

**Written Testimony of Patrick M. Magoon
President and CEO
Children's Memorial Hospital**

**Subject Matter Hearing:
Healthcare and Human Services Budget Deficit and Revenue Shortfall
Tuesday, March 10, 2009
9:00 a.m.
212 Capitol**

My name is Patrick Magoon and I have the privilege of serving as President and CEO of Children's Memorial Hospital in Chicago, Illinois. Thank you for the opportunity to present written testimony to the Senate Deficit Reduction Committee.

As the largest provider of pediatric care to the Illinois ALL KIDS program, Children's Memorial Hospital believes rate and service reductions in the under-funded state Medicaid and SCHIP program should be avoided. Children's Memorial Hospital supported the hospital assessment and worked with Department of HealthCare and Family Services, the General Assembly, the Illinois Hospital Association and individual hospitals to pass and support this program over the assessments many iterations. Children's Memorial also worked at the federal level to reauthorize the State Children's Health Insurance Program (S-CHIP) and increase funding for the program.

In addition to avoiding cuts in areas effecting health care for children, Children's Memorial believes the status of payment to pediatric specialists is resulting in a severe lack of access to necessary medical care for low income children with severe medical problems. A new study conducted by the Center for Studying Health System Change called "Do Reimbursement Delays Discourage Medicaid Participation by Physicians?" examined the effect of variation in average reimbursement across states on physicians' willingness to accept Medicaid patients, finding that payment delays can offset effects of higher payment rates on physician participation. The study was funded by the Robert Wood Foundation found that although low fees discourage physicians from treating Medicaid patients, payment delays also plays an important role in physician decisions to avoid Medicaid patients. Children's Memorial is working with the General Assembly again this year by proposing HB 2343 and SB 1515 which would increase the Medicaid rates paid to these physicians over the next three years. Attached is a fact sheet on HB 2343 and SB 1515 and we respectfully request bi-partisan support on this critical initiative.

Children's Memorial realizes that both protecting existing funding and making necessary physician rate increases require State resources in addition to the taxes and federal programs we have already so strongly supported. We have discussed various changes to sales tax (soda pop) and other sources in the past and have concluded that specific tax proposals are not easily identifiable within the hospitals area of expertise and resources. We do understand the need for revenue increases and enhancements and would consider a number of revenue options.

Thank you for your consideration.

Protect Illinois Children's Access to Health Care

Increase Medicaid Reimbursement Rates for Pediatric Specialists Please Support SB 1515 and HB 2343

February, 2009

The health of very sick children insured by Medicaid is at great risk because these children have difficulty finding a pediatric specialist that will care for them at the rate that Illinois Medicaid reimburses: just under 35 cents for every \$1 they spend. While these children may hold an ALL KIDS card, they often cannot get an appointment with a specialist or if they can, they must drive several hours to get to a doctor who will see them.

In addition, there is a critical shortage of pediatric specialists both at the state and national level. Illinois' ability to attract and retain these essential specialists is jeopardized by seriously inadequate Medicaid reimbursement. Failure to attract these specialists and keep them here hurts ALL Illinois children, not just those covered by Medicaid.

The We Care for Illinois Kids Coalition has been working with our partners in the General Assembly to help the children who desperately need specialty care and the physicians who have continued to care for their patients despite suffering serious, unsustainable financial losses each year.

As of February 1st, a slight rate increase took effect for pediatric specialists. While we appreciate this increase, physicians will still be reimbursed just under 35 cents (up from 33 cents) for every dollar they spend to care for children insured by Medicaid. Continuing to inadequately fund treatment by specialists prevents essential access to medical care and threatens the life and health of our children. We need a more sustainable solution.

Last year, under the sponsorship of State Representative Susana Mendoza, Majority Leader Barbara Flynn Currie, and joined by 20 of their House colleagues from both sides of the aisle, we supported HB 5331. This bill would have phased in modest payment increases to these physicians, resulting in rates that would cover 66% of a doctor's costs.

As the 2009 session of the Illinois General Assembly begins, and under the administration of a new Governor, the We Care for Illinois Children Coalition is committed to continuing to seek absolutely essential funding for pediatric specialty care.

We ask you to serve as our champion and stand with us on behalf of the children who need these specialty services, and the fine physicians who care for them.

For more information about this critical issue, go to www.wecareforillinoiskids.org or contact Susan Hayes Gordon at 773-314-3789.

**Organizations Supporting
HB 2343 and SB 1515**

La Rabida Children's Hospital, Chicago

University of Chicago Comer Children's Hospital

Children's Memorial Hospital, Chicago

American Academy of Pediatrics, Illinois Chapter

Health and Disability Advocates

Illinois Maternal and Child Health Coalition

Illinois Hospital Association

Illinois State Medical Society

Children's Hospital of Illinois, Peoria

Northwestern Memorial Hospital

Voices for Illinois Children

Mount Sinai Hospital, Chicago

Advocate Health System

Chicago Medical Legal

Partnership for Children

Ounce of Prevention Fund

Rush Medical Center

Children's Memorial Faculty Practice Plan

Illinois Medical Group Medical Association

Resurrection Health Care, Chicago

| Sargent Shriver National Center on Poverty Law