Illinois Health and Hospital Association

Illinois hospitals are at the heart of the communities they serve.

They provide care 24 hours a day, seven days a week, employ more than 520,000 Illinoisans and serve as major economic engines, with a $135.5 billion statewide economic impact. They care for our neighbors, train the next generation of healthcare professionals and provide a critical safety net for those who need care most.

Yet hospitals cannot fulfill that mission without the resources necessary to sustain it. Many Illinois hospitals - particularly safety net and rural community hospitals - face increasingly difficult financial realities that threaten their ability to maintain access to care in the communities that depend on them.

These challenges have been building for years. Hospitals are contending with rising medical liability expenses, inadequate government reimbursement, insurer practices that delay and deny care, workforce shortages and increasing costs for labor, drugs and supplies. Across the Midwest, hospital expenses increased 10% from 2022 to 2025, while more than half of Illinois hospitals have operated on slim to negative margins over the past decade.

Hospitals are also fighting to preserve programs such as the federal 340B Drug Discount Program, which helps eligible hospitals stretch scarce resources to support vulnerable patients and communities. Illinois recently enacted protections for hospitals' use of 340B contract pharmacies, now being challenged in court by pharmaceutical manufacturers, while the program continues to face threats at the federal level.

Now, H.R. 1 threatens to deepen these challenges, reducing federal Medicaid funding to Illinois by an estimated $57 billion over the next decade and potentially leaving as many as 300,000 Illinoisans losing their health coverage.

The impact will be especially significant for hospitals serving communities with the fewest resources. Safety Net Hospitals care for a disproportionate share of Medicaid patients, uninsured individuals and other vulnerable populations, while rural community hospitals often serve areas where patients—particularly older adults—may have few nearby alternatives for care. Illinois' academic medical centers also face substantial pressure that threatens their critical role in training the next generation of physicians, including the 1,159 residency positions they support without Medicare direct graduate medical education funding.

When people lose health coverage, they still turn to their local hospitals for care—but the cost does not disappear. Illinois hospitals' uncompensated care increased by more than $160 million between 2019 and 2024, while bad debt and charity care rose 25% across the Midwest from 2022 to 2025. H.R. 1 threatens to accelerate that trend.

When those pressures become unsustainable, hospitals may be forced to reduce services, postpone investments or make other difficult operational decisions. In the most serious circumstances, communities can lose their hospital altogether. These are decisions hospital leaders do not make lightly. But they are the increasingly difficult choices forced upon hospitals that are working to preserve access to safe, high-quality care.

As Illinois prepares for the next phases of H.R. 1 implementation, policymakers must recognize what is at stake. Protecting access to healthcare requires protecting the hospitals Illinoisans rely on every day -especially those serving people and communities with the fewest alternatives for care.

COMPdata Informatics

Insurance Solutions

IPC Group Purchasing

Midwest Alliance for Patient Safety