

**SB3264**



**96TH GENERAL ASSEMBLY**

**State of Illinois**

**2009 and 2010**

**SB3264**

Introduced 2/9/2010, by Sen. Gary Forby

**SYNOPSIS AS INTRODUCED:**

305 ILCS 5/14-8

from Ch. 23, par. 14-8

Amends the Hospital Services Trust Fund Article of the Illinois Public Aid Code. Provides that subject to appropriation, in addition to any other payments authorized under the Code, the Department of Healthcare and Family Services shall reimburse critical access hospitals for outpatient services at an amount that is no less than the cost of providing such services, based on Medicare cost principles.

LRB096 20498 KTG 36167 b

FISCAL NOTE ACT  
MAY APPLY

**A BILL FOR**

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 14-8 as follows:

6 (305 ILCS 5/14-8) (from Ch. 23, par. 14-8)

7 Sec. 14-8. Disbursements to Hospitals.

8 (a) For inpatient hospital services rendered on and after  
9 September 1, 1991, the Illinois Department shall reimburse  
10 hospitals for inpatient services at an inpatient payment rate  
11 calculated for each hospital based upon the Medicare  
12 Prospective Payment System as set forth in Sections 1886(b),  
13 (d), (g), and (h) of the federal Social Security Act, and the  
14 regulations, policies, and procedures promulgated thereunder,  
15 except as modified by this Section. Payment rates for inpatient  
16 hospital services rendered on or after September 1, 1991 and on  
17 or before September 30, 1992 shall be calculated using the  
18 Medicare Prospective Payment rates in effect on September 1,  
19 1991. Payment rates for inpatient hospital services rendered on  
20 or after October 1, 1992 and on or before March 31, 1994 shall  
21 be calculated using the Medicare Prospective Payment rates in  
22 effect on September 1, 1992. Payment rates for inpatient  
23 hospital services rendered on or after April 1, 1994 shall be

1 calculated using the Medicare Prospective Payment rates  
2 (including the Medicare grouping methodology and weighting  
3 factors as adjusted pursuant to paragraph (1) of this  
4 subsection) in effect 90 days prior to the date of admission.  
5 For services rendered on or after July 1, 1995, the  
6 reimbursement methodology implemented under this subsection  
7 shall not include those costs referred to in Sections  
8 1886(d)(5)(B) and 1886(h) of the Social Security Act. The  
9 additional payment amounts required under Section  
10 1886(d)(5)(F) of the Social Security Act, for hospitals serving  
11 a disproportionate share of low-income or indigent patients,  
12 are not required under this Section. For hospital inpatient  
13 services rendered on or after July 1, 1995, the Illinois  
14 Department shall reimburse hospitals using the relative  
15 weighting factors and the base payment rates calculated for  
16 each hospital that were in effect on June 30, 1995, less the  
17 portion of such rates attributed by the Illinois Department to  
18 the cost of medical education.

19 (1) The weighting factors established under Section  
20 1886(d)(4) of the Social Security Act shall not be used in  
21 the reimbursement system established under this Section.  
22 Rather, the Illinois Department shall establish by rule  
23 Medicaid weighting factors to be used in the reimbursement  
24 system established under this Section.

25 (2) The Illinois Department shall define by rule those  
26 hospitals or distinct parts of hospitals that shall be

1 exempt from the reimbursement system established under  
2 this Section. In defining such hospitals, the Illinois  
3 Department shall take into consideration those hospitals  
4 exempt from the Medicare Prospective Payment System as of  
5 September 1, 1991. For hospitals defined as exempt under  
6 this subsection, the Illinois Department shall by rule  
7 establish a reimbursement system for payment of inpatient  
8 hospital services rendered on and after September 1, 1991.  
9 For all hospitals that are children's hospitals as defined  
10 in Section 5-5.02 of this Code, the reimbursement  
11 methodology shall, through June 30, 1992, net of all  
12 applicable fees, at least equal each children's hospital  
13 1990 ICARE payment rates, indexed to the current year by  
14 application of the DRI hospital cost index from 1989 to the  
15 year in which payments are made. Excepting county providers  
16 as defined in Article XV of this Code, hospitals licensed  
17 under the University of Illinois Hospital Act, and  
18 facilities operated by the Department of Mental Health and  
19 Developmental Disabilities (or its successor, the  
20 Department of Human Services) for hospital inpatient  
21 services rendered on or after July 1, 1995, the Illinois  
22 Department shall reimburse children's hospitals, as  
23 defined in 89 Illinois Administrative Code Section  
24 149.50(c)(3), at the rates in effect on June 30, 1995, and  
25 shall reimburse all other hospitals at the rates in effect  
26 on June 30, 1995, less the portion of such rates attributed

1 by the Illinois Department to the cost of medical  
2 education. For inpatient hospital services provided on or  
3 after August 1, 1998, the Illinois Department may establish  
4 by rule a means of adjusting the rates of children's  
5 hospitals, as defined in 89 Illinois Administrative Code  
6 Section 149.50(c)(3), that did not meet that definition on  
7 June 30, 1995, in order for the inpatient hospital rates of  
8 such hospitals to take into account the average inpatient  
9 hospital rates of those children's hospitals that did meet  
10 the definition of children's hospitals on June 30, 1995.

11 (3) (Blank)

12 (4) Notwithstanding any other provision of this  
13 Section, hospitals that on August 31, 1991, have a contract  
14 with the Illinois Department under Section 3-4 of the  
15 Illinois Health Finance Reform Act may elect to continue to  
16 be reimbursed at rates stated in such contracts for general  
17 and specialty care.

18 (5) In addition to any payments made under this  
19 subsection (a), the Illinois Department shall make the  
20 adjustment payments required by Section 5-5.02 of this  
21 Code; provided, that in the case of any hospital reimbursed  
22 under a per case methodology, the Illinois Department shall  
23 add an amount equal to the product of the hospital's  
24 average length of stay, less one day, multiplied by 20, for  
25 inpatient hospital services rendered on or after September  
26 1, 1991 and on or before September 30, 1992.

1 (b) (Blank)

2 (b-5) Excepting county providers as defined in Article XV  
3 of this Code, hospitals licensed under the University of  
4 Illinois Hospital Act, and facilities operated by the Illinois  
5 Department of Mental Health and Developmental Disabilities (or  
6 its successor, the Department of Human Services), for  
7 outpatient services rendered on or after July 1, 1995 and  
8 before July 1, 1998 the Illinois Department shall reimburse  
9 children's hospitals, as defined in the Illinois  
10 Administrative Code Section 149.50(c)(3), at the rates in  
11 effect on June 30, 1995, less that portion of such rates  
12 attributed by the Illinois Department to the outpatient  
13 indigent volume adjustment and shall reimburse all other  
14 hospitals at the rates in effect on June 30, 1995, less the  
15 portions of such rates attributed by the Illinois Department to  
16 the cost of medical education and attributed by the Illinois  
17 Department to the outpatient indigent volume adjustment. For  
18 outpatient services provided on or after July 1, 1998,  
19 reimbursement rates shall be established by rule.

20 (c) In addition to any other payments under this Code, the  
21 Illinois Department shall develop a hospital disproportionate  
22 share reimbursement methodology that, effective July 1, 1991,  
23 through September 30, 1992, shall reimburse hospitals  
24 sufficiently to expend the fee monies described in subsection  
25 (b) of Section 14-3 of this Code and the federal matching funds  
26 received by the Illinois Department as a result of expenditures

1 made by the Illinois Department as required by this subsection  
2 (c) and Section 14-2 that are attributable to fee monies  
3 deposited in the Fund, less amounts applied to adjustment  
4 payments under Section 5-5.02.

5 (d) Critical Care Access Payments.

6 (1) In addition to any other payments made under this  
7 Code, the Illinois Department shall develop a  
8 reimbursement methodology that shall reimburse Critical  
9 Care Access Hospitals for the specialized services that  
10 qualify them as Critical Care Access Hospitals. No  
11 adjustment payments shall be made under this subsection on  
12 or after July 1, 1995.

13 (2) "Critical Care Access Hospitals" includes, but is  
14 not limited to, hospitals that meet at least one of the  
15 following criteria:

16 (A) Hospitals located outside of a metropolitan  
17 statistical area that are designated as Level II  
18 Perinatal Centers and that provide a disproportionate  
19 share of perinatal services to recipients; or

20 (B) Hospitals that are designated as Level I Trauma  
21 Centers (adult or pediatric) and certain Level II  
22 Trauma Centers as determined by the Illinois  
23 Department; or

24 (C) Hospitals located outside of a metropolitan  
25 statistical area and that provide a disproportionate  
26 share of obstetrical services to recipients.

1           (e) Inpatient high volume adjustment. For hospital  
2 inpatient services, effective with rate periods beginning on or  
3 after October 1, 1993, in addition to rates paid for inpatient  
4 services by the Illinois Department, the Illinois Department  
5 shall make adjustment payments for inpatient services  
6 furnished by Medicaid high volume hospitals. The Illinois  
7 Department shall establish by rule criteria for qualifying as a  
8 Medicaid high volume hospital and shall establish by rule a  
9 reimbursement methodology for calculating these adjustment  
10 payments to Medicaid high volume hospitals. No adjustment  
11 payment shall be made under this subsection for services  
12 rendered on or after July 1, 1995.

13           (f) The Illinois Department shall modify its current rules  
14 governing adjustment payments for targeted access, critical  
15 care access, and uncompensated care to classify those  
16 adjustment payments as not being payments to disproportionate  
17 share hospitals under Title XIX of the federal Social Security  
18 Act. Rules adopted under this subsection shall not be effective  
19 with respect to services rendered on or after July 1, 1995. The  
20 Illinois Department has no obligation to adopt or implement any  
21 rules or make any payments under this subsection for services  
22 rendered on or after July 1, 1995.

23           (f-5) The State recognizes that adjustment payments to  
24 hospitals providing certain services or incurring certain  
25 costs may be necessary to assure that recipients of medical  
26 assistance have adequate access to necessary medical services.



1 These adjustments include payments for teaching costs and  
2 uncompensated care, trauma center payments, rehabilitation  
3 hospital payments, perinatal center payments, obstetrical care  
4 payments, targeted access payments, Medicaid high volume  
5 payments, and outpatient indigent volume payments. On or before  
6 April 1, 1995, the Illinois Department shall issue  
7 recommendations regarding (i) reimbursement mechanisms or  
8 adjustment payments to reflect these costs and services,  
9 including methods by which the payments may be calculated and  
10 the method by which the payments may be financed, and (ii)  
11 reimbursement mechanisms or adjustment payments to reflect  
12 costs and services of federally qualified health centers with  
13 respect to recipients of medical assistance.

14 (g) If one or more hospitals file suit in any court  
15 challenging any part of this Article XIV, payments to hospitals  
16 under this Article XIV shall be made only to the extent that  
17 sufficient monies are available in the Fund and only to the  
18 extent that any monies in the Fund are not prohibited from  
19 disbursement under any order of the court.

20 (h) Payments under the disbursement methodology described  
21 in this Section are subject to approval by the federal  
22 government in an appropriate State plan amendment.

23 (i) The Illinois Department may by rule establish criteria  
24 for and develop methodologies for adjustment payments to  
25 hospitals participating under this Article.

26 (j) Hospital Residing Long Term Care Services. In addition

1 to any other payments made under this Code, the Illinois  
2 Department may by rule establish criteria and develop  
3 methodologies for payments to hospitals for Hospital Residing  
4 Long Term Care Services.

5 (k) Critical Access Hospital outpatient payments. In  
6 addition to any other payments authorized under this Code, the  
7 Illinois Department shall reimburse critical access hospitals,  
8 as designated by the Illinois Department of Public Health in  
9 accordance with 42 CFR 485, Subpart F, for outpatient services  
10 at an amount that is no less than the cost of providing such  
11 services, based on Medicare cost principles. Payments under  
12 this subsection shall be subject to appropriation.

13 (Source: P.A. 93-20, eff. 6-20-03.)