

February 28, 2018

**Statement from A.J. Wilhelmi, President & CEO  
Illinois Health and Hospital Association  
Re: General Assembly Votes on Hospital Assessment Program & Medicaid Managed Care  
(Senate Bills 1773 & 1573)**

The Illinois Health and Hospital Association (IHA) commends the General Assembly for overwhelmingly approving Senate Bills 1773 and 1573, bipartisan legislation to authorize the continuation of the Hospital Assessment Program and enhance Medicaid managed care transparency and oversight. The redesigned Hospital Assessment Program is a vital program for the State that brings in \$3.5 billion annually to support access to healthcare for over 3 million Illinoisans who are insured by Medicaid.

We greatly appreciate the members of the bipartisan Legislative Medicaid Work Group and Healthcare and Family Services Director Felicia Norwood and her team at HFS for their diligence, engagement and collaboration with IHA and the hospital community to modernize and reform the Hospital Assessment Program. Through our collective efforts, we are working to ensure that all Illinoisans receive the quality healthcare they need when they need it.

One of the key guiding principles for the assessment redesign is preserving access to healthcare for all Illinoisans, especially vulnerable populations in urban and rural communities across the state, including those served by Safety Net and Critical Access Hospitals. We strongly believe the redesigned program achieves this critical goal.

Key components of the redesign legislation include:

- Modernizes the assessment program with payments based on updated patient utilization data, replacing current payments based on obsolete data from more than 10 years ago;
- Preserves and rationalizes \$850 million in Affordable Care Act funds that the State has secured and maximized for the past four years;
- Moves more than \$600 million from static, fixed payments to dynamic claim-based payments – so the “money follows the patient”;
- Recognizes and incentivizes the shift to more outpatient services;
- Includes a process and \$263 million fund to assist hospitals in transforming and adjusting to changes in their environment, so they can continue to serve their communities;
- Increases transparency and accountability on Medicaid MCO claims processing and payment performance; and
- Sunsets after two years to serve as a checkpoint to evaluate the program’s effectiveness.

We look forward to the Governor signing this critical legislation so the state can move ahead in seeking final federal approval for the redesigned Hospital Assessment Program from the Centers for Medicare & Medicaid Services.

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### **Background**

On June 30, 2018, the Illinois law that authorizes the Hospital Assessment Program, the Affordable Care Act (ACA) Access Payments and the Rate Reform Transition Payments sunsets. In total, these payment programs provide approximately \$3.1 billion annually in Medicaid funding for hospitals and other healthcare services. Under the Hospital Assessment Program, hospitals pay an assessment to the state, which generates substantial federal matching funds to help support the state's Medicaid program. The Medicaid program provides healthcare coverage to more than 3 million Illinoisans, including one in two children, as well as families, the disabled and the elderly. See an [IHA fact sheet](#).

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### **About IHA**

The Illinois Health and Hospital Association, with offices in Chicago, Naperville, Springfield and Washington, D.C., advocates for Illinois' more than 200 hospitals and nearly 50 health systems as they serve their patients and communities. IHA members provide a broad range of services—not just within their walls, but across the continuum of healthcare and in their communities. Reflecting the diversity of the state, IHA members consist of nonprofit, investor-owned, and public hospitals in the following categories: community, safety net, rural, critical access, specialty, and teaching hospitals, including academic medical centers. For more information, see [www.team-iha.org](http://www.team-iha.org). Like IHA on [Facebook](#). Follow IHA on [Twitter](#).