



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 02/09/04, by Dan Reitz

SYNOPSIS AS INTRODUCED:

30 ILCS 105/5.625 new
305 ILCS 5/Art. V-F heading new
305 ILCS 5/5F-5 new
305 ILCS 5/5F-10 new
305 ILCS 5/5F-15 new
305 ILCS 5/5F-20 new

Amends the Illinois Public Aid Code. Provides that by the end of FY 2005, the Department of Public Aid must estimate a reduction in Medicaid nursing home expenditures based on the average annual expenditure for nursing home beds and estimated reductions in occupancy from FY 2000 through FY 2004. Provides that the Department, in cooperation with the nursing home industry and other affected parties, may reduce Medicaid nursing home expenditures for FY 2006 through FY 2010 based on that estimate. Provides for a redirection of Medicaid nursing home expenditures to expenditures for home and community-based services. Provides that any general funds that are redirected but not spent during any fiscal year shall be transferred to the Long-Term Care Special Administration Fund. Provides that moneys received from or generated to the fund shall be spent only for home and community-based services or for mechanisms that reduce the number of nursing home beds. Provides that up to \$100,000 of the redirected funds in fiscal year 2006 shall be directed to the Illinois Independence Fund to be used for grants that have matching funds equivalent to that of Medicaid and are consistent with the purposes of and the time frame of the new provisions. Amends the State Finance Act by including the Long-Term Care Special Administration Fund as a special fund.

LRB093 15230 DRJ 47298 b

FISCAL NOTE ACT
MAY APPLY

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 State Finance Act is amended by adding
5 Section 5.625 as follows:

6 (30 ILCS 105/5.625 new)

7 Sec. 5.625. The Long-Term Care Special Administration
8 Fund.

9 Section 10. The Illinois Public Aid Code is amended by
10 adding the heading of Article V-F and Sections 5F-5, 5F-10,
11 5F-15, and 5F-20 as follows:

12 (305 ILCS 5/Art. V-F heading new)

13 ARTICLE V-F. FINANCING OF LONG-TERM
14 CARE SERVICES

15 (305 ILCS 5/5F-5 new)

16 Sec. 5F-5. Definitions. In this Article:

17 "Long-term care services" means the range of services,
18 other than acute care services that provide time-limited
19 curative or restorative treatment, that are delivered in the
20 home, the community, or an institution to persons with
21 functional or cognitive limitations who require assistance
22 with performing activities of daily living. The term includes
23 services provided in a nursing home or in an individual's home
24 by a nurse, health aide, or personal attendant.

25 "Home and community-based services" means long-term care
26 services that are designed to assist older Illinoisans and
27 people with disabilities to remain independent and avoid
28 inappropriate institutionalization. Home and community-based
29 services include, but are not limited to, the following:

1 (1) Home and community-based waiver.

2 (2) Traumatic brain injury waiver.

3 (3) Residential care homes.

4 (4) Personal care attendant services.

5 (5) Chore and homemaker services.

6 (6) Older Americans Act-funded services.

7 (7) Adult day services and home health services.

8 (8) Respite care to provide support to family
9 caregivers.

10 (9) Any other long-term care support services.

11 (305 ILCS 5/5F-10 new)

12 Sec. 5F-10. Redistribution of long-term care expenditures.

13 (a) By the end of fiscal year 2005, the Department of
14 Public Aid shall estimate a reduction in Medicaid nursing home
15 expenditures based on the average annual expenditure for
16 nursing home beds and estimated reductions in occupancy from
17 State fiscal years 2000 through 2004. For fiscal years 2006
18 through 2010, the Department, in cooperation with the nursing
19 home industry and other affected parties, may reduce Medicaid
20 nursing home expenditures in each fiscal year based on that
21 estimate.

22 (b) If the agency determines that it is necessary to reduce
23 the number of nursing home beds in each fiscal year in order to
24 reduce nursing home expenditures pursuant to the estimate
25 prepared under subsection (a), the Department shall develop a
26 plan that reduces the number of beds certified for
27 participation in the medical assistance program under Article V
28 while ensuring that the supply and distribution of long-term
29 care services are not diminished in any community in which one
30 or more nursing home beds may be eliminated, to the extent that
31 the need for such services cannot be met. No nursing home beds
32 may be decertified for participation under the medical
33 assistance program under this Section by the Department until
34 February 1, 2006. The requirements of this subsection shall not
35 impede the Department's authority to reduce nursing home

1 expenditures effective July 1, 2005 pursuant to subsection (a)
2 and to redirect those expenditures to fund home and
3 community-based services pursuant to subsection (d).

4 (c) The reductions required in subsection (a) shall not
5 have the effect of doing any of the following:

6 (1) Diminishing or reducing the quality of services
7 available to nursing home residents.

8 (2) Forcing any nursing home resident to involuntarily
9 accept home and community-based services instead of
10 nursing home services.

11 (3) Causing any nursing home resident to be
12 involuntarily transferred or discharged as the result of a
13 change in the resident's method of payment for nursing home
14 services or exhaustion of the resident's personal
15 financial resources.

16 (d) The reductions required in subsection (a) shall be
17 redirected in fiscal year 2006 to fund home and community-based
18 services. For fiscal year 2006 and thereafter, the reductions
19 estimated under subsection (a) shall be redirected in that
20 fiscal year to fund both home and community-based services and
21 any programs designed to reduce the number of nursing home
22 beds. Any general funds that are redirected but not spent
23 during any fiscal year shall be transferred to the Long-Term
24 Care Special Administration Fund, which is hereby created as a
25 special fund in the State treasury. Interest earned on moneys
26 in the fund shall be retained in the fund. All moneys received
27 from or generated to the fund shall be spent only for home and
28 community-based services or for mechanisms that reduce the
29 number of nursing home beds.

30 (e) The long-term care funds generated by the reductions in
31 nursing home expenditures required in subsection (a) shall be
32 distributed among the following categories of consumers:

33 (1) Nursing home residents who desire transfer to a
34 home and community-based setting and for whom such a
35 transfer is medically appropriate and cost effective.

36 (2) People on waiting lists for publicly funded

1 programs as of July 1, 2005 and at the highest risk of
2 nursing home placement.

3 (3) People at the highest risk of nursing home
4 admission.

5 (4) People with the greatest social and economic need.

6 (305 ILCS 5/5F-15 new)

7 Sec. 5F-15. Implementation.

8 (a) The Department shall document and verify the amount of
9 funding transferred from nursing home services to home and
10 community-based services and any additional home and
11 community-based services that are provided or enhanced from
12 this transfer of funds. This documentation shall be submitted
13 to the General Assembly no later than January 1, 2006, and on
14 each January 1 thereafter until January 1, 2010.

15 (b) By July 1, 2005, the Department shall complete the
16 following:

17 (1) Implementation of the initial phase of a
18 comprehensive data system that tracks long-term care
19 expenditures, services, consumer profiles, and consumer
20 preferences.

21 (2) Implementation, in cooperation with the Department
22 on Aging, the Department of Human Services, and the
23 Department of Public Health, of a system of statewide
24 long-term care service coordination and case management to
25 minimize administrative costs, improve access to services,
26 and minimize obstacles to the delivery of long-term care
27 services to people in need. At a minimum, the system shall
28 include the following:

29 (A) A request for proposal process by which the
30 Department may authorize local entities to administer
31 long-term care services.

32 (B) A comprehensive assessment system by which all
33 individuals shall be evaluated before receiving
34 long-term care services and may be evaluated
35 periodically, as needed, while long-term care services

1 are being provided to ensure that an individual
2 receives appropriate long-term care services.

3 (C) Coordination of all of the long-term care
4 services administered by the Department on Aging, the
5 Department of Public Aid, and the Department of Human
6 Services.

7 (D) Completion of consumer information about all
8 of the long-term care services that are available.

9 (E) Consumer participation and oversight at the
10 State and local levels in the planning and delivery of
11 long-term care services.

12 (F) Long-term care service models that are
13 alternatives to nursing home models, provided that the
14 alternative models are comparable in cost or are more
15 cost effective than the nursing home models that
16 provide equivalent services. Any such alternative
17 long-term care service models must be financially
18 viable, must be cost effective, and must promote
19 consumer independence, participation, and
20 noninstitutionalization and, when appropriate,
21 consumer direction; in addition, they may include a
22 service or a combination of services such as assisted
23 living, adult foster care, attendant care, and
24 modifications of the residential care home system.

25 (G) Proposals for legislation to create
26 alternative long-term care service models.

27 (3) In consultation with the nursing home industry,
28 consumer advocates, consumers, and other long-term service
29 providers, the proposal and implementation of methods to
30 contain costs and encourage the reduction of Medicaid
31 nursing home expenditures. These methods may include the
32 following:

33 (A) Maximizing Medicare billing to pay for nursing
34 home care.

35 (B) Mechanisms to reduce the number of nursing home
36 beds, including a schedule for those reductions and

1 recommendations for various sources of funding for
2 payments to nursing homes to reduce the number of
3 licensed beds.

4 (C) Elimination or modification of State nursing
5 home rules that do not advance the quality of patient
6 care and are not cost effective.

7 (D) Applications for exemption from federal
8 nursing home regulations to improve the efficiency and
9 reduce the cost and paperwork required to regulate the
10 nursing home industry.

11 (E) Proposals for adoption of or changes in rules,
12 subject to the certificate of need review, that permit
13 the following:

14 (i) Greater cooperation among long-term care
15 providers in such areas as discharge planning and
16 staff sharing during periods of transition.

17 (ii) Greater cooperation between nursing homes
18 and providers of home care, respite care, adult day
19 care, and other long-term care services.

20 (iii) The use of vacant nursing home beds as
21 respite beds.

22 (F) Changes in the State Medicaid plan to permit
23 Medicaid billing for community residential care homes.

24 (G) Strategies to provide alternative financing of
25 long-term care services by shifting the balance of the
26 financial responsibility for payment for long-term
27 care services from public to private sources by
28 promoting public-private partnerships and personal
29 responsibility for long-term care. These strategies
30 may include the following:

31 (i) Flexible use of reverse mortgages.

32 (ii) Private insurance coverage for long-term
33 care.

34 (iii) Tax credits or employment programs, such
35 as medical savings accounts for long-term care.

36 (iv) Changes in Medicaid eligibility

1 requirements that increase consumers' financial
2 responsibility for their long-term care, such as
3 revising the rules relating to the transfer of
4 assets.

5 (v) Social insurance models.

6 (vi) Estate recovery options.

7 (vii) Methods to supplement and support family
8 and community care giving.

9 (4) Designation and implementation of a voucher
10 program that permits appropriate consumers to direct,
11 manage, and pay for their home and community-based care
12 services. The Department shall apply for any federal
13 waivers required to implement this program. The cost of
14 providing those services pursuant to the voucher program
15 shall be limited to no more than 90% of the cost of
16 providing similar services under the Medicaid program and
17 shall be designed to provide the following:

18 (A) Program flexibility that permits consumers to
19 design, manage, and pay for their own long-term care
20 services, including hiring and firing their personal
21 care assistants. The Department shall apply for
22 available foundation grants to address barriers to
23 recruitment and retention of caregivers. Policy and
24 fiscal program design shall be based on input from
25 consumers and caregivers. Support services, such as
26 transportation, training, and personal assistance
27 reimbursement, shall be provided to ensure such
28 participation.

29 (B) Mechanisms to ensure quality of service.

30 (C) An eligibility determination procedure by
31 which appropriate long-term care service needs are
32 determined for each consumer by means of a
33 self-evaluation of needs and abilities in combination
34 with an objective evaluation of the consumer's ability
35 to direct, coordinate, and manage such services.

36 (D) The amount of any copayment to be made by the

1 consumer, based on income criteria.

2 (E) A payment system by which a consumer receives a
3 voucher in the amount required to pay for his or her
4 long-term care services on a regular, determined
5 schedule. The amount of the voucher shall not be more
6 than 90% of the cost of providing the same or
7 comparable services under Medicaid, less the amount of
8 any copayment to be paid by the consumer.

9 (c) No later than January 1, 2007, the Department shall
10 report to the General Assembly regarding the progress made in
11 complying with the requirements of subsection (b).

12 (305 ILCS 5/5F-20 new)

13 Sec. 5F-20. Long-term care budget. By January 1, 2006, and
14 by January 1 of each year thereafter, the Department shall
15 submit to the General Assembly a budget and budget management
16 plan. The budget shall include all publicly financed long-term
17 care services available to older Illinoisans and people with
18 disabilities, including:

19 (1) Medicaid expenditures for nursing homes.

20 (2) Home and community-based waiver.

21 (3) Traumatic brain injury waiver.

22 (4) Residential care home waiver.

23 (5) Personal care attendant services.

24 (6) Chore and homemaker services.

25 (7) Older Americans Act-funded services.

26 (8) Adult day services and home health services.

27 (9) Respite care to provide support to family
28 caregivers.

29 (10) Any other long-term care support services.