

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 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 Healthcare  
8 and Family Services. The Department of Healthcare and Family  
9 Services shall develop standards of payment of skilled nursing  
10 and intermediate care services in facilities providing such  
11 services under this Article which:

12 (1) Provide for the determination of a facility's payment  
13 for skilled nursing and intermediate care services on a  
14 prospective basis. The amount of the payment rate for all  
15 nursing facilities certified by the Department of Public Health  
16 under the Nursing Home Care Act as Intermediate Care for the  
17 Developmentally Disabled facilities, Long Term Care for Under  
18 Age 22 facilities, Skilled Nursing facilities, or Intermediate  
19 Care facilities under the medical assistance program shall be  
20 prospectively established annually on the basis of historical,  
21 financial, and statistical data reflecting actual costs from  
22 prior years, which shall be applied to the current rate year  
23 and updated for inflation, except that the capital cost element

1 for newly constructed facilities shall be based upon projected  
2 budgets. The annually established payment rate shall take  
3 effect on July 1 in 1984 and subsequent years. No rate increase  
4 and no update for inflation shall be provided on or after July  
5 1, 1994 and before July 1, 2008, unless specifically provided  
6 for in this Section. The changes made by Public Act 93-841  
7 extending the duration of the prohibition against a rate  
8 increase or update for inflation are effective retroactive to  
9 July 1, 2004.

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, 1998  
14 shall include an increase of 3%. For facilities licensed by the  
15 Department of Public Health under the Nursing Home Care Act as  
16 Skilled Nursing facilities or Intermediate Care facilities,  
17 the rates taking effect on July 1, 1998 shall include an  
18 increase of 3% plus \$1.10 per resident-day, as defined by the  
19 Department. For facilities licensed by the Department of Public  
20 Health under the Nursing Home Care Act as Intermediate Care  
21 Facilities for the Developmentally Disabled or Long Term Care  
22 for Under Age 22 facilities, the rates taking effect on January  
23 1, 2006 shall include an increase of 3%.

24 For facilities licensed by the Department of Public Health  
25 under the Nursing Home Care Act as Intermediate Care for the  
26 Developmentally Disabled facilities or Long Term Care for Under

1 Age 22 facilities, the rates taking effect on July 1, 1999  
2 shall include an increase of 1.6% plus \$3.00 per resident-day,  
3 as defined by the Department. For facilities licensed by the  
4 Department of Public Health under the Nursing Home Care Act as  
5 Skilled Nursing facilities or Intermediate Care facilities,  
6 the rates taking effect on July 1, 1999 shall include an  
7 increase of 1.6% and, for services provided on or after October  
8 1, 1999, shall be increased by \$4.00 per resident-day, as  
9 defined by the 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, 2000  
14 shall include an increase of 2.5% per resident-day, as defined  
15 by the Department. For facilities licensed by the Department of  
16 Public Health under the Nursing Home Care Act as Skilled  
17 Nursing facilities or Intermediate Care facilities, the rates  
18 taking effect on July 1, 2000 shall include an increase of 2.5%  
19 per resident-day, as defined by the Department.

20 For facilities licensed by the Department of Public Health  
21 under the Nursing Home Care Act as skilled nursing facilities  
22 or intermediate care facilities, a new payment methodology must  
23 be implemented for the nursing component of the rate effective  
24 July 1, 2003. The Department of Public Aid (now Healthcare and  
25 Family Services) shall develop the new payment methodology  
26 using the Minimum Data Set (MDS) as the instrument to collect

1 information concerning nursing home resident condition  
2 necessary to compute the rate. The Department shall develop the  
3 new payment methodology to meet the unique needs of Illinois  
4 nursing home residents while remaining subject to the  
5 appropriations provided by the General Assembly. A transition  
6 period from the payment methodology in effect on June 30, 2003  
7 to the payment methodology in effect on July 1, 2003 shall be  
8 provided for a period not exceeding 3 years and 184 days after  
9 implementation of the new payment methodology as follows:

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

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

1           (C) Notwithstanding paragraphs (A) and (B), the  
2           nursing component rate per patient day for the facility  
3           shall be adjusted subject to appropriations provided by the  
4           General Assembly.

5           For facilities licensed by the Department of Public Health  
6           under the Nursing Home Care Act as Intermediate Care for the  
7           Developmentally Disabled facilities or Long Term Care for Under  
8           Age 22 facilities, the rates taking effect on March 1, 2001  
9           shall include a statewide increase of 7.85%, as defined by the  
10          Department.

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

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

1 June 30, 2001.

2 Notwithstanding any other provision 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 Illinois Department shall  
6 determine by rule the rates taking effect on July 1, 2002,  
7 which shall be 5.9% less than the rates in effect on June 30,  
8 2002.

9 Notwithstanding any other provision of this Section, for  
10 facilities licensed by the Department of Public Health under  
11 the Nursing Home Care Act as skilled nursing facilities or  
12 intermediate care facilities, if the payment methodologies  
13 required under Section 5A-12 and the waiver granted under 42  
14 CFR 433.68 are approved by the United States Centers for  
15 Medicare and Medicaid Services, the rates taking effect on July  
16 1, 2004 shall be 3.0% greater than the rates in effect on June  
17 30, 2004. These rates shall take effect only upon approval and  
18 implementation of the payment methodologies required under  
19 Section 5A-12.

20 Notwithstanding any other provisions 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 rates taking effect on  
24 January 1, 2005 shall be 3% more than the rates in effect on  
25 December 31, 2004.

26 Notwithstanding any other provision of this Section, for

1 facilities licensed by the Department of Public Health under  
2 the Nursing Home Care Act as skilled nursing facilities or  
3 intermediate care facilities, the support and real estate tax  
4 components of the rates taking effect on July 1, 2009 shall be  
5 computed using the most recent cost reports on file with the  
6 Department of Healthcare and Family Services no later than  
7 April 1, 2007, updated for inflation to January 1, 2008. After  
8 the effective date of this amendatory Act of the 95th General  
9 Assembly, facilities shall have the support and real estate tax  
10 components of their Medicaid rate computed every second July 1  
11 using the most recent cost reports on file with the Department  
12 of Healthcare and Family Services no later than April 1, 2  
13 years prior to the effective date of the rate, updated for  
14 inflation to January 1 of the year prior to the effective date  
15 of the rate.

16 Notwithstanding any other provisions of this Section, for  
17 facilities licensed by the Department of Public Health under  
18 the Nursing Home Care Act as intermediate care facilities that  
19 are federally defined as Institutions for Mental Disease, a  
20 socio-development component rate equal to 6.6% of the  
21 facility's nursing component rate as of January 1, 2006 shall  
22 be established and paid effective July 1, 2006. The Illinois  
23 Department may by rule adjust these socio-development  
24 component rates, but in no case may such rates be diminished.

25 For facilities licensed by the Department of Public Health  
26 under the Nursing Home Care Act as Intermediate Care for the

1     Developmentally Disabled facilities or as long-term care  
2     facilities for residents under 22 years of age, the rates  
3     taking effect on July 1, 2003 shall include a statewide  
4     increase of 4%, as defined by the Department.

5             Notwithstanding any other provision of this Section, for  
6     facilities licensed by the Department of Public Health under  
7     the Nursing Home Care Act as skilled nursing facilities or  
8     intermediate care facilities, effective January 1, 2005,  
9     facility rates shall be increased by the difference between (i)  
10    a facility's per diem property, liability, and malpractice  
11    insurance costs as reported in the cost report filed with the  
12    Department of Public Aid and used to establish rates effective  
13    July 1, 2001 and (ii) those same costs as reported in the  
14    facility's 2002 cost report. These costs shall be passed  
15    through to the facility without caps or limitations, except for  
16    adjustments required under normal auditing procedures.

17            Rates established effective each July 1 shall govern  
18    payment for services rendered throughout that fiscal year,  
19    except that rates established on July 1, 1996 shall be  
20    increased by 6.8% for services provided on or after January 1,  
21    1997. Such rates will be based upon the rates calculated for  
22    the year beginning July 1, 1990, and for subsequent years  
23    thereafter until June 30, 2001 shall be based on the facility  
24    cost reports for the facility fiscal year ending at any point  
25    in time during the previous calendar year, updated to the  
26    midpoint of the rate year. The cost report shall be on file



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

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

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

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

24 The Department of Healthcare and Family Services shall  
25 develop precise standards for payments to reimburse nursing  
26 facilities for any utilization of appropriate rehabilitative

1 personnel for the provision of rehabilitative services which is  
2 authorized by federal regulations, including reimbursement for  
3 services provided by qualified therapists or qualified  
4 assistants, and which is in accordance with accepted  
5 professional practices. Reimbursement also may be made for  
6 utilization of other supportive personnel under appropriate  
7 supervision.

8 (Source: P.A. 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; 94-697,  
9 eff. 11-21-05; 94-838, eff. 6-6-06; 94-964, eff. 6-28-06;  
10 95-12, eff. 7-2-07; 95-331, eff. 8-21-07.)

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.