

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 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, 2009, 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%. For facilities  
24 licensed by the Department of Public Health under the Nursing  
25 Home Care Act as Intermediate Care Facilities for the  
26 Developmentally Disabled or Long Term Care for Under Age 22

1 facilities, the rates taking effect on January 1, 2009 shall  
2 include an increase sufficient to provide a \$0.50 per hour wage  
3 increase for non-executive staff.

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

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

26 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 (now Healthcare and  
5 Family Services) shall develop the new payment methodology  
6 using the Minimum Data Set (MDS) as the instrument to collect  
7 information concerning nursing home resident condition  
8 necessary to compute the rate. The Department shall develop the  
9 new payment methodology to meet the unique needs of Illinois  
10 nursing home residents while remaining subject to the  
11 appropriations provided by the General Assembly. A transition  
12 period from the payment methodology in effect on June 30, 2003  
13 to the payment methodology in effect on July 1, 2003 shall be  
14 provided for a period not exceeding 3 years and 184 days after  
15 implementation of the new 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

1 component rate per patient day under the payment  
2 methodology in effect on July 1, 2003 than the facility  
3 received effective on the date immediately preceding the  
4 date that the Department implements the new payment  
5 methodology, the nursing component rate per patient day for  
6 the facility shall be adjusted.

7 (C) Notwithstanding paragraphs (A) and (B), the  
8 nursing component rate per patient day for the facility  
9 shall be adjusted subject to appropriations provided by the  
10 General Assembly.

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 March 1, 2001  
15 shall include a statewide increase of 7.85%, as defined by the  
16 Department.

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 numerator of the ratio used  
21 by the Department of Healthcare and Family Services to compute  
22 the rate payable under this Section using the Minimum Data Set  
23 (MDS) methodology shall incorporate the following annual  
24 amounts as the additional funds appropriated to the Department  
25 specifically to pay for rates based on the MDS nursing  
26 component methodology in excess of the funding in effect on

1 December 31, 2006:

2 (i) For rates taking effect January 1, 2007,  
3 \$60,000,000.

4 (ii) For rates taking effect January 1, 2008,  
5 \$110,000,000.

6 (iii) For rates taking effect January 1, 2009,  
7 \$194,000,000.

8 Notwithstanding any other provision of this Section, for  
9 facilities licensed by the Department of Public Health under  
10 the Nursing Home Care Act as skilled nursing facilities or  
11 intermediate care facilities, the support component of the  
12 rates taking effect on January 1, 2008 shall be computed using  
13 the most recent cost reports on file with the Department of  
14 Healthcare and Family Services no later than April 1, 2005,  
15 updated for inflation to January 1, 2006.

16 Notwithstanding any other provision of this Section, for  
17 facilities licensed by the Department of Public Health under  
18 the Nursing Home Care Act as skilled nursing facilities or  
19 intermediate care facilities, the Department of Healthcare and  
20 Family Services shall adjust the rate of any nursing facility  
21 that participates in the Department of Public Health nursing  
22 home conversion and bed reduction pilot program under  
23 subsection (m) of Section 30 of the Older Adult Services Act so  
24 that the nursing facility rate reflects adjustments  
25 necessitated by the conversion activity.

26 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 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

1 intermediate care facilities, if the payment methodologies  
2 required under Section 5A-12 and the waiver granted under 42  
3 CFR 433.68 are approved by the United States Centers for  
4 Medicare and Medicaid Services, the rates taking effect on July  
5 1, 2004 shall be 3.0% greater than the rates in effect on June  
6 30, 2004. These rates shall take effect only upon approval and  
7 implementation of the payment methodologies required under  
8 Section 5A-12.

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

15 Notwithstanding any other provision of this Section, for  
16 facilities licensed by the Department of Public Health under  
17 the Nursing Home Care Act as skilled nursing facilities or  
18 intermediate care facilities, effective January 1, 2009, the  
19 per diem support component of the rates effective on January 1,  
20 2008, computed using the most recent cost reports on file with  
21 the Department of Healthcare and Family Services no later than  
22 April 1, 2005, updated for inflation to January 1, 2006, shall  
23 be increased to the amount that would have been derived using  
24 standard Department of Healthcare and Family Services methods,  
25 procedures, and inflators.

26 Notwithstanding any other provisions of this Section, for



1 facilities licensed by the Department of Public Health under  
2 the Nursing Home Care Act as intermediate care facilities that  
3 are federally defined as Institutions for Mental Disease, a  
4 socio-development component rate equal to 6.6% of the  
5 facility's nursing component rate as of January 1, 2006 shall  
6 be established and paid effective July 1, 2006. The  
7 socio-development component of the rate shall be increased by a  
8 factor of 2.53 on the first day of the month that begins at  
9 least 45 days after January 11, 2008 (the effective date of  
10 Public Act 95-707). As of August 1, 2008, the socio-development  
11 component rate shall be equal to 6.6% of the facility's nursing  
12 component rate as of January 1, 2006, multiplied by a factor of  
13 3.53. The Illinois Department may by rule adjust these  
14 socio-development component rates, but in no case may such  
15 rates be diminished.

16 For facilities licensed by the Department of Public Health  
17 under the Nursing Home Care Act as Intermediate Care for the  
18 Developmentally Disabled facilities or as long-term care  
19 facilities for residents under 22 years of age, the rates  
20 taking effect on July 1, 2003 shall include a statewide  
21 increase of 4%, as 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 the first day of  
26 the month that begins at least 45 days after the effective date

1 of this amendatory Act of the 95th General Assembly shall  
2 include a statewide increase of 2.5%, as defined by the  
3 Department.

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

16 Rates established effective each July 1 shall govern  
17 payment for services rendered throughout that fiscal year,  
18 except that rates established on July 1, 1996 shall be  
19 increased by 6.8% for services provided on or after January 1,  
20 1997. Such rates will be based upon the rates calculated for  
21 the year beginning July 1, 1990, and for subsequent years  
22 thereafter until June 30, 2001 shall be based on the facility  
23 cost reports for the facility fiscal year ending at any point  
24 in time during the previous calendar year, updated to the  
25 midpoint of the rate year. The cost report shall be on file  
26 with the Department no later than April 1 of the current rate

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

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

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

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

23 The Department of Healthcare and Family Services shall  
24 develop precise standards for payments to reimburse nursing  
25 facilities for any utilization of appropriate rehabilitative  
26 personnel for the provision of rehabilitative services which is

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

7 (Source: P.A. 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; 94-697,  
8 eff. 11-21-05; 94-838, eff. 6-6-06; 94-964, eff. 6-28-06;  
9 95-12, eff. 7-2-07; 95-331, eff. 8-21-07; 95-707, eff. 1-11-08;  
10 95-744, eff. 7-18-08.)

11 Section 10. The Older Adult Services Act is amended by  
12 changing Section 30 as follows:

13 (320 ILCS 42/30)

14 Sec. 30. Nursing home conversion program.

15 (a) The Department of Public Health, in collaboration with  
16 the Department on Aging and the Department of Healthcare and  
17 Family Services, shall establish a nursing home conversion  
18 program. Start-up grants, pursuant to subsections (l) and (m)  
19 of this Section, shall be made available to nursing homes as  
20 appropriations permit as an incentive to reduce certified beds,  
21 retrofit, and retool operations to meet new service delivery  
22 expectations and demands.

23 (b) Grant moneys shall be made available for capital and  
24 other costs related to: (1) the conversion of all or a part of

1 a nursing home to an assisted living establishment or a special  
2 program or unit for persons with Alzheimer's disease or related  
3 disorders licensed under the Assisted Living and Shared Housing  
4 Act or a supportive living facility established under Section  
5 5-5.01a of the Illinois Public Aid Code; (2) the conversion of  
6 multi-resident bedrooms in the facility into single-occupancy  
7 rooms; and (3) the development of any of the services  
8 identified in a priority service plan that can be provided by a  
9 nursing home within the confines of a nursing home or  
10 transportation services. Grantees shall be required to provide  
11 a minimum of a 20% match toward the total cost of the project.

12 (c) Nothing in this Act shall prohibit the co-location of  
13 services or the development of multifunctional centers under  
14 subsection (f) of Section 20, including a nursing home offering  
15 community-based services or a community provider establishing  
16 a residential facility.

17 (d) A certified nursing home with at least 50% of its  
18 resident population having their care paid for by the Medicaid  
19 program is eligible to apply for a grant under this Section.

20 (e) Any nursing home receiving a grant under this Section  
21 shall reduce the number of certified nursing home beds by a  
22 number equal to or greater than the number of beds being  
23 converted for one or more of the permitted uses under item (1)  
24 or (2) of subsection (b). The nursing home shall retain the  
25 Certificate of Need for its nursing and sheltered care beds  
26 that were converted for 15 years. If the beds are reinstated by

1 the provider or its successor in interest, the provider shall  
2 pay to the fund from which the grant was awarded, on an  
3 amortized basis, the amount of the grant. The Department shall  
4 establish, by rule, the bed reduction methodology for nursing  
5 homes that receive a grant pursuant to item (3) of subsection  
6 (b).

7 (f) Any nursing home receiving a grant under this Section  
8 shall agree that, for a minimum of 10 years after the date that  
9 the grant is awarded, a minimum of 50% of the nursing home's  
10 resident population shall have their care paid for by the  
11 Medicaid program. If the nursing home provider or its successor  
12 in interest ceases to comply with the requirement set forth in  
13 this subsection, the provider shall pay to the fund from which  
14 the grant was awarded, on an amortized basis, the amount of the  
15 grant.

16 (g) Before awarding grants, the Department of Public Health  
17 shall seek recommendations from the Department on Aging and the  
18 Department of Healthcare and Family Services. The Department of  
19 Public Health shall attempt to balance the distribution of  
20 grants among geographic regions, and among small and large  
21 nursing homes. The Department of Public Health shall develop,  
22 by rule, the criteria for the award of grants based upon the  
23 following factors:

24 (1) the unique needs of older adults (including those  
25 with moderate and low incomes), caregivers, and providers  
26 in the geographic area of the State the grantee seeks to

1           serve;

2           (2) whether the grantee proposes to provide services in  
3           a priority service area;

4           (3) the extent to which the conversion or transition  
5           will result in the reduction of certified nursing home beds  
6           in an area with excess beds;

7           (4) the compliance history of the nursing home; and

8           (5) any other relevant factors identified by the  
9           Department, including standards of need.

10          (h) A conversion funded in whole or in part by a grant  
11          under this Section must not:

12           (1) diminish or reduce the quality of services  
13           available to nursing home residents;

14           (2) force any nursing home resident to involuntarily  
15           accept home-based or community-based services instead of  
16           nursing home services;

17           (3) diminish or reduce the supply and distribution of  
18           nursing home services in any community below the level of  
19           need, as defined by the Department by rule; or

20           (4) cause undue hardship on any person who requires  
21           nursing home care.

22          (i) The Department shall prescribe, by rule, the grant  
23          application process. At a minimum, every application must  
24          include:

25           (1) the type of grant sought;

26           (2) a description of the project;

- 1           (3) the objective of the project;
- 2           (4) the likelihood of the project meeting identified  
3 needs;
- 4           (5) the plan for financing, administration, and  
5 evaluation of the project;
- 6           (6) the timetable for implementation;
- 7           (7) the roles and capabilities of responsible  
8 individuals and organizations;
- 9           (8) documentation of collaboration with other service  
10 providers, local community government leaders, and other  
11 stakeholders, other providers, and any other stakeholders  
12 in the community;
- 13           (9) documentation of community support for the  
14 project, including support by other service providers,  
15 local community government leaders, and other  
16 stakeholders;
- 17           (10) the total budget for the project;
- 18           (11) the financial condition of the applicant; and
- 19           (12) any other application requirements that may be  
20 established by the Department by rule.
- 21           (j) A conversion project funded in whole or in part by a  
22 grant under this Section is exempt from the requirements of the  
23 Illinois Health Facilities Planning Act. The Department of  
24 Public Health, however, shall send to the Health Facilities  
25 Planning Board a copy of each grant award made under this  
26 Section.



1           (k) Applications for grants are public information, except  
2 that nursing home financial condition and any proprietary data  
3 shall be classified as nonpublic data.

4           (l) The Department of Public Health may award grants from  
5 the Long Term Care Civil Money Penalties Fund established under  
6 Section 1919(h) (2) (A) (ii) of the Social Security Act and 42 CFR  
7 488.422(g) if the award meets federal requirements.

8           (m) The Department of Public Health shall conduct a pilot  
9 program for nursing home conversion projects. The scope of the  
10 projects included in this pilot program shall be limited to the  
11 conversion of multi-resident bedrooms in a facility into  
12 single-occupancy rooms. The Department shall have the same  
13 authority under this subsection, and facilities participating  
14 in the pilot program shall have the same guarantees under this  
15 subsection, as are otherwise available to the Department and  
16 grantees under this Section.

17           (Source: P.A. 95-331, eff. 8-21-07.)

18           Section 99. Effective date. This Act takes effect upon  
19 becoming law.