**Section 148.425 Directed Payment Classifications**

a) For purposes of calculating quarterly directed payment amounts as described in Section 5A-12.7(g) and (h) of the Public Aid Code, effective July 1, 2020 and January 1 of each following calendar year, the Department shall classify Illinois Hospitals into the following classes:

1) Critical Access Hospitals as defined in Section 148.25(g). Beginning January 1, 2023, Critical Access Hospitals means those hospitals as defined in Section 148.25(g), excluding any hospitals meeting the definition of a public hospital in subsection (b)(3);

2) Safety-Net Hospitals as defined in 89 Ill. Adm. Code 149.100(f)(4), except that stand-alone children's hospitals as defined in Section 148.25(d)(3)(A) that are not children's specialty hospitals as defined in Section 148.25(i) will not be included and for calendar years 2025 and 2026 only, hospitals with over 9,000 Medicaid acute care inpatient admissions per calendar year, excluding admissions for Medicare-Medicaid dual eligible patients, will not be included. For the calendar year beginning January 1, 2023 and each calendar year thereafter assignment to the safety net class is based on the annual safety net rate year beginning 15 months before the beginning of the first payout quarter of the calendar year;

3) Long Term Acute Care Hospitals as defined in Section 148.25(d)(4);

4) Freestanding Psychiatric Hospitals as defined in Section 148.25(d)(1);

5) Freestanding Rehabilitation Hospitals as defined in Section 148.25(d)(2);

6) High Medicaid Hospitals;

7) Beginning January 1, 2023, Public Hospitals; and

8) Other General Acute Care Hospitals.

b) Definitions. For purposes of this Section:

1) "Applicable Period" means, for the period July 1, 2020 through December 31, 2020, rate year 2020 MIUR and inpatient days with dates of service in SFY 2018. For each calendar year thereafter, the MIUR calculated for the rate year beginning October 1 preceding the calendar year and inpatient days with dates of service within the SFY ending 18 months prior to the calendar year.

2) "High Medicaid Hospital" means, beginning calendar year 2023, a general acute care hospital that is not a safety-net hospital, public, or critical access hospital and for the applicable period has either:

A) A Medicaid Inpatient Utilization Rate (MIUR) as defined in Section 148.120(i)(4) above 30% for the rate year ending September 30 of the year preceding the beginning of the calendar year; or

B) Qualified as a regional high volume hospital.

3) "Other General Acute Care Hospital" means a hospital that is not a hospital defined in subsection (a)(1) through (7).

4) "Public Hospital" means a hospital that is owned or operated by an Illinois Government body or municipality, excluding a hospital provider that is a State agency, a state university, or a county with a population of 3,000,000 or more.

5) "Regional High Volume Hospital" means a hospital which ranks in the top 2 quartiles based on total hospital services volume, of all eligible general acute care hospitals, when ranked in descending order based on total hospital services volume, within the same Medicaid managed care region, as defined in 89 Ill. Adm. Code 140.Table J.

6) "Total hospital services volume" means the total of all Medical Assistance hospital inpatient admissions plus all Medical Assistance hospital outpatient visits. For purposes of determining regional high volume hospital inpatient admissions and outpatient visits, the Department shall use dates of service from the State fiscal year ending 18 months before the beginning of the first payout quarter of the subsequent annual determination period.

c) For purposes of calculating MIUR under this Section, children's hospitals and affiliated general acute care hospitals shall be considered a single hospital.

d) Hospitals can be reclassified by the Department every calendar year. The Department will notify hospitals, by December 1 of each year, what class a hospital is assigned to for the next calendar year.

(Source: Amended at 49 Ill. Reg. 2024, effective February 10, 2025)