

June 30, 2016

## State Advocacy Update - General Assembly Approves HB4678 to Maximize ACA Access Payments, Restore IPC Funding; State Group Health Appropriation Approved

The Illinois House today took final action on House Bill 4678, legislation to substantially increase Affordable Care Act (ACA) Access Payments to hospitals and restore \$3 million in state funding to the Illinois Poison Center (IPC) for FY2017 and FY2018. The bill, which passed the House by a vote of 110-0, was signed by the Governor ([PA99-0516](#)).

Also today, both the House and Senate approved Senate Bill 2047, a six-month stop-gap bill. Among the key provisions contained in the bill is appropriation authority for IPC and payment of group health insurance claims from the Health Insurance Reserve Fund (HIRF). The bill also authorizes the Department of Human Services to make expenditures from the Commitment to Human Services Fund for various human service grants, including Psychiatric Leadership Grants.

A key provision in SB2047 states that “all appropriation authority granted in this Act shall not supersede any order of any court directing the expenditure of funds for fiscal years 2016 or 2017.” An existing court order, directing the State to continue making Medicaid payments during the budget impasse, is expected to be extended next week when lawyers for the State and the Sargent Shriver National Center on Poverty Law return to federal court on July 6.

### Role of IHA Advocacy

Today’s final legislative action on these two key bills caps several months of intense IHA advocacy—including negotiations with the Department of Healthcare and Family Services and the Governor’s Office on the ACA Access Payments framework and many discussions and meetings with legislative leaders and other key lawmakers in all four caucuses—to ensure the best outcome for the hospital community in an extremely volatile political and fiscal environment.

IHA greatly appreciates the outstanding leadership of the lead sponsors of HB4678—Sen. Heather Steans and Rep. Greg Harris—as well as the unified efforts of hospitals in contacting and working with their legislators on these critical issues.

### Background on HB4678 – ACA Access Payments

ACA Access Payments, which do not require state general revenue funds, ensure that the Medicaid rate for hospital services for new ACA adults is equivalent to the rate paid for traditional Medicaid beneficiaries.

ACA Access Payments were established in 2014 to ensure access to hospital services for ACA adults enrolled in fee for service (FFS), resulting in over \$450 million annually in federal funds to support hospital care for new ACA adults.

### Key points of HB4678 include:

- Extends ACA Access Payments for ACA adults in Managed Care Organizations (MCOs), as of January 1, 2016. With the shift to managed care, ACA Access Payments must be extended to ACA adults in MCOs.
- Estimated Value of ACA Access Payments: The total estimated annual value of the ACA Access Payments for ACA adults in both FFS and MCOs is \$750 million – \$800 million annually.
- Hospital Assessment Increase: The hospital assessment paid to the state will increase by about 19% of total ACA Access payments, if ACA Access payments exceed \$450 million annually. The value of this “Toll” (i.e., the amount of the assessment used to support other Medicaid or healthcare services) is comparable to the “Toll” under the original hospital assessment programs. This increase will begin July 1, 2016 and apply in State fiscal years 2017 and 2018.
  - Example: \$800 million in ACA payments will generate \$153 million in increased assessment payments by hospitals to the

State. These funds would be deposited into the Healthcare Provider Relief Fund to be used to support Medicaid and health services.

- ACA Access Payments do not use any General Revenue Funds. ACA Access Payments are fully federally funded until CY-2017, after which the hospital assessment will be increased to cover the State's share of 5% of ACA Access Payments in CY-2017 and 6% in CY-2018. This obligation was included in the 2014 legislation establishing ACA Access Payments.
- Illinois Poison Center (IPC): Restores \$3 million in State funding to the IPC for FY2017 and FY2018.

HB4678 provides critical support to improve access to quality healthcare for all Illinoisans. We commend the General Assembly, Governor and HFS for their support of this important legislation.

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