



## Illinois Hospital Association

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Contact: Danny Chun (630) 276-5558  
Cell: (847) 736-0108

### **HOSPITAL LEADERS URGE GENERAL ASSEMBLY TO REJECT DAMAGING PROPOSALS ON CHARITY CARE AND BILLING**

Springfield – Hospital leaders from across the state are urging the Illinois General Assembly to reject proposals on charity care and billing/collection practices recently proposed by the Attorney General that hospitals believe could trigger a health care and financial disaster in Illinois. They were joined by legislators, the Catholic Conference of Illinois and the Illinois Chamber of Commerce at the State Capitol today to talk about the devastating impact of these bills on hospitals and the health care delivery system.

“Hospitals across Illinois are providing \$1.2 billion in free care to the poor and uninsured as well as providing billions of dollars a year in many other community benefits,” said Ken Robbins, president of the Illinois Hospital Association (IHA). “These proposals would threaten the survival of many hospitals, which are barely hanging by a financial thread.” One out of every three hospitals in Illinois is now losing money on overall operations, and since 1994, 22 hospitals in the state have closed.

According to IHA, the charity care mandates proposed in House Bill 5000 would cause 28 hospitals, which are already losing money, to lose an additional \$158 million a year, as well as push an additional 45 hospitals into deficits. Collectively, the 133 hospitals that would be affected by HB5000 would face additional financial burdens and costs of \$739 million a year, wiping out their bottom lines. That is, their collective expenses would be greater than their collective revenues.

“Our hospital, which has served our communities for more than 100 years, provides more than \$20 million in community benefits annually, including charity care, Medicaid shortfall, bad debts, subsidized health services, medical education and community health programs,” said Colleen Kannaday, President of St. Francis Hospital and Health Center in Blue Island. “But under HB5000, St. Francis Hospital would be credited with only a small portion of these community benefits. Instead we would be required to provide an additional \$2.2 million in free care, forcing us to reduce or eliminate essential community health services.”

To showcase the comprehensive nature of the wide range of services and programs that hospitals provide to benefit their communities, IHA and the Metropolitan Chicago Healthcare Council (MCHC) today released a major new report showing that hospitals in Cook County alone spent nearly \$1.6 billion in 2004 on community benefits as defined by the state.

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“Hospitals in Cook County provide enormous amounts of community benefits, well beyond charity care alone,” said Kevin Scanlan, president-elect of the Metropolitan Chicago Healthcare Council. “This report, the first of its kind in Illinois, should dispel the mistaken notion that hospitals aren’t doing their share to help the uninsured; it should also reinforce the commitment hospitals make each day to serving the needs of patients and their communities. The proposed legislation will threaten hospitals’ ability to continue providing these benefits in the long-term.”

IHA and MCHC analyzed the community benefits reports that Illinois hospitals are required to file with the Attorney General’s Office. These reports cover ten categories of community benefits, including:

- free care;
- subsidies for government-sponsored care (e.g., Medicaid and Medicare);
- education of physicians, nurses and other health care professionals;
- research to develop better treatments, drugs and prevention; and,
- money-losing services that respond to unique community needs, such as emergency care, trauma care, neonatal intensive care units, burn units, health screenings and immunization programs.

However, the proposed legislation, HB5000, would not take into account most of these valuable community benefits.

“We are deeply committed to meeting the needs of our communities,” said Peter Murphy, President of St. James Hospital and Health Centers in Chicago Heights and Olympia Fields. “We subsidize a host of critical services for our communities, including the highest level of trauma care (Level 1), costly services that we are not mandated to provide. However, we choose to do so because like every not-for-profit hospital, we want to provide the best quality and care for our patients and communities.

Also joining hospital leaders were Robert Gilligan, executive director of the Catholic Conference of Illinois and Todd Maisch, vice president, government affairs, of the Illinois Chamber of Commerce.

“Speaking on behalf of the Illinois Catholic Health Association, we strongly oppose these bills because of the tremendous negative impact they would have on health care delivery in the state,” said Gilligan. “There are some 50 Catholic hospitals and health systems in Illinois that are committed to improving the health and well-being of their communities as part of their faith-based mission. These proposals would jeopardize the ability of hospitals to carry out that mission.”

Maisch, who noted that hospitals are among the largest employers in many communities across the state, expressed grave reservations about the proposed legislation. “These proposals would have an adverse impact on the state’s business climate, raising health care costs, making it harder for employers to provide health insurance to their employees,” said Maisch.

In addition, hospital leaders expressed serious concerns about and opposition to House Bill 4999, which would impose new and unnecessary restrictions and requirements on hospital billing and collection practices, without improving patient care.

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“The requirements in this bill would create a bureaucratic nightmare for hospitals, patients and insurers,” said Theresa Hoban, Vice President and General Counsel, Northwest Community Hospital in Arlington Heights. “They are not operationally feasible and would cost hospitals millions of dollars. These requirements would unreasonably delay collections from insurance companies, which would negatively affect a hospital's cash flow, lowering its bond ratings and financial stability and ability to invest in new technology and facilities.”

“This proposal would affect not just individuals who pay for their health care out of their own pockets,” said Vance Parkhurst, corporate director of legal services at OSF Healthcare System. “It would overturn years of work and legislation to ensure that third-party payers pay hospitals in a fair, timely and appropriate manner. For example, it would interfere with the processes established under federal law for the adjudication of claims made to group health plans – both insured and self-funded.”

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The Illinois Hospital Association, with offices in Naperville and Springfield, represents 200 hospitals and health systems and the patients and communities they serve.

NOTE: To see an [executive summary](#) and the [full report](#), “Caring for Communities: A Comprehensive Report on the Community Benefits Provided by Tax-Exempt Hospitals in Cook County,” go to IHA’s web site, [www.ihatoday.org](http://www.ihatoday.org), and MCHC’s web site, [www.mchc.org](http://www.mchc.org).

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