

**Rockford Register Star**  
**February 17, 2006**

## **Editorial**

### **Hospitals benefit us in more ways than we can measure**

Rockford's three nonprofit hospitals are an integral part of the community. They take care of us when we are sick or injured, even when some of us can't pay the bills. Combined, they are the largest employer in the area, directly and indirectly providing almost 15,000 jobs and contributing \$938.8 million in personal income for local residents, according to a study by the Metropolitan Chicago Healthcare Council.

A drive down Charles Street shows how much SwedishAmerican Hospital's expansion project has revitalized the Mid-Town District, a reformation that has economic and psychological effects that cannot be measured in dollars alone.

OSF Saint Anthony Medical Center and Rockford Health System are vital to their neighborhoods also.

Because of their nonprofit status, hospitals don't have to pay federal, state or local taxes. The tradeoff is that they must take care of the needy and offer other services that come under the nebulous term "charity care." All of our local hospitals provide these services, but Illinois Attorney General Lisa Madigan doesn't think our hospitals — or any others in the state — are doing enough.

Legislation that she has proposed — House Bill 5000, The Tax-Exempt Hospital Responsibility Act — would require tax-exempt hospitals to devote 8 percent of their annual operating costs to charity care. Madigan says that in 2003, the latest numbers available, the average amount of charity care hospitals provided was less than 1 percent of total charges. Hospital officials refute those numbers.

We, frankly, are as confused by the dueling numbers as we are looking at a typical hospital bill.

This we know: Madigan hasn't made a solid case for why this legislation is needed in the first place, how she arrived at the 8 percent target and which hospitals would be exempted from the legislation. The last point is crucial. According to Crain's Chicago Business, one-third of the state's hospitals are losing money and another third are barely breaking even.

Madigan told the Editorial Board last week that she wants the legislation to help consumers, especially the uninsured, and hospitals. She cited two Champaign County hospitals whose tax-exempt status is being challenged by the county board of review as one of the reasons hospitals should work with her on this legislation. Her theory is that if hospitals had a standard formula to hold them accountable, they would be protected from lawsuits that challenge their tax-exempt status.

Illinois Hospital Association President Ken Robbins, who met with the Editorial Board this week, calls Madigan's proposal a "dangerous" and "draconian" measure that would push 45 of the state's roughly 200 hospitals into the red, would push 28 hospitals closer to bankruptcy and would do nothing to protect their tax-exempt status.

Robbins came here with hospital CEOs Bill Gorski of SwedishAmerican, Gary Kaatz of Rockford Health System, and David Schertz of OSF Saint Anthony Medical Center. The four men said Madigan's 8 percent figure is too high and her definition of what falls under charity care too narrow.

For example, Madigan's proposal allows hospitals to put Medicaid shortfalls under the charity-care umbrella, but not Medicare deficits. Hospitals also wouldn't be allowed to count the losses when patients don't pay their bills. If Medicare money and bad debt were included in the attorney general's formula, the hospital association says, hospitals would have no trouble hitting the 8 percent mark.

Without those kind of allowances, the hospital officials say they would have to consider cutting services or raising fees.

Madigan indicated that almost all aspects of her bill are negotiable. Robbins was not in a negotiating mood. He said this legislation is the biggest threat hospitals have seen in the 30 years he has worked for the hospital association.

Madigan told the Editorial Board she did not want to pass a bill just to pass a bill. If the legislation didn't make sense and bring benefit, she would kill it.

Given the hospitals' firm stance against the bill, the shaky financial condition of two-thirds of the hospitals in the state, and the likelihood that patients would wind up paying for the reform Madigan advocates, killing the bill would be the best option.