



Rep. Gregory Harris

**Filed: 11/28/2018**

10000SB1469ham001

LRB100 09786 KTG 43635 a

1 AMENDMENT TO SENATE BILL 1469

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1469 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Administrative Procedure Act is  
5 amended by changing Section 5-45 as follows:

6 (5 ILCS 100/5-45) (from Ch. 127, par. 1005-45)

7 Sec. 5-45. Emergency rulemaking.

8 (a) "Emergency" means the existence of any situation that  
9 any agency finds reasonably constitutes a threat to the public  
10 interest, safety, or welfare.

11 (b) If any agency finds that an emergency exists that  
12 requires adoption of a rule upon fewer days than is required by  
13 Section 5-40 and states in writing its reasons for that  
14 finding, the agency may adopt an emergency rule without prior  
15 notice or hearing upon filing a notice of emergency rulemaking  
16 with the Secretary of State under Section 5-70. The notice

1 shall include the text of the emergency rule and shall be  
2 published in the Illinois Register. Consent orders or other  
3 court orders adopting settlements negotiated by an agency may  
4 be adopted under this Section. Subject to applicable  
5 constitutional or statutory provisions, an emergency rule  
6 becomes effective immediately upon filing under Section 5-65 or  
7 at a stated date less than 10 days thereafter. The agency's  
8 finding and a statement of the specific reasons for the finding  
9 shall be filed with the rule. The agency shall take reasonable  
10 and appropriate measures to make emergency rules known to the  
11 persons who may be affected by them.

12 (c) An emergency rule may be effective for a period of not  
13 longer than 150 days, but the agency's authority to adopt an  
14 identical rule under Section 5-40 is not precluded. No  
15 emergency rule may be adopted more than once in any 24-month  
16 period, except that this limitation on the number of emergency  
17 rules that may be adopted in a 24-month period does not apply  
18 to (i) emergency rules that make additions to and deletions  
19 from the Drug Manual under Section 5-5.16 of the Illinois  
20 Public Aid Code or the generic drug formulary under Section  
21 3.14 of the Illinois Food, Drug and Cosmetic Act, (ii)  
22 emergency rules adopted by the Pollution Control Board before  
23 July 1, 1997 to implement portions of the Livestock Management  
24 Facilities Act, (iii) emergency rules adopted by the Illinois  
25 Department of Public Health under subsections (a) through (i)  
26 of Section 2 of the Department of Public Health Act when

1 necessary to protect the public's health, (iv) emergency rules  
2 adopted pursuant to subsection (n) of this Section, (v)  
3 emergency rules adopted pursuant to subsection (o) of this  
4 Section, or (vi) emergency rules adopted pursuant to subsection  
5 (c-5) of this Section. Two or more emergency rules having  
6 substantially the same purpose and effect shall be deemed to be  
7 a single rule for purposes of this Section.

8 (c-5) To facilitate the maintenance of the program of group  
9 health benefits provided to annuitants, survivors, and retired  
10 employees under the State Employees Group Insurance Act of  
11 1971, rules to alter the contributions to be paid by the State,  
12 annuitants, survivors, retired employees, or any combination  
13 of those entities, for that program of group health benefits,  
14 shall be adopted as emergency rules. The adoption of those  
15 rules shall be considered an emergency and necessary for the  
16 public interest, safety, and welfare.

17 (d) In order to provide for the expeditious and timely  
18 implementation of the State's fiscal year 1999 budget,  
19 emergency rules to implement any provision of Public Act 90-587  
20 or 90-588 or any other budget initiative for fiscal year 1999  
21 may be adopted in accordance with this Section by the agency  
22 charged with administering that provision or initiative,  
23 except that the 24-month limitation on the adoption of  
24 emergency rules and the provisions of Sections 5-115 and 5-125  
25 do not apply to rules adopted under this subsection (d). The  
26 adoption of emergency rules authorized by this subsection (d)

1 shall be deemed to be necessary for the public interest,  
2 safety, and welfare.

3 (e) In order to provide for the expeditious and timely  
4 implementation of the State's fiscal year 2000 budget,  
5 emergency rules to implement any provision of Public Act 91-24  
6 or any other budget initiative for fiscal year 2000 may be  
7 adopted in accordance with this Section by the agency charged  
8 with administering that provision or initiative, except that  
9 the 24-month limitation on the adoption of emergency rules and  
10 the provisions of Sections 5-115 and 5-125 do not apply to  
11 rules adopted under this subsection (e). The adoption of  
12 emergency rules authorized by this subsection (e) shall be  
13 deemed to be necessary for the public interest, safety, and  
14 welfare.

15 (f) In order to provide for the expeditious and timely  
16 implementation of the State's fiscal year 2001 budget,  
17 emergency rules to implement any provision of Public Act 91-712  
18 or any other budget initiative for fiscal year 2001 may be  
19 adopted in accordance with this Section by the agency charged  
20 with administering that provision or initiative, except that  
21 the 24-month limitation on the adoption of emergency rules and  
22 the provisions of Sections 5-115 and 5-125 do not apply to  
23 rules adopted under this subsection (f). The adoption of  
24 emergency rules authorized by this subsection (f) shall be  
25 deemed to be necessary for the public interest, safety, and  
26 welfare.

1 (g) In order to provide for the expeditious and timely  
2 implementation of the State's fiscal year 2002 budget,  
3 emergency rules to implement any provision of Public Act 92-10  
4 or any other budget initiative for fiscal year 2002 may be  
5 adopted in accordance with this Section by the agency charged  
6 with administering that provision or initiative, except that  
7 the 24-month limitation on the adoption of emergency rules and  
8 the provisions of Sections 5-115 and 5-125 do not apply to  
9 rules adopted under this subsection (g). The adoption of  
10 emergency rules authorized by this subsection (g) shall be  
11 deemed to be necessary for the public interest, safety, and  
12 welfare.

13 (h) In order to provide for the expeditious and timely  
14 implementation of the State's fiscal year 2003 budget,  
15 emergency rules to implement any provision of Public Act 92-597  
16 or any other budget initiative for fiscal year 2003 may be  
17 adopted in accordance with this Section by the agency charged  
18 with administering that provision or initiative, except that  
19 the 24-month limitation on the adoption of emergency rules and  
20 the provisions of Sections 5-115 and 5-125 do not apply to  
21 rules adopted under this subsection (h). The adoption of  
22 emergency rules authorized by this subsection (h) shall be  
23 deemed to be necessary for the public interest, safety, and  
24 welfare.

25 (i) In order to provide for the expeditious and timely  
26 implementation of the State's fiscal year 2004 budget,

1 emergency rules to implement any provision of Public Act 93-20  
2 or any other budget initiative for fiscal year 2004 may be  
3 adopted in accordance with this Section by the agency charged  
4 with administering that provision or initiative, except that  
5 the 24-month limitation on the adoption of emergency rules and  
6 the provisions of Sections 5-115 and 5-125 do not apply to  
7 rules adopted under this subsection (i). The adoption of  
8 emergency rules authorized by this subsection (i) shall be  
9 deemed to be necessary for the public interest, safety, and  
10 welfare.

11 (j) In order to provide for the expeditious and timely  
12 implementation of the provisions of the State's fiscal year  
13 2005 budget as provided under the Fiscal Year 2005 Budget  
14 Implementation (Human Services) Act, emergency rules to  
15 implement any provision of the Fiscal Year 2005 Budget  
16 Implementation (Human Services) Act may be adopted in  
17 accordance with this Section by the agency charged with  
18 administering that provision, except that the 24-month  
19 limitation on the adoption of emergency rules and the  
20 provisions of Sections 5-115 and 5-125 do not apply to rules  
21 adopted under this subsection (j). The Department of Public Aid  
22 may also adopt rules under this subsection (j) necessary to  
23 administer the Illinois Public Aid Code and the Children's  
24 Health Insurance Program Act. The adoption of emergency rules  
25 authorized by this subsection (j) shall be deemed to be  
26 necessary for the public interest, safety, and welfare.

1           (k) In order to provide for the expeditious and timely  
2 implementation of the provisions of the State's fiscal year  
3 2006 budget, emergency rules to implement any provision of  
4 Public Act 94-48 or any other budget initiative for fiscal year  
5 2006 may be adopted in accordance with this Section by the  
6 agency charged with administering that provision or  
7 initiative, except that the 24-month limitation on the adoption  
8 of emergency rules and the provisions of Sections 5-115 and  
9 5-125 do not apply to rules adopted under this subsection (k).  
10 The Department of Healthcare and Family Services may also adopt  
11 rules under this subsection (k) necessary to administer the  
12 Illinois Public Aid Code, the Senior Citizens and Persons with  
13 Disabilities Property Tax Relief Act, the Senior Citizens and  
14 Disabled Persons Prescription Drug Discount Program Act (now  
15 the Illinois Prescription Drug Discount Program Act), and the  
16 Children's Health Insurance Program Act. The adoption of  
17 emergency rules authorized by this subsection (k) shall be  
18 deemed to be necessary for the public interest, safety, and  
19 welfare.

20           (l) In order to provide for the expeditious and timely  
21 implementation of the provisions of the State's fiscal year  
22 2007 budget, the Department of Healthcare and Family Services  
23 may adopt emergency rules during fiscal year 2007, including  
24 rules effective July 1, 2007, in accordance with this  
25 subsection to the extent necessary to administer the  
26 Department's responsibilities with respect to amendments to

1 the State plans and Illinois waivers approved by the federal  
2 Centers for Medicare and Medicaid Services necessitated by the  
3 requirements of Title XIX and Title XXI of the federal Social  
4 Security Act. The adoption of emergency rules authorized by  
5 this subsection (l) shall be deemed to be necessary for the  
6 public interest, safety, and welfare.

7 (m) In order to provide for the expeditious and timely  
8 implementation of the provisions of the State's fiscal year  
9 2008 budget, the Department of Healthcare and Family Services  
10 may adopt emergency rules during fiscal year 2008, including  
11 rules effective July 1, 2008, in accordance with this  
12 subsection to the extent necessary to administer the  
13 Department's responsibilities with respect to amendments to  
14 the State plans and Illinois waivers approved by the federal  
15 Centers for Medicare and Medicaid Services necessitated by the  
16 requirements of Title XIX and Title XXI of the federal Social  
17 Security Act. The adoption of emergency rules authorized by  
18 this subsection (m) shall be deemed to be necessary for the  
19 public interest, safety, and welfare.

20 (n) In order to provide for the expeditious and timely  
21 implementation of the provisions of the State's fiscal year  
22 2010 budget, emergency rules to implement any provision of  
23 Public Act 96-45 or any other budget initiative authorized by  
24 the 96th General Assembly for fiscal year 2010 may be adopted  
25 in accordance with this Section by the agency charged with  
26 administering that provision or initiative. The adoption of



1 emergency rules authorized by this subsection (n) shall be  
2 deemed to be necessary for the public interest, safety, and  
3 welfare. The rulemaking authority granted in this subsection  
4 (n) shall apply only to rules promulgated during Fiscal Year  
5 2010.

6 (o) In order to provide for the expeditious and timely  
7 implementation of the provisions of the State's fiscal year  
8 2011 budget, emergency rules to implement any provision of  
9 Public Act 96-958 or any other budget initiative authorized by  
10 the 96th General Assembly for fiscal year 2011 may be adopted  
11 in accordance with this Section by the agency charged with  
12 administering that provision or initiative. The adoption of  
13 emergency rules authorized by this subsection (o) is deemed to  
14 be necessary for the public interest, safety, and welfare. The  
15 rulemaking authority granted in this subsection (o) applies  
16 only to rules promulgated on or after July 1, 2010 (the  
17 effective date of Public Act 96-958) through June 30, 2011.

18 (p) In order to provide for the expeditious and timely  
19 implementation of the provisions of Public Act 97-689,  
20 emergency rules to implement any provision of Public Act 97-689  
21 may be adopted in accordance with this subsection (p) by the  
22 agency charged with administering that provision or  
23 initiative. The 150-day limitation of the effective period of  
24 emergency rules does not apply to rules adopted under this  
25 subsection (p), and the effective period may continue through  
26 June 30, 2013. The 24-month limitation on the adoption of

1 emergency rules does not apply to rules adopted under this  
2 subsection (p). The adoption of emergency rules authorized by  
3 this subsection (p) is deemed to be necessary for the public  
4 interest, safety, and welfare.

5 (q) In order to provide for the expeditious and timely  
6 implementation of the provisions of Articles 7, 8, 9, 11, and  
7 12 of Public Act 98-104, emergency rules to implement any  
8 provision of Articles 7, 8, 9, 11, and 12 of Public Act 98-104  
9 may be adopted in accordance with this subsection (q) by the  
10 agency charged with administering that provision or  
11 initiative. The 24-month limitation on the adoption of  
12 emergency rules does not apply to rules adopted under this  
13 subsection (q). The adoption of emergency rules authorized by  
14 this subsection (q) is deemed to be necessary for the public  
15 interest, safety, and welfare.

16 (r) In order to provide for the expeditious and timely  
17 implementation of the provisions of Public Act 98-651,  
18 emergency rules to implement Public Act 98-651 may be adopted  
19 in accordance with this subsection (r) by the Department of  
20 Healthcare and Family Services. The 24-month limitation on the  
21 adoption of emergency rules does not apply to rules adopted  
22 under this subsection (r). The adoption of emergency rules  
23 authorized by this subsection (r) is deemed to be necessary for  
24 the public interest, safety, and welfare.

25 (s) In order to provide for the expeditious and timely  
26 implementation of the provisions of Sections 5-5b.1 and 5A-2 of

1 the Illinois Public Aid Code, emergency rules to implement any  
2 provision of Section 5-5b.1 or Section 5A-2 of the Illinois  
3 Public Aid Code may be adopted in accordance with this  
4 subsection (s) by the Department of Healthcare and Family  
5 Services. The rulemaking authority granted in this subsection  
6 (s) shall apply only to those rules adopted prior to July 1,  
7 2015. Notwithstanding any other provision of this Section, any  
8 emergency rule adopted under this subsection (s) shall only  
9 apply to payments made for State fiscal year 2015. The adoption  
10 of emergency rules authorized by this subsection (s) is deemed  
11 to be necessary for the public interest, safety, and welfare.

12 (t) In order to provide for the expeditious and timely  
13 implementation of the provisions of Article II of Public Act  
14 99-6, emergency rules to implement the changes made by Article  
15 II of Public Act 99-6 to the Emergency Telephone System Act may  
16 be adopted in accordance with this subsection (t) by the  
17 Department of State Police. The rulemaking authority granted in  
18 this subsection (t) shall apply only to those rules adopted  
19 prior to July 1, 2016. The 24-month limitation on the adoption  
20 of emergency rules does not apply to rules adopted under this  
21 subsection (t). The adoption of emergency rules authorized by  
22 this subsection (t) is deemed to be necessary for the public  
23 interest, safety, and welfare.

24 (u) In order to provide for the expeditious and timely  
25 implementation of the provisions of the Burn Victims Relief  
26 Act, emergency rules to implement any provision of the Act may

1 be adopted in accordance with this subsection (u) by the  
2 Department of Insurance. The rulemaking authority granted in  
3 this subsection (u) shall apply only to those rules adopted  
4 prior to December 31, 2015. The adoption of emergency rules  
5 authorized by this subsection (u) is deemed to be necessary for  
6 the public interest, safety, and welfare.

7 (v) In order to provide for the expeditious and timely  
8 implementation of the provisions of Public Act 99-516,  
9 emergency rules to implement Public Act 99-516 may be adopted  
10 in accordance with this subsection (v) by the Department of  
11 Healthcare and Family Services. The 24-month limitation on the  
12 adoption of emergency rules does not apply to rules adopted  
13 under this subsection (v). The adoption of emergency rules  
14 authorized by this subsection (v) is deemed to be necessary for  
15 the public interest, safety, and welfare.

16 (w) In order to provide for the expeditious and timely  
17 implementation of the provisions of Public Act 99-796,  
18 emergency rules to implement the changes made by Public Act  
19 99-796 may be adopted in accordance with this subsection (w) by  
20 the Adjutant General. The adoption of emergency rules  
21 authorized by this subsection (w) is deemed to be necessary for  
22 the public interest, safety, and welfare.

23 (x) In order to provide for the expeditious and timely  
24 implementation of the provisions of Public Act 99-906,  
25 emergency rules to implement subsection (i) of Section 16-115D,  
26 subsection (g) of Section 16-128A, and subsection (a) of

1 Section 16-128B of the Public Utilities Act may be adopted in  
2 accordance with this subsection (x) by the Illinois Commerce  
3 Commission. The rulemaking authority granted in this  
4 subsection (x) shall apply only to those rules adopted within  
5 180 days after June 1, 2017 (the effective date of Public Act  
6 99-906). The adoption of emergency rules authorized by this  
7 subsection (x) is deemed to be necessary for the public  
8 interest, safety, and welfare.

9 (y) In order to provide for the expeditious and timely  
10 implementation of the provisions of Public Act 100-23 ~~this~~  
11 ~~amendatory Act of the 100th General Assembly~~, emergency rules  
12 to implement the changes made by Public Act 100-23 ~~this~~  
13 ~~amendatory Act of the 100th General Assembly~~ to Section 4.02 of  
14 the Illinois Act on the Aging, Sections 5.5.4 and 5-5.4i of the  
15 Illinois Public Aid Code, Section 55-30 of the Alcoholism and  
16 Other Drug Abuse and Dependency Act, and Sections 74 and 75 of  
17 the Mental Health and Developmental Disabilities  
18 Administrative Act may be adopted in accordance with this  
19 subsection (y) by the respective Department. The adoption of  
20 emergency rules authorized by this subsection (y) is deemed to  
21 be necessary for the public interest, safety, and welfare.

22 (z) In order to provide for the expeditious and timely  
23 implementation of the provisions of Public Act 100-554 ~~this~~  
24 ~~amendatory Act of the 100th General Assembly~~, emergency rules  
25 to implement the changes made by Public Act 100-554 ~~this~~  
26 ~~amendatory Act of the 100th General Assembly~~ to Section 4.7 of

1 the Lobbyist Registration Act may be adopted in accordance with  
2 this subsection (z) by the Secretary of State. The adoption of  
3 emergency rules authorized by this subsection (z) is deemed to  
4 be necessary for the public interest, safety, and welfare.

5 (aa) In order to provide for the expeditious and timely  
6 initial implementation of the changes made to Articles 5, 5A,  
7 12, and 14 of the Illinois Public Aid Code under the provisions  
8 of Public Act 100-581 ~~this amendatory Act of the 100th General~~  
9 ~~Assembly~~, the Department of Healthcare and Family Services may  
10 adopt emergency rules in accordance with this subsection (aa).  
11 The 24-month limitation on the adoption of emergency rules does  
12 not apply to rules to initially implement the changes made to  
13 Articles 5, 5A, 12, and 14 of the Illinois Public Aid Code  
14 adopted under this subsection (aa). The adoption of emergency  
15 rules authorized by this subsection (aa) is deemed to be  
16 necessary for the public interest, safety, and welfare.

17 (bb) In order to provide for the expeditious and timely  
18 implementation of the provisions of Public Act 100-587 ~~this~~  
19 ~~amendatory Act of the 100th General Assembly~~, emergency rules  
20 to implement the changes made by Public Act 100-587 ~~this~~  
21 ~~amendatory Act of the 100th General Assembly~~ to Section 4.02 of  
22 the Illinois Act on the Aging, Sections 5.5.4 and 5-5.4i of the  
23 Illinois Public Aid Code, subsection (b) of Section 55-30 of  
24 the Alcoholism and Other Drug Abuse and Dependency Act, Section  
25 5-104 of the Specialized Mental Health Rehabilitation Act of  
26 2013, and Section 75 and subsection (b) of Section 74 of the

1 Mental Health and Developmental Disabilities Administrative  
2 Act may be adopted in accordance with this subsection (bb) by  
3 the respective Department. The adoption of emergency rules  
4 authorized by this subsection (bb) is deemed to be necessary  
5 for the public interest, safety, and welfare.

6 (cc) ~~(bb)~~ In order to provide for the expeditious and  
7 timely implementation of the provisions of Public Act 100-587  
8 ~~this amendatory Act of the 100th General Assembly~~, emergency  
9 rules may be adopted in accordance with this subsection (cc)  
10 ~~(bb)~~ to implement the changes made by Public Act 100-587 ~~this~~  
11 ~~amendatory Act of the 100th General Assembly~~ to: Sections  
12 14-147.5 and 14-147.6 of the Illinois Pension Code by the Board  
13 created under Article 14 of the Code; Sections 15-185.5 and  
14 15-185.6 of the Illinois Pension Code by the Board created  
15 under Article 15 of the Code; and Sections 16-190.5 and  
16 16-190.6 of the Illinois Pension Code by the Board created  
17 under Article 16 of the Code. The adoption of emergency rules  
18 authorized by this subsection (cc) ~~(bb)~~ is deemed to be  
19 necessary for the public interest, safety, and welfare.

20 (dd) ~~(aa)~~ In order to provide for the expeditious and  
21 timely implementation of the provisions of Public Act 100-864  
22 ~~this amendatory Act of the 100th General Assembly~~, emergency  
23 rules to implement the changes made by Public Act 100-864 ~~this~~  
24 ~~amendatory Act of the 100th General Assembly~~ to Section 3.35 of  
25 the Newborn Metabolic Screening Act may be adopted in  
26 accordance with this subsection (dd) ~~(aa)~~ by the Secretary of

1 State. The adoption of emergency rules authorized by this  
2 subsection (dd) ~~(aa)~~ is deemed to be necessary for the public  
3 interest, safety, and welfare.

4 (ee) In order to provide for the expeditious and timely  
5 initial implementation of the changes made to Articles 5A and  
6 14 of the Illinois Public Aid Code under the provisions of this  
7 amendatory Act of the 100th General Assembly, the Department of  
8 Healthcare and Family Services may on a one-time-only basis  
9 adopt emergency rules in accordance with this subsection (ee).  
10 The 24-month limitation on the adoption of emergency rules does  
11 not apply to rules to initially implement the changes made to  
12 Articles 5A and 14 of the Illinois Public Aid Code adopted  
13 under this subsection (ee). The adoption of emergency rules  
14 authorized by this subsection (ee) is deemed to be necessary  
15 for the public interest, safety, and welfare.

16 (Source: P.A. 99-2, eff. 3-26-15; 99-6, eff. 1-1-16; 99-143,  
17 eff. 7-27-15; 99-455, eff. 1-1-16; 99-516, eff. 6-30-16;  
18 99-642, eff. 7-28-16; 99-796, eff. 1-1-17; 99-906, eff. 6-1-17;  
19 100-23, eff. 7-6-17; 100-554, eff. 11-16-17; 100-581, eff.  
20 3-12-18; 100-587, Article 95, Section 95-5, eff. 6-4-18;  
21 100-587, Article 110, Section 110-5, eff. 6-4-18; 100-864, eff.  
22 8-14-18; revised 10-18-18.)

23 Section 15. The Use Tax Act is amended by changing Section  
24 3-8 as follows:



1 (35 ILCS 105/3-8)

2 Sec. 3-8. Hospital exemption.

3 (a) Until July 1, 2022, tangible ~~Tangible~~ personal property  
4 sold to or used by a hospital owner that owns one or more  
5 hospitals licensed under the Hospital Licensing Act or operated  
6 under the University of Illinois Hospital Act, or a hospital  
7 affiliate that is not already exempt under another provision of  
8 this Act and meets the criteria for an exemption under this  
9 Section, is exempt from taxation under this Act.

10 (b) A hospital owner or hospital affiliate satisfies the  
11 conditions for an exemption under this Section if the value of  
12 qualified services or activities listed in subsection (c) of  
13 this Section for the hospital year equals or exceeds the  
14 relevant hospital entity's estimated property tax liability,  
15 without regard to any property tax exemption granted under  
16 Section 15-86 of the Property Tax Code, for the calendar year  
17 in which exemption or renewal of exemption is sought. For  
18 purposes of making the calculations required by this subsection  
19 (b), if the relevant hospital entity is a hospital owner that  
20 owns more than one hospital, the value of the services or  
21 activities listed in subsection (c) shall be calculated on the  
22 basis of only those services and activities relating to the  
23 hospital that includes the subject property, and the relevant  
24 hospital entity's estimated property tax liability shall be  
25 calculated only with respect to the properties comprising that  
26 hospital. In the case of a multi-state hospital system or

1 hospital affiliate, the value of the services or activities  
2 listed in subsection (c) shall be calculated on the basis of  
3 only those services and activities that occur in Illinois and  
4 the relevant hospital entity's estimated property tax  
5 liability shall be calculated only with respect to its property  
6 located in Illinois.

7 (c) The following services and activities shall be  
8 considered for purposes of making the calculations required by  
9 subsection (b):

10 (1) Charity care. Free or discounted services provided  
11 pursuant to the relevant hospital entity's financial  
12 assistance policy, measured at cost, including discounts  
13 provided under the Hospital Uninsured Patient Discount  
14 Act.

15 (2) Health services to low-income and underserved  
16 individuals. Other unreimbursed costs of the relevant  
17 hospital entity for providing without charge, paying for,  
18 or subsidizing goods, activities, or services for the  
19 purpose of addressing the health of low-income or  
20 underserved individuals. Those activities or services may  
21 include, but are not limited to: financial or in-kind  
22 support to affiliated or unaffiliated hospitals, hospital  
23 affiliates, community clinics, or programs that treat  
24 low-income or underserved individuals; paying for or  
25 subsidizing health care professionals who care for  
26 low-income or underserved individuals; providing or

1 subsidizing outreach or educational services to low-income  
2 or underserved individuals for disease management and  
3 prevention; free or subsidized goods, supplies, or  
4 services needed by low-income or underserved individuals  
5 because of their medical condition; and prenatal or  
6 childbirth outreach to low-income or underserved persons.

7 (3) Subsidy of State or local governments. Direct or  
8 indirect financial or in-kind subsidies of State or local  
9 governments by the relevant hospital entity that pay for or  
10 subsidize activities or programs related to health care for  
11 low-income or underserved individuals.

12 (4) Support for State health care programs for  
13 low-income individuals. At the election of the hospital  
14 applicant for each applicable year, either (A) 10% of  
15 payments to the relevant hospital entity and any hospital  
16 affiliate designated by the relevant hospital entity  
17 (provided that such hospital affiliate's operations  
18 provide financial or operational support for or receive  
19 financial or operational support from the relevant  
20 hospital entity) under Medicaid or other means-tested  
21 programs, including, but not limited to, General  
22 Assistance, the Covering ALL KIDS Health Insurance Act, and  
23 the State Children's Health Insurance Program or (B) the  
24 amount of subsidy provided by the relevant hospital entity  
25 and any hospital affiliate designated by the relevant  
26 hospital entity (provided that such hospital affiliate's

1 operations provide financial or operational support for or  
2 receive financial or operational support from the relevant  
3 hospital entity) to State or local government in treating  
4 Medicaid recipients and recipients of means-tested  
5 programs, including but not limited to General Assistance,  
6 the Covering ALL KIDS Health Insurance Act, and the State  
7 Children's Health Insurance Program. The amount of subsidy  
8 for purpose of this item (4) is calculated in the same  
9 manner as unreimbursed costs are calculated for Medicaid  
10 and other means-tested government programs in the Schedule  
11 H of IRS Form 990 in effect on the effective date of this  
12 amendatory Act of the 97th General Assembly.

13 (5) Dual-eligible subsidy. The amount of subsidy  
14 provided to government by treating dual-eligible  
15 Medicare/Medicaid patients. The amount of subsidy for  
16 purposes of this item (5) is calculated by multiplying the  
17 relevant hospital entity's unreimbursed costs for  
18 Medicare, calculated in the same manner as determined in  
19 the Schedule H of IRS Form 990 in effect on the effective  
20 date of this amendatory Act of the 97th General Assembly,  
21 by the relevant hospital entity's ratio of dual-eligible  
22 patients to total Medicare patients.

23 (6) Relief of the burden of government related to  
24 health care. Except to the extent otherwise taken into  
25 account in this subsection, the portion of unreimbursed  
26 costs of the relevant hospital entity attributable to

1 providing, paying for, or subsidizing goods, activities,  
2 or services that relieve the burden of government related  
3 to health care for low-income individuals. Such activities  
4 or services shall include, but are not limited to,  
5 providing emergency, trauma, burn, neonatal, psychiatric,  
6 rehabilitation, or other special services; providing  
7 medical education; and conducting medical research or  
8 training of health care professionals. The portion of those  
9 unreimbursed costs attributable to benefiting low-income  
10 individuals shall be determined using the ratio calculated  
11 by adding the relevant hospital entity's costs  
12 attributable to charity care, Medicaid, other means-tested  
13 government programs, Medicare patients with disabilities  
14 under age 65, and dual-eligible Medicare/Medicaid patients  
15 and dividing that total by the relevant hospital entity's  
16 total costs. Such costs for the numerator and denominator  
17 shall be determined by multiplying gross charges by the  
18 cost to charge ratio taken from the hospital's most  
19 recently filed Medicare cost report (CMS 2252-10  
20 Worksheet, Part I). In the case of emergency services, the  
21 ratio shall be calculated using costs (gross charges  
22 multiplied by the cost to charge ratio taken from the  
23 hospital's most recently filed Medicare cost report (CMS  
24 2252-10 Worksheet, Part I)) of patients treated in the  
25 relevant hospital entity's emergency department.

26 (7) Any other activity by the relevant hospital entity

1           that the Department determines relieves the burden of  
2           government or addresses the health of low-income or  
3           underserved individuals.

4           (d) The hospital applicant shall include information in its  
5           exemption application establishing that it satisfies the  
6           requirements of subsection (b). For purposes of making the  
7           calculations required by subsection (b), the hospital  
8           applicant may for each year elect to use either (1) the value  
9           of the services or activities listed in subsection (e) for the  
10          hospital year or (2) the average value of those services or  
11          activities for the 3 fiscal years ending with the hospital  
12          year. If the relevant hospital entity has been in operation for  
13          less than 3 completed fiscal years, then the latter  
14          calculation, if elected, shall be performed on a pro rata  
15          basis.

16          (e) For purposes of making the calculations required by  
17          this Section:

18                 (1) particular services or activities eligible for  
19                 consideration under any of the paragraphs (1) through (7)  
20                 of subsection (c) may not be counted under more than one of  
21                 those paragraphs; and

22                 (2) the amount of unreimbursed costs and the amount of  
23                 subsidy shall not be reduced by restricted or unrestricted  
24                 payments received by the relevant hospital entity as  
25                 contributions deductible under Section 170(a) of the  
26                 Internal Revenue Code.

1 (f) (Blank).

2 (g) Estimation of Exempt Property Tax Liability. The  
3 estimated property tax liability used for the determination in  
4 subsection (b) shall be calculated as follows:

5 (1) "Estimated property tax liability" means the  
6 estimated dollar amount of property tax that would be owed,  
7 with respect to the exempt portion of each of the relevant  
8 hospital entity's properties that are already fully or  
9 partially exempt, or for which an exemption in whole or in  
10 part is currently being sought, and then aggregated as  
11 applicable, as if the exempt portion of those properties  
12 were subject to tax, calculated with respect to each such  
13 property by multiplying:

14 (A) the lesser of (i) the actual assessed value, if  
15 any, of the portion of the property for which an  
16 exemption is sought or (ii) an estimated assessed value  
17 of the exempt portion of such property as determined in  
18 item (2) of this subsection (g), by

19 (B) the applicable State equalization rate  
20 (yielding the equalized assessed value), by

21 (C) the applicable tax rate.

22 (2) The estimated assessed value of the exempt portion  
23 of the property equals the sum of (i) the estimated fair  
24 market value of buildings on the property, as determined in  
25 accordance with subparagraphs (A) and (B) of this item (2),  
26 multiplied by the applicable assessment factor, and (ii)

1 the estimated assessed value of the land portion of the  
2 property, as determined in accordance with subparagraph  
3 (C).

4 (A) The "estimated fair market value of buildings  
5 on the property" means the replacement value of any  
6 exempt portion of buildings on the property, minus  
7 depreciation, determined utilizing the cost  
8 replacement method whereby the exempt square footage  
9 of all such buildings is multiplied by the replacement  
10 cost per square foot for Class A Average building found  
11 in the most recent edition of the Marshall & Swift  
12 Valuation Services Manual, adjusted by any appropriate  
13 current cost and local multipliers.

14 (B) Depreciation, for purposes of calculating the  
15 estimated fair market value of buildings on the  
16 property, is applied by utilizing a weighted mean life  
17 for the buildings based on original construction and  
18 assuming a 40-year life for hospital buildings and the  
19 applicable life for other types of buildings as  
20 specified in the American Hospital Association  
21 publication "Estimated Useful Lives of Depreciable  
22 Hospital Assets". In the case of hospital buildings,  
23 the remaining life is divided by 40 and this ratio is  
24 multiplied by the replacement cost of the buildings to  
25 obtain an estimated fair market value of buildings. If  
26 a hospital building is older than 35 years, a remaining



1 life of 5 years for residual value is assumed; and if a  
2 building is less than 8 years old, a remaining life of  
3 32 years is assumed.

4 (C) The estimated assessed value of the land  
5 portion of the property shall be determined by  
6 multiplying (i) the per square foot average of the  
7 assessed values of three parcels of land (not including  
8 farm land, and excluding the assessed value of the  
9 improvements thereon) reasonably comparable to the  
10 property, by (ii) the number of square feet comprising  
11 the exempt portion of the property's land square  
12 footage.

13 (3) The assessment factor, State equalization rate,  
14 and tax rate (including any special factors such as  
15 Enterprise Zones) used in calculating the estimated  
16 property tax liability shall be for the most recent year  
17 that is publicly available from the applicable chief county  
18 assessment officer or officers at least 90 days before the  
19 end of the hospital year.

20 (4) The method utilized to calculate estimated  
21 property tax liability for purposes of this Section 15-86  
22 shall not be utilized for the actual valuation, assessment,  
23 or taxation of property pursuant to the Property Tax Code.

24 (h) For the purpose of this Section, the following terms  
25 shall have the meanings set forth below:

26 (1) "Hospital" means any institution, place, building,

1 buildings on a campus, or other health care facility  
2 located in Illinois that is licensed under the Hospital  
3 Licensing Act and has a hospital owner.

4 (2) "Hospital owner" means a not-for-profit  
5 corporation that is the titleholder of a hospital, or the  
6 owner of the beneficial interest in an Illinois land trust  
7 that is the titleholder of a hospital.

8 (3) "Hospital affiliate" means any corporation,  
9 partnership, limited partnership, joint venture, limited  
10 liability company, association or other organization,  
11 other than a hospital owner, that directly or indirectly  
12 controls, is controlled by, or is under common control with  
13 one or more hospital owners and that supports, is supported  
14 by, or acts in furtherance of the exempt health care  
15 purposes of at least one of those hospital owners'  
16 hospitals.

17 (4) "Hospital system" means a hospital and one or more  
18 other hospitals or hospital affiliates related by common  
19 control or ownership.

20 (5) "Control" relating to hospital owners, hospital  
21 affiliates, or hospital systems means possession, direct  
22 or indirect, of the power to direct or cause the direction  
23 of the management and policies of the entity, whether  
24 through ownership of assets, membership interest, other  
25 voting or governance rights, by contract or otherwise.

26 (6) "Hospital applicant" means a hospital owner or

1 hospital affiliate that files an application for an  
2 exemption or renewal of exemption under this Section.

3 (7) "Relevant hospital entity" means (A) the hospital  
4 owner, in the case of a hospital applicant that is a  
5 hospital owner, and (B) at the election of a hospital  
6 applicant that is a hospital affiliate, either (i) the  
7 hospital affiliate or (ii) the hospital system to which the  
8 hospital applicant belongs, including any hospitals or  
9 hospital affiliates that are related by common control or  
10 ownership.

11 (8) "Subject property" means property used for the  
12 calculation under subsection (b) of this Section.

13 (9) "Hospital year" means the fiscal year of the  
14 relevant hospital entity, or the fiscal year of one of the  
15 hospital owners in the hospital system if the relevant  
16 hospital entity is a hospital system with members with  
17 different fiscal years, that ends in the year for which the  
18 exemption is sought.

19 (i) It is the intent of the General Assembly that any  
20 exemptions taken, granted, or renewed under this Section prior  
21 to the effective date of this amendatory Act of the 100th  
22 General Assembly are hereby validated.

23 (Source: P.A. 98-463, eff. 8-16-13; 99-143, eff. 7-27-15.)

24 Section 20. The Service Use Tax Act is amended by changing  
25 Section 3-8 as follows:

1 (35 ILCS 110/3-8)

2 Sec. 3-8. Hospital exemption.

3 (a) Until July 1, 2022, tangible ~~Tangible~~ personal property  
4 sold to or used by a hospital owner that owns one or more  
5 hospitals licensed under the Hospital Licensing Act or operated  
6 under the University of Illinois Hospital Act, or a hospital  
7 affiliate that is not already exempt under another provision of  
8 this Act and meets the criteria for an exemption under this  
9 Section, is exempt from taxation under this Act.

10 (b) A hospital owner or hospital affiliate satisfies the  
11 conditions for an exemption under this Section if the value of  
12 qualified services or activities listed in subsection (c) of  
13 this Section for the hospital year equals or exceeds the  
14 relevant hospital entity's estimated property tax liability,  
15 without regard to any property tax exemption granted under  
16 Section 15-86 of the Property Tax Code, for the calendar year  
17 in which exemption or renewal of exemption is sought. For  
18 purposes of making the calculations required by this subsection  
19 (b), if the relevant hospital entity is a hospital owner that  
20 owns more than one hospital, the value of the services or  
21 activities listed in subsection (c) shall be calculated on the  
22 basis of only those services and activities relating to the  
23 hospital that includes the subject property, and the relevant  
24 hospital entity's estimated property tax liability shall be  
25 calculated only with respect to the properties comprising that

1 hospital. In the case of a multi-state hospital system or  
2 hospital affiliate, the value of the services or activities  
3 listed in subsection (c) shall be calculated on the basis of  
4 only those services and activities that occur in Illinois and  
5 the relevant hospital entity's estimated property tax  
6 liability shall be calculated only with respect to its property  
7 located in Illinois.

8 (c) The following services and activities shall be  
9 considered for purposes of making the calculations required by  
10 subsection (b):

11 (1) Charity care. Free or discounted services provided  
12 pursuant to the relevant hospital entity's financial  
13 assistance policy, measured at cost, including discounts  
14 provided under the Hospital Uninsured Patient Discount  
15 Act.

16 (2) Health services to low-income and underserved  
17 individuals. Other unreimbursed costs of the relevant  
18 hospital entity for providing without charge, paying for,  
19 or subsidizing goods, activities, or services for the  
20 purpose of addressing the health of low-income or  
21 underserved individuals. Those activities or services may  
22 include, but are not limited to: financial or in-kind  
23 support to affiliated or unaffiliated hospitals, hospital  
24 affiliates, community clinics, or programs that treat  
25 low-income or underserved individuals; paying for or  
26 subsidizing health care professionals who care for

1 low-income or underserved individuals; providing or  
2 subsidizing outreach or educational services to low-income  
3 or underserved individuals for disease management and  
4 prevention; free or subsidized goods, supplies, or  
5 services needed by low-income or underserved individuals  
6 because of their medical condition; and prenatal or  
7 childbirth outreach to low-income or underserved persons.

8 (3) Subsidy of State or local governments. Direct or  
9 indirect financial or in-kind subsidies of State or local  
10 governments by the relevant hospital entity that pay for or  
11 subsidize activities or programs related to health care for  
12 low-income or underserved individuals.

13 (4) Support for State health care programs for  
14 low-income individuals. At the election of the hospital  
15 applicant for each applicable year, either (A) 10% of  
16 payments to the relevant hospital entity and any hospital  
17 affiliate designated by the relevant hospital entity  
18 (provided that such hospital affiliate's operations  
19 provide financial or operational support for or receive  
20 financial or operational support from the relevant  
21 hospital entity) under Medicaid or other means-tested  
22 programs, including, but not limited to, General  
23 Assistance, the Covering ALL KIDS Health Insurance Act, and  
24 the State Children's Health Insurance Program or (B) the  
25 amount of subsidy provided by the relevant hospital entity  
26 and any hospital affiliate designated by the relevant

1 hospital entity (provided that such hospital affiliate's  
2 operations provide financial or operational support for or  
3 receive financial or operational support from the relevant  
4 hospital entity) to State or local government in treating  
5 Medicaid recipients and recipients of means-tested  
6 programs, including but not limited to General Assistance,  
7 the Covering ALL KIDS Health Insurance Act, and the State  
8 Children's Health Insurance Program. The amount of subsidy  
9 for purposes of this item (4) is calculated in the same  
10 manner as unreimbursed costs are calculated for Medicaid  
11 and other means-tested government programs in the Schedule  
12 H of IRS Form 990 in effect on the effective date of this  
13 amendatory Act of the 97th General Assembly.

14 (5) Dual-eligible subsidy. The amount of subsidy  
15 provided to government by treating dual-eligible  
16 Medicare/Medicaid patients. The amount of subsidy for  
17 purposes of this item (5) is calculated by multiplying the  
18 relevant hospital entity's unreimbursed costs for  
19 Medicare, calculated in the same manner as determined in  
20 the Schedule H of IRS Form 990 in effect on the effective  
21 date of this amendatory Act of the 97th General Assembly,  
22 by the relevant hospital entity's ratio of dual-eligible  
23 patients to total Medicare patients.

24 (6) Relief of the burden of government related to  
25 health care. Except to the extent otherwise taken into  
26 account in this subsection, the portion of unreimbursed

1 costs of the relevant hospital entity attributable to  
2 providing, paying for, or subsidizing goods, activities,  
3 or services that relieve the burden of government related  
4 to health care for low-income individuals. Such activities  
5 or services shall include, but are not limited to,  
6 providing emergency, trauma, burn, neonatal, psychiatric,  
7 rehabilitation, or other special services; providing  
8 medical education; and conducting medical research or  
9 training of health care professionals. The portion of those  
10 unreimbursed costs attributable to benefiting low-income  
11 individuals shall be determined using the ratio calculated  
12 by adding the relevant hospital entity's costs  
13 attributable to charity care, Medicaid, other means-tested  
14 government programs, Medicare patients with disabilities  
15 under age 65, and dual-eligible Medicare/Medicaid patients  
16 and dividing that total by the relevant hospital entity's  
17 total costs. Such costs for the numerator and denominator  
18 shall be determined by multiplying gross charges by the  
19 cost to charge ratio taken from the hospital's most  
20 recently filed Medicare cost report (CMS 2252-10  
21 Worksheet, Part I). In the case of emergency services, the  
22 ratio shall be calculated using costs (gross charges  
23 multiplied by the cost to charge ratio taken from the  
24 hospital's most recently filed Medicare cost report (CMS  
25 2252-10 Worksheet, Part I)) of patients treated in the  
26 relevant hospital entity's emergency department.



1           (7) Any other activity by the relevant hospital entity  
2           that the Department determines relieves the burden of  
3           government or addresses the health of low-income or  
4           underserved individuals.

5           (d) The hospital applicant shall include information in its  
6           exemption application establishing that it satisfies the  
7           requirements of subsection (b). For purposes of making the  
8           calculations required by subsection (b), the hospital  
9           applicant may for each year elect to use either (1) the value  
10          of the services or activities listed in subsection (e) for the  
11          hospital year or (2) the average value of those services or  
12          activities for the 3 fiscal years ending with the hospital  
13          year. If the relevant hospital entity has been in operation for  
14          less than 3 completed fiscal years, then the latter  
15          calculation, if elected, shall be performed on a pro rata  
16          basis.

17          (e) For purposes of making the calculations required by  
18          this Section:

19               (1) particular services or activities eligible for  
20               consideration under any of the paragraphs (1) through (7)  
21               of subsection (c) may not be counted under more than one of  
22               those paragraphs; and

23               (2) the amount of unreimbursed costs and the amount of  
24               subsidy shall not be reduced by restricted or unrestricted  
25               payments received by the relevant hospital entity as  
26               contributions deductible under Section 170(a) of the

1 Internal Revenue Code.

2 (f) (Blank).

3 (g) Estimation of Exempt Property Tax Liability. The  
4 estimated property tax liability used for the determination in  
5 subsection (b) shall be calculated as follows:

6 (1) "Estimated property tax liability" means the  
7 estimated dollar amount of property tax that would be owed,  
8 with respect to the exempt portion of each of the relevant  
9 hospital entity's properties that are already fully or  
10 partially exempt, or for which an exemption in whole or in  
11 part is currently being sought, and then aggregated as  
12 applicable, as if the exempt portion of those properties  
13 were subject to tax, calculated with respect to each such  
14 property by multiplying:

15 (A) the lesser of (i) the actual assessed value, if  
16 any, of the portion of the property for which an  
17 exemption is sought or (ii) an estimated assessed value  
18 of the exempt portion of such property as determined in  
19 item (2) of this subsection (g), by

20 (B) the applicable State equalization rate  
21 (yielding the equalized assessed value), by

22 (C) the applicable tax rate.

23 (2) The estimated assessed value of the exempt portion  
24 of the property equals the sum of (i) the estimated fair  
25 market value of buildings on the property, as determined in  
26 accordance with subparagraphs (A) and (B) of this item (2),

1 multiplied by the applicable assessment factor, and (ii)  
2 the estimated assessed value of the land portion of the  
3 property, as determined in accordance with subparagraph  
4 (C).

5 (A) The "estimated fair market value of buildings  
6 on the property" means the replacement value of any  
7 exempt portion of buildings on the property, minus  
8 depreciation, determined utilizing the cost  
9 replacement method whereby the exempt square footage  
10 of all such buildings is multiplied by the replacement  
11 cost per square foot for Class A Average building found  
12 in the most recent edition of the Marshall & Swift  
13 Valuation Services Manual, adjusted by any appropriate  
14 current cost and local multipliers.

15 (B) Depreciation, for purposes of calculating the  
16 estimated fair market value of buildings on the  
17 property, is applied by utilizing a weighted mean life  
18 for the buildings based on original construction and  
19 assuming a 40-year life for hospital buildings and the  
20 applicable life for other types of buildings as  
21 specified in the American Hospital Association  
22 publication "Estimated Useful Lives of Depreciable  
23 Hospital Assets". In the case of hospital buildings,  
24 the remaining life is divided by 40 and this ratio is  
25 multiplied by the replacement cost of the buildings to  
26 obtain an estimated fair market value of buildings. If

1 a hospital building is older than 35 years, a remaining  
2 life of 5 years for residual value is assumed; and if a  
3 building is less than 8 years old, a remaining life of  
4 32 years is assumed.

5 (C) The estimated assessed value of the land  
6 portion of the property shall be determined by  
7 multiplying (i) the per square foot average of the  
8 assessed values of three parcels of land (not including  
9 farm land, and excluding the assessed value of the  
10 improvements thereon) reasonably comparable to the  
11 property, by (ii) the number of square feet comprising  
12 the exempt portion of the property's land square  
13 footage.

14 (3) The assessment factor, State equalization rate,  
15 and tax rate (including any special factors such as  
16 Enterprise Zones) used in calculating the estimated  
17 property tax liability shall be for the most recent year  
18 that is publicly available from the applicable chief county  
19 assessment officer or officers at least 90 days before the  
20 end of the hospital year.

21 (4) The method utilized to calculate estimated  
22 property tax liability for purposes of this Section 15-86  
23 shall not be utilized for the actual valuation, assessment,  
24 or taxation of property pursuant to the Property Tax Code.

25 (h) For the purpose of this Section, the following terms  
26 shall have the meanings set forth below:

1           (1) "Hospital" means any institution, place, building,  
2 buildings on a campus, or other health care facility  
3 located in Illinois that is licensed under the Hospital  
4 Licensing Act and has a hospital owner.

5           (2) "Hospital owner" means a not-for-profit  
6 corporation that is the titleholder of a hospital, or the  
7 owner of the beneficial interest in an Illinois land trust  
8 that is the titleholder of a hospital.

9           (3) "Hospital affiliate" means any corporation,  
10 partnership, limited partnership, joint venture, limited  
11 liability company, association or other organization,  
12 other than a hospital owner, that directly or indirectly  
13 controls, is controlled by, or is under common control with  
14 one or more hospital owners and that supports, is supported  
15 by, or acts in furtherance of the exempt health care  
16 purposes of at least one of those hospital owners'  
17 hospitals.

18           (4) "Hospital system" means a hospital and one or more  
19 other hospitals or hospital affiliates related by common  
20 control or ownership.

21           (5) "Control" relating to hospital owners, hospital  
22 affiliates, or hospital systems means possession, direct  
23 or indirect, of the power to direct or cause the direction  
24 of the management and policies of the entity, whether  
25 through ownership of assets, membership interest, other  
26 voting or governance rights, by contract or otherwise.

1           (6) "Hospital applicant" means a hospital owner or  
2 hospital affiliate that files an application for an  
3 exemption or renewal of exemption under this Section.

4           (7) "Relevant hospital entity" means (A) the hospital  
5 owner, in the case of a hospital applicant that is a  
6 hospital owner, and (B) at the election of a hospital  
7 applicant that is a hospital affiliate, either (i) the  
8 hospital affiliate or (ii) the hospital system to which the  
9 hospital applicant belongs, including any hospitals or  
10 hospital affiliates that are related by common control or  
11 ownership.

12           (8) "Subject property" means property used for the  
13 calculation under subsection (b) of this Section.

14           (9) "Hospital year" means the fiscal year of the  
15 relevant hospital entity, or the fiscal year of one of the  
16 hospital owners in the hospital system if the relevant  
17 hospital entity is a hospital system with members with  
18 different fiscal years, that ends in the year for which the  
19 exemption is sought.

20           (i) It is the intent of the General Assembly that any  
21 exemptions taken, granted, or renewed under this Section prior  
22 to the effective date of this amendatory Act of the 100th  
23 General Assembly are hereby validated.

24           (Source: P.A. 98-463, eff. 8-16-13; 99-143, eff. 7-27-15.)

25           Section 25. The Service Occupation Tax Act is amended by

1 changing Section 3-8 as follows:

2 (35 ILCS 115/3-8)

3 Sec. 3-8. Hospital exemption.

4 (a) Until July 1, 2022, tangible ~~Tangible~~ personal property  
5 sold to or used by a hospital owner that owns one or more  
6 hospitals licensed under the Hospital Licensing Act or operated  
7 under the University of Illinois Hospital Act, or a hospital  
8 affiliate that is not already exempt under another provision of  
9 this Act and meets the criteria for an exemption under this  
10 Section, is exempt from taxation under this Act.

11 (b) A hospital owner or hospital affiliate satisfies the  
12 conditions for an exemption under this Section if the value of  
13 qualified services or activities listed in subsection (c) of  
14 this Section for the hospital year equals or exceeds the  
15 relevant hospital entity's estimated property tax liability,  
16 without regard to any property tax exemption granted under  
17 Section 15-86 of the Property Tax Code, for the calendar year  
18 in which exemption or renewal of exemption is sought. For  
19 purposes of making the calculations required by this subsection  
20 (b), if the relevant hospital entity is a hospital owner that  
21 owns more than one hospital, the value of the services or  
22 activities listed in subsection (c) shall be calculated on the  
23 basis of only those services and activities relating to the  
24 hospital that includes the subject property, and the relevant  
25 hospital entity's estimated property tax liability shall be

1 calculated only with respect to the properties comprising that  
2 hospital. In the case of a multi-state hospital system or  
3 hospital affiliate, the value of the services or activities  
4 listed in subsection (c) shall be calculated on the basis of  
5 only those services and activities that occur in Illinois and  
6 the relevant hospital entity's estimated property tax  
7 liability shall be calculated only with respect to its property  
8 located in Illinois.

9 (c) The following services and activities shall be  
10 considered for purposes of making the calculations required by  
11 subsection (b):

12 (1) Charity care. Free or discounted services provided  
13 pursuant to the relevant hospital entity's financial  
14 assistance policy, measured at cost, including discounts  
15 provided under the Hospital Uninsured Patient Discount  
16 Act.

17 (2) Health services to low-income and underserved  
18 individuals. Other unreimbursed costs of the relevant  
19 hospital entity for providing without charge, paying for,  
20 or subsidizing goods, activities, or services for the  
21 purpose of addressing the health of low-income or  
22 underserved individuals. Those activities or services may  
23 include, but are not limited to: financial or in-kind  
24 support to affiliated or unaffiliated hospitals, hospital  
25 affiliates, community clinics, or programs that treat  
26 low-income or underserved individuals; paying for or



1 subsidizing health care professionals who care for  
2 low-income or underserved individuals; providing or  
3 subsidizing outreach or educational services to low-income  
4 or underserved individuals for disease management and  
5 prevention; free or subsidized goods, supplies, or  
6 services needed by low-income or underserved individuals  
7 because of their medical condition; and prenatal or  
8 childbirth outreach to low-income or underserved persons.

9 (3) Subsidy of State or local governments. Direct or  
10 indirect financial or in-kind subsidies of State or local  
11 governments by the relevant hospital entity that pay for or  
12 subsidize activities or programs related to health care for  
13 low-income or underserved individuals.

14 (4) Support for State health care programs for  
15 low-income individuals. At the election of the hospital  
16 applicant for each applicable year, either (A) 10% of  
17 payments to the relevant hospital entity and any hospital  
18 affiliate designated by the relevant hospital entity  
19 (provided that such hospital affiliate's operations  
20 provide financial or operational support for or receive  
21 financial or operational support from the relevant  
22 hospital entity) under Medicaid or other means-tested  
23 programs, including, but not limited to, General  
24 Assistance, the Covering ALL KIDS Health Insurance Act, and  
25 the State Children's Health Insurance Program or (B) the  
26 amount of subsidy provided by the relevant hospital entity

1 and any hospital affiliate designated by the relevant  
2 hospital entity (provided that such hospital affiliate's  
3 operations provide financial or operational support for or  
4 receive financial or operational support from the relevant  
5 hospital entity) to State or local government in treating  
6 Medicaid recipients and recipients of means-tested  
7 programs, including but not limited to General Assistance,  
8 the Covering ALL KIDS Health Insurance Act, and the State  
9 Children's Health Insurance Program. The amount of subsidy  
10 for purposes of this item (4) is calculated in the same  
11 manner as unreimbursed costs are calculated for Medicaid  
12 and other means-tested government programs in the Schedule  
13 H of IRS Form 990 in effect on the effective date of this  
14 amendatory Act of the 97th General Assembly.

15 (5) Dual-eligible subsidy. The amount of subsidy  
16 provided to government by treating dual-eligible  
17 Medicare/Medicaid patients. The amount of subsidy for  
18 purposes of this item (5) is calculated by multiplying the  
19 relevant hospital entity's unreimbursed costs for  
20 Medicare, calculated in the same manner as determined in  
21 the Schedule H of IRS Form 990 in effect on the effective  
22 date of this amendatory Act of the 97th General Assembly,  
23 by the relevant hospital entity's ratio of dual-eligible  
24 patients to total Medicare patients.

25 (6) Relief of the burden of government related to  
26 health care. Except to the extent otherwise taken into

1 account in this subsection, the portion of unreimbursed  
2 costs of the relevant hospital entity attributable to  
3 providing, paying for, or subsidizing goods, activities,  
4 or services that relieve the burden of government related  
5 to health care for low-income individuals. Such activities  
6 or services shall include, but are not limited to,  
7 providing emergency, trauma, burn, neonatal, psychiatric,  
8 rehabilitation, or other special services; providing  
9 medical education; and conducting medical research or  
10 training of health care professionals. The portion of those  
11 unreimbursed costs attributable to benefiting low-income  
12 individuals shall be determined using the ratio calculated  
13 by adding the relevant hospital entity's costs  
14 attributable to charity care, Medicaid, other means-tested  
15 government programs, Medicare patients with disabilities  
16 under age 65, and dual-eligible Medicare/Medicaid patients  
17 and dividing that total by the relevant hospital entity's  
18 total costs. Such costs for the numerator and denominator  
19 shall be determined by multiplying gross charges by the  
20 cost to charge ratio taken from the hospital's most  
21 recently filed Medicare cost report (CMS 2252-10  
22 Worksheet, Part I). In the case of emergency services, the  
23 ratio shall be calculated using costs (gross charges  
24 multiplied by the cost to charge ratio taken from the  
25 hospital's most recently filed Medicare cost report (CMS  
26 2252-10 Worksheet, Part I)) of patients treated in the

1 relevant hospital entity's emergency department.

2 (7) Any other activity by the relevant hospital entity  
3 that the Department determines relieves the burden of  
4 government or addresses the health of low-income or  
5 underserved individuals.

6 (d) The hospital applicant shall include information in its  
7 exemption application establishing that it satisfies the  
8 requirements of subsection (b). For purposes of making the  
9 calculations required by subsection (b), the hospital  
10 applicant may for each year elect to use either (1) the value  
11 of the services or activities listed in subsection (e) for the  
12 hospital year or (2) the average value of those services or  
13 activities for the 3 fiscal years ending with the hospital  
14 year. If the relevant hospital entity has been in operation for  
15 less than 3 completed fiscal years, then the latter  
16 calculation, if elected, shall be performed on a pro rata  
17 basis.

18 (e) For purposes of making the calculations required by  
19 this Section:

20 (1) particular services or activities eligible for  
21 consideration under any of the paragraphs (1) through (7)  
22 of subsection (c) may not be counted under more than one of  
23 those paragraphs; and

24 (2) the amount of unreimbursed costs and the amount of  
25 subsidy shall not be reduced by restricted or unrestricted  
26 payments received by the relevant hospital entity as

1 contributions deductible under Section 170(a) of the  
2 Internal Revenue Code.

3 (f) (Blank).

4 (g) Estimation of Exempt Property Tax Liability. The  
5 estimated property tax liability used for the determination in  
6 subsection (b) shall be calculated as follows:

7 (1) "Estimated property tax liability" means the  
8 estimated dollar amount of property tax that would be owed,  
9 with respect to the exempt portion of each of the relevant  
10 hospital entity's properties that are already fully or  
11 partially exempt, or for which an exemption in whole or in  
12 part is currently being sought, and then aggregated as  
13 applicable, as if the exempt portion of those properties  
14 were subject to tax, calculated with respect to each such  
15 property by multiplying:

16 (A) the lesser of (i) the actual assessed value, if  
17 any, of the portion of the property for which an  
18 exemption is sought or (ii) an estimated assessed value  
19 of the exempt portion of such property as determined in  
20 item (2) of this subsection (g), by

21 (B) the applicable State equalization rate  
22 (yielding the equalized assessed value), by

23 (C) the applicable tax rate.

24 (2) The estimated assessed value of the exempt portion  
25 of the property equals the sum of (i) the estimated fair  
26 market value of buildings on the property, as determined in

1           accordance with subparagraphs (A) and (B) of this item (2),  
2           multiplied by the applicable assessment factor, and (ii)  
3           the estimated assessed value of the land portion of the  
4           property, as determined in accordance with subparagraph  
5           (C).

6                   (A) The "estimated fair market value of buildings  
7                   on the property" means the replacement value of any  
8                   exempt portion of buildings on the property, minus  
9                   depreciation, determined utilizing the cost  
10                  replacement method whereby the exempt square footage  
11                  of all such buildings is multiplied by the replacement  
12                  cost per square foot for Class A Average building found  
13                  in the most recent edition of the Marshall & Swift  
14                  Valuation Services Manual, adjusted by any appropriate  
15                  current cost and local multipliers.

16                  (B) Depreciation, for purposes of calculating the  
17                  estimated fair market value of buildings on the  
18                  property, is applied by utilizing a weighted mean life  
19                  for the buildings based on original construction and  
20                  assuming a 40-year life for hospital buildings and the  
21                  applicable life for other types of buildings as  
22                  specified in the American Hospital Association  
23                  publication "Estimated Useful Lives of Depreciable  
24                  Hospital Assets". In the case of hospital buildings,  
25                  the remaining life is divided by 40 and this ratio is  
26                  multiplied by the replacement cost of the buildings to

1 obtain an estimated fair market value of buildings. If  
2 a hospital building is older than 35 years, a remaining  
3 life of 5 years for residual value is assumed; and if a  
4 building is less than 8 years old, a remaining life of  
5 32 years is assumed.

6 (C) The estimated assessed value of the land  
7 portion of the property shall be determined by  
8 multiplying (i) the per square foot average of the  
9 assessed values of three parcels of land (not including  
10 farm land, and excluding the assessed value of the  
11 improvements thereon) reasonably comparable to the  
12 property, by (ii) the number of square feet comprising  
13 the exempt portion of the property's land square  
14 footage.

15 (3) The assessment factor, State equalization rate,  
16 and tax rate (including any special factors such as  
17 Enterprise Zones) used in calculating the estimated  
18 property tax liability shall be for the most recent year  
19 that is publicly available from the applicable chief county  
20 assessment officer or officers at least 90 days before the  
21 end of the hospital year.

22 (4) The method utilized to calculate estimated  
23 property tax liability for purposes of this Section 15-86  
24 shall not be utilized for the actual valuation, assessment,  
25 or taxation of property pursuant to the Property Tax Code.

26 (h) For the purpose of this Section, the following terms

1 shall have the meanings set forth below:

2 (1) "Hospital" means any institution, place, building,  
3 buildings on a campus, or other health care facility  
4 located in Illinois that is licensed under the Hospital  
5 Licensing Act and has a hospital owner.

6 (2) "Hospital owner" means a not-for-profit  
7 corporation that is the titleholder of a hospital, or the  
8 owner of the beneficial interest in an Illinois land trust  
9 that is the titleholder of a hospital.

10 (3) "Hospital affiliate" means any corporation,  
11 partnership, limited partnership, joint venture, limited  
12 liability company, association or other organization,  
13 other than a hospital owner, that directly or indirectly  
14 controls, is controlled by, or is under common control with  
15 one or more hospital owners and that supports, is supported  
16 by, or acts in furtherance of the exempt health care  
17 purposes of at least one of those hospital owners'  
18 hospitals.

19 (4) "Hospital system" means a hospital and one or more  
20 other hospitals or hospital affiliates related by common  
21 control or ownership.

22 (5) "Control" relating to hospital owners, hospital  
23 affiliates, or hospital systems means possession, direct  
24 or indirect, of the power to direct or cause the direction  
25 of the management and policies of the entity, whether  
26 through ownership of assets, membership interest, other



1 voting or governance rights, by contract or otherwise.

2 (6) "Hospital applicant" means a hospital owner or  
3 hospital affiliate that files an application for an  
4 exemption or renewal of exemption under this Section.

5 (7) "Relevant hospital entity" means (A) the hospital  
6 owner, in the case of a hospital applicant that is a  
7 hospital owner, and (B) at the election of a hospital  
8 applicant that is a hospital affiliate, either (i) the  
9 hospital affiliate or (ii) the hospital system to which the  
10 hospital applicant belongs, including any hospitals or  
11 hospital affiliates that are related by common control or  
12 ownership.

13 (8) "Subject property" means property used for the  
14 calculation under subsection (b) of this Section.

15 (9) "Hospital year" means the fiscal year of the  
16 relevant hospital entity, or the fiscal year of one of the  
17 hospital owners in the hospital system if the relevant  
18 hospital entity is a hospital system with members with  
19 different fiscal years, that ends in the year for which the  
20 exemption is sought.

21 (i) It is the intent of the General Assembly that any  
22 exemptions taken, granted, or renewed under this Section prior  
23 to the effective date of this amendatory Act of the 100th  
24 General Assembly are hereby validated.

25 (Source: P.A. 98-463, eff. 8-16-13; 99-143, eff. 7-27-15.)

1 Section 30. The Retailers' Occupation Tax Act is amended by  
2 changing Section 2-9 as follows:

3 (35 ILCS 120/2-9)

4 Sec. 2-9. Hospital exemption.

5 (a) Until July 1, 2022, tangible ~~Tangible~~ personal property  
6 sold to or used by a hospital owner that owns one or more  
7 hospitals licensed under the Hospital Licensing Act or operated  
8 under the University of Illinois Hospital Act, or a hospital  
9 affiliate that is not already exempt under another provision of  
10 this Act and meets the criteria for an exemption under this  
11 Section, is exempt from taxation under this Act.

12 (b) A hospital owner or hospital affiliate satisfies the  
13 conditions for an exemption under this Section if the value of  
14 qualified services or activities listed in subsection (c) of  
15 this Section for the hospital year equals or exceeds the  
16 relevant hospital entity's estimated property tax liability,  
17 without regard to any property tax exemption granted under  
18 Section 15-86 of the Property Tax Code, for the calendar year  
19 in which exemption or renewal of exemption is sought. For  
20 purposes of making the calculations required by this subsection  
21 (b), if the relevant hospital entity is a hospital owner that  
22 owns more than one hospital, the value of the services or  
23 activities listed in subsection (c) shall be calculated on the  
24 basis of only those services and activities relating to the  
25 hospital that includes the subject property, and the relevant

1 hospital entity's estimated property tax liability shall be  
2 calculated only with respect to the properties comprising that  
3 hospital. In the case of a multi-state hospital system or  
4 hospital affiliate, the value of the services or activities  
5 listed in subsection (c) shall be calculated on the basis of  
6 only those services and activities that occur in Illinois and  
7 the relevant hospital entity's estimated property tax  
8 liability shall be calculated only with respect to its property  
9 located in Illinois.

10 (c) The following services and activities shall be  
11 considered for purposes of making the calculations required by  
12 subsection (b):

13 (1) Charity care. Free or discounted services provided  
14 pursuant to the relevant hospital entity's financial  
15 assistance policy, measured at cost, including discounts  
16 provided under the Hospital Uninsured Patient Discount  
17 Act.

18 (2) Health services to low-income and underserved  
19 individuals. Other unreimbursed costs of the relevant  
20 hospital entity for providing without charge, paying for,  
21 or subsidizing goods, activities, or services for the  
22 purpose of addressing the health of low-income or  
23 underserved individuals. Those activities or services may  
24 include, but are not limited to: financial or in-kind  
25 support to affiliated or unaffiliated hospitals, hospital  
26 affiliates, community clinics, or programs that treat

1 low-income or underserved individuals; paying for or  
2 subsidizing health care professionals who care for  
3 low-income or underserved individuals; providing or  
4 subsidizing outreach or educational services to low-income  
5 or underserved individuals for disease management and  
6 prevention; free or subsidized goods, supplies, or  
7 services needed by low-income or underserved individuals  
8 because of their medical condition; and prenatal or  
9 childbirth outreach to low-income or underserved persons.

10 (3) Subsidy of State or local governments. Direct or  
11 indirect financial or in-kind subsidies of State or local  
12 governments by the relevant hospital entity that pay for or  
13 subsidize activities or programs related to health care for  
14 low-income or underserved individuals.

15 (4) Support for State health care programs for  
16 low-income individuals. At the election of the hospital  
17 applicant for each applicable year, either (A) 10% of  
18 payments to the relevant hospital entity and any hospital  
19 affiliate designated by the relevant hospital entity  
20 (provided that such hospital affiliate's operations  
21 provide financial or operational support for or receive  
22 financial or operational support from the relevant  
23 hospital entity) under Medicaid or other means-tested  
24 programs, including, but not limited to, General  
25 Assistance, the Covering ALL KIDS Health Insurance Act, and  
26 the State Children's Health Insurance Program or (B) the

1 amount of subsidy provided by the relevant hospital entity  
2 and any hospital affiliate designated by the relevant  
3 hospital entity (provided that such hospital affiliate's  
4 operations provide financial or operational support for or  
5 receive financial or operational support from the relevant  
6 hospital entity) to State or local government in treating  
7 Medicaid recipients and recipients of means-tested  
8 programs, including but not limited to General Assistance,  
9 the Covering ALL KIDS Health Insurance Act, and the State  
10 Children's Health Insurance Program. The amount of subsidy  
11 for purposes of this item (4) is calculated in the same  
12 manner as unreimbursed costs are calculated for Medicaid  
13 and other means-tested government programs in the Schedule  
14 H of IRS Form 990 in effect on the effective date of this  
15 amendatory Act of the 97th General Assembly.

16 (5) Dual-eligible subsidy. The amount of subsidy  
17 provided to government by treating dual-eligible  
18 Medicare/Medicaid patients. The amount of subsidy for  
19 purposes of this item (5) is calculated by multiplying the  
20 relevant hospital entity's unreimbursed costs for  
21 Medicare, calculated in the same manner as determined in  
22 the Schedule H of IRS Form 990 in effect on the effective  
23 date of this amendatory Act of the 97th General Assembly,  
24 by the relevant hospital entity's ratio of dual-eligible  
25 patients to total Medicare patients.

26 (6) Relief of the burden of government related to

1 health care. Except to the extent otherwise taken into  
2 account in this subsection, the portion of unreimbursed  
3 costs of the relevant hospital entity attributable to  
4 providing, paying for, or subsidizing goods, activities,  
5 or services that relieve the burden of government related  
6 to health care for low-income individuals. Such activities  
7 or services shall include, but are not limited to,  
8 providing emergency, trauma, burn, neonatal, psychiatric,  
9 rehabilitation, or other special services; providing  
10 medical education; and conducting medical research or  
11 training of health care professionals. The portion of those  
12 unreimbursed costs attributable to benefiting low-income  
13 individuals shall be determined using the ratio calculated  
14 by adding the relevant hospital entity's costs  
15 attributable to charity care, Medicaid, other means-tested  
16 government programs, Medicare patients with disabilities  
17 under age 65, and dual-eligible Medicare/Medicaid patients  
18 and dividing that total by the relevant hospital entity's  
19 total costs. Such costs for the numerator and denominator  
20 shall be determined by multiplying gross charges by the  
21 cost to charge ratio taken from the hospital's most  
22 recently filed Medicare cost report (CMS 2252-10  
23 Worksheet, Part I). In the case of emergency services, the  
24 ratio shall be calculated using costs (gross charges  
25 multiplied by the cost to charge ratio taken from the  
26 hospital's most recently filed Medicare cost report (CMS

1 2252-10 Worksheet, Part I)) of patients treated in the  
2 relevant hospital entity's emergency department.

3 (7) Any other activity by the relevant hospital entity  
4 that the Department determines relieves the burden of  
5 government or addresses the health of low-income or  
6 underserved individuals.

7 (d) The hospital applicant shall include information in its  
8 exemption application establishing that it satisfies the  
9 requirements of subsection (b). For purposes of making the  
10 calculations required by subsection (b), the hospital  
11 applicant may for each year elect to use either (1) the value  
12 of the services or activities listed in subsection (e) for the  
13 hospital year or (2) the average value of those services or  
14 activities for the 3 fiscal years ending with the hospital  
15 year. If the relevant hospital entity has been in operation for  
16 less than 3 completed fiscal years, then the latter  
17 calculation, if elected, shall be performed on a pro rata  
18 basis.

19 (e) For purposes of making the calculations required by  
20 this Section:

21 (1) particular services or activities eligible for  
22 consideration under any of the paragraphs (1) through (7)  
23 of subsection (c) may not be counted under more than one of  
24 those paragraphs; and

25 (2) the amount of unreimbursed costs and the amount of  
26 subsidy shall not be reduced by restricted or unrestricted

1 payments received by the relevant hospital entity as  
2 contributions deductible under Section 170(a) of the  
3 Internal Revenue Code.

4 (f) (Blank).

5 (g) Estimation of Exempt Property Tax Liability. The  
6 estimated property tax liability used for the determination in  
7 subsection (b) shall be calculated as follows:

8 (1) "Estimated property tax liability" means the  
9 estimated dollar amount of property tax that would be owed,  
10 with respect to the exempt portion of each of the relevant  
11 hospital entity's properties that are already fully or  
12 partially exempt, or for which an exemption in whole or in  
13 part is currently being sought, and then aggregated as  
14 applicable, as if the exempt portion of those properties  
15 were subject to tax, calculated with respect to each such  
16 property by multiplying:

17 (A) the lesser of (i) the actual assessed value, if  
18 any, of the portion of the property for which an  
19 exemption is sought or (ii) an estimated assessed value  
20 of the exempt portion of such property as determined in  
21 item (2) of this subsection (g), by

22 (B) the applicable State equalization rate  
23 (yielding the equalized assessed value), by

24 (C) the applicable tax rate.

25 (2) The estimated assessed value of the exempt portion  
26 of the property equals the sum of (i) the estimated fair



1 market value of buildings on the property, as determined in  
2 accordance with subparagraphs (A) and (B) of this item (2),  
3 multiplied by the applicable assessment factor, and (ii)  
4 the estimated assessed value of the land portion of the  
5 property, as determined in accordance with subparagraph  
6 (C).

7 (A) The "estimated fair market value of buildings  
8 on the property" means the replacement value of any  
9 exempt portion of buildings on the property, minus  
10 depreciation, determined utilizing the cost  
11 replacement method whereby the exempt square footage  
12 of all such buildings is multiplied by the replacement  
13 cost per square foot for Class A Average building found  
14 in the most recent edition of the Marshall & Swift  
15 Valuation Services Manual, adjusted by any appropriate  
16 current cost and local multipliers.

17 (B) Depreciation, for purposes of calculating the  
18 estimated fair market value of buildings on the  
19 property, is applied by utilizing a weighted mean life  
20 for the buildings based on original construction and  
21 assuming a 40-year life for hospital buildings and the  
22 applicable life for other types of buildings as  
23 specified in the American Hospital Association  
24 publication "Estimated Useful Lives of Depreciable  
25 Hospital Assets". In the case of hospital buildings,  
26 the remaining life is divided by 40 and this ratio is

1 multiplied by the replacement cost of the buildings to  
2 obtain an estimated fair market value of buildings. If  
3 a hospital building is older than 35 years, a remaining  
4 life of 5 years for residual value is assumed; and if a  
5 building is less than 8 years old, a remaining life of  
6 32 years is assumed.

7 (C) The estimated assessed value of the land  
8 portion of the property shall be determined by  
9 multiplying (i) the per square foot average of the  
10 assessed values of three parcels of land (not including  
11 farm land, and excluding the assessed value of the  
12 improvements thereon) reasonably comparable to the  
13 property, by (ii) the number of square feet comprising  
14 the exempt portion of the property's land square  
15 footage.

16 (3) The assessment factor, State equalization rate,  
17 and tax rate (including any special factors such as  
18 Enterprise Zones) used in calculating the estimated  
19 property tax liability shall be for the most recent year  
20 that is publicly available from the applicable chief county  
21 assessment officer or officers at least 90 days before the  
22 end of the hospital year.

23 (4) The method utilized to calculate estimated  
24 property tax liability for purposes of this Section 15-86  
25 shall not be utilized for the actual valuation, assessment,  
26 or taxation of property pursuant to the Property Tax Code.

1 (h) For the purpose of this Section, the following terms  
2 shall have the meanings set forth below:

3 (1) "Hospital" means any institution, place, building,  
4 buildings on a campus, or other health care facility  
5 located in Illinois that is licensed under the Hospital  
6 Licensing Act and has a hospital owner.

7 (2) "Hospital owner" means a not-for-profit  
8 corporation that is the titleholder of a hospital, or the  
9 owner of the beneficial interest in an Illinois land trust  
10 that is the titleholder of a hospital.

11 (3) "Hospital affiliate" means any corporation,  
12 partnership, limited partnership, joint venture, limited  
13 liability company, association or other organization,  
14 other than a hospital owner, that directly or indirectly  
15 controls, is controlled by, or is under common control with  
16 one or more hospital owners and that supports, is supported  
17 by, or acts in furtherance of the exempt health care  
18 purposes of at least one of those hospital owners'  
19 hospitals.

20 (4) "Hospital system" means a hospital and one or more  
21 other hospitals or hospital affiliates related by common  
22 control or ownership.

23 (5) "Control" relating to hospital owners, hospital  
24 affiliates, or hospital systems means possession, direct  
25 or indirect, of the power to direct or cause the direction  
26 of the management and policies of the entity, whether

1 through ownership of assets, membership interest, other  
2 voting or governance rights, by contract or otherwise.

3 (6) "Hospital applicant" means a hospital owner or  
4 hospital affiliate that files an application for an  
5 exemption or renewal of exemption under this Section.

6 (7) "Relevant hospital entity" means (A) the hospital  
7 owner, in the case of a hospital applicant that is a  
8 hospital owner, and (B) at the election of a hospital  
9 applicant that is a hospital affiliate, either (i) the  
10 hospital affiliate or (ii) the hospital system to which the  
11 hospital applicant belongs, including any hospitals or  
12 hospital affiliates that are related by common control or  
13 ownership.

14 (8) "Subject property" means property used for the  
15 calculation under subsection (b) of this Section.

16 (9) "Hospital year" means the fiscal year of the  
17 relevant hospital entity, or the fiscal year of one of the  
18 hospital owners in the hospital system if the relevant  
19 hospital entity is a hospital system with members with  
20 different fiscal years, that ends in the year for which the  
21 exemption is sought.

22 (i) It is the intent of the General Assembly that any  
23 exemptions taken, granted, or renewed under this Section prior  
24 to the effective date of this amendatory Act of the 100th  
25 General Assembly are hereby validated.

26 (Source: P.A. 98-463, eff. 8-16-13; 99-143, eff. 7-27-15.)

1           Section 35. The Specialized Mental Health Rehabilitation  
2 Act of 2013 is amended by changing Sections 2-101 and 4-102 as  
3 follows:

4           (210 ILCS 49/2-101)

5           Sec. 2-101. Standards for facilities.

6           (a) The Department shall, by rule, prescribe minimum  
7 standards for each level of care for facilities to be in place  
8 during the provisional licensure period and thereafter. These  
9 standards shall include, but are not limited to, the following:

10           (1) life safety standards that will ensure the health,  
11 safety and welfare of residents and their protection from  
12 hazards;

13           (2) number and qualifications of all personnel,  
14 including management and clinical personnel, having  
15 responsibility for any part of the care given to consumers;  
16 specifically, the Department shall establish staffing  
17 ratios for facilities which shall specify the number of  
18 staff hours per consumer of care that are needed for each  
19 level of care offered within the facility;

20           (3) all sanitary conditions within the facility and its  
21 surroundings, including water supply, sewage disposal,  
22 food handling, and general hygiene which shall ensure the  
23 health and comfort of consumers;

24           (4) a program for adequate maintenance of physical

1 plant and equipment;

2 (5) adequate accommodations, staff, and services for  
3 the number and types of services being offered to consumers  
4 for whom the facility is licensed to care;

5 (6) development of evacuation and other appropriate  
6 safety plans for use during weather, health, fire, physical  
7 plant, environmental, and national defense emergencies;

8 (7) maintenance of minimum financial or other  
9 resources necessary to meet the standards established  
10 under this Section, and to operate and conduct the facility  
11 in accordance with this Act; and

12 (8) standards for coercive free environment,  
13 restraint, and therapeutic separation.

14 (b) Any requirement contained in administrative rule  
15 concerning a percentage of single occupancy rooms shall be  
16 calculated based on the total number of licensed or  
17 provisionally licensed beds under this Act on January 1, 2019  
18 and shall not be calculated on a per-facility basis.

19 (Source: P.A. 98-104, eff. 7-22-13.)

20 (210 ILCS 49/4-102)

21 Sec. 4-102. Necessity of license. No person may establish,  
22 operate, maintain, offer, or advertise a facility within this  
23 State unless and until he or she obtains a valid license  
24 therefor as hereinafter provided, which license remains  
25 unsuspended, unrevoked, and unexpired. No public official or

1 employee may place any person in, or recommend that any person  
2 be in, or directly or indirectly cause any person to be placed  
3 in any facility that is being operated without a valid license.  
4 All licenses and licensing procedures established under  
5 Article III of the Nursing Home Care Act, except those  
6 contained in Section 3-202, shall be deemed valid under this  
7 Act until the Department establishes licensure. The Department  
8 is granted the authority under this Act to establish  
9 provisional licensure and licensing procedures under this Act  
10 by emergency rule and shall do so within 120 days of the  
11 effective date of this Act. The Department shall not grant a  
12 provisional license to any facility that does not possess a  
13 provisional license on November 30, 2018 and is licensed under  
14 the Nursing Home Care Act on or before November 30, 2018. The  
15 Department shall not grant a license to any facility that has  
16 not first received a provisional license. The changes made by  
17 this amendatory Act of the 100th General Assembly do not apply  
18 to the provisions of subsection (c) of Section 1-101.5  
19 concerning facility closure and relocation.

20 (Source: P.A. 98-104, eff. 7-22-13.)

21 Section 40. The Illinois Public Aid Code is amended by  
22 changing Sections 5-5.07, 5A-4, 5A-13, and 14-12 as follows:

23 (305 ILCS 5/5-5.07)

24 (Section scheduled to be repealed on January 27, 2019)

1           Sec. 5-5.07. Inpatient psychiatric stay; DCFS per diem  
2 rate. The Department of Children and Family Services shall pay  
3 the DCFS per diem rate for inpatient psychiatric stay at a  
4 free-standing psychiatric hospital effective the 11th day when  
5 a child is in the hospital beyond medical necessity, and the  
6 parent or caregiver has denied the child access to the home and  
7 has refused or failed to make provisions for another living  
8 arrangement for the child or the child's discharge is being  
9 delayed due to a pending inquiry or investigation by the  
10 Department of Children and Family Services. This Section is  
11 repealed on July 1, 2019 ~~6 months after the effective date of~~  
12 ~~this amendatory Act of the 100th General Assembly.~~

13           (Source: P.A. 100-646, eff. 7-27-18.)

14           (305 ILCS 5/5A-4) (from Ch. 23, par. 5A-4)

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

16           (a) The assessment imposed by Section 5A-2 for State fiscal  
17 year 2009 through State fiscal year 2018 or as provided in  
18 Section 5A-16, shall be due and payable in monthly  
19 installments, each equaling one-twelfth of the assessment for  
20 the year, on the fourteenth State business day of each month.  
21 No installment payment of an assessment imposed by Section 5A-2  
22 shall be due and payable, however, until after the Comptroller  
23 has issued the payments required under this Article.

24           Except as provided in subsection (a-5) of this Section, the  
25 assessment imposed by subsection (b-5) of Section 5A-2 for the



1 portion of State fiscal year 2012 beginning June 10, 2012  
2 through June 30, 2012, and for State fiscal year 2013 through  
3 State fiscal year 2018 or as provided in Section 5A-16, shall  
4 be due and payable in monthly installments, each equaling  
5 one-twelfth of the assessment for the year, on the 17th ~~14th~~  
6 State business day of each month. No installment payment of an  
7 assessment imposed by subsection (b-5) of Section 5A-2 shall be  
8 due and payable, however, until after: (i) the Department  
9 notifies the hospital provider, in writing, that the payment  
10 methodologies to hospitals required under Section 5A-12.4,  
11 have been approved by the Centers for Medicare and Medicaid  
12 Services of the U.S. Department of Health and Human Services,  
13 and the waiver under 42 CFR 433.68 for the assessment imposed  
14 by subsection (b-5) of Section 5A-2, if necessary, has been  
15 granted by the Centers for Medicare and Medicaid Services of  
16 the U.S. Department of Health and Human Services; and (ii) the  
17 Comptroller has issued the payments required under Section  
18 5A-12.4. Upon notification to the Department of approval of the  
19 payment methodologies required under Section 5A-12.4 and the  
20 waiver granted under 42 CFR 433.68, if necessary, all  
21 installments otherwise due under subsection (b-5) of Section  
22 5A-2 prior to the date of notification shall be due and payable  
23 to the Department upon written direction from the Department  
24 and issuance by the Comptroller of the payments required under  
25 Section 5A-12.4.

26 Except as provided in subsection (a-5) of this Section, the

1 assessment imposed under Section 5A-2 for State fiscal year  
2 2019 and each subsequent State fiscal year shall be due and  
3 payable in monthly installments, each equaling one-twelfth of  
4 the assessment for the year, on the 14th State business day of  
5 each month. No installment payment of an assessment imposed by  
6 Section 5A-2 shall be due and payable, however, until after:  
7 (i) the Department notifies the hospital provider, in writing,  
8 that the payment methodologies to hospitals required under  
9 Section 5A-12.6 have been approved by the Centers for Medicare  
10 and Medicaid Services of the U.S. Department of Health and  
11 Human Services, and the waiver under 42 CFR 433.68 for the  
12 assessment imposed by Section 5A-2, if necessary, has been  
13 granted by the Centers for Medicare and Medicaid Services of  
14 the U.S. Department of Health and Human Services; and (ii) the  
15 Comptroller has issued the payments required under Section  
16 5A-12.6. Upon notification to the Department of approval of the  
17 payment methodologies required under Section 5A-12.6 and the  
18 waiver granted under 42 CFR 433.68, if necessary, all  
19 installments otherwise due under Section 5A-2 prior to the date  
20 of notification shall be due and payable to the Department upon  
21 written direction from the Department and issuance by the  
22 Comptroller of the payments required under Section 5A-12.6.

23 (a-5) The Illinois Department may accelerate the schedule  
24 upon which assessment installments are due and payable by  
25 hospitals with a payment ratio greater than or equal to one.  
26 Such acceleration of due dates for payment of the assessment

1 may be made only in conjunction with a corresponding  
2 acceleration in access payments identified in Section 5A-12.2,  
3 Section 5A-12.4, or Section 5A-12.6 to the same hospitals. For  
4 the purposes of this subsection (a-5), a hospital's payment  
5 ratio is defined as the quotient obtained by dividing the total  
6 payments for the State fiscal year, as authorized under Section  
7 5A-12.2, Section 5A-12.4, or Section 5A-12.6, by the total  
8 assessment for the State fiscal year imposed under Section 5A-2  
9 or subsection (b-5) of Section 5A-2.

10 (b) The Illinois Department is authorized to establish  
11 delayed payment schedules for hospital providers that are  
12 unable to make installment payments when due under this Section  
13 due to financial difficulties, as determined by the Illinois  
14 Department.

15 (c) If a hospital provider fails to pay the full amount of  
16 an installment when due (including any extensions granted under  
17 subsection (b)), there shall, unless waived by the Illinois  
18 Department for reasonable cause, be added to the assessment  
19 imposed by Section 5A-2 a penalty assessment equal to the  
20 lesser of (i) 5% of the amount of the installment not paid on  
21 or before the due date plus 5% of the portion thereof remaining  
22 unpaid on the last day of each 30-day period thereafter or (ii)  
23 100% of the installment amount not paid on or before the due  
24 date. For purposes of this subsection, payments will be  
25 credited first to unpaid installment amounts (rather than to  
26 penalty or interest), beginning with the most delinquent

1 installments.

2 (d) Any assessment amount that is due and payable to the  
3 Illinois Department more frequently than once per calendar  
4 quarter shall be remitted to the Illinois Department by the  
5 hospital provider by means of electronic funds transfer. The  
6 Illinois Department may provide for remittance by other means  
7 if (i) the amount due is less than \$10,000 or (ii) electronic  
8 funds transfer is unavailable for this purpose.

9 (Source: P.A. 100-581, eff. 3-12-18.)

10 (305 ILCS 5/5A-13)

11 Sec. 5A-13. Emergency rulemaking.

12 (a) The Department of Healthcare and Family Services  
13 (formerly Department of Public Aid) may adopt rules necessary  
14 to implement this amendatory Act of the 94th General Assembly  
15 through the use of emergency rulemaking in accordance with  
16 Section 5-45 of the Illinois Administrative Procedure Act. For  
17 purposes of that Act, the General Assembly finds that the  
18 adoption of rules to implement this amendatory Act of the 94th  
19 General Assembly is deemed an emergency and necessary for the  
20 public interest, safety, and welfare.

21 (b) The Department of Healthcare and Family Services may  
22 adopt rules necessary to implement this amendatory Act of the  
23 97th General Assembly through the use of emergency rulemaking  
24 in accordance with Section 5-45 of the Illinois Administrative  
25 Procedure Act. For purposes of that Act, the General Assembly

1 finds that the adoption of rules to implement this amendatory  
2 Act of the 97th General Assembly is deemed an emergency and  
3 necessary for the public interest, safety, and welfare.

4 (c) The Department of Healthcare and Family Services may  
5 adopt rules necessary to initially implement the changes to  
6 Articles 5, 5A, 12, and 14 of this Code under this amendatory  
7 Act of the 100th General Assembly through the use of emergency  
8 rulemaking in accordance with subsection (aa) of Section 5-45  
9 of the Illinois Administrative Procedure Act. For purposes of  
10 that Act, the General Assembly finds that the adoption of rules  
11 to implement the changes to Articles 5, 5A, 12, and 14 of this  
12 Code under this amendatory Act of the 100th General Assembly is  
13 deemed an emergency and necessary for the public interest,  
14 safety, and welfare. The 24-month limitation on the adoption of  
15 emergency rules does not apply to rules adopted to initially  
16 implement the changes to Articles 5, 5A, 12, and 14 of this  
17 Code under this amendatory Act of the 100th General Assembly.  
18 For purposes of this subsection, "initially" means any  
19 emergency rules necessary to immediately implement the changes  
20 authorized to Articles 5, 5A, 12, and 14 of this Code under  
21 this amendatory Act of the 100th General Assembly; however,  
22 emergency rulemaking authority shall not be used to make  
23 changes that could otherwise be made following the process  
24 established in the Illinois Administrative Procedure Act.

25 (d) The Department of Healthcare and Family Services may on  
26 a one-time-only basis adopt rules necessary to initially

1 implement the changes to Articles 5A and 14 of this Code under  
2 this amendatory Act of the 100th General Assembly through the  
3 use of emergency rulemaking in accordance with subsection (ee)  
4 of Section 5-45 of the Illinois Administrative Procedure Act.  
5 For purposes of that Act, the General Assembly finds that the  
6 adoption of rules on a one-time-only basis to implement the  
7 changes to Articles 5A and 14 of this Code under this  
8 amendatory Act of the 100th General Assembly is deemed an  
9 emergency and necessary for the public interest, safety, and  
10 welfare. The 24-month limitation on the adoption of emergency  
11 rules does not apply to rules adopted to initially implement  
12 the changes to Articles 5A and 14 of this Code under this  
13 amendatory Act of the 100th General Assembly.

14 (Source: P.A. 100-581, eff. 3-12-18.)

15 (305 ILCS 5/14-12)

16 Sec. 14-12. Hospital rate reform payment system. The  
17 hospital payment system pursuant to Section 14-11 of this  
18 Article shall be as follows:

19 (a) Inpatient hospital services. Effective for discharges  
20 on and after July 1, 2014, reimbursement for inpatient general  
21 acute care services shall utilize the All Patient Refined  
22 Diagnosis Related Grouping (APR-DRG) software, version 30,  
23 distributed by 3M<sup>TM</sup> Health Information System.

24 (1) The Department shall establish Medicaid weighting  
25 factors to be used in the reimbursement system established

1 under this subsection. Initial weighting factors shall be  
2 the weighting factors as published by 3M Health Information  
3 System, associated with Version 30.0 adjusted for the  
4 Illinois experience.

5 (2) The Department shall establish a  
6 statewide-standardized amount to be used in the inpatient  
7 reimbursement system. The Department shall publish these  
8 amounts on its website no later than 10 calendar days prior  
9 to their effective date.

10 (3) In addition to the statewide-standardized amount,  
11 the Department shall develop adjusters to adjust the rate  
12 of reimbursement for critical Medicaid providers or  
13 services for trauma, transplantation services, perinatal  
14 care, and Graduate Medical Education (GME).

15 (4) The Department shall develop add-on payments to  
16 account for exceptionally costly inpatient stays,  
17 consistent with Medicare outlier principles. Outlier fixed  
18 loss thresholds may be updated to control for excessive  
19 growth in outlier payments no more frequently than on an  
20 annual basis, but at least triennially. Upon updating the  
21 fixed loss thresholds, the Department shall be required to  
22 update base rates within 12 months.

23 (5) The Department shall define those hospitals or  
24 distinct parts of hospitals that shall be exempt from the  
25 APR-DRG reimbursement system established under this  
26 Section. The Department shall publish these hospitals'

1 inpatient rates on its website no later than 10 calendar  
2 days prior to their effective date.

3 (6) Beginning July 1, 2014 and ending on June 30, 2024,  
4 in addition to the statewide-standardized amount, the  
5 Department shall develop an adjustor to adjust the rate of  
6 reimbursement for safety-net hospitals defined in Section  
7 5-5e.1 of this Code excluding pediatric hospitals.

8 (7) Beginning July 1, 2014 and ending on June 30, 2020,  
9 or upon implementation of inpatient psychiatric rate  
10 increases as described in subsection (n) of Section  
11 5A-12.6, in addition to the statewide-standardized amount,  
12 the Department shall develop an adjustor to adjust the rate  
13 of reimbursement for Illinois freestanding inpatient  
14 psychiatric hospitals that are not designated as  
15 children's hospitals by the Department but are primarily  
16 treating patients under the age of 21.

17 (7.5) Beginning July 1, 2020, the reimbursement for  
18 inpatient psychiatric services shall be so that base claims  
19 projected reimbursement is increased by an amount equal to  
20 the funds allocated in paragraph (2) of subsection (b) of  
21 Section 5A-12.6, less the amount allocated under  
22 paragraphs (8) and (9) of this subsection and paragraphs  
23 (3) and (4) of subsection (b) multiplied by 13%. Beginning  
24 July 1, 2022, the reimbursement for inpatient psychiatric  
25 services shall be so that base claims projected  
26 reimbursement is increased by an amount equal to the funds



1 allocated in paragraph (3) of subsection (b) of Section  
2 5A-12.6, less the amount allocated under paragraphs (8) and  
3 (9) of this subsection and paragraphs (3) and (4) of  
4 subsection (b) multiplied by 13%. Beginning July 1, 2024,  
5 the reimbursement for inpatient psychiatric services shall  
6 be so that base claims projected reimbursement is increased  
7 by an amount equal to the funds allocated in paragraph (4)  
8 of subsection (b) of Section 5A-12.6, less the amount  
9 allocated under paragraphs (8) and (9) of this subsection  
10 and paragraphs (3) and (4) of subsection (b) multiplied by  
11 13%.

12 (8) Beginning July 1, 2018, in addition to the  
13 statewide-standardized amount, the Department shall adjust  
14 the rate of reimbursement for hospitals designated by the  
15 Department of Public Health as a Perinatal Level II or II+  
16 center by applying the same adjustor that is applied to  
17 Perinatal and Obstetrical care cases for Perinatal Level  
18 III centers, as of December 31, 2017.

19 (9) Beginning July 1, 2018, in addition to the  
20 statewide-standardized amount, the Department shall apply  
21 the same adjustor that is applied to trauma cases as of  
22 December 31, 2017 to inpatient claims to treat patients  
23 with burns, including, but not limited to, APR-DRGs 841,  
24 842, 843, and 844.

25 (10) Beginning July 1, 2018, the  
26 statewide-standardized amount for inpatient general acute

1 care services shall be uniformly increased so that base  
2 claims projected reimbursement is increased by an amount  
3 equal to the funds allocated in paragraph (1) of subsection  
4 (b) of Section 5A-12.6, less the amount allocated under  
5 paragraphs (8) and (9) of this subsection and paragraphs  
6 (3) and (4) of subsection (b) multiplied by 40%. Beginning  
7 July 1, 2020, the statewide-standardized amount for  
8 inpatient general acute care services shall be uniformly  
9 increased so that base claims projected reimbursement is  
10 increased by an amount equal to the funds allocated in  
11 paragraph (2) of subsection (b) of Section 5A-12.6, less  
12 the amount allocated under paragraphs (8) and (9) of this  
13 subsection and paragraphs (3) and (4) of subsection (b)  
14 multiplied by 40%. Beginning July 1, 2022, the  
15 statewide-standardized amount for inpatient general acute  
16 care services shall be uniformly increased so that base  
17 claims projected reimbursement is increased by an amount  
18 equal to the funds allocated in paragraph (3) of subsection  
19 (b) of Section 5A-12.6, less the amount allocated under  
20 paragraphs (8) and (9) of this subsection and paragraphs  
21 (3) and (4) of subsection (b) multiplied by 40%. Beginning  
22 July 1, 2023 the statewide-standardized amount for  
23 inpatient general acute care services shall be uniformly  
24 increased so that base claims projected reimbursement is  
25 increased by an amount equal to the funds allocated in  
26 paragraph (4) of subsection (b) of Section 5A-12.6, less

1 the amount allocated under paragraphs (8) and (9) of this  
2 subsection and paragraphs (3) and (4) of subsection (b)  
3 multiplied by 40%.

4 (11) Beginning July 1, 2018, the reimbursement for  
5 inpatient rehabilitation services shall be increased by  
6 the addition of a \$96 per day add-on.

7 Beginning July 1, 2020, the reimbursement for  
8 inpatient rehabilitation services shall be uniformly  
9 increased so that the \$96 per day add-on is increased by an  
10 amount equal to the funds allocated in paragraph (2) of  
11 subsection (b) of Section 5A-12.6, less the amount  
12 allocated under paragraphs (8) and (9) of this subsection  
13 and paragraphs (3) and (4) of subsection (b) multiplied by  
14 0.9%.

15 Beginning July 1, 2022, the reimbursement for  
16 inpatient rehabilitation services shall be uniformly  
17 increased so that the \$96 per day add-on as adjusted by the  
18 July 1, 2020 increase, is increased by an amount equal to  
19 the funds allocated in paragraph (3) of subsection (b) of  
20 Section 5A-12.6, less the amount allocated under  
21 paragraphs (8) and (9) of this subsection and paragraphs  
22 (3) and (4) of subsection (b) multiplied by 0.9%.

23 Beginning July 1, 2023, the reimbursement for  
24 inpatient rehabilitation services shall be uniformly  
25 increased so that the \$96 per day add-on as adjusted by the  
26 July 1, 2022 increase, is increased by an amount equal to

1 the funds allocated in paragraph (4) of subsection (b) of  
2 Section 5A-12.6, less the amount allocated under  
3 paragraphs (8) and (9) of this subsection and paragraphs  
4 (3) and (4) of subsection (b) multiplied by 0.9%.

5 (b) Outpatient hospital services. Effective for dates of  
6 service on and after July 1, 2014, reimbursement for outpatient  
7 services shall utilize the Enhanced Ambulatory Procedure  
8 Grouping (EAPG ~~E-APG~~) software, version 3.7 distributed by 3M<sup>TM</sup>  
9 Health Information System.

10 (1) The Department shall establish Medicaid weighting  
11 factors to be used in the reimbursement system established  
12 under this subsection. The initial weighting factors shall  
13 be the weighting factors as published by 3M Health  
14 Information System, associated with Version 3.7.

15 (2) The Department shall establish service specific  
16 statewide-standardized amounts to be used in the  
17 reimbursement system.

18 (A) The initial statewide standardized amounts,  
19 with the labor portion adjusted by the Calendar Year  
20 2013 Medicare Outpatient Prospective Payment System  
21 wage index with reclassifications, shall be published  
22 by the Department on its website no later than 10  
23 calendar days prior to their effective date.

24 (B) The Department shall establish adjustments to  
25 the statewide-standardized amounts for each Critical  
26 Access Hospital, as designated by the Department of

1 Public Health in accordance with 42 CFR 485, Subpart F.  
2 For outpatient services provided on or before June 30,  
3 2018, the ~~The~~ EAPG standardized amounts are determined  
4 separately for each critical access hospital such that  
5 simulated EAPG payments using outpatient base period  
6 paid claim data plus payments under Section 5A-12.4 of  
7 this Code net of the associated tax costs are equal to  
8 the estimated costs of outpatient base period claims  
9 data with a rate year cost inflation factor applied.

10 (3) In addition to the statewide-standardized amounts,  
11 the Department shall develop adjusters to adjust the rate  
12 of reimbursement for critical Medicaid hospital outpatient  
13 providers or services, including outpatient high volume or  
14 safety-net hospitals. Beginning July 1, 2018, the  
15 outpatient high volume adjustor shall be increased to  
16 increase annual expenditures associated with this adjustor  
17 by \$79,200,000, based on the State Fiscal Year 2015 base  
18 year data and this adjustor shall apply to public  
19 hospitals, except for large public hospitals, as defined  
20 under 89 Ill. Adm. Code 148.25(a).

21 (4) Beginning July 1, 2018, in addition to the  
22 statewide standardized amounts, the Department shall make  
23 an add-on payment for outpatient expensive devices and  
24 drugs. This add-on payment shall at least apply to claim  
25 lines that: (i) are assigned with one of the following  
26 EAPGs: 490, 1001 to 1020, and coded with one of the

1 following revenue codes: 0274 to 0276, 0278; or (ii) are  
2 assigned with one of the following EAPGs: 430 to 441, 443,  
3 444, 460 to 465, 495, 496, 1090. The add-on payment shall  
4 be calculated as follows: the claim line's covered charges  
5 multiplied by the hospital's total acute cost to charge  
6 ratio, less the claim line's EAPG payment plus \$1,000,  
7 multiplied by 0.8.

8 (5) Beginning July 1, 2018, the statewide-standardized  
9 amounts for outpatient services shall be increased by a  
10 uniform percentage so that base claims projected  
11 reimbursement is increased by an amount equal to no less  
12 than the funds allocated in paragraph (1) of subsection (b)  
13 of Section 5A-12.6, less the amount allocated under  
14 paragraphs (8) and (9) of subsection (a) and paragraphs (3)  
15 and (4) of this subsection multiplied by 46%. Beginning  
16 July 1, 2020, the statewide-standardized amounts for  
17 outpatient services shall be increased by a uniform  
18 percentage so that base claims projected reimbursement is  
19 increased by an amount equal to no less than the funds  
20 allocated in paragraph (2) of subsection (b) of Section  
21 5A-12.6, less the amount allocated under paragraphs (8) and  
22 (9) of subsection (a) and paragraphs (3) and (4) of this  
23 subsection multiplied by 46%. Beginning July 1, 2022, the  
24 statewide-standardized amounts for outpatient services  
25 shall be increased by a uniform percentage so that base  
26 claims projected reimbursement is increased by an amount

1 equal to the funds allocated in paragraph (3) of subsection  
2 (b) of Section 5A-12.6, less the amount allocated under  
3 paragraphs (8) and (9) of subsection (a) and paragraphs (3)  
4 and (4) of this subsection multiplied by 46%. Beginning  
5 July 1, 2023, the statewide-standardized amounts for  
6 outpatient services shall be increased by a uniform  
7 percentage so that base claims projected reimbursement is  
8 increased by an amount equal to no less than the funds  
9 allocated in paragraph (4) of subsection (b) of Section  
10 5A-12.6, less the amount allocated under paragraphs (8) and  
11 (9) of subsection (a) and paragraphs (3) and (4) of this  
12 subsection multiplied by 46%.

13 (6) Effective for dates of service on or after July 1,  
14 2018, the Department shall establish adjustments to the  
15 statewide-standardized amounts for each Critical Access  
16 Hospital, as designated by the Department of Public Health  
17 in accordance with 42 CFR 485, Subpart F, such that each  
18 Critical Access Hospital's standardized amount for  
19 outpatient services shall be increased by the applicable  
20 uniform percentage determined pursuant to paragraph (5) of  
21 this subsection. It is the intent of the General Assembly  
22 that the adjustments required under this paragraph (6) by  
23 this amendatory Act of the 100th General Assembly shall be  
24 applied retroactively to claims for dates of service  
25 provided on or after July 1, 2018.

26 (7) Effective for dates of service on or after the

1 effective date of this amendatory Act of the 100th General  
2 Assembly, the Department shall recalculate and implement  
3 an updated statewide-standardized amount for outpatient  
4 services provided by hospitals that are not Critical Access  
5 Hospitals to reflect the applicable uniform percentage  
6 determined pursuant to paragraph (5).

7 (1) Any recalculation to the  
8 statewide-standardized amounts for outpatient services  
9 provided by hospitals that are not Critical Access  
10 Hospitals shall be the amount necessary to achieve the  
11 increase in the statewide-standardized amounts for  
12 outpatient services increased by a uniform percentage,  
13 so that base claims projected reimbursement is  
14 increased by an amount equal to no less than the funds  
15 allocated in paragraph (1) of subsection (b) of Section  
16 5A-12.6, less the amount allocated under paragraphs  
17 (8) and (9) of subsection (a) and paragraphs (3) and  
18 (4) of this subsection, for all hospitals that are not  
19 Critical Access Hospitals, multiplied by 46%.

20 (2) It is the intent of the General Assembly that  
21 the recalculations required under this paragraph (7)  
22 by this amendatory Act of the 100th General Assembly  
23 shall be applied prospectively to claims for dates of  
24 service provided on or after the effective date of this  
25 amendatory Act of the 100th General Assembly and that  
26 no recoupment or repayment by the Department or an MCO,



1           of payments attributable to recalculation under this  
2           paragraph (7), issued to the hospital for dates of  
3           service on or after July 1, 2018 and before the  
4           effective date of this amendatory Act of the 100th  
5           General Assembly shall be permitted.

6           (8) The Department shall ensure that all necessary  
7           adjustments to the managed care organization capitation  
8           base rates necessitated by the adjustments under  
9           subparagraph (6) or (7) of this subsection are completed  
10           and applied retroactively in accordance with Section  
11           5-30.8 of this Code within 90 days of the effective date of  
12           this amendatory Act of the 100th General Assembly.

13           (c) In consultation with the hospital community, the  
14 Department is authorized to replace 89 Ill. Admin. Code 152.150  
15 as published in 38 Ill. Reg. 4980 through 4986 within 12 months  
16 of June 16, 2014 (the effective date of Public Act 98-651) ~~this~~  
17 ~~amendatory Act of the 98th General Assembly~~. If the Department  
18 does not replace these rules within 12 months of June 16, 2014  
19 ~~(the effective date of Public Act 98-651) this amendatory Act~~  
20 ~~of the 98th General Assembly~~, the rules in effect for 152.150  
21 as published in 38 Ill. Reg. 4980 through 4986 shall remain in  
22 effect until modified by rule by the Department. Nothing in  
23 this subsection shall be construed to mandate that the  
24 Department file a replacement rule.

25           (d) Transition period. There shall be a transition period  
26 to the reimbursement systems authorized under this Section that

1 shall begin on the effective date of these systems and continue  
2 until June 30, 2018, unless extended by rule by the Department.  
3 To help provide an orderly and predictable transition to the  
4 new reimbursement systems and to preserve and enhance access to  
5 the hospital services during this transition, the Department  
6 shall allocate a transitional hospital access pool of at least  
7 \$290,000,000 annually so that transitional hospital access  
8 payments are made to hospitals.

9 (1) After the transition period, the Department may  
10 begin incorporating the transitional hospital access pool  
11 into the base rate structure; however, the transitional  
12 hospital access payments in effect on June 30, 2018 shall  
13 continue to be paid, if continued under Section 5A-16.

14 (2) After the transition period, if the Department  
15 reduces payments from the transitional hospital access  
16 pool, it shall increase base rates, develop new adjustors,  
17 adjust current adjustors, develop new hospital access  
18 payments based on updated information, or any combination  
19 thereof by an amount equal to the decreases proposed in the  
20 transitional hospital access pool payments, ensuring that  
21 the entire transitional hospital access pool amount shall  
22 continue to be used for hospital payments.

23 (d-5) Hospital transformation program. The Department, in  
24 conjunction with the Hospital Transformation Review Committee  
25 created under subsection (d-5), shall develop a hospital  
26 transformation program to provide financial assistance to

1 hospitals in transforming their services and care models to  
2 better align with the needs of the communities they serve. The  
3 payments authorized in this Section shall be subject to  
4 approval by the federal government.

5 (1) Phase 1. In State fiscal years 2019 through 2020,  
6 the Department shall allocate funds from the transitional  
7 access hospital pool to create a hospital transformation  
8 pool of at least \$262,906,870 annually and make hospital  
9 transformation payments to hospitals. Subject to Section  
10 5A-16, in State fiscal years 2019 and 2020, an Illinois  
11 hospital that received either a transitional hospital  
12 access payment under subsection (d) or a supplemental  
13 payment under subsection (f) of this Section in State  
14 fiscal year 2018, shall receive a hospital transformation  
15 payment as follows:

16 (A) If the hospital's Rate Year 2017 Medicaid  
17 inpatient utilization rate is equal to or greater than  
18 45%, the hospital transformation payment shall be  
19 equal to 100% of the sum of its transitional hospital  
20 access payment authorized under subsection (d) and any  
21 supplemental payment authorized under subsection (f).

22 (B) If the hospital's Rate Year 2017 Medicaid  
23 inpatient utilization rate is equal to or greater than  
24 25% but less than 45%, the hospital transformation  
25 payment shall be equal to 75% of the sum of its  
26 transitional hospital access payment authorized under

1 subsection (d) and any supplemental payment authorized  
2 under subsection (f).

3 (C) If the hospital's Rate Year 2017 Medicaid  
4 inpatient utilization rate is less than 25%, the  
5 hospital transformation payment shall be equal to 50%  
6 of the sum of its transitional hospital access payment  
7 authorized under subsection (d) and any supplemental  
8 payment authorized under subsection (f).

9 (2) Phase 2. During State fiscal years 2021 and 2022,  
10 the Department shall allocate funds from the transitional  
11 access hospital pool to create a hospital transformation  
12 pool annually and make hospital transformation payments to  
13 hospitals participating in the transformation program. Any  
14 hospital may seek transformation funding in Phase 2. Any  
15 hospital that seeks transformation funding in Phase 2 to  
16 update or repurpose the hospital's physical structure to  
17 transition to a new delivery model, must submit to the  
18 Department in writing a transformation plan, based on the  
19 Department's guidelines, that describes the desired  
20 delivery model with projections of patient volumes by  
21 service lines and projected revenues, expenses, and net  
22 income that correspond to the new delivery model. In Phase  
23 2, subject to the approval of rules, the Department may use  
24 the hospital transformation pool to increase base rates,  
25 develop new adjustors, adjust current adjustors, or  
26 develop new access payments in order to support and

1           incentivize hospitals to pursue such transformation. In  
2           developing such methodologies, the Department shall ensure  
3           that the entire hospital transformation pool continues to  
4           be expended to ensure access to hospital services or to  
5           support organizations that had received hospital  
6           transformation payments under this Section.

7                   (A) Any hospital participating in the hospital  
8           transformation program shall provide an opportunity  
9           for public input by local community groups, hospital  
10          workers, and healthcare professionals and assist in  
11          facilitating discussions about any transformations or  
12          changes to the hospital.

13                   (B) As provided in paragraph (9) of Section 3 of  
14          the Illinois Health Facilities Planning Act, any  
15          hospital participating in the transformation program  
16          may be excluded from the requirements of the Illinois  
17          Health Facilities Planning Act for those projects  
18          related to the hospital's transformation. To be  
19          eligible, the hospital must submit to the Health  
20          Facilities and Services Review Board certification  
21          from the Department, approved by the Hospital  
22          Transformation Review Committee, that the project is a  
23          part of the hospital's transformation.

24                   (C) As provided in subsection (a-20) of Section  
25          32.5 of the Emergency Medical Services (EMS) Systems  
26          Act, a hospital that received hospital transformation

1 payments under this Section may convert to a  
2 freestanding emergency center. To be eligible for such  
3 a conversion, the hospital must submit to the  
4 Department of Public Health certification from the  
5 Department, approved by the Hospital Transformation  
6 Review Committee, that the project is a part of the  
7 hospital's transformation.

8 (3) By April 1, 2019 ~~Within 6 months after the~~  
9 ~~effective date of this amendatory Act of the 100th General~~  
10 ~~Assembly,~~ the Department, in conjunction with the Hospital  
11 Transformation Review Committee, shall develop and file as  
12 an administrative rule with the Secretary of State ~~adopt,~~  
13 ~~by rule,~~ the goals, objectives, policies, standards,  
14 payment models, or criteria to be applied in Phase 2 of the  
15 program to allocate the hospital transformation funds. The  
16 goals, objectives, and policies to be considered may  
17 include, but are not limited to, achieving unmet needs of a  
18 community that a hospital serves such as behavioral health  
19 services, outpatient services, or drug rehabilitation  
20 services; attaining certain quality or patient safety  
21 benchmarks for health care services; or improving the  
22 coordination, effectiveness, and efficiency of care  
23 delivery. Notwithstanding any other provision of law, any  
24 rule adopted in accordance with this subsection (d-5) may  
25 be submitted to the Joint Committee on Administrative Rules  
26 for approval only if the rule has first been approved by 9

1 of the 14 members of the Hospital Transformation Review  
2 Committee.

3 (4) Hospital Transformation Review Committee. There is  
4 created the Hospital Transformation Review Committee. The  
5 Committee shall consist of 14 members. No later than 30  
6 days after March 12, 2018 (the effective date of Public Act  
7 100-581) ~~this amendatory Act of the 100th General Assembly,~~  
8 the 4 legislative leaders shall each appoint 3 members; the  
9 Governor shall appoint the Director of Healthcare and  
10 Family Services, or his or her designee, as a member; and  
11 the Director of Healthcare and Family Services shall  
12 appoint one member. Any vacancy shall be filled by the  
13 applicable appointing authority within 15 calendar days.  
14 The members of the Committee shall select a Chair and a  
15 Vice-Chair from among its members, provided that the Chair  
16 and Vice-Chair cannot be appointed by the same appointing  
17 authority and must be from different political parties. The  
18 Chair shall have the authority to establish a meeting  
19 schedule and convene meetings of the Committee, and the  
20 Vice-Chair shall have the authority to convene meetings in  
21 the absence of the Chair. The Committee may establish its  
22 own rules with respect to meeting schedule, notice of  
23 meetings, and the disclosure of documents; however, the  
24 Committee shall not have the power to subpoena individuals  
25 or documents and any rules must be approved by 9 of the 14  
26 members. The Committee shall perform the functions

1 described in this Section and advise and consult with the  
2 Director in the administration of this Section. In addition  
3 to reviewing and approving the policies, procedures, and  
4 rules for the hospital transformation program, the  
5 Committee shall consider and make recommendations related  
6 to qualifying criteria and payment methodologies related  
7 to safety-net hospitals and children's hospitals. Members  
8 of the Committee appointed by the legislative leaders shall  
9 be subject to the jurisdiction of the Legislative Ethics  
10 Commission, not the Executive Ethics Commission, and all  
11 requests under the Freedom of Information Act shall be  
12 directed to the applicable Freedom of Information officer  
13 for the General Assembly. The Department shall provide  
14 operational support to the Committee as necessary. The  
15 Committee is dissolved on April 1, 2019.

16 (e) Beginning 36 months after initial implementation, the  
17 Department shall update the reimbursement components in  
18 subsections (a) and (b), including standardized amounts and  
19 weighting factors, and at least triennially and no more  
20 frequently than annually thereafter. The Department shall  
21 publish these updates on its website no later than 30 calendar  
22 days prior to their effective date.

23 (f) Continuation of supplemental payments. Any  
24 supplemental payments authorized under Illinois Administrative  
25 Code 148 effective January 1, 2014 and that continue during the  
26 period of July 1, 2014 through December 31, 2014 shall remain



1 in effect as long as the assessment imposed by Section 5A-2  
2 that is in effect on December 31, 2017 remains in effect.

3 (g) Notwithstanding subsections (a) through (f) of this  
4 Section and notwithstanding the changes authorized under  
5 Section 5-5b.1, any updates to the system shall not result in  
6 any diminishment of the overall effective rates of  
7 reimbursement as of the implementation date of the new system  
8 (July 1, 2014). These updates shall not preclude variations in  
9 any individual component of the system or hospital rate  
10 variations. Nothing in this Section shall prohibit the  
11 Department from increasing the rates of reimbursement or  
12 developing payments to ensure access to hospital services.  
13 Nothing in this Section shall be construed to guarantee a  
14 minimum amount of spending in the aggregate or per hospital as  
15 spending may be impacted by factors including but not limited  
16 to the number of individuals in the medical assistance program  
17 and the severity of illness of the individuals.

18 (h) The Department shall have the authority to modify by  
19 rulemaking any changes to the rates or methodologies in this  
20 Section as required by the federal government to obtain federal  
21 financial participation for expenditures made under this  
22 Section.

23 (i) Except for subsections (g) and (h) of this Section, the  
24 Department shall, pursuant to subsection (c) of Section 5-40 of  
25 the Illinois Administrative Procedure Act, provide for  
26 presentation at the June 2014 hearing of the Joint Committee on

1 Administrative Rules (JCAR) additional written notice to JCAR  
2 of the following rules in order to commence the second notice  
3 period for the following rules: rules published in the Illinois  
4 Register, rule dated February 21, 2014 at 38 Ill. Reg. 4559  
5 (Medical Payment), 4628 (Specialized Health Care Delivery  
6 Systems), 4640 (Hospital Services), 4932 (Diagnostic Related  
7 Grouping (DRG) Prospective Payment System (PPS)), and 4977  
8 (Hospital Reimbursement Changes), and published in the  
9 Illinois Register dated March 21, 2014 at 38 Ill. Reg. 6499  
10 (Specialized Health Care Delivery Systems) and 6505 (Hospital  
11 Services).

12 (j) Out-of-state hospitals. Beginning July 1, 2018, for  
13 purposes of determining for State fiscal years 2019 and 2020  
14 the hospitals eligible for the payments authorized under  
15 subsections (a) and (b) of this Section, the Department shall  
16 include out-of-state hospitals that are designated a Level I  
17 pediatric trauma center or a Level I trauma center by the  
18 Department of Public Health as of December 1, 2017.

19 (k) The Department shall notify each hospital and managed  
20 care organization, in writing, of the impact of the updates  
21 under this Section at least 30 calendar days prior to their  
22 effective date.

23 (Source: P.A. 99-2, eff. 3-26-15; 100-581, eff. 3-12-18;  
24 revised 10-3-18.)

25 Section 97. Severability. The provisions of this Act are

1 severable under Section 1.31 of the Statute on Statutes.

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.".