

January 13, 2021

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION  
M E M O R A N D U M**

**TO:** Chief Executive Officers, Member Hospitals and Health Systems  
Chief Financial Officers  
Government Relations Officers  
Behavioral Health Constituency Section

**FROM:** A.J. Wilhelmi, President & CEO  
David Gross, Senior Vice President, Government Relations  
John T. Bomher, Senior VP and Counsel, Government Relations and Policy

**SUBJECT: Hospital and Healthcare Transformation – Update No. 4  
General Assembly Passes Transformation Legislation – Senate Bill 1510**

We are pleased to report that on January 13, 2021, the General Assembly overwhelmingly passed IHA supported legislation – *Senate Bill 1510* – to authorize the Hospital and Healthcare Transformation program. The Department of Healthcare and Family Services (HFS) will administer the program which is supported by an annual transformation funding pool of \$150 million. The bill will be sent to Governor Pritzker, who is expected to sign it. HFS is expected to issue information and guidance on implementation in the near future.

For a detailed summary of the Hospital and Healthcare Transformation legislation, [click here](#).

This legislation closely aligns with IHA’s principles for meaningful and systemic healthcare transformation. In short, this program provides the opportunity for vulnerable communities to receive state funds to implement strategies to reduce health disparities, advance health equity and improve the health and healthcare of their community.

We commend and express our deep appreciation to the Medicaid Legislative Work Group (MLWG), in particular the bill’s sponsors, House Majority Leader Greg Harris and Senator Heather Steans, HFS Director Theresa Eagleson, the IHA Board of Trustees as well as many hospital leaders across the state, all of whom invested countless hours and resources to develop this innovative program. In particular, we commend IHA Board Chair Karen Teitelbaum, President and CEO, Sinai Chicago, Jose R. Sanchez, President and CEO, Norwegian American Hospital, and George Miller, President and CEO, The Loretto Hospital, who testified before the MLWG at 7:30 am on Saturday, January 9, 2021.

Over the past week, HFS Director Eagleson engaged in numerous discussions with legislators, particularly with Rep. Camille Lilly on behalf of the Black Caucus and Sen. Omar Aquino on behalf of the Latino Caucus. As a result, the bill was revised to assure that the Transformation program will prioritize distressed communities, address health disparities, including the impact of COVID-19 on Black and Latino communities, and recognize their need for post-COVID care.

The final legislation also directs HFS to convene a Workgroup to make recommendations on several issues, including the potential creation of a new class of “Community Safety Net Hospitals”.

HFS intends to invest these vital dollars into the creation of innovative partnerships in Illinois’ most distressed communities. The Department envisions new partnerships that will connect clinical healthcare organizations with community-based organizations to have the greatest impact on health outcomes by filling the gaps in health care delivery and tackling the social and structural determinants of health.

**Funding:** In summary, the legislation authorizes HFS to award funds to transformation projects based on specified criteria and requirements. During State fiscal years 2021 through 2027, the Hospital and Healthcare Transformation program will be supported by an annual transformation funding pool of up to \$150 million, pending federal matching funds. The program does not require new funding – the legislation authorizes HFS to expend dollars for transformation projects that were set aside in May 2020, as part of the legislative negotiations on the hospital assessment program. The \$60 million in state funds that were allocated for this program in May 2020, will be eligible for \$90 million in federal Medicaid matching funds, resulting in \$150 million dollars to improve health equity in Illinois.

**Categories of Projects:** The legislation identifies targeted funding amounts for the following categories of transformation projects:

- \$30 million – Safety net hospital, particularly a community safety net hospital, and other providers to address health disparities;
- \$20 million – Safety net hospitals and larger hospitals to increase access to specialty care;
- \$30 million – Hospitals and other providers in distressed communities;
- \$15 million – Critical access hospitals (CAHs) and other providers to address health disparities;
- \$15 million – Cross provider collaborations to address health disparities; and
- \$5 million – Workforce development collaborations.

**New Class of Community Safety Net Hospitals – To Be Considered by HFS Workgroup:** In the last week, there have been discussions about creating a new category of “Community Safety Net Hospitals”. As originally proposed, it would have consisted of safety net hospitals that are independent or part of a system comprised of a majority of safety net hospitals. This proposal was originally proposed in the Health Care Reform legislation introduced by the legislative Black Caucus. However, in light of the strong concerns raised with respect to this proposal, it was dropped from the Black Caucus Health Care Reform legislation and the Transformation legislation.

However, the Transformation legislation does require HFS to convene a workgroup within 30 days, that includes subject matter experts on healthcare disparities and stakeholders from distressed communities, to review and provide recommendations on how Department policy, including health care transformation, can improve health disparities and the impact on

communities disproportionately affected by Covid-19. The workgroup shall consider and make recommendations on the following issues: community safety net designation of certain hospitals, racial equity, and regional partnership to bring additional specialty services to communities.

**Background Information:**

- Hospital and Healthcare Transformation Legislation – Summary of Senate Bill 1510
- HFS Transformation Program Proposal, November 13, 2020.
- IHA Hospital and Healthcare Transformation Update No. 3, November 17, 2020.
- HOSPITAL and HEALTHCARE TRANSFORMATION PROGRAM: INVESTING FOR HEALTH EQUITY, IHA Position Paper, November 2020.
- Hospital Transformation: Opportunity & Challenge, IHA Presentation to the Medicaid Legislative Work Group, August 19, 2020.

**For Further Information:**

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