

Illinois hospitals and health systems are facing unprecedented challenges and pressures, including severe staffing shortages, supply chain breakdowns, and record inflation for drugs, supplies and equipment.

Congress' generous support for providers during the COVID-19 public health emergency (PHE) has not blunted the full impact of the immense expense and revenue pressures hospitals continue to face. Cumulative financial pressures have caused some Illinois hospitals to reduce service lines, and a recent report by Kauffman Hall shows hospitals experienced month-over-month negative operating margins between January and July of this year, even when factoring in Provider Relief Fund dollars.¹

Hospitals cannot simply increase their prices to offset rising costs and reductions in revenues. The majority of inpatient utilization in Illinois hospitals involves Medicare and Medicaid, which provide fixed payments and reimburse less than the cost of providing care. According to a recent projection by MedPAC, hospital and health system margins on Medicare services will fall to -9% in 2022.² In Illinois, 94% of hospitals have 50% or more inpatient days paid by Medicare or Medicaid.³

To ensure Illinois hospitals can continue to provide essential care to patients and communities, IHA requests Congress take the following actions:

PREVENT 4% PAYGO CUTS TO HOSPITALS

Absent Congressional action, hospitals face a 4% cut to their Medicare payments in 2023, risking further destabilization to our already strained healthcare system. The *Statutory PAYGO Act of 2010* requires mandatory spending and revenue legislation not increase the federal deficit over a five- or 10-year period. If such legislation is enacted without offsets, Medicare spending must be reduced by up to 4%. Largely due to the impact of the *American Rescue Plan Act of 2021*, PAYGO cuts were expected to be triggered in early 2022. However, the *Protecting Medicare and American Farmers from Sequester Cuts Act* deferred the PAYGO cuts to 2023.

SUPPORT THE HEALTHCARE WORKFORCE

Invest in the healthcare workforce pipeline

- **Pass the *Resident Physician Shortage Reduction Act (S. 834/H.R. 2256)*** to raise the number of Medicare supported graduate medical education (GME) positions by 14,000 over seven years. IHA also supports the *Opioid Work force Act/Substance Use Disorder Workforce Act*

¹ https://www.kauffmanhall.com/sites/default/files/2022-09/KH-NHFR-2022-08_FINAL_9.2.22.pdf

² <https://www.aha.org/news/blog/2022-04-29-four-reasons-medicare-inadequate-benchmark-commercial-health-plans>

³ <https://www.aha.org/system/files/media/file/2022/05/fact-sheet-majority-hospital-payments-dependent-on-medicare-or-medicaid-congress-continues-to-cut-hospital-reimbursements-for-medicare.pdf>

(S. 1438/H.R. 3441), introduced by Rep. Brad Schneider (IL-10), which would add 1,000 positions in addiction medicine or pain management.

- **Increase funding for the Children’s Hospital GME program** to support federal investment in physician training for children.
- **Pass the *TRAIN Act (S. 1568/H.R. 4407)*** introduced by Rep. Darin LaHood (IL-18) to restore funding to nursing and allied health programs.
- **Pass the *Conrad State 30 and Physician Access Act (S. 1810/H.R. 3541)***, introduced by Rep. Schneider to allow foreign doctors studying in the U.S. to obtain a visa following medical residency if they practice in a medically underserved area for at least three years.
- **Increase funding for the National Health Service Corps program** and direct higher numbers of participants to serve in hospital settings. IHA supports the *Strengthening America’s Health Care Readiness Act (S. 54)*, introduced by Sen. Durbin, which includes a particular focus on diversifying the workforce. IHA also supports the *Rural America Health Corps Act (S. 924/H.R. 2130)* to create a loan repayment program focusing on rural areas.

Reduce administrative burden on healthcare workers

- **Pass the *Improving Seniors’ Timely Access to Care Act (S. 3018/H.R. 3173)*** to streamline the prior authorization process in Medicare Advantage (MA) plans by establishing an electronic process and reducing how long a health plan may consider a prior authorization request. The legislation would also create a “real-time decisions” process for routinely approved services and require MA plans to report on their prior authorization use and rate of approvals and denials.

Increase penalties for acts of violence against healthcare workers

- **Pass the *Safety from Violence for Healthcare Employees (SAVE) Act (H.R. 7961)*** to increase penalties for individuals who commit acts of violence against healthcare workers. This legislation is modeled after current protections for airline workers and would criminalize assault or intimidation of hospital employees, with protections for mentally incapacitated individuals due to illness or substance use.

EXTEND CRITICAL PROGRAMS AND FLEXIBILITIES

- **Extend the Medicare-dependent hospital (MDH) program and the enhanced low-volume adjustment (LVA).** These critical rural programs support hospitals for which Medicare patients make up a significant percentage of inpatient days or discharges or those with low patient volume. IHA supports the *Assistance for Rural Community Hospitals (ARCH) Act (S. 4009/H.R. 8747)* to extend the MDH program and enhanced LVA for five years.

- **Advance the House-passed *Advancing Telehealth Beyond COVID-19 Act of 2021 (H.R. 4040)*** to extend telehealth policies implemented during the COVID-19 PHE through 2024. The bipartisan bill would extend important flexibilities, including removing geographic restrictions, allowing use of audio-only services and expanding the types of practitioners eligible to be reimbursed for telehealth services. Extending these flexibilities will improve access to care, specifically for high-risk and vulnerable patients, while reducing costs for overburdened hospitals.
- **Extend the hospital-at-home program for two years beyond the end of the PHE by passing the *Hospital Inpatient Services Modernization Act (S. 3792/H.R. 7053)***. Through temporary waivers, several Illinois hospitals have either established a hospital-at-home program or are in the process of doing so. These hospitals include Blessing Hospital in Quincy, OSF HealthCare St. Francis, University of Chicago Medical Center, and Northwestern Memorial Hospital. The hospital-at-home program, which allows qualified patients to receive acute care in their homes, has been found in early studies to increase quality, reduce cost, and result in high patient satisfaction. We urge Congress to extend this innovative program so that data, best practices, and other information may inform establishment of a more permanent program.