

1 AN ACT in relation to public aid.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Public Aid Code is amended by
5 adding Section 5-5.04 as follows:

6 (305 ILCS 5/5-5.04 new)

7 Sec. 5-5.04. Medicaid Hospital Payment Task Force.

8 (a) The General Assembly finds:

9 (1) Through the Medicaid program, the Illinois
10 Department of Public Aid insures approximately 1,500,000
11 people, or about one out of every 8 Illinois residents.

12 (2) The Illinois Department of Public Aid pays for
13 2 out of every 5 births in this State.

14 (3) The average Illinois hospital receives 12% of
15 its patient revenue from Medicaid, with some hospitals
16 far more dependent on the Medicaid program.

17 (4) Hospitals are required by State and federal law
18 to examine and stabilize or appropriately transfer all
19 persons who come to the emergency room, regardless of
20 their ability to pay.

21 (5) A growing number of Illinois residents do not
22 have health insurance and do not qualify for Medicaid,
23 causing hospitals to provide an increasing amount of care
24 for which they are not paid.

25 (6) The base payments for inpatient hospital
26 services have effectively been frozen since 1992.

27 (7) Illinois Medicaid payments to hospitals cover,
28 on average, far less than the actual cost of providing
29 care.

30 (8) More than 70% of Illinois hospitals lose money
31 on patient care, and 67% have negative overall margins.

1 (9) Illinois hospitals are significant contributors
2 to the Illinois economy and employ over 200,000 people.

3 (10) Hospital Medicaid payments were reduced by
4 approximately \$100,000,000 during State Fiscal Year 2002
5 in response to declining State revenues, placing greater
6 financial stress on Illinois hospitals.

7 (11) A Medicaid program that pays reasonably for
8 services will promote and enhance a strong health care
9 system, which will improve access to quality health care
10 for all the people of Illinois.

11 (b) There is established within the Illinois Department
12 of Public Aid a Medicaid Hospital Payment Task Force (the
13 "Task Force"). The Task Force shall have the following
14 members:

15 (1) The Director of Public Aid, ex officio, or his
16 or her designee.

17 (2) The Director of Public Health, ex officio, or
18 his or her designee.

19 (3) Four members of the General Assembly, appointed
20 one each by the President of the Senate, the Minority
21 Leader of the Senate, the Speaker of the House of
22 Representatives, and the Minority Leader of the House of
23 Representatives. The members appointed by the President
24 of the Senate and the Speaker of the House of
25 Representatives shall serve as co-chairs of the Task
26 Force.

27 (4) Seven members appointed by the Director of
28 Public Aid as follows: 3 members recommended by the
29 Illinois Hospital Association; one member recommended by
30 the Illinois Catholic Health Association; one member
31 recommended by the Illinois Rural Health Association; one
32 member recommended by the Illinois State Chamber of
33 Commerce; and one member recommended by an advocacy
34 organization representing Medicaid recipients.

1 (c) The Illinois Department of Public Aid shall provide
2 technical and staff support to the Task Force.

3 (d) The Task Force shall conduct a comprehensive study
4 of the Medicaid program to ascertain the adequacy of rates
5 for inpatient and outpatient hospital care to ensure the
6 continued availability of hospital care in this State.

7 (e) The Task Force shall report its findings and
8 recommendations to the Governor and the General Assembly on
9 or before January 1, 2003. The Task Force's report shall
10 include, but need not be limited to, an evaluation of the
11 adequacy of Medicaid hospital payment rates by examining the
12 following:

13 (1) Payment-to-cost comparisons for Medicaid
14 inpatient and outpatient hospital services.

15 (2) The impact of Medicaid hospital payments on
16 hospital patient care margins.

17 (3) Comparison of Illinois Medicaid hospital
18 payments to Medicaid hospital payments in other states.

19 (4) The impact of Medicaid hospital payment rates
20 on access to health care for Illinois residents.

21 (5) The impact of Medicaid hospital payment rates
22 on the quality of health care available to Illinois
23 residents.

24 (6) The impact of Medicaid hospital payment rates
25 on the cost of health care for Illinois residents.

26 (7) Recommendations for changes in the Medicaid
27 payment system for hospitals.

28 (f) The Task Force shall retain independent experts,
29 with experience in health care finance and economics, to
30 assist it in conducting its study and preparing its report.

31 Section 99. Effective date. This Act takes effect upon
32 becoming law.