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## **ATTORNEY GENERAL MADIGAN, HOSPITALS: LANDMARK LAW CREATES EQUITY IN UNINSURED HOSPITAL BILLING RATES**

### ***New Law Effective April 1 Will Cap Hospital Bills and Provide Deep Discounts***

Chicago — Attorney General Lisa Madigan, Illinois Hospital Association (IHA) President Ken Robbins, Rep. Karen May (D-Highland Park) and AFSCME Council 31 representative Jo Patton today joined Sister Sheila Lyne at Mercy Hospital to announce the enactment of the Hospital Uninsured Patient Discount Act, a ground-breaking new law that will cap hospital bills and offer significant discounts for uninsured patients in Illinois.

"This law reflects one of the most aggressive efforts by any state in the country to address health care accessibility and affordability for the uninsured, and given today's economic conditions, it could not come at a better time," Madigan said. "As unemployment rates climb and a record number of Illinois families struggle financially, this new law limits the financial strain caused by an unexpected illness or a medical emergency so that necessary hospital services are no longer out of reach for uninsured patients."

"We welcomed the opportunity to work with the Attorney General and state legislators on this landmark law for the uninsured," said Illinois Hospital Association President Ken Robbins. "This shows how trusting and respectful relationships among key stakeholders and our elected officials result in positive accomplishments to help people. As a critical part of the health care safety net for the uninsured, Illinois hospitals have always known first hand the plight of the uninsured. Now, with growing numbers of people becoming unemployed and uninsured in the current economic crisis, this law meets a societal need that is more critical than ever."

The Hospital Uninsured Patient Discount Act significantly reduces charges for uninsured Illinois patients and prevents discriminatory pricing based on a patient's insurance status. Currently, uninsured patients are charged dramatically higher rates for hospital services than insured patients, whose rates are negotiated by insurance companies. On average, hospitals charge uninsured patients rates that exceed 200 percent over cost. The resulting financial burden is extreme. Statistics show that high health care costs are among the leading reasons people file for bankruptcy.

When the law goes into effect on April 1, hospital charges to the eligible uninsured cannot exceed the costs of the services plus 35 percent. The new law also places an annual cap on the amount that hospitals can collect from eligible uninsured patients, limiting the total amount to 25 percent of the patient's family income during a 12-month period.

Those eligible must fall within 600 percent of the Federal Poverty Level (\$132,300 for a family of four in 2008) at non-rural hospitals and 300 percent of the Federal Poverty Level (\$66,150 for a family of four in 2008) at rural and critical access hospitals.

The Attorney General's office is responsible for administering and ensuring compliance with the Act. In preparation for the law's April 1 enactment, the Attorney General's office has worked with Illinois hospitals to calculate each facility's cost-to-charge ratio and is working to help publicize that information for qualified patients.

The bill was sponsored by Rep. May and Sen. Schoenberg and was supported by AFSCME, as well as many other organizations working to protect consumers and uninsured patients, including Service Employees International Union (SEIU), the Sargent Shriver National Center on Poverty Law, Citizen Action, and Health & Disability Advocates.

"This law will provide substantial relief for thousands of hard-working individuals seeking to pay their hospital bills," said State Sen. Jeffrey Schoenberg. "Once again, Attorney General Madigan has demonstrated her leadership in protecting Illinois consumers

through this innovative agreement."

"This is an issue of basic fairness," said May. "The uninsured are the only people who are billed the full sticker price for hospital care. Eligible Illinois residents will now be able to receive a hospital bill closer to what everyone else is paying. It's an issue I've been working on for nearly three years, and I thank the Attorney General's office and the Illinois Hospital Association for working out a plan to make it a reality."

"The law provides significant help for uninsured hospital patients, and is especially important at a time when growing unemployment leaves more people without health insurance," said Patton, Director of Special Projects for AFSCME Council 31. "We applaud the Attorney General and the IHA for hammering out a process that will provide a discount on hospital bills for uninsured patients throughout Illinois."

As part of her overall efforts to increase access to health care for the uninsured, Madigan previously worked with the IHA to pass the Fair Patient Billing Act, which established uniform standards and responsible practices that all licensed hospitals, and the collection agencies they hire, must follow when they bill and collect debts from patients. Specifically, hospitals are required to inform uninsured patients how they can apply for financial assistance and what their rights are regarding their hospital bill. Before a hospital or its agents may pursue collection actions against an uninsured patient, the hospital must give an uninsured patient time to assess the bill's accuracy and opt to set up a reasonable payment plan.

"These efforts all contribute to the larger goal of greater access, coverage and affordability for Illinois patients," Madigan said. "This is an issue that will remain a priority for me, and I look forward to continuing to work with our partners to create collaborative solutions to these concerns."

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