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Charity bill would mean hospital hardship

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How best to care for the estimated 1.8 million Illinois residents without health insurance?

That question seems to be the basis for two bills proposed by Illinois Attorney General Lisa Madigan in the current General Assembly session. The bills appear designed to shift the burden of health care for the uninsured to hospitals throughout the state.

House Bill 4999 has to do with billing practices and was extensively amended following discussions between the attorney general and state hospital officials. The amended version of the bill was expected to pass the House late last week.

House Bill 5000 poses far greater problems for Illinois hospitals and they are not likely to be resolved so easily. It requires that tax-exempt hospitals be required to spend at least 8 percent of their operating expenses each year on care for poor patients.

Madigan has argued that such charity care is the price that hospitals must pay for their tax-exempt status. It's a sweet deal with the state, she says, that hospitals don't have to pay income or sales taxes and can qualify for tax-exempt bonds; in return, hospitals have an obligation to care for the poor.

There is some merit in this broad argument. Unfortunately, House Bill 5000 as currently written places an unfair burden on Illinois hospitals. If this bill is not drastically rewritten, it should be withdrawn by Madigan or defeated by the General Assembly.

Other initiatives are already under way that look at ways to provide for those without health insurance. A statewide task force, proposed by U.S. Sen. Barack Obama when he was in the Illinois Senate, is examining the problem of the uninsured and how to provide health care; the task force will release its report later this year. Hospitals, following the passage of a 2004 law, are already required to specify how much they provide in the way of charity services.

Madigan's legislation, however, would seem to pre-empt these ongoing initiatives. Nor, apparently, did she contact state hospital officials concerning new mandates that could have dire consequences for health care institutions.

The Illinois Hospital Association says House Bill 5000 could force some hospitals into bankruptcy. Also, the association says, the bill is already causing some insurance companies to pull back their support for bonds financing three major hospital projects.

Ingalls Hospital in Harvey, with total operating costs of more than \$225 million, would be required to provide more than \$18 million in charity care under the bill. As the bill is written, the hospital would currently have about \$8.6 million in acceptable charity costs. Adding in other costs - such as bad debt that the hospital absorbs - could push the charity costs up to more than \$16 million but even that amount would fall short of Madigan's 8 percent by more than \$1.6 million. Under House Bill 5000, that amount would have to be sent to Madigan's office for a fund controlled by the attorney general.

Ingalls officials say the hospital provides other services - such as training EMTs and internship programs - that would not count as charity care, but still count as an expense against the hospital's bottom line.

If this bill passes, similar stories will be told all around the state.

Our lawmakers should not vote for this bill as currently written. Unless it undergoes a major overhaul, this proposal will only mean hardship for the state's health care system.