

Michigan Health Market Review 2019, Part One finds:

Michigan HMOs and insurers posted strong profits in 2018, with Blue Cross Blue Shield and its HMOs accounting for nearly 80% of the total.

These findings and others are reported in Part One of Allan Baumgarten's *Michigan Health Market Review 2019*. First published in 1997, this is the 23rd edition of the report analyzing Michigan's health care payer and provider markets. The Part Two report for Michigan, to be released later this year, will present his analysis of the financial performance, inpatient utilization and competitive strategies of the state's hospital systems. Baumgarten, an independent analyst based in Minneapolis, also publishes health market reports in seven other states.

Key findings in this new report:

* **Michigan HMOs increased their strong 2017 profits by 10%, reaching a half billion dollars in net income.** Although total premium revenues fell by about 3% HMOs increased their profits. The **Blue Cross Blue Shield HMOs (Blue Care Network and Blue Cross Complete** for Medicaid) increased their net income from \$257.4 million in 2017 to \$282 million in 2018, or 5.6% of underwriting revenues. The **Priority Health HMOs** increased their net income from \$91.7 million in 2017 to \$132.6 million, or 3.7% of revenues. However, **Meridian Health Plan**, which is the largest Medicaid plan in the state and was recently acquired by **WellCare**, posted losses of \$88 million.

* **The largest insurer in the state, Blue Cross Blue Shield Mutual of Michigan, reported net income of \$559.5 million in 2018, up from \$295.2 million in 2017 and a loss of \$226.1 million in 2016.** It was profitable in all its major lines of business, including commercial plans and Medicare. Combined with its HMOs, **Blue Cross Blue Shield Mutual** controls 48% of the Michigan health insurance market.

* **After years of losses, individual health plans were strongly profitable in 2018. Michigan HMOs, mostly Blue Care Network, increased their premiums by 30% and their underwriting income grew by \$200 million.** Similarly, **Blue Cross Blue Shield** also increased in premiums for individual plans and saw its underwriting income grow from \$42.7 million to \$78.7 million.

* **With the significant exception of Meridian Health, Medicaid plans, were strongly profitable.** They had underwriting income of \$144 million, slightly more than in 2017. Three HMOs - **Blue Cross Complete, Molina Healthcare** and **UnitedHealthcare Community Plan** - had medical loss ratios below 80% and combined underwriting income of \$173 million,

* **Enrollment in Michigan HMOs dropped by 1.1% in 2018.** While Medicare plans grew by about 26,000 lives, enrollment in commercial plans dropped by 4.2% or 44,000 lives. Medicaid HMO enrollment also decreased by less than 1%. At the same time, Blue Cross Blue Shield added 50,000 new enrollees in Medicare and employer group plans.

* **Enrollment in individual health plans declined again in 2018.** Individual enrollment, mostly in HMOs, dropped from 358,000 to 341,000 at the end of 2018. most of them in HMOs now. **Blue Care Network** is the largest insurer of individual plans, followed by **Priority Health**.

Excerpts from the report, including the useful "Michigan HMOs at a Glance" page can be viewed at www.AllanBaumgarten.com. A subscription to *Michigan Health Market Review 2019*, including both Parts One and Two, can be ordered online at <https://allanbaumgarten.com/product-category/michigan/> Or call 952/925-9121; E-mail address: Baumg010@umn.edu