

1 AMENDMENT TO HOUSE BILL 700

2 AMENDMENT NO. _____. Amend House Bill 700 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Finance Act is amended by adding
5 Sections 5.620 and 6z-56 and changing Section 8h as follows:

6 (30 ILCS 105/5.620 new)

7 Sec. 5.620. The Health Care Services Trust Fund.

8 (30 ILCS 105/6z-56 new)

9 Sec. 6z-56. The Health Care Services Trust Fund. The
10 Health Care Services Trust Fund is hereby created as a
11 special fund in the State treasury.

12 The Fund shall consist of moneys deposited, transferred,
13 or appropriated into the Fund from units of local government
14 other than a county with a population greater than 3,000,000,
15 from the State, from federal matching funds, or from any
16 other legal source.

17 Subject to appropriation, the moneys in the Fund shall be
18 used by the Department of Public Aid to make payments to
19 providers of services covered under the Medicaid or State
20 Children's Health Insurance programs. Payments may be made
21 out of the Fund only to providers located within the

1 geographic jurisdiction of units of local government that
2 make deposits, transfers, or appropriations into the Fund.

3 The Department of Public Aid shall adopt rules concerning
4 application for and disbursement of the moneys in the Fund.

5 (30 ILCS 105/8h)

6 Sec. 8h. Transfers to General Revenue Fund.
7 Notwithstanding any other State law to the contrary, the
8 Director of the Governor's Office of Management and Budget
9 ~~Bureau-of-the-Budget~~ may from time to time direct the State
10 Treasurer and Comptroller to transfer a specified sum from
11 any fund held by the State Treasurer to the General Revenue
12 Fund in order to help defray the State's operating costs for
13 the fiscal year. The total transfer under this Section from
14 any fund in any fiscal year shall not exceed the lesser of 8%
15 of the revenues to be deposited into the fund during that
16 year or 25% of the beginning balance in the fund. No
17 transfer may be made from a fund under this Section that
18 would have the effect of reducing the available balance in
19 the fund to an amount less than the amount remaining
20 unexpended and unreserved from the total appropriation from
21 that fund for that fiscal year. This Section does not apply
22 to any funds that are restricted by federal law to a specific
23 use or to any funds in the Motor Fuel Tax Fund or the
24 Hospital Provider Fund. Notwithstanding any other provision
25 of this Section, the total transfer under this Section from
26 the Road Fund or the State Construction Account Fund shall
27 not exceed 5% of the revenues to be deposited into the fund
28 during that year.

29 In determining the available balance in a fund, the
30 Director of the Governor's Office of Management and Budget
31 ~~Bureau-of-the-Budget~~ may include receipts, transfers into the
32 fund, and other resources anticipated to be available in the
33 fund in that fiscal year.

1 The State Treasurer and Comptroller shall transfer the
2 amounts designated under this Section as soon as may be
3 practicable after receiving the direction to transfer from
4 the Director of the Governor's Office of Management and
5 Budget Bureau-of-the-Budget.

6 (Source: P.A. 93-32, eff. 6-20-03; revised 8-21-03.)

7 Section 10. The Illinois Public Aid Code is amended by
8 changing Sections 5-5.4, 5A-1, 5A-2, 5A-3, 5A-4, 5A-5, 5A-7,
9 5A-8, 5A-10, 14-1, and 14-8 and by adding Sections 5A-12,
10 5A-13, and 5A-14 as follows:

11 (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

12 Sec. 5-5.4. Standards of Payment - Department of Public
13 Aid. The Department of Public Aid shall develop standards of
14 payment of skilled nursing and intermediate care services in
15 facilities providing such services under this Article which:

16 (1) Provide for the determination of a facility's
17 payment for skilled nursing and intermediate care services on
18 a prospective basis. The amount of the payment rate for all
19 nursing facilities certified by the Department of Public
20 Health under the Nursing Home Care Act as Intermediate Care
21 for the Developmentally Disabled facilities, Long Term Care
22 for Under Age 22 facilities, Skilled Nursing facilities, or
23 Intermediate Care facilities under the medical assistance
24 program shall be prospectively established annually on the
25 basis of historical, financial, and statistical data
26 reflecting actual costs from prior years, which shall be
27 applied to the current rate year and updated for inflation,
28 except that the capital cost element for newly constructed
29 facilities shall be based upon projected budgets. The
30 annually established payment rate shall take effect on July 1
31 in 1984 and subsequent years. No rate increase and no update
32 for inflation shall be provided on or after July 1, 1994 and

1 before July 1, 2004, unless specifically provided for in this
2 Section.

3 For facilities licensed by the Department of Public
4 Health under the Nursing Home Care Act as Intermediate Care
5 for the Developmentally Disabled facilities or Long Term Care
6 for Under Age 22 facilities, the rates taking effect on July
7 1, 1998 shall include an increase of 3%. For facilities
8 licensed by the Department of Public Health under the Nursing
9 Home Care Act as Skilled Nursing facilities or Intermediate
10 Care facilities, the rates taking effect on July 1, 1998
11 shall include an increase of 3% plus \$1.10 per resident-day,
12 as defined by the Department.

13 For facilities licensed by the Department of Public
14 Health under the Nursing Home Care Act as Intermediate Care
15 for the Developmentally Disabled facilities or Long Term Care
16 for Under Age 22 facilities, the rates taking effect on July
17 1, 1999 shall include an increase of 1.6% plus \$3.00 per
18 resident-day, as defined by the Department. For facilities
19 licensed by the Department of Public Health under the Nursing
20 Home Care Act as Skilled Nursing facilities or Intermediate
21 Care facilities, the rates taking effect on July 1, 1999
22 shall include an increase of 1.6% and, for services provided
23 on or after October 1, 1999, shall be increased by \$4.00 per
24 resident-day, as defined by the Department.

25 For facilities licensed by the Department of Public
26 Health under the Nursing Home Care Act as Intermediate Care
27 for the Developmentally Disabled facilities or Long Term Care
28 for Under Age 22 facilities, the rates taking effect on July
29 1, 2000 shall include an increase of 2.5% per resident-day,
30 as defined by the Department. For facilities licensed by the
31 Department of Public Health under the Nursing Home Care Act
32 as Skilled Nursing facilities or Intermediate Care
33 facilities, the rates taking effect on July 1, 2000 shall
34 include an increase of 2.5% per resident-day, as defined by

1 the Department.

2 For facilities licensed by the Department of Public
3 Health under the Nursing Home Care Act as skilled nursing
4 facilities or intermediate care facilities, a new payment
5 methodology must be implemented for the nursing component of
6 the rate effective July 1, 2003. The Department of Public Aid
7 shall develop the new payment methodology using the Minimum
8 Data Set (MDS) as the instrument to collect information
9 concerning nursing home resident condition necessary to
10 compute the rate. The Department of Public Aid shall develop
11 the new payment methodology to meet the unique needs of
12 Illinois nursing home residents while remaining subject to
13 the appropriations provided by the General Assembly. A
14 transition period from the payment methodology in effect on
15 June 30, 2003 to the payment methodology in effect on July 1,
16 2003 shall be provided for a period not exceeding 4 2 years
17 after implementation of the new payment methodology as
18 follows:

19 (A) For a facility that would receive a lower
20 nursing component rate per patient day under the new
21 system than the facility received effective on the date
22 immediately preceding the date that the Department
23 implements the new payment methodology, the nursing
24 component rate per patient day for the facility shall be
25 held at the level in effect on the date immediately
26 preceding the date that the Department implements the new
27 payment methodology until a higher nursing component rate
28 of reimbursement is achieved by that facility.

29 (B) For a facility that would receive a higher
30 nursing component rate per patient day under the payment
31 methodology in effect on July 1, 2003 than the facility
32 received effective on the date immediately preceding the
33 date that the Department implements the new payment
34 methodology, the nursing component rate per patient day

1 for the facility shall be adjusted.

2 (C) Notwithstanding paragraphs (A) and (B), the
3 nursing component rate per patient day for the facility
4 shall be adjusted subject to appropriations provided by
5 the General Assembly.

6 For facilities licensed by the Department of Public
7 Health under the Nursing Home Care Act as Intermediate Care
8 for the Developmentally Disabled facilities or Long Term Care
9 for Under Age 22 facilities, the rates taking effect on March
10 1, 2001 shall include a statewide increase of 7.85%, as
11 defined by the Department.

12 For facilities licensed by the Department of Public
13 Health under the Nursing Home Care Act as Intermediate Care
14 for the Developmentally Disabled facilities or Long Term Care
15 for Under Age 22 facilities, the rates taking effect on April
16 1, 2002 shall include a statewide increase of 2.0%, as
17 defined by the Department. This increase terminates on July
18 1, 2002; beginning July 1, 2002 these rates are reduced to
19 the level of the rates in effect on March 31, 2002, as
20 defined by the Department.

21 For facilities licensed by the Department of Public
22 Health under the Nursing Home Care Act as skilled nursing
23 facilities or intermediate care facilities, the rates taking
24 effect on July 1, 2001 shall be computed using the most
25 recent cost reports on file with the Department of Public Aid
26 no later than April 1, 2000, updated for inflation to January
27 1, 2001. For rates effective July 1, 2001 only, rates shall
28 be the greater of the rate computed for July 1, 2001 or the
29 rate effective on June 30, 2001.

30 Notwithstanding any other provision of this Section, for
31 facilities licensed by the Department of Public Health under
32 the Nursing Home Care Act as skilled nursing facilities or
33 intermediate care facilities, the Illinois Department shall
34 determine by rule the rates taking effect on July 1, 2002,

1 which shall be 5.9% less than the rates in effect on June 30,
2 2002.

3 Rates established effective each July 1 shall govern
4 payment for services rendered throughout that fiscal year,
5 except that rates established on July 1, 1996 shall be
6 increased by 6.8% for services provided on or after January
7 1, 1997. Such rates will be based upon the rates calculated
8 for the year beginning July 1, 1990, and for subsequent years
9 thereafter until June 30, 2001 shall be based on the facility
10 cost reports for the facility fiscal year ending at any point
11 in time during the previous calendar year, updated to the
12 midpoint of the rate year. The cost report shall be on file
13 with the Department no later than April 1 of the current rate
14 year. Should the cost report not be on file by April 1, the
15 Department shall base the rate on the latest cost report
16 filed by each skilled care facility and intermediate care
17 facility, updated to the midpoint of the current rate year.
18 In determining rates for services rendered on and after July
19 1, 1985, fixed time shall not be computed at less than zero.
20 The Department shall not make any alterations of regulations
21 which would reduce any component of the Medicaid rate to a
22 level below what that component would have been utilizing in
23 the rate effective on July 1, 1984.

24 (2) Shall take into account the actual costs incurred by
25 facilities in providing services for recipients of skilled
26 nursing and intermediate care services under the medical
27 assistance program.

28 (3) Shall take into account the medical and
29 psycho-social characteristics and needs of the patients.

30 (4) Shall take into account the actual costs incurred by
31 facilities in meeting licensing and certification standards
32 imposed and prescribed by the State of Illinois, any of its
33 political subdivisions or municipalities and by the U.S.
34 Department of Health and Human Services pursuant to Title XIX

1 of the Social Security Act.

2 The Department of Public Aid shall develop precise
3 standards for payments to reimburse nursing facilities for
4 any utilization of appropriate rehabilitative personnel for
5 the provision of rehabilitative services which is authorized
6 by federal regulations, including reimbursement for services
7 provided by qualified therapists or qualified assistants, and
8 which is in accordance with accepted professional practices.
9 Reimbursement also may be made for utilization of other
10 supportive personnel under appropriate supervision.

11 (Source: P.A. 92-10, eff. 6-11-01; 92-31, eff. 6-28-01;
12 92-597, eff. 6-28-02; 92-651, eff. 7-11-02; 92-848, eff.
13 1-1-03; 93-20, eff. 6-20-03.)

14 (305 ILCS 5/5A-1) (from Ch. 23, par. 5A-1)

15 Sec. 5A-1. Definitions. As used in this Article, unless
16 the context requires otherwise:

17 "Fund" means the Hospital Provider Fund.

18 "Hospital" means an institution, place, building, or
19 agency located in this State that is subject to licensure by
20 the Illinois Department of Public Health under the Hospital
21 Licensing Act, whether public or private and whether
22 organized for profit or not-for-profit.

23 "Hospital provider" means a person licensed by the
24 Department of Public Health to conduct, operate, or maintain
25 a hospital, regardless of whether the person is a Medicaid
26 provider. For purposes of this paragraph, "person" means any
27 political subdivision of the State, municipal corporation,
28 individual, firm, partnership, corporation, company, limited
29 liability company, association, joint stock association, or
30 trust, or a receiver, executor, trustee, guardian, or other
31 representative appointed by order of any court.

32 "Occupied bed days" means the sum of the number of days
33 that each bed was occupied by a patient for all beds during

1 calendar year 2001. Occupied bed days shall be computed
2 separately for each hospital operated or maintained by a
3 hospital provider.

4 "Adjusted--gross--hospital--revenue"--shall-be-determined
5 separately--for--each--hospital---conducted,---operated,---or
6 maintained--by--a--hospital-provider,--and--means-the-hospital
7 provider's--total--gross--patient--revenues---less---Medicare
8 contractual--allowances,--but--does-not-include-gross-patient
9 revenue--(and--the--portion--of--any---Medicare---contractual
10 allowance--related--thereto)--from--skilled--or--intermediate
11 long-term--care-services-within-the-meaning-of-Title-XVIII-or
12 XIX-of-the-Social-Security-Act.

13 "Intergovernmental-transfer-payment"--means--the--payments
14 established--under--Section--15-3--of-this-Code,--and-includes
15 without-limitation-payments-payable-under--that--Section--for
16 July,--August,--and-September-of-1992.

17 (Source: P.A. 87-861; 88-88.)

18 (305 ILCS 5/5A-2) (from Ch. 23, par. 5A-2)

19 Sec. 5A-2. Assessment; no local authorization to tax.

20 (a) Subject to Sections 5A-3 and 5A-10, an annual
21 assessment on inpatient services is imposed on each hospital
22 provider for State fiscal years 2004 and 2005 in an amount
23 equal to the hospital's occupied bed days multiplied by
24 \$84.19.

25 The Department of Public Aid shall use the number of
26 occupied bed days as reported by each hospital on the Annual
27 Survey of Hospitals conducted by the Department of Public
28 Health to calculate the hospital's annual assessment. If the
29 sum of a hospital's occupied bed days is not reported on the
30 Annual Survey of Hospitals, then the Department of Public Aid
31 may obtain the sum of occupied bed days from any source
32 available, including, but not limited to, records maintained
33 by the hospital provider, which may be inspected at all times

1 during business hours of the day by the Department of Public
 2 Aid or its duly authorized agents and employees. For the
 3 ~~privilege of engaging in the occupation of hospital provider,~~
 4 ~~an assessment is imposed upon each hospital provider for the~~
 5 ~~State fiscal year beginning on July 1, 1993 and ending on~~
 6 ~~June 30, 1994, in an amount equal to 1.88% of the provider's~~
 7 ~~adjusted gross hospital revenue for the most recent calendar~~
 8 ~~year ending before the beginning of that State fiscal year.~~

9 Effective July 1, 1994 through June 30, 1996, an annual
 10 assessment is imposed upon each hospital provider in an
 11 amount equal to the provider's adjusted gross hospital
 12 revenue for the most recent calendar year ending before the
 13 beginning of that State fiscal year multiplied by the
 14 Provider's Savings Rate.

15 Effective July 1, 1996 through March 31, 1997, an
 16 assessment is imposed upon each hospital provider in an
 17 amount equal to three-fourths of the provider's adjusted
 18 gross hospital revenue for calendar year 1995 multiplied by
 19 the Provider's Savings Rate. No assessment shall be imposed
 20 on or after April 1, 1997.

21 Before July 1, 1995, the Provider's Savings Rate is 1.88%
 22 multiplied by a fraction, the numerator of which is the
 23 Maximum Section 5A-2 Contribution minus the Cigarette Tax
 24 Contribution, and the denominator of which is the Maximum
 25 Section 5A-2 Contribution. Effective July 1, 1995, the
 26 Provider's Savings Rate is 1.25% multiplied by a fraction,
 27 the numerator of which is the Maximum Section 5A-2
 28 Contribution minus the Cigarette Tax Contribution, and the
 29 denominator of which is the Maximum Section 5A-2
 30 Contribution.

31 The Cigarette Tax Contribution is the sum of the total
 32 amount deposited in the Hospital Provider Fund in the
 33 previous State fiscal year pursuant to Section 2(a) of the
 34 Cigarette Tax Act, plus the total amount deposited in the

1 Hospital-Provider-Fund-in--the--previous--State--fiscal--year
2 pursuant-to-Section-5A-3(e)-of-this-Code.

3 The-Maximum-Section-5A-2-Contribution-is-the-total-amount
4 of--tax--imposed-by-this-Section-in-the-previous-State-fiscal
5 year-on-providers--subject--to--this--Act,--multiplied--by--a
6 fraction--the--numerator--of-which-is-adjusted-gross-hospital
7 revenues-reported-to-the-Department-by-providers--subject--to
8 this---Act--for--the--previous--State--fiscal--year--and--the
9 denominator-of-which--is--adjusted--gross--hospital--revenues
10 reported--to--the-Department-by-providers-subject-to-this-Act
11 for-the-State-fiscal-year-immediately-preceding-the--previous
12 State-fiscal-year.

13 The--Department--shall--notify--hospital-providers-of-the
14 Provider's--Savings--Rate--by--mailing--a--notice---to---each
15 provider's--last-known-address-as-reflected-by-the-records-of
16 the-Illinois-Department.

17 (b) Nothing in this amendatory Act of the 93rd General
18 Assembly 1995 shall be construed to authorize any home rule
19 unit or other unit of local government to license for revenue
20 or to impose a tax or assessment upon hospital providers or
21 the occupation of hospital provider, or a tax or assessment
22 measured by the income or earnings of a hospital provider.

23 (c) As provided in Section 5A-14, this Section is
24 repealed on July 1, 2005.

25 (Source: P.A. 88-88; 89-21, eff. 7-1-95; 89-499, eff.
26 6-28-96.)

27 (305 ILCS 5/5A-3) (from Ch. 23, par. 5A-3)
28 Sec. 5A-3. Exemptions;-intergovernmental-transfers.

29 (a) Blank). A-hospital-provider-which-is-a-county-with-a
30 population----of----more----than----3,000,000----that---makes
31 intergovernmental-transfer-payments-as--provided--in--Section
32 15-3-of-this-Code-shall-be-exempt-from-the-assessment-imposed
33 by--Section--5A-2,--unless--the--exemption--is-adjudged-to-be

1 unconstitutional-or-otherwise--invalid,--in--which--case--the
2 county--shall--pay-the-assessment-imposed-by-Section-5A-2-for
3 all-assessment-periods-beginning-on-or-after--July--1,--1992,
4 and--the--assessment--so-paid-shall-be-creditable-against-the
5 intergovernmental-transfer-payments.

6 (b) A hospital provider that is a State agency, a State
7 university, or a county with a population of 3,000,000 or
8 more is exempt from the assessment imposed by Section 5A-2. A
9 hospital-organized-under-the-University-of-Illinois--Hospital
10 Act-and-exempt-from-the-assessment-imposed-by-Section-5A-2-is
11 hereby-authorized-to-enter-into-an-interagency-agreement-with
12 the--Illinois--Department--to-make-intergovernmental-transfer
13 payments-to-the-Illinois-Department.--These-payments-shall-be
14 deposited-into-the-University-of-Illinois--Hospital--Services
15 Fund--or,--if--that--Fund--ceases--to-exist,--into-the-General
16 Revenue-Fund.

17 (b-2) A hospital provider that is a county with a
18 population of less than 3,000,000 or a township,
19 municipality, hospital district, or any other local
20 governmental unit is exempt from the assessment imposed by
21 Section 5A-2.

22 (b-5) (Blank). A-hospital-operated-by-the-Department--of
23 Human--Services-in-the-course-of-performing-its-mental-health
24 and-developmental-disabilities-functions-is-exempt--from--the
25 assessment-imposed-by-Section-5A-2.

26 (b-10) A hospital provider whose hospital does not
27 charge for its services is exempt from the assessment imposed
28 by Section 5A-2, unless the exemption is adjudged to be
29 unconstitutional or otherwise invalid, in which case the
30 hospital provider shall pay the assessment imposed by Section
31 5A-2.

32 (b-15) A hospital provider whose hospital is licensed by
33 the Department of Public Health as a psychiatric hospital is
34 exempt from the assessment imposed by Section 5A-2, unless

1 the exemption is adjudged to be unconstitutional or otherwise
2 invalid, in which case the hospital provider shall pay the
3 assessment imposed by Section 5A-2.

4 (b-20) A hospital provider whose hospital is licensed by
5 the Department of Public Health as a rehabilitation hospital
6 is exempt from the assessment imposed by Section 5A-2, unless
7 the exemption is adjudged to be unconstitutional or otherwise
8 invalid, in which case the hospital provider shall pay the
9 assessment imposed by Section 5A-2.

10 (b-25) A hospital provider whose hospital (i) is not a
11 psychiatric hospital, rehabilitation hospital, or children's
12 hospital and (ii) has an average length of inpatient stay
13 greater than 25 days is exempt from the assessment imposed by
14 Section 5A-2, unless the exemption is adjudged to be
15 unconstitutional or otherwise invalid, in which case the
16 hospital provider shall pay the assessment imposed by Section
17 5A-2.

18 (c) (Blank). ~~The---Illinois---Department---is---hereby~~
19 ~~authorized--to--enter--into--agreements--with--publicly--owned--or~~
20 ~~operated--hospitals--to---make---intergovernmental---transfer~~
21 ~~payments--to--the--Illinois--Department--.~~ ~~These--payments--shall--be~~
22 ~~deposited--into--the--Hospital--Provider--Fund₇--except--that--any~~
23 ~~payments--arising--under--an--agreement--with--a--hospital--organized~~
24 ~~under--the--University--of--Illinois--Hospital--Act--shall--be~~
25 ~~deposited--into--the--University--of--Illinois--Hospital--Services~~
26 ~~Fund₇--if--that--Fund--exists.~~

27 (Source: P.A. 88-88; 88-554, eff. 7-26-94; 89-21, eff.
28 7-1-95; 89-507, eff. 7-1-97.)

29 (305 ILCS 5/5A-4) (from Ch. 23, par. 5A-4)
30 Sec. 5A-4. Payment of assessment; penalty.

31 (a) The annual assessment imposed by Section 5A-2 for
32 State fiscal year 2004 shall be due and payable on June 18 of
33 the year. The assessment imposed by Section 5A-2 for a State

1 fiscal year 2005 shall be due and payable in quarterly
2 installments, each equalling one-fourth of the assessment for
3 the year, on July 19, October 19, January 18, and April 19
4 September-30, December-31, March-31, and May-31 of the year;
5 ~~except--that--for--the--period--July-1, 1996--through--March-31,
6 ~~1997, the assessment imposed by Section 5A-2 for that period~~
7 ~~shall be due and payable in 3 equal installments on September~~
8 ~~30, December-31, and March-31 of that period.~~ No installment
9 payment of an assessment imposed by Section 5A-2 shall be due
10 and payable, however, until after: (i) the hospital provider
11 receives written notice from the Department of Public Aid
12 that the payment methodologies to hospitals required under
13 Section 5A-12 have been approved by the Centers for Medicare
14 and Medicaid Services of the U.S. Department of Health and
15 Human Services and the waiver under 42 CFR 433.68 for the
16 assessment imposed by Section 5A-2 has been granted by the
17 Centers for Medicare and Medicaid Services of the U.S.
18 Department of Health and Human Services; and (ii) the
19 hospital has received the payments required under Section
20 5A-12.~~

21 (b) The Illinois Department is authorized to establish
22 delayed payment schedules for hospital providers that are
23 unable to make installment payments when due under this
24 Section due to financial difficulties, as determined by the
25 Illinois Department.

26 (c) If a hospital provider fails to pay the full amount
27 of an installment when due (including any extensions granted
28 under subsection (b)), there shall, unless waived by the
29 Illinois Department for reasonable cause, be added to the
30 assessment imposed by Section 5A-2 a penalty assessment equal
31 to the lesser of (i) 5% of the amount of the installment not
32 paid on or before the due date plus 5% of the portion thereof
33 remaining unpaid on the last day of each 30-day period month
34 thereafter or (ii) 100% of the installment amount not paid on

1 or before the due date. For purposes of this subsection,
2 payments will be credited first to unpaid installment amounts
3 (rather than to penalty or interest), beginning with the most
4 delinquent installments.

5 (Source: P.A. 88-88; 89-499, eff. 6-28-96.)

6 (305 ILCS 5/5A-5) (from Ch. 23, par. 5A-5)

7 Sec. 5A-5. Notice Reporting; penalty; maintenance of
8 records.

9 (a) After December 31 of each year (except as otherwise
10 provided in this subsection), and on or before March 31 of
11 the succeeding year, the Department of Public Aid shall send
12 a notice of assessment to every hospital provider subject to
13 assessment under this Article shall file a return with the
14 Illinois Department. The notice of assessment shall notify
15 the hospital of its return shall report the adjusted gross
16 hospital revenue from the calendar year just ended and shall
17 be utilized by the Illinois Department to calculate the
18 assessment for the State fiscal year commencing on the next
19 July 1, except that the notice return for the State fiscal
20 year commencing July 1, 2003 ~~1992~~ and the report of revenue
21 for calendar year 1991 shall be sent filed on or before
22 December 15, 2003 ~~September 30, 1992~~. The notice return
23 shall be on a form prepared by the Illinois Department and
24 shall state the following:

25 (1) The name of the hospital provider.

26 (2) The address of the hospital provider's
27 principal place of business from which the provider
28 engages in the occupation of hospital provider in this
29 State, and the name and address of each hospital
30 operated, conducted, or maintained by the provider in
31 this State.

32 (3) The occupied bed days ~~adjusted gross hospital~~
33 ~~revenue of the hospital provider for the calendar year~~

1 just--ended, the amount of assessment imposed under
 2 Section 5A-2 for the State fiscal year for which the
 3 notice return is sent filed, and the amount of each
 4 quarterly installment to be paid during the State fiscal
 5 year.

6 (4) (Blank). ~~The amount of penalty due, if any,~~

7 (5) Other reasonable information as determined by
 8 the Illinois Department requires.

9 (b) If a hospital provider conducts, operates, or
 10 maintains more than one hospital licensed by the Illinois
 11 Department of Public Health, the provider shall ~~may not file~~
 12 ~~a single return covering all these hospitals, but shall file~~
 13 ~~a separate return for each hospital and shall compute and~~ pay
 14 the assessment for each hospital separately.

15 (c) Notwithstanding any other provision in this Article,
 16 in the case of a person who ceases to conduct, operate, or
 17 maintain a hospital in respect of which the person is subject
 18 to assessment under this Article as a hospital provider, the
 19 assessment for the State fiscal year in which the cessation
 20 occurs shall be adjusted by multiplying the assessment
 21 computed under Section 5A-2 by a fraction, the numerator of
 22 which is the number of days ~~months~~ in the year during which
 23 the provider conducts, operates, or maintains the hospital
 24 and the denominator of which is 365 ~~12~~. Immediately upon
 25 ceasing to conduct, operate, or maintain a hospital, the
 26 person shall pay ~~file a final, amended return with the~~
 27 ~~Illinois Department not more than 90 days after the cessation~~
 28 ~~reflecting the adjustment and shall pay with the final return~~
 29 the assessment for the year as so adjusted (to the extent not
 30 previously paid).

31 (d) Notwithstanding any other provision in this Article,
 32 a provider who commences conducting, operating, or
 33 maintaining a hospital, upon notice by the Illinois
 34 Department, ~~shall file an initial return for the State fiscal~~

1 year--in--which--the--commencement--occurs--within--90---days
 2 thereafter--and shall pay the assessment computed under
 3 Section 5A-2 and subsection (e) in equal installments on the
 4 due dates stated in the notice date-of-the-return and on the
 5 regular installment due dates for the State fiscal year
 6 occurring after the due dates date of the initial notice
 7 return.

8 (e) Notwithstanding any other provision in this Article,
 9 in the case of a hospital provider that did not conduct,
 10 operate, or maintain a hospital throughout the calendar year
 11 2001 preceding--a-State-fiscal-year, the assessment for that
 12 State fiscal year shall be computed on the basis of
 13 hypothetical occupied bed days adjusted--gross--hospital
 14 revenue for the full calendar year as determined by--rules
 15 adopted by the Illinois Department (which-may-be-based-on
 16 annualization-of-the-provider's-actual-revenues-for-a-portion
 17 of-the-calendar-year, or-revenues-of--a--comparable--hospital
 18 for-the-year, including-revenues-realized-by-a-prior-provider
 19 from-the-same-hospital-during-the-year).

20 (f) (Blank). In-the-case-of-a-hospital-provider-existing
 21 as--a--corporation--or-legal-entity-other-than-an-individual,
 22 the-return-filed-by-it-shall--be--signed--by--its--president,
 23 vice-president,--secretary,--or--treasurer-or-by-its-properly
 24 authorized-agent.

25 (g) (Blank). If-a-hospital-provider-fails--to--file--its
 26 return--for--a-State-fiscal-year-on-or-before-the-due-date-of
 27 the-return,--there--shall,--unless--waived--by--the--Illinois
 28 Department--for--reasonable-cause, be-added-to-the-assessment
 29 imposed-by-Section-5A-2-for-the-State-fiscal-year--a--penalty
 30 assessment--equal--to--25%--of-the-assessment-imposed-for-the
 31 year.

32 (h) (Blank). Every--hospital--provider--subject--to
 33 assessment--under--this-Article-shall-keep-sufficient-records
 34 to--permit--the--determination--of--adjusted--gross--hospital

1 revenue-on-a-calendar-year-basis.--All-such-records-shall--be
 2 kept--in--the-English-language-and-shall,--at-all-times-during
 3 business-hours-of-the-day,--be-subject-to--inspection--by--the
 4 Illinois---Department--or--its--duly--authorized--agents--and
 5 employees-

6 (Source: P.A. 87-861.)

7 (305 ILCS 5/5A-7) (from Ch. 23, par. 5A-7)

8 Sec. 5A-7. Administration; enforcement provisions.

9 (a) To the extent practicable, the Illinois Department
 10 shall administer and enforce this Article and collect the
 11 assessments, interest, and penalty assessments imposed under
 12 this Article using procedures employed in its administration
 13 of this Code generally and, as it deems appropriate, in a
 14 manner similar to that in which the Department of Revenue
 15 administers and collects the retailers' occupation tax under
 16 the Retailers' Occupation Tax Act ("ROTA"). Instead of
 17 certificates of registration, the Illinois Department shall
 18 establish and maintain a listing of all hospital providers
 19 appearing in the licensing records of the Department of
 20 Public Health, which shall show each provider's name,
 21 principal place of business, and the name and address of each
 22 hospital operated, conducted, or maintained by the provider
 23 in this State. In addition, the following specified
 24 provisions of the Retailers' Occupation Tax Act are
 25 incorporated by reference into this Section except that the
 26 Illinois Department and its Director (rather than the
 27 Department of Revenue and its Director) and every hospital
 28 provider subject to assessment measured by occupied bed days
 29 ~~adjusted-gross-hospital-revenue--and--to-the-return-filing~~
 30 ~~requirements-of-this-Article~~ (rather than persons subject to
 31 retailers' occupation tax measured by gross receipts from the
 32 sale of tangible personal property at retail and ~~to-the~~
 33 ~~return-filing-requirements-of-ROTA~~) shall have the powers,

1 duties, and rights specified in these ROTA provisions, as
2 modified in this Section or by the Illinois Department in a
3 manner consistent with this Article and except as manifestly
4 inconsistent with the other provisions of this Article:

5 (1) ROTA, Section 4 (examination of return; notice
6 of correction; evidence; limitations; protest and
7 hearing), except that (i) the Illinois Department shall
8 issue notices of assessment liability (rather than
9 notices of tax liability as provided in ROTA, Section 4);
10 (ii) in the case of a fraudulent return or in the case of
11 an extended period agreed to by the Illinois Department
12 and the hospital provider before the expiration of the
13 limitation period, no notice of assessment liability
14 shall be issued more than 3 years after the later of the
15 due date of the return required by Section 5A-5 or the
16 date the return (or an amended return) was filed (rather
17 within the period stated in ROTA, Section 4); and (iii)
18 the penalty provisions of ROTA, Section 4 shall not
19 apply.

20 (2) ROTA, Sec. 5 (failure to make return; failure
21 to pay assessment), except that the penalty and interest
22 provisions of ROTA, Section 5 shall not apply.

23 (3) ROTA, Section 5a (lien; attachment;
24 termination; notice; protest; review; release of lien;
25 status of lien).

26 (4) ROTA, Section 5b (State lien notices; State
27 lien index; duties of recorder and registrar of titles).

28 (5) ROTA, Section 5c (liens; certificate of
29 release).

30 (6) ROTA, Section 5d (Department not required to
31 furnish bond; claim to property attached or levied upon).

32 (7) ROTA, Section 5e (foreclosure on liens;
33 enforcement).

34 (8) ROTA, Section 5f (demand for payment; levy and

1 sale of property; limitation).

2 (9) ROTA, Section 5g (sale of property;
3 redemption).

4 (10) ROTA, Section 5j (sales on transfers outside
5 usual course of business; report; payment of assessment;
6 rights and duties of purchaser; penalty), except that
7 notice shall be provided to the Illinois Department as
8 specified by rule.

9 (11) ROTA, Section 6 (erroneous payments; credit or
10 refund), provided that (i) the Illinois Department may
11 only apply an amount otherwise subject to credit or
12 refund to a liability arising under this Article; (ii)
13 except in the case of an extended period agreed to by the
14 Illinois Department and the hospital provider before the
15 expiration of this limitation period, a claim for credit
16 or refund must be filed no more than 3 years after the
17 due date of the return required by Section 5A-5 (rather
18 than the time limitation stated in ROTA, Section 6); and
19 (iii) credits or refunds shall not bear interest.

20 (12) ROTA, Section 6a (claims for credit or
21 refund).

22 (13) ROTA, Section 6b (tentative determination of
23 claim; notice; hearing; review), provided that a hospital
24 provider or its representative shall have 60 days (rather
25 than 20 days) within which to file a protest and request
26 for hearing in response to a tentative determination of
27 claim.

28 (14) ROTA, Section 6c (finality of tentative
29 determinations).

30 (15) ROTA, Section 8 (investigations and
31 hearings).

32 (16) ROTA, Section 9 (witness; immunity).

33 (17) ROTA, Section 10 (issuance of subpoenas;
34 attendance of witnesses; production of books and

1 records).

2 (18) ROTA, Section 11 (information confidential;
3 exceptions).

4 (19) ROTA, Section 12 (rules and regulations;
5 hearing; appeals), except that a hospital provider shall
6 not be required to file a bond or be subject to a lien in
7 lieu thereof in order to seek court review under the
8 Administrative Review Law of a final assessment or
9 revised final assessment or the equivalent thereof issued
10 by the Illinois Department under this Article.

11 (b) In addition to any other remedy provided for and
12 without sending a notice of assessment liability, the
13 Illinois Department may collect an unpaid assessment by
14 withholding, as payment of the assessment, reimbursements or
15 other amounts otherwise payable by the Illinois Department to
16 the provider.

17 (Source: P.A. 87-861.)

18 (305 ILCS 5/5A-8) (from Ch. 23, par. 5A-8)

19 Sec. 5A-8. Hospital Provider Fund.

20 (a) There is created in the State Treasury the Hospital
21 Provider Fund. Interest earned by the Fund shall be credited
22 to the Fund. The Fund shall not be used to replace any
23 moneys appropriated to the Medicaid program by the General
24 Assembly.

25 (b) The Fund is created for the purpose of receiving
26 moneys in accordance with Section 5A-6 and disbursing moneys
27 only for the following purposes, notwithstanding any other
28 provision of law as follows:

29 (1) For making payments to hospitals as required
30 under Articles V, VI, and XIV ~~hospital--inpatient--care,~~
31 ~~hospital--ambulatory--care,~~ ~~and--disproportionate--share~~
32 ~~hospital--distributive--expenditures-made-under-Title-XIX~~
33 ~~of-the-Social-Security-Act-and-Article-V~~ of this Code and

1 under the Children's Health Insurance Program Act.

2 (2) For the reimbursement of moneys collected by
3 the Illinois Department from hospitals or hospital
4 providers through error or mistake in performing the
5 activities authorized under this Article and Article V of
6 this Code and-for-making-required-payments-under-Section
7 14-9-of-this-Code-if-there-are-no--moneys--available--for
8 these-payments-in-the-Hospital-Services-Trust-Fund.

9 (3) For payment of administrative expenses incurred
10 by the Illinois Department or its agent in performing the
11 activities authorized by this Article.

12 (4) For payments of any amounts which are
13 reimbursable to the federal government for payments from
14 this Fund which are required to be paid by State warrant.

15 (5) For making transfers ~~to the General Obligation~~
16 ~~Bond Retirement and Interest Fund~~, as those transfers are
17 authorized in the proceedings authorizing debt under the
18 Short Term Borrowing Act, but transfers made under this
19 paragraph (5) shall not exceed the principal amount of
20 debt issued in anticipation of the receipt by the State
21 of moneys to be deposited into the Fund.

22 (6) For making transfers to any other fund in the
23 State treasury, but transfers made under this paragraph
24 (6) shall not exceed the amount transferred previously
25 from that other fund into the Hospital Provider Fund.

26 (7) For making refunds to hospital providers
27 pursuant to Section 5A-10.

28 Disbursements from the Fund, other than transfers
29 authorized under paragraphs (5) and (6) of this subsection ~~to~~
30 ~~the--General--Obligation--Bond--Retirement-and-Interest-Fund~~,
31 shall be by warrants drawn by the State Comptroller upon
32 receipt of vouchers duly executed and certified by the
33 Illinois Department.

34 (c) The Fund shall consist of the following:

1 (1) All moneys collected or received by the
2 Illinois Department from the hospital provider assessment
3 imposed by this Article.

4 (2) All federal matching funds received by the
5 Illinois Department as a result of expenditures made by
6 the Illinois Department that are attributable to moneys
7 deposited in the Fund.

8 (3) Any interest or penalty levied in conjunction
9 with the administration of this Article.

10 (4) Moneys transferred from another fund in the
11 State treasury. Any--balance--in--the--Hospital--Services
12 Trust--Fund--in--the--State--Treasury.--The--balance--shall--be
13 transferred--to--the--Fund--upon--certification--by--the
14 Illinois--Department--to--the--State--Comptroller--that--all--of
15 the--disbursements--required--by--Section--14-2(b)--of--this
16 Code--have--been--made--.

17 (5) All other moneys received for the Fund from any
18 other source, including interest earned thereon.

19 (d) (Blank). The--Fund--shall--cease--to--exist--on--October--1,
20 1999.--Any--balance--in--the--Fund--as--of--that--date--shall--be
21 transferred--to--the--General--Revenue--Fund.--Any--moneys--that
22 otherwise--would--be--paid--into--the--Fund--on--or--after--that--date
23 shall--be--deposited--into--the--General--Revenue--Fund.--Any
24 disbursements--on--or--after--that--date--that--otherwise--would--be
25 made--from--the--Fund--may--be--appropriated--by--the--General
26 Assembly--from--the--General--Revenue--Fund--.

27 (Source: P.A. 89-626, eff. 8-9-96; 90-587, eff. 7-1-98.)

28 (305 ILCS 5/5A-10) (from Ch. 23, par. 5A-10)
29 Sec. 5A-10. Applicability.

30 (a) The assessment imposed by Section 5A-2 shall not
31 take effect or shall cease to be imposed, and any moneys
32 remaining in the Fund shall be refunded to hospital providers
33 in proportion to the amounts paid by them, if:

1 (1) the sum of the appropriations for State fiscal
 2 years 2004 and 2005 from the General Revenue Fund for
 3 hospital payments under the medical assistance program is
 4 less than \$4,250,000,000; or

5 (2) the Department of Public Aid makes changes in
 6 its rules that reduce the hospital inpatient or
 7 outpatient payment rates, including adjustment payment
 8 rates, in effect on October 1, 2003, except for hospitals
 9 described in subsection (b) of Section 5A-3 and except
 10 for changes in outpatient payment rates made to comply
 11 with the federal Health Insurance Portability and
 12 Accountability Act, so long as those changes do not
 13 reduce aggregate expenditures below the amount expended
 14 in State fiscal year 2003 for such services; or

15 (3) the payments to hospitals required under
 16 Section 5A-12 are changed or are not eligible for federal
 17 matching funds under Title XIX or XXI of the Social
 18 Security Act.

19 (b) The assessment imposed by Section 5A-2 shall not
 20 take effect or shall cease to be imposed if the assessment is
 21 determined to be an impermissible tax amount--of--matching
 22 federal--funds under Title XIX of the Social Security Act is
 23 eliminated--or--significantly--reduced--on--account--of--the
 24 assessment. Moneys in the Hospital Provider Fund derived
 25 from assessments imposed prior thereto shall be disbursed in
 26 accordance with Section 5A-8 to the extent federal matching
 27 is not reduced due to the impermissibility of by the
 28 assessments, and any remaining moneys assessments shall be
 29 refunded to hospital providers in proportion to the amounts
 30 paid by them.

31 (Source: P.A. 87-861.)

32 (305 ILCS 5/5A-12 new)

33 Sec. 5A-12. Hospital access improvement payments.

1 (a) To improve access to hospital services, for hospital
2 services rendered on or after January 1, 2004, the Department
3 of Public Aid shall make payments to hospitals as set forth
4 in this Section, except for hospitals described in subsection
5 (b) of Section 5A-3. These payments shall be paid on a
6 quarterly basis. For State fiscal year 2004, the Department
7 shall pay the total amounts required under this Section;
8 these amounts shall be paid on or before June 15 of the year.
9 In subsequent State fiscal years, the total amounts required
10 under this Section shall be paid in 4 equal installments on
11 or before July 15, October 15, January 14, and April 15 of
12 the year. Payments under this Section are not due and
13 payable, however, until (i) the methodologies described in
14 this Section are approved by the federal government in an
15 appropriate State Plan amendment, (ii) the assessment imposed
16 under this Article is determined to be a permissible tax
17 under Title XIX of the Social Security Act, and (iii) the
18 assessment is in effect.

19 (b) High volume payment. In addition to rates paid for
20 inpatient hospital services, the Department of Public Aid
21 shall pay, to each Illinois hospital that provided more than
22 20,000 Medicaid inpatient days of care during State fiscal
23 year 2001 (except for hospitals that qualify for adjustment
24 payments under Section 5-5.02 for the 12-month period
25 beginning on October 1, 2002), \$190 for each Medicaid
26 inpatient day of care provided during that fiscal year. A
27 hospital that provided less than 30,000 Medicaid inpatient
28 days of care during that period, however, is not entitled to
29 receive more than \$3,500,000 per year in such payments.

30 (c) Medicaid inpatient utilization rate adjustment. In
31 addition to rates paid for inpatient hospital services, the
32 Department of Public Aid shall pay each Illinois hospital
33 (except for hospitals described in Section 5A-3), for each
34 Medicaid inpatient day of care provided during State fiscal

1 year 2001, an amount equal to the product of \$57.25
2 multiplied by the quotient of 1 divided by the greater of
3 1.6% or the hospital's Medicaid inpatient utilization rate
4 (as used to determine eligibility for adjustment payments
5 under Section 5-5.02 for the 12-month period beginning on
6 October 1, 2002). The total payments under this subsection to
7 a hospital may not exceed \$10,500,000 annually.

8 (d) Psychiatric base rate adjustment.

9 (1) In addition to rates paid for inpatient
10 psychiatric services, the Department of Public Aid shall
11 pay each Illinois general acute care hospital with a
12 distinct part-psychiatric unit, for each Medicaid
13 inpatient psychiatric day of care provided in State
14 fiscal year 2001, an amount equal to \$400 less the
15 hospital's per-diem rate for Medicaid inpatient
16 psychiatric services as in effect on October 1, 2003. In
17 no event, however, shall that amount be less than zero.

18 (2) For distinct part-psychiatric units of Illinois
19 general acute care hospitals, except for all hospitals
20 excluded in Section 5A-3, whose inpatient per-diem rate
21 as in effect on October 1, 2003 is greater than \$400, the
22 Department shall pay, in addition to any other amounts
23 authorized under this Code, \$25 for each Medicaid
24 inpatient psychiatric day of care provided in State
25 fiscal year 2001.

26 (e) Supplemental tertiary care adjustment. In addition
27 to rates paid for inpatient services, the Department of
28 Public Aid shall pay to each Illinois hospital eligible for
29 tertiary care adjustment payments under 89 Ill. Adm. Code
30 148.296, as in effect for State fiscal year 2003, a
31 supplemental tertiary care adjustment payment equal to the
32 tertiary care adjustment payment required under 89 Ill. Adm.
33 Code 148.296, as in effect for State fiscal year 2003.

34 (f) Medicaid outpatient utilization rate adjustment. In

1 addition to rates paid for outpatient hospital services, the
2 Department of Public Aid shall pay each Illinois hospital
3 (except for hospitals described in Section 5A-3), an amount
4 equal to the product of 2.45% multiplied by the hospital's
5 Medicaid outpatient charges multiplied by the quotient of 1
6 divided by the greater of 1.6% or the hospital's Medicaid
7 outpatient utilization rate. The total payments under this
8 subsection to a hospital may not exceed \$6,750,000 annually.

9 For purposes of this subsection:

10 "Medicaid outpatient charges" means the charges for
11 outpatient services provided to Medicaid patients for State
12 fiscal year 2001 as submitted by the hospital on the UB-92
13 billing form or under the ambulatory procedure listing and
14 adjudicated by the Department of Public Aid on or before
15 September 12, 2003.

16 "Medicaid outpatient utilization rate" means a fraction,
17 the numerator of which is the hospital's Medicaid outpatient
18 charges and the denominator of which is the total number of
19 the hospital's charges for outpatient services for the
20 hospital's fiscal year ending in 2001.

21 (g) State outpatient service adjustment. In addition to
22 rates paid for outpatient hospital services, the Department
23 of Public Aid shall pay each Illinois hospital an amount
24 equal to the product of 75.5% multiplied by the hospital's
25 Medicaid outpatient services submitted to the Department on
26 the UB-92 billing form for State fiscal year 2001 multiplied
27 by the hospital's outpatient access fraction.

28 For purposes of this subsection, "outpatient access
29 fraction" means a fraction, the numerator of which is the
30 hospital's Medicaid payments for outpatient services for
31 ambulatory procedure listing services submitted to the
32 Department on the UB-92 billing form for State fiscal year
33 2001, and the denominator of which is the hospital's Medicaid
34 outpatient services submitted to the Department on the UB-92

1 billing form for State fiscal year 2001.

2 The total payments under this subsection to a hospital
3 may not exceed \$3,000,000 annually.

4 (h) Rural hospital outpatient adjustment. In addition to
5 rates paid for outpatient hospital services, the Department
6 of Public Aid shall pay each Illinois rural hospital an
7 amount equal to the product of \$14,500,000 multiplied by the
8 rural hospital outpatient adjustment fraction.

9 For purposes of this subsection, "rural hospital
10 outpatient adjustment fraction" means a fraction, the
11 numerator of which is the hospital's Medicaid visits for
12 outpatient services for ambulatory procedure listing services
13 submitted to the Department on the UB-92 billing form for
14 State fiscal year 2001, and the denominator of which is the
15 total Medicaid visits for outpatient services for ambulatory
16 procedure listing services for all Illinois rural hospitals
17 submitted to the Department on the UB-92 billing form for
18 State fiscal year 2001.

19 For purposes of this subsection, "rural hospital" has the
20 same meaning as in 89 Ill. Adm. Code 148.25, as in effect on
21 September 30, 2003.

22 (i) For purposes of this Section, the terms "Medicaid
23 days", "Medicaid charges", and "Medicaid services" do not
24 include any days, charges, or services for which Medicare was
25 liable for payment.

26 (j) As provided in Section 5A-14, this Section is
27 repealed on July 1, 2005.

28 (305 ILCS 5/5A-13 new)

29 Sec. 5A-13. Emergency rulemaking. The Department of
30 Public Aid may adopt rules necessary to implement this
31 amendatory Act of the 93rd General Assembly through the use
32 of emergency rulemaking in accordance with Section 5-45 of
33 the Illinois Administrative Procedure Act. For purposes of

1 that Act, the General Assembly finds that the adoption of
2 rules to implement this amendatory Act of the 93rd General
3 Assembly is deemed an emergency and necessary for the public
4 interest, safety, and welfare.

5 (305 ILCS 5/5A-14 new)

6 Sec. 5A-14. Repeal of assessments and disbursements.

7 (a) Section 5A-2 is repealed on July 1, 2005.

8 (b) Section 5A-12 is repealed on July 1, 2005.

9 (305 ILCS 5/14-1) (from Ch. 23, par. 14-1)

10 Sec. 14-1. Definitions. As used in this Article, unless
11 the context requires otherwise:

12 "Fund" means the Hospital Services Trust Fund.

13 "Estimated Rate Year Utilization" means the hospital's
14 projected utilization for the State fiscal year in which the
15 fee is due (for example, fiscal year 1992 for fees imposed in
16 State fiscal year 1992, fiscal year 1993 for fees imposed in
17 State fiscal year 1993, and so forth).

18 "Gross Receipts" means all payments for medical services
19 delivered under Title XIX of the Social Security Act and
20 Articles V, VI, and VII of this Code and shall mean any and
21 all payments made by the Illinois Department, or a Division
22 thereof, to a Medical Assistance Program provider certified
23 to participate in the Illinois Medical Assistance Program,
24 for services rendered eligible for Medical Assistance under
25 Articles V, VI and VII of this Code, State regulations and
26 the federal Medicaid Program as defined in Title XIX of the
27 Social Security Act and federal regulations.

28 "Hospital" means any institution, place, building, or
29 agency, public or private, whether organized for profit or
30 not-for-profit, which is located in the State and is subject
31 to licensure by the Illinois Department of Public Health
32 under the Hospital Licensing Act or any institution, place,

1 building, or agency, public or private, whether organized for
2 profit or not-for-profit, which meets all comparable
3 conditions and requirements of the Hospital Licensing Act in
4 effect for the state in which it is located, and is required
5 to submit cost reports to the Illinois Department under Title
6 89, Part 148, of the Illinois Administrative Code, but shall
7 not include the University of Illinois Hospital as defined in
8 the University of Illinois Hospital Act or a county hospital
9 in a county of over 3 million population.

10 ~~"Total-Medicare-Base-Year-Spending" means the hospital's~~
11 ~~State-fiscal-year-1991-weighted-average-payment-rates, as~~
12 ~~defined-by-rule, excluding payments under Section 5-5.02 of~~
13 ~~this Code, reduced by 5% and multiplied by the hospital's~~
14 ~~estimated-rate-year-utilization.~~

15 (Source: P.A. 87-13.)

16 (305 ILCS 5/14-8) (from Ch. 23, par. 14-8)

17 Sec. 14-8. Disbursements to Hospitals.

18 (a) For inpatient hospital services rendered on and
19 after September 1, 1991, the Illinois Department shall
20 reimburse hospitals for inpatient services at an inpatient
21 payment rate calculated for each hospital based upon the
22 Medicare Prospective Payment System as set forth in Sections
23 1886(b), (d), (g), and (h) of the federal Social Security
24 Act, and the regulations, policies, and procedures
25 promulgated thereunder, except as modified by this Section.
26 Payment rates for inpatient hospital services rendered on or
27 after September 1, 1991 and on or before September 30, 1992
28 shall be calculated using the Medicare Prospective Payment
29 rates in effect on September 1, 1991. Payment rates for
30 inpatient hospital services rendered on or after October 1,
31 1992 and on or before March 31, 1994 shall be calculated
32 using the Medicare Prospective Payment rates in effect on
33 September 1, 1992. Payment rates for inpatient hospital

1 services rendered on or after April 1, 1994 shall be
2 calculated using the Medicare Prospective Payment rates
3 (including the Medicare grouping methodology and weighting
4 factors as adjusted pursuant to paragraph (1) of this
5 subsection) in effect 90 days prior to the date of
6 admission. For services rendered on or after July 1, 1995,
7 the reimbursement methodology implemented under this
8 subsection shall not include those costs referred to in
9 Sections 1886(d)(5)(B) and 1886(h) of the Social Security
10 Act. The additional payment amounts required under Section
11 1886(d)(5)(F) of the Social Security Act, for hospitals
12 serving a disproportionate share of low-income or indigent
13 patients, are not required under this Section. For hospital
14 inpatient services rendered on or after July 1, 1995, the
15 Illinois Department shall reimburse hospitals using the
16 relative weighting factors and the base payment rates
17 calculated for each hospital that were in effect on June 30,
18 1995, less the portion of such rates attributed by the
19 Illinois Department to the cost of medical education.

20 (1) The weighting factors established under Section
21 1886(d)(4) of the Social Security Act shall not be used
22 in the reimbursement system established under this
23 Section. Rather, the Illinois Department shall establish
24 by rule Medicaid weighting factors to be used in the
25 reimbursement system established under this Section.

26 (2) The Illinois Department shall define by rule
27 those hospitals or distinct parts of hospitals that shall
28 be exempt from the reimbursement system established under
29 this Section. In defining such hospitals, the Illinois
30 Department shall take into consideration those hospitals
31 exempt from the Medicare Prospective Payment System as of
32 September 1, 1991. For hospitals defined as exempt under
33 this subsection, the Illinois Department shall by rule
34 establish a reimbursement system for payment of inpatient

1 hospital services rendered on and after September 1,
2 1991. For all hospitals that are children's hospitals as
3 defined in Section 5-5.02 of this Code, the reimbursement
4 methodology shall, through June 30, 1992, net of all
5 applicable fees, at least equal each children's hospital
6 1990 ICARE payment rates, indexed to the current year by
7 application of the DRI hospital cost index from 1989 to
8 the year in which payments are made. Excepting county
9 providers as defined in Article XV of this Code,
10 hospitals licensed under the University of Illinois
11 Hospital Act, and facilities operated by the Department
12 of Mental Health and Developmental Disabilities (or its
13 successor, the Department of Human Services) for hospital
14 inpatient services rendered on or after July 1, 1995, the
15 Illinois Department shall reimburse children's hospitals,
16 as defined in 89 Illinois Administrative Code Section
17 149.50(c)(3), at the rates in effect on June 30, 1995,
18 and shall reimburse all other hospitals at the rates in
19 effect on June 30, 1995, less the portion of such rates
20 attributed by the Illinois Department to the cost of
21 medical education. For inpatient hospital services
22 provided on or after August 1, 1998, the Illinois
23 Department may establish by rule a means of adjusting the
24 rates of children's hospitals, as defined in 89 Illinois
25 Administrative Code Section 149.50(c)(3), that did not
26 meet that definition on June 30, 1995, in order for the
27 inpatient hospital rates of such hospitals to take into
28 account the average inpatient hospital rates of those
29 children's hospitals that did meet the definition of
30 children's hospitals on June 30, 1995.

31 (3) (Blank)

32 (4) Notwithstanding any other provision of this
33 Section, hospitals that on August 31, 1991, have a
34 contract with the Illinois Department under Section 3-4

1 of the Illinois Health Finance Reform Act may elect to
2 continue to be reimbursed at rates stated in such
3 contracts for general and specialty care.

4 (5) In addition to any payments made under this
5 subsection (a), the Illinois Department shall make the
6 adjustment payments required by Section 5-5.02 of this
7 Code; provided, that in the case of any hospital
8 reimbursed under a per case methodology, the Illinois
9 Department shall add an amount equal to the product of
10 the hospital's average length of stay, less one day,
11 multiplied by 20, for inpatient hospital services
12 rendered on or after September 1, 1991 and on or before
13 September 30, 1992.

14 (b) (Blank)

15 (b-5) Excepting county providers as defined in Article
16 XV of this Code, hospitals licensed under the University of
17 Illinois Hospital Act, and facilities operated by the
18 Illinois Department of Mental Health and Developmental
19 Disabilities (or its successor, the Department of Human
20 Services), for outpatient services rendered on or after July
21 1, 1995 and before July 1, 1998 the Illinois Department shall
22 reimburse children's hospitals, as defined in the Illinois
23 Administrative Code Section 149.50(c)(3), at the rates in
24 effect on June 30, 1995, less that portion of such rates
25 attributed by the Illinois Department to the outpatient
26 indigent volume adjustment and shall reimburse all other
27 hospitals at the rates in effect on June 30, 1995, less the
28 portions of such rates attributed by the Illinois Department
29 to the cost of medical education and attributed by the
30 Illinois Department to the outpatient indigent volume
31 adjustment. For outpatient services provided on or after
32 July 1, 1998, reimbursement rates shall be established by
33 rule.

34 (c) In addition to any other payments under this Code,

1 the Illinois Department shall develop a hospital
2 disproportionate share reimbursement methodology that,
3 effective July 1, 1991, through September 30, 1992, shall
4 reimburse hospitals sufficiently to expend the fee monies
5 described in subsection (b) of Section 14-3 of this Code and
6 the federal matching funds received by the Illinois
7 Department as a result of expenditures made by the Illinois
8 Department as required by this subsection (c) and Section
9 14-2 that are attributable to fee monies deposited in the
10 Fund, less amounts applied to adjustment payments under
11 Section 5-5.02.

12 (d) Critical Care Access Payments.

13 (1) In addition to any other payments made under
14 this Code, the Illinois Department shall develop a
15 reimbursement methodology that shall reimburse Critical
16 Care Access Hospitals for the specialized services that
17 qualify them as Critical Care Access Hospitals. No
18 adjustment payments shall be made under this subsection
19 on or after July 1, 1995.

20 (2) "Critical Care Access Hospitals" includes, but
21 is not limited to, hospitals that meet at least one of
22 the following criteria:

23 (A) Hospitals located outside of a
24 metropolitan statistical area that are designated as
25 Level II Perinatal Centers and that provide a
26 disproportionate share of perinatal services to
27 recipients; or

28 (B) Hospitals that are designated as Level I
29 Trauma Centers (adult or pediatric) and certain
30 Level II Trauma Centers as determined by the
31 Illinois Department; or

32 (C) Hospitals located outside of a
33 metropolitan statistical area and that provide a
34 disproportionate share of obstetrical services to

1 recipients.

2 (e) Inpatient high volume adjustment. For hospital
3 inpatient services, effective with rate periods beginning on
4 or after October 1, 1993, in addition to rates paid for
5 inpatient services by the Illinois Department, the Illinois
6 Department shall make adjustment payments for inpatient
7 services furnished by Medicaid high volume hospitals. The
8 Illinois Department shall establish by rule criteria for
9 qualifying as a Medicaid high volume hospital and shall
10 establish by rule a reimbursement methodology for calculating
11 these adjustment payments to Medicaid high volume hospitals.
12 No adjustment payment shall be made under this subsection for
13 services rendered on or after July 1, 1995.

14 (f) The Illinois Department shall modify its current
15 rules governing adjustment payments for targeted access,
16 critical care access, and uncompensated care to classify
17 those adjustment payments as not being payments to
18 disproportionate share hospitals under Title XIX of the
19 federal Social Security Act. Rules adopted under this
20 subsection shall not be effective with respect to services
21 rendered on or after July 1, 1995. The Illinois Department
22 has no obligation to adopt or implement any rules or make any
23 payments under this subsection for services rendered on or
24 after July 1, 1995.

25 (f-5) The State recognizes that adjustment payments to
26 hospitals providing certain services or incurring certain
27 costs may be necessary to assure that recipients of medical
28 assistance have adequate access to necessary medical
29 services. These adjustments include payments for teaching
30 costs and uncompensated care, trauma center payments,
31 rehabilitation hospital payments, perinatal center payments,
32 obstetrical care payments, targeted access payments, Medicaid
33 high volume payments, and outpatient indigent volume
34 payments. On or before April 1, 1995, the Illinois

1 Department shall issue recommendations regarding (i)
2 reimbursement mechanisms or adjustment payments to reflect
3 these costs and services, including methods by which the
4 payments may be calculated and the method by which the
5 payments may be financed, and (ii) reimbursement mechanisms
6 or adjustment payments to reflect costs and services of
7 federally qualified health centers with respect to recipients
8 of medical assistance.

9 (g) If one or more hospitals file suit in any court
10 challenging any part of this Article XIV, payments to
11 hospitals under this Article XIV shall be made only to the
12 extent that sufficient monies are available in the Fund and
13 only to the extent that any monies in the Fund are not
14 prohibited from disbursement under any order of the court.

15 (h) Payments under the disbursement methodology
16 described in this Section are subject to approval by the
17 federal government in an appropriate State plan amendment.

18 (i) The Illinois Department may by rule establish
19 criteria for and develop methodologies for adjustment
20 payments to hospitals participating under this Article.

21 (j) Hospital Residing Long Term Care Services. In
22 addition to any other payments made under this Code, the
23 Illinois Department may by rule establish criteria and
24 develop methodologies for payments to hospitals for Hospital
25 Residing Long Term Care Services.

26 (k) Nothing in this Section shall preclude the
27 Department of Public Aid from recognizing in its inpatient
28 reimbursement methodology, by rule, the direct cost of new
29 technologies that are expected to reduce the overall cost of
30 inpatient services when the new technology has been
31 recognized by Medicare for inpatient reimbursement.

32 (Source: P.A. 93-20, eff. 6-20-03.)

33 (305 ILCS 5/Art. V-D rep.)

1 (305 ILCS 5/14-2 rep.)

2 (305 ILCS 5/14-3 rep.)

3 (305 ILCS 5/14-4 rep.)

4 (305 ILCS 5/14-5 rep.)

5 (305 ILCS 5/14-6 rep.)

6 (305 ILCS 5/14-7 rep.)

7 (305 ILCS 5/14-9 rep.)

8 (305 ILCS 5/14-10 rep.)

9 Section 11. The Illinois Public Aid Code is amended by
10 repealing Article V-D and Sections 14-2, 14-3, 14-4, 14-5,
11 14-6, 14-7, 14-9, and 14-10.

12 Section 99. Effective date. This Act takes effect upon
13 becoming law."