

**General statement:**

Good Morning and thank you for the opportunity to present today on the very important topic of hospital transformation. My name is Samantha Olds Frey and I am the Executive Director of the Illinois Association of Medicaid Health Plans. The Illinois Association of Medicaid Health Plans, often referred to as IAMHP, is a statewide trade association representing the entire industry of Medicaid Health Plans operating in the state of Illinois.

In preparation for today's meetings and subsequent conversations IAMHP has formed an Illinois Hospital Transformation working group comprised of clinical, policy, operation, and public health experts and leaders across the industry. To date we have convened several times to discuss the challenges, opportunities, and needs of Illinois' healthcare landscape. While all of this effort has been done through the lens of Medicaid, it is worth noting that we recognize similar challenges may, and often do, exist throughout the state of Illinois regardless of the healthcare funding source.

It is our sincere hope that we can be an asset to this committee and the challenging but necessary work that remains to be done.

**Guiding Principles:**

Nearly one month ago the Illinois Hospital Association presented to the hospital transformation committee and outlined the 5 principles they believe are critical to the success of the strategic plan and proposals that come out of this effort.

Those principles were:

- That decisions be based off of the needs of the community,
- Transformations should be broad in nature taking into consideration the entire healthcare system in a neighborhood not just the hospital,
- Transformations should be sustainable,
- There needs to be an ability to measure and ensure accountability,
- And finally there must be time for proper planning and transitioning if these efforts are going to be successful.

IAMHP's working group on hospital transformation agrees with these guiding principles and believes if followed and adhered to then not only will the work of this committee be successful but overtime the healthcare landscape in Illinois will be strengthened and better serve all Illinoisans.

**Unique perspective:**

Given the role of Medicaid Health Plans, IAMHP and our member plans have a unique perspective on gaps and barriers to care in the Illinois Medicaid program – and often the challenges presented by the gaps and barriers to care are shared with our hospital partners. For example, collectively we are trying to improve the system for:

- Patients who return repeatedly for inpatient and ED services due to a lack of community based resources to maintain their condition and keep them stable – especially those with a behavioral health diagnosis
- And patients who remain in the hospital beyond medical necessity due to a lack of willing or appropriate alternative settings to care for someone with behavioral health or complex medical needs.
- And most heart wrenchingly, when families feel they have no other option than to leave children in a psychiatric hospital due to a lack of resources in the community.

Health plans, and hospitals alike, recognize the shortages of professionals and access limitations that our members and patients face with regards to behavioral health, specialty care (especially orthopedics and oral surgery)

We realize this changes the current ecosystem that's why we recommend a planned, step wise approach that allows communities and hospitals to adjust to changes that will improve the care of people who are receiving the Medicaid benefit.

**Recommendations:**

- Allow hospitals to use designated funds to hire a consultant to assist them in this transformation and to identify system weaknesses and best practices for the current environment.
- Identify bricks and mortar opportunities to transform hospitals entirely or partially into alternate facilities. These transformations should be directly driven out of the needs of the community and state. However, we have identified some areas that are challenges throughout the state:
  - o Long Term Care settings for hard to place enrollees with specific needs and higher levels of care – ex. Alzheimer's/dementia patients, aging sex offenders, patients that need specific equipment (bariatric patients)
    - Arizona's long-term care system could serve as a model for these types of facilities.
  - o Increasing access to safe and stable housing by converting all or portions of existing facilities into permanent supportive housing units.
  - o Specialty Care – ex. Cancer Center or dialysis centers
- Assess the needs of the NB Consent Decree for step down, respite or community residential placement – ex. Designated floors within existing hospitals
- Engage other Medicaid provider trade associations in the discussions to offer their expertise and technical guidance on potential needs and provider transformations
- Access to care issues may also be driven by low Medicaid reimbursement rates – transforming hospitals to meet actual gaps in care must include an analysis of whether the rates and patient mix will support the needs of the community being served.

Medicaid Health Plans recognize that there is an exhaustive amount of work before this committee, the Department, and the hospital community to ensure that transformation is real, lasting, and meaningful. IAMHP and its member plans want to be partners in that transformation and assist the state in meeting the needs of the roughly 3 millions Illinoisans that rely on the Medicaid program.

**Concerns:**

In closing, I would be remiss if I didn't take the opportunity to explain and respond to some of the testimony this committee has heard and questions previously posed by committee members.

- Payment concerns: We have heard the concerns of the hospital and provider community and are taking steps to address these issues:
  - o IAMHP has hired consultants to develop a unified comprehensive billing guide for all provider types that will be finalized by the end of the year.
    - After it is published IAMHP will also conduct comprehensive training for providers in person and through webinars.
    - Beyond our training, IAMHP is identifying hospitals that have already implemented billing best practices and have low single digit denial rates so that hospitals can learn from their peers as well.

- Additionally, in the meantime IAMHP has offered a variety of approaches to the IHA and the Association of Safety-Net Hospitals including in-person day long trainings, webinars, a billing committee focused on safety-net hospitals, and regular conference calls with individual plans to discuss plan specific questions.
- Engagement of Members:
  - Without a doubt more is being spent on care coordination and member engagement than in the history of Illinois Medicaid.
    - Health plans are charged with and do search for Medicaid members in order to bring them into care. This is done with our community partners, providers, technology, and plan staff.
    - Health plans also offer additional benefits to engage and care for our members, such as ensuring families have food to eat, transportation to pharmacies, preventative healthcare not traditionally covered by Medicaid, and housing assistance.
    - MOLINA EXAMPLES
    - NEXT LEVEL EXAMPLES
- Transportation:
  - Medicaid Plans cover transportation to and from medical appointments and some offer additional coverage for trips to the pharmacy as well.
  - Regardless of who coordinates the transportation benefit, health plans or vendors, the same contractual requirements and oversight exists.
  - However, we know that there are transportation challenges throughout the state and this may be an area where low reimbursement rates impede access for Medicaid members.
- Pharmaceuticals:
  - There has been some confusion about pharmaceutical coverage and timeframes and it is my hope that I can provide some clarity.
    - Health plans have to respond to complete prior authorization applications for pharmaceuticals within 24 hours, regardless of whether or not it is on a weekend or holiday.
    - Regardless of prior authorization, plans and fee for service cover 72 hours of prescriptions. The purpose of this is ensure members have uninterrupted access to the pharmaceuticals they needs.
    - Finally, analysis has demonstrated that health plans typically offer a more generous formulary than that of the states and have a higher generic utilization rate. Increased utilization of generics where available and appropriate not only saves the state resources but it also better prepares members to transition off of Medicaid on to commercial insurance where generics have significantly lower copayments.

**Closing:**

Again, thank you for your time today and your share commitment to healthcare in Illinois. While today mostly reviewed the challenges and barriers to great healthcare in our state, I would like to close in highlighting the systems many strengths. We have world-class hospitals, dedicated practitioners, resourceful community based organizations, committed and experienced health plans, and a collective will to improve healthcare for the members we all serve. The challenge before the healthcare system may seem daunting, but I am certain that with this committee's strong leadership we will be successful in transforming the landscape of Illinois Healthcare.