



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 02/05/04, by Rosemary Mulligan

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.02

from Ch. 23, par. 5-5.02

Amends the Illinois Public Aid Code. Makes a technical change in a Section concerning Medicaid rates for hospitals.

LRB093 18794 DRJ 44528 b

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 5-5.02 as follows:

6 (305 ILCS 5/5-5.02) (from Ch. 23, par. 5-5.02)

7 Sec. 5-5.02. Hospital reimbursements.

8 (a) Reimbursement to hospitals ~~Hospitals~~; July 1, 1992
9 through September 30, 1992. Notwithstanding any other
10 provisions of this Code or the Illinois Department's Rules
11 promulgated under the Illinois Administrative Procedure Act,
12 reimbursement to hospitals for services provided during the
13 period July 1, 1992 through September 30, 1992, shall be as
14 follows:

15 (1) For inpatient hospital services rendered, or if
16 applicable, for inpatient hospital discharges occurring,
17 on or after July 1, 1992 and on or before September 30,
18 1992, the Illinois Department shall reimburse hospitals
19 for inpatient services under the reimbursement
20 methodologies in effect for each hospital, and at the
21 inpatient payment rate calculated for each hospital, as of
22 June 30, 1992. For purposes of this paragraph,
23 "reimbursement methodologies" means all reimbursement
24 methodologies that pertain to the provision of inpatient
25 hospital services, including, but not limited to, any
26 adjustments for disproportionate share, targeted access,
27 critical care access and uncompensated care, as defined by
28 the Illinois Department on June 30, 1992.

29 (2) For the purpose of calculating the inpatient
30 payment rate for each hospital eligible to receive
31 quarterly adjustment payments for targeted access and
32 critical care, as defined by the Illinois Department on

1 June 30, 1992, the adjustment payment for the period July
2 1, 1992 through September 30, 1992, shall be 25% of the
3 annual adjustment payments calculated for each eligible
4 hospital, as of June 30, 1992. The Illinois Department
5 shall determine by rule the adjustment payments for
6 targeted access and critical care beginning October 1,
7 1992.

8 (3) For the purpose of calculating the inpatient
9 payment rate for each hospital eligible to receive
10 quarterly adjustment payments for uncompensated care, as
11 defined by the Illinois Department on June 30, 1992, the
12 adjustment payment for the period August 1, 1992 through
13 September 30, 1992, shall be one-sixth of the total
14 uncompensated care adjustment payments calculated for each
15 eligible hospital for the uncompensated care rate year, as
16 defined by the Illinois Department, ending on July 31,
17 1992. The Illinois Department shall determine by rule the
18 adjustment payments for uncompensated care beginning
19 October 1, 1992.

20 (b) Inpatient payments. For inpatient services provided on
21 or after October 1, 1993, in addition to rates paid for
22 hospital inpatient services pursuant to the Illinois Health
23 Finance Reform Act, as now or hereafter amended, or the
24 Illinois Department's prospective reimbursement methodology,
25 or any other methodology used by the Illinois Department for
26 inpatient services, the Illinois Department shall make
27 adjustment payments, in an amount calculated pursuant to the
28 methodology described in paragraph (c) of this Section, to
29 hospitals that the Illinois Department determines satisfy any
30 one of the following requirements:

31 (1) Hospitals that are described in Section 1923 of the
32 federal Social Security Act, as now or hereafter amended;
33 or

34 (2) Illinois hospitals that have a Medicaid inpatient
35 utilization rate which is at least one-half a standard
36 deviation above the mean Medicaid inpatient utilization

1 rate for all hospitals in Illinois receiving Medicaid
2 payments from the Illinois Department; or

3 (3) Illinois hospitals that on July 1, 1991 had a
4 Medicaid inpatient utilization rate, as defined in
5 paragraph (h) of this Section, that was at least the mean
6 Medicaid inpatient utilization rate for all hospitals in
7 Illinois receiving Medicaid payments from the Illinois
8 Department and which were located in a planning area with
9 one-third or fewer excess beds as determined by the
10 Illinois Health Facilities Planning Board, and that, as of
11 June 30, 1992, were located in a federally designated
12 Health Manpower Shortage Area; or

13 (4) Illinois hospitals that:

14 (A) have a Medicaid inpatient utilization rate
15 that is at least equal to the mean Medicaid inpatient
16 utilization rate for all hospitals in Illinois
17 receiving Medicaid payments from the Department; and

18 (B) also have a Medicaid obstetrical inpatient
19 utilization rate that is at least one standard
20 deviation above the mean Medicaid obstetrical
21 inpatient utilization rate for all hospitals in
22 Illinois receiving Medicaid payments from the
23 Department for obstetrical services; or

24 (5) Any children's hospital, which means a hospital
25 devoted exclusively to caring for children. A hospital
26 which includes a facility devoted exclusively to caring for
27 children shall be considered a children's hospital to the
28 degree that the hospital's Medicaid care is provided to
29 children if either (i) the facility devoted exclusively to
30 caring for children is separately licensed as a hospital by
31 a municipality prior to September 30, 1998 or (ii) the
32 hospital has been designated by the State as a Level III
33 perinatal care facility, has a Medicaid Inpatient
34 Utilization rate greater than 55% for the rate year 2003
35 disproportionate share determination, and has more than
36 10,000 qualified children days as defined by the Department

1 in rulemaking.

2 (c) Inpatient adjustment payments. The adjustment payments
3 required by paragraph (b) shall be calculated based upon the
4 hospital's Medicaid inpatient utilization rate as follows:

5 (1) hospitals with a Medicaid inpatient utilization
6 rate below the mean shall receive a per day adjustment
7 payment equal to \$25;

8 (2) hospitals with a Medicaid inpatient utilization
9 rate that is equal to or greater than the mean Medicaid
10 inpatient utilization rate but less than one standard
11 deviation above the mean Medicaid inpatient utilization
12 rate shall receive a per day adjustment payment equal to
13 the sum of \$25 plus \$1 for each one percent that the
14 hospital's Medicaid inpatient utilization rate exceeds the
15 mean Medicaid inpatient utilization rate;

16 (3) hospitals with a Medicaid inpatient utilization
17 rate that is equal to or greater than one standard
18 deviation above the mean Medicaid inpatient utilization
19 rate but less than 1.5 standard deviations above the mean
20 Medicaid inpatient utilization rate shall receive a per day
21 adjustment payment equal to the sum of \$40 plus \$7 for each
22 one percent that the hospital's Medicaid inpatient
23 utilization rate exceeds one standard deviation above the
24 mean Medicaid inpatient utilization rate; and

25 (4) hospitals with a Medicaid inpatient utilization
26 rate that is equal to or greater than 1.5 standard
27 deviations above the mean Medicaid inpatient utilization
28 rate shall receive a per day adjustment payment equal to
29 the sum of \$90 plus \$2 for each one percent that the
30 hospital's Medicaid inpatient utilization rate exceeds 1.5
31 standard deviations above the mean Medicaid inpatient
32 utilization rate.

33 (d) Supplemental adjustment payments. In addition to the
34 adjustment payments described in paragraph (c), hospitals as
35 defined in clauses (1) through (5) of paragraph (b), excluding
36 county hospitals (as defined in subsection (c) of Section 15-1

1 of this Code) and a hospital organized under the University of
2 Illinois Hospital Act, shall be paid supplemental inpatient
3 adjustment payments of \$60 per day. For purposes of Title XIX
4 of the federal Social Security Act, these supplemental
5 adjustment payments shall not be classified as adjustment
6 payments to disproportionate share hospitals.

7 (e) The inpatient adjustment payments described in
8 paragraphs (c) and (d) shall be increased on October 1, 1993
9 and annually thereafter by a percentage equal to the lesser of
10 (i) the increase in the DRI hospital cost index for the most
11 recent 12 month period for which data are available, or (ii)
12 the percentage increase in the statewide average hospital
13 payment rate over the previous year's statewide average
14 hospital payment rate. The sum of the inpatient adjustment
15 payments under paragraphs (c) and (d) to a hospital, other than
16 a county hospital (as defined in subsection (c) of Section 15-1
17 of this Code) or a hospital organized under the University of
18 Illinois Hospital Act, however, shall not exceed \$275 per day;
19 that limit shall be increased on October 1, 1993 and annually
20 thereafter by a percentage equal to the lesser of (i) the
21 increase in the DRI hospital cost index for the most recent
22 12-month period for which data are available or (ii) the
23 percentage increase in the statewide average hospital payment
24 rate over the previous year's statewide average hospital
25 payment rate.

26 (f) Children's hospital inpatient adjustment payments. For
27 children's hospitals, as defined in clause (5) of paragraph
28 (b), the adjustment payments required pursuant to paragraphs
29 (c) and (d) shall be multiplied by 2.0.

30 (g) County hospital inpatient adjustment payments. For
31 county hospitals, as defined in subsection (c) of Section 15-1
32 of this Code, there shall be an adjustment payment as
33 determined by rules issued by the Illinois Department.

34 (h) For the purposes of this Section the following terms
35 shall be defined as follows:

36 (1) "Medicaid inpatient utilization rate" means a

1 fraction, the numerator of which is the number of a
2 hospital's inpatient days provided in a given 12-month
3 period to patients who, for such days, were eligible for
4 Medicaid under Title XIX of the federal Social Security
5 Act, and the denominator of which is the total number of
6 the hospital's inpatient days in that same period.

7 (2) "Mean Medicaid inpatient utilization rate" means
8 the total number of Medicaid inpatient days provided by all
9 Illinois Medicaid-participating hospitals divided by the
10 total number of inpatient days provided by those same
11 hospitals.

12 (3) "Medicaid obstetrical inpatient utilization rate"
13 means the ratio of Medicaid obstetrical inpatient days to
14 total Medicaid inpatient days for all Illinois hospitals
15 receiving Medicaid payments from the Illinois Department.

16 (i) Inpatient adjustment payment limit. In order to meet
17 the limits of Public Law 102-234 and Public Law 103-66, the
18 Illinois Department shall by rule adjust disproportionate
19 share adjustment payments.

20 (j) University of Illinois Hospital inpatient adjustment
21 payments. For hospitals organized under the University of
22 Illinois Hospital Act, there shall be an adjustment payment as
23 determined by rules adopted by the Illinois Department.

24 (k) The Illinois Department may by rule establish criteria
25 for and develop methodologies for adjustment payments to
26 hospitals participating under this Article.

27 (Source: P.A. 93-40, eff. 6-27-03.)