# 98TH GENERAL ASSEMBLY

# State of Illinois

# 2013 and 2014

## HB4600

Introduced 2/4/2014, by

SYNOPSIS  AS  INTRODUCED:

305 ILCS 5/5-5.2                          from Ch. 23, par. 5-5.2

      Amends the Medical Assistance Article of the Illinois Public Aid Code. In provisions concerning the new nursing services reimbursement methodology utilizing the RUGs reimbursement system, provides that the nursing services methodology will be assigned to the Medicaid enrolled residents on record as of 30 days prior to the beginning of the rate period in the Department's Medicaid Management Information System (MMIS) as present on the last day of the second quarter preceding the rate period "based upon the Assessment Reference Date of the Minimum Data Set (MDS)". Effective immediately.

LRB098 17867 KTG 52991 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 5-5.2 as follows:

6      (305 ILCS 5/5-5.2) (from Ch. 23, par. 5-5.2)

7      Sec. 5-5.2. Payment.

8      (a) All nursing facilities that are grouped pursuant to

9   Section 5-5.1 of this Act shall receive the same rate of

10  payment for similar services.

11     (b) It shall be a matter of State policy that the Illinois

12  Department shall utilize a uniform billing cycle throughout the

13  State for the long-term care providers.

14     (c) Notwithstanding any other provisions of this Code, the

15  methodologies for reimbursement of nursing services as

16  provided under this Article shall no longer be applicable for

17  bills payable for nursing services rendered on or after a new

18  reimbursement system based on the Resource Utilization Groups

19  (RUGs) has been fully operationalized, which shall take effect

20  for services provided on or after January 1, 2014.

21     (d) The new nursing services reimbursement methodology

22  utilizing RUG-IV 48 grouper model, which shall be referred to

23  as the RUGs reimbursement system, taking effect January 1,

1    2014, shall be based on the following:

2           (1)    The    methodology    shall    be    resident-driven,

3           facility-specific, and cost-based.

4           (2) Costs shall be annually rebased and case mix index

5           quarterly updated. The nursing services methodology will

6           be assigned to the Medicaid enrolled residents on record as

7           of 30 days prior to the beginning of the rate period in the

8           Department's Medicaid Management Information System (MMIS)

9           as present on the last day of the second quarter preceding

10          the rate period based upon the Assessment Reference Date of

11          the Minimum Data Set (MDS).

12          (3) Regional wage adjustors based on the Health Service

13          Areas (HSA) groupings and adjusters in effect on April 30,

14          2012 shall be included.

15          (4) Case mix index shall be assigned to each resident

16          class based on the Centers for Medicare and Medicaid

17          Services staff time measurement study in effect on July 1,

18          2013, utilizing an index maximization approach.

19          (5) The pool of funds available for distribution by

20          case mix and the base facility rate shall be determined

21          using the formula contained in subsection (d-1).

22   (d-1) Calculation of base year Statewide RUG-IV nursing

23   base per diem rate.

24          (1) Base rate spending pool shall be:

25                 (A)    The    base    year    resident    days    which    are

26                 calculated    by    multiplying    the    number    of    Medicaid

1      residents in each nursing home as indicated in the MDS

2      data defined in paragraph (4) by 365.

3          (B) Each facility's nursing component per diem in

4      effect on July 1, 2012 shall be multiplied by

5      subsection (A).

6          (C) Thirteen million is added to the product of

7      subparagraph (A) and subparagraph (B) to adjust for the

8      exclusion of nursing homes defined in paragraph (5).

9      (2) For each nursing home with Medicaid residents as

10     indicated by the MDS data defined in paragraph (4),

11     weighted days adjusted for case mix and regional wage

12     adjustment shall be calculated. For each home this

13     calculation is the product of:

14         (A) Base year resident days as calculated in

15     subparagraph (A) of paragraph (1).

16         (B) The nursing home's regional wage adjustor

17     based on the Health Service Areas (HSA) groupings and

18     adjustors in effect on April 30, 2012.

19         (C) Facility weighted case mix which is the number

20     of Medicaid residents as indicated by the MDS data

21     defined in paragraph (4) multiplied by the associated

22     case weight for the RUG-IV 48 grouper model using

23     standard RUG-IV procedures for index maximization.

24         (D) The sum of the products calculated for each

25     nursing home in subparagraphs (A) through (C) above

26     shall be the base year case mix, rate adjusted weighted

1        days.

2            (3) The Statewide RUG-IV nursing base per diem rate on

3        January 1, 2014 shall be the quotient of the paragraph (1)

4        divided by the sum calculated under subparagraph (D) of

5        paragraph (2).

6            (4) Minimum Data Set (MDS) comprehensive assessments

7        for Medicaid residents on the last day of the quarter used

8        to establish the base rate.

9            (5) Nursing facilities designated as of July 1, 2012 by

10       the Department as "Institutions for Mental Disease" shall

11       be excluded from all calculations under this subsection.

12       The data from these facilities shall not be used in the

13       computations described in paragraphs (1) through (4) above

14       to establish the base rate.

15       (e) Notwithstanding any other provision of this Code, the

16   Department shall by rule develop a reimbursement methodology

17   reflective of the intensity of care and services requirements

18   of low need residents in the lowest RUG IV groupers and

19   corresponding regulations. Only that portion of the RUGs

20   Reimbursement System spending pool described in subsection

21   (d-1) attributed to the groupers as of July 1, 2013 for which

22   the methodology in this Section is developed may be diverted

23   for this purpose. The Department shall submit the rules no

24   later than January 1, 2014 for an implementation date no later

25   than January 1, 2015. If the Department does not implement this

26   reimbursement methodology by the required date, the nursing

1    component per diem on January 1, 2015 for residents classified

2    in RUG-IV groups PA1, PA2, BA1, and BA2 shall be the blended

3    rate of the calculated RUG-IV nursing component per diem and

4    the nursing component per diem in effect on July 1, 2012. This

5    blended rate shall be applied only to nursing homes whose

6    resident population is greater than or equal to 70% of the

7    total residents served and whose RUG-IV nursing component per

8    diem rate is less than the nursing component per diem in effect

9    on July 1, 2012. This blended rate shall be in effect until the

10   reimbursement methodology is implemented or until July 1, 2019,

11   whichever is sooner.

12       (e-1) Notwithstanding any other provision of this Article,

13   rates established pursuant to this subsection shall not apply

14   to any and all nursing facilities designated by the Department

15   as "Institutions for Mental Disease" and shall be excluded from

16   the RUGs Reimbursement System applicable to facilities not

17   designated as "Institutions for the Mentally Diseased" by the

18   Department.

19       (e-2) For dates of services beginning January 1, 2014, the

20   RUG-IV nursing component per diem for a nursing home shall be

21   the product of the statewide RUG-IV nursing base per diem rate,

22   the facility average case mix index, and the regional wage

23   adjustor. Transition rates for services provided between

24   January 1, 2014 and December 31, 2014 shall be as follows:

25           (1) The transition RUG-IV per diem nursing rate for

26       nursing homes whose rate calculated in this subsection

1   (e-2) is greater than the nursing component rate in effect
2   July 1, 2012 shall be paid the sum of:

3           (A) The nursing component rate in effect July 1,
4       2012; plus

5           (B) The difference of the RUG-IV nursing component
6       per diem calculated for the current quarter minus the
7       nursing component rate in effect July 1, 2012
8       multiplied by 0.88.

9       (2) The transition RUG-IV per diem nursing rate for
10  nursing homes whose rate calculated in this subsection
11  (e-2) is less than the nursing component rate in effect
12  July 1, 2012 shall be paid the sum of:

13          (A) The nursing component rate in effect July 1,
14      2012; plus

15          (B) The difference of the RUG-IV nursing component
16      per diem calculated for the current quarter minus the
17      nursing component rate in effect July 1, 2012
18      multiplied by 0.13.

19      (f) Notwithstanding any other provision of this Code, on
20  and after July 1, 2012, reimbursement rates associated with the
21  nursing or support components of the current nursing facility
22  rate methodology shall not increase beyond the level effective
23  May 1, 2011 until a new reimbursement system based on the RUGs
24  IV 48 grouper model has been fully operationalized.

25      (g) Notwithstanding any other provision of this Code, on
26  and after July 1, 2012, for facilities not designated by the

1   Department of Healthcare and Family Services as "Institutions

2   for Mental Disease", rates effective May 1, 2011 shall be

3   adjusted as follows:

4        (1) Individual nursing rates for residents classified

5     in RUG IV groups PA1, PA2, BA1, and BA2 during the quarter

6     ending March 31, 2012 shall be reduced by 10%;

7        (2) Individual nursing rates for residents classified

8     in all other RUG IV groups shall be reduced by 1.0%;

9        (3) Facility rates for the capital and support

10    components shall be reduced by 1.7%.

11   (h) Notwithstanding any other provision of this Code, on

12   and after July 1, 2012, nursing facilities designated by the

13   Department of Healthcare and Family Services as "Institutions

14   for Mental Disease" and "Institutions for Mental Disease" that

15   are facilities licensed under the Specialized Mental Health

16   Rehabilitation Act of 2013 shall have the nursing,

17   socio-developmental, capital, and support components of their

18   reimbursement rate effective May 1, 2011 reduced in total by

19   2.7%.

20   (Source: P.A. 97-689, eff. 6-14-12; 98-104, Article 6, Section

21   6-240, eff. 7-22-13; 98-104, Article 11, Section 11-35, eff.

22   7-22-13; revised 9-19-13.)


23        Section 99. Effective date. This Act takes effect upon

24   becoming law.