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Correspondence Memorandum

Date: July 20, 2016
To: Group Insurance Board
From: Rachel Carabell, Strategic Health Policy Advisor
Office of Strategic Health Policy
Subject: Wisconsin Health Insurance Market: Review and Update of Developments

This memo is for information purposes only. No Board action is required.

The purpose of this memo is to make the Group Insurance Board aware of developments in the Wisconsin health plan and provider markets that are relevant to the state group health insurance program. Below is a brief description of health plan mergers and partnerships announced since 2013.

2013

Dean Health Plan and SSM Health

In June 2013, SSM Healthcare Corporation (SSM), a Missouri-based non-profit organization announced its acquisition of Dean Health Insurance, Inc., and its subsidiary, Dean Health Plan (Dean). Prior to the acquisition, SSM owned 47.368% of Dean stock. The Wisconsin Office of the Commissioner of Insurance (OCI) approved this acquisition in August 2013.

Meriter, Physicians Plus and UnityPoint Health

In October 2013, UnityPoint Health, an Iowa-based provider health system, and Meriter Health System announced that Meriter would join UnityPoint Health and change its name to UnityPoint Health – Meriter. As part of this acquisition, Meriter Health System transferred most of its ownership of Physicians Plus Insurance Corporation to UnityPoint Health. Physicians Plus continues to be an offering in the state group health insurance program. OCI approved this acquisition in December 2013.

Dean Health Plan and ProHealth

In December 2013, Dean Health Plan, an insurance subsidiary of SSM, and ProHealth Care announced an agreement to expand Dean Health Plan's network to include all

Reviewed and approved by Lisa Ellinger, Director, Office of
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Electronically Signed 8/9/16

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ProHealth Care physicians, facilities and services, expanding Dean's service area to Waukesha County. ProHealth Care providers include Waukesha Memorial Hospital, Oconomowoc Memorial Hospital, the Rehabilitation Hospital of Wisconsin, ProHealth Care Medical Associates clinics, and several home health and hospice providers. Such network contracting arrangements do not require OCI approval. An expansion of an HMO service area, however, would require notice to OCI.

2014

Froedtert Health, Ministry Health and Network Health Plan

In November 2014, Froedtert Health, Inc. and Ministry Health Care Inc., two provider health systems, announced an agreement to co-own Network Health Plan Inc., and Network Health Insurance, Inc. (Network Health Plan), a Menasha-based health maintenance organization (HMO) and health insurance company. Previously, Network Health Plan was wholly owned by Ministry Health Care. As part of the agreement, Network Health Plan now contracts with Integrated Health Network of Wisconsin, allowing Network Health Plan to expand into the Milwaukee market. Starting in 2015, Network expanded its participation in the state group health insurance program to the southeastern part of the state. OCI approved this acquisition in December 2014.

MercyCare and Rockford Health System

In December 2014, MercyCare Health System, a Janesville-based provider health system and Rockford Health System, a Rockford, Illinois-based provider health system, announced a merger of the two systems. Interstate Alliance Inc., the new Rockford-based company which will own the two systems, will also acquire MercyCare Insurance, Inc., and MercyCare HMO as part of the merger. OCI approved this merger in January, 2015. MercyCare is currently a state group health insurance program offering in several counties in southcentral Wisconsin.

2015

UnitedHealthcare, UW Health and Associated Physicians

Effective May 1, 2015, UnitedHealthcare expanded its network to include UW Health facilities and physicians for its individual and employer-sponsored plans, expanding its service area to the Dane County area. In addition, in March 2016, Associated Physicians, a Madison-based physicians group, was added to UnitedHealthcare's employer group plan networks. Such provider contracting arrangements are not subject to OCI approval.

AboutHealth and Arise Partnership

In June 2015, Arise Health Plan and AboutHealth Network announced an agreement to co-brand an accountable care health plan to individuals and groups both on and off the exchange, which was created by the Affordable Care Act. Arise does not currently offer this narrower network option through the state group health insurance program. Such co-branding agreements are not subject to OCI approval.

Aetna and Humana Merger

In July 2015, Aetna and Humana, two of the largest nationwide health insurers, announced a merger. This merger is likely have an effect on Medicare Advantage plans because of Humana's large portfolio of Medicare Advantage plans. OCI issued a "non-disapproval" of the merger in April 2016. In July 2016, the U.S. Department of Justice (Justice) filed a lawsuit in federal court to stop the merger, based on antitrust concerns. It is not clear how or if such a merger would affect Humana's participation in the state group health insurance program if the merger moves forward.

Anthem and Cigna Merger

Also in July 2015, nationwide health insurers Anthem and Cigna Corporation announced a merger. The total revenue of the new combined company is expected to surpass UnitedHealthcare as the nation's largest health insurer. The effect of this merger is expected to be felt most strongly in the large group market. In April 2016, OCI issued a non-disapproval of this merger. In July 2016, Justice filed a lawsuit in federal court to stop the merger based on antitrust concerns. It is not clear how or if such a merger would affect Anthem's participation in the state group health insurance program if the merger moves forward.

UnityPoint and HealthPartners Partnership

In November 2015, UnityPoint Health and HealthPartners, a Minnesota-based health plan, announced a new insurance company called HealthPartners UnityPoint Health. Initially, the company plans to sell Medicare Advantage plans in Iowa and Illinois. At this time, this entity does not plan to sell insurance in Wisconsin; if it did, an insurance license and OCI approval would be needed.

SSM Health and Anthem

In December 2015, SSM Health and Anthem announced an agreement to add SSM Health's Wisconsin-based providers and facilities, including Dean Clinics and St. Mary's Hospital Madison, St. Mary's Hospital Janesville and St. Clare's Hospital Baraboo, to Anthem's Blue Preferred and Blue Access health plan networks, starting January 2016. This expands Anthem's point of service and preferred provider organization employer coverage area to the Dane County market. Anthem's individual health plans and exchange health plans use Anthem's Blue Priority Network, which does not include SSM Health providers. Such network contracting arrangements do not require OCI approval. An expansion of an HMO service area however, would require notice to OCI.

UnitedHealthcare and UnityPoint Health – Meriter

In December 2015, UnityPoint Health – Meriter and UnitedHealthcare announced an agreement to add all UnityPoint Health – Meriter providers, including its hospital and eight physician clinics, to UnitedHealthcare's Medicaid and Medicare Advantage Plans effective January 2016, expanding its Medicaid and Medicare market into Dane County. Such network contracting arrangements do not require OCI approval. An expansion of an HMO service area however, would require notice to OCI.

Unity and Gundersen Lutheran Merger

In December 2015, University Health Care, Inc. (UHC), parent company of Unity Health Plans Insurance Corporation (Unity), announced the acquisition of Gundersen Lutheran Health System, Inc., and its subsidiary, Gundersen Lutheran Health Plan, Inc. UHC is owned by University of Wisconsin Hospital and Clinics Authority and the University of Wisconsin Medical Foundation (UW Health). Under the arrangement, UW Health, through UHC, owns 75% of Gundersen Lutheran Health Plan and Gundersen Lutheran Health System owns 25% of Unity. This acquisition was approved by OCI in April 2016. Unity and Gundersen plan to participate in the state group health insurance program for 2017 as separate offerings.

2016

Aspirus and Arise Partnership

In January 2016, Aspirus and Arise, a subsidiary of WPS Health Solutions, announced the creation of a new health insurance company, called Aspirus Arise Health Plan of Wisconsin, serving 16 counties in north-central Wisconsin. The new company was approved by OCI in April 2016 to sell insurance in Wisconsin. Currently, Arise has a narrow network health plan with Aspirus that is available on and off the exchange for individual and small group plans and the state group health insurance program. However, the Arise submission for the state group health insurance program for 2017 does not include the narrow network offering.

Security Health Plan and ThedaCare and Bellin Health Partners

In April 2016, Security Health Plan announced that ThedaCare and Bellin Health Partners, a Bellin Health accountable care organization, were joining its network, allowing Security Health Plan to expand into northeastern Wisconsin. As part of its 2017 state group health insurance program offering for 2017, Security will have a new offering, called Security Valley, which will cover 10 counties in the northeast.

Wisconsin Collaborative Insurance Company

On April 20, 2016, Anthem and Aurora announced a partnership to form a new, joint venture health insurance company, the Wisconsin Collaborative Insurance Company (WCIC). WCIC plans to offer a commercial health insurance product called Well Priority, which will provide access to care in 45 counties and include the following health systems: Aspirus, Bellin Health, Children's Hospital, Gundersen Health System, ProHealth Care, ThedaCare, UW Health, and UnityPoint Health – Meriter. The new company was approved by OCI in April 2016.

UW Health and UnityPoint Health – Meriter Partnership

On June 30, 2016, leaders at UnityPoint Health – Meriter, UnityPoint Health, UW Health, Physicians Plus, Unity Health Plans and Gundersen Health Plan announced the signing of two non-binding letters of intent to explore collaboration between the organizations. A Joint Operating Agreement is being considered between UnityPoint Health – Meriter and UW Health in order to align delivery systems and finances and create an integrated health system with a shared strategic direction. This follows a July

2014 agreement between UW Health and Physicians Plus Insurance Corporation that guarantees all UW Health providers and facilities are included in the Physicians Plus provider network and the merger of Gundersen Lutheran and Unity approved earlier this year. At this time, the terms of any agreement are not public and therefore, it is unclear how the health plans will be affected and if OCI approval will be required.

UnitedHealthcare and ThedaCare

In May 2016, UnitedHealthcare and ThedaCare announced a partnership to offer an accountable care health plan for United's employer sponsored health plans starting in July 2016. This partnership builds on an accountable care partnership the two started in 2014 that is available to UnitedHealthcare's Medicare Advantage members. Such arrangements do not require OCI approval.

UnitedHealthcare and Aurora

In June 2016, UnitedHealthcare and Aurora announced a partnership to offer an accountable care health plan for Medicare Advantage members. Such arrangements do not require OCI approval.

UnitedHealthcare and Bellin Health Partners

In July 2016, UnitedHealthcare and Bellin Health Partners, a subsidiary of Bellin Health, a provider health system in northeast Wisconsin, announced the creation of an accountable care health plan for UnitedHealthcare's employer-sponsored plans. Such arrangements do not require OCI approval.

Medica and Essentia Health

In July 2016, Medica and Essentia Health, a health system headquartered in Minnesota, announced a new accountable care health plan available beginning November 2016 to large employers in Minnesota, Wisconsin and North Dakota. Essentia Health has providers in Ashland, Hayward, Maple, Spooner and Superior, including St. Mary's Hospital in Superior. Medica Health Plans Wisconsin is headquartered in Minnetonka, Minnesota, and does not currently participate in the state group health insurance program. Such arrangements do not require OCI approval.

WPS and Humana TRICARE Partnership

In August 2016, WPS Health Solutions announced that it will be a subcontractor to Humana as part of Humana's recently-awarded TRICARE contract serving the eastern region of the United States. WPS will provide technology support, customer service and claims processing to Humana. This partnership does not directly affect the state group health insurance program.

Provider Mergers and Partnerships

The following additional provider-based mergers or partnerships have the potential to affect outcomes and the cost of services provided to members covered under the state group health insurance program. Because providers are generally not subject to OCI regulation, such mergers or partnerships do not require OCI approval.

Ministry Health and Affinity Health

In 2012, Ministry Health, a north central Wisconsin-based health system, acquired full ownership of Affinity Health, a Fox River Valley-based health system, which it previously co-owned with Wheaton Franciscan Healthcare.

Froedtert Health and the Medical College of Wisconsin

In February 2013, Froedtert Health and the Medical College of Wisconsin (MCW) joined together to create Froedtert and the Medical College of Wisconsin Community Physicians, a combined contracting entity.

Ministry Health and Ascension Health

In April 2013, Ministry Health, as part of the Marian Health System, joined Ascension Health, a St. Louis-based health system and subsidiary of the Ascension Health Alliance. Ascension Health operates in 23 states.

Integrated Health Network of Wisconsin

In May 2014, a consortium of health systems from around the state announced the creation of the Integrated Health Network (IHN) of Wisconsin, previously known as Quality Health Solutions, Inc. This network contracts directly with self-insured employers and has a relationship with UnitedHealthcare to offer accountable care health plans and Medicare Advantage plans. The consortium originally included Froedtert Health, the Medical College of Wisconsin, Columbia St. Mary's and Wheaton Franciscan Healthcare, all Milwaukee-based provider systems. Other health systems from around the state have since joined and it now includes 18 health systems throughout eastern and central Wisconsin.

AboutHealth

In August 2014, seven Wisconsin health systems announced a new partnership called AboutHealth, with the intention of contracting with insurance plans across Wisconsin. This partnership includes Aurora Health Care, ProHealth Care, Aspirus, Bellin Health, Gundersen Health System, ThedaCare, and UW Health. In May 2015, Marshfield Clinic Health System was added to the network.

Wheaton Franciscan Healthcare and Ascension Health

In March 2016, Wheaton Franciscan Healthcare operations merged with Ascension Health. Ascension now owns Columbia St. Mary's, Ministry Health, Wheaton Franciscan and Affinity Health Group. Recent media reports suggest that Ascension is positioned to compete with Aurora Health, Froedtert Health and the Medical College of Wisconsin in the southeastern part of the Wisconsin.

Bellin Health Partners and Holy Family Memorial

In August 2016, Bellin Health Partners, a physician-led accountable care organization, announced that Holy Family Memorial, a provider system serving Manitowoc County, will join Bellin Health Partners, expanding its service area into that county.

Staff will be at the Board meeting to answer any questions.