



Illinois Health and Hospital Association

**Statement by the Illinois Health and Hospital Association  
Energy and Commerce Subcommittee on Health  
Hearing on Examining Medicaid and CHIP's Federal Medical Assistance Percentage  
February 10, 2016**

The Illinois Health and Hospital Association (IHA), which represents more than 200 hospitals and nearly 50 health systems throughout the state of Illinois, appreciates the Energy and Commerce Committee's commitment to ensuring the health of the Medicaid program. Residents throughout the state of Illinois rely on Medicaid for their health and well-being. The care provided by Illinois hospitals to Medicaid beneficiaries is cost effective and provides taxpayers with a significant return on investment.

Illinois' Federal Medicaid matching rate of 50.89% is one of the lowest in the nation, despite being the 5<sup>th</sup> largest Medicaid provider by volume in the country. The state of Illinois currently receives an estimated 3.1% of annual Federal Medical Assistance Percentage (FMAP) funding but covers 4.8% of the nation's Medicaid beneficiaries. IHA believes that the FMAP that Illinois receives does not recognize the fact that Illinois is providing insurance coverage for one in four Illinoisans and one out of every two children in the state.

Moreover, Illinois hospitals provide care for residents of surrounding states that have a substantially higher FMAP rate which creates an inequity in reimbursements for providers. This disparity has proven to be a challenge in recruiting and retaining talented providers.

Illinois ranks 49<sup>th</sup> in the U.S. in average Medicaid per spending per enrollee, and Illinois hospitals are reimbursed far less than the cost to care for the state's most vulnerable population. Despite these challenges, Illinois hospitals provide high quality care for the state's nearly 13 million people, and generate nearly 500,000 direct and indirect jobs with an economic impact of \$88.8 billion annually.

While IHA believes the current FMAP calculation may need to be updated, we strongly oppose recent proposals to reform the Medicaid program, such as converting the federal reimbursement into a block grant. IHA believes such drastic changes would adversely affect and limit the state and provider's ability to provide quality healthcare during economic downturns.

IHA stands ready to partner with Congress to enhance the value that the Medicaid program brings to the residents of the state of Illinois.