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## **Inadequate and Late Reimbursements Threaten Social Services In Illinois**

### ***Lutheran-Affiliated Groups Call on State to Ease Crisis***

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**SPRINGFIELD** – Economic hard times, a massive backlog of unpaid reimbursements and a rate scale that has gone largely unchanged in nearly a decade are fraying the social services safety net in Illinois.

While most social service providers have maintained a level of services Illinois residents have come to expect, the reimbursement crisis and potential escalating demand related to the slumping economy could create a perfect storm affecting organizations serving the state's most vulnerable citizens.

Speaking on behalf of 11 Lutheran-affiliated social service and health care organizations that serve hundreds of thousands of people annually, Lutheran advocates today asked Governor Rod Blagojevich and members of the Illinois General Assembly to ensure that all people in need—particularly senior citizens, people with disabilities and children—have continued access to critical services.

Specifically, the group of about 200 Lutherans from around Illinois called on lawmakers working on the state's FY '09 budget to enact a 3 percent increase in reimbursement rates for services provided by private and faith-based organizations operating under contract with the state, an increase totaling about \$200 million. If approved, it would represent the first widespread adjustment in reimbursement rates since 2000.

“We recognize legislators must contend with limited revenue and competing budgetary priorities,” said Gene Svebakken, president and CEO of Lutheran Child and Family Services of Illinois, which served approximately 35,000 people last year. “But something has to give. Without a modest increase of at least 3 percent, services to our most vulnerable residents will suffer.”

As part of their annual Lutheran Day, held annually to advocate for people in need, the group also called on legislators to include social services in any future tax and budget reform measures – particularly SB 2288, legislation scheduled to be considered during the fall veto session that would expand investment in education.

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Lutheran Day sponsoring organizations included: Lutheran Social Services of Illinois (LSSI); Lutheran Child and Family Services (LCFS); Bethel New Life; Lutheran Life Communities; Advocate Health Care; Lutheran Senior Services; Mosaic; Bethesda Lutheran Homes and Services; Concordia Avondale Campus; Saint Luke Ministries; and Zion Development Corporation. Lutheran Advocacy-Illinois, a grassroots justice advocacy organization, also sponsored Lutheran Day.

In addition to asking for reimbursement rates that more closely reflect the cost of providing services, the group called on the state to make good on hundreds of millions of dollars in unpaid reimbursements for services provided up to five months ago. The state comptroller's office estimated the amount of unpaid bills at \$2.7 billion as of January 1, nearly two-thirds of which was owed for social services and health care, according to the *Chicago Tribune*. The situation led the *Tribune* to label the state as a "deadbeat" in a recent editorial.

"Just as our most vulnerable residents depend on Lutheran-affiliated organizations for critical social services, those groups depend on the state of Illinois for timely, adequate payment," said the Rev. Dr. Frederick Aigner, president of Lutheran Social Services of Illinois, which served 57,000 people last year. "But today, the state's reimbursement system is failing."

In Illinois, state government has a long history of partnering with private organizations to provide vital social services. These public-private partnerships have become the primary mode through which the state delivers human services to people in need.

As reimbursement rates have remained stagnant in most service areas, rising electric rates, fuel costs, rents and health insurance premiums have strained already tight budgets. Virtually all social service providers are now compensated far less than their actual costs of providing services. And in addition to inadequate and late reimbursements, some social services agencies report increasing demand over the past year:

- LCFS, which provides services throughout Illinois, experienced a 21 percent increase in requests for counseling from families who couldn't afford to pay for services. LCFS also reported increasing demand for emergency food and clothing. At the same time, LCFS suffered a 10 percent decline in charitable gifts, along with delayed and inadequate state reimbursements. State funding accounts for about 70 percent of LCFS's budget.
- LSSI, which also receives 70 percent of its budget from the state, reported an 11 percent increase in demand for services for senior citizens, an ongoing trend driven by the aging of the population. The increasing demand has been complicated by delays of up to five months in Medicaid reimbursements to its nursing homes.

The combined effects of inadequate reimbursement rates, delayed reimbursements, rising costs of doing business and increased demand for services has led to cost-cutting measures as agencies struggle to maintain services. For instance, some agencies have been unable to provide cost-of-living adjustments to employees and shifted a higher proportion of benefits costs to their staffs. Some agencies have cut administrative staff or employee hours. And some agencies have even taken loans.

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“The people working for these agencies are among the most talented and dedicated employees you’ll find in the social services field,” said Bishop Warren Freiheit, whose Central/Southern Illinois Synod of the Evangelical Lutheran Church in America (ELCA) encompasses the 76 counties of downstate Illinois, including some of the state’s poorest.

“But we cannot ask our employees to shoulder additional burdens for the state’s failing reimbursement system. Without a long-term funding solution, there will be no other option but to cut services and programs that serve the very people who need them most.”

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