

Lawmakers consider expanded tobacco tax hike to fund Medicaid

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SPRINGFIELD -- Legislation restructuring Illinois' Medicaid system was put on ice Tuesday as legislative leaders attempted to figure out what pieces of the package to pass first and whether to tax tobacco products other than cigarettes.

State Rep. Sara Feigenholtz, D-Chicago, a House sponsor of **Senate Bill 2840**, said there is more work to do on the legislation, while state Sen. Heather Steans, D-Chicago, the bill's Senate sponsor, said there was talk about whether to broaden a \$1-per-pack cigarette tax increase and hike taxes on all tobacco products, including pipe tobacco.

Doing so could bring in \$825 million instead of the estimated \$725 million take from a higher tax on cigarettes only. That revenue is from both tax revenue and federal matching funds. Gov. Pat Quinn has called for the legislature to cut Medicaid spending or find new money to cover some of a projected \$2.7 billion increase in program expenses for fiscal year 2013, which starts July 1.

The dynamics of changing the massive program, which provides health care for the poor and is paid for by state and federal funds, are difficult.

For example, one issue appears to be a waiver of state regulations that bar expansion of the Medicaid rolls. Cook County wants a waiver to start enrolling people who will be eligible in 2014, when President Barack Obama's health care reform plan goes into effect. Lawmakers from Cook County favor the waiver, which requires no state funds today.

However, some conservative groups say passing the waiver would be an end-run around the U.S. Supreme Court, which is expected to decide next month whether the federal health care program is constitutional. They are also pressuring Republicans not to vote for a tax increase as a part of a Medicaid solution.

At the same time, many of the Cook County lawmakers who favor the waiver object to other parts of the legislation that scale back Medicaid eligibility. The waiver was a part of a comprehensive amendment to SB2840 that included all of the elements of the restructuring plan except the cigarette tax. But the Senate has a bill that treats the waiver as a separate matter.

"There's a lot of moving parts in Medicaid reform. It's over a 500-page bill," Feigenholtz said. "People are going through it to make sure we've thought things through before we call it."

"I think the leaders continue to meet about making decisions about who's voting for it and putting together roll calls and making sure we're ready to move forward on this."

No decisions were made Thursday at a meeting involving House Speaker Michael Madigan, D-Chicago, House Minority Leader Tom Cross, R-Oswego, Senate President John Cullerton, D-Chicago, and Senate Minority Leader Christine Radogno, R-Lemont.

A Cullerton spokeswoman described the situation as "fluid."

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