



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB2487

Introduced 1/18/2006, by Sen. Ira I. Silverstein

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 implementation of a new Minimum Data Set (MDS) payment methodology for nursing homes under the Medicaid program, provides that a transition period from the payment methodology in effect on June 30, 2003 to the payment methodology in effect on July 1, 2003 shall be provided for a period not exceeding 3 years and 92 days (instead of 3 years) after implementation of the new payment methodology. Effective immediately.

LRB094 17569 DRJ 53943 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%.

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

27 For facilities licensed by the Department of Public Health
28 under the Nursing Home Care Act as Intermediate Care for the
29 Developmentally Disabled facilities or Long Term Care for Under
30 Age 22 facilities, the rates taking effect on July 1, 2000
31 shall include an increase of 2.5% per resident-day, as defined
32 by the Department. For facilities licensed by the Department of
33 Public Health under the Nursing Home Care Act as Skilled
34 Nursing facilities or Intermediate Care facilities, the rates
35 taking effect on July 1, 2000 shall include an increase of 2.5%
36 per resident-day, as defined by the Department.

1 For facilities licensed by the Department of Public Health
2 under the Nursing Home Care Act as skilled nursing facilities
3 or intermediate care facilities, a new payment methodology must
4 be implemented for the nursing component of the rate effective
5 July 1, 2003. The Department of Public Aid (now Healthcare and
6 Family Services) shall develop the new payment methodology
7 using the Minimum Data Set (MDS) as the instrument to collect
8 information concerning nursing home resident condition
9 necessary to compute the rate. The Department ~~of Public Aid~~
10 shall develop the new payment methodology to meet the unique
11 needs of Illinois nursing home residents while remaining
12 subject to the appropriations provided by the General Assembly.
13 A transition period from the payment methodology in effect on
14 June 30, 2003 to the payment methodology in effect on July 1,
15 2003 shall be provided for a period not exceeding 3 years and
16 92 days after implementation of the new payment methodology as
17 follows:

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

28 (B) For a facility that would receive a higher nursing
29 component rate per patient day under the payment
30 methodology in effect on July 1, 2003 than the facility
31 received effective on the date immediately preceding the
32 date that the Department implements the new payment
33 methodology, the nursing component rate per patient day for
34 the facility shall be adjusted.

35 (C) Notwithstanding paragraphs (A) and (B), the
36 nursing component rate per patient day for the facility

1 shall be adjusted subject to appropriations provided by the
2 General Assembly.

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

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

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

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

33 Notwithstanding any other provision of this Section, for
34 facilities licensed by the Department of Public Health under
35 the Nursing Home Care Act as skilled nursing facilities or
36 intermediate care facilities, if the payment methodologies

1 required under Section 5A-12 and the waiver granted under 42
2 CFR 433.68 are approved by the United States Centers for
3 Medicare and Medicaid Services, the rates taking effect on July
4 1, 2004 shall be 3.0% greater than the rates in effect on June
5 30, 2004. These rates shall take effect only upon approval and
6 implementation of the payment methodologies required under
7 Section 5A-12.

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

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

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

32 Rates established effective each July 1 shall govern
33 payment for services rendered throughout that fiscal year,
34 except that rates established on July 1, 1996 shall be
35 increased by 6.8% for services provided on or after January 1,
36 1997. Such rates will be based upon the rates calculated for

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

17 (2) Shall take into account the actual costs incurred by
18 facilities in providing services for recipients of skilled
19 nursing and intermediate care services under the medical
20 assistance program.

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

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

29 The Department of Healthcare and Family Services ~~Public Aid~~
30 shall develop precise standards for payments to reimburse
31 nursing facilities for any utilization of appropriate
32 rehabilitative personnel for the provision of rehabilitative
33 services which is authorized by federal regulations, including
34 reimbursement for services provided by qualified therapists or
35 qualified assistants, and which is in accordance with accepted
36 professional practices. Reimbursement also may be made for

1 utilization of other supportive personnel under appropriate
2 supervision.

3 (Source: P.A. 93-20, eff. 6-20-03; 93-649, eff. 1-8-04; 93-659,
4 eff. 2-3-04; 93-841, eff. 7-30-04; 93-1087, eff. 2-28-05;
5 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; 94-697, eff. 11-21-05;
6 revised 12-15-05.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.