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.
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.
Issues Summary

3 Medicaid Managed Care Oversight
Improved oversight, accountability and transparency of Medicaid Managed Care Organization (MCO) performance are urgently needed.

4 State Budget and Medicaid Funding
A stable and adequately funded State budget is critical to ensuring access to high-quality healthcare for Illinoisans.

5 Hospital Assessment Program
New legislation is needed to advance to the second phase of the Hospital Assessment Program passed in 2018.

6 Medicaid Hospital Transformation Funding
The redesigned Hospital Assessment Program includes $263 million to assist hospitals in transforming their delivery models.

7 Medicaid Waiver Implementation
Pilot projects show promise in increasing access to care but also pose significant risks that could derail successful implementation.

8 Behavioral Health Insurance Parity
Implementation of the 2018 behavioral health parity law is urgently needed as Illinois providers continue to face obstacles from commercial insurers and Medicaid MCOs.

9 Telehealth Expansion and Reimbursement
Full implementation of a 2018 law that expanded telehealth to Medicaid patients is needed to achieve the benefits of expanded access to care.

10 Maternal and Child Health
Minority women are disproportionately affected by maternal death, with non-Hispanic black women in Illinois six times more likely to die of a pregnancy-related condition.

11 Non-profit Hospital Property Tax Exemption
Property tax exemption provides non-profit hospitals the financial resources to develop strategies to better serve patients.
Members of the Illinois General Assembly:

As you prepare for a busy legislative session in the 101st General Assembly, I encourage you to review IHA’s 2019 State Advocacy Agenda, which outlines key healthcare policy issues impacting the constituents and communities you represent.

We look forward to partnering with you to:

▶ Improve oversight, accountability and transparency of Medicaid Managed Care Organizations;
▶ Ensure the State and Medicaid budgets are adequately funded;
▶ Pass legislation that allows for the design and implementation of Phase 2 of the Hospital Assessment Program; and
▶ Fund hospital transformation to assist hospitals in adopting new delivery models to better serve their communities.

Your support on these priorities will help advance healthcare across the state. Illinois hospitals are doing more to serve their patients and communities: They 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.

On behalf of IHA and Illinois’ hospital community, we are committed to working with you in 2019 so all Illinois residents can access needed healthcare services and hospitals can continue to provide your constituents with high-quality care.

Thank you,

A.J. Wilhelmi
President & CEO
Medicaid Managed Care Oversight

ISSUE

Improved oversight, accountability and transparency of Medicaid Managed Care Organization (MCO) performance are urgently needed, as are additional protections from MCO policies and practices that adversely impact patient access to care.

IMPACT ON HEALTHCARE

- Needlessly complicated rules restrain providers from effectively delivering care to Medicaid beneficiaries.
- Healthcare costs increase as hospitals must hire administrative staff to address growing MCO operational burdens.

IHA ROLE

IHA’s quarterly MCO Administrative Performance survey shows initial payment denial rates are unacceptably high—averaging 26%—even after four years of managed Medicaid in Illinois. Our top priority is MCO accountability, particularly over ongoing payment denials for medically necessary care rendered in good faith.

IHA will:

- **Pursue legislative options** to enhance the oversight, accountability and transparency of Medicaid MCOs.
- **Work with the Department of Healthcare and Family Services** (HFS) to improve oversight of MCOs and hold MCOs accountable for their performance.
- **Work with MCOs and HFS** to enhance standardization across key operational areas—including the development of comprehensive and transparent billing guidelines—to ease the administrative burden on hospitals.

Source: IHA MCO Survey

Lost and delayed annual revenue for medically necessary services provided

26% = $
ISSUE
A stable and adequately funded State budget is critical to ensuring access to high-quality healthcare for Illinoisans, especially for those who receive health coverage from the State, including state employees and Medicaid beneficiaries.

IMPACT ON HEALTHCARE

- Illinois’ low spending per Medicaid beneficiary can negatively impact the health of the state’s most vulnerable residents and their access to care.
- Regular investment in hospital facilities, equipment and technology will allow hospitals to maintain, improve and transform the state’s healthcare infrastructure.

IHA ROLE
IHA urges the State to adequately fund hospital payments on time and protect the Medicaid program from any further funding cuts. With the Medicaid program a significant portion of the State budget, IHA is concerned it will be the target of proposed funding reductions as the General Assembly looks to address the growing backlog of bills. Keep in mind: A strong and vibrant healthcare delivery system is essential to a strong and healthy Illinois economy.

IHA will advocate for:
- **Other sources of revenue** to support the Medicaid program;
- **Strategies to reduce the backlog of bills** in the Medicaid and State Employee Group Health programs; and
- **Hospital capital funding** to meet the needs of communities today and into the future.

50th
Illinois Medicaid is the **LOWEST** spending Medicaid program in the country—ranked 50th of all states and Washington, D.C.
After months of bipartisan negotiation, the General Assembly last year overwhelmingly approved a redesigned Hospital Assessment Program that provides the vital resources supporting $3.75 billion in Medicaid services. Under Illinois statute, Phase 1 of the program sunsets on June 30, 2020. New legislation is needed to move forward to Phase 2, beginning July 1, 2020.

IMPACT ON HEALTHCARE
Preserving the federal funds generated through the Hospital Assessment Program is critical to preserving access to healthcare throughout Illinois.

Hospital Assessment Program Is Vital for Illinois Healthcare

$3.75b 3m
Funding for Medicaid services Illinois children & adults covered by Medicaid

IHA ROLE
IHA was central to the effort to retain critical federal funding through the Hospital Assessment Program and will continue to work closely with the State to ensure we move the program collaboratively to Phase 2 of the redesign.

IHA will work on updating the funding model in 2019 so legislation can be enacted by the end of the year, or in early 2020 at the latest.
**ISSUE**

The Hospital Assessment Program, redesigned in 2018, includes $263 million in hospital transformation payments to 95 hospitals. Funding for these payments comes from General Revenue Funds set aside during reimbursement rate reform in 2014.

Rate reform transition payments to the 95 hospitals were set to sunset in 2018. Bipartisan leaders agreed the funding should continue to assist hospitals in transforming their delivery models so they can care for their communities in a financially sustainable manner.

**IMPACT ON HEALTHCARE**

Hospital transformation funding is essential to ensuring access to healthcare, particularly for low-income communities that lack sufficient options for care.

<table>
<thead>
<tr>
<th>Supporting Access to Care</th>
<th>$263m</th>
<th>95</th>
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<tr>
<td>Transformation funding pool</td>
<td>Hospitals receiving funding</td>
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**IHA ROLE**

IHA is working with our members, the Department of Healthcare and Family Services, and the General Assembly to develop policy recommendations for allocating transformation funding. During Phase 1 of the Hospital Assessment Program redesign, the General Assembly and the Pritzker Administration will determine how transformation funding will be allocated beginning July 1, 2020.

IHA’s advocacy will address:

- **Creation of paths** for hospitals to change their delivery model to ensure financial viability and access to quality healthcare.
- **Distribution of funds** to support hospital transformation proposals in conjunction with assessment redesign.
- **MCO denials** that impede transformation efforts.
Medicaid Waiver Implementation

ISSUE

The State is working to enhance behavioral health access by maximizing federal funding through a Medicaid 1115 demonstration waiver and several state plan amendments (SPAs). The 10 approved waiver pilot projects show promise in increasing access to care but also pose significant risks that could derail successful implementation.

IMPACT ON HEALTHCARE

The State’s waiver has the potential to improve access to integrated behavioral health services and achieve cost savings.

IHA ROLE

IHA is committed to helping the State advance improvements to behavioral healthcare services for Medicaid patients. Our 2017 Strategic Plan: Medicaid Behavioral Health Delivery & Payment System Reform laid out a blueprint for improving care. IHA urges the State to be transparent and to solicit feedback from providers to ensure pilot projects are successful.

Examples of pros and cons of waiver and SPA pilot projects:

- **The integrated health home pilot SPA** concept is laudable, but the specifics of the existing design and implementation of the program greatly reduce chances of success due to a complex administrative structure.
- **Infrastructure costs to meet health home requirements** are cost-prohibitive for hospitals based on existing per-member, per-month reimbursement.
- **The crisis intervention services waiver pilot** has incredible potential for hospital-based service flexibility and patient-centered care, but the State must engage the provider community to streamline and integrate this service into the care continuum.

* Source: Illinois Department of Healthcare and Family Services
ISSUE

Barriers to mental health and addiction treatment coverage prevent patients from receiving care and increase administrative and financial burdens on providers. Implementation of the 2018 behavioral health parity law is urgently needed as Illinois providers continue to face obstacles from commercial insurers and Medicaid MCOs.

IMPACT ON HEALTHCARE

- Successful implementation and oversight of the behavioral health parity law will strengthen mental health and addiction insurance coverage parity with physical health coverage across payer groups.
- Implementation of the new law also will protect patients from illegal and obstructive barriers to care.

IHA ROLE

In 2018, IHA joined with a provider coalition led by the Kennedy Forum to support the enactment of Public Act 100-1024, which expands covered behavioral health-related conditions, strengthens medication-assisted treatment coverage and closes loopholes for certain plans that were previously exempt from the statute. Called the strongest behavioral health coverage law in the nation, Illinois’ new law has yet to be implemented.

A State-led Data Workgroup is key to successful implementation and enforcement of the new parity law. IHA encourages the workgroup to examine:

- Unacceptably high service denial rates;
- Administrative barriers to timely patient care; and
- Provider reimbursement for delivering behavioral health services.
Telehealth Expansion and Reimbursement

**ISSUE**
Legislation in 2018 expanded telehealth to Medicaid patients. Now, full implementation of the law is needed to achieve the benefits of expanded access to care. In addition, coverage must expand to additional providers.

**IMPACT ON HEALTHCARE**
- Full implementation of telehealth laws passed in 2018 will strengthen patient access to provider networks and care integration.
- Expanding Medicaid telehealth coverage will improve access to healthcare while reducing costs associated with emergency department visits, hospital admissions and unnecessary transportation.

**Telehealth Expansion = Reduced Costs**

| ED Visits | Hospital Admissions | Unnecessary Transportation |

**IHA ROLE**
IHA drove telehealth legislation in 2018 and supports efforts to fully implement the new laws, including Public Act 100-1019, which will allow reimbursement for authorized providers delivering Medicaid behavioral health services.

IHA’s **key priorities** for Public Act 100-1019 include:
- Implementing the new law as soon as possible;
- Mandating that fee-for-service and managed care telebehavioral health service reimbursement align with in-person service reimbursement;
- Ensuring all Medicaid-eligible facilities can provide telehealth;
- Minimizing administrative requirements for billing; and
- Maintaining existing facility fees.
Maternal and Child Health

ISSUE

Minority women are disproportionately affected by maternal death, with non-Hispanic black women in Illinois six times more likely to die of a pregnancy-related condition than non-Hispanic white women, according to the Illinois Department of Public Health (IDPH) in its October 2018 report—*Illinois Maternal Health Morbidity and Mortality*. Nationwide, black women were over three times more likely to die as a result of pregnancy than white women, according to data from the Centers for Disease Control and Prevention from 2011 to 2014.

IMPACT ON HEALTHCARE

- Increasing access to care for women before, during and after childbirth can improve the health and well-being of mothers and their children.
- Racial disparities in maternal deaths are particularly concerning as all individuals should have access to high-quality healthcare at the right time and in the right setting.

IHA ROLE

IHA has made advancing perinatal care a key issue and is committed to helping hospitals improve quality of care to reduce maternal and infant mortality and morbidity. Experts from several IHA-member hospitals and health systems were part of the two IDPH committees that contributed to IDPH’s *Illinois Maternal Health Morbidity and Mortality Report*. IHA will continue to work with IDPH and its Perinatal Advisory Committee to ensure the very best care for mothers and pediatric patients across Illinois.

Source: Illinois Department of Public Health Illinois Maternal Morbidity and Mortality Report, October 2018
Non-profit Hospital Property Tax Exemption

**ISSUE**

Hospitals across Illinois are leading efforts to transform healthcare. For non-profit hospitals, property tax exemption provides the financial resources to develop strategies to better serve residents across the state.

**IMPACT ON HEALTHCARE**

- Tax exemption promotes the delivery of healthcare to low-income and underserved individuals.
- In a time of increased financial stress on hospitals, tax exemption helps ensure hospitals have the resources needed to serve their communities.

**Illinois Hospitals Charity Care**

$800m in 2017

**IHA ROLE**

IHA strongly advocated for the bipartisan legislation, Public Act 97-688, that created a clear and fair test for property tax exemption in 2012. The Illinois Supreme Court’s ruling on *Oswald v. Beard* last year unanimously upheld the constitutionality of the state’s property tax exemption law (Public Act 97-688) for non-profit hospitals.

**IHA strongly supports the continuation of property tax exemption for non-profit hospitals.** Taxing non-profit hospitals hurts the communities they serve and diverts scarce dollars that could be used to care for patients, upgrade equipment, modernize facilities and hire needed staff.

One of the primary drivers of re-examining hospital tax exemption a decade ago was resolved with the enactment of the Illinois Hospital Uninsured Patient Discount Act, which requires hospitals to provide free and discounted care to uninsured patients.

* Measured at cost.