



Filed: 3/10/2005

09400HB4032ham001

LRB094 09950 DRJ 43560 a

1 AMENDMENT TO HOUSE BILL 4032

2 AMENDMENT NO. _____. Amend House Bill 4032 by replacing
3 everything after the enacting clause with the following:

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 Department of Public Aid shall develop standards of
9 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

1 effect on July 1 in 1984 and subsequent years. No rate increase
2 and no update for inflation shall be provided on or after July
3 1, 1994 and before July 1, 2005, unless specifically provided
4 for in this Section. The changes made by this amendatory Act of
5 the 93rd General Assembly extending the duration of the
6 prohibition against a rate increase or update for inflation are
7 effective retroactive to July 1, 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 Long Term Care for Under
11 Age 22 facilities, the rates taking effect on July 1, 1998
12 shall include an increase of 3%. For facilities licensed by the
13 Department of Public Health under the Nursing Home Care Act as
14 Skilled Nursing facilities or Intermediate Care facilities,
15 the rates taking effect on July 1, 1998 shall include an
16 increase of 3% plus \$1.10 per resident-day, as defined by the
17 Department.

18 For facilities licensed by the Department of Public Health
19 under the Nursing Home Care Act as Intermediate Care for the
20 Developmentally Disabled facilities or Long Term Care for Under
21 Age 22 facilities, the rates taking effect on July 1, 1999
22 shall include an increase of 1.6% plus \$3.00 per resident-day,
23 as defined by the Department. For facilities licensed by the
24 Department of Public Health under the Nursing Home Care Act as
25 Skilled Nursing facilities or Intermediate Care facilities,
26 the rates taking effect on July 1, 1999 shall include an
27 increase of 1.6% and, for services provided on or after October
28 1, 1999, shall be increased by \$4.00 per resident-day, as
29 defined by the Department.

30 For facilities licensed by the Department of Public Health
31 under the Nursing Home Care Act as Intermediate Care for the
32 Developmentally Disabled facilities or Long Term Care for Under
33 Age 22 facilities, the rates taking effect on July 1, 2000
34 shall include an increase of 2.5% per resident-day, as defined

1 by the Department. For facilities licensed by the Department of
2 Public Health under the Nursing Home Care Act as Skilled
3 Nursing facilities or Intermediate Care facilities, the rates
4 taking effect on July 1, 2000 shall include an increase of 2.5%
5 per resident-day, as defined by the Department.

6 For facilities licensed by the Department of Public Health
7 under the Nursing Home Care Act as skilled nursing facilities
8 or intermediate care facilities, a new payment methodology must
9 be implemented for the nursing component of the rate effective
10 July 1, 2003. The Department of Public Aid shall develop the
11 new payment methodology using the Minimum Data Set (MDS) as the
12 instrument to collect information concerning nursing home
13 resident condition necessary to compute the rate. The
14 Department of Public Aid shall develop the new payment
15 methodology to meet the unique needs of Illinois nursing home
16 residents while remaining subject to the appropriations
17 provided by the General Assembly. A transition period from the
18 payment methodology in effect on June 30, 2003 to the payment
19 methodology in effect on July 1, 2003 shall be provided for a
20 period not exceeding 2 years after implementation of the new
21 payment methodology as follows:

22 (A) For a facility that would receive a lower nursing
23 component rate per patient day under the new system than
24 the facility received effective on the date immediately
25 preceding the date that the Department implements the new
26 payment methodology, the nursing component rate per
27 patient day for the facility shall be held at the level in
28 effect on the date immediately preceding the date that the
29 Department implements the new payment methodology until a
30 higher nursing component rate of reimbursement is achieved
31 by that facility.

32 (B) For a facility that would receive a higher nursing
33 component rate per patient day under the payment
34 methodology in effect on July 1, 2003 than the facility

1 received effective on the date immediately preceding the
2 date that the Department implements the new payment
3 methodology, the nursing component rate per patient day for
4 the facility shall be adjusted.

5 (C) Notwithstanding paragraphs (A) and (B), the
6 nursing component rate per patient day for the facility
7 shall be adjusted subject to appropriations provided by the
8 General Assembly.

9 For facilities licensed by the Department of Public Health
10 under the Nursing Home Care Act as Intermediate Care for the
11 Developmentally Disabled facilities or Long Term Care for Under
12 Age 22 facilities, the rates taking effect on March 1, 2001
13 shall include a statewide increase of 7.85%, as defined by the
14 Department.

15 For facilities licensed by the Department of Public Health
16 under the Nursing Home Care Act as Intermediate Care for the
17 Developmentally Disabled facilities or Long Term Care for Under
18 Age 22 facilities, the rates taking effect on April 1, 2002
19 shall include a statewide increase of 2.0%, as defined by the
20 Department. This increase terminates on July 1, 2002; beginning
21 July 1, 2002 these rates are reduced to the level of the rates
22 in effect on March 31, 2002, as defined by the Department.

23 For facilities licensed by the Department of Public Health
24 under the Nursing Home Care Act as skilled nursing facilities
25 or intermediate care facilities, the rates taking effect on
26 July 1, 2001 shall be computed using the most recent cost
27 reports on file with the Department of Public Aid no later than
28 April 1, 2000, updated for inflation to January 1, 2001. For
29 rates effective July 1, 2001 only, rates shall be the greater
30 of the rate computed for July 1, 2001 or the rate effective on
31 June 30, 2001.

32 Notwithstanding any other provision of this Section, for
33 facilities licensed by the Department of Public Health under
34 the Nursing Home Care Act as skilled nursing facilities or

1 intermediate care facilities, the Illinois Department shall
2 determine by rule the rates taking effect on July 1, 2002,
3 which shall be 5.9% less than the rates in effect on June 30,
4 2002.

5 Notwithstanding any other provision of this Section, for
6 facilities licensed by the Department of Public Health under
7 the Nursing Home Care Act as skilled nursing facilities or
8 intermediate care facilities, if the payment methodologies
9 required under Section 5A-12 and the waiver granted under 42
10 CFR 433.68 are approved by the United States Centers for
11 Medicare and Medicaid Services, the rates taking effect on July
12 1, 2004 shall be 3.0% greater than the rates in effect on June
13 30, 2004. These rates shall take effect only upon approval and
14 implementation of the payment methodologies required under
15 Section 5A-12.

16 Notwithstanding any other provisions of this Section, for
17 facilities licensed by the Department of Public Health under
18 the Nursing Home Care Act as skilled nursing facilities or
19 intermediate care facilities, the rates taking effect on
20 January 1, 2005 shall be 3% more than the rates in effect on
21 December 31, 2004.

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 as long-term care
25 facilities for residents under 22 years of age, the rates
26 taking effect on July 1, 2003 shall include a statewide
27 increase of 4%, as defined by the Department.

28 Notwithstanding any other provision of this Section, for
29 facilities licensed by the Department of Public Health under
30 the Nursing Home Care Act as skilled nursing facilities or
31 intermediate care facilities, effective January 1, 2005,
32 facility rates shall be increased by the difference between (i)
33 a facility's per diem property, liability, and malpractice
34 insurance costs as reported in the cost report filed with the

1 Department of Public Aid and used to establish rates effective
2 July 1, 2001 and (ii) those same costs as reported in the
3 facility's 2002 cost report. These costs shall be passed
4 through to the facility without caps or limitations, except for
5 adjustments required under normal auditing procedures.

6 Notwithstanding any other provision of this Section, for
7 facilities licensed by the Department of Public Health under
8 the Nursing Home Care Act as Intermediate Care for the
9 Developmentally Disabled facilities or Long Term Care for Under
10 Age 22 facilities, effective January 1, 2006, facility rates
11 shall be increased by the difference between (i) a facility's
12 per diem property, liability, and malpractice insurance costs
13 as reported in the cost report filed with the Department of
14 Public Aid and used to establish rates effective July 1, 2001
15 and (ii) those same costs as reported in the facility's 2002
16 cost report. These costs shall be passed through to the
17 facility without caps or limitations, except for adjustments
18 required under normal auditing procedures.

19 Rates established effective each July 1 shall govern
20 payment for services rendered throughout that fiscal year,
21 except that rates established on July 1, 1996 shall be
22 increased by 6.8% for services provided on or after January 1,
23 1997. Such rates will be based upon the rates calculated for
24 the year beginning July 1, 1990, and for subsequent years
25 thereafter until June 30, 2001 shall be based on the facility
26 cost reports for the facility fiscal year ending at any point
27 in time during the previous calendar year, updated to the
28 midpoint of the rate year. The cost report shall be on file
29 with the Department no later than April 1 of the current rate
30 year. Should the cost report not be on file by April 1, the
31 Department shall base the rate on the latest cost report filed
32 by each skilled care facility and intermediate care facility,
33 updated to the midpoint of the current rate year. In
34 determining rates for services rendered on and after July 1,

1 1985, fixed time shall not be computed at less than zero. The
2 Department shall not make any alterations of regulations which
3 would reduce any component of the Medicaid rate to a level
4 below what that component would have been utilizing in the rate
5 effective on July 1, 1984.

6 (2) Shall take into account the actual costs incurred by
7 facilities in providing services for recipients of skilled
8 nursing and intermediate care services under the medical
9 assistance program.

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

12 (4) Shall take into account the actual costs incurred by
13 facilities in meeting licensing and certification standards
14 imposed and prescribed by the State of Illinois, any of its
15 political subdivisions or municipalities and by the U.S.
16 Department of Health and Human Services pursuant to Title XIX
17 of the Social Security Act.

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

27 (Source: P.A. 92-10, eff. 6-11-01; 92-31, eff. 6-28-01; 92-597,
28 eff. 6-28-02; 92-651, eff. 7-11-02; 92-848, eff. 1-1-03; 93-20,
29 eff. 6-20-03; 93-649, eff. 1-8-04; 93-659, eff. 2-3-04; 93-841,
30 eff. 7-30-04; 93-1087, eff. 2-28-05.)

31 Section 10. The Community Services Act is amended by
32 changing Section 4 as follows:

1 (405 ILCS 30/4) (from Ch. 91 1/2, par. 904)

2 Sec. 4. Financing for Community Services. The Department of
3 Human Services is authorized to provide financial assistance to
4 eligible private service providers, corporations, local
5 government entities or voluntary associations for the
6 provision of services to persons with mental illness, persons
7 with a developmental disability and alcohol and drug dependent
8 persons living in the community for the purpose of achieving
9 the goals of this Act.

10 The Department shall utilize the following funding
11 mechanisms for community services:

12 (1) Purchase of Care Contracts: services purchased on a
13 predetermined fee per unit of service basis from private
14 providers or governmental entities. Fee per service rates
15 are set by an established formula which covers some portion
16 of personnel, supplies, and other allowable costs, and
17 which makes some allowance for geographic variations in
18 costs as well as for additional program components.

19 (2) Grants: sums of money which the Department grants
20 to private providers or governmental entities pursuant to
21 the grant recipient's agreement to provide certain
22 services, as defined by departmental grant guidelines, to
23 an approximate number of service recipients. Grant levels
24 are set through consideration of personnel, supply and
25 other allowable costs, as well as other funds available to
26 the program.

27 (3) Other Funding Arrangements: funding mechanisms may
28 be established on a pilot basis in order to examine the
29 feasibility of alternative financing arrangements for the
30 provision of community services.

31 The Department shall strive to establish and maintain an
32 equitable system of payment which encourages providers to
33 improve their clients' capabilities for independence and
34 reduces their reliance on community or State-operated

1 services. In accepting Department funds, providers shall
2 recognize their responsibility to be accountable to the
3 Department and the State for the delivery of services which are
4 consistent with the philosophies and goals of this Act and the
5 rules and regulations promulgated under it.

6 For providers from which the Department of Human Services
7 purchases services under this Section, effective January 1,
8 2006, payment rates shall be increased by the difference
9 between (i) a provider's per diem property, liability, and
10 malpractice insurance costs effective July 1, 2001 and (ii)
11 those same costs effective July 1, 2002. These costs shall be
12 passed through to the provider without caps or limitations,
13 except for adjustments required under normal auditing
14 procedures.

15 (Source: P.A. 88-380; 89-507, eff. 7-1-97.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.".