

Late bills bad for businesses

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When your back bills amount to more than \$8 billion, as the state government, the list of creditors is sure to be long.

But locally, that list includes a garbage collection service, a child care center, a funeral home and home care agencies.

They're all owed money by the state of Illinois.

Gaffey Health Services in Sterling provides home care and at-home medical services to the surrounding counties.

"We have children at home on ventilators that are paid for by Medicaid," CEO Kim Gaffey said. "We have developmentally disabled adults who get homemaker services. That money probably goes back, we probably haven't been paid since October."

Jones Funeral Home in Dixon gets about \$1,500 for providing funerals for people who cannot afford them. It does about five of these funerals a year.

"The difficulties are just being out money," funeral director Jim Phelps said. "It's no different than the nursing homes and the other businesses that the state owes money to. They all have to pay their bills, but when you're not getting paid, it's hard to do that."

So some businesses like Gaffey Health Services use revolving loans to make ends meet and then "hope and pray that the state pays you eventually," Gaffey said.

And many businesses have had to reassess their relationship with the state.

"Because they haven't paid in a timely manner, I've had to turn away some people," clinical psychologist Carolyn Van Doren said. "I had to take paying clients to keep going. I haven't been able to see as many people as they've requested I see."

The Dixon-based psychologist evaluates whether parents can get their children back, and she said other psychologists have stopped taking on state cases.

She's been getting clients from farther away, from Rockford or from counties that border Wisconsin.

The Open Sesame Child Care Center, which provides preschool in Dixon to underprivileged 3- to 5-year-olds, has been using its savings to cover the gap between state payments. Director Barb Wolcott said it may have to take the similar step of turning people away.

"We can't continue to subsidize it for 9 months waiting for a check," she said. "We just can't. We've subsidized it for the whole school year."

M & M Aviation in Rock Falls isn't making as many bids on maintenance for the State Police's aircrafts, owner Michael Dowell said. Bids it does make include financing costs with the expectation the state won't pay on time.

"Unless, you've got deep pockets, there's a lot of businesses that won't do business with the state of Illinois," Dowell said, "which means the competition for that to keep the price down ... can become far less."

When state payments do arrive, they're typically less than what a business would get from a private customer.

For example, Gaffey said, Gaffey Health Services has not raised the rates for its pediatric home services in 15 years.

"The state only pays about a third of what I would normally get anyways, so I'm already contributing to the people with misfortunes by taking a two-thirds cut right off the bat," Van Doren said. "And then the state has

trouble paying for it.”

KSB Hospital receives about 14 cents on the dollar it expects from the state, President and CEO David Schreiner said.

Because KSB is a bigger operation, he said, it can handle the \$9.7 million the state owes for Medicaid patients. The insurance state employees use is also behind, Schreiner said. It owes about \$5.5 million.

For some businesses, the payments have been getting later and later. A survey of local businesses showed payments being behind typically 5 to 9 months.

Affordable Waste Systems picks up trash from Dixon Correctional Center. General Manager Rick Humphrey said the rate is definitely slower than it was when it started the contract.

“The local people have been helpful, but they shouldn’t have to make calls to the state,” he said.

But for other businesses that are receiving Medicaid funds, the wait has temporarily been shortened because of a better federal match.

That match, though, will expire at the end of this month, and Rick Banas, the vice president of BMA Management, expects the state to go back to being late.

BMA Management operates supportive living communities for seniors like Heritage Woods of Sterling.

Lumea Staffing of Illinois has noticed the same trend for Medicaid payments. Agency Manager Barb Young said the state has paid its 2010 bills, but not some of its 2009 debts.

Nonprofits feel harder pinch

When it comes to coping with a deadbeat state government, nonprofit organizations have a lot of the same issues their for-profit counterparts do.

The biggest difference for many of them, though, is a greater dependency on the state.

Rock River Valley Self Help offers day programming, developmental programs, home-based services and vocational training.

“We can’t cut ties with the state,” Director Carla Haubrich said. “That’s a lot of money.”

But changes have been made.

While it has not had to let any employees go, some positions have not been filled when employees leave. It has a “pretty bare minimum staff,” she said.

Shining Star Advocacy Center also has a small staff of two full-time and one part-time employees.

“The biggest problem we have is the uncertainty,” Executive Director Joanna Deuth said. “We were given a grant from the Department [of Children and Family Services] and then a lot of agencies didn’t get their money. But we still have to spend it.”

Sterling’s YWCA had to break into restricted accounts where its savings were earning interest.

“It’s definitely difficult,” Executive Director Carol Fitzgerald said. “State funds account for 28 percent of our budget.”

The YWCA receives state funds for domestic violence, rape recovery and immigration programs to pay salaries, operating costs and food and other necessities for families, who have, for example, left abusive homes.

The Tri County Opportunities Council had to take a loan to cover its expenses.

"We're paying interest, but the state does not pay us interest," President and CEO Sandra Julifs said.

The council also receives federal money, but most of the state funds go to providing in-home, non-medical services to seniors so they can stay in their homes.