

WHAT IS COST OF CARE?

Cost of care is comprised of all direct and indirect costs related to the delivery of medical care, including but not limited to and physicians' services and hospital services.

2018 Region Population

755,009

2017 Region Population

Percent Change

757,558 **0.3%** ▼

* The downward trend in the Regional Population is due to the result of an aging population.

Data Source: U.S. Census Bureau



■ Medicare (24.90%) ■ Medicaid (19%) ■ Uninsured (7.70%)

■ Employer Paid Coverage (48.40%)

Data Source: U.S. Census Bureau

WHY DOES COST OF CARE MATTER?

Efficient and effective health systems and health care delivery across the region promotes growth throughout the community, improving quality of life for citizens in the region, leading to:

- increased business growth through a stronger workforce
- lower absenteeism
- decreased health care costs on employers, state and local budgets, and individuals
- stronger support in the community to control healthcare costs
- enhanced ability to meet tough health reform challenges related to improving quality and cost of care

WHAT IMPACTS COST OF CARE?

Some factors that impact cost of care include wasteful healthcare spending, such as unnecessary medical tests, high cost of prescription drugs, increases in obesity and chronic health conditions, consolidation of service providers, and an aging population, which will increase the cost of Medicare, Medicaid, and health care, and require increased levels of care, creating demand.

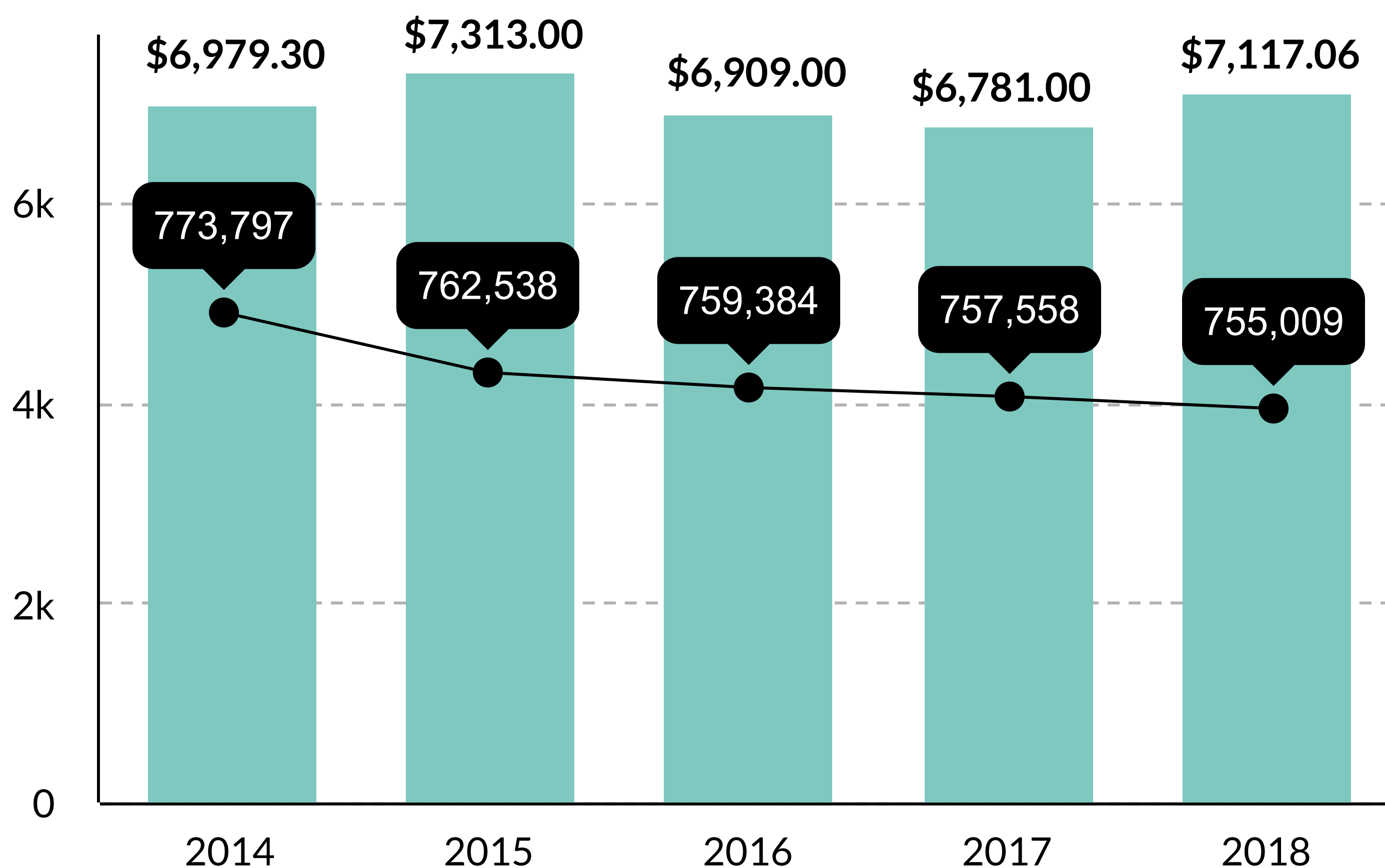
Year 7 Summary

MiHIA's annual Cost of Care report is a high level assessment that aims to measure the cost trends in the region. By analyzing and presenting the best data available, this report serves as a tool to estimate the impact of regional efforts.

Data Sources utilized in this report include the Bureau of Labor Statistics, Centers for Medicare & Medicaid Services, Michigan Department of Community Health, Kaiser Family Foundation, and local health insurers in the region (e.g. Aetna, Blue Cross, HealthPlus of Michigan), unless otherwise noted.

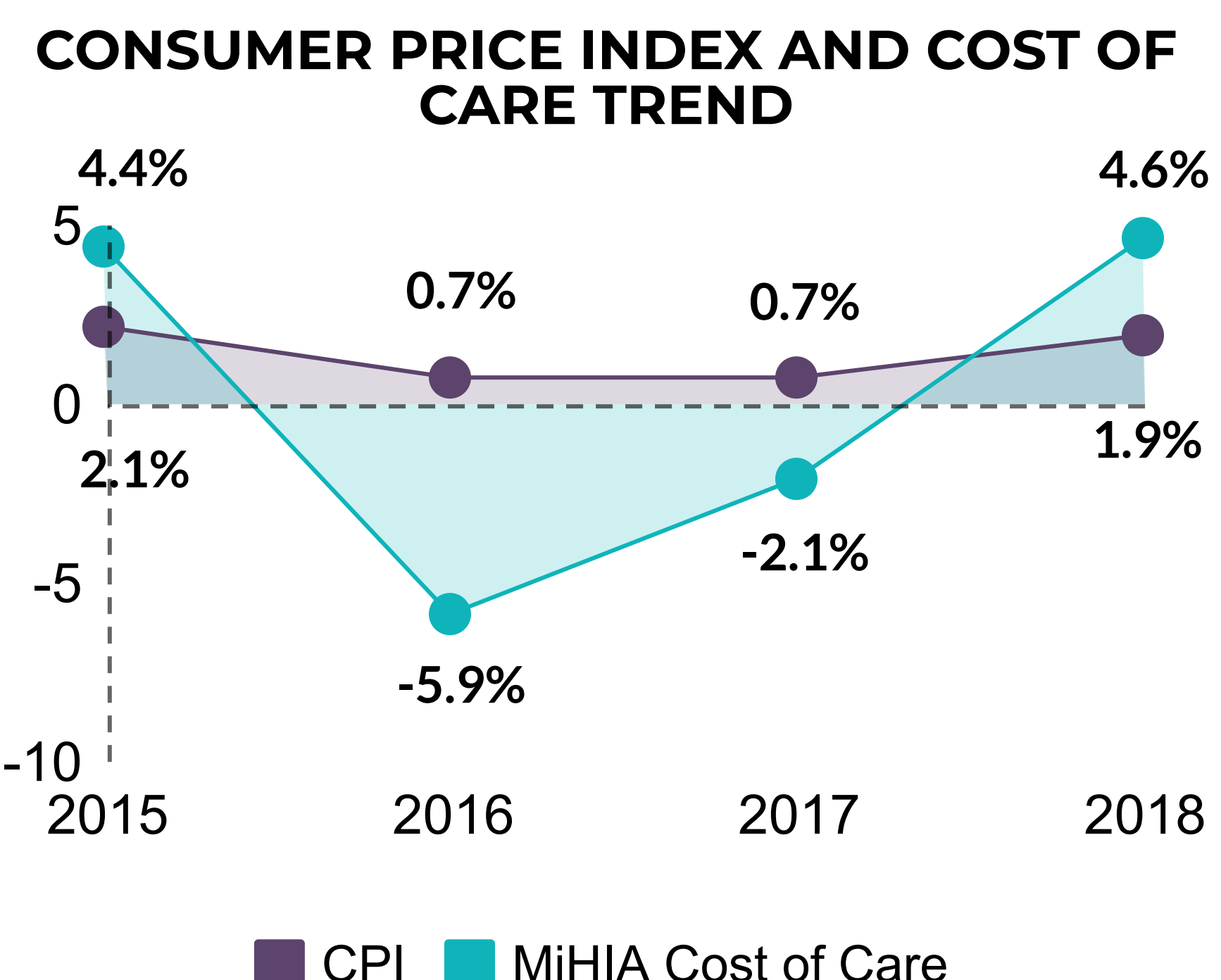
GOAL: MiHIA's Quadruple Aim Cost of Care strategic goal is that the Cost of Care inflation trend for the MiHIA region will not exceed the Consumer Price Index (CPI).

COST OF CARE PER CAPITA AND POPULATION TREND



1.9%

2018 CONSUMER PRICE INDEX



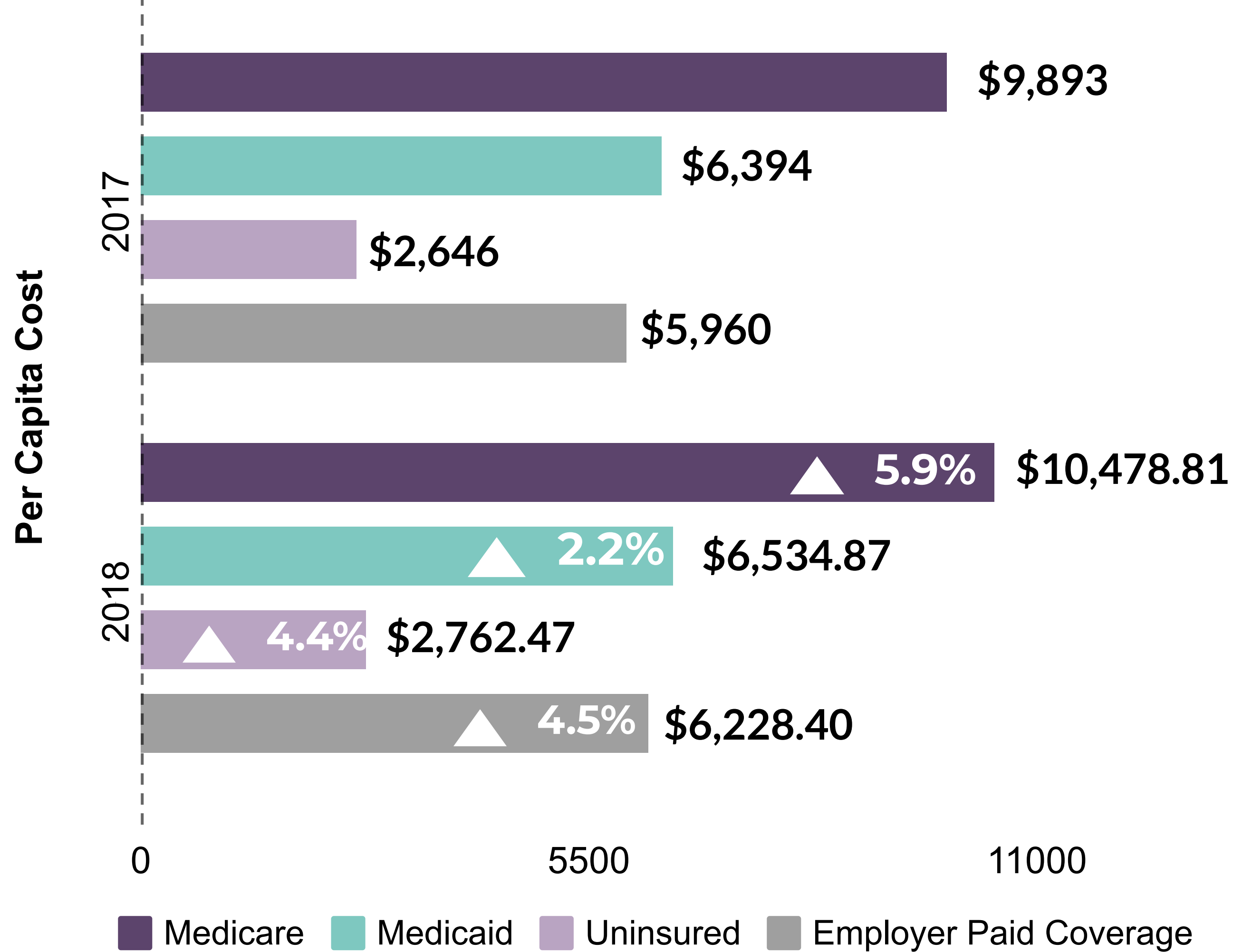
4.6%

COST OF CARE INCREASE
 IN MIHIA REGION

The Cost of Care Trend for 2018 shows a **4.6% increase** in total cost of care expenditures in the MiHIA region between 2017 and 2018 while the population trend continues to **decrease by 0.3%**. MiHIA's cost of care is greater than the **2018 CPI of 1.9%** and greater than the CPI for all medical commodities, with a **downward trend of 0.5%**

MIHIA YEAR 7 COST OF CARE 2018 DATA SUMMARY

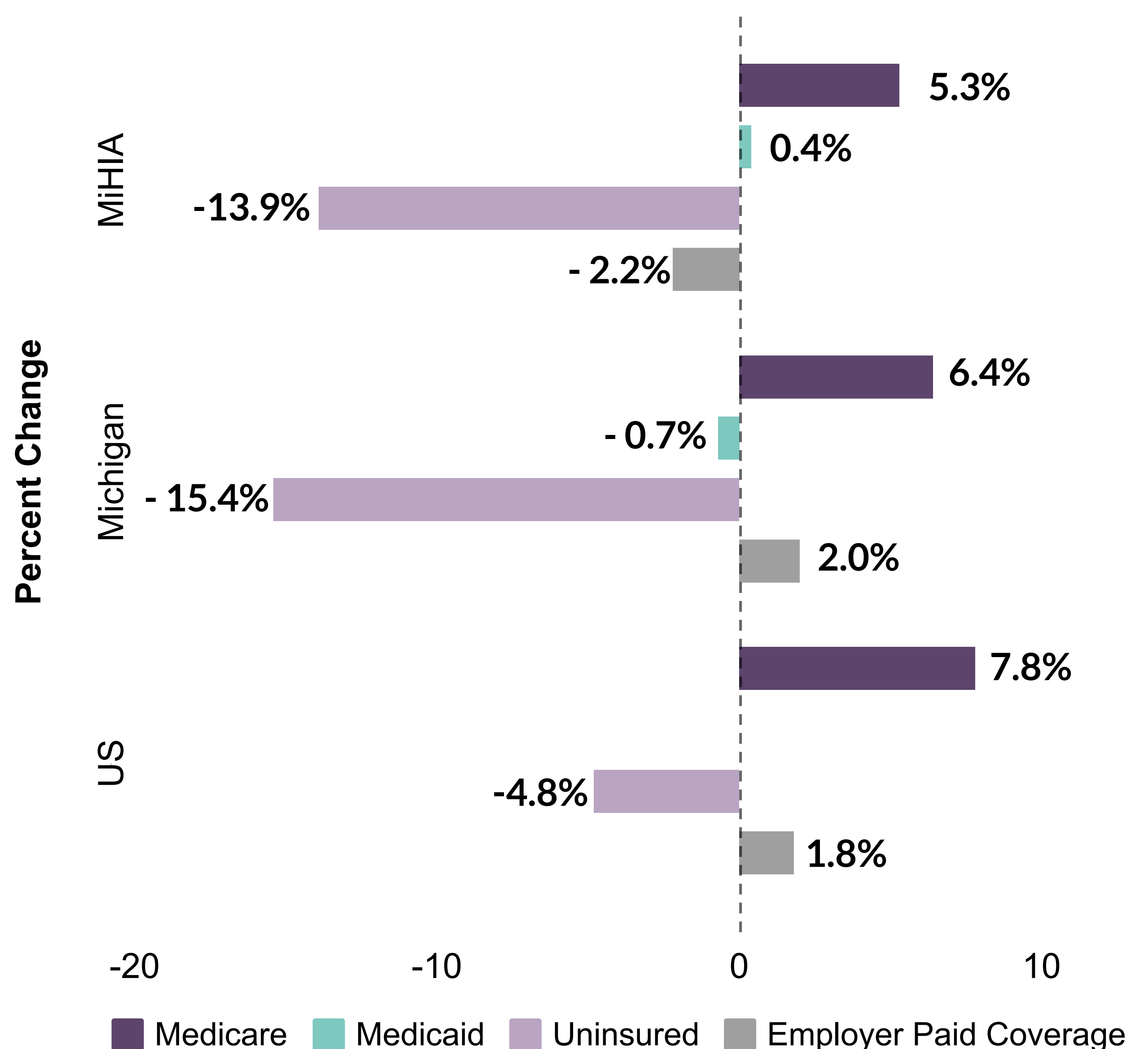
MIHIA REGION PAYMENT PER CAPITA



The Payer Mix is trending upwards in the MiHIA Region between 2017 and 2018 with a **5.9% increase** in Medicare Per Capita Payments, **2.2% increase** in Medicaid Per Capita Payments, **4.4% increase** in Uninsured Per Capita Payments, and **4.5% increase** in Employer Paid Coverage and Individual Market Per Capita Costs. Medicare Expenditures has the **highest per capita spending**.

- The **Medicare population** increased over four years and is slightly lower in MiHIA compared to the State of Michigan and the US.
- The **Medicaid population** experienced a slight increase in the MiHIA region and a slight decrease in the State of Michigan.
- The **Uninsured population** decreased, with a greater change in the State of Michigan compared to the MiHIA region and the U.S.
- **Employer Paid Coverage & Individual Market payer population** experienced slight fluctuations, with a decrease in the MiHIA region and increases in the State of Michigan and US.

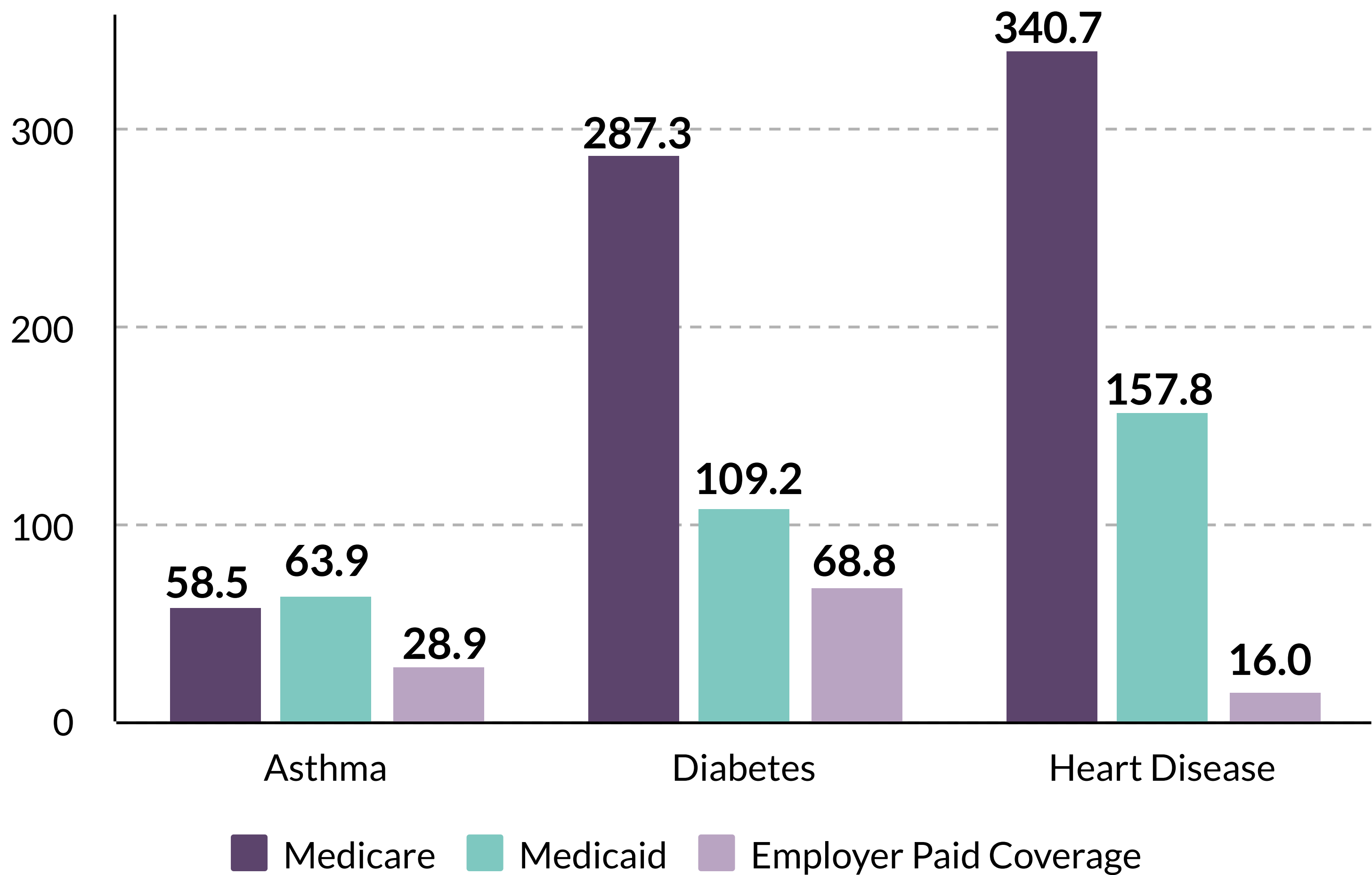
REGION POPULATION COMPARISON: PERCENT CHANGE 2015 to 2018



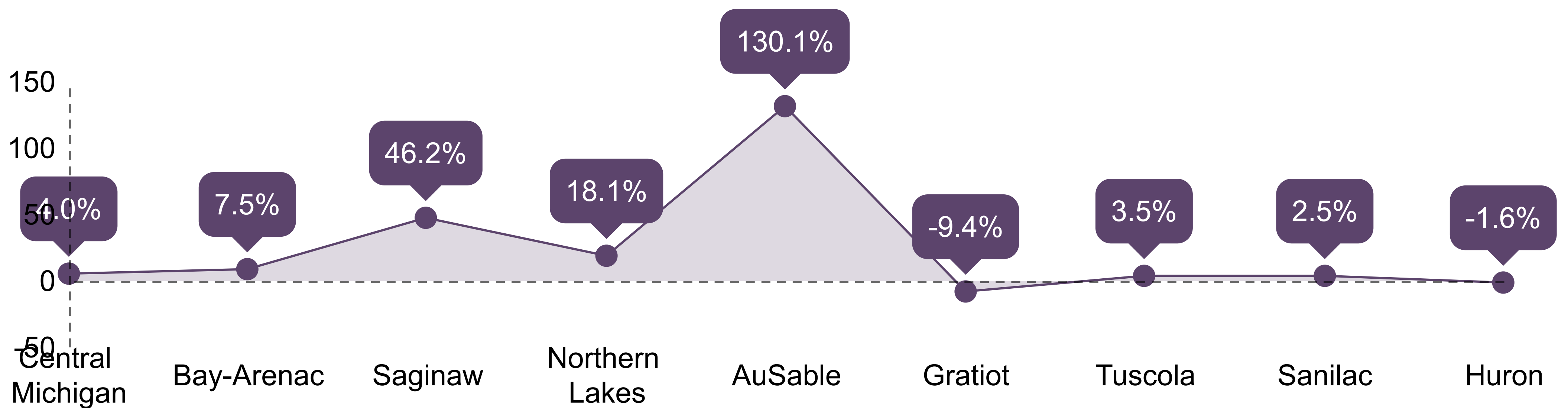
**MIHIA YEAR 7 COST OF CARE
2018 DATA SUMMARY**

- The **Medicare Population** has the highest prevalence across all chronic conditions. This is due to the age of the population.
- **Heart Disease** has the highest prevalence in Medicare and Medicaid populations. **Diabetes** has the greatest prevalence within the Employer Paid Coverage population.
- Prevalence for each condition **remained stable** in comparison to prior years.

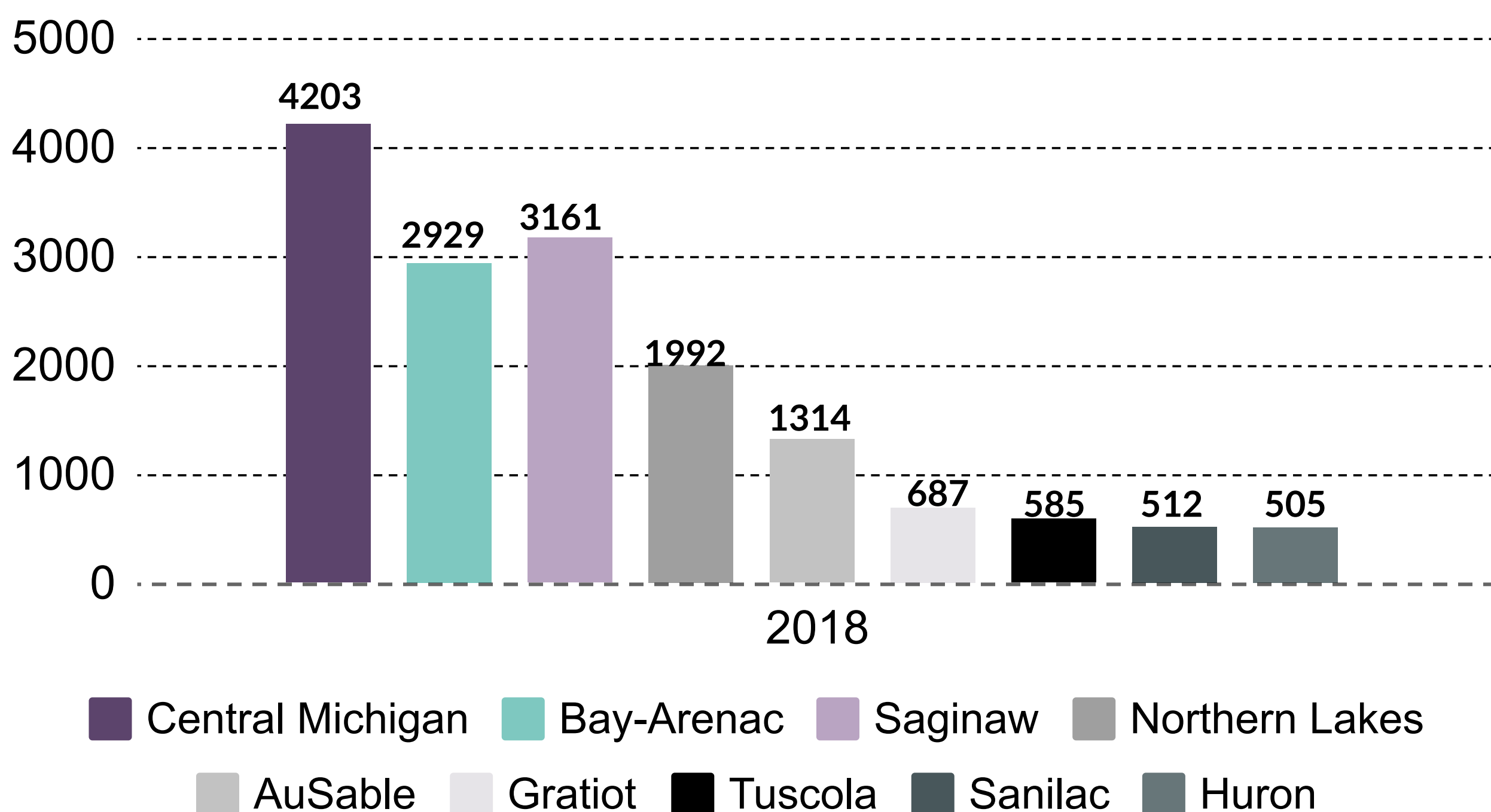
**CHRONIC CONDITION PREVALENCE: 2018
(PATIENTS PER 1,000 POPULATION)**



COST PER ADULT WITH MENTAL ILLNESS: PERCENT CHANGE 2017 TO 2018



ADULT MEDICAID POPULATION WITH MENTAL ILLNESS RECEIVING SERVICES BY CMHSP



- The Adult Medicaid population with mental illness trend **increased by 5.0%** between 2017 and 2018, with the **CMH for Central Michigan** having the largest population size among all CMHs.
- **AuSable CMH** had the greatest percent change in costs associated with mental illness, with a **130.1% increase**. Costs increased from \$1,324.20 in 2017 to \$3,046.54 in 2018.