



March 6, 2020

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION  
M E M O R A N D U M**

**TO:** Chief Executive Officers, Member Hospitals and Health Systems  
Chief Financial Officers  
Government Relations Personnel

**FROM:** A.J. Wilhelmi, President & CEO  
Joe Holler, Vice President, Finance

**SUBJECT:** Governor's FY2021 Budget Proposal

**Executive Summary:**

The Governor's FY2021 budget proposal includes \$40.8 billion in General Revenue spending, supported by a \$42.1 billion revenue estimate, representing an estimated 3.8 percent or \$1.5 billion increase. Despite a ballot initiative in November to authorize the implementation of a graduated income tax model, the Governor's proposed budget cannot assume passage or assume any additional spending associated with anticipated increased revenues. Therefore, the Governor's proposed budget reserves \$1.4 billion in revenue pending the outcome of the ballot initiative.

**Medicaid Bottom Line:** The proposed FY2021 budget does not contain any program or rate cuts and includes some increases to key program areas.

**Governor's Budget Address**

On February 19, 2020, Governor Pritzker presented his FY2021 budget proposal for the fiscal year beginning July 1, 2020. The Governor's FY2021 Investment Priorities include:

- Investing in Education
- Investing in Health and Social Services Programs
- Investing Criminal Justice Reform and Public Safety
- Investing Environmental and Cultural Resources
- Investing Economic Development and Infrastructure

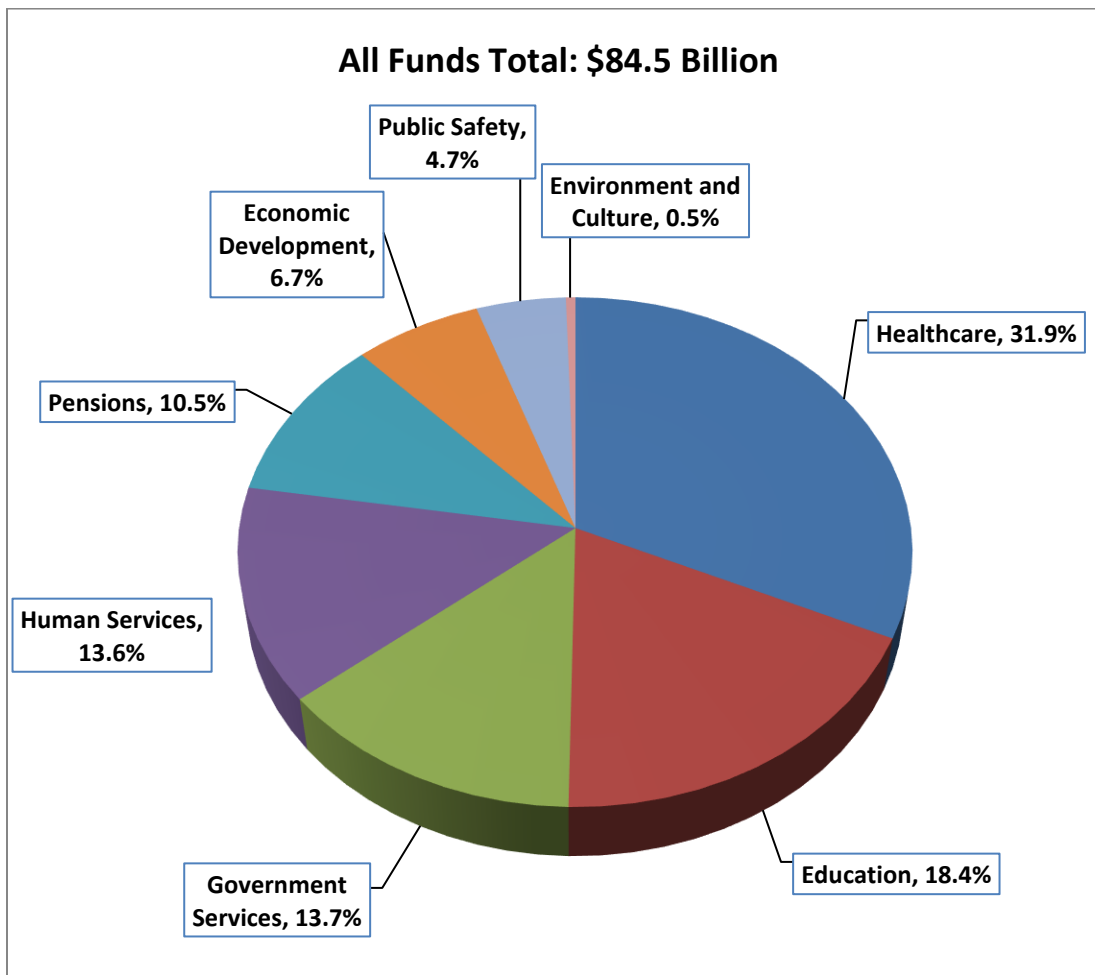
The Governor noted some of the priorities for healthcare in his budget plan as well as accomplishments over his first year:

"Since I took office, it's been a priority to provide health care that is accessible, preventative and equitable. For the second year in a row, I am proposing a substantial increase in mental health and addiction treatment services. This 2021 budget includes a \$40 million increase,

funded in large part by revenues from the successful roll out of adult use cannabis, which dedicates 22 percent of cannabis taxes to these programs.”

“When I took office a year ago, we were handed an enormous Medicaid backlog of more than 140,000 people who had applied for health care coverage but whose applications were simply never reviewed. This includes newborns, families with young children and seniors entering nursing care at the end of their lives. People got sick and couldn't see a doctor. Some of the people on the list waited for more than a year. That's unconscionable. So my teams at HFS, DHS, and DoIT worked in a concerted, collaborative effort and have reduced the backlog by 70,000 people. That's healthcare coverage for a population the size of Decatur. There's more to do, and we are committed to doing it. That's why this budget adds employees at the Department of Human Services, allowing them to help finish the job.”

### STATE FISCAL YEAR 2021 BUDGET AT-A-GLANCE



### **HEALTHCARE AND FAMILY SERVICES BUDGET**

The Governor's recommended appropriation level for the Department of Healthcare and Family Services (HFS) for FY2021 of \$26.9 billion is a 2.9% increase over the enacted FY2020 budget.

#### **Medical Assistance FY2021 Budget Highlights**

- **Maintains HFS current commitments** and building for the future;
- The HFS FY2021 proposal **includes NO program cuts** and includes increases to key program areas.

#### **Medical Programs FY2021 Goals**

- Deliver more integrated, holistic health care;
- Invest in behavioral health;
- Maximize federal revenue;
- Improve performance and transparency; and
- Significantly reduce timeframes for eligibility.

### **HUMAN SERVICES BUDGET**

The FY2021 proposed budget for the Department of Human Services (DHS) is \$7.4 billion and represents an increase of 7.3% over the FY2020 budget. DHS FY2021 budget highlights include:

- Investment in Community-Based Service Wages – impacting more than 100,000 front-line staff (\$222.8 million);
- Continued investment in the Consent Decrees (\$46.5 million);
- New \$2.0 million investment to expand the Healthy Families and Parents Too Soon programs; and
- IDHS operations continues to aggressively address the Medicaid application and redetermination backlogs.

### **CAPITAL BUDGET**

The fiscal year 2021 recommended capital budget funds the second year of the six-year program. Every part of the state will see investment from Rebuild Illinois, which will put \$33.2 billion into our aging transportation systems and support an estimated 540,000 jobs. Local governments will benefit from \$4 billion in transportation funds, their first increase in 20 years.

Rebuild Illinois provided \$200 million to the Capital Development Board (CDB) for the new Hospital and Healthcare Transformation Capital Investment Program. CDB will work in coordination with HFS to issue grants to hospitals and healthcare providers to renovate, rehabilitate and construct facilities to meet the needs of the demographics they serve. This program will help low-income communities with high numbers of Medicaid patients to ensure Illinoisans have access to the medical care they need.

### **RELATED RESOURCES**

- [Budget in Brief FY2021](#)
- [Governor's Proposed FY2021 Budget Document](#)
- [Department of Healthcare and Family Services FY2021 Budget Briefing Document](#)
- [HFS Introduced 2021 Budget Request](#)
- [Department of Human Services FY2021 Budget Briefing Document](#)

### **NEXT STEPS**

The budget now goes before the Illinois House and Senate, where it will be reviewed and modified by various Appropriations committees. Numerous budget initiatives and appropriations bills have been introduced in both chambers of the General Assembly. IHA staff will be reviewing these and providing members with information as the spring session continues. There will be opportunities for our members and other interested parties to express their concerns, viewpoints, and facts regarding the proposed budget.

This is only the beginning of what will be a challenging session to protect healthcare in the budget. Working with you and the entire hospital community, IHA will continue to emphasize with the Governor and the General Assembly the essential role of hospitals and health systems and their continued efforts to transform the Medicaid program and the healthcare delivery system in Illinois.

- We will need to continue to advocate to both the Governor and the members of the General Assembly of the need to collaborate to reach a sustainable budget **that protects the already fragile healthcare delivery system.**
- We will need to continue educating legislators of the value derived by the State from its long and beneficial partnership with the Illinois hospital community and our joint collaborative successes to maximize critical federal Medicaid funding.
- We will continue to emphasize to the General Assembly and Administration that the hospital community can sustain **NO MORE CUTS.**
- We will need to impress upon the Administration that we are at a critical juncture, and that now is the time to maintain the State's investment in the health of its residents and support the continued viability of the hospital community as major employers and economic engines for the State.

IHA will keep members updated on these and other legislative developments throughout the spring. It is essential that you engage in the process and contact your local legislators to urge them to support healthcare and oppose any Medicaid cuts to hospitals and health systems. A critical opportunity for hospital leaders to meet directly with legislators is on the horizon:

- **Wednesday, April 29 - IHA's Hospital Advocacy Day in Springfield.** Further details, including registration information, will be coming soon.