



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4032

Introduced 02/28/05, by Rep. Lee A. Daniels

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.4

from Ch. 23, par. 5-5.4

Amends the Illinois Public Aid Code. Provides that effective January 1, 2006, Medicaid rates for nursing homes and other community providers serving the developmentally disabled or mentally ill licensed by the Department of Public Health shall be increased by the difference between (i) a facility's per diem property, liability, and malpractice insurance costs as reported in the cost report filed with the Department of Public Aid and used to establish rates effective July 1, 2001 and (ii) those same costs as reported in the facility's 2002 cost report. Requires that these costs be passed through to facilities licensed by the Department under the Nursing Home Care Act as skilled nursing facilities or intermediate care facilities or other Department-licensed community providers serving the developmentally disabled or mentally ill without caps or limitations, except for adjustments required under normal auditing procedures. Effective January 1, 2006.

LRB094 09950 DRJ 42629 b

FISCAL NOTE ACT
MAY APPLY

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, 2005, 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.

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

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

32 For facilities licensed by the Department of Public Health
33 under the Nursing Home Care Act as skilled nursing facilities
34 or intermediate care facilities, a new payment methodology must
35 be implemented for the nursing component of the rate effective
36 July 1, 2003. The Department of Public Aid shall develop the

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

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

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

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

33 For facilities licensed by the Department of Public Health
34 under the Nursing Home Care Act as Intermediate Care for the
35 Developmentally Disabled facilities or Long Term Care for Under
36 Age 22 facilities, the rates taking effect on March 1, 2001

1 shall include a statewide increase of 7.85%, as defined by the
2 Department.

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

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

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

27 Notwithstanding any other provision of this Section, for
28 facilities licensed by the Department of Public Health under
29 the Nursing Home Care Act as skilled nursing facilities or
30 intermediate care facilities, if the payment methodologies
31 required under Section 5A-12 and the waiver granted under 42
32 CFR 433.68 are approved by the United States Centers for
33 Medicare and Medicaid Services, the rates taking effect on July
34 1, 2004 shall be 3.0% greater than the rates in effect on June
35 30, 2004. These rates shall take effect only upon approval and
36 implementation of the payment methodologies required under

1 Section 5A-12.

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

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

14 Notwithstanding any other provision of this Section, for
15 facilities licensed by the Department of Public Health under
16 the Nursing Home Care Act as skilled nursing facilities or
17 intermediate care facilities or other Department-licensed
18 community providers serving the developmentally disabled or
19 mentally ill, effective January 1, 2006, facility rates shall
20 be increased by the difference between (i) a facility's per
21 diem property, liability, and malpractice insurance costs as
22 reported in the cost report filed with the Department of Public
23 Aid and used to establish rates effective July 1, 2001 and (ii)
24 those same costs as reported in the facility's 2002 cost
25 report. These costs shall be passed through to the facility
26 without caps or limitations, except for adjustments required
27 under normal auditing procedures.

28 Rates established effective each July 1 shall govern
29 payment for services rendered throughout that fiscal year,
30 except that rates established on July 1, 1996 shall be
31 increased by 6.8% for services provided on or after January 1,
32 1997. Such rates will be based upon the rates calculated for
33 the year beginning July 1, 1990, and for subsequent years
34 thereafter until June 30, 2001 shall be based on the facility
35 cost reports for the facility fiscal year ending at any point
36 in time during the previous calendar year, updated to the

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

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

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

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

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

34 (Source: P.A. 92-10, eff. 6-11-01; 92-31, eff. 6-28-01; 92-597,
35 eff. 6-28-02; 92-651, eff. 7-11-02; 92-848, eff. 1-1-03; 93-20,
36 eff. 6-20-03; 93-649, eff. 1-8-04; 93-659, eff. 2-3-04; 93-841,

1 eff. 7-30-04.)

2 Section 99. Effective date. This Act takes effect January
3 1, 2006.