



## the Reporter

July 1, 2011

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#### **Governor Cuts Medicaid in FY2012 State Budget**

Governor Quinn Thursday night signed the FY2012 state budget into law but cut Medicaid funding to hospitals. Using a reduction veto, Quinn cut Medicaid reimbursements to hospitals by \$276 million.

During the legislative session, IHA and the hospital community persuaded legislators to oppose the cutting of Medicaid rates to hospitals and to oppose giving the Administration unilateral authority to cut rates. So the Governor's cut will have the effect of pushing Medicaid bills into FY2013, further extending the payment cycle.

IHA strongly opposes the Governor's Medicaid funding cut and will

[www.ihatoday.org](http://www.ihatoday.org)

### IHA Memos & Alerts

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### Calendar of Events

July 12-13: [TeamSTEPPS Train-the-Trainer Session](#), IHA Naperville

July 14: [Do You Have a Mobile Marketing Strategy Yet?](#) Free webinar offered by the Illinois Society for Healthcare Marketing & Public Relations

July 18-19: [TeamSTEPPS Train-the-Trainer Session](#), Resurrection Medical Center

push for an override of the cut when the General Assembly returns to Springfield for its annual Veto Session in October. The cut can be reversed by a simple majority vote. IHA will be working actively over the summer to reach out to legislators to lay the groundwork for overriding the cut in the Veto Session. Members are urged to talk to their legislators as well.

In approving the state budget last night, the Governor also reduced school transportation spending by \$89 million and funding for regional school superintendent offices by \$11 million.

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## **U.S. Senate Cancels Recess; Medicare/Medicaid Still at Risk**

The U.S. Senate cancelled its scheduled recess for the week of July 4 to stay in session and work on legislation to address the federal deficit and raise the debt ceiling. All of the deficit reduction proposals being considered by the Congress and the White House include reductions in entitlement spending, including Medicare and Medicaid. Together, Medicare and Medicaid comprise more than 20% of the Federal budget.

Senators Joe Lieberman (I-CT) and Tom Coburn (R-OK) this week [proposed](#) cutting more than \$600 billion from Medicare over 10 years by increasing Part B premiums; increasing cost-sharing for Medigap coverage; raising the Medicare eligibility age to 67; reducing Medicare fraud and abuse; phasing out bad debt reimbursements to hospitals for unpaid Medicare bills; and adjusting home health care payments.

A separate proposal unveiled last week, the [Commitment to American Prosperity \(CAP\) Act](#), would limit federal spending to 21% of the country's gross domestic product (currently at 24.7%) and make automatic cuts to federal programs if projections show spending will exceed the cap in any year. According to an [analysis](#), the CAP Act would cut \$4.2 trillion from federal spending between 2013 and 2021, \$859 billion in Medicare and \$575 billion in federal Medicaid payments to states. Hospitals would face payment reductions of more than \$700 billion, and 5.1 million individuals could lose their health insurance.

A [Families USA report](#) released this week describes the economic impact of proposed Medicaid cuts based on the U.S. House budget plan. For Illinois, the report estimates a 5% Medicaid cut in 2013 would mean the loss of 9,280 jobs, \$493 million in health care funding and \$1.19 billion in business activity; the cumulative 10-year impact of a 33% Medicaid cut on Illinois would be the loss of more than

July 21: [How to Recruit and Retain Physicians in a Rural Market](#)

July 26: [Revenue Cycle Update: Don't Get Derailed](#)

July 28: [Chargemaster Tune-Up: Don't Leave \\$ on the Table](#)

### **Register Now**

2011 IHA Leadership Summit  
- *Illinois Health Care Leaders:  
Shaping the Future of Health  
Care*

[Informational brochure](#)  
[Register online](#)

[2011 Calendar of Events](#)

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61,000 jobs, \$3.25 billion in health care funding and \$7.83 billion in business activity.

Hospital leaders have the opportunity to voice their opposition to federal Medicare and Medicaid cuts at AHA's special Hospital Advocacy Days in Washington, D.C., on July 12-13. For more information, contact [Kim Parker](#) in IHA's Washington office at 202-624-7880. The AHA-led Coalition to Protect America's Health Care this week launched a national advertising campaign in targeted areas (including Peoria) about the impact of further federal funding cuts to hospitals. [Click here](#) to see the TV and print ads.

IHA urges members to continue contacting their members of Congress to oppose cuts to Medicaid and Medicare, the block grant approach for Medicaid, caps and triggers that would require health care cuts, and the phasing out of provider taxes. [Click here](#) to send an email message.

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### **HFS Hospital Validation of Cost Webinar**

Members received an [IHA memo](#) Thursday strongly encouraging them to participate in the Illinois Dept. of Healthcare and Family Services (HFS) hospital validation of cost webinar on July 6. Participating in the webinar is your opportunity to make sure you agree with the mapping of revenue codes to your hospital's specific cost centers. If hospitals do not validate their specific hospital cost information, HFS will assume it is correct.

To participate, visit the [Hospital Validation of Cost Information Webinar](#) page (time: 1:00 pm CDT, meeting number: 594 963 028, meeting password: IHA). Use the following dial-in information to join the conference call: Dial-in #: 877-356-3926, Conference ID: 79222400.

For questions on how to join this meeting, contact the [HFS Webmaster](#). For other questions or comments, contact [Jo Ann Spoor](#) at 217-541-1187.

To help communicate about rate reform and other Medicaid and All Kids program changes, HFS has launched an [e-newsletter](#). Providers can [click here](#) to sign up to receive periodic HFS communications.

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### **U.S. Reps Seek CMS Re-evaluation of IPPS Coding Cuts**

U.S. Reps. Pete Sessions (R-TX) and Joe Crowley (D-NY) are asking

their House colleagues to sign a letter urging CMS to re-evaluate its proposed FY2012 Inpatient Prospective Payment System (IPPS) rule regarding coding offsets. The rule includes a proposed 3.15% cut to hospital payments in FY2012 that would cost hospitals an estimated \$3.2 billion nationally and \$159 million in Illinois, as well as continue a past cut of 2.9%. These cuts would come on top of payment reductions to hospitals included in the health care reform law (\$8 billion to Illinois hospitals).

Members are urged to contact their Representatives and ask him/her to sign the Session/Crowley "Dear Colleague" letter urging CMS to re-evaluate the coding offsets in its FY2012 proposed IPPS rule. [Click here](#) to send an e-mail message.

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### **Federal Appeals Court Upholds Health Reform Law**

The U.S. Court of Appeals for the 6th Circuit, based in Cincinnati, has ruled that Congress had the power to require Americans to buy insurance or face a fine in upholding the health care reform law under the Commerce Clause of the U.S. Constitution. The ruling was the first by an appeals court regarding the Affordable Care Act. Similar challenges are pending in other circuit courts.

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### **Hospitals May Apply for Exception to the Perinatal Code**

The Illinois Dept. of Public Health (IDPH) reminds hospitals seeking to apply for an exception to any provision of the Perinatal Code may do so by following the procedure at Section [640.85 \(b\)](#) of the rules. IDPH made the statement June 28 in response to questions about implementation of the new Perinatal Code. If the hospital and its Administrative Perinatal Center (APC) agree on the proposed exception, a proposed letter of agreement shall be submitted to the Department for review and approval. This is the only document required under 640.85 (b). Exceptions must be approved by the IDPH Director.

Each hospital applying for an exception is encouraged to provide a detailed explanation of the reason(s) for the exception and how the care of infants will not be adversely impacted in the proposed letter of agreement. In considering the request for an exception, the IDPH Director must be assured the APC is in agreement with the exception request. Requests for an exception should be emailed to Tom Schafer, IDPH Deputy Director of Health Promotion, at [tom.schafer@illinois.gov](mailto:tom.schafer@illinois.gov) or faxed to 217-782-1321. For further

information, contact [Barb Haller](#) at 630-276-5474.

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### **Streamlined Telemedicine Rule Adopted**

The Centers for Medicare & Medicaid Services (CMS) has issued a [final rule](#) that provides hospitals with a more convenient option for credentialing and privileging physicians and other health care practitioners providing telemedicine services. The new rule amends the Conditions of Participation for Hospitals and Critical Access Hospitals (CAHs) and is effective July 5, 2011.

Based on comments received from IHA and others, the final rule allows hospitals to rely on the credentialing and privileging decisions not only of Medicare participating hospitals but also nonhospital “telemedicine entities,” for example, a physician practice or imaging center providing services such as tele-radiology and tele-ICU.

Hospitals may wish to consider using the exact language of the rule, especially where specific sections are referenced, in structuring their letters to be compliant with the new rules.

See [IHA’s memo](#) summarizing details of the final rule. Contact [Barb Haller](#) at 630-276-5474 for more information.

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### **RWJF Launches Doctor, Hospital Reports Website**

The Robert Wood Johnson Foundation (RWJF) has launched a comprehensive online state-by-state [directory](#) of health care reports for consumers to access information regarding the quality of services provided by physicians and hospitals in their communities. The website features an interactive U.S. map that directly links to publicly available reports and quality websites when a state is selected.

IHA’s [Illinois Hospitals Caring for You](#) website is one of five sites listed for Illinois. Databases that were not considered objective or required a fee for participation were excluded.

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### **Leadership Summit Brochures Being Mailed**

Members will soon be receiving the brochure for this year’s IHA Leadership Summit at The Westin Lombard Sept. 20-21. [Illinois](#)

[Health Care Leaders: Shaping the Future of Health Care](#) is a wonderful opportunity for CEOs, board members, trustees and physician leaders to gain insight into a variety of health care-related issues. IHA is authorized to offer both American College of Healthcare Executives and Nursing Home Administrator Continuing Education Credits. Refer to the brochure for specific details. [Click here](#) to register online.

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## **Nominations for IHA Awards Due July 22**

The IHA Nominating Committee is seeking recommendations to honor individuals who have made outstanding contributions to IHA, the health care delivery system and the welfare of Illinois communities. The nomination process and criteria required for the Excellence in Service Award, Excellence in Public Service Award and Distinguished Service Award are detailed in a [memo](#) to members.

Nominations are due July 22 to [Nancy Woodcock](#) via email or fax to 630-276-5476. The awards will be presented at IHA's Leadership Summit on Sept. 20.

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## **Briefly Noted**

- IHA offices will be closed on Monday, July 4, in observance of Independence Day.
- The Illinois Dept. of Healthcare and Family Services announced that effective July 1, 2011 the [income limit on the All Kids program](#) is 300% of the Federal Poverty Level. In addition, All Kids will no longer approve new Premium Level 3 – 8 cases after June 30, 2011. Children already active on these cases on July 1, 2011 may remain covered until July 1, 2012, as long as they continue to meet all other eligibility requirements. A [second notice](#) outlines billing changes for provider identification and the new errors associated with these billing requirements.
- Gov. Quinn earlier this week signed the Workers' Compensation legislation, **HB1698**, into law.
- The Illinois Compensation Trust's (ICT) Annual Symposium held May 5-6 in Springfield addressed workers' compensation reform, OSHA regulations and employee health and wellness. ICT is a part of IHA Business Solutions, an Illinois Hospital Association company. To view highlights, [click here](#).
- AHA has named **Northwestern Memorial Hospital**, Chicago, one of five national [AHA NOVA Award](#) winners for its diabetes

collaborative that showcases an educationally based, holistic approach to managing diabetes. This five-year comprehensive program leverages evidenced-based care and Chronic Care Teams to create multimedia tools, such as culturally-sensitive educational videos and bilingual print materials that teach adult patients how to better manage Type 2 diabetes.

- Photos from IHA's recent Small & Rural Annual Meeting are available by [clicking here](#). To view Jeff Bauer's presentation on "Health Reform Transition: What Hospital Boards Need to Know," [click here](#).
- Jose R. Sanchez, President and CEO, **Norwegian American Hospital**, Chicago, was recognized by the U.S. House of Representatives on June 20 for his work in health care, particularly for his strong commitment to closing the health care disparity among minorities.
- To help providers comply with the American Disabilities Act (ADA) access requirements, the Dept. of Justice's Civil Rights Division has published [\*Access To Medical Care For Individuals With Mobility Disabilities\*](#). It includes ADA requirements and illustrations of accessible facilities, exam rooms and equipment.
- The Association of Staff Physician Recruiters will hold its [2011 educational conference](#) at the Marriott Chicago Downtown Aug. 14-17. Sessions will focus on strategies to recruit and retain physicians in today's highly competitive market. For more information, contact [Jennifer Metivier](#).

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