



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**HB2519**

Introduced 2/17/2005, by Rep. Jack McGuire

**SYNOPSIS AS INTRODUCED:**

305 ILCS 5/5-5.4

from Ch. 23, par. 5-5.4

Amends the Illinois Public Aid Code. Makes a technical change in a Section concerning standards of payment of skilled nursing and intermediate care services.

LRB094 09467 DRJ 39718 b

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 Public  
8 Aid. The ~~The~~ Department of Public Aid shall develop standards  
9 of payment of skilled nursing and intermediate care services in  
10 facilities providing such services under this Article which:

11 (1) Provide for the determination of a facility's payment  
12 for skilled nursing and intermediate care services on a  
13 prospective basis. The amount of the payment rate for all  
14 nursing facilities certified by the Department of Public Health  
15 under the Nursing Home Care Act as Intermediate Care for the  
16 Developmentally Disabled facilities, Long Term Care for Under  
17 Age 22 facilities, Skilled Nursing facilities, or Intermediate  
18 Care facilities under the medical assistance program shall be  
19 prospectively established annually on the basis of historical,  
20 financial, and statistical data reflecting actual costs from  
21 prior years, which shall be applied to the current rate year  
22 and updated for inflation, except that the capital cost element  
23 for newly constructed facilities shall be based upon projected  
24 budgets. The annually established payment rate shall take  
25 effect on July 1 in 1984 and subsequent years. No rate increase  
26 and no update for inflation shall be provided on or after July  
27 1, 1994 and before July 1, 2005, unless specifically provided  
28 for in this Section. The changes made by this amendatory Act of  
29 the 93rd General Assembly extending the duration of the  
30 prohibition against a rate increase or update for inflation are  
31 effective retroactive to July 1, 2004.

32 For facilities licensed by the Department of Public Health

1 under the Nursing Home Care Act as Intermediate Care for the  
2 Developmentally Disabled facilities or Long Term Care for Under  
3 Age 22 facilities, the rates taking effect on July 1, 1998  
4 shall include an increase of 3%. For facilities licensed by the  
5 Department of Public Health under the Nursing Home Care Act as  
6 Skilled Nursing facilities or Intermediate Care facilities,  
7 the rates taking effect on July 1, 1998 shall include an  
8 increase of 3% plus \$1.10 per resident-day, as defined by the  
9 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, 1999  
14 shall include an increase of 1.6% plus \$3.00 per resident-day,  
15 as defined by the Department. For facilities licensed by the  
16 Department of Public Health under the Nursing Home Care Act as  
17 Skilled Nursing facilities or Intermediate Care facilities,  
18 the rates taking effect on July 1, 1999 shall include an  
19 increase of 1.6% and, for services provided on or after October  
20 1, 1999, shall be increased by \$4.00 per resident-day, as  
21 defined by the Department.

22 For facilities licensed by the Department of Public Health  
23 under the Nursing Home Care Act as Intermediate Care for the  
24 Developmentally Disabled facilities or Long Term Care for Under  
25 Age 22 facilities, the rates taking effect on July 1, 2000  
26 shall include an increase of 2.5% per resident-day, as defined  
27 by the Department. For facilities licensed by the Department of  
28 Public Health under the Nursing Home Care Act as Skilled  
29 Nursing facilities or Intermediate Care facilities, the rates  
30 taking effect on July 1, 2000 shall include an increase of 2.5%  
31 per resident-day, as defined by the Department.

32 For facilities licensed by the Department of Public Health  
33 under the Nursing Home Care Act as skilled nursing facilities  
34 or intermediate care facilities, a new payment methodology must  
35 be implemented for the nursing component of the rate effective  
36 July 1, 2003. The Department of Public Aid shall develop the

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

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

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

29 (C) Notwithstanding paragraphs (A) and (B), the  
30 nursing component rate per patient day for the facility  
31 shall be adjusted subject to appropriations provided by the  
32 General Assembly.

33 For facilities licensed by the Department of Public Health  
34 under the Nursing Home Care Act as Intermediate Care for the  
35 Developmentally Disabled facilities or Long Term Care for Under  
36 Age 22 facilities, the rates taking effect on March 1, 2001

1 shall include a statewide increase of 7.85%, as defined by the  
2 Department.

3 For facilities licensed by the Department of Public Health  
4 under the Nursing Home Care Act as Intermediate Care for the  
5 Developmentally Disabled facilities or Long Term Care for Under  
6 Age 22 facilities, the rates taking effect on April 1, 2002  
7 shall include a statewide increase of 2.0%, as defined by the  
8 Department. This increase terminates on July 1, 2002; beginning  
9 July 1, 2002 these rates are reduced to the level of the rates  
10 in effect on March 31, 2002, as defined by the Department.

11 For facilities licensed by the Department of Public Health  
12 under the Nursing Home Care Act as skilled nursing facilities  
13 or intermediate care facilities, the rates taking effect on  
14 July 1, 2001 shall be computed using the most recent cost  
15 reports on file with the Department of Public Aid no later than  
16 April 1, 2000, updated for inflation to January 1, 2001. For  
17 rates effective July 1, 2001 only, rates shall be the greater  
18 of the rate computed for July 1, 2001 or the rate effective on  
19 June 30, 2001.

20 Notwithstanding any other provision 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 Illinois Department shall  
24 determine by rule the rates taking effect on July 1, 2002,  
25 which shall be 5.9% less than the rates in effect on June 30,  
26 2002.

27 Notwithstanding any other provision of this Section, for  
28 facilities licensed by the Department of Public Health under  
29 the Nursing Home Care Act as skilled nursing facilities or  
30 intermediate care facilities, if the payment methodologies  
31 required under Section 5A-12 and the waiver granted under 42  
32 CFR 433.68 are approved by the United States Centers for  
33 Medicare and Medicaid Services, the rates taking effect on July  
34 1, 2004 shall be 3.0% greater than the rates in effect on June  
35 30, 2004. These rates shall take effect only upon approval and  
36 implementation of the payment methodologies required under

1 Section 5A-12.

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

8 For facilities licensed by the Department of Public Health  
9 under the Nursing Home Care Act as Intermediate Care for the  
10 Developmentally Disabled facilities or as long-term care  
11 facilities for residents under 22 years of age, the rates  
12 taking effect on July 1, 2003 shall include a statewide  
13 increase of 4%, as defined by the Department.

14 Rates established effective each July 1 shall govern  
15 payment for services rendered throughout that fiscal year,  
16 except that rates established on July 1, 1996 shall be  
17 increased by 6.8% for services provided on or after January 1,  
18 1997. Such rates will be based upon the rates calculated for  
19 the year beginning July 1, 1990, and for subsequent years  
20 thereafter until June 30, 2001 shall be based on the facility  
21 cost reports for the facility fiscal year ending at any point  
22 in time during the previous calendar year, updated to the  
23 midpoint of the rate year. The cost report shall be on file  
24 with the Department no later than April 1 of the current rate  
25 year. Should the cost report not be on file by April 1, the  
26 Department shall base the rate on the latest cost report filed  
27 by each skilled care facility and intermediate care facility,  
28 updated to the midpoint of the current rate year. In  
29 determining rates for services rendered on and after July 1,  
30 1985, fixed time shall not be computed at less than zero. The  
31 Department shall not make any alterations of regulations which  
32 would reduce any component of the Medicaid rate to a level  
33 below what that component would have been utilizing in the rate  
34 effective on July 1, 1984.

35 (2) Shall take into account the actual costs incurred by  
36 facilities in providing services for recipients of skilled

1 nursing and intermediate care services under the medical  
2 assistance program.

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

5 (4) Shall take into account the actual costs incurred by  
6 facilities in meeting licensing and certification standards  
7 imposed and prescribed by the State of Illinois, any of its  
8 political subdivisions or municipalities and by the U.S.  
9 Department of Health and Human Services pursuant to Title XIX  
10 of the Social Security Act.

11 The Department of Public Aid shall develop precise  
12 standards for payments to reimburse nursing facilities for any  
13 utilization of appropriate rehabilitative personnel for the  
14 provision of rehabilitative services which is authorized by  
15 federal regulations, including reimbursement for services  
16 provided by qualified therapists or qualified assistants, and  
17 which is in accordance with accepted professional practices.  
18 Reimbursement also may be made for utilization of other  
19 supportive personnel under appropriate supervision.

20 (Source: P.A. 92-10, eff. 6-11-01; 92-31, eff. 6-28-01; 92-597,  
21 eff. 6-28-02; 92-651, eff. 7-11-02; 92-848, eff. 1-1-03; 93-20,  
22 eff. 6-20-03; 93-649, eff. 1-8-04; 93-659, eff. 2-3-04; 93-841,  
23 eff. 7-30-04.)