

November 9, 2017

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION  
STATE ADVOCACY ALERT**

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

**FROM:** A.J. Wilhelmi, President & CEO  
David Gross, Senior Vice President, Government Relations

**SUBJECT: Comptroller Paying Down Backlog of Medicaid, Group Health Bills**

We are pleased to report that the Illinois Comptroller's Office Wednesday night began paying down a major portion of the state's backlog of unpaid bills – for Medicaid and state employee group health insurance. Since last spring, IHA has been advocating for the state to refinance a significant portion of its debt. As a direct result of that advocacy, the backlog has been reduced from \$16.7 billion to \$13.2 billion in the past 24 hours, with further reductions expected next week.

IHA's work to urge the General Assembly, the Governor's Office and the Comptroller to speed up payments of backlogged Medicaid and state employee group health insurance bills owed to hospitals is now paying dividends as billions of dollars will be flowing to hospitals in the coming days (see payment details below).

During last spring's legislative session, IHA strongly urged legislators and the Governor's Office to include a major refinancing plan in the final state budget package to help pay down the backlog. That plan was enacted in early July as part of the budget implementation bill, [Senate Bill 42/Public Act 100-0023](#).

In the ensuing months, through various advocacy activities and initiatives, IHA took the lead in urging the Governor's Office to implement the refinancing plan as quickly as possible. This included talking to the Illinois Chamber of Commerce and mobilizing members to talk to their local vendors and local chambers of commerce, to make a strong financial case for using the refinancing authority.

In addition, in August, IHA successfully pushed for an analysis by the Commission on Government Forecasting and Accountability that clearly showed that the state would save \$6 billion under the refinancing plan. Within two weeks of the release of that analysis, the

Governor announced that he intended to implement the refinancing plan, which commenced in October with the state selling \$6.48 billion in general obligation bonds.

IHA also met with the Comptroller to emphasize the need to prioritize the payment of Medicaid and state employee group health bills, with the bond proceeds. We explained to the Comptroller that some of the bills were two years old.

We commend the General Assembly and Governor for taking the necessary steps to enact and implement the refinancing plan and the Comptroller for prioritizing healthcare in paying down the backlog.

We greatly appreciate the support of members in our advocacy efforts on this critical issue and your patience during a record-long state budget impasse. We understand and recognize the tremendous challenges that hospitals throughout Illinois have endured because of the state's ongoing budget issues and long delays in payments for healthcare services already provided to state employees and Medicaid beneficiaries.

#### Schedule of Payments

According to the Comptroller, here is the overall payment plan:

- About \$2.5 billion will be spent immediately on unpaid medical bills.
- Close to \$4 billion will be used to pay down unpaid state health insurance claims owed to medical providers in the coming days.
- Over the next several weeks, an additional \$2 billion in federal matching funds will be applied to state medical bills.

"Through the use of federal matching funds, we expect to turn a \$6.48 billion bond offering into a nearly \$9 billion investment which initially targets our state's struggling healthcare system and medical providers, many of whom have had to turn to third parties for loans just to stay afloat," Mendoza said.

The activities related to the receipt of the bond proceeds will be tracked on a daily basis utilizing the [Backlog Voucher Report](#) on the [Comptroller's website](#) in the coming days. See the Comptroller's [press release here](#).

Please see an initial list ([click here](#)) provided by the Comptroller's Office on Medicaid payments above \$100,000 made yesterday and today to hospitals, other medical providers and Medicaid MCOs (totaling approximately \$2.4 billion) (NOTE: These are estimated payments, not exact figures).