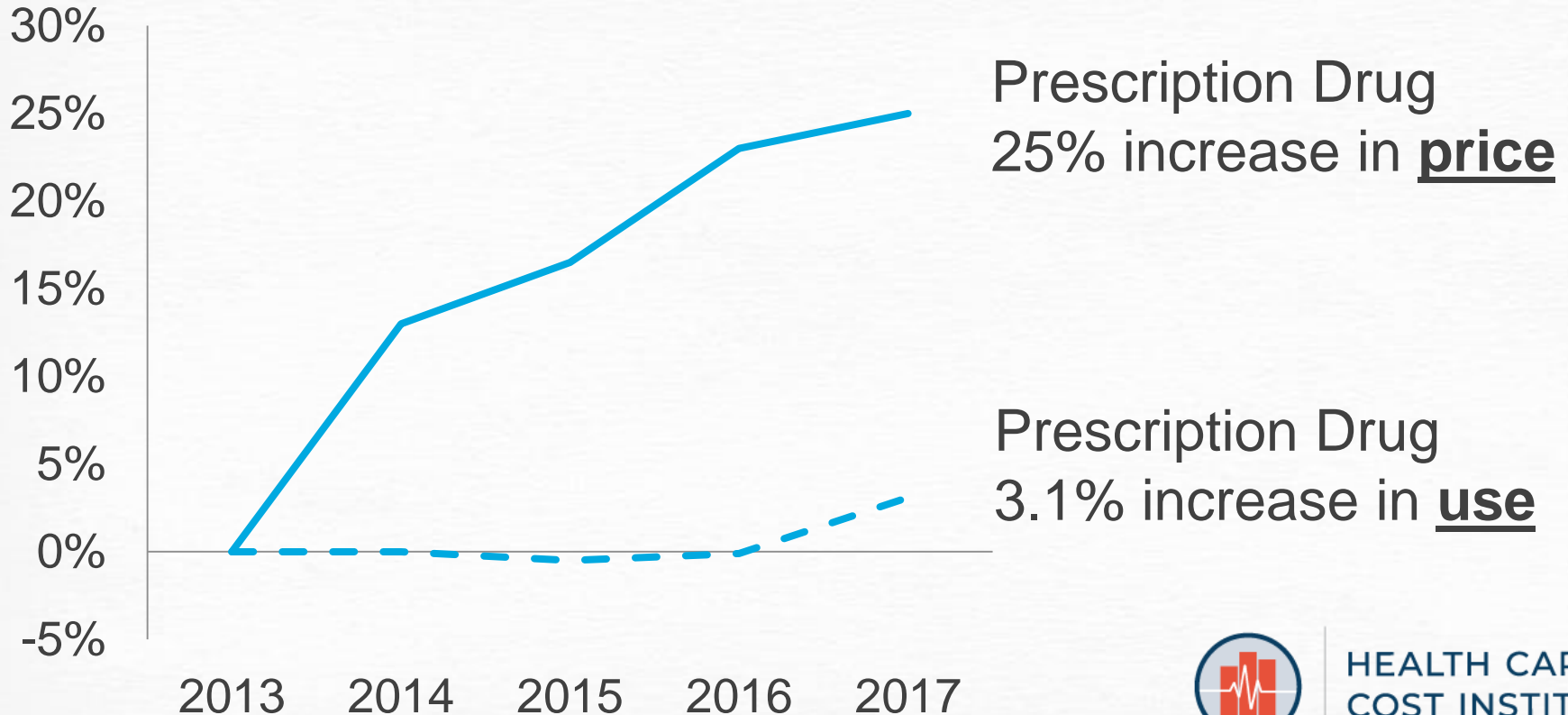
Change in drug costs vs. inflation



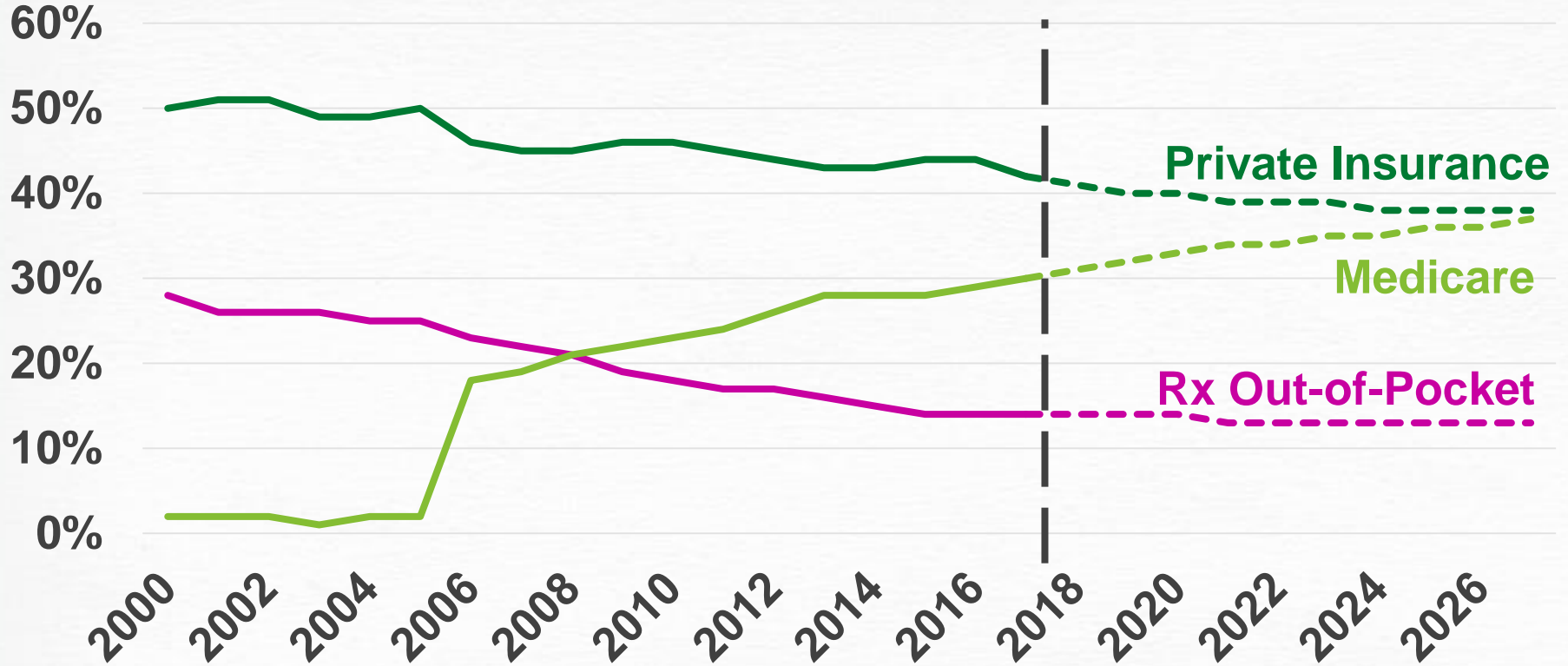
National trend – spend



National trend – price & utilization



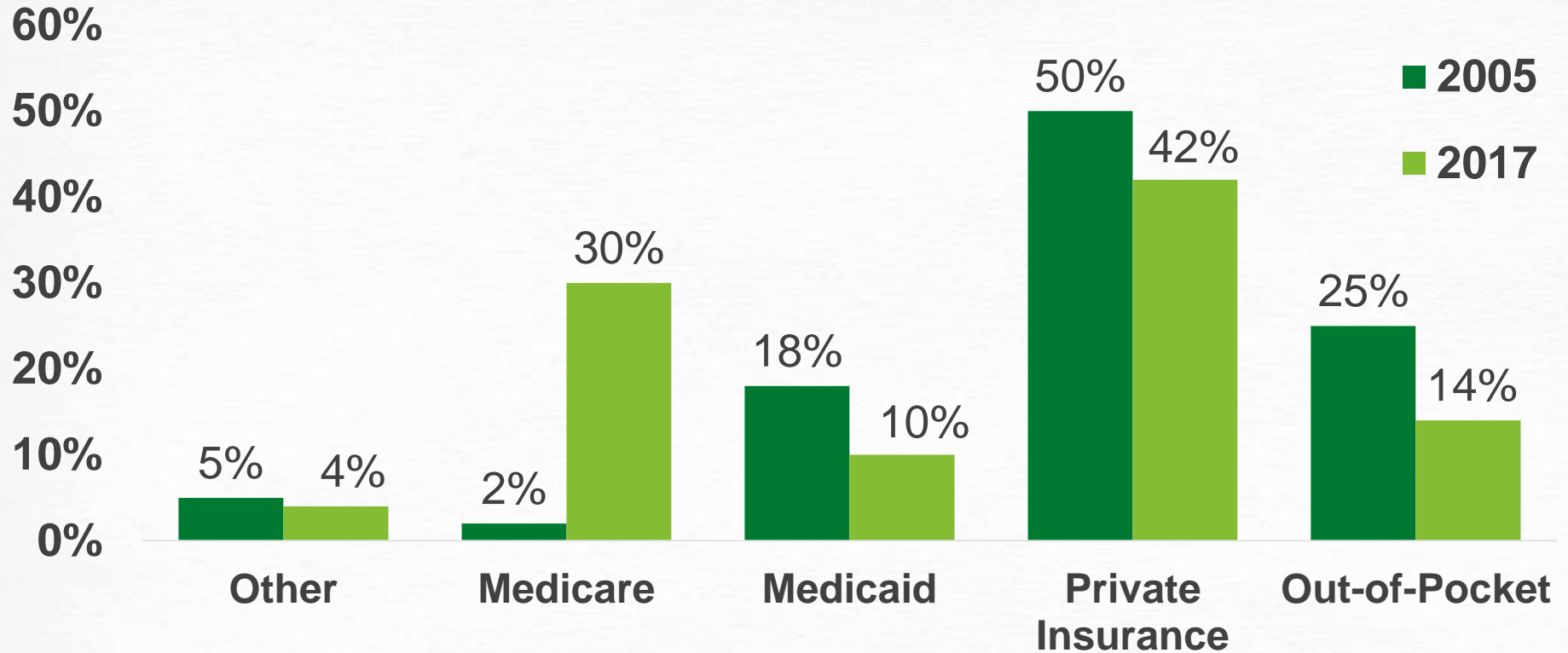
Rx Out-of-pocket



How do we compare?



Prescription drug spend by payer

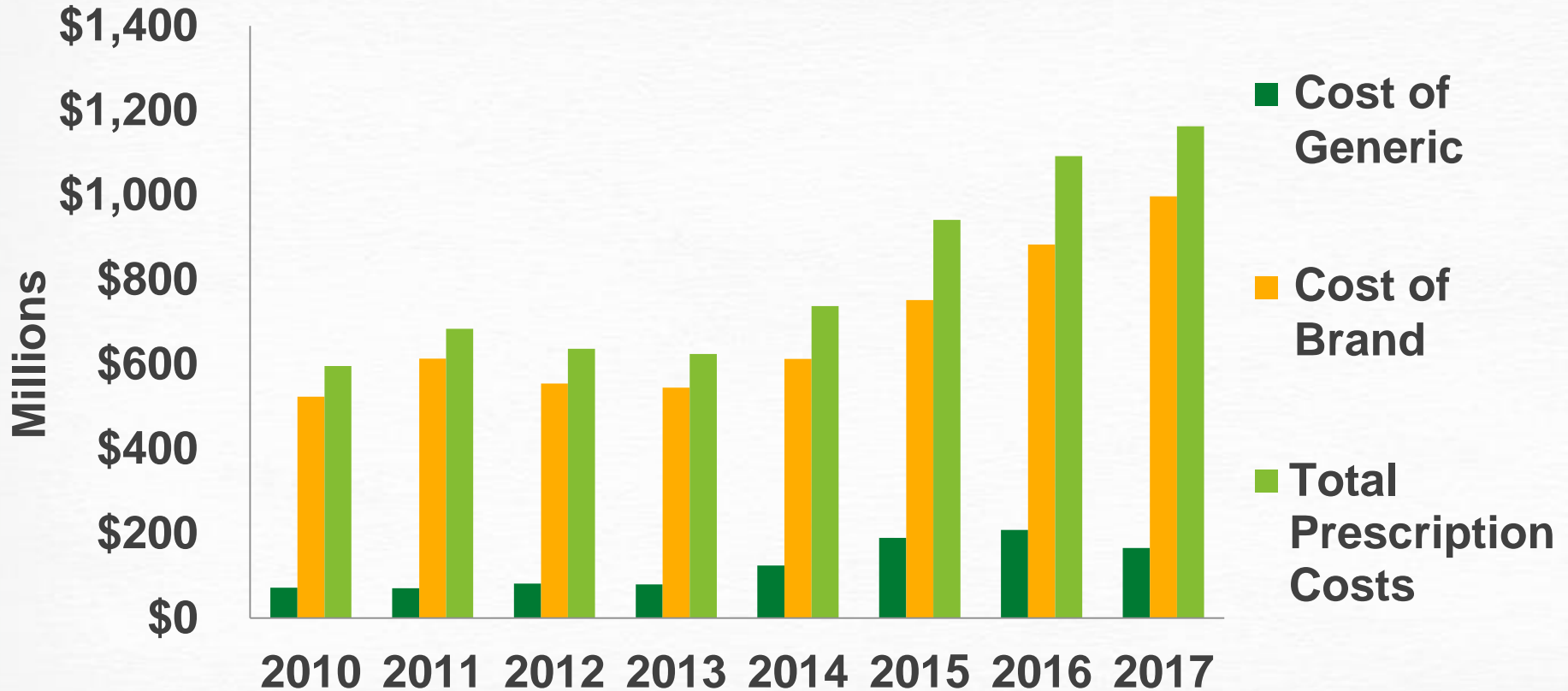


Source: https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/#item-change-in-distribution-of-health-expenditures-by-payer_nhe-2005-to-2017

Medicaid spending by beneficiary

	Total beneficiaries	Net drug spending (in billions)	Spending per beneficiary
2012	58,900,000	\$19.87	\$337
2013	59,800,000	\$19.01	\$318
2014	69,100,000	\$23.67	\$342
2015	70,000,000	\$28.10	\$401
2016	72,200,000	\$29.04	\$402

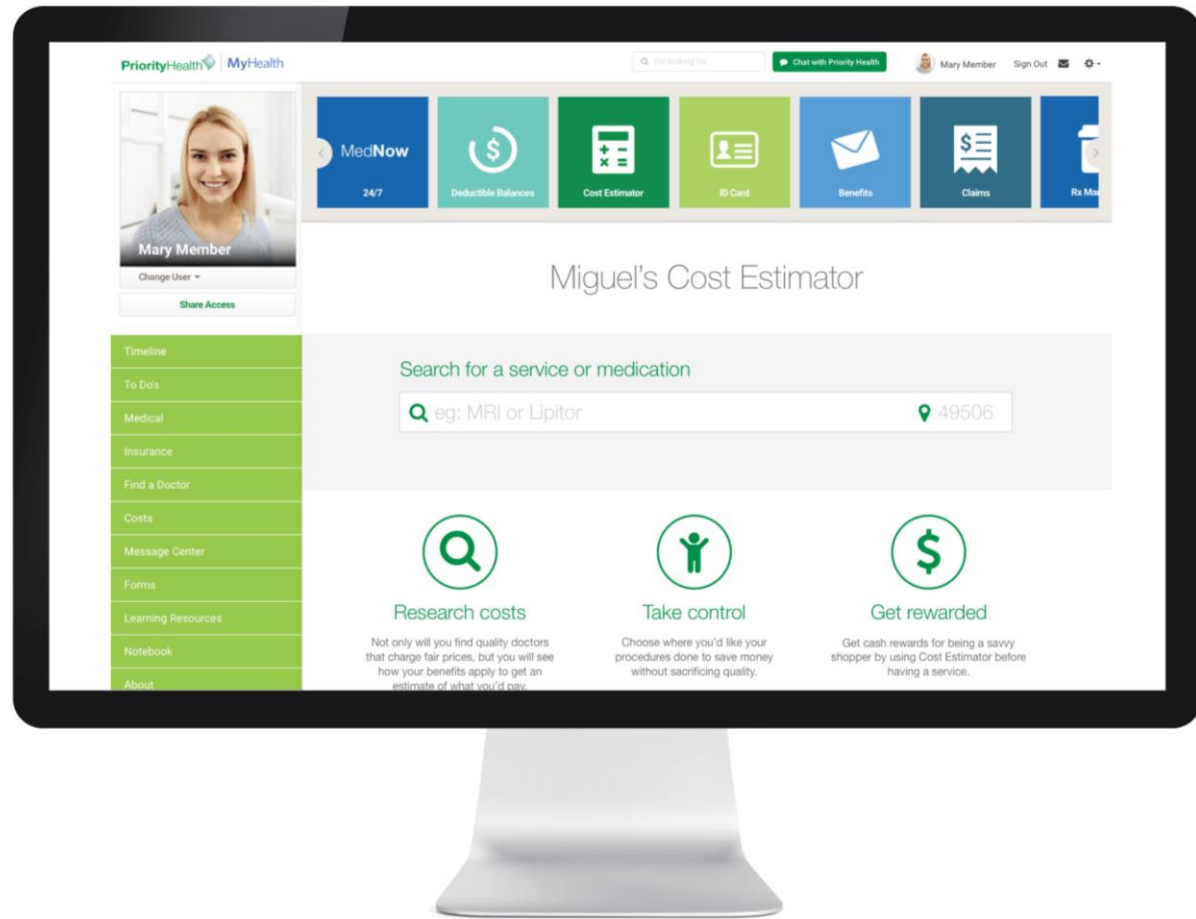
MI Medicaid brand vs. generic



How do we address cost?




Cost Estimator



Real time pharmacy benefit tool

Patient Estimates ✕

 **Preliminary Patient Estimate**
for XXXXXXXXXX

Prescriptions using MITSU-036R (PBMF) ⤴

dornase alpha (PULMOZYME) 1 MG/ML nebulizer sol... 🕒 **\$3,367**
CA Pharmacy 10.6MU - So... , **30 ampule**, 15 days
Prior Authorization required, Quantity Limit exceeded
\$224.47/day

Payer-Suggested Alternatives

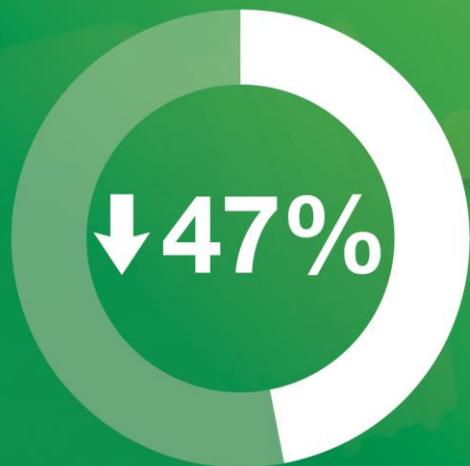
ACETYLCYSTEINE 10 % nebulizer solution 🕒 **\$232**
CA Pharmacy 10.6MU -... , 15 ampule, 15 days
Prior Authorization required, Quantity Limit exce...
\$15.46/day

ACETYLCYSTEINE 10 % nebulizer solution 🕒 **\$232**
CA Pharmacy 10.6MU -... , 15 ampule, 15 days
Prior Authorization required, Quantity Limit exce...
\$15.46/day

ACETYLCYSTEINE 10 % nebulizer solution 🕒 **\$232**
Mail Order Pharmacy 1... , 15 ampule, 15 days
Prior Authorization required, Quantity Limit exce...
\$15.46/day

Patient portion (per fill): \$3,367

Priority Health members utilizing opioids



Commercial



Medicare



Medicaid

January 2017 – September 2018

PriorityHealth 

A healthier approach to health care[®]