

ADVANCING HEALTH IN ILLINOIS



**2017 Federal
Advocacy Agenda**

115th Congress
First Session

The Illinois Health and Hospital Association is committed to developing sound healthcare public policy solutions that will broaden healthcare access, make healthcare more affordable and improve the quality of care to all Illinoisans.

Just as IHA is the trusted resource and partner to our members, we are also a trusted resource and partner to government leaders.

Our 2017 Federal Advocacy Agenda focuses on the following five principles:

- 1 Promote Quality and Patient Safety** 5
Quality reporting must be streamlined and prioritized, the flawed Hospital Compare star ratings must be suspended, and a performance reporting option must be developed for hospital-aligned physicians to fulfill Medicare Access and CHIP Reauthorization Act requirements.

- 2 Ensure Access to Care and Coverage** 6
The Affordable Care Act should not be repealed without an adequate, affordable, meaningful replacement. Without an adequate replacement plan, Medicare and Medicaid funding cuts to Illinois hospitals must be repealed. Protect Medicaid and Medicare from harmful reforms and drastic cuts.

- 3 Reduce Regulatory Burden** 8
Regulatory burdens must be reduced for site-neutral payment policies, recovery audit contracts, small and rural hospitals, and teaching hospitals so Illinois hospitals and health systems have the flexibility to best meet the needs of their communities.

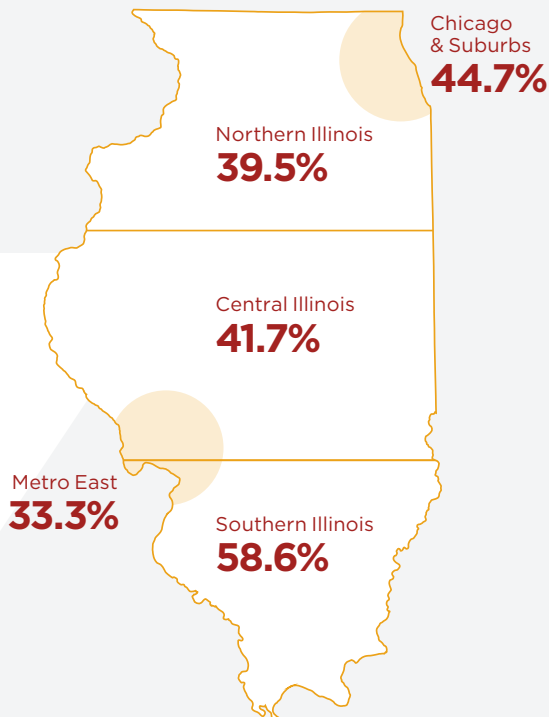
- 4 Advance Health System Transformation and Innovation** 9
Bundled payment models should be voluntary, not mandatory; telehealth services should be expanded, especially in rural communities; and impediments to the integration of behavioral and physical health should be removed.

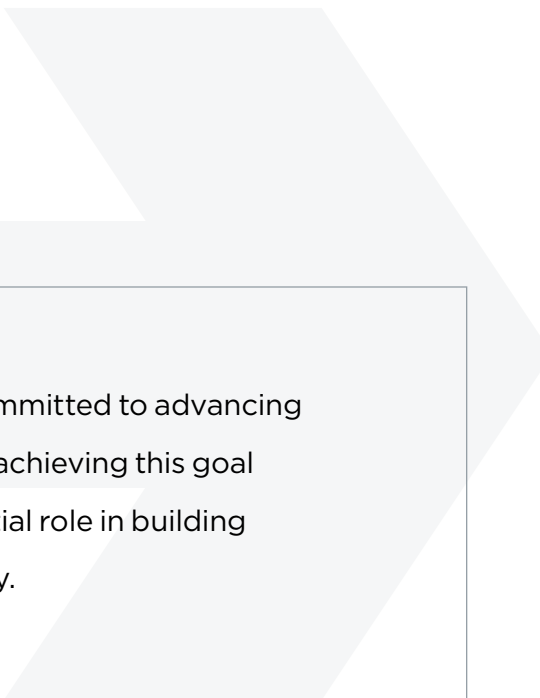
- 5 Enhance Affordability and Value** 10
Medical liability reform is critical to ensuring affordability; greater competition in the pharmaceutical market is needed; access to the 340B Drug Pricing Program must be protected; and health insurance company mergers need enhanced oversight to prevent price increases.

What's at Stake?

With **41%** of Illinois hospitals already operating on slim or negative margins, Illinois healthcare providers face enormous operational and financial challenges. Despite these challenges, Illinois hospitals are diligently moving ahead in the transformation of the Illinois healthcare delivery system to reduce costs and improve outcomes.

OPERATING ON SLIM OR NEGATIVE MARGINS






The Illinois Health and Hospital Association is committed to advancing healthcare for all individuals in Illinois. Critical to achieving this goal is the viability of our hospitals that play an essential role in building healthy communities and a strong state economy.

WE ASK THAT CONGRESS:

- ▶ Not make healthcare system reform decisions solely based on budget constraints, but also consider both the investments in transformational progress that Illinois hospitals are making and the potentially devastating effects on access to healthcare services that reduced funding would have on Illinois residents.
- ▶ Maintain access to care as a high priority while also fostering an environment that allows Illinois hospitals and health systems to continue to embrace the work of healthcare transformation. This will require sustainable funding, reduced regulatory burden and an equitable share of federal Medicaid funding to Illinois.

IHA looks forward to continuing to work closely with the Illinois Congressional Delegation and state leaders to strengthen the healthcare delivery system for all Illinoisans.



About Illinois Hospitals and Health Systems

Highlights

223 Hospitals, including:

- ▶ **58** Teaching Hospitals
- ▶ **51** Critical Access Hospitals
- ▶ **38** Safety Net Hospitals

34,027
Staffed Beds

1.5 MILLION
Inpatient Admissions

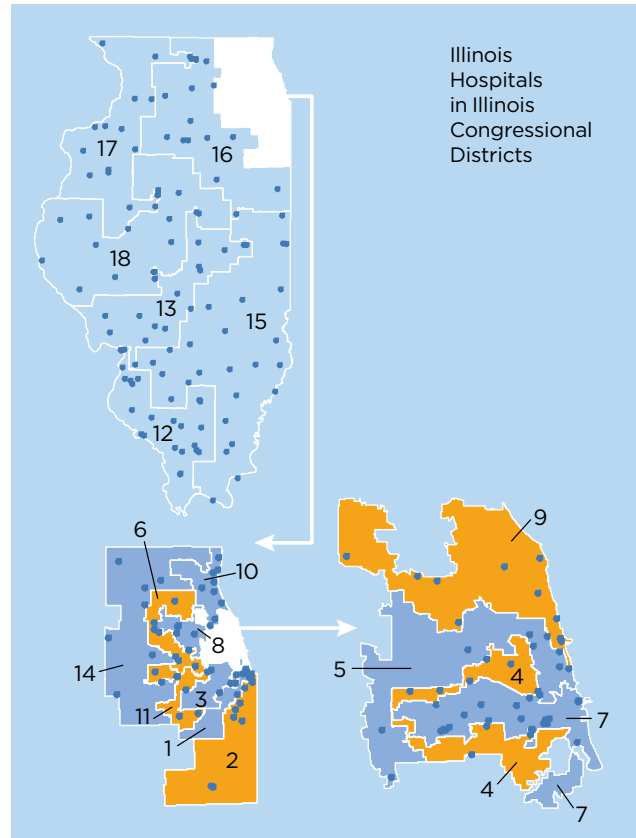
38 MILLION
Total Outpatient Visits

Economic Impact

These **223** hospitals provide:

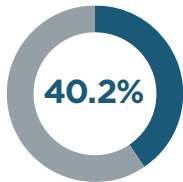
\$88.8 BILLION
Total Economic Impact (Direct and Indirect)

492,823
Total Jobs Impact (Direct and Indirect)

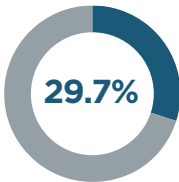


Medicare

% of Inpatient Admissions



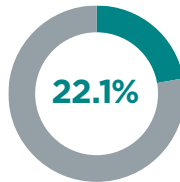
% of Outpatient Visits



2.1 MILLION
Medicare Beneficiaries (3/1/15)

Medicaid

% of Inpatient Admissions

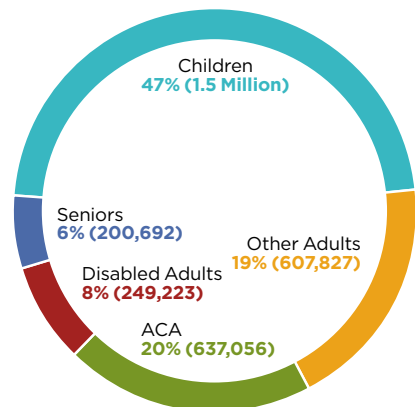


% of Outpatient Visits



3.2 MILLION
Medicaid Beneficiaries

Medicaid Beneficiaries



20% (637,056) ACA vs. **80%** (2.5 Million) non-ACA

Source: IHA analysis based on the following reports:

- IDPH Annual Hospital Questionnaire, 2015
- IHA Economic Impact Study, 2016
- CMS Congressional District Report, 2015
- IL Department of Healthcare & Family Services, 2016 enrollment figures

1 Promote Quality and Patient Safety

Improvements in quality and patient safety are accelerating across our state, but Illinois providers are stymied by an ever-increasing number of quality reporting requirements, many of which are overlapping, conflicting and fail to focus on actual opportunities to improve care. In addition, we need to ensure hospitals have the workforce and health information technology (HIT) infrastructure to best support care delivery.

ILLINOIS HOSPITALS:
SAVING LIVES. SAVING DOLLARS.

**12.1%
REDUCTION**
in readmission rates in Illinois
hospitals from 2010 to 2015

3RD
LARGEST DECLINE
NATIONWIDE

Source: Centers for Medicare & Medicaid Services, 9/14/16

ACTION REQUESTED:

- ▶ **SIMPLIFY QUALITY REPORTING** to focus on 'measures that matter.'
- ▶ **SUSPEND THE FLAWED HOSPITAL STAR RATINGS** on the Hospital Compare website, as they are inaccurate and provide misleading information.
- ▶ **DEVELOP A PERFORMANCE REPORTING OPTION** that allows hospital-aligned physicians to fulfill the Medicare Access and CHIP Reauthorization Act (MACRA) quality reporting requirements based on hospital measures. This should include clarity around the reporting activity of advanced practice providers.
- ▶ **ADVANCE HIT BY SUPPORTING THE ADOPTION OF INTEROPERABLE ELECTRONIC HEALTH RECORDS**, promoting a more consistent use of IT standards and providing improved testing, certification and transparency about vendor products.
- ▶ **REJECT REDUCTIONS IN MEDICARE FUNDING FOR GRADUATE MEDICAL EDUCATION** to ensure we have the workforce necessary to provide high quality, safe care to patients.

2 Ensure Access to Care and Coverage

Access to health insurance is critical for a healthier, more productive Illinois. The Affordable Care Act (ACA), while in need of improvements, has provided insurance coverage to more than 20 million previously uninsured individuals, including more than one million Illinoisans.

We urge Congress to take measures to ensure access to affordable healthcare services.

ACTION REQUESTED:

- ▶ **THERE SHOULD BE NO REPEAL** without adequate, affordable, meaningful, and simultaneous replacement to ensure access and coverage to 20 million previously uninsured Americans and one million Illinoisans.
- ▶ If there is no adequate and simultaneous replacement, then **CONGRESS SHOULD ALSO REPEAL THE MEDICARE AND MEDICAID CUTS** to Illinois hospitals that were included in the ACA to fund coverage expansion. Illinois hospitals have already experienced over \$1.7 billion in Medicare payment cuts to help pay for ACA coverage. For 2017-2026, these hospital cuts will approximate another more than \$10 billion.

IF ACA IS REPEALED WITHOUT MEANINGFUL REPLACEMENT

ONE MILLION

previously uninsured Illinoisans could lose coverage

650K
Medicaid
Expansion

350K
Health Insurance
Exchange

\$11.6–13.1 BILLION

LOST annual Illinois economic activity

84,000 – 95,000
LOST Illinois jobs

Source: IHA analysis based on 2016 enrollment from HFS and HHS, rate information from HFS and ASPE Office of Health Policy Research, Regional Input-Output Modeling System II (RIMS II), U.S. Bureau of Economic Analysis (BEA).

2 Ensure Access to Care and Coverage CONTINUED

MEDICAID RESTRUCTURING

Illinois is not well positioned or able to absorb the costs that would be shifted to the states as a result of the federal government capping its commitment to fund Medicaid. Per capita caps or block grants would lock Illinois into low and insufficient federal funding levels, putting the state at a competitive disadvantage compared to other states for years to come.

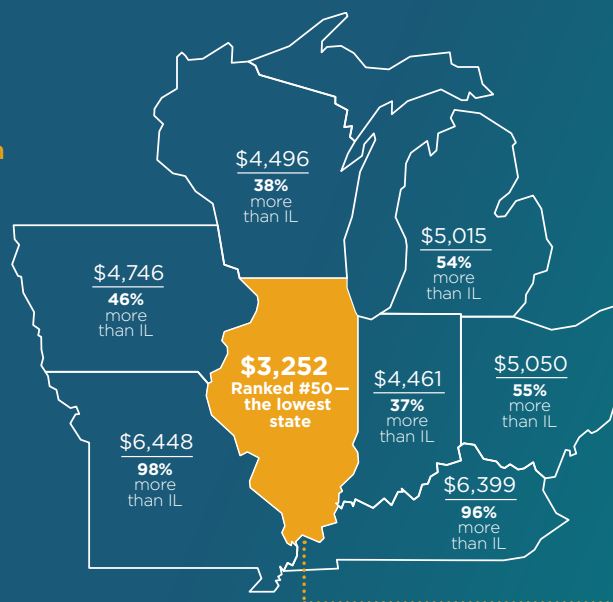
ACTION REQUESTED:

- ▶ **ILLINOIS CANNOT SUSTAIN FURTHER MEDICAID AND MEDICARE FUNDING REDUCTIONS WITHOUT IMPACTING PATIENT CARE.**
- ▶ We ask that any proposed changes **NOT PERPETUATE OR EXACERBATE THE CURRENT FEDERAL UNDERFUNDING** of the Illinois Medicaid program.
- ▶ **PROTECT MEDICAID AND MEDICARE** programs from drastic cuts and harmful reforms that impact ALL patients' access to healthcare.

ILLINOIS IS GETTING SHORTCHANGED

Federal Contribution Per Medicaid Beneficiary | 2015

- ▶ Illinois receives **LESS** Federal Funds per Medicaid Beneficiary than **ANY** other state in the U.S.
- ▶ Illinois has **ONE OF THE LOWEST** Medicaid matching rates in the country



U.S. Rank (higher is better)

- #2 MISSOURI*
- #3 KENTUCKY
- #17 OHIO
- #18 MICHIGAN
- #21 NEW YORK (\$4,904)
- #23 IOWA
- #26 PENNSYLVANIA (\$4,687)
- ▶ NATIONAL AVERAGE \$4,578
- #29 WISCONSIN*
- #31 INDIANA
- #33 TEXAS (\$4,437)*
- #35 CALIFORNIA (\$4,397)
- #48 FLORIDA (\$3,629)*
- ▶ **#50 ILLINOIS**

Source: Federal CMS-64 reports and enrollment per Kaiser Family Foundation

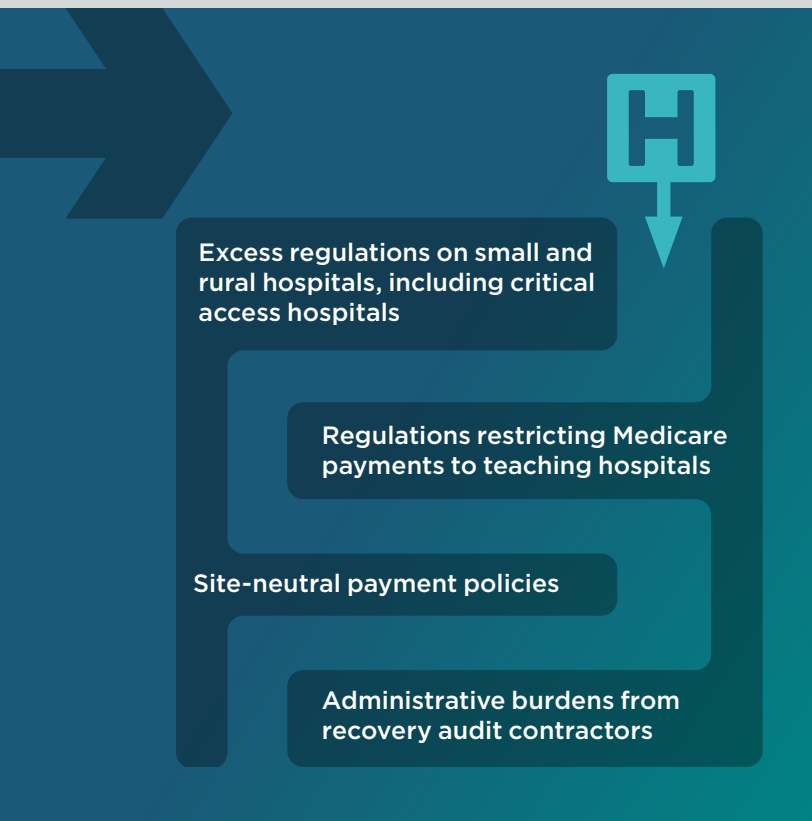
3 Reduce Regulatory Burden

Facing an environment of diminishing financial resources, Illinois hospitals continue to be burdened by regulations that are in many instances duplicative, archaic or even conflicting. The investment of time and resources that hospitals make to simply “keep up” with these regulations serves to drain time and manpower resources that could be better utilized on direct patient care.

The regulatory burdens faced by Illinois hospitals and health systems are substantial and unsustainable.

ACTION REQUESTED:

- ▶ **REDUCE REGULATORY BURDENS**, including:
 - Site-neutral payment policies
 - Increased administrative burdens from recovery audit contractors
 - Excess regulations on small and rural hospitals, including critical access hospitals
 - Excess regulations restricting Medicare payments to teaching hospitals that may result in a decreased number of hospital-based, medical education programs.
- ▶ **REDUCE CURRENT FEDERAL REGULATORY BURDENS** and give Illinois hospitals and health systems the flexibility and discretion to do what’s best for their communities.



4 Advance Health System Transformation and Innovation

Illinois hospitals have been at the forefront of innovative new payment and care delivery models, including Accountable Care Organizations (ACOs) and bundled payments. We believe it is critically important that the healthcare sector continue to transform, providing greater value for its services, as these new models—which require significant upfront investment—hold the greatest promise to improve patient satisfaction, care coordination and quality while achieving cost savings.

ACTION REQUESTED:

- ▶ Advocate for legislative solutions that **ADVANCE TRANSFORMATION AND NEW PAYMENT MODELS**.
- ▶ Oppose **MANDATORY** bundled payment models, but **SUPPORT THEM ON A VOLUNTARY BASIS** and advocate for improvements and reasonable timelines for these models.
- ▶ **EXPAND COVERAGE OF TELEHEALTH SERVICES**, especially in rural communities, to strengthen access to provider networks and contribute to timely care in the most appropriate setting.
- ▶ **SUPPORT SOLUTIONS THAT IMPROVE THE INTEGRATION OF BEHAVIORAL AND PHYSICAL HEALTH**, removing impediments that prevent care coordination and integration.

75%
**OF ILLINOIS
HOSPITALS (156)**
are engaged in innovative
healthcare delivery models.



Source: IHA member database

5 Enhance Affordability and Value

Illinois hospitals are working diligently to make healthcare more affordable by improving performance, adopting new payment and delivery models, enhancing quality, and advancing health information technology.

ACTION REQUESTED:

- ▶ Support legislation to help improve **QUALITY AND PERFORMANCE.**
- ▶ Support **MEDICAL LIABILITY REFORM.**
- ▶ Support efforts to bring **MORE COMPETITION TO THE PHARMACEUTICAL MARKET** and lower the cost of prescription drugs.
- ▶ **PROTECT ACCESS TO THE 340B DRUG PRICING PROGRAM.**
- ▶ **ENHANCE OVERSIGHT OF HEALTH INSURANCE COMPANY MERGERS** to prevent adverse impact on healthcare affordability and value.

IHA'S INSTITUTE FOR INNOVATIONS IN CARE AND QUALITY

—a strategic center within IHA committed to advancing Illinois as a patient-centered, national model for high-value healthcare, and its Midwest Alliance for Patient Safety, a certified Patient Safety Organization—

is devoted to assisting Illinois hospitals in performance improvement, quality and patient safety, and healthcare innovation.

team-iha.org

CHICAGO OFFICE

222 South Riverside Plaza
Suite 1900
Chicago, IL 60606
312.906.6000

NAPERVILLE OFFICE

1151 East Warrenville Road
PO Box 3015
Naperville, Illinois 60566
630.276.5400

SPRINGFIELD OFFICE

700 South 2nd Street
Springfield, Illinois 62704
217.541.1150

WASHINGTON, DC OFFICE

400 North Capitol Street, NW
Suite 585
Washington D.C. 20001
202.624.7899
