

**HB0976**



**99TH GENERAL ASSEMBLY**

**State of Illinois**

**2015 and 2016**

**HB0976**

by Rep. Michael J. Madigan

**SYNOPSIS AS INTRODUCED:**

305 ILCS 5/5-5.02

from Ch. 23, par. 5-5.02

Amends the Illinois Public Aid Code. Makes a technical change in a Section concerning Medicaid rates for hospitals.

LRB099 04811 KTG 24840 b

**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 5-5.02 as follows:

6 (305 ILCS 5/5-5.02) (from Ch. 23, par. 5-5.02)

7 Sec. 5-5.02. Hospital reimbursements.

8 (a) Reimbursement to Hospitals; July 1, 1992 through  
9 September 30, 1992. Notwithstanding any other provisions of  
10 this Code or the ~~the~~ Illinois Department's Rules promulgated  
11 under the Illinois Administrative Procedure Act, reimbursement  
12 to hospitals for services provided during the period July 1,  
13 1992 through September 30, 1992, shall be as follows:

14 (1) For inpatient hospital services rendered, or if  
15 applicable, for inpatient hospital discharges occurring,  
16 on or after July 1, 1992 and on or before September 30,  
17 1992, the Illinois Department shall reimburse hospitals  
18 for inpatient services under the reimbursement  
19 methodologies in effect for each hospital, and at the  
20 inpatient payment rate calculated for each hospital, as of  
21 June 30, 1992. For purposes of this paragraph,  
22 "reimbursement methodologies" means all reimbursement  
23 methodologies that pertain to the provision of inpatient

1 hospital services, including, but not limited to, any  
2 adjustments for disproportionate share, targeted access,  
3 critical care access and uncompensated care, as defined by  
4 the Illinois Department on June 30, 1992.

5 (2) For the purpose of calculating the inpatient  
6 payment rate for each hospital eligible to receive  
7 quarterly adjustment payments for targeted access and  
8 critical care, as defined by the Illinois Department on  
9 June 30, 1992, the adjustment payment for the period July  
10 1, 1992 through September 30, 1992, shall be 25% of the  
11 annual adjustment payments calculated for each eligible  
12 hospital, as of June 30, 1992. The Illinois Department  
13 shall determine by rule the adjustment payments for  
14 targeted access and critical care beginning October 1,  
15 1992.

16 (3) For the purpose of calculating the inpatient  
17 payment rate for each hospital eligible to receive  
18 quarterly adjustment payments for uncompensated care, as  
19 defined by the Illinois Department on June 30, 1992, the  
20 adjustment payment for the period August 1, 1992 through  
21 September 30, 1992, shall be one-sixth of the total  
22 uncompensated care adjustment payments calculated for each  
23 eligible hospital for the uncompensated care rate year, as  
24 defined by the Illinois Department, ending on July 31,  
25 1992. The Illinois Department shall determine by rule the  
26 adjustment payments for uncompensated care beginning

1           October 1, 1992.

2           (b) Inpatient payments. For inpatient services provided on  
3 or after October 1, 1993, in addition to rates paid for  
4 hospital inpatient services pursuant to the Illinois Health  
5 Finance Reform Act, as now or hereafter amended, or the  
6 Illinois Department's prospective reimbursement methodology,  
7 or any other methodology used by the Illinois Department for  
8 inpatient services, the Illinois Department shall make  
9 adjustment payments, in an amount calculated pursuant to the  
10 methodology described in paragraph (c) of this Section, to  
11 hospitals that the Illinois Department determines satisfy any  
12 one of the following requirements:

13           (1) Hospitals that are described in Section 1923 of the  
14 federal Social Security Act, as now or hereafter amended,  
15 except that for rate year 2015 and after a hospital  
16 described in Section 1923(b)(1)(B) of the federal Social  
17 Security Act and qualified for the payments described in  
18 subsection (c) of this Section for rate year 2014 provided  
19 the hospital continues to meet the description in Section  
20 1923(b)(1)(B) in the current determination year; or

21           (2) Illinois hospitals that have a Medicaid inpatient  
22 utilization rate which is at least one-half a standard  
23 deviation above the mean Medicaid inpatient utilization  
24 rate for all hospitals in Illinois receiving Medicaid  
25 payments from the Illinois Department; or

26           (3) Illinois hospitals that on July 1, 1991 had a

1 Medicaid inpatient utilization rate, as defined in  
2 paragraph (h) of this Section, that was at least the mean  
3 Medicaid inpatient utilization rate for all hospitals in  
4 Illinois receiving Medicaid payments from the Illinois  
5 Department and which were located in a planning area with  
6 one-third or fewer excess beds as determined by the Health  
7 Facilities and Services Review Board, and that, as of June  
8 30, 1992, were located in a federally designated Health  
9 Manpower Shortage Area; or

10 (4) Illinois hospitals that:

11 (A) have a Medicaid inpatient utilization rate  
12 that is at least equal to the mean Medicaid inpatient  
13 utilization rate for all hospitals in Illinois  
14 receiving Medicaid payments from the Department; and

15 (B) also have a Medicaid obstetrical inpatient  
16 utilization rate that is at least one standard  
17 deviation above the mean Medicaid obstetrical  
18 inpatient utilization rate for all hospitals in  
19 Illinois receiving Medicaid payments from the  
20 Department for obstetrical services; or

21 (5) Any children's hospital, which means a hospital  
22 devoted exclusively to caring for children. A hospital  
23 which includes a facility devoted exclusively to caring for  
24 children shall be considered a children's hospital to the  
25 degree that the hospital's Medicaid care is provided to  
26 children if either (i) the facility devoted exclusively to

1           caring for children is separately licensed as a hospital by  
2           a municipality prior to February 28, 2013 or (ii) the  
3           hospital has been designated by the State as a Level III  
4           perinatal care facility, has a Medicaid Inpatient  
5           Utilization rate greater than 55% for the rate year 2003  
6           disproportionate share determination, and has more than  
7           10,000 qualified children days as defined by the Department  
8           in rulemaking.

9           (c) Inpatient adjustment payments. The adjustment payments  
10          required by paragraph (b) shall be calculated based upon the  
11          hospital's Medicaid inpatient utilization rate as follows:

12                 (1) hospitals with a Medicaid inpatient utilization  
13                 rate below the mean shall receive a per day adjustment  
14                 payment equal to \$25;

15                 (2) hospitals with a Medicaid inpatient utilization  
16                 rate that is equal to or greater than the mean Medicaid  
17                 inpatient utilization rate but less than one standard  
18                 deviation above the mean Medicaid inpatient utilization  
19                 rate shall receive a per day adjustment payment equal to  
20                 the sum of \$25 plus \$1 for each one percent that the  
21                 hospital's Medicaid inpatient utilization rate exceeds the  
22                 mean Medicaid inpatient utilization rate;

23                 (3) hospitals with a Medicaid inpatient utilization  
24                 rate that is equal to or greater than one standard  
25                 deviation above the mean Medicaid inpatient utilization  
26                 rate but less than 1.5 standard deviations above the mean

1 Medicaid inpatient utilization rate shall receive a per day  
2 adjustment payment equal to the sum of \$40 plus \$7 for each  
3 one percent that the hospital's Medicaid inpatient  
4 utilization rate exceeds one standard deviation above the  
5 mean Medicaid inpatient utilization rate; and

6 (4) hospitals with a Medicaid inpatient utilization  
7 rate that is equal to or greater than 1.5 standard  
8 deviations above the mean Medicaid inpatient utilization  
9 rate shall receive a per day adjustment payment equal to  
10 the sum of \$90 plus \$2 for each one percent that the  
11 hospital's Medicaid inpatient utilization rate exceeds 1.5  
12 standard deviations above the mean Medicaid inpatient  
13 utilization rate.

14 (d) Supplemental adjustment payments. In addition to the  
15 adjustment payments described in paragraph (c), hospitals as  
16 defined in clauses (1) through (5) of paragraph (b), excluding  
17 county hospitals (as defined in subsection (c) of Section 15-1  
18 of this Code) and a hospital organized under the University of  
19 Illinois Hospital Act, shall be paid supplemental inpatient  
20 adjustment payments of \$60 per day. For purposes of Title XIX  
21 of the federal Social Security Act, these supplemental  
22 adjustment payments shall not be classified as adjustment  
23 payments to disproportionate share hospitals.

24 (e) The inpatient adjustment payments described in  
25 paragraphs (c) and (d) shall be increased on October 1, 1993  
26 and annually thereafter by a percentage equal to the lesser of

1 (i) the increase in the DRI hospital cost index for the most  
2 recent 12 month period for which data are available, or (ii)  
3 the percentage increase in the statewide average hospital  
4 payment rate over the previous year's statewide average  
5 hospital payment rate. The sum of the inpatient adjustment  
6 payments under paragraphs (c) and (d) to a hospital, other than  
7 a county hospital (as defined in subsection (c) of Section 15-1  
8 of this Code) or a hospital organized under the University of  
9 Illinois Hospital Act, however, shall not exceed \$275 per day;  
10 that limit shall be increased on October 1, 1993 and annually  
11 thereafter by a percentage equal to the lesser of (i) the  
12 increase in the DRI hospital cost index for the most recent  
13 12-month period for which data are available or (ii) the  
14 percentage increase in the statewide average hospital payment  
15 rate over the previous year's statewide average hospital  
16 payment rate.

17 (f) Children's hospital inpatient adjustment payments. For  
18 children's hospitals, as defined in clause (5) of paragraph  
19 (b), the adjustment payments required pursuant to paragraphs  
20 (c) and (d) shall be multiplied by 2.0.

21 (g) County hospital inpatient adjustment payments. For  
22 county hospitals, as defined in subsection (c) of Section 15-1  
23 of this Code, there shall be an adjustment payment as  
24 determined by rules issued by the Illinois Department.

25 (h) For the purposes of this Section the following terms  
26 shall be defined as follows:



1           (1) "Medicaid inpatient utilization rate" means a  
2           fraction, the numerator of which is the number of a  
3           hospital's inpatient days provided in a given 12-month  
4           period to patients who, for such days, were eligible for  
5           Medicaid under Title XIX of the federal Social Security  
6           Act, and the denominator of which is the total number of  
7           the hospital's inpatient days in that same period.

8           (2) "Mean Medicaid inpatient utilization rate" means  
9           the total number of Medicaid inpatient days provided by all  
10          Illinois Medicaid-participating hospitals divided by the  
11          total number of inpatient days provided by those same  
12          hospitals.

13          (3) "Medicaid obstetrical inpatient utilization rate"  
14          means the ratio of Medicaid obstetrical inpatient days to  
15          total Medicaid inpatient days for all Illinois hospitals  
16          receiving Medicaid payments from the Illinois Department.

17          (i) Inpatient adjustment payment limit. In order to meet  
18          the limits of Public Law 102-234 and Public Law 103-66, the  
19          Illinois Department shall by rule adjust disproportionate  
20          share adjustment payments.

21          (j) University of Illinois Hospital inpatient adjustment  
22          payments. For hospitals organized under the University of  
23          Illinois Hospital Act, there shall be an adjustment payment as  
24          determined by rules adopted by the Illinois Department.

25          (k) The Illinois Department may by rule establish criteria  
26          for and develop methodologies for adjustment payments to

1 hospitals participating under this Article.

2 (1) On and after July 1, 2012, the Department shall reduce  
3 any rate of reimbursement for services or other payments or  
4 alter any methodologies authorized by this Code to reduce any  
5 rate of reimbursement for services or other payments in  
6 accordance with Section 5-5e.

7 (Source: P.A. 97-689, eff. 6-14-12; 98-104, eff. 7-22-13.)