

**STATEMENT**  
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**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION**

**ILLINOIS HOSPITAL TRANSFORMATION REVIEW COMMITTEE**

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**CHICAGO AND SPRINGFIELD, ILLINOIS**

The recent redesign of the Illinois Hospital Assessment Program included the allocation of \$263 million into a transformation pool as recognition that some hospitals will need assistance in transforming their delivery models to remain viable institutions and assure access to care for their communities.

Currently 95 hospitals are receiving this funding pool for two years. At the end of two years the pool is intended to be distributed to support hospital transformation efforts. Therefore, both the number of hospitals receiving funding from the pool and the amount each individual hospital receives may change in two years.

As the assessment model transitions half of the payments from static supplementals into live rates, hospitals that have been experiencing a decline in patient volume are at greater financial risk from the assessment because in the future the amount received from the assessment will be linked more closely to the amount of services provided and less on static and stable predictable funding.

Hospitals that are facing fundamental changes including a loss of population; shifts in where Medicaid beneficiaries are receiving healthcare services; significantly more patient care being delivered in outpatient settings; and are in need of transformation funding.

The IHA Hospital Transformation Task Force is examining eligibility criteria – and how to prioritize transformation funding to support those hospitals most in need of transformation. Our Task Force is also examining what data a hospital would have to present to receive support of a transformation proposal, and a variety of financing and other implementation issues. The Task Force will make its recommendations to the IHA Board of Trustees, and the IHA Board will then make a final decision regarding the recommendations. IHA will then share those

recommendations with the Department of Healthcare and Family Services (HFS) and this committee.

The Task Force is examining criteria to identify hospitals eligible to submit proposals and receive priority consideration. The Task Force recognizes that a number of hospitals are heavily reliant on funding from the pool currently and the challenges that are associated with developing a transformation proposal. Therefore, the Task Force took into consideration the need to recognize those hospitals that are dependent on pool funding as a potential participation criteria.

Potential Criteria:

- Hospitals that receive more than 25 percent of their assessment funding from the current pool.
- Hospitals projected to face a reduction of greater than 25 percent in assessment associated funding.
- General acute care hospitals with mental health and substance abuse inpatient admissions as a percentage of overall admissions at 40 percent or greater.
- Hospital provides one or more inpatient procedures at low volume for those specific procedures.

While the Task Force has representation from all hospital segments, IHA is continually gathering input from the diverse hospital community. Last week IHA held its quarterly Safety Net Hospitals meeting with 20 hospitals attending the meeting, including representatives from safety net hospitals that have presented to this legislative workgroup such as South Shore, Jackson Park, Swedish Covenant, and Touchette, as well as freestanding psychiatric hospitals.

The safety net hospitals discussed the work of the Task Force, and in particular there was discussion about the two-year period being too short and also discussion of how some hospitals want to keep the transformation money going forward. Many hospitals are dependent on this money today, so it will be difficult to use it to “transform”.

The view of IHA’s Task Force is that hospitals most in need of transformation should receive priority consideration for the funding in phase 2 and any transformation proposals should include specific data to support the funding request. The Task Force is guided by the goals of giving hospitals flexibility to determine transformation that best meets the needs of their community provided there is accountability and the transformation proposal will lead to a financially sustainable model of care delivery. Given that many hospitals are currently dependent on their current distribution from the pool, the available funding may be insufficient to allow for transformation without significant capital funding to transform existing facilities.