April 17, 2012

ILLINOIS HOSPITAL ASSOCIATION
MEMORANDUM

TO: Honorable Members of the Illinois General Assembly

FROM: Maryjane A. Wurth, President and CEO
A.J. Wilhelmi, Senior Vice President

SUBJECT: IHA’s Medicaid Savings Alternatives

The Illinois Hospital Association and the hospital community are deeply concerned about the Governor’s proposal to reduce Medicaid spending in the FY2013 state budget by $2.7 billion. A reduction of this magnitude – 23 percent – is unprecedented and would jeopardize patients’ access to the quality health care they need, cause irreparable harm to the Medicaid program and the health care delivery system, and undermine hospitals in their critical roles as health care providers and major job creators. About one-third of Illinois hospitals are already losing money, and Illinois ranks 44th in the U.S. in per beneficiary Medicaid spending without this draconian cut.

The hospital community understands that the state’s budget challenges are significant and we want to partner with the General Assembly on solutions that will help address those challenges. An example of the hospital community’s commitment to partnering with the state is the Hospital Assessment Program that we developed with the General Assembly that will generate more than $9 billion in federal matching funds through 2014.

The attached list of IHA’s Medicaid Savings Alternatives, totaling as much as $1.4 billion, were developed using the following principles:

- Revenue maximization – both federal and other revenues;
- Enhanced provider based care coordination with hospitals leading the way; and
- Active eligibility verification and elimination of fraud and abuse to strengthen the integrity of the Medicaid program.

IHA and the hospital community are firmly committed to working with the General Assembly on thoughtful solutions – in a multi-year approach – to address the state’s budget challenges while redesigning the Medicaid program to be sustainable and cost effective and efficient for the people of Illinois.

Please feel free to contact us with any questions about our Medicaid Savings Alternatives.