February 24, 2014

Dear Colleagues:

In 2013, NCH initiated a strategic plan designed to preserve our independence and set ourselves up for continued success in the evolving healthcare market. I am very pleased to share some exciting news about advances we are making toward our goal of becoming a strong system of care.

Tomorrow morning, we will publicly announce a new partnership between Illinois Health Partners (IHP) and Northwest Community Health Partners (PHO), effective immediately. We want to share the details with each of you before the news goes public.

IHP is an alliance of primary and specialty care physicians from Edward Hospital, Elmhurst Memorial Hospital, Linden Oaks at Edward, and DuPage Medical Group. As part of the agreement, our PHO and Clinical Integration Program physicians will partner with the IHP network. Together, we will represent over 110,000 HMO lives in west, southwest and northwest suburbs of Chicago.

This is a wonderful opportunity to open the door for our physicians to enhance and expand clinical services while benefiting from ACO contracting opportunities. These changes will help us continue to thrive as an independent organization.

If you have questions about the IHP partnership or want to talk about how it affects you individually, feel free to call me or Michael Hartke. For your convenience, we have attached additional details and background information on this new partnership.

Sincerely,

Stephen Scogna
President and CEO
1. What is the Illinois Health Partners (IHP) network?

IHP is a regional provider network designed to improve health care quality and efficiency. IHP has nearly 1,800 affiliated primary and specialty care physicians and serves more than 110,000 HMO patients in the west, southwest and northwest suburbs of Chicago.

2. What are the benefits for NCH in joining this partnership?

Joining the IHP network will allow Northwest Community Health Partners, NCH’s physician hospital organization (PHO), and physicians participating in NCH’s Clinical Integration Program to share best practices and participate in shared clinical services that can improve patient care. Additionally, the alliance will help NCH gain the necessary organizational scale to enter into larger risk relationships with payers.

3. How does NCH’s involvement in this alliance benefit IHP and the existing partners?

Adding Northwest Community Health Partners and NCH’s Clinical Integrations Program to the IHP portfolio allows the network to increase its footprint in Illinois and grow their capabilities for managed care and clinical integration to serve their populations.

4. Who are the other partners in the alliance?

The other partners in the IHP alliance are Edward Hospital, DuPage Medical Group and ELMCARE, the physician hospital organization at Elmhurst Hospital. Illinois Health Partners was formed in 2011 by DuPage Medical Group (physicians grouped under DuPage Health Partners) and Edward Hospital & Health Services (physicians grouped under Edward Health Partners) in order to serve patients across suburban Chicago. ELMCARE joined in January 2014.

5. How does this position NCH for the future growth and independence?

The IHP partnership will allow NCH to remain independent while growing as a competitive, efficient and high quality system of care. By gaining scale and leverage along with shared services to support clinical integration and managed care administrative services, NCH will expand the resources available to HMO patients and better manage the community’s health and associated costs.

Governance Impact

6. How will the partnership be governed?

IHP has a governance model that will include both NCH physicians and administration. The governance model includes oversight committees focused on clinical integration, financials, contracting and administration.

7. How does this partnership support NCH in remaining independent?

By gaining scale and leverage along with shared services to support clinical integration and managed care administrative services, NCH can grow and compete more effectively with larger regional competitors.
8. What costs are shared?

Initially, costs for clinical integration and managed care services will be shared. Other potential shared costs will be evaluated over time.

Clinical Care Impact

9. How are best practices shared throughout IHP?

The governance committee structure enables partner organizations to share best practices across all service areas.

10. Is this just for HMO patients?

The alliance will focus on HMO risk arrangements and also examine commercial ACO opportunities for risk arrangements moving forward.

11. Are any new clinical services available for community members/patients?

There are no new clinical services for community members and patients at this time.

12. Will this increase access to care?

While NCH will continue to focus on its core service areas, patients within the geographical areas served by IHP will gain access to a larger care system. Increased clinical integration and managed care administrative services will help NCH expand the resources available to HMO patients and better manage the community’s health.

13. How will Edward Hospital, ELMCARE and DuPage Medical Group work together?

These organizations already have working relationships through their ongoing participation in the IHP alliance.

Immediate Changes

14. What changes will patients see?

Partnership in the IHP alliance reinforces NCH’s focused approach to quality patient care. NCH will maintain the same standard of care that patients and families in the community expect.

15. Will additional services be offered?

No additional services will be offered at this time.

16. What changes will employees see?

Employees will not see any operational changes at this time.

17. How does this impact employed/ PHO physicians and medical staff?

Physicians and medical staff will benefit from the opportunity to participate in a broader provider network which will expand the clinical integration program and allow our physicians to take advantage of Accountable Care contracting opportunities. Additionally, those who participate in the governance committee will share best practices and learn from other alliance partners.

18. How does this impact current physician employment agreements?

This partnership does not impact the relations or contracts of employed physicians with NCH.
19. **Will the partnership affect PHO physician contracts?**

All current PHO physician contracts will remain in place under the new partnership.

20. **How will the partnership increase the number of patients physicians see at their practices?**

Participating in a broader provider network means more patients will have the opportunity to choose NCH and its physicians as their care providers. As a result, our physicians will benefit from increased opportunities to accept new patients and referrals.

21. **How will the partnership increase NCH’s ability to compete in a highly competitive marketplace?**

Participating in the IHP partnership provides the necessary organizational scale to enter into larger risk relationships with payers that physicians are not able to enter on their own. By increasing contracting opportunities, we aim to expand the competitive advantage NCH and its physicians have in the healthcare marketplace.

22. **Does this create competition for physicians and/or specialists within NCH’s network?**

The IHP alliance will not create competition within NCH’s network because each system services its own geographic area. Instead, participation in the IHP alliance will increase our physicians’ ability to compete more effectively in our marketplace.

23. **What does this mean for payers?**

Payers will now have a larger network to work with for ACO and risk products, providing them with increased opportunities to compete with larger health systems.