

RESOLUTION 04.2020-04 (A-21)
PHYSICIAN OWNED AND MANAGED HEALTHCARE COMPANY

ISMS Board Action Taken on 10/24/2020

Did not adopt Resolution 04.2020-04 (A-21).

Executive Committee Recommendation to ISMS Board on 10/24/2020

From 1994 through 1996, ISMS managed a detailed two-phase study of building an Illinois Physician Services Organization. The ISMS PSO study and experience can inform the Board's decision now on Resolution 04.2020-04 (A-21). Today's health care landscape is even more challenging than it was in the mid-1990s. With a majority of physicians practicing in a large group or employment model, selling an external management services organization would prove more difficult and expensive than in earlier years. In today's environment, physicians are less likely to supervise the business or administrative duties of medical practice. Gaining a foothold into medical organizations, which often run hand-in-hand with hospitals, would be a high bar for ISMS to climb.

Further, ISMS does not have financial resources at our disposal to develop a professional PSO entity and menu of services. Physicians' disinterest in funding a PSO during a far more favorable climate than today does not bode well for current success. Legal hurdles with an ISMS insurance entity, including antitrust concerns, would remain. Further, Illinois insurance law requires a minimum of \$1 million dollars for capitalization of a health insurance plan, and \$2 million for an HMO. We can also look to the experience of ISMIE's PBT, which closed its doors after navigating many years of a diminishing portfolio of business based on a changing health marketplace.

Finally, and perhaps most importantly, ISMS' core competency over the years remains unchanged. It is **advocacy** – for individual physicians, groups and employed physicians as they pursue their professional medical careers and practice needs in a swiftly evolving health arena. ISMS' focus today is on retooling our services and member recruitment efforts to meet the new needs of Illinois physicians. A reprise of the insurance/PSO study of some 25 years past will detract from this effort and reassign scarce resources to an initiative unlikely to bring success.

The Executive Committee recommends that the ISMS Board of Trustees not adopt Resolution 04.2020-04 (A-21).