Illinois Health and Hospital Association

Putting the Issue in Context

- The key question is not whether bed occupancy rates are too high or too low but whether we have the right array of healthcare services that the patients in our communities need. Examining only inpatient occupancy rates does not take into consideration the continuum of services the hospitals are now providing or partnering with other providers to meet the healthcare needs of their communities.
- "Raw" hospital bed occupancy rates do not tell the whole story about the value of a hospital to a particular community. We must consider the following factors:
    - Impact of the Affordable Care Act (ACA): Nearly 900,000 Illinoisans now have coverage through Marketplace plans or Medicaid expansion under the ACA, with increased demand for hospital services from these newly insured.
    - Impact of Baby Boomers: The healthcare needs of the 76 million Baby Boomers nationwide will increase as they age, especially those with multiple conditions, e.g., diabetes, congestive heart failure, chronic pulmonary obstructive disease, cancer, high blood pressure, etc.
- There is a major difference between licensed (authorized) and staffed beds. Hospitals often do not use their maximum licensed capacity, but they do not reduce their licensed capacity in order to meet future needs.

Hospitals need flexibility to address rapid ongoing changes and the transformation of healthcare. For example, with this flexibility, a hospital can renovate a unit or floor to meet a new need without disrupting ongoing patient care and having to seek state permission to add new beds.

Transforming Healthcare: Quality Improvement, Operational Efficiency

- Reduction of unnecessary hospitalizations is a strong indicator of health systems' efforts to better manage care across the continuum to improve outcomes and lower costs.
- The goal of the health system is to provide the right care, at the right time, in the right place. The real question is: What is the optimal array of services (including inpatient acute care) to serve our future healthcare needs?
- Hospitals and health systems across the state are working to improve quality of care, making substantial progress to reduce readmissions and healthcare-acquired conditions, resulting in better outcomes and lives saved, reduced utilization and lower costs.
- Accordingly, hospitals are transforming their facilities and services to meet the needs of their communities. In short, the hospital's reach and vision spreads far beyond its acute care role and mission.

They are moving to:

- Outpatient and community-based services
- Accountable Care Organizations (ACOs)
- Care coordination
- Integrated care, including integrating behavioral health with physical health
- Post- acute, home health, palliative care and primary care medical homes
- Partnering with community organizations and community-based providers
- Expanding clinics
- Rural hospitals are transforming, utilizing rural health clinics to provide more access to primary care and outpatient services.

Be Prepared to Talk about What Your Hospital Is Doing along These Lines

- Our transformation efforts are working as planned. We are seeing less inpatient care because we are moving people to outpatient and community-based settings.

Hospitals Are Prepared for Unexpected Needs

- We must not forget that there will always be a need for inpatient care and services to meet various needs, including unexpected and emergency needs, such as disasters, Ebola, flu epidemics, etc. When you truly need to be hospitalized in full cardiac arrest or in the first stages of a stroke, for major surgery or for traumatic injuries from an accident, there is no substitute for getting to a hospital.
- Surge capacity: Hospitals need flexibility to ramp up capacity beyond their “normal/regular” day-to-day needs for man-made and natural disasters, epidemics (flu, Ebola, MERS, EV-D68, and other emerging diseases from around the globe); hurricanes, tornadoes, mass shootings, car accidents, bioterrorism, terrorist attacks, etc. In the Boston Marathon bombing, the surge capacity of hospitals was critical in saving lives in a very short period of time.

Streamlining Regulatory Processes/Investing in Healthcare Transformation

- *What do hospitals need in support going forward as part of this transformation?*

Government should remove regulatory barriers and obstacles, such as streamlining the Certificate of Need (CON) process, giving hospitals more flexibility to make the changes needed to move care and wellness outside of the hospital to help reduce and eliminate avoidable hospitalizations.

- IHA and the hospital community strongly supported legislation that was enacted in the spring 2015 General Assembly session—House Bill 3504/Public Act 99-0154—to update the Health Facilities Planning Act to keep pace with the demand for a more effective and efficient healthcare delivery system.
- This new law streamlines the required paperwork and processes for applicants for a change of ownership of a healthcare facility and closure of a healthcare facility or category of service.
- Government should invest in healthcare transformation, e.g., providing transition funding to help hospitals and nursing homes repurpose or close.
- We must ensure that as the healthcare delivery system transforms. We support the healthcare safety net to meet the needs of our communities.