

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.

11 (3) Regional wage adjustors based on the Health Service  
12 Areas (HSA) groupings and adjustors in effect on April 30,  
13 2012 shall be included.

14 (4) Case mix index shall be assigned to each resident  
15 class based on the Centers for Medicare and Medicaid  
16 Services staff time measurement study in effect on July 1,  
17 2013, utilizing an index maximization approach.

18 (5) The pool of funds available for distribution by  
19 case mix and the base facility rate shall be determined  
20 using the formula contained in subsection (d-1).

21 (d-1) Calculation of base year Statewide RUG-IV nursing  
22 base per diem rate.

23 (1) Base rate spending pool shall be:

24 (A) The base year resident days which are  
25 calculated by multiplying the number of Medicaid  
26 residents in each nursing home as indicated in the MDS

1 data defined in paragraph (4) by 365.

2 (B) Each facility's nursing component per diem in  
3 effect on July 1, 2012 shall be multiplied by  
4 subsection (A).

5 (C) Thirteen million is added to the product of  
6 subparagraph (A) and subparagraph (B) to adjust for the  
7 exclusion of nursing homes defined in paragraph (5).

8 (2) For each nursing home with Medicaid residents as  
9 indicated by the MDS data defined in paragraph (4),  
10 weighted days adjusted for case mix and regional wage  
11 adjustment shall be calculated. For each home this  
12 calculation is the product of:

13 (A) Base year resident days as calculated in  
14 subparagraph (A) of paragraph (1).

15 (B) The nursing home's regional wage adjustor  
16 based on the Health Service Areas (HSA) groupings and  
17 adjustors in effect on April 30, 2012.

18 (C) Facility weighted case mix which is the number  
19 of Medicaid residents as indicated by the MDS data  
20 defined in paragraph (4) multiplied by the associated  
21 case weight for the RUG-IV 48 grouper model using  
22 standard RUG-IV procedures for index maximization.

23 (D) The sum of the products calculated for each  
24 nursing home in subparagraphs (A) through (C) above  
25 shall be the base year case mix, rate adjusted weighted  
26 days.

1           (3) The Statewide RUG-IV nursing base per diem rate on  
2           January 1, 2014 shall be the quotient of the paragraph (1)  
3           divided by the sum calculated under subparagraph (D) of  
4           paragraph (2).

5           (3-1) Beginning January 1, 2015 and every quarter  
6           thereafter, the base per diem rate set by the calculations  
7           contained in this Section, which is \$83.49, shall be  
8           adjusted by the addition of the quotient of \$32,000,000 set  
9           aside for this purpose and any additional moneys as  
10          provided in paragraph (4) of subsection (e) and subsection  
11          (e-3) divided by the sum calculated under subparagraph (D)  
12          of paragraph (2).

13          (4) Minimum Data Set (MDS) comprehensive assessments  
14          for Medicaid residents on March 31, 2012 ~~the last day of~~  
15          ~~the quarter used to establish the base rate.~~

16          (5) Nursing facilities designated as of July 1, 2012 by  
17          the Department as "Institutions for Mental Disease" shall  
18          be excluded from all calculations under this subsection.  
19          The data from these facilities shall not be used in the  
20          computations described in paragraphs (1) through (4) above  
21          to establish the base rate.

22          (e) Notwithstanding any other provision of this Code, the  
23          Department shall by rule develop a reimbursement methodology  
24          reflective of the intensity of care and services requirements  
25          of low need residents in the lowest RUG IV groupers and  
26          corresponding regulations. Only that portion of the RUGs

1 Reimbursement System spending pool described in subsection  
2 (d-1) attributed to the groupers as of July 1, 2013 for which  
3 the methodology in this Section is developed may be diverted  
4 for this purpose. The Department shall submit the rules no  
5 later than January 1, 2014 for an implementation date no later  
6 than January 1, 2015 which shall establish at a minimum the  
7 following add-on adjustments to the facility's RUG-IV rate:-

8 (1) at a minimum a \$208 per day add-on for each  
9 resident qualifying for ventilator care adjustment as  
10 outlined in the administrative rules of the Department of  
11 Healthcare and Family Services;

12 (2) at a minimum a \$5 per day add-on for each resident  
13 residing in a dedicated Alzheimer's unit with an  
14 Alzheimer's or a non-Alzheimer's dementia diagnosis as  
15 scored on the MDS 3.0;

16 (3) at a minimum a \$2.50 per day add-on for each  
17 resident falling in the bottom 4 RUG-IV groupers with an  
18 Alzheimer's or a non-Alzheimer's dementia diagnosis not  
19 residing in a dedicated Alzheimer's unit as scored on the  
20 MDS 3.0; and

21 (4) at a minimum a \$3.00 per day add-on for each  
22 resident with a diagnosis of a serious mental illness. If  
23 for any quarter the amount needed for the serious mental  
24 illness add-on is less than \$2,000,000, the difference  
25 shall be added to the base rate adjustment as provided in  
26 paragraph (3-1) of subsection (d-1).

1       For the purpose of the add-on calculations, a dedicated  
2 Alzheimer's unit must meet the criteria set forth in Subpart U  
3 of Title 77, Part 300 of the Illinois Administrative Code.  
4 "Serious mental illness" means a primary or secondary SMI  
5 diagnosis in one of MDS 3.0 items S1200 A through I.  
6 "Alzheimer's" and "non-Alzheimer's dementia" means a diagnosis  
7 in MDS 3.0 item I4200 or I4800.

8       If the Department does not implement this reimbursement  
9 methodology by the required date, the nursing component per  
10 diem on January 1, 2015 for residents classified in RUG-IV  
11 groups PA1, PA2, BA1, and BA2 shall be the blended rate of the  
12 calculated RUG-IV nursing component per diem and the nursing  
13 component per diem in effect on July 1, 2012. This blended rate  
14 shall be applied only to nursing homes whose resident  
15 population is greater than or equal to 70% of the total  
16 residents served and whose RUG-IV nursing component per diem  
17 rate is less than the nursing component per diem in effect on  
18 July 1, 2012. This blended rate shall be in effect until the  
19 reimbursement methodology is implemented or until July 1, 2019,  
20 whichever is sooner.

21       (e-1) Notwithstanding any other provision of this Article,  
22 rates established pursuant to this subsection shall not apply  
23 to any and all nursing facilities designated by the Department  
24 as "Institutions for Mental Disease" and shall be excluded from  
25 the RUGs Reimbursement System applicable to facilities not  
26 designated as "Institutions for the Mentally Diseased" by the

1 Department.

2 (e-2) For dates of services beginning January 1, 2014, the  
3 RUG-IV nursing component per diem for a nursing home shall be  
4 the product of the statewide RUG-IV nursing base per diem rate,  
5 the facility average case mix index, and the regional wage  
6 adjustor. Transition rates for services provided between  
7 January 1, 2014 and December 31, 2014 shall be as follows:

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

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

14 (B) The difference of the RUG-IV nursing component  
15 per diem calculated for the current quarter minus the  
16 nursing component rate in effect July 1, 2012  
17 multiplied by 0.88.

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

22 (A) The nursing component rate in effect July 1,  
23 2012; plus

24 (B) The difference of the RUG-IV nursing component  
25 per diem calculated for the current quarter minus the  
26 nursing component rate in effect July 1, 2012

1 multiplied by 0.13.

2 (e-3) Notwithstanding any other provision of this Code, an  
3 amount equal to \$16,000,000 shall be set aside for the  
4 establishment of a quality incentive initiative effective  
5 January 1, 2015. In any quarter in which quality incentive  
6 awards do not equal \$4,000,000, the difference shall be added  
7 to the base rate adjustment as provided in paragraph (3-1) of  
8 subsection (d-1).

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

15 (g) Notwithstanding any other provision of this Code, on  
16 and after July 1, 2012, for facilities not designated by the  
17 Department of Healthcare and Family Services as "Institutions  
18 for Mental Disease", rates effective May 1, 2011 shall be  
19 adjusted as follows:

20 (1) Individual nursing rates for residents classified  
21 in RUG IV groups PA1, PA2, BA1, and BA2 during the quarter  
22 ending March 31, 2012 shall be reduced by 10%;

23 (2) Individual nursing rates for residents classified  
24 in all other RUG IV groups shall be reduced by 1.0%;

25 (3) Facility rates for the capital and support  
26 components shall be reduced by 1.7%.



1           (h) Notwithstanding any other provision of this Code, on  
2 and after July 1, 2012, nursing facilities designated by the  
3 Department of Healthcare and Family Services as "Institutions  
4 for Mental Disease" and "Institutions for Mental Disease" that  
5 are facilities licensed under the Specialized Mental Health  
6 Rehabilitation Act of 2013 shall have the nursing,  
7 socio-developmental, capital, and support components of their  
8 reimbursement rate effective May 1, 2011 reduced in total by  
9 2.7%.

10       (Source: P.A. 97-689, eff. 6-14-12; 98-104, Article 6, Section  
11 6-240, eff. 7-22-13; 98-104, Article 11, Section 11-35, eff.  
12 7-22-13; revised 9-19-13.)

13           Section 99. Effective date. This Act takes effect upon  
14 becoming law.