

Chicago

March 2020

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Updates: Key Market Events

April 2020 - Chicago IDNs prepare to take on COVID-19 care

As a central transportation hub, Chicago had some of the first COVID-19 cases in the nation, and the city is preparing for a possible patient surge. Chicago Mayor Lori Lightfoot rented thousands of hotel rooms to prepare for more patients in April 2020. Plus, Illinois is under a stay-at-home order from Gov. J.B. Pritzker, and officials hope to flatten the curve in the market to prevent caseloads from rising too fast. If 20 percent of the population is infected with the novel coronavirus over six months, Chicago would have enough beds. However, if 40 percent are infected, there will not be enough beds or ventilators (Chicago Tribune, March 24, 2020).

April 2020 - Advocate Aurora plans massive revenue growth

Fresh from its 2018 merger with Minneapolis-based Aurora Health, the larger, stronger Advocate Aurora Health expects to more than double revenue to \$27 billion by 2025. During the same period, Chicago's largest integrated delivery network will cut costs by \$1 billion and supercharge its patients base to 10 million. CEO Jim Skogbergh, who now is the IDN's sole CEO, admits the revenue goal is ambitious; he says Advocate Aurora will achieve growth by using technology to enhance patient satisfaction and offer care in more settings, including homes as well as through partnerships and acquisitions (Crain's Chicago Business, Jan. 27, 2020). For more information, see the Health Systems and Hospitals section.

April 2020 - Medicaid tax applies to all MCOs

Managed care organizations operating in Illinois must pay a new tax in 2020 to shore up the state's Medicaid program. Part of the state's 2020 budget package, the tax will raise an estimated \$1.22 billion in the first year. Blue Cross and Blue Shield of Illinois and Centene's Meridian Health Plan will pay the lion's share of the tax, since Medicaid MCOs pay a higher rate and the tax is based on enrollment. For more information, see the Medicaid/Medicare/Uninsured section.

April 2020 - South Side hospitals ban together

Four safety-net hospitals on Chicago's South Side plan to form a single system to shore up their finances and avoid future closures. In addition to building a new, updated hospital, the four current hospitals will build neighborhood medical centers to meet community needs and avoid more expensive hospital stays when possible. For more information, see the Health Systems and Hospitals section.

April 2020 - Decision Resources Group publishes data update

This update provides new Decision Resources Group enrollment and pharmacy data for health plans in the Chicago market, including new information on commercial plans, Medicaid, Medicare, and the uninsured. This update also provides a refresh of hospital statistics from the Centers for Medicare & Medicaid Services.

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Executive Summary

Market Outlook

The Chicago market is a trailblazer market for value-based contracting through numerous ACOs, and its integrated delivery networks are re-tooling their business strategies to handle the pressure of risk-based contracting. While expansive business plans are on hold as IDNs develop COVID-19 treatment protocols and prepare for a possible patient surge, more consolidation is likely in the coming years. Advocate Aurora Health, the largest IDN, is moving forward with an ambitious geographic and service line expansion to weather the challenges of risk-based deals. Northwestern Medicine now accepts more risk as part of Blue Cross and Blue Shield of Illinois' HMO network for Medicare Advantage and exchange plans. Meanwhile, Amita Health is making cuts after its 2018 merger with Presence Health, moving some service lines to larger hospitals while working to close redundant facilities. As the market's Medicare ACOs step up risk-sharing, the realities of lower reimbursement force decisions about staffing, successful care coordination, and location. Chicago's significant Medicaid population stresses safety-net facilities already struggling to remain in business. Insurers experience their own financial squeeze with a new state tax for 2020 and a statewide preferred drug list for Medicaid MCOs. Major IDNs are incorporating behavioral healthcare into medical visits, and using artificial intelligence to predict patient outcomes, particularly with cardiac events. Expect continued IDN consolidation in 2020 and more intense debates among payers and providers about how to develop risk-based contracts.

Highlights

- Chicago's integrated delivery networks continue to seek partnerships and mergers as they grow larger to negotiate better contracts with leading insurer Blue Cross and Blue Shield of Illinois and other major payers like UnitedHealthcare. Advocate Aurora Health announced the most ambitious growth plan with efforts to more than double revenue in five years. Smaller systems and independent hospitals are looking for partners, as seen by Swedish Covenant's recent move to merge with larger NorthShore University HealthSystem.
- Since BCBS of Illinois covers roughly half of Chicagoans, the insurer has an outsized influence over all prescribing behavior with its prior authorization requirements and formularies. Expensive branded drugs find it difficult to gain traction with physicians used to following BCBS formularies. Plus, managed Medicaid MCOs must follow the state's new preferred drug list, further narrowing the drugs available in the market.
- Physicians increasingly join clinically integrated networks tied to large IDNs to negotiate favorable insurer contracts and gain support with changing payment reform guidelines. Smaller IDNs also are under pressure to staff immediate-care clinics with lower-paid advanced practice providers, creating tension in the market. Independent physician groups still wield power, particularly DuPage Medical Group, which uses its size and numerous outpatient locations to underprice more expensive IDNs.
- Although roughly half of commercial members are in PPO plans, narrow network plans and HMOs are growing as an affordable option, particularly for small employers and individuals. BCBS of Illinois' leads with narrow network options, including its flagship BlueCare Direct product with Advocate Aurora. National insurers like UnitedHealthcare, Aetna, Cigna, and Humana also offer narrow network plans. These insurers use vertical integration with retail clinics and physician groups catering to Medicare patients to promote preventive care and manage utilization.
- Chicago's midsize and smaller employers are waging a quiet revolution to circumvent the high prices charged by certain insurers and pharmacy benefit managers. Employer coalitions want to duplicate the success of other markets, such as Wisconsin, where employers have negotiated direct contracts with providers and achieved improved employee health and productivity. Employers see the value of paying fair prices for healthcare, as long as the results are excellent employee health and well-being.

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Chicago

Counties Covered

Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will in Illinois; Kenosha in Wisconsin; and Jasper, Lake, Newton, and Porter in Indiana

Key Cities Covered

Chicago, Joliet, and Naperville in Illinois; Gary in Indiana; and Kenosha in Wisconsin

Population

9,498,716

Report sections updated in March April 2020

This report includes news and analysis updates to all sections.

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Chicago Market

Analysis for Chicago Healthcare Market

Table 3-1: Analysis for Chicago Healthcare Market

| | |
|---|---|
| O | Opportunities: Pharma |
| | <ul style="list-style-type: none">Chicago employers are open to negotiating outcomes-based drug contracts directly with pharma companies. Employers want to end interactions with middle men and ensure patients receive medical value from their drugs, particularly expensive oncology drugs. |
| | <ul style="list-style-type: none">A new state law governing how insurers apply drug coupons to member cost-sharing changed Blue Cross and Blue Shield of Illinois' new policy to stop applying drug coupons to deductibles. Now, BCBS of Illinois members who use drug coupons will see the amount applied to their deductible and out-of-pocket maximum.Some Chicago IDNs could be open to outcomes-based contracts for certain drugs, particularly the largest IDNs that invest in technology advancements that track a patient's health and symptoms. Crohn's disease and gastrointestinal conditions, cardiovascular disease, and behavioral health disorders like depression and alcohol use disorder are prevalent in the market and are targeted by intensive care coordination programs. |
| T | Threats: Pharma |
| | <ul style="list-style-type: none">Chicago's Medicaid program has a new preferred drug list for 2020 that applies to Medicaid MCOs and fee-for-service Medicaid. |
| | <ul style="list-style-type: none">IDNs and insurers in Chicago are using artificial intelligence to enhance their electronic medical record systems, making it more likely that physicians will be prompted to prescribe the most cost-effective drug with the longest track record of effectiveness.Blue Cross and Blue Shield of Illinois, the state's largest and most powerful insurer, controls roughly half of the market, but its drug prescribing policies have an outsized influence on providers and formularies. PBMs may defer to BCBS of Illinois' formulary choices. |

Source: Decision Resources Group.

Table 3-2: Analysis for Chicago Healthcare Market

O

Opportunities: Managed Care

- Attractive reimbursement rates for Medicare Advantage plans combined with Chicago's large population make a good business case for Medicare Advantage plans in the market. Insurers with successful care coordination models and partnerships with physician offices specializing in Medicare patients are entering or expanding in the market, including Aetna's partnership with Oak Street Health and Centene's partnership with Ascension Health, co-owner of Amita Health.
- As Chicago's largest integrated delivery networks improve their care coordination expertise and artificial intelligence capabilities, the IDNs' confidence level about participating in bundled payment models and other risk-based contracts may increase. IDNs may develop internal models that predict their cost for certain episodes of care, making them more likely to embrace these models.

T

Threats: Managed Care

- Insurers that offer managed Medicaid plans must follow the state's single preferred drug list and still provide care within a capitated fee. Insurers thus face pressure to negotiate better drug contracts through their pharmacy benefit managers.
- Advocate Aurora Health plans an ambitious expansion and could use its growing regional dominance to acquire a smaller insurer to offer direct-employer contracts that threaten the self-insured business of some large insurers.

Source: Decision Resources Group.

Market Indicators

Table 3-3: Market Stage: Innovative*

- Moderate to high degree of health system/physician clinical integration (e.g., physician employment, health system ownership of physician organizations, or clinically integrated networks that include otherwise independent physicians)
- Moderate presence of integrated delivery networks offering health plans, ACOs, direct contracts with employers, and/or accepting risk-based payments
- Significant number of payment and healthcare-delivery innovations
- Developing quality/cost indicators for employers/consumers

*For definitions of other market stages, see the Market Overview Product Manual.

Source: Decision Resources Group.

Table 3-4: Market Stage Analysis

To varying degrees, health plans and integrated delivery networks work together in Chicago to control costs through value-based contracting and care coordination. Blue Cross and Blue Shield of Illinois has moved the market toward accountable care through ACOs, intensive medical homes, and now bundled payments for certain episodes of care, while major health systems—particularly Advocate Aurora, Northwestern Medicine, and Amita Health—are driving clinical integration and population health management efforts. Chicago’s many large employers are focused on creating a culture of health through wellness programs and on-site clinics and pharmacies. They are using innovative strategies to control specialty-drug costs, and many are embracing narrow networks rather than high-deductible health plans to encourage their employees to stay healthy and make their investment in wellness programs pay off.

Source: Decision Resources Group.

Table 3-5: Market Drivers

| Health Systems and Hospitals | Physicians | Health Plans | State Legislation | Employers |
|------------------------------|------------|--------------|-------------------|-----------|
| YES | YES | KEY DRIVER | YES | NO |

Source: Decision Resources Group.

Table 3-6: Analysis of Market Drivers

Chicago’s larger integrated delivery networks actively look for acquisition targets as they expand geographically in the region. Advocate Aurora Health intends to become even larger, and other smaller health systems are merging with IDNs to shore up finances. As health systems grow larger, they are increasingly boosting their population health programs by offering better treatment prompts in electronic medical record systems and discovering more effective treatment protocols for inpatient and outpatient settings.

Large, independent physician groups and independent specialty practices are enhancing their care coordination. Independent groups are an important partner for payers building high-performance networks. Meanwhile, IDNs continue to grow their clinically integrated networks to maintain greater control over their patients’ outcomes.

National insurers are forming value-based contracts with Medicare primary-care practices such as Oak Street; these moves could indicate a trend toward vertical integration down the road. Meanwhile, BCBS of Illinois dominates the commercial market and is slowly growing its HMO and risk-sharing contracts.

Under Gov. J.B. Pritzker, a Democrat, Illinois’ state government takes a more active role in healthcare regulations. The legislature likely will pass bills that affect nurse staffing levels. Plus, a bill to institute universal health coverage in the state is seeing renewed interest in 2020.

Source: Decision Resources Group.

Table 3-7: Market Consolidation (Checkmark Chart)

| Consolidation Level | Hospital Segment | Physician Segment | Health Plan Segment |
|--|------------------|-------------------|---------------------|
| High: Largest 4 organizations control more than 82% of the market | | | |
| Moderate: Largest 4 organizations control between 60% and 82% of the market | | | ■ |
| Low: Largest 4 organizations control less than 60% of the market | ■ | ■ | |

Source: Decision Resources Group.

Table 3-8: Therapeutic Area Developments

| Therapy Area | Development | Impact |
|---------------------|--|---|
| Oncology (lymphoma) | Researchers at Northwestern Medicine and the University of Chicago developed a blood-based test to identify tumor type in patients with lymphoma. | Since the test predicts if a patient will relapse after receiving treatment, providers can offer better-tailored treatment options to lymphoma patients. Outcomes will improve with more targeted treatments, giving health systems a better way to predict costs under value-based contracts. |
| Behavioral health | Advocate Aurora operates a behavioral health crisis team—the Medically Integrated Crisis Community Support team—to meet patients where they are, a shelter or at home, to address medical, mental, or social needs. The team includes a psychiatrist, a nurse, a case manager, a chaplain, and two social workers. Team members successfully intervene with patients to achieve a 70 percent drop in return emergency room visits. | Advocate’s size and reach across Chicagoland give the IDN the ability to reach a larger number of patients with behavioral health issues. The added interactions should bring more patients into the healthcare system and step up preventive care efforts for people who did not seek treatment. |
| Neurology | Amita Health launched in June 2019 a teleneurology program at St. Mary’s Hospital Kankakee to offer quick service for patients with head injury, stroke, and other neurological issues. The program uses video services and other technology to perform a remote assessment. | Suburban and rural residents in the outer reaches of the Chicago market will benefit from greater access to neurological experts, improving their overall outcomes and reducing repeat hospitalizations. |
| Incontinence | Northwestern surgeons implanted Illinois’ first new version of a device that helps patients struggling with incontinence. The sacral neuromodulator developed by Axonics System was implanted in January 2020 and helps restore nerve signals between the brain, bladder, and bowel. The new version of the | With a first-in-market treatment to help incontinence, the procedure boosts Northwestern’s patient volume and could bring in patients from competing IDNs. |

| | | |
|--------------|---|---|
| | sacral neuromodulator does not need to be surgically removed if a patient needs an MRI and lasts 15 years or longer in the body. | |
| Orthopaedics | Amita Health also opened the Center for Advanced Joint Replacement at St. Alexius Medical Center Hoffman Estates. The center opened after a \$19.5 million renovation and includes Mako Robotic-Arm Assisted Surgery System. The center allows patients to avoid trips to downtown Chicago. | Amita gains more suburban patients for higher-paying commercial procedures with its new joint-replacement center. |

Source: Decision Resources Group.

Table 3-9: Population Distribution* (Bar Chart)

| | |
|---|-----|
| Commercial enrollment | 56% |
| Medicaid beneficiaries (w/o dual-eligibles) | 19% |
| Medicare beneficiaries (w/o dual-eligibles) | 15% |
| Dual-eligible population | 2% |
| Uninsured | 8% |

*Commercial enrollment includes employer-sponsored and administrative-services-only members.

Source: Decision Resources Group.

Table 3-10: Commercial Insurance Ratio (Pie Chart)

| | |
|---------------|-----|
| Fully Insured | 39% |
| Self-Insured | 61% |

*Self-insured includes TRICARE.

Source: Decision Resources Group, as of July 2019.

Leading Organizations and Health Plans

Table 3-11: Chicago Health Systems Market Share* (Bar Chart)

| Health System | Percent | Without % Sign |
|--|---------|----------------|
| Advocate Aurora Health | 17% | 17 |
| Amita Health | 15% | 15 |
| Northwestern Medicine | 11% | 11 |
| NorthShore University HealthSystem | 5% | 5 |
| Trinity Health/Loyola University Health System | 5% | 5 |
| Rush Health | 5% | 5 |
| University of Chicago Medicine | 5% | 5 |
| Others | 37% | 37 |

*Based on inpatient discharges.

Source: Decision Resources Group, based on data from CMS.

Table 3-12: Physician Organizations

| Name | Total # of Physicians |
|---|-----------------------|
| Advocate Physician Partners | 5,000 |
| Northwestern Medicine Physician Network | 3,230 |
| Amita Health Care Network | 2,000 |

Source: Decision Resources Group.

Table 3-13: Total Enrollment*

| Plan | Enrollment | Market Share |
|--|------------|--------------|
| Blue Cross and Blue Shield of Illinois | 3,483,301 | 47% |
| UnitedHealth Group | 825,629 | 11% |
| Centene (Meridian Health Plan, Celtic) | 569,503 | 8% |

*Includes all commercial, Medicaid, Medicare, and TRICARE enrollment.

Source: Decision Resources Group.

Table 3-14: Commercial Enrollment

| Name | Enrollment | Market Share |
|--|------------|--------------|
| Blue Cross and Blue Shield of Illinois | 3,074,965 | 59% |
| UnitedHealth Group | 708,014 | 14% |
| Aetna | 423,319 | 8% |
| Cigna | 391,617 | 8% |
| Anthem | 373,521 | 7% |

Source: Decision Resources Group, as of July 2019.

Table 3-15: Commercial Enrollment Ratio by MCO (Bar Chart)

| Name | Fully Insured | Self-Insured |
|--|---------------|--------------|
| Blue Cross and Blue Shield of Illinois | 49% | 51% |
| UnitedHealth Group | 40% | 60% |
| Aetna | 16% | 84% |
| Cigna | 14% | 86% |
| Anthem | 15% | 85% |

Source: Decision Resources Group, as of July 2019.

Table 3-16: Public Exchange Enrollment for Chicago Market

| MCO | Enrollment | Market Share |
|--|------------|--------------|
| Blue Cross and Blue Shield of Illinois | 155,033 | 77% |
| Centene | 27,250 | 13% |
| Cigna | 15,260 | 8% |

| | | |
|----------------------------------|----------------|----|
| Common Ground Health Cooperative | 2,637 | 1% |
| Children's Hospital of Wisconsin | 1,039 | 1% |
| Molina Healthcare | 508 | 0% |
| CareSource Management Group | 264 | 0% |
| Ascension | 258 | 0% |
| BlueShield California | 106 | 0% |
| Total Market Enrollment | 202,355 | |

Source: Decision Resources Group, as of July 2019.

Table 3-17: MCO-Managed Medicaid*

| Plan | Enrollment | Market Share |
|--|------------|--------------|
| Meridian Health Plan (Centene) | 554,240 | 32% |
| Blue Cross and Blue Shield of Illinois | 373,340 | 21% |
| Cook County Health and Hospitals | 317,464 | 18% |

*Includes Title 19, CHIP, and other managed Medicaid lives.

Source: Decision Resources Group, as of July 2019.

Table 3-18: MCO-Managed Medicare*

| Plan | Enrollment | Market Share |
|--------------------|------------|--------------|
| Humana | 123,754 | 33% |
| UnitedHealth Group | 112,863 | 30% |
| Aetna | 59,525 | 16% |

*Includes HMO, PPO, PFFS, and other managed Medicare lives.

Source: Decision Resources Group, as of December 2019.

Table 3-19: Medicare Advantage Predicted Growth Rate in Chicago Market (Heat Map)

| County | Predicted Annual Growth Rate* |
|--------------------|-------------------------------|
| McHenry County, IL | 15% |
| Lake County, IL | 15% |
| Kendall County, IL | 14% |
| Grundy County, IL | 10% |
| Will County, IL | 9% |
| DeKalb County, IL | 9% |
| DuPage County, IL | 9% |
| Kane County, IL | 9% |
| Cook County, IL | 8% |
| Porter County, IN | 21% |
| Newton County, IN | 15% |
| Lake County, IN | 13% |
| Jasper County, IN | 12% |
| Kenosha County, WI | 13% |

*Represents predicted average annual growth rate through 2021.

Source: Decision Resources Group.

Table 3-20: Major Employers

| Name | # of Employees |
|----------------------------|----------------|
| Federal government | 104,187 |
| City of Chicago | 84,217 |
| Chicago Public Schools | 65,560 |
| Albertsons Cos. | 65,447 |
| Chicago Board of Education | 48,444 |
| AT&T | 46,246 |
| State government | 42,870 |

| |
|------------------|
| McDonald's Corp. |
|------------------|

| |
|--------|
| 38,904 |
|--------|

Source: Decision Resources Group; Employer Vantage, 2019.

Health Systems and Hospitals

TABLE 4-1:

| | |
|------------|---------------|
| Yes | Market Driver |
|------------|---------------|

Table 4-2: Chicago Hospital Consolidation Continuum* (Continuum Graphic)

| | |
|----------------------------------|--------------|
| Consolidation Continuum Position | Early (high) |
|----------------------------------|--------------|

*Markets are placed on the continuum based on their current level of consolidation (Early, Mid, or Mature) and how aggressively the market is moving toward increased consolidation (low, medium, or high).

Source: Decision Resources Group.

Sector Outlook

Reimbursement worries are fueling merger activity and service line transitions in Chicago as integrated delivery networks incorporate smaller health systems to bring in more patients and develop future networks for joint products with insurers. Further pressure from treating COVID-19 patients will force IDNs to remain in survival mode for now, postponing major transactions as the market works together to manage the fallout from the global pandemic. The specter of risk-based contracting has providers worried about how they will fare under a payer's quality metrics and guidelines governing payment. So the largest IDNs are building their own systems to write their own rules about quality and get the claims transparency they want to successfully manage costs within a set pricing structure. Meanwhile, smaller IDNs use participation in Medicare ACOs and bundled payment models to prepare for greater risk-sharing in the coming years.

Market Profile

Amita Health and Advocate Aurora Health are Chicago's heavyweights. Advocate is the key system for insurers, but Amita's extensive network makes it equally appealing as it works to integrate its disparate health systems after acquiring Presence Health in 2018. Academic medical centers are important in Chicago, and Northwestern Medicine leads the pack in size and desirability for many employers. Plus, Northwestern, Loyola University Health System, and Rush System for Health have all either recently acquired smaller health systems or are pursuing acquisitions. Larger networks improve an IDN's chances of landing an exclusive narrow network, such as Advocate's BlueCare Direct product. While Advocate and Amita currently cover the whole market and beyond, midsize players are branching out. IDNs are likely to develop bundled payment models for large, self-insured employers or other direct-contracting arrangements. University of Chicago Medicine is an important safety-net provider with a new trauma center in downtown Chicago and an intense focus on Medicaid programs.

The University of Chicago Comprehensive Cancer Center and Robert H. Lurie Comprehensive Cancer Center at Northwestern University are the market's National Cancer Institute-designated cancer centers. Loyola is pursuing NCI designation as a comprehensive cancer center.

Table 4-3: Chicago Hospital Market Data

| Acute-Care Hospitals* | Estimated Annual Inpatient Discharges | Acute-Care Beds | Average Daily Occupancy Rate | Average Length of Stay (Days) | Medicare Percentage of Acute-Care Discharges | Medicaid Percentage of Acute-Care Discharges |
|-----------------------|---------------------------------------|-----------------|------------------------------|-------------------------------|--|--|
| 94 | 943,957 | 20,143 | 61% | 4.8 | 32% | 21% |

*Excludes Hines VA Medical Center, Jesse Brown VA Medical Center, and North Chicago VA Medical Center.

Source: Most recent hospital statistics from CMS.

Table 4-4: Annual Hospital Outpatient Procedures (Bar Chart)

| Procedures | Advocate Aurora Health | Amita Health | Northwestern Medicine | Other Health Systems | Market Totals |
|------------------|------------------------|--------------|-----------------------|----------------------|---------------|
| Cardiovascular | 19% | 20% | 13% | 47% | 32,257 |
| Gastrointestinal | 14% | 12% | 16% | 57% | 310,417 |
| Genitourinary | 14% | 10% | 13% | 63% | 55,152 |
| Eye | 17% | 12% | 10% | 60% | 42,850 |
| Nervous System | 18% | 11% | 10% | 61% | 13,491 |
| Musculoskeletal | 17% | 14% | 16% | 52% | 42,378 |
| Respiratory | 5% | 2% | 6% | 87% | 34,323 |
| Skin | 12% | 9% | 11% | 67% | 150,527 |
| Other | 12% | 25% | 14% | 50% | 13,802 |

Source: DRG analysis of CMS hospital data.

Highlights

- Clinical integration**

Chicago IDNs increasingly incorporate artificial intelligence and patient data sharing systems into their clinical protocols. These strategies prove especially useful now, especially for academic systems able to offer guidance treating COVID-19 patients. Using the technology, IDNs hope to improve transparency for claims data and target patients who are most likely to incur high claims and need more care. Northwestern Medicine uses AI to predict cardiovascular events, while several IDNs use the eCart app developed by the University of Chicago, which also predicts cardiac events. Advocate Aurora partners with Foxconn Technology Group to develop AI technologies to enhance patient care. The IDNs

increasingly incorporate the enhanced patient data into provider alerts in electronic medical records. As the market moves toward risk-sharing, likely through narrow network products reimbursed through capitation and bundled payment models, IDNs want widespread patient data that incorporate a patient’s entire healthcare history. With a bill—HB 4749—before the state legislature that would prevent insurers from mandating a certain EMR system for providers, Illinois could see renewed interest in the state’s health information exchange, which shut down in February 2019 (Healthcare Innovation, April 29, 2019).

- **Payment reform**

Chicago IDNs widely participate in ACOs, and shared savings models and incentive payments are the most common payment reform models. The market’s largest insurer, BCBS of Illinois, directs the most commercial risk-sharing models, many based on narrow network product designs that pay capitated rates, like the BlueCare Direct product BCBS of Illinois offers with Advocate Aurora. Amita Health and Northwestern Medicine also make up a narrow network for employers through Imagine Health. Greater risk-sharing requirements from Medicare, particularly through the new Medicare Shared Savings Program ACOs, could increase risk-based contracts in the future. For now, IDNs prepare for reimbursement changes by either growing larger or merging with a larger system, says David Johnson, CEO of 4sight Health, a Chicago-based healthcare consulting group. The largest IDNs benefit from the best rates, allowing them to bring in higher revenues while smaller health systems struggle.

The Centers for Medicare & Medicaid Services uses payment rewards and penalties to drive hospital quality improvements. Under the Hospital Readmissions Reduction Program, Medicare hospital payments for inpatient stays are reduced by up to 3 percent for hospitals with excessive readmissions. The Hospital Value-Based Purchasing Program adjusts hospital payments downward or upward based on a combination of quality measures and patient experience survey results. The Hospital Acquired Condition Reduction Program reduces Medicare reimbursements by 1 percent for hospitals ranking in the bottom 25 percent of hospitals for their rate of HACs.

Table 4-5: Medicare Hospital Reimbursement Reform Data

| Hospitals in Chicago Market with Most Medicare Discharges | Annual Medicare Discharges | Readmissions Reduction Program Penalty | Value-Based Purchasing Program Penalty/Bonus | Hospital Acquired Condition Reduction Program Penalty |
|---|----------------------------|--|--|---|
| NorthShore University HealthSystem | 17,697 | -0.71% | 0.28% | 0% |
| Northwestern Memorial Hospital | 11,682 | -0.34% | 0.24% | 0% |
| Advocate Christ Medical Center | 10,370 | -1.24% | -0.18% | -1% |
| Palos Hospital | 9,880 | -2.14% | 0.10% | 0% |
| Rush University Medical Center | 9,671 | -1.04% | 0.10% | 0% |

Source: Decision Resources Group.

- **Growth strategy/patient flow**

Even as major payers push IDNs to increase efficiency and offer lower-cost care, Chicago IDNs are building large outpatient facilities to perform higher-paying commercial procedures. Rush System for Health and University of Illinois College of Medicine both are building large outpatient centers, even though the facilities virtually duplicate services in a small geographic area, says David Johnson, a Chicago consultant.

Meanwhile, Chicago's safety-net hospitals struggle to stay open. Chicago has less bed capacity now compared to five years ago, when safety-net facilities began closing. The situation affects how well Chicago facilities can handle a surge of COVID-19 patients. An ambitious plan to improve the financial solvency of four of Chicago's South Side hospitals will merge the facilities into a new system. If completed, the deal will include Advocate Trinity Hospital (which will be sold by Advocate Aurora), Mercy Hospital & Medical Center (owned by Trinity Health), South Shore Hospital (an independent facility), and St. Bernard Hospital (owned by Catholic Health International). The \$1.1 billion effort includes the construction of a new South Side hospital that could lead to the closure of one or more of the other hospitals. The plan also includes construction of three to six community health centers, which would better address community needs by offering outpatient care. Currently, the four hospitals are less than 50 percent occupied and lost \$79 million in 2019. If the new system is formed, the Catholic owners of Mercy and St. Bernard will likely sell the hospitals (Chicago Tribune, Jan. 24, 2020; State Capital Newsfeed, March 23, 2020).

Other Chicago area hospitals struggle to remain open. Holy Cross Hospital cut more than half its beds in 2019 and suspended labor and delivery services. Quorum Health's MetroSouth Medical Center and Pipeline Health's Westlake Hospital closed in 2019 (Chicago Tribune, Oct. 22, 2019).

- **Hospital collaboration**

Three Chicago IDNs now partner to offer specialized pediatric services to compete with the region's pediatric leader, Lurie Children's Hospital of Chicago. Advocate Children's Hospital, NorthShore University HealthSystem, and the University of Chicago Medicine Comer Children's Hospital opened a new pediatric center in Wilmette in the fall of 2019. The partners share new pediatric therapies and hope to attract a higher volume of pediatric patients. Meanwhile, Lurie remains competitive; the system opened an outpatient facility in Skokie, added beds to its flagship facility, and runs an emergency telemedicine program that connects hospitals with pediatric emergency room physicians (Crain's Chicago Business, June 24, 2019).

Meanwhile, Rush University Medical Center, Amita Health, Cook County Health, Ann and Robert H. Lurie Children's Hospital of Chicago, Sinai Health System, and University of Illinois Health are part of a push to improve neighborhood health on Chicago's west side (Chicago Weekend, Mar. 13, 2019).

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Advocate Aurora Health

TABLE 4-6:

| Local Hospitals | Local Hospital Beds | Physicians Employed | Physicians Affiliated | ACO Type | Operates Own Specialty Pharmacy | Assumes Financial Risk |
|-----------------|---------------------|---------------------|-----------------------|----------------------|---------------------------------|------------------------|
| 12 | 2,949 | 1,350 | 6,300 | Medicare, Commercial | Yes | Yes |

Acute-care hospitals:

- Advocate Christ Medical Center (includes Advocate Hope Children’s Hospital), Oak Lawn, 706 beds
- Advocate Lutheran General Hospital (includes Advocate Children's Hospital), Park Ridge, 534 beds
- Advocate Condell Medical Center, Libertyville, 273 beds
- Advocate Sherman Hospital, Elgin, 255 beds
- Advocate Illinois Masonic Medical Center, Chicago, 254 beds
- Advocate Good Samaritan Hospital, Downers Grove, 243 beds
- Advocate South Suburban Hospital, Hazel Crest, 233 beds
- Advocate Trinity Hospital, Chicago, 201 beds
- Advocate Good Shepherd Hospital, Barrington, 176 beds
- Aurora Medical Center Kenosha, 74 beds

Major outpatient centers:

- Thirteen outpatient centers in the Chicago market

Physician groups:

- Advocate Physician Partners, a clinically integrated network and joint venture between Advocate and about 5,000 physicians, about 3,600 of whom are independent
- Advocate Medical Group, more than 1,350 physicians and specialists

Health plan:

- BlueCare Direct, a high-performance network health plan with Blue Cross and Blue Shield of Illinois

Other details:

- Clinical partnership with CVS MinuteClinic, with more than 20 locations in the market
- Advocate Clinic at Walgreens, 49 neighborhood health clinics in Walgreens stores
- Three ambulatory surgery centers: Midwest Center for Day Surgery, Naperville Surgical Centre, and Tinley Woods Surgery Center
- Partnership with Surgical Care Affiliates that includes 13 surgery centers in metro Chicago
- Clinical affiliation with Silver Cross Hospital and Medical Center and its 300 physicians
- Aurora Specialty Pharmacy

Source: Decision Resources Group; CMS data.

Description

Nonprofit Advocate Aurora Health is the largest health system and clinically integrated network in Chicago. Created by a merger between Advocate Health Care and Milwaukee-based Aurora Health Care in April 2018, the IDN has about 30 hospitals and more than 3,300 physicians in its Illinois and Wisconsin service area. In Chicago, the IDN specializes in pediatric, cardiac, and oncology services.

Advocate Aurora Health operates acute-care hospitals in the Chicago market and two hospitals in Illinois outside the market (Advocate BroMenn Medical Center in Normal and Advocate Eureka Hospital), although it plans to sell the central Illinois facilities. The IDN has a network of outpatient centers and offers home health services, inpatient and outpatient behavioral health services, and rehabilitation services. Advocate Christ Medical Center, the system's Chicago flagship facility, includes a Level 1 trauma center. The health system also has Level 1 trauma centers at four other Chicago hospitals. Advocate provides heart, kidney, lung, and bone marrow transplants and is in the top five ventricular assist device/heart pump programs.

Table 4-7: Advocate Aurora Health Hospital Data

| Percentage of Market's Inpatient Discharges | Percentage of Market's Acute-Care Beds | Average Daily Occupancy Rate | Average Length of Stay (Days) | Medicare Percentage of System's Acute-Care Discharges | Medicaid Percentage of System's Acute-Care Discharges |
|---|--|------------------------------|-------------------------------|---|---|
| 17% | 15% | 70% | 4.6 | 30% | 12% |

Source: Most recent hospital statistics from CMS.

News and Analysis

- **Strategy**

More than a year into merging with Milwaukee-based Aurora Health, Advocate Aurora Health plans to more than double revenue from \$12.8 billion in 2019 to \$27 billion by 2025 and to cut \$1.1 billion in costs. On the surface, the IDN's growth plan exemplifies traditional health system strategy to bring in more patients to remain profitable, however, Advocate also leads the market in value-based contracts and continues to develop an infrastructure that uses technology and staff coordination to improve efficiency and quality. Advocate Aurora's Chicago-based clinically integrated network, Advocate Physician Partners, expressed defeatism about value-based progress in late 2019—the CIN's efforts to increase value-based contracts above 20 percent of revenues fell short when a value-based contract with one insurer had to revert to fee-for-service payments. Advocate Aurora's frustration with insurers has the IDN enhancing its ability to offer direct employer and consumer products. In another move to enhance revenue, the IDN also plans to sell its two central Illinois hospitals and Advocate Trinity Hospital on Chicago's South Side (Milwaukee Business Journal, Jan. 14, 2020; Healthcare Financial Management, Nov. 1, 2019).

- **Payment reform**

Even as Advocate works to capture more patients, the IDN reports nearly half of its reimbursement involves risk-sharing and value-based contracts. The IDN has 1 million members, or 37 percent of its contracts under shared savings models, while 300,000 members, or 11 percent of its contracts, are under capitation models. Membership under capitation includes the Blue Cross and Blue Shield of Illinois co-branded BlueCare Direct product, which uses Advocate Aurora as a narrow network. Another 1.4 million members, or 52 percent of reimbursement, are under fee-for-service contracts (Advocate Aurora Health presentation to the 2020 J.P. Morgan Healthcare Conference, accessed Feb. 21, 2020). The IDN's 2019 Value Report shows 1 million of value-based lives are in Illinois, and 2,350 Chicago-area employers are enrolled in insurance products that use Advocate Aurora as part of a narrow network, including BlueCare Direct and UnitedHealthcare's Charter product.

Advocate Aurora chose to continue participating in the Medicare Shared Savings Program even with added risk-sharing requirements for 2020 and beyond. The Illinois MSSP ACO is the largest of the IDN's three MSSP ACOs and covers more than 127,000 lives. In 2020, Advocate Physician Partners Accountable Care participates at the highest level on the Basic Track of the program at Level E, which exposes the ACO to downside risk for the chance to earn up to a maximum 50 percent sharing rate. The IDN also takes on risk through Medicare's Bundled Payments for Care Improvement Advanced model, accepting bundled payments for 27 out of a possible 31 inpatient episodes of care (CMS website, accessed March 11, 2020).

- **Clinical integration**

Advocate operates a patient-tracking system called HealtheRegistries in Illinois to give physicians real-time access to patient data. The system offers better coordination between hospitals and physician offices and gives physicians more timely data about gaps in patient care. The IDN also uses a proprietary tool (the Acute Utilization Prediction Score) to estimate patients with congestive heart failure who have a high likelihood of a future hospital admission. Patients are then contacted by care management teams, which offer interventions to put CHF under better control. The IDN experienced a 23 percent reduction in CHF-related admissions after implementing the program. Advocate also is moving from its legacy Cerner platform to the Epic platform to align with Aurora facilities for a single electronic medical record system (Advocate Aurora Health 2019 Value Story, accessed online March 11, 2020).

- **Population health**

The IDN uses a digital application, NowPow (an independent company that began at the University of Chicago), to help patients handle social determinants of health, such as access to affordable housing and nutrition. The software uses a patient's social data to link people with local services. Nearly 400 patients who were screened for a SDoH need were referred to community service providers in a five-month period in south Chicagoland. Advocate also runs a pilot at Advocate Trinity Hospital to offer healthy food to patients in the community. Anywhere from 30 percent to 51 percent of South Chicago residents experience food insecurity, compared with 8.5 percent of Chicagoans on average.

For seniors, Advocate runs the AdvocateCare Center, which offers a clinical pharmacist, an exercise physiologist, a chaplain, and a social worker, along with clinical providers to allow patients to see multiple providers in one visit. The savings average to \$510 per member, per month, with 35 percent fewer ER visits and 38 percent fewer hospital

admissions. The IDN also runs a Physicians at Home program for homebound Medicare Advantage patients and the Advocate Sherman Hospital Mobile Integrated Health program, which enrolls patients in a free service that coordinates home visits from paramedics.

- **Retail clinics**

As part of Advocate Aurora's restructuring, the IDN plans to cut \$1.1 billion in costs by 2025. To save money, the IDN will close clinic locations in seven Walgreens in the greater Chicago area. Officials say the locations overlap with other available outpatient locations. Walgreens clinics in Carol Stream, Joliet, Naperville, Oak Park, River Forest, Sycamore, and Yorkville will be closed (Chicago Tribune, Jan. 16, 2020).

- **Hospital sale**

Advocate Aurora will sell its two central Illinois hospitals to the Carle health system. The two facilities, Advocate BroMenn Medical Center and Advocate Eureka Hospital, along with their affiliated sites, including the medical group in central Illinois, are part of the deal. If the sale closes as expected in mid-2020, Advocate will no longer have any Illinois facilities outside of the greater Chicago area (Advocate Aurora press release, Jan. 9, 2020).

- **Patient satisfaction**

Advocate Aurora is banking on a suite of digital tools to improve patient satisfaction and efficiency. The IDN offers a chatbot (Symptom Checker) on the IDN's app to help patients determine if they need to see a physician.

- **Partnerships**

Advocate Aurora is partnering with Oak Street Health, a chain of primary-care clinics for Medicare patients and patients dually eligible for Medicare and Medicaid, to offer enhanced care coordination to its Medicare patients. The clinics receive capitated payments for care and care coordination. The IDN also partners with One Medical, a San Francisco-based company that offers video visits and unlimited visits to its clinics for a \$199 annual membership. The clinic primarily targets younger patients (Modern Healthcare, Jan. 20, 2020).

Another partnership with Foxconn Technology Group in Milwaukee will develop a cloud-based network that will use Foxconn's predictive modeling technology and Advocate Aurora's artificial intelligence capabilities to analyze patient data. The effort will create a model that can predict healthcare costs and determine how to develop more effective wellness programs (Milwaukee Business Journal, Oct. 3, 2019).

- **Venture capital investing**

Advocate Aurora invests in several venture capital funds that develop health technology and improve care delivery. The IDN invested \$75 million in a health technology venture fund managed by Venture Investors and \$255 million in a fund managed by Flare Capital Partners, a Boston-based healthcare technology venture capital firm. The IDN also invests in the Wisconsin Valley Venture Fund that includes investments from the Taiwan-based Foxconn Technology Group (Milwaukee Business Journal, Nov. 29, 2019).

- **Civica Rx purchases**

As a member of Civica Rx, the new drug company formed to provide lower-cost generic drugs to hospitals, the IDN now buys two generic drugs, vancomycin and daptomycin, from the company (Chicago Tribune, May 16, 2019).

- **Behavioral health**

Advocate Aurora operates a behavioral health crisis team, the Medically Integrated Crisis Community Support team, to meet patients where they are, a shelter or at home, to address medical, mental, or social needs. The team Their intervention has resulted in a 70 percent drop in return emergency room visits (Chicago Tribune, Nov. 6, 2019).

- **Move to single CEO**

Advocate Aurora ended its two-CEO period in July 2019, with Jim Skogsbergh becoming the sole president and CEO of the IDN. Skogsbergh previously was Advocate Health Care's CEO. Before announcing the change, Advocate Aurora

was led by co-presidents and co-CEOs, Skogsbergh and Nick Turkal, who previously led Aurora Health Care.

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Amita Health

TABLE 4-8:

| Local Hospitals | Local Hospital Beds | Physicians Employed | Physicians Affiliated | ACO Type | Operates Own Specialty Pharmacy | Assumes Financial Risk |
|-----------------|---------------------|---------------------|-----------------------|----------------------|---------------------------------|------------------------|
| 15 | 138,372 | 500 | 6,100 | Medicare, Commercial | Yes | Yes |

Acute-care hospitals:

- Amita Health Saint Joseph Medical Center, Joliet, 383 beds
- Amita Health Saints Mary and Elizabeth Medical Center (includes St. Elizabeth Campus), Chicago, 370 beds
- Amita Health St. Alexius Medical Center (includes Alexian Brothers Women & Children’s Hospital), Hoffman Estates, 318 beds
- Amita Health Saint Joseph Hospital, Chicago, 277 beds
- Amita Health Alexian Brothers Medical Center, Elk Grove Village, 257 beds
- Amita Health Adventist Medical Center, Hinsdale, 244 beds
- Amita Health Resurrection Medical Center, Chicago, 227 beds
- Amita Health Mercy Medical Center, Aurora, 188 beds
- Amita Health Saint Francis Hospital, Evanston, 181 beds
- Amita Health Adventist Medical Center, La Grange, 159 beds
- Amita Health Saint Joseph Hospital, Elgin, 144 beds
- Amita Health Adventist Medical Center GlenOaks, Glendale Heights, 122 beds
- Amita Health Adventist Medical Center, Bolingbrook, 110 beds

Major outpatient centers:

- Amita Health Center for Advanced Joint Replacement, La Grange
- Amita Health Center for Advanced Joint Replacement, Hoffman Estates

Physician groups:

- Amita Health Care Network, a clinically integrated network with more than 2,000 physicians

- Amita Health Medical Group, an employed medical group with more than 500 physicians

Other details:

- GPOs: Amerinet, Premier, MAGNET, MedAssets, Metropolitan Chicago Healthcare Council GPS, HealthTrust Purchasing Group

- Amita Health rehabilitation hospital at the Elk Grove Village campus

- Amita Health Alexian Brothers Behavioral Health Hospital at the Hoffman Estates campus

- Affiliation with Physicians Immediate Care to operate 12 urgent-care clinics in Chicago market

- Amita Health immediate-care centers, nine locations

- Amita Health outpatient pharmacies, nine locations

- Amita Health Anticoagulation Clinic (provides care for patients taking warfarin)

- Resurrection University, Oak Park, includes colleges for nursing and allied health

- Two ambulatory surgery centers: Ambulatory Care Center for Excellence in Surgical Services and Belmont/Harlem Surgery Center

Source: Decision Resources Group; CMS data.

Description

Amita Health is a joint venture that clinically integrates three nonprofit health systems: Presence Health, Adventist Midwest Health, and Alexian Brothers Health System. Presence entered the joint venture in March 2018, when St. Louis-based Ascension acquired the system. Ascension also owns Alexian Brothers, while Adventist Midwest Health is part of Adventist Health System in Florida. Ascension is the country's largest Catholic, nonprofit health system. Amita's clinically integrated delivery network includes hospitals in the Chicago market and one acute-care hospital south of the market in Kankakee. Saint Joseph Medical Center is Amita's largest facility, covering Will County and the southwest Chicago suburbs. Amita also includes Holy Family Medical Center, a long-term, acute-care hospital in Des Plaines.

Table 4-9: Amita Health Hospital Data

| Percentage of Market's Inpatient Discharges | Percentage of Market's Acute-Care Beds | Average Daily Occupancy Rate | Average Length of Stay (Days) | Medicare Percentage of System's Acute-Care Discharges | Medicaid Percentage of System's Acute-Care Discharges |
|---|--|------------------------------|-------------------------------|---|---|
| 15% | 15% | 57% | 4.5 | 33% | 20% |

Source: Most recent hospital statistics from CMS.

News and Analysis

- **Strategy**

Amita Health has a new president and CEO and new leadership at eight of its 19 hospitals after a major purge in August 2019. Now that former CEO of the Alabama/Tennessee Group of Tenet Healthcare, Keith Parrott, is overseeing the IDN, the system could revamp its strategy. After merging with Presence Health in 2018, former CEO Mark Frey planned to drastically cut Amita's outpatient facilities from 250 to 125 as part of a consolidation effort to cut costs and improve outpatient and telemedicine services. It is likely Amita will continue cost-cutting efforts to compete with Advocate Aurora, which plans to quadruple its patient base and grow strategically in the region. Amita has already cut service lines at some facilities, including labor and delivery services, mental health units, and physical rehabilitation units. The IDN also ended its comprehensive physical rehabilitation program at St. Joseph Hospital and its open-heart surgery programs at St. Francis and Sts. Mary and Elizabeth Medical Center (Crain's Chicago Business, Sept. 16, 2019).

- **Insurance networks**

Amita Health is branching into new Medicare Advantage and exchange health plan products. The IDN partners with Bright Health, a new Medicare Advantage insurer, to offer a narrow network in greater Chicago. The network also includes Palos Health providers to cover patients in Chicago's southwest suburbs. Amita also joined the network of Centene's Ambetter (IlliniCare Health) health insurance exchange product for 2020, and Amita's co-parent, Ascension Health, launched a joint-venture Medicare Advantage plan with Centene. Chicago is one of three markets where Ascension Health offers Ascension Complete Medicare Advantage (PR Newswire, Oct. 3, 2019; Amita Health press release, Oct. 2, 2019).

- **Payment reform**

Amita has more than 20 years of experience accepting risk and more than 15 percent of patients under a capitated-payment arrangement. The Amita Health Care Network offers the SafeGuard AHCN health insurance product to self-insured employers, and some primary-care physicians receive capitated payments from certain insurance contracts, including Blue Cross and Blue Shield of Illinois (HMO Illinois and BlueAdvantage) and Humana.

Amita Health also takes on more risk in the Medicare Shared Savings Program for 2020 and beyond. The IDN transitioned to one Medicare Shared Savings Program ACO in 2019, the Amita Health ACO, and did not seek another three-year contract for the legacy Presence Health ACO, Medicare Value Partners. Instead, Amita moved from a shared savings track to accept downside risk. The IDN also takes on risk through Medicare's Bundled Payments for Care Improvement Advanced model, accepting bundled payments for 13 out of a possible 31 inpatient episodes of care (CMS website, accessed March 11, 2020).

- **Clinical integration**

Amita's population health teams intend to increase the IDN's risk contracts, and the IDN has steadily improved its quality scores by emphasizing physician engagement and using predictive data and in-house coordinators to improve care coordination. Amita taps into best practice information from co-parent Ascension using standardized, effective protocols to improve patient care. An example of local predictive data use includes eCart, an analytics tool that calculates the probability a patient will experience a cardiac arrest or other adverse event in the next eight hours. Amita's experience with electronic data analysis sets the stage for more sophisticated artificial intelligence use in the future; for example, the large Saints Mary and Elizabeth Medical Center participates in an electronic clinical quality measure program with The Joint Commission.

- **Direct contracting**

Amita Health develops custom networks for employers of all sizes and is one of two preferred provider networks in Chicago for Imagine Health, which has direct-employer contracts with Home Depot and Walmart. Imagine also contracts

with Northwestern Medicine and Children's Hospital of Chicago in the market.

- **Ambulatory expansion**

Amita Health plans greater geographic outpatient saturation with more ambulatory-care centers in the Chicago suburbs, including Huntley (maternal medicine and pediatrics), North Riverside (primary care and obstetrics), and a location close to Midway Airport (primary-care practices). Other centers are planned for Stickney and Berwyn. The IDN also will add services to former Presence outpatient centers in New Lenox, Plainfield, and Romeoville to encourage greater utilization in those areas (Amita Health Way, July 2019).

- **Behavioral health**

Amita uses several strategies to improve intakes for behavioral health concerns. The IDN pilots a system in four Amita hospital emergency rooms designed to offer psychiatric patients faster care. The program uses a tool called Emergency Psychiatric Intervention (developed by Vituity) to assess psychiatric patients. Patients who are lower-risk skip unnecessary bloodwork and receive referrals to outpatient mental healthcare and any needed prescription refills (Chicago Tribune, Nov. 6, 2019). In addition, Alexian Brothers Behavioral Health Hospital now uses a technology platform to offer a uniform screening and intake process. Provided through Owl Insights cloud-based platform, the service collects self-reported patient data.

Amita also broke ground on a \$6 million expansion of the Alexian Brothers Behavioral Health Hospital Hoffman Estates in December 2019. The expansion will grow outpatient services by offering additional space and treatment areas. The 141-bed behavioral hospital is the country's 10th largest behavioral health facility (Amita Health press release, Dec. 9, 2019).

- **Tax subsidies**

In a surprise move, Amita Health decided to forgo \$5.6 million in tax increment financing from Chicago, even after the subsidies were approved by Chicago's mayor and the City Council. The decision allows Amita to skip an agreement that would have governed the IDN's non-clinical staffing decisions and required Amita to invest millions into neighborhood health facilities, including a West Side cancer center. Amita officials say the IDN still will invest in neighborhood healthcare (Chicago Tribune, May 20, 2019).

- **Therapeutic advance**

In June 2019, Amita launched a teleneurology program at St. Mary's Hospital Kankakee to offer quick service for patients with head injury, stroke, and other neurological issues. The program uses video services and other technology to perform a remote assessment (Amita Health press release, Aug. 22, 2019).

Amita also opened the Center for Advanced Joint Replacement at St. Alexius Medical Center Hoffman Estates. The center opened after a \$19.5 million renovation and includes Mako Robotic-Arm Assisted Surgery System and allows patients to avoid trips to downtown Chicago (Amita Health Way, July 2019).

- **Labor and delivery closures**

Amita seeks state approval to close its 18-bed labor and delivery unit at Saint Francis Hospital Evanston; the IDN already closed the 12-bed labor and delivery unit at Adventist Medical Center La Grange in May 2018. Amita will send patients to Resurrection Medical Center and Saint Joseph Hospital, facilities that have higher labor and delivery volumes and offer providers with more experience. All Chicago hospitals must compete with Northwestern Medicine Prentice Women's Hospital, which sees some of the highest birth rates in the market (Chicago Tribune, Sept. 3, 2019).

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Northwestern Memorial HealthCare (Northwestern Medicine)

TABLE 4-10:

| Local Hospitals | Local Hospital Beds | Physicians Employed | Physicians Affiliated | ACO Type | Operates Own Specialty Pharmacy | Assumes Financial Risk |
|-----------------|---------------------|---------------------|-----------------------|----------------------|---------------------------------|------------------------|
| 10 | 103,409 | 2,043 | 4,200 | Medicare, Commercial | Yes | Yes |

Acute-care hospitals:

- Northwestern Memorial Hospital (includes Prentice Women’s Hospital), Chicago, 883 beds
- Northwestern Medicine Central DuPage Hospital, Winfield, 347 beds
- Northwestern Medicine McHenry Hospital (includes Northwestern Medicine Huntley Hospital), McHenry, 264 beds
- Northwestern Medicine Delnor Hospital, Geneva, 144 beds
- Northwestern Medicine Lake Forest Hospital, 114 beds
- Northwestern Medicine Kishwaukee Hospital, DeKalb, 98 beds
- Northwestern Medicine Woodstock Hospital, 32 beds
- Northwestern Medicine Valley West Hospital, Sandwich, 25 beds

Major outpatient centers:

- Glenview Outpatient Center
- Grayslake Outpatient Center

Physician groups:

- Northwestern Medical Physician Network, a clinically integrated network with about 3,230 physicians
- Northwestern Medical Group, more than 1,544 physicians who hold faculty appointments at Northwestern University Feinberg School of Medicine
- Northwestern Regional Medical Group, more than 499 physicians

Other details:

- Northwestern University Feinberg School of Medicine
- Robert H. Lurie Comprehensive Cancer Center, a National Cancer Institute-designated facility
- Northwestern Medicine Immediate Care clinics, 19 locations
- Northwestern Medicine Specialty Pharmacy
- Two ambulatory surgery centers: Ambulatory Surgery Center on the Northwestern Memorial Hospital campus and Northwestern Medicine Surgery Center in Warrenville
- Northwestern Medicine Chicago Proton Center, a proton therapy facility in Warrenville that is a joint venture with Radiation Oncology Consultants
- Member of Excelera specialty pharmacy network

Source: Decision Resources Group; CMS data.

Description

Northwestern Memorial HealthCare is an academic health delivery system whose entities operate as Northwestern Medicine. It is one of Illinois' largest integrated delivery networks, combining the Northwestern University Feinberg School of Medicine and its medical faculty with the community hospitals and physicians of Northwestern Memorial, plus a rehab hospital. Northwestern acquired Centegra Health System in 2018, giving it two acute-care facilities in the northern suburbs. Specialty services at the Northwestern Memorial Hospital campus include the Bluhm Cardiovascular Institute, the Kovler Organ Transplantation Center, and the Robert H. Lurie Comprehensive Cancer Center, which is an NCI-designated comprehensive cancer center. Northwestern's services cover a full continuum, including behavioral health, home health, and hospice. It also operates Northwestern Medicine Specialty Pharmacy and is a member of the Excelera specialty pharmacy network.

Table 4-11: Northwestern Memorial HealthCare Hospital Data

| Percentage of Market's Inpatient Discharges | Percentage of Market's Acute-Care Beds | Average Daily Occupancy Rate | Average Length of Stay (Days) | Medicare Percentage of System's Acute-Care Discharges | Medicaid Percentage of System's Acute-Care Discharges |
|---|--|------------------------------|-------------------------------|---|---|
| 11% | 9% | 73% | 4.9 | 33% | 17% |

Source: Most recent hospital statistics from CMS.

News and Analysis

- **Strategy**

As Chicago's largest academic system, Northwestern Medicine has a top-notch reputation with a price tag to match. The

IDN added Centegra Health System in 2018, giving it a strong suburban presence and the ability to refer acute patients to its downtown facilities. The IDN's excellent outcomes, especially for high-demand services like cardiac care, make it desirable for patients and employers who want to recruit workers. Until recently, Illinois' largest insurer, Blue Cross and Blue Shield of Illinois, left Northwestern out of networks for some Medicare Advantage and exchange products, but 2020 has been a transitional year. While contract terms were not released, it is likely value-based contracts are part of the deal to keep costs lower for BCBS of Illinois, while Northwestern is counting on its evidence-based protocols and proven outcomes to manage the risk.

- **Clinical integration**

Chicago IDNs emphasize the importance of transparent data-sharing measures that allow providers to track gaps in care and coordinate care for patients with multiple chronic conditions. Northwestern has a data sharing arrangement with Cigna that helps the IDN identify discharged patients at risk for readmission, patients who need health screenings, and patients who have not refilled a prescription. The IDN's providers use the data to monitor patient progress daily, which also helps Northwestern meet Cigna's quality metrics for value-based contracts (Healthcare Financial Management, Aug. 1, 2019).

- **Payment reform**

Northwestern's population health officials take a surgical approach to risk-based contracting, only participating in programs where the IDN can be most successful with the tools and teams in place. Northwestern participates in CMS' Bundled Payments for Care Improvement Advanced program for 2020, covering three clinical episodes: chronic heart failure, sepsis, and hip and knee replacement. Plus, Northwestern also is a center of excellence providing total hip and knee replacement for General Electric employees. The CIN's MSSP ACO, Northwestern Medicine Physician Network ACO, has not moved to a risk-sharing track under CMS' new Pathways to Success initiative.

- **Behavioral health**

Northwestern introduced a telepsychiatry program at Lake Forest Hospital in October 2019. Since the hospital sees an increasing number of emergency room patients who need mental health care and the hospital does not have a behavioral health unit, the case management department gives patients the option to conduct a video chat with a remote psychiatrist (Chicago Tribune, Nov. 6, 2019).

- **Insurance networks**

Northwestern facilities are now in-network for several Blue Cross and Blue Shield of Illinois plans as part of new contract negotiations. The Illinois Blues added Northwestern Medicine to its network for the PPO product sold on the health insurance exchange, Blue Choice Preferred PPO, and its Medicare Advantage HMO. Northwestern already was in-network for BCBS of Illinois' HMO plan on the exchange (Chicago Tribune, Dec. 12, 2019).

- **Direct contracting**

Northwestern Medicine is one of two preferred provider networks in Chicago for Imagine Health, which has direct employer contracts with Home Depot and Walmart. Imagine also contracts with Amita Health and Children's Hospital of Chicago in the market.

- **Artificial intelligence**

Northwestern is one of 25 participants in CMS' Artificial Intelligence Health Outcomes Challenge. The IDN is developing a human-machine solution to improve relationship-oriented care. Participants in the CMS program use AI to predict health outcomes for unplanned hospital and skilled nursing facility admissions; seven finalists will receive financial awards of up to \$60,000, and the overall winner will receive \$1 million (CMS website, accessed March 11, 2020).

Meanwhile, Northwestern's Bluhm Cardiovascular Institute runs a program to determine how artificial intelligence can be used to detect cardiovascular problems. The research, which would develop devices and algorithms, could be used in rural hospitals or underserved communities to improve accurate diagnoses. The IDN currently pilots cardiac screening using Eko's digital stethoscopes and AI algorithms to determine if the process is more accurate than a stethoscope (Contify Life Science news, March 7, 2019)

- **Therapeutic advance**

Northwestern's ability to coordinate all cardiac care through its Bluhm Cardiovascular Institute helps the IDN lower costs and improve quality. Recent Medicare data show Northwestern is among the top six hospitals for high-quality, low-cost care for myocardial infarction (heart attack) and among the top 10 hospitals with the lowest heart failure mortality rate. Medicare data determines high-quality facilities by measuring mortality rates for 30 days following hospitalization and determines low-cost facilities by calculating the Medicare payments for services over 30 days (PR Newswire, Oct. 24, 2019).

Researchers at Northwestern have developed blood-based tests that detect disease or identify tumor types at a molecular level. Current tests detect liver cancer and predict complications in patients with diabetes. Another blood-based test developed with researchers at the University of Chicago identifies tumor types in lymphoma patients, which indicates if a patient will experience a relapse. Physicians can use the information to choose the most appropriate treatment (Medical Xpress, Oct. 4, 2019).

Northwestern surgeons implanted Illinois' first new version of a device that helps patients struggling with incontinence. The sacral neuromodulator developed by Axonics System was implanted in January 2020 and helps restore nerve signals between the brain, bladder, and bowel. The new version of the sacral neuromodulator does not need to be surgically removed if a patient needs a MRI and lasts 15 or more years in the body (PR Newswire, Jan. 13, 2020)

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Other Health Systems and Hospitals

NorthShore University HealthSystem

TABLE 4-12:

| | |
|---|---|
| Percentage of Market's Inpatient Discharges | 5% |
| Acute-Care Hospitals | <ul style="list-style-type: none"> NorthShore University HealthSystem (includes Evanston Hospital, Glenbrook Hospital, Highland Park Hospital, and Skokie Hospital), Evanston, 698 beds Swedish Covenant Hospital, 216 beds |
| Physician Groups | <ul style="list-style-type: none"> NorthShore Physician Association (clinically integrated network), with 1,423 physicians NorthShore Medical Group, with 973 physicians |

Source: Decision Resources Group; CMS data.

Description

NorthShore University HealthSystem is the dominant system in Chicago's affluent North Shore region with five acute-care facilities, a growing system of medical clinics, and 20 immediate-care centers. The integrated delivery network acquired Swedish Covenant Hospital in January 2020, giving the nonprofit system its first facility in Chicago. NorthShore's Evanston Hospital is a Level 1 trauma center, while Glenbrook, Highland Park, and Skokie Hospitals are Level 2 trauma centers. NorthShore Medical Group has more than 140 medical clinics spread from Evanston to the far northern Chicago suburbs. NorthShore specializes in hard-to-diagnose cases, as well as cancer, cardiovascular, neurological, and orthopedic care. NorthShore is the principal teaching affiliate for the University of Chicago Pritzker School of Medicine, and the NorthShore Research Institute conducts clinical trials. Northshore also operates NorthShore Home and Hospice Services.

News and Analysis

• Strategy

NorthShore University HealthSystem acquired its first Chicago hospital in January 2020. The acquisition of Swedish Covenant Hospital diversifies NorthShore's geography, moving beyond the affluent North Shore region to include Chicago's north side and a more diverse patient population. Swedish has a managed care organization, a medical group of 150 physicians, and the Galter LifeCenter, a medical fitness center. Previously, Rush System for Health was in talks to acquire Swedish, but the merger effort stalled in 2019. NorthShore will incorporate its systemwide electronic medical record system at Swedish and bring its interventional cardiology and neurosurgery teams to Swedish and open orthopedic immediate care services. The IDN uses technology and clinical guidelines to improve its population health management programs while leveraging its pharmacogenomic clinic and genetic testing to build its personalized medicine expertise.

• Senior care

NorthShore opened its own specialized care center for seniors at its Glenbrook Hospital campus in September 2019. The IDN uses patient data from electronic medical records to flag patients who are high healthcare utilizers and then reaches out to them with information about the center. The center offers a team-based care approach that combines visits with gerontologists and social workers to identify gaps in care and improve chronic conditions (Crain's Chicago Business, Jan. 13, 2020).

- **Genetic testing**

A longtime proponent of genetic testing and using predictive analytics to reduce patient risk, NorthShore partnered with Color, a genetic testing company, to test nearly 10,000 primary-care patients in 2019. The IDN plans to increase testing availability to all its primary-care clinics in 2020. The tests identify if a patient is at higher risk of breast cancer, colorectal cancer, and heart disease; they also can offer guidance about more effective pain and depression drugs (Chicago Tribune, Jan. 15, 2020).

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Trinity Health/Loyola University Health System

TABLE 4-13:

| | |
|---|--|
| Percentage of Market's Inpatient Discharges | 5% |
| Acute-Care Hospitals | <ul style="list-style-type: none"> • Loyola University Medical Center (includes Ronald McDonald Children's Hospital), Maywood, 515 beds • MacNeal Hospital, Berwyn, 256 beds • Mercy Hospital & Medical Center, Chicago, 203 beds • Gottlieb Memorial Hospital, Melrose Park, 125 beds |
| Physician Groups | <ul style="list-style-type: none"> • Loyola Physician Partners, a clinically integrated network of more than 1,000 employed and independent physicians who form the provider network for ACOs and value-based payer arrangements |

Source: Decision Resources Group; CMS data.

Description

Michigan-based Trinity Health is the country's second-largest Catholic healthcare system; it entered the Chicago market after acquiring Loyola University Health System from Loyola University Chicago. The clinically integrated health system includes Loyola University Medical Center, which has a Level 1 trauma center, a burn center, the Ronald McDonald Children's Hospital of Loyola, the Cardinal Bernardin Cancer Center, and the Center for Heart & Vascular Medicine. Physicians of the medical center continue their faculty roles at Loyola University Chicago, and the medical center provides residency programs. The system employs more than 700 physicians and has more than 1,320 affiliated physicians in its Loyola University Physician Foundation. Trinity Health also owns Mercy Hospital & Medical Center, which has teaching affiliations with the University of Chicago and the University of Illinois at Chicago, and trains more than 100 residents annually. Loyola also is a major center for lung transplants.

News and Analysis

- **Strategy**

Loyola University Health System's planned merger with Palos Health fell apart in May 2019. While officials did not offer details about the canceled merger, both Loyola and Palos will continue their clinical affiliation. The partnership between the two systems gives Palos access to Loyola's academic expertise, while Loyola gains a wider geographic footprint. The health systems collaborate to offer a telestroke program and an infusion center managed by Loyola and jointly own ambulatory surgery and radiation oncology centers located at the Palos Health South Campus in Orland Park. Loyola physicians staff the facilities (Loyola Medicine press release, May 1, 2019).

- **South Side hospital consolidation**

Trinity's Mercy Hospital and Medical Center is one of four hospitals on Chicago's South Side that may form a new system. The proposed merger would implement a \$1.1 billion capital plan to build one large hospital or two smaller hospitals along with community health centers. Funding could come from the state of Illinois, the current hospital owners, and charitable contributions. As part of the agreement, the system will have independent leadership and an independent board with a representative from each owner. The hospitals hope for a definitive agreement by mid-2020 (The Bond Buyer, Jan. 27, 2020).

- **Therapeutic advance**

Loyola Medicine opened a multidisciplinary ALS Center in 2019 to improve therapy options and quality of life for patients with amyotrophic lateral sclerosis in Chicago's western suburbs. The center includes multiple specialists, including a neurologist, pulmonologist, and neuropsychologist, as well as respiratory therapists, physical and occupational therapists, speech and swallowing specialists, respiratory equipment, and exercise and nutrition programs. Specialized care from multiple providers improves quality of life for ALS patients.

Loyola University Health System is among the first centers in Illinois to offer a less invasive procedure for treating achalasia, a swallowing disorder. A gastroenterologist performs the procedure known as peroral endoscopic myotomy. The IDN also offers a less invasive prostate biopsy, transperineal prostate biopsy, that reduces infection and may improve cancer detection.

- **Facility expansions**

In July 2019, Loyola Medicine opened an immediate-care clinic in Oakbrook Terrace, giving the IDN four clinics; the other locations are in Burr Ridge, Homer Glen, and River Forest.

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Rush System for Health

TABLE 4-14:

| | |
|---|--|
| Percentage of Market's Inpatient Discharges | 5% |
| Acute-Care Hospitals | <ul style="list-style-type: none"> • Rush University Medical Center (includes Rush Children's Hospital), 576 beds • Rush-Copley Medical Center, Aurora, 192 beds • Rush Oak Park Hospital, 165 beds |
| Physician Groups | <ul style="list-style-type: none"> • Rush Health, a clinically integrated PHO including more than 1,100 physicians • Rush Medical Group, an employed group of more than 600 physicians |

Source: Decision Resources Group; CMS data.

Description

Rush System for Health is a clinically integrated nonprofit health system with acute-care hospitals in the Chicago market as well as a large employed physician group and a physician/hospital organization. Rush University, which includes Rush Medical College, is integrated with Rush University Medical Center. Outside the Chicago market, Rush System for Health includes Riverside Medical Center, which includes medical campuses in Kankakee, Bourbonnais, Coal City, and Watseka. Additional operations include a rehabilitation and skilled nursing facility. Rush Specialty Pharmacy is at Rush University Medical Center.

News and Analysis

- **Strategy**

Rush System for Health clearly wants to expand in Chicago, but the IDN's merger efforts stalled in 2019. A possible merger with Swedish Covenant Health, a one-hospital system on Chicago's north side, fell flat and Swedish subsequently merged with NorthShore University HealthSystem. The lost deal followed failed merger talks with Little Company of Mary Hospital in April 2018; Little Company was acquired by Peoria, Illinois-based OSF Healthcare in February 2020.

- **Clinical integration**

Rush is mining data from its electronic medical records to identify patients who are at risk for cancer. The new efforts, which uses a Google cloud platform, improves clinical documentation to help the IDN improve outcomes and patient experience. The platform also uses a natural language processing system and machine learning to ensure at-risk patients are screened for cancer to ensure early detection.

- **Dermatology**

Rush has an agreement with Pinnacle Dermatology that offers faster consultation to patients with advanced skin diseases, especially certain skin cancers. Patients will have expedited access to consults with Pinnacle providers and referrals to Rush oncology, otolaryngology, and restorative plastic surgery specialists.

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Table 4-15: Chicago Hospitals

| Name | City | Beds |
|---|--------------------------------|------|
| Northwestern Memorial Hospital (includes Prentice Women's Hospital) | Chicago | 883 |
| Advocate Christ Medical Center (includes Advocate Hope Children's Hospital) | Oak Lawn | 706 |
| NorthShore University HealthSystem (composed of Evanston Hospital, Glenbrook Hospital, Highland Park Hospital, and Skokie Hospital) | Evanston | 698 |
| University of Chicago Medical Center (includes Comer Children's Hospital and Bernard A. Mitchell Hospital) | Chicago | 682 |
| Rush University Medical Center (includes Rush Children's Hospital) | Chicago | 576 |
| Advocate Lutheran General Hospital (includes Advocate Children's Hospital) | Park Ridge | 534 |
| Loyola University Medical Center | Maywood | 515 |
| Methodist Hospitals (composed of Northlake Campus and Southlake Campus) | Gary and Merrillville, Indiana | 456 |
| John H. Stroger Jr. Hospital of Cook County | Chicago | 448 |
| University of Illinois Hospital | Chicago | 434 |
| Community Hospital | Munster, Indiana | 410 |
| NCH Hospital | Arlington Heights | 396 |
| Presence Saint Joseph Hospital Medical Center | Joliet | 383 |
| Palos Hospital | Palos Heights | 377 |
| Presence Saints Mary and Elizabeth Medical Center | Chicago | 370 |
| Northwestern Medicine Central DuPage Hospital | Winfield | 347 |
| AMITA Health St. Alexius Medical Center (includes Alexian Brothers Women & Children's Hospital) | Hoffman Estates | 318 |
| Ann & Robert H. Lurie Children's Hospital of Chicago | Chicago | 312 |
| MetroSouth Medical Center | Blue Island | 300 |
| Edward Hospital | Naperville | 298 |
| Elmhurst Memorial Hospital | Elmhurst | 282 |

| | | |
|--|----------------------|-----|
| Amita Health Saint Joseph Hospital | Chicago | 277 |
| Advocate Condell Medical Center | Libertyville | 273 |
| Ingalls Memorial Hospital | Harvey | 268 |
| Northwestern Medicine McHenry Hospital (includes Northwestern Medicine Huntley Hospital) | McHenry | 264 |
| Silver Cross Hospital and Medical Centers | New Lenox | 257 |
| Amita Health Alexian Brothers Medical Center | Elk Grove Village | 257 |
| MacNeal Hospital | Berwyn | 256 |
| Advocate Sherman Hospital | Elgin | 255 |
| Advocate Illinois Masonic Medical Center | Chicago | 254 |
| Amita Health Adventist Medical Center | Hinsdale | 244 |
| Advocate Good Samaritan Hospital | Downers Grove | 243 |
| Porter Hospital | Valparaiso, Indiana | 238 |
| Mount Sinai Hospital | Chicago | 236 |
| Advocate South Suburban Hospital | Hazel Crest | 233 |
| Presence Resurrection Medical Center | Chicago | 227 |
| Holy Cross Hospital | Chicago | 221 |
| OSF HealthCare Little Company of Mary Medical Center | Evergreen Park | 220 |
| Swedish Covenant Hospital | Chicago | 216 |
| Franciscan Health Crown Point | Crown Point, Indiana | 214 |
| Community First Medical Center | Chicago | 213 |
| Mercy Hospital & Medical Center | Chicago | 203 |
| Advocate Trinity Hospital | Chicago | 201 |
| Jackson Park Hospital | Chicago | 201 |
| Froedtert Kenosha Hospital and Froedtert Pleasant Prairie Hospital | Kenosha, Wisconsin | 200 |

| | | |
|---|-----------------------|-----|
| Franciscan Health Chicago Heights (Includes Franciscan Health Olympia Fields) | Olympia Fields | 192 |
| Rush-Copley Medical Center | Aurora | 192 |
| Vista Medical Center | Waukegan | 190 |
| Presence Mercy Medical Center | Aurora | 188 |
| Presence Saint Francis Hospital | Evanston | 181 |
| Franciscan Health Hammond | Hammond, Indiana | 180 |
| St. Mary Medical Center | Hobart, Indiana | 180 |
| Advocate Good Shepherd Hospital | Barrington | 176 |
| Norwegian-American Hospital | Chicago | 173 |
| St. Catherine Hospital | East Chicago, Indiana | 165 |
| Rush Oak Park Hospital | Oak Park | 165 |
| Amita Health Adventist Medical Center | La Grange | 159 |
| Thorek Memorial Hospital | Chicago | 156 |
| Methodist Hospital of Chicago | Chicago | 145 |
| Northwestern Medicine Delnor Hospital | Geneva | 144 |
| Amita Health Saint Joseph Hospital | Elgin | 144 |
| Franciscan Health Dyer | Dyer, Indiana | 140 |
| West Suburban Medical Center | Oak Park | 135 |
| Roseland Community Hospital | Chicago | 134 |
| St. Bernard Hospital | Chicago | 130 |
| Gottlieb Memorial Hospital | Melrose Park | 125 |
| Amita Health Adventist Medical Center, GlenOaks | Glendale Heights | 122 |
| Loretto Hospital | Chicago | 122 |
| South Shore Hospital | Chicago | 122 |

| | | |
|--|----------------------|-----|
| Weiss Memorial Hospital | Chicago | 119 |
| Northwestern Medicine Lake Forest Hospital | Lake Forest | 114 |
| AMITA Health Adventist Medical Center, Bolingbrook | Bolingbrook | 110 |
| Saint Anthony Hospital | Chicago | 109 |
| Northwestern Medicine Kishwaukee Hospital | Dekalb | 98 |
| Morris Hospital | Morris | 89 |
| Aurora Medical Center in Kenosha | Kenosha, Wisconsin | 74 |
| Midwestern Regional Medical Center | Zion | 73 |
| Franciscan Health Munster | Munster, Indiana | 63 |
| Northwestern Medicine Woodstock Hospital | Woodstock | 32 |
| Northwestern Medicine Valley West Hospital | Sandwich | 25 |
| Provident Hospital of Cook County | Chicago | 25 |
| Franciscan Health Rensselaer | Rensselaer, Indiana | 25 |
| Pinnacle Hospital | Crown Point, Indiana | 18 |
| Mercyhealth Hospital and Medical Center | Harvard | 13 |
| Hines VA Medical Center | Hines | N/A |
| Jesse Brown VA Medical Center | Chicago | N/A |
| North Chicago VA Medical Center | North Chicago | N/A |

Source: Decision Resources Group; CMS data.

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Physicians

TABLE 5-1:

| | |
|-----|---------------|
| Yes | Market Driver |
|-----|---------------|

Sector Outlook

Chicago's physician groups take on the brunt of risk-based payments as large integrated delivery networks use their negotiating power to push back on risk-sharing with smaller insurers. The main risk-sharing vehicles for physicians are Medicare Shared Savings Program ACOs and bundled payment models. Physician leaders say they need real-time claims data and meaningful quality standards to achieve adequate reimbursements under risk models. It is tough for groups that already meet strict quality standards to show improvement year over year. Look for physicians, with support from IDNs, to develop new quality metrics for value-based contracts.

Market Profile

Chicago still tilts more toward independent physicians for such a large market, but health system employment is on the rise because of heavy merger activity. Powerful IDNs like Advocate Aurora Health, Amita Health, and Northwestern Medicine use CINs and ACOs to promote their clinical guidelines, although independent physicians can join well-funded DuPage Medical Group for more autonomy. Chicago is a mature and fertile ground for ACOs, and many physicians participate in commercial and Medicare ACOs to earn incentives and increase patient volume. Expect experienced physicians to hold out for more autonomy and stick with affiliation agreements, while medical school graduates will gravitate toward health system employment and use the market's lower physician rate to negotiate higher salaries.

Highlights

- **Patient-care access**

Increasing health system consolidation in Chicago intensifies pressure on physicians to accept hospital employment or join a leading IDN's clinically integrated network to avoid losing negotiating clout with insurers who are building narrow network products. Hospital employment comes with risks, however, as Chicago hospitals prioritize advanced practice providers in some outpatient settings to lower costs. Edward-Elmhurst Health will cut 15 physicians at their clinics in April 2020; the IDN says it takes significant patient volume to cover the cost of a single physician's compensation. Meanwhile, NorthShore University HealthSystem is boosting levels of advanced practice nurses at medical clinics to increase adherence to care coordination protocols, because officials believe APNs are more receptive to following guidelines than physicians (Crain's Chicago Business, Dec. 9, 2019).

Chicago has an above-average supply of primary-care physicians and specialists, compared with the national average, but levels of nurse practitioners and physician assistants are below average. With IDNs competing to recruit advanced practice providers for their less expensive outpatient settings, the systems could partner with medical schools to increase the local supply, otherwise wages will not be as competitive.

Scope of practice: Advanced practitioners practice under supervisory agreements with physicians and may prescribe drugs if allowed by their supervising physician. Physician assistants practice under a collaborative agreement with physicians and may be Medicaid providers. A new law passed in 2019 (SB 2904) boosts the number of physician

assistants a physician can collaborate with to seven in many circumstances. Meanwhile, physician assistants could see more autonomy if HB 4692 becomes laws. State legislators continue to debate nurse staffing levels, with two competing bills (HB 2604 and SB 3636) under consideration in 2020.

Telemedicine: Illinois is rated low in terms of private parity; the state did pass legislation in August 2018 allowing Medicaid reimbursement. A telemedicine bill (SB 27) designed to require payment parity between in-person and telemedicine visits remained in committee in 2019.

Table 5-2: Healthcare Provider Supply (Bar Chart)

| | |
|---|--------|
| Physicians in Chicago market | 35,185 |
| Physicians per 100,000 people in Chicago market | 370 |
| Physicians per 100,000 people nationally | 328 |

Source: DRG Healthbase data.

Table 5-3: Supply Rate in Chicago Market Compared with National Rate (Arrow Graphic)

| Provider Type | Above/Below |
|-------------------------|-------------|
| Primary-care physicians | Above |
| Specialty physicians | Above |
| Nurse practitioners | Below |
| Physician assistants | Below |

Source: DRG Healthbase data.

Table 5-4: National Retail Clinic Chain Locations/100,000 people (Bar chart)

| Type | Rate |
|----------------|------|
| Chicago market | 0.6 |
| National rate* | 0.7 |

*Based on data for 87 of the nation’s largest metro areas.

Source: Decision Resources Group, 2019.

Table 5-5: National Retail Clinic Chain Locations by Company in the Chicago Market (Pie Chart)

| Clinic | Locations |
|-----------------|-----------|
| CVSMinuteClinic | 60 |

Source: Decision Resources Group, 2019.

Table 5-6: National Urgent-Care Chain Locations/100,000 people (Bar chart)

| Clinic | Locations |
|----------------|-----------|
| Chicago market | 0.2 |
| National rate* | 0.5 |

*Based on data for 87 of the nation’s largest metro areas.

Source: Decision Resources Group, 2019.

Table 5-7: National Urgent-Care Chain Locations by Company in the Chicago Market (Pie Chart)

| Clinic | Locations |
|------------|-----------|
| Concentra | 17 |
| MedExpress | 2 |

Source: Decision Resources Group, 2019.

Table 5-8: Convenient Care Industry Analysis

Competition in Chicago’s convenient-care sector is significant, with national chains partnering with local integrated delivery networks, such as Advocate Aurora Health’s partnership with Walgreens to run nearly 50 clinics in Chicago. Now that CVSMinuteClinic owns Aetna, MinuteClinics are a growing part of Aetna networks and encourage preventive care and management of chronic conditions. Health systems have room to grow in the urgent-care market, and their ability to limit members to proprietary narrow networks also spells trouble for convenient-care clinic chains. Physicians Immediate Care partners with Amita Health to run 12 clinics in a bid to find a strong foothold in the market. Northwestern Medicine is competing with multispecialty clinics, and Edward–Elmhurst Health and DuPage Medical Group are expanding in the western and southern suburbs. In addition, WellNow Urgent Care has two Chicago urgent-care centers and plans to add another location. WellNow has 31 sites in New York.

Source: Decision Resources Group.

- **Payment reform**

Most Chicago clinically integrated networks run an ACO, which gives participating physicians the chance to qualify for incentive payments. About half of physician contracts are in value-based models, although many of these are shared savings without the greater consequences of financial risk. Four physician groups are taking on more risk by participating in the Centers for Medicare & Medicaid Services’ Bundled Payments for Care Improvement Advanced model: Chicago Orthopaedics and Sports Medicine, Northwest Orthopaedics and Sports Medicine, Orthopaedic and Rehabilitation Centers, and Illinois Bone & Joint Institute.

Several oncology practices are participating in CMS’ Oncology Care Model, which also includes financial risk, including Affiliated Oncologists, Rush Health, Primary Healthcare Associates, Edward Hematology Oncology Group, Illinois Cancer Specialists, Joliet Oncology-Hematology Associates, and Northwestern Medical Group and Northwestern Medicine Regional Medical Group, and Northwest Oncology & Hematology (CMS website, accessed March 10, 2020).

- **Vertical integration**

Insurers are using vertical integration in Chicago to improve care coordination. The most common sector to see alignment is the Medicare Advantage market, including Aetna and Humana’s partnership with Oak Street Health and Centene’s partnership with Ascension Health, co-owner of Amita Health. UnitedHealthcare has brought together multiple providers as a convener participant in Medicare’s updated bundled payments model, the Bundled Payments for Care Improvement Advanced. As a CP, UnitedHealthcare coordinates provider care and bears some risk under the Bundled Payments for Care Improvement Advanced program. The physicians participate in at least 11 clinical episodes, covering orthopedic and cardiac conditions. Participants in Chicago fall under the following organizations: Coordinated Health of IL, Joint Replacement CIN of Chicago, and Spine CIN of Chicago.

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Advocate Physician Partners

TABLE 5-9:

| Total Physicians | Primary-Care Physician | Advanced Practice Providers | ACO Type | Medical Homes | Assumes Financial Risk |
|------------------|------------------------|-----------------------------|----------------------|---------------|------------------------|
| 5,000 | N/A | N/A | Medicare, Commercial | Yes | Yes |

Description

Advocate Physician Partners, the clinically integrated network associated with Advocate Aurora Health in Illinois, is a network of physician/hospital organizations and Advocate Medical Group. Employed physicians make up one-quarter of the Advocate group. Advocate Physician Partners is responsible for coordinating care management and managed care contracts. The group’s Clinical Integration Program, funded by Advocate and major insurers, serves more than 1 million patients and is the foundation for the transition to value-based contracts with all payers. Advocate Medical Group has 1,500 physicians and advanced practice providers who treat patients at more than 350 locations across Chicago and central Illinois.

News and Analysis

Advocate Physician Partners runs Advocate Aurora’s High-Performing Network in Illinois, a narrow network including affiliated physicians, hospitals, and post-acute providers in value-based contracts. The network offers a narrow network option to employers and insurers and covers around 2,350 employers (covering roughly 80,000 members. There also are 8,475 members in the BlueCare Direct Medicare Advantage plan. Around 300,000 members in the network are under capitation models. Advocate Aurora’s joint insurance product with BCBS of Illinois relies on capitation agreements and is APP’s main risk-sharing vehicle (Advocate Aurora Health 2019 Value Story, accessed March 10, 2020; Advocate Aurora Health Investor Conference Presentation, Jan. 13, 2020).

While Advocate Aurora Health pledged to move 75 percent of its contracts to value-based arrangements by 2020, the IDN struggles to negotiate risk-based contracts. Advocate Physician Partners’ revenue from value-based contracts remains at 20 percent, despite efforts to increase the amount. The CIN had to shift one value-based contract with an insurer back to a fee-for-service model, because the two sides could not agree on how to measure quality data and there were problems with data transparency (Healthcare Financial Management, Nov. 1, 2019).

Advocate Physician Partners’ Medicare Shared Savings Program ACO exposes the ACO to downside risk.

Northwestern Medicine Physician Network

TABLE 5-10:

| Total Physicians | Primary-Care Physician | Advanced Practice Providers | ACO Type | Medical Homes | Assumes Financial Risk |
|------------------|------------------------|-----------------------------|----------------------|---------------|------------------------|
| 3,230 | N/A | N/A | Medicare, Commercial | Yes | Yes |

Description

Northwestern Medicine Physician Network is Northwestern Medicine’s clinically integrated network, offering employed and affiliated physicians better contract terms with insurers and resources such as care coordinators and pharmacy services. NMPN includes several medical groups operated by Northwestern. Northwestern Medical Group is the largest, with 1,544 physicians, while Northwestern Medicine Regional Medical Group, with 499 physicians, is another significant group. Northwestern Medical Group was established in May 2014 by an affiliation agreement that combined Northwestern Medical Faculty Foundation, the faculty practice of Northwestern University Feinberg School of Medicine, with Northwestern Memorial Physicians Group, which is affiliated with Northwestern Memorial HealthCare hospitals. Northwestern Medical Group joins Northwestern’s other clinical operations under an umbrella organization called Northwestern Medicine that includes the School of Medicine and Northwestern Memorial HealthCare.

News and Analysis

Northwestern Medicine is taking on more risk-based contracts with commercial and Medicare payers in 2020, giving the Northwestern Medicine Physician Network the opportunity to qualify for higher payments under the Medicare Access and CHIP Reauthorization Act. The IDN negotiated new contracts with BCBS of Illinois for 2020, placing Northwestern Medicine Physician Network in the insurer’s HMO network for Medicare Advantage and exchange plans. The CIN also participates in CMS’ Bundled Payments for Care Improvement Advanced program for 2020, covering three clinical episodes: chronic heart failure, sepsis, and hip and knee replacement.

Plus, Northwestern also is a center of excellence providing total hip and knee replacement for General Electric employees, which demonstrates the IDN’s experience with managing bundled payments and willingness to accept risk for specialty procedures. The CIN also is part of Northwestern’s preferred provider networks for Imagine Health, which has direct-employer contracts with Home Depot and Walmart.

The CIN's MSSP ACO, Northwestern Medicine Physician Network ACO, has not moved to a risk-sharing track under CMS' new Pathways to Success initiative. If Northwestern decides to continue participation when its current contract ends, the CIN must move from a shared savings only track to a new five-year glide track that includes incremental steps to taking on more risk.

Physicians with the CIN also participate in a commercial ACO with Cigna. Northwestern uses tools from Epic to gather data from different sources and then manipulates the data to make it meaningful to physicians. NMPN also developed a preferred provider network for post-acute care that, while offered voluntarily to patients, gives the IDN more control over clinical guidelines across the continuum of care.

Amita Health Care Network

TABLE 5-11:

| Total Physicians | Primary-Care Physician | Advanced Practice Providers | ACO Type | Medical Homes | Assumes Financial Risk |
|------------------|------------------------|-----------------------------|----------------------|---------------|------------------------|
| 2,000 | 600 | N/A | Medicare, Commercial | Yes | Yes |

Description

Amita Health Care Network is a managed care contracting vehicle that offers physicians pay-for-performance programs that include shared risk. Amita's employed group, Amita Health Medical Group, includes nearly 500 employed physicians.

News and Analysis

Amita Health transitioned to one Medicare Shared Savings Program ACO in 2019, the Amita Health ACO, and did not seek another three-year contract for the legacy Presence Health ACO, Medicare Value Partners. Instead, Amita moved from a shared savings track to the Basic Track of the new Pathways to Success program. Amita is participating at Level E, which exposes the ACO to downside risk for the chance to earn up to a maximum 50 percent sharing rate based on quality performance.

Amita Health Care Network is part of a narrow network Medicare Advantage plan introduced by Bright Health in 2020. In Chicago, Bright Health offers a narrow network that includes Amita Health and Palos Health. The CIN also is part of Amita's preferred provider networks for Imagine Health, which has direct-employer contracts with Home Depot and Walmart.

Amita Medical Group added Suburban Lung Associates in August 2019. The 40-physician group has six locations in the northwest and western suburbs and an office on the campus of Alexian Brothers Medical Center Elk Grove Village.

Illinois Health Partners

TABLE 5-12:

| Total Physicians | Primary-Care Physician | Advanced Practice Providers | ACO Type | Medical Homes | Assumes Financial Risk |
|------------------|------------------------|-----------------------------|----------|---------------|------------------------|
|------------------|------------------------|-----------------------------|----------|---------------|------------------------|

| | | | | | |
|-------|-----|-----|-------------------------|-----|-----|
| 1,800 | 270 | N/A | Medicare, Commercial | Yes | Yes |
|-------|-----|-----|-------------------------|-----|-----|

Description

Illinois Health Partners is a wholly owned subsidiary of nonprofit Edward–Elmhurst Health. The health system acquired full ownership in October 2016; previously Illinois Health Partners was a 50-50 joint venture between Edward–Elmhurst Health and DuPage Medical Group (Edward–Elmhurst Health financial statement, fiscal years 2017 and 2016). The organization includes physicians from DuPage Medical Group, Edward Hospital, Elmhurst Memorial Hospital, and Northwest Community Healthcare, as well as independent physician practices. IHP and DuPage once operated a 50-50 joint-venture Medicare Shared Savings Program ACO but ended the arrangement in 2019. IHP operates its own MSSP ACO.

News and Analysis

Illinois Health Partners no longer runs a joint MSSP ACO with DuPage Medical Group. Instead, Edward-Elmhurst health operates Edward-Elmhurst Accountable Care, an MSSP ACO that is on a shared savings track under CMS' Pathways to Success initiative. Edward-Elmhurst's new contract gives the ACO one year at Level B on the new glide path, but in 2021, the ACO must progress to Level C and take on risk.

Illinois Health Partners, including the 750-physician DuPage Medical Group, acts as a preferred network for Land of Lincoln Health's Preferred Partner PPO. The product covers individuals and small groups (Land of Lincoln website, accessed March 10, 2020). IHP also operates narrow network HMO plans with Blue Cross and Blue Shield of Illinois and Humana, as well as ACOs with BCBS of Illinois and UnitedHealthcare.

Rush Health

TABLE 5-13:

| Total Physicians | Primary-Care Physician | Advanced Practice Providers | ACO Type | Medical Homes | Assumes Financial Risk |
|------------------|------------------------|-----------------------------|-------------------------|---------------|------------------------|
| 1,100 | N/A | N/A | Medicare, Commercial | Yes | N/A |

Description

Rush Health is a clinically integrated physician/hospital organization with more than 1,100 physicians on the medical staffs of Rush System for Health's hospitals. Rush Health includes Rush University Medical Group, an employed group with more than 600 physicians and 40 managed care contracts.

Rush Health has programs for disease management, clinical data analysis, and quality improvement. Rush Health's business development functions include management services, monitoring claims payment, and an enterprise data warehouse to store and analyze information. The system has a private health information exchange to connect and integrate all its facilities and practice groups, and it is subsidizing physician use of EMR systems.

News and Analysis

As the clinically integrated network for Rush System for Health, Rush Health acts as a wide provider network for Rush's ACOs, including a Cigna Collaborative Care ACO and partnering with Aetna for its Whole Health Chicago product. Rush Health also runs an MSSP ACO, although it is unclear if Rush will move from its current shared savings track to higher risk-

sharing when its current contract ends in 2021. CMS' new Pathways to Success initiative requires MSSP ACOs to gradually take on more risk over five years when ACOs renew with the program.

Additional Physician Organizations

TABLE 5-14:

| Physician Organization | Type | Physicians |
|--|---------------------------------|------------|
| Loyola Physician Partners | Clinically integrated network | 1,000 |
| Northwest Community Healthcare Medical Group | Multispecialty | 1,000 |
| University of Chicago Physicians Group | Multispecialty | 900 |
| NorthShore Medical Group | Multispecialty | 973 |
| Loyola University Medical Group | Physician/hospital organization | 851 |
| Franciscan Physician Network | Multispecialty | 850 |
| Adventist Health Network | Physician/hospital organization | 800 |
| Chicago Health Colleagues (Palos Hospital) | Clinically integrated network | 351 |
| Adventist Health Partners | Physician/hospital organization | 242 |
| Alexian Brothers Medical Group | Physician/hospital organization | 200 |
| Advocate Dreyer (Dreyer Medical Clinic) | Group practice | 178 |
| Chicago Health Medical Group | Multispecialty | 134 |
| Illinois Bone & Joint Institute | Orthopedic | 99 |
| Midwest Center for Women's Healthcare | Obstetrics/gynecology | 60 |
| Edward Medical Group | Multispecialty | 50 |
| Midwest Orthopaedics at Rush | Multispecialty | 40 |
| Illinois Cancer Specialists | Multispecialty | 20 |

Source: Decision Resources Group.

Additional Physician Organization Developments

- DuPage Medical Group

Chicago's largest independent, multispecialty medical group, DuPage Medical Group consistently grows, adding physicians on a near monthly basis. DuPage has more than 750 physicians and roughly 120 locations across the Chicago suburbs, making it a significant outpatient provider. A \$1.45 billion cash infusion from a private equity firm in 2017 enabled DuPage to expand geographically and invest in technologies, such as machine learning, for population health management. Through its affiliation with Illinois Health Partners, DuPage physicians participate in narrow network plans with insurers, including Land of Lincoln Health, BCBS of Illinois, and Humana. Expect DuPage to attract high numbers of independent physicians who prefer to avoid health system employment and take advantage of the revenue opportunities such as offering attractive outpatient services to payers who want to steer patients away from hospitals. DuPage Medical Group now operates its own MSSP ACO, DuPage Medical Group ACO. DuPage participates in CMS' Basic Track of the new Pathways to Success initiative at Level E, which exposes the ACO to downside risk for the chance to earn up to a maximum 50 percent sharing rate based on quality performance.

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ACOs

Outlook

The greater Chicago market has nearly 80 active ACO contracts, most under shared savings models. Payers, guided by Chicago's largest insurer, Blue Cross and Blue Shield of Illinois, promote ACO activity, but there is growing experimentation with alternative payment models like bundled payment models and narrow network products under capitated models. Chicago's largest IDNs offer well-organized care coordination models that successfully manage risk through Medicare ACO contracts and bundled payment models. Plus, large, independent physician groups such as DuPage Medical Group and Illinois Bone & Joint Institute have the clout to negotiate value-based contracts with the largest insurers. While the push to form new commercial ACOs is over, expect providers to accept more risk in 2020 although they will want to negotiate favorable quality metrics to stack the odds in their favor.

Table 6-1: Accountable Care Organizations in Chicago Market

| Medicare |
|--|
| Accountable Care Coalition of Southeast Wisconsin — MSSP ACO |
| Accountable Care Organization of Aurora LLC— MSSP ACO |
| Acorn Network LLC MSSP ACO |
| Advocate Health Care — UnitedHealthcare ACO |
| Advocate Physician Partners Accountable Care — MSSP ACO |
| America's ACO LLC — MSSP ACO |
| AMITA Health Accountable Care Organization — MSSP ACO |
| Aspirus Network-Humana (MA) |
| Bellin Health Partners-Humana (MA) |
| Caravan Health ACO 20 LLC — MSSP ACO |
| CHSPSC ACO 9 LLC — MSSP ACO |
| Community Healthcare Partners ACO Inc. — MSSP ACO |
| DMH Health Network LLC — MSSP ACO |
| DuPage Medical Group ACO LLC — MSSP |

Edward-Elmhurst Accountable Care LLC

Franciscan ACO — MSSP ACO

Franciscan Alliance — Humana ACO

Franciscan Alliance — UnitedHealthcare ACO

Fresenius Seamless Care of Chicago LLC — ESRD (ESCO)

Genesis Accountable Care Organization LLC — MSSP ACO

Illinois Health Partners — UnitedHealthcare ACO (MA)

Ingalls Care Network — MSSP ACO

Keep Well ACO LLC — MSSP ACO

Mercy Health Network ACO — MSSP ACO

Mercy Health System (Mercy Health Corporation) — MSSP ACO

NorthShore Physician Associates Value Based Care LLC — MSSP ACO

Northwest Community HealthCare PHO LLC — MSSP ACO

Northwestern Medicine Physician Partners ACO (Cadence Health ACO) — MSSP

Oak Street Health- Humana ACO (MA)

Prevea Health-Humana (MA)

Primary Comprehensive Care ACO LLC — MSSP ACO

Prime Accountable Care West LLC — MSSP ACO

ProHealthCare — Humana (MA)

Rush Health ACO Inc. — MSSP ACO

SSM IL ACO LLC — MSSP ACO

St. Luke's ACO LLC — MSSP ACO

The Aurora Network — Humana ACO (MA)

The Aurora Network — UnitedHealthcare (MA)

ThedaCare — Humana (MA)

Trinity Health — Next Generation ACO

UCMCNACO — MSSP ACO

United Hospital System — Humana ACO (MA)

University of Chicago Medicine — Humana ACO (MA)

VillageMD Chicago ACO LLC — MSSP ACO

Commercial

AboutHealth — Arise Health Plan

Adventist Health Network — Cigna CAC

AdvocateCare — BCBS of Illinois

Alexian Brothers Clinically Integrated Network — Cigna CAC

Alexian Brothers Health System — BCBS of Illinois

Bellin Health Partners — UnitedHealthcare

DuPage Medical Group — BCBS of Illinois

Franciscan Alliance North — Cigna CAC

Illinois Bone & Joint Institute — Cigna Collaborative Care (Orthopedic)

Illinois Health Partners — BCBS of Illinois ACO

Independent Physicians' ACO of Chicago — BCBS of Illinois

Kane County IPA — BCBS of Illinois

Midwest Center for Women's HealthCare — Cigna CAC

NorthShore University Health System — BCBS of Illinois

Northwest Community Healthcare — BCBS of Illinois ACO

Northwestern Medicine Physician Partners — Cigna Collaborative Care

OSF HealthCare System — BCBS of Illinois

Presence Health — BCBS of Illinois

Presence Health Partners — Cigna Collaborative Care

Rush Health — Aetna

Rush Health — Cigna (CAC)

The Aurora Network — Anthem BCBS EPHCP

The Aurora Network — Aetna

The Aurora Network — General Electric

ThedaCare — UnitedHealthcare

UnitedHealthcare — Nexus ACO

UnityPoint Health — Employee Self-Insured Health Plan

Source: Decision Resources Group.

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Payers

TABLE 7-1:

Health Plans

Employers

| | | | |
|------------|-------------------|-----------|---------------|
| Yes | Key Market Driver | No | Market Driver |
|------------|-------------------|-----------|---------------|

Table 7-2: Local and State Enrollment

| Enrollment Type | Local | State |
|------------------|-----------|-----------|
| Commercial HMO | 812,372 | 926,168 |
| Commercial PPO | 3,454,191 | 4,715,131 |
| Commercial POS | 635,491 | 796,559 |
| Indemnity | 75,817 | 91,467 |
| Managed Medicaid | 1,747,471 | 2,450,080 |
| Managed Medicare | 374,135 | 561,720 |
| TRICARE | 44,424 | 100,137 |
| HIX | 202,373 | 267,477 |

Source: Decision Resources Group.

Sector Outlook

As the leading insurer, Blue Cross and Blue Shield of Illinois promotes most payment reforms in Chicago, using a combination of ACOs and bundled payments to advance its quality and cost-control efforts. BCBS of Illinois' influence in the market also allows it to promote unified treatment protocols, such as encouraging best-practice COVID-19 treatments among providers. Insurers also increasingly rely on vertical integration, such as Aetna gaining a large network of retail clinics from the CVS merger. Chicago's massive IDNs, Advocate Aurora Health and Amita Health, could expand direct contracting relationships with employers, which eventually could threaten the dominance of BCBS. Employer groups, particularly midsize and small employers, are eager to negotiate direct contracts with all sectors of the healthcare economy to lower costs. Plus, support for a state plan for Medicaid buy-in coverage, which showed renewed interest in 2020, also threatens insurers' current roles, emphasizing the importance of vertical integration. Meanwhile, Medicare Advantage insurers partner with IDNs to offer narrow networks and joint products, a sign the MA market is set for enrollment growth.

Market Profile

Blue Cross and Blue Shield of Illinois is Chicago's leading insurer, with about half of total enrollment. The Blue plan is the primary provider of HMO plans, which are growing in the market, while other leading insurers, UnitedHealthcare, Aetna, and Cigna, primarily focus on self-insured plans. The insurers are offering more narrow network products that are slowly replacing broad network PPOs.

BCBS also has a large Medicaid enrollment. Medicaid accounts for 20 percent of Chicago's total enrollment, and enrollment could grow under the revamped managed Medicaid program that began in 2018. Insurers experienced with Medicaid populations often do well on the health insurance exchange, and BCBS also has nearly 75 percent of Chicago's exchange enrollment. Managed Medicare enrollment also is growing in the market; four new Medicare Advantage insurers entered the market in 2020, indicating more growth to come in the sector.

Highlights

- **Commercial insurance plan design**

Chicago's commercial insurance market maintains a stable of open-access PPO plans along with cheaper, narrow network options from the biggest insurers: BCBS of Illinois, UnitedHealthcare, Aetna, Cigna, and Humana. Self-insured plans make up 60 percent of the commercial market and skew heavily toward PPO plans. Among fully insured plans, nearly half are PPOs, while HMOs account for roughly 30 percent of the fully insured market, led by BCBS' HMO product line. Narrow network products include Chicago's most desirable IDNs, especially facilities known for excellent outcomes for a particular service line. Advocate Aurora has a narrow network product with BCBS of Illinois, while UnitedHealthcare offers its Core network that includes all of Advocate as well as two academic centers, Loyola Medicine and University of Illinois-Chicago. Cigna's narrow network option, LocalPlus, includes select facilities that are part of Amita Health and Northwestern Medicine, as well as NorthShore University HealthSystem.

- **Government-sponsored plans**

Chicago has a relatively low penetration rate for Medicare Advantage plans, but increasing marketing efforts from insurers in the market could increase market share. Plus, specialized products like Medicare special needs plans could see higher membership in the market due to added services. In addition, Amita Health's parent company, Ascension, partnered with Centene to launch a new Medicare Advantage plan, Ascension Complete, and Bright Health entered the market with a narrow network plan that includes Amita Health and Palos Health. Also, two new Medicare Advantage insurers entered the market for 2020, Zing Health, operated by Health2047, a startup funded by the American Medical Association, and More Care, an MA plan and special needs plan operated by Cook County Health (Health Care Council of Chicago 2018-2019 report, accessed March 12, 2020).

Chicagoland has the state's largest concentration of Medicaid members, with all six Medicaid MCOs operating in the area, making it the state's most competitive market. Medicaid MCOs experienced significant consolidation the past few years, with Meridian Health Plan emerging as the largest MCO after merging with what was then Harmony Health Plan. Centene acquired Meridian in January 2020 as part of its nationwide WellCare acquisition, putting the weight of a powerful national government-sponsored insurer behind the plan.

Table 7-3: Chicago Managed Medicare Enrollment Growth and Penetration

| Market | Four-Year Average Annual Growth | 2019 Annual Growth | Forecast Annual Growth* | Current Penetration | 2021 Forecast Penetration |
|-------------------------|---------------------------------|--------------------|-------------------------|---------------------|---------------------------|
| Chicago market | 10% | 10% | 8% | 22% | 28% |
| All U.S. urban counties | 7% | 7% | 7% | 38% | 39% |

- **Payment reform**

ACOs are still a dominant method for encouraging quality and lower prices in Chicago, but payers also rely on narrow network products to offer favorable pricing. Payers want to incorporate more risk-based contracts, and BCBS of Illinois leads in this arena with an increasing number of episodes of care paid for under bundled payment models. The Illinois Blue plan also leads in the number of commercial ACOs with both IDNs and large physician groups; Cigna, UnitedHealthcare, and Aetna also run commercial ACOs. Health system consolidation, which gives Chicago's largest IDNs the ability to negotiate higher rates and continued high prices from some academic medical centers, keep costs from moving significantly. A shift to direct-employer contracts could be in the future, especially from Advocate Aurora Health, which is expanding to compete with other IDNs and payers.

- **Health insurance exchange**

Helped by having the most competitive health insurance exchange market in the state, the Greater Chicago area experienced premium decreases for 2020, with rates in Cook County falling from 5 percent to 10 percent for bronze and silver plans. Of the five insurers offering exchange plans in Illinois, four of them operate in some portion of the market. BCBS of Illinois has the most enrollment in the state and covers all counties. The Blue plan traditionally left Chicago's more expensive IDNs out of its exchange plan networks, but negotiated a network deal with Northwestern Memorial for 2020. Other exchange plans are marketed by Centene's Celtic/Ambetter, Cigna, and Health Alliance Medical Plans. Quartz Health Benefit Plans Corporation, meanwhile, operates just outside the market in the far northwestern corner of Illinois.

- **Major employers**

Chicago employers want better ways to control rising healthcare costs, and they are using a variety of options, including greater adoption of narrow network plans. Local employer coalitions are making significant efforts to negotiate directly with PBMs and pharma companies to manage specialty drug costs. Employers also want to develop direct contracts with provider groups, particularly physician groups, to ensure their employees receive quality care with evidence-based standards. Through a coalition, employers are willing to pay providers current rates, but they must work against the dominance of BCBS of Illinois and other large insurers that pay high commercial rates. Employers also say they do not see innovation in the market and are building their own well-being programs to ensure employees receive the right balance of medical and behavioral healthcare.

- **Business coalitions**

Founded in 1980, the Midwest Business Group on Health is one of the nation's largest nonprofit employer coalitions of mid-size and large self-insured public and private employers. MBGH offers educational programs, employer-led research, and purchasing services. The group serves more than 125 member companies, providing health benefits to more than 4 million lives. These groups spend more than \$4.5 billion annually on healthcare.

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Blue Cross and Blue Shield of Illinois

Table 7-4: Commercial Enrollment

| Market | Fully Insured HMO | Self-Insured HMO | Fully Insured PPO | Self-Insured PPO | Fully Insured POS | Self-Insured POS | Indemnity | Health Insurance Exchange |
|-----------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-----------|---------------------------|
| Local | 566,631 | 166,552 | 771,938 | 1,362,052 | 0 | 0 | 52,759 | 155,033 |
| Statewide | 579,114 | 168,240 | 1,038,638 | 1,677,201 | 0 | 0 | 57,855 | 210,200 |

Source: Decision Resources Group, as of July 2019.

Table 7-5: Government-Sponsored Enrollment

| Market | Managed Medicaid | Medicare HMO | Medicare PPO | Medicare PFFS | Other Medicare |
|-----------|------------------|--------------|--------------|---------------|----------------|
| Local | 373,340 | 20,381 | 14,615 | 0 | 0 |
| Statewide | 419,668 | 20,400 | 14,681 | 0 | 0 |

Source: Decision Resources Group, as of December 2019 (Medicare) and July 2019 (Medicaid).

Description

Blue Cross and Blue Shield of Illinois, a division of Health Care Service Corp., is the dominant local insurer and the largest insurer in the state. HCSC is the country's fourth-largest insurer. A mutual legal reserve company, HCSC operates Blue Cross and Blue Shield licenses in Illinois, Montana, New Mexico, Oklahoma, and Texas. BCBS of Illinois is one of six insurers to offer managed Medicaid statewide.

News and Analysis

BCBS of Illinois uses its market clout to promote multiple value-based models, including ACOs, intensive medical homes, and episodes of care. As a response to the influx of COVID-19 patients, the insurer expanded telemedicine coverage in March 2020 to include physician assessments and behavioral health.

The insurer pays a negotiated target amount, like a bundled payment model, for certain episodes of care. The IMH model focuses on intense care coordination for patients with gastroenterology conditions. The insurer also has a value-based contract with SonarMD to improve care coordination for patients with Crohn's disease. A two-year study by BCBS of Illinois found the technology-based interventions offered by SonarMD, including regular text messages and symptom tracking, helped reduce annual medical costs by \$6,500 per person for a group of 176 Crohn's disease patients.

Meanwhile, a new state law governing how insurers apply drug coupons to member cost-sharing changed Blue Cross and Blue Shield of Illinois' new policy to stop applying drug coupons to deductibles. Now, BCBS of Illinois members who use drug coupons will see the amount applied to their deductible and out-of-pocket maximum (BCBS of Illinois website, accessed Feb. 28, 2020).

The Illinois Blue plan continues to invest in social programs, including a collaboration with the American Hospital Association's Institute for Diversity to address access to care and a two-year \$1 million grant to fund affordable housing in Chicago and provide social support services to improve the health of the market's homeless community. The insurer will open a second neighborhood center in Chicago on the South Side in mid-2020; the center will offer health and wellness classes, community resources, and other insurance information. The first location opened in April 2019 in Chicago's Pullman neighborhood.

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UnitedHealthcare

Table 7-6: Commercial Enrollment

| Market | Fully Insured HMO | Self-Insured HMO | Fully Insured PPO | Self-Insured PPO | Fully Insured POS | Self-Insured POS | Indemnity | Health Insurance Exchange |
|-----------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-----------|---------------------------|
| Local | 35,090 | 0 | 28,058 | 7,196 | 219,180 | 409,161 | 9,329 | 0 |
| Statewide | 37,216 | 0 | 67,594 | 28,319 | 252,342 | 509,486 | 15,340 | 0 |

Source: Decision Resources Group, as of July 2019.

Table 7-7: Government-Sponsored Enrollment

| Market | Managed Medicaid | Medicare HMO | Medicare PPO | Medicare PFFS | Other Medicare |
|-----------|------------------|--------------|--------------|---------------|----------------|
| Local | 4,752 | 33,729 | 79,125 | 9 | 0 |
| Statewide | 0 | 46,098 | 155,927 | 9 | 0 |

Source: Decision Resources Group, as of December 2019 (Medicare) and July 2019 (Medicaid).

Description

For-profit UnitedHealth Group enrolls most of its Chicago market members through its UnitedHealthcare subsidiary. UnitedHealthcare operates a commercial HMO, a PPO Choice plan, and point-of-service products, as well as Medicare and Medicaid plans in Illinois.

News and Analysis

UnitedHealth continues to offer narrow network and tiered network products in Chicago under a variety of product lines. The insurer has two products that emphasize a preferred relationship with Advocate Aurora Health, including the Charter HMO plan, which offers a very limited network with Advocate facilities along with some Northwestern Medicine hospitals and one Rush Health facility, and the Nexus ACO product, which offers lower-cost care from Advocate providers and Tier 1 providers. Other products are the Choice Plus (open-access PPO), Core (more limited PPO network), and Navigate (HMO) product lines. These products emphasize value-based contracts in Chicago with a lower premium Core narrow network plan for fully insured or self-insured groups with a network that includes Loyola University and University of Illinois–Chicago, as well as all Advocate facilities. UnitedHealth also offers its Catalyst line to employers with more than 100 employees. The high-deductible open access plans offer upfront coverage of preventive services, primary-care office visits, and urgent care, with annual deductibles ranging from \$3,000 to \$5,000. It also offers Charter, a narrow network plan with Advocate Health Care as the exclusive provider network and includes Northwestern Medicine in its Tier 1 provider network for its NexusACO.

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Meridian Health Plan

Table 7-8: Commercial Enrollment

| Market | Fully Insured HMO | Self-Insured HMO | Fully Insured PPO | Self-Insured PPO | Fully Insured POS | Self-Insured POS | Indemnity | Health Insurance Exchange |
|-----------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-----------|---------------------------|
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Statewide | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: Decision Resources Group, as of July 2019.

Table 7-9: Government-Sponsored Enrollment

| Market | Managed Medicaid | Medicare HMO | Medicare PPO | Medicare PFFS | Other Medicare |
|-----------|------------------|--------------|--------------|---------------|----------------|
| Local | 554,240 | 15,263 | 0 | 0 | 0 |
| Statewide | 1,056,826 | 20,338 | 0 | 0 | 0 |

Source: Decision Resources Group, as of December 2019 (Medicare) and July 2019 (Medicaid).

Description

For-profit Meridian Health Plan of Illinois, the product of several local and national acquisitions, has Illinois' largest managed Medicaid membership. The insurer operates managed Medicaid and Medicare Advantage plans throughout the state, although Meridian has a much smaller share of the managed Medicare market. Tampa, Florida-based WellCare acquired Meridian in 2018, subsequently incorporating Harmony Health Plan's managed Medicaid members into Meridian Health. Centene Corp. then acquired WellCare in January 2020 to become a national managed Medicaid leader. As part of the deal, Centene sold its Illinois Medicaid and Medicare Advantage business, IlliniCare, to CVS Health. Centene still operates its Medicare-Medicaid Alignment Initiative business in Cook, DuPage, Kane, and Will counties and its foster-care contract. Centene also offers Ambetter products on the health insurance exchange through its Celtic Insurance Co. subsidiary.

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Aetna

Table 7-10: Commercial Enrollment

| Market | Fully Insured HMO | Self-Insured HMO | Fully Insured PPO | Self-Insured PPO | Fully Insured POS | Self-Insured POS | Indemnity | Health Insurance Exchange |
|-----------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-----------|---------------------------|
| Local | 4,839 | 713 | 60,975 | 348,853 | 0 | 0 | 7,939 | 0 |
| Statewide | 13,660 | 843 | 80,250 | 621,141 | 0 | 0 | 9,830 | 0 |

Source: Decision Resources Group, as of July 2019.

Table 7-11: Government-Sponsored Enrollment

| Market | Managed Medicaid | Medicare HMO | Medicare PPO | Medicare PFFS | Other Medicare |
|-----------|------------------|--------------|--------------|---------------|----------------|
| Local | 7,320 | 1,060 | 58,465 | 0 | 0 |
| Statewide | 7,601 | 14,799 | 76,169 | 0 | 0 |

Source: Decision Resources Group, as of December 2019 (Medicare) and July 2019 (Medicaid).

Description

For-profit Aetna is geared mostly toward the administrative-services-only market in Illinois, catering to larger employers that self-insure. Like most national insurers, Aetna's Illinois focus centers on the Chicago market, where most of its members live. The insurer also offers Medicare Advantage products and operates Aetna Better Health Premier, a plan that covers members dually eligible for Medicare and Medicaid.

News and Analysis

CVS, which owns Aetna, could capitalize on Chicago as a CVS center of excellence for CVS and eventually open its new HealthHub concept in the market. The company opened 50 HealthHubs in Houston, Texas; Tampa, Florida; Atlanta, Georgia; and Philadelphia, Pennsylvania in 2019 and 2020 and plans to open 1,500 more locations. The first areas targeted for the 2020 expansion are Virginia, Maryland, Florida, North Carolina, Ohio, Boston, and Dallas-Fort Worth (Bisnow, Jan. 15, 2020).

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Table 7-12: Health Plans and Pharmacy

| Health Plan | 2-tier Design% | 3-tier Design% | 4-tier Design% | \$Rx Generic Copay | \$Rx Preferred Brand Copay | \$Rx Non-preferred Brand Copay |
|--|----------------|----------------|----------------|--------------------|----------------------------|--------------------------------|
| Blue Cross and Blue Shield of Illinois | 25% | 40% | 25% | \$5.00 | \$15.00 | \$50.00 |
| UnitedHealth Group | N/A | 91% | 9% | \$4.00 | \$20.00 | \$50.00 |
| Meridian Health Plan of Illinois | N/A | N/A | N/A | N/A | N/A | N/A |
| Aetna | 4% | 37% | 49% | \$10.00 | \$35.00 | \$60.00 |

Source: Decision Resources Group, July 2019 Pharmacy Benefit Evaluator. Tier design is national company data for all Rx benefits; copay data is for the most typical plan offering.

Table 7-13: Health Plans and Pharmacy Management

| Health Plan | PBM(s) | PBM Provides Formularies or Formulary Consultation? | PBM Provides Consultations on Benefit Design? |
|--|--|---|---|
| Blue Cross and Blue Shield of Illinois | AllianceRx Walgreens Prime (Mail Order, Specialty) Prime Therapeutics (Retail) | No | N/A |
| UnitedHealth Group | BriovaRx (Specialty) OptumRx (Retail, Mail Order) | No | Yes |
| Meridian Health Plan of Illinois | Meridian Rx | No | Yes |
| Aetna | Aetna Pharmacy Management (Retail) Aetna Pharmacy Management, CVS Caremark (Mail Order, Specialty) | No | Yes |

Source: Decision Resources Group, July 2019 Pharmacy Benefit Evaluator. National company data.

Table 7-14: Health Plans and Generics

| Health Plan | Percentage Spent on Generics | Percentage Spent on Preferred Brands | Percentage Spent on Nonpreferred Brands |
|--|------------------------------|--------------------------------------|---|
| Blue Cross and Blue Shield of Illinois | 23% | 44% | 34% |
| UnitedHealth Group | 24% | 38% | 38% |

| | | | |
|----------------------------------|-----|-----|-----|
| Meridian Health Plan of Illinois | N/A | N/A | N/A |
| Aetna | 25% | 38% | 38% |

Source: Decision Resources Group, July 2019 Pharmacy Benefit Evaluator. National company data.

Note: For more information about health plans and pharmacy benefits, please contact Decision Resources Group about purchasing access to the Pharmacy Benefit Evaluator. Additional coverage includes indicators of commercial, Medicaid, and Medicare business opportunity; indicators of branded drug coverage; indicators of access to biological drugs; drug expenditures by therapeutic class; and indicators of plans' ability to control the pharmacy benefit.

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Medicaid/Medicare/Uninsured

Table 8-1: Medicaid

| Market | Total Beneficiaries | Percentage of Population | MCO-Managed Title 19 Medicaid | MCO-Managed CHIP | Other MCO-Managed Medicaid | Total MCO-Managed Medicaid* |
|--------|---------------------|--------------------------|-------------------------------|------------------|----------------------------|-----------------------------|
| Local | 2,046,380 | 22% | 1,499,969 | 84,811 | 24,719 | 79% |
| State | 2,856,223 | 22% | 2,047,317 | 108,557 | 29,775 | 77% |

*Represents percentage of total beneficiaries.

Source: Decision Resources Group, as of July 2019.

Chicago's Medicaid plans face increased financial pressure in 2020 with the requirement to pay a new tax and follow the state's new preferred drug list. As part of a state budget measure to boost Medicaid reimbursements, a new MCO tax applies for 2020 and beyond. The tax should bring in an estimated \$1.2 billion a year and applies to all managed care organizations in the state. The brunt of the tax will fall on the state's two largest Medicaid MCOs: BCBS of Illinois and Centene's Meridian Health Plan, since the tax is based on the number of months members were enrolled in the base year of 2018. MCOs that do not offer Medicaid plans will pay an estimated total of \$26.3 million, because their tax rate is lower, \$2.40 per member, per month. Medicaid MCOs will pay \$60.20 per member, per month up to 4.2 million member months and then \$1.20 per member, per month above 4.2 million (The Institute for Illinois' Fiscal Sustainability, July 3, 2019).

In addition, Illinois Gov. J.B. Pritzker is considering a public option that would allow state residents to buy into Medicaid. Pritzker vetoed a bill in July 2019 that could have prevented him from changing Illinois' Medicaid program and ended the ability to create a new option. Now, a 2019 bill to create a new state health plan (HB 207) is seeing renewed interest in 2020.

Under the state's new Medicaid Section 1115 waiver, Illinois combined its three managed care programs—Integrated Care Program, Family Health Plans/ACA Adults, and Managed Long Term Services and Supports—into one program that integrates behavioral health and physical healthcare. The new mandatory program covers special needs children and expands managed care coverage to 80 percent of the Medicaid population.

Six Medicaid MCOs operate in the market: Blue Cross and Blue Shield of Illinois, IlliniCare Health Plan, Meridian Health, Molina Healthcare of Illinois, NextLevel Health, and CountyCare. Molina announced in January 2020 plans to acquire NextLevel in a deal that would close in early 2020. The deal comes after a tumultuous 2019 among Illinois Medicaid plans—Harmony Health merged with Meridian Health, owned by WellCare. Centene later acquired WellCare and sold IlliniCare to CVS Health. NextLevel Health and CountyCare are only available in Cook County.

The following are important issues affecting Illinois' Medicaid program:

- Centene, which also offers Ambetter products on the health insurance exchange, has a new PBM partnership with Walgreens Boots Alliance and long-term experience in the market through former ownership of IlliniCare Health.
- All of Illinois' managed Medicaid plans adopted the state's preferred drug list as of Jan. 1, 2020. Illinois also has a new law that implements an oversight system for pharmacy benefit managers and gives the state Medicaid agency information about how much money PBMs earn and how much money the PBMs forward to Medicaid MCOs.

- In addition, Illinois contracts with several provider-led organizations to operate ACO-like programs called Accountable Care Entities. While the program launched in 2014 through a Medicaid waiver, the state has offered no information about results. One Medicaid ACO operating in Chicago, Medical Home Network, reported savings in 2019.

Table 8-2: Medicare

| Type | Total Beneficiaries | Percentage of Population | Medicare HMO | Medicare PPO | Medicare PFFS | Other Managed Medicare | MCO-Managed Medicare Percentage* |
|----------------|---------------------|--------------------------|--------------|--------------|---------------|------------------------|----------------------------------|
| Local Medicare | 1,668,042 | 18% | 182,519 | 188,416 | 396 | 2,804 | 22% |
| State Medicare | 2,427,549 | 19% | 257,935 | 291,767 | 1,948 | 10,070 | 23% |

*Represents percentage of total beneficiaries.

Source: Decision Resources Group, as of December 2019.

Table 8-3: Prescription Drug Plan

| Type | MA-PDP | Stand-alone PDP | Total PDP Penetration* |
|-----------|---------|-----------------|------------------------|
| Local PDP | 381,945 | 765,686 | 69% |
| State PDP | 555,117 | 1,119,848 | 69% |

*Represents percentage of total beneficiaries.

Source: Decision Resources Group, as of December 2019.

Illinois and Wisconsin are two single regions for stand-alone Medicare Part D drug plans. Together they form a region for Medicare Advantage plans with an attached prescription drug benefit. Indiana and Kentucky form a single region for both plans.

Table 8-4: Uninsured

| Market | Uninsured | Percentage of Population |
|----------|------------|--------------------------|
| Local | 730,444 | 8% |
| State | 880,230 | 7% |
| National | 29,031,043 | 9% |

Source: Decision Resources Group, as of July 2019.

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Legislation

TABLE 9-1:

| | |
|------------|---------------|
| Yes | Market Driver |
|------------|---------------|

Under Gov., J.B. Pritzker, a Democrat, Illinois adopted more healthcare regulations in 2019, including moves to increase drug pricing transparency and regulate pharmacy benefit managers. The 2020 session began Jan. 8, 2020, and will run through May 31, 2020. Providers want nurses to decide nurse staffing levels (SB 3636), and want more control over electronic medical record system use (HB 4749). They also want higher Medicaid reimbursements and more consistent payment schedules, putting pressure on insurers. Plus, a bill (HB 207) to institute universal health coverage in the state is seeing renewed interest in 2020.

The Indiana General Assembly began its 2020 session Jan. 6, 2020, and adjourned March 14, 2020. Notable measures before the legislature include a bill that would establish licensing and regulatory requirements for pharmacy benefit managers, a bill requiring pharmacists to honor out-of-state prescribers and prescriptions, a bill that removes a prescription requirement for obtaining insulin drugs, and a bill that would allow local business to establish self-insurance and health savings account programs.

The 2019–2020 session of the Wisconsin State Legislature convened Jan. 7, 2019, and is scheduled to end May 27, 2020. The state is currently considering several bills related to healthcare, including those allowing for greater regulation of pharmacy benefit managers and limiting cost-sharing for insulin. One bill passed into law, SB 380, mandates Medicaid reimbursement parity for telehealth services, which should help expand patient access to care across Wisconsin, particularly in the state’s rural areas.

Table 9-2: Summary of Recent Legislation

| Bill Name and Number | Description | Status and Date |
|--|---|-------------------------------|
| Illinois | | |
| 2020 | | |
| Health Care for All Illinois Act (HB 207) | Would ensure all Illinois residents are covered under a new state health plan and are entitled to receive primary care, inpatient and outpatient care, prescriptions, durable medical equipment, long-term care, dental and vision services with no deductibles or copays | In committee February 2020 |
| Nurse Staffing Ratios (HB 2604) | Would require mandatory nurse staffing ratios | In committee February 2020 |
| Psychologist Prescriptive Authority (HB 4578) | Would expand the prescriptive authority for psychologists to include patients under 17 and over 65 years of age | In committee February 2020 |
| Physician Assistant Collaborative Agreements (HB | Would change the requirements of physicians’ collaborative agreements with physician assistants to give physician assistants more autonomy | In committee March 2020 |

| | | |
|--|---|-------------------------------------|
| 4692) | | |
| Electronic Medical Record Regulation (HB 4749) | Would prevent insurers from mandating that healthcare providers use a specific electronic medical record system | In committee February 2020 |
| Nurse Staffing Improvement Act of 2020 (SB 3636) | Would allow a nursing care committee composed of at least 55 percent direct-care nurses to create a hospital-wide nurse staffing plan | In committee March 2020 |
| 2019 | | |
| Maternal Pregnancy Rights (HB 2) | Requires that a pregnant woman receive healthcare before, during, and after pregnancy and childbirth | Approved by governor August 2019 |
| Pharmacy Benefit Manager Regulation (HB 465) | Requires the Illinois Department of Insurance to regulate PBMs; prohibits gag clauses that keep pharmacists from informing patients about cheaper options; prohibits PBMs from putting a drug on a maximum allowable cost list unless there are at least three lower-cost generic equivalent drugs available on the market; requires PBMs to offer greater transparency about pricing and payments to Medicaid MCOs | Approved by governor August 2019 |
| Drug Prescribing Prior Authorization Form (HB 2160) | Requires the Department of Insurance to develop a uniform electronic prior authorization form to be used by insurers that require prior authorization for drug benefits | Approved by governor August 2019 |
| Maternal Mental Health Coverage (HB 2438) | Requires insurers to cover treatment of any mental health condition that occurs during pregnancy or during the postpartum period, including postpartum depression | Approved by governor August 2019 |
| Telemedicine (SB 27) | Would require payments for services delivered through telemedicine or telepsychiatry be made on the same basis and at the same rate as established for similar services that are not delivered through telemedicine | In committee April 2019 |
| Mammogram coverage (SB 162) | Requires health plans to cover mammograms with no cost-sharing, including breast ultrasounds and MRIs for women with dense breast tissue or when considered medically necessary by a physician; also requires coverage for diagnostic mammograms | Approved by governor August 2019 |
| State Budget-Medicaid Assessment (SB 689) | Institutes an assessment on insurers that will generate \$1.22 billion and offer \$530 million in general funds relief for the Medicaid budget; both Medicaid and non-Medicaid MCOs will pay the assessment through fiscal year 2025, although Medicaid MCOs will pay a higher assessment | Approved by governor June 2019 |
| Medicaid Reform (SB 1321) | Reforms Medicaid claims payments and requires updated systems to determine eligibility; requires greater transparency for MCO profits and billing practices | Approved by governor August 2019 |
| Pharmacy Injections (SB 1715) | Allows pharmacists to administer injections of long-term antipsychotic drugs with a valid prescription by a physician after completing appropriate training; allows pharmacists to administer a long-term opioid antagonist with a physician's prescription | Approved by governor August 2019 |
| Protecting Pre-Existing Conditions-State Group Health Plan (SB 2026) | Would have amended the State Employees Group Insurance Act and prohibited the state from applying for any federal waiver that would reduce or eliminate any protection or coverage required under the Affordable Care Act, including but not limited to any protection for persons with pre-existing conditions and coverage for services identified as essential health benefits | Governor vetoed October 2019 |
| Indiana | | |
| 2020 | | |
| Balance Billing Prohibition (HB 1004) | Would prohibit providers and care facilities that offer services to covered individuals from charging more than the rate allowed by the patient's health | In committee March 2020 |

| | | |
|--|---|----------------------------------|
| | plan unless the provider or site provides written notice at least five days before services are rendered to the patient and the patient acknowledges the price increase | |
| Pharmacy Benefit Manager Regulation (HB 1042/SB 241) | Would establish licensing and regulatory requirements for pharmacy benefit managers; would require PBMs to obtain a license issued by the department of insurance; would grant the commissioner of the department of insurance regulatory control over PBMs in the state | In committee March 2020 |
| Telemedicine Definitions (HB 1336) | Would expand the definition of “healthcare services” covered under telemedicine to include assessment, diagnosis, evaluation, consultation, treatment, and monitoring of a patient; the transfer of medical data; patient health-related education; and public health services and health administration | In committee February 2020 |
| Insurance Issues (HB 1372) | Would allow businesses to establish and maintain self-insurance programs and health savings account programs to offer to their employees; would prohibit providers from charging out-of-network patients more for emergency services than in-network patients | In committee March 2020 |
| Out-of-Network Providers at In-Network Facilities (SB 3) | Would prohibit providers who are out-of-network for a given patient at a facility that is in-network for the patient from billing the patient for an amount that exceeds the cost paid by the patient’s insurance | In committee February 2020 |
| Insulin Drug Prescriptions (SB 255) | Repeals a provision requiring a prescription to purchase an insulin drug | Signed by governor March 2020 |
| 2019 | | |
| Perinatal Care (HB 1007) | Requires a healthcare provider to provide substance use disorder treatment to any pregnant women not already receiving care, or refer the woman to treatment; requires the provider to use an evidence-based verbal screening tool to decipher substance use disorder when evaluating pregnant women; also requires healthcare providers to establish guidelines for treating substance use disorders | Signed by governor May 2019 |
| Pharmacists and Physician Assistants (HB 1248) | Creates conditions for emergency pharmaceutical refills and prescription adaptations; requires the pharmacist to notify the patient that they may not be eligible for reimbursement for the device or supply with a written notice | Signed by governor May 2019 |
| Mobile Integration Healthcare (SB 498) | Requires the definition of “emergency medical services,” as part of a mobile integration healthcare program, to include transportation services, acute care, chronic condition services, or disease management services; allows reimbursement from the office of the secretary of family and social services to certain emergency medical services provider agencies for covered services provided to a Medicaid recipient | Signed by governor April 2019 |
| Wisconsin | | |
| 2020 | | |
| Diabetes Care and Prevention Action Program (AB 238) | Would require the Department of Health Services, in consultation with the Department of Employee Trust Funds, to develop and implement a plan to reduce the incidence of diabetes in Wisconsin, improve diabetes care, and control complications associated with diabetes; would also require the DHS to submit a biennial report to the legislature that includes the financial implications of diabetes upon DHS, the state, and localities; an assessment of DHS’ activities and programs relating to diabetes, and a proposed budget to implement plans related to diabetes care and prevention | In committee January 2020 |
| 2019 | | |
| Nursing Practice and Licensure | Would create an additional system of licensure for advanced practice registered | In committee |

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| Changes (AB 267/SB 249) | nurses, aside from licensure by the Board of Nursing, that would still be administered by the board: to apply for APRN licensure, a person would have to have a registered nurse license, have completed an accredited APRN education program and hold a national certification, possess malpractice liability insurance, and pay a fee determined by the Department of Safety and Professional Services; would also replace the certification APRNs must receive to prescribe drugs with a permit that the APRN must apply for; would also repeal the requirement that APRNs certified to prescribe drugs must work in collaboration with or under the supervision of a physician | June 2019 |
| Out-of-Network Care (AB 329/SB 313) | Would require that health plans with narrow or “defined” networks or a preferred provider organization provide plan enrollees with a directory of in-network providers and healthcare facilities annually; would also require that providers who are out-of-network but that provide services at in-network care sites disclose that information to the plan enrollee, provide the enrollee with a good faith estimate of the cost of services, and inform the enrollee of the availability of mediation for a claim if the amount that the enrollee is financially responsible for, after copays, deductibles, and coinsure, is more than \$500; would also require that if an enrollee receives emergency services out-of-network, then the health plan must reimburse the provider at the usual or customary rate and may not require the enrollee to pay more than the enrollee would have paid if the provider was in-network | In committee July 2019 |
| Insulin Cost-Sharing (AB 411/SB 340) | Would prohibit every health insurance policy and governmental self-insured health plan that covers insulin and imposes cost-sharing on prescription drugs from imposing cost-sharing on insulin in an amount that exceeds the lesser of the following: \$100 for a one-month supply or the greater of the amount that is 125 percent of the cost of insulin or the amount generated by subtracting 51 percent of the total rebates received by the policy or plan from the cost-sharing amount that would be charged to a covered person for insulin if it is treated as any other prescription drug under the policy or plan | In committee September 2019 |
| Direct Primary Care Exemptions (SB 28) | Would exempt valid direct primary-care arrangements from the application of insurance law; would prohibit healthcare providers from discriminating on the basis of age, citizenship status, color, disability, gender or gender identity, genetic information, health status, existence of a pre-existing medical condition, national origin, religion, sex, sexual orientation, or any other protected class; would allow providers to base subscription fees under a direct primary-care agreement on age | In committee October 2019 |
| Medicaid Telehealth Coverage (SB 380) | Requires the Department of Health Services to provide reimbursement under the state’s Medicaid program for any service covered under the program, delivered by a certified provider, and provided through telehealth services; also requires that reimbursement to be of an equal amount to that of a reimbursement for a similar service delivered in-person | Signed by governor November 2019 |

Source: Decision Resources Group.