

February 14, 2012

**ILLINOIS HOSPITAL ASSOCIATION
MEMORANDUM**

TO: Chief Executive Officers, Member Hospitals and Health Systems
Chief Financial Officers
Government Relations Personnel

FROM: Maryjane A. Wurth, President & CEO
Tom Jendro, Senior Director, Finance

SUBJECT: President Obama's FFY2013 Budget:
Medicare and Medicaid Proposed Reductions

The President yesterday (Feb. 13) delivered to Congress his Administration's FFY2013 budget. Based upon what is known at this time, the package proposes a total of \$364 billion in health savings over ten years, including \$268 billion in Medicare provider cuts and \$51 billion in Medicaid cuts. Many of the Medicare and Medicaid proposals are very similar to those that were put forward by the Administration during the deficit reduction negotiations last year. IHA had previously analyzed those proposals in September as part of our Deficit Reduction Options Analysis which was sent to you at that time.

For your reference, [click here](#) to see an estimate of the impacts of the Deficit Reduction provisions presented again in the President's budget yesterday; it is estimated that the one-year and ten-year total impacts for Illinois providers are reductions in Medicare payments of \$177 million and \$3.1 billion, respectively.

A more detailed explanation of the Medicare and Medicaid provisions in the President's budget can be seen [here](#). Medicare proposed reductions in the President's budget include cuts in Indirect Medical Education (IME) funding, cuts in payments for Critical Access Hospitals (CAHs) and other rural hospitals, and cuts in payment rates to post-acute providers; these, however, are not currently being considered by Congress as part of the Medicare Extenders or Physician Fix debate. For your reference, you can access a copy of the President's budget proposal at the following website:
<http://www.whitehouse.gov/omb/budget>.

AHA is holding a Federal Advocacy Day tomorrow, Feb. 15, in Washington, D.C. IHA and the Metropolitan Healthcare Council, in partnership with AHA, will be coordinating visits with Illinois members of Congress to stress the urgency to refrain from more cutbacks in Medicare and Medicaid funding. IHA urges you to contact your members of Congress now and urge them to oppose further reductions in Medicare and Medicaid. To send emails to your members of Congress, [click here](#). If you have questions or comments, please contact: [Tom Jendro](#), Senior Director of Finance (630-276-5516).

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