



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**SB2406**

Introduced 1/18/2006, by Sen. Arthur J. Wilhelmi

**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 18016 DRJ 53321 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.