

1 AN ACT in relation to 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 5-5.5 as follows:

6 (305 ILCS 5/5-5.5) (from Ch. 23, par. 5-5.5)

7 Sec. 5-5.5. Elements of Payment Rate.

8 (a) The Department of Public Aid shall develop a
9 prospective method for determining payment rates for skilled
10 nursing and intermediate care services in nursing facilities
11 composed of the following cost elements:

12 (1) Standard Services, with the cost of this
13 component being determined by taking into account the
14 actual costs to the facilities of these services subject
15 to cost ceilings to be defined in the Department's rules.

16 (2) Resident Services, with the cost of this
17 component being determined by taking into account the
18 actual costs, needs and utilization of these services, as
19 derived from an assessment of the resident needs in the
20 nursing facilities. The Department shall adopt rules
21 governing reimbursement for resident services as listed
22 in Section 5-1.1. Surveys or assessments of resident
23 needs under this Section shall include a review by the
24 facility of the results of such assessments and a
25 discussion of issues in dispute with authorized survey
26 staff, unless the facility elects not to participate in
27 such a review process. Surveys or assessments of
28 resident needs under this Section may be conducted
29 semi-annually and payment rates relating to resident
30 services may be changed on a semi-annual basis. The
31 Illinois Department shall initiate a project, either on a

1 pilot basis or Statewide, to reimburse the cost of
2 resident services based on a methodology which utilizes
3 an assessment of resident needs to determine the level of
4 reimbursement. This methodology shall be different from
5 the payment criteria for resident services utilized by
6 the Illinois Department on July 1, 1981. On March 1,
7 1982, and each year thereafter, until such time when the
8 Illinois Department adopts the methodology used in such
9 project for use statewide or the Illinois Department
10 reports to the Citizens Assembly/Council on Public Aid
11 that the methodology did not meet the Department's goals
12 and objectives and therefore is ceasing such project, the
13 Illinois Department shall report to the General Assembly
14 on the implementation and progress of such project. The
15 report shall include:

16 (A) A statement of the Illinois Department's
17 goals and objectives for such project;

18 (B) A description of such project, including
19 the number and type of nursing facilities involved
20 in the project;

21 (C) A description of the methodology used in
22 such project;

23 (D) A description of the Illinois Department's
24 application of the methodology;

25 (E) A statement on the methodology's effect on
26 the quality of care given to residents in the sample
27 nursing facilities; and

28 (F) A statement on the cost of the methodology
29 used in such project and a comparison of this cost
30 with the cost of the current payment criteria.

31 (3) Ancillary Services, with the payment rate being
32 developed for each individual type of service. Payment
33 shall be made only when authorized under procedures
34 developed by the Department of Public Aid.

1 (4) Nurse's Aide Training, with the cost of this
2 component being determined by taking into account the
3 actual cost to the facilities of such training.

4 (5) Real Estate Taxes, with the cost of this
5 component being determined by taking into account the
6 figures contained in the most currently available cost
7 reports (with no imposition of maximums) updated to the
8 midpoint of the current rate year for long term care
9 services rendered between July 1, 1984 and June 30, 1985,
10 and with the cost of this component being determined by
11 taking into account the actual 1983 taxes for which the
12 nursing homes were assessed (with no imposition of
13 maximums) updated to the midpoint of the current rate
14 year for long term care services rendered between July 1,
15 1985 and June 30, 1986.

16 (b) In developing a prospective method for determining
17 payment rates for skilled nursing and intermediate care
18 services in nursing facilities, the Department of Public Aid
19 shall consider the following cost elements:

20 (1) Reasonable capital cost determined by utilizing
21 incurred interest rate and the current value of the
22 investment, including land, utilizing composite rates, or
23 by utilizing such other reasonable cost related methods
24 determined by the Department. However, beginning with the
25 rate reimbursement period effective July 1, 1987, the
26 Department shall be prohibited from establishing,
27 including, and implementing any depreciation factor in
28 calculating the capital cost element.

29 (2) Profit, with the actual amount being produced
30 and accruing to the providers in the form of a return on
31 their total investment, on the basis of their ability to
32 economically and efficiently deliver a type of service.
33 The method of payment may assure the opportunity for a
34 profit, but shall not guarantee or establish a specific

1 amount as a cost.

2 (b-5) In its cost reports required to be submitted to
3 the Department of Public Aid under this Article, a facility
4 must document its increased costs of providing services
5 resulting from capital improvements made by the facility. The
6 Department must verify this information promptly after
7 receiving the facility's cost report. The Department must
8 adjust the facility's payment rates promptly after verifying
9 the facility's increased costs of providing services
10 resulting from capital improvements made by the facility.

11 (c) The Illinois Department may implement the
12 amendatory changes to this Section made by this amendatory
13 Act of 1991 through the use of emergency rules in accordance
14 with the provisions of Section 5.02 of the Illinois
15 Administrative Procedure Act. For purposes of the Illinois
16 Administrative Procedure Act, the adoption of rules to
17 implement the amendatory changes to this Section made by this
18 amendatory Act of 1991 shall be deemed an emergency and
19 necessary for the public interest, safety and welfare.

20 (d) No later than January 1, 2001, the Department of
21 Public Aid shall file with the Joint Committee on
22 Administrative Rules, pursuant to the Illinois Administrative
23 Procedure Act, a proposed rule, or a proposed amendment to an
24 existing rule, regarding payment for appropriate services,
25 including assessment, care planning, discharge planning, and
26 treatment provided by nursing facilities to residents who
27 have a serious mental illness.

28 (Source: P.A. 91-799, eff. 6-13-00.)

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