

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 Sections 14-8 and 15-5 as follows:

6 (305 ILCS 5/14-8) (from Ch. 23, par. 14-8)

7 Sec. 14-8. Disbursements to Hospitals.

8 (a) For inpatient hospital services rendered on and after
9 September 1, 1991, the Illinois Department shall reimburse
10 hospitals for inpatient services at an inpatient payment rate
11 calculated for each hospital based upon the Medicare
12 Prospective Payment System as set forth in Sections 1886(b),
13 (d), (g), and (h) of the federal Social Security Act, and the
14 regulations, policies, and procedures promulgated thereunder,
15 except as modified by this Section. Payment rates for inpatient
16 hospital services rendered on or after September 1, 1991 and on
17 or before September 30, 1992 shall be calculated using the
18 Medicare Prospective Payment rates in effect on September 1,
19 1991. Payment rates for inpatient hospital services rendered on
20 or after October 1, 1992 and on or before March 31, 1994 shall
21 be calculated using the Medicare Prospective Payment rates in
22 effect on September 1, 1992. Payment rates for inpatient
23 hospital services rendered on or after April 1, 1994 shall be

1 calculated using the Medicare Prospective Payment rates
2 (including the Medicare grouping methodology and weighting
3 factors as adjusted pursuant to paragraph (1) of this
4 subsection) in effect 90 days prior to the date of admission.
5 For services rendered on or after July 1, 1995, the
6 reimbursement methodology implemented under this subsection
7 shall not include those costs referred to in Sections
8 1886(d)(5)(B) and 1886(h) of the Social Security Act. The
9 additional payment amounts required under Section
10 1886(d)(5)(F) of the Social Security Act, for hospitals serving
11 a disproportionate share of low-income or indigent patients,
12 are not required under this Section. For hospital inpatient
13 services rendered on or after July 1, 1995, the Illinois
14 Department shall reimburse hospitals using the relative
15 weighting factors and the base payment rates calculated for
16 each hospital that were in effect on June 30, 1995, less the
17 portion of such rates attributed by the Illinois Department to
18 the cost of medical education.

19 (1) The weighting factors established under Section
20 1886(d)(4) of the Social Security Act shall not be used in
21 the reimbursement system established under this Section.
22 Rather, the Illinois Department shall establish by rule
23 Medicaid weighting factors to be used in the reimbursement
24 system established under this Section.

25 (2) The Illinois Department shall define by rule those
26 hospitals or distinct parts of hospitals that shall be

1 exempt from the reimbursement system established under
2 this Section. In defining such hospitals, the Illinois
3 Department shall take into consideration those hospitals
4 exempt from the Medicare Prospective Payment System as of
5 September 1, 1991. For hospitals defined as exempt under
6 this subsection, the Illinois Department shall by rule
7 establish a reimbursement system for payment of inpatient
8 hospital services rendered on and after September 1, 1991.
9 For all hospitals that are children's hospitals as defined
10 in Section 5-5.02 of this Code, the reimbursement
11 methodology shall, through June 30, 1992, net of all
12 applicable fees, at least equal each children's hospital
13 1990 ICARE payment rates, indexed to the current year by
14 application of the DRI hospital cost index from 1989 to the
15 year in which payments are made. Excepting county providers
16 as defined in Article XV of this Code, hospitals licensed
17 under the University of Illinois Hospital Act, and
18 facilities operated by the Department of Mental Health and
19 Developmental Disabilities (or its successor, the
20 Department of Human Services) for hospital inpatient
21 services rendered on or after July 1, 1995, the Illinois
22 Department shall reimburse children's hospitals, as
23 defined in 89 Illinois Administrative Code Section
24 149.50(c)(3), at the rates in effect on June 30, 1995, and
25 shall reimburse all other hospitals at the rates in effect
26 on June 30, 1995, less the portion of such rates attributed

1 by the Illinois Department to the cost of medical
2 education. For inpatient hospital services provided on or
3 after August 1, 1998, the Illinois Department may establish
4 by rule a means of adjusting the rates of children's
5 hospitals, as defined in 89 Illinois Administrative Code
6 Section 149.50(c)(3), that did not meet that definition on
7 June 30, 1995, in order for the inpatient hospital rates of
8 such hospitals to take into account the average inpatient
9 hospital rates of those children's hospitals that did meet
10 the definition of children's hospitals on June 30, 1995.
11 For inpatient hospital services provided by any hospital
12 receiving reimbursement by the Department, the Department
13 may establish by rule a means of adjusting the rate of
14 reimbursement so as to eliminate any costs of medical
15 education, to the extent that such costs are no longer
16 available for federal reimbursement, such that the
17 adjusted rate is no lower than the rate in effect on June
18 30, 1995.

19 (3) (Blank)

20 (4) Notwithstanding any other provision of this
21 Section, hospitals that on August 31, 1991, have a contract
22 with the Illinois Department under Section 3-4 of the
23 Illinois Health Finance Reform Act may elect to continue to
24 be reimbursed at rates stated in such contracts for general
25 and specialty care.

26 (5) In addition to any payments made under this

1 subsection (a), the Illinois Department shall make the
2 adjustment payments required by Section 5-5.02 of this
3 Code; provided, that in the case of any hospital reimbursed
4 under a per case methodology, the Illinois Department shall
5 add an amount equal to the product of the hospital's
6 average length of stay, less one day, multiplied by 20, for
7 inpatient hospital services rendered on or after September
8 1, 1991 and on or before September 30, 1992.

9 (b) (Blank)

10 (b-5) Excepting county providers as defined in Article XV
11 of this Code, hospitals licensed under the University of
12 Illinois Hospital Act, and facilities operated by the Illinois
13 Department of Mental Health and Developmental Disabilities (or
14 its successor, the Department of Human Services), for
15 outpatient services rendered on or after July 1, 1995 and
16 before July 1, 1998 the Illinois Department shall reimburse
17 children's hospitals, as defined in the Illinois
18 Administrative Code Section 149.50(c)(3), at the rates in
19 effect on June 30, 1995, less that portion of such rates
20 attributed by the Illinois Department to the outpatient
21 indigent volume adjustment and shall reimburse all other
22 hospitals at the rates in effect on June 30, 1995, less the
23 portions of such rates attributed by the Illinois Department to
24 the cost of medical education and attributed by the Illinois
25 Department to the outpatient indigent volume adjustment. For
26 outpatient services provided on or after July 1, 1998,

1 reimbursement rates shall be established by rule. For
2 outpatient hospital services provided by any hospital
3 receiving reimbursement by the Department, the Department may
4 establish by rule a means of adjusting the rate of
5 reimbursement so as to eliminate any costs of medical
6 education, to the extent that such costs are no longer
7 available for federal reimbursement, such that the adjusted
8 rate is no lower than the rate in effect on July 1, 1998.

9 (c) In addition to any other payments under this Code, the
10 Illinois Department shall develop a hospital disproportionate
11 share reimbursement methodology that, effective July 1, 1991,
12 through September 30, 1992, shall reimburse hospitals
13 sufficiently to expend the fee monies described in subsection
14 (b) of Section 14-3 of this Code and the federal matching funds
15 received by the Illinois Department as a result of expenditures
16 made by the Illinois Department as required by this subsection
17 (c) and Section 14-2 that are attributable to fee monies
18 deposited in the Fund, less amounts applied to adjustment
19 payments under Section 5-5.02.

20 (d) Critical Care Access Payments.

21 (1) In addition to any other payments made under this
22 Code, the Illinois Department shall develop a
23 reimbursement methodology that shall reimburse Critical
24 Care Access Hospitals for the specialized services that
25 qualify them as Critical Care Access Hospitals. No
26 adjustment payments shall be made under this subsection on

1 or after July 1, 1995.

2 (2) "Critical Care Access Hospitals" includes, but is
3 not limited to, hospitals that meet at least one of the
4 following criteria:

5 (A) Hospitals located outside of a metropolitan
6 statistical area that are designated as Level II
7 Perinatal Centers and that provide a disproportionate
8 share of perinatal services to recipients; or

9 (B) Hospitals that are designated as Level I Trauma
10 Centers (adult or pediatric) and certain Level II
11 Trauma Centers as determined by the Illinois
12 Department; or

13 (C) Hospitals located outside of a metropolitan
14 statistical area and that provide a disproportionate
15 share of obstetrical services to recipients.

16 (e) Inpatient high volume adjustment. For hospital
17 inpatient services, effective with rate periods beginning on or
18 after October 1, 1993, in addition to rates paid for inpatient
19 services by the Illinois Department, the Illinois Department
20 shall make adjustment payments for inpatient services
21 furnished by Medicaid high volume hospitals. The Illinois
22 Department shall establish by rule criteria for qualifying as a
23 Medicaid high volume hospital and shall establish by rule a
24 reimbursement methodology for calculating these adjustment
25 payments to Medicaid high volume hospitals. No adjustment
26 payment shall be made under this subsection for services

1 rendered on or after July 1, 1995.

2 (f) The Illinois Department shall modify its current rules
3 governing adjustment payments for targeted access, critical
4 care access, and uncompensated care to classify those
5 adjustment payments as not being payments to disproportionate
6 share hospitals under Title XIX of the federal Social Security
7 Act. Rules adopted under this subsection shall not be effective
8 with respect to services rendered on or after July 1, 1995. The
9 Illinois Department has no obligation to adopt or implement any
10 rules or make any payments under this subsection for services
11 rendered on or after July 1, 1995.

12 (f-5) The State recognizes that adjustment payments to
13 hospitals providing certain services or incurring certain
14 costs may be necessary to assure that recipients of medical
15 assistance have adequate access to necessary medical services.
16 These adjustments include payments for ~~teaching costs and~~
17 uncompensated care, trauma center payments, rehabilitation
18 hospital payments, perinatal center payments, obstetrical care
19 payments, targeted access payments, Medicaid high volume
20 payments, and outpatient indigent volume payments. On or before
21 April 1, 1995, the Illinois Department shall issue
22 recommendations regarding (i) reimbursement mechanisms or
23 adjustment payments to reflect these costs and services,
24 including methods by which the payments may be calculated and
25 the method by which the payments may be financed, and (ii)
26 reimbursement mechanisms or adjustment payments to reflect

1 costs and services of federally qualified health centers with
2 respect to recipients of medical assistance.

3 (g) If one or more hospitals file suit in any court
4 challenging any part of this Article XIV, payments to hospitals
5 under this Article XIV shall be made only to the extent that
6 sufficient monies are available in the Fund and only to the
7 extent that any monies in the Fund are not prohibited from
8 disbursement under any order of the court.

9 (h) Payments under the disbursement methodology described
10 in this Section are subject to approval by the federal
11 government in an appropriate State plan amendment.

12 (i) The Illinois Department may by rule establish criteria
13 for and develop methodologies for adjustment payments to
14 hospitals participating under this Article.

15 (j) Hospital Residing Long Term Care Services. In addition
16 to any other payments made under this Code, the Illinois
17 Department may by rule establish criteria and develop
18 methodologies for payments to hospitals for Hospital Residing
19 Long Term Care Services.

20 (Source: P.A. 93-20, eff. 6-20-03.)

21 (305 ILCS 5/15-5) (from Ch. 23, par. 15-5)

22 Sec. 15-5. Disbursements from the Fund.

23 (a) The monies in the Fund shall be disbursed only as
24 provided in Section 15-2 of this Code and as follows:

25 (1) To pay the county hospitals' inpatient

1 reimbursement rate based on actual costs, trended forward
2 annually by an inflation index and supplemented by
3 ~~teaching,~~ capital, and other direct and indirect costs,
4 according to a State plan approved by the federal
5 government. Effective October 1, 1992, the inpatient
6 reimbursement rate (including any disproportionate or
7 supplemental disproportionate share payments) for hospital
8 services provided by county operated facilities within the
9 County shall be no less than the reimbursement rates in
10 effect on June 1, 1992, except that this minimum shall be
11 adjusted as of July 1, 1992 and each July 1 thereafter
12 through July 1, 2002 by the annual percentage change in the
13 per diem cost of inpatient hospital services as reported in
14 the most recent annual Medicaid cost report. Effective July
15 1, 2003, the rate for hospital inpatient services provided
16 by county hospitals shall be the rate in effect on January
17 1, 2003, except that this minimum may be adjusted by the
18 Illinois Department to ensure compliance with aggregate
19 and hospital-specific federal payment limitations.

20 (2) To pay county hospitals and county operated
21 outpatient facilities for outpatient services based on a
22 federally approved methodology to cover the maximum
23 allowable costs per patient visit. Effective October 1,
24 1992, the outpatient reimbursement rate for outpatient
25 services provided by county hospitals and county operated
26 outpatient facilities shall be no less than the

1 reimbursement rates in effect on June 1, 1992, except that
2 this minimum shall be adjusted as of July 1, 1992 and each
3 July 1 thereafter through July 1, 2002 by the annual
4 percentage change in the per diem cost of inpatient
5 hospital services as reported in the most recent annual
6 Medicaid cost report. Effective July 1, 2003, the Illinois
7 Department shall by rule establish rates for outpatient
8 services provided by county hospitals and other
9 county-operated facilities within the County that are in
10 compliance with aggregate and hospital-specific federal
11 payment limitations.

12 (3) To pay the county hospitals' disproportionate
13 share payments as established by the Illinois Department
14 under Section 5-5.02 of this Code. Effective October 1,
15 1992, the disproportionate share payments for hospital
16 services provided by county operated facilities within the
17 County shall be no less than the reimbursement rates in
18 effect on June 1, 1992, except that this minimum shall be
19 adjusted as of July 1, 1992 and each July 1 thereafter
20 through July 1, 2002 by the annual percentage change in the
21 per diem cost of inpatient hospital services as reported in
22 the most recent annual Medicaid cost report. Effective July
23 1, 2003, the Illinois Department may by rule establish
24 rates for disproportionate share payments to county
25 hospitals that are in compliance with aggregate and
26 hospital-specific federal payment limitations.

1 (3.5) To pay county providers for services provided
2 pursuant to Section 5-11 of this Code.

3 (4) To reimburse the county providers for expenses
4 contractually assumed pursuant to Section 15-4 of this
5 Code.

6 (5) To pay the Illinois Department its necessary
7 administrative expenses relative to the Fund and other
8 amounts agreed to, if any, by the county providers in the
9 agreement provided for in subsection (c).

10 (6) To pay the county providers any other amount due
11 according to a federally approved State plan, including but
12 not limited to payments made under the provisions of
13 Section 701(d)(3)(B) of the federal Medicare, Medicaid,
14 and SCHIP Benefits Improvement and Protection Act of 2000.
15 Intergovernmental transfers supporting payments under this
16 paragraph (6) shall not be subject to the computation
17 described in subsection (a) of Section 15-3 of this Code,
18 but shall be computed as the difference between the total
19 of such payments made by the Illinois Department to county
20 providers less any amount of federal financial
21 participation due the Illinois Department under Titles XIX
22 and XXI of the Social Security Act as a result of such
23 payments to county providers.

24 (b) The Illinois Department shall promptly seek all
25 appropriate amendments to the Illinois State Plan to effect the
26 foregoing payment methodology.

1 (c) The Illinois Department shall implement the changes
2 made by Article 3 of this amendatory Act of 1992 beginning
3 October 1, 1992. All terms and conditions of the disbursement
4 of monies from the Fund not set forth expressly in this Article
5 shall be set forth in the agreement executed under the
6 Intergovernmental Cooperation Act so long as those terms and
7 conditions are not inconsistent with this Article or applicable
8 federal law. The Illinois Department shall report in writing to
9 the Hospital Service Procurement Advisory Board and the Health
10 Care Cost Containment Council by October 15, 1992, the terms
11 and conditions of all such initial agreements and, where no
12 such initial agreement has yet been executed with a qualifying
13 county, the Illinois Department's reasons that each such
14 initial agreement has not been executed. Copies and reports of
15 amended agreements following the initial agreements shall
16 likewise be filed by the Illinois Department with the Hospital
17 Service Procurement Advisory Board and the Health Care Cost
18 Containment Council within 30 days following their execution.
19 The foregoing filing obligations of the Illinois Department are
20 informational only, to allow the Board and Council,
21 respectively, to better perform their public roles, except that
22 the Board or Council may, at its discretion, advise the
23 Illinois Department in the case of the failure of the Illinois
24 Department to reach agreement with any qualifying county by the
25 required date.

26 (d) The payments provided for herein are intended to cover

1 services rendered on and after July 1, 1991, and any agreement
2 executed between a qualifying county and the Illinois
3 Department pursuant to this Section may relate back to that
4 date, provided the Illinois Department obtains federal
5 approval. Any changes in payment rates resulting from the
6 provisions of Article 3 of this amendatory Act of 1992 are
7 intended to apply to services rendered on or after October 1,
8 1992, and any agreement executed between a qualifying county
9 and the Illinois Department pursuant to this Section may be
10 effective as of that date.

11 (e) If one or more hospitals file suit in any court
12 challenging any part of this Article XV, payments to hospitals
13 from the Fund under this Article XV shall be made only to the
14 extent that sufficient monies are available in the Fund and
15 only to the extent that any monies in the Fund are not
16 prohibited from disbursement and may be disbursed under any
17 order of the court.

18 (f) All payments under this Section are contingent upon
19 federal approval of changes to the State plan, if that approval
20 is required.

21 (Source: P.A. 92-370, eff. 8-15-01; 93-20, eff. 6-20-03.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.