**Section 150.120 Incentive Payment**

a) The Department will make the incentive payment to EP, as defined in Section 150.100(b)(1), in accordance with the guidelines defined at 42 CFR 495.310.

b) The Department will base the incentive payment to EH, as defined in Section 150.100(b)(2), on the hospital aggregate incentive amount as calculated under 42 CFR 495.310.

1) Pediatric specialty hospitals, critical access hospitals, hospitals operated by the Cook County Health and Hospitals System, hospitals operated by the University of Illinois at Chicago and coordinated care participating hospitals and MMCE hospitals with the exception of those identified in subsection (b)(2) will receive the incentive payment based on the following schedule:

A) Year 1: 50 percent of the aggregate payment amount.

B) Year 2: 40 percent of the aggregate payment amount.

C) Year 3: 10 percent of the aggregate payment amount.

D) Year 4: 0 percent of the aggregate payment amount.

E) Year 5: 0 percent of the aggregate payment amount.

2) Hospitals that are either coordinated care participating hospitals or MMCE participating hospitals, but not both, located in an area in which both an MMCE and a mandatory coordinated care program operate, or hospitals that are in areas where neither a mandatory coordinated care program nor an MMCE operate, will receive the incentive payment on the following schedule:

A) Year 1: 40 percent of the aggregate payment amount.

B) Year 2: 30 percent of the aggregate payment amount.

C) Year 3: 20 percent of the aggregate payment amount.

D) Year 4: 10 percent of the aggregate payment amount.

E) Year 5: 0 percent of the aggregate payment amount.

3) Hospitals that do not meet the qualifications outlined in subsections (b)(1) and (b)(2) will receive the incentive payment on the following schedule:

A) Year 1: 25 percent of the aggregate payment amount.

B) Year 2: 25 percent of the aggregate payment amount.

C) Year 3: 20 percent of the aggregate payment amount.

D) Year 4: 15 percent of the aggregate payment amount.

E) Year 5: 15 percent of the aggregate payment amount.