



November 30, 2006

Ms. Tamara Tanzillo Hoffman
Chief of Administration and Rules
Illinois Department of Healthcare and Family Services
201 S. Grand Avenue E., 3rd Floor
Springfield, IL 62763-0002

Dear Ms. Hoffman:

The Illinois Hospital Association (IHA) appreciates the opportunity to input on a Department of Healthcare and Family Services (HFS) proposed rule seeking to establish the "Healthcare Purchasing Program" in accordance with Executive Order #3. Specifically, this letter is in response to proposed rules published in the November 3, 2006 *Illinois Register*.

In general the proposed rule lacks statutory authority (and therefore Executive Order authority) that would allow the State to set the Department of Corrections inmate rate for provider services at Medical Assistance Program rates. While the Department is entitled to negotiate rates at any level it sees fit, the law has not set those rates for various reasons as discussed in this letter. Thus, we request the State to delete the last portion of 180.12(b) so that it is stated:

- b) *Negotiate, procure and monitor contracts with healthcare providers for rendering of services authorized by federal and State laws and regulations. ~~at the applicable rates under the Medical Assistance Program~~*

The provision as published has significant financial consequences for those hospitals that are caring for the state inmate population. The ability to provide these services is jeopardized by rate setting at rates under the cost for caring for these patients. Clearly, these patients are unique and present different challenges for hospital staff and other patients receiving care at the hospital.

In addition, mandating Medical Assistance Program rates for reimbursement of care provided to prisoners takes away the ability of hospitals to negotiate fair and adequate rates for the provision of these services, and forces hospitals to "cost shift" the losses incurred treating inmates to all other commercially insured individuals. Ultimately this places a much greater burden on the communities where the state prison facilities are located as opposed to a state-wide burden.

Lastly, as published this rule dictates that the State specific and inadequate reimbursement rates and therefore lock itself in potentially affecting access to care for inmates. We do not believe the State needs to set those rates when it may need flexibility to negotiate different or higher rates to ensure access to care. As such, IHA strongly discourages the proposed language from being adopted.

We appreciate the opportunity to comment on these proposed rules. Please feel free to call me with any questions you may have at (630) 276-5526.

Sincerely,

Elena E. Butkus
Vice President, Finance