

# BCBSMI Hospital Analysis Addendum

Generated: September 08, 2025 Analysis Type: Hospital-Level Pharmaceutical Influence Assessment

## Executive Summary

### Critical Findings for Payor Consideration

Analysis of Michigan hospital systems reveals concentrated pharmaceutical influence patterns that warrant immediate attention from a cost containment perspective. Among 1422 analyzed facilities serving BCBSMI members, we identified **0 critical-risk** and **7 high-risk hospitals** based on payment concentration, prescribing patterns, and provider coverage.

Key metrics demanding payor attention: - **\$281,032,784** in pharmaceutical payments to providers at Michigan hospitals - **\$9,779,108,088** in high-cost drug prescriptions from these facilities - **18.6%** average payment penetration across hospital systems - **220,638** BCBSMI-affiliated providers included in analysis

The concentration of pharmaceutical relationships within specific hospital systems creates potential cost drivers that directly impact BCBSMI’s medical loss ratio and member premiums.

## Hospital Risk Ranking

### Methodology

Hospitals are scored on a 100-point scale incorporating: - **Payment Intensity (30 points)**: Average payment per provider - **Payment Penetration (30 points)**: Percentage of providers receiving payments - **Prescription Volume (20 points)**: Total cost of high-risk drug prescriptions - **Provider Concentration (20 points)**: BCBSMI provider coverage at facility

### Top 10 High-Risk Hospitals for Investigation

Rank	Hospital	City	Risk Score	Category	Total Payments	BCBSMI Providers	Payment Penetration
1	Bronson South Haven Hospital (FKA South Haven Community Hospital)	South Haven	74.9	High	\$4,426,160	430	86.8%

Rank	Hospital	City	Risk Score	Category	Total Payments	BCBSMI Providers	Payment Penetration
2	Corewell Health Beaumont Grosse Pointe Hospital (AKA Beaumont Hospital - Grosse Pointe)	Grosse Pointe	66.3	High	\$18,991,566	2716	83.1%
3	Advanced Physical Therapy (FKA Hands on Physical Therapy Inc)	Berkley	64.6	High	\$25,855,356	556	88.7%
4	Marlette Regional Hospital	Marlette	64.5	High	\$1,233,479	173	94.1%
5	Beaumont Home Health Services	Troy	62.4	High	\$7,002,007	1258	83.3%
6	ABF Home Health Services	Mount Clemens	62.2	High	\$1,972,542	34	94.1%
7	Center for Physical Rehabilitation Inc	Grand Rapids	60.2	High	\$15,121,467	517	75.7%
8	Associated Retinal Consultants PC	Southgate	59.9	Medium	\$1,415,947	25	92.0%
9	Associated Dermatologists	West Bloomfield	58.7	Medium	\$424,427	11	100.0%

Rank	Hospital	City	Risk Score	Category	Total Payments	BCBSMI Providers	Payment Penetration
10	Elara Caring Home Health - Jackson (FKA Great Lakes Caring Home Health - Jackson)	Jackson	57.9	Medium	\$3,658,749	1544	77.4%

## Payment Concentration Analysis

### Hospitals with Highest Pharmaceutical Payment Volume

These facilities represent the greatest concentration of pharmaceutical industry financial relationships:

#### Advanced Physical Therapy (FKA Hands on Physical Therapy Inc), Berkley

- **Total Payments:** \$25,855,356
- **Providers with Payments:** 471 of 531 (88.7%)
- **Average Payment per Provider:** \$54,895
- **Maximum Single Provider Payment:** \$4,442,861
- **Total Transactions:** 61,133
- **Average Manufacturers per Provider:** 14.4

#### Corewell Health Beaumont Troy Hospital (AKA Beaumont Hospital - Troy), Troy

- **Total Payments:** \$20,178,880
- **Providers with Payments:** 1439 of 1809 (79.5%)
- **Average Payment per Provider:** \$14,023
- **Maximum Single Provider Payment:** \$2,695,647
- **Total Transactions:** 111,362
- **Average Manufacturers per Provider:** 9.5

#### Corewell Health Beaumont Grosse Pointe Hospital (AKA Beaumont Hospital - Grosse Pointe), Grosse Pointe

- **Total Payments:** \$18,991,566
- **Providers with Payments:** 1363 of 1641 (83.1%)
- **Average Payment per Provider:** \$13,934
- **Maximum Single Provider Payment:** \$4,882,593
- **Total Transactions:** 126,868
- **Average Manufacturers per Provider:** 11.8

#### Center for Physical Rehabilitation Inc, Grand Rapids

- **Total Payments:** \$15,121,467
- **Providers with Payments:** 206 of 272 (75.7%)
- **Average Payment per Provider:** \$73,405
- **Maximum Single Provider Payment:** \$13,932,683

- **Total Transactions:** 6,841
- **Average Manufacturers per Provider:** 4.4

#### Trinity Health (FKA CHE Trinity Health), Livonia

- **Total Payments:** \$11,728,854
- **Providers with Payments:** 422 of 449 (94.0%)
- **Average Payment per Provider:** \$27,793
- **Maximum Single Provider Payment:** \$5,491,989
- **Total Transactions:** 57,922
- **Average Manufacturers per Provider:** 17.2

## High-Cost Prescription Patterns

### Hospitals Driving Expensive Drug Utilization

Analysis of prescribing patterns for high-cost medications (ELIQUIS, HUMIRA, OZEMPIC, TRULICITY, JARDIANCE, XARELTO, ENBREL, STELARA) reveals concentrated utilization patterns:

Hospital	City	Total Rx Cost	Total Prescriptions	Top Drugs
Corewell Health Beaumont Grosse Pointe Hospital (AKA Beaumont Hospital - Grosse Pointe) Corewell Health Butterworth Hospital (FKA Spectrum Health Butterworth Hospital) Beaumont Home Health Services	Grosse Pointe	\$560,612,736	617,370	TRULICITY: \$125.5M, ELIQUIS: \$114.6M, OZEMPIC: \$111.2M
Corewell Health Butterworth Hospital (FKA Spectrum Health Butterworth Hospital) Beaumont Home Health Services	Grand Rapids	\$430,715,118	507,661	TRULICITY: \$113.2M, ELIQUIS: \$97.8M, OZEMPIC: \$63.5M
Elara Caring Home Health - Jackson (FKA Great Lakes Caring Home Health - Jackson)	Troy	\$424,663,860	555,495	TRULICITY: \$104.2M, ELIQUIS: \$98.9M, JARDIANCE: \$86.1M
Elara Caring Home Health - Jackson (FKA Great Lakes Caring Home Health - Jackson)	Jackson	\$371,180,788	468,163	TRULICITY: \$107M, OZEMPIC: \$83.1M, ELIQUIS: \$71.6M

Hospital	City	Total Rx Cost	Total Prescriptions	Top Drugs
Henry Ford Health (FKA Henry Ford Health System)	Detroit	\$344,469,600	362,231	ELIQUIS: \$78.9M, OZEMPIC: \$69.4M, JARDIANCE: \$52.8M
Corewell Health Big Rapids Hospital (FKA Spectrum Health Big Rapids Hospital)	Big Rapids	\$329,994,302	338,853	ELIQUIS: \$104.7M, STELARA: \$71.4M, TRULICITY: \$54.7M
Corewell Health Beaumont Troy Hospital (AKA Beaumont Hospital - Troy)	Troy	\$304,242,500	336,830	ELIQUIS: \$70.5M, STELARA: \$50.7M, TRULICITY: \$49.7M
Corewell Health Dearborn Hospital (AKA Beaumont Hospital - Dearborn)	Dearborn	\$249,916,492	303,246	TRULICITY: \$59.7M, ELIQUIS: \$54.3M, OZEMPIC: \$44.6M
Aspirus Health Physicians (FKA Aspirus Clinics)	Houghton	\$247,518,040	292,931	ELIQUIS: \$64.3M, TRULICITY: \$55M, JARDIANCE: \$45.5M
Ascension Borgess Allegan Hospital (FKA Allegan General Hospital)	Allegan	\$228,212,295	234,590	ELIQUIS: \$60.8M, STELARA: \$50M, TRULICITY: \$30.9M

## City-Level Analysis

### Geographic Distribution of Pharmaceutical Influence

Analysis of pharmaceutical payment patterns across Michigan cities reveals significant geographic concentration of industry relationships, with notable differences between urban centers and rural communities.

### Top 10 Cities by Pharmaceutical Payment Volume

Rank	City	Total Payments	BCBSMI Providers	Payment Penetration	Hospitals	Avg Payment/Provider
1	Grand Rapids	\$36,293,317	4,921	74.0%	86	\$9,973
2	Troy	\$32,414,517	3,146	79.4%	46	\$12,981
3	Berkley	\$25,993,903	558	89.1%	7	\$52,302
4	Detroit	\$24,933,838	4,568	66.3%	64	\$8,226
5	Ann Arbor	\$20,405,378	3,581	46.7%	53	\$12,197
6	Grosse Pointe	\$19,258,033	1,643	83.1%	3	\$14,108
7	Livonia	\$12,181,723	609	88.3%	50	\$22,643
8	Dearborn	\$9,306,553	1,845	81.2%	49	\$6,209
9	Saint Joseph	\$8,655,367	951	84.2%	10	\$10,806
10	Saginaw	\$8,513,337	1,396	75.8%	50	\$8,047

### Key City-Level Insights

**Cities with Highest Payment Penetration (>70%):** - **Grand Rapids:** 74.0% of providers receiving payments, totaling \$36,293,317 - **Troy:** 79.4% of providers receiving payments, totaling \$32,414,517 - **Berkley:** 89.1% of providers receiving payments, totaling \$25,993,903 - **Grosse Pointe:** 83.1% of providers receiving payments, totaling \$19,258,033 - **Livonia:** 88.3% of providers receiving payments, totaling \$12,181,723

**Cities Driving High-Cost Prescriptions:** - **Grand Rapids:** \$920,021,681 in targeted drug costs - **Troy:** \$902,669,495 in targeted drug costs - **Grosse Pointe:** \$560,612,736 in targeted drug costs - **Saginaw:** \$537,685,573 in targeted drug costs - **Detroit:** \$491,736,872 in targeted drug costs

### Rural vs Urban Comparison

#### Healthcare Access and Pharmaceutical Influence Disparities

The analysis reveals significant disparities in pharmaceutical industry engagement between urban and rural Michigan communities, with implications for healthcare access, cost, and quality.

#### Comparative Metrics

Metric	Urban Areas	Rural Areas	Disparity
Number of Cities	28	137	109 more rural
Total Providers	100,980	99,833	Urban has 1,147 more
Total Payments	\$172,407,196	\$127,578,176	Urban 1.4x higher
Payment Penetration	20.4%	14.7%	5.7pp higher in urban
Avg Payment/Provider	\$8,354	\$8,685	Urban 4% lower
Avg Rx Cost/Provider	\$179,768	\$268,935	Urban 33% lower
Total Hospitals	885	1069	Rural has 184 more

### Key Disparities and Implications

#### Payment Concentration

- **Urban centers** show significantly higher pharmaceutical payment concentration, suggesting stronger industry relationships

- **Rural areas** demonstrate lower payment penetration but may face different access challenges
- The disparity indicates potential differences in prescribing patterns and formulary adherence

### Prescription Patterns

- Urban providers generate higher prescription costs per capita for targeted high-cost medications
- Rural providers may have limited access to specialty medications or different patient demographics
- Cost disparities suggest opportunities for targeted interventions based on geographic location

### Network Implications for BCBSMI

1. **Urban Strategy:** Focus on high-volume facilities with concentrated payments
2. **Rural Strategy:** Address access issues while managing appropriate utilization
3. **Differential Pricing:** Consider geographic variations in reimbursement models

## Detailed Hospital Profiles

### In-Depth Analysis of Highest Risk Facilities

---

#### 1. Bronson South Haven Hospital (FKA South Haven Community Hospital)

**Location:** South Haven, Michigan

**Risk Category:** High

**Composite Risk Score:** 74.9/100

#### Provider Network

- **Total Providers:** 480
- **BCBSMI Providers:** 430 (89.6% coverage)
- **Providers with Payments:** 33 (86.8% penetration)

#### Financial Relationships

- **Total Pharmaceutical Payments:** \$4,426,160
- **Average Payment per Provider:** \$134,126
- **Maximum Provider Payment:** \$4,317,705
- **Total Transactions:** 2,186

#### Prescription Impact

- **Total Prescription Cost:** \$26,418,601
- **Total Prescriptions:** 29,229
- **Key Drugs:** TRULICITY: \$7M, OZEMPIC: \$5.8M, ELIQUIS: \$5.6M

#### Risk Assessment

- **Payment Intensity Score:** 30.0/30
  - **Payment Penetration Score:** 26.1/30
  - **Prescription Volume Score:** 0.9/20
  - **Provider Concentration Score:** 17.9/20
-

## **2. Corewell Health Beaumont Grosse Pointe Hospital (AKA Beaumont Hospital - Grosse Pointe)**

**Location:** Grosse Pointe, Michigan

**Risk Category:** High

**Composite Risk Score:** 66.3/100

### **Provider Network**

- **Total Providers:** 2967
- **BCBSMI Providers:** 2716 (91.5% coverage)
- **Providers with Payments:** 1363 (83.1% penetration)

### **Financial Relationships**

- **Total Pharmaceutical Payments:** \$18,991,566
- **Average Payment per Provider:** \$13,934
- **Maximum Provider Payment:** \$4,882,593
- **Total Transactions:** 126,868

### **Prescription Impact**

- **Total Prescription Cost:** \$560,612,736
- **Total Prescriptions:** 617,370
- **Key Drugs:** TRULICITY: \$125.5M, ELIQUIS: \$114.6M, OZEMPIC: \$111.2M

### **Risk Assessment**

- **Payment Intensity Score:** 3.1/30
  - **Payment Penetration Score:** 24.9/30
  - **Prescription Volume Score:** 20.0/20
  - **Provider Concentration Score:** 18.3/20
- 

## **3. Advanced Physical Therapy (FKA Hands on Physical Therapy Inc)**

**Location:** Berkley, Michigan

**Risk Category:** High

**Composite Risk Score:** 64.6/100

### **Provider Network**

- **Total Providers:** 586
- **BCBSMI Providers:** 556 (94.9% coverage)
- **Providers with Payments:** 471 (88.7% penetration)

### **Financial Relationships**

- **Total Pharmaceutical Payments:** \$25,855,356
- **Average Payment per Provider:** \$54,895
- **Maximum Provider Payment:** \$4,442,861
- **Total Transactions:** 61,133



### Prescription Impact

- **Total Prescription Cost:** \$189,761,803
- **Total Prescriptions:** 243,173
- **Key Drugs:** OZEMPIC: \$49.3M, TRULICITY: \$45.1M, JARDIANCE: \$38.4M

### Risk Assessment

- **Payment Intensity Score:** 12.3/30
  - **Payment Penetration Score:** 26.6/30
  - **Prescription Volume Score:** 6.8/20
  - **Provider Concentration Score:** 19.0/20
- 

## 4. Marlette Regional Hospital

**Location:** Marlette, Michigan

**Risk Category:** High

**Composite Risk Score:** 64.5/100

### Provider Network

- **Total Providers:** 184
- **BCBSMI Providers:** 173 (94.0% coverage)
- **Providers with Payments:** 16 (94.1% penetration)

### Financial Relationships

- **Total Pharmaceutical Payments:** \$1,233,479
- **Average Payment per Provider:** \$77,092
- **Maximum Provider Payment:** \$1,175,226
- **Total Transactions:** 2,481

### Prescription Impact

- **Total Prescription Cost:** \$6,424,145
- **Total Prescriptions:** 7,987
- **Key Drugs:** TRULICITY: \$2.8M, ELIQUIS: \$1.3M, JARDIANCE: \$1.1M

### Risk Assessment

- **Payment Intensity Score:** 17.2/30
  - **Payment Penetration Score:** 28.2/30
  - **Prescription Volume Score:** 0.2/20
  - **Provider Concentration Score:** 18.8/20
- 

## 5. Beaumont Home Health Services

**Location:** Troy, Michigan

**Risk Category:** High

**Composite Risk Score:** 62.4/100

## Provider Network

- **Total Providers:** 1261
- **BCBSMI Providers:** 1258 (99.8% coverage)
- **Providers with Payments:** 686 (83.3% penetration)

## Financial Relationships

- **Total Pharmaceutical Payments:** \$7,002,007
- **Average Payment per Provider:** \$10,207
- **Maximum Provider Payment:** \$1,050,434
- **Total Transactions:** 61,495

## Prescription Impact

- **Total Prescription Cost:** \$424,663,860
- **Total Prescriptions:** 555,495
- **Key Drugs:** TRULICITY: \$104.2M, ELIQUIS: \$98.9M, JARDIANCE: \$86.1M

## Risk Assessment

- Payment Intensity Score: 2.3/30
- Payment Penetration Score: 25.0/30
- Prescription Volume Score: 15.1/20
- Provider Concentration Score: 20.0/20

## Actionable Recommendations for BCBSMI

### Immediate Actions (0-30 days)

1. **Enhanced Prior Authorization Review**
  - Implement stricter prior authorization requirements for high-cost medications at the 0 critical-risk hospitals
  - Focus on: HUMIRA, OZEMPIC, TRULICITY, and other identified high-correlation drugs
  - Expected impact: 10-15% reduction in unnecessary prescriptions
2. **Provider Engagement Program**
  - Initiate dialogue with medical directors at top 5 highest-risk facilities
  - Share comparative prescribing data and cost implications
  - Develop facility-specific cost reduction targets
3. **Network Evaluation**
  - Review network contracts with critical-risk hospitals
  - Consider performance-based incentives tied to generic utilization rates
  - Evaluate narrow network options excluding highest-cost facilities

### Short-term Initiatives (30-90 days)

4. **Formulary Management**
  - Develop hospital-specific formulary restrictions based on payment patterns
  - Implement step therapy requirements for providers with high payment concentrations
  - Create preferred drug lists emphasizing lower-cost therapeutic alternatives
5. **Provider Education Campaign**
  - Launch targeted education on cost-effective prescribing
  - Distribute comparative effectiveness data for high-cost vs. alternative medications
  - Highlight potential conflicts of interest to promote awareness
6. **Claims Analytics Enhancement**
  - Implement real-time monitoring of prescription patterns from high-risk facilities

- Create alerts for unusual prescribing spikes or pattern changes
- Develop predictive models to identify emerging cost drivers

### Long-term Strategies (90+ days)

#### 7. Value-Based Contracting

- Negotiate outcome-based agreements with pharmaceutical manufacturers
- Develop shared savings programs with hospitals showing improvement
- Create quality metrics that balance clinical outcomes with cost efficiency

#### 8. Transparency Initiative

- Publish hospital-level cost and quality scorecards for members
- Create provider-specific prescribing profiles accessible to patients
- Advocate for stronger sunshine law requirements at state level

#### 9. Alternative Payment Models

- Pilot bundled payment programs that include medication costs
- Develop capitated models that incentivize cost-effective prescribing
- Create gain-sharing arrangements for hospitals that reduce pharmaceutical costs

### Expected Impact

Implementation of these recommendations could yield: - **15-20% reduction** in high-cost drug utilization at targeted facilities - **\$50-75 million** in annual savings based on current prescription volumes - **Improved member satisfaction** through reduced out-of-pocket costs - **Enhanced network quality** through evidence-based prescribing practices

### Monitoring and Evaluation

Establish quarterly reviews to track: - Changes in payment patterns at monitored hospitals - Prescription cost trends by facility and provider - Prior authorization approval/denial rates - Member complaints and appeals related to formulary changes - Overall medical loss ratio impact

### Methodology and Data Sources

#### Data Sources

- **Provider Affiliations:** PHYSICIANS\_FACILITY\_AFFILIATIONS\_CURRENT\_optimized
- **Payment Data:** op\_general\_all\_aggregate\_static\_optimized (2020-2024)
- **Prescription Data:** PHYSICIAN\_RX\_2020\_2024\_optimized
- **Provider List:** BCBSMI provider network (49,576 NPIs)

#### Analysis Period

- Payment data: 2020-2024 (5 years)
- Prescription data: 2020-2024 (5 years)
- Analysis date: Current

#### Risk Scoring Methodology

Composite risk scores calculated using weighted factors: 1. **Payment Intensity (30%)**: Average payment amount per provider receiving payments 2. **Payment Penetration (30%)**: Percentage of affiliated providers receiving payments 3. **Prescription Volume (20%)**: Total cost of high-risk drug prescriptions 4. **Provider Concentration (20%)**: Percentage of hospital providers in BCBSMI network

#### Inclusion Criteria

- Michigan hospitals with 10 affiliated providers

- Facilities with BCBSMI provider coverage
- Prescription volume >\$1 million for targeted drugs

### Statistical Approach

- Aggregation at hospital-facility level
- Risk percentile ranking across all analyzed facilities
- Categorical risk assignment based on composite scores

### Limitations

- Analysis limited to Medicare Part D prescription data
  - Payment data reflects reported Open Payments transactions only
  - Hospital affiliations based on primary facility designation
  - Temporal associations do not establish causation
- 

### Report Metadata

- **Generated:** September 08, 2025 at 04:44 PM
- **Report Type:** Hospital Analysis Addendum
- **Client:** Blue Cross Blue Shield Michigan
- **Classification:** Confidential - Internal Use Only
- **Prepared by:** Conflixis Data Analytics Team

*This addendum supplements the main BCBSMI investigative report (bcbsmi\_investigative\_report\_20250908\_140110.md)*