Change is Hard, But Inevitable

“The only constant in life is change.”

Heraclitus
“(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. ....”
What Factors Influence Health?
Health Factors to Improve Future Health

Health Outcomes
- Length of Life (50%)
- Quality of Life (50%)

Health Factors
- Health Behaviors (30%)
  - Tobacco Use
  - Diet & Exercise
  - Alcohol & Drug Use
  - Sexual Activity
- Clinical Care (20%)
  - Access to Care
  - Quality of Care
- Social & Economic Factors (40%)
  - Education
  - Employment
  - Income
  - Family & Social Support
  - Community Safety
- Physical Environment (10%)
  - Air & Water Quality
  - Housing & Transit

Source: County Health Rankings and Roadmaps 101, Robert Wood Johnson Foundation and University of Wisconsin Population Health Institute
### Social Determinants of Health

<table>
<thead>
<tr>
<th>Economic Stability</th>
<th>Neighborhood and Physical Environment</th>
<th>Education</th>
<th>Food</th>
<th>Community and Social Context</th>
<th>Health Care System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Housing</td>
<td>Literacy</td>
<td>Hunger</td>
<td>Social integration</td>
<td>Health coverage</td>
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<tr>
<td>Income</td>
<td>Transportation</td>
<td>Language</td>
<td>Access to healthy options</td>
<td>Support systems</td>
<td>Provider availability</td>
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<tr>
<td>Expenses</td>
<td>Safety</td>
<td>Early childhood education</td>
<td></td>
<td>Community engagement</td>
<td>Provider linguistic and cultural competency</td>
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<tr>
<td>Debt</td>
<td>Parks</td>
<td>Vocational training</td>
<td></td>
<td>Discrimination</td>
<td></td>
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<tr>
<td>Medical bills</td>
<td>Playgrounds</td>
<td>Higher education</td>
<td></td>
<td>Stress</td>
<td></td>
</tr>
<tr>
<td>Support</td>
<td>Walkability</td>
<td></td>
<td></td>
<td></td>
<td>Quality of care</td>
</tr>
<tr>
<td></td>
<td>Zip code / geography</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

#### Health Outcomes

Mortality, Morbidity, Life Expectancy, Health Care Expenditures, Health Status, Functional Limitations
Chicago Income Inequality Grows

Inequality in Chicago has grown for decades; incomes declined for most residents while incomes in high-income areas rose

Neighborhood Income Change, City of Chicago 1970-2010

1. Change in census tract average individual income, for persons age 16 and older, compared to the Chicago MSA average, 2010 vs 1970
2. Very-low income tracts defined as those with individual incomes averaging 60% or less of the regional average
3. Very-high income tracts defined as those with individual incomes averaging over 140% of regional average

- 53% of census tracts in Chicago have experienced income decline greater than 20%, compared to the region average
- The proportion of City census tracts considered very-low income increased from 17% in 1970 to 46% of Chicago in 2010
- Very-high income tracts grew from 3% to 15% of the City in the same time period, with high-income residents increasingly concentrated on the North side

Source: 1970-2000 Decennial Census, 2008-2012 Five-Year American Community Survey, Voorhees Center UIC, Cities Centre University of Toronto

Chicago Recovery Task Force; Change Study June 2020
RACIAL LIFE EXPECTANCY GAP

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Asian/Pacific Islander</td>
<td>85.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Latinx/Hispanic</td>
<td>83.1</td>
<td>82.9</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>White (non-Latinx)</td>
<td>79.8</td>
<td>80.2</td>
<td>80.0</td>
<td></td>
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<td></td>
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<tr>
<td>Black (non-Latinx)</td>
<td>72.6</td>
<td></td>
<td></td>
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<td>71.4</td>
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</tbody>
</table>

Source: Illinois Department of Public Health, Division of Vital Records, Death Certificate Data Files; US Census Bureau
CDPH Analysis – Life Expectancy Gap

WHAT’S DRIVING THE GAP?

Chronic Disease 4.3 years  Homicide 2.1 years

Infant Mortality 0.7 years  HIV/Infectious Disease 0.5 years  Opioid Overdose 0.4 years  Other

Source: Illinois Department of Public Health, Division of Vital Records, Death Certificate Data Files; US Census Bureau
CDPH Analysis

17-YEAR LIFE EXPECTANCY GAP BETWEEN COMMUNITY AREAS
CDPH: Causes of Life Expectancy Gap

ROOT CAUSES

Obesity

Percent of adults (18 years+) who reported a height and weight that yield a body mass index of 30 or greater

- 9.7 - 18.8
- 18.9 - 25.4
- 25.5 - 36.4
- 36.5 - 47.6
- 47.7 - 59.5

Perceived Unsafe Neighborhood

Percent of adults who perceive their neighborhood to be safe “most” or “all of the time”

- 32.4 - 56.8
- 56.9 - 70.2
- 70.3 - 81.6
- 81.7 - 90.4
- 90.5 - 100

Food Access Barriers

Percent of adults with low income and living more than ½ mile from the nearest supermarket, supercenter, or large grocery store

- 0 - 0
- 0.1 - 8.8
- 8.9 - 19.2
- 19.3 - 38.2
- 38.3 - 57.2

Source: Healthy Chicago Survey, Chicago Department of Public Health; data available on chicagoealthatlas.org
Poverty is a Statewide Challenge
Sample of Illinois County Life Expectancy by Race/Ethnicity

<table>
<thead>
<tr>
<th>County</th>
<th>Overall Life Expectancy</th>
<th>AIAN</th>
<th>Asian</th>
<th>Black</th>
<th>Hispanic</th>
<th>White</th>
<th>W to B L E Gap in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Champaign</td>
<td>80.5</td>
<td></td>
<td>91.4</td>
<td>73</td>
<td>100+</td>
<td>81</td>
<td>8</td>
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<tr>
<td>Cook</td>
<td>79.4</td>
<td>100+</td>
<td>88.2</td>
<td>73.1</td>
<td>85.5</td>
<td>80.8</td>
<td>7.7</td>
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<tr>
<td>Peoria</td>
<td>77.4</td>
<td></td>
<td>88.6</td>
<td>72.2</td>
<td>92.4</td>
<td>78.1</td>
<td>5.9</td>
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<tr>
<td>St. Clair</td>
<td>76.5</td>
<td></td>
<td>96.2</td>
<td>72.2</td>
<td>92</td>
<td>78</td>
<td>5.8</td>
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<tr>
<td>Madison</td>
<td>76.7</td>
<td></td>
<td>85.9</td>
<td>71.9</td>
<td>93.3</td>
<td>76.9</td>
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<td>DeKalb</td>
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<td>92.9</td>
<td>79.7</td>
<td>4.9</td>
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<td>Winnebago</td>
<td>76.7</td>
<td></td>
<td>87.4</td>
<td>71.9</td>
<td>84.4</td>
<td>76.8</td>
<td>4.9</td>
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<td>Lake</td>
<td>81.6</td>
<td></td>
<td>91.2</td>
<td>76.4</td>
<td>86</td>
<td>81.2</td>
<td>4.8</td>
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<tr>
<td>Sangamon</td>
<td>78</td>
<td></td>
<td>86.9</td>
<td>73.8</td>
<td>95.1</td>
<td>78.5</td>
<td>4.7</td>
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<tr>
<td>Rock Island</td>
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<td>84.5</td>
<td>74</td>
<td>85.6</td>
<td>78.1</td>
<td>4.1</td>
</tr>
<tr>
<td>McLean</td>
<td>80.2</td>
<td>100+</td>
<td>76.1</td>
<td>92</td>
<td></td>
<td>80.1</td>
<td>4</td>
</tr>
<tr>
<td>Kane</td>
<td>81.5</td>
<td></td>
<td>86.9</td>
<td>77.2</td>
<td>88.2</td>
<td>80.9</td>
<td>3.7</td>
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<tr>
<td>DuPage</td>
<td>82.4</td>
<td></td>
<td>89.7</td>
<td>78.9</td>
<td>87.3</td>
<td>81.7</td>
<td>2.8</td>
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<tr>
<td>Will</td>
<td>79.7</td>
<td></td>
<td>91.2</td>
<td>76.8</td>
<td>85.6</td>
<td>79.3</td>
<td>2.5</td>
</tr>
<tr>
<td>McHenry</td>
<td>80.4</td>
<td></td>
<td>90.3</td>
<td>81.2</td>
<td>91</td>
<td>80</td>
<td>-1.2</td>
</tr>
</tbody>
</table>

Illinois

- The first column shows the overall life expectancy of that county. The next columns show the life expectancy per race. The last column (green) shows the gap in life expectancy between white and black population (white to black life expectancy gap in years).

Source: County Health Rankings and Roadmaps 101, Robert Wood Johnson Foundation and University of Wisconsin Population Health Institute
How are healthcare and hospitals changing?
Advances in Care and Payment Policy
Reduce Inpatient Demand

Source: AHA Hospital Statistics, 2018
Advances in Care and Payment Policy Increase Outpatient Demand

Source: AHA Hospital Statistics, 2018
Over 50% of IL Hospital Revenue is From Outpatient Services

Source: AHA Hospital Statistics, 2018
IL Hospital Beds per 1,000 Population Exceed US

Source: AHA Hospital Statistics, 2018
Chart 2.3: Beds per 1,000 Persons by State, 2016

Link: https://www.census.gov/data/datasets/2017/demo/popest/nation-detail.html
Illinois Excess Hospital Beds

*Health Facilities & Services Review Board – Hospital Bed Inventory July 2020*

## Existing Excess Beds (Med-Surg/Pediatric & OB)

<table>
<thead>
<tr>
<th></th>
<th>Med-Surg/Ped</th>
<th>OB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statewide</strong></td>
<td><strong>6987</strong></td>
<td><strong>1207</strong></td>
</tr>
<tr>
<td><strong>Region A</strong></td>
<td><strong>3968</strong></td>
<td><strong>796</strong></td>
</tr>
<tr>
<td>• A-01</td>
<td><strong>965 (North side of City)</strong></td>
<td><strong>122</strong></td>
</tr>
<tr>
<td>• A-02</td>
<td><strong>632 (West side of City)</strong></td>
<td><strong>153</strong></td>
</tr>
<tr>
<td>• A-03</td>
<td><strong>588 (South side of City)</strong></td>
<td><strong>80</strong></td>
</tr>
<tr>
<td><strong>Region B</strong></td>
<td><strong>232</strong></td>
<td><strong>47</strong></td>
</tr>
<tr>
<td><strong>Region C</strong></td>
<td><strong>714</strong></td>
<td><strong>81</strong></td>
</tr>
<tr>
<td><strong>Region D</strong></td>
<td><strong>579</strong></td>
<td><strong>98</strong></td>
</tr>
<tr>
<td><strong>Region E</strong></td>
<td><strong>493</strong></td>
<td><strong>51</strong></td>
</tr>
<tr>
<td><strong>Region F</strong></td>
<td><strong>1001</strong></td>
<td><strong>134</strong></td>
</tr>
</tbody>
</table>

- Therefore, some hospitals are 30 – 50% occupied
Chart 2.9: Announced Hospital Mergers and Acquisitions, 2005 – 2017


1. In 2006, the privatization of Hospital Corporation of America, Inc. affected 176 hospitals. The acquisition was the largest health care transaction ever announced.

2. In 2013, consolidation of several investor-owned systems resulted in a large number of hospitals involved in acquisition activity Chart 2.10 in 2009 and earlier year's Chartbooks.
Chart 2.4: Number of Hospitals in Health Systems,\(^{(1)}\) 2005 – 2016

Source: Analysis of American Hospital Association Annual Survey data, 2016, for community hospitals.

\(^{(1)}\) Hospitals that are part of a corporate body that may own and/or manage health provider facilities or health-related subsidiaries as well as non-health-related facilities including freestanding and/or subsidiary corporations.
2013 – 2020 – IHA Member Hospitals
System Affiliation

2013

- In System - 123
- Not in System - 78

2020

- In System - 144
- Not in System - 65
<table>
<thead>
<tr>
<th>Date</th>
<th>Hospital Name</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2016</td>
<td>HSHS St. Mary’s Hospital, Streator</td>
<td>Closed, Sold to OSF HealthCare. Opened as a 24 hour clinic.</td>
</tr>
<tr>
<td>September 2018</td>
<td>Franciscan Health Chicago Heights</td>
<td>Closed, reopened as an urgent care/physician care center</td>
</tr>
<tr>
<td>January 2019</td>
<td>Vibra Hospital of Springfield</td>
<td>Closed</td>
</tr>
<tr>
<td>August 2019</td>
<td>Westlake Hospital, Chicago</td>
<td>Closed by Pipeline Health</td>
</tr>
<tr>
<td>October 2019</td>
<td>MetroSouth Hospital, Blue Island</td>
<td>Closed by Quorum Health Corporation</td>
</tr>
<tr>
<td>February – May 2021</td>
<td>Mercy Hospital, Chicago</td>
<td>Announced by Trinity Health July 2020</td>
</tr>
</tbody>
</table>
Hospital Transformation: An Opportunity to Improve Health and Healthcare
$150 Million Hospital Transformation Fund
- 2014 – $325M Rate Reform Transition Payments
- 2018 – $263M Transformation Payments
- 2020 – $150M Transformation Fund
  - These funds must continue to be used for hospital services

$200 Million Hospital Transformation Capital Funds
- 1 time expenditure
- To renew & update aging infrastructure to facilitate new delivery model
The Challenge: Shifting Demands, Aging Infrastructure & Hospital Funding Pressure

- Relentless pressure from payors to reduce costs
- Dramatic shift from inpatient to outpatient
- Old hospital buildings don’t fit today’s healthcare model
- Patients have choice of many health care competitors
- Need for coordinated system of care with partners to address social influencers of health
- Prioritize chronic conditions – community health workers
- Fragmented care diminishes quality
  - Preventable ED visits and hospitalizations
- Ave. IL hospital – 52% of care is Medicare & Medicaid
  - On average Medicaid covers about 80% of Illinois hospitals’ cost
  - On average Medicare covers about 90% of Illinois hospitals’ cost
Transformation – Potential ROI

Investment in Low Income Communities

Triple Aim: Better Health, Better Care, Lower Costs

Prioritize care to treat chronic conditions

Coordinated Patient Centered Care

Partner with community organizations to address Social Factors of Health

Good paying construction jobs in short term

Good paying health care jobs in long term

Good stewardship of healthcare funds

Catalyst for broader community investment
Transformation – Criteria for Proposals

• Project is based on robust community input and needs assessment
• Project aims to reduce health disparities
• Project will improve access to primary, specialty or behavioral health services
• Project will result in a coordinated system of care
• Project includes collaboration with community organizations to address Social Factors of Health
• Project includes support from others, e.g., providers, social services, community organizations
Transformation – Criteria for Proposals (cont.)

- Project is for a defined time period, up to 5 years
- Project includes defined mileposts and metrics to measure progress
- Project includes measures to evaluate its impact on access, quality, or reduction in health disparities
- Project includes a budget and path to financial sustainability
- Project includes a plan to recruit and retain employees from local community and to use local, minority owned businesses and suppliers
Moving Forward – Challenges & Scenarios

Key Challenges:

- Public’s general lack of trust & confidence
- Need for clarity and specificity on future health care models
- Leaders’ desire to protect their community
- Hospital & community leaders reluctance to give up local control

Scenarios:

1. Meaningful Transformation Program
2. Restore transformation funds to increase hospital rates, as originally intended

Bottom Line: Don’t Leave Federal $$ on the table