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June 9, 2009

To the Editor:

We strongly disagree that HMO managed care for Medicaid is one of the answers to the state's budget problems ("Quinn's wrong targets," June 4; "Pork and priorities," June 5). This mistaken notion is an outgrowth of many myths about Medicaid. In fact, it won't work but instead will cost the state money.

**Myth:** Moving Medicaid beneficiaries into HMOs will save the state hundreds of millions of dollars.

**Fact:** Medicaid payments to hospitals and doctors have already been squeezed to extremely low levels. Hospital inpatient base rates have been frozen since 1995 – with absolutely no increases, not even for inflation – and without the Hospital Assessment Program, cover only 75 percent of costs, on average. To save that kind of money means eliminating children, families, and the newly unemployed from the Medicaid program. The uninsured rolls will increase even more.

**Myth:** Illinois pays too much for Medicaid; waste must be cut.

**Fact:** Illinois ranks 42<sup>nd</sup> in the country in spending per Medicaid patient and its annual program growth is below the national average. Medicaid costs have risen primarily because more people are covered as a result of unfunded policy choices made by the Governor and Legislature.

**Myth:** Illinois Medicaid spending for hospitals is draining the state's financial resources.

**Fact:** Only 25% of Medicaid payments to hospitals come from the state; 75% come from the Hospital Assessment Program (where hospitals pay a tax to the state to generate federal matching funds) and other federal funds.

**Myth:** Only hospitals benefit from the Hospital Assessment Program.

**Fact:** \$2.5 billion in federal and non-state funds are being generated by this program over the next five years for non-hospital Medicaid services such as nursing homes and developmental disability services.

But moving Medicaid beneficiaries into HMOs could mean the loss of billions of those program dollars.

The hospital community supports greater use of responsible approaches that the state has implemented to make Medicaid more cost effective and efficient, such as finding medical homes so patients receive timely preventive and primary care and helping people with chronic conditions such as diabetes and asthma. These approaches – which saved the state more than \$100 million in Medicaid costs last year alone – prevent unnecessary emergency room visits and hospitalizations.

We urge the state's leaders to consider workable, practical approaches and steer clear of desperate, drastic measures such as HMO managed care for Medicaid that would not save the state money but only hurt Illinois' vulnerable citizens.

Sincerely,

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