

1 AN ACT concerning State government.

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, 2006, unless specifically provided
28 for in this Section. The changes made by this amendatory Act of
29 the 93rd General Assembly extending the duration of the
30 prohibition against a rate increase or update for inflation are
31 effective retroactive to July 1, 2004.

32 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 July 1, 1998
4 shall include an increase of 3%. For facilities licensed by the
5 Department of Public Health under the Nursing Home Care Act as
6 Skilled Nursing facilities or Intermediate Care facilities,
7 the rates taking effect on July 1, 1998 shall include an
8 increase of 3% plus \$1.10 per resident-day, as defined by the
9 Department. For facilities licensed by the Department of Public
10 Health under the Nursing Home Care Act as Intermediate Care
11 Facilities for the Developmentally Disabled or Long Term Care
12 for Under Age 22 facilities, the rates taking effect on January
13 1, 2006 shall include an increase of 3%.

14 For facilities licensed by the Department of Public Health
15 under the Nursing Home Care Act as Intermediate Care for the
16 Developmentally Disabled facilities or Long Term Care for Under
17 Age 22 facilities, the rates taking effect on July 1, 1999
18 shall include an increase of 1.6% plus \$3.00 per resident-day,
19 as defined by the Department. For facilities licensed by the
20 Department of Public Health under the Nursing Home Care Act as
21 Skilled Nursing facilities or Intermediate Care facilities,
22 the rates taking effect on July 1, 1999 shall include an
23 increase of 1.6% and, for services provided on or after October
24 1, 1999, shall be increased by \$4.00 per resident-day, as
25 defined by the Department.

26 For facilities licensed by the Department of Public Health
27 under the Nursing Home Care Act as Intermediate Care for the
28 Developmentally Disabled facilities or Long Term Care for Under
29 Age 22 facilities, the rates taking effect on July 1, 2000
30 shall include an increase of 2.5% per resident-day, as defined
31 by the Department. For facilities licensed by the Department of
32 Public Health under the Nursing Home Care Act as Skilled
33 Nursing facilities or Intermediate Care facilities, the rates
34 taking effect on July 1, 2000 shall include an increase of 2.5%
35 per resident-day, as defined by the Department.

36 For facilities licensed by the Department of Public Health

1 under the Nursing Home Care Act as skilled nursing facilities
2 or intermediate care facilities, a new payment methodology must
3 be implemented for the nursing component of the rate effective
4 July 1, 2003. The Department of Public Aid shall develop the
5 new payment methodology using the Minimum Data Set (MDS) as the
6 instrument to collect information concerning nursing home
7 resident condition necessary to compute the rate. The
8 Department of Public Aid shall develop the new payment
9 methodology to meet the unique needs of Illinois nursing home
10 residents while remaining subject to the appropriations
11 provided by the General Assembly. A transition period from the
12 payment methodology in effect on June 30, 2003 to the payment
13 methodology in effect on July 1, 2003 shall be provided for a
14 period not exceeding 3 years after implementation of the new
15 payment methodology as follows:

16 (A) For a facility that would receive a lower nursing
17 component rate per patient day under the new system than
18 the facility received effective on the date immediately
19 preceding the date that the Department implements the new
20 payment methodology, the nursing component rate per
21 patient day for the facility shall be held at the level in
22 effect on the date immediately preceding the date that the
23 Department implements the new payment methodology until a
24 higher nursing component rate of reimbursement is achieved
25 by that facility.

26 (B) For a facility that would receive a higher nursing
27 component rate per patient day under the payment
28 methodology in effect on July 1, 2003 than the facility
29 received effective on the date immediately preceding the
30 date that the Department implements the new payment
31 methodology, the nursing component rate per patient day for
32 the facility shall be adjusted.

33 (C) Notwithstanding paragraphs (A) and (B), the
34 nursing component rate per patient day for the facility
35 shall be adjusted subject to appropriations provided by the
36 General Assembly.

1 For facilities licensed by the Department of Public Health
2 under the Nursing Home Care Act as Intermediate Care for the
3 Developmentally Disabled facilities or Long Term Care for Under
4 Age 22 facilities, the rates taking effect on March 1, 2001
5 shall include a statewide increase of 7.85%, 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 April 1, 2002
11 shall include a statewide increase of 2.0%, as defined by the
12 Department. This increase terminates on July 1, 2002; beginning
13 July 1, 2002 these rates are reduced to the level of the rates
14 in effect on March 31, 2002, as defined by the Department.

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

24 Notwithstanding any other provision of this Section, for
25 facilities licensed by the Department of Public Health under
26 the Nursing Home Care Act as skilled nursing facilities or
27 intermediate care facilities, the Illinois Department shall
28 determine by rule the rates taking effect on July 1, 2002,
29 which shall be 5.9% less than the rates in effect on June 30,
30 2002.

31 Notwithstanding any other provision of this Section, for
32 facilities licensed by the Department of Public Health under
33 the Nursing Home Care Act as skilled nursing facilities or
34 intermediate care facilities, if the payment methodologies
35 required under Section 5A-12 and the waiver granted under 42
36 CFR 433.68 are approved by the United States Centers for

1 Medicare and Medicaid Services, the rates taking effect on July
2 1, 2004 shall be 3.0% greater than the rates in effect on June
3 30, 2004. These rates shall take effect only upon approval and
4 implementation of the payment methodologies required under
5 Section 5A-12.

6 Notwithstanding any other provisions of this Section, for
7 facilities licensed by the Department of Public Health under
8 the Nursing Home Care Act as skilled nursing facilities or
9 intermediate care facilities, the rates taking effect on
10 January 1, 2005 shall be 3% more than the rates in effect on
11 December 31, 2004.

12 For facilities licensed by the Department of Public Health
13 under the Nursing Home Care Act as Intermediate Care for the
14 Developmentally Disabled facilities or as long-term care
15 facilities for residents under 22 years of age, the rates
16 taking effect on July 1, 2003 shall include a statewide
17 increase of 4%, as defined by the Department.

18 Notwithstanding any other provision of this Section, for
19 facilities licensed by the Department of Public Health under
20 the Nursing Home Care Act as skilled nursing facilities or
21 intermediate care facilities, effective January 1, 2005,
22 facility rates shall be increased by the difference between (i)
23 a facility's per diem property, liability, and malpractice
24 insurance costs as reported in the cost report filed with the
25 Department of Public Aid and used to establish rates effective
26 July 1, 2001 and (ii) those same costs as reported in the
27 facility's 2002 cost report. These costs shall be passed
28 through to the facility without caps or limitations, except for
29 adjustments required under normal auditing procedures.

30 Rates established effective each July 1 shall govern
31 payment for services rendered throughout that fiscal year,
32 except that rates established on July 1, 1996 shall be
33 increased by 6.8% for services provided on or after January 1,
34 1997. Such rates will be based upon the rates calculated for
35 the year beginning July 1, 1990, and for subsequent years
36 thereafter until June 30, 2001 shall be based on the facility

1 cost reports for the facility fiscal year ending at any point
2 in time during the previous calendar year, updated to the
3 midpoint of the rate year. The cost report shall be on file
4 with the Department no later than April 1 of the current rate
5 year. Should the cost report not be on file by April 1, the
6 Department shall base the rate on the latest cost report filed
7 by each skilled care facility and intermediate care facility,
8 updated to the midpoint of the current rate year. In
9 determining rates for services rendered on and after July 1,
10 1985, fixed time shall not be computed at less than zero. The
11 Department shall not make any alterations of regulations which
12 would reduce any component of the Medicaid rate to a level
13 below what that component would have been utilizing in the rate
14 effective on July 1, 1984.

15 (2) Shall take into account the actual costs incurred by
16 facilities in providing services for recipients of skilled
17 nursing and intermediate care services under the medical
18 assistance program.

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

21 (4) Shall take into account the actual costs incurred by
22 facilities in meeting licensing and certification standards
23 imposed and prescribed by the State of Illinois, any of its
24 political subdivisions or municipalities and by the U.S.
25 Department of Health and Human Services pursuant to Title XIX
26 of the Social Security Act.

27 The Department of Public Aid shall develop precise
28 standards for payments to reimburse nursing facilities for any
29 utilization of appropriate rehabilitative personnel for the
30 provision of rehabilitative services which is authorized by
31 federal regulations, including reimbursement for services
32 provided by qualified therapists or qualified assistants, and
33 which is in accordance with accepted professional practices.
34 Reimbursement also may be made for utilization of other
35 supportive personnel under appropriate supervision.

36 (Source: P.A. 93-20, eff. 6-20-03; 93-649, eff. 1-8-04; 93-659,

1 eff. 2-3-04; 93-841, eff. 7-30-04; 93-1087, eff. 2-28-05;
2 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; revised 8-9-05.)

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