

April 9, 2022

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION
STATE ADVOCACY ALERT**

SUBJECT: General Assembly Adjourns – \$3.8B Hospital Assessment Reauthorization, \$118M ARPA for Hospitals, \$240M Assessment Tax Relief – Hospital Leader Call April 11 at 1 PM

The Illinois General Assembly adjourned its spring session at approximately 6 a.m. the morning of April 9—the earliest adjournment date in recent memory.

The inclusion of IHA’s 3-pronged proposal in the final package was our top priority. This was not an easy lift, as there was fierce competition for state resources from many industries. However, the incredible performance of the hospital community during the pandemic—coupled with our collective and determined advocacy efforts—allowed us to secure an extraordinary package of proposals this session. All told, when added up, we were able to secure over \$300 million in new General Revenue Funds (GRF) to be allocated to Illinois hospitals in Fiscal Year (FY) 2023.

As a reminder, we will hold a Hospital Leader Call on April 11 at 1 p.m. to provide an overview of the recently adjourned legislative session. **In order to join the WebEx call, each individual must pre-register by [clicking here](#).** If you have already registered for this call, no further action is needed. Registered individuals will receive a WebEx link and log-in information in advance of the Hospital Leader Call.

We believe IHA and the hospital community achieved the best possible outcomes on our key issues, which we briefly summarize below.

Hospital Assessment Program and Key Advocacy Priorities – [HB 1950](#) (Rep. Greg Harris/Sen. Ann Gillespie)

House Bill 1950 reauthorizes the Hospital Assessment Program (HAP) and includes many of our advocacy priorities of the 2022 spring legislative session.

Hospital Assessment Program Reauthorization

- Directs more than \$3.8 billion annually in Medicaid funding for hospital services through Dec. 31, 2026. The legislation retains the 2020 structure, with minimal refinements.
- Shifts pass-through payments to limited direct payments from the Dept. of Healthcare and Family Services (HFS), including Fee For Service and an Expansion of Graduate Medical Education (GME), to increase predictability and optimize federal spending limits.
- Refines the high Medicaid hospital class to recognize both inpatient and outpatient hospital utilization and regional differences.

- Establishes a new class of small government hospitals, to better align their payments with their costs and federal limits.
- Directs HFS to establish the directed payments for fixed pool hospital classes and fixed rate hospital classes, and the pass through payments for all hospitals, so that the total amount of payments to each hospital under the HAP in calendar year 2023 is projected to be substantially similar to the total amount of such payments to the hospital in calendar year 2021 (assuming the volume and acuity of services is the same.)
- Adds protection of a rate floor for fixed pool hospital classes to assure increased funding during periods of increased utilization for safety net, critical access and public hospitals, to maintain their reimbursement rate.

Hospital Pandemic Relief Through Assessment Tax Reduction: Requires HFS to reduce the hospital assessment tax imposed on each hospital by a uniform percentage amounting to a total reduction of \$240 million, to be applied by June 30, 2022. This provision provides direct relief to all assessment-paying hospitals.

Extends the Investor-owned Tax Credit: Extends the current income tax credit to Dec. 31, 2027 for charity care provided by investor-owned hospitals, to help preserve access to quality healthcare for uninsured individuals across the state.

Removes Sunset of Non-profit Hospitals Sales Tax Exemption: Removes the current sunset provision that applies to the sales tax exemption for non-profit hospitals, to provide non-profit hospitals with stability regarding their exempt status and reduce administrative burden.

Creates the Safety Net Hospital Health Equity and Access Leadership (HEAL) Program: Directs the Dept. of Public Health (DPH) and HFS to issue a joint report to the General Assembly by Feb. 1, 2023, containing options and recommendations for a permanent Safety Net Hospital HEAL program, to replace ad hoc funding being provided to such hospitals in FY 2023. This joint report will address hospital eligibility criteria, projects eligible for funding, and potential strategies to generate federal Medicaid funding for these expenditures.

Reauthorization of Illinois Poison Center Funding: Continues the annual payment of \$3.75 million to the Illinois Poison Center.

Budget – [House Bill 900](#) (Rep. Emanuel Chris Welch/Sen. Elgie Sims)

Budget Implementation Bill – [House Bill 4700](#) (Rep. Greg Harris/ Sen. Elgie Sims)

Tax Relief – [Senate Bill 157](#) (Sen. Michael Hastings/Rep. Michael Zalewski)

The General Assembly passed a \$46.5 billion state budget for FY 2023 that has no cuts to Medicaid rates or to Medicaid enrollment. The agreement forged by Gov. Pritzker and Democratic legislative leaders includes almost \$2 billion in tax relief, most of which is temporary, such as the suspension of the local sales tax on groceries, a six-month freeze on the cost of living increase on motor fuel and a one-time state rebate for property taxes paid.

Budget highlights include:

- \$118M in ARPA funding, to be distributed in a similar manner as the FY 2022 ARPA allocations.
- \$69.8 million in FY 2023 GRF-financed DPH grants for specified Safety Net Hospitals.
- \$1 billion to the state’s Budget Stabilization, or “rainy day,” Fund.
- An additional \$200 million pension payment, in addition to a recent \$300 million increase to the pension funds. This amounts to a total \$500 million in extra pension contributions above the statutorily required contribution—and is much closer to the actuarially-required amount.
- \$2.7 billion to the Illinois Unemployment Insurance Trust Fund, which is \$4.5 billion in debt.
- \$900 million for the Group Health Insurance bill backlog.

Staffing Agencies – [HB 4666](#) (Rep. Jay Hoffman/Sen. Omar Aquino): Addresses the significant costs and predatory practices of nurse staffing agencies through key accountability, transparency and other provisions, including:

- Requires staffing agency contracts to contain a full disclosure of charges and compensation, including all hourly bill rates per category of employee and administrative charges.
- Requires 100% of the hourly rate be paid to the nurse.
- Prohibits nurse agencies from entering into covenants not to compete with nurses;
- Eliminates buy-out, liquidated damages and conversion fees, should a healthcare facility hire an agency nurse as a permanent employee.
- Prohibits recruiting potential employees on the premises of a healthcare facility.
- Requires the Illinois Department of Labor (DOL) to establish a system of reporting complaints against a nurse agency.
- Increases civil penalties against nurse agencies to \$10,000 per occurrence.
- Requires nurse agencies to submit a quarterly report to DOL outlining aggregate charges and costs, to be published annually by county.
- This language does not include a cap on nurse agency compensation, due to concerns with such a policy and its impact on nurse availability.

Medicaid Omnibus – [HB 4343](#) (Rep. Greg Harris/Sen. Ann Gillespie)

The Medicaid Omnibus is a package of legislative initiatives proposed by the bipartisan/bicameral Legislative Medicaid Working Group (MWG). The Medicaid Omnibus included the following provisions impacting hospitals:

- Creates an add-on of no less than \$113 for Enhanced Ambulatory Patient Grouping (EAPG) outpatient rates to hospitals serving more than 500 outpatient psychiatric services for children, effective Jan. 1, 2023.
- Increases the rate for prenatal and postpartum visits to at least the rate for an adult well visit, including any applicable add-ons, effective Jan. 1, 2023.
- Requires HFS to evaluate and increase the rate for external cephalic versions by an amount determined by HFS, effective Jan. 1, 2023.

- Removes the sunset requiring a Dept. of Children & Family Services (DCFS) per diem rate for inpatient psychiatric stays, at hospitals with inpatient psychiatric units, for children beyond medical necessity or “lockout” children. This provision is set to sunset on July 1, 2023.
- Requires HFS to apply with the Federal government by July 1, 2022, for 12-month continuous eligibility for adults in the medical assistance program, which will alleviate the issue of individuals falling off the roles of the program mid-year.
- Requires HFS to apply with the Federal government by July 1, 2022, to allow for ex parte redeterminations for individuals without any income on the medical assistance program. Ex parte redeterminations allow the state to re-determine if an individual remains eligible for medical assistance through state sources, rather than mailing a renewal form to complete and submit.
- Requires the medical assistance program to cover licensed certified professional midwife services.
- Authorizes HFS to provide medical services to noncitizens 42 years of age through 54 years of age, who would otherwise be eligible for Medical Assistance, by July 1, 2022.
- In addition to the Medicaid omnibus bill, the MWG and HFS agreed to increase the pediatric vaccination rate from \$12.56 to \$16.15.

The IHA team greatly appreciates the IHA Board of Trustees for their leadership and guidance, and all IHA members for your strong support and advocacy. Your input enabled IHA and the hospital community to work together to realize a number of important accomplishments during this uniquely brief legislative session.

IHA will be sending you a more detailed overview of the spring 2022 legislative session. This recap will include information on the many bills that IHA closely monitored to best represent hospitals and health systems and the patients and communities they serve.

If you or members of your team have questions on any legislation, please contact Nichole Magalis at nmagalis@team-ih.org or 217-541-1162.