

What's at Stake

The Health of Illinois Communities



Communities Win When Local Hospitals Are Strong

Illinois hospitals are 24/7 care providers, major employers and economic engines.

They contribute significantly to the communities they serve, partnering with local organizations to address social needs and promote health and well-being.

At the same time, many Illinois hospitals are struggling to survive. Financial pressures from rising costs combine with inadequate reimbursement, increased regulatory burden and massive policy changes through the One Big Beautiful Bill Act (OBBBA). Hospitals are strained, yet they continue to invest in patients and communities.

Discover what's at stake for the health of Illinois communities

WHAT'S AT STAKE

KEY ISSUES



Financial

- Illinois Hospitals Face Looming Health Crisis
- OBBBA: A Trillion Dollar Turn in U.S. Health Policy
- Billions in Profits, Millions in Unpaid Claims: Medicaid Insurers Leave Illinois Providers Struggling, Patients Losing Care
- Hospital Expenses Are Up with Purchased Services and Drugs Driving the Increase
- Bad Debt and Charity Care Increased by 25% in the Midwest (between 2022 and 2025)



Workforce

- Illinois Nursing in Crisis
- Physician Supply Lags Behind Patient Demand Across Illinois
- 1,117 Illinois Hospital Beds Lost Since 2019



Regulatory Burden

- Study: Illinois Healthcare Providers Pay Highest Malpractice Costs in the U.S.
- Administrative Costs Now Account for 40% of Hospital Total Expenses in Delivering Patient Care



Community Impact

- Illinois Hospital Community Benefits Have Increased Despite Mounting Financial Pressures
- Illinois State and Local Economic Impact and Jobs
- Your Support Is Critical to the Health of Illinois Communities

WHAT'S AT STAKE

Illinois Hospitals Face Looming Health Crisis

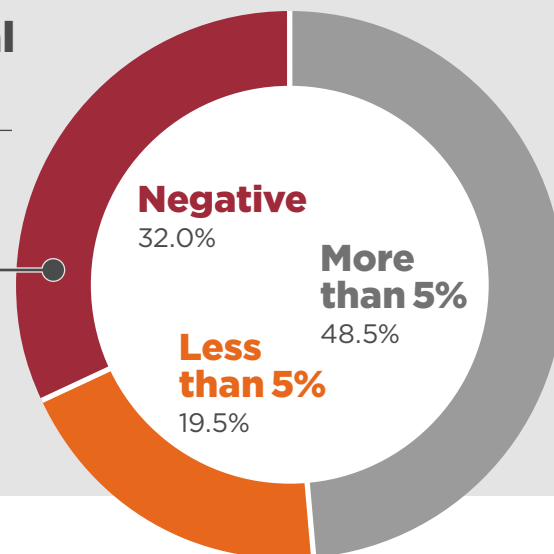


August 6, 2025

More than half of Illinois' hospitals have operated on **SLIM TO NEGATIVE MARGINS** over the past decade.

Average Illinois Hospital Margin (2018-2023)

Almost 1/3 of hospitals operate on negative margins each year



50%+*

More than half of Illinois **safety net** hospitals operated on negative margins

25%*

One quarter of **critical access** hospitals operated on negative margins with another quarter operating on thin margins

*Source: Centers for Medicare & Medicaid Services. Healthcare Cost Report Information System database. 2018-2023. September 2024 Release.

WTTW. Illinois Hospitals Face Looming Health Crisis. August 6, 2025.

WHAT'S AT STAKE

The One Big Beautiful Bill Act (OBBBA): A trillion-dollar turn in US health policy



July 10, 2025



\$57 billion

cut in federal Medicaid funding to Illinois over the next decade

As many as **500,000** vulnerable Illinoisians—**children, seniors, the disabled**—are expected to lose coverage.

Sources: Illinois Department of Healthcare and Family Services. 2025. | KFF. Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package. July 23, 2025. | PricewaterhouseCoopers. The One Big Beautiful Bill Act (OBBBA): A Trillion-Dollar Turn in US Health Policy. July 10, 2025.

WHAT'S AT STAKE

Billions in profits, millions in unpaid claims: Medicaid insurers leave Illinois providers struggling, patients losing care

CAPITOL NEWS  ILLINOIS

August 5, 2025

Over 2 in 5

Illinois residents rely on Medicaid and Medicare for their health coverage

25%

are enrolled in **Medicaid**

18%

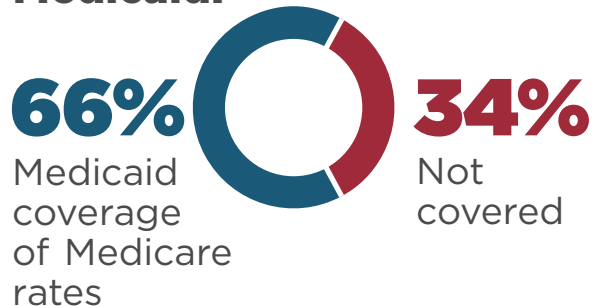
are enrolled in **Medicare**

Yet, government payers do not cover the full cost of providing care

Medicare:



Medicaid:



Sources: Capitol News Illinois. Billions in Profits, Millions in Unpaid Claim: Medicaid Insurers Leave Illinois Providers Struggling, Patients Losing Care. August 5, 2025. | Illinois Department of Healthcare and Family Services. 2025. | U.S. Census Bureau. American Community Survey. 2023 Estimates.

WHAT'S AT STAKE

Hospital expenses are up with purchased services and drugs driving the increase

KaufmanHall
a Vizient® company

June 2025

In the Midwest (Illinois, Wisconsin, Indiana, Michigan, Ohio) YTD 2025 vs. YTD 2022:



↑ 10% Total expenses



↑ 16% Non-labor expenses



↑ 19% Supply expenses



↑ 22% Drug expenses



↑ 31% Purchased services

Source: Kaufman, Hall & Associates, LLC. National Hospital Flash Report. June 2025.

WHAT'S AT STAKE

Bad debt and charity care increased by 25% in the Midwest between 2022 and 2025

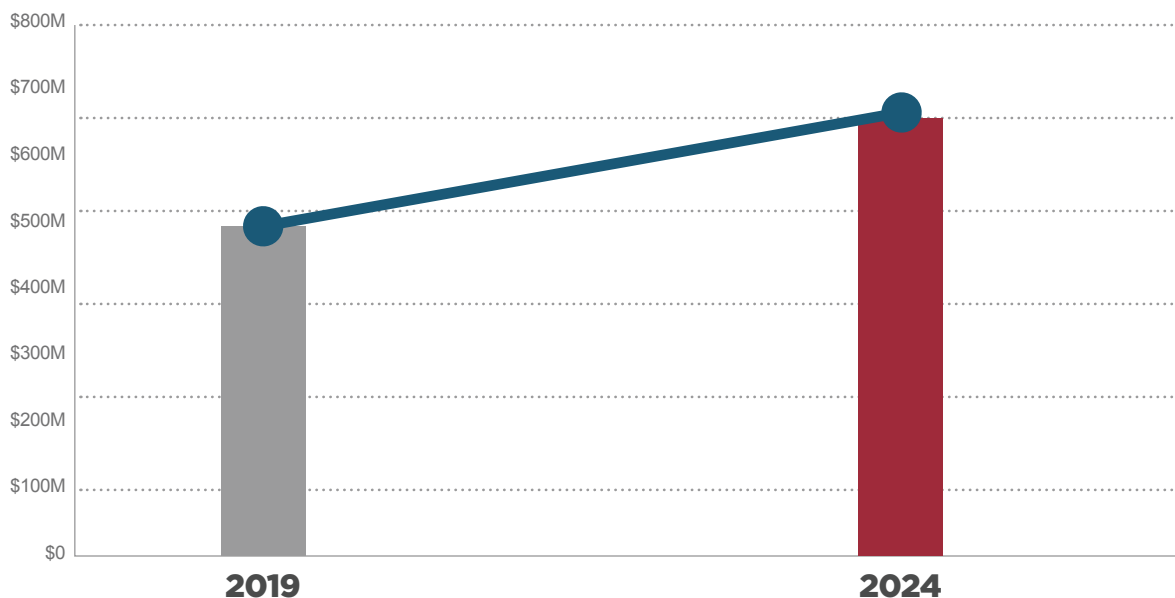
KaufmanHall
a Vizient® company

September 2024

Illinois Uncompensated Care (2019 Compared to 2024)

\$497M

\$659M



Despite a steady uninsured rate since the implementation of the ACA in 2014, bad debt and charity care have continued to rise, demonstrating the rising cost of healthcare.

Source: Office of the Illinois Attorney General. Illinois Hospital Community Benefit Reports. 2019–2024.

WHAT'S AT STAKE

Illinois Nursing in Crisis



Illinois is currently facing a nearly
15,000 RN SHORTAGE



52%

of state's nurses
are over 55

27%

are expected to
**retire in next
five years**

<8K

nurses graduate
each year

Did You Know?

In the U.S., up to **76% of healthcare workers** have reported experiencing violence, with over **80% experiencing verbal violence** and **33% experiencing physical violence**.

Sources: American Hospital Association. The Burden of Violence to U.S. Hospitals. June 2, 2025. | American Nurses Association Illinois. ANA-Illinois Calls for Action on Nursing Shortage at Illinois Senate Health Committee Meeting. March 29, 2022.

WHAT'S AT STAKE

Physician Supply Lags Behind Patient Demand Across Illinois

 CICERO INSTITUTE

March 28, 2024

As supply falls, patients wait longer to see a doctor, and doctors burn out



By 2030 Illinois is projecting a **SHORTAGE** of **6,203** **PHYSICIANS**

Primary care alone is projected to be short 1,063 providers

- ▶ There are only **237** residency slots in Illinois for primary care each year
- ▶ **45.2%** of those residents will practice out of state
- ▶ **32.3%** of Illinois physicians are within retirement range right now

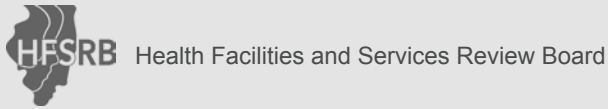
According to the AAMC, 6,138 residents were in training in Illinois for FY2022

- ▶ **4,979** were Medicare-supported GME slots
- ▶ **1,159** were resident training slots **not** supported by Medicare direct GME (the slots hospitals are paying for without federal support)

Sources: Association of American Medical Colleges. GME Fact Sheet Illinois. 2025. | Cicero Institute. Illinois Physician Shortage Facts. March 28, 2024.

WHAT'S AT STAKE

1,117 Illinois Hospital Beds Lost Since 2019



68 Illinois hospitals have needed to **CUT SERVICES** since 2019:



426

OB beds



282

Mental
illness beds



353

Long-term
care beds



56

ICU beds



11 Illinois hospitals have stopped
open-heart surgery

Source: Health Facilities and Services Review Board, 2019–2025.

WHAT'S AT STAKE

Illinois' Lawsuit Climate Ranked Nation's Worst



U.S. Chamber of Commerce
Institute for Legal Reform

Illinois' Lawsuit Climate Ranked Nation's Worst*

#50



Between 2016 and 2023, Illinois produced 20% of the largest "nuclear" verdicts in the United States, **all exceeding \$40 million.**

The state's unsustainably high number of cases and judgments drive up the cost of care delivery for providers, government healthcare programs and patients alike.

Illinois Physician Premiums for Obstetrics and General Surgery

4-10X higher

Than California and Illinois' neighbors (such as Indiana, Iowa, and Wisconsin)*

As hospitals are shouldering ballooning medical professional liability costs, they are forced to limit certain service lines. These exorbitant costs are also making it harder to recruit and retain physicians in high-risk areas such as obstetrics.

* Sources: Advis, Inc. Illinois' Medical Malpractice Landscape. March 2025. | U.S. Chamber Institute for Legal Reform. 2019 Lawsuit Climate Survey Ranking the States. September 2019.

WHAT'S AT STAKE

Administrative Costs Now Account for 40% of Hospital Total Expenses in Delivering Patient Care



September 2024

On top of low reimbursement, hospitals are also dealing with **resource-intensive prior authorization processes and care denials** from both public and private payors.

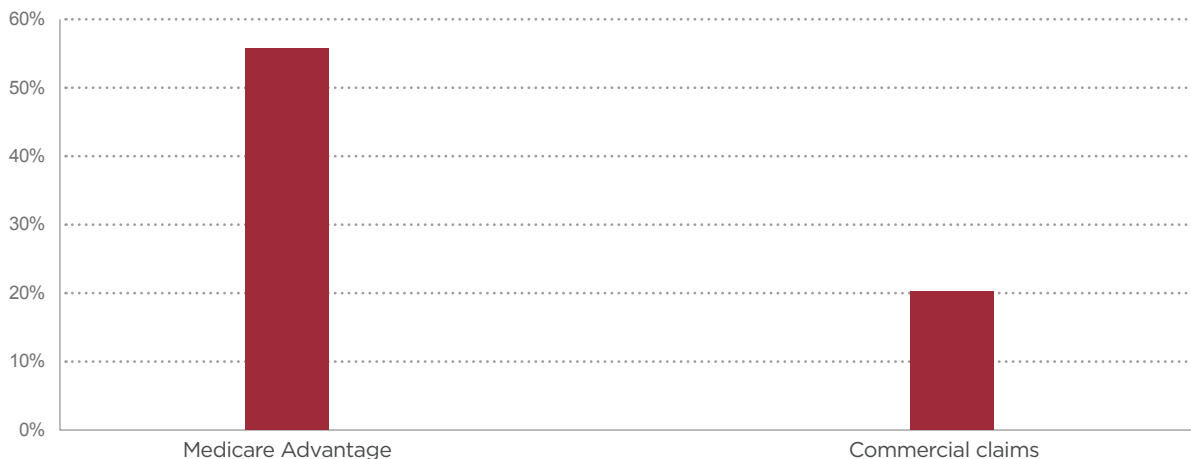
CARE DENIALS have increased:

+55.7%

**Medicare
Advantage
claims**

+20.2%

**Commercial
claims**

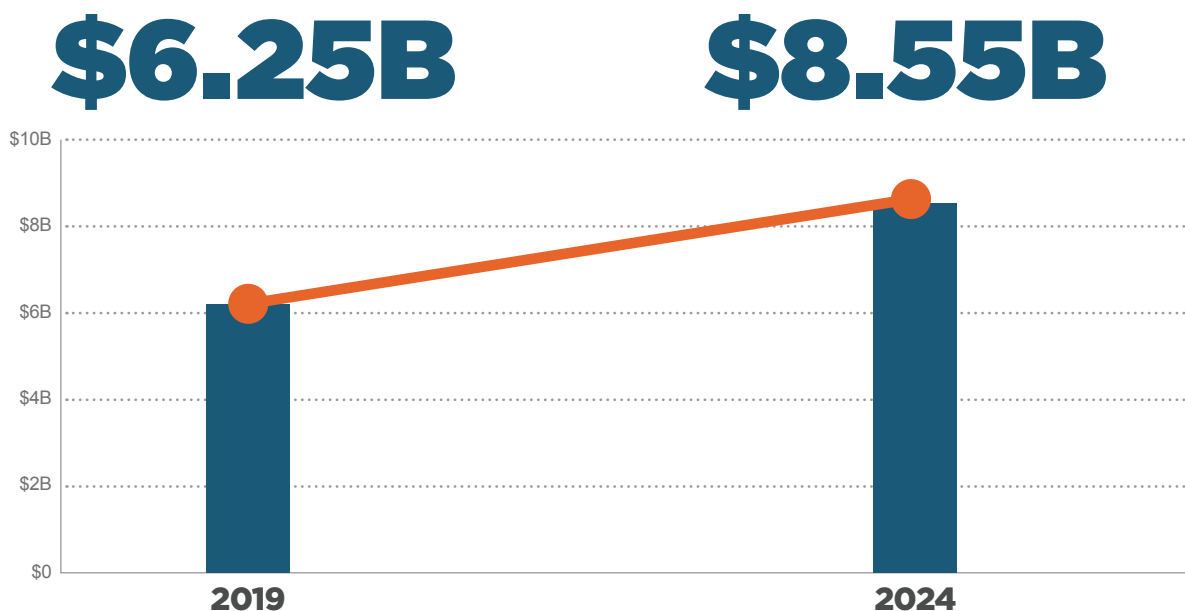


Source: American Hospital Association. Skyrocketing Hospital Administrative Costs, Burdensome Commercial Insurer Policies Impacting Patient Care. September 2024.

WHAT'S AT STAKE

Illinois Hospital Community Benefits Have Increased Despite Mounting Financial Pressures

Total Illinois Hospital Community Benefits (2019 Compared to 2024)



Despite mounting pressures, Illinois hospitals are continuing to invest in their communities. That's because hospitals care about their neighborhoods, towns and cities. It's their mission. It's who they are.

Source: Office of the Illinois Attorney General. Illinois Hospital Community Benefit Reports. 2019–2024.

WHAT'S AT STAKE

Illinois State and Local Economic Impact and Jobs

\$135.5B 2026 Statewide
Economic Impact

	PAYROLL	SUPPLIES/ SERVICES	CAPITAL
DIRECT	\$23.6B	\$29.7B	\$4.2B
INDIRECT	\$32.0B	\$40.3B	\$5.7B
TOTAL	\$55.6B	\$70.0B	\$9.9B

\$135.5B

521,000 Jobs*

Supporting Working Families

FTE JOBS GENERATED BY
ILLINOIS HOSPITALS

DIRECT	202K
INDIRECT	319K
TOTAL	521K

1 in 10

Illinois jobs is
in healthcare

For every Illinois
hospital job, **1.6** jobs
are created in other
sectors

* Source: Illinois Health and Hospital Association. 2026 Economic Impact Report.

WHAT'S AT STAKE

The Health of Illinois Communities



Your Support is Critical

Illinois hospitals are the heartbeat of their communities. They provide lifesaving care around the clock regardless of a patient's ability to pay. They train future clinicians and drive local economies with good-paying jobs. Beyond their walls, they partner with local organizations to address social needs and promote health and well-being. And they do all this despite mounting financial pressures, workforce challenges, and regulatory burdens.

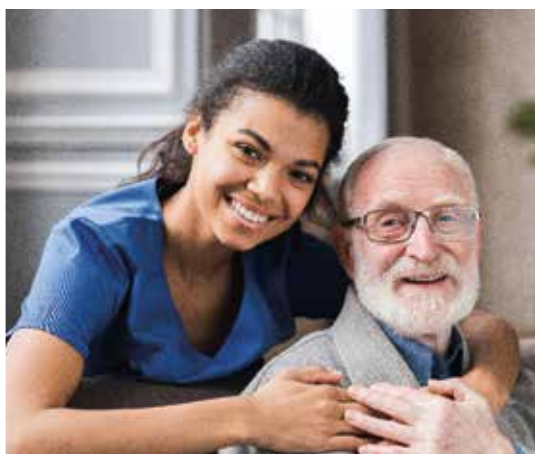
Support Illinois hospitals for a healthier future for you, your families and your constituents.

Because communities win when local hospitals are strong.

To learn more, visit:

team-iha.org/advocacy-policy/healing-communities/

What's at Stake



Communities Win When Local Hospitals Are Strong