



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

**HB4594**

Introduced 1/21/2022, by Rep. Greg Harris

#### SYNOPSIS AS INTRODUCED:

305 ILCS 5/14-12

Amends the Illinois Public Aid Code. Provides that effective for dates of service on or after January 1, 2023, the psychiatric standardized amount for psychiatric ambulatory services, categories of service 27 and 28, shall be no less than \$402.92. Effective immediately.

LRB102 23229 KTG 32393 b

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  
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 3M<sup>TM</sup> 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  
19 Information System, associated with Version 30.0 adjusted  
20 for the 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  
2 prior 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 once every 4 years. Upon  
14 updating the fixed loss thresholds, the Department shall  
15 be required to 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,  
23 2024, in addition to the statewide-standardized amount,  
24 the Department shall develop an adjustor to adjust the  
25 rate of reimbursement for safety-net hospitals defined in  
26 Section 5-5e.1 of this Code excluding pediatric hospitals.

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

8           (7.5) (Blank).

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

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

22          (10) Beginning July 1, 2018, the  
23          statewide-standardized amount for inpatient general acute  
24          care services shall be uniformly increased so that base  
25          claims projected reimbursement is increased by an amount  
26          equal to the funds allocated in paragraph (1) of

1 subsection (b) of Section 5A-12.6, less the amount  
2 allocated under paragraphs (8) and (9) of this subsection  
3 and paragraphs (3) and (4) of subsection (b) multiplied by  
4 40%.

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

8 (b) Outpatient hospital services. Effective for dates of  
9 service on and after July 1, 2014, reimbursement for  
10 outpatient services shall utilize the Enhanced Ambulatory  
11 Procedure Grouping (EAPG) software, version 3.7 distributed by  
12 3M<sup>TM</sup> 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  
5 F. For outpatient services provided on or before June  
6 30, 2018, the EAPG standardized amounts are determined  
7 separately for each critical access hospital such that  
8 simulated EAPG payments using outpatient base period  
9 paid claim data plus payments under Section 5A-12.4 of  
10 this Code net of the associated tax costs are equal to  
11 the estimated costs of outpatient base period claims  
12 data with a rate year cost inflation factor applied.

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

24 (4) Beginning July 1, 2018, in addition to the  
25 statewide standardized amounts, the Department shall make  
26 an add-on payment for outpatient expensive devices and

1 drugs. This add-on payment shall at least apply to claim  
2 lines that: (i) are assigned with one of the following  
3 EAPGs: 490, 1001 to 1020, and coded with one of the  
4 following revenue codes: 0274 to 0276, 0278; or (ii) are  
5 assigned with one of the following EAPGs: 430 to 441, 443,  
6 444, 460 to 465, 495, 496, 1090. The add-on payment shall  
7 be calculated as follows: the claim line's covered charges  
8 multiplied by the hospital's total acute cost to charge  
9 ratio, less the claim line's EAPG payment plus \$1,000,  
10 multiplied by 0.8.

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

19 (6) Effective for dates of service on or after July 1,  
20 2018, the Department shall establish adjustments to the  
21 statewide-standardized amounts for each Critical Access  
22 Hospital, as designated by the Department of Public Health  
23 in accordance with 42 CFR 485, Subpart F, such that each  
24 Critical Access Hospital's standardized amount for  
25 outpatient services shall be increased by the applicable  
26 uniform percentage determined pursuant to paragraph (5) of

1           this subsection. It is the intent of the General Assembly  
2           that the adjustments required under this paragraph (6) by  
3           Public Act 100-1181 shall be applied retroactively to  
4           claims for dates of service provided on or after July 1,  
5           2018.

6           (7) Effective for dates of service on or after March  
7           8, 2019 (the effective date of Public Act 100-1181), the  
8           Department shall recalculate and implement an updated  
9           statewide-standardized amount for outpatient services  
10          provided by hospitals that are not Critical Access  
11          Hospitals to reflect the applicable uniform percentage  
12          determined pursuant to paragraph (5).

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



1           (2) It is the intent of the General Assembly that  
2           the recalculations required under this paragraph (7)  
3           by Public Act 100-1181 shall be applied prospectively  
4           to claims for dates of service provided on or after  
5           March 8, 2019 (the effective date of Public Act  
6           100-1181) and that no recoupment or repayment by the  
7           Department or an MCO of payments attributable to  
8           recalculation under this paragraph (7), issued to the  
9           hospital for dates of service on or after July 1, 2018  
10          and before March 8, 2019 (the effective date of Public  
11          Act 100-1181), shall be permitted.

12          (8) The Department shall ensure that all necessary  
13          adjustments to the managed care organization capitation  
14          base rates necessitated by the adjustments under  
15          subparagraph (6) or (7) of this subsection are completed  
16          and applied retroactively in accordance with Section  
17          5-30.8 of this Code within 90 days of March 8, 2019 (the  
18          effective date of Public Act 100-1181).

19          (9) Within 60 days after federal approval of the  
20          change made to the assessment in Section 5A-2 by this  
21          amendatory Act of the 101st General Assembly, the  
22          Department shall incorporate into the EAPG system for  
23          outpatient services those services performed by hospitals  
24          currently billed through the Non-Institutional Provider  
25          billing system.

26          (10) Effective for dates of service on or after

1       January 1, 2023, the psychiatric standardized amount for  
2       psychiatric ambulatory services, categories of service 27  
3       and 28, shall be no less than \$402.92.

4       (c) In consultation with the hospital community, the  
5       Department is authorized to replace 89 Ill. Admin. Code  
6       152.150 as published in 38 Ill. Reg. 4980 through 4986 within  
7       12 months of June 16, 2014 (the effective date of Public Act  
8       98-651). If the Department does not replace these rules within  
9       12 months of June 16, 2014 (the effective date of Public Act  
10      98-651), the rules in effect for 152.150 as published in 38  
11      Ill. Reg. 4980 through 4986 shall remain in effect until  
12      modified by rule by the Department. Nothing in this subsection  
13      shall be construed to mandate that the Department file a  
14      replacement rule.

15      (d) Transition period. There shall be a transition period  
16      to the reimbursement systems authorized under this Section  
17      that shall begin on the effective date of these systems and  
18      continue until June 30, 2018, unless extended by rule by the  
19      Department. To help provide an orderly and predictable  
20      transition to the new reimbursement systems and to preserve  
21      and enhance access to the hospital services during this  
22      transition, the Department shall allocate a transitional  
23      hospital access pool of at least \$290,000,000 annually so that  
24      transitional hospital access payments are made to hospitals.

25           (1) After the transition period, the Department may  
26      begin incorporating the transitional hospital access pool

1 into the base rate structure; however, the transitional  
2 hospital access payments in effect on June 30, 2018 shall  
3 continue to be paid, if continued under Section 5A-16.

4 (2) After the transition period, if the Department  
5 reduces payments from the transitional hospital access  
6 pool, it shall increase base rates, develop new adjustors,  
7 adjust current adjustors, develop new hospital access  
8 payments based on updated information, or any combination  
9 thereof by an amount equal to the decreases proposed in  
10 the transitional hospital access pool payments, ensuring  
11 that the entire transitional hospital access pool amount  
12 shall continue to be used for hospital payments.

13 (d-5) Hospital and health care transformation program. The  
14 Department shall develop a hospital and health care  
15 transformation program to provide financial assistance to  
16 hospitals in transforming their services and care models to  
17 better align with the needs of the communities they serve. The  
18 payments authorized in this Section shall be subject to  
19 approval by the federal government.

20 (1) Phase 1. In State fiscal years 2019 through 2020,  
21 the Department shall allocate funds from the transitional  
22 access hospital pool to create a hospital transformation  
23 pool of at least \$262,906,870 annually and make hospital  
24 transformation payments to hospitals. Subject to Section  
25 5A-16, in State fiscal years 2019 and 2020, an Illinois  
26 hospital that received either a transitional hospital

1 access payment under subsection (d) or a supplemental  
2 payment under subsection (f) of this Section in State  
3 fiscal year 2018, shall receive a hospital transformation  
4 payment as follows:

5 (A) If the hospital's Rate Year 2017 Medicaid  
6 inpatient utilization rate is equal to or greater than  
7 45%, the hospital transformation payment shall be  
8 equal to 100% of the sum of its transitional hospital  
9 access payment authorized under subsection (d) and any  
10 supplemental payment authorized under subsection (f).

11 (B) If the hospital's Rate Year 2017 Medicaid  
12 inpatient utilization rate is equal to or greater than  
13 25% but less than 45%, the hospital transformation  
14 payment shall be equal to 75% of the sum of its  
15 transitional hospital access payment authorized under  
16 subsection (d) and any supplemental payment authorized  
17 under subsection (f).

18 (C) If the hospital's Rate Year 2017 Medicaid  
19 inpatient utilization rate is less than 25%, the  
20 hospital transformation payment shall be equal to 50%  
21 of the sum of its transitional hospital access payment  
22 authorized under subsection (d) and any supplemental  
23 payment authorized under subsection (f).

24 (2) Phase 2.

25 (A) The funding amount from phase one shall be  
26 incorporated into directed payment and pass-through

1 payment methodologies described in Section 5A-12.7.

2 (B) Because there are communities in Illinois that  
3 experience significant health care disparities due to  
4 systemic racism, as recently emphasized by the  
5 COVID-19 pandemic, aggravated by social determinants  
6 of health and a lack of sufficiently allocated  
7 healthcare resources, particularly community-based  
8 services, preventive care, obstetric care, chronic  
9 disease management, and specialty care, the Department  
10 shall establish a health care transformation program  
11 that shall be supported by the transformation funding  
12 pool. It is the intention of the General Assembly that  
13 innovative partnerships funded by the pool must be  
14 designed to establish or improve integrated health  
15 care delivery systems that will provide significant  
16 access to the Medicaid and uninsured populations in  
17 their communities, as well as improve health care  
18 equity. It is also the intention of the General  
19 Assembly that partnerships recognize and address the  
20 disparities revealed by the COVID-19 pandemic, as well  
21 as the need for post-COVID care. During State fiscal  
22 years 2021 through 2027, the hospital and health care  
23 transformation program shall be supported by an annual  
24 transformation funding pool of up to \$150,000,000,  
25 pending federal matching funds, to be allocated during  
26 the specified fiscal years for the purpose of

1           facilitating hospital and health care transformation.  
2           No disbursement of moneys for transformation projects  
3           from the transformation funding pool described under  
4           this Section shall be considered an award, a grant, or  
5           an expenditure of grant funds. Funding agreements made  
6           in accordance with the transformation program shall be  
7           considered purchases of care under the Illinois  
8           Procurement Code, and funds shall be expended by the  
9           Department in a manner that maximizes federal funding  
10          to expend the entire allocated amount.

11           The Department shall convene, within 30 days after  
12          the effective date of this amendatory Act of the 101st  
13          General Assembly, a workgroup that includes subject  
14          matter experts on healthcare disparities and  
15          stakeholders from distressed communities, which could  
16          be a subcommittee of the Medicaid Advisory Committee,  
17          to review and provide recommendations on how  
18          Department policy, including health care  
19          transformation, can improve health disparities and the  
20          impact on communities disproportionately affected by  
21          COVID-19. The workgroup shall consider and make  
22          recommendations on the following issues: a community  
23          safety-net designation of certain hospitals, racial  
24          equity, and a regional partnership to bring additional  
25          specialty services to communities.

26           (C) As provided in paragraph (9) of Section 3 of

1 the Illinois Health Facilities Planning Act, any  
2 hospital participating in the transformation program  
3 may be excluded from the requirements of the Illinois  
4 Health Facilities Planning Act for those projects  
5 related to the hospital's transformation. To be  
6 eligible, the hospital must submit to the Health  
7 Facilities and Services Review Board approval from the  
8 Department that the project is a part of the  
9 hospital's transformation.

10 (D) As provided in subsection (a-20) of Section  
11 32.5 of the Emergency Medical Services (EMS) Systems  
12 Act, a hospital that received hospital transformation  
13 payments under this Section may convert to a  
14 freestanding emergency center. To be eligible for such  
15 a conversion, the hospital must submit to the  
16 Department of Public Health approval from the  
17 Department that the project is a part of the  
18 hospital's transformation.

19 (E) Criteria for proposals. To be eligible for  
20 funding under this Section, a transformation proposal  
21 shall meet all of the following criteria:

22 (i) the proposal shall be designed based on  
23 community needs assessment completed by either a  
24 University partner or other qualified entity with  
25 significant community input;

26 (ii) the proposal shall be a collaboration

1 among providers across the care and community  
2 spectrum, including preventative care, primary  
3 care specialty care, hospital services, mental  
4 health and substance abuse services, as well as  
5 community-based entities that address the social  
6 determinants of health;

7 (iii) the proposal shall be specifically  
8 designed to improve healthcare outcomes and reduce  
9 healthcare disparities, and improve the  
10 coordination, effectiveness, and efficiency of  
11 care delivery;

12 (iv) the proposal shall have specific  
13 measurable metrics related to disparities that  
14 will be tracked by the Department and made public  
15 by the Department;

16 (v) the proposal shall include a commitment to  
17 include Business Enterprise Program certified  
18 vendors or other entities controlled and managed  
19 by minorities or women; and

20 (vi) the proposal shall specifically increase  
21 access to primary, preventive, or specialty care.

22 (F) Entities eligible to be funded.

23 (i) Proposals for funding should come from  
24 collaborations operating in one of the most  
25 distressed communities in Illinois as determined  
26 by the U.S. Centers for Disease Control and



1 Prevention's Social Vulnerability Index for  
2 Illinois and areas disproportionately impacted by  
3 COVID-19 or from rural areas of Illinois.

4 (ii) The Department shall prioritize  
5 partnerships from distressed communities, which  
6 include Business Enterprise Program certified  
7 vendors or other entities controlled and managed  
8 by minorities or women and also include one or  
9 more of the following: safety-net hospitals,  
10 critical access hospitals, the campuses of  
11 hospitals that have closed since January 1, 2018,  
12 or other healthcare providers designed to address  
13 specific healthcare disparities, including the  
14 impact of COVID-19 on individuals and the  
15 community and the need for post-COVID care. All  
16 funded proposals must include specific measurable  
17 goals and metrics related to improved outcomes and  
18 reduced disparities which shall be tracked by the  
19 Department.

20 (iii) The Department should target the funding  
21 in the following ways: \$30,000,000 of  
22 transformation funds to projects that are a  
23 collaboration between a safety-net hospital,  
24 particularly community safety-net hospitals, and  
25 other providers and designed to address specific  
26 healthcare disparities, \$20,000,000 of

1 transformation funds to collaborations between  
2 safety-net hospitals and a larger hospital partner  
3 that increases specialty care in distressed  
4 communities, \$30,000,000 of transformation funds  
5 to projects that are a collaboration between  
6 hospitals and other providers in distressed areas  
7 of the State designed to address specific  
8 healthcare disparities, \$15,000,000 to  
9 collaborations between critical access hospitals  
10 and other providers designed to address specific  
11 healthcare disparities, and \$15,000,000 to  
12 cross-provider collaborations designed to address  
13 specific healthcare disparities, and \$5,000,000 to  
14 collaborations that focus on workforce  
15 development.

16 (iv) The Department may allocate up to  
17 \$5,000,000 for planning, racial equity analysis,  
18 or consulting resources for the Department or  
19 entities without the resources to develop a plan  
20 to meet the criteria of this Section. Any contract  
21 for consulting services issued by the Department  
22 under this subparagraph shall comply with the  
23 provisions of Section 5-45 of the State Officials  
24 and Employees Ethics Act. Based on availability of  
25 federal funding, the Department may directly  
26 procure consulting services or provide funding to

1 the collaboration. The provision of resources  
2 under this subparagraph is not a guarantee that a  
3 project will be approved.

4 (v) The Department shall take steps to ensure  
5 that safety-net hospitals operating in  
6 under-resourced communities receive priority  
7 access to hospital and healthcare transformation  
8 funds, including consulting funds, as provided  
9 under this Section.

10 (G) Process for submitting and approving projects  
11 for distressed communities. The Department shall issue  
12 a template for application. The Department shall post  
13 any proposal received on the Department's website for  
14 at least 2 weeks for public comment, and any such  
15 public comment shall also be considered in the review  
16 process. Applicants may request that proprietary  
17 financial information be redacted from publicly posted  
18 proposals and the Department in its discretion may  
19 agree. Proposals for each distressed community must  
20 include all of the following:

21 (i) A detailed description of how the project  
22 intends to affect the goals outlined in this  
23 subsection, describing new interventions, new  
24 technology, new structures, and other changes to  
25 the healthcare delivery system planned.

26 (ii) A detailed description of the racial and

1 ethnic makeup of the entities' board and  
2 leadership positions and the salaries of the  
3 executive staff of entities in the partnership  
4 that is seeking to obtain funding under this  
5 Section.

6 (iii) A complete budget, including an overall  
7 timeline and a detailed pathway to sustainability  
8 within a 5-year period, specifying other sources  
9 of funding, such as in-kind, cost-sharing, or  
10 private donations, particularly for capital needs.  
11 There is an expectation that parties to the  
12 transformation project dedicate resources to the  
13 extent they are able and that these expectations  
14 are delineated separately for each entity in the  
15 proposal.

16 (iv) A description of any new entities formed  
17 or other legal relationships between collaborating  
18 entities and how funds will be allocated among  
19 participants.

20 (v) A timeline showing the evolution of sites  
21 and specific services of the project over a 5-year  
22 period, including services available to the  
23 community by site.

24 (vi) Clear milestones indicating progress  
25 toward the proposed goals of the proposal as  
26 checkpoints along the way to continue receiving

1 funding. The Department is authorized to refine  
2 these milestones in agreements, and is authorized  
3 to impose reasonable penalties, including  
4 repayment of funds, for substantial lack of  
5 progress.

6 (vii) A clear statement of the level of  
7 commitment the project will include for minorities  
8 and women in contracting opportunities, including  
9 as equity partners where applicable, or as  
10 subcontractors and suppliers in all phases of the  
11 project.

12 (viii) If the community study utilized is not  
13 the study commissioned and published by the  
14 Department, the applicant must define the  
15 methodology used, including documentation of clear  
16 community participation.

17 (ix) A description of the process used in  
18 collaborating with all levels of government in the  
19 community served in the development of the  
20 project, including, but not limited to,  
21 legislators and officials of other units of local  
22 government.

23 (x) Documentation of a community input process  
24 in the community served, including links to  
25 proposal materials on public websites.

26 (xi) Verifiable project milestones and quality

1 metrics that will be impacted by transformation.  
2 These project milestones and quality metrics must  
3 be identified with improvement targets that must  
4 be met.

5 (xii) Data on the number of existing employees  
6 by various job categories and wage levels by the  
7 zip code of the employees' residence and  
8 benchmarks for the continued maintenance and  
9 improvement of these levels. The proposal must  
10 also describe any retraining or other workforce  
11 development planned for the new project.

12 (xiii) If a new entity is created by the  
13 project, a description of how the board will be  
14 reflective of the community served by the  
15 proposal.

16 (xiv) An explanation of how the proposal will  
17 address the existing disparities that exacerbated  
18 the impact of COVID-19 and the need for post-COVID  
19 care in the community, if applicable.

20 (xv) An explanation of how the proposal is  
21 designed to increase access to care, including  
22 specialty care based upon the community's needs.

23 (H) The Department shall evaluate proposals for  
24 compliance with the criteria listed under subparagraph  
25 (G). Proposals meeting all of the criteria may be  
26 eligible for funding with the areas of focus

1 prioritized as described in item (ii) of subparagraph  
2 (F). Based on the funds available, the Department may  
3 negotiate funding agreements with approved applicants  
4 to maximize federal funding. Nothing in this  
5 subsection requires that an approved project be funded  
6 to the level requested. Agreements shall specify the  
7 amount of funding anticipated annually, the  
8 methodology of payments, the limit on the number of  
9 years such funding may be provided, and the milestones  
10 and quality metrics that must be met by the projects in  
11 order to continue to receive funding during each year  
12 of the program. Agreements shall specify the terms and  
13 conditions under which a health care facility that  
14 receives funds under a purchase of care agreement and  
15 closes in violation of the terms of the agreement must  
16 pay an early closure fee no greater than 50% of the  
17 funds it received under the agreement, prior to the  
18 Health Facilities and Services Review Board  
19 considering an application for closure of the  
20 facility. Any project that is funded shall be required  
21 to provide quarterly written progress reports, in a  
22 form prescribed by the Department, and at a minimum  
23 shall include the progress made in achieving any  
24 milestones or metrics or Business Enterprise Program  
25 commitments in its plan. The Department may reduce or  
26 end payments, as set forth in transformation plans, if

1 milestones or metrics or Business Enterprise Program  
2 commitments are not achieved. The Department shall  
3 seek to make payments from the transformation fund in  
4 a manner that is eligible for federal matching funds.

5 In reviewing the proposals, the Department shall  
6 take into account the needs of the community, data  
7 from the study commissioned by the Department from the  
8 University of Illinois-Chicago if applicable, feedback  
9 from public comment on the Department's website, as  
10 well as how the proposal meets the criteria listed  
11 under subparagraph (G). Alignment with the  
12 Department's overall strategic initiatives shall be an  
13 important factor. To the extent that fiscal year  
14 funding is not adequate to fund all eligible projects  
15 that apply, the Department shall prioritize  
16 applications that most comprehensively and effectively  
17 address the criteria listed under subparagraph (G).

18 (3) (Blank).

19 (4) Hospital Transformation Review Committee. There is  
20 created the Hospital Transformation Review Committee. The  
21 Committee shall consist of 14 members. No later than 30  
22 days after March 12, 2018 (the effective date of Public  
23 Act 100-581), the 4 legislative leaders shall each appoint  
24 3 members; the Governor shall appoint the Director of  
25 Healthcare and Family Services, or his or her designee, as  
26 a member; and the Director of Healthcare and Family



1 Services shall appoint one member. Any vacancy shall be  
2 filled by the applicable appointing authority within 15  
3 calendar days. The members of the Committee shall select a  
4 Chair and a Vice-Chair from among its members, provided  
5 that the Chair and Vice-Chair cannot be appointed by the  
6 same appointing authority and must be from different  
7 political parties. The Chair shall have the authority to  
8 establish a meeting schedule and convene meetings of the  
9 Committee, and the Vice-Chair shall have the authority to  
10 convene meetings in the absence of the Chair. The  
11 Committee may establish its own rules with respect to  
12 meeting schedule, notice of meetings, and the disclosure  
13 of documents; however, the Committee shall not have the  
14 power to subpoena individuals or documents and any rules  
15 must be approved by 9 of the 14 members. The Committee  
16 shall perform the functions described in this Section and  
17 advise and consult with the Director in the administration  
18 of this Section. In addition to reviewing and approving  
19 the policies, procedures, and rules for the hospital and  
20 health care transformation program, the Committee shall  
21 consider and make recommendations related to qualifying  
22 criteria and payment methodologies related to safety-net  
23 hospitals and children's hospitals. Members of the  
24 Committee appointed by the legislative leaders shall be  
25 subject to the jurisdiction of the Legislative Ethics  
26 Commission, not the Executive Ethics Commission, and all

1 requests under the Freedom of Information Act shall be  
2 directed to the applicable Freedom of Information officer  
3 for the General Assembly. The Department shall provide  
4 operational support to the Committee as necessary. The  
5 Committee is dissolved on April 1, 2019.

6 (e) Beginning 36 months after initial implementation, the  
7 Department shall update the reimbursement components in  
8 subsections (a) and (b), including standardized amounts and  
9 weighting factors, and at least once every 4 years and no more  
10 frequently than annually thereafter. The Department shall  
11 publish these updates on its website no later than 30 calendar  
12 days prior to their effective date.

13 (f) Continuation of supplemental payments. Any  
14 supplemental payments authorized under Illinois Administrative  
15 Code 148 effective January 1, 2014 and that continue during  
16 the period of July 1, 2014 through December 31, 2014 shall  
17 remain in effect as long as the assessment imposed by Section  
18 5A-2 that is in effect on December 31, 2017 remains in effect.

19 (g) Notwithstanding subsections (a) through (f) of this  
20 Section and notwithstanding the changes authorized under  
21 Section 5-5b.1, any updates to the system shall not result in  
22 any diminishment of the overall effective rates of  
23 reimbursement as of the implementation date of the new system  
24 (July 1, 2014). These updates shall not preclude variations in  
25 any individual component of the system or hospital rate  
26 variations. Nothing in this Section shall prohibit the

1 Department from increasing the rates of reimbursement or  
2 developing payments to ensure access to hospital services.  
3 Nothing in this Section shall be construed to guarantee a  
4 minimum amount of spending in the aggregate or per hospital as  
5 spending may be impacted by factors, including, but not  
6 limited to, the number of individuals in the medical  
7 assistance program and the severity of illness of the  
8 individuals.

9 (h) The Department shall have the authority to modify by  
10 rulemaking any changes to the rates or methodologies in this  
11 Section as required by the federal government to obtain  
12 federal financial participation for expenditures made under  
13 this Section.

14 (i) Except for subsections (g) and (h) of this Section,  
15 the Department shall, pursuant to subsection (c) of Section  
16 5-40 of the Illinois Administrative Procedure Act, provide for  
17 presentation at the June 2014 hearing of the Joint Committee  
18 on Administrative Rules (JCAR) additional written notice to  
19 JCAR of the following rules in order to commence the second  
20 notice period for the following rules: rules published in the  
21 Illinois Register, rule dated February 21, 2014 at 38 Ill.  
22 Reg. 4559 (Medical Payment), 4628 (Specialized Health Care  
23 Delivery Systems), 4640 (Hospital Services), 4932 (Diagnostic  
24 Related Grouping (DRG) Prospective Payment System (PPS)), and  
25 4977 (Hospital Reimbursement Changes), and published in the  
26 Illinois Register dated March 21, 2014 at 38 Ill. Reg. 6499

1 (Specialized Health Care Delivery Systems) and 6505 (Hospital  
2 Services).

3 (j) Out-of-state hospitals. Beginning July 1, 2018, for  
4 purposes of determining for State fiscal years 2019 and 2020  
5 and subsequent fiscal years the hospitals eligible for the  
6 payments authorized under subsections (a) and (b) of this  
7 Section, the Department shall include out-of-state hospitals  
8 that are designated a Level I pediatric trauma center or a  
9 Level I trauma center by the Department of Public Health as of  
10 December 1, 2017.

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

15 (Source: P.A. 101-81, eff. 7-12-19; 101-650, eff. 7-7-20;  
16 101-655, eff. 3-12-21; 102-682, eff. 12-10-21.)

17 Section 99. Effective date. This Act takes effect upon  
18 becoming law.