# 2015

# ADVOCACY AND POLICY AGENDA

# Key Issues Impacting Metropolitan Chicago Hospitals

***The Trusted Voice and Resource for Healthcare***

The Metropolitan Chicago Healthcare Council (MCHC) is a membership and service organization dedicated to helping members care for their communities through access to health care and improved delivery of services. By promoting this legislative agenda, MCHC will continue to be the ***Trusted Voice and Resource for Healthcare*** and play a leadership role to advocate MCHC member hospitals' positions on legislative and regulatory issues at the local, state and federal levels of government.

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## Introduction

MCHC is a membership and service organization dedicated to helping members care for their communities through access to health care and improved delivery of services. MCHC accomplishes its mission in part by advocating on behalf of its members before government business representatives, the public, media and others.

## MCHC's Advocacy Goal

Consistent with its strategic framework, MCHC's advocacy goal is to be the ***TRUSTED VOICE AND RESOURCE FOR HEALTHCARE*** on health care issues of importance to its members and the communities they serve and ***CREATE VALUE*** through implementing an advocacy strategy that will:

- Focus its primary advocacy efforts on the City of Chicago and county governments in the eight-county metropolitan region.
- Enhance advocacy efforts of the American Hospital Association (AHA) through targeted outreach with the Illinois congressional delegation.
- Support, as requested, advocacy efforts of the Illinois Hospital Association (IHA).
- Collaborate, as appropriate, in coordination with members with hospital constituency group associations (e.g. Association of Safety-Net Community Hospitals, Association of Academic Medical Colleges, etc.).
- Communicate and interact with the business community, special interests groups and key community stakeholders.
- Serve as a primary information resource for elected officials and key staff to acquire a broader view of what issues are moving in other areas of government and the impact on member hospitals.
- Protect member investment in MCHC programs and services.

To support these goals, MCHC Government Relations has developed the following advocacy plan.

## Member Engagement and Communication

MCHC's advocacy efforts are driven by the membership, and success is often as a result of that relationship. Frequently scheduled communication with the membership will help identify key issues and develop advocacy strategies, while MCHC's *Weekly Government Affairs and Policy Update* as well as member memos will effectively communicate legislative news, analysis and advocacy to members. MCHC's grassroots advocacy campaign, including Real Advocacy and Facebook, will allow members to customize their messages and also reach a broader audience than those targeted by more traditional outlets.

**KEY METRICS: Member Engagement and Communication**

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- Communicating legislative news, analysis and advocacy to members through MCHC's *Weekly Government Affairs and Policy Update* and memos.
  - The *Weekly Government Affairs and Policy Update* will distribute 48 editions, allowing for holiday breaks for Fourth of July, Thanksgiving, Christmas and New Year's holidays.

- Expand MCHC's online grassroots advocacy program.

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To help communicate our message to elected officials and key staff, MCHC will:

- Collaborate with the membership to strengthen advocacy positions and strategy development.
- Schedule issue-specific meetings with elected officials, key staff and other governmental leaders. Collaborate with MCHC member hospitals for preparation and participation in these meetings; and involve community stakeholders as appropriate.
- Serve as health care industry experts, including scheduling issue-specific briefing meetings, drafting legislation that supports industry positions, and testifying where appropriate.
- Develop an ongoing communications program with elected officials and key staff that provides information on health policy issues across all levels of government that offers a global view of policy and regulatory impact on member hospitals.
- Monitor elected officials' votes on health policy and regulatory issues.
- Maintain MCHC's current legislative monitoring program at the federal and local levels of government, which is communicated to the membership via:
  - *Weekly Government Affairs and Policy Update;*
  - Issue-specific memoranda;
  - Advocacy Alerts;
  - Real Advocacy communications;
  - MCHC publications (i.e., Economic Impact report), and
  - Membership conference calls as needed.

## Local Government Advocacy

The support of local governments can be key in promoting the agenda of metropolitan Chicago hospitals. MCHC will work to continue to foster its relationships with local elected officials. As several key issues come to the forefront at the local levels of government, MCHC stands ready to assist member hospitals in educating elected officials using a unified message approved by the membership. By promoting this advocacy agenda and further developing relationships with key elected officials, MCHC will continue to be the ***TRUSTED VOICE AND RESOURCE FOR HEALTHCARE*** and play a leadership role to advocate MCHC member hospitals' positions on legislative and regulatory issues.

**KEY METRICS: Local Issues**

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- City of Chicago
  - Meet with newly elected aldermen to promote MCHC's legislative agenda.

  - Monitor the situation, impact and implementation of the minimum wage increase in Chicago.
  - Monitor 2015 city and sister agency budget and issues; mitigate potential member impact.
  - Identify collaborative opportunities to lower municipal fees paid by hospitals.

- Cook and surrounding collar counties
  - Meet with key committee chairmen and/or key staff on at least a quarterly basis to maintain communication and promote MCHC's legislative agenda.
  - Stand ready to fight negative ordinances.
  - Monitor 2015 county and sister agency budget and issues; mitigate potential member impact.
  - Identify collaborative opportunities to work with local levels of government, including local health departments, to advance shared interests.

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**Additional Local Government Advocacy**

- Other issues identified as part of MCHC's local legislative agenda:
  - Monitor the local regulatory environment.
  - Promote and protect the economic impact of hospitals.
  - Identify collaborative opportunities and enhance current partnerships.

- MCHC and member hospitals will continue to work with key policymakers in the metropolitan Chicago region, including:
  - Chicago City Council and key staff
  - City of Chicago Mayor's office
  - City of Chicago Public Health Department (CDPH)
  - County officials, including board chairmen and their key staff; board health committee chairs; health department administrators; and other key officials and staff
  - Metropolitan Water Reclamation District (MWRD) of Greater Chicago
  - Metropolitan Mayors Caucus (MMC) and its related Councils of Government (Cogs)

**Federal Advocacy**

MCHC will continue to play a leadership role on behalf of its member hospitals and educate the Illinois congressional delegation on issues of importance to its members. For example, the House Ways and Means Committee recently released the Hospital Improvements for Payment (HIP) Act of 2014, which addresses numerous hospital related issues. This legislation would, among other things, establish a new hospital prospective payment system (PPS) as well as repeal the two-midnights payment reduction and provide improvements to the RAC program. MCHC supports the legislation's provisions that: (1) repeal the two-midnights payment reduction; (2) extend the six-month RAC audit moratorium and the further extension of the moratorium to inpatient "short-term" discharges through fiscal year (FY) 2019; and (3) the inclusion of the Establishing Beneficiary Equity in the Hospital Readmission Program Act. However, MCHC has serious concerns about the creation of a new hospital prospective payment system (HPPS) and the elimination of reclassified wage indexes and revision of the wage index system to use a Bureau of Labor Statistics (BLS) computed wage index for the short stay payment mechanism.

MCHC will continue to monitor the HIP Act and also advocate for MCHC member hospitals' positions on five key issues: (1) the Children's Health Insurance Program (CHIP); (2) hospital readmissions penalties; (3) medical care for undocumented immigrants; (4) the 340B Program; and (5) Graduate Medical Education (GME) and Indirect Medical Education (IME). Additionally, MCHC will continue to monitor the situation in Washington and advocate on behalf of the membership as additional issues arise. Through Hill visits and grassroots advocacy, MCHC will continue to address to the Illinois congressional delegation the impact these five issues, among others, could have on the hospital community in the metropolitan Chicago region. See attached 2015 Federal Policy Agenda for more information.

**KEY METRICS: Federal**

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- Schedule a minimum of two Illinois congressional delegation Hill visits for member hospitals.
    - Surrounding key dates (TBD) by the executive and legislative branches of government
    - AHA Advocacy Days
- Host a minimum of one event at MCHC for member hospitals featuring a member of the Illinois congressional delegation to discuss issues of importance to hospitals.

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**Additional Federal Advocacy**

MCHC and its member hospitals will continue to work with legislators and key staff to support the unique legislative and regulatory needs of the metropolitan Chicago hospitals and the:

- 2015 Advocacy Agenda of the American Hospital Association (AHA)
- Additional federal issues of importance to member hospitals, including protecting member investment in MCHC programs and services.

**State Advocacy**

**KEY METRICS: STATE**

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- Monitor state-based exchange creation.
- Monitor the situation and the impact of the minimum wage increase.
- Health information exchange (HIE) issues that impact the MetroChicago HIE.
- Health insurance marketplace issues that impact Land of Lincoln Health (LLH).
- Support of state issues as determined and requested by the Illinois Hospital Association (IHA).

**Public Health, Business, Community Stakeholders and Special Interest Groups**

MCHC worked closely with the business community, community stakeholders and special interest groups to show support for the hospital community and property tax-exemption. MCHC will work to continue to strengthen and expand the relationships formed, especially as the State of Illinois and City of Chicago address raising the minimum wage. MCHC also will increase the engagement of these third party stakeholders during Hill visits, etc. to offer a unique perspective

of how hospitals help their communities through access to care and job creation.

**KEY METRICS: Public Health, Business, Community Stakeholders and Special Interest Groups**

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- Continue to seek opportunities to collaborate with key business groups in the metropolitan Chicago region.

- Advocacy issues that appear to fit the business community agenda:
    - Promote and protect the economic impact of hospitals.
    - Reduce health care costs, improve quality of care and reduce regulation through implementation and improvement of health care reform.
    - Promote and protect charitable missions and tax-exemption.
    - Support the case for:
        - Workforce initiatives
        - MetroChicago Health Information Exchange (HIE)
        - Land of Lincoln Health (LLH)
        - Uniform minimum wage

- To help communicate our message on these issues, MCHC will:
    - Serve on organizational boards of directors.
    - Develop and present information as industry experts to business-focused organizations.
    - Seek collaborative opportunities with the business community on legislation and policy matters as appropriate.

- Increase engagement of third party stakeholders during Hill visits, etc.

**Governmental Funding**

MCHC will continue to work to secure governmental funding for the: health information exchange (HIE) projects in the metropolitan Chicago region, health care workforce initiatives, energy/sustainability efforts and emergency and disaster preparedness efforts.

**Business Services**

MCHC will continue to provide programs and services that assist member hospitals in achieving their mission, including:

- Continue to demonstrate understanding of the community needs and benefits under the new requirements of the IRS's updated Form 990 and the new Schedule H through MCHC's Community Health Needs Assessment (CHNA) Program, which helps member hospitals access the most recent and reliable data available regarding the demographics and identified community health characteristics and needs for their institution's service area.
- Promoting the Individualized Economic Impact Studies that help member hospitals "tell their story" of caring for both the physical and fiscal health of the communities they serve.

# 2015 Federal Policy Agenda

## Medicare and Medicaid

Metropolitan Chicago hospitals will continue to be seen as an additional source of revenue to offset federal spending and continue to face detrimental cuts to Medicare and Medicaid reimbursement. Such cuts include additional reductions to Medicare disproportionate share hospital (DSH) payments as well as through the adoption of site-neutral payment polices (e.g., reductions to Medicare payments to hospital outpatient departments for evaluation and management (E/M) services) and to Medicare payments for graduate medical education (GME).

For example, the House Ways and Means Committee recently released the Hospital Improvements for Payment (HIP) Act of 2014, which could be reflective of the GOP mindset regarding health care. MCHC and its members support the legislation's intent to repeal the two-midnights payment reduction and its improvements to the RAC program, but have serious concerns about the creation of a new hospital prospective payment system (HPPS) and the elimination of reclassified wage indexes and revision of the wage index system to use a Bureau of Labor Statistics (BLS) computed wage index for the short stay payment mechanism.

### Disproportionate Share Hospital Payments

Historically, Medicare has increased payments to those hospitals that serve a "disproportionate share" of Medicare, Medicaid and low-income patients, called "disproportionate share hospital" or DSH. As such, there is a payment methodology for both Medicare and Medicaid DSH. Congress determined that expanded health care coverage as a result of the implementation of the Affordable Care Act (ACA) would allow for reduced federal funding for both the Medicaid and Medicare DSH programs. While the number of uninsured individuals is expected to decrease, delays in some components of the ACA, including the employer mandate, coupled with the remaining uninsured and undocumented population could result in lower than expected enrollment rates.

In the metropolitan Chicago region, hospitals spent nearly $2 billion to subsidize government-sponsored indigent care provided to Medicare and Medicaid patients in 2011. Metropolitan Chicago hospitals only receive 86 cents for every dollar spent by hospitals caring for Medicare patients and 89 cents for every dollar spent caring for Medicaid patients. Additional reimbursement cuts will result in a significant financial burden on metropolitan Chicago hospitals, including the approximately three in five local hospitals that are currently operating in the red.

### Children's Health Insurance Program

The Affordable Care Act (ACA) also provided an additional $40 million in federal funding to continue efforts to promote enrollment in Medicaid and the Children's Health Insurance Program (CHIP) and extends CHIP funding until October 2015. CHIP is a critical funding source for both of Illinois' All Kids and FamilyCare programs.

Unless Congress acts, funding for CHIP will expire on September 30, 2015, forcing a projected 10 million children and pregnant women to find other coverage. To date, there are over 1.6 million Illinois children enrolled in All Kids. Additionally, the Government Accountability Office (GAO) estimates up to two million CHIP-eligible children could lose access to health coverage, while the rest would likely get less comprehensive coverage at a higher cost. To that end, the Robert Wood Johnson Foundation (RWJF) recently released an analysis of data which found that in Illinois average out-of-pocket costs would be over 90 percent higher if these children were enrolled in Qualified Health Plans (QHPs) sold on the exchange versus CHIP. CHIP is a state-tailored program, and the sooner legislation to extend CHIP funding is passed, the more time Illinois and other states will have to put in place a comprehensive plan of coverage to meet the needs its children.

### Medicare Recovery Audit Contractor (RAC) Program

The Medicare RAC program was established to assess accuracy of Medicare payments and identify inaccuracies. Metropolitan Chicago hospitals are committed to working with the Centers for Medicare and Medicaid Services (CMS) to ensure the continued accuracy of Medicare payments; however, hospitals are facing more audits of payment claims, including by RACs, which subject hospitals to additional

administrative burden and costly payment denials. Unfortunately, the proliferation of auditing programs has subjected hospitals to ongoing multiple audits, unmanageable medical record requests, and millions of dollars of inappropriate payment recoupments for medically necessary care. As a result, local hospitals have been forced to divert resources away from patient care, and the increased administrative burden is contributing to rising overall health care costs.

## MCHC RESPONSE

Metropolitan Chicago hospitals will continue to be seen as an additional source of revenue to offset federal spending, especially as the 113th Congress adjourned without addressing the repeal of the sustainable growth rate (SGR). MCHC believes that it is critical that Congress fix the flawed physician payment formula in a way that does not result in reduced payments to hospitals, as hospitals continue to be a funding source target for the SGR fix, and continue to face detrimental cuts to Medicare and Medicaid reimbursement. A top concern for MCHC and member hospitals is that Medicare and Medicaid reimbursement remain far below the cost of caring for beneficiaries. Large reductions to Medicare and Medicaid reimbursement would lead to health care program cuts, which could threaten patient care and access to essential hospital services in the metropolitan Chicago region.

MCHC will continue to play a leadership role on behalf of its member hospitals and educate the Illinois congressional delegation on the negative impact further reimbursement cuts will have on the region's health care safety net. Through its ongoing federal advocacy efforts, MCHC also will work with the Illinois congressional delegation to maintain its commitment to Medicare, Medicaid, CHIP and other health care programs that preserve access to care, while also avoiding additional reductions to Medicare and Medicaid reimbursement beyond those already under the ACA.

Without action by Congress and/or CMS to reform RACs and relieve the burden on hospitals, RACs will continue to operate under their current financial incentives and resist changes that would improve the program through enhanced audit accuracy and reduced burden on our communities' hospitals. MCHC applauds the House Ways and Means Committee for its recently released the Hospital Improvements for Payment (HIP) Act of 2014, which extends the six-month RAC audit moratorium and the further extension of the moratorium to inpatient "short-term" discharges through fiscal year (FY) 2019.

## Graduate Medical Education/Indirect Medical Education

There continues to be a serious shortage of skilled health care professionals nationwide, especially primary and specialty care physicians. According to the Association of American Medical Colleges (AAMC), approximately 91,000 physicians will be needed across the nation by 2020. Of this total, more than 50 percent (46,000) will need to be surgeons and medical specialists. The Medicare population is expected to grow by 36 percent over the next 10 years due to an aging and growing population. In fact, it is estimated that approximately 10,000 Baby Boomers become Medicare eligible daily. During this same period, one in three physicians is expected to retire. As such, access to both primary and specialty care is vital to ensure short-term and long-term patient care needs throughout the metropolitan Chicago region.

Limits on the number of residency training slots since 1997 also have contributed to the substantial shortage and is further exacerbated by congressional proposals to reduce funding for Medicare graduate medical education (GME), constraining the ability of the nation's teaching hospitals to train new primary and specialty care physicians. As millions of new patients gain access to health care coverage under the Affordable Care Act (ACA), hospitals nationwide will have to treat more patients with fewer primary and specialty physicians being trained. Additional GME and indirect medical education (IME) cuts will jeopardize teaching hospitals' ability to train primary and specialty care physicians and limit critical medical services, while also impacting access to timely and appropriate care for the region's patients who require specialty or sub-specialty care. Moreover, the region's academic medical centers (AMCs) continue to address the physician shortage by collectively supporting 500 out of the more than 630 medical and residency and fellow training positions in Illinois that are above and beyond the congressional-imposed cap on Medicare-funded positions. Supporting these non-Medicare-funded positions comes at an enormous and increasingly unsustainable cost (approximately $168 million annually) to these institutions.

**MCHC RESPONSE**
The metropolitan Chicago region is home to some of the best physicians, nurses and skilled health care professionals due, in large part, to the quality of the region's teaching hospitals and AMCs. Each year, more than 1,700 medical residents train in Illinois' teaching hospitals, making Illinois one of the top five states in physician training. A dominant issue for MCHC and member hospitals continues to be the availability of skilled health care professionals. As part of its commitment to work on behalf of member hospitals to support the growth of skilled health care professionals in the metropolitan Chicago region, MCHC will continue to demonstrate to the Illinois congressional delegation that continued investment for GME and IME will help preserve access to world-class care for the region. Additionally, further cuts could result in the loss of thousands of jobs throughout Illinois MCHC also will continue to urge Congress to eliminate the 15-year freeze in the number of physician training positions Medicare funds.

## Medical Care for Undocumented Immigrants

Undocumented immigrants, even those affected by President Obama's executive action, are excluded from benefiting from the Affordable Care Act's (ACA) efforts to expand health care coverage. Undocumented individuals will not have access to subsidies and tax credits to buy health insurance through the provisions of the ACA, and are excluded from Medicaid enrollment due to their immigration status. Consequently, undocumented individuals will continue to rely heavily on health care providers, especially hospitals' emergency departments (EDs), to access medical care.

Across the metropolitan Chicago region, all hospitals remain challenged by continued reimbursement cuts and new unfunded mandates. Furthermore, Section 1011 of the Medicare Modernization Act (P.L. 108-173) to assist hospitals with providing mandated EMTALA (Emergency Medical Treatment and Labor Act) services to the undocumented immigrant community expired in October 2008.

**MCHC RESPONSE**
MCHC understands the challenges immigrants, especially undocumented individuals, face when accessing medical care as well as the barriers hospitals encounter in providing health care services to this patient population. As the U.S. Congress continues its immigration reform debate, MCHC will make recommendations to the Illinois congressional delegation on key health care provisions, including reauthorization of the Section 1011 program or any other funding mechanism made available for hospitals and other health care providers to help offset the cost of providing mandated emergency medical care to undocumented individuals. At the local level, MCHC will represent member hospitals on the issue of immigration reform through its participation on the Steering Committee of the Illinois Business Immigration Coalition (IBIC). MCHC also will actively engage key individuals, organizations and other key stakeholders in a conversation on this issue, working towards the outcome of determining appropriate policy development and timing of advocacy efforts.

## Readmissions

The Hospital Readmissions Reduction Program (HRRP) was established as a part of the Affordable Care Act (ACA) to incentivize coordination of care and reduce preventable readmissions by penalizing hospitals with higher-than-average Medicare readmissions rates. The HRRP reduces payments to hospitals with excess readmissions during the prior three years, and the program currently includes risk-adjustment for clinical factors such as comorbidities and severity of illness. HRRP penalties were capped at one percent of a hospital's inpatient base operating payments in 2013, increased to two percent in 2014, and remains at three percent in 2015 and thereafter.

The hospital community has concerns with the way the penalties affect: (1) large academic medical centers (AMCs); (2) hospitals that treat patients with complex conditions; (3) hospitals that have an abundance of planned readmissions; and (4) hospitals that serve the indigent or uninsured populations.

**MCHC RESPONSE**

Metropolitan Chicago hospitals are focused on reducing unnecessary readmissions; however, decreased reimbursement for them adds a great deal of financial pressure on the region's hospitals and places a significant burden on hospitals whose patients are largely indigent or uninsured. This patient population is likely to initially be in very poor health when they seek medical care and have limited access to other health care resources that could reduce the chance of readmission.

MCHC and member hospitals will continue to address to the Illinois congressional delegation the impact these penalties will have on the hospital community and urge them to require the CMS to account for patient socio-economic status when calculating risk-adjusted readmissions penalties.

## 340B Program

Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in the Medicaid drug rebate program to sell outpatient drugs at discounted prices to taxpayer-supported health care facilities that care for uninsured and low-income people. The program enables eligible entities, including hospitals and community health centers, to stretch scarce federal resources to reduce the price of pharmaceuticals for patients, expand services offered to patients and provide services to more patients. In addition, the program generates savings for the federal and state governments.

According to the Health Resources and Services Administration (HRSA), the federal agency responsible for administering the 340B program, enrolled hospitals and other covered entities can achieve average savings of 25 to 50 percent in pharmaceutical purchases. Despite recent HRSA efforts to exert more 340B program oversight and the program's proven record of decreasing government spending and expanding patient access, some in Congress may attempt to scale it back or significantly reduce the benefits eligible hospitals and their patients receive from the program.

**MCHC RESPONSE**

On November 14, 2014, the U.S. Department of Health and Human Services' (HHS) Health Resources and Services Administration (HRSA) withdrew a proposed rule that would have provided guidance on a variety of topics related to the 340B Drug Pricing Program. The "mega rule," which had been submitted to the White House's Office of Management and Budget (OMB) in April 2014, was expected to cover important 340B Program matters, such as patient eligibility, contract pharmacy arrangements, and eligibility for hospitals and off-site facilities. Now, in lieu of the proposed rule, HRSA has announced its intention to release notice-and-comment guidance to "address key policy issues raised by various stakeholders committed to the integrity" of the 340B Program. Additionally, HRSA plans to issue proposed rules related to civil monetary penalties for manufacturers, calculating the 340B ceiling price and administrative dispute resolution.

MCHC opposes efforts to scale back or significantly reduce the benefits of the 340B program as it is essential to helping safety-net providers stretch already limited resources to better serve their communities. MCHC and member hospitals will continue to educate the Illinois congressional delegation on the benefits of the 340B program for their uninsured and low-income constituents and advocate to prevent potential efforts to scale back or significantly reduce the benefits of the program. Additionally, MCHC looks forward to commenting on the Health Resources and Service Administration's upcoming notice-and-comment guidance.

***For more information, contact MCHC External Affairs***:


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