STATE ADVOCACY ALERT

The Illinois General Assembly this week took final action on several issues of importance to the hospital community that IHA strongly advocated for during the Fall Veto Session:

- Hospital omnibus bill:
  - Clarification to maintain the sales tax exemption for non-profit hospitals until July 1, 2022;
  - Technical corrections to address an implementation issue in Critical Access Hospital rates in the redesigned Hospital Assessment Program;
  - Extension of the deadline until April 1, 2019 for submission of a rule for the Hospital Transformation Program; and
  - Extension until July 1, 2019 of the requirement for DCFS to pay hospitals that take care of children who remain hospitalized beyond medical necessity because they do not have an alternative living arrangement;
- 10-year extension of the Certificate of Need (CON) Program; and
- Workers’ Compensation payments.

Here is a summary of these key issues and the action taken by the General Assembly:

**Hospital Omnibus Bill – Senate Bill 1469 (House Amendment #1)**
On Nov. 28, the Illinois House voted 107-0 and the Illinois Senate 53-0 to pass Senate Bill 1469 as amended. Key provisions of this legislation include:

**Hospital Sales Tax Exemption**
SB1469 extends the sunset on nonprofit hospital sales tax exemptions to July 1, 2022, and retroactively validates any previous sales tax exemptions granted under the 2012 hospital property and sales tax exemption law. Illinois sales tax statutes include a five-year “generic automatic sunset provision” affecting exemptions, credits, and deductions. Because the hospital sales tax exemptions enacted in the 2012 law did not include a specific sunset provision, the generic sunset provision in the revenue code resulted in an automatic sunset date of June 14, 2017 – five years after the effective date of the 2012 law. This bill essentially provides a 5-year extension of the sales tax credit (from 2017 to 2022).

**Hospital Assessment Program Technical Corrections**
SB1469 includes language that directs the Department of Healthcare and Family Services (HFS) to correct the Outpatient rates retroactively to July 1, 2018 for all Critical Access Hospitals (CAHs), and to prospectively adjust the rates for non-CAHs to reflect the model authorized in the spring 2018 legislation for the redesigned Hospital Assessment Program.

SB1469 also moves the assessment program’s tax due date for hospitals from the 14th business day of the month to the 17th business day of the month. The new tax due date will align with the new MCO-Hospital Assessment Program (MCO-HAP) payment date, consistent with the time lag between the two dates in the previous assessment program. HFS supports this adjustment.

**Hospital Transformation Program**
SB1469 extends the deadline for HFS to submit the final rule for the Hospital Transformation Program to April 1, 2019 and dissolves the legislative Hospital Transformation Review Committee on that same date. The hospital assessment redesign legislation enacted last March had required HFS to submit the rule this year.

**DCFS Youth-in-Care Beyond Medical Necessity**
SB1469 extends to July 1, 2019 the requirement passed in the Spring 2018 legislative session for the Department of Children
and Family Services (DCFS) to implement a rate of reimbursement for free-standing psychiatric hospitals which take care of children beyond medical necessity when DCFS cannot return the child to the home or DCFS has no viable placement other than the hospital. Previously, hospitals would not be paid beyond medical necessity. The Spring 2018 legislative action required DCFS to develop a plan to move children after hospital stays are no longer medically necessary. When placement cannot be made, DCFS must reimburse the hospital.

Certificate of Need Program Extension
On Nov. 28, the Illinois Senate voted 53-1 to override the Governor’s veto of House Bill 4645, which would extend the sunset of the Health Facilities Planning Act, the Act that houses the CON program, by 10 years to December 31, 2029. Previously, on Nov. 14, the Illinois House voted 89-21 to override.

IHA and the hospital community support continuing the CON program because it enables hospitals and health systems to provide a wide and comprehensive range of essential services — including 24/7 emergency services, trauma care, perinatal services and behavioral health services — and most importantly, access to quality healthcare for all Illinoisans.

Workers’ Compensation
On Nov. 27, the Illinois House voted 110-2 to override the Governor’s amendatory veto of Senate Bill 904, which would address an alarming increase in the delay of payment or non-payment for “pre-authorized” workers’ compensation medical care. Previously, on Nov. 14, the Illinois Senate voted 55-1 to override. SB 904 ensures that medical providers can enforce late payment interest provisions when insurers delay payment for pre-approved workers’ compensation services.