

Statement of the
**ILLINOIS HEALTH
AND HOSPITAL
ASSOCIATION**

February 13, 2018

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

Illinois House Appropriations-Human Services Committee

Redesign of the Illinois Hospital Assessment Program

**Room 114, Capitol Building
Springfield, IL**

FOR FURTHER INFORMATION
CONTACT:

David Gross
217-541-1161
dgross@team-ihh.org

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

Illinois House Appropriations-Human Services Committee

Redesign of the Illinois Hospital Assessment Program

Room 114 Capitol Building
Springfield, IL

Tuesday, February 13, 2018

Good morning, honorable members of the Illinois House Appropriations-Human Services Committee, I am A.J. Wilhelmi, President and CEO of the Illinois Health and Hospital Association (IHA). I am joined by John Bomher, Senior Vice President, Government Relations and Policy, IHA, who will be available to respond to any technical questions following my brief remarks.

On behalf of the over 200 hospital and 50 health system members of IHA, I want to personally commend Chairman Harris, Leader Bellock and the other members of the Legislative Medicaid Work Group – as well as Director Felicia Norwood and her team at the Department of Healthcare and Family Services (HFS) – for their leadership and diligence in working with IHA and the hospital community to redesign and modernize the Hospital Assessment Program.

We appreciate the opportunity to talk about the urgent need to reauthorize the Hospital Assessment Program, a program that brings the state \$3.5 billion in Medicaid funding – including more than \$800 million in ACA Access Payments. This program represents a critically important source of funding support **for patients**, the state’s healthcare delivery system and your community hospitals and health systems.

One of our top priorities and guiding principles for redesigning the Hospital Assessment Program is preserving access to quality healthcare for all Illinoisans – **especially for vulnerable populations in urban and rural communities served by Safety Net and Critical Access Hospitals.**

This plan includes substantial improvements to the funding levels for Safety Net and Critical Access Hospitals as a whole. In fact, safety net hospitals and critical access hospitals collectively receive 55 percent of the new federal funding included in the plan to ensure that access to healthcare is a priority under the redesigned hospital assessment program.

Why are we engaged in this very difficult and complex undertaking to redesign and reform the Hospital Assessment Program rather than just maintaining the status quo? The State needs to put forward a redesigned program that aligns with the prerequisites and parameters of the federal government, in order to preserve \$1.4 Billion in federal matching funds and more than \$800 million in ACA Access Payments that expire June 30. The Centers for Medicare & Medicaid Services, which must give final approval for the program, is concerned with how the program has been operating – relying on more than 10-year-old data to allocate fixed, static payments. The proposed redesign will begin to shift from fixed payments to have more of the payments in “live rates”, i.e., “money following the patient” – based on where people actually receive care and the services they receive.

We believe the redesigned model represents significant progress in modernizing the Hospital Assessment Program that will meet the criteria and requirements for final federal approval.

The assessment program under this plan is being modernized as follows:

- Payment streams are based on updated patient utilization data, replacing current payment streams that are based on obsolete data from more than 10 years ago.
- More than \$600 million will move from static supplemental payments to dynamic claims-based payments, where money follows the patient.
- The \$850 million in ACA Access funding is being preserved and rationalized;
- The critical need for behavioral health services is addressed by enhancing funding streams for these services;
- The shift to outpatient services in the healthcare delivery system is being recognized by designing payments that take that shift into account;
- The high cost of specialty services is being addressed;
- Support for Graduate Medical Education will be funded at levels never achieved before in previous assessment programs – to help hospitals train the State’s future healthcare workforce; and
- The critical need for healthcare transformation is being addressed – the model includes a transformation program for hospitals interested in changing their delivery models to best meet the healthcare needs of their communities.

I think we all recognize that this is not a perfect model. We are constrained by the limited amount of new spending that is available under the Upper Payment Limit or UPL. However, thanks to the collaborative efforts and deliberations of IHA, HFS and the Legislative Medicaid

Work Group, we believe we have made a reasonable effort to maximize funding under this plan.

Conclusion

The State needs to put forward a redesigned assessment program that aligns with the requirements and parameters of the federal government, in order to preserve this critical funding which expires June 30.

We believe that the redesigned Hospital Assessment Program that is the basis of Senate Bill 1773 represents a significant down payment on reform – while providing stability for our hospitals serving vulnerable communities.

IHA and the hospital community urge the General Assembly to approve Senate Bill 1773 to continue the Assessment Program, so that the State can proceed as quickly as possible to obtain federal approval of the program.

Thank you for your consideration. John Bomher and I would be pleased to address any questions you may have.