

April 30, 2020

Director Theresa Eagleson, HFS  
Prescott Bloom Building  
201 South Second Street  
Springfield, IL 62763

Dear Director Eagleson,

On behalf of the Association of Safety-Net Community Hospitals, we are deeply concerned with maintaining adequate current funding streams to safety-net hospitals and low-income minority communities during the COVID-19 crisis. We recognize that all hospitals in Illinois are experiencing revenue losses as a result of the interruptions caused by the COVID-19 pandemic.

As safety-net hospitals, we are disproportionately reliant on Medicaid funds for hospital operations and cannot absorb the current losses in the same manner as general acute care hospitals, who have sizeable reserves and the ability to cross-subsidize losses with commercial payers. Unfortunately, COVID-19 has exposed what we have stated for years, that access to healthcare in Illinois is dependent on the color of one's skin and how much money they have, which is a completely unacceptable fact. African Americans in Cook County represent 23% of the population and 58% of COVID-related deaths (70% of COVID deaths in Chicago). This is not a coincidence, but evidence of a pattern of disinvestment in poor communities of color and while most apparent during times of crisis, has previously been right below the surface.

Therefore, on behalf of the safety-net hospitals and the communities most impacted by the COVID-19 crisis, we need your assistance in the following ways:

- Hospital volumes are down significantly across the state and the enhanced DRG for COVID-19 patients does not cover the cost, yet the MCOs are still being paid capitated rates reflective of pre-COVID-19 volume trends that are not being realized. Rather than allow the MCOs to keep those profits, we ask that the funds instead be redirected to the safety-net hospitals that are on the frontlines, serving the communities and people most affected.
- Meanwhile as volumes for services with the highest contributions margins- the services that make it possible to provide for the critical needs of our community - have declined, our personnel and personal protective equipment (PPE) costs have increased significantly. Essential workers are witnessing salaries of their peers exceeding historical market rates. This is a meaningful challenge for safety net hospitals and their ability to attract staff. Compounding the issue are additional financial incentives to existing staff. Taken together, we are experiencing 1) higher market driven expectations for new hires, 2) additional financial incentives for existing staff, and 3) supply chain disruption when securing PPE needs at premium prices. Simply put, we are witnessing an increase in wages and PPE at a time when we do not have the funds or corresponding revenue growth.

- The bi-monthly meetings between the MCOs and the hospital community no longer produce any value for safety-net hospitals, particularly since the departure of Medicaid Administrator Doug Elwell. We, as safety-net hospitals, have unfortunately been forced to accept MCO denial rates in excess of 15% and see very little opportunity for recourse at the Department. These lost funds have and will continue to create significant revenue shortfalls for safety-net hospitals. Increases in hospital assessment funds are quickly diminished by MCO denials and under-payments. However, since safety-net hospitals do not have vast resources in the form of large billing departments and billing consultants, we have been forced to this unfortunate fate, yet again leading to disinvestment in poor communities.

To be clear, the racial and social inequities that have resulted in the unpardonable disparity in minority COVID-19 fatalities were not created by this Administration. However, it is important that we acknowledge the reality that we are in; moreover, to understand where we need to go. We, as safety-net hospitals, need your help to get through the current crisis. Communities of color in Illinois, who are being ravaged by this vicious virus, are relying on us for care. We intend to be there for them, but we need your help in order to provide the best care possible for the people of Illinois when they need it the most.

We understand you are under incredible pressure and are grateful for your leadership during these difficult times. We are extremely appreciative of your time and attention to this critical matter and eagerly await your response.

Sincerely,

Jose Sanchez  
Norwegian American Hospital, CEO

George Miller  
Loretto Hospital, CEO

Chuck Holland  
St Bernard Hospital, CEO

Tim Egan  
Roseland Community Hospital, CEO

Tim Caveney  
South Shore Hospital, CEO

Anthony Guaccio  
Swedish Covenant Hospital, CEO

Dr. William Dorsey  
Jackson Park Hospital and Medical Center, CEO

Carol Schneider  
Mercy Hospital and Medical Center, CEO

Ned Budd  
Thorek Memorial Hospital, CEO  
Methodist Hospital, CEO

CC:  
Governor JB Pritzker  
Mayor Lori E. Lightfoot  
House Speaker Michael J. Madigan  
Senate President Don Harmon  
Senate Majority Leader and Joint Black Caucus Chair Kimberly A. Lightford  
House Black Caucus Chair Camille Y. Lilly  
Senate Black Caucus Chair Christopher Belt  
House Latino Caucus Chair Lisa Hernandez  
Senate Latino Caucus Chair Omar Aquino