

the Reporter

Illinois Hospital Association



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ILLINOIS COVERED COULD SAVE BUSINESSES AND FAMILIES BILLIONS

A new study by nationally known health care economist Ken Thorpe of Emory University finds that the Illinois Covered proposal would save businesses, families, and individuals in Illinois \$15.6 billion in health care costs by 2011. The return on investment from Illinois Covered would be more than two to one, according to Thorpe's analysis – that is, each \$1 of public revenues spent on the plan would generate more than \$2 in new health care savings.

Thorpe estimates that from 2008 to 2011, Illinois Covered would lead to nearly \$5 billion in savings for employers and nearly \$6 billion in savings for families in the form of lower premiums and other out-of-pocket costs. But if the state takes no action, his analysis indicates that the number of uninsured Illinoisans would rise from 1.8 million now to 2.3 million by 2010, and the amount of uncompensated care provided to the uninsured potentially built into the cost of private insurance would rise from \$1.8 billion to \$2.6 billion over the same period of time.

Thorpe says major savings would come from preventing expensive illnesses, cutting administrative costs, and reducing the amount that people and businesses pay for care of the uninsured. And by covering at least one-third of the state's uninsured by 2010, Illinois Covered would significantly reduce the need for providers to shift costs to pay for the care of the uninsured. A fact sheet and PowerPoint presentation on Thorpe's study are available on IHA's web site.

Meanwhile, the Governor's Office last week issued its estimate on the amount of new funding hospitals and other health care providers would

receive under Illinois Covered. Statewide, health care providers would receive \$1.7 billion in new funding – including \$645 million for hospitals – from expanded health care coverage and increased reimbursement rates.

The General Assembly last week began holding hearings on Illinois Covered. IHA Senior Vice President Howard Peters told the Senate Public Health and Human Services Committee: "There are too many people who are uninsured. They come to the emergency room, but by the time they get there, the prognosis is worse...Their life expectancy is lower when they can't get the preventive care they need."

Also testifying to the committee in support of Illinois Covered was Ken Smithmier, President and CEO of **Decatur Memorial Hospital**: "Real-life issues spawned this legislation. The reality is that we as health care providers see people die because of our fatally flawed system. I encourage you not to lose sight that this is the right thing to do."

It is critical that members contact their state legislators to urge them to support Illinois Covered, which is embodied in Amendment #1 to **SB5**. Members can send letters or emails to their legislators from IHA's web site.

CMS ISSUES 2008 PROPOSED PPS RULE

CMS earlier this month issued a 2008 hospital inpatient prospective payment system (PPS) proposed rule. Comments on the rule are being accepted through June 12, with a final rule scheduled to be released by Aug. 1 and implementation set for Oct. 1. Key provisions include: a market basket update of 3.3% for those hospitals that submit data on 27 quality measures (versus 21 in FY2007) and 1.3% for hospitals

that don't; a freeze of capital payments for all urban hospitals (a cut of 0.8%); elimination of the 3% large urban capital add-on; and possible discontinuation of the teaching and disproportionate share hospital add-ons to capital payments.

The agency also would expand to 745 the number of Medicare DRGs to replace the current 538 in use and would overhaul the complication or comorbidity list, creating up to three payment tiers for each diagnosis. The new system also would serve as the basis for long-term hospital PPS.

In addition, the proposed rule would institute a 2.4% cut in both FY2008 and 2009, or \$5 billion, to eliminate what it claims will be the effect of coding or classification changes the agency maintains do not reflect real changes in case mix. In the area of quality measure reporting, CMS will adopt 27 measures finalized in the 2007 outpatient PPS final rule that hospitals must report in order to receive a full update, and plans to add one outcome and four process measures in 2009. With respect to hospital-acquired conditions, CMS is proposing six conditions, including three serious preventable events, for which it would not provide higher payments if the condition was not present on admission.

BRIEFLY NOTED...

✓ Remember to register for the program, "Earning Physician Loyalty - What Does It Take?" presented by Steve Messinger at the Marriott Oakbrook Hotel on May 16 from 2:00 – 4:30 pm, with a reception immediately following. Invite your physician leaders to attend with you. For more information, contact Barb Haller at 630-276-5474 or bhaller@ihastaf.org.

✓ The Southern Illinois University (SIU) School of Medicine's New Doctors Fair is scheduled for April 20. The fair offers Illinois hospitals the chance to discuss their practice opportunities

with family practice residents at SIU School of Medicine.

✓ **OSF Healthcare System**, Peoria, has acquired Community Medical Center of Western Illinois, Monmouth, a change that was approved by the Health Facilities Planning Board in March. The Center, which has changed its name to **OSF Holy Family Medical Center**, includes a critical access hospital, several clinics, and an extended care facility.

✓ The first collaborative meeting of IHA and the Illinois Critical Access Network was held April 10 in Springfield. With more than 100 participants from small and rural hospitals, the Patient Safety Education Program covered hospital/library collaboration efforts, IHA's 2005 Patient Safety Collaborative on Medication Reconciliation, a legislative update from IHA staff, and a fall-prevention program.

✓ CEOs, CNEs, VPs of HR, and HR Directors attended IHA's April 11 conference: "Attracting and Retaining the Best: What it Takes to Strengthen Your Workforce for the Future." The day-long event featured Catherine Sewell, Executive Director of the American Society for Healthcare Human Resources Administration, who discussed emerging health care workforce trends. Michael Tatelbame from the **University of Chicago Medical Center** presented strategies to prevent employee turnover. Len Carter from **FHN Memorial Hospital**, Freeport, offered an innovative model for leadership development, and Connie Merritt presented techniques for employee retention and recruitment.

✓ If you haven't yet registered for the IHA events at the AHA meeting in Washington, May 6-9, you can still do so. For information, contact Barb Filliung at 630-276-5482 or bfilliung@ihastaff.org.