



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
SB2475

Introduced 2/3/2004, by Dan Rutherford

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.4

from Ch. 23, par. 5-5.4

Amends the Illinois Public Aid Code. In provisions concerning Medicaid rates for nursing homes, provides that for FY04 and for each subsequent fiscal year until the rates for such facilities equal the level in effect on June 30, 2002, all moneys appropriated specifically for Medicaid rate adjustments for such facilities shall be applied first to restoring the rates for nursing homes to the level in effect on June 30, 2002, thereby restoring the 5.9% reduction in rates otherwise required; requires moneys appropriated specifically for rate adjustments in excess of the amount necessary to restore the rates to be applied to making payments in accordance with the new Minimum Data Set (MDS) methodology. Provides that on and after July 1, 2005, such excess moneys shall be applied as follows: (i) 50% shall be applied to making payments to facilities in accordance with the new MDS-based payment methodology; and (ii) 50% shall be applied to provide an equitable percentage increase in the nursing component of the nursing home rates. Provides that on and after July 1, 2005, the rates paid to nursing homes shall not be reduced to an amount less than 9.5% of the nursing rate in effect on June 30, 2002. Effective immediately.

SRS093 00166 GLC 40036 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 5-5.4 as follows:

6 (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

7 Sec. 5-5.4. Standards of Payment - Department of Public
8 Aid. The Department of Public Aid shall develop standards of
9 payment of skilled nursing and intermediate care services in
10 facilities providing such services under this Article which:

11 (1) Provide for the determination of a facility's payment
12 for skilled nursing and intermediate care services on a
13 prospective basis. The amount of the payment rate for all
14 nursing facilities certified by the Department of Public Health
15 under the Nursing Home Care Act as Intermediate Care for the
16 Developmentally Disabled facilities, Long Term Care for Under
17 Age 22 facilities, Skilled Nursing facilities, or Intermediate
18 Care facilities under the medical assistance program shall be
19 prospectively established annually on the basis of historical,
20 financial, and statistical data reflecting actual costs from
21 prior years, which shall be applied to the current rate year
22 and updated for inflation, except that the capital cost element
23 for newly constructed facilities shall be based upon projected
24 budgets. The annually established payment rate shall take
25 effect on July 1 in 1984 and subsequent years. No rate increase
26 and no update for inflation shall be provided on or after July
27 1, 1994 and before July 1, 2004, unless specifically provided
28 for in this Section.

29 For facilities licensed by the Department of Public Health
30 under the Nursing Home Care Act as Intermediate Care for the
31 Developmentally Disabled facilities or Long Term Care for Under
32 Age 22 facilities, the rates taking effect on July 1, 1998

1 shall include an increase of 3%. For facilities licensed by the
2 Department of Public Health under the Nursing Home Care Act as
3 Skilled Nursing facilities or Intermediate Care facilities,
4 the rates taking effect on July 1, 1998 shall include an
5 increase of 3% plus \$1.10 per resident-day, as defined by the
6 Department.

7 For facilities licensed by the Department of Public Health
8 under the Nursing Home Care Act as Intermediate Care for the
9 Developmentally Disabled facilities or Long Term Care for Under
10 Age 22 facilities, the rates taking effect on July 1, 1999
11 shall include an increase of 1.6% plus \$3.00 per resident-day,
12 as defined by the Department. For facilities licensed by the
13 Department of Public Health under the Nursing Home Care Act as
14 Skilled Nursing facilities or Intermediate Care facilities,
15 the rates taking effect on July 1, 1999 shall include an
16 increase of 1.6% and, for services provided on or after October
17 1, 1999, shall be increased by \$4.00 per resident-day, as
18 defined by the Department.

19 For facilities licensed by the Department of Public Health
20 under the Nursing Home Care Act as Intermediate Care for the
21 Developmentally Disabled facilities or Long Term Care for Under
22 Age 22 facilities, the rates taking effect on July 1, 2000
23 shall include an increase of 2.5% per resident-day, as defined
24 by the Department. For facilities licensed by the Department of
25 Public Health under the Nursing Home Care Act as Skilled
26 Nursing facilities or Intermediate Care facilities, the rates
27 taking effect on July 1, 2000 shall include an increase of 2.5%
28 per resident-day, as defined by the Department.

29 For facilities licensed by the Department of Public Health
30 under the Nursing Home Care Act as skilled nursing facilities
31 or intermediate care facilities, a new payment methodology must
32 be implemented for the nursing component of the rate effective
33 July 1, 2003. The Department of Public Aid shall develop the
34 new payment methodology using the Minimum Data Set (MDS) as the
35 instrument to collect information concerning nursing home
36 resident condition necessary to compute the rate. The

1 Department of Public Aid shall develop the new payment
2 methodology to meet the unique needs of Illinois nursing home
3 residents while remaining subject to the appropriations
4 provided by the General Assembly. A transition period from the
5 payment methodology in effect on June 30, 2003 to the payment
6 methodology in effect on July 1, 2003 shall be provided for a
7 period not exceeding 2 years after implementation of the new
8 payment methodology as follows:

9 (A) For a facility that would receive a lower nursing
10 component rate per patient day under the new system than
11 the facility received effective on the date immediately
12 preceding the date that the Department implements the new
13 payment methodology, the nursing component rate per
14 patient day for the facility shall be held at the level in
15 effect on the date immediately preceding the date that the
16 Department implements the new payment methodology until a
17 higher nursing component rate of reimbursement is achieved
18 by that facility.

19 (B) For a facility that would receive a higher nursing
20 component rate per patient day under the payment
21 methodology in effect on July 1, 2003 than the facility
22 received effective on the date immediately preceding the
23 date that the Department implements the new payment
24 methodology, the nursing component rate per patient day for
25 the facility shall be adjusted.

26 (C) Notwithstanding paragraphs (A) and (B), the
27 nursing component rate per patient day for the facility
28 shall be adjusted subject to appropriations provided by the
29 General Assembly.

30 For facilities licensed by the Department of Public Health
31 under the Nursing Home Care Act as Intermediate Care for the
32 Developmentally Disabled facilities or Long Term Care for Under
33 Age 22 facilities, the rates taking effect on March 1, 2001
34 shall include a statewide increase of 7.85%, as defined by the
35 Department.

36 For facilities licensed by the Department of Public Health

1 under the Nursing Home Care Act as Intermediate Care for the
2 Developmentally Disabled facilities or Long Term Care for Under
3 Age 22 facilities, the rates taking effect on April 1, 2002
4 shall include a statewide increase of 2.0%, as defined by the
5 Department. This increase terminates on July 1, 2002; beginning
6 July 1, 2002 these rates are reduced to the level of the rates
7 in effect on March 31, 2002, as defined by the Department.

8 For facilities licensed by the Department of Public Health
9 under the Nursing Home Care Act as skilled nursing facilities
10 or intermediate care facilities, the rates taking effect on
11 July 1, 2001 shall be computed using the most recent cost
12 reports on file with the Department of Public Aid no later than
13 April 1, 2000, updated for inflation to January 1, 2001. For
14 rates effective July 1, 2001 only, rates shall be the greater
15 of the rate computed for July 1, 2001 or the rate effective on
16 June 30, 2001.

17 Notwithstanding any other provision of this Section, for
18 facilities licensed by the Department of Public Health under
19 the Nursing Home Care Act as skilled nursing facilities or
20 intermediate care facilities, the Illinois Department shall
21 determine by rule the rates taking effect on July 1, 2002,
22 which shall be 5.9% less than the rates in effect on June 30,
23 2002.

24 Rates established effective each July 1 shall govern
25 payment for services rendered throughout that fiscal year,
26 except that rates established on July 1, 1996 shall be
27 increased by 6.8% for services provided on or after January 1,
28 1997. Such rates will be based upon the rates calculated for
29 the year beginning July 1, 1990, and for subsequent years
30 thereafter until June 30, 2001 shall be based on the facility
31 cost reports for the facility fiscal year ending at any point
32 in time during the previous calendar year, updated to the
33 midpoint of the rate year. The cost report shall be on file
34 with the Department no later than April 1 of the current rate
35 year. Should the cost report not be on file by April 1, the
36 Department shall base the rate on the latest cost report filed

1 by each skilled care facility and intermediate care facility,
2 updated to the midpoint of the current rate year. In
3 determining rates for services rendered on and after July 1,
4 1985, fixed time shall not be computed at less than zero. The
5 Department shall not make any alterations of regulations which
6 would reduce any component of the Medicaid rate to a level
7 below what that component would have been utilizing in the rate
8 effective on July 1, 1984.

9 For the State fiscal year beginning July 1, 2003 and for
10 each subsequent fiscal year until the rates for skilled nursing
11 facilities and intermediate care facilities licensed by the
12 Department of Public Health equal the level in effect on June
13 30, 2002, all moneys appropriated specifically for rate
14 adjustments for such facilities in connection with the program
15 of medical assistance under this Article V shall be applied
16 first to restoring the rates to the level in effect on June 30,
17 2002. For the State fiscal year beginning July 1, 2003, any
18 moneys appropriated specifically for rate adjustments in
19 excess of the amount necessary to restore the 5.9% reduction in
20 rates otherwise required under this Section shall be applied to
21 making payments to facilities in accordance with the MDS-based
22 payment methodology until July 1, 2005.

23 On and after July 1, 2005, any moneys appropriated
24 specifically for rate adjustments shall first be used to
25 restore the nursing rate to the level in effect on June 30,
26 2002. All moneys appropriated specifically for rate
27 adjustments in excess of the amount necessary to restore the
28 5.9% reduction in rates otherwise required under this Section
29 shall be applied as follows: (i) 50% shall be applied to making
30 payments to facilities in accordance with the MDS-based payment
31 methodology required under this Section; and (ii) 50% shall be
32 applied to provide an equitable percentage increase in the
33 nursing component of the rates for all skilled nursing
34 facilities and intermediate care facilities licensed by the
35 Department of Public Health.

36 Notwithstanding any other provision of this Section, on and

1 after July 1, 2005, the rates paid to skilled nursing
2 facilities and intermediate care facilities licensed by the
3 Department of Public Health shall not be reduced to an amount
4 less than 9.5% of the nursing rate in effect on June 30, 2002.

5 (2) Shall take into account the actual costs incurred by
6 facilities in providing services for recipients of skilled
7 nursing and intermediate care services under the medical
8 assistance program.

9 (3) Shall take into account the medical and psycho-social
10 characteristics and needs of the patients.

11 (4) Shall take into account the actual costs incurred by
12 facilities in meeting licensing and certification standards
13 imposed and prescribed by the State of Illinois, any of its
14 political subdivisions or municipalities and by the U.S.
15 Department of Health and Human Services pursuant to Title XIX
16 of the Social Security Act.

17 The Department of Public Aid shall develop precise
18 standards for payments to reimburse nursing facilities for any
19 utilization of appropriate rehabilitative personnel for the
20 provision of rehabilitative services which is authorized by
21 federal regulations, including reimbursement for services
22 provided by qualified therapists or qualified assistants, and
23 which is in accordance with accepted professional practices.
24 Reimbursement also may be made for utilization of other
25 supportive personnel under appropriate supervision.

26 (Source: P.A. 92-10, eff. 6-11-01; 92-31, eff. 6-28-01; 92-597,
27 eff. 6-28-02; 92-651, eff. 7-11-02; 92-848, eff. 1-1-03; 93-20,
28 eff. 6-20-03.)

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