

June 8, 2022

[Sent electronically]

Dear Member of the Illinois Congressional Delegation:

On behalf of our more than 200 member hospitals and nearly 40 health systems, the Illinois Health and Hospital Association (IHA) requests your support for our state's hospitals and health systems as they grapple with unprecedented financial challenges and do everything within their power to ensure patients continue to have access to quality healthcare services in their local communities.

While we are grateful for the federal support provided to date, the financial toll of the ongoing pandemic, supply chain disruptions, workforce shortages, inflation and other factors far outpace the lifeline of resources provided. The cumulative financial pressures of the past two years have already caused some hospitals to reduce service lines, and several other member hospitals tell us they are also considering service reductions.

A January 2022 analysis by Kaufmann Hall reports a 20% increase in hospital expenses per patient from 2019 to 2021.¹ This includes a 37% increase in per patient costs for drugs, a 20% increase for labor, and 21% increase for supplies compared to pre-pandemic levels. We validate that Illinois hospitals' experiences are consistent with these findings.

Hospitals cannot simply increase their prices to offset rising costs and reductions in revenues. The majority of inpatient utilization in Illinois hospitals involves Medicare and Medicaid, which provide fixed payments and reimburse less than the cost of providing care. In Illinois, 94% of hospitals have 50% or more inpatient days paid by Medicare or Medicaid, and 77% have 67% more.²

To ensure Illinois hospitals can continue to provide essential care to patients and communities, IHA requests Congress take the following actions:

Prevent Medicare sequester cuts

Reverse 2% Medicare sequester cuts. IHA requests Congress stop Medicare sequester cuts, which were reinstated at 1% in April, and are scheduled to increase to 2% on July 1. Fully implemented, these Medicare sequester cuts result in reduced payments of approximately \$160 million annually to Illinois hospitals.

¹ https://www.kaufmanhall.com/sites/default/files/2022-01/National-Hospital-Flash-Report_Jan2022.pdf

² <https://www.aha.org/system/files/media/file/2022/05/fact-sheet-majority-hospital-payments-dependent-on-medicare-or-medicaid-congress-continues-to-cut-hospital-reimbursements-for-medicare.pdf>

TRUSTEES & OFFICERS

Chair
Ted Rogalski
Genesis Medical Center

Chair-Elect
J.P. Gallagher
NorthShore – Edward-Elmhurst Health

Immediate Past Chair
Vacant

Treasurer
Robert Sehring
OSF HealthCare

Secretary
Keith Parrott
Ascension Illinois

President
A.J. Wilhelmi
Illinois Health and Hospital Association

Steven Airhart
Hartgrove Behavioral Health System and Garfield Park Behavioral Hospital

Diamond W. Boatwright
Hospital Sisters Health System

Jeremy Bradford
SSM Good Samaritan Hospital

Rex Budde
Southern Illinois Healthcare

Katherine Bunting
Fairfield Memorial Hospital

Trina Casner
Pana Community Hospital

Ruth Colby
Silver Cross Hospital

M. Edward Cunningham
Heartland Regional Medical Center

William Dorsey, MD
Jackson Park Hospital and Medical Center

Dean M. Harrison
Northwestern Memorial HealthCare

Omar B. Lateef, DO
Rush University Medical Center

James Leonard, MD
Carle Health

Michael McManus
Memorial Regional Health Services

Israel Rocha Jr.
Cook County Health

José R. Sánchez
Humboldt Park Health

William Santulli
Advocate Aurora Health

David Schreiner
Katherine Shaw Betheda Hospital

Allan M. Spooner
Franciscan Health Olympia Fields

Steven D. Tenhouse
Kirby Medical Center

Shawn P. Vincent
Loyola Medicine

Brenda J. Wolf
La Rabida Children's Hospital

Prevent 4% PAYGO cuts. The *Pay-As-You-Go (PAYGO) Act of 2010* requires that legislation increasing the federal budget deficit be offset by revenue increases or reduced spending in other areas, such as the Medicare program. Unless Congress acts to waive these looming cuts, hospitals face a 4% additional cut to their Medicare payments next year, risking further destabilization to our already strained healthcare system.

Support care transformation

Hospitals and health systems rapidly adjusted care delivery to respond to the pandemic, thanks in part to flexibilities provided through temporary federal waivers. These investments and innovations made by hospitals and clinicians proved meaningful for patients and payers, and we urge lawmakers to incorporate them into the ongoing transition to value-based care. Additionally, many of our member hospitals have long been leaders in the transformation to value-based care by participating in Accountable Care Organizations (ACOs). To ensure these advancements in care transformation and provider investment in value-based care continue, IHA urges Congress take the following actions:

Extend the hospital-at-home program. Through temporary waivers, several Illinois hospitals have either established a hospital-at-home program or are in the process of doing so. These hospitals include Blessing Hospital in Quincy, OSF HealthCare St. Francis, University of Chicago Medical Center, and Northwestern Memorial Hospital. The hospital-at-home program, which allows qualified patients to receive acute care in their homes, has been found in early studies to increase quality, reduce cost, and have high patient satisfaction. We urge Congress to extend this innovative program so that data, best practices, and other information may inform the potential of a more permanent program. IHA supports the ***Hospital Inpatient Services Modernization Act (S. 3792/H.R. 7053)*** to extend this program for two years.

Permanently extend telehealth flexibilities. IHA appreciates that Congress extended telehealth flexibilities for 151 days following the end of the COVID-19 public health emergency. We urge Congress to make these flexibilities permanent to protect access to care for Illinois patients.

Strengthen ACOs. IHA urges Congress to pass the ***Value in Health Care Act (H.R. 4587)***, introduced by Rep. Darin LaHood (IL-18), which would remove barriers to participation in ACOs and alternative payment models. Specifically, the bill would provide appropriate shared savings rates, modify risk adjustment methodologies, improve the fairness and accuracy of benchmarks, and provide educational and technical support for ACOs. Several Illinois hospitals in urban and rural communities participate in ACOs, and it is imperative that the program design continues to encourage robust participation to advance our shared goal of transformation of the healthcare system to focus on value-based care.

Strengthen the healthcare workforce

The pandemic has taken a heavy toll on our nation's healthcare heroes, making burnout and trauma top reasons many are leaving the profession. Yet even before the pandemic, the demand for

healthcare services exceeded the supply of workers. According to a report from the Association of American Medical Colleges, the nation faces a shortage of up to 124,000 physicians by 2034.³ To support the healthcare workforce, IHA urges the following actions:

- Increase federal investment in training the next generation of physicians by passing the ***Resident Physician Shortage Reduction Act (S. 834/H.R. 2256)***, introduced by Rep. Rodney Davis (IL-13) and others to raise the number of Medicare supported graduate medical education (GME) positions. Additionally, IHA supports the ***Opioid Workforce Act/Substance Use Disorder Workforce Act (S. 1438/H.R. 3441)***, introduced by Rep. Brad Schneider (IL-10) to add training positions in addiction medicine and pain management;
- Pass the ***Healthcare Workforce Resilience Act (S. 1024/H.R. 2255)***, introduced by Sen. Dick Durbin (D-IL) and Rep. Schneider to allow entry into the U.S. of nurses with approved immigrant visas and to allow physicians with approved immigrant petitions to adjust their status;
- Pass the ***Improving Seniors' Timely Access to Care Act (S. 3018/H.R. 3173)*** to streamline the prior authorization process in Medicare Advantage (MA) plans to reduce unnecessary burden on clinicians and other healthcare workers. A recent report by the U.S. Dept. of Health and Human Services Office of the Inspector General found MA plans persistently denied claims that met Medicare coverage requirements;
- Pass the ***TRAIN Act (S. 1568/H.R. 4407)***, introduced by Sen. Tammy Duckworth (D-IL) and Rep. LaHood to restore funding to nursing and allied health programs;
- Pass the ***Conrad State 30 and Physician Access Act (S. 1810/H.R. 3541)***, introduced by Rep. Schneider to extend and expand the Conrad State 30 program, which allows states to request J-1 visa waivers for up to 30 foreign physicians per year to work in federally designated shortage areas;
- Increase funding for the National Health Service Corps program and direct higher numbers of participants to serve in hospital settings. IHA supports the ***Strengthening America's Health Care Readiness Act (S. 54)***, introduced by Sen. Durbin which includes a particular focus on diversifying the workforce. IHA also supports the ***Rural America Health Corps Act (S. 924/H.R. 2130)***, introduced by Sen. Durbin and Rep. Cheri Bustos (IL-17), to create a loan repayment program focused on rural areas; and
- **Increase funding for the Children's Hospital GME program** to support federal investment in physician training for children.

Support behavioral health

Behavioral health care has long been underfunded and services difficult for many patients to access. Our member hospitals are facing rising demand for behavioral health services as patients, including increasing numbers of children and adolescents, deal with anxiety, depression, substance use disorder and other behavioral health conditions.

³ <https://www.aamc.org/media/54681/download?attachment>

The increased demand for services is exacerbated by an ongoing shortage of behavioral health providers, due in part to inadequate reimbursement rates, including from Medicaid, which is the single largest payer for behavioral health services nationwide. Among other actions, IHA supports the following actions:

- **Increasing reimbursement for behavioral health services.** Such services receive inadequate reimbursement across payment structures and payers. For example, fee-for-service payment structures rarely reimburse for care coordination across settings or non-face-to-face care management such as referrals and case management;
- **Repealing the Institutions for Mental Diseases (IMD) exclusion** that prohibits federal payments to states for services for Medicaid beneficiaries between the ages of 21 and 64 who are treated in facilities with more than 16 beds;
- Passing the ***Child Suicide Prevention and Lethal Means Safety Act (H.R. 5035)***, introduced by Rep. Lauren Underwood (IL-14), to support evidence-based training and create a centralized database of best practices in suicide prevention;
- Advancing the ***Children’s Mental Health Infrastructure Act (H.R. 4945)*** to authorize funding for grants to children’s hospitals and other providers to increase capacity for pediatric mental health services;
- Passing the ***Helping Kids Cope Act (H.R. 4944)*** to authorize grants for communities to support pediatric-centered services and workforce training;
- Passing the ***Opioid Workforce Act/Substance Use Disorder Workforce Act (S. 1438/H.R. 3441)*** and the ***Resident Physician Shortage Reduction Act (S. 834/H.R. 2256)*** to increase the number of healthcare professionals available to treat patients.
- Consideration of the Senate ***Ensuring Access to Telemental Health Services Act*** (discussion draft released May 2022), which would, among other actions, remove Medicare’s in-person requirement for tele-mental health services, preserve access to audio-only coverage and incentivize states to use their CHIP programs to increase access to behavioral health services in schools.

IHA thanks you for your ongoing work on behalf of our state, and we look forward to working with you to ensure the healthcare system is prepared to meet present and future challenges. Please contact Sarah Macchiarola, Vice President of Federal Policy & Government Relations at smacchiarola@team-ih.org or (630) 276-5645 with any questions or for additional information.

Sincerely,

A.J. Wilhelmi
President & CEO
Illinois Health and Hospital Association