

Issue Brief

2018 Hospital Assessment Sunset



What's the issue

- All current non-claims Medicaid funding mechanisms for Illinois hospitals (transitional / supplemental payments, hospital assessments, and Affordable Care Act payments) are scheduled to “sunset” June 30, 2018.
- These payments represent over 50 percent of all payments made to Illinois Hospitals, and significantly more for Safety-Nets — over \$2 billion annually to hospitals and almost \$800 million to the state.
- Hospital payment restructuring needs to occur by June, 2017, in order for hospitals to avoid budgeting issues and regulatory approval risk. These payments are the Safety-Net Hospitals’ lifeblood and, thus, imperative to offset the low cost of Medicaid rates paid to Illinois hospitals.
- The State of Illinois hasn’t had a legislature-approved budget since the start of 2016. Delaying this has led to delays in other financial talks.

Why does it matter?

- Without knowing the details of the funding mechanisms, it will be nearly impossible to create hospital budgets for 2018. Calculating reimbursement rates, ACA supplements, and hospital assessments (funds that make up the gap between cost of services and what Medicaid reimburses).
- Safety net hospitals, or those hospitals that provide care to low-income and uninsured people without concern to their ability to pay, depend on these non-claim based payments, as they can provide over 50% of their operating costs.

What is the Presence Health perspective?

- **We have safety net hospitals.** Presence Mercy Medical Center and Presence Saints Mary and Elizabeth Medical Center are safety net hospitals, and receive this funding to do important work in their communities.
- **This tradition is our mission.** The founding religious sisters who established our ministries went out into their communities to care for those who would otherwise be unable to get adequate health care. Receiving funds from this Medicaid funding mechanism allows Presence to continue fulfilling its mission.
- **It allows us to be fiscally responsible.** We cannot create a budget nor receive approvals from our creditors without being able to factor in this Medicaid funding mechanism. If we count on having it and it is pulled or drastically changed, we could be under-budgeted as a system, and our safety net hospitals especially would have a difficult time filling the gap.