

# SB1808



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB1808

Introduced 2/15/2013, by Sen. William Delgado

#### SYNOPSIS AS INTRODUCED:

305 ILCS 5/14-11

Amends the Hospital Services Trust Fund Article of the Illinois Public Aid Code. Provides that payments shall not be made for inpatient services under an All Patient Refined Diagnosis Related Groups (APR-DRG) payment system until individual hospitals have received 9 months of claims processed under the APR-DRG system. Provides that payments shall not be made for outpatient services under an Enhanced Ambulatory Procedure Grouping (EAPG) system until individual hospitals have received 9 months of claims processed under the EAPG system. Effective immediately.

LRB098 07606 KTG 37678 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 14-11 as follows:

6 (305 ILCS 5/14-11)

7 Sec. 14-11. Hospital payment reform.

8 (a) The Department may, by rule, implement the All Patient  
9 Refined Diagnosis Related Groups (APR-DRG) payment system for  
10 inpatient services provided on or after July 1, 2013, in a  
11 manner consistent with the actions authorized in this Section.

12 (b) On or before October 1, 2012 and through June 30, 2013,  
13 the Department shall begin testing the APR-DRG system. During  
14 the testing period the Department shall process and price  
15 inpatient services using the APR-DRG system; however, actual  
16 payments for those inpatient services shall be made using the  
17 current reimbursement system. During the testing period, the  
18 Department, in collaboration with the statewide representative  
19 of hospitals, shall provide information and technical  
20 assistance to hospitals to encourage and facilitate their  
21 transition to the APR-DRG system.

22 (c) The Department may, by rule, implement the Enhanced  
23 Ambulatory Procedure Grouping (EAPG) system for outpatient

1 services provided on or after January 1, 2014, in a manner  
2 consistent with the actions authorized in this Section. On or  
3 before January 1, 2013 and through December 31, 2013, the  
4 Department shall begin testing the EAPG system. During the  
5 testing period the Department shall process and price  
6 outpatient services using the EAPG system; however, actual  
7 payments for those outpatient services shall be made using the  
8 current reimbursement system. During the testing period, the  
9 Department, in collaboration with the statewide representative  
10 of hospitals, shall provide information and technical  
11 assistance to hospitals to encourage and facilitate their  
12 transition to the EAPG system.

13 (d) The Department in consultation with the current  
14 hospital technical advisory group shall review the test claims  
15 for inpatient and outpatient services at least monthly,  
16 including the estimated impact on hospitals, and, in developing  
17 the rules, policies, and procedures to implement the new  
18 payment systems, shall consider at least the following issues:

19 (1) The use of national relative weights provided by  
20 the vendor of the APR-DRG system, adjusted to reflect  
21 characteristics of the Illinois Medical Assistance  
22 population.

23 (2) An updated outlier payment methodology based on  
24 current data and consistent with the APR-DRG system.

25 (3) The use of policy adjusters to enhance payments to  
26 hospitals treating a high percentage of individuals

1 covered by the Medical Assistance program and uninsured  
2 patients.

3 (4) Reimbursement for inpatient specialty services  
4 such as psychiatric, rehabilitation, and long-term acute  
5 care using updated per diem rates that account for service  
6 acuity.

7 (5) The creation of one or more transition funding  
8 pools to preserve access to care and to ensure financial  
9 stability as hospitals transition to the new payment  
10 system.

11 (6) Whether, beginning July 1, 2014, some of the static  
12 adjustment payments financed by General Revenue funds  
13 should be used as part of the base payment system,  
14 including as policy adjusters to recognize the additional  
15 costs of certain services, such as pediatric or neonatal,  
16 or providers, such as trauma centers, Critical Access  
17 Hospitals, or high Medicaid hospitals, or for services to  
18 uninsured patients.

19 (e) The Department shall provide the association  
20 representing the majority of hospitals in Illinois, as the  
21 statewide representative of the hospital community, with a  
22 monthly file of claims adjudicated under the test system for  
23 the purpose of review and analysis as part of the collaboration  
24 between the State and the hospital community. The file shall  
25 consist of a de-identified extract compliant with the Health  
26 Insurance Portability and Accountability Act (HIPAA).

1           (f) The current hospital technical advisory group shall  
2 make recommendations for changes during the testing period and  
3 recommendations for changes prior to the effective dates of the  
4 new payment systems. The Department shall draft administrative  
5 rules to implement the new payment systems and provide them to  
6 the technical advisory group at least 90 days prior to the  
7 proposed effective dates of the new payment systems.

8           (g) The payments to hospitals financed by the current  
9 hospital assessment, authorized under Article V-A of this Code,  
10 are scheduled to sunset on June 30, 2014. The continuation of  
11 or revisions to the hospital assessment program shall take into  
12 consideration the impact on hospitals and access to care as a  
13 result of the changes to the hospital payment system.

14           (h) Beginning July 1, 2014, the Department may transition  
15 current General Revenue funded supplemental payments into the  
16 claims based system over a period of no less than 2 years from  
17 the implementation date of the new payment systems and no more  
18 than 4 years from the implementation date of the new payment  
19 systems, provided however that the Department may adopt, by  
20 rule, supplemental payments to help ensure access to care in a  
21 geographic area or to help ensure access to specialty services.  
22 For any supplemental payments that are adopted that are based  
23 on historic data, the data shall be no older than 3 years and  
24 the supplemental payment shall be effective for no longer than  
25 2 years before requiring the data to be updated.

26           (i) Any payments authorized under 89 Illinois

1 Administrative Code 148 set to expire in State fiscal year 2012  
2 and that were paid out to hospitals in State fiscal year 2012  
3 shall remain in effect as long as the assessment imposed by  
4 Section 5A-2 is in effect.

5 (j) Subsections (a) and (c) of this Section shall remain  
6 operative unless the Auditor General has reported that: (i) the  
7 Department has not undertaken the required actions listed in  
8 the report required by subsection (a) of Section 2-20 of the  
9 Illinois State Auditing Act; or (ii) the Department has failed  
10 to comply with the reporting requirements of Section 2-20 of  
11 the Illinois State Auditing Act.

12 (k) Subsections (a) and (c) of this Section shall not be  
13 operative until final federal approval by the Centers for  
14 Medicare and Medicaid Services of the U.S. Department of Health  
15 and Human Services and implementation of all of the payments  
16 and assessments in Article V-A in its form as of the effective  
17 date of this amendatory Act of the 97th General Assembly or as  
18 it may be amended.

19 (l) Payments shall not be made for inpatient services under  
20 an APR-DRG system authorized under subsection (a) until  
21 individual hospitals have received 9 months of claims processed  
22 under the APR-DRG system including any modifications agreed  
23 upon under subsection (d).

24 (m) Payments shall not be made for outpatient services  
25 under an EAPG system authorized under subsection (c) until  
26 individual hospitals have received 9 months of claims processed

1 under the EAPG system including any modifications agreed upon  
2 under subsection (d).

3 (Source: P.A. 97-689, eff. 6-14-12.)

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law.