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December 2, 2010

The Honorable Richard J. Durbin
United States Senate
309 Hart Office Building
Washington, DC 20510

Dear Senator Durbin:

On behalf of the Illinois Hospital Association and our 200 member hospitals and health systems throughout the state, we respectfully urge you to vote “No” and reject the report of the National Commission on Fiscal Responsibility and Reform.

The report’s recommendations to impose major reductions in Medicare and Medicaid would be devastating to Illinois hospitals and the state’s health care delivery system. The proposed reductions would jeopardize not only access to care for Medicare and Medicaid patients but put at serious risk the ability of hospitals to serve all of their patients and communities. More than 50 percent of the revenues that Illinois hospitals receive are from Medicare and Medicaid, programs that reimburse most hospitals at less than the cost of providing health care services.

The list of our objections to the Commission’s health care recommendations are too lengthy to enumerate here. But among the recommendations we most strenuously object to include:

- Reductions of \$60 Billion (through 2020) in Medicare payments to hospitals for medical education; Illinois is facing a shortage of physicians now and well into the future, with demands for health care services projected to substantially increase with the aging of Baby Boomers and the implementation of health care reform;
- Elimination of hospital provider taxes; the Illinois Hospital Assessment Program, which you have supported, has provided critical support to the state’s Medicaid program for hospitals and other providers to serve the state’s most vulnerable populations; and
- Cuts of \$23 Billion (through 2020) in Medicare payments for bad debts; with Illinois hospitals, on average, currently receiving only 90 percent of cost for treating Medicare patients, cutting those payments would increase Medicare’s underpayments, forcing hospitals to shift those unreimbursed costs to commercial payers, driving up their health care costs.

We do recognize that there are some useful and productive recommendations in the report, including those on medical malpractice reform and expedited applications for Medicaid waivers. However, on balance, when you carefully look at the total impact of the health care savings recommendations, the future viability and sustainability of the health care system would be threatened.

IHA and the hospital community have long supported expansion of health coverage and access to the uninsured. That's why we supported the Patient Protection and Affordable Care Act, even though it calls for \$155 Billion in Medicare and Medicaid payment reductions to hospitals over 10 years (\$8 Billion in reductions for Illinois hospitals). We continue to be committed to be strong partners with government and do our part to support and strengthen our health care delivery system. Illinois hospitals are also vital to the local and state economies as major employers and economic engines, providing more than 425,000 direct and indirect jobs and generating an economic impact for the state of more than \$75 Billion annually.

But imposing further substantial cuts in Medicare and Medicaid will undermine the fiscal stability of hospitals and the health care system in the short-term, and jeopardize the ability of hospitals to make changes needed to implement health reform and transform health care in the long-term.

We have greatly appreciated your strong support of health care over the years, helping ensure that hospitals have the resources they need to care for the people and communities they serve. We ask that you continue the good fight for health care and reject the report of the National Commission on Fiscal Responsibility and Reform.

Sincerely,

Maryjane A. Wurth
President

Howard A. Peters III
Executive Vice President