



Illinois Statehouse News

Medicaid payments to hospitals to take longer

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By Andrew Thomason | Illinois Statehouse News

SPRINGFIELD — A debate around what to do with \$276 million that Gov. **Pat Quinn** vetoed from the state's budget this summer might be foreshadowing the defining issue of next year's budget: **Medicaid**.

Quinn vetoed \$276 million in Medicaid payments from the budget the Legislature sent him this spring. Quinn wants to move the money to other areas of the budget, such as general state aid for schools.

But removing Medicaid payments from the budget isn't an actual cut. Hospitals and doctors still are owed what they've billed the state. Without corresponding cuts to how much the state reimburses for Medicaid patients, Quinn's veto would push those payments to next year's budget.

"The \$276 million is really not cash. It's really debt, and it would be very irresponsible for us to reallocate that money," said state Rep. **Sara Feigenholtz**, D-Chicago, who chairs the House Human Services Appropriations Committee that determined the budget for Medicaid this year.

State House Speaker **Michael Madigan**, D-Chicago, began the paperwork to overturn Quinn's veto and put the Medicaid money back in the budget, but he did not call the override for a vote Tuesday. The constitutional deadline for voting to override the veto expired midnight Tuesday, meaning the reductions are now official.

Kelly Kraft, a spokeswoman for Quinn's **Office of Management and Budget**, said in an email that Quinn's actions were simply part of managing the budget.

That \$276 million will be added to the \$1.6 billion in past due Medicaid payments the state owes, bringing the new total to more than \$1.8 billion.

Only \$162 million of those bills are in the Illinois Comptroller's Office and in the billing cycle to be paid.

Quinn's office has ordered the state **Department of Healthcare and Family Services** to withhold about \$1.5 billion in Medicaid bills from going to the Comptroller's Office until December, according to the Comptroller's Office.

Kraft did not address why that was being done.

State Rep. **Patti Bellock**, R-Hinsdale, said that by June, the state will have \$2.3 billion in overdue Medicaid bills. By June 2013, Bellock said that number will double to almost \$5.2 billion.

The governor and some legislators pushed for cuts this spring to how much the state reimburses for Medicaid patients, but hospitals fought hard against it. Winning a small victory, hospitals avoided a rate cut by agreeing to extend the time it takes the state to pay hospitals from 30 days to 110 days, or about three and a half months.

"It's the lesser of two evils kind of thing. We absolutely oppose rate cuts, because you'll never see that money," **Danny Chun**, spokesman for the **Illinois Hospital Association**, which lobbies for hospitals in the state, said.

With the \$276 million in Medicaid payments pushed to next year, the billing cycle will move from 110 days to about 160 days, or five months, Chun said.

"There are all these financial pressures on multiple levels, so a payment cycle extension just adds to the challenges. It's not something you can automatically absorb," Chun said.

This won't be the last time Medicaid is a hot-button issue in the Capitol. Medicaid ate up \$13.7 billion of the state's \$33.2 billion budget, or about 41 percent, this year. There are 2.8 million low-income people enrolled in Medicaid, a number that continues to grow.

Feigenholtz said that as the unemployment number hovers around 10 percent, fewer people have jobs and health insurance. Those individuals are turning to Medicaid to pay their medical bills. Additionally, even more people will be covered by Medicaid under the federal **Patient Protection and Affordable Healthcare Act**.

Originally, people making at or below 100 percent of the federal poverty level were eligible for Medicaid, but under the Patient Protection and Affordable Healthcare Act, that limit is raised to 133 percent of the federal poverty level. The federal poverty level is based on a sliding scale.

"We really need to enlist the General Assembly in taking a hard look at cost-containment measures of all stripes," Feigenholtz said.

Cutting how much the state reimburses for treating Medicaid patients is on the table, along with more thorough procedures for making sure a person is Medicaid eligible and stopping coverage of some non-essential services through Medicaid, Feigenholtz said.