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State: Nonprofits Should Give More Free Madigan To Propose Law Requiring Hospitals To Spend 8 Percent On Chari

(AP) CHICAGO Illinois Attorney General Lisa Madigan wants the state's nonprofit hospitals, which do not have to pay most taxes, to provide more free care to the poor and uninsured.

Madigan was scheduled today to unveil proposed legislation that would require most hospitals in Illinois to spend at least 8 percent of their operating costs on charity care.

"These hospitals, on average, are spending less than 1 percent of their hospital charges on charity care. That's minuscule," Madigan told the Chicago Sun-Times in today's editions. "If you're going to get the massive benefit of tax exemption, there's a requirement you give a little back to the most vulnerable citizens, those people without health insurance and without the ability to pay exorbitant prices for health care."

Nonprofit hospitals already are required to provide charity care in exchange for their exemptions from most local, state and federal taxes, including income, property and sales taxes, as well as being eligible for tax-exempt bond financing.

Some nonprofit hospitals in rural areas of the state would be exempt under Madigan's plan because they operate in medically underserved areas. Government hospitals, too, would be exempt because they already serve large numbers of poor patients.

Madigan also was scheduled today to announce proposed legislation that would push all hospitals to

use less aggressive billing and collection practices.

Any plans proposed by Madigan need approval from lawmakers in Springfield.

The Illinois Hospital Association said nonprofit hospitals already provide charity care and forcing them to do more could put some hospitals out of business.

"One out of every three Illinois hospitals is losing money," IHA spokesman Danny Chun said. "You'd be pushing them closer to the edge."

If Madigan's plan becomes law, hospitals could lose their tax-exempt status if they don't comply.

Other states have established charity-care mandates, including Texas, which requires nonprofit hospitals to provide charity that would amount to what they would have paid in state and local taxes or at least 4 percent of patient revenues.

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