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Correspondence Memorandum

Date: July 22, 2024
To: Group Insurance Board
From: Renee Walk, Director
Office of Strategic Health Policy
Subject: Wisconsin Health Market Report

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

Background

The Department of Employee Trust Funds (ETF) provides an annual update to the (Board) on happenings in the healthcare market that may affect the Board's programs. This year, a larger discussion of mergers and acquisitions is being presented in the "Mergers and Acquisitions in the Healthcare Market" memo at the August Board meeting ([Ref. GIB | 08.14.24 | 3](#)). Another summary of current litigation is provided in the "Healthcare Legal Update" memo, included in the August meeting's Operational Updates ([Ref. GIB | 08.14.24 | 13A](#)). This memo contains a summary of remaining changes in the local provider market, including new facility construction, closures, and proposed projects since the Board's last update in November 2023 ([Ref. GIB | 11.15.23 | 15F](#)).

Regulatory Updates

As discussed in the November 2023 memo, the Federal Trade Commission (FTC) issued draft merger guidelines in July of 2023, which were expected to have an impact on healthcare mergers. Those guidelines were finalized in December of 2023, with few changes. While the FTC continues to take a greater interest in healthcare mergers and acquisitions, a recent attempt by the FTC to block a hospital merger in North Carolina was denied by a federal judge.¹

Insurer Market Changes

Local insurers continue to modify their footprints throughout Wisconsin. WPS Health Insurance, a former participant in the Board's Group Health Insurance Program (GHIP),

¹ Bannow, T. "FTC loses its bid to block Novant's hospital merger in North Carolina." June 5, 2024.
<https://www.statnews.com/2024/06/05/ftc-loses-bid-to-block-novant-hospital-merger-north-carolina/>

Reviewed and approved by Shirley Eckes, Deputy Secretary
Electronically Signed 07/25/2024

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limited sales of individual health insurance policies to Oconto County, after leaving Healthcare.gov in 2022. Several other plans reduced their Healthcare.gov footprints, including Group Health Cooperative of South Central Wisconsin, Common Ground Healthcare Cooperative, and Health Partners.² These shifts do not appear to have borne out of the GHIP.

New Facilities

In November, a new rehabilitation facility opened in Fitchburg, run by Encompass Health. Services are targeted toward patients recovering from strokes, brain and spinal cord injuries, and other complex conditions.³

Aurora Medical Center opened a new Fond du Lac facility in May 2024. Construction was delayed by the pandemic, with groundbreaking in 2022. The hospital has 10 overnight beds.

ThedaCare, whose main footprint is in the eastern part of Wisconsin, opened a new behavioral health facility in Waupaca in July. The facility offers mental health and substance use disorder treatment.⁴

Facility Closures and Service Changes

Hospital Sisters Health System (HSHS) closed their Eau Claire and Chippewa Falls hospitals in January 2024, causing significant concerns about care disruption in the northwestern part of the state. In addition, Prevea Health closed its clinic locations in the Chippewa Valley. This closure included The Rehabilitation Hospital of Western Wisconsin, which was opened only a year before by Encompass Health in collaboration with HSHS. Hospital closures were rapid, with the announcement coming in January, and facilities closing by the end of June.^{5,6} At the time of the closure, ETF estimated that around 800 members would be affected across three health plans, based on data from the DAISI data warehouse. Each of the plans that included these facilities in their network notified impacted members of the departures, as required by state law.

In response, Marshfield Clinic expanded urgent care in its clinics in the Fox Valley, and a new group called the Chippewa Valley Health Cooperative organized and has stated

² Wisconsin Health News, "WPS Scales Back Individual Offerings as Other Carriers See Minor Changes." October 31, 2023. <https://wisconsinhealthnews.com/2023/10/31/wps-scales-back-individual-offerings-as-other-carriers-see-minor-changes/>

³ Encompass Health Corp. "Encompass Health Rehabilitation Hospital of Fitchburg, a 56-bed inpatient rehabilitation hospital, now open in Wisconsin." November 15, 2023. <https://www.prnewswire.com/news-releases/encompass-health-rehabilitation-hospital-of-fitchburg-a-56-bed-inpatient-rehabilitation-hospital-now-open-in-wisconsin-301989407.html>

⁴ WBAY, "ThedaCare opens new behavioral health clinic in Waupaca," July 14, 2024. <https://www.wbay.com/2024/07/15/thedacare-opens-new-behavioral-health-clinic-waupaca/>

⁵ Wisconsin Health News, "HSHS will close Eau Claire, Chippewa Falls Hospitals." January 22, 2024. <https://wisconsinhealthnews.com/2024/01/22/hshs-will-close-eau-claire-chippewa-falls-hospitals/>

⁶ Wisconsin Health News, "Rehabilitation Hospital of Western Wisconsin Will Close." February 8, 2024. <https://wisconsinhealthnews.com/2024/02/08/rehabilitation-hospital-of-western-wisconsin-will-close/>

an intent to build a new hospital in the area.⁷ OakLeaf Clinics also announced plans for new clinics in Cornell, Ladysmith, and Menomonie, and stated they would hire former Prevea staff. Those clinics were planned to open in May.⁸

Planned Construction

In March 2024, SSM Health announced plans to build a new clinic in Verona. The facility will provide primary care, lab, imaging, and some specialty services. The grand opening is expected to be in 2026.⁹

UW Health announced plans in April to seek bonding for construction to expand its two existing Madison hospitals, citing service demand.¹⁰ Construction is expected to be completed in 2026.

Also in Dane County, SSM Health began construction on a new facility that will house both orthopedic surgery and eye care services.¹¹ The facility replaces the former standalone emergency center, also run by SSM Health. SSM Health plans to open the facility in 2025.

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

⁷ Chippewa Valley Health Cooperative, "CVHC Takes Next Steps to Build Nonprofit Independent Community Hospital." May 22, 2024. <https://chippewavalleyhealthcooperative.org/cvhc-takes-next-steps-to-build-nonprofit-independent-community-hospital/>

⁸ Wisconsin Health News, "OakLeaf Plans New Clinics in Western Wisconsin." March 29, 2024. <https://wisconsinhealthnews.com/2024/03/29/oakleaf-plans-new-clinics-in-western-wisconsin/>

⁹ Wisconsin Health News, "SSM Health Plans Verona Clinic." March 5, 2024. <https://wisconsinhealthnews.com/2024/03/05/ssm-health-plans-verona-clinic/>

¹⁰ Letter to State of Wisconsin Joint Committee on Finance. April 23, 2024. <https://wisconsinhealthnews.com/wp-content/uploads/2024/04/UWHCA-PR-to-JFC.pdf>

¹¹ WMTV 15 News, "SSM Health to open new outpatient center in Sun Prairie," June 4, 2024. <https://www.wmtv15news.com/2024/06/05/ssm-health-open-new-outpatient-center-sun-prairie/>