HEALTHY CONVERSATIONS

Stability. For the past several years, that quality has been lacking in the world, from global turmoil to the local challenges confronting the communities McLaren Health Care serves. Post-Covid, the health care climate still faces many destabilizing issues, from inflation, to personnel shortages, to growing reimbursement mismatches.

Yet for the people utilizing McLaren services across Michigan, Indiana and Ohio, “stability” is an absolute in health care. Our people and facilities have built a reputation for high-quality, reliable care. We take this trust very seriously, and in 2023, we made the innovative calls and tough choices required to assure continued high-quality, high-value service. By remaining true to our mission statement, we have been able to remain steady and strong in the face of many disrupting factors facing health systems today.

The conversations with our executive leaders showcased in this report spell out this commitment and offer insight into how McLaren is addressing the current challenges. You can learn even more by scanning or clicking on the QR code featured with each interview to access a short video that continues the conversation.

Our entire McLaren team worked diligently and with purpose to bring health care stability to the communities we serve in 2023. Our patients, employees, medical staff and communities have high expectations of McLaren Health Care, and we intend to meet and exceed those expectations now and in the years ahead.

McLaren Health Care will be the best value in health care as defined by quality outcomes and cost.
FOCUSED ON MAINTAINING STABILITY

One of the hallmarks of McLaren Health Care is our ability to adapt to changing health care environments. The year 2023 was no exception, as we recovered from aftershocks of the Covid pandemic and focused on achieving stability in our operations and workforce.

Shaping this health care future for our communities has been a bright spot in 2023. Our mortality, quality, and safety measures are showing significant improvement, with some facilities approaching top decile performance. The OneMcLaren Cerner medical data system continues to roll out across our facilities, giving us the measures needed to deliver consistent, quality care systemwide, while cutting costs. Artificial Intelligence tools scan our billing paperwork to reduce claim denials and identify care delivery risks.

We implemented changes to structure, services and leadership to improve efficiency and increase our corporate agility. Our ability to make decisions quickly and purposefully has traditionally been a differentiating factor for us, but this was stymied a bit during the turmoil of Covid. Decision making at the administrative level is now being sped up and streamlined, and overhead expenses trimmed. That means not only a quick, smart ability to say “yes,” but also “no.” While we are still pursuing growth opportunities, we are also reducing our footprint in areas that are no longer economically tenable.

Maintaining appropriate staffing continues to be a priority in the face of higher turnover rates and increased competition for health care employees. Quality care demands talent across hundreds of job classifications, from medical staff, to nursing, to technology, to support services and administration. Yet American health care faces a shortage of these talents, compounded by wage inflation that makes it harder to attract and retain good employees. We have responded with more “growing our own” initiatives, such as expanded residency programs, a centralized nurse recruitment program and financial and training support for those in nursing and other careers.

Supply chains are now steady, but these resources, as with most of the others we rely on, are hitting us with sharp inflationary increases. We see this in our pharmaceutical and medical device spending as well. Our costs are rising across the board at a six to eight percent inflation rate, while our margins hover around one percent.

The main factor affecting this disparity is payment reimbursement shortfalls in health care. It is difficult to cope with these sharp upsticks in inflation when our payments are lagging so far behind. Medicare, Medicaid and other third-party payors are not reimbursing hospitals anywhere near a level that recognizes the inflationary costs we are incurring. We cannot continue to absorb these costs and still deliver the kind of surplus required to invest in new technology, bricks and mortar, and pension funding. As an industry, we need to do a better job telling this story and gaining influence with decision-makers in Washington.

The structure of care delivery is also changing in ways that threaten the “everything for everybody” care model of community hospitals. Private equity firms, as an example, are buying up profitable specialty practices, such as radiology or emergency care, and creating “mini monopolies” that chip away at full-service hospitals.

Yes, these are challenges, but McLaren Health Care’s greatest source of strength in surmounting them is our people. Our workforce continues to step up and do remarkable things in a time of challenge. We have a very strong brand among health care leaders, supported by our reputation in the industry. This echoes throughout the system, to all our front-line and support staff. McLaren is known as a very attractive place to work, and I can say with confidence that we have the best workforce in Michigan.
Q: What was a major strategic issue that McLaren faced in 2023?
A: We put a lot of time and effort into stabilizing the organization last year. Everything we do depends on people. We need the right talent to be successful in our initiatives, no matter what we do. We have worked hard over the past year to recruit and retain talent, from frontline staff such as nurses, to environmental and nutritional services employees, to technologists, physicians and more.

Q: Were there any specific wins on recruiting and retaining talent?
A: From a (McLaren) Medical Group perspective, a key advantage is our large GME program. That helped us add 87 new providers in 2023, including physicians and nurse practitioners. We also cut overall talent turnover by 20 percent. With these successes, we are going to “double down” on this people focus in 2024. We are also leveraging technology to improve processes and add efficiency. Our new electronic medical records system that was implemented systemwide has made a big impact in that arena.

Q: How about patient volume and access measures for the past year?
A: There was tremendous improvement in access. By the end of the year, we saw an almost 20 percent improvement in radiology volumes and 30 percent in MRIs. Inpatient surgical procedures were up five percent. Much of this came from improvements in procedures and protocols, but there was also increased use of new care options, like Care+Now and telemedicine. Improved patient access can mean being able to pick up a phone and schedule your own appointments, but there was also a 46 percent increase in online bookings.

Q: “Access” also means local availability of care. How is McLaren assuring that?
A: We are making steady progress on providing patients with access to services close to home. We have identified “submarkets” in our communities that need primary care and specialty care options. We have a track record of developing robust ambulatory centers in our network. Our Clarkston campus was the first of these projects and has served as the model. We start by focusing on primary care, so the community has ongoing preventative health, and then expand into specialty and support services. Fueled by the success in Clarkston, we implemented similar ambulatory centers in Fenton and West Branch. We are expanding our Cheboygan campus by adding a new emergency center, and we just announced a large project in Oxford. The Oxford project will offer emergency care, primary care and imaging specialties and is targeted to open by October of 2024. We are also planning to extend this model to the Lansing market.
“We do not need to own 51 percent of something to succeed. We can do more partnerships and joint ventures that are a win-win all around.”

Q: It sounds like McLaren did a lot of strategic rethinking in 2023. What was the focus?
A: Most of the year involved looking at our internal operations. There are still changes we are dealing with from the Covid pandemic. People were putting off care, and there was more outpatient demand, so we needed to do an internal deep dive into what worked and what needed improvement. Going forward, we need to re-examine all our services. As payers continue to ratchet down on reimbursement, it is becoming impossible for hospitals to provide all services to everybody, everywhere.

Q: How do you respond to those factors going forward?
A: We will be engaging in more partnerships and joint ventures for services. We are working on a couple of major joint ventures now, one with a large physicians group for outpatient services. Other opportunities could include partnerships around service lines, other physician groups, ambulatory surgical centers or medical office buildings, as some examples. We are currently looking at a very attractive joint venture with Michigan State University (MSU) for radiology on our Lansing campus, as well as other MSU partnerships. We do not need to own 51 percent of something to succeed. We can do more partnerships and joint ventures that are a win-win all around.

Q: How will this change McLaren’s merger and acquisition approach?
A: We will continue to see consolidation in the health care market, but we will be more selective in our targets. Hospitals are going to continue to close in this state over the next few years – they continue to lose money because the reimbursement simply is not there. We have looked at four or five opportunities, but the numbers just are not working. The age of growing for growth’s sake is gone.

Q: What were some key highlights from 2023?
A: The restructuring of the McLaren Medical Group was one of the major initiatives that I was part of in 2023. Chad Grant stepped in as interim CEO, and several of us worked on streamlining operations and taking out unnecessary expenses. As a result, we have a better complement of physicians, and the medical group as a whole is much more adept. I also want to speak to the way our entire complement of employees across the system stepped up to do their part in reducing expenses corporatwide … to the tune of about six percent. This effort truly showed the backbone and teamwork of everyone at McLaren.
Q: What were key McLaren quality and safety milestones over the past year?
A: Our AAHRPP (Association for the Accreditation of Human Research Protections) re-accreditation was a major milestone. This certification is a “gold seal” on quality, safety and protection of patients for research programs. This re-certification is required every three years and involves a great deal of assessment, in which we excelled. We also launched a systemwide maternal and neonatal quality and safety initiative. This included hiring our first chief medical director of women’s health, who will be working with the nine birthing centers across the McLaren system.

Q: Why is the new maternal and neonatal health initiative important?
A: Across the U.S., we have seen a rise in maternal and neonatal morbidity and mortality. This tends to impact communities that already face the biggest health disparities, and these trends are unacceptable. We will be collaborating with our teams to ensure all staff are well trained in the most effective, evidence-based maternal care. We have a new systemwide education initiative to improve recognition, management and prevention of maternal health complications.

Q: Are there any significant trends that support quality initiatives?
A: There are some exciting trends in Artificial Intelligence (AI), including using it to help staff become more effective and efficient through machine learning. One initiative is a partnership with a software firm that uses AI in radiology to spot areas in scans that might have otherwise been missed. We are also rolling out new safety reporting systems to improve teamwork across the organization. If a safety issue is noted locally, we will be able to escalate it throughout the McLaren system immediately.

Q: Addressing health equity is increasingly important in health care. What is McLaren doing in this arena?
A: McLaren completed a multi-year Patient Data Collection Project in 2023 that increases our ability to collect data from patients with respect to race, ethnicity, language preference, sexual orientation and gender identity. Through this project, training was put in place and data was collected to better measure and ultimately improve outcomes for patients. This project was initiated in response to Joint Commission and CMS standards designed to bring attention to issues around health equity and social drivers of health that might impact variable outcomes for patients. Using these data, we can improve all of our communication.

Q: Workforce issues are not just an HR matter, but a quality concern. How is McLaren responding?
A: We are facing real challenges with the workforce. A national deficit of 40,000-140,000 physicians and university partners is predicted over the next decade. In fact, almost all clinical roles — nursing, medical technologist, social workers, quality and safety professionals — are forecasted in deficit. We are working closely with McLaren Medical Group to identify areas of high-priority recruitment and are particularly focusing on supporting our medical residents in the system. We cannot meet the growing demand for qualified clinicians if we are not creative. One exciting new area is the expansion of nursing scholarships. Our linkage with Grand Valley State University has supported training for over 80 nurses across the state. Still, burnout remains a problem for frontline staff — nearly half of those who join us consider leaving. We are launching staff initiatives to deal with burnout, like our “Search Within Yourself” mindfulness programs through the Crim Fitness Foundation in Flint.
Q: You have been appointed to a new role as chief nursing officer for McLaren Health Care this year. What is the significance of this role?

A: Nursing is incredibly important to patients and plays an integral role in the provision of high-quality care. When McLaren formalized the role of chief nursing officer at the corporate level, it represented a big win for quality. I am thrilled about the opportunity and what it signifies in underscoring the importance of nursing to the system.

Q: What is your primary responsibility?

A: I am responsible for ensuring we deliver consistent care at the highest level across the system. The first thing this role does is give a voice to nursing. I can assure that the concerns of frontline nurses are brought forth so we can make better decisions as we add new technology, supplies and treatments.

We are working with local universities and colleges to help offer clinical training, as well as scholarships to current nursing staff who want to advance their careers. We want to make sure our staff have what they need to grow and stay with McLaren.

Q: Health care in America is facing a nursing shortage. What factors are driving that and how is McLaren responding?

A: We are facing real shortages in the nursing profession. Many of the current generation of nurses are at retirement age, and there has been a bottleneck in training due to a lack of instruction opportunities. There are applicants, but not enough spaces in nursing schools. We are working with local universities and colleges to help offer clinical training, as well as scholarships to current nursing staff who want to advance their careers. We want to make sure our staff have what they need to grow and stay with McLaren. We’ve also centralized nurse recruiting across the system. One of our most important metrics is turnover. We look at the numbers monthly, even weekly. We need to know why nurses are leaving, and make sure that McLaren is the place they want to stay.

Q: How is the nursing profession changing?

A: As we came out of the Covid pandemic, we found that nurses wanted more flexibility in scheduling. Seasoned nurses are used to solid three- or five-day schedules with no flex, but the new generation wants flexibility, not just on shifts and schedules, but in nursing areas, so we need to adapt. As we move forward, we have to consider what is new for nursing, with tools like automation and telemedicine. During the Covid pandemic, physicians were able to take advantage of telemedicine, but nurses still needed to be at bedside. Now, we will be looking at new opportunities in telemedicine for nursing.
Q: What was the key focus for Graduate Medical Education (GME) at McLaren Health Care in 2023?
A: The expansion of our residency and fellowship programs across McLaren subsidiaries was the prime initiative in 2023. We further developed fellowship programs in pulmonary and critical care medicine at our Flint and Lansing hospitals, launched a residency in medical physics, and cultivated our rural residency program, which is a partnership between McLaren Flint and McLaren Northern Michigan. We will also be launching new residency programs in family medicine and internal medicine at McLaren Port Huron and internal medicine at McLaren Bay Region in 2024 to meet the needs of those communities.

Q: Can you speak to the “growing our own” philosophy when it comes to resident recruitment and retention?
A: The role of GME in recruiting medical staff for our hospital subsidiaries cannot be overstated. Our goal is to train physicians who are interested in staying within our system. To that end, we launched a Retaining Residents Excellence Program in 2023. Through this program, we work with our partners at McLaren Medical Group to create pipeline positions for residents. That way, upon completion of their residency, they are able to secure employment in the community where they trained. Last year, 53 percent of our graduating residents stayed in Michigan to provide services to patients.

Q: What is the benefit to McLaren of having a robust Graduate Medical Education program?
A: McLaren is a learning organization. Having residents and fellows on our hospital campuses challenges all of our clinical teams to be on top of the latest care and quality outcomes. Our GME programs add value by attracting bright young physicians to our system, promoting academic rigor and supporting research activity. They are also invaluable as support for our medical staff in providing care to the communities we serve.

Q: What are some of the industry trends in GME?
A: We are incorporating more training on health care disparities and holistic well-being approaches in our curriculum. We have also integrated psychologists into our primary care training programs to enhance knowledge of behavioral health management and resources. Another trend is to increase simulation experiences for residents. To this end, we are expanding opportunities for our learners to perform simulated exercises in a safe space before they apply these to actual patient care.
Q: You joined the system this year as president and CEO of Karmanos Cancer Institute. What attracted you to the role?
A: First is the strength of Karmanos' alliance with McLaren, which brings 16 satellite sites across the state. There is also the status of Karmanos' clinical trials program, which is second to none. Karmanos has been at the forefront in developing novel cancer treatment therapies, with many of the current therapies first tested here. Nearly 70 percent of all new drugs and immunotherapies used for cancer are tested at Karmanos before being approved by the FDA. Last, but not least, I liked what I saw at McLaren. I was impressed with the expansion and healthy growth of the system throughout the past 35 years. I knew and liked the people working here and was impressed by how well run and well organized the McLaren system is. I was similarly impressed by Wayne State University, which has depth and breadth in multiple fields related to cancer.

Q: Karmanos is a National Cancer Institute (NCI) Designated Comprehensive Cancer Center. What is the significance of this designation?
A: NCI designation is a major advantage. It means an institution offers the latest and best technology, trials, novel treatments and screenings; things not available at most community hospitals. Remember, the NCI status is temporary — it must be renewed every five to seven years, and you have to re-qualify by demonstrating achievements over that period. Prevention programs, diagnosis, community outreach, clinical trials and basic science are all evaluated. Karmanos holding this designation since 1978 shows staying power.

Q: What challenges do you see facing Karmanos?
A: Post-Covid, cancer has become a growing national issue. Covid delayed screenings, mammograms and colonoscopies, and that led to a larger number of diagnoses at later stages, so we are obviously playing catchup. There is also an aging population, and more diagnoses of cancer go with age. More people are being successfully treated longer, but that brings other problems. The biggest of these is shortage of staff — nurses and clinical staffers. There is a shortage of oncologists nationwide. All these factors raise the cost of personnel. Reimbursement is also a constant challenge. Reimbursement has decreased over the past decade, and margins are getting slimmer.

Q: Does McLaren’s overall structure offer advantages in cancer research and treatment?
A: We have very advanced clinical trial options due to the combination of city and rural environments across the state. Most cancer centers are not that widespread. Many phase one, genetically based research projects can only target a small fraction of the population, but through McLaren, we can work throughout 16 sites. There are many unique elements here — the proton therapy facility, the gamma knife, CAR T-cell therapy, immunotherapy, cryotherapy and other advanced options. There is also a strong and productive partnership with Wayne State University. I am chair of the department of oncology at Wayne State medical school, and most of our faculty have appointments there.

CONTINUE THE CONVERSATION
Scan or click the QR code to see the full interview.
Q: What were the top achievements of the McLaren Proton Therapy Center in 2023?

A: We improved our ability to serve more patients with different diagnoses from Michigan and worldwide, as we are now capable of treating all indications and all disease sites. We have treated a record number of patients with proton therapy, passing the milestone of 1,000 patients treated at our proton therapy center since we opened. We also continued to enhance technology related to the proton therapy treatment delivery system. Pencil beam continuous scanning improves precision, efficiency of treatment and allows for faster treatment times. By offering high-energy, small spot size pencil beam technology and volumetric image guidance, we provide the top proton therapy technology capabilities in the world.

In addition, we increased clinical research in proton therapy, enrolling a record number of patients in clinical trials. We currently have 13 clinical trials open for enrollment. Four additional clinical trials will be opening in the near future.

Q: What challenges have your operations faced over the past year?

A: Shortage of staff has been a great challenge. However, we were able to recruit and retain highly skilled staff, keep a positive work atmosphere, improve staff well-being and recognition, as well as provide training and higher education opportunities. Since there are multiple radiation oncology facilities within the Karmanos Cancer Institute network, we can take advantage of cross-coverage and knowledge exchange. Creative, flexible scheduling and the efficient use of operating software also helped us mitigate staff shortages and continue to provide quality care.

Q: What advances are ahead for the Proton Therapy Center?

A: Expansion of the proton therapy center is underway to provide space for two additional treatment rooms to accommodate new technology that will allow us to treat proton patients in an upright position. This upright positioning with volumetric image guidance provides enhanced capability to precisely target specific disease sites. The McLaren Proton Therapy Center is poised to become the first in the United States to deliver proton therapy to patients with this ground-breaking upright treatment. The vertical CT scan and chair required for upright positioning are currently under development within the proton center facility.
Q: What are the major challenges facing HR across the McLaren system?
A: Labor shortages are a continuing challenge. Health care is competing with many other fields in attracting employees. Nationally, there are roughly nine million open positions in the overall job market, with about six million people currently available for employment. With this demand, wages and benefits are increasing, raising our competitive labor costs.

Q: What solutions are you developing?
A: We have been centralizing recruitment across the system. This has been a huge undertaking, but it is proving successful and helps keep costs down. We are also doing more to retain and train current staff. We have a new program with Saginaw Valley State University that offers 30 percent tuition discounts to certain McLaren employees, and through grant funding with Grand Valley State University for nurse and nurse practitioner education, we have been able to provide 80 nurses an opportunity to advance their nursing careers at McLaren.

Q: Are there other innovations in employee retention and support we should highlight?
A: To remain competitive, every employer today needs to add benefits, and we are looking at this in some innovative ways. One example is “earned wage access,” also known as daily pay. We will roll that out in 2024 to accommodate employees who might need access to their wages in between paydays. Additionally, we are investigating other options to support employees, like linkages to reduce the cost of childcare for employees. Plus, we are continuing Covid-era programs to help employees deal with burnout.

CARISSA BURTON, SENIOR VICE PRESIDENT, HUMAN RESOURCES
RECALIBRATING RECRUITMENT AND RETENTION

Q: Are you trying new strategies to expand recruitment?
A: We are working to expand the talent pool, and that requires flexibility. In some of the rural areas, we go out into the community, with recruiting sites at local events. In more densely populated, urban communities, it is more about setting ourselves apart from other employment options. We are working closely with Indeed, our primary online job board, to better identify prospects and using search engine marketing to target advertising so we can get in front of more candidates. Plus, we are hosting virtual job fairs where candidates can ask questions directly and even talk with hiring managers. That reduces time and steps between interviews and offers.
Q: How is McLaren coping with inflation?
A: There is no area of health care where costs are going down. Labor costs are an increasing portion of our budget. We are in a service industry that requires a large workforce. You cannot stay in business without hiring talent, and we have to pay market rates, so we need to figure out ways to work smarter and grow our revenue stream. Another area hit hard by inflation is our supply chain. We have put initiatives in place related to vendor management and have also continued to invest in domestic manufacturers for certain products such as masks and gloves (even a pharmaceutical vendor) to assure a consistent supply chain and achieve cost efficiencies.

Q: What reimbursement challenges are McLaren facing?
A: Medicare and Medicaid reimbursements are substantially below inflationary cost increases in the health care industry. Additionally, we are seeing increasing initial denials and final denials regarding insurance claims. The insurers’ way of offsetting the challenges they faced from the pandemic are to challenge documentation in the medical records to either deny prior authorizations or claims. We are in a constant battle with insurers to get payment for these claims.

Q: What is being done to improve reimbursement for claims?
A: Artificial Intelligence (AI) tools for reviewing documentation prior to claims submission are one solution. With AI, we have a data mining service that reviews medical records and claims to focus on how well they are documented before they are billed. AI helps staff become more focused and has proven to be extremely efficient in proving that our documentation of care is complete and accurate. We started using these tools in 2023 and plan to roll out more in 2024.

Q: How do you keep the focus on care with all these budget challenges?
A: We have to provide a balance when it comes to care and costs. There are a lot of new clinical advances, products and services coming to the market, all of which have associated costs and benefits. We must carefully analyze the care advantages and focus on becoming as efficient as possible.

Q: What is a key factor in growing McLaren’s revenue stream?
A: The key to growing our business is improving access for patients and making it easier for them to use our services. Even pre-pandemic, we saw that younger patients wanted digital access for self-scheduling, rather than having to call to book an appointment. People do not want to wait in line today ... they want to schedule appointments online or from their phone. To support this, we expanded digital scheduling in 2023, starting with imaging services. We will continue to expand digital solutions in 2024. Basically, we are focusing on initiatives that make us a better choice for patients. We need patients to say, “I want to go to McLaren” for care.

Improving patient digital access with platforms like telehealth is critical to growing our business.
KATHY KENDALL, PRESIDENT AND CEO, MCLAREN INTEGRATED HMO GROUP

HEALTH PLAN ALIGNMENT IMPROVES EFFICIENCY

Q: What was the biggest concern facing McLaren's Health Plans in 2023?
A: Our top initiative was dealing with the Medicaid redetermination process. During the Covid pandemic, the federal government put a halt on states redetermining individual eligibility for Medicaid. If you had Medicaid coverage in 2020, you got to keep it. That pause was lifted last June, and every state must redetermine who is now eligible. That means lots of people are losing Medicaid coverage, maybe because they now have a job, or no longer financially qualify, or just have not been redetermined yet by the State and do not realize they need to take action. It is not easy, but we have been working with our Medicaid members to help them complete their forms. This has been a real challenge as we cover over 700,000 lives. We collaborated with providers and went to a lot of community health events to get the message out.

Q: McLaren operates health plans in both Michigan and Indiana. Does that add complications?
A: We did more to integrate Michigan and Indiana operations over the past year. We had two different Care Management systems, but it saves money whenever we can better align our operations — it works more efficiently, and we can achieve better vendor contracting rates utilizing the membership of both states. We compared the two current Care Management systems and chose the one we were using in Indiana. Now that we have renewed that single contract, it was worth it. We were also able to change our customer call centers so both states use the same center, allowing them to share resources and coverage across both states.

Q: What cost challenges impacted the health plans last year?
A: In July, Indiana began using a single pharmacy preferred drug list (SPDL). Michigan has had this for three years, and under the SPDL list, the state receives all rebates, but only on brand-name drugs. We had been reimbursing for generics, which is what all commercial members receive, but now in both states we need to pay for all prescribed brand medications, and that increases our costs. This is a significant financial impact as McLaren Health Plan and MDwise generated half of the McLaren system’s revenue in 2023.

Q: What is coming up in 2024?
A: For 2024, the biggest single initiative is the re-bid process for the state Medicaid CHCP (Comprehensive Health Care Program). The request for proposal was released in November, and bids are due in January, so we are focused now on answering every question and highlighting the strengths of McLaren Health Plan. We think we are well positioned to win, but you can never be sure. There is a major focus on "whole person care" and health equity in the Medicaid planning, so we need to prove our plans deliver on these very important initiatives.

LEVERAGING INTEGRATED SYSTEM ADVANTAGES

Q: The Medicaid re-bidding process is a big issue facing the Health Plan in Michigan. How does that work?
Nancy: The State is re-bidding the Medicaid (comprehensive health care) program in 2024, and that is our biggest effort. There are 2.2 million Medicaid participants in the state, and we are one of only three health plans that serve the entire lower peninsula. The Medicaid program has not been re-bid since 2015, and the upcoming contracts will extend to 2033, so there is a lot of high-stakes work involved. This is a key component of McLaren Health Care — we cover 260,000 lives in Michigan and generate a billion dollars in revenue.

Q: What factors do states consider when awarding Medicaid contracts?
Nancy: The State sets five “strategic pillars” for evaluating Medicaid bids. The first is serving the “whole person” — that is, coordinating all their health needs. Second is giving children a healthy start. The third concerns health equity, reducing racial and ethnic disparities. Fourth is innovation and operational excellence, and fifth is that bids need to engage families and communities overall.

Q: How well does McLaren do with these Medicaid priorities?
Nancy: One big advantage McLaren Health Plan brings is that we are a hospital-sponsored plan. That lets us better align outcomes with the strength of the entire system behind us. We can work collaboratively with the system to bring in new programs, and it lets us care for the member overall, which is a big plus in contracting. For example, we are launching a new lifestyle medicine program in 2024 for Medicaid members with chronic conditions, or who are at high risk of developing those conditions. This program assigns a primary care physician and clinicians to help members with nutrition and behavioral health needs, and also develops individualized support plans.

Jessica: The McLaren affiliation is a benefit for MDwise too. We are the only provider-led nonprofit plan serving Hoosiers (in Indiana), and that gives us a great value proposition and offers a different point of view from some of the big national providers. We are more nimble with a grassroots connection than the big nationals, and our employees are mission oriented.

Q: How is the integration of the health plans between Michigan and Indiana working?
Jessica: Both plans are working on alignment. One area I would like to highlight is our advanced analytics tool on the social drivers of health in JAVA, our clinical platform. This will give both plans a statewide picture of social risk factors, availability of resources and quality assessment results in a heat map form so our team is aware of the local community and individual member needs. This will also improve the overall quality of care and health equity.