

1 AN ACT in relation to budget implementation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Public Aid Code is amended by
5 changing Sections 5A-1, 5A-2, 5A-4, and 5A-12 as follows:

6 (305 ILCS 5/5A-1) (from Ch. 23, par. 5A-1)

7 Sec. 5A-1. Definitions. As used in this Article, unless
8 the context requires otherwise:

9 "Fund" means the Hospital Provider Fund.

10 "Hospital" means an institution, place, building, or
11 agency located in this State that is subject to licensure by
12 the Illinois Department of Public Health under the Hospital
13 Licensing Act, whether public or private and whether organized
14 for profit or not-for-profit.

15 "Hospital provider" means a person licensed by the
16 Department of Public Health to conduct, operate, or maintain a
17 hospital, regardless of whether the person is a Medicaid
18 provider. For purposes of this paragraph, "person" means any
19 political subdivision of the State, municipal corporation,
20 individual, firm, partnership, corporation, company, limited
21 liability company, association, joint stock association, or
22 trust, or a receiver, executor, trustee, guardian, or other
23 representative appointed by order of any court.

24 "Occupied bed days" means the sum of the number of days
25 that each bed was occupied by a patient for all beds during
26 calendar year 2001. Occupied bed days shall be computed
27 separately for each hospital operated or maintained by a
28 hospital provider.

29 "Proration factor" means a fraction, the numerator of which
30 is 53 and the denominator of which is 365.

31 (Source: P.A. 93-659, eff. 2-3-04.)

1 (305 ILCS 5/5A-2) (from Ch. 23, par. 5A-2)

2 (Section scheduled to be repealed on July 1, 2005)

3 Sec. 5A-2. Assessment; no local authorization to tax.

4 (a) Subject to Sections 5A-3 and 5A-10, an annual
5 assessment on inpatient services is imposed on each hospital
6 provider in an amount equal to the hospital's occupied bed days
7 multiplied by \$84.19 multiplied by the proration factor for
8 State fiscal year ~~years~~ 2004 and the hospital's occupied bed
9 days multiplied by \$84.19 for State fiscal year 2005. ~~, if the~~
10 ~~payment methodologies required under 5A-12 and the waiver~~
11 ~~granted under 42 CFR 433.68 are approved with an effective date~~
12 ~~prior to July 1, 2004; or the assessment will be imposed for~~
13 ~~fiscal year 2005 only, if the payment methodologies required~~
14 ~~under Section 5A-12 and the waiver granted under 42 CFR 433.68~~
15 ~~are approved with an effective date on or after July 1, 2004.~~

16 The Department of Public Aid shall use the number of
17 occupied bed days as reported by each hospital on the Annual
18 Survey of Hospitals conducted by the Department of Public
19 Health to calculate the hospital's annual assessment. If the
20 sum of a hospital's occupied bed days is not reported on the
21 Annual Survey of Hospitals or if there are data errors in the
22 reported sum of a hospital's occupied bed days as determined by
23 the Department of Public Aid, then the Department of Public Aid
24 may obtain the sum of occupied bed days from any source
25 available, including, but not limited to, records maintained by
26 the hospital provider, which may be inspected at all times
27 during business hours of the day by the Department of Public
28 Aid or its duly authorized agents and employees.

29 (b) Nothing in this amendatory Act of the 93rd General
30 Assembly shall be construed to authorize any home rule unit or
31 other unit of local government to license for revenue or to
32 impose a tax or assessment upon hospital providers or the
33 occupation of hospital provider, or a tax or assessment
34 measured by the income or earnings of a hospital provider.

35 (c) As provided in Section 5A-14, this Section is repealed
36 on July 1, 2005.

1 (Source: P.A. 93-659, eff. 2-3-04; 93-841, eff. 7-30-04.)

2 (305 ILCS 5/5A-4) (from Ch. 23, par. 5A-4)

3 Sec. 5A-4. Payment of assessment; penalty.

4 (a) The annual assessment imposed by Section 5A-2 for State
5 fiscal year 2004 shall be due and payable on June 18 of the
6 year. The assessment imposed by Section 5A-2 for State fiscal
7 year 2005 shall be due and payable in quarterly installments,
8 each equalling one-fourth of the assessment for the year, on
9 July 19, October 19, January 18, and April 19 of the year. No
10 installment payment of an assessment imposed by Section 5A-2
11 shall be due and payable, however, until after: (i) the
12 hospital provider receives written notice from the Department
13 of Public Aid that the payment methodologies to hospitals
14 required under Section 5A-12 have been approved by the Centers
15 for Medicare and Medicaid Services of the U.S. Department of
16 Health and Human Services and the waiver under 42 CFR 433.68
17 for the assessment imposed by Section 5A-2 has been granted by
18 the Centers for Medicare and Medicaid Services of the U.S.
19 Department of Health and Human Services; and (ii) the hospital
20 has received the payments required under Section 5A-12. Upon
21 notification to the Department of approval of the payment
22 methodologies required under Section 5A-12 and the waiver
23 granted under 42 CFR 433.68, all quarterly installments
24 otherwise due under Section 5A-2 prior to the date of
25 notification shall be due and payable to the Department upon
26 written direction from the Department ~~within 30 days of the~~
27 ~~date of notification.~~

28 (b) The Illinois Department is authorized to establish
29 delayed payment schedules for hospital providers that are
30 unable to make installment payments when due under this Section
31 due to financial difficulties, as determined by the Illinois
32 Department.

33 (c) If a hospital provider fails to pay the full amount of
34 an installment when due (including any extensions granted under
35 subsection (b)), there shall, unless waived by the Illinois

1 Department for reasonable cause, be added to the assessment
2 imposed by Section 5A-2 a penalty assessment equal to the
3 lesser of (i) 5% of the amount of the installment not paid on
4 or before the due date plus 5% of the portion thereof remaining
5 unpaid on the last day of each 30-day period thereafter or (ii)
6 100% of the installment amount not paid on or before the due
7 date. For purposes of this subsection, payments will be
8 credited first to unpaid installment amounts (rather than to
9 penalty or interest), beginning with the most delinquent
10 installments.

11 (Source: P.A. 93-659, eff. 2-3-04; 93-841, eff. 7-30-04.)

12 (305 ILCS 5/5A-12)

13 (Section scheduled to be repealed on July 1, 2005)

14 Sec. 5A-12. Hospital access improvement payments.

15 (a) To improve access to hospital services, for hospital
16 services rendered on or after June 1, 2004, the Department of
17 Public Aid shall make payments to hospitals as set forth in
18 this Section, except for hospitals described in subsection (b)
19 of Section 5A-3. These payments shall be paid on a quarterly
20 basis. For State fiscal year 2004, if the effective date of the
21 approval of the payment methodology required under this Section
22 and the waiver granted under 42 CFR 433.68 by the Centers for
23 Medicare and Medicaid Services of the U.S. Department of Health
24 and Human Services is prior to July 1, 2004, the Department
25 shall pay the total amounts required for fiscal year 2004 under
26 this Section within 75 ~~25~~ days of the latest notification. No
27 payment shall be made for State fiscal year 2004 if the
28 effective date of the approval is on or after July 1, 2004. In
29 State fiscal year 2005, the total amounts required under this
30 Section shall be paid in 4 equal installments on or before July
31 15, October 15, January 14, and April 15 of the year, except
32 that if the date of notification of the approval of the payment
33 methodologies required under this Section and the waiver
34 granted under 42 CFR 433.68 is on or after July 1, 2004, the
35 sum of amounts required under this Section prior to the date of

1 notification shall be paid within 75 ~~25~~ days of the date of the
2 last notification. Payments under this Section are not due and
3 payable, however, until (i) the methodologies described in this
4 Section are approved by the federal government in an
5 appropriate State Plan amendment, (ii) the assessment imposed
6 under this Article is determined to be a permissible tax under
7 Title XIX of the Social Security Act, and (iii) the assessment
8 is in effect.

9 (b) High volume payment. In addition to rates paid for
10 inpatient hospital services, the Department of Public Aid shall
11 pay, to each Illinois hospital that provided more than 20,000
12 Medicaid inpatient days of care during State fiscal year 2001
13 (except for hospitals that qualify for adjustment payments
14 under Section 5-5.02 for the 12-month period beginning on
15 October 1, 2002), \$190 for each Medicaid inpatient day of care
16 provided during that fiscal year. A hospital that provided less
17 than 30,000 Medicaid inpatient days of care during that period,
18 however, is not entitled to receive more than \$3,500,000 per
19 year in such payments.

20 (c) Medicaid inpatient utilization rate adjustment. In
21 addition to rates paid for inpatient hospital services, the
22 Department of Public Aid shall pay each Illinois hospital
23 (except for hospitals described in Section 5A-3), for each
24 Medicaid inpatient day of care provided during State fiscal
25 year 2001, an amount equal to the product of \$57.25 multiplied
26 by the quotient of 1 divided by the greater of 1.6% or the
27 hospital's Medicaid inpatient utilization rate (as used to
28 determine eligibility for adjustment payments under Section
29 5-5.02 for the 12-month period beginning on October 1, 2002).
30 The total payments under this subsection to a hospital may not
31 exceed \$10,500,000 annually.

32 (d) Psychiatric base rate adjustment.

33 (1) In addition to rates paid for inpatient psychiatric
34 services, the Department of Public Aid shall pay each
35 Illinois general acute care hospital with a distinct
36 part-psychiatric unit, for each Medicaid inpatient

1 psychiatric day of care provided in State fiscal year 2001,
2 an amount equal to \$400 less the hospital's per-diem rate
3 for Medicaid inpatient psychiatric services as in effect on
4 October 1, 2003. In no event, however, shall that amount be
5 less than zero.

6 (2) For distinct part-psychiatric units of Illinois
7 general acute care hospitals, except for all hospitals
8 excluded in Section 5A-3, whose inpatient per-diem rate as
9 in effect on October 1, 2003 is greater than \$400, the
10 Department shall pay, in addition to any other amounts
11 authorized under this Code, \$25 for each Medicaid inpatient
12 psychiatric day of care provided in State fiscal year 2001.

13 (e) Supplemental tertiary care adjustment. In addition to
14 rates paid for inpatient services, the Department of Public Aid
15 shall pay to each Illinois hospital eligible for tertiary care
16 adjustment payments under 89 Ill. Adm. Code 148.296, as in
17 effect for State fiscal year 2003, a supplemental tertiary care
18 adjustment payment equal to the tertiary care adjustment
19 payment required under 89 Ill. Adm. Code 148.296, as in effect
20 for State fiscal year 2003.

21 (f) Medicaid outpatient utilization rate adjustment. In
22 addition to rates paid for outpatient hospital services, the
23 Department of Public Aid shall pay each Illinois hospital
24 (except for hospitals described in Section 5A-3), an amount
25 equal to the product of 2.45% multiplied by the hospital's
26 Medicaid outpatient charges multiplied by the quotient of 1
27 divided by the greater of 1.6% or the hospital's Medicaid
28 outpatient utilization rate. The total payments under this
29 subsection to a hospital may not exceed \$6,750,000 annually.

30 For purposes of this subsection:

31 "Medicaid outpatient charges" means the charges for
32 outpatient services provided to Medicaid patients for State
33 fiscal year 2001 as submitted by the hospital on the UB-92
34 billing form or under the ambulatory procedure listing and
35 adjudicated by the Department of Public Aid on or before
36 September 12, 2003.

1 "Medicaid outpatient utilization rate" means a fraction,
2 the numerator of which is the hospital's Medicaid outpatient
3 charges and the denominator of which is the total number of the
4 hospital's charges for outpatient services for the hospital's
5 fiscal year ending in 2001.

6 (g) State outpatient service adjustment. In addition to
7 rates paid for outpatient hospital services, the Department of
8 Public Aid shall pay each Illinois hospital an amount equal to
9 the product of 75.5% multiplied by the hospital's Medicaid
10 outpatient services submitted to the Department on the UB-92
11 billing form for State fiscal year 2001 multiplied by the
12 hospital's outpatient access fraction.

13 For purposes of this subsection, "outpatient access
14 fraction" means a fraction, the numerator of which is the
15 hospital's Medicaid payments for outpatient services for
16 ambulatory procedure listing services submitted to the
17 Department on the UB-92 billing form for State fiscal year
18 2001, and the denominator of which is the hospital's Medicaid
19 outpatient services submitted to the Department on the UB-92
20 billing form for State fiscal year 2001.

21 The total payments under this subsection to a hospital may
22 not exceed \$3,000,000 annually.

23 (h) Rural hospital outpatient adjustment. In addition to
24 rates paid for outpatient hospital services, the Department of
25 Public Aid shall pay each Illinois rural hospital an amount
26 equal to the product of \$14,500,000 multiplied by the rural
27 hospital outpatient adjustment fraction.

28 For purposes of this subsection, "rural hospital
29 outpatient adjustment fraction" means a fraction, the
30 numerator of which is the hospital's Medicaid visits for
31 outpatient services for ambulatory procedure listing services
32 submitted to the Department on the UB-92 billing form for State
33 fiscal year 2001, and the denominator of which is the total
34 Medicaid visits for outpatient services for ambulatory
35 procedure listing services for all Illinois rural hospitals
36 submitted to the Department on the UB-92 billing form for State

1 fiscal year 2001.

2 For purposes of this subsection, "rural hospital" has the
3 same meaning as in 89 Ill. Adm. Code 148.25, as in effect on
4 September 30, 2003.

5 (i) Merged/closed hospital adjustment. If any hospital
6 files a combined Medicaid cost report with another hospital
7 after January 1, 2001, and if that hospital subsequently
8 closes, then except for the payments described in subsection
9 (e), all payments described in the various subsections of this
10 Section shall, before the application of the annual limitation
11 amount specified in each such subsection, be multiplied by a
12 fraction, the numerator of which is the number of occupied bed
13 days attributable to the open hospital and the denominator of
14 which is the sum of the number of occupied bed days of each
15 open hospital and each closed hospital. For purposes of this
16 subsection, "occupied bed days" has the same meaning as the
17 term is defined in subsection (a) of Section 5A-2.

18 (j) For purposes of this Section, the terms "Medicaid
19 days", "Medicaid charges", and "Medicaid services" do not
20 include any days, charges, or services for which Medicare was
21 liable for payment.

22 (j-5) For State fiscal year 2004, all payments described in
23 this Section shall be multiplied by the proration factor.

24 (k) As provided in Section 5A-14, this Section is repealed
25 on July 1, 2005.

26 (Source: P.A. 93-659, eff. 2-3-04; 93-841, eff. 7-30-04.)

27 Section 99. Effective date. This Act takes effect upon
28 becoming law.