

SB1521



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1521

Introduced 2/9/2017, by Sen. Heather A. Steans

SYNOPSIS AS INTRODUCED:

305 ILCS 5/14-12

Amends the Illinois Public Aid Code. Makes a technical change in a Section concerning the hospital rate reform payment system.

LRB100 09155 KTG 19310 b

A BILL FOR

1 AN ACT concerning public aid.

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

4 Section 5. The Illinois Public Aid Code is amended by
5 changing Section 14-12 as follows:

6 (305 ILCS 5/14-12)

7 Sec. 14-12. Hospital rate reform payment system. The ~~The~~
8 hospital payment system pursuant to Section 14-11 of this
9 Article shall be as follows:

10 (a) Inpatient hospital services. Effective for discharges
11 on and after July 1, 2014, reimbursement for inpatient general
12 acute care services shall utilize the All Patient Refined
13 Diagnosis Related Grouping (APR-DRG) software, version 30,
14 distributed by 3MTM Health Information System.

15 (1) The Department shall establish Medicaid weighting
16 factors to be used in the reimbursement system established
17 under this subsection. Initial weighting factors shall be
18 the weighting factors as published by 3M Health Information
19 System, associated with Version 30.0 adjusted for the
20 Illinois experience.

21 (2) The Department shall establish a
22 statewide-standardized amount to be used in the inpatient
23 reimbursement system. The Department shall publish these

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

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

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

16 (5) The Department shall define those hospitals or
17 distinct parts of hospitals that shall be exempt from the
18 APR-DRG reimbursement system established under this
19 Section. The Department shall publish these hospitals'
20 inpatient rates on its website no later than 10 calendar
21 days prior to their effective date.

22 (6) Beginning July 1, 2014 and ending on June 30, 2018,
23 in addition to the statewide-standardized amount, the
24 Department shall develop an adjustor to adjust the rate of
25 reimbursement for safety-net hospitals defined in Section
26 5-5e.1 of this Code excluding pediatric hospitals.

1 (7) Beginning July 1, 2014 and ending on June 30, 2018,
2 in addition to the statewide-standardized amount, the
3 Department shall develop an adjustor to adjust the rate of
4 reimbursement for Illinois freestanding inpatient
5 psychiatric hospitals that are not designated as
6 children's hospitals by the Department but are primarily
7 treating patients under the age of 21.

8 (b) Outpatient hospital services. Effective for dates of
9 service on and after July 1, 2014, reimbursement for outpatient
10 services shall utilize the Enhanced Ambulatory Procedure
11 Grouping (E-APG) software, version 3.7 distributed by 3MTM
12 Health Information System.

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

18 (2) The Department shall establish service specific
19 statewide-standardized amounts to be used in the
20 reimbursement system.

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

1 (B) The Department shall establish adjustments to
2 the statewide-standardized amounts for each Critical
3 Access Hospital, as designated by the Department of
4 Public Health in accordance with 42 CFR 485, Subpart F.
5 The EAPG standardized amounts are determined
6 separately for each critical access hospital such that
7 simulated EAPG payments using outpatient base period
8 paid claim data plus payments under Section 5A-12.4 of
9 this Code net of the associated tax costs are equal to
10 the estimated costs of outpatient base period claims
11 data with a rate year cost inflation factor applied.

12 (3) In addition to the statewide-standardized amounts,
13 the Department shall develop adjusters to adjust the rate
14 of reimbursement for critical Medicaid hospital outpatient
15 providers or services, including outpatient high volume or
16 safety-net hospitals.

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

1 the Department file a replacement rule.

2 (d) Transition period. There shall be a transition period
3 to the reimbursement systems authorized under this Section that
4 shall begin on the effective date of these systems and continue
5 until June 30, 2018, unless extended by rule by the Department.
6 To help provide an orderly and predictable transition to the
7 new reimbursement systems and to preserve and enhance access to
8 the hospital services during this transition, the Department
9 shall allocate a transitional hospital access pool of at least
10 \$290,000,000 annually so that transitional hospital access
11 payments are made to hospitals.

12 (1) After the transition period, the Department may
13 begin incorporating the transitional hospital access pool
14 into the base rate structure.

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

24 (e) Beginning 36 months after initial implementation, the
25 Department shall update the reimbursement components in
26 subsections (a) and (b), including standardized amounts and

1 weighting factors, and at least triennially and no more
2 frequently than annually thereafter. The Department shall
3 publish these updates on its website no later than 30 calendar
4 days prior to their effective date.

5 (f) Continuation of supplemental payments. Any
6 supplemental payments authorized under Illinois Administrative
7 Code 148 effective January 1, 2014 and that continue during the
8 period of July 1, 2014 through December 31, 2014 shall remain
9 in effect as long as the assessment imposed by Section 5A-2 is
10 in effect.

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

26 (h) The Department shall have the authority to modify by

1 rulemaking any changes to the rates or methodologies in this
2 Section as required by the federal government to obtain federal
3 financial participation for expenditures made under this
4 Section.

5 (i) Except for subsections (g) and (h) of this Section, the
6 Department shall, pursuant to subsection (c) of Section 5-40 of
7 the Illinois Administrative Procedure Act, provide for
8 presentation at the June 2014 hearing of the Joint Committee on
9 Administrative Rules (JCAR) additional written notice to JCAR
10 of the following rules in order to commence the second notice
11 period for the following rules: rules published in the Illinois
12 Register, rule dated February 21, 2014 at 38 Ill. Reg. 4559
13 (Medical Payment), 4628 (Specialized Health Care Delivery
14 Systems), 4640 (Hospital Services), 4932 (Diagnostic Related
15 Grouping (DRG) Prospective Payment System (PPS)), and 4977
16 (Hospital Reimbursement Changes), and published in the
17 Illinois Register dated March 21, 2014 at 38 Ill. Reg. 6499
18 (Specialized Health Care Delivery Systems) and 6505 (Hospital
19 Services).

20 (Source: P.A. 98-651, eff. 6-16-14; 99-2, eff. 3-26-15.)