

Judge Rules on Medicaid Suit

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A federal judge ruled Wednesday that Illinois has until June 20 to negotiate a settlement for \$2 billion owed to service providers waiting for Medicaid payments.

Without a budget, much of Illinois' spending is directed by the courts. This latest ruling by U.S. District Judge Joan Lefkow said the state is in violation of one of the court orders and it must settle the \$2 billion debt before June 20. If a full payment is required, it could create a crisis at comptroller's office.

"The parties are directed to continue to negotiate to achieve substantial compliance with the consent decrees in these cases. If they cannot reach a negotiated solution, either party may make an appropriate motion, to be noticed for presentment on June 20, 2017, at 10:00 a.m.," the ruling reads.

State Rep. Tom Demmer, R-Dixon, warns that a forced payment of that magnitude could run the state's checkbook dry, as the state's bond payments, state worker paychecks, and other items already are given precedent over day-to-day operations.

"If Medicaid has to be put at the front of the line too, it will lead to a very significant cash-flow crisis in the comptroller's office," he said. "I don't think there are the dollars available today to put all of those things at the front of the line."

Michael Cannon, CATO Institute Director of Health Policy Studies, said that should Illinois' coffers run dry, the court won't be responsible for breaking the state's fragile budget. The blame lies with lawmakers promising services they couldn't afford.

"A court order is never what breaks a state's back," he said. "What breaks a state's back is when politicians promise more than voters are willing to deliver. In this case, politicians promised more benefits to more people than voters were willing to fund through taxes."

Wednesday's ruling comes after lawmakers failed last week to send Gov. Bruce Rauner a budget.

According to Comptroller Susana Mendoza's office, the state is \$14.9 billion behind on payments.