



Doctors, hospitals, poor to feel Ill. budget pain

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SPRINGFIELD, Ill. — Illinois is on the verge of approving a Medicaid budget that could mean doctors and hospitals wait months to be paid and poor people have a harder time finding care while state government falls deeper into a financial hole.

The budget passed by lawmakers last month promises doctors and hospitals the same pay they get now. The same number of poor Illinoisans will be entitled to virtually the same services. But the amount of money set aside for Medicaid falls about \$1.2 billion short of covering all those costs.

The state almost certainly will handle the gap between continuing costs and reduced money by letting more medical bills go unpaid. Checks that now go out within 30 days could sit around for 120 days before the state can afford to pay them, Gov. Pat Quinn's office warns.

In effect, the state isn't cutting spending. It's pushing off \$1.1 billion in payments until the next budget year, to join the roughly \$6 billion in overdue bills that have piled up already.

The payment delays would mean financial pain for anyone who treats the poor, experts said. More doctors and dentists might choose not to see patients who depend on Medicaid. Hospitals and nursing homes would face pressure to cut staff or delay improvements.

"It's going to get ugly ... I just envision this to be the worst year yet," said Jodie Edmonds, a former state Medicaid administrator and now the vice president for Medicaid revenue consulting at Nebo Systems.

Still, it could have been worse for medical groups. Quinn originally proposed cutting payment rates for providing care under the Medicaid program. That would have meant a true reduction in what state government owes. Medical organizations successfully lobbied lawmakers to leave the rates unchanged while cutting this year's budget far deeper than Quinn wanted, which will mean a longer wait for payment.

"It's better to be paid the money eventually than not to get it at all," said Danny Chun, spokesman for the Illinois Hospital Association. John Vrba, chief operating officer of the Burgess Square nursing home in Westmont, agreed delayed payments are better than rate cuts but said they still have consequences.

"Reimbursement the state gives us impacts how well we can provide care. Simple." Vrba said. "Some (homes) may have to close their doors. I truly believe that. Other institutions may say no to Medicaid (patients). ... Where are these Medicaid patients going to go?"

The cost of providing medical care to the poor grows every year. In fiscal 2000, Illinois spent \$7.5 billion. Ten years later, spending had more than doubled, to about \$15.5 billion, according to the National Association of State Budget Officers. The federal government provided much of that money, particularly the last couple of years when economic stimulus money was being pumped into the states.

That stimulus money won't be available in the upcoming budget year, but medical costs will continue to climb.

Quinn proposed dealing with the crunch by cutting expenses about \$660 million. Lawmakers rejected the policy changes, such as rate cuts, that would have reduced costs, but they included his lower spending figures in the budget — and then they reduced it by an additional \$551 million.

In all, the money available to pay Medicaid costs will drop 12.6 percent, lawmakers and Quinn's office agree.

The Illinois Department of Healthcare and Family Services expects to face \$2.1 billion in unpaid Medicaid bills by next summer, under the budget approved by lawmakers.

It's not guaranteed that Quinn will deal with the cuts by delaying payments. Spokeswoman Brie Callahan said the governor and aides are still studying the options. One of many possibilities under review would be to continue paying at the normal rate even if it means burning through all available money by March, she said. Then lawmakers might be forced to provide more money rather than see Medicaid services shudder to a halt.

Callahan and others said Illinois cannot throw people off Medicaid by changing eligibility rules. That's barred as part of the federal health care overhaul that will depend heavily on Medicaid to ensure everyone has access to care.

In theory the state could eliminate some optional services that Medicaid now covers. Callahan said that would save little money and might even increase costs. Ending coverage for a person's dental care, for instance, could lead to more serious and more expensive problems like major infections.

Callahan called the Medicaid situation a "prime example" of the reason Quinn considers the Legislature's budget flawed and incomplete. "We're still on the hook for the money," she said.

Quinn hasn't said whether he'll sign the budget or use an amendatory veto to make changes. Callahan would say only that the Chicago Democrat and his staff are still reviewing the legislation.

Lawmakers who helped craft the budget acknowledge that it creates uncertainty for health care providers and their patients. "Hospitals and nursing homes are really going to have to brace themselves for tremendous change," said Rep. Sara Feigenholtz, a Chicago Democrat who heads the committee that oversees Medicaid funding.

Should Quinn consider paying bills at the current rate, even if it means running out of money? Should he cancel optional Medicaid services? Feigenholtz wouldn't say.

"I don't think we're micro-managing at that level," she said. "In the new normal, a lot of these questions don't necessarily have answers. Part of my vision is to be able to come back and address some things in supplemental appropriations" next year.

In the meantime, people like hospital administrator Rex Budde worry about how to make ends meet.

Budde is president of the not-for-profit Southern Illinois Healthcare, which operates three small hospitals. The hospitals already have to deal with delays in Illinois paying for treatment of state employees, he said, and delays in Medicaid bills would just make their financial situation more precarious.

Physical improvements to the hospitals, such as upgrading space for cardiac services at Herrin Hospital, are the first things likely to be postponed, he said. Down the road, new staff might not be hired. If the budget crunch continues, services might be put under the microscope — like Carbondale Memorial Hospital's neonatal program, with 80 percent of its patients on Medicaid.

"We all know it's going to be a wild ride," Budde said.