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Written Testimony to House Executive Committee
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Thank you, Leader Harris, and Members of the Committee for the opportunity to provide written testimony today in support of House Floor Amendment #1 to Senate Bill 2541 regarding the Hospital Assessment Program.

In the midst of this global public health emergency, when our health care partners such as hospitals are on the front lines of the fight every day, it has been our pleasure to drive analysis and discussions regarding the hospital payment system in Illinois for over 3 million Medicaid members. Governor Pritzker believes that health care is a right, not a privilege. As the Director of the Department of Healthcare and Family Services, I am laser focused on driving better health care and health equity for those we serve through payment incentives and policy.

This package is a very important one to hospitals from Chicago to Champaign to Cairo. After months of work – together with our legislative, provider and advocacy partners – this package will bring in over \$250 million additional federal dollars to the state. The total program is comprised of \$3.8 billion dollars in payments to hospitals. It also moves the Medicaid program down the path of more dynamic funding – meaning that the system becomes more responsive to the needs of individual member decisions on where to seek care.

We also use some of the funding to increase rates for physicians across the state and there is funding reserved to improve access to health care services, including diagnostic and treatment services, in under resourced communities across the state. Further, the Department set out to make payments to hospitals more transparent and intends to simplify the billing system for some services like laboratory tests performed by hospitals.

When a hospital serves a higher proportion of Medicaid members, they rely more on the state for their funding. I am extremely pleased to say that the great majority of increased funding in this program goes to safety net and critical access hospitals and other hospitals that open their doors and services to the most vulnerable of our fellow Illinoisans.

With agreement from a dedicated, bipartisan group of legislators who have been discussing this topic for months, we submitted this plan for federal approval in April, and will continue to negotiate for their approval prior to implementation in July.

Allow me to take this opportunity to address an issue that is only passively referenced in this underlying hospital assessment redesign legislation. The need for health care transformation is staring us in the face, in many ways now more than ever. This pandemic has shown us the very consequences of not doing more to provide preventive care across all communities. To better care for, or better yet prevent, people who are vulnerable from developing serious health conditions such as diabetes or

hypertension. We know, not suspect, not hypothesize, but know, that individuals that have these underlying conditions are far more likely to die as a result of the devastating COVID-19 virus. And we know that those underlying conditions are far more prevalent in under-resourced communities, poor communities, and communities of color. The experience in Chicago and across the state has laid bare the reality that our existing health care delivery system, despite the heroic efforts of countless workers, whether they are doctors, nurses, aides, or other staff, is simply not providing the full continuum of care that the people we serve deserve. We worked for many months with the General Assembly and many other stakeholders to lay out a transformation proposal that is not included in this bill. **I am in strong support of this legislation, and it is absolutely critical to pass today.** However, without language for transformation, I fear that true transformation will take longer to reach the communities needing it right now.

The need for changes in our health care delivery system are neither new, nor unexpected. For many years, this body has discussed the need for change, and two years ago enacted legislation to create a process to bring about some of those changes, yet nothing could be agreed to. When I became Director, I was tasked with trying to strike a balance to bring about some of those changes. And we worked with you and other stakeholders, including labor, including Safety Net Hospitals, and including hospitals throughout the State, to create a process that aims to address our shared goals and visions for a better system of health care on the South Side, on the West Side, in the Metro East, and in rural communities across Illinois. And while those groups may not be 100% in favor of what had been proposed to you, they all recognized a need for transformation legislation, sooner, not later. Nearly all had expressed a general level of comfort with what had been proposed given the disparate interests that are involved.

The transformation legislation that had been proposed to you, but which was ultimately not included in the hospital assessment package, aimed to support proposals that would expressly address disparities in health outcomes, focus on services that are currently unmet, such as behavioral health services, increase availability and accessibility of primary care services, improve patient safety, and find creative ways to concentrate on social determinants of health. Proposals under that language would have required robust community input, significant BEP goals for the construction and operations of the new delivery system and provide a detailed analysis of not only the health impacts, but the economic impacts as well.

And while it is often said that actions have consequences, inaction can have consequences as well. Last fall, Mercy hospital in the Bronzeville community came to us to inform us that they were going to submit a CON to close their doors, likely by the end of 2019. On that very same day, I met with another safety net on the South Side indicating that they were going to have to reduce services because they feared that their overall losses did not provide them an opportunity to keep their facilities in a condition where they could continue to provide the same level of services safely. These two conversations took place after Westlake had closed, and after Metro South announced its closure but before its doors had been shuttered. So we suggested to both of these hospitals that they talk about their different strengths in providing quality health care, their similar challenges, and determine on their own if they could find a way to not only continue to provide services, but do so in a way that is focused on health outcomes, improving the quality of services available to our residents living in their communities. They brought in two additional hospitals, both providing critical services, but both struggling financially, to create a plan for some transformation on the south side. This process has

shown how hard true transformation can really be. And, we all understand that change is hard, but I also believe that we can't let desire for something perfect stand in the way of progress for so many.

We have committed to continue working with the Medicaid Working Group, interested legislators, and other stakeholders to keep working on the transformation proposal over the summer with the intent to bring it back during Veto Session. It is possible that despite plans to continue working on the transformation proposal over the summer, there may be additional hospital closures – possibly before you have a chance to reconvene and consider subsequent legislation, and without an evaluation of whether a project could have been developed that should receive state funding. While we hope this will not happen, if it does, we will do what we can to fill those gaps but are uncertain of our ability to do so.

I want to reiterate that I greatly appreciate all the work that the members of this committee have put into the legislation. It is extremely important for the full assessment to be enacted for the benefit of hospitals across Illinois. Hospitals are the backbone of our health care system and on the frontlines during this COVID-19 public health emergency. But I do believe that this legislation could have been so much more, and I am looking forward to getting to work as soon as possible with you to finally craft a transformation proposal for the communities that need it most.

Thank you for your consideration.