

1 AN ACT in relation to 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 5-5.4 as follows:

6 (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

7 Sec. 5-5.4. Standards of Payment - Department of Public  
8 Aid. The Department of Public Aid shall develop standards of  
9 payment of skilled nursing and intermediate care services in  
10 facilities providing such services under this Article which:

11 (1) Provide for the determination of a facility's payment  
12 for skilled nursing and intermediate care services on a  
13 prospective basis. The amount of the payment rate for all  
14 nursing facilities certified by the Department of Public Health  
15 under the Nursing Home Care Act as Intermediate Care for the  
16 Developmentally Disabled facilities, Long Term Care for Under  
17 Age 22 facilities, Skilled Nursing facilities, or Intermediate  
18 Care facilities under the medical assistance program shall be  
19 prospectively established annually on the basis of historical,  
20 financial, and statistical data reflecting actual costs from  
21 prior years, which shall be applied to the current rate year  
22 and updated for inflation, except that the capital cost element  
23 for newly constructed facilities shall be based upon projected  
24 budgets. The annually established payment rate shall take  
25 effect on July 1 in 1984 and subsequent years. No rate increase  
26 and no update for inflation shall be provided on or after July  
27 1, 1994 and before July 1, 2004, unless specifically provided  
28 for in this Section.

29 For facilities licensed by the Department of Public Health  
30 under the Nursing Home Care Act as Intermediate Care for the  
31 Developmentally Disabled facilities or Long Term Care for Under  
32 Age 22 facilities, the rates taking effect on July 1, 1998

1 shall include an increase of 3%. For facilities licensed by the  
2 Department of Public Health under the Nursing Home Care Act as  
3 Skilled Nursing facilities or Intermediate Care facilities,  
4 the rates taking effect on July 1, 1998 shall include an  
5 increase of 3% plus \$1.10 per resident-day, as defined by the  
6 Department.

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

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

29 For facilities licensed by the Department of Public Health  
30 under the Nursing Home Care Act as skilled nursing facilities  
31 or intermediate care facilities, a new payment methodology must  
32 be implemented for the nursing component of the rate effective  
33 July 1, 2003. The Department of Public Aid shall develop the  
34 new payment methodology using the Minimum Data Set (MDS) as the  
35 instrument to collect information concerning nursing home  
36 resident condition necessary to compute the rate. The

1 Department of Public Aid shall develop the new payment  
2 methodology to meet the unique needs of Illinois nursing home  
3 residents while remaining subject to the appropriations  
4 provided by the General Assembly. A transition period from the  
5 payment methodology in effect on June 30, 2003 to the payment  
6 methodology in effect on July 1, 2003 shall be provided for a  
7 period not exceeding 2 years after implementation of the new  
8 payment methodology as follows:

9 (A) For a facility that would receive a lower nursing  
10 component rate per patient day under the new system than  
11 the facility received effective on the date immediately  
12 preceding the date that the Department implements the new  
13 payment methodology, the nursing component rate per  
14 patient day for the facility shall be held at the level in  
15 effect on the date immediately preceding the date that the  
16 Department implements the new payment methodology until a  
17 higher nursing component rate of reimbursement is achieved  
18 by that facility.

19 (B) For a facility that would receive a higher nursing  
20 component rate per patient day under the payment  
21 methodology in effect on July 1, 2003 than the facility  
22 received effective on the date immediately preceding the  
23 date that the Department implements the new payment  
24 methodology, the nursing component rate per patient day for  
25 the facility shall be adjusted.

26 (C) Notwithstanding paragraphs (A) and (B), the  
27 nursing component rate per patient day for the facility  
28 shall be adjusted subject to appropriations provided by the  
29 General Assembly.

30 For facilities licensed by the Department of Public Health  
31 under the Nursing Home Care Act as Intermediate Care for the  
32 Developmentally Disabled facilities or Long Term Care for Under  
33 Age 22 facilities, the rates taking effect on March 1, 2001  
34 shall include a statewide increase of 7.85%, as defined by the  
35 Department.

36 For facilities licensed by the Department of Public Health

1 under the Nursing Home Care Act as Intermediate Care for the  
2 Developmentally Disabled facilities or Long Term Care for Under  
3 Age 22 facilities, the rates taking effect on April 1, 2002  
4 shall include a statewide increase of 2.0%, as defined by the  
5 Department. This increase terminates on July 1, 2002; beginning  
6 July 1, 2002 these rates are reduced to the level of the rates  
7 in effect on March 31, 2002, as defined by the Department.

8 For facilities licensed by the Department of Public Health  
9 under the Nursing Home Care Act as skilled nursing facilities  
10 or intermediate care facilities, the rates taking effect on  
11 July 1, 2001 shall be computed using the most recent cost  
12 reports on file with the Department of Public Aid no later than  
13 April 1, 2000, updated for inflation to January 1, 2001. For  
14 rates effective July 1, 2001 only, rates shall be the greater  
15 of the rate computed for July 1, 2001 or the rate effective on  
16 June 30, 2001.

17 Notwithstanding any other provision of this Section, for  
18 facilities licensed by the Department of Public Health under  
19 the Nursing Home Care Act as skilled nursing facilities or  
20 intermediate care facilities, the Illinois Department shall  
21 determine by rule the rates taking effect on July 1, 2002,  
22 which shall be 5.9% less than the rates in effect on June 30,  
23 2002.

24 Notwithstanding any other provision of this Section, for  
25 facilities licensed by the Department of Public Health under  
26 the Nursing Home Care Act as skilled nursing facilities or  
27 intermediate care facilities, the Illinois Department shall  
28 determine by rule the rates taking effect on July 1, 2003,  
29 which shall be 3.0% less than the rates in effect on June 30,  
30 2002. This rate shall take effect only upon approval and  
31 implementation of the payment methodologies required under  
32 Section 5A-12.

33 For facilities licensed by the Department of Public Health  
34 under the Nursing Home Care Act as Intermediate Care for the  
35 Developmentally Disabled facilities or as long-term care  
36 facilities for residents under 22 years of age, the rates

1 taking effect on July 1, 2003 shall include a statewide  
2 increase of 4%, as defined by the Department.

3 Notwithstanding any other provision of this Section, for  
4 facilities licensed by the Department of Public Health under  
5 the Nursing Home Care Act as skilled nursing facilities or  
6 intermediate care facilities, effective July 1, 2004, facility  
7 rates shall be increased by the difference between (i) a  
8 facility's per diem property, liability, and malpractice  
9 insurance costs as reported in the cost report filed with the  
10 Department of Public Aid and used to establish rates effective  
11 July 1, 2001 and (ii) those same costs as reported in the  
12 facility's 2002 cost report. These costs shall be passed  
13 through to the facility without caps or limitations, except for  
14 adjustments required under normal auditing procedures.

15 Rates established effective each July 1 shall govern  
16 payment for services rendered throughout that fiscal year,  
17 except that rates established on July 1, 1996 shall be  
18 increased by 6.8% for services provided on or after January 1,  
19 1997. Such rates will be based upon the rates calculated for  
20 the year beginning July 1, 1990, and for subsequent years  
21 thereafter until June 30, 2001 shall be based on the facility  
22 cost reports for the facility fiscal year ending at any point  
23 in time during the previous calendar year, updated to the  
24 midpoint of the rate year. The cost report shall be on file  
25 with the Department no later than April 1 of the current rate  
26 year. Should the cost report not be on file by April 1, the  
27 Department shall base the rate on the latest cost report filed  
28 by each skilled care facility and intermediate care facility,  
29 updated to the midpoint of the current rate year. In  
30 determining rates for services rendered on and after July 1,  
31 1985, fixed time shall not be computed at less than zero. The  
32 Department shall not make any alterations of regulations which  
33 would reduce any component of the Medicaid rate to a level  
34 below what that component would have been utilizing in the rate  
35 effective on July 1, 1984.

36 (2) Shall take into account the actual costs incurred by

1 facilities in providing services for recipients of skilled  
2 nursing and intermediate care services under the medical  
3 assistance program.

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

6 (4) Shall take into account the actual costs incurred by  
7 facilities in meeting licensing and certification standards  
8 imposed and prescribed by the State of Illinois, any of its  
9 political subdivisions or municipalities and by the U.S.  
10 Department of Health and Human Services pursuant to Title XIX  
11 of the Social Security Act.

12 The Department of Public Aid shall develop precise  
13 standards for payments to reimburse nursing facilities for any  
14 utilization of appropriate rehabilitative personnel for the  
15 provision of rehabilitative services which is authorized by  
16 federal regulations, including reimbursement for services  
17 provided by qualified therapists or qualified assistants, and  
18 which is in accordance with accepted professional practices.  
19 Reimbursement also may be made for utilization of other  
20 supportive personnel under appropriate supervision.

21 (Source: P.A. 92-10, eff. 6-11-01; 92-31, eff. 6-28-01; 92-597,  
22 eff. 6-28-02; 92-651, eff. 7-11-02; 92-848, eff. 1-1-03; 93-20,  
23 eff. 6-20-03; 93-649, eff. 1-8-04; 93-659, eff. 2-3-04; revised  
24 2-3-04.)

25 Section 99. Effective date. This Act takes effect July 1,  
26 2004.