HB5509

LRB104 20560 KTG 34039 b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5509

Introduced 2/13/2026, by Rep. Hoan Huynh

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5A-12.7

Amends the Hospital Provider Funding Article of the Illinois Public Aid Code. Provides that, beginning January 1, 2027, if an Illinois freestanding psychiatric hospital reopens a previously closed hospital facility within 4 calendar years of that hospital facility's closure, and the previously closed hospital facility qualified for fee-for-service supplemental payments, then the Illinois freestanding psychiatric hospital shall receive an annual payment equal to $200 per covered inpatient day contained in paid fee-for-service claims and $200 per paid fee-for-service outpatient claim for dates of service of the closed hospital facility in Calendar Year 2019 in the Department of Healthcare and Family Services' Enterprise Data Warehouse as of May 11, 2020. Provides that "closed hospital facility" includes hospitals that have been terminated from participation in the medical assistance program. Effective immediately.

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A BILL FOR

AN ACT concerning public aid.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Public Aid Code is amended by changing Section 5A-12.7 as follows:

(305 ILCS 5/5A-12.7)

Sec. 5A-12.7. Continuation of hospital access payments on and after July 1, 2020.

(a) To preserve and improve access to hospital services, for hospital services rendered on and after July 1, 2020, the Department shall, except for hospitals described in subsection (b) of Section 5A-3, make payments to hospitals or require capitated managed care organizations to make payments as set forth in this Section. Payments under this Section are not due and payable, however, until: (i) the methodologies described in this Section are approved by the federal government in an appropriate State Plan amendment or directed payment preprint; and (ii) the assessment imposed under this Article is determined to be a permissible tax under Title XIX of the Social Security Act. In determining the hospital access payments authorized under subsection (g) of this Section, if a hospital ceases to qualify for payments from the pool, the payments for all hospitals continuing to qualify for payments

from such pool shall be uniformly adjusted to fully expend the aggregate net amount of the pool, with such adjustment being effective on the first day of the second month following the date the hospital ceases to receive payments from such pool.

(b) Amounts moved into claims-based rates and distributed in accordance with Section 14-12 shall remain in those claims-based rates.

(c) Graduate medical education.

(1) The calculation of graduate medical education payments shall be based on the hospital's Medicare cost report ending in Calendar Year 2018, as reported in the Healthcare Cost Report Information System file, release date September 30, 2019. An Illinois hospital reporting intern and resident cost on its Medicare cost report shall be eligible for graduate medical education payments.

(2) Each hospital's annualized Medicaid Intern Resident Cost is calculated using annualized intern and resident total costs obtained from Worksheet B Part I, Columns 21 and 22 the sum of Lines 30-43, 50-76, 90-93, 96-98, and 105-112 multiplied by the percentage that the hospital's Medicaid days (Worksheet S3 Part I, Column 7, Lines 2, 3, 4, 14, 16-18, and 32) comprise of the hospital's total days (Worksheet S3 Part I, Column 8, Lines 14, 16-18, and 32).

(3) An annualized Medicaid indirect medical education (IME) payment is calculated for each hospital using its

IME payments (Worksheet E Part A, Line 29, Column 1) multiplied by the percentage that its Medicaid days (Worksheet S3 Part I, Column 7, Lines 2, 3, 4, 14, 16-18, and 32) comprise of its Medicare days (Worksheet S3 Part I, Column 6, Lines 2, 3, 4, 14, and 16-18).

(4) For each hospital, its annualized Medicaid Intern Resident Cost and its annualized Medicaid IME payment are summed, and, except as capped at 120% of the average cost per intern and resident for all qualifying hospitals as calculated under this paragraph, is multiplied by the applicable reimbursement factor as described in this paragraph, to determine the hospital's final graduate medical education payment. Each hospital's average cost per intern and resident shall be calculated by summing its total annualized Medicaid Intern Resident Cost plus its annualized Medicaid IME payment and dividing that amount by the hospital's total Full Time Equivalent Residents and Interns. If the hospital's average per intern and resident cost is greater than 120% of the same calculation for all qualifying hospitals, the hospital's per intern and resident cost shall be capped at 120% of the average cost for all qualifying hospitals.

(A) For the period of July 1, 2020 through December 31, 2022, the applicable reimbursement factor shall be 22.6%.

(B) Beginning January 1, 2023, the applicable

reimbursement factor shall be 35% for all qualified safety-net hospitals, as defined in Section 5-5e.1 of this Code, and all hospitals with 100 or more Full Time Equivalent Residents and Interns, as reported on the hospital's Medicare cost report ending in Calendar Year 2018, and for all other qualified hospitals the applicable reimbursement factor shall be 30%.

(d) Fee-for-service supplemental payments. For the period of July 1, 2020 through December 31, 2022, each Illinois hospital shall receive an annual payment equal to the amounts below, to be paid in 12 equal installments on or before the seventh State business day of each month, except that no payment shall be due within 30 days after the later of the date of notification of federal approval of the payment methodologies required under this Section or any waiver required under 42 CFR 433.68, at which time the sum of amounts required under this Section prior to the date of notification is due and payable.

(1) For critical access hospitals, $385 per covered inpatient day contained in paid fee-for-service claims and $530 per paid fee-for-service outpatient claim for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of May 11, 2020.

(2) For safety-net hospitals, $960 per covered inpatient day contained in paid fee-for-service claims and $625 per paid fee-for-service outpatient claim for dates

of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of May 11, 2020.

(3) For long term acute care hospitals, $295 per covered inpatient day contained in paid fee-for-service claims for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of May 11, 2020.

(4) For freestanding psychiatric hospitals, $125 per covered inpatient day contained in paid fee-for-service claims and $130 per paid fee-for-service outpatient claim for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of May 11, 2020.

(5) For freestanding rehabilitation hospitals, $355 per covered inpatient day contained in paid fee-for-service claims for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of May 11, 2020.

(6) For all general acute care hospitals and high Medicaid hospitals as defined in subsection (f), $350 per covered inpatient day for dates of service in Calendar Year 2019 contained in paid fee-for-service claims and $620 per paid fee-for-service outpatient claim in the Department's Enterprise Data Warehouse as of May 11, 2020.

(7) Alzheimer's treatment access payment. Each Illinois academic medical center or teaching hospital, as defined in Section 5-5e.2 of this Code, that is identified as the primary hospital affiliate of one of the Regional

Alzheimer's Disease Assistance Centers, as designated by the Alzheimer's Disease Assistance Act and identified in the Department of Public Health's Alzheimer's Disease State Plan dated December 2016, shall be paid an Alzheimer's treatment access payment equal to the product of the qualifying hospital's State Fiscal Year 2018 total inpatient fee-for-service days multiplied by the applicable Alzheimer's treatment rate of $226.30 for hospitals located in Cook County and $116.21 for hospitals located outside Cook County.

(d-2) Fee-for-service supplemental payments. Beginning January 1, 2023, each Illinois hospital shall receive an annual payment equal to the amounts listed below, to be paid in 12 equal installments on or before the seventh State business day of each month, except that no payment shall be due within 30 days after the later of the date of notification of federal approval of the payment methodologies required under this Section or any waiver required under 42 CFR 433.68, at which time the sum of amounts required under this Section prior to the date of notification is due and payable. The Department may adjust the rates in paragraphs (1) through (7) to comply with the federal upper payment limits, with such adjustments being determined so that the total estimated spending by hospital class, under such adjusted rates, remains substantially similar to the total estimated spending under the original rates set forth in this subsection.

(1) For critical access hospitals, as defined in subsection (f), $750 per covered inpatient day contained in paid fee-for-service claims and $750 per paid fee-for-service outpatient claim for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of August 6, 2021.

(2) For safety-net hospitals, as described in subsection (f), $1,350 per inpatient day contained in paid fee-for-service claims and $1,350 per paid fee-for-service outpatient claim for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of August 6, 2021.

(3) For long term acute care hospitals, $550 per covered inpatient day contained in paid fee-for-service claims for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of August 6, 2021.

(4) For freestanding psychiatric hospitals, $200 per covered inpatient day contained in paid fee-for-service claims and $200 per paid fee-for-service outpatient claim for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of August 6, 2021.

(5) For freestanding rehabilitation hospitals, $550 per covered inpatient day contained in paid fee-for-service claims and $125 per paid fee-for-service

outpatient claim for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of August 6, 2021.

(6) For all general acute care hospitals and high Medicaid hospitals as defined in subsection (f), $500 per covered inpatient day for dates of service in Calendar Year 2019 contained in paid fee-for-service claims and $500 per paid fee-for-service outpatient claim in the Department's Enterprise Data Warehouse as of August 6, 2021.

(7) For public hospitals, as defined in subsection (f), $275 per covered inpatient day contained in paid fee-for-service claims and $275 per paid fee-for-service outpatient claim for dates of service in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of August 6, 2021.

(8) Alzheimer's treatment access payment. Each Illinois academic medical center or teaching hospital, as defined in Section 5-5e.2 of this Code, that is identified as the primary hospital affiliate of one of the Regional Alzheimer's Disease Assistance Centers, as designated by the Alzheimer's Disease Assistance Act and identified in the Department of Public Health's Alzheimer's Disease State Plan dated December 2016, shall be paid an Alzheimer's treatment access payment equal to the product of the qualifying hospital's Calendar Year 2019 total

inpatient fee-for-service days, in the Department's Enterprise Data Warehouse as of August 6, 2021, multiplied by the applicable Alzheimer's treatment rate of $244.37 for hospitals located in Cook County and $312.03 for hospitals located outside Cook County.

(d-3) Fee-for-service supplemental payments. Beginning January 1, 2027, if an Illinois freestanding psychiatric hospital reopens a previously closed hospital facility within 4 calendar years of that hospital facility's closure, and the previously closed hospital facility qualified for payments under paragraph (d), then the Illinois freestanding psychiatric hospital shall receive an annual payment equal to $200 per covered inpatient day contained in paid fee-for-service claims and $200 per paid fee-for-service outpatient claim for dates of service of the closed hospital facility in Calendar Year 2019 in the Department's Enterprise Data Warehouse as of May 11, 2020. As used in this subsection, "closed hospital facility" includes hospitals that have been terminated from participation in the medical assistance program in accordance with Section 12-4.25 of this Code.

(e) The Department shall require managed care organizations (MCOs) to make directed payments and pass-through payments according to this Section. Each calendar year, the Department shall require MCOs to pay the maximum amount out of these funds as allowed as pass-through payments under federal regulations. The Department shall require MCOs

to make such pass-through payments as specified in this Section. The Department shall require the MCOs to pay the remaining amounts as directed Payments as specified in this Section. The Department shall issue payments to the Comptroller by the seventh business day of each month for all MCOs that are sufficient for MCOs to make the directed payments and pass-through payments according to this Section. The Department shall require the MCOs to make pass-through payments and directed payments using electronic funds transfers (EFT), if the hospital provides the information necessary to process such EFTs, in accordance with directions provided monthly by the Department, within 7 business days of the date the funds are paid to the MCOs, as indicated by the "Paid Date" on the website of the Office of the Comptroller if the funds are paid by EFT and the MCOs have received directed payment instructions. If funds are not paid through the Comptroller by EFT, payment must be made within 7 business days of the date actually received by the MCO. The MCO will be considered to have paid the pass-through payments when the payment remittance number is generated or the date the MCO sends the check to the hospital, if EFT information is not supplied. If an MCO is late in paying a pass-through payment or directed payment as required under this Section (including any extensions granted by the Department), it shall pay a penalty, unless waived by the Department for reasonable cause, to the Department equal to 5% of the amount of the pass-through

payment or directed payment not paid on or before the due date plus 5% of the portion thereof remaining unpaid on the last day of each 30-day period thereafter. Payments to MCOs that would be paid consistent with actuarial certification and enrollment in the absence of the increased capitation payments under this Section shall not be reduced as a consequence of payments made under this subsection. The Department shall publish and maintain on its website for a period of no less than 8 calendar quarters, the quarterly calculation of directed payments and pass-through payments owed to each hospital from each MCO. All calculations and reports shall be posted no later than the first day of the quarter for which the payments are to be issued.

(f)(1) For purposes of allocating the funds included in capitation payments to MCOs, Illinois hospitals shall be divided into the following classes as defined in administrative rules:

(A) Beginning July 1, 2020 through December 31, 2022, critical access hospitals. Beginning January 1, 2023, "critical access hospital" means a hospital designated by the Department of Public Health as a critical access hospital, excluding any hospital meeting the definition of a public hospital in subparagraph (F).

(B) Safety-net hospitals, except that stand-alone children's hospitals that are not specialty children's hospitals, safety-net hospitals that elect not to be

included as provided in item (i), and, for calendar years 2025 and 2026 only, hospitals with over 9,000 Medicaid acute care inpatient admissions per calendar year, excluding admissions for Medicare-Medicaid dual eligible patients, will not be included. For the calendar year beginning January 1, 2023, and each calendar year thereafter, assignment to the safety-net class shall be based on the annual safety-net rate year beginning 15 months before the beginning of the first Payout Quarter of the calendar year.

(i) Beginning calendar year 2026, all hospitals qualifying as a safety-net hospital under subsection (a) of Section 5-5e.1 for rates years beginning on and after October 1, 2024 shall be permitted to elect to remain in the high Medicaid hospital class as defined in subparagraph (G) for purposes of the State directed payments described in subsection (r) instead of being assigned to the safety-net fixed pool directed payments class as described in subsection (g).

(ii) If a hospital elects assignment in the high Medicaid hospital class as defined in subparagraph (G), the hospital must remain in the high Medicaid hospital class for the entire calendar year.

(C) Long term acute care hospitals.

(D) Freestanding psychiatric hospitals.

(E) Freestanding rehabilitation hospitals.

(F) Beginning January 1, 2023, "public hospital" means a hospital that is owned or operated by an Illinois Government body or municipality, excluding a hospital provider that is a State agency, a State university, or a county with a population of 3,000,000 or more.

(G) High Medicaid hospitals.

(i) As used in this Section, "high Medicaid hospital" means a general acute care hospital that:

(I) For the payout periods July 1, 2020 through December 31, 2022, is not a safety-net hospital or critical access hospital and that has a Medicaid Inpatient Utilization Rate above 30% or a hospital that had over 35,000 inpatient Medicaid days during the applicable period. For the period July 1, 2020 through December 31, 2020, the applicable period for the Medicaid Inpatient Utilization Rate (MIUR) is the rate year 2020 MIUR and for the number of inpatient days it is State fiscal year 2018. Beginning in calendar year 2021, the Department shall use the most recently determined MIUR, as defined in subsection (h) of Section 5-5.02, and for the inpatient day threshold, the State fiscal year ending 18 months prior to the beginning of the calendar year. For purposes of calculating MIUR under this Section, children's hospitals and affiliated general acute

care hospitals shall be considered a single hospital.

(II) For the calendar year beginning January 1, 2023, and each calendar year thereafter, is not a public hospital, safety-net hospital, or critical access hospital and that qualifies as a regional high volume hospital or is a hospital that has a Medicaid Inpatient Utilization Rate (MIUR) above 30%. As used in this item, "regional high volume hospital" means a hospital which ranks in the top 2 quartiles based on total hospital services volume, of all eligible general acute care hospitals, when ranked in descending order based on total hospital services volume, within the same Medicaid managed care region, as designated by the Department, as of January 1, 2022. As used in this item, "total hospital services volume" means the total of all Medical Assistance hospital inpatient admissions plus all Medical Assistance hospital outpatient visits. For purposes of determining regional high volume hospital inpatient admissions and outpatient visits, the Department shall use dates of service provided during State Fiscal Year 2020 for the Payout Quarter beginning January 1, 2023. The Department shall use dates of service from the

State fiscal year ending 18 month before the beginning of the first Payout Quarter of the subsequent annual determination period.

(ii) For the calendar year beginning January 1, 2023, the Department shall use the Rate Year 2022 Medicaid inpatient utilization rate (MIUR), as defined in subsection (h) of Section 5-5.02. For each subsequent annual determination, the Department shall use the MIUR applicable to the rate year ending September 30 of the year preceding the beginning of the calendar year.

(H) General acute care hospitals. As used under this Section, "general acute care hospitals" means all other Illinois hospitals not identified in subparagraphs (A) through (G).

(2) Hospitals' qualification for each class shall be assessed prior to the beginning of each calendar year and the new class designation shall be effective January 1 of the next year. The Department shall publish by rule the process for establishing class determination.

(3) Beginning January 1, 2024, the Department may reassign hospitals or entire hospital classes as defined above, if federal limits on the payments to the class to which the hospitals are assigned based on the criteria in this subsection prevent the Department from making payments to the class that would otherwise be due under this Section. The

Department shall publish the criteria and composition of each new class based on the reassignments, and the projected impact on payments to each hospital under the new classes on its website by November 15 of the year before the year in which the class changes become effective.

(g) Fixed pool directed payments. Beginning July 1, 2020, the Department shall issue payments to MCOs which shall be used to issue directed payments to qualified Illinois safety-net hospitals and critical access hospitals on a monthly basis in accordance with this subsection. Prior to the beginning of each Payout Quarter beginning July 1, 2020, the Department shall use encounter claims data from the Determination Quarter, accepted by the Department's Medicaid Management Information System for inpatient and outpatient services rendered by safety-net hospitals and critical access hospitals to determine a quarterly uniform per unit add-on for each hospital class.

(1) Inpatient per unit add-on. A quarterly uniform per diem add-on shall be derived by dividing the quarterly Inpatient Directed Payments Pool amount allocated to the applicable hospital class by the total inpatient days contained on all encounter claims received during the Determination Quarter, for all hospitals in the class.

(A) Each hospital in the class shall have a quarterly inpatient directed payment calculated that is equal to the product of the number of inpatient days

attributable to the hospital used in the calculation of the quarterly uniform class per diem add-on, multiplied by the calculated applicable quarterly uniform class per diem add-on of the hospital class.

(B) Each hospital shall be paid 1/3 of its quarterly inpatient directed payment in each of the 3 months of the Payout Quarter, in accordance with directions provided to each MCO by the Department.

(2) Outpatient per unit add-on. A quarterly uniform per claim add-on shall be derived by dividing the quarterly Outpatient Directed Payments Pool amount allocated to the applicable hospital class by the total outpatient encounter claims received during the Determination Quarter, for all hospitals in the class.

(A) Each hospital in the class shall have a quarterly outpatient directed payment calculated that is equal to the product of the number of outpatient encounter claims attributable to the hospital used in the calculation of the quarterly uniform class per claim add-on, multiplied by the calculated applicable quarterly uniform class per claim add-on of the hospital class.

(B) Each hospital shall be paid 1/3 of its quarterly outpatient directed payment in each of the 3 months of the Payout Quarter, in accordance with directions provided to each MCO by the Department.

(3) Each MCO shall pay each hospital the Monthly Directed Payment as identified by the Department on its quarterly determination report.

(4) Definitions. As used in this subsection:

(A) "Payout Quarter" means each 3 month calendar quarter, beginning July 1, 2020.

(B) "Determination Quarter" means each 3 month calendar quarter, which ends 3 months prior to the first day of each Payout Quarter.

(5) For the period July 1, 2020 through December 2020, the following amounts shall be allocated to the following hospital class directed payment pools for the quarterly development of a uniform per unit add-on:

(A) $2,894,500 for hospital inpatient services for critical access hospitals.

(B) $4,294,374 for hospital outpatient services for critical access hospitals.

(C) $29,109,330 for hospital inpatient services for safety-net hospitals.

(D) $35,041,218 for hospital outpatient services for safety-net hospitals.

(6) For the period January 1, 2023 through December 31, 2023, the Department shall establish the amounts that shall be allocated to the hospital class directed payment fixed pools identified in this paragraph for the quarterly development of a uniform per unit add-on. The Department

shall establish such amounts so that the total amount of payments to each hospital under this Section in calendar year 2023 is projected to be substantially similar to the total amount of such payments received by the hospital under this Section in calendar year 2021, adjusted for increased funding provided for fixed pool directed payments under subsection (g) in calendar year 2022, assuming that the volume and acuity of claims are held constant. The Department shall publish the directed payment fixed pool amounts to be established under this paragraph on its website by November 15, 2022.

(A) Hospital inpatient services for critical access hospitals.

(B) Hospital outpatient services for critical access hospitals.

(C) Hospital inpatient services for public hospitals.

(D) Hospital outpatient services for public hospitals.

(E) Hospital inpatient services for safety-net hospitals.

(F) Hospital outpatient services for safety-net hospitals.

(7) Semi-annual rate maintenance review. The Department shall ensure that hospitals assigned to the fixed pools in paragraph (6) are paid no less than 95% of

the annual initial rate for each 6-month period of each annual payout period. For each calendar year, the Department shall calculate the annual initial rate per day and per visit for each fixed pool hospital class listed in paragraph (6), by dividing the total of all applicable inpatient or outpatient directed payments issued in the preceding calendar year to the hospitals in each fixed pool class for the calendar year, plus any increase resulting from the annual adjustments described in subsection (i), by the actual applicable total service units for the preceding calendar year which were the basis of the total applicable inpatient or outpatient directed payments issued to the hospitals in each fixed pool class in the calendar year, except that for calendar year 2023, the service units from calendar year 2021 shall be used.

(A) The Department shall calculate the effective rate, per day and per visit, for the payout periods of January to June and July to December of each year, for each fixed pool listed in paragraph (6), by dividing 50% of the annual pool by the total applicable reported service units for the 2 applicable determination quarters.

(B) If the effective rate calculated in subparagraph (A) is less than 95% of the annual initial rate assigned to the class for each pool under paragraph (6), the Department shall adjust the payment

for each hospital to a level equal to no less than 95% of the annual initial rate, by issuing a retroactive adjustment payment for the 6-month period under review as identified in subparagraph (A).

(h) Fixed rate directed payments. Effective July 1, 2020, the Department shall issue payments to MCOs which shall be used to issue directed payments to Illinois hospitals not identified in paragraph (g) on a monthly basis. Prior to the beginning of each Payout Quarter beginning July 1, 2020, the Department shall use encounter claims data from the Determination Quarter, accepted by the Department's Medicaid Management Information System for inpatient and outpatient services rendered by hospitals in each hospital class identified in paragraph (f) and not identified in paragraph (g). For the period July 1, 2020 through December 2020, the Department shall direct MCOs to make payments as follows:

(1) For general acute care hospitals an amount equal to $1,750 multiplied by the hospital's category of service 20 case mix index for the determination quarter multiplied by the hospital's total number of inpatient admissions for category of service 20 for the determination quarter.

(2) For general acute care hospitals an amount equal to $160 multiplied by the hospital's category of service 21 case mix index for the determination quarter multiplied by the hospital's total number of inpatient admissions for category of service 21 for the determination quarter.

(3) For general acute care hospitals an amount equal to $80 multiplied by the hospital's category of service 22 case mix index for the determination quarter multiplied by the hospital's total number of inpatient admissions for category of service 22 for the determination quarter.

(4) For general acute care hospitals an amount equal to $375 multiplied by the hospital's category of service 24 case mix index for the determination quarter multiplied by the hospital's total number of category of service 24 paid EAPG (EAPGs) for the determination quarter.

(5) For general acute care hospitals an amount equal to $240 multiplied by the hospital's category of service 27 and 28 case mix index for the determination quarter multiplied by the hospital's total number of category of service 27 and 28 paid EAPGs for the determination quarter.

(6) For general acute care hospitals an amount equal to $290 multiplied by the hospital's category of service 29 case mix index for the determination quarter multiplied by the hospital's total number of category of service 29 paid EAPGs for the determination quarter.

(7) For high Medicaid hospitals an amount equal to $1,800 multiplied by the hospital's category of service 20 case mix index for the determination quarter multiplied by the hospital's total number of inpatient admissions for category of service 20 for the determination quarter.

(8) For high Medicaid hospitals an amount equal to $160 multiplied by the hospital's category of service 21 case mix index for the determination quarter multiplied by the hospital's total number of inpatient admissions for category of service 21 for the determination quarter.

(9) For high Medicaid hospitals an amount equal to $80 multiplied by the hospital's category of service 22 case mix index for the determination quarter multiplied by the hospital's total number of inpatient admissions for category of service 22 for the determination quarter.

(10) For high Medicaid hospitals an amount equal to $400 multiplied by the hospital's category of service 24 case mix index for the determination quarter multiplied by the hospital's total number of category of service 24 paid EAPG outpatient claims for the determination quarter.

(11) For high Medicaid hospitals an amount equal to $240 multiplied by the hospital's category of service 27 and 28 case mix index for the determination quarter multiplied by the hospital's total number of category of service 27 and 28 paid EAPGs for the determination quarter.

(12) For high Medicaid hospitals an amount equal to $290 multiplied by the hospital's category of service 29 case mix index for the determination quarter multiplied by the hospital's total number of category of service 29 paid EAPGs for the determination quarter.

(13) For long term acute care hospitals the amount of $495 multiplied by the hospital's total number of inpatient days for the determination quarter.

(14) For psychiatric hospitals the amount of $210 multiplied by the hospital's total number of inpatient days for category of service 21 for the determination quarter.

(15) For psychiatric hospitals the amount of $250 multiplied by the hospital's total number of outpatient claims for category of service 27 and 28 for the determination quarter.

(16) For rehabilitation hospitals the amount of $410 multiplied by the hospital's total number of inpatient days for category of service 22 for the determination quarter.

(17) For rehabilitation hospitals the amount of $100 multiplied by the hospital's total number of outpatient claims for category of service 29 for the determination quarter.

(18) Effective for the Payout Quarter beginning January 1, 2023, for the directed payments to hospitals required under this subsection, the Department shall establish the amounts that shall be used to calculate such directed payments using the methodologies specified in this paragraph. The Department shall use a single, uniform rate, adjusted for acuity as specified in paragraphs (1)

through (12), for all categories of inpatient services provided by each class of hospitals and a single uniform rate, adjusted for acuity as specified in paragraphs (1) through (12), for all categories of outpatient services provided by each class of hospitals. The Department shall establish such amounts so that the total amount of payments to each hospital under this Section in calendar year 2023 is projected to be substantially similar to the total amount of such payments received by the hospital under this Section in calendar year 2021, adjusted for increased funding provided for fixed pool directed payments under subsection (g) in calendar year 2022, assuming that the volume and acuity of claims are held constant. The Department shall publish the directed payment amounts to be established under this subsection on its website by November 15, 2022.

(19) Each hospital shall be paid 1/3 of their quarterly inpatient and outpatient directed payment in each of the 3 months of the Payout Quarter, in accordance with directions provided to each MCO by the Department.

(20) Each MCO shall pay each hospital the Monthly Directed Payment amount as identified by the Department on its quarterly determination report.

Notwithstanding any other provision of this subsection, if the Department determines that the actual total hospital utilization data that is used to calculate the fixed rate

directed payments is substantially different than anticipated when the rates in this subsection were initially determined for unforeseeable circumstances (such as the COVID-19 pandemic or some other public health emergency), the Department may adjust the rates specified in this subsection so that the total directed payments approximate the total spending amount anticipated when the rates were initially established.

Definitions. As used in this subsection:

(A) "Payout Quarter" means each calendar quarter, beginning July 1, 2020.

(B) "Determination Quarter" means each calendar quarter which ends 3 months prior to the first day of each Payout Quarter.

(C) "Case mix index" means a hospital specific calculation. For inpatient claims the case mix index is calculated each quarter by summing the relative weight of all inpatient Diagnosis-Related Group (DRG) claims for a category of service in the applicable Determination Quarter and dividing the sum by the number of sum total of all inpatient DRG admissions for the category of service for the associated claims. The case mix index for outpatient claims is calculated each quarter by summing the relative weight of all paid EAPGs in the applicable Determination Quarter and dividing the sum by the sum total of paid EAPGs for the associated claims.

(i) Beginning January 1, 2021, the rates for directed payments shall be recalculated in order to spend the additional funds for directed payments that result from reduction in the amount of pass-through payments allowed under federal regulations. The additional funds for directed payments shall be allocated proportionally to each class of hospitals based on that class' proportion of services.

(1) Beginning January 1, 2024, the fixed pool directed payment amounts and the associated annual initial rates referenced in paragraph (6) of subsection (f) for each hospital class shall be uniformly increased by a ratio of not less than, the ratio of the total pass-through reduction amount pursuant to paragraph (4) of subsection (j), for the hospitals comprising the hospital fixed pool directed payment class for the next calendar year, to the total inpatient and outpatient directed payments for the hospitals comprising the hospital fixed pool directed payment class paid during the preceding calendar year.

(2) Beginning January 1, 2024, the fixed rates for the directed payments referenced in paragraph (18) of subsection (h) for each hospital class shall be uniformly increased by a ratio of not less than, the ratio of the total pass-through reduction amount pursuant to paragraph (4) of subsection (j), for the hospitals comprising the hospital directed payment class for the next calendar year, to the total inpatient and outpatient directed

payments for the hospitals comprising the hospital fixed rate directed payment class paid during the preceding calendar year.

(j) Pass-through payments.

(1) For the period July 1, 2020 through December 31, 2020, the Department shall assign quarterly pass-through payments to each class of hospitals equal to one-fourth of the following annual allocations:

(A) $390,487,095 to safety-net hospitals.

(B) $62,553,886 to critical access hospitals.

(C) $345,021,438 to high Medicaid hospitals.

(D) $551,429,071 to general acute care hospitals.

(E) $27,283,870 to long term acute care hospitals.

(F) $40,825,444 to freestanding psychiatric hospitals.

(G) $9,652,108 to freestanding rehabilitation hospitals.

(2) For the period of July 1, 2020 through December 31, 2020, the pass-through payments shall at a minimum ensure hospitals receive a total amount of monthly payments under this Section as received in calendar year 2019 in accordance with this Article and paragraph (1) of subsection (d-5) of Section 14-12, exclusive of amounts received through payments referenced in subsection (b).

(3) For the calendar year beginning January 1, 2023, the Department shall establish the annual pass-through

allocation to each class of hospitals and the pass-through payments to each hospital so that the total amount of payments to each hospital under this Section in calendar year 2023 is projected to be substantially similar to the total amount of such payments received by the hospital under this Section in calendar year 2021, adjusted for increased funding provided for fixed pool directed payments under subsection (g) in calendar year 2022, assuming that the volume and acuity of claims are held constant. The Department shall publish the pass-through allocation to each class and the pass-through payments to each hospital to be established under this subsection on its website by November 15, 2022.

(4) For the calendar years beginning January 1, 2021 and January 1, 2022, each hospital's pass-through payment amount shall be reduced proportionally to the reduction of all pass-through payments required by federal regulations. Beginning January 1, 2024, the Department shall reduce total pass-through payments by the minimum amount necessary to comply with federal regulations. Pass-through payments to safety-net hospitals, as defined in Section 5-5e.1 of this Code, shall not be reduced until all pass-through payments to other hospitals have been eliminated. All other hospitals shall have their pass-through payments reduced proportionally.

(k) At least 30 days prior to each calendar year, the

Department shall notify each hospital of changes to the payment methodologies in this Section, including, but not limited to, changes in the fixed rate directed payment rates, the aggregate pass-through payment amount for all hospitals, and the hospital's pass-through payment amount for the upcoming calendar year.

(l) Notwithstanding any other provisions of this Section, the Department may adopt rules to change the methodology for directed and pass-through payments as set forth in this Section, but only to the extent necessary to obtain federal approval of a necessary State Plan amendment or Directed Payment Preprint or to otherwise conform to federal law or federal regulation.

(m) As used in this subsection, "managed care organization" or "MCO" means an entity which contracts with the Department to provide services where payment for medical services is made on a capitated basis, excluding contracted entities for dual eligible or Department of Children and Family Services youth populations.

(n) In order to address the escalating infant mortality rates among minority communities in Illinois, the State shall, subject to appropriation, create a pool of funding of at least $50,000,000 annually to be disbursed among safety-net hospitals that maintain perinatal designation from the Department of Public Health. The funding shall be used to preserve or enhance OB/GYN services or other specialty

services at the receiving hospital, with the distribution of funding to be established by rule and with consideration to perinatal hospitals with safe birthing levels and quality metrics for healthy mothers and babies.

(o) In order to address the growing challenges of providing stable access to healthcare in rural Illinois, including perinatal services, behavioral healthcare including substance use disorder services (SUDs) and other specialty services, and to expand access to telehealth services among rural communities in Illinois, the Department of Healthcare and Family Services shall administer a program to provide at least $10,000,000 in financial support annually to critical access hospitals for delivery of perinatal and OB/GYN services, behavioral healthcare including SUDS, other specialty services and telehealth services. The funding shall be used to preserve or enhance perinatal and OB/GYN services, behavioral healthcare including SUDS, other specialty services, as well as the explanation of telehealth services by the receiving hospital, with the distribution of funding to be established by rule.

(p) For calendar year 2023, the final amounts, rates, and payments under subsections (c), (d-2), (g), (h), and (j) shall be established by the Department, so that the sum of the total estimated annual payments under subsections (c), (d-2), (g), (h), and (j) for each hospital class for calendar year 2023, is no less than:

(1) $858,260,000 to safety-net hospitals.

(2) $86,200,000 to critical access hospitals.

(3) $1,765,000,000 to high Medicaid hospitals.

(4) $673,860,000 to general acute care hospitals.

(5) $48,330,000 to long term acute care hospitals.

(6) $89,110,000 to freestanding psychiatric hospitals.

(7) $24,300,000 to freestanding rehabilitation hospitals.

(8) $32,570,000 to public hospitals.

(q) Hospital Pandemic Recovery Stabilization Payments. The Department shall disburse a pool of $460,000,000 in stability payments to hospitals prior to April 1, 2023. The allocation of the pool shall be based on the hospital directed payment classes and directed payments issued, during Calendar Year 2022 with added consideration to safety net hospitals, as defined in subdivision (f)(1)(B) of this Section, and critical access hospitals.

(r) Directed payment update. For calendar year 2025, and each calendar year thereafter, the final amounts, rates, and payments for the fixed pool directed payments described in subsection (g) and the fixed rate directed payments described in subsection (h) shall be established by the Department at no less than the following:

(1) $579,261,585 for inpatient services at safety-net hospitals.

(2) $763,418,138 for outpatient services at safety-net

hospitals.

(3) $12,389,160 for inpatient services at critical access hospitals.

(4) $137,437,866 for outpatient services at critical access hospitals.

(5) $5,418 as a base fixed rate per admit prior to adjusting for acuity, for inpatient services at high Medicaid hospitals.

(6) $1,512 as a base fixed rate per paid E-APG prior to adjusting for acuity, for outpatient services at high Medicaid hospitals.

(7) $3,898 as a base fixed rate per admit prior to adjusting for acuity, for inpatient services at other acute care hospitals.

(8) $1,322 as a base fixed rate per E-APG prior to adjusting for acuity, for outpatient services at other acute hospitals.

(9) $773 per day for inpatient services at long term acute care hospitals.

(10) $206 per day for inpatient services at freestanding psychiatric hospitals.

(11) $223 per claim for outpatient services at freestanding psychiatric hospitals.

(12) $776 per day for inpatient services at freestanding rehabilitation hospitals.

(13) $252 per claim for outpatient services at

freestanding rehabilitation hospitals.

(14) $7,793,812 for inpatient services at public hospitals.

(15) $26,849,592 for outpatient services at public hospitals.

Implementation of the rate increases described in this subsection (r) shall be contingent on federal approval. The rates for fixed pool directed payments as described in subsection (g) and for fixed rate directed payments as described in subsection (h) shall remain as published by the Department on November 27, 2024 until the Department receives federal approval for the updated rates described in this subsection (r).

(s) If, in order to secure approval by the Centers for Medicare and Medicaid Services, the rates under subsection (r) are reduced, the Department may submit a State Plan amendment to increase rates in place at the time of the reduction pertaining to subsection (d-2) to offset the annual amount of reduction to the rates under subsection (r), in amounts equal to the required reduction on a class-specific basis to ensure that funds are not reallocated from one class to another; or the rates in subsection (r) shall be reduced uniformly to the amounts necessary to achieve approval and the assessments imposed by subsection (a) or (b-5) of Section 5A-2 shall be reduced uniformly to achieve a total annual reduction across both assessments equal to the product of the total annual

reduction to payments and .3853. In addition, the assessments shall further be reduced uniformly to achieve a total annual reduction across both assessments equal to the difference of subtracting the product calculated in the previous sentence from the resulting quotient of dividing the product described in the previous sentence by .92 for a reduction to the transfers in subsection 7.16 and 7.17 of Section 5A-8.

(t) To provide for the expeditious and timely implementation of the changes made to this Section by this amendatory Act of the 104th General Assembly, the Department may adopt emergency rules as authorized by Section 5-45 of the Illinois Administrative Procedure Act. The adoption of emergency rules is deemed to be necessary for the public interest, safety, and welfare.

(Source: P.A. 103-102, eff. 6-16-23; 103-593, eff. 6-7-24; 103-605, eff. 7-1-24; 104-7, eff. 6-16-25.)

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