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State Democrats offer \$240 million in Medicaid cuts

By [Andrew L. Wang](#)

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(Crain's) — Ten days before the end of the spring session, Democrats in the General Assembly introduced a bill Monday that would reduce Medicaid reimbursements by \$240 million, less than proposed by Gov. Pat Quinn but large enough to help fill a gaping budget deficit.

The reductions are well below the \$675 million in cuts Mr. Quinn proposed in April as part of a plan to reduce a budget shortfall of \$2.7 billion in the federal-state health care program for the poor.

But lawmakers found savings elsewhere in the program, which means rates don't need to be trimmed as much as anticipated, said Rep. Sara Feigenholtz (D-Chicago), who introduced the measure, which is technically an amendment to an existing bill.

"We didn't talk rate cuts until the bitter end," she said.

At an afternoon news conference, Mr. Quinn signaled his support for the bill, urging legislators to approve it before the end of the current session May 31.

"We are now in the red zone," the governor said, employing a football analogy. "We've got to make sure we put the ball across the goal line."

House Speaker Michael Madigan (D-Chicago) supports the bill, a spokesman for his office said in an e-mail.

Even a spokeswoman for House Republican Leader Tom Cross expressed some guarded optimism.

"It appears to be a good start, including \$1.6 billion in cuts and reforms, but we are still reviewing it," the spokeswoman for Mr. Cross, whose district includes southwest suburban Oswego said in an email.

The new budget plan would put a heavier burden on affluent hospitals.

Ms. Feigenholtz's bill calls for a 3.5 percent cut for services by hospitals that are not considered safety-net or critical-care facilities, a bigger reduction than for other health care providers.

Another \$100 million in funding is expected to be raised by a separate bill to increase the assessment that hospitals pay to support Medicaid, Ms. Feigenholtz said. That assessment falls on hospitals that don't treat a large percentage of Medicaid patients.

A spokesman for the Illinois Hospital Association, which represents more than 200 hospitals and health systems in the state, declined to comment, saying the organization was still evaluating the bill.

A 2.7 percent cut would be imposed on other providers, including nurse practitioners, chiropractors and physical therapists. Physicians, dentists and federally qualified health centers are exempted from rate cuts.

The bill also exempts critical-care and safety-net hospitals from any rate reductions.

That news was welcomed by a coalition of Chicago-area safety nets that in March offered its own plan to reduce the Medicaid budget.

“Lawmakers are hearing loud and clear that safety-net hospitals play a critical role in treating the poor and underserved,” a spokeswoman for the Association of Safety-Net Hospitals said in an e-mail.

But the bill requires a dramatic reduction in services offered by Medicaid, which would save about \$1.36 billion. Among the programs to be cut are dental care for adults; Illinois Cares Rx, the prescription drug program for seniors. The safety-net hospital coalition has supported cutting back on services as a way to avoid fee reductions.

About \$300 million in increased funding has already been authorized via legislation passed Friday that preserved funding for child-care services for poor families and earmarked money to help pay off the state's overdue bills.

Another key piece is \$700 million expected to be raised with a \$1-per-pack increase on the cigarette tax, Ms. Feigenholtz said.

The bill was passed in the State Senate on March 28 before it moved to the House, where it is expected to be voted on today or Wednesday, Ms. Feigenholtz said.

Mr. Quinn has been arguing since his Feb. 22 budget address that Medicaid cuts were necessary to stave off a collapse of the sprawling \$14.3 billion program and reduce the state's \$9.2 billion backlog of unpaid bills.

Earlier on Monday, the libertarian Illinois Policy Institute published its own proposal for reducing the Medicaid deficit through more efficient management, rather than cutting reimbursement cuts or increasing the cigarette tax.

Greg Hinz contributed.