



**93RD GENERAL ASSEMBLY**  
**State of Illinois**  
**2003 and 2004**  
**HB4476**

Introduced 02/03/04, by Jack McGuire

**SYNOPSIS AS INTRODUCED:**

305 ILCS 5/5-5.4

from Ch. 23, par. 5-5.4

Amends the Illinois Public Aid Code. Provides that the payment methodology for the nursing component that facilities licensed under the Nursing Home Care Act as skilled nursing facilities or intermediate care facilities must implement shall include, but is not limited to, specific adjustments for additional care and services required by persons with Alzheimer's Disease and related conditions.

LRB093 19568 AMC 45308 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning public aid.

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

4 Section 5. The Illinois Public Aid Code is amended by  
5 changing Section 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 The payment methodology established under this Section shall  
31 include, but is not limited to, specific adjustments for  
32 additional care and services required by persons with  
33 Alzheimer's Disease and related conditions.

34 For facilities licensed by the Department of Public Health  
35 under the Nursing Home Care Act as Intermediate Care for the  
36 Developmentally Disabled facilities or Long Term Care for Under

1 Age 22 facilities, the rates taking effect on March 1, 2001  
2 shall include a statewide increase of 7.85%, as defined by the  
3 Department.

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

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

21 Notwithstanding any other provision of this Section, for  
22 facilities licensed by the Department of Public Health under  
23 the Nursing Home Care Act as skilled nursing facilities or  
24 intermediate care facilities, the Illinois Department shall  
25 determine by rule the rates taking effect on July 1, 2002,  
26 which shall be 5.9% less than the rates in effect on June 30,  
27 2002.

28 For facilities licensed by the Department of Public Health  
29 under the Nursing Home Care Act as Intermediate Care for the  
30 Developmentally Disabled facilities or as long-term care  
31 facilities for residents under 22 years of age, the rates  
32 taking effect on July 1, 2003 shall include a statewide  
33 increase of 4%, as defined by the Department.

34 Rates established effective each July 1 shall govern  
35 payment for services rendered throughout that fiscal year,  
36 except that rates established on July 1, 1996 shall be

1 increased by 6.8% for services provided on or after January 1,  
2 1997. Such rates will be based upon the rates calculated for  
3 the year beginning July 1, 1990, and for subsequent years  
4 thereafter until June 30, 2001 shall be based on the facility  
5 cost reports for the facility fiscal year ending at any point  
6 in time during the previous calendar year, updated to the  
7 midpoint of the rate year. The cost report shall be on file  
8 with the Department no later than April 1 of the current rate  
9 year. Should the cost report not be on file by April 1, the  
10 Department shall base the rate on the latest cost report filed  
11 by each skilled care facility and intermediate care facility,  
12 updated to the midpoint of the current rate year. In  
13 determining rates for services rendered on and after July 1,  
14 1985, fixed time shall not be computed at less than zero. The  
15 Department shall not make any alterations of regulations which  
16 would reduce any component of the Medicaid rate to a level  
17 below what that component would have been utilizing in the rate  
18 effective on July 1, 1984.

19 (2) Shall take into account the actual costs incurred by  
20 facilities in providing services for recipients of skilled  
21 nursing and intermediate care services under the medical  
22 assistance program.

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

25 (4) Shall take into account the actual costs incurred by  
26 facilities in meeting licensing and certification standards  
27 imposed and prescribed by the State of Illinois, any of its  
28 political subdivisions or municipalities and by the U.S.  
29 Department of Health and Human Services pursuant to Title XIX  
30 of the Social Security Act.

31 The Department of Public Aid shall develop precise  
32 standards for payments to reimburse nursing facilities for any  
33 utilization of appropriate rehabilitative personnel for the  
34 provision of rehabilitative services which is authorized by  
35 federal regulations, including reimbursement for services  
36 provided by qualified therapists or qualified assistants, and

1 which is in accordance with accepted professional practices.  
2 Reimbursement also may be made for utilization of other  
3 supportive personnel under appropriate supervision.

4 (Source: P.A. 92-10, eff. 6-11-01; 92-31, eff. 6-28-01; 92-597,  
5 eff. 6-28-02; 92-651, eff. 7-11-02; 92-848, eff. 1-1-03; 93-20,  
6 eff. 6-20-03; 93-649, eff. 1-8-04.)