

Health Research Brief

Laura Kimmey,¹ David J. Jones,¹ Michael F. Furukawa,² Rachel M. Machta,¹ Daniel Miller,² Eugene C. Rich¹

One-Third of U.S. Health Systems Offered a Health Plan in 2018

As consolidation of hospitals and physicians into vertically integrated health systems has increased in recent years (Furukawa et al. 2020), debate over the net benefits of health systems has grown. The promise of health systems was greater ability to provide efficient, population-based care, but the reality to date has been higher prices and few, if any, gains in quality (Machta et al. 2019). Another avenue by which systems might affect patients' outcomes and expenditures is by offering health plans (Meyers et al. 2020; Orszag and Rekhi 2020). Investing in health plans might offer a number of advantages, such as the ability to more fully benefit from value-based population health efforts by the system (Wrobel 2017). Little is known, however, about how many and which types of systems offer health plans. This analysis leverages new data from the Agency for Healthcare Research and Quality (AHRQ) [Compendium of U.S. Health Systems](#) to describe the percentage of health systems that offered a health plan in 2018 and the system characteristics associated with offering any health plan and by type of plan.

Key findings

- / Of 597 systems in 2018, 34 percent (200 systems) offered a health plan.
- / Close to 20 percent of systems offered each of the following: Medicare Advantage (MA), Medicaid managed care, large group, and small group plans.
- / Larger systems and systems that covered a larger geographic area were substantially more likely than smaller systems to offer a health plan.
- / Church-owned and investor-owned systems—which tended to be large and operate in several states—were more likely to offer a health plan than other systems.
- / Systems with higher teaching intensity were more likely to offer a plan.
- / Systems that included children's hospitals varied in health plan participation based on the degree of the system's focus on pediatric care.

Because of the potential benefits for system-plan integration under value-based payment and the potential ramifications of growth in provider consolidation, it is important to understand the extent to which systems are offering health plans. These findings represent a baseline for future tracking of changes of the extent to which health systems offer a health plan and which types of systems were most likely to offer various types of health plans.

Data and methods

The AHRQ Compendium of U.S. Health Systems is a publicly available data source that enables study of consolidation into vertically integrated health systems. The Compendium identifies health systems in 2016 and 2018 and includes system characteristics and linkages to system-affiliated hospitals and group practices. For this analysis, we linked the 2018 Compendium to 2017 and 2018 data on health plans

¹ Mathematica

² Agency for Healthcare Research and Quality

from the American Hospital Association Annual Survey to identify health systems in which the system itself or at least one of its general acute care hospitals offered a health plan. Of the 637 systems in the 2018 Compendium, 40 were missing all health plan data, and a few more were missing data for at least one type of plan (for example, 13 more were missing data on MA). We excluded systems missing data from the denominator when calculating the percentage of systems offering a plan.

We calculated the percentage of systems (overall and by system characteristics) that offered any health plan (which included MA, Medicaid managed care, Health Insurance Marketplace, other individual market, small group, large group, and other) as well as each type of plan. We examined the following variables described in detail in the Compendium technical documentation: (1) system size defined by the number of general acute care hospitals; (2) geographic scope defined by the number of states where systems operated a general acute care hospital; (3) ownership type (non-profit, church, public, investor); (4) teaching intensity as measured by system-wide resident-to-bed ratio; (5) degree to which the system served children; and (6) whether the systemwide uncompensated care burden was high as measured by the ratio of total uncompensated care to total operating expenses across systems' general acute care hospitals (Kimmey et al. 2019).

Results

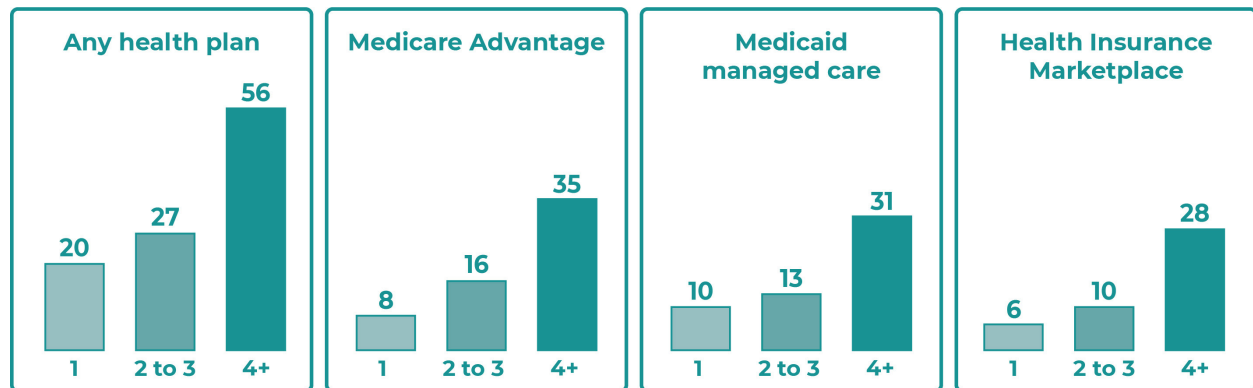
One-third of health systems offered a health plan in 2018. Of 597 systems in 2018, 34 percent (200 systems) reported offering a health plan. Close to 20 percent of systems offered each of the following: MA, Medicaid managed care, large group, and small group plans (detailed results are available in Appendix A). Fewer systems offered a Health Insurance Marketplace (14 percent), individual market (12 percent), or other (11 percent) plan. After excluding 13 systems that provided no information about the type of plans they offered, more than three times as many systems (135) offered multiple types of plans than the number that offered only one type (52 – results not shown). More than one-third of the systems that offered any plan offered MA and Medicaid managed care plans.

Larger systems and systems with broader geographic scope were substantially more likely than smaller systems to offer health plans. The percentage of systems offering a health plan was much higher for systems with four or more hospitals (56 percent) than those with one hospital (20 percent) (Figure 1). Larger systems were more likely to offer all types of plans we studied. For example, the percentage of systems offering an MA plan was 35 percent for systems with four or more hospitals compared with 8 percent for those with one hospital.

The percentage of systems offering a health plan was nearly three times as high for systems operating in three or more states (86 percent) than those operating in a single state (27 percent) (Figure 2). The positive association between number of states in which the system operated and percentage of offering a plan held for all types of plans we studied. For example, the percentage of systems operating in at least three states (44 percent) that offered a Health Insurance Marketplace plan was much higher than for those operating in one state (9 percent).

Church-owned and investor-owned systems, which tended to be large and operate in several states, were more likely to offer any health plan than other systems. The percentage of systems offering any health plan was highest for church-owned (48 percent) and investor-owned (41 percent) systems compared with nonprofit (34 percent) and public (24) systems (Figure 3). This finding is not surprising because, as we described, large systems and systems with a substantial geographic reach were more likely than others to offer a plan, and many church-owned and investor-owned systems were large and had a substantial geographic reach. For example, more than half of church-owned and investor-owned systems had four or more hospitals compared with one-third of nonprofit systems and 18 percent of public systems. Among church-owned and nonprofit systems that offered a plan, the most common type of plan offered was MA. Among investor-owned and public systems that offered a plan, Medicaid managed care was the most common type of plan offered.

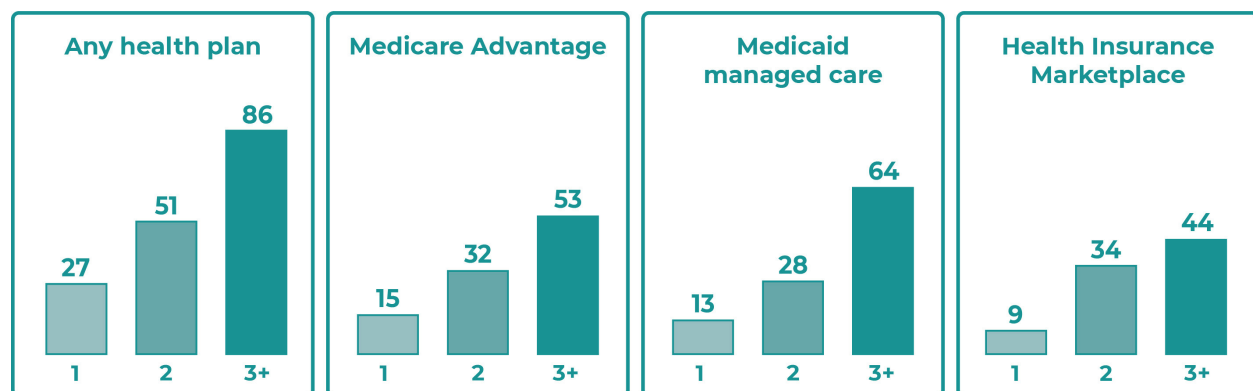
Figure 1. Percentage of health systems offering any health plan or types of health plans, by system size (number of hospitals)



Sources: Author’s analysis of the 2018 Compendium of U.S. Health Systems and 2017 and 2018 American Hospital Association Annual Surveys.

Note: Any health plan includes Medicare Advantage, Medicaid managed care, Health Insurance Marketplace, large group, small group, individual market, or other plans.

Figure 2. Percentage of health systems offering any health plan or types of health plans, by number of states where the system operated a hospital



Source: Author’s analysis of the 2018 Compendium of U.S. Health Systems and 2017 and 2018 American Hospital Association Annual Surveys.

Note: Any health plan includes Medicare Advantage, Medicaid managed care, Health Insurance Marketplace, large group, small group, individual market, or other plans.

Major and minor teaching systems were twice as likely to offer any plan as well as an MA, a Medicaid managed care, or a Health Insurance Marketplace plan than other systems. The percentages of systems with major or minor teaching intensity that offered a health plan (overall and for many plan types) were higher than for non-teaching systems (Figure 4). For example, the percentage offering an MA plan was higher for major teaching systems (25 percent) and minor teaching systems

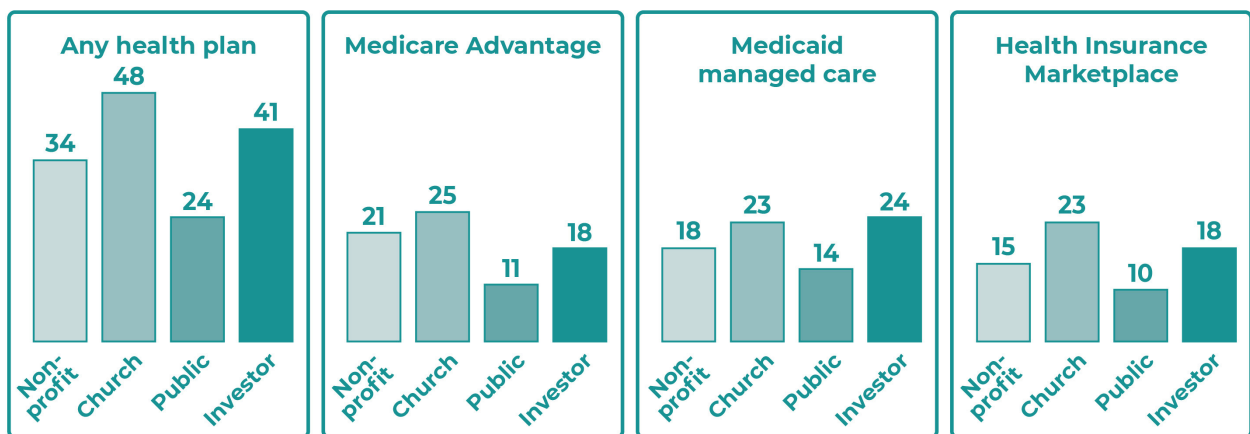
(24 percent) than non-teaching systems (7 percent). For Medicaid managed care, the percentage of major teaching systems (28 percent) offering a plan was higher than minor teaching (18 percent) and non-teaching systems (7 percent).

Systems that included children’s hospitals varied in health plan participation based on the degree of the system’s focus on pediatric care. Close to two-thirds of systems that had at least

one children’s hospital but did not predominantly deliver care at children’s hospitals offered a health plan compared with 33 percent of systems with no children’s hospitals and 21 percent of those that predominantly delivered care at children’s hospitals (Appendix A). Of the 51 systems that include children’s hospitals, more than half (28 systems) predominantly deliver inpatient care to

children. Close to one-quarter (23 percent) of these pediatric-oriented systems offered a Medicaid managed care plan, a figure higher than that of systems with no children’s hospital (16 percent) but substantially lower than the 52 percent observed for systems that had at least one children’s hospital but did not predominantly deliver care at children’s hospitals.

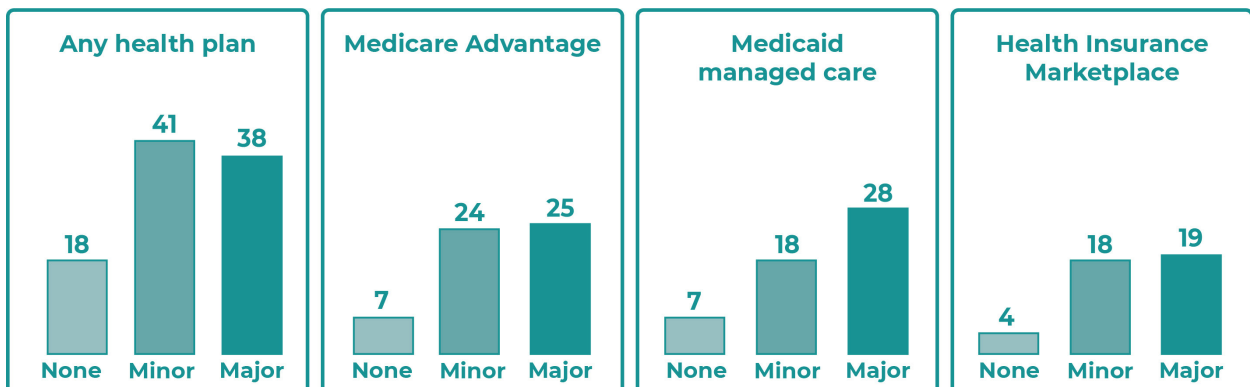
Figure 3. Percentage of health systems offering any health plan or types of health plans, by system ownership type



Source: Author’s analysis of the 2018 Compendium of U.S. Health Systems and 2017 and 2018 American Hospital Association Annual Surveys.

Note: Any health plan includes Medicare Advantage, Medicaid managed care, Health Insurance Marketplace, large group, small group, individual market, or other plans.

Figure 4. Percentage of health systems offering any health plan or types of health plans, by teaching intensity



Source: Author’s analysis of the 2018 Compendium of U.S. Health Systems and 2017 and 2018 American Hospital Association Annual Surveys.

Note: Any health plan includes Medicare Advantage, Medicaid managed care, Health Insurance Marketplace, large group, small group, individual market, or other plans. A minor teaching system had a resident-to-bed ratio greater than 0 but less than 0.25. A major teaching system had a resident-to-bed ratio greater than or equal to 0.25.

Discussion

About one-third of health systems offered a health plan in 2018, and MA, Medicaid managed care, large group, and small group plans were the most common. Because larger systems and those operating in at least three states were most likely to offer a health plan, the proportion of the national population that receives at least some care from a system that offers a health plan is likely substantially greater than one-third. These results provide an indication that some systems might be committed to making the necessary changes in care delivery to succeed under value-based payment approaches.

It will be important to track over time the share and characteristics of systems offering a health plan, the types of plans offered, the structure of the local market for health insurance and health care services in the locations in which systems offer a plan, and the importance of the health plan line of business relative to the system's overall provision of health care services. Evidence on these topics will provide useful information regarding systems' commitment to value-based care and insights that will improve our understanding of the quality and cost of care delivered by health system providers.

Appendix A. Percentage of systems offering a health plan, by system type

System type	Number of 2018 systems	Percentage of 2018 systems offering health plan in 2018							
		Any	Medicare Advantage	Medicaid managed care	Health Insurance Marketplace	Other individual market	Small group	Large group	Other
Any	597	33.5	19.3	17.8	14.4	11.6	17.8	18.9	10.7
Number of hospitals									
1	239	20.1	7.8	10.0	5.9	4.1	5.6	7.3	3.0
2-3	165	26.7	15.6	13.0	10.0	7.5	12.5	12.5	5.4
4+	193	56.0	35.4	30.7	27.9	23.4	35.9	37.3	23.6
Geographic scope (number of states where system operates a hospital)									
1	494	27.3	14.9	12.9	9.4	8.1	12.4	13.6	5.9
2	67	50.7	32.3	27.7	34.4	24.6	38.5	37.9	14.8
3+	36	86.1	52.8	63.9	44.4	33.3	50.0	52.8	61.1
System ownership									
Nonprofit	408	34.1	21.2	18.0	14.6	12.3	19.3	19.4	8.8
Church	52	48.1	25.0	22.9	23.4	20.8	31.3	32.7	21.7
Public/ government	120	24.2	10.5	13.9	9.6	6.1	8.7	12.2	8.3
For-profit/ investor	17	41.2	17.6	23.5	17.6	5.9	5.9	11.8	37.5
Teaching intensity									
No residents	166	17.5	6.6	6.5	3.9	3.9	6.7	7.8	4.2
Some residents but <0.25 resident-to-bed ratio	268	41.0	23.6	18.0	18.1	16.2	25.0	27.2	16.1
≥ .25 resident- to-bed ratio	161	37.9	24.7	28.1	18.5	11.5	16.6	15.9	8.4

System type	Number of 2018 systems	Percentage of 2018 systems offering health plan in 2018							
		Any	Medicare Advantage	Medicaid managed care	Health Insurance Marketplace	Other individual market	Small group	Large group	Other
Degree to which system serves children									
No children's hospitals	546	32.8	18.7	16.0	13.4	10.5	17.3	18.5	9.6
At least 1 children's hospital but not predominantly delivering care at children's hospitals	23	65.2	52.2	52.2	47.8	39.1	43.5	43.5	42.9
Predominantly delivering care at children's hospital	28	21.4	0.0	23.1	4.2	8.3	4.2	4.2	4.5
Safety net									
Low uncompensated care burden	478	35.1	20.4	18.4	15.4	12.1	18.9	19.7	10.8
High uncompensated care burden	117	27.4	15.0	15.0	10.5	9.7	13.3	15.9	10.3

Source: Author's analysis of the 2018 Compendium of U.S. Health Systems and 2017 and 2018 American Hospital Association Annual Surveys.

Notes: Excludes 40 systems missing all data on insurance products and a small number of additional systems missing data for each type of insurance product. Hospitals refers to general acute care hospitals. We measure systemwide teaching intensity as nonteaching (that is, no residents), minor teaching (resident-to-bed ratio greater than zero but less than 0.25), or major teaching (resident-to-bed ratio greater than or equal to 0.25). Among systems with a children's hospital, systems are categorized as predominantly delivering care at children's hospitals if a majority of non-Federal general acute care hospital beds in the system are in children's hospitals. Systems are categorized as having systemwide high uncompensated care burden if they are in the top quintile of uncompensated care burden among U.S. health systems. For more detail on the construction of the characteristics, see the AHRQ Compendium technical documentation at <https://www.ahrq.gov/sites/default/files/wysiwyg/chsp/compendium/2018-compendium-techdoc.pdf>.

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