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## **Correspondence Memorandum**

**Date:** April 9, 2021

**To:** Group Insurance Board

**From:** Rachel Carabell, Senior Health Policy Advisor  
 Office of Strategic Health Policy

**Subject:** Wisconsin Health Market: Review and Update

**This memo is for informational purposes only. No Board action is required.**

The purpose of this memo is to make the Group Insurance Board (Board) aware of developments in the Wisconsin health plan and provider markets since the Department of Employee Trust Funds (ETF) last updated the Board on this topic ([Ref. GIB | 2.5.20 | 6D](#)). The memo also summarizes other acquisitions with several of the Board's largest vendors.


### **Background**

Wisconsin's health insurance market is very competitive, with Wisconsin's Office of the Commissioner of Insurance (OCI) reporting 19 health insurers in the large group market, with at least 5,000 covered lives as of December 31, 2020. At the time, the three largest insurers in the large group market were Dean Health Plan, Quartz Health Benefit Plans Corporation, and WEA Insurance Corporation.

Wisconsin's market is unique because many of the insurers operating here have ownership relationships with health care provider systems and serve regional markets in Wisconsin and surrounding states. In 2015, *Modern Healthcare* reported that 32% of Wisconsin's insurance market was controlled by provider-owned insurance plans. Nationwide, that percent was 13%. In many states, the market is dominated by large insurers that serve markets across the country and employers only have a handful of insurers from which to choose.

Wisconsin's health care provider market has experienced both horizontal and vertical consolidation for years. According to a review by the Kaiser Family Foundation, such consolidation leads to higher health care costs.<sup>1</sup>

<sup>1</sup> Kaiser Family Foundation, "What We Know About Provider Consolidation," September 2, 2020. <https://www.kff.org/health-costs/issue-brief/what-we-know-about-provider-consolidation/> accessed April 16, 2021.

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy  Electronically Signed 4/30/21
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## **Vendor Mergers, Acquisitions, and Other Partnerships**

In 2020 and 2021, there were several acquisitions and new partnerships for some of the Board's biggest vendors.

### Costco and Navitus

In March 2020, Navitus Health Solutions (Navitus) announced a new partnership with Costco. Costco, the multinational retail chain, purchased a minority ownership share in both Navitus and Lumicera, the specialty pharmacy provider. Navitus is owned by SSM Health, a non-profit integrated health system that operates 23 hospitals and clinics in Illinois, Missouri, Oklahoma, and Wisconsin. The Board has contracted with Navitus for pharmacy benefit management services since 2004.

### WebMD and StayWell

In March 2020, WebMD Health Corp., the parent company of WebMD Health Services Group (WebMD), acquired MMUSA Acquisition II Corp. (a corporate entity that indirectly held all of the membership interests in The StayWell Company, LLC). The Board and The StayWell Company, LLC (StayWell) entered into a contract in 2016 for third-party administration of wellness and disease management programs and to administer the Well Wisconsin Program. The services provided by StayWell to the Board have transitioned to WebMD.

### Advocate Aurora and Quartz

On May 1, 2020, Advocate Aurora Health, Inc. and Aurora Health Care, Inc. (Aurora) submitted a request to OCI to acquire partial control of Quartz Health Plan Corporation (Quartz). The request is part one of three phases. Under the first phase, Aurora becomes part owner of Quartz and will offer a Medicare Advantage plan in specified counties in eastern Wisconsin and possibly two counties in Illinois. Aurora will be at risk for medical claims paid under the plan and Quartz will ensure risk-based capital requirements are met and will provide administrative and back-office services to the plan. In exchange for a cash payment, Aurora will gain 15-20% ownership in Quartz. Aurora will not be allowed to appoint a Board member but will gain the right to approve various aspects of the Aurora/Quartz Medicare Advantage offerings. In future phases, Aurora can acquire additional shares of Quartz and other Quartz affiliated companies.

OCI approved the acquisition on October 13, 2020, and Aurora/Quartz began offering Medicare Advantage products in the individual market in January 2021.

### Optum and ConnectYourCare

In November 2020, Optum Financial, a subsidiary of UnitedHealth Group, merged with ConnectYourCare (CYC), the account-based plan administrator the Board currently contracts with to administer Health Savings Accounts, Employee Reimbursement Accounts, and Commuter Fringe Benefit programs. With the merger, all obligations under the Board's contract with CYC are assumed by Optum Financial.

### **Provider Mergers and Partnerships**

The healthcare provider market continues to evolve through mergers, acquisitions, and new partnerships. 2020 and 2021 saw less activity than previous years likely because of the impact of the COVID-19 pandemic on provider operations and finances.

#### Divine Savior and Aspirus

In February 2020, Divine Savior Hospital and Clinics, located in Portage, announced that it would become part of Aspirus Health System, which is headquartered in Wausau, Wisconsin. In addition to its hospital in Portage, Divine Savior includes three physician clinics located in Portage, Pardeeville, and Oxford, as well as a long-term care facility in Tivoli.

Aspirus has five hospitals operating in Wausau, Medford, Antigo, Stevens Point, and Wisconsin Rapids and adds Divine Saviors' Portage hospital with this acquisition. In addition, Aspirus has four hospitals in Upper Michigan. Aspirus providers are currently in-network with Group Health Cooperative – Eau Claire, Robin with HealthPartners, WEA Trust's East service area and the Access Plan.

Divine Savior Hospital and Clinics are currently in-network with Dean Health Plan, HealthPartners, Quartz's Community service area, Robin with HealthPartners, and the Access Plan administered by WEA Trust.

Because Dean Health Plan and Quartz Community service area do not currently include Aspirus providers, it is not clear if Divine Savior Hospitals and Clinics will continue to be part of these plans in the future.

#### Ascension and Marshfield Clinic and St. Clare's Hospital and Flambeau Hospital

In February 2020, Ascension and Marshfield Clinic Health System signed an agreement for Ascension's St. Clare Hospital in Weston to become part of the Marshfield system. In addition, Marshfield will take Ascension's ownership interest in the Diagnostic and Treatment Center in Weston and Flambeau Hospital in Park Falls. The agreement does not include nearby Ascension Medical Group clinics in Westwood, Schofield, and Mosinee. St. Clare's Hospital will be renamed Marshfield Medical Center – Weston and the Flambeau Hospital will be renamed Marshfield Medical Center – Park Falls.

Marshfield Clinic Health System is an integrated health system operating 10 hospitals and over 60 medical and dental clinics across Wisconsin. Marshfield Clinic providers are currently in-network with Group Health Cooperative – Eau Claire, HealthPartners and Robin with HealthPartners, WEA Trust's East and Chippewa Valley service areas and the Access Plan.

Ascension is a large non-profit health system operating 145 hospitals in 20 states. Ascension Wisconsin operates 12 hospitals and over 20 clinics in eastern Wisconsin. Ascension providers are currently in-network with Group Health Cooperative – Eau Claire, Network Health Plan, WEA Trust's East service area and the Access Plan.

Network Health Plan, which is partially owned by Ascension Wisconsin, currently covers Ascension providers as in-network. However, Network Health Plan does not cover Marshfield Clinic providers as in-network. Therefore, it is not clear whether the newly acquired Marshfield hospitals will continue to be part of Network Health Plan in the future.

#### Aspirus and Ascension

In January 2021, Aspirus Health and Ascension signed an agreement to transfer ownership of seven hospitals, 21 physician clinics, and air and ground medical transport services located in north and central Wisconsin from Ascension to Aspirus. The hospitals being transferred include Eagle River Hospital, Good Samaritan Hospital in Merrill, Howard Young Medical Center in Woodruff, Our Lady of Victory Hospital in Stanley, Sacred Heart Hospital in Tomahawk, St. Mary's Hospital in Rhinelander, and St. Michael's Hospital in Stevens Point.

Network Health Plan does not currently contract with Aspirus so it is not clear if these hospitals will continue to be part of Network Health Plan in the future.

#### Froedtert Health and Holy Family Memorial

In March 2021, Froedtert Health and Holy Family Memorial announced the beginning of an affiliation where Holy Family Memorial will operate as part of the Froedtert & the Medical College of Wisconsin network. Froedtert Health will have a majority membership interest in Holy Family Memorial, but Holy Family Memorial will continue to be sponsored by the Franciscan Sisters of Christian Charity, Inc.

Holy Family Memorial Medical Center is in Manitowoc and has multiple clinics in Manitowoc and clinics in Two Rivers and Sheboygan. Froedtert Health and the Medical College of Wisconsin are headquartered in Milwaukee and operate eight hospitals and 45 health centers and clinics primarily in southeast Wisconsin.

Holy Family Memorial is currently in-network with Dean's Prevea360 network, Network Health Plan, Robin with HealthPartners, WEA Trust's East service area and the Access Plan. Froedtert Health and the Medical College of Wisconsin are in-network with Network Health Plan, Robin with HealthPartners, and the Access Plan administered by WEA Trust.

Because the Froedtert & the Medical College of Wisconsin network is not currently part of WEA Trust's East service area or Dean's Prevea360 service area, it is not clear if Holy Family Memorial will continue to be available in-network for these plans in the future.

### **Provider Network Changes**

So far in 2021, there has been one provider network change reported.

#### Dean Health Plan and Marshfield Medical Center – Beaver Dam

In February 2021, Marshfield Medical Center – Beaver Dam and Dean Health Plan announced that they will not be renewing their contract meaning that Marshfield Center – Beaver Dam is no longer available in-network for Dean Health Plan plans as of March 1, 2021. Current members will have in-network benefits for services at the medical center through May 31, 2021. As indicated below, Dean Medical Group services that were previously provided at the Marshfield Medical Center site will be transitioned to a new Dean Clinic which opened in Beaver Dam in February 2021.

As discussed at the February 2020 Board meeting, the Beaver Dam Community Hospital was acquired by Marshfield Clinic Health System in 2019 and the hospital's name was changed to Marshfield Medical Center-Beaver Dam.

Dean Health Plan and Dean Medical Group are owned by SSM Health. SSM Health is a non-for-profit health system operating in 23 hospitals in Illinois, Missouri, Oklahoma, and Wisconsin. It also owns Dean Health Plan, Dean Medical Group and Navitus Health Solutions.

### **New Provider Facilities**

The number of new facilities completed in 2020 and 2021 is less than prior years, likely due to the impact of the COVID-19 pandemic. However, providers did open or plan to open new facilities soon, including several new mental health facilities.

#### Rogers Behavioral Health

In January 2020, Rogers Behavioral Health announced it will open a new clinic and supportive living space in Sheboygan that will offer outpatient behavioral health services in the area. The new clinic is expected to open in 2021 and will serve up to 12 adolescents and 28 adults at a time. Adjacent to the clinic, Rogers will provide supportive living services for up to 12 adults to live while receiving treatment at the clinic.

In Wisconsin, Rogers Behavioral Health operates three inpatient behavioral health facilities, nine residential programs, and seven outpatient centers. It also operates facilities in eight other states across the country. Rogers is currently in-network with HealthPartners, Network Health Plan, Robin with HealthPartners and the Access Plan administered by WEA Trust.

#### Ascension – Mount Pleasant

In February 2020, Ascension opened a new clinic in Mount Pleasant in Racine County. The new clinic offers primary and specialty care, urgent care, lab, imaging,

rehabilitation, and occupation health services. A same-day surgery center is also planned.

#### Aspirus Stevens Point Hospital

In February 2020, Aspirus Healthcare announced it will open an eight-bed inpatient facility on its Stevens Point campus which provides medical and surgical care. The hospital is an expansion of outpatient medical care that is already available at the site.

#### Ascension Emergency Room for Pregnant Women

In September 2020, Ascension Wisconsin opened a new four-bed emergency department for pregnant women. The facility will be staffed by Obstetrics Hospitalist Group, a national organization that staffs obstetrics units. The new emergency department operates 24 hours a day, 7 days per week. The emergency department will focus on immediate care assisting women suffering from abnormal bleeding, decreased fetal movement, higher blood pressure, and other complications.

The goal of the new emergency department is to reduce wait times for pregnant women and potentially improve outcomes. Ascension's St. Joseph's Hospital previously saw more than 300 pregnant women per month in its emergency department.

#### Froedtert Health and Medical College of Wisconsin Micro Hospitals

In December 2020, Froedtert Health and the Medical College of Wisconsin opened community hospitals in New Berlin and Pewaukee. The hospitals will offer emergency and inpatient care 24 hours/365 days/year. Both facilities will have seven emergency room beds and eight inpatient beds. At the Board's February 2020 meeting, ETF reported that Froedtert the Medical College planned to open similar micro hospitals in Oak Creek and Mequon in 2020. Milwaukee area news outlets are reporting that these facilities are now expected to open in 2021.

#### Dean Beaver Dam Clinic

In February 2021, SSM Health, the owner of Dean Medical Group and Dean Health Plan, opened a new Dean Clinic in Beaver Dam in Dodge County. The clinic will provide services from Dean Medical Group and Agnesian HealthCare's Fond du Lac Regional Clinic providers. The new clinic will provide primary and specialty care, general surgery, and imaging services. A prescription center will be added to the site later this year. According to Wiscnews.com, SSM Health is moving its services previously provided at the Marshfield Medical Center Beaver Dam location to the new clinic.

#### Sixteenth Street Behavioral Health Clinic

In February 2021, the Milwaukee Business News reported that the Sixteenth Street Community Health Center opened a new behavioral health clinic on Milwaukee's south side. The Milwaukee County Behavioral Health Division will provide psychiatric services and the clinic is receiving financial support from Froedtert Health and the Medical

College of Wisconsin. The clinic will provide outpatient behavioral health, substance use disorder services, and comprehensive community services.

Sixteenth Street Community Health Center is a federally qualified health center and operates multiple clinics in Milwaukee. Its clinics are covered in-network with Network Health Plan and WEA Trust's East service area and the Access Plan.

#### Advocate Aurora – Mount Pleasant

Later in 2021, Advocate Aurora is expected to open a new medical center in Mount Pleasant in Racine County. The medical center will include inpatient care, surgical services, and an emergency department. It will include 48 medical-surgical beds, 12 intensive care beds, 4 observation beds, 5 operating rooms, 2 procedure rooms, and 30 preparation and recovery bays. It will also include a medical office building for specialists, sports health facilities, rehabilitation services, a pharmacy, imaging, and lab services.

#### Marshfield Clinic Stevens Point Hospital

In October 2020, Marshfield Clinic Health System announced it would build a hospital next to its current Stevens Point clinic. The new hospital will provide 12 inpatient beds and expanded surgical services. The new hospital is expected to open in 2022.

#### ProHealth Waterford Clinic and Mukwonago Hospital

In January 2021, ProHealth opened a new primary care clinic in Waterford that will serve residents in Racine, Walworth, and Waukesha counties.

At the Board's February 5, 2020, meeting, ETF reported ProHealth was building a hospital in Mukwonago in Waukesha County. Construction began in 2019 but was paused early in the COVID-19 pandemic. In February 2021, ProHealth reported that it was resuming construction. The hospital is expected to open later this year or early next year. The facility will provide 24 inpatient beds.

ProHealth currently operates three hospitals and multiple physician clinics in Waukesha County. ProHealth providers are in-network with Network Health Plan, Quartz's Community service area, WEA Trust's East service area and the Access Plan.

#### Miramont Behavioral Health Psychiatric Hospital

In May 2021, the Miramont Behavioral Health Hospital is expected to open in Middleton, in Dane County. The hospital will be a 72-bed facility and will offer inpatient psychiatric care on a voluntary and involuntary basis for children, adolescents, adults, and seniors. It will also offer chemical dependency treatment for adults. The facility will have a crisis center. The hospital will be operated by Strategic Behavioral Health.

According to the Wisconsin State Journal, Strategic Behavioral Health is a for-profit company located in Memphis, Tennessee, and operates 10 psychiatric hospitals in several states, including a facility in Green Bay. At this time, it is not clear whether this

facility will be available in-network under any GHIP plans, although the company's facility in Green Bay is available in-network through the Dean Prevea360 network, Network Health Plan, WEA Trust's East service area and the Access Plan.

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