Our Vision for Illinois Healthcare

To support each person’s quest for optimum health, all individuals and communities have access to high-quality healthcare at the right time and in the right setting.
Ensure Access to Care and Coverage

Protect Medicare and Medicaid

Advance Value-Based Care
On behalf of Illinois’ more than 200 hospitals and nearly 50 health systems, I am pleased to share IHA’s 2019 Federal Advocacy Agenda, which identifies opportunities for legislative and policy solutions to ensure access to quality, affordable healthcare in Illinois, including:

- **Strengthening the Affordable Care Act and expanding access to affordable, comprehensive health insurance**;
- **Reducing the cost of prescription drugs**;
- **Ensuring fair and adequate reimbursement from Medicare and Medicaid**; and
- **Reducing the number and complexity of burdensome federal regulations**.

Taking action on these important issues will lend crucial support to hospitals as they serve their patients and communities. In addition to providing lifesaving healthcare, Illinois hospitals are leading outreach programs that promote physical and behavioral health, innovating to improve quality care, and bolstering communities through their role as strong economic engines.

We look forward to working with you to ensure all Illinois residents have access to needed healthcare services and hospitals can continue to provide your constituents with high-quality care.

Thank you,

A.J. Wilhelmi
President & CEO
Issues Summary

Ensure Access to Care and Coverage

**Affordable Care Act (ACA)**
Access to affordable, high-quality health insurance coverage is critical for a healthier, more productive Illinois.

*IHA will continue to partner with the American Hospital Association (AHA) to protect and strengthen the ACA and work to expand access to affordable, comprehensive health insurance.*

**High Cost of Prescription Drugs**
The skyrocketing price of prescription drugs prevents patients from accessing needed medication and hinders the ability of hospitals to provide the highest quality care.

*IHA will work to advance federal policies that prevent drug manufacturers from using anti-competitive practices that delay the development of lower-cost drugs.*

**340B Drug Pricing Program**
The 340B Drug Pricing Program has been critical in expanding access to lifesaving prescription drugs and comprehensive healthcare services for low-income and uninsured individuals—at no expense to taxpayers.

*IHA will work to protect the 340B Program from harmful proposals that would limit access to healthcare for vulnerable patients.*

**Rural Hospitals and Critical Access Hospitals (CAHs)**
Rural hospitals and CAHs provide local, timely access to healthcare services and are economic anchors of their communities. Yet challenges such as geographic isolation and workforce shortages can strain their ability to maintain access to services and improve the health of their communities.

*IHA will advocate for Congress and the Administration to update federal policies and invest new resources in rural communities.*

Protect Medicare and Medicaid

**Medicare and Medicaid**
Medicare and Medicaid are critical sources of health coverage for over 5 million Illinois residents. However, these public programs reimburse providers below the cost of providing care.

*IHA will work with policymakers to ensure fair and adequate reimbursement from Medicare and Medicaid and to promote policies that enable providers to focus on access and value.*
Advance Value-Based Care

**Health System Transformation**
New models of care offer alternative approaches to paying for and delivering care that focus on improving quality and lowering costs. However, the current regulatory framework and existing payment systems need to be updated to promote value-based care.

*IHA will work with policymakers to update current regulations and payment and delivery models in order to improve quality, lower costs and ensure access to health services.*

**Price Transparency**
Patients should have access to relevant and meaningful information about the cost of their healthcare.

*IHA will continue to partner with AHA to develop and support public policies that enable patients to make more informed choices about their care.*

**Quality and Patient Safety**
Improvements in healthcare quality and patient safety are accelerating across Illinois, with hospitals leading initiatives and dedicating resources to advance quality care.

*IHA supports policies that strengthen these efforts and will work with policymakers to improve alignment and design of reporting requirements and to focus efforts on areas that most effectively promote and measure quality.*

**Regulatory Burden**
Healthcare providers and regulators share the goals of improving quality and patient safety. However, the current volume and complexity of outdated, duplicative and often conflicting federal regulations create an undue administrative burden on hospitals.

*IHA will work with Congress and the Administration to reduce the number and complexity of burdensome federal regulations, including eliminating duplicative and outdated policies.*
Access to affordable, high-quality health insurance coverage is critical for a healthier, more productive Illinois. The ACA has provided insurance coverage to more than 20 million previously uninsured individuals, including nearly 1 million Illinoisans. However, recent policy changes have eroded important coverage gains and patient protections made under the law—including greater access to comprehensive health plans, protections for patients with pre-existing conditions and premium assistance.

IHA will continue to partner with the American Hospital Association to protect and strengthen the ACA, including seeking bipartisan opportunities to improve the law. As lawmakers evaluate a broad variety of proposals to expand coverage to more Americans, we urge them to focus on the ACA, including enhancing the existing framework of providing subsidized coverage through the healthcare exchanges and expanding the Medicaid program.

### IMPACT ON HEALTHCARE

The ACA has led to a significant reduction in the rate of uninsured Illinoisans, yet recent policy changes have begun to reverse that trend.

<table>
<thead>
<tr>
<th>2013</th>
<th>2017</th>
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<tbody>
<tr>
<td>13%</td>
<td>7%</td>
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</table>

42k Illinoisans lost coverage 2016-17

Source: U.S. Census Bureau

### ACTIONS REQUESTED

- **Protect coverage gains and patient protections** realized through the ACA, including Medicaid expansion.
- **Seek bipartisan approaches** to improve the law.
- **Improve the stability of the healthcare exchanges** by maintaining funding for cost-sharing reduction subsidies, continuing a reinsurance mechanism and allowing for an adequate risk adjustment program.
- **Ensure patient-centered design of health plans** to protect consumers from plans that cover fewer benefits and include fewer protections.
The skyrocketing price of prescription drugs prevents patients from accessing needed medication and hinders the ability of hospitals to provide the highest quality care. High prescription drug prices are a major factor in the rising cost of healthcare and, along with drug shortages, can force hospitals and health systems to make difficult choices, including finding work-arounds with alternative medicines, cutting back on services offered and reducing staffing.

Hospitals and health systems saw significant increases in drug spending per admission between 2015 and 2017.

<table>
<thead>
<tr>
<th>Increases in:</th>
<th>Average drug spending per admitted patient</th>
<th>Outpatient drug spending per admission</th>
<th>Inpatient drug spending per admission</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▲19%</td>
<td>▲29%</td>
<td>▲10%</td>
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Source: Recent Trends in Hospital Drug Spending and Manufacturer Shortages, American Hospital Association

- **Hold pharmaceutical companies accountable** for out-of-control drug prices.
- **Prevent manufacturers of brand name drugs** from using “pay-for-delay” and “evergreening” tactics to stifle competition and delay the development of lower-cost drugs.
- **Support policies** that speed generic drugs to market.
- **Improve drug shortage disclosure requirements** for manufacturers and strengthen drug shortage prevention plans.
The 340B Drug Pricing Program has been critical in expanding access to lifesaving prescription drugs and comprehensive healthcare services for low-income and uninsured individuals at no expense to taxpayers. The program is a lifeline to safety net hospitals, Critical Access Hospitals (CAHs), children’s hospitals and other providers who care for a large number of Illinois’ low-income and uninsured patients. Yet recent regulatory and legislative efforts have sought to scale back the program and threaten access to care for vulnerable patients.

IHA supports the American Hospital Association’s 340B Program Good Stewardship Principles, which ask hospitals to commit to:

- Communicating how savings from the 340B program are used to benefit the community.
- Disclosing the hospital’s 340B estimated savings.
- Continuing rigorous internal oversight to ensure compliance with rules and guidance.

The program is a lifeline to safety net hospitals, CAHs, children’s hospitals and other providers who care for a large number of Illinois’ low-income and uninsured patients.

$0  No expense to taxpayers

340B acute care and safety net, small and rural, critical access, and children’s hospitals in Illinois

Protect the 340B Drug Pricing Program from policies that would reduce access to lifesaving drugs and critical healthcare services for vulnerable patients.
Rural hospitals and Critical Access Hospitals (CAHs) provide local, timely access to healthcare services and are economic anchors of their communities. Yet they face persistent challenges, such as geographic isolation, low patient volumes and workforce challenges, that make it difficult to achieve economies of scale. Additionally, recent challenges, such as declining inpatient volumes and increased regulatory burden, have made it more difficult for many rural hospitals to maintain a positive margin.

As these challenges intensify and accumulate, some rural hospitals and CAHs are forced to reduce or eliminate services. Without resource support and targeted policies for rural communities, many hospitals will not be able to effectively tackle new or existing challenges.

**IMPACT on HEALTHCARE**

Challenges facing rural communities

- **Emergent**
  - Opioid epidemic
  - Violence in communities
  - Medical surge capacity
  - Cyber threats

- **Recent**
  - Care delivery shifts
  - Behavioral health
  - Economic and demographic shifts
  - High cost of drugs
  - Regulatory burden
  - Coverage
  - Medicaid expansion
  - Health plan design

- **Persistent**
  - Low patient volume
  - Payer mix
  - Patient mix
  - Geographic isolation
  - Workforce shortage
  - Aging infrastructure
  - Limited access

*Source: American Hospital Association, 2018*

**ACTIONS REQUESTED**

- **Invest new resources** in rural communities.
- **Improve Medicare and Medicaid reimbursement** to cover the cost of care and better account for the challenges of providing care in rural communities.
- **Eliminate Medicare’s 2% sequestration cut** for hospitals and CAHs.
- **Address workforce challenges** by expanding investment in existing programs and developing new approaches to attract and retain healthcare professionals in rural communities.
Create a rural emergency medical center designation under the Medicare program to allow certain existing rural hospitals to provide emergency and outpatient services at enhanced rates.

Support the Critical Access Hospital Relief Act of 2019 to remove the physician certification from the 96-Hour Rule.

Support the Rural Hospital Regulatory Relief Act of 2019 to permanently extend the enforcement moratorium on direct supervision requirements for outpatient therapeutic services for certain small and rural hospitals.

Address infrastructure needs in rural communities, such as access to capital to update facilities, investment in telehealth equipment and improved access to broadband.

Support Illinois’ CAHs by preserving 101% Medicare cost reimbursement for both acute and skilled nursing services.

Design Medicare value payment programs that reflect the services those hospitals provide, with greater emphasis on general inpatient and outpatient services, including emergency services and patient satisfaction scores.

<table>
<thead>
<tr>
<th>Illinois’ 87 small and rural hospitals (including 51 CAHs) have an important share of hospital utilization.</th>
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<tbody>
<tr>
<td>21% Outpatient visits</td>
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<tr>
<td>12% Admissions</td>
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</table>
Medicare and Medicaid

ISSUE

Medicare and Medicaid are critical sources of health coverage for over 5 million Illinois residents. However, these public programs reimburse providers below the cost of providing care. Fair and adequate reimbursement is essential for hospitals to care for the patients and communities they serve, including providing 24/7 access to emergency care, serving as a safety net for vulnerable populations, and responding to natural and manmade disasters. IHA will work with policymakers to improve reimbursement from Medicare and Medicaid and to promote policies that enable providers to focus on ensuring access and value.

IMPACT ON HEALTHCARE

-11% Medicare reimburses hospitals 11% below the cost of providing care
-25% Medicaid reimburses hospitals 25% below the cost of providing care

ACTIONS REQUESTED

- Improve reimbursement to cover the cost of providing care and oppose efforts to reduce the federal investment in these vital programs.
- Oppose site-neutral payment policies.
- Support the Resident Physician Shortage Act of 2019 to increase the number of Medicare-supported graduate medical education (GME) positions.
- Expand coverage and payment for telehealth services.
- Strengthen oversight of Medicare Advantage insurance plans to ensure conformity with participation criteria and to require plans to disclose the legal basis for their coverage and payment decisions.
- Prevent cuts to the Medicaid Disproportionate Share Hospital (DSH) program, which will take effect on October 1, 2019 unless Congress acts.
- Support the Illinois Medicaid Hospital Assessment Program to help maximize federal Medicaid resources and protect access to care for the state’s most vulnerable populations.
Illinois receives less federal funding per Medicaid beneficiary than any other state

Illinois is 50th in the nation in Medicaid spending per beneficiary and is not well positioned or able to absorb costs that would be shifted to the states as a result of the federal government capping its commitment to fund Medicaid. In order to attract federal Medicaid matching funds, the Illinois hospital community agreed to pay the state an assessment. The Hospital Assessment Program is a collaborative effort that has made Illinois hospitals critical to financing the state’s Medicaid program and is currently undergoing a significant multi-year update.

<table>
<thead>
<tr>
<th>State Rank in U.S. of Medicaid Funding per Beneficiary</th>
<th>Funding per Beneficiary</th>
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<tbody>
<tr>
<td>#2 Missouri</td>
<td>$ 6,448</td>
</tr>
<tr>
<td>#3 Kentucky</td>
<td>$ 6,399</td>
</tr>
<tr>
<td>#17 Ohio</td>
<td>$ 5,050</td>
</tr>
<tr>
<td>#18 Michigan</td>
<td>$ 5,015</td>
</tr>
<tr>
<td>#21 New York</td>
<td>$ 4,904</td>
</tr>
<tr>
<td>#23 Iowa</td>
<td>$ 4,746</td>
</tr>
<tr>
<td>#26 Pennsylvania</td>
<td>$ 4,687</td>
</tr>
<tr>
<td>National Average</td>
<td>$ 4,578</td>
</tr>
<tr>
<td>#29 Wisconsin</td>
<td>$ 4,496</td>
</tr>
<tr>
<td>#31 Indiana</td>
<td>$ 4,461</td>
</tr>
<tr>
<td>#33 Texas</td>
<td>$ 4,437</td>
</tr>
<tr>
<td>#35 California</td>
<td>$ 4,397</td>
</tr>
<tr>
<td>#48 Florida</td>
<td>$ 3,629</td>
</tr>
<tr>
<td>#50 Illinois</td>
<td>$ 3,252</td>
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</table>

Illinois is ranked the lowest state.
The healthcare system is changing at a rapid pace, with new models of care offering alternative approaches to paying for and delivering care that focus on improving quality and lowering costs. Illinois hospitals have been at the forefront of implementing value-based care arrangements, such as bundled payments, pay for performance, Shared Savings Programs, and urban and rural Accountable Care Organizations (ACOs).

The current regulatory framework and payment systems need to be updated to advance healthcare transformation away from fee-for-service and toward value-based care to allow for improved care coordination between healthcare professionals and across care settings.

**IMPACT ON HEALTHCARE**

Update federal policies to improve care coordination and advance new models of care.

- Accountable Care Organizations
- Bundled Payments
- Risk Sharing
- Care Coordination
- Telehealth
- Social Determinants of Health

**ACTIONS REQUESTED**

- **Expand opportunities** to create and implement voluntary new models of care that improve quality, lower costs and ensure access to healthcare services.

- **Remove barriers to improved care coordination**, such as certain provisions in the Stark Law and Anti-Kickback Statute.

- **Ensure new models of care provide flexibility** across settings and provider types to help maintain access to care in rural communities, address social determinants of health, expand access to behavioral health services and improve population health.
**Price Transparency**

**ISSUE**

Patients should have access to relevant and meaningful information about the cost of their healthcare. IHA will continue to partner with the American Hospital Association to develop and support public policies that enable patients to make more informed choices about their healthcare.

Several states—including Illinois—have implemented laws to protect patients from so-called “surprise bills.” These unexpected bills occur when a patient accesses out-of-network emergency care, receives care from an out-of-network physician during a visit to an in-network hospital, or when an insurer denies coverage for emergency services that should be covered under the “prudent layperson” standard.

**IMPACT ON HEALTHCARE**

Public policy solutions to protect patients from surprise medical bills should:

- Remove patients from payment negotiations between insurers and providers
- Ensure patients have access to and coverage of emergency care
- Ensure providers are able to negotiate appropriate payment rates with health plans
- Include oversight of health plan provider networks

Source: American Hospital Association

**ACTIONS REQUESTED**

- Look to existing state-level laws as models for advancing federal price transparency policies, including laws that protect patients from so-called “surprise bills.”
- Improve access to useable healthcare pricing information that helps consumers make informed decisions about their healthcare.
- Ensure public and private health plans educate patients on understanding the price of their care.
- Ensure new policies include a multi-stakeholder approach to account for the complexities of the healthcare marketplace.
Quality and Patient Safety

ISSUE

Improvements in healthcare quality and patient safety are accelerating across Illinois, with hospitals leading initiatives and dedicating resources to improve care and maximize patient safety. The federal government is an important partner in these efforts through its quality measurement and improvement programs. However, the number, complexity and misalignment of reporting requirements across multiple programs consume significant hospital resources, yet often fail to focus on opportunities to improve care. According to the American Hospital Association, an average-sized hospital devotes nearly five full-time employees, including clinical staff, to the administrative aspects of quality reporting and spends over $700,000 annually.

IMPACT ON HEALTHCARE

Innovative Quality Improvement

The Centers for Medicare & Medicaid Services (CMS) has provided critical support for innovative quality improvement efforts through the Hospital Engagement Network (HEN) and Hospital Improvement Innovation Network (HIIN). IHA’s participation in these CMS-funded improvement efforts has measurably improved quality healthcare and patient safety across Illinois.

23k Patient harms prevented  $226m Cost savings 2012–2018

ACTIONS REQUESTED

► Continue federal investment in quality and patient safety initiatives, such as the Network of Quality Improvement and Innovation Contractors program.

► Continue to improve alignment of quality reporting requirements and focus efforts on areas that most effectively promote quality.

► Seek feedback from the post-acute provider community on improvements to the Medicare quality reporting and payment programs for those services.

► Expand inclusion of socio-demographic factors in quality reporting and measurement programs to more accurately measure quality of care and reduce healthcare disparities.

► Address persistent flaws in the methodology of the Star Ratings system and Hospital-Acquired Conditions (HAC) program.

► Monitor the impact of physician payment programs, such as the Medicare Access and CHIP Reauthorization Act, on access, quality and care coordination.

► Support hospital efforts to prepare for public health emergencies and disasters by passing the Pandemic and All-Hazards Preparedness Reauthorization Act.
Healthcare providers and regulators share the goals of improving quality and keeping patients safe. However, the current volume and complexity of outdated, duplicative and often conflicting federal regulations create an undue administrative burden on hospitals without directly improving patient care. With 41% of Illinois hospitals operating on slim or negative margins, investing significant resources to simply keep up with regulations is particularly challenging.

**Actions Requested**

- **Align regulations** within and across federal agencies and programs.
- **Provide concise guidelines and reasonable timelines** to implement new regulations.
- **Ensure flexibility** to support different provider types and patient populations.
- **Modernize the Stark Law and Anti-Kickback Statute** to improve care coordination and support value-based care.
- **Ensure Medicare's Conditions of Participation (COPs) are evidence-based**, aligned with other laws and industry standards, and provide flexibility to support the care needed in different communities.
- **Allow providers to determine** how best to utilize health information technology, including electronic health records (EHRs), while promoting the exchange of information and reducing regulatory burden.
- **Promote access to behavioral health services** by amending the Medicaid Institutions for Mental Disease exclusion.

**Impact on Healthcare**

According to a recent study by the American Hospital Association, hospitals, health systems and post-acute care providers spend $39 billion each year on non-clinical regulatory requirements.

- $7.6m annually in administrative activities to support compliance
- 59 full-time employees dedicated to meeting regulatory requirements
The Illinois Health and Hospital Association (IHA) 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.

IHA looks forward to continuing to partner with the Illinois Congressional Delegation and federal leaders to strengthen our healthcare delivery system for all Illinoisans.

PARTNER WITH US