

November 16, 2020

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION
M E M O R A N D U M**

TO: Honorable Members, Medicaid Legislative Work Group (MLWG)

SUBJECT: **HFS' Proposed Hospital and Healthcare Transformation Plan**

CC: Director Theresa Eagleson, Department of Healthcare and Family Services

On behalf of our more than 200 member hospitals and nearly 40 health systems, the Illinois Health and Hospital Association (IHA) appreciates the opportunity to comment on the [Hospital and Healthcare Transformation Plan](#) proposed by the Department of Healthcare and Family Services (HFS) and released to the public on November 13, 2020^{1 2}.

Synopsis: The HFS Hospital and Healthcare Transformation Proposal offers a meaningful opportunity to improve the health and healthcare for many vulnerable Illinoisans, and is generally aligned with IHA's transformation vision and principles. Of course, there are important details and questions to be resolved. IHA respectfully requests the opportunity to continue to work with HFS and the MLWG to address those questions and implementation details, so that the program can move forward successfully and without undue delay. At the same time, the short term financial viability of hospitals – especially those serving vulnerable communities – must be stabilized during the new COVID-19 surge and that should be done using other federal funds in lieu of diverting transformation funding to that purpose.

We have three key comments related to the HFS Hospital and Healthcare Transformation Proposal.

First, IHA commends Director Eagleson and HFS for their comprehensive vision for systemic healthcare transformation aimed at improving access to healthcare services, addressing social determinants of health, and building collaborations among community groups, while also investing in workforce development in underserved communities. We also express our sincere

¹ The HFS proposal would implement legislation enacted in May 2020, which states, in part: *“(B) Whereas there are communities in Illinois that suffer significant health care disparities aggravated by social determinants of health and a lack of sufficiently allocated healthcare resources, particularly community-based services and preventative care, **there is established a new hospital and healthcare transformation program**, which shall be supported by a transformation funding pool.” (P.A. 101-650, 305 ILCS 5/14-12(5-5(2)(B))*

² HFS presented a draft of its Transformation plan to the MLWG on November 4, 2020, and to the IHA Board of Trustees on November 5, 2020.

appreciation to the members of the MLWG for their thoughtful leadership on this challenging issue over several years and the transparent and inclusive process they have employed. In general, the HFS Transformation Proposal aligns with [IHA's transformation principles](#). Of course, there are important implementation details and questions still to be resolved. In sum, we believe the HFS Transformation Proposal offers a meaningful transformation framework and we respectfully request to have a "seat at the table" as the legislation, rules and policies to authorize and implement the new Hospital and Healthcare Transformation Program are developed and drafted so that the program can move forward successfully and expeditiously. Initial questions and concerns raised by hospitals include:

- The process and criteria for awarding pilots/planning grants.
- The amount of transformation funding to be awarded in FY 2021.
- Concerns with the complexity and breadth of required transformation projects, especially if many stakeholders have to be involved.
- Assuring that the number of approved projects does not dilute the impact of the available funding.
- The balance between improving healthcare access and addressing social determinants of health.
- Opportunities for innovative payment or delivery models.

Second, the Healthcare Transformation Program should not be delayed because Illinoisans in our most vulnerable communities – especially people and communities of color – are suffering every day from health disparities and inequities. Many hospitals are already developing strategies to transform healthcare in their communities consistent with the vision articulated by HFS. One example is the [Southside Health Transformation Project](#) where St. Bernard Hospital, Advocate Aurora Trinity Hospital, and UChicago Medicine have been engaging federally qualified health centers (FQHCs), faith leaders, community organizations, elected leaders, and residents to collaborate on a new health transformation plan for the South Side of Chicago. The goal is a community-driven process, rooted in health equity that connects existing healthcare organizations and maximizes existing assets, increases access to quality care, and addresses social determinants of health. The Hospital and Healthcare Transformation program envisioned by HFS will help jumpstart and provide important support to transformation efforts, like the Southside Health Transformation Project.

Finally, while hospital and healthcare transformation is an essential long term project, in the short term the financial viability of hospitals – especially those serving vulnerable communities – must be stabilized as we face another surge in COVID-19. This short term stabilization is important to enabling long term transformation to proceed with predictable funding. Given the pandemic, compounded by the State's budget crisis, some may suggest that the transformation funds should be diverted to provide short term support to hospitals during this crisis. However, we strongly fear that diverting the transformation funds to this purpose would delay and potentially derail progress on systemic healthcare transformation. In short, it would be another

opportunity lost for these communities. As an alternative, we suggest that other sources of funds, such as the enhanced federal funding available to the State to combat the COVID-19 pandemic, be utilized to help stabilize hospitals in the short term, without diverting critical transformation funding. For example, one potential source of funds to investigate is whether the State could utilize funds received via the federal CARES and Families First Acts to provide additional financial support to hospitals during this crisis.

IHA and Illinois hospitals look forward to continuing to partner with the MLWG, legislative leaders, HFS and the Pritzker Administration on the development and implementation of the new Hospital and Healthcare Transformation Program.

If you have any questions or wish to discuss this matter further, please do not hesitate to [contact IHA](#).