**Section 2060.318 Reimbursement Rates and Rate Modification Methodology**

a) Reimbursement rates for Department funding and/or for services reimbursed through Medicaid are or have been developed through the application of Department approved formal methodologies specific to each reimbursable service. Unique to each service, a mean is then established and a standardized rate adopted with the exception of provider specific rates for certain residential and withdrawal management levels of care.

b) When an increase to an appropriation is made specifically for a cost of living adjustment (COLA) to Department established rates, the Department will increase all treatment provider service rates by the same percent and all contract awards by the same corresponding percent using the increased funds available, unless the appropriation results in an increase of 1 percent or less to each individual provider, or an increase of 1 percent or less for each category of service. If this occurs, increases to established rates and awards will be made to one or more specific categories of funded treatment/recovery service providers using the increased appropriations available. All funded providers that deliver the selected service or services will receive a uniform rate/award increase within their category of service. Services targeted for increased rates or awards will be selected based on the following criteria:

1) The amount of increase to appropriated funds;

2) The need for provider capacity enhancement or expansion;

3) Analysis of the impact of the rate increase on other State agencies that fund substance use disorder services;

4) Analysis of prior State fiscal year earnings posted by vendor or location;

5) Based upon the analysis of earnings and appropriated funds, a determination of the total value of the rate increase in order to keep earnings liabilities within the available appropriation; and

6) The ability of the Department to continue the rate increase into future fiscal years if budget requests are approved.

c) A general increase in an appropriation that is not specified as a COLA shall be awarded according to the legislative direction associated with the increase or by language in the budget implementation plan for that State fiscal year. Increases of this nature may be directed to a provider, a program, or another purpose by the General Assembly. If a general appropriation increase exceeds the 1 percent parameters specified in subsection (b) and the General Assembly provides no direction on how the Department shall allocate the increase, the Department will modify all rates and contract awards by the same percent.

d) All rates or rate modifications are effective only after approval by the Department and, for covered services reimbursed through Medicaid, the Illinois Department of Healthcare and Family Services (HFS) in its capacity as the Medicaid single state agency.

e) Licensed/certified organizations and the public shall be informed of any changes in the methods and standards of determining reimbursement rates for services funded under this Part pursuant to 42 CFR 447.205 (2003).

(Source: Added at 42 Ill. Reg. 14377, effective July 18, 2018)