



mahp
Michigan Association
of Health Plans

MAHP: Who We Are

- The Michigan Association of Health Plans is a nonprofit corporation established to promote the interests of member health plans.
- MAHP's mission is "to provide leadership for the promotion and advocacy of high quality, accessible health care for the citizens of Michigan."
- Represents 11 health plans covering all of Michigan and more than 45 related business and affiliated organizations. Our member health plans employ about 8,000 persons throughout the state.
- Member health plans provide coverage for more than 3 million Michigan citizens – nearly one in every three Michiganders.
- Member health plans collect and use health care data, support the use of "evidence-based medicine," and facilitate disease management and care coordination to provide cost-effective care.



Our Members

Aetna Better Health of Michigan ^{1,2,3}

CCA Health Michigan ³

Health Alliance Plan ^{1,2,3}

Molina Healthcare of Michigan ^{1,2,3}

Physicians Health Plan ^{1, 3}

McLaren Health Plan ^{1,2,3}

Meridian Health Plan ^{1,2,3}

Paramount Care of Michigan ^{1,3}

Priority Health ^{1,2,3}

Upper Peninsula Health Plan ^{2,3}

United Healthcare Community Plan ^{1,2,3}

Key: 1 = Commercial Health Plan

2 = Medicaid Health Plan

**3 = Medicare Advantage or Medicare Special
Needs Plan**

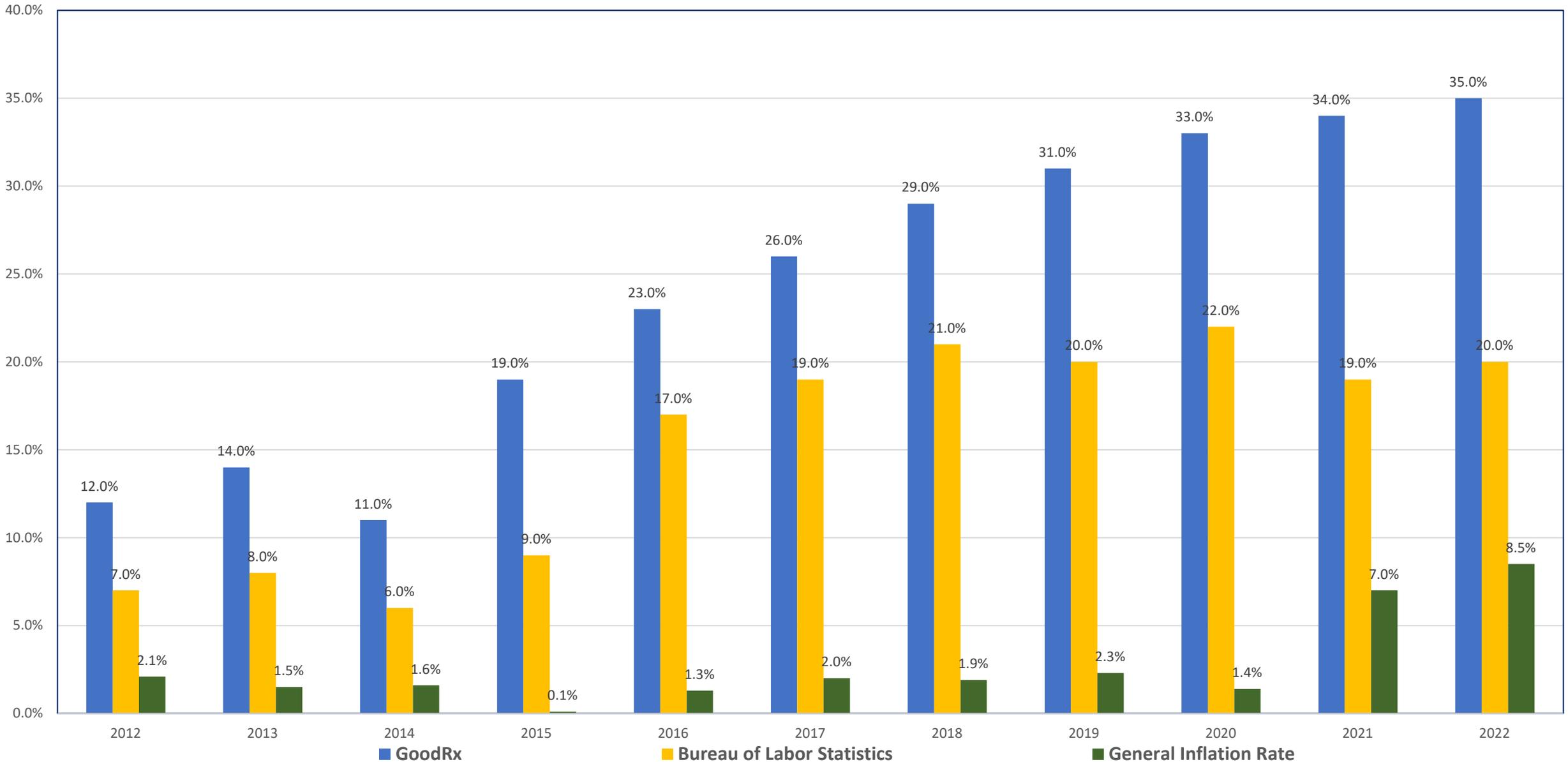


Turning to Medicaid Managed Care

- Managed Care plans assume financial risk for the cost of services and take on many of the routine labor-intensive day-to-day operational activities.
- NOTE: States do not relinquish control of their Medicaid programs. Instead, they shift from benefit administration to contract and oversight management, holding plans highly accountable for the delivery of care to beneficiaries.
- Five major categories of services provided by Medicaid managed care plans include:

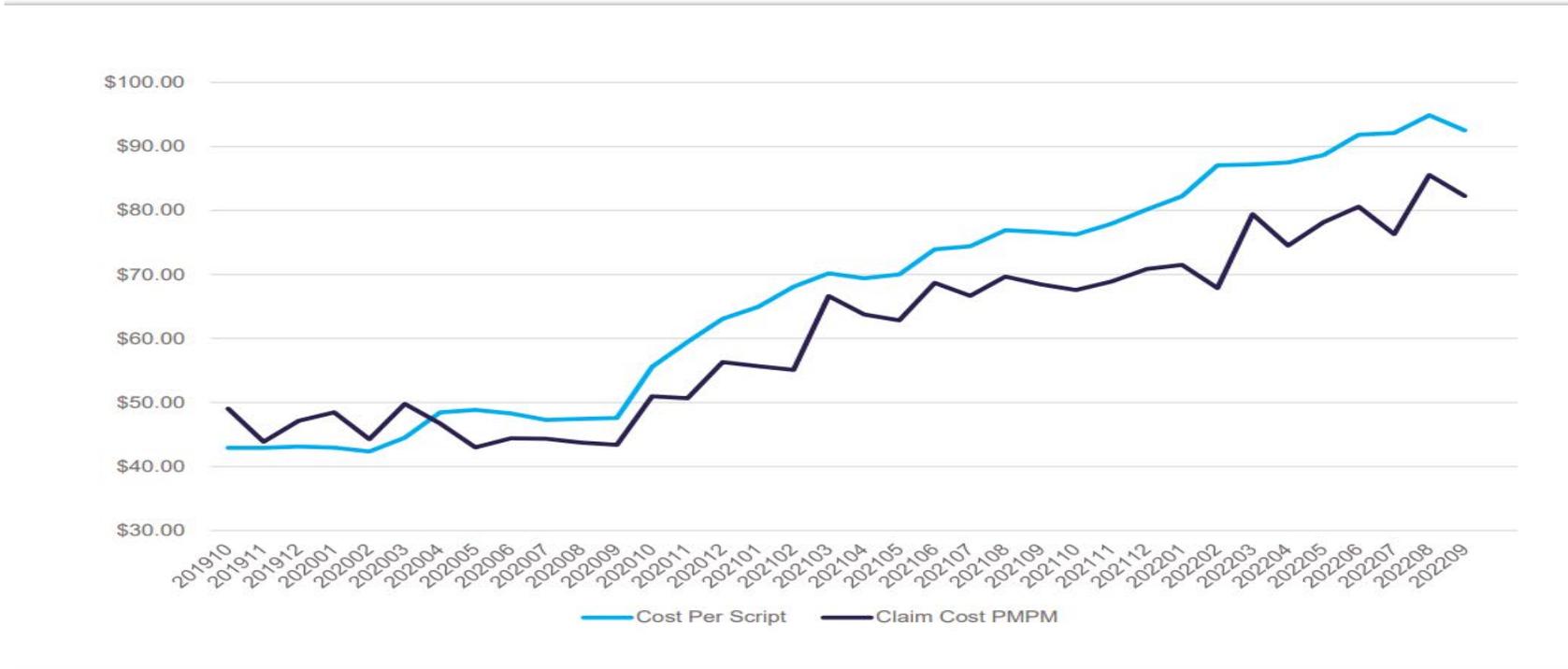
<p>Enroll Engagement and Service</p> <ul style="list-style-type: none"> • Outreach and engagement • Benefits information • Health education • Appeals and grievances 	<p>Provider Access and Availability</p> <ul style="list-style-type: none"> • work development and contracting • Provider service and education • Claims processing • Value based arrangements
<p>Care Management</p> <ul style="list-style-type: none"> • Assessment and care planning • Longitudinal and transitions care management • Utilization management and medical review 	<p>Financial Management and Reporting</p> <ul style="list-style-type: none"> • Value based payment arrangements • Service utilization and cost, other financial information • Fraud, waste, and abuse detection, monitoring and reporting
<p>Quality Improvement</p> <ul style="list-style-type: none"> • Quality metrics data collection and analysis • Quality improvement projects to improve performance 	

Change in Drug Costs Compared to Inflation



Pharmacy Trends

SFY2022 Pharmacy Experience



Per Script Cost Trends have exceeded 20% over the past year.

Pricing trends ranged from 8-9% for SFY 2023, with ~1% for utilization.

SFY 2022 Avg. PMPM \$63 & SFY 2023 \$76



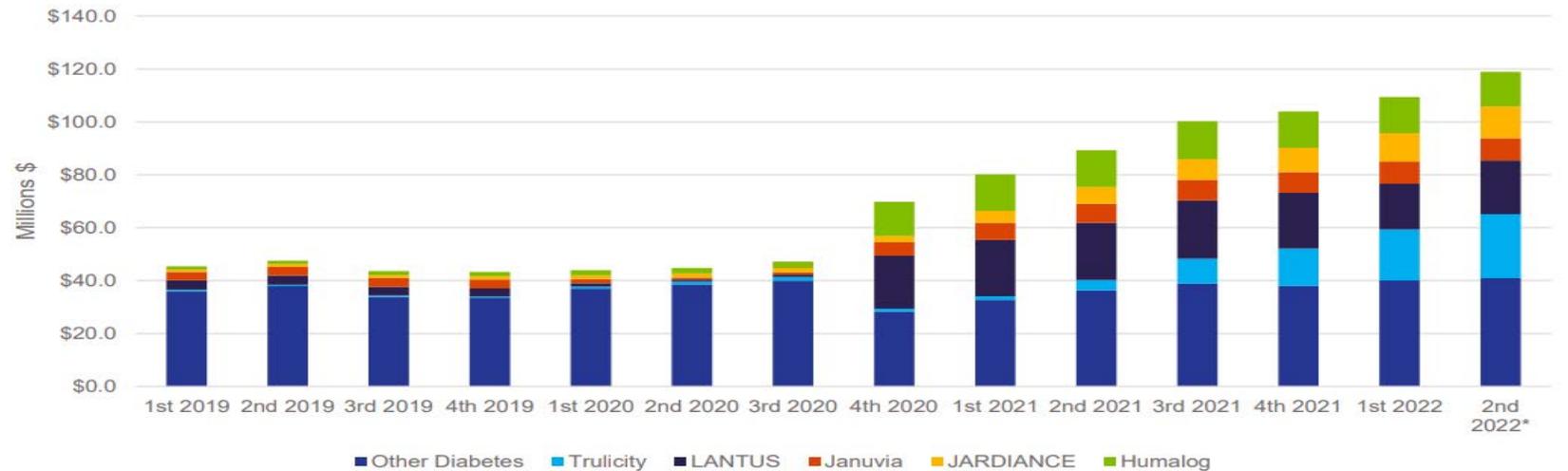
Pharmacy Trends

SFY2022 Pharmacy Experience

Diabetic class drugs represent 25% of all pharmacy spend and Trulicity has grown to represent more than 15% of that spend.

Antiasthmatics and anti-inflammatory round out the top 3 drug classes

Replaced Basaglar K, Lantus, and Januvia as top drug spend.



Pharmacy Program Impacts

Related Costs SFY24

Since implementation of the Single PDL in SFY2021, experience has emerged higher than anticipated. SFY2022 experience is running higher than projected based on emerging price increases.

Limitation on prior authorizations (PA-19), change as of 6/8/2022

- Based on MDHHS data through August 2022
- Average cost per script has increased almost 20% for affected drugs
- Impact: 0.1%-0.3%

Network restrictions: restrict MHPs from contracting with select RX or specialty RX, ("Any Willing Provider")

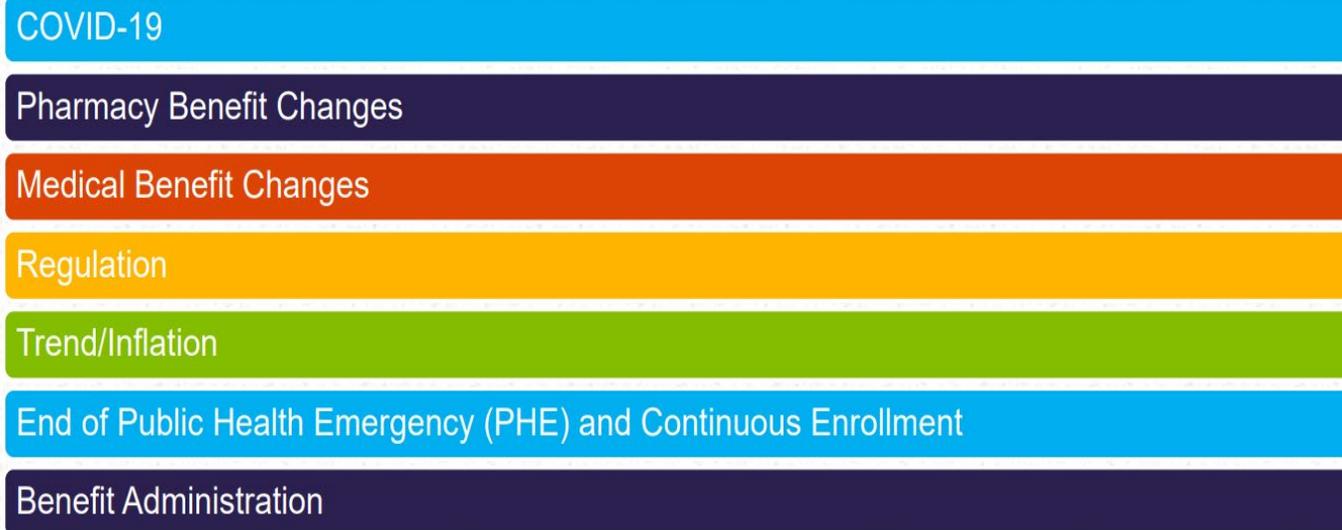
- 2015 Study "The Effect of Any Willing Provider and Freedom of Choice Laws on Prescription Drug Expenditures"; impact +3.0% on costs

Sickle Cell drug cost increase over prior estimate

Budget and Policy Considerations

➤ Actuarial Sound Rates:

- Federal regulations require capitated rates to Health Plans to be certified by an actuary and cover all federal, state, and local taxes, fees, and assessments.
- Review suggests a needed actuarial soundness rate increase between **7.0% and 8.8%** for FY 24 based on the following considerations:



- FY 24 Executive Budget Recommendation of 2.5%. Enacted FY23 was 2%.

Medicaid Redetermination

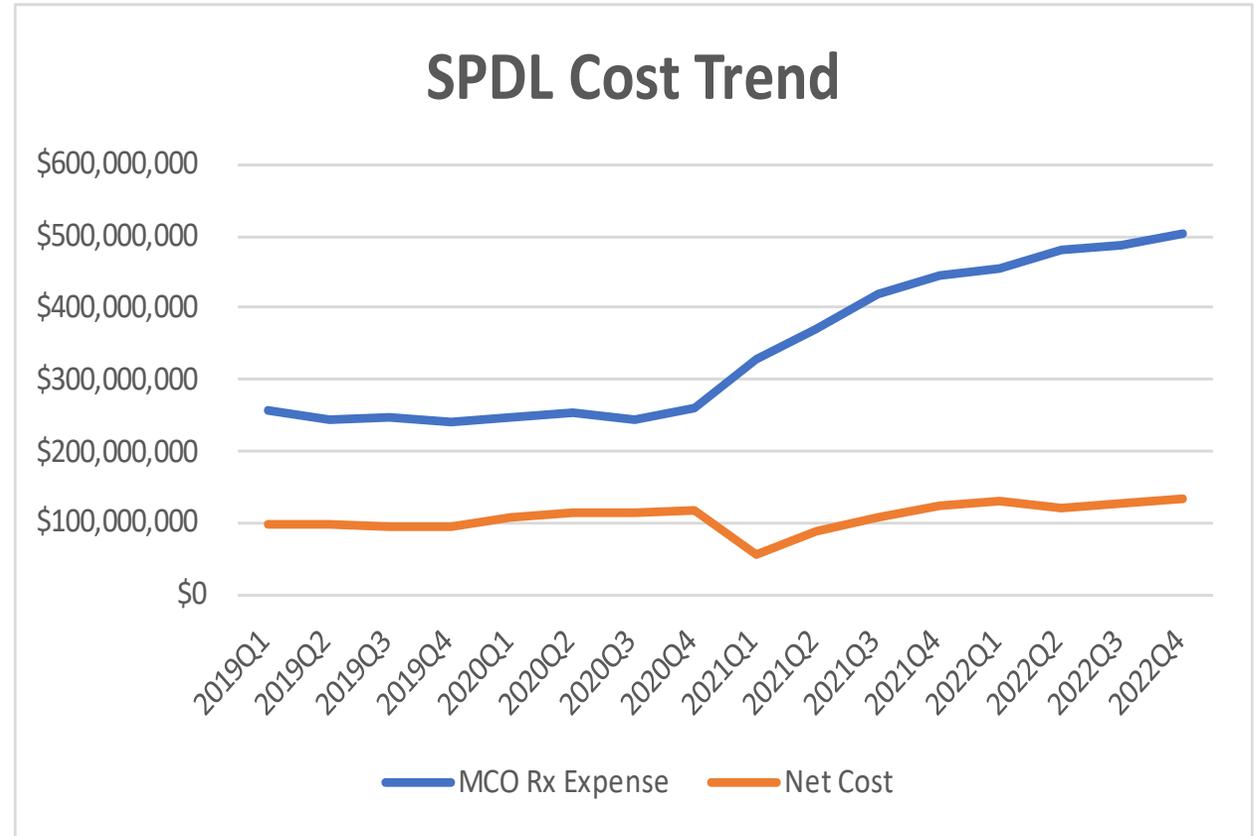
- \$20 Million SFY23 supplemental is needed for redetermination efforts

Renewal Month	Awareness Notices Sent	Ex Parte Period	Renewal Packet Send Date	Month Renewal Packets Processed	Termination Date	First Day without Medicaid Coverage
June 2023	March 4, 2023	April 2023	May 4, 2023	June 2023	June 30, 2023	July 1, 2023
July 2023	April 4, 2023	May 2023	June 4, 2023	July 2023	July 31, 2023	August 1, 2023
August 2023	May 4, 2023	June 2023	July 4, 2023	August 2023	August 31, 2023	September 1, 2023
September 2023	June 4, 2023	July 2023	August 4, 2023	September 2023	September 30, 2023	October 1, 2023
October 2023	July 4, 2023	August 2023	September 4, 2023	October 2023	October 31, 2023	November 1, 2023
November 2023	August 4, 2023	September 2023	October 4, 2023	November 2023	November 30, 2023	December 1, 2023
December 2023	September 4, 2023	October 2023	November 4, 2023	December 2023	December 31, 2023	January 1, 2024
January 2024	October 4, 2023	November 2023	December 4, 2023	January 2024	January 31, 2024	February 1, 2024
February 2024	November 4, 2023	December 2023	January 4, 2024	February 2024	February 29, 2024	March 1, 2024
March 2024	December 4, 2023	January 2024	February 4, 2024	March 2024	March 31, 2024	April 1, 2024
April 2024	January 4, 2024	February 2024	March 4, 2024	April 2024	April 30, 2024	May 1, 2024
May 2024	February 4, 2024	March 2024	April 4, 2024	May 2024	May 31, 2024	June 1, 2024

- Kaiser Family Foundation predicts that 5%-13% of all Medicaid enrollees will be ineligible once the continuous enrollment period ends. Which means approximately 250,000 Michiganders could lose healthcare coverage.

Single Preferred Drug List (SPDL)

- Pharmacy costs can be attributed to **78%** of our high-end actuarial soundness ask of **8.8%**
- Ingredient cost increases and utilization shifts to more expensive brand-name prescription drugs continue to exceed FY 23 assumptions.
- Growth in costs has exceeded the growth in revenue.
- FY20 budget assumed \$180 Million in savings from SPDL shift were never realized



Legislative Recommendations

- Actuarially Sound Funding: Proposed 2.5% placeholder is too low due to cost trends; **7.0-8.8%** is needed
- \$20 Million FY23 supplemental needed for Medicaid Redetermination
- Let Medicaid Managed Care Plans manage their own formularies
- Continue supporting preventative dental utilization increases through integrated oral health
- Integrate behavioral and physical health



MAHP Resources

Tiffany Stone

Deputy Director, Medicaid Policy

tstone@mahp.org

517.253.1002

Christine Shearer

Deputy Director, Office of Legislation and Advocacy

cshearer@mahp.org

517.253.1006



mahp
Michigan Association
of Health Plans

Michigan Association of Health Plans
327 Seymour Ave
Lansing, MI 48933
517.371.3181

www.mahp.org