

# SB3754



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB3754

Introduced 2/5/2026, by Sen. Graciela Guzmán

#### SYNOPSIS AS INTRODUCED:

305 ILCS 5/14-12.5

Amends the Hospital Services Trust Fund Article of the Illinois Public Aid Code. In provisions requiring the Department of Healthcare and Family Services to (i) pay safety-net hospitals a health care equity add-on payment that is based on such hospitals' Medicaid inpatient utilization rate and (ii) pay safety-net hospitals a low volume add-on payment of \$200 for each inpatient General Acute and Psychiatric day of care, removes the December 31, 2026 sunset dates for such add-on payments. Effective immediately.

LRB104 18306 KTG 31746 b

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 14-12.5 as follows:

6 (305 ILCS 5/14-12.5)

7 Sec. 14-12.5. Hospital rate updates.

8 (a) Notwithstanding any other provision of this Code, the  
9 hospital rates of reimbursement authorized under Sections  
10 5-5.05, 14-12, and 14-13 of this Code shall be adjusted in  
11 accordance with the provisions of this Section.

12 (b) Notwithstanding any other provision of this Code,  
13 effective for dates of service on and after January 1, 2024,  
14 subject to federal approval, hospital reimbursement rates  
15 shall be revised as follows:

16 (1) For inpatient general acute care services, the  
17 statewide-standardized amount and the per diem rates for  
18 hospitals exempt from the APR-DRG reimbursement system, in  
19 effect January 1, 2023, shall be increased by 10%.

20 (2) For inpatient psychiatric services:

21 (A) For safety-net hospitals, the hospital  
22 specific per diem rate in effect January 1, 2023 and  
23 the minimum per diem rate of \$630, authorized in

1 subsection (b-5) of Section 5-5.05 of this Code, shall  
2 be increased by 10%.

3 (B) For all general acute care hospitals that are  
4 not safety-net hospitals, the inpatient psychiatric  
5 care per diem rates in effect January 1, 2023 shall be  
6 increased by 10%, except that all rates shall be at  
7 least 90% of the minimum inpatient psychiatric care  
8 per diem rate for safety-net hospitals as authorized  
9 in subsection (b-5) of Section 5-5.05 of this Code  
10 including the adjustments authorized in this Section.  
11 The statewide default per diem rate for a hospital  
12 opening a new psychiatric distinct part unit, shall be  
13 set at 90% of the minimum inpatient psychiatric care  
14 per diem rate for safety-net hospitals as authorized  
15 in subsection (b-5) of Section 5-5.05 of this Code,  
16 including the adjustment authorized in this Section.

17 (C) For all psychiatric specialty hospitals, the  
18 per diem rates in effect January 1, 2023, shall be  
19 increased by 10%, except that all rates shall be at  
20 least 90% of the minimum inpatient per diem rate for  
21 safety-net hospitals as authorized in subsection (b-5)  
22 of Section 5-5.05 of this Code, including the  
23 adjustments authorized in this Section. The statewide  
24 default per diem rate for a new psychiatric specialty  
25 hospital shall be set at 90% of the minimum inpatient  
26 psychiatric care per diem rate for safety-net

1 hospitals as authorized in subsection (b-5) of Section  
2 5-5.05 of this Code, including the adjustment  
3 authorized in this Section.

4 (3) For inpatient rehabilitative services, all  
5 hospital specific per diem rates in effect January 1,  
6 2023, shall be increased by 10%. The statewide default  
7 inpatient rehabilitative services per diem rates, for  
8 general acute care hospitals and for rehabilitation  
9 specialty hospitals respectively, shall be increased by  
10 10%.

11 (4) The statewide-standardized amount for outpatient  
12 general acute care services in effect January 1, 2023,  
13 shall be increased by 10%.

14 (5) The statewide-standardized amount for outpatient  
15 psychiatric care services in effect January 1, 2023, shall  
16 be increased by 10%.

17 (6) The statewide-standardized amount for outpatient  
18 rehabilitative care services in effect January 1, 2023,  
19 shall be increased by 10%.

20 (7) The per diem rate in effect January 1, 2023, as  
21 authorized in subsection (a) of Section 14-13 of this  
22 Article shall be increased by 10%.

23 (8) For services provided on and after January 1, 2024  
24 through June 30, 2024, and on and after January 1, 2027,  
25 subject to federal approval, in addition to the statewide  
26 standardized amount, an add-on payment of at least \$210

1 shall be paid for each inpatient General Acute and  
2 Psychiatric day of care, excluding Medicare-Medicaid dual  
3 eligible crossover days, for all safety-net hospitals  
4 defined in Section 5-5e.1 of this Code.

5 (A) For Psychiatric days of care, the Department  
6 may implement payment of this add-on by increasing the  
7 hospital specific psychiatric per diem rate, adjusted  
8 in accordance with subparagraph (A) of paragraph (2)  
9 of subsection (b) by \$210, or by a separate add-on  
10 payment.

11 (B) If the add-on adjustment is added to the  
12 hospital specific psychiatric per diem rate to  
13 operationalize payment, the Department shall provide a  
14 rate sheet to each safety-net hospital, which  
15 identifies the hospital psychiatric per diem rate  
16 before and after the adjustment.

17 (C) The add-on adjustment shall not be considered  
18 when setting the 90% minimum rate identified in  
19 paragraph (2) of subsection (b).

20 (9) For services provided on and after July 1, 2024,  
21 ~~and on or before December 31, 2026,~~ subject to federal  
22 approval, in addition to the statewide standardized amount  
23 and any other payments authorized under this Code, a  
24 safety-net hospital health care equity add-on payment  
25 shall be paid for each inpatient General Acute and  
26 Psychiatric day of care, excluding Medicare-Medicaid dual

1 eligible crossover days, for safety-net hospitals defined  
2 in Section 5-5e.1 of this Code, as follows:

3 (A) if the safety-net hospital's Medicaid  
4 inpatient utilization rate, as calculated under  
5 Section 5-5e.1 of this Code, is equal to or greater  
6 than 70%, the add-on payment shall be \$425;

7 (B) if the safety-net hospital's Medicaid  
8 inpatient utilization rate, as calculated under  
9 Section 5-5e.1 of this Code, is equal to or greater  
10 than 50% and less than 70%, the add-on payment shall be  
11 \$300;

12 (C) if the safety-net hospital's Medicaid  
13 inpatient utilization rate, as calculated under  
14 Section 5-5e.1 of this Code, is equal to or greater  
15 than 40% and less than 50%, the add-on payment shall be  
16 \$225; and

17 (D) if the safety-net hospital's Medicaid  
18 inpatient utilization rate, as calculated under  
19 Section 5-5e.1 of this Code, is less than 40%, the  
20 add-on payment shall be \$210.

21 Qualification for the safety-net hospital health care  
22 equity add-on payment shall be updated January 1, 2026,  
23 based on the MIUR determination effective 3 months prior  
24 to the start of the January 1, 2026 calendar year.

25 Rates described in subparagraphs (A) through (C) shall  
26 be adjusted annually beginning January 1, 2026 by applying

1 a uniform factor to each rate to spend an approximate  
2 amount of \$50,000,000 annually per year using State fiscal  
3 year 2024 days as a basis for calendar year 2026 rates.

4 The add-on adjustment under this paragraph shall not  
5 be considered when setting the 90% minimum rate identified  
6 in subparagraph (B) of paragraph (2).

7 (10) For services provided on and after July 1, 2024,  
8 ~~and on or before December 31, 2026,~~ subject to federal  
9 approval, in addition to the statewide standardized amount  
10 and any other payments authorized under this Code, a  
11 safety-net hospital low volume add-on payment of \$200  
12 shall be paid for each inpatient General Acute and  
13 Psychiatric day of care, excluding Medicare-Medicaid dual  
14 eligible crossover days, for any safety-net hospital as  
15 defined in Section 5-5e.1 that provided less than 11,000  
16 Medicaid inpatient days of care, excluding  
17 Medicare-Medicaid dual eligible crossover days, in the  
18 base period. As used in this paragraph, "base period"  
19 means State fiscal year 2022 admissions received by the  
20 Department prior to October 1, 2023 for the payment period  
21 July 1, 2024 through December 31, 2025, and beginning in  
22 calendar year 2026, the State fiscal year that ends 30  
23 months before the applicable calendar year, such as State  
24 fiscal year 2023 admissions received by the Department  
25 prior to October 1, 2024, for calendar year 2026.

26 (c) The Department shall take all actions necessary to

1 ensure the changes authorized in Public Act 103-102 and this  
2 amendatory Act of the 103rd General Assembly are in effect for  
3 dates of service on and after the effective date of the changes  
4 made to this Section by this amendatory Act of the 103rd  
5 General Assembly, including publishing all appropriate public  
6 notices, applying for federal approval of amendments to the  
7 Illinois Title XIX State Plan, and adopting administrative  
8 rules if necessary.

9 (d) The Department of Healthcare and Family Services may  
10 adopt rules necessary to implement the changes made by Public  
11 Act 103-102 and this amendatory Act of the 103rd General  
12 Assembly through the use of emergency rulemaking in accordance  
13 with Section 5-45 of the Illinois Administrative Procedure  
14 Act. The 24-month limitation on the adoption of emergency  
15 rules does not apply to rules adopted under this Section. The  
16 General Assembly finds that the adoption of rules to implement  
17 the changes made by Public Act 103-102 and this amendatory Act  
18 of the 103rd General Assembly is deemed an emergency and  
19 necessary for the public interest, safety, and welfare.

20 (e) The Department shall ensure that all necessary  
21 adjustments to the managed care organization capitation base  
22 rates necessitated by the adjustments in this Section are  
23 completed, published, and applied in accordance with Section  
24 5-30.8 of this Code 90 days prior to the implementation date of  
25 the changes required under Public Act 103-102 and this  
26 amendatory Act of the 103rd General Assembly.

1           (f) The Department shall publish updated rate sheets or  
2 add-on payment amounts, as applicable, for all hospitals 30  
3 days prior to the effective date of the rate increase, or  
4 within 30 days after federal approval by the Centers for  
5 Medicare and Medicaid Services, whichever is later.

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

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