



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1370

Introduced 2/18/2015, by Sen. Napoleon Harris, III

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.02

from Ch. 23, par. 5-5.02

Amends the Medical Assistance Article of the Illinois Public Aid Code. In a provision concerning adjustment payments for inpatient services, adds Illinois acute care hospitals that have a Medicaid Inpatient Utilization rate that is at least 33% and that has total Medicaid inpatient days in excess of 30,000 as calculated by the Department in its annual determination for the Disproportionate Share Hospital (DSH), Medicaid High Volume Adjustment (MHVA), and Medicaid Percentage Adjustment (MPA) programs to the list of hospitals that shall receive such adjustment payments from the Department of Healthcare and Family Services.

LRB099 06989 KTG 27071 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 5-5.02 as follows:

6 (305 ILCS 5/5-5.02) (from Ch. 23, par. 5-5.02)

7 Sec. 5-5.02. Hospital reimbursements.

8 (a) Reimbursement to Hospitals; July 1, 1992 through
9 September 30, 1992. Notwithstanding any other provisions of
10 this Code or the Illinois Department's Rules promulgated under
11 the Illinois Administrative Procedure Act, reimbursement to
12 hospitals for services provided during the period July 1, 1992
13 through September 30, 1992, shall be as follows:

14 (1) For inpatient hospital services rendered, or if
15 applicable, for inpatient hospital discharges occurring,
16 on or after July 1, 1992 and on or before September 30,
17 1992, the Illinois Department shall reimburse hospitals
18 for inpatient services under the reimbursement
19 methodologies in effect for each hospital, and at the
20 inpatient payment rate calculated for each hospital, as of
21 June 30, 1992. For purposes of this paragraph,
22 "reimbursement methodologies" means all reimbursement
23 methodologies that pertain to the provision of inpatient

1 hospital services, including, but not limited to, any
2 adjustments for disproportionate share, targeted access,
3 critical care access and uncompensated care, as defined by
4 the Illinois Department on June 30, 1992.

5 (2) For the purpose of calculating the inpatient
6 payment rate for each hospital eligible to receive
7 quarterly adjustment payments for targeted access and
8 critical care, as defined by the Illinois Department on
9 June 30, 1992, the adjustment payment for the period July
10 1, 1992 through September 30, 1992, shall be 25% of the
11 annual adjustment payments calculated for each eligible
12 hospital, as of June 30, 1992. The Illinois Department
13 shall determine by rule the adjustment payments for
14 targeted access and critical care beginning October 1,
15 1992.

16 (3) For the purpose of calculating the inpatient
17 payment rate for each hospital eligible to receive
18 quarterly adjustment payments for uncompensated care, as
19 defined by the Illinois Department on June 30, 1992, the
20 adjustment payment for the period August 1, 1992 through
21 September 30, 1992, shall be one-sixth of the total
22 uncompensated care adjustment payments calculated for each
23 eligible hospital for the uncompensated care rate year, as
24 defined by the Illinois Department, ending on July 31,
25 1992. The Illinois Department shall determine by rule the
26 adjustment payments for uncompensated care beginning

1 October 1, 1992.

2 (b) Inpatient payments. For inpatient services provided on
3 or after October 1, 1993, in addition to rates paid for
4 hospital inpatient services pursuant to the Illinois Health
5 Finance Reform Act, as now or hereafter amended, or the
6 Illinois Department's prospective reimbursement methodology,
7 or any other methodology used by the Illinois Department for
8 inpatient services, the Illinois Department shall make
9 adjustment payments, in an amount calculated pursuant to the
10 methodology described in paragraph (c) of this Section, to
11 hospitals that the Illinois Department determines satisfy any
12 one of the following requirements:

13 (1) Hospitals that are described in Section 1923 of the
14 federal Social Security Act, as now or hereafter amended,
15 except that for rate year 2015 and after a hospital
16 described in Section 1923(b)(1)(B) of the federal Social
17 Security Act and qualified for the payments described in
18 subsection (c) of this Section for rate year 2014 provided
19 the hospital continues to meet the description in Section
20 1923(b)(1)(B) in the current determination year; or

21 (2) Illinois hospitals that have a Medicaid inpatient
22 utilization rate which is at least one-half a standard
23 deviation above the mean Medicaid inpatient utilization
24 rate for all hospitals in Illinois receiving Medicaid
25 payments from the Illinois Department; or

26 (3) Illinois hospitals that on July 1, 1991 had a

1 Medicaid inpatient utilization rate, as defined in
2 paragraph (h) of this Section, that was at least the mean
3 Medicaid inpatient utilization rate for all hospitals in
4 Illinois receiving Medicaid payments from the Illinois
5 Department and which were located in a planning area with
6 one-third or fewer excess beds as determined by the Health
7 Facilities and Services Review Board, and that, as of June
8 30, 1992, were located in a federally designated Health
9 Manpower Shortage Area; or

10 (4) Illinois hospitals that:

11 (A) have a Medicaid inpatient utilization rate
12 that is at least equal to the mean Medicaid inpatient
13 utilization rate for all hospitals in Illinois
14 receiving Medicaid payments from the Department; and

15 (B) also have a Medicaid obstetrical inpatient
16 utilization rate that is at least one standard
17 deviation above the mean Medicaid obstetrical
18 inpatient utilization rate for all hospitals in
19 Illinois receiving Medicaid payments from the
20 Department for obstetrical services; or

21 (5) Any children's hospital, which means a hospital
22 devoted exclusively to caring for children. A hospital
23 which includes a facility devoted exclusively to caring for
24 children shall be considered a children's hospital to the
25 degree that the hospital's Medicaid care is provided to
26 children if either (i) the facility devoted exclusively to

1 caring for children is separately licensed as a hospital by
2 a municipality prior to February 28, 2013 or (ii) the
3 hospital has been designated by the State as a Level III
4 perinatal care facility, has a Medicaid Inpatient
5 Utilization rate greater than 55% for the rate year 2003
6 disproportionate share determination, and has more than
7 10,000 qualified children days as defined by the Department
8 in rulemaking.

9 (6) Any Illinois acute care hospital that has a
10 Medicaid Inpatient Utilization rate that is at least 33%
11 and that has total Medicaid inpatient days in excess of
12 30,000 as calculated by the Department in its annual
13 determination for the Disproportionate Share Hospital
14 (DSH), Medicaid High Volume Adjustment (MHVA), and
15 Medicaid Percentage Adjustment (MPA) programs.

16 (c) Inpatient adjustment payments. The adjustment payments
17 required by paragraph (b) shall be calculated based upon the
18 hospital's Medicaid inpatient utilization rate as follows:

19 (1) hospitals with a Medicaid inpatient utilization
20 rate below the mean shall receive a per day adjustment
21 payment equal to \$25;

22 (2) hospitals with a Medicaid inpatient utilization
23 rate that is equal to or greater than the mean Medicaid
24 inpatient utilization rate but less than one standard
25 deviation above the mean Medicaid inpatient utilization
26 rate shall receive a per day adjustment payment equal to

1 the sum of \$25 plus \$1 for each one percent that the
2 hospital's Medicaid inpatient utilization rate exceeds the
3 mean Medicaid inpatient utilization rate;

4 (3) hospitals with a Medicaid inpatient utilization
5 rate that is equal to or greater than one standard
6 deviation above the mean Medicaid inpatient utilization
7 rate but less than 1.5 standard deviations above the mean
8 Medicaid inpatient utilization rate shall receive a per day
9 adjustment payment equal to the sum of \$40 plus \$7 for each
10 one percent that the hospital's Medicaid inpatient
11 utilization rate exceeds one standard deviation above the
12 mean Medicaid inpatient utilization rate; and

13 (4) hospitals with a Medicaid inpatient utilization
14 rate that is equal to or greater than 1.5 standard
15 deviations above the mean Medicaid inpatient utilization
16 rate shall receive a per day adjustment payment equal to
17 the sum of \$90 plus \$2 for each one percent that the
18 hospital's Medicaid inpatient utilization rate exceeds 1.5
19 standard deviations above the mean Medicaid inpatient
20 utilization rate.

21 (d) Supplemental adjustment payments. In addition to the
22 adjustment payments described in paragraph (c), hospitals as
23 defined in clauses (1) through (5) of paragraph (b), excluding
24 county hospitals (as defined in subsection (c) of Section 15-1
25 of this Code) and a hospital organized under the University of
26 Illinois Hospital Act, shall be paid supplemental inpatient

1 adjustment payments of \$60 per day. For purposes of Title XIX
2 of the federal Social Security Act, these supplemental
3 adjustment payments shall not be classified as adjustment
4 payments to disproportionate share hospitals.

5 (e) The inpatient adjustment payments described in
6 paragraphs (c) and (d) shall be increased on October 1, 1993
7 and annually thereafter by a percentage equal to the lesser of
8 (i) the increase in the DRI hospital cost index for the most
9 recent 12 month period for which data are available, or (ii)
10 the percentage increase in the statewide average hospital
11 payment rate over the previous year's statewide average
12 hospital payment rate. The sum of the inpatient adjustment
13 payments under paragraphs (c) and (d) to a hospital, other than
14 a county hospital (as defined in subsection (c) of Section 15-1
15 of this Code) or a hospital organized under the University of
16 Illinois Hospital Act, however, shall not exceed \$275 per day;
17 that limit shall be increased on October 1, 1993 and annually
18 thereafter by a percentage equal to the lesser of (i) the
19 increase in the DRI hospital cost index for the most recent
20 12-month period for which data are available or (ii) the
21 percentage increase in the statewide average hospital payment
22 rate over the previous year's statewide average hospital
23 payment rate.

24 (f) Children's hospital inpatient adjustment payments. For
25 children's hospitals, as defined in clause (5) of paragraph
26 (b), the adjustment payments required pursuant to paragraphs

1 (c) and (d) shall be multiplied by 2.0.

2 (g) County hospital inpatient adjustment payments. For
3 county hospitals, as defined in subsection (c) of Section 15-1
4 of this Code, there shall be an adjustment payment as
5 determined by rules issued by the Illinois Department.

6 (h) For the purposes of this Section the following terms
7 shall be defined as follows:

8 (1) "Medicaid inpatient utilization rate" means a
9 fraction, the numerator of which is the number of a
10 hospital's inpatient days provided in a given 12-month
11 period to patients who, for such days, were eligible for
12 Medicaid under Title XIX of the federal Social Security
13 Act, and the denominator of which is the total number of
14 the hospital's inpatient days in that same period.

15 (2) "Mean Medicaid inpatient utilization rate" means
16 the total number of Medicaid inpatient days provided by all
17 Illinois Medicaid-participating hospitals divided by the
18 total number of inpatient days provided by those same
19 hospitals.

20 (3) "Medicaid obstetrical inpatient utilization rate"
21 means the ratio of Medicaid obstetrical inpatient days to
22 total Medicaid inpatient days for all Illinois hospitals
23 receiving Medicaid payments from the Illinois Department.

24 (i) Inpatient adjustment payment limit. In order to meet
25 the limits of Public Law 102-234 and Public Law 103-66, the
26 Illinois Department shall by rule adjust disproportionate

1 share adjustment payments.

2 (j) University of Illinois Hospital inpatient adjustment
3 payments. For hospitals organized under the University of
4 Illinois Hospital Act, there shall be an adjustment payment as
5 determined by rules adopted by the Illinois Department.

6 (k) The Illinois Department may by rule establish criteria
7 for and develop methodologies for adjustment payments to
8 hospitals participating under this Article.

9 (l) On and after July 1, 2012, the Department shall reduce
10 any rate of reimbursement for services or other payments or
11 alter any methodologies authorized by this Code to reduce any
12 rate of reimbursement for services or other payments in
13 accordance with Section 5-5e.

14 (Source: P.A. 97-689, eff. 6-14-12; 98-104, eff. 7-22-13.)