

Michigan Office of Retirement Services 2018 Management Report

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IBM Watson Health



Agenda

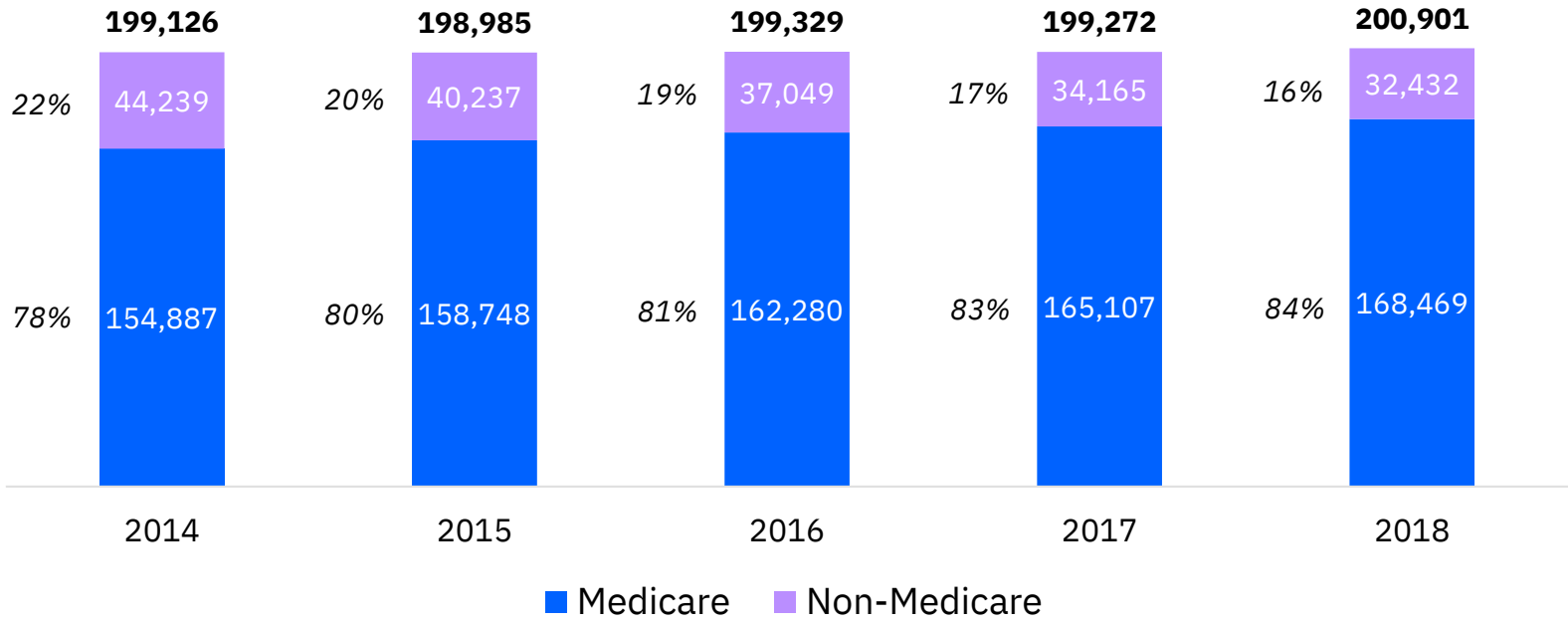
- Historical Experience
- Prescription Drug Plan Analysis
 - Claims Cost - Supply
- Medical Plan Analysis
 - Claims Cost – Inpatient and Outpatient
- Clinical Episodes of Care (Medical and Prescription Drug)
- Summary of Key Findings



Historical Experience

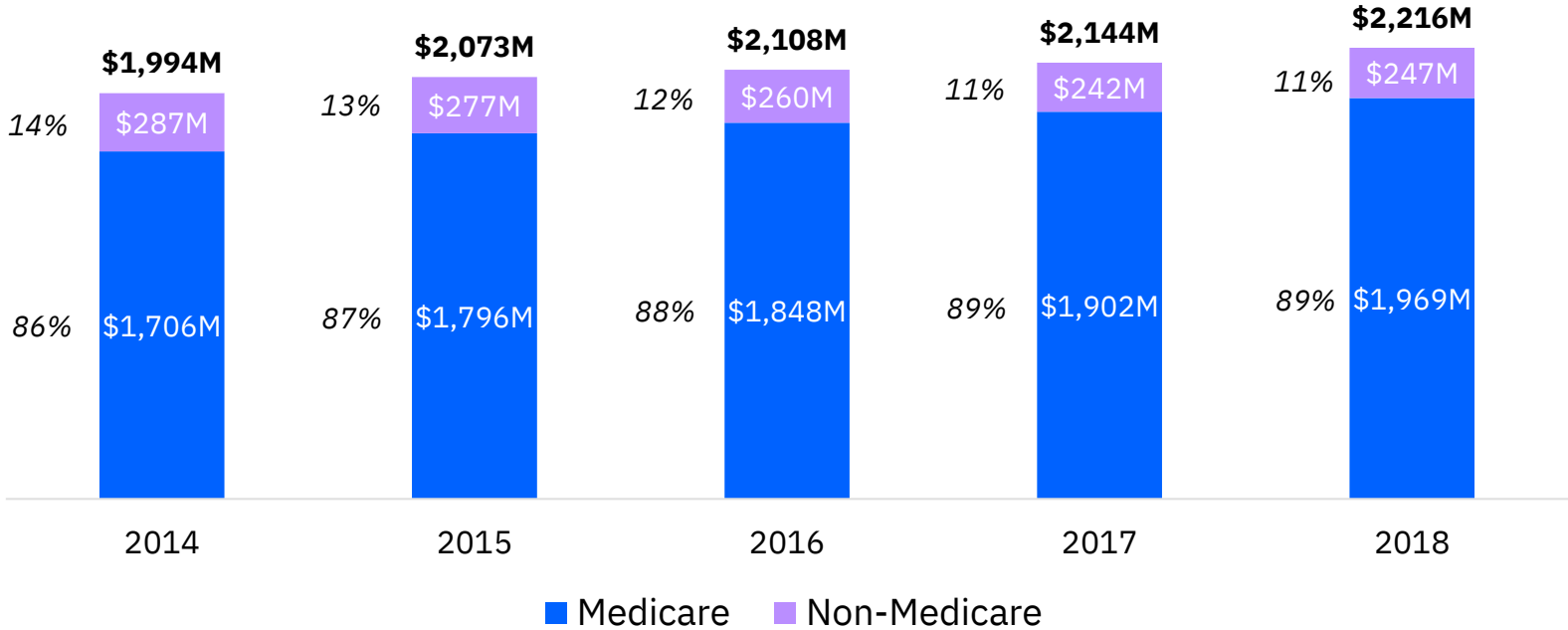
Historical Experience: Enrollment

Covered Lives



Historical Experience: Total Claims Cost

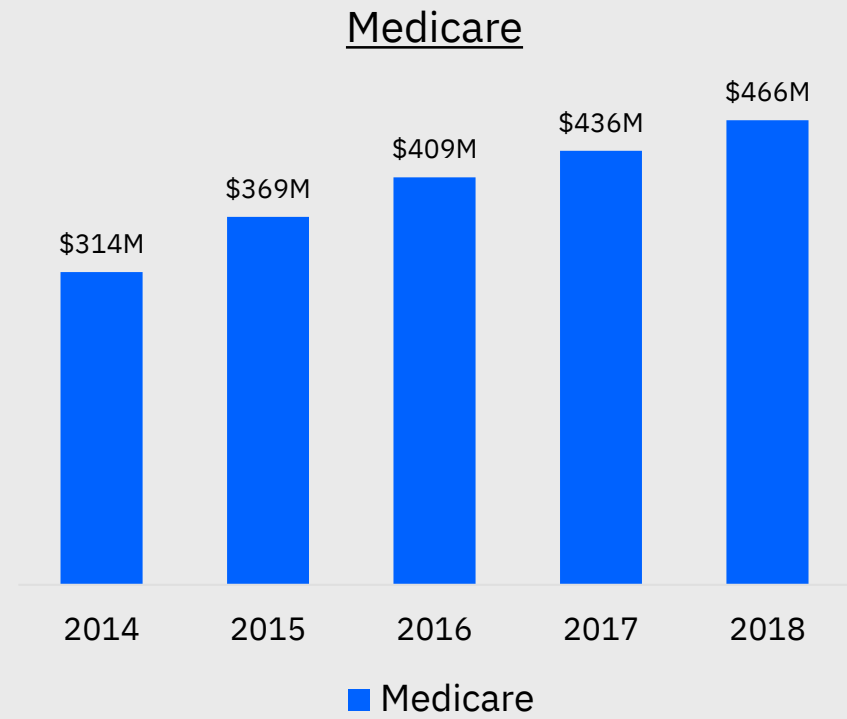
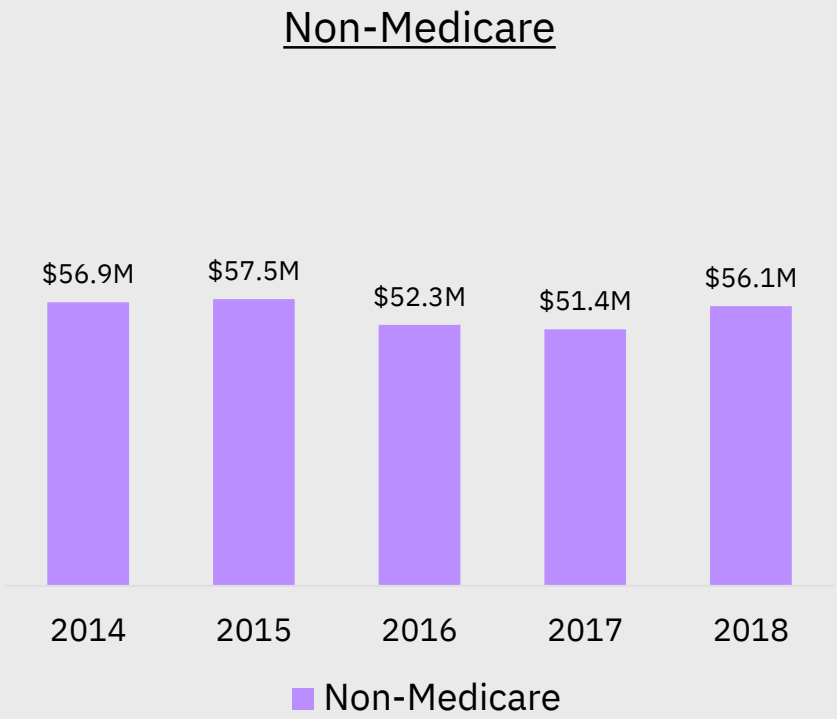
Total Claims Cost¹



¹Claims cost is the total amount paid for medical and prescription drug claims. Claims shown here do not include member out of pocket costs. Claims shown are also not offset by prescription drug rebates nor Medicare revenue.

Prescription Drug Plan Analysis

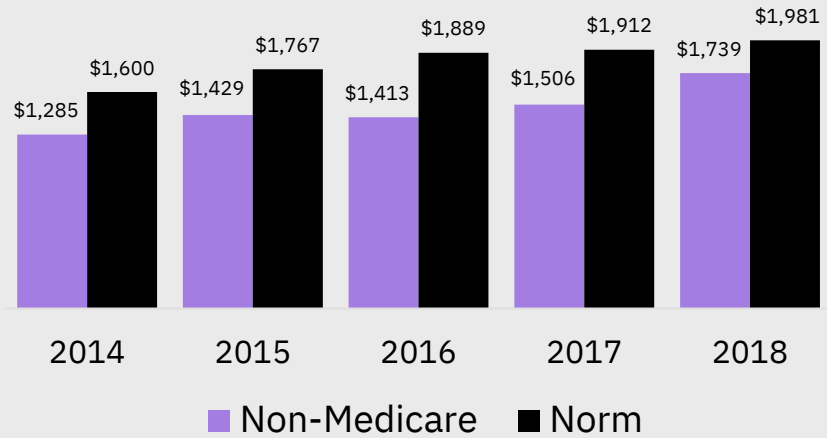
Prescription Drug Claims Cost¹



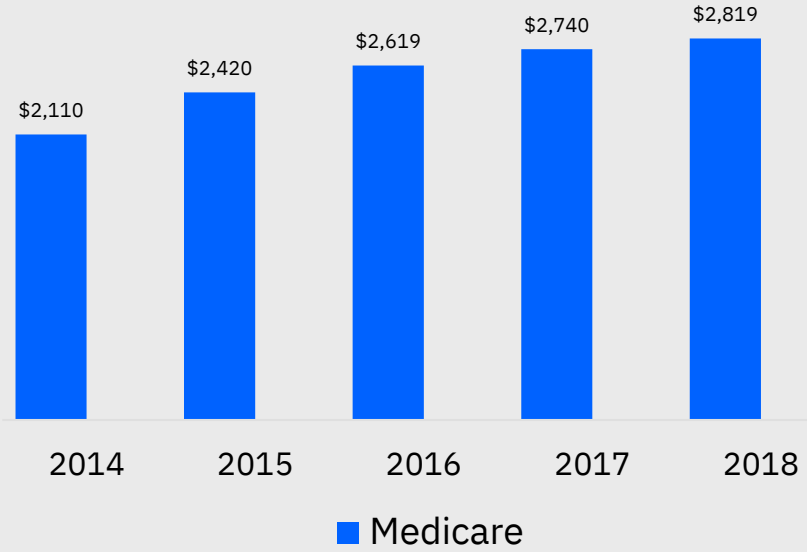
¹Claims cost is the total amount paid for medical and prescription drug claims. Claims shown here do not include member out of pocket costs. Claims shown are also not offset by prescription drug rebates nor Medicare revenue.

Prescription Drug Claims Cost: Per Member Compared to Norm¹

Non-Medicare



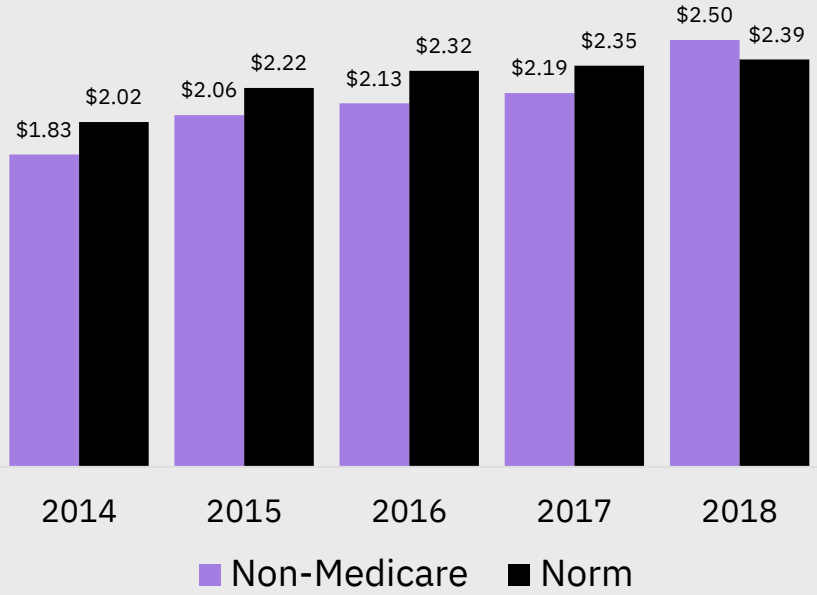
Medicare



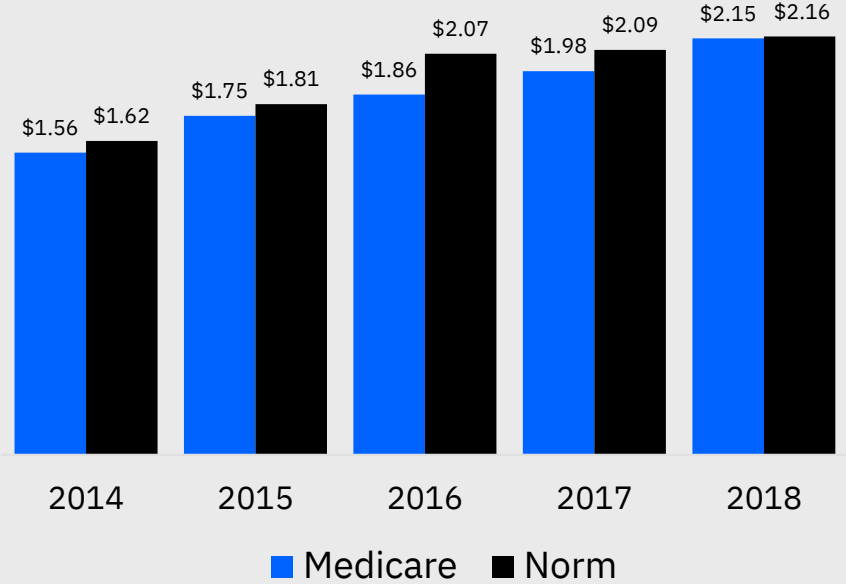
¹ IBM Watson MarketScan® Normative database, representing the experience of other retiree populations with characteristics similar to those of the Retirement System population. Claims cost is the total amount paid for medical and prescription drug claims. Claims shown here do not include member out of pocket costs. Claims shown are also not offset by prescription drug rebates nor Medicare revenue.

Prescription Drug Claims Cost: Per Day's Supply Compared to Norm¹

Non-Medicare

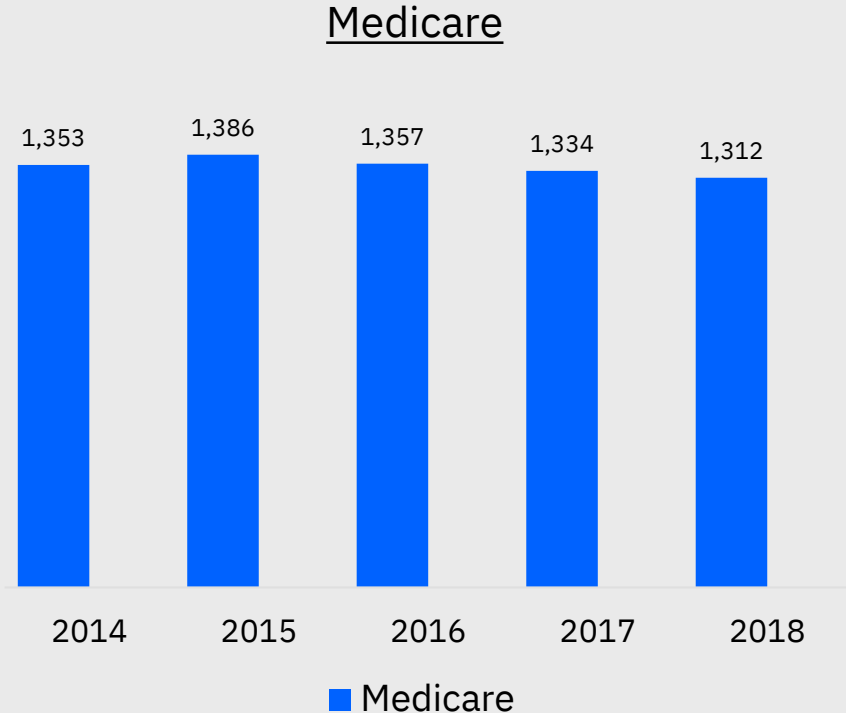
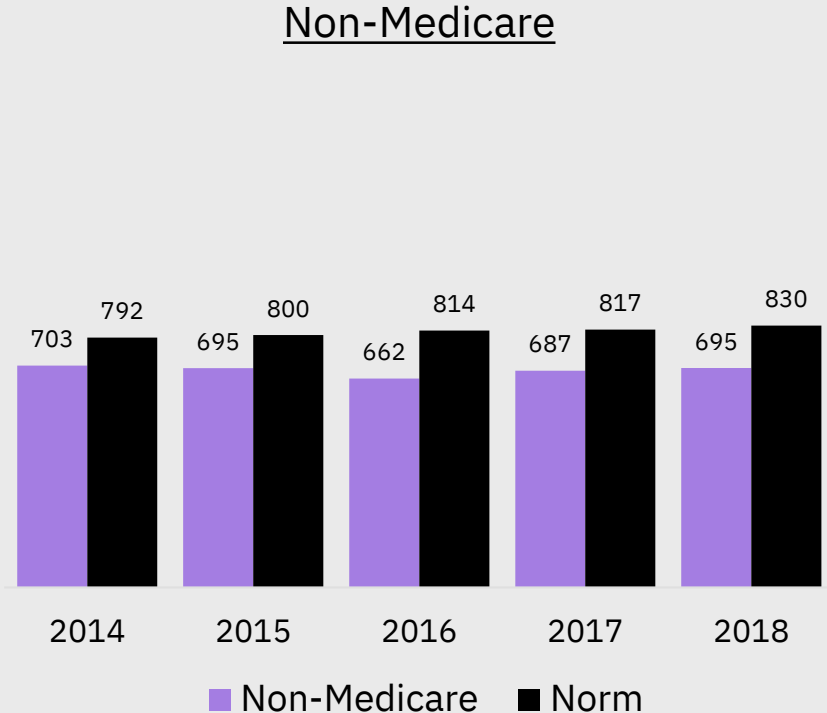


Medicare



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Prescription Drug Day's Supply: Per Member Compared to Norm¹

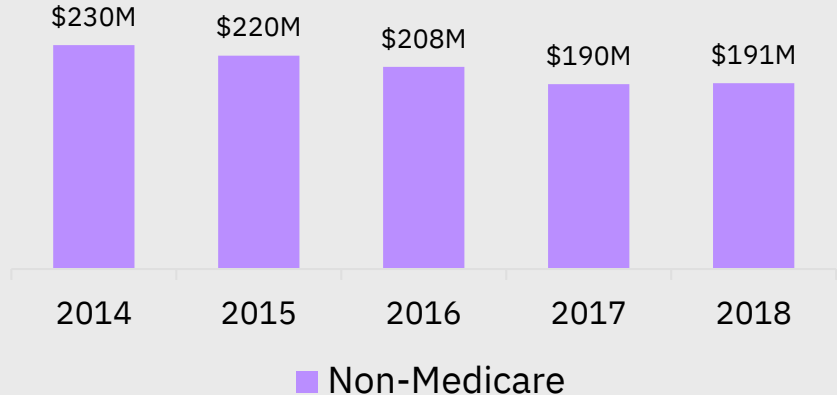


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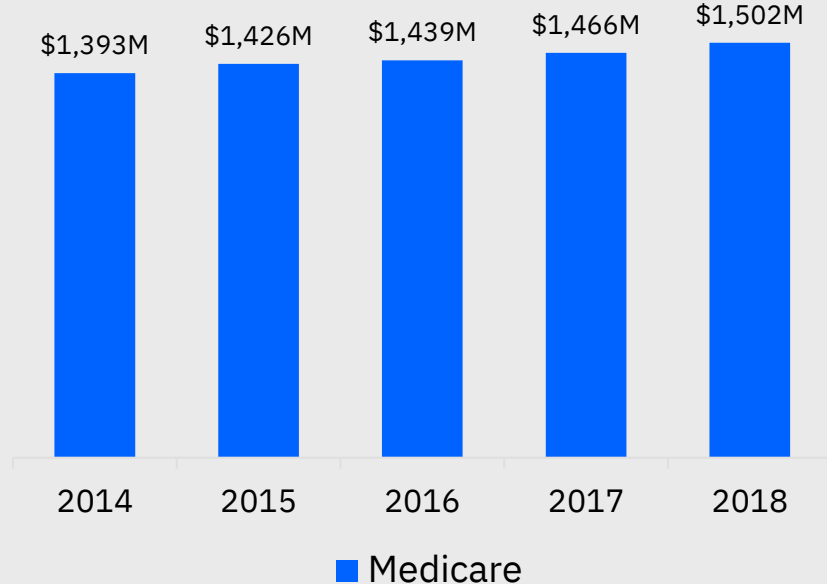
Medical Plan Analysis

Medical Claims Cost¹

Non-Medicare



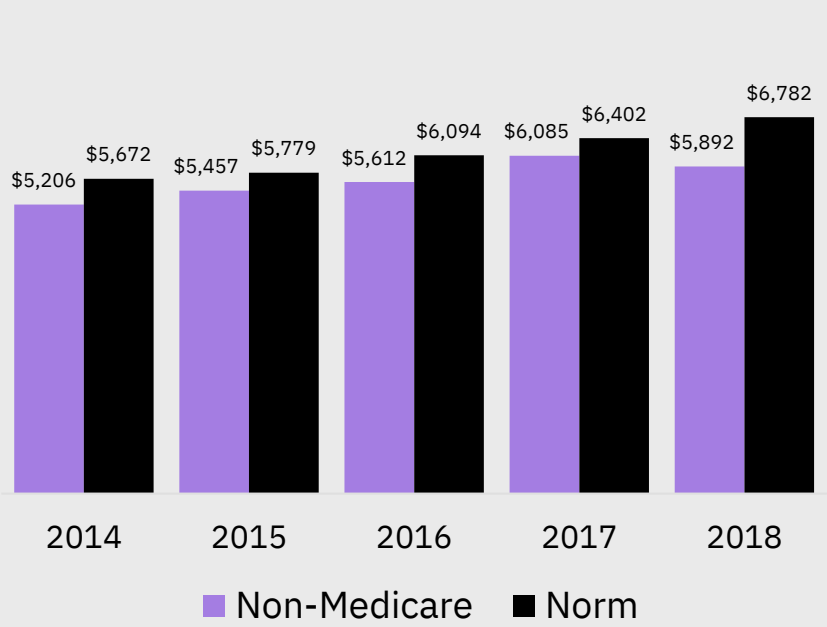
Medicare



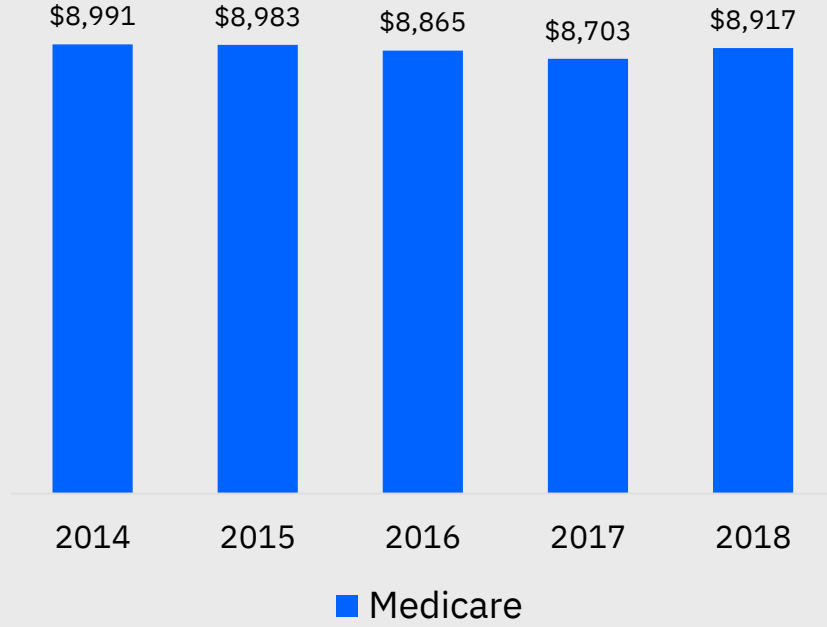
¹Claims cost is the total amount paid for medical claims. Claims shown here do not include member out of pocket costs and are not offset by Medicare revenue.

Medical Claims Cost: Per Member Compared to Norm¹

Non-Medicare



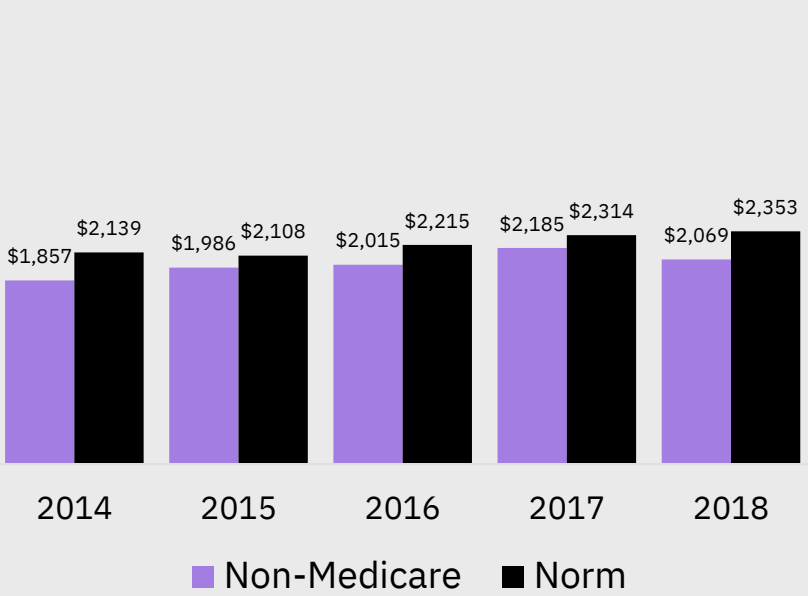
Medicare



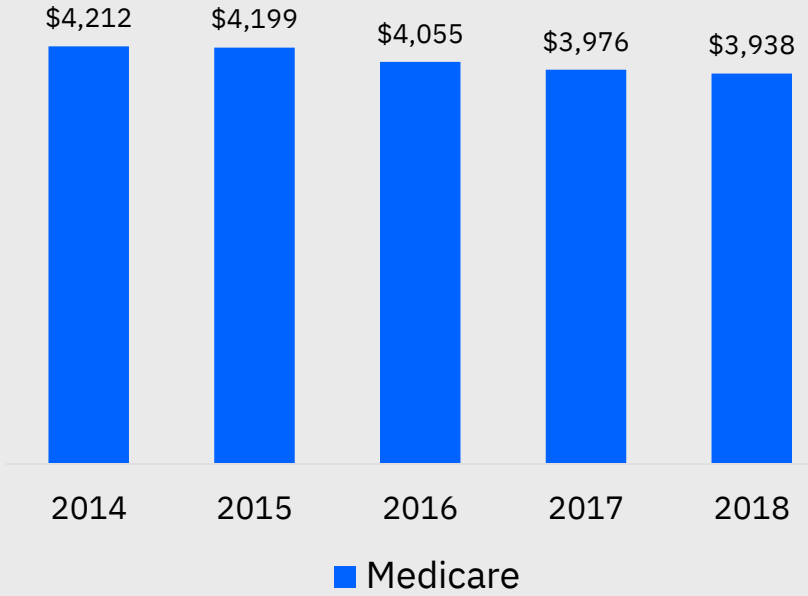
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Inpatient Claims Cost: Per Member Compared to Norm¹

Non-Medicare



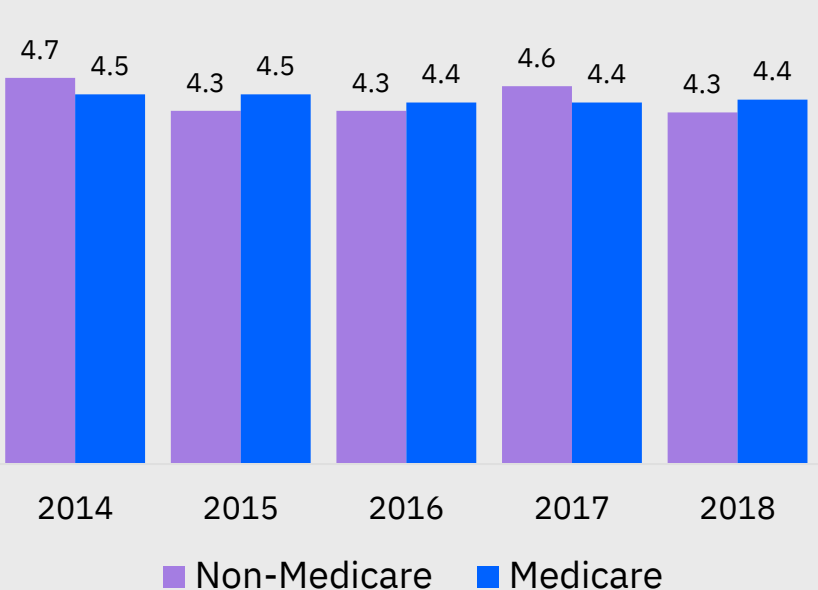
Medicare



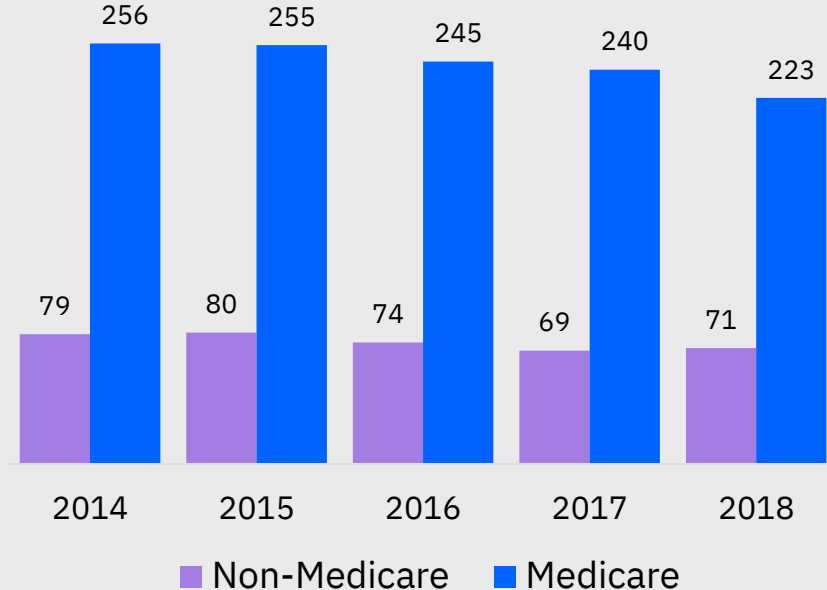
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Inpatient Use: Average Length of Stay– Rate of Admission¹

Average Length of Stay

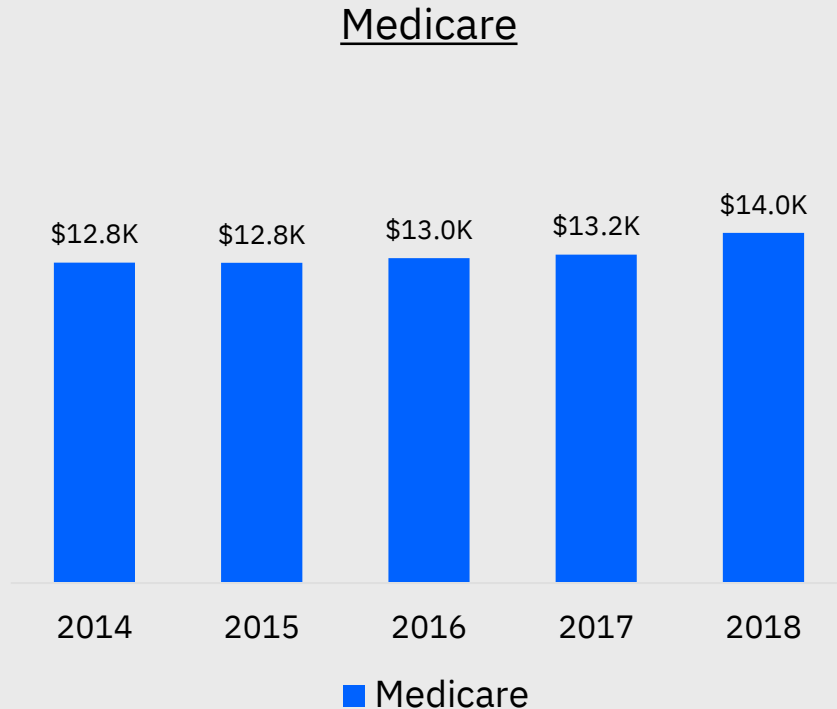
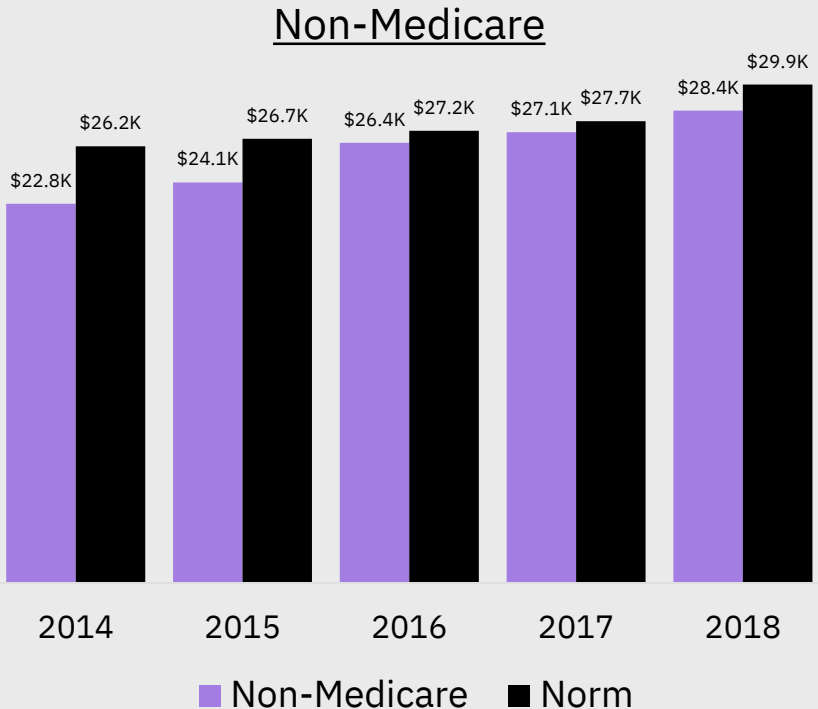


Admissions/1,000



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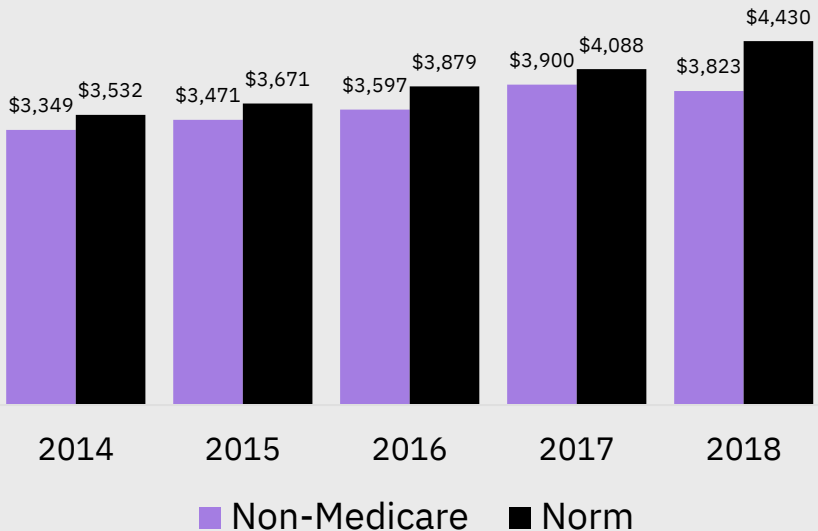
Inpatient Claims Cost¹: Per Admission



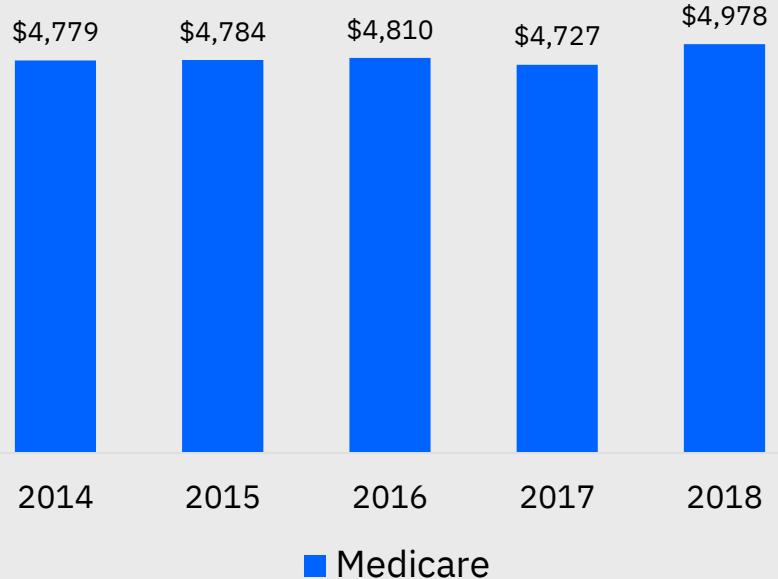
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Outpatient Medical Claims Cost: Per Member Compared to Norm¹

Non-Medicare



Medicare

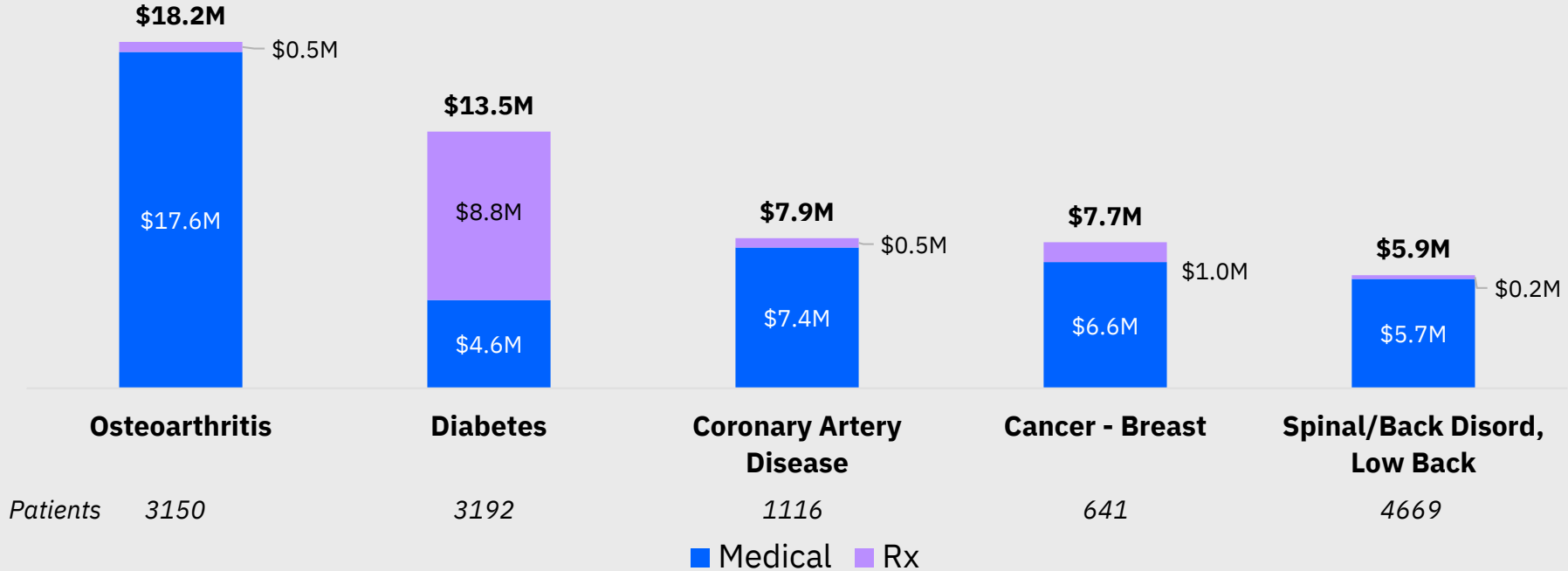


¹ Claims cost is the total amount paid for medical claims. Claims shown here do not include member out of pocket costs and are not offset by Medicare revenue.

Clinical Episodes of Care

Non-Medicare: Top 5 Episodes of Care by Total Cost¹ (Medical and Prescription Drug) –2018

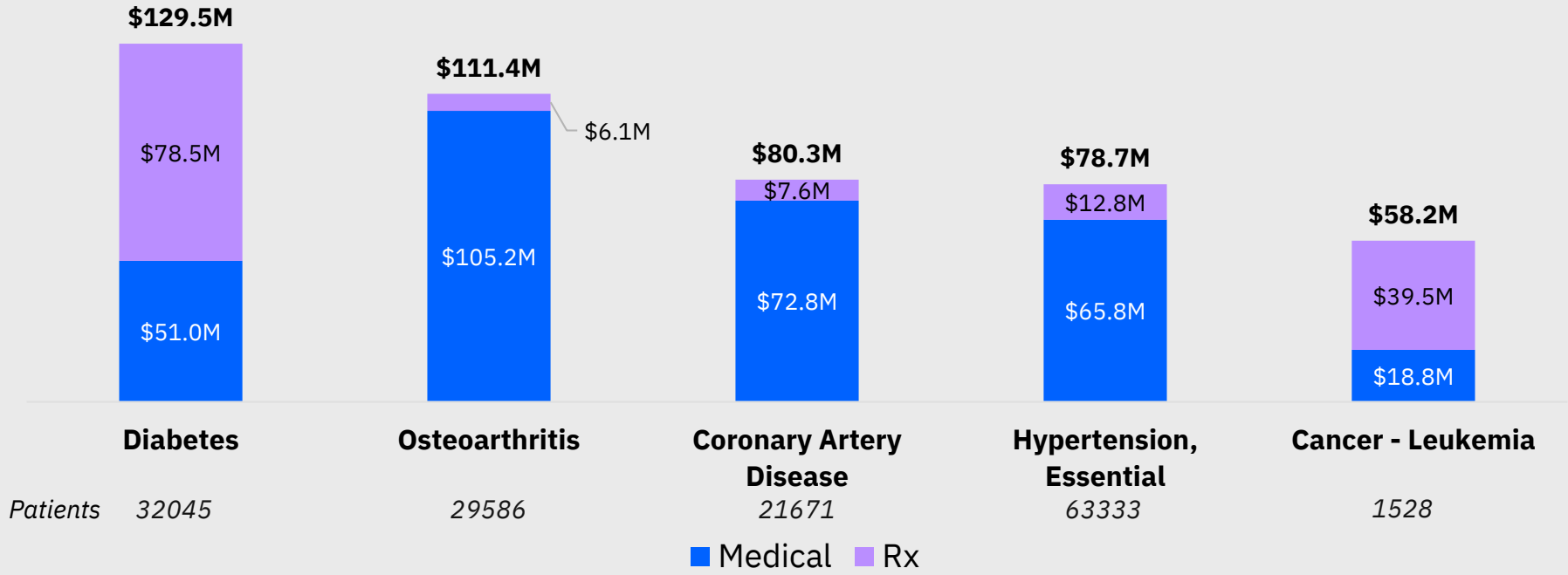
Non-Medicare



¹ Claims cost (rounded to the nearest \$0.1M) is the total amount paid for medical and prescription drug claims. Claims shown here do not include rebates, member out of pocket costs and are not offset by Medicare revenue.

Medicare: Top 5 Episodes of Care by Total Cost¹ (Medical and Prescription Drug) –2018

Medicare



¹ Claims cost (rounded to the nearest \$0.1M) is the total amount paid for medical and prescription drug claims. Claims shown here do not include rebates, member out of pocket costs and are not offset by Medicare revenue.

Summary of Key Findings

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- The total covered population, including dependents, [increased slightly to 200,901 members](#) in 2018, with more members aging into Medicare.
- Before taking into account CMS revenue, premiums, and administrative fees, [claims costs per-member-per-year increased 1% for Medicare Advantage members and nearly 8% for Non Medicare members](#) between 2017 and 2018. Drug costs increased for both Medicare Advantage and Non Medicare Members. Medical costs increased for Medicare Advantage members.
- [Drug claim cost per member for the Medicare population increased 3%. Prescription drug claims costs per member increased 15% for the Non-Medicare population and were 12% below the annual norm.](#)
- [Medical costs per member in the Medicare population remained relatively stable](#) in 2018.
- Total medical claims costs per member in the Non-Medicare population increased 6% in 2018. [These costs per member in the Non-Medicare population were comparable to annual norm.](#)
- Treatment for [Diabetes and Osteoarthritis](#) continue to be the top costs for both the Medicare and Non-Medicare populations.

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