



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004

Introduced 02/09/04, by Dan Reitz

SYNOPSIS AS INTRODUCED:

20 ILCS 3960/5.4 new
20 ILCS 3960/5.4a new
20 ILCS 3960/5.4b new
20 ILCS 3960/5.4c new
20 ILCS 3960/5.4d new
305 ILCS 5/5-5.4c new

Amends the Illinois Health Facilities Planning Act and the Illinois Public Aid Code. Directs the Department of Public Health to implement a program for voluntary closure or partial closure of nursing homes. Requires implementation of the program by August 15, 2005. Under the Medicaid program, provides for a planned closure rate adjustment in the Medicaid reimbursement rates otherwise payable to a nursing home. Allows a nursing home to assign a planned closure rate adjustment to one or more other nursing homes.

LRB093 15228 DRJ 47299 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning health facilities.

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

4 Section 5. The Illinois Health Facilities Planning Act is
5 amended by adding Sections 5.4, 5.4a, 5.4b, 5.4c, and 5.4d as
6 follows:

7 (20 ILCS 3960/5.4 new)

8 Sec. 5.4. Definitions. In this Section through Section
9 5.4d:

10 "Closure" means the cessation of operations of a nursing
11 facility and delicensure and decertification of all beds within
12 a nursing facility.

13 "Closure plan" means a plan to close a nursing facility and
14 reallocate a portion of the resulting savings to provide
15 planned closure rate adjustments at other facilities.

16 "Commencement of closure" means the date on which residents
17 of a nursing facility and their designated representatives are
18 notified of a planned closure of the facility as part of an
19 approved closure plan.

20 "Completion of closure" means the date on which the final
21 resident of a nursing facility designated for closure in an
22 approved closure plan is discharged from the facility.

23 "Nursing facility" or "facility" means a facility subject
24 to licensure under the Nursing Home Care Act, including a
25 county nursing home directed and maintained under Section
26 5-1005 of the Counties Code.

27 "Partial closure" means the delicensure and
28 decertification of a portion of the beds within a nursing
29 facility.

30 "Planned closure rate adjustment" means an increase in a
31 nursing facility's operating rates resulting from a planned
32 closure or a planned partial closure of another facility, as

1 provided in Section 5-5.4c of the Illinois Public Aid Code.

2 "Region" means a State development region designated by the
3 Agency.

4 (20 ILCS 3960/5.4a new)

5 Sec. 5.4a. Program for planned closure. By August 15, 2005,
6 the Agency, in cooperation with the Department of Public Aid,
7 shall implement and announce a program for closure or partial
8 closure of nursing facilities. Names and identifying
9 information provided in response to the announcement shall
10 remain private unless approved, according to the timelines
11 established in the plan. The announcement must specify the
12 following:

13 (1) The criteria in Section 5.4c that will be used by
14 the Agency to approve or reject an application for planned
15 closure.

16 (2) The information that must accompany an application
17 for planned closure.

18 (20 ILCS 3960/5.4b new)

19 Sec. 5.4b. Approval of application for planned closure.

20 (a) Between August 15, 2005, and June 30, 2006, the Agency
21 may approve planned closures of up to 5,000 nursing facility
22 beds, less the number of beds delicensed in facilities during
23 the same time period without approved closure plans or that
24 have notified the Agency of their intent to close without an
25 approved closure plan.

26 (b) To be considered for approval, an application for
27 planned closure must address the criteria listed in Section
28 5.4c and must also include all of the following:

29 (1) A description of the proposed closure plan, which
30 must include identification of the facility or facilities
31 to receive a planned closure rate adjustment.

32 (2) The proposed timetable for any proposed closure,
33 including the proposed dates for announcement of the
34 closure to residents of the facility, commencement of

1 closure, and completion of closure.

2 (3) If available, the proposed relocation plan for
3 current residents of any facility designated for closure.
4 If a relocation plan is not available, the application must
5 include a statement agreeing to develop a relocation plan.

6 (4) A description of the relationship between the
7 nursing facility that is proposed for closure and the
8 nursing facility or facilities proposed to receive the
9 planned closure rate adjustment. If these facilities are
10 not under common ownership, the applicant must provide
11 copies of any contracts, purchase agreements, or other
12 documents establishing a relationship or proposed
13 relationship.

14 (5) Documentation, in a format approved by the Agency
15 and the Department of Public Aid, that all of the nursing
16 facilities receiving a planned closure rate adjustment
17 under the plan have accepted joint and several liability
18 for recovery of overpayments for the facilities designated
19 for closure under the plan.

20 (20 ILCS 3960/5.4c new)

21 Sec. 5.4c. Criteria for review of application for planned
22 closure. In reviewing and approving an application for planned
23 closure of a nursing facility, the Agency shall consider
24 criteria that include, but need not be limited to, the
25 following:

26 (1) Improved quality of care and quality of life for
27 consumers of nursing facility services.

28 (2) Closure of a nursing facility that has a poor physical
29 plant.

30 (3) The existence of excess nursing facility beds, measured
31 in terms of beds per thousand persons aged 65 or older. The
32 excess must be measured in reference to one of the following:

33 (A) The region in which the facility is located.

34 (B) The region in which the facility is located and all
35 contiguous regions.

1 (C) The facility's service area. A facility must
2 indicate in its application for planned closure the service
3 area that the facility believes is appropriate for this
4 measurement.

5 (4) Low-occupancy rates, provided that the unoccupied beds
6 are not the result of a personnel shortage. In analyzing
7 occupancy rates, the Agency shall examine waiting lists in the
8 applicant facility and at facilities in the surrounding area,
9 as determined under item (3) of this Section.

10 (5) Proposed usage of moneys available from a planned
11 closure rate adjustment for care-related purposes.

12 (6) Innovative use planned for the closed facility's
13 physical plant.

14 (7) Evidence that the proposal serves the interests of the
15 State.

16 (8) Evidence of other factors that affect the viability of
17 the facility, including excessive nursing pool costs.

18 (20 ILCS 3960/5.4d new)

19 Sec. 5.4d. Time for approval; duration of approval.

20 (a) The Agency, in consultation with the Department of
21 Public Aid, shall approve or disapprove an application for
22 planned closure of a nursing facility within 30 days after
23 receiving the application.

24 (b) Approval of a planned closure expires 18 months after
25 approval by the Agency, unless commencement of closure has
26 begun.

27 Section 10. The Illinois Public Aid Code is amended by
28 adding Section 5-5.4c as follows:

29 (305 ILCS 5/5-5.4c new)

30 Sec. 5-5.4c. Planned closure rate adjustment; assignment.

31 (a) A facility or facilities reimbursed with a closure plan
32 approved by the Department of Public Health under Sections 5.4
33 through 5.4d of the Illinois Health Facilities Planning Act may

1 assign a planned closure rate adjustment (i) to another
2 facility or facilities that are not closing or (ii) in the case
3 of a partial closure, to the facility undertaking the partial
4 closure. A facility may also elect to have a planned closure
5 rate adjustment shared equally by the 5 nursing facilities with
6 the lowest total operating payment rates in the region in which
7 the facility that is closing is located. The planned closure
8 rate adjustment must be calculated under subsection (b).

9 A facility that delicenss beds without a closure plan, or
10 whose closure plan is not approved by the Department of Public
11 Health, is not eligible to assign a planned closure rate
12 adjustment under this Section unless:

13 (1) the facility is delicensing 5 or fewer beds or less
14 than 6% of the facility's total licensed bed capacity,
15 whichever is greater;

16 (2) the facility is located in a county in the top 3
17 quartiles of beds per 1,000 persons aged 65 or older; and

18 (3) the facility has not delicensed beds in the prior 3
19 months.

20 A facility that meets the criteria set forth in items (1)
21 through (3) is eligible to assign the amount calculated under
22 subsection (b) to itself.

23 If a facility is delicensing the greater of 6 or more beds
24 or 6% percent or more of its total licensed bed capacity and
25 does not have an approved closure plan or is not eligible for
26 the adjustment under this Section, the Department of Public Aid
27 shall calculate the amount the facility would have been
28 eligible to assign under this Section and shall use this amount
29 to provide equal rate adjustments to the 5 nursing facilities
30 with the lowest total operating payment rates in the region in
31 which the facility that delicensed beds is located.

32 (b) The Department of Public Aid shall calculate the amount
33 of the planned closure rate adjustment available under
34 subsection (a) according to rules adopted by the Department.

35 (c) An applicant may use the planned closure rate
36 adjustment to allow for a property payment for a new nursing

1 facility or an addition to an existing nursing facility or as
2 an operating payment rate adjustment.

3 (d) A facility that has received a planned closure rate
4 adjustment may reassign it to another facility that is under
5 the same ownership at any time within 3 years after the
6 effective date of the adjustment. The amount of the adjustment
7 shall be computed according to subsection (b).