

1 AN ACT concerning nursing facilities.

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

4 Section 1. Short title. This Act may be cited as the  
5 Nursing Facility Bed Conversion and Modernization Act.

6 Section 5. Nursing Facility Conversion and Modernization  
7 Program.

8 (a) For the purposes of this Section:

9 "Nursing facility" means (1) a skilled nursing or  
10 intermediate long term care facility, whether public or private  
11 and whether organized for profit or not-for-profit, that is  
12 subject to licensure by the Department of Public Health under  
13 the Nursing Home Care Act, including a county nursing home  
14 directed and maintained under Section 5-1005 of the Counties  
15 Code, and that is certified under Title XIX of the Social  
16 Security Act and (2) a part of a hospital in which skilled or  
17 intermediate long term care services within the meaning of  
18 Title XVIII or XIX of the Social Security Act are provided.

19 "Conversion and modernization" means the construction,  
20 alteration, reconstruction, renovation, modernization, or  
21 improvement of existing nursing facility beds or areas within  
22 an existing nursing facility.

23 (b) Any nursing facility that has, for the previous 3  
24 years, provided services to at least 35% of its resident  
25 population under the medical assistance program under Title XIX  
26 of the Social Security Act is eligible to apply for a Nursing  
27 Facility Conversion and Modernization Grant.

28 (c) Nursing Facility Conversion and Modernization Grants  
29 shall be available for the conversion and modernization of  
30 existing nursing facility beds or areas within a nursing  
31 facility for any or a combination of any of the following uses:

32 (1) Conversion of a portion of or all nursing facility

1 beds to an assisted living establishment or a special  
2 program or unit for persons with Alzheimer's disease or  
3 related disorders licensed under the Assisted Living and  
4 Shared Housing Act or to a supported living facility as  
5 provided pursuant to Section 5-5.01a of the Public Aid  
6 Code.

7 (2) Conversion of shared nursing facility bedrooms to  
8 private, single-bed rooms.

9 (3) Provision of any alternatives to nursing facility  
10 care, which, for purposes of this Section, means those  
11 services included in the program of home and  
12 community-based waiver services for seniors under the  
13 medical assistance program under Title XIX of the Security  
14 Act, including, but not limited to, adult day services or  
15 respite care living space within a nursing facility.

16 (d) A conversion and modernization shall not have the  
17 effect of:

18 (1) diminishing or reducing the quality of services  
19 available to nursing facility residents; or

20 (2) forcing any nursing facility resident to  
21 involuntarily accept home or community-based services in  
22 lieu of nursing facility services; or

23 (3) diminishing or reducing the supply of long-term  
24 care services in any community below the level of need.

25 (e) Grants may not be used to expand a current building,  
26 except (i) for additional space required to accommodate related  
27 supportive services, such as dining rooms, kitchen and  
28 recreation areas, or other community use areas; or (ii) if the  
29 facility demonstrates that new construction is more cost  
30 effective than the conversion of existing space.

31 (f) Notwithstanding any local ordinance related to  
32 development, planning, or zoning to the contrary, the  
33 conversion and modernization that closes or that curtails,  
34 reduces, or changes operations shall be considered a conforming  
35 use permitted under local law, provided that the facility is  
36 converted to another long-term care service.

1 (g) Conversions and modernization pursuant to this Act are  
2 exempt from the requirements of the Health Facilities Planning  
3 Act.

4 (h) Subject to available appropriations, Nursing Facility  
5 Conversion and Modernization Grants shall be available from the  
6 Nursing Facility Conversion and Modernization Fund, a special  
7 fund hereby created in the State treasury, for capital or  
8 one-time capital expenditures, for a maximum of \$1,000,000 per  
9 nursing facility; provided that grantees shall be required to  
10 provide 20%, and may offer to provide more than 20%, as match  
11 toward the total cost of the capital project. Any application  
12 for a Nursing Facility Conversion and Modernization Grant shall  
13 include the total budget that will be necessary, including  
14 State and federal funding, for services to operate the program  
15 once the capital project is completed, and shall specify the  
16 number of existing nursing facility beds that the nursing  
17 facility provider agrees to de-license. In distribution of the  
18 grants, the following factors shall be considered:

19 (1) the unique needs of residents and their caregivers  
20 in the area in which the facility is located;

21 (2) the nursing facility bed need in the area in which  
22 the facility is located;

23 (3) the extent to which the conversion and  
24 modernization results in the reduction of certified  
25 nursing facility beds in an area with excess beds;

26 (4) compliance history with licensure and  
27 certification requirements; and

28 (5) the extent to which the application reflects  
29 collaboration and support for the conversion or  
30 modernization by other providers and local government  
31 leaders in the community.

32 The application and grant process, including rules and  
33 regulations for the Nursing Facility Conversion and  
34 Modernization Program, shall be promulgated by the Director of  
35 Public Health, in coordination with the Director of Public Aid,  
36 the Director of Aging, and the Secretary of Human Services.

1 (i) Any nursing facility receiving a grant pursuant to the  
2 Nursing Facility Conversion and Modernization Program shall  
3 reduce the number of certified nursing facility beds by an  
4 amount equal to or greater than the number of beds being  
5 constructed or modernized for one or more of the permitted uses  
6 pursuant to subsection (c).

7 (j) Any nursing facility receiving a grant pursuant to the  
8 Nursing Facility Conversion and Modernization Program shall  
9 agree, for a minimum of 10 years after the date that the grant  
10 is awarded, to maintain a minimum of 35% of its occupancy for  
11 residents eligible for services under the medical assistance  
12 program under Title XIX of the Social Security Act. In the  
13 event the nursing facility provider or its successor in  
14 interest ceases to comply with the requirement set forth in  
15 this subsection, the provider shall refund to the Nursing  
16 Facility Conversion and Modernization Fund, on an amortized  
17 basis, the amount of the grant.

18 (k) Any nursing facility receiving a grant pursuant to the  
19 Nursing Facility Conversion and Modernization Program shall  
20 not segregate residents receiving nursing facility services  
21 under the medical assistance program under Title XIX of the  
22 Social Security Act in an area, section, or portion of the  
23 nursing facility and shall not move or transfer a resident  
24 within the nursing facility solely due to a change in payment  
25 status from private payment to government subsidy.

26 (l) Nothing in this Section shall prohibit a nursing  
27 facility from moving or transferring a resident as authorized  
28 by the Nursing Home Care Act.

29 Section 10. Reporting. The Director of Public Health, in  
30 coordination with the Director of Public Aid, the Director of  
31 Aging, and the Secretary of Human Services, shall implement  
32 mechanisms to monitor and analyze the effect of the Nursing  
33 Facility Conversion and Modernization Program, including  
34 documenting and verifying the savings to the Medicaid program  
35 attributable to this Act. A report containing the analysis

1 shall be submitted to the Governor and the General Assembly on  
2 January 1, 2006 and on January 1 of each year thereafter.

3 Section 90. The Illinois Health Facilities Planning Act is  
4 amended by adding Section 12.05 as follows:

5 (20 ILCS 3960/12.05 new)

6 Sec. 12.05. Nursing Facility Conversion and Modernization  
7 Act. The criteria and standards for health care planning,  
8 including but not limited to the statewide inventory  
9 established under Section 12 of this Act, shall not be adjusted  
10 by any change in the number of nursing facility beds resulting  
11 from nursing home conversion or modernization pursuant to the  
12 Nursing Facility Conversion and Modernization Act.

13 Section 95. The State Finance Act is amended by adding  
14 Section 5.625 as follows:

15 (30 ILCS 105/5.625 new)

16 Sec. 5.625. The Nursing Facility Conversion and  
17 Modernization Fund.

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