



Alerts

Illinois Hospital Licensing Act Regulations Reflect New Reality of Health System Governance

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Health Law Alert

The Illinois Hospital Licensing Act regulations (Regulations) have been revised significantly to reflect the new reality of health system governance of hospitals. The revisions focus on the governance and medical staffs of health care systems, and became effective June 12, 2017.

Governing Board Changes

The Regulations have been amended to provide that the governing board of a hospital system which includes two or more hospitals has the option to serve as the single governing authority of each hospital. If a hospital system elects this option, its governing board is responsible for compliance with the medical staff requirements further detailed in the Regulations, found at 77 IL. Admin. Code, § 250.210, *et seq.*

All hospital and hospital system boards are responsible for the maintenance of standards of professional work in the hospital. Under the Regulations boards are now required to consult directly with the individual who is responsible for the organization and conduct of each hospital's medical staff at least twice per year, and include a discussion of matters related to the quality of medical care provided to the patients of the hospital. For hospital systems using a system board, the system board is required to consult directly with the individual responsible for the organized medical staff (or his or her designee) of each hospital within the system. Direct consultation occurs if the governing body, or a subcommittee of a governing body, meets with the leaders of the medical staff, or their designees, either face to face or via a telecommunication system.

Unified Medical Staff

The revised Regulations also permit two or more separately licensed hospitals, which are part of a health care system, to elect to use the option of a unified medical staff, conditioned upon the acceptance of a majority vote of the participating medical staffs. Members who hold clinical privileges at each hospital shall vote in accordance with its medical staff bylaws.

If the unified medical staff option is used, the system board is responsible for decisions of the unified medical staff, and that board may direct the unified medical staff to consider matters or reconsider decisions. The system board will be required to take final action in all medical staff matters on behalf of the hospitals within the system that share a unified medical staff, including but not

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limited to: appointment, reappointment and delineation of clinical privileges; the denial or revocation of medical staff appointment, and the denial, revocation or suspension or reduction of clinical privileges; the approval of bylaws and policies, and the maintenance and standards for professional work at the hospital; and the review of clinical audits. The unified medical staff shall be considered a committee of a licensed hospital For purposes of the Illinois Medical Studies Act,.

Medical Staff Voting

As previously indicated, if a hospital system consisting of two or more separately licensed hospitals elects to have a unified, integrated medical staff, each separately licensed hospital must permit the medical staff members of each hospital to vote in accordance with the medical staff bylaws whether to accept a unified, integrated medical staff structure, or to maintain a separate and distinct medical staff for the respective hospitals. Medical staffs may vote no more than every two years whether to remain or discontinue as an integrated unified medical staff.

Adopt Policies and Procedures

If the medical staff of a separate licensed hospital votes to accept an integrated, unified medical staff structure, it must adopt written bylaws, rules and requirements describing the process for self-governance, appointment, credentialing, privileging and oversight, as well as peer review policies and due process guarantees, including the right to opt out of the unified, integrated medical staff structure after a majority vote of the members to maintain it separate and distinct. In addition, the requirements establish that the unified medical staff shall establish and implement written policies and procedures, including meetings that shall occur at least twice per fiscal year or calendar year to ensure that the needs and concerns expressed by members of the medical staff at each separately licensed hospital are given due consideration.

Medicare Conditions of Participation

The unified, integrated medical staff must be organized in accordance with the Medicare Conditions of Participation for Hospitals relating to medical staffs. These are found at 42 CFR 482.22, and a link is provided <https://www.gpo.gov/fdsys/pkg/CFR-2010-title42-vol5/pdf/CFR-2010-title42-vol5-sec482-22.pdf>.

Next Steps for Hospitals

Hospitals that are part of a system should consider whether to consolidate governance and/or to adopt a unified, integrated medical staff, and in that process carefully review the requirements placed on them by the new Regulations and the potential efficiencies which may be achieved through these changes.

For further information on this, you may contact [Roy M. Bossen](#) or [Steve T. Moore](#), or your regular [Hinshaw attorney](#).

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