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Legislature OKs Medicaid cuts; no vote yet on cigarette tax

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The State Journal-Register

Posted May 24, 2012 @ 11:00 PM

Last update May 25, 2012 @ 05:47 AM

The Illinois House and Senate on Thursday passed pieces of a Medicaid overhaul, including legislation slashing \$1.6 billion from the program.

Gov. Pat Quinn praised legislators but said their work won't be complete until they pass a \$1-per-pack cigarette tax.

"Raising the price of cigarettes is also sound health policy. Smoking-related conditions are a significant burden on our Medicaid system, and this measure will improve the health of our people and reduce future Medicaid costs," he said in a statement.

The House voted 94-22 and the Senate voted 44-13 to adopt the cuts in **Senate Bill 2840**, which range from outright elimination of some programs – like **Illinois Cares Rx**, a prescription drug assistance program for seniors – to taking extra steps to ensure that those receiving aid are entitled to it. The bill now heads to Quinn's desk.

"There is nothing about this bill that anyone is completely happy with," said Rep. Sara Feigenholtz, D-Chicago. "The system was on the brink of collapse."

Quinn wants the legislature to come up with a \$2.7 billion combination of Medicaid spending reductions and new revenue for fiscal year 2013.

The cuts approved Thursday are the product of months of negotiations by lawmakers from both parties. Still, in the days leading up to the vote, some Republicans said the reductions don't go deep enough.

However, House Minority Leader Tom Cross, R-Oswego, called the Medicaid changes "very significant."

"It is the beginning of a slow trip out of this deep hole," Cross said.

'Hurts neediest'

Elimination of Illinois Cares Rx will affect an estimated 180,000. The bill also limits participation in the Family Care program to 133 percent of the federal poverty rate. Medicaid recipients will be limited to one pair of glasses every two years, and adults will no longer be able to receive chiropractic and podiatric services.

About 36 medically fragile children, who tend to rely on ventilators in their homes, will lose coverage under the bill, which restricts Medicaid coverage for such children to families with no more than \$112,000 in family income.

"There's pain in this bill, but we're trying to minimize the pain," said Sen. Heather Steans, D-Chicago, who helped negotiate the cuts. "It will put us in a much better trajectory on the Medicaid program for years to come."

Several minority lawmakers said the cuts will hurt Illinois' neediest residents. They said the state instead should eliminate business tax breaks or expand the state sales tax to come up with additional money for Medicaid.

"I don't know where it says (the budget) has to be balanced off the backs of poor people, off the backs of seniors, off the backs of the blind and disabled," said Rep. Mary Flowers, D-Chicago.

"I think this is a moral disgrace. Once we push this green light, are we pushing people into the grave?" said Sen. James Meeks, D-Chicago.

Some opponents warned that the state's costs could actually increase because of the cuts. Under Thursday's measure, Medicaid recipients would be limited to four prescriptions without prior approval from the state. That could force some aid recipients to do without some drugs, possibly leading to their hospitalization.

Carrots and sticks

Thousands of current recipients are expected to be taken off the Medicaid rolls when the state makes an aggressive attempt to ensure that everyone who receives aid is entitled to it.

That's expected to produce \$350 million in savings, although Department of Healthcare and Family Services Director Julie Hamos said the figure is just a guess. Some estimates are that 300,000 people are on the rolls who should not be.

The Springfield area's House delegation -- Reps. Raymond Poe, R-Springfield, Rich Brauer, R-Petersburg, Jim Watson, R-Jacksonville, Wayne Rosenthal, R-Morrisonville, and Jil Tracy, R-Mt. Sterling -- all voted "yes." State Rep. Bill Mitchell, R-Forsyth, voted "no."

Central Illinois senators -- Larry Bomke, R-Springfield, Bill Brady, R-Bloomington, Sam McCann, R-Carlinville, and John Sullivan, D-Rushville -- all voted "yes."

Legislative leaders split the package into separate pieces, with carrots and sticks in each bill, hoping to shepherd the tough measures through the General Assembly and to Quinn's desk.

Also as part of the package, the House and Senate sent Quinn a bill that would allow Cook County to enroll more people in the Medicaid program using local and federal funds, but not state funds. The vote in the House on **House Bill 5007** was 62-55 and 35-22 in the Senate.

State regulations now bar expansion of the Medicaid rolls. HB5007 creates a waiver that would allow Cook County to start enrolling people who will be eligible in 2014, when President Barack Obama's health care reform plan is scheduled to go into effect. The waiver would expire if the U.S. Supreme Court strikes down the health care law.

Bills linked

In an attempt to appease Republicans, who came under fire from right-wing groups for considering something that helps implement Obamacare, Democrats offered another bill, **Senate Bill 3397**, that would restrict the number of unpaid Medicaid bills that the state can carry over from year to year. The state would be allowed to carry over only \$700 million to fiscal year 2013 and \$100 million to fiscal year 2014.

Poe, Brauer, Watson, Rosenthal, Tracy, Mitchell, Bomke, McCann, Sullivan and Brady all voted "no" on HB5007.

Those three bills are linked -- if one of them fails to pass or isn't signed by the governor, the others also will fail.

"The governor likes the cigarette tax," Cross said. "The governor does not like what we call section 25, which prevents him from putting bills off. That's why you're seeing some of those connections."

Another piece of the package will combine a \$1-per-pack cigarette tax increase and property and sales tax exemptions for hospitals, according to Danny Chun, spokesman for the Illinois Hospital Association. The bill number for this portion is expected to be Senate Bill 2194, but the language has not yet been filed.

Cross said he expects some Republican House members to vote for the cigarette tax increase. Most believe every bill in the package will have to collect support from both Republicans and Democrats, because the solutions are so unpalatable.

“I think you’ll see a complete package pass,” said Cross, who noted he has opposed cigarette tax hikes. “There’s a number of folks in our caucus that came to me and said, ‘You know what, I think we did a good job on cuts ... I want to be able to support the cigarette tax.’ We don’t have a caucus position. I said, ‘If that’s how you feel, I can certainly respect that.’”

The final piece of the package, **Senate Bill 3261**, will include requirements that hospitals provide free care to low-income people if the treatment is medically necessary, Chun said. Hospitals in urban areas would have to provide such care for people with incomes up to 200 percent of the federal poverty level, or about \$46,000 for family of four. Rural hospitals would have to provide such care for those with incomes of 125 percent of the federal poverty level, which is \$28,812 for a family of four.

Status of the Medicaid package

*Senate Bill 2840: Cuts \$1.6 billion from Medicaid spending. Passed, sent to governor.

*House Bill 5007: Allows Cook County to enroll more people in Medicaid. Passed, sent to governor

*Senate Bill 3397: Restricts carryover of unpaid Medicaid bills from one fiscal year to another. Pending in House.

*Senate Bill 3261: Requires hospitals to provide free care to low-income people if treatment is medically necessary. Pending in House.

*Not yet introduced: Combination of cigarette tax increase and property and sales tax exemptions for hospitals.