

July 22, 2021

Laura Phelan
Director of Policy, Director's Office
Illinois Department of Healthcare and Family Services
401 South Clinton Street
Chicago, IL 60607

Dear Ms. Phelan:

On behalf of its more than 200 member hospitals and nearly 40 health systems, the Illinois Health and Hospital Association (IHA) appreciates the opportunity to engage in constructive dialogue with the state on the *Feasibility Report for Coverage Affordability in Illinois* conducted pursuant to the Health Care Affordability Act and overseen by the Department of Healthcare and Family Services, in consultation with the Department of Insurance (the Interagency Working Group). IHA shares the state's overarching goal of improving healthcare affordability, reducing the number of low- and middle-income uninsured, and improving health equity. In fact, IHA has redoubled its efforts to eliminate health disparities, creating a standing Committee on Health Disparities of the Board of Trustees and recently hosting its inaugural [Health Equity Action Day](#), among other strategic measures designed to close the gap. We welcome the opportunity to collaborate with the Interagency Working Group and other stakeholders to affect meaningful change for all Illinoisans.

Summary Statement

After careful consideration of the six policy options outlined in the report, IHA believes that the state-supported marketing and outreach and state premium and cost-sharing subsidy proposals have the greatest potential to improve affordability, effectively leverage federal funding, and minimize market disruption, while leading to a significant and immediate reduction in uninsured Illinoisans. These pathways would also allow the state to target enrollment outreach and financial assistance to those who face the greatest barriers to accessing care.

IHA has significant concerns, however, about the proposed designs of the Basic Health Plan (BHP), Public Option, and Medicaid Buy-in, and urges the Interagency Working Group to conduct further analysis on the report's many assumptions regarding network adequacy, provider reimbursement, premium reductions, and marketplace stability in considering these options. We believe that an initial focus on state-supported marketing and outreach and state premium and cost-sharing subsidies would give the state more time to delve further into the complexities associated with the remaining options, while simultaneously increasing enrollment in Medicaid and the Marketplace.

Proposed Policy Options

[State-supported Marketing and Outreach](#)

The report speaks to the strong return on investment from expanded funding for state outreach, education, and enrollment assistance to consumers eligible for Marketplace

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coverage or Medicaid. **Of all the options discussed in this report, we believe that state-supported marketing and outreach is a common sense approach to improving the affordability of and access to health coverage for low- and middle-income Illinoisans. By leveraging existing state and federal programs and resources, it also provides a cost-effective, immediate pathway to coverage.** Such a program would be particularly effective in Illinois as the report estimates that over two-thirds of the state's uninsured are already eligible for, but not enrolled in, Medicaid or subsidized Marketplace coverage—an estimate that is consistent with Kaiser Family Foundation [data](#).

This approach also supports health equity because it allows the state to create marketing and outreach campaigns specifically designed to reach different uninsured populations. While having an overall positive impact for all uninsured, the report found that “such investments are likely to be especially valuable for Illinoisans who face disproportionate challenges in accessing affordable coverage.” Hospitals have been engaged on this front for years, helping to identify coverage options for the many uninsured who enter their doors. As key members of the communities they serve, hospitals and health systems welcome the opportunity to collaborate with the state to broaden existing consumer outreach and education initiatives.

State Premium and Cost-sharing Subsidies

In principle, IHA believes the **state premium and cost-sharing subsidy option has the potential to connect the remaining one-third of Illinois' uninsured to Marketplace plans, while making such coverage more affordable and accessible for new and current enrollees.** According to IHA member hospitals and health systems, the high deductibles associated with some Marketplace plans often deter patients from seeking care. Even with hospital financial assistance programs and payment options, many individuals in high-deductible plans are still left with bills they are unable to pay due to the sheer amount of the deductible.

Although the federal American Rescue Plan increased the federal Advanced Premium Tax Credits (APTCs) and Cost-sharing Reductions (CSRs), this support is only available for the next two years. Even with enhanced federal funding, affordability gaps remain. **State subsidies to lower premiums and/or cost sharing would further break down financial barriers to Marketplace enrollment for the uninsured and cost-related access barriers for the insured.** IHA would welcome the opportunity to engage in further discussions with the Interagency Working Group on how hospitals can best assist in communicating the availability of state subsidies given their role in serving the uninsured

Basic Health Plan

Based on the assumption that Illinois' BHP would reimburse providers at Medicaid rates, the report finds that the combination of federal APTC payments and enrollee premiums and cost sharing should keep state funding for implementation and oversight at a minimum. We are, however, concerned that the state may be responsible for greater outlays than anticipated if this assumption is not realized. We are also concerned that the proposed Medicaid reimbursement structure would lead individual providers to opt out of the BHP network, particularly if benefits were administered by the state's Medicaid Managed Care Organizations.

While we understand the BHP will help some of the uninsured gain coverage, it also **has the potential to increase premiums and cost sharing for other Marketplace enrollees as individuals who are eligible for the BHP drop Marketplace coverage.** Such increases could also discourage uninsured individuals who

are not BHP-eligible to elect new or continue current Marketplace coverage. **The BHP may have the unintended consequence of affecting Marketplace stability, as well as shifting costs to non-BHP-eligible enrollees and BHP network providers.** It does not appear that similar challenges would present themselves with the two options discussed above, particularly given their focus on bolstering the current marketplace.

Although the BHP option has been available to states since passage of the Affordable Care Act (ACA), it is worth noting that only two states—Minnesota and New York—have chosen to offer the plan. In both cases, the states were operating similar programs prior to the ACA, making it easier to control state investment in the BHP and ensure network adequacy. Even with 95% of federal APTCs being passed through to states, it is concerning that this funding stream has not spurred other states to create a BHP. As a result, we believe that further analysis of this option would be beneficial.

Public Option and Medicaid Buy-in

While the Public Option and Medicaid Buy-in would offer lower premiums for enrollees, the success of these plans hinges largely on shifting costs to providers through reduced reimbursement. As discussed earlier, this structure has the potential to limit provider participation. Given the number of individuals whom would likely shift from Marketplace and employer-sponsored plans to these plans, providers would also lose the higher reimbursement offered by private payers. As a result, providers would not have the revenue needed to offset, at least in part, the full cost of care for beneficiaries covered under a public option or Medicaid Buy-in, Medicaid, and Medicare, making it unfeasible to participate in the programs. The adequacy of provider networks also has implications for budget neutrality, as outlined in the report.

Moreover, an estimated 85% of additional enrollment in a Public Option would be individuals with a household income over 400% of Federal Poverty Level, meaning predominantly white populations will benefit from this option more than minority populations. Therefore, it would not have the effect of reducing health disparities, which is one of the priority goals of the state and IHA.

In summary, IHA is troubled by the potential for unintended consequences that could lead to a reduction in access to care, destabilization of the Marketplace, network adequacy challenges, cost shifting rather than savings, and continuing health inequities, and urges the Interagency Working Group to consider the following questions:

- What level of reimbursement would be needed to encourage and sustain provider participation, meet network adequacy requirements, and ensure access to high-quality healthcare?
- How could the potential shift away from Marketplace and employer-sponsored plans be minimized to ensure stability of the health system?
- Would prohibiting payers that offer these new plans from requiring network providers to accept the same, low reimbursement rates for their commercial products help ensure participation in the public option/Medicaid Buy-in?
- What specific effects would these options have on the stability of the off-marketplace individual and small group markets, as well as Get Covered Illinois?
- What are all the potential financial consequences for the state, particularly given the recent, significant reduction in state liabilities?

Transition to a State-based Marketplace

According to the report, transitioning Get Covered Illinois from a federally facilitated marketplace to a state-based marketplace may be financially beneficial to the state, achieving cost savings that could be used to assist Illinoisans in obtaining health coverage. Given the complexities inherent in operating a state-based Marketplace, we understand the state must first consider whether it has the resources needed to support investments in infrastructure, staff, and other supports necessary to implement the platform.

Conclusion

IHA commends the Interagency Working Group for undertaking this important effort for the benefit of all Illinoisans and appreciates its careful consideration of stakeholder input throughout the process. We value the opportunity to share the hospital community's perspective on the report and, while we have concerns with some of the policy options, others present clear opportunities to affect immediate, lasting, and meaningful change by leveraging our current healthcare system to improve equitable access to affordable care.

IHA has and will continue to support expanding opportunities for affordable healthcare coverage for all Illinoisans, and stands ready to work with the Interagency Working Group and other stakeholders to tackle this extremely important issue. Should you have any questions or wish to discuss further, please contact me at 217-541-1185 or jpowell@team-iha.org.

Sincerely,

Jordan Powell
Senior Vice President, Health Policy and Finance

cc: Sol Flores
Deputy Governor

Theresa Eagleson
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