



December 17, 2010

**ILLINOIS HOSPITAL ASSOCIATION  
ADVOCACY ALERT**

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

**FROM:** Maryjane A. Wurth, President  
Howard A. Peters III, Executive Vice President

**SUBJECT:** Contact Your Legislators NOW to Protect Health Care – Medicaid and Workers’ Compensation Under Threat of Drastic, Harmful Changes

With the Illinois House and Senate scheduled to be in session for several days beginning January 3 to vote on Medicaid and Workers’ Compensation “reforms” – many of which would be harmful to hospitals and health care – **it is imperative that legislators hear from their hospitals NOW before the end of the year**, about the critical need to support and protect the health care delivery system in Illinois and to do no harm to either program.

Four different special committees in the Illinois House and Senate are holding hearings this month on Medicaid and Workers’ Compensation. The General Assembly will act on the committees’ recommendations January 3-11. During that time period, there will be a flurry of intense legislative activity, making it very difficult to reach your legislators, so contacting them now is critical.

**ACTION REQUESTED:**

- Contact your legislators between today and January 3, 2011 and urge them to protect hospitals and health care in the state budget and NOT take any drastic measures to cut health care in the budget or in the Workers’ Compensation system. As always, personal contact with your legislators is best (in-person or by telephone), but if you want to send emails to your legislators on these critical issues, [click here](#).
- Also, contact legislators serving on the special Senate and House Committees on Medicaid and Workers’ Compensation Reform (see committee lists below), even if they are not your local legislators.

[IHA has already presented extensive [testimony](#) to the Senate and House Special Committees on Medicaid Reform and [testimony](#) to the Senate and House Special Committees on Workers’ Compensation Reform. ]

**Suggested Talking Points on Medicaid**

- My hospital and hospitals across the state are not only critical to the health and well-being of all Illinoisans, they are major economic engines and employers, vital to jobs and economic growth for the local and state economies; our hospitals employ more than a quarter of a million highly skilled and caring employees and generate a total economic impact for the state of more than \$75 billion annually;

- Whatever challenges and problems there may be with the Medicaid program, hospitals are not the problem. In fact, hospitals have been strong partners with the state in helping finance the Medicaid program.
- The Hospital Assessment Program, under which hospitals pay \$900 million a year in taxes to the state to generate federal matching funds, provides MORE THAN A THIRD of Medicaid funding for hospitals. As a result of the assessment program and other federal funding, LESS THAN ONE-QUARTER of Medicaid payments to hospitals in Illinois come from state general revenue funds. The assessment program also generates another \$436 million in non-state funds for other Medicaid needs such long-term care and developmental disability services.
- There are great risks with any large expansion of capitated, risk-based HMO managed care; such an approach is not real reform, will not result in integrated, coordinated delivery of care, and will not result in savings, but instead could undermine the state's complex financing of its Medicaid program;
- If large numbers of Medicaid beneficiaries are moved into capitated HMO managed care, it could jeopardize not only the Hospital Assessment Program, with the state losing many hundreds of millions of dollars in federal matching funds annually but also the intergovernmental transfer and certified public expenditures provided by the Cook County Health System;
- The promise of substantial, real savings from capitated managed care is unrealistic and unattainable; the Department of Healthcare and Family Services has indicated that putting Medicaid beneficiaries (women and children) into capitated managed care is more expensive than in fee-for-service; Medicaid rates are already low, with hospital base inpatient rates having been frozen since 1995 and outpatient rates at levels now lower than they were in 1998;
- Before considering any large expansion of capitated, risk-based managed care, the state should proceed cautiously, in incremental steps, with a well thought-out and planned pilot or demonstration project, just as it is doing now with the pilot AABD integrated care program;
- We all agree that Medicaid needs reform, including steps to reduce avoidable and unnecessary utilization of services and unnecessary readmissions;
- But rather than focusing on blunt cuts that would devastate the health care system, we urge legislators to consider well-thought out, workable approaches that will reduce costs, save taxpayers' money, and improve the quality of services and outcomes for our most vulnerable populations, including children, pregnant women, the elderly, and the blind and disabled. Such approaches include:
  - Expanding and enhancing current care management approaches that are working well for the Illinois Medicaid program, such as primary care case management and disease management, which have already saved the state's Medicaid program \$570 million in the first three years of operation; potential additional savings could range from \$100 million to \$300 million annually;
  - Exploring new and innovative care coordination and management approaches, such as accountable care, including seeking waivers, demonstrations and grants under the federal health reform legislation – such approaches have the potential for considerable and substantial savings;
  - Integrating behavioral health with primary care to reduce costs and generate new federal Medicaid matching funds; and
  - Rebalancing long-term care to reduce the state's reliance on more costly institutional care.

- Hospitals agree that individual responsibility has a key role to play in the reform and redesign of the health care system in general, and Medicaid in particular. Employing strategies, including health literacy and education, to encourage individuals to change their habits and engage in healthful behaviors – eating healthy, stopping smoking, taking medications as directed, and using the ER only when appropriate – are critical to improving health and controlling costs.
- These strategies must include carrots as well as sticks. Providing positive incentives, rather than just punishments, to persons to “do the right thing” should be given serious consideration. In partnership with hospitals, schools and social service agencies, the State should seek to employ pilot and demonstration programs to test and develop strategies to achieve real and lasting change in behaviors;
- If the State wishes to increase cost-sharing on recipients (e.g., co-pays, premiums), then the State, not the provider, should be the entity at financial risk for non-payment of the cost-sharing amount;
- It is critical that the General Assembly support and protect the health care delivery system, especially in the current economic downturn, with more people losing their jobs and their health care coverage. Whether people have health insurance or not, they still need health care when they become sick or injured. Whenever there is a crisis, whether natural or man-made, Illinoisans can confidently turn to their local hospitals, which are available 24 hours a day, seven days a week, to meet their needs;
- Drastic cuts or harmful changes to Medicaid would undermine the ability of my hospital and hospitals across Illinois to continue serving our patients and communities and to continue being major economic engines and employers;
- For the sake of all Illinoisans, I ask that you continue to support hospitals and the health care that we depend on.

### **Suggested Talking Points on Workers’ Compensation**

- The Workers Compensation system is incredibly complex and the danger of unintended consequences is enormous – for injured workers, hospitals, doctors, and business. It is reckless to decide on changes in 3-4 weeks, which is the current plan of the special committees.
- The General Assembly should continue to follow the “agreed bill process” that has worked for decades – it ensures that any changes are well-reasoned and thoroughly vetted. Hospitals should be included in that process, considering they are both major employers and medical providers. *[NOTE: Under the “agreed bill process” adopted by Democrats and Republicans many years ago, no workers comp legislation advances unless it is agreed upon by both business and organized labor.]*
- Under no circumstances should changes be made to the medical fee schedule.
- Hospitals are not unsympathetic to the concerns of the business and employer community because **hospitals are among the largest employers in the state.**
- **But hospitals are also the largest providers of health care to injured workers** – typically the most severely injured workers who require the most extensive treatment. ***Our greatest concern is for those patients and our ability to care for them.***

- The workers' compensation fee schedule is not the problem. The Illinois Workers' Compensation Commission itself says the fee schedule has lowered the cost of workers' compensation in Illinois. According to IWCC's Annual Report in June of 2010:
  - Overall, since 2006, the medical fees have grown at a 5% slower rate than medical inflation. Fees actually decreased 1.48% in 2010.
  - The fee schedule is saving money by reducing the growth of Illinois' medical costs, without harming workers' access to medical care.
- Large employers do not typically pay according to the fee schedule. Rather, they negotiate discounted rates with hospitals, clinics, and doctors or apply existing PPO contract rates.
- Market competition, not government price controls, is the best method for controlling costs and improving quality. History shows that government price controls lead to diminished access to quality services.
- Not only is changing the fee schedule unnecessary, it would threaten the financial health of Illinois hospitals and their ability to care for all Illinois citizens.
- Changes to the medical fee schedule could jeopardize injured workers' access to the best and most appropriate care.

#### Senate Medicaid Reform Committee

<u>Senator</u>	<u>District Phone/Fax</u>	<u>Springfield Phone/Fax</u>
<b>Pam Althoff (R)</b> palthoff@mc.net	815-455-6330/815-455-8284	217-782-8000/217-782-9586
<b>Dave Koehler (D)</b> dkoehler@senatedem.ilga.gov	309-346-4646/309-346-4650	217-782-8250/217-782-3213
<b>Dale Righter (R), co-chair</b> drigher@consolidated.net	217-235-6033/217-235-6052	217-782-6674/217-782-7818
<b>Heather Steans (D), co-chair</b> hsteans@senatedem.ilga.gov	773-769-1717/773-769-6901	217-782-8492/217-782-2115
<b>Dave Syverson (R)</b> info@senatordavesyverson.com	815-987-7555/815-987-7563	217-782-5413/217-782-9586
<b>Donne Trotter (D)</b> trotter@senatedem.ilga.gov	773-933-7715/773-933-5498	217-782-3201/217-782-8201

#### House Medicaid Reform Committee

<u>Representative</u>	<u>District Phone/Fax</u>	<u>Springfield Phone/Fax</u>
<b>Patti Bellock (R)</b> rep@pbellock.com	630-852-8633/630-852-6530	217-782-1448/217-782-2289
<b>Barbara Currie (D)</b>	773-667-0550/773-667-3010	217-782-8121/217-524-1794

repcurrie@sbcglobal.net

**Sara Feigenholtz (D)** 773-296-4141/773-296-0993 217-782-8062/217-557-7203  
sara@staterepsara.com

**Mary Flowers (D)** 773-471-5200/773-471-1036 217-782-4207/217-782-1130  
state.repflowers@comcast.net

**Robyn Gabel (D)** 847-424-9898/847-424-9828 217-782-8052/217-557-7204  
robyn@robyngabel.com

**Esther Golar (D)** 773-925-6580/773-925-6584 217-782-5971/217-558-6370  
estherg@ilga.gov

**Lisa Hernandez (D)** 708-222-5240/708-222-5241 217-782-8173/217-558-1844  
Repehernandez@yahoo.com

**Naomi Jakobsson (D)** 217-373-5000/217-373-8679 217-558-1009/217-557-4536  
naomi@naomijakobsson.com

**David Leitch (R)** 309-690-7373/309-690-7375 217-782-8108/217-557-3047  
davidleitch@ameritech.net

**Frank Mautino (D)** 815-664-2717/815-663-1629 217-782-0140/217-557-7680  
patti76th@ivnet.com

**Rosemary Mulligan (R)** 847-297-6533/847-297-2978 217-782-8007/217-782-4533  
repmulligan@usa.net

**Bob Pritchard (R)** 815-748-3494/815-748-4630 217-782-0425/217-782-1275  
bob@pritchardstaterep.com

**Chapin Rose (R)** 217-348-7673/217-348-7677 217-558-1006/217-557-4530  
ls@chapinrose.net

**Darlene Senger (R)** 630-219-3090/630-219-3091 217-782-6507/217-558-7016  
sengerstaterep@gmail.com

**Mike Tryon (R)** 815-459-6453/815-455-8284 217-782-0432/217-782-1275  
[mike@miketryon.com](mailto:mike@miketryon.com)

**Senate Special Committee on Workers' Compensation Reform**

<b>Senator</b>	<b>District Phone/Fax</b>	<b>Springfield Phone/Fax</b>
<b>John Cullerton (D)</b> john@senatorcullerton.com	773-883-0770/773-296-0993	217-782-2728/217-782-3242

<b>Kirk Dillard (R)</b> senator@kdillard.com	630-969-0990/630-969-1007	217-782-8148/217-782-4079
---	---------------------------	---------------------------

<b>Bill Haine (D)</b> whaine@senatedem.ilga.gov	618-465-4764/618-465-4816	217-782-5257/217-782-5340
--	---------------------------	---------------------------

<b>Kyle McCarter (R)</b> senatormccarter@hometel.com	618-654-4068/618-654-4089	217-782-5755/217-782-0116
<b>Christine Radogno (R)</b> cradogno@sbcglobal.net	630-243-0800/630-243-0808	217-782-9407/217-782-7818
<b>Ira Silverstein (D)</b> <a href="mailto:isilverstein@senatedem.ilga.gov">isilverstein@senatedem.ilga.gov</a>	773-743-5015/773-743-4750	217-782-5500/217-782-5340

**House Special Committee on Workers' Compensation Reform**

<b><u>Representative</u></b>	<b><u>District Phone/Fax</u></b>	<b><u>Springfield Phone/Fax</u></b>
<b>John Bradley (D)</b> repjohnbradley@mychoice.net	618-997-9697/618-997-9807	217-782-1051/217-782-0882
<b>Dan Brady (R)</b> dan@rep-danbrady.com	309-662-1100/309-662-1150	217-782-1118/217-558-6271
<b>Elaine Nekritz (D)</b> enekritz@repnekritz.org	847-257-0450/847-257-0452	217-558-1004/217-558-4554
<b>David Reis (R)</b> david@davidreis.org	618-392-0108/618-392-0107	217-782-2087/217-557-0530
<b>Jim Sacia (R)</b> jimsacia@aeroinc.net	815-232-0774/815-232-0777	217-782-8186/217-558-7016
<b>Andre Thapedi (D)</b> rep32district@gmail.com	773-873-4444/773-873-4445	217-782-1702/217-557-0543
<b>Dave Winters (R)</b> repwinters@aol.com	815-282-0083/815-282-0085	217-782-0455/217-782-1139
<b>Mike Zalewski (D)</b> repzalewski@gmail.com	708-728-9922/708-728-9944	217-782-5280/217-557-1934