

State appeal dismays Provena Covenant Medical Center

By [Debra Pressey](#)

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URBANA – Provena Covenant Medical Center and its parent company, Provena Health, are digging in to fight the latest attempt by the Illinois Department of Revenue to remove the Urbana hospital's property tax exemption.

"We will pursue this matter through to, and including, every last avenue available to us," Provena Health spokeswoman Lisa Lagger vowed Friday, after hearing the state won't accept a judge's ruling in July that had restored the tax exemption for Covenant that the Department of Revenue took away last year.

The state attorney general's office had until the end of the day Friday to appeal the judge's ruling, and late Friday morning it did just that, filing a notice of appeal on behalf of the Department of Revenue, with a brief outlining the department's position in the appeal to be filed later.

The state contends Covenant offered scant charity in 2002, the tax year on which the entire case is turning, and defined it as more of a fee-for-service institution than a charity.

Sangamon County Judge Patrick Londrigan, however, found Covenant – owned by a Catholic health system based in Mokena – qualified for a tax exemption as both a religious and charitable institution.

Covenant has been paying property taxes to local governments at the rate of about \$1.2 million a year, and plans to seek a refund if judges continue to side with the hospital when the case is ultimately settled.

Lagger said Provena officials are disappointed that the state chose to pursue "this selective and improper denial of fair treatment."

Covenant has already prevailed twice in fair hearings, she said.

"We are disappointed that state authorities choose to continue to ignore the plain facts and governing law which more than amply supports our position," she added in a written statement.

Illinois Hospital Association officials, who see potential for the outcome of this case to affect nonprofit hospitals everywhere, continue to stand firmly with Covenant.

"I see no benefit to continuing this struggle," the association's Senior Vice President Howard Peters said Friday.

The administrative law judge for the Department of Revenue, who supported Covenant's tax exemption in an opinion that was ultimately rejected by the department's director, Brian Hamer, had it right the first time, Peters said.

"We've believed all along that the law review judge had it right when she concluded that Provena should continue to be tax-exempt and certainly earned and deserved tax-exempt status," he said. "We believe that the circuit court has it right."

About 100 hospitals statewide provided an aggregate \$4.2 billion worth of community benefit services last year for such things as education, research, charity care and making up the shortfalls in what Medicaid and Medicare pay for their patients' care, hospital association spokesman Danny Chun said.

Charity care – which is reduced-charge or free care given to the poor – alone was up 20 percent last year among those hospitals, from \$250 million in 2005 to \$300 million last year, he said.

Peters said hospitals across the state are doing all they can to meet the financial burden of covering the cost of care for the many patients who can't afford to pay.

"The last thing they need is the burden of taxation," he said.
