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From the H&R Editorial Staff

Illinois Attorney General Lisa Madigan has proposed requiring Illinois nonprofit hospitals to provide more charity care and end overly aggressive billing practices.

While that may seem like a good idea on the surface, the impact on the health care costs we all pay needs to be carefully examined first.

Madigan is proposing the nonprofit hospitals be required to spend at least 8 percent of their operating costs on charity care. Madigan's office claims that currently the average for all Illinois nonprofit hospitals is about 1 percent. Madigan admits, however, that since there isn't a requirement, the amount spent on charity care may be understated. Currently, no nonprofit hospital in the state meets the 8 percent criteria.

Madigan's reasoning is that by being nonprofit, the hospitals receive numerous benefits. Nonprofit hospitals aren't required to pay property taxes, sales taxes or income taxes, and they are allowed to issue tax-exempt bonds for construction projects. "For that multibillion-dollar benefit, they have to provide charity care for people," she said. "It's not a revolutionary idea out there. The hospitals know that is the deal they have struck."

The majority of Illinois hospitals are not-for-profit, and all of the hospitals in the Herald & Review circulation area are not-for-profit.

Another part of Madigan's proposal would require hospitals to make clear their billing procedures and would allow consumers to dispute their bills. The measure also would restrict hospitals from selling uncollected bills to a collection agency.

The Illinois Hospital Association argues that the state's nonprofit hospitals are already providing \$1.2 billion annually in free medical care and that Madigan's proposals would harm many hospitals that are already hanging on by a financial thread. Ken Robbins, the association's president, said 22 Illinois hospitals have closed since 1994.

Central to this debate are the 1.8 million people in Illinois - 14 percent of the state's population - who do not have insurance. The hospital association says nonprofits already serve this population adequately. The association also points out that some services provided by hospitals lose money but are provided to serve the communities where the hospitals are located.

The issue that needs to be discussed more thoroughly is how Madigan's proposals would affect health consumers. If hospitals have to devote more time and money to charity care, where is that money going to come from? One would assume that part of the 8 percent would simply be achieved by better record-keeping, and some of the charity care could be made up by more efficient hospital operations.

But the rest will have to come from those of us who pay full price for their health care. The result of Madigan's proposal, intended or not, could be higher health care costs for all of us. It's hard to see how that benefits anyone.

The same argument holds true on Madigan's proposals about bill collecting. While it makes sense that hospital billing procedures should be clear and customers should be able to dispute their bills, it doesn't make much sense to put too many restraints on hospitals trying to collect the money they are owed. Every unpaid bill ultimately adds to the cost of the health care all of us pay.

Madigan's proposal has a certain Robin Hood appeal to it: Make the nonprofit hospitals be more charitable. But the result could well be higher health costs for all of us.