



# ADVANCING HEALTH IN ILLINOIS





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.





## Position Summary

### **Ensure Adequate Funding for Healthcare** ..... 3

Hospital and Medicaid funding should not be reduced, and payments to hospitals must be adequate and timely.

### **Preserve Federal Funding for the State** ..... 4

Hospital Assessment Program funding must be preserved to ensure access to care and stimulate the state’s economy.

### **Ensure Access to Care and Critical Services** ..... 5

Tax exemption for non-profit hospitals must be retained and the tax credit for investor-owned hospitals must be renewed in order to ensure access to care and critical services.

### **Promote MCO Transparency, Care Coordination and Performance** ..... 6

The state must hold Medicaid Managed Care Organizations accountable for their performance, improve oversight and reduce administrative burdens on hospitals.

### **Protect Injured Illinois Workers** ..... 7

The Workers’ Compensation Medical Fee Schedule should not be cut, medical payments should not be linked to Medicare and any proposed changes must address non-financial, provider protections.



## Letter from the President & CEO

As we follow the national conversation about how best to ensure health coverage and access to care, and the roles of the states and federal government, we have shaped our 2017 State Advocacy Agenda around five central issues:

- ▶ Ensure adequate funding from the state;
- ▶ Preserve federal funding for the state;
- ▶ Ensure access to care and critical services;
- ▶ Promote transparency in Medicaid Managed Care Organizations, care coordination and performance; and
- ▶ Protect injured Illinois workers.

These issues will guide our advocacy efforts with state legislators, the governor and executive office leaders, and others. We are also fully engaged at the federal level and actively advocating on behalf of hospitals, patients and Illinois on issues such as the proposed repeal of the Affordable Care Act and the potential move toward Medicaid block grants or per capita caps.

While there is considerable uncertainty about the impact of the state's budget impasse and policy changes at the federal level, one thing is for sure: IHA has you covered. Please join us for our key 2017 Advocacy events in Springfield as we work together to advance health in Illinois:

- ▶ **IHA Quality Advocacy Showcase—**  
April 5 at the State Capitol
- ▶ **IHA Hospital/Health System Advocacy Day—**  
April 6 at the State Capitol

### A.J. Wilhelmi

President and CEO  
Illinois Health and Hospital Association



# 1 Ensure Adequate Funding for Healthcare

A stable and properly funded state budget is needed to ensure access to high-quality healthcare for Illinoisans, especially for Medicaid beneficiaries and state employees whose health coverage comes from the state. Yet Illinois remains without a fully funded state budget.

In 2015, IHA helped secure court orders that require the state to make Medicaid payments despite the budget impasse. Payments have been delayed, though, due to competing spending priorities and insufficient revenue.

Illinois receives  
**LESS**  
Federal funding per Medicaid beneficiary than  
**ANY OTHER STATE**

Illinois has one of the  
**LOWEST FEDERAL MATCHING RATES**  
**51.3%**  
(compared with the highest of 74.6% for Mississippi)

## ILLINOIS' MEDICAID PROGRAM CANNOT SUSTAIN FURTHER CUTS

IL ranks  
**49<sup>TH</sup>**  
**IN MEDICAID SPENDING**  
per beneficiary

## IHA Position:

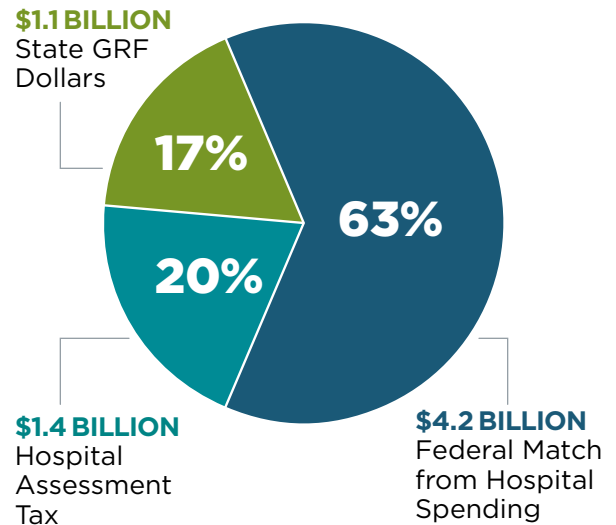
- ▶ Illinois should not reduce hospital funding, which would impede efforts of the hospital community to develop innovative and cost-effective strategies to better serve patients and communities.
- ▶ Hospital payments must be adequate and timely.
- ▶ Illinois' Medicaid program cannot sustain additional funding cuts.

## 2 Preserve Federal Funding for the State

For over a decade, Illinois hospitals have collaborated with the state to ensure Medicaid beneficiaries have access to hospital and other healthcare services. The hospital community agreed to pay the state an assessment to attract federal Medicaid matching funds. The Hospital Assessment Program is a creative collaboration that has made Illinois hospitals critical to financing the state's Medicaid program.

Illinois hospitals continue to help the state maximize federal revenue at no cost to Illinois taxpayers.

**83%** of Illinois Medicaid Payments to Hospitals are from Non-State Sources



**IMPACT:**  
**ONLY 17¢ OF EVERY \$1**  
in Medicaid hospital services come from State General Revenue Funds

### IHA Position:

- ▶ Federal funding from the Hospital Assessment Program is critical to preserving access to healthcare throughout Illinois and stimulating the state's economy through job creation and spending.

# 3 Ensure Access to Care and Critical Services

**Tax exemption** for Illinois' non-profit hospitals and a **tax credit** for investor-owned hospitals are two important, effective fiscal policies that help ensure access to healthcare for low-income Illinoisans. These policies could be in jeopardy. Tax exemption legislation for non-profit hospitals passed in 2012 but has been challenged in the courts. The driving issue behind re-examining tax exemption a decade ago has been resolved. In addition, a tax credit for investor-owned hospitals also passed in 2012 and sunsets in June 2017.

More than

**40%**

of Illinois hospitals operate on

**NEGATIVE OR SLIM MARGINS (LESS THAN 2%)**

Illinois hospitals provided nearly

**\$800**  
**MILLION**

in charity care alone (in 2015, measured at cost)

## IHA Position:

- ▶ The state must retain statutory language enacted in 2012 that established a fair and reasonable test for tax exemption for non-profit hospitals that provide a significant amount of the state's charity care.
- ▶ Legislators must renew the tax credit for investor-owned hospitals to support the efforts of these hospitals to provide much-needed healthcare services to low-income and vulnerable communities.

# 4 Promote MCO Transparency, Care Coordination and Performance

Medicaid Managed Care Organization (MCO) performance is more transparent thanks to legislation requiring the Department of Healthcare and Family Services (HFS) to publish MCO quality and administrative performance data, but much work remains. Future reporting initiatives should focus on:

- ▶ Solvency oversight;
- ▶ Network adequacy; and
- ▶ Impact of MCOs on outcomes.

MCO performance in care coordination is below providers' expectations, limiting MCO partnerships with providers to coordinate care. Providers are performing care coordination activities with limited or no support from MCOs, while being subjected to additional MCO barriers.

## IHA MCO SURVEY— GOOD PARTNER TO THE STATE



HFS has asked IHA to survey members about the quality of MCO performance across several metrics (claims, payment timeliness, credentialing timeliness, etc.).

## DATA COLLECTED FROM IHA'S SURVEY WILL HELP HFS:

- 1 ENHANCE OVERSIGHT OF MCO PERFORMANCE**
- 2 IDENTIFY AREAS WHERE MCOs CAN IMPROVE**

## IHA Position:

- ▶ The state needs to enhance efforts to hold MCOs accountable for their performance.
- ▶ IHA will work with HFS to improve oversight of MCOs and will work with the MCOs to reduce administrative burdens placed on hospitals.
- ▶ Plans have an opportunity for significant improvement to provide assistance in helping transfer patients to other care settings in a timely manner or helping patients secure physician appointments.



# 5 Protect Injured Illinois Workers

Drastic changes to the Workers' Compensation Medical Fee Schedule could have significant unintended negative consequences for injured workers, hospitals, doctors and businesses, including reducing access to care for injured workers.

Proposals to change the fee schedule center on:

- ▶ Across-the-board cuts; or
- ▶ Linking it to the Medicare fee schedule.

## 2011 WORKERS' COMP REFORMS

Hospitals absorbed a

**30%  
REDUCTION**  
in the medical fee schedule

Since the 2011 reforms, the National Council on Compensation Insurance (NCCI) reduced its recommended costs for workers' compensation insurance by

**28.7%**  
Insurers base their premium rates on NCCI's recommendation.

This

**28.7%  
REDUCTION**  
has not yet been fully passed on to employers.

## IHA Position:

- ▶ Cuts to workers' compensation medical payments cannot be looked at in isolation since hospitals are facing several other financial pressures.
- ▶ Access to care will suffer, leading to delays in treatment and increased costs to employers.
- ▶ Any legislative changes proposed should address non-financial, provider protections such as enforcement of interest payments and a mechanism to contest incorrect payments and denials.
- ▶ Linking workers' compensation medical payments to Medicare is just a different way of implementing a fee schedule cut. It would introduce even greater uncertainty by imposing future Medicare payment cuts due to federal budget considerations onto Illinois providers treating injured workers.