

November 9, 2020

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

**SUBJECT: Hospital and Healthcare Transformation – Update No. 2
HFS Healthcare Transformation Proposal**

Synopsis: On November 6, 2020, the Illinois Department of Healthcare and Family Services (HFS) released its Vision for Healthcare Transformation. The Department’s healthcare transformation proposal is described in an [Overview](#) and [Powerpoint presentation](#). This memo provides an initial summary of HFS’ transformation proposal. The Illinois General Assembly is considering the process and criteria to be used under the Hospital and Healthcare Transformation program to allocate \$150 million in transformation funds. Legislation on this issue may be considered during the fall Veto Session (November 17 – 19 and December 1 – 3, 2020).

Overview: On November 5, 2020, HFS Director Theresa Eagleson, and her team, presented HFS’ Vision for Healthcare Transformation proposal to the IHA Board of Trustees during its Board Retreat. The Director described an ambitious vision for healthcare transformation aimed at addressing social determinants of health, barriers to healthcare access and building collaborations among community groups. Members of the IHA Board of Trustees expressed their appreciation for the comprehensive vision being offered by HFS. It appears that many features of HFS’ proposal align with the transformation principles that have been advocated by IHA. At the same time, members identified questions related to the details of HFS’ proposal, such as the precise process and criteria for awarding planning grants, the need to support financially stressed hospitals, the feasibility of multi-stakeholder collaboration, and the need to avoid redundancy among different efforts to improve care coordination.

As described in our [November 3, 2020 Memo](#), IHA has continued to advocate that in order to eliminate health disparities and achieve health equity, the State must invest in systemic health care transformation that will result in a more integrated and coordinated system of care, especially for our most vulnerable communities. See ***IHA’s Position Paper*** ([click here](#)).

HFS’ Healthcare Transformation Proposal – Outline of Key Elements: Based on an initial review, HFS’ Vision for Healthcare Transformation proposal includes the following features:

- FY 21: Fund Pilots to Jump Start Collaboration & Innovation
 - Types
 - Safety Net Hospital Partnership Pilots \$20M – \$30M
 - Critical Access & Distressed Hospital Partnership Pilots \$10M – \$15M
 - Cross Provider Care Partnership Pilots \$10M – \$15M
 - Features
 - 12-18 month planning grants

- Must include a community based organization (CBO) and one unrelated specialty or BH partner
 - Goal of the pilot must be re-imagining how communities are served
 - Health equity must be a primary focus and measured
 - HFS to assist with planning and racial equity analytics
 - Successful pilots to create pipeline for future funding
- FY 21: Fund Diverse Workforce Development
 - Culturally Competent Diverse Workforce Development
 - \$5M – \$10M per year and continues in future years
 - Features
 - Loan repayment
 - Scholarships in the future
 - Preventative and specialty care
- Future Years:
 - Create funding schedule for communities and/or criteria in rule;
 - Benchmarks and milestones to meet, including services and disparity reduction;
 - Prioritize projects that include safety net hospitals and/or are in distressed communities and those that bring in additional, non-state funding;
 - Fund 4-8 communities per year;
 - Funding of \$1 million to \$30 million per year;
 - 1 year minimum -- 4 year maximum;
 - Project must phase to complete sustainability over 4 years;
 - Fund additional projects/planning grants to create ongoing pipeline;
 - Tie in capital project funding.
- Project Goals or Criteria
 - Improve Care in Target Communities
 - Collaboration of multi-stakeholders to address healthcare and social determinants of health (SDOH);
 - Healthcare and SDOH services are linked to improve outcomes;
 - Emphasize preventative, primary and specialty care;
 - Emphasize integrated, team-based care for chronic health conditions;
 - Address both physical and behavioral health, including substance abuse.
 - Address Economic Factors
 - No reduction in access to services;
 - Same or increased jobs;
 - Designed to be sustainable via utilization-based payments.
 - Data and Community Driven
 - Based on community needs and input;
 - Equitable/reduce disparities;
 - Use data to design and promote integration of care;
 - Have identified goals, measurable metrics and verifiable project milestones.

Next Steps:

At this time, it is unclear how the General Assembly will proceed on the hospital and healthcare transformation funding issue. It is anticipated that legislation would be needed to authorize HFS to move forward with implementing its Vision for Healthcare Transformation proposal. The General Assembly is currently scheduled to meet on November 17 – 19 and December 1 – 3, 2020; however, given the surge in COVID-19, it is possible that the General Assembly's fall Veto Session could be delayed or cancelled. IHA is continuing to review HFS' proposal and will be sharing questions and comments on it with the Department and the Medicaid Legislative Work Group.

Further Information:

- Please [contact IHA](#)