



Illinois Health and Hospital Association

IL AAHAM 2019 Annual State Institute Update

December 6, 2019

Recapping 2019



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A Busy 2019

IHA has been actively involved in issues at all levels:

Federal

- Surprise Billing, 340B, Prescription Drugs, Price Transparency

State

- Nurse Staffing, Medicaid Managed Care, EtO, Capital Program, Non-Profit Sales Tax Exemption

Local

- Fair Work Week Ordinance (Chicago)

Price Transparency

Executive Order (June 24)

- Empower consumers with information to compare price and quality
- Enable entrepreneurs to access data

Outpatient PPS Proposed Rule (August 9)

- Included requirement to disclose all third-party negotiated rates
- Applied to all types of hospitals (CAHs, SCH, IRFs)
- Required two files:
 - All items and services using a machine-readable format
 - 300 commonly “shoppable” services using a consumer-friendly format

IHA Comment Letter – September 27, 2019

IHA Comments

- Does not provide information patients desire
- Focus should be on patient education
- Misguided definition of standard charges
- Operational challenges
- Significant administrative burden
- Payer contracts are confidential
- Exceeds CMS' legal authority for requiring hospitals to post standard charges

Final Price Transparency Rule

“Today’s transparency announcement may be a more significant change to American healthcare markets than any other single thing we’ve done, by shining light on the costs of our shadowy system and finally putting the American patient in control”. HHS Secretary Alex Azar

- Released desk copy Nov. 15; *Federal Register* Nov. 27

Hospital Final Rule – Price Transparency Requirements for Hospitals to Make Standard Charges Public

Health Plan Proposed rule – Transparency in Coverage

Final Transparency Rule

- All licensed hospitals (except federal)
- On the internet, updated at least annually with date of last update
- Easily accessible and free of barriers to access
- Identify hospital location associated with files
- Two files:
 - Machine-readable file with all items and services
 - Consumer friendly file with 300 “shoppable” services; 70 listed by CMS; others based on utilization or billing rate
- Adds de-identified minimum and maximum negotiated charges and discounted cash prices
- Revised implementation to January 1, 2021

All Items and Services

300 “Shoppable” Services

Machine-readable Format

- Description
- Standard charge
 - Gross charge
 - Payer-specific negotiated rate, identifying each payer by name
 - De-identified min/max negotiated rate
 - Discounted cash price
- Billing code (e.g., CPT, HCPCS, NDC, DRG)
- Revenue code (if applicable)

Consumer-friendly Format

- Plain language description of service
- Payer-specific negotiated rate
- Discounted cash price, or if not offered, undiscounted gross charge
- De-identified min/max negotiated rate
- Include all ancillary items and services with corresponding charges
- Billing code (CPT, HCPCS, etc.)
- Location where service is provided
- File must be searchable

Monitoring and Enforcement

Monitoring

- Utilize complaints made by individuals or entities
- Reviewing individuals' or entities' analysis of non-compliance
- Auditing hospital websites

Enforcement

- Written warning
- Corrective action plan
- Civil monetary penalty of up to \$300/day

Transparency in Coverage – Proposed Rule

Health Plans:

- Consumer-friendly internet tool - personalized info on cost-sharing for a covered service from a specific provider
- Public disclosure of negotiated rates in standardized machine-readable file – in-network providers and historic out-of-network
 - Plan name, billing codes, negotiated rate for each in-network provider
- Medical loss ratio – incentive insurers to share savings with enrollees when choose lower-cost, higher-value providers

Next Steps

- American Hospital Association to file lawsuit
 - Will introduce confusion, accelerate anti-competitive behavior among health insurers and stymie innovations in value-based care delivery
- Consult with Counsel on compliance options
- Price transparency is not going away:
 - Adjusting the chargemaster file with appropriate descriptions and codes
 - Look at the 70 CMS “shoppable” services and some other high utilized services
 - Consider putting all contracts in an electronic format
 - Include quality information

Surprise Billing Legislation

Policy

- Agreement to protect patients
- Disagreement over solution
 - Negotiation between providers and payers
 - Rate-setting
 - Network-matching

Committee-passed Legislation

- *Lower Health Care Costs Act* (Senate HELP)
- *No Surprises Act* (House Energy and Commerce)
 - Both use a “benchmark” rate

State Level

IHA's Key Legislative Issues from this Spring

Stopped Mandatory Nurse Staffing Legislation

- Prevented costly legislation that has no conclusive evidence of quality/patient safety

Collaborated to improve Medicaid Managed Care

- SB 1321 - Major IHA initiative

Secured capital program dollars for hospitals

- \$200 Million for Hospitals and Healthcare

Extended sales tax exemption program for non-profit hospitals

- Continues exemption until 2022

Local Level

IHA's Advocacy Extends to Local Governments

Negotiated critical revisions to Fair Work Week Ordinance in Chicago

- Narrowed definition of covered employee
- Set applicability to certain income levels
- Permissive employer/employee agreed schedule changes
- More expansive list of emergent circumstances that triggers exception.

Preparing for 2020



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2020 Federal Advocacy Agenda

Key Issues IHA will be Working on at the Federal Level

Addressing Affordability and Access

- Protect and strengthen the ACA

Price Transparency

- Pending legal action
- Look to states

340B Drug Pricing Program

- Work with AHA to protect program and access

Prescription Drug Prices and Shortages

2020 Federal Advocacy Agenda *continued...*

Protecting Medicare/Medicaid

- Fair and adequate reimbursement
- Oppose site neutral payments
- Invest in the physician workforce
- Increase coverage for telehealth
- Expand integration/coordination of behavioral health
- Prevent cuts to Medicaid DSH program

2020 Federal Advocacy Agenda *continued...*

Advancing Value Based Care

- Quality & Patient Safety
 - Streamline and improve quality measurement programs
- New Payment/Delivery Models
 - Allow for innovation to test new models
- Rural Hospitals
 - Investing resources in rural communities
- Regulatory Burden
 - Reducing Outdated/Duplicative/Conflicting Regulations

2020 State Advocacy Agenda

Key Issues IHA will be Working on at the State Level

Medicaid Hospital Transformation Pool

- \$263M for hospitals to transform delivery models
- Incorporate into Phase II of the Assessment

Nurse Staffing Ratios

- Strongly opposes one-size-fits all approach
- \$2B in extra costs to the healthcare system

Medicaid Managed Care

- Implementation of MCO legislation from 2019
- Collaborate with HFS/MCO's to enhance standardization and ease administrative burden

2020 State Advocacy Agenda *continued...*

Medicaid Public Option

- Key Pritzker initiative
- IHA supports greater access to healthcare as a multipronged approach
 - Strengthen the Health Insurance Exchange
 - Preserve/Enhance robust commercial marketplace

State Budget & Medicaid Funding

- Significant part of the state budget
- Illinois is the lowest for Medicaid reimbursement
- Adequate funding to assure access to high quality care

Hospital Assessment Program Phase II and Related Payment Issues



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Phase II - Environmental Factors

- Continued Changes in Health Delivery
- General Assembly
 - MLWG will play prominent role
 - Preserving access in vulnerable communities is a priority
- Administration/HFS
 - “Medicaid buy-in”
 - Increased State “scrape”
 - Transformation goals
- CMS – Continued emphasis to move to dynamic payments
- MCOs - Increased influence as a result of MCO assessment
- Unions – Desire “seat at the table”

Phase II: IHA Process and Basis of Evaluation

IHA Board will oversee Phase II design (*as in Phase I*)

Minimize negative “impact” for as many hospitals/systems as possible

- Proposed definition of “Impact”
 - Change in “net benefit” from Phase I to Phase II
 - “Net Benefit” = Expected Payments – Tax
 - Phase I “Net Benefit” = Projected “Net Benefit” (*from Feb. ‘18*)
 - Actual Phase I “net benefit” not available until Q1 2020
 - For systems, measured in the aggregate for all hospitals

Phase II – Strategic Priorities

- Preserve \$3.5 Billion in Medicaid funding
- Minimize negative “Impact” for as many hospitals/systems as possible
- Continue to better align payments with current services
- Maximize Hospital Support
- Approval by State and Federal Governments

SB1321 Implementation Priorities

Inpatient Stays beyond Medical Necessity	<ul style="list-style-type: none">• Rules Published: Oct. 1, 2019• Effective Date: Jul. 1, 2019
Centralized Claims Submission Pipeline	<ul style="list-style-type: none">• Procurement Date (Target): Aug. 1, 2019• Implementation Date (Target): Jan. 1, 2020
MCO Standardization & Operational Guidelines	<ul style="list-style-type: none">• Progress Report Due Date: FY2020 Annual Report (Apr. 1, 2021)
Claims Liability Effective Date	<ul style="list-style-type: none">• Effective Date: Aug. 5, 2019
Dispute Resolution Process	<ul style="list-style-type: none">• Rules Published: Jan. 1, 2020

SB1321 Implementation Priorities, *continued...*

FFS Medicaid Timely Filing for Eligibility Errors	<ul style="list-style-type: none">• Effective Date: Aug. 5, 2019
Expedited Payments	<ul style="list-style-type: none">• Effective Date: Aug. 5, 2019
Late Payment Interest Penalties	<ul style="list-style-type: none">• Effective Date: Aug. 5, 2019
Provider Directory Updates	<ul style="list-style-type: none">• Effective Date: Oct. 1, 2019
Value-based Purchasing	<ul style="list-style-type: none">• BH Meetings Begin: Jul. 1, 2019• BH Report to GA: Jan. 31, 2020
Medical Loss Ratios	<ul style="list-style-type: none">• Report Published: Annually (no initial publication date given)

Workgroups & Pilots

HFS Workgroups

- HFS-MCO-Hospital Biweekly Meetings
 - Resolution of long-standing, systemic claim denial issues
 - Resolution of eligibility errors – deemed newborns and retroactive terminations
- MCO-Hospital Discharge Planning Pilots
 - Improved communication and collaboration
 - Timely placement of challenging patients
 - New MCO contracts with post-acute care providers

IHA Surveys

- MCO Administrative Performance Survey
- MCO Behavioral Health Denials Survey

SB1321 Implementation

Next Steps

- Work with HFS to provide input on administrative rules
- Work with HFS and MCOs on hospital education and feedback
- Monitor impact of implementation

2020 Local Advocacy Agenda

Key Issues IHA will be Working on at the Local Level

Payment in Lieu of Taxes (PILOTs)

- Attempt by local governments to raise revenue by seeking payments from nonprofits
- Something that is likely to be introduced in Chicago and may spread if successful
- IHA is opposed to such efforts

Other Key Issues



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Substantive Policy/Regulatory Issues

IHA Will Also be Engaged in the Following Areas

Integrated Health Homes

- State initiative to support care coordination for complex patients
- HFS submitting Medicaid State Plan Amendment

Behavioral Health Insurance Parity

- Strong parity law passed in 2018
- IHA working with HFS and Dept. of Insurance on Data Workgroup and ensuring parity enforcement

Telehealth Expansion & Reimbursement

- IHA seeks full implementation of 2018 changes to Medicaid telehealth and expansion of coverage by commercial payers

Substantive Policy/Regulatory Issues *continued...*

Medical Malpractice

- Poses challenges to healthcare reform: defensive medicine & ability to recruit/retain physicians
- IHA continues to support AHA efforts at the federal level and opposes legislation that would worsen the climate in Illinois

Nonprofit Hospital Property Tax Exemption

- Major IHA initiative in 2012 and ruled constitutional in 2018
- Continue to fight attempts to enact property taxes on nonprofit hospitals – diverts resources from providing care/fostering transformation
- Provide \$6.2B in benefits to communities and \$800M in charity care

Substantive Policy/Regulatory Issues *continued...*

Ethylene Oxide

- A chemical used to sterilize thousands of medical products and devices
- Recently declared by EPA to be carcinogenic
- 2 major sterilizers in Illinois
 - 1 shut down & won't reopen
 - 1 is a major sterilizer of hospital surgical packs
- Legislation enacted in the spring to further regulate emissions
- Attempt made during Veto Session to completely phase out
- Major issue in 2020
- IHA has sought a balanced approach

Substantive Policy/Regulatory Issues *continued...*

Perinatal Levels of Care

- Hospitals are designated by IDPH to care for certain babies based on capabilities and resources
- Designation is key as it dictates whether babies can be treated or transferred
 - Particularly important in more rural parts of the state
- Regionalized system
- Levels of Care have not been updated since the 70's
- IDPH is entering the third full year of a complete overhaul to the system
 - Levels will be based off of the American Academy of Pediatrics
- First draft of rules are expected to be released soon

Substantive Policy/Regulatory Issues *continued...*

Maternal Health

- 2019 was unprecedented year for maternal health legislation
- National news showing high mortality/morbidity rates for pregnant and postpartum women
 - Particularly true among minority populations
- Hospitals continue to end OB services throughout the state
- Legislation enacted mandates certain trainings/protocols
- Creation of maternal levels of care for hospitals
- Major issue at the federal level

Substantive Policy/Regulatory Issues *continued...*

Certificate of Need

- Process by which healthcare facilities must get government approval to build, modernize or close facilities or services
- Under significant scrutiny in 2019 due to:
 - Hospital Closures
 - Ending categories of service (OB, pediatrics, etc.)
- IHA fended off significant changes to the program in 2019
 - Likely to see this issue return in 2020
- Entrance of micro hospitals and the bed minimum
 - Lawsuit won to permit a micro hospital in Crystal Lake

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