



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2403

Introduced 2/14/2008, by Sen. Iris Y. Martinez

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 skilled nursing facilities or intermediate care facilities, the support component of the rates taking effect on July 1, 2008 shall be computed using the most recent cost reports on file with the Department of Healthcare and Family Services no later than April 1, 2006, updated for inflation to January 1, 2007. Provides that facilities shall have the support component of their Medicaid rate computed every year using the most recent cost reports on file with the Department of Healthcare and Family Services no later than April 1, 2 years prior to the year in which the new rate takes effect, updated for inflation to January 1 of the year prior to the year in which the new rate takes effect. Effective immediately.

LRB095 18306 DRJ 44390 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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. The Department of Healthcare and Family
9 Services shall develop standards of payment of skilled nursing
10 and intermediate care services in facilities providing such
11 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

1 for newly constructed facilities shall be based upon projected
2 budgets. The annually established payment rate shall take
3 effect on July 1 in 1984 and subsequent years. No rate increase
4 and no update for inflation shall be provided on or after July
5 1, 1994 and before July 1, 2008, unless specifically provided
6 for in this Section. The changes made by Public Act 93-841
7 extending the duration of the prohibition against a rate
8 increase or update for inflation are effective retroactive to
9 July 1, 2004.

10 For facilities licensed by the Department of Public Health
11 under the Nursing Home Care Act as Intermediate Care for the
12 Developmentally Disabled facilities or Long Term Care for Under
13 Age 22 facilities, the rates taking effect on July 1, 1998
14 shall include an increase of 3%. For facilities licensed by the
15 Department of Public Health under the Nursing Home Care Act as
16 Skilled Nursing facilities or Intermediate Care facilities,
17 the rates taking effect on July 1, 1998 shall include an
18 increase of 3% plus \$1.10 per resident-day, as defined by the
19 Department. For facilities licensed by the Department of Public
20 Health under the Nursing Home Care Act as Intermediate Care
21 Facilities for the Developmentally Disabled or Long Term Care
22 for Under Age 22 facilities, the rates taking effect on January
23 1, 2006 shall include an increase of 3%.

24 For facilities licensed by the Department of Public Health
25 under the Nursing Home Care Act as Intermediate Care for the
26 Developmentally Disabled facilities or Long Term Care for Under

1 Age 22 facilities, the rates taking effect on July 1, 1999
2 shall include an increase of 1.6% plus \$3.00 per resident-day,
3 as defined by the Department. For facilities licensed by the
4 Department of Public Health under the Nursing Home Care Act as
5 Skilled Nursing facilities or Intermediate Care facilities,
6 the rates taking effect on July 1, 1999 shall include an
7 increase of 1.6% and, for services provided on or after October
8 1, 1999, shall be increased by \$4.00 per resident-day, as
9 defined by the Department.

10 For facilities licensed by the Department of Public Health
11 under the Nursing Home Care Act as Intermediate Care for the
12 Developmentally Disabled facilities or Long Term Care for Under
13 Age 22 facilities, the rates taking effect on July 1, 2000
14 shall include an increase of 2.5% per resident-day, as defined
15 by the Department. For facilities licensed by the Department of
16 Public Health under the Nursing Home Care Act as Skilled
17 Nursing facilities or Intermediate Care facilities, the rates
18 taking effect on July 1, 2000 shall include an increase of 2.5%
19 per resident-day, as defined by the Department.

20 For facilities licensed by the Department of Public Health
21 under the Nursing Home Care Act as skilled nursing facilities
22 or intermediate care facilities, a new payment methodology must
23 be implemented for the nursing component of the rate effective
24 July 1, 2003. The Department of Public Aid (now Healthcare and
25 Family Services) shall develop the new payment methodology
26 using the Minimum Data Set (MDS) as the instrument to collect

1 information concerning nursing home resident condition
2 necessary to compute the rate. The Department shall develop the
3 new payment methodology to meet the unique needs of Illinois
4 nursing home residents while remaining subject to the
5 appropriations provided by the General Assembly. A transition
6 period from the payment methodology in effect on June 30, 2003
7 to the payment methodology in effect on July 1, 2003 shall be
8 provided for a period not exceeding 3 years and 184 days after
9 implementation of the new payment methodology as follows:

10 (A) For a facility that would receive a lower nursing
11 component rate per patient day under the new system than
12 the facility received effective on the date immediately
13 preceding the date that the Department implements the new
14 payment methodology, the nursing component rate per
15 patient day for the facility shall be held at the level in
16 effect on the date immediately preceding the date that the
17 Department implements the new payment methodology until a
18 higher nursing component rate of reimbursement is achieved
19 by that facility.

20 (B) For a facility that would receive a higher nursing
21 component rate per patient day under the payment
22 methodology in effect on July 1, 2003 than the facility
23 received effective on the date immediately preceding the
24 date that the Department implements the new payment
25 methodology, the nursing component rate per patient day for
26 the facility shall be adjusted.

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

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

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

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

1 June 30, 2001.

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, the Illinois Department shall
6 determine by rule the rates taking effect on July 1, 2002,
7 which shall be 5.9% less than the rates in effect on June 30,
8 2002.

9 Notwithstanding any other provision of this Section, for
10 facilities licensed by the Department of Public Health under
11 the Nursing Home Care Act as skilled nursing facilities or
12 intermediate care facilities, if the payment methodologies
13 required under Section 5A-12 and the waiver granted under 42
14 CFR 433.68 are approved by the United States Centers for
15 Medicare and Medicaid Services, the rates taking effect on July
16 1, 2004 shall be 3.0% greater than the rates in effect on June
17 30, 2004. These rates shall take effect only upon approval and
18 implementation of the payment methodologies required under
19 Section 5A-12.

20 Notwithstanding any other provisions 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, the rates taking effect on
24 January 1, 2005 shall be 3% more than the rates in effect on
25 December 31, 2004.

26 Notwithstanding any other provisions of this Section, for

1 facilities licensed by the Department of Public Health under
2 the Nursing Home Care Act as skilled nursing facilities or
3 intermediate care facilities, the support component of the
4 rates taking effect on July 1, 2008 shall be computed using the
5 most recent cost reports on file with the Department of
6 Healthcare and Family Services no later than April 1, 2006,
7 updated for inflation to January 1, 2007. After the effective
8 date of this amendatory Act of the 95th General Assembly,
9 facilities shall have the support component of their Medicaid
10 rate computed every year using the most recent cost reports on
11 file with the Department of Healthcare and Family Services no
12 later than April 1, 2 years prior to the year in which the new
13 rate takes effect, updated for inflation to January 1 of the
14 year prior to the year in which the new rate takes effect.

15 Notwithstanding any other provisions of this Section, for
16 facilities licensed by the Department of Public Health under
17 the Nursing Home Care Act as intermediate care facilities that
18 are federally defined as Institutions for Mental Disease, a
19 socio-development component rate equal to 6.6% of the
20 facility's nursing component rate as of January 1, 2006 shall
21 be established and paid effective July 1, 2006. The Illinois
22 Department may by rule adjust these socio-development
23 component rates, but in no case may such rates be diminished.

24 For facilities licensed by the Department of Public Health
25 under the Nursing Home Care Act as Intermediate Care for the
26 Developmentally Disabled facilities or as long-term care

1 facilities for residents under 22 years of age, the rates
2 taking effect on July 1, 2003 shall include a statewide
3 increase of 4%, as defined by the Department.

4 Notwithstanding any other provision of this Section, for
5 facilities licensed by the Department of Public Health under
6 the Nursing Home Care Act as skilled nursing facilities or
7 intermediate care facilities, effective January 1, 2005,
8 facility rates shall be increased by the difference between (i)
9 a facility's per diem property, liability, and malpractice
10 insurance costs as reported in the cost report filed with the
11 Department of Public Aid and used to establish rates effective
12 July 1, 2001 and (ii) those same costs as reported in the
13 facility's 2002 cost report. These costs shall be passed
14 through to the facility without caps or limitations, except for
15 adjustments required under normal auditing procedures.

16 Rates established effective each July 1 shall govern
17 payment for services rendered throughout that fiscal year,
18 except that rates established on July 1, 1996 shall be
19 increased by 6.8% for services provided on or after January 1,
20 1997. Such rates will be based upon the rates calculated for
21 the year beginning July 1, 1990, and for subsequent years
22 thereafter until June 30, 2001 shall be based on the facility
23 cost reports for the facility fiscal year ending at any point
24 in time during the previous calendar year, updated to the
25 midpoint of the rate year. The cost report shall be on file
26 with the Department no later than April 1 of the current rate

1 year. Should the cost report not be on file by April 1, the
2 Department shall base the rate on the latest cost report filed
3 by each skilled care facility and intermediate care facility,
4 updated to the midpoint of the current rate year. In
5 determining rates for services rendered on and after July 1,
6 1985, fixed time shall not be computed at less than zero. The
7 Department shall not make any alterations of regulations which
8 would reduce any component of the Medicaid rate to a level
9 below what that component would have been utilizing in the rate
10 effective on July 1, 1984.

11 (2) Shall take into account the actual costs incurred by
12 facilities in providing services for recipients of skilled
13 nursing and intermediate care services under the medical
14 assistance program.

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

17 (4) Shall take into account the actual costs incurred by
18 facilities in meeting licensing and certification standards
19 imposed and prescribed by the State of Illinois, any of its
20 political subdivisions or municipalities and by the U.S.
21 Department of Health and Human Services pursuant to Title XIX
22 of the Social Security Act.

23 The Department of Healthcare and Family Services shall
24 develop precise standards for payments to reimburse nursing
25 facilities for any utilization of appropriate rehabilitative
26 personnel for the provision of rehabilitative services which is

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

7 (Source: P.A. 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; 94-697,
8 eff. 11-21-05; 94-838, eff. 6-6-06; 94-964, eff. 6-28-06;
9 95-12, eff. 7-2-07; 95-331, eff. 8-21-07.)

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.