2027 Small Business Renewal Guide:

Helping you navigate affordable healthcare

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MICHIGAN

Our mission:

To provide affordable, high-quality healthcare to our members.

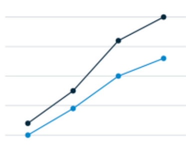
We’ve created this guide to help you understand your healthcare costs and what products may be a good fit in the future.

What are the key drivers of rates?

Health insurance costs are driven by several factors, including the health of members, outpatient care, inpatient care at hospitals, drug prices and administrative costs. Your premiums are at the end of the cost equation, a result of an increasingly expensive healthcare system and increasing care utilization.

At the beginning of the equation is the cost of the system itself — prices charged by hospitals, doctors, drug companies and the technology and administration costs to deliver excellent care.

Surging medical costs



From 2005 to 2024, prices for medical care nearly tripled for a family of four, increasing about 41% faster than everyday prices for items, such as groceries and gas.[1]

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Skyrocketing drug prices

The median annual list price for a new, U.S. drug was more than $370,000 in 2024, double the price from 2021.[2]

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Paying for care

Blue Cross Blue Shield of Michigan paid an average of $107 million per day for the care and benefits of members in 2025. That is $19 million more per day than 2024.

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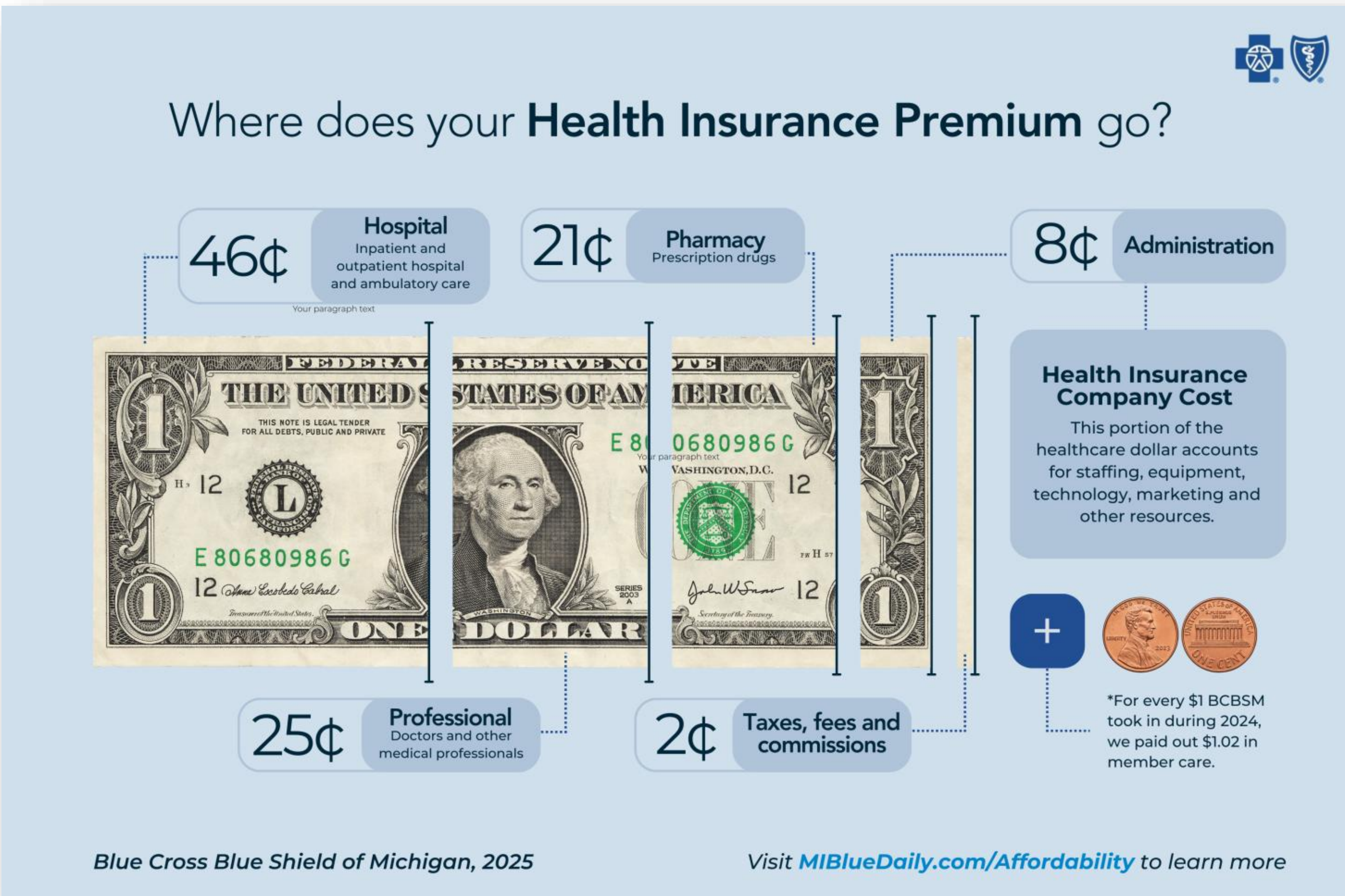
Premium pressures

In 2025, for every $1 Blue Cross Blue Shield of Michigan collected in premiums, we paid $1.02 for our members' care.

[1] 2025 Milliman Medical Index , [2] Reuters.

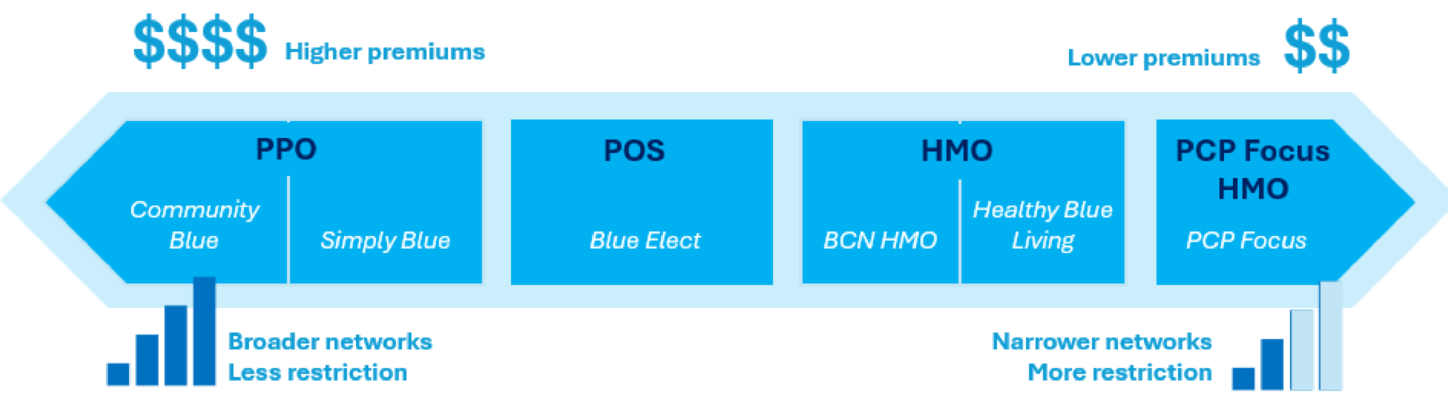
Where does your health insurance premium go?



At Blue Cross, 91% of employer premiums go directly toward health care services, while 9% supports administrative costs, including staffing, technology and operations. As a dedicated administrator, we continually strive to maximize the value of employer premiums. In response to current cost trends, we're collaborating with healthcare providers, employers and government leaders to drive systemwide efficiencies, leverage technology and reduce expenses, ultimately enhancing the overall quality and affordability of care.

Navigating Blue Cross product options

We understand that a "one-size-fits-all" approach won't meet your needs — that's why we offer a range of products that span the spectrum from **lower premium + narrower network** to **higher premium + broader network**. It's important that you understand the trade-offs when weighing your options.



For 2027, we've made various enhancements to our plans, including:

- We've added new 0% coinsurance plans and Blue Elect Plus℠ POS designs to broaden our portfolio choices for various employer needs.
- New 2027 HSA plan deductibles are $1,750/$3,500 for aggregate plans, and $3,500/$7,000 for embedded plans.
- Vision plan certificates now allow all dependents younger than 19. We previously only allowed adults.
- Starting January 1, 2027, our High-Cost Drug Discount Optimization Program, powered by PillarRx, is expanding to include PPO consumer-directed health plans, which aligns with our self-funded and HMO plan offerings.

PillarRX, an independent company, provides drug optimization for certain Blue Cross and BCN members.

While options are plentiful, given current cost pressures and market dynamics, these trending Blue Cross options may be worth another look:

Simply Blue℠ PPO

Simply Blue PPO is one of our most popular PPO plans because it offers broad access of a PPO with options to lower premium costs. Members like this plan because it's simple and easy to use.

Blue Elect Plus℠ POS

POS plans are our fastest growing product because they offer the flexibility of a PPO with the affordability of an HMO — over the last three years, we've seen an increase of over 120% in adoption of these plans. We have several plan options with similar plan designs of corresponding PPO plans, including HSA and HRA options.

PCP Focus HMO

An HMO network with a curated set of high-performing primary care physicians that can be paired with most HMO benefit designs — delivering higher quality care at a lower cost. PCP Focus is available in 31 counties. We encourage you to offer multiple PCP Focus plans.

Sample premium-lowering network and benefit design shifts

Current product (network)	Community Blue PPO (PPO)	Any PPO plan (PPO)	Any HMO plan (HMO)
Potential future product (network)	**Simply Blue PPO℠ (PPO)**	**Blue Elect Plus℠ POS (HMO)**	**Any HMO plan (PCP Focus HMO)**
Best fit for	PPO members	Michigan-based businesses with some out-of-state employees	Businesses that have <300 employees within a PCP Focus service area
Advantages	**Up to 15% savings over similar PPO plans** • Access to broad PPO network • Lowest out-of-pocket services for in-network providers • Packaged with prescription drug coverage for small businesses	**Average 11% premium savings over similar PPO plans** • Access to broad HMO network • No PCP referrals • Choice of providers in or out of network	**Average 22% premium savings over similar PPO plans** **Up to 10% savings over similar broad HMO plans** • Access to broad HMO network specialists and hospitals • Performance-based PCP options
	• Can pair with HRA or HSA • Available in all 83 counties	• Can pair with HRA or HSA • Available in all 83 counties	• HRA and HSA options available
Tradeoffs	• Out-of-network services have out-of-network cost sharing regardless of referral • Fewer covered visits for physical, speech and occupational therapy • Deductible cannot be waived for behavioral health services	• Access to 92% of PPO network in Michigan • PCP selection required • More medical management • Access to care outside of Michigan, but fewer out-of-state options • Can't pair with PCP Focus	• PCP selection required • Referrals required in East and Southeast Michigan • More medical management
Resources	Click here	Click here	Click here

How can you best navigate your options?

81% of small businesses are in Platinum and Gold plans, which offer robust benefits but come with higher premiums. You have options when finding health plans to match your employee's benefit priorities.

There are three general premium reduction levers:

1. **Network:** Choose from one of our alternative PPO, POS or HMO plans, potentially with less flexibility
2. **Plan design:** Select a plan with higher out-of-pocket costs
3. **HRA or HSA:** Choose a plan with an HRA or HSA for lower premiums and pretax savings at no additional cost for fully insured small employers.

How and where you use these levers, though, is based on business-specific considerations:

1. **Industry:** Each industry approaches benefits differently, for example some focus more on benefit richness while others care more about affordability.
2. **Business location:** Some plans are only available in certain areas, while other options have limited networks depending on the region. For example, our PCP Focus network is currently only available in select counties

The Value of Blue

Three times in the last four years, Blue Cross Blue Shield of Michigan and Blue Care Network received the J.D. Power Award for ranking first overall in member satisfaction among commercial health care plans in Michigan. That's because we offer robust programs, strategies and solutions that have delivered total cost of care savings of 7.1% over competitive national plans.

Efficient network management — With a 20-year history and $6.3 billion in savings achieved, we're leading the shift to value-based care. Our network offers a range of options and partnerships with providers who are preventive care-focused and accountable for members' health. We've laid the foundation for:

- More cost-efficient, coordinated health care
- Meaningful and substantiated improvements in patient outcomes
- A health care system that continues to work better

Pharmacy solutions — Our integrated pharmacy and medical benefits offer advantages, such as:

- One vendor contract and point of contact
- No additional administrative fees
- Discount optimization programs
- Aligned medical and pharmacy policies
- Comprehensive annual reporting for streamlined look at utilization

Supplemental benefits — At no additional benefit cost, our medical plans include solutions designed to address the total cost of care while focusing overall on the health of our members. Our Included Solutions placemat highlights solutions we've added, such as virtual care options, condition management and behavioral healthcare services.

What resources are available to help?

We provide various tools to make it as easy for you to find the information and resources you need.

2027 Healthcare Options Guide for small businesses for further detail on your medical, pharmacy, dental and vision plan options.

Our **Employer Insights** page provides access to educational material such as:

- Videos and webinars
- Downloadable resources, such as our employee toolkits
- Blog posts

Blue Cross Master Class℠ webinars help you stay up to date on current health care trends and topics. Check out our on-demand HMO vs. PPO webinar to help you determine which is best for your business and employees.

Explore health care insights for your business on **MI Blue Daily's Healthcare insights hub**, for employers and agents. Learn more about healthcare economics – including what Blue Cross is doing to help control costs while maintaining access to care and how your business can be part of the solution. Plus, stay informed about health care trends, innovative solutions and how other employers are responding.

We're continuing our public conversation around healthcare affordability through our **affordability hub**. We continue to update the hub to provide a better understanding of the key drivers of healthcare costs and encourage change to improve the system for everyone.

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