

Proposed Illinois Medicaid cuts put pressure on patients, providers and pols

[Darryl Grant](#)

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(Chicago, IL) The blue-and-white signs in the windows of merchants in the northern most stretch of Chicago's Howard Street couldn't be more direct: "No More Cuts for Seniors and Children!" Part of an ad campaign, sponsored by Service Employees International Union's Health Care division, they are a harbinger of many of the fears, and suspicions, since Gov. Pat Quinn announced last week that there must be \$2.7 billion cut from the state of Illinois Medicaid system.

Overall, Medicaid is the largest health funding source for people with a limited income in the United States, and has covered low-income people, and those with specific disabilities, since its inception in 1965, when it was created during the Johnson administration.

Subsequent years have added, and expanded eligibility for millions of Americans, their children and those with specific disabilities.

Jointly funded by both the federal and state governments, it has enrolled over 50 million people according to the Centers for Medicare and Medicaid Services, the federal program that provides oversight for the state-run programs.

In Illinois it serves 16% of the total population; and for adults aged 19-64 years of age, 10%, according to the Kaiser Family Foundation, which tracks these figures nationwide (www.statehealthfacts.org), representing \$15,336,100,349.

One of the largest groups for distribution of Medicaid payments are children - 26%, a fact often overlooked by much of the public, and they take the lead at 54%, in sheer numbers of enrollment.

But, spending has rapidly increased over the last 3 fiscal year cycles, with the most recently reported increase holding steady at 11.1%.

And, in cash-strapped Illinois, the costs have hit hard, and Gov. Quinn has prepared a list, some would say menu, of possible cuts, in such controversial areas as limiting each beneficiary to one pair of eyeglasses, or limiting podiatric care only to diabetics; the current program has no annual limits on these and other items.

While the list seems reasonable enough, to some; but, to others the cuts, even without attached dollar figures seem frightening, like the possible elimination of dental care for adults, and walkers and wheelchairs, for others.

Michael Gelder, Quinn's senior health advisor told the Associated Press last week, "even with the listed cuts, there would remain a nearly \$2 billion backlog in Medicaid payments", a number that no one, pundit, provider, or patient is comfortable with.

First, get the money

Helping to fill the gap is Quinn's proposal of another \$1 per pack cigarette tax to avoid a program that he says is "on the brink of collapse."

Adding more fuel to the controversial fire is the proposed abolishment of Illinois Cares Rx, a program that serves 180,000 clients, and greater than 9,100 adults getting general assistance to also lose Medicaid benefits.

While there may be overall agreement that cuts have to be made, no one wants to readily identify themselves with the cuts, and the controversy, yet economists agree that something must be done.

One who does, is Prof. Robert Kaestner, of the Economics Department of the University of Illinois at Chicago, who has written about health care plans and health care spending, and who said, when interviewed by phone, "I think the governor's decisions on a lot of very specific proposals, are important in that they impact fiscal areas – what we economists call structural budget deficits – to address high costs, they need to be done, especially considering the other fiscal issues."

He also thinks that the senior drug subsidy offered through Illinois Cares Rx to fill so-called "doughnut hole" is problematic – "the state has been picking up the tab, [and} this is not the best way to go."

Illinois Cares Rx is a program whose funding was slashed in half to \$53.7 million from a previous \$107.4 million in last year's state budget, and which many seniors depend upon – nearly 43,000.

As the Tribune noted at the time, "with reduced funding, the state has narrowed the ranks of the people who are eligible for Illinois Cares Rx to those earning no more than 200 percent of the federal poverty level; previously, people with incomes up to 240 percent of this standard qualified. For an individual, the new threshold for eligibility is now \$21,780, down from \$27,610."

http://articles.chicagotribune.com/2011-08-14/health/ct-met-seniors-drug-20110814_1_seniors-brace-terri-gendel-medicare-drug-plan-premiums

Some are still stinging over the recently passed 67% increase in the personal income tax rate, such as Sen. Dale Righter (R-Mattoon) who, while part of a bi-partisan panel, appointed by Quinn to oversee the cuts, is less than thrilled with the idea, and he told the Chicago Sun-Times, "I'm pretty certain none of those cigarette taxes were passed a little over a year after a 67-percent increase in folks' income taxes," in response to Quinn's assertion that previous cigarette-tax increases came under GOP governorship.

Cutting to save

Finally, the other part of the proposal, a reduction in the rate that Medicaid pays to hospitals, and other providers, by \$675 million is not endearing Quinn to them, despite his comment to reporters that, "if we don't rescue the system today, it will get worse day after day."

This is a theme sounded by 12th District State Rep, Sara Feigenholtz who told us, also by phone, that she “cares about people getting healthcare” and especially because of pre-existing conditions.

She also bemoans the choice of many low-income people who use hospital emergency rooms as their only health care option, as an “expensive” option.

Her assessment is correct – to the tune of \$72 million – all paid for by the state’s Medicaid program.

http://www.cbsnews.com/8301-505249_162-57418886/targeting-er-medicaid-costs-tricky-for-illinois/

Feigenholtz joins State Senator, Heather Steans, as the two Democrats on the panel, along with Republican State Rep. Patricia Bellock, from Hinsdale; who echoed Righter, when she told the Chicago Tribune, “I don’t want to go forward with revenue enhancements that the taxpayers are going to have to pay for until we feel that we have exhausted all reforms that we can discuss.”

The challenge, and the struggle, to keep the Illinois program afloat are also set against the red ink of general state budget insolvency, including a glaringly unfunded pension of \$83 billion.

Last year as state finances continued to be problematic, despite sincere efforts, the Center on Budget and Policy Priorities, noted that the Great Recession, “brought about the largest collapse in state revenues on record, and states are just beginning to recover from that collapse.”

Where to start

Still true for Illinois, but when added to the mix is an additional \$9 billion dollars in unpaid bills to the mix; it’s easy to see why Quinn is sounding desperate to keep state finances afloat.

If the pension and the Medicaid liabilities are taken together, it represents, according to Bloomberg News, “roughly half the state’s proposed \$33.8 billion general fund budget, and are gobbling dollars that might otherwise pay for education and hospitals.”

Feigenholtz acknowledges that “education and healthcare are typically the two things that get cut” but also that Medicaid “is a very important medical system for the most vulnerable, and very, very important”, something that as the daughter of a physician she understands too well, and stresses that ultimately “we have to do more with less, the truth be told”, rather than have the program eliminated.

With the cost of the Medicaid program soaring --- and officials worried that costs may exceed \$21 billion, this is the front-burner item for the bi-partisan team, and she notes that “it’s the labor cost, it’s an AFSCME issue, and also a big challenge; this is the problem, and we need to forge ahead [in handling the costs].”

While remaining non-committal about Illinois Cares Rx, she did say that it will have to “revisited”, but she does stress that “Illinois is not the only state that has to make tough choices” and is proud that “Illinois has the only state supplemental drug program since [the inception] of Medicare Part D.”

Controversy on cuts

But, while she and the rest of the team struggle to find a way to meet Quinn’s mandate, others, other economists, say that cuts to human services do little for state economies, especially on the income side.

The Center for Tax and Budget Accountability and Social Impact Research Center, a joint effort between CTBA, and the Social Impact Research Center, IMPACT, a program of Heartland Alliance for Human Needs

and Human Rights, notes that the impact of cuts will result in corresponding cuts in wages, of those providing services, and since “75 percent of those workers are in the private sector, budget cuts to human services will have an immediate and direct impact on Illinois’s overall economic activity.”

They note in a report titled, ‘Ramifications of State Budget Cuts to Human Services’ released in March that, “State funding of human services functions as an economic engine. Removing it from the economic chain, on the other hand, diminishes the economy. The negative effects of cutting spending on human services do not stop at the Illinois labor market. The jobs that will be lost as a result of budget cuts will translate directly into decreased economic activity statewide.”

When asked about this impact, Feigenholtz would only say, “I feel that we have to rethink how we provide services – [it’s] not an easy thing to do, and no one has ill intent here.”

Ralph Martire, executive director of the Center for Tax and Budget Accountability, could not be reached, through his staff, for further comment on this, and other human services cuts by publication deadline.

http://www.ctbaonline.org/New_Folder/Human%20Services/IPHS_Private_Impact_Public_Cuts_Full_FINAL_revised.pdf

<http://www.rrstar.com/news/x1780494353/Group-says-Medicaid-cuts-could-cost-Illinois-jobs>

The providers speak

Concerns on the provider side range from cautious to grave concern. For example, the Howard Brown Health Center while acknowledging both the positive, as well as the negative, impact on the proposed cuts, Jamal Edwards, president and CEO of HBHC noted in a statement that, “Medicaid is, in itself, a ‘safety net, and “It is the primary resource that people look to when experiencing poverty and lacking access to private insurance, and it is through that resource that they can access quality health care like that provided at the many Community Health Centers and Federally Qualified Health Centers (FQHCs) throughout Illinois. Making it work – and work well – has to be our top-priority if we are to have a healthy state.”

Edwards is not alone in his concern; about a month before Quinn’s announcement, a group of seven Chicago, “safety net hospitals” announced a plan to “slice \$1.4 billion in Medicaid spending, an amount just over half what Gov. Pat Quinn last month said should be cut from the federal-state program’s budget” according to Crain’s Chicago Business.

But, the proposal was predicated on maximizing Medicaid revenue, and controlling enrollment, and did not mean reductions in reimbursement rates to providers or service cuts.

Concern was voiced most prominently, at that time, by Sister Sheila Lyne, president and CEO of Mercy Hospital and Medical Center on Chicago’s South Side, and she emphasized, “We need positive policies that provide patients the care they need and prevent vast health care deserts and a system of the haves and have-nots.”

Edwards and Lyne both have constituencies that depend not only on sound fiscal policies for low-income health care, but also on the availability of appropriate drugs, and for Edwards, in particular, HIV drugs, and possible prior authorization to gain access to them for his clinic’s patients.

The road ahead, for elected officials, and providers is a long one; and for officials like Feigenholtz, and other committee members, they have the unenviable task of both creating, and dealing, with the fallout of any cuts.

Follow Darryl on Twitter @dgrantchi