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Madigan wants more charity care for poor

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CHICAGO - Attorney General Lisa Madigan on Monday asked lawmakers to require the state's nonprofit hospitals to provide more free care to the poor and uninsured in exchange for their tax exemptions.

At a West Side community clinic, Madigan unveiled a proposal that would require most hospitals in Illinois to spend at least 8 percent of their annual operating costs on charity care. She said tax-exempt hospitals in Illinois in 2003 spent less than 1 percent of their total hospital charges on charity care.

"Unfortunately, hospitals have not lived up to their end of the bargain," Madigan said in announcing the measure, backed by Sen. Jeffrey Schoenberg, D-Evanston, and Rep. George Scully, D-Flossmoor.

Madigan's proposal follows efforts by Gov. Rod Blagojevich's administration to expand health care to children and veterans in the state.

The state's nonprofit hospitals are required to provide charity care - although current law does not set a specific amount - in exchange for exemptions from income, property and sales taxes, as well as eligibility for tax-exempt bond financing.

Madigan said increasing charity care to 8 percent won't be difficult for the state's hospitals, which number about 200. All but a handful are nonprofit.

For example, she said, her proposal would let hospitals count toward their charity care requirement the difference between what the state reimburses them to care for Medicaid patients and what it actually costs to do that. Hospitals also would get credit for services offered at mobile clinics and in school-based programs.

"It's a very minimum requirement to make," Scully said.

The Illinois Hospital Association said hospitals are doing their share to help care for the state's 1.8 million uninsured, providing \$1.2 billion annually in free care.

"It's not possible to solve the problem of the uninsured simply by imposing requirements on hospitals," association president Ken Robbins said.

Robbins said Madigan didn't consult the association, which represents hospitals in the state, about her proposal.

"I'm surprised and disappointed that they weren't willing to share it in advance and to have a conversation with us in advance," he said.

If Madigan's plan becomes law, hospitals could lose their tax-exempt status, a financial benefit Madigan says is worth millions of dollars, if they don't comply.

Other states have or are talking about charity-care mandates, including Texas, which has had a law mandating specific amounts since 1993. Hospitals there can meet the state's requirement in a number of ways, including providing charity care that is equal to at least 4 percent of net patient revenue.

On Monday, Madigan also proposed legislation that would make hospitals use less aggressive billing and collection practices.

The measure would require hospitals to provide patients with easy-to-understand itemized bills and prevent a hospital from turning a patient's unpaid bill over to a collection agency while a claim is still pending with an insurer.

Madigan said the measure grew out of the thousands of health care-related consumer complaints her office receives every year.

Both the charity care and billing measures require approval from lawmakers in Springfield, and Madigan said, "I think the chances are very good."

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