Blue Cross
Blue Shield
Blue Care Network
of Michigan

Blue Cross Blue Shield of Michigan

A nonprofit mutual insurer

Presented by:
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Vice President, Government and Regulatory Affairs
Blue Cross Blue Shield of Michigan

House Health Policy Committee
Chairman Hank Vaupel, DVM
March 1, 2017

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About Blue Cross

Blue Cross Blue Shield Blue Care Network of Michigan

- Blue Cross Blue Shield of Michigan is a nonprofit mutual insurance company founded in 1939
- Blue Cross is proud to call Michigan home for more than 75 years
- As a nonprofit mutual insurance company, our mission is our members

OUR MISSION	OUR CUSTOMER COMMITMENT	OUR COMMITMENT TO MICHIGAN
We commit to being our members' trusted partner by providing affordable, innovative products that improve their care and health.	*We aspire to be clear and simple, to help you make the right choices, to offer valuable coverage and get quality health care for you and those you love.*	✓ *Increase access to affordable health care* ✓ *Enhance the quality of care patients receive* ✓ *Improve the health of Michigan's citizens and communities*

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Investment in Michigan

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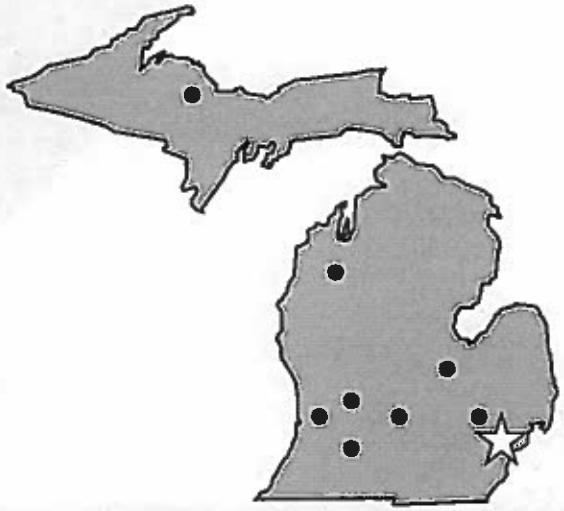
- The largest nonprofit health insurer in Michigan providing coverage in every county in Michigan: 4.5 million members in Michigan and 1.6 million more members in other states
- The largest network of doctors and hospitals in Michigan: 152 hospitals, nearly 33,000 doctors
- Headquartered in Detroit, with more than 8,000 Michigan employees across the state
- As part of our commitment to the state, Blue Cross moved a majority of employees to the core cities of Detroit, Grand Rapids and Lansing



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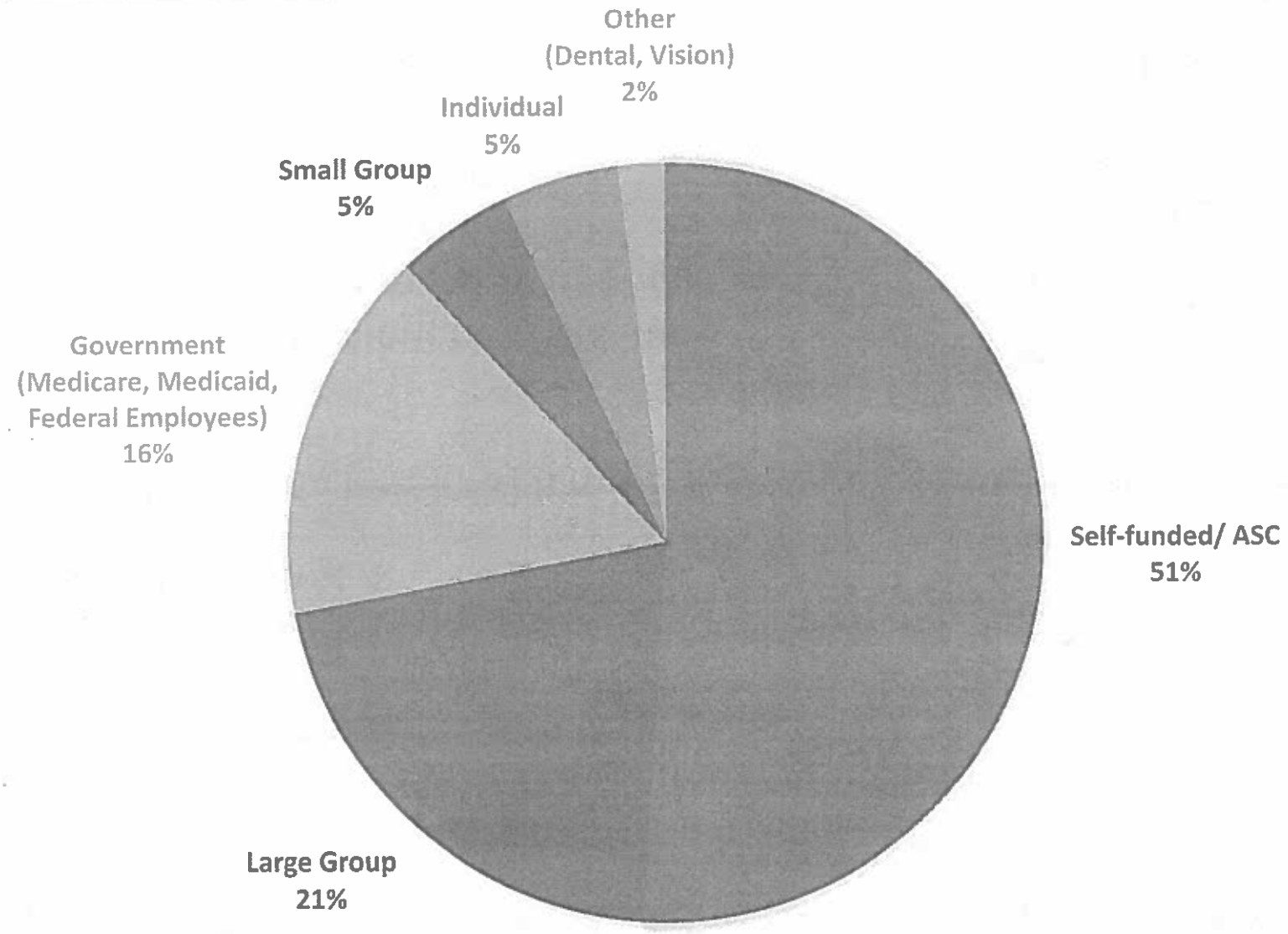
Our members



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Investing in Michigan's Health

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Last year, Blue Cross and its subsidiaries paid $21.2 billion in claims to doctors, hospitals and other health care providers.

Blue Cross leverages its strong partnerships across the state to improve access to care and help make Michigan healthier.

Our $1.56 billion in contributions supports a common goal to improve health care, access, cost and quality of care and the health and wellness of children and seniors throughout Michigan.

Strengthening the Safety Net:

Improving Health Care Access Through Michigan's Free Clinics

We've invested more than $12 million to health clinics across the state, helping 60,000 uninsured and underinsured patients get care.

Our partnership with the state of Michigan and other private donors provided $535,000 to support safety net providers with the integration of behavioral and substance abuse care with primary care and physical health services.

Since 2009, the Building Healthy Communities program, a public-private partnership, has reached more than 500 schools, helping more than 240,000 students eat healthier and be more active.

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About the Enterprise

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- Blue Cross and its subsidiaries are positioned to address the dynamic needs in Michigan's health care-related market

Blue Care Network of Michigan

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Blue Care Network is a nonprofit health maintenance organization, owned by Blue Cross since 1998.

AF Group

The Accident Fund, headquartered in downtown Lansing, has provided workers' compensation insurance coverage since 1912.

lifesecure™

Founded in 2006, LifeSecure Insurance Company is dedicated to providing insurance and noninsurance solutions to protect people from unforeseen health-related risks.

Blue Cross complete of Michigan

BCC is a managed care plan contracted with the state of Michigan that helps Medicaid members get the quality health care they need.

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Blue Cross Complete of Michigan

Serves 171,326 members; with 67,682 enrolled in the Healthy Michigan Plan.

Provides services to eligible Medicaid beneficiaries in 32 counties.

The Medicaid Health Plan covered services is a comprehensive health care benefit that includes primary care, specialty care, hospital services, ancillary services like home health care, durable medical equipment, vision, pharmacy services, non-emergency transportation and limited outpatient mental health benefits.

BCC has developed extensive care management programs that work to identify at risk members early on and engage them in healthy behaviors and assist members with complex medical needs to manage their medical care. BCC does this through teams of nurses, social workers and community health workers that engage members via telephone and in person.

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Blue Cross Complete of Michigan

- The most recent HEDIS report shows that BCC scored above the 90th percentile in performance compared to the other MHPs in quality measures.
- HEDIS measures the percentage of members who went to see their doctor – not in an hospital setting. Depending on age, BCC ranged from the high 80 to mid 90 percent, demonstrating that most members have established a relationship with a providers.
- For primary care physician (PCP) selection, during the months of October through December, 80 to 84 percent of the members who enrolled selected a PCP at the time of appointment. BCC hosts new member welcome orientation calls to provide an overview of how the plan operates and assists with arranging transportation or getting appointments with providers.

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Commitment to Better Health Care

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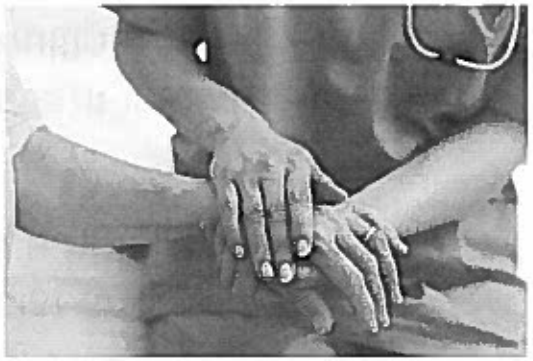

- BCBSM saved more than $793 million in health care costs statewide from 2008 to 2015 through five of our long-standing Collaborative Quality Initiatives with hospitals and doctors.
- Our Patient-Centered Medical Home program is the largest in the nation and has saved an estimated $427 million in costs to the health care system.
- 1.245 million patients received better care: For example, adult patients in Blue-designated PCMH practices had a 15.1 percent lower rate of adult ER visits and a 17.2 percent lower rate of pediatric ER visits.

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Health Care Concerns

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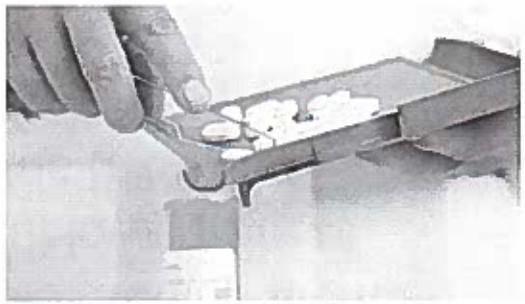
Issue: Accidental overdose deaths involving opioids increased six fold in Michigan between 1999 and 2013



Blue Cross Solutions:

- **New Directions Initiative**: Since a high percentage of people who overdose on opioids are re-prescribed an opioid, Blue Cross runs a case management and behavioral health program to ensure appropriate prescribing of opioids following overdose.
- **Member lock-in**: When an individual has a demonstrated history of at-risk behavior, Blue Cross works with the individual's pharmacist and doctor to choose a specific care management team, who will have a holistic view of all prescriptions.
- **Doctor Shopper Program:** A Blue Cross program to prevent individuals from "doctor shopping" to obtain controlled substances from multiple providers without the prescribers' knowledge of other prescriptions

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What is driving health care costs?

Prescription drug costs continue to grow at an unsustainable rate, led in large part by expensive specialty drugs. Specialty drug spending is expected to quadruple from 2012 to 2020.

Blue Cross' pharmacy costs are now nearly 30 percent of the total cost of health care expenditures.

- This is more than any other single expenditure.
- Blue Cross spends more on pharmacy costs than hospital stays or doctor visits.

The primary cause of the increase is the price of prescription drugs, not utilization. At Blue Cross, we saw an overall decrease in prescription drug use, but a double-digit increase in cost.

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What is driving health care costs?

Our commitment: Blue Cross Blue Shield of Michigan is committed to ensuring that people have timely access to safe, cost-effective medications when they need them.

Our coverage: We offer access to the best health care available in Michigan, from doctors and hospital care to prescription drugs. That care often carries high costs.

Our challenge: Health care costs as a whole continue to rise, yet drug costs have grown considerably over the past decade, more than other health care expenditures.

Blue Cross efforts to address cost and improve quality include:

- Extending our Physician Group Incentive Program, Patient-Centered Medical Home Program and Collaborative Quality Initiatives concepts to pharmacies and prescription drugs
- Incentives to encourage generic drug utilization

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Questions?

Blue Cross Government and Regulatory Affairs Team

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