



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1804

Introduced 2/5/2025, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

320 ILCS 40/16

Amends the Program of All-Inclusive Care for the Elderly Act. Provides that to ensure that organizations contracted to implement the Program of All-Inclusive Care for the Elderly (PACE) program meet the needs of PACE participants, the Department of Healthcare and Family Services shall reform the rate-setting methodology for the PACE program by establishing a blended rate structure based on a 30% Home and Community-Based Services and 70% Skilled Nursing Facility case-mix which is a more accurate proportion of the comparable population expected to reside in an institution or the community if not enrolled in PACE. Requires the blended rate structure to more accurately reflect the comprehensive nature of care provided by PACE organizations and address the unique needs of PACE participants as a higher risk/acuity population with expected higher costs and frailty than comparable populations. Provides that when developing rates under the blended rate structure, the Department must consider not only the standard cost experiences of PACE participants but also the unique characteristics and specific care needs of the PACE population as well as any additional State plan services or populations that are not included in the State's Medicaid managed care contracts but are required under the PACE program.

LRB104 07669 KTG 17713 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 Program of All-Inclusive Care for the
5 Elderly Act is amended by changing Section 16 as follows:

6 (320 ILCS 40/16)

7 Sec. 16. Blended rate structure ~~Rates of payment.~~

8 (a) The General Assembly shall make appropriations to the
9 Department to fund services under this Act. To ensure that
10 organizations contracted to implement the PACE program meet
11 the needs of PACE participants, the Department shall reform
12 the rate-setting methodology for the PACE program by
13 establishing a blended rate structure based on a 30% Home and
14 Community-Based Services and 70% Skilled Nursing Facility
15 case-mix which is a more accurate proportion of the comparable
16 population expected to reside in an institution or the
17 community if not enrolled in PACE. The blended rate structure
18 established in accordance with this Section shall more
19 accurately reflect the comprehensive nature of care provided
20 by PACE organizations and address the unique needs of PACE
21 participants as a higher risk/acuity population with expected
22 higher costs and frailty than comparable populations.

23 When developing rates under the blended rate structure,

1 the Department must consider not only the standard cost
2 experiences of PACE participants but also the unique
3 characteristics and specific care needs of the PACE population
4 as well as any additional State plan services or populations
5 that are not included in the State's Medicaid managed care
6 contracts but are required under the PACE program. The
7 ~~Department shall develop and pay capitation rates to~~
8 ~~organizations contracted to implement the PACE program as~~
9 ~~described in Section 15 using actuarial methods.~~

10 ~~The Department may develop capitation rates using a~~
11 ~~standardized rate methodology across managed care plan models~~
12 ~~for comparable populations. The specific rate methodology~~
13 ~~applied to PACE organizations shall address features of PACE~~
14 ~~that distinguishes it from other managed care plan models.~~

15 The blended rate structure ~~rate methodology~~ shall be
16 consistent with actuarial rate development principles and
17 shall provide for all reasonable, appropriate, and attainable
18 costs for each PACE organization within a region.

19 (b) The Department may ~~develop statewide rates and apply~~
20 ~~geographic adjustments, using available data sources deemed~~
21 ~~appropriate by the Department. Consistent with actuarial~~
22 ~~methods, the primary source of data used to develop rates for~~
23 ~~each PACE organization shall be its cost and utilization data~~
24 ~~for the Medical Assistance Program or other data sources as~~
25 ~~deemed necessary by the Department. Rates developed under this~~
26 ~~Section shall reflect the level of care associated with the~~

1 ~~specific populations served under the contract.~~

2 (c) The blended rate structure ~~rate methodology~~ developed
3 in accordance with this Section shall contain a mechanism to
4 account for the costs of high-cost drugs and treatments. Rates
5 developed shall be actuarially certified prior to
6 implementation.

7 (d) (Blank). ~~Consistent with the requirements of federal~~
8 ~~law, the Department shall calculate an upper payment limit for~~
9 ~~payments to PACE organizations. In calculating the upper~~
10 ~~payment limit, the Department shall collect the applicable~~
11 ~~data as necessary and shall consider the risk of nursing home~~
12 ~~placement for the comparable population when estimating the~~
13 ~~level of care and risk of PACE participants.~~

14 (e) (Blank). ~~The Department shall pay organizations~~
15 ~~contracted to implement the PACE program at a rate within the~~
16 ~~certified actuarially sound rate range developed with respect~~
17 ~~to that entity as necessary to mitigate the impact to the~~
18 ~~entity of the methodology developed in accordance with this~~
19 ~~Section.~~

20 (f) This Section shall apply for rates established on and
21 after the effective date of this amendatory Act of the 104th
22 General Assembly. no earlier than July 1, 2022.

23 (Source: P.A. 102-43, eff. 7-6-21.)