



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2653

Introduced 2/21/2013, by Rep. Fred Crespo

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. Provides that a hospital which includes a facility devoted exclusively to caring for children shall be considered a children's hospital to the degree that the hospital's Medicaid care is provided to children if either (i) the facility devoted exclusively to caring for children is separately licensed as a hospital by a municipality prior to February 28, 2013 (rather than prior to September 30, 1998) or (ii) as otherwise specified. Effective immediately.

LRB098 09228 KTG 39367 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 or

16 (2) Illinois hospitals that have a Medicaid inpatient
17 utilization rate which is at least one-half a standard
18 deviation above the mean Medicaid inpatient utilization
19 rate for all hospitals in Illinois receiving Medicaid
20 payments from the Illinois Department; or

21 (3) Illinois hospitals that on July 1, 1991 had a
22 Medicaid inpatient utilization rate, as defined in
23 paragraph (h) of this Section, that was at least the mean
24 Medicaid inpatient utilization rate for all hospitals in
25 Illinois receiving Medicaid payments from the Illinois
26 Department and which were located in a planning area with

1 one-third or fewer excess beds as determined by the Health
2 Facilities and Services Review Board, and that, as of June
3 30, 1992, were located in a federally designated Health
4 Manpower Shortage Area; or

5 (4) Illinois hospitals that:

6 (A) have a Medicaid inpatient utilization rate
7 that is at least equal to the mean Medicaid inpatient
8 utilization rate for all hospitals in Illinois
9 receiving Medicaid payments from the Department; and

10 (B) also have a Medicaid obstetrical inpatient
11 utilization rate that is at least one standard
12 deviation above the mean Medicaid obstetrical
13 inpatient utilization rate for all hospitals in
14 Illinois receiving Medicaid payments from the
15 Department for obstetrical services; or

16 (5) Any children's hospital, which means a hospital
17 devoted exclusively to caring for children. A hospital
18 which includes a facility devoted exclusively to caring for
19 children shall be considered a children's hospital to the
20 degree that the hospital's Medicaid care is provided to
21 children if either (i) the facility devoted exclusively to
22 caring for children is separately licensed as a hospital by
23 a municipality prior to February 28, 2013 ~~September 30,~~
24 ~~1998~~ or (ii) the hospital has been designated by the State
25 as a Level III perinatal care facility, has a Medicaid
26 Inpatient Utilization rate greater than 55% for the rate

1 year 2003 disproportionate share determination, and has
2 more than 10,000 qualified children days as defined by the
3 Department in rulemaking.

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

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

10 (2) hospitals with a Medicaid inpatient utilization
11 rate that is equal to or greater than the mean Medicaid
12 inpatient utilization rate but less than one standard
13 deviation above the mean Medicaid inpatient utilization
14 rate shall receive a per day adjustment payment equal to
15 the sum of \$25 plus \$1 for each one percent that the
16 hospital's Medicaid inpatient utilization rate exceeds the
17 mean Medicaid inpatient utilization rate;

18 (3) hospitals with a Medicaid inpatient utilization
19 rate that is equal to or greater than one standard
20 deviation above the mean Medicaid inpatient utilization
21 rate but less than 1.5 standard deviations above the mean
22 Medicaid inpatient utilization rate shall receive a per day
23 adjustment payment equal to the sum of \$40 plus \$7 for each
24 one percent that the hospital's Medicaid inpatient
25 utilization rate exceeds one standard deviation above the
26 mean Medicaid inpatient utilization rate; and

1 (4) hospitals with a Medicaid inpatient utilization
2 rate that is equal to or greater than 1.5 standard
3 deviations above the mean Medicaid inpatient utilization
4 rate shall receive a per day adjustment payment equal to
5 the sum of \$90 plus \$2 for each one percent that the
6 hospital's Medicaid inpatient utilization rate exceeds 1.5
7 standard deviations above the mean Medicaid inpatient
8 utilization rate.

9 (d) Supplemental adjustment payments. In addition to the
10 adjustment payments described in paragraph (c), hospitals as
11 defined in clauses (1) through (5) of paragraph (b), excluding
12 county hospitals (as defined in subsection (c) of Section 15-1
13 of this Code) and a hospital organized under the University of
14 Illinois Hospital Act, shall be paid supplemental inpatient
15 adjustment payments of \$60 per day. For purposes of Title XIX
16 of the federal Social Security Act, these supplemental
17 adjustment payments shall not be classified as adjustment
18 payments to disproportionate share hospitals.

19 (e) The inpatient adjustment payments described in
20 paragraphs (c) and (d) shall be increased on October 1, 1993
21 and annually thereafter by a percentage equal to the lesser of
22 (i) the increase in the DRI hospital cost index for the most
23 recent 12 month period for which data are available, or (ii)
24 the percentage increase in the statewide average hospital
25 payment rate over the previous year's statewide average
26 hospital payment rate. The sum of the inpatient adjustment

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

12 (f) Children's hospital inpatient adjustment payments. For
13 children's hospitals, as defined in clause (5) of paragraph
14 (b), the adjustment payments required pursuant to paragraphs
15 (c) and (d) shall be multiplied by 2.0.

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

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

22 (1) "Medicaid inpatient utilization rate" means a
23 fraction, the numerator of which is the number of a
24 hospital's inpatient days provided in a given 12-month
25 period to patients who, for such days, were eligible for
26 Medicaid under Title XIX of the federal Social Security

1 Act, and the denominator of which is the total number of
2 the hospital's inpatient days in that same period.

3 (2) "Mean Medicaid inpatient utilization rate" means
4 the total number of Medicaid inpatient days provided by all
5 Illinois Medicaid-participating hospitals divided by the
6 total number of inpatient days provided by those same
7 hospitals.

8 (3) "Medicaid obstetrical inpatient utilization rate"
9 means the ratio of Medicaid obstetrical inpatient days to
10 total Medicaid inpatient days for all Illinois hospitals
11 receiving Medicaid payments from the Illinois Department.

12 (i) Inpatient adjustment payment limit. In order to meet
13 the limits of Public Law 102-234 and Public Law 103-66, the
14 Illinois Department shall by rule adjust disproportionate
15 share adjustment payments.

16 (j) University of Illinois Hospital inpatient adjustment
17 payments. For hospitals organized under the University of
18 Illinois Hospital Act, there shall be an adjustment payment as
19 determined by rules adopted by the Illinois Department.

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

23 (l) On and after July 1, 2012, the Department shall reduce
24 any rate of reimbursement for services or other payments or
25 alter any methodologies authorized by this Code to reduce any
26 rate of reimbursement for services or other payments in

1 accordance with Section 5-5e.

2 (Source: P.A. 96-31, eff. 6-30-09; 97-689, eff. 6-14-12.)

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