



### SENATE BILL 1763 SUGGESTED TALKING POINTS

Illinois hospitals face dire financial distress due to dramatically higher labor, drug and supply costs.

Illinois hospitals have confirmed data reported by Kaufman Hall, which shows hospital labor costs have increased by 10% to 20%.

- *Provide specific examples from your hospital detailing increased labor costs.*

Unlike grocery stores and gas stations, hospitals cannot simply raise their prices to cover increasing costs—Medicaid and Medicare rates are set by law.

The Medicare program reimburses Illinois hospitals, on average, about 90% of what it costs to provide care, and cost coverage under the State Medicaid program is, on average, even lower at about 80%.

This is significant, as these two government insurance programs account for two-thirds of hospital inpatient stays and over half of all hospital outpatient services.

Today, Medicaid insures 3.6 million or 3 in 10 Illinoisans, compared to 1 in 10 Illinoisans in 1995.

However, State General Revenue Funds account for only 18% of hospital Medicaid spending, while the almost \$2 billion assessment tax paid by hospitals funds about 22% of hospital Medicaid spending.

Even though state investment in the Medicaid base inpatient rate has remained largely unchanged over the last 28 years, hospital costs have increased dramatically.

While the General Revenue Funded hospital inpatient rate is less today than it was in 1995, hospital costs increased 85% during that time. The GRF hospital outpatient rate is also lower today than when it was established in 2015.

Hospital costs have risen—and these cost increases are not temporary. They will not go down.

Hospitals have been forced to rely on private staffing agencies, which charge exorbitantly higher rates, to secure the nurses necessary to appropriately staff facilities.

- *Provide specific examples from your hospital detailing increased costs attributable to staffing agency rates.*

Because of these financial pressures, hospitals have already had to reduce available beds, delay hiring and reduce staffing. Without state funding support, further limitations on hospital services are very likely. In extreme cases, some hospitals may be forced to consider closure.

- *Provide examples of specific actions your hospital has taken, or is considering taking, to respond to the hospital financial crisis.*

Though Illinois hospitals face significant challenges, they remain the economic cornerstone of towns and cities across the state, often serving as the largest employer in many Illinois communities.

- *Provide information on your total annual economic impact and direct and indirect employment information.*
- *Provide information about specific programs and projects that boost your local/regional economy, e.g., a major construction project, medical research, medical/nursing education, etc.*

At the same time, hospitals contribute significantly to community health and well-being.

- *Provide examples of ways you are working outside your four walls, including highlighting community health initiatives.*

However, the fiscal strain hospitals are experiencing threatens their financial stability and security, putting at risk critical programs and services, both within their facilities and outside their four walls.

To address this crisis and protect access to critical healthcare services, **the hospital community is seeking your support for Senate Bill 1763, which includes a state funded increase to hospital Medicaid rates.**

This state General Revenue Fund support will be critical to preserve and improve access to quality, affordable and equitable healthcare for Medicaid customers.