

Governor urges lawmakers to act swiftly on Medicaid and pension restructuring

Legislation filed to restructure Medicaid, 10 days left in spring session

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Springfield, Ill. — With 10 days until the end of the spring legislative session, Gov. Pat Quinn today urged lawmakers to act to restructure the state's Medicaid and pension systems, according to a press release from the state. Today House Amendment 3 to Senate Bill 2840, also called the SMART Act, was filed to restructure the Medicaid system. The bill is based on the governor's proposal to save Medicaid, which is on the brink of collapse.

“If we do not address pensions and Medicaid now — before the spring session ends — our Medicaid system will collapse and leave thousands of our most vulnerable families without access to vital services,” Quinn said. “There are 10 days left to do the right thing, and I urge legislators to act now in order to preserve both systems for years to come.”

The Save Medicaid Access and Resources Together (SMART) Act is based on a comprehensive review of the Medicaid program conducted by the working group, which is comprised of members of both legislative caucuses and led by the governor's office. House Amendment 3 to SB 2840, sponsored by Rep. Sara Feigenholtz (D-Chicago), scales the program to fit existing appropriations through spending reductions, utilization controls and provider rate cuts.

Together, Medicaid and pensions account for 39 percent of state general revenue spending, putting a tremendous squeeze on the rest of the budget. Illinois is expected to end this fiscal year with almost \$2 billion in unpaid Medicaid bills, caused in part by rising medical costs, increased enrollment during the economic recession and a deferral of \$1.9 billion in last year's bills to this fiscal year. Without immediate and fundamental restructuring of the Medicaid system, the non-partisan Civic Federation projects that Illinois' unpaid bills will rise to \$21 billion by 2017.

Illinois' pension system is now under-funded by \$83 billion due to decades of inadequate funding by past lawmakers and governors, and the promise of increased benefits without sufficient revenue to pay for those benefits. Under Quinn, as annual required contributions increased dramatically, the state paid exactly what the law required into the pension systems. The fiscal year 2013 payment of \$5.2 billion, now makes up 15 percent of general revenue fund spending compared to 6 percent a few years ago.

Quinn recently proposed a plan to fundamentally restructure the Medicaid system and save it from collapse by creating \$2.7 billion in savings. The governor's Medicaid plan cuts waste, fraud and abuse; raises the price of cigarettes; and brings back dollar-for-dollar federal matching funds to help keep people healthier. The governor also recently proposed a bold plan to stabilize the pension system, which is expected to save taxpayers \$65 to \$85 billion, eliminate the unfunded liability and allow public employees who have faithfully contributed to the system to continue to receive pension benefits.

For more information, visit SaveOurState.Illinois.Gov.

