**Section 147.310 Implementation of a Case Mix System**

P.A. 98-0104 requires the Department to implement, effective January 1, 2014, an evidence-based payment methodology for the reimbursement of nursing services. The methodology shall take into consideration the needs of individual residents, as assessed and reported by the most current version of the nursing facility Minimum Data Set (MDS), adopted and in use by the federal government.

a) This Section establishes the method and criteria used to determine the resident reimbursement classification based upon the assessments of residents in nursing facilities. All formulas, data sources, data sources, and collection periods specific to the base rate, addons, pass through allocations, incentives and adjustments specified in this section shall be published in sufficient detail to make an appropriate estimation of appropriate payment in the Department's rate handbook no later than July 20, 2022, and posted on the Department's website. Within 24 hours of publishing, the Department shall issue a provider notice to direct them to the website. Each nursing facility shall be notified in advance of the beginning of each quarter of its nursing component rate and all add-ons and adjustments stated as a per diem except retention, promotion, and quality incentive add-ons, which shall be stated as a quarterly lump sum payment. The notice shall clearly state the amount attributed to each addon or adjustment and in the case of the variable staffing add-on any adjustment resulting from the application of 147.310(c)(3)(I). The notice shall also clearly state the percent of Medicaid bed days used to determine eligibility for the Medicaid Access Adjustment.

1) Effective January 1, 2014, resident reimbursement classification shall be established utilizing the 48-group, Resource Utilization Groups IV (RUG-IV) classification scheme and weights as published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS).

2) Effective July 1, 2022, resident reimbursement classification shall be established utilizing the Patient Driven Payment Model (PDPM) nursing component classification methodology and associated weights, as published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), as of March 1, 2022, multiplied by 0.7858 and rounded to the nearest four decimal places.

3) An Illinois specific default group of AA1 is established in subsection (c)(5) of this Section and with an assigned weight equal to the weight assigned to group PA1.

b) The statewide nursing base per diem rate effective on:

1) January 1, 2014 shall be $83.49.

2) July 1, 2014 shall be increased by $1.76, and is $85.25.

3) July 1, 2022 shall be increased by $7.00 to $92.25.

c) Nursing Component Per Diem:

1) For services provided on or after January 1, 2014, the Department shall compute and pay a facility-specific nursing component of the per diem rate as the arithmetic mean of the resident-specific nursing components assigned to Medicaid-enrolled residents on record, as of 30 days prior to the beginning of the rate period, in the Department's Medicaid Management Information System (MMIS), or any successor system, as present in the facility on the last day of the second quarter preceding the rate period.

A) Effective January 1, 2014, and until September 30, 2023, the RUG-IV nursing component per diem for a nursing facility shall be the product of the statewide nursing base per diem rate, the facility average case mix index as identified in subsection (a)(1) to be calculated quarterly, and the regional wage adjustor, and then add the Medicaid access adjustment as defined in subsection (c)(4).

B) Effective July 1, 2022, the PDPM nursing component per diem for a nursing facility shall be the product of the statewide nursing base per diem rate, the facility average case mix index as identified in subsection (a)(2), to be calculated quarterly, and the regional wage adjustor, and then add the Medicaid access adjustment as defined in subsection (c)(4).

C) Transition rates for services provided between July 1, 2022, and October 1, 2023, shall be the greater of the PDPM nursing component per diem, defined in subsection (c)(1)(B) or:

i) for the quarter beginning July 1, 2022, the RUG-IV nursing component per diem, defined in subparagraph (c)(1)(A).

ii) for the quarter beginning October 1, 2022, the sum of the RUG-IV nursing component per diem as defined in (c)(1)(A) multiplied by 0.80 and the PDPM nursing component per diem as defined in (c)(1)(B) multiplied by 0.20.

iii) for the quarter beginning on January 1, 2023, the sum of the RUG-IV nursing component per diem as defined in (c)(1)(A) multiplied by 0.60 and the PDPM nursing component per diem as defined in (c)(1)(B) multiplied by 0.40.

iv) for the quarter beginning on April 1, 2023, the sum of the RUG-IV nursing component per diem as defined in (c)(1)(A) multiplied by 0.40 and the PDPM nursing component per diem as defined in (c)(1)(B) multiplied by 0.60.

v) for the quarter beginning on July 1, 2023, the sum of the RUG-IV nursing component per diem as defined in (c)(1)(A) multiplied by 0.20 and the PDPM nursing component per diem as defined in (c)(1)(B) multiplied by 0.80.

D) For the quarter beginning on October 1, 2023, and each subsequent quarter, nursing facilities shall be paid 100% of the PDPM nursing component per diem as defined in (c)(1)(B).

2) Effective for dates of service on or after July 1, 2014, a per diem add-on to the RUGS methodology will be included as follows:

A) $0.63 for each resident who scores I4200 Alzheimer's Disease or I4800 non-Alzheimer's Dementia.

B) $2.67 for each resident who scores "1" or "2" in any items S1200A through S1200I and also scores in the RUG groups PA1, PA2, BA1 and BA2.

3) Effective for dates of service on or after July 1, 2022, a variable per diem staffing per diem add-on shall be paid to facilities with at least 70% of the staffing indicated by the Centers for Medicare and Medicaid Services' Staff Time and Resource Intensity Verification Study (STRIVE study) (2021), available at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/TimeStudy. The add-on will be based on information from the most recent available federal staffing report, currently the Payroll Based Journal (PBJ), adjusted for acuity using the same quarter's MDS. Specifically, that percentage will reflect "Reported total nurse staffing hours per resident per day" divided by "Case-mix total nurse staffing hours per resident per day" from the Provider Information files published on https://data.cms.gov/provider-data and available through the Federal COMPARE website, https://data.cms.gov/provider-data/search?theme=Nursing%20homes%20including%20rehab%20services.

A) Facilities at 70% of the staffing indicated by the STRIVE study shall be paid a per diem of $9, increasing by equivalent steps for each whole percentage point of improvement until the facilities reach a per diem of $14.88.

B) Facilities at 80% of the staffing indicated by the STRIVE study shall be paid a per diem of $14.88, increasing by equivalent steps for each whole percentage point of improvement until the facilities reach a per diem of $23.80.

C) Facilities at 92% of the staffing indicated by the STRIVE study shall be paid a per diem of $23.80, increasing by equivalent steps for each whole percentage point of improvement until the facilities reach a per diem of $29.75.

D) Facilities at 100% of the staffing indicated by the STRIVE study shall be paid a per diem of $29.75, increasing by equivalent steps for each whole percentage point of improvement until the facilities reach a per diem of $35.70.

E) Facilities at 110% of the staffing indicated by the STRIVE study shall be paid a per diem of $35.70, increasing by equivalent steps for each whole percentage point of improvement until the facilities reach a per diem of $38.68.

F) Facilities at or above 125% of the staffing indicated by the STRIVE study shall be paid a per diem of $38.68.

G) For the transition period quarters beginning July 1, 2022, and October 1, 2022, no facility's variable per diem staffing add-on shall be calculated at a rate lower than 85% for the staffing indicated by the STRIVE study. For the quarter beginning January 1, 2023, all facilities shall begin at their actual staffing indicated for that period.

H) No facility below 70% of the staffing indicated by the STRIVE study shall receive a variable per diem staffing add-on after December 31, 2022.

I) Beginning April 1, 2023, no nursing facility's variable per diem staffing add-on shall be reduced by more than 5 percent in 2 consecutive quarters.

J) When the Centers for Medicare and Medicaid Services waives or modifies PBJ submission rules for any provider due to extenuating circumstances outside the provider's control, the Department shall assign the previous quarter's rate if comparable or substitute data is not available directly from the provider in time for the current quarter's rate determination.

K) If the Department is notified by a facility prior to or within an applicable rate quarter of missing or inaccurate Payroll Based Journal data or an incorrect calculation of staffing, the Department must make a correction as soon as the error is verified.

L) Payment determinations in this Section may be appealed under the terms under Section 140.830(b) and Section 140.830(c).

4) Effective July 1, 2022, and until December 31, 2027, a Medicaid Access Adjustment shall be paid to all facilities with annual Medicaid bed days of at least 70% of all occupied bed days.

A) Effective July 1, 2022 through December 31, 2022, the adjustment shall be $4 per day and adjusted for the facility average PDPM case mix index for Medicaid, as identified in subsection (a)(2), calculated on a quarterly basis. (See 305 ILCS 5/5-5.2(e)(3))

B) Effective January 1, 2023, the adjustment shall be $4.75 per day and adjusted for the facility average PDPM case mix index for Medicaid, as identified in subsection (a)(2), calculated on a quarterly basis. (See 305 ILCS 5/5-5.2(e)(3))

C) The qualifying Medicaid percentage shall be calculated quarterly based upon a rolling 12-month period of historical data ending 9 months prior. For each new quarter beginning July 1, 2022, a facility's percentage of Medicaid bed days shall be paid Medicaid resident days per annum as determined by adding the number of Medicaid, Medicaid MLTSS and MMAI days (inclusive of hospice and provisional days, if applicable) divided by the number of total occupied days found in the most recent 12 months of Long Term Care Provider Assessment Reports for the facility that are available to the Department.

D) If a facility's Medicaid percentage increases by 15% points or more and the facility's most recent Medicaid percentage for a quarter is at least 70%, that facility may be eligible to receive the payments described in this section. If a facility's Medicaid percentage decreases by 15% points or more and that facility's most recent Medicaid percentage for a quarter is no longer at least 70%, that facility may no longer be eligible to receive the payments described in this section.

E) Payment determinations in this Section may be appealed under the terms under Section 140.830(b) and Section 140.830(c)

5) A resident for whom resident identification information is missing, or inaccurate, or for whom there is no current MDS record for that quarter, shall be assigned to default group AA1. A resident for whom an MDS assessment does not meet the federal CMS edit requirements as described in the Long Term Care Resident Assessment Instrument (RAI) Users Manual or for whom an MDS assessment has not been submitted within 14 calendar days after the time requirements in Section 147.315 shall be assigned to default group AA1.

6) The assessment used for the purpose of rate calculation shall be identified as an Omnibus Budget Reconciliation Act (OBRA) assessment on the MDS following the guidance in the RAI Manual.

7) The MDS used for the purpose of rate calculation shall be determined by the Assessment Reference Date (ARD) identified on the MDS assessment.

8) Effective January 1, 2020, the regional wage adjustor referenced in subsection (c)(1) cannot be lower than 0.95.

9) Effective July 1, 2020, the regional wage adjustor referenced in subsection (c)(1) cannot be lower than 1.0.

10) Effective July 1, 2022, the regional wage adjustor referenced in subsection (c)(1) cannot be lower than 1.06.

d) The Department shall provide each nursing facility with information that identifies the PDPM group to which each resident has been assigned, and until September 30, 2023 the Department shall continue to provide each RUG-IV group to which each resident has been assigned.

e) Rate determination in this Section may be appealed under the terms under Section 140.830.

(Source: Amended at 49 Ill. Reg. 1849, effective January 30, 2025)