



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB5265

Introduced 1/25/2006, by Rep. Naomi D. Jakobsson

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.4

from Ch. 23, par. 5-5.4

Amends the Illinois Public Aid Code. In provisions concerning Medicaid rates for nursing homes, provides that for facilities licensed by the Department of Public Health under the Nursing Home Care Act as Intermediate Care Facilities for the Developmentally Disabled or Long Term Care for Under Age 22 facilities, the rates taking effect on July 1, 2006 shall include an increase of 6.25% on State funding, to achieve a full 5% increase in the facilities' topline rates. Effective immediately.

LRB094 18015 DRJ 53320 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 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 Healthcare
8 and Family Services ~~Public Aid~~. The Department of Healthcare
9 and Family Services ~~Public Aid~~ shall develop standards of
10 payment of skilled nursing and intermediate care services in
11 facilities providing such services under this Article which:

12 (1) Provide for the determination of a facility's payment
13 for skilled nursing and intermediate care services on a
14 prospective basis. The amount of the payment rate for all
15 nursing facilities certified by the Department of Public Health
16 under the Nursing Home Care Act as Intermediate Care for the
17 Developmentally Disabled facilities, Long Term Care for Under
18 Age 22 facilities, Skilled Nursing facilities, or Intermediate
19 Care facilities under the medical assistance program shall be
20 prospectively established annually on the basis of historical,
21 financial, and statistical data reflecting actual costs from
22 prior years, which shall be applied to the current rate year
23 and updated for inflation, except that the capital cost element
24 for newly constructed facilities shall be based upon projected
25 budgets. The annually established payment rate shall take
26 effect on July 1 in 1984 and subsequent years. No rate increase
27 and no update for inflation shall be provided on or after July
28 1, 1994 and before July 1, 2006, unless specifically provided
29 for in this Section. The changes made by this amendatory Act of
30 the 93rd General Assembly extending the duration of the
31 prohibition against a rate increase or update for inflation are
32 effective retroactive to July 1, 2004.

1 For facilities licensed by the Department of Public Health
2 under the Nursing Home Care Act as Intermediate Care for the
3 Developmentally Disabled facilities or Long Term Care for Under
4 Age 22 facilities, the rates taking effect on July 1, 1998
5 shall include an increase of 3%. For facilities licensed by the
6 Department of Public Health under the Nursing Home Care Act as
7 Skilled Nursing facilities or Intermediate Care facilities,
8 the rates taking effect on July 1, 1998 shall include an
9 increase of 3% plus \$1.10 per resident-day, as defined by the
10 Department. For facilities licensed by the Department of Public
11 Health under the Nursing Home Care Act as Intermediate Care
12 Facilities for the Developmentally Disabled or Long Term Care
13 for Under Age 22 facilities, the rates taking effect on January
14 1, 2006 shall include an increase of 3%. For facilities
15 licensed by the Department of Public Health under the Nursing
16 Home Care Act as Intermediate Care Facilities for the
17 Developmentally Disabled or Long Term Care for Under Age 22
18 facilities, the rates taking effect on July 1, 2006 shall
19 include an increase of 6.25% on State funding, to achieve a
20 full 5% increase in the facilities' topline rates.

21 For facilities licensed by the Department of Public Health
22 under the Nursing Home Care Act as Intermediate Care for the
23 Developmentally Disabled facilities or Long Term Care for Under
24 Age 22 facilities, the rates taking effect on July 1, 1999
25 shall include an increase of 1.6% plus \$3.00 per resident-day,
26 as defined by the Department. For facilities licensed by the
27 Department of Public Health under the Nursing Home Care Act as
28 Skilled Nursing facilities or Intermediate Care facilities,
29 the rates taking effect on July 1, 1999 shall include an
30 increase of 1.6% and, for services provided on or after October
31 1, 1999, shall be increased by \$4.00 per resident-day, as
32 defined by the Department.

33 For facilities licensed by the Department of Public Health
34 under the Nursing Home Care Act as Intermediate Care for the
35 Developmentally Disabled facilities or Long Term Care for Under
36 Age 22 facilities, the rates taking effect on July 1, 2000

1 shall include an increase of 2.5% per resident-day, as defined
2 by the Department. For facilities licensed by the Department of
3 Public Health under the Nursing Home Care Act as Skilled
4 Nursing facilities or Intermediate Care facilities, the rates
5 taking effect on July 1, 2000 shall include an increase of 2.5%
6 per resident-day, as defined by the Department.

7 For facilities licensed by the Department of Public Health
8 under the Nursing Home Care Act as skilled nursing facilities
9 or intermediate care facilities, a new payment methodology must
10 be implemented for the nursing component of the rate effective
11 July 1, 2003. The Department of Public Aid (now Healthcare and
12 Family Services) shall develop the new payment methodology
13 using the Minimum Data Set (MDS) as the instrument to collect
14 information concerning nursing home resident condition
15 necessary to compute the rate. The Department ~~of Public Aid~~
16 shall develop the new payment methodology to meet the unique
17 needs of Illinois nursing home residents while remaining
18 subject to the appropriations provided by the General Assembly.
19 A transition period from the payment methodology in effect on
20 June 30, 2003 to the payment methodology in effect on July 1,
21 2003 shall be provided for a period not exceeding 3 years after
22 implementation of the new payment methodology as follows:

23 (A) For a facility that would receive a lower nursing
24 component rate per patient day under the new system than
25 the facility received effective on the date immediately
26 preceding the date that the Department implements the new
27 payment methodology, the nursing component rate per
28 patient day for the facility shall be held at the level in
29 effect on the date immediately preceding the date that the
30 Department implements the new payment methodology until a
31 higher nursing component rate of reimbursement is achieved
32 by that facility.

33 (B) For a facility that would receive a higher nursing
34 component rate per patient day under the payment
35 methodology in effect on July 1, 2003 than the facility
36 received effective on the date immediately preceding the

1 date that the Department implements the new payment
2 methodology, the nursing component rate per patient day for
3 the facility shall be adjusted.

4 (C) Notwithstanding paragraphs (A) and (B), the
5 nursing component rate per patient day for the facility
6 shall be adjusted subject to appropriations provided by the
7 General Assembly.

8 For facilities licensed by the Department of Public Health
9 under the Nursing Home Care Act as Intermediate Care for the
10 Developmentally Disabled facilities or Long Term Care for Under
11 Age 22 facilities, the rates taking effect on March 1, 2001
12 shall include a statewide increase of 7.85%, as defined by the
13 Department.

14 For facilities licensed by the Department of Public Health
15 under the Nursing Home Care Act as Intermediate Care for the
16 Developmentally Disabled facilities or Long Term Care for Under
17 Age 22 facilities, the rates taking effect on April 1, 2002
18 shall include a statewide increase of 2.0%, as defined by the
19 Department. This increase terminates on July 1, 2002; beginning
20 July 1, 2002 these rates are reduced to the level of the rates
21 in effect on March 31, 2002, as defined by the Department.

22 For facilities licensed by the Department of Public Health
23 under the Nursing Home Care Act as skilled nursing facilities
24 or intermediate care facilities, the rates taking effect on
25 July 1, 2001 shall be computed using the most recent cost
26 reports on file with the Department of Public Aid no later than
27 April 1, 2000, updated for inflation to January 1, 2001. For
28 rates effective July 1, 2001 only, rates shall be the greater
29 of the rate computed for July 1, 2001 or the rate effective on
30 June 30, 2001.

31 Notwithstanding any other provision of this Section, for
32 facilities licensed by the Department of Public Health under
33 the Nursing Home Care Act as skilled nursing facilities or
34 intermediate care facilities, the Illinois Department shall
35 determine by rule the rates taking effect on July 1, 2002,
36 which shall be 5.9% less than the rates in effect on June 30,

1 2002.

2 Notwithstanding any other provision of this Section, for
3 facilities licensed by the Department of Public Health under
4 the Nursing Home Care Act as skilled nursing facilities or
5 intermediate care facilities, if the payment methodologies
6 required under Section 5A-12 and the waiver granted under 42
7 CFR 433.68 are approved by the United States Centers for
8 Medicare and Medicaid Services, the rates taking effect on July
9 1, 2004 shall be 3.0% greater than the rates in effect on June
10 30, 2004. These rates shall take effect only upon approval and
11 implementation of the payment methodologies required under
12 Section 5A-12.

13 Notwithstanding any other provisions of this Section, for
14 facilities licensed by the Department of Public Health under
15 the Nursing Home Care Act as skilled nursing facilities or
16 intermediate care facilities, the rates taking effect on
17 January 1, 2005 shall be 3% more than the rates in effect on
18 December 31, 2004.

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 as long-term care
22 facilities for residents under 22 years of age, the rates
23 taking effect on July 1, 2003 shall include a statewide
24 increase of 4%, as defined by the Department.

25 Notwithstanding any other provision of this Section, for
26 facilities licensed by the Department of Public Health under
27 the Nursing Home Care Act as skilled nursing facilities or
28 intermediate care facilities, effective January 1, 2005,
29 facility rates shall be increased by the difference between (i)
30 a facility's per diem property, liability, and malpractice
31 insurance costs as reported in the cost report filed with the
32 Department of Public Aid and used to establish rates effective
33 July 1, 2001 and (ii) those same costs as reported in the
34 facility's 2002 cost report. These costs shall be passed
35 through to the facility without caps or limitations, except for
36 adjustments required under normal auditing procedures.

1 Rates established effective each July 1 shall govern
2 payment for services rendered throughout that fiscal year,
3 except that rates established on July 1, 1996 shall be
4 increased by 6.8% for services provided on or after January 1,
5 1997. Such rates will be based upon the rates calculated for
6 the year beginning July 1, 1990, and for subsequent years
7 thereafter until June 30, 2001 shall be based on the facility
8 cost reports for the facility fiscal year ending at any point
9 in time during the previous calendar year, updated to the
10 midpoint of the rate year. The cost report shall be on file
11 with the Department no later than April 1 of the current rate
12 year. Should the cost report not be on file by April 1, the
13 Department shall base the rate on the latest cost report filed
14 by each skilled care facility and intermediate care facility,
15 updated to the midpoint of the current rate year. In
16 determining rates for services rendered on and after July 1,
17 1985, fixed time shall not be computed at less than zero. The
18 Department shall not make any alterations of regulations which
19 would reduce any component of the Medicaid rate to a level
20 below what that component would have been utilizing in the rate
21 effective on July 1, 1984.

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

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

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

34 The Department of Healthcare and Family Services ~~Public Aid~~
35 shall develop precise standards for payments to reimburse
36 nursing facilities for any utilization of appropriate

1 rehabilitative personnel for the provision of rehabilitative
2 services which is authorized by federal regulations, including
3 reimbursement for services provided by qualified therapists or
4 qualified assistants, and which is in accordance with accepted
5 professional practices. Reimbursement also may be made for
6 utilization of other supportive personnel under appropriate
7 supervision.

8 (Source: P.A. 93-20, eff. 6-20-03; 93-649, eff. 1-8-04; 93-659,
9 eff. 2-3-04; 93-841, eff. 7-30-04; 93-1087, eff. 2-28-05;
10 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; 94-697, eff. 11-21-05;
11 revised 12-15-05.)

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.