**Section 148.130 Outlier Adjustments for Exceptionally Costly Stays**

a) Outlier Adjustments. Outlier adjustments are provided for exceptionally costly stays provided by hospitals or distinct part units reimbursed on a per diem basis or hospitals reimbursed in accordance with Section 148.82(g) for discharges before July 1, 2014. For discharges on or after July 1, 2014, this Section shall not be utilized for the basis of any hospital payments.

b) The determination of those services qualified for an outlier adjustment shall be made as follows for services provided on and after October 1, 1992, and for each subsequent rate period, as defined in Section 148.25(g)(2)(B), for hospitals or distinct part units reimbursed on a per diem basis or hospitals reimbursed in accordance with Section 148.82(g):

1) The services must have been provided on or after October 1, 1992; and

2) The services must have been provided to:

A) Children who have not attained the age of six years by hospitals defined by the Department as DSH hospitals under Section 148.120(a); or

B) Infants who have not attained the age of one year by hospitals that do not meet the definition of a DSH hospital under Section 148.120(a); or

C) Children who have not attained the age of 19 on the date of admission for services provided on or after January 1, 2008 by a hospital devoted exclusively to the care of children as defined in 89 Ill. Adm. Code 149.50(c)(3)(A); or

D) Children who have not attained the age of 19 on the date of admission for services provided on or after July 1, 2009 by a Children's Hospital as defined in 89 Ill. Adm. Code 149.50(c)(3)(B).

3) Claims with total covered charges equal to or above the mean total covered charges plus one standard deviation shall be considered for outlier adjustments once the following calculations have been performed:

A) Total covered charges (less charges attributable to medical education) equal to or exceeding one standard deviation above the mean shall be multiplied by the hospital's cost to charge ratio.

B) The hospital's rate for services provided on the claim shall be multiplied by the number of covered days on the claim.

C) The product of subsection (b)(3)(B) shall be subtracted from the product of subsection (b)(3)(A).

D) The difference of subsection (b)(3)(C) shall be multiplied by .25, the product of which shall be the outlier adjustment for the claim.

E) Third party payments (credits) shall be applied to the final payment made on the claim.

c) The determination of those services qualified for an outlier adjustment shall be made in accordance with 89 Ill. Adm. Code 149.105 for hospitals reimbursed on a per case basis.

d) Definition of terms relating to outlier adjustments are as follows:

1) "Base fiscal year" means the hospital's fiscal year cost report most recently audited by the Department.

2) "Cost to Charge Ratio" means the hospital's Medicaid total allowable cost for all care divided by the Medicaid total covered charges for all care. The Cost to Charge Ratio is derived by utilizing cost report data from the hospital's base fiscal year.

3) "Mean total covered charges" means the mean total covered charges (as described in subsection (d)(5)), for services provided in the most recent state fiscal year for which complete information is available and which have been adjudicated by the Department, as follows:

A) For hospitals that do not meet the definition of a DSH hospital under Section 148.120(a) in the DSH determination year, the mean total covered charges for all claims for inpatient services provided to individuals under the age of one year; and

B) For hospitals defined by the Department as DSH hospitals under Section 148.120(a) in the DSH determination year, the mean total covered charges for all claims for inpatient services provided to individuals under the age of six years.

4) "Rate for services provided" means the inpatient rate in effect for the type of services provided.

5) "Total covered charges" means the amount entered on the UB-82 or UB-92 Uniform Billing Form for revenue code 001 in column 53 (Total Charges).

(Source: Amended at 38 Ill. Reg. 15165, effective July 2, 2014)