

1                                   AMENDMENT TO SENATE BILL 161

2           AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 161, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5           "Section 5. The Illinois Public Aid Code is amended by  
6 changing Sections 5-5.02 and 5-5.4 as follows:

7           (305 ILCS 5/5-5.02) (from Ch. 23, par. 5-5.02)

8           Sec. 5-5.02. Hospital reimbursements.

9           (a) Reimbursement to Hospitals; July 1, 1992 through  
10 September 30, 1992. Notwithstanding any other provisions of  
11 this Code or the Illinois Department's Rules promulgated  
12 under the Illinois Administrative Procedure Act,  
13 reimbursement to hospitals for services provided during the  
14 period July 1, 1992 through September 30, 1992, shall be as  
15 follows:

16           (1) For inpatient hospital services rendered, or if  
17 applicable, for inpatient hospital discharges occurring,  
18 on or after July 1, 1992 and on or before September 30,  
19 1992, the Illinois Department shall reimburse hospitals  
20 for inpatient services under the reimbursement  
21 methodologies in effect for each hospital, and at the  
22 inpatient payment rate calculated for each hospital, as

1 of June 30, 1992. For purposes of this paragraph,  
2 "reimbursement methodologies" means all reimbursement  
3 methodologies that pertain to the provision of inpatient  
4 hospital services, including, but not limited to, any  
5 adjustments for disproportionate share, targeted access,  
6 critical care access and uncompensated care, as defined  
7 by the Illinois Department on June 30, 1992.

8 (2) For the purpose of calculating the inpatient  
9 payment rate for each hospital eligible to receive  
10 quarterly adjustment payments for targeted access and  
11 critical care, as defined by the Illinois Department on  
12 June 30, 1992, the adjustment payment for the period July  
13 1, 1992 through September 30, 1992, shall be 25% of the  
14 annual adjustment payments calculated for each eligible  
15 hospital, as of June 30, 1992. The Illinois Department  
16 shall determine by rule the adjustment payments for  
17 targeted access and critical care beginning October 1,  
18 1992.

19 (3) For the purpose of calculating the inpatient  
20 payment rate for each hospital eligible to receive  
21 quarterly adjustment payments for uncompensated care, as  
22 defined by the Illinois Department on June 30, 1992, the  
23 adjustment payment for the period August 1, 1992 through  
24 September 30, 1992, shall be one-sixth of the total  
25 uncompensated care adjustment payments calculated for  
26 each eligible hospital for the uncompensated care rate  
27 year, as defined by the Illinois Department, ending on  
28 July 31, 1992. The Illinois Department shall determine  
29 by rule the adjustment payments for uncompensated care  
30 beginning October 1, 1992.

31 (b) Inpatient payments. For inpatient services provided  
32 on or after October 1, 1993, in addition to rates paid for  
33 hospital inpatient services pursuant to the Illinois Health  
34 Finance Reform Act, as now or hereafter amended, or the

1 Illinois Department's prospective reimbursement methodology,  
2 or any other methodology used by the Illinois Department for  
3 inpatient services, the Illinois Department shall make  
4 adjustment payments, in an amount calculated pursuant to the  
5 methodology described in paragraph (c) of this Section, to  
6 hospitals that the Illinois Department determines satisfy any  
7 one of the following requirements:

8 (1) Hospitals that are described in Section 1923 of  
9 the federal Social Security Act, as now or hereafter  
10 amended; or

11 (2) Illinois hospitals that have a Medicaid  
12 inpatient utilization rate which is at least one-half a  
13 standard deviation above the mean Medicaid inpatient  
14 utilization rate for all hospitals in Illinois receiving  
15 Medicaid payments from the Illinois Department; or

16 (3) Illinois hospitals that on July 1, 1991 had a  
17 Medicaid inpatient utilization rate, as defined in  
18 paragraph (h) of this Section, that was at least the mean  
19 Medicaid inpatient utilization rate for all hospitals in  
20 Illinois receiving Medicaid payments from the Illinois  
21 Department and which were located in a planning area with  
22 one-third or fewer excess beds as determined by the  
23 Illinois Health Facilities Planning Board, and that, as  
24 of June 30, 1992, were located in a federally designated  
25 Health Manpower Shortage Area; or

26 (4) Illinois hospitals that:

27 (A) have a Medicaid inpatient utilization rate  
28 that is at least equal to the mean Medicaid  
29 inpatient utilization rate for all hospitals in  
30 Illinois receiving Medicaid payments from the  
31 Department; and

32 (B) also have a Medicaid obstetrical inpatient  
33 utilization rate that is at least one standard  
34 deviation above the mean Medicaid obstetrical

1 inpatient utilization rate for all hospitals in  
2 Illinois receiving Medicaid payments from the  
3 Department for obstetrical services; or

4 (5) Any children's hospital, which means a hospital  
5 devoted exclusively to caring for children. A hospital  
6 which includes a facility devoted exclusively to caring  
7 for children that is separately licensed as a hospital by  
8 a municipality prior to September 30, 1998 shall be  
9 considered a children's hospital to the degree that the  
10 hospital's Medicaid care is provided to children; or-

11 (6) Any Illinois hospital located in a county with a  
12 population determined by the 1990 decennial census to be  
13 over 250,000 and under 300,000 that borders another state  
14 which is within 25 miles of at least 2 hospitals which  
15 receive disproportionate share payments under Title XIX  
16 of the Social Security Act and Article V of this Code.

17 (c) Inpatient adjustment payments. The adjustment  
18 payments required by paragraph (b) shall be calculated based  
19 upon the hospital's Medicaid inpatient utilization rate as  
20 follows:

21 (1) hospitals with a Medicaid inpatient utilization  
22 rate below the mean shall receive a per day adjustment  
23 payment equal to \$25;

24 (2) hospitals with a Medicaid inpatient  
25 utilization rate that is equal to or greater than the  
26 mean Medicaid inpatient utilization rate but less than  
27 one standard deviation above the mean Medicaid inpatient  
28 utilization rate shall receive a per day adjustment  
29 payment equal to the sum of \$25 plus \$1 for each one  
30 percent that the hospital's Medicaid inpatient  
31 utilization rate exceeds the mean Medicaid inpatient  
32 utilization rate;

33 (3) hospitals with a Medicaid inpatient  
34 utilization rate that is equal to or greater than one

1 standard deviation above the mean Medicaid inpatient  
2 utilization rate but less than 1.5 standard deviations  
3 above the mean Medicaid inpatient utilization rate shall  
4 receive a per day adjustment payment equal to the sum of  
5 \$40 plus \$7 for each one percent that the hospital's  
6 Medicaid inpatient utilization rate exceeds one standard  
7 deviation above the mean Medicaid inpatient utilization  
8 rate; and

9 (4) hospitals with a Medicaid inpatient  
10 utilization rate that is equal to or greater than 1.5  
11 standard deviations above the mean Medicaid inpatient  
12 utilization rate shall receive a per day adjustment  
13 payment equal to the sum of \$90 plus \$2 for each one  
14 percent that the hospital's Medicaid inpatient  
15 utilization rate exceeds 1.5 standard deviations above  
16 the mean Medicaid inpatient utilization rate.

17 (d) Supplemental adjustment payments. In addition to  
18 the adjustment payments described in paragraph (c), hospitals  
19 as defined in clauses (1) through (5) of paragraph (b),  
20 excluding county hospitals (as defined in subsection (c) of  
21 Section 15-1 of this Code) and a hospital organized under the  
22 University of Illinois Hospital Act, shall be paid  
23 supplemental inpatient adjustment payments of \$60 per day.  
24 For purposes of Title XIX of the federal Social Security Act,  
25 these supplemental adjustment payments shall not be  
26 classified as adjustment payments to disproportionate share  
27 hospitals.

28 (e) The inpatient adjustment payments described in  
29 paragraphs (c) and (d) shall be increased on October 1, 1993  
30 and annually thereafter by a percentage equal to the lesser  
31 of (i) the increase in the DRI hospital cost index for the  
32 most recent 12 month period for which data are available, or  
33 (ii) the percentage increase in the statewide average  
34 hospital payment rate over the previous year's statewide

1 average hospital payment rate. The sum of the inpatient  
2 adjustment payments under paragraphs (c) and (d) to a  
3 hospital, other than a county hospital (as defined in  
4 subsection (c) of Section 15-1 of this Code) or a hospital  
5 organized under the University of Illinois Hospital Act,  
6 however, shall not exceed \$275 per day; that limit shall be  
7 increased on October 1, 1993 and annually thereafter by a  
8 percentage equal to the lesser of (i) the increase in the DRI  
9 hospital cost index for the most recent 12-month period for  
10 which data are available or (ii) the percentage increase in  
11 the statewide average hospital payment rate over the previous  
12 year's statewide average hospital payment rate.

13 (f) Children's hospital inpatient adjustment payments.  
14 For children's hospitals, as defined in clause (5) of  
15 paragraph (b), the adjustment payments required pursuant to  
16 paragraphs (c) and (d) shall be multiplied by 2.0.

17 (g) County hospital inpatient adjustment payments. For  
18 county hospitals, as defined in subsection (c) of Section  
19 15-1 of this Code, there shall be an adjustment payment as  
20 determined by rules issued by the Illinois Department.

21 (h) For the purposes of this Section the following  
22 terms shall be defined as follows:

23 (1) "Medicaid inpatient utilization rate" means a  
24 fraction, the numerator of which is the number of a  
25 hospital's inpatient days provided in a given 12-month  
26 period to patients who, for such days, were eligible for  
27 Medicaid under Title XIX of the federal Social Security  
28 Act, and the denominator of which is the total number of  
29 the hospital's inpatient days in that same period.

30 (2) "Mean Medicaid inpatient utilization rate"  
31 means the total number of Medicaid inpatient days  
32 provided by all Illinois Medicaid-participating hospitals  
33 divided by the total number of inpatient days provided by  
34 those same hospitals.

1           (3) "Medicaid obstetrical inpatient utilization  
2           rate" means the ratio of Medicaid obstetrical inpatient  
3           days to total Medicaid inpatient days for all Illinois  
4           hospitals receiving Medicaid payments from the Illinois  
5           Department.

6           (i) Inpatient adjustment payment limit. In order to  
7           meet the limits of Public Law 102-234 and Public Law 103-66,  
8           the Illinois Department shall by rule adjust disproportionate  
9           share adjustment payments.

10          (j) University of Illinois Hospital inpatient adjustment  
11          payments. For hospitals organized under the University of  
12          Illinois Hospital Act, there shall be an adjustment payment  
13          as determined by rules adopted by the Illinois Department.

14          (k) The Illinois Department may by rule establish  
15          criteria for and develop methodologies for adjustment  
16          payments to hospitals participating under this Article.

17          (Source: P.A. 90-588, eff. 7-1-98; 91-533, eff. 8-13-99.)

18          (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

19          Sec. 5-5.4. Standards of Payment - Department of Public  
20          Aid. The Department of Public Aid shall develop standards of  
21          payment of skilled nursing and intermediate care services in  
22          facilities providing such services under this Article which:

23          (1) Provides for the determination of a facility's  
24          payment for skilled nursing and intermediate care services on  
25          a prospective basis. The amount of the payment rate for all  
26          nursing facilities certified under the medical assistance  
27          program shall be prospectively established annually on the  
28          basis of historical, financial, and statistical data  
29          reflecting actual costs from prior years, which shall be  
30          applied to the current rate year and updated for inflation,  
31          except that the capital cost element for newly constructed  
32          facilities shall be based upon projected budgets. The  
33          annually established payment rate shall take effect on July 1

1 in 1984 and subsequent years. Rate increases shall be  
2 provided annually thereafter on July 1 in 1984 and on each  
3 subsequent July 1 in the following years, except that no rate  
4 increase and no update for inflation shall be provided on or  
5 after July 1, 1994 and before July 1, 2001, unless  
6 specifically provided for in this Section.

7 For facilities licensed by the Department of Public  
8 Health under the Nursing Home Care Act as Intermediate Care  
9 for the Developmentally Disabled facilities or Long Term Care  
10 for Under Age 22 facilities, the rates taking effect on July  
11 1, 1998 shall include an increase of 3%. For facilities  
12 licensed by the Department of Public Health under the Nursing  
13 Home Care Act as Skilled Nursing facilities or Intermediate  
14 Care facilities, the rates taking effect on July 1, 1998  
15 shall include an increase of 3% plus \$1.10 per resident-day,  
16 as defined by the Department.

17 For facilities licensed by the Department of Public  
18 Health under the Nursing Home Care Act as Intermediate Care  
19 for the Developmentally Disabled facilities or Long Term Care  
20 for Under Age 22 facilities, the rates taking effect on July  
21 1, 1999 shall include an increase of 1.6% plus \$3.00 per  
22 resident-day, as defined by the Department. For facilities  
23 licensed by the Department of Public Health under the Nursing  
24 Home Care Act as Skilled Nursing facilities or Intermediate  
25 Care facilities, the rates taking effect on July 1, 1999  
26 shall include an increase of 1.6% and, for services provided  
27 on or after October 1, 1999, shall be increased by \$4.00 per  
28 resident-day, as defined by the Department.

29 For facilities licensed by the Department of Public  
30 Health under the Nursing Home Care Act as Intermediate Care  
31 for the Developmentally Disabled facilities or Long Term Care  
32 for Under Age 22 facilities, the rates taking effect on July  
33 1, 2000 shall include an increase of 2.5% per resident-day,  
34 as defined by the Department. For facilities licensed by the

1 Department of Public Health under the Nursing Home Care Act  
2 as Skilled Nursing facilities or Intermediate Care  
3 facilities, the rates taking effect on July 1, 2000 shall  
4 include an increase of 2.5% per resident-day, as defined by  
5 the Department.

6 A Task Force on Long Term Care Funding is created for the  
7 main purpose of examining new Medicaid reimbursement formulas  
8 that more directly recognize the cost of care and patient  
9 acuity levels for geriatric facilities, intermediate care  
10 facilities for the developmentally disabled, skilled  
11 pediatric facilities, and sheltered care facilities; the Task  
12 Force is not limited to that purpose, however. The Task Force  
13 shall make a report and recommendations to the Director of  
14 Public Aid, the Secretary of Human Services, and the General  
15 Assembly no later than April 1, 2002. The Task Force shall  
16 consist of (i) one member appointed by the President of the  
17 Senate, one member appointed by the Speaker of the House of  
18 Representatives, one member appointed by the Minority Leader  
19 of the Senate, and one member appointed by the Minority  
20 Leader of the House of Representatives and (ii) the following  
21 members appointed by the Director of Public Aid: a  
22 representative designated by the Department of Public Aid, a  
23 representative designated by the Department of Human  
24 Services, a representative designated by the Department on  
25 Aging, a representative designated by the AARP, a  
26 representative designated by the Illinois Health Care  
27 Association, a representative designated by the Illinois  
28 Council on Long Term Care, a representative designated by  
29 Life Services Network, a representative designated by the  
30 County Nursing Home Association of Illinois, a representative  
31 from the Illinois Nursing Home Administrators Association, a  
32 representative designated by the Long Term Care Nurses  
33 Association, and a representative from organized labor that  
34 represents individuals employed in long term care settings.

1 The Director of Public Aid shall appoint the representative  
2 from the Department of Public Aid as a Co-Chairperson of the  
3 Task Force and shall appoint one of the other members of the  
4 Task Force to serve as the other Co-Chairperson. The second  
5 Co-Chairperson shall be a representative from the  
6 private-sector membership on the Task Force. The Department  
7 of Public Aid shall provide staff to the Task Force. All  
8 Task Force members shall serve without compensation but may  
9 be reimbursed for their necessary expenses incurred in  
10 performing their duties. This paragraph is inoperative after  
11 June 30, 2002.

12 Rates established effective each July 1 shall govern  
13 payment for services rendered throughout that fiscal year,  
14 except that rates established on July 1, 1996 shall be  
15 increased by 6.8% for services provided on or after January  
16 1, 1997. Such rates will be based upon the rates calculated  
17 for the year beginning July 1, 1990, and for subsequent years  
18 thereafter shall be based on the facility cost reports for  
19 the facility fiscal year ending at any point in time during  
20 the previous calendar year, updated to the midpoint of the  
21 rate year. The cost report shall be on file with the  
22 Department no later than April 1 of the current rate year.  
23 Should the cost report not be on file by April 1, the  
24 Department shall base the rate on the latest cost report  
25 filed by each skilled care facility and intermediate care  
26 facility, updated to the midpoint of the current rate year.  
27 In determining rates for services rendered on and after July  
28 1, 1985, fixed time shall not be computed at less than zero.  
29 The Department shall not make any alterations of regulations  
30 which would reduce any component of the Medicaid rate to a  
31 level below what that component would have been utilizing in  
32 the rate effective on July 1, 1984.

33 (2) Shall take into account the actual costs incurred by  
34 facilities in providing services for recipients of skilled

1 nursing and intermediate care services under the medical  
2 assistance program.

3 (3) Shall take into account the medical and  
4 psycho-social characteristics and needs of the patients.

5 (4) Shall take into account the actual costs incurred by  
6 facilities in meeting licensing and certification standards  
7 imposed and prescribed by the State of Illinois, any of its  
8 political subdivisions or municipalities and by the U.S.  
9 Department of Health and Human Services pursuant to Title XIX  
10 of the Social Security Act.

11 The Department of Public Aid shall develop precise  
12 standards for payments to reimburse nursing facilities for  
13 any utilization of appropriate rehabilitative personnel for  
14 the provision of rehabilitative services which is authorized  
15 by federal regulations, including reimbursement for services  
16 provided by qualified therapists or qualified assistants, and  
17 which is in accordance with accepted professional practices.  
18 Reimbursement also may be made for utilization of other  
19 supportive personnel under appropriate supervision.

20 (Source: P.A. 90-9, eff. 7-1-97; 90-588, eff. 7-1-98; 91-24,  
21 eff. 7-1-99; 91-712, eff. 7-1-00.)

22 Section 99. Effective date. This Act takes effect on  
23 July 1, 2001."