

1 AN ACT concerning health.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Administrative Procedure Act is
5 amended by changing Section 5-45 as follows:

6 (5 ILCS 100/5-45) (from Ch. 127, par. 1005-45)

7 Sec. 5-45. Emergency rulemaking.

8 (a) "Emergency" means the existence of any situation that
9 any agency finds reasonably constitutes a threat to the public
10 interest, safety, or welfare.

11 (b) If any agency finds that an emergency exists that
12 requires adoption of a rule upon fewer days than is required by
13 Section 5-40 and states in writing its reasons for that
14 finding, the agency may adopt an emergency rule without prior
15 notice or hearing upon filing a notice of emergency rulemaking
16 with the Secretary of State under Section 5-70. The notice
17 shall include the text of the emergency rule and shall be
18 published in the Illinois Register. Consent orders or other
19 court orders adopting settlements negotiated by an agency may
20 be adopted under this Section. Subject to applicable
21 constitutional or statutory provisions, an emergency rule
22 becomes effective immediately upon filing under Section 5-65 or
23 at a stated date less than 10 days thereafter. The agency's

1 finding and a statement of the specific reasons for the finding
2 shall be filed with the rule. The agency shall take reasonable
3 and appropriate measures to make emergency rules known to the
4 persons who may be affected by them.

5 (c) An emergency rule may be effective for a period of not
6 longer than 150 days, but the agency's authority to adopt an
7 identical rule under Section 5-40 is not precluded. No
8 emergency rule may be adopted more than once in any 24-month
9 period, except that this limitation on the number of emergency
10 rules that may be adopted in a 24-month period does not apply
11 to (i) emergency rules that make additions to and deletions
12 from the Drug Manual under Section 5-5.16 of the Illinois
13 Public Aid Code or the generic drug formulary under Section
14 3.14 of the Illinois Food, Drug and Cosmetic Act, (ii)
15 emergency rules adopted by the Pollution Control Board before
16 July 1, 1997 to implement portions of the Livestock Management
17 Facilities Act, (iii) emergency rules adopted by the Illinois
18 Department of Public Health under subsections (a) through (i)
19 of Section 2 of the Department of Public Health Act when
20 necessary to protect the public's health, (iv) emergency rules
21 adopted pursuant to subsection (n) of this Section, (v)
22 emergency rules adopted pursuant to subsection (o) of this
23 Section, or (vi) emergency rules adopted pursuant to subsection
24 (c-5) of this Section. Two or more emergency rules having
25 substantially the same purpose and effect shall be deemed to be
26 a single rule for purposes of this Section.

1 (c-5) To facilitate the maintenance of the program of group
2 health benefits provided to annuitants, survivors, and retired
3 employees under the State Employees Group Insurance Act of
4 1971, rules to alter the contributions to be paid by the State,
5 annuitants, survivors, retired employees, or any combination
6 of those entities, for that program of group health benefits,
7 shall be adopted as emergency rules. The adoption of those
8 rules shall be considered an emergency and necessary for the
9 public interest, safety, and welfare.

10 (d) In order to provide for the expeditious and timely
11 implementation of the State's fiscal year 1999 budget,
12 emergency rules to implement any provision of Public Act 90-587
13 or 90-588 or any other budget initiative for fiscal year 1999
14 may be adopted in accordance with this Section by the agency
15 charged with administering that provision or initiative,
16 except that the 24-month limitation on the adoption of
17 emergency rules and the provisions of Sections 5-115 and 5-125
18 do not apply to rules adopted under this subsection (d). The
19 adoption of emergency rules authorized by this subsection (d)
20 shall be deemed to be necessary for the public interest,
21 safety, and welfare.

22 (e) In order to provide for the expeditious and timely
23 implementation of the State's fiscal year 2000 budget,
24 emergency rules to implement any provision of Public Act 91-24
25 or any other budget initiative for fiscal year 2000 may be
26 adopted in accordance with this Section by the agency charged

1 with administering that provision or initiative, except that
2 the 24-month limitation on the adoption of emergency rules and
3 the provisions of Sections 5-115 and 5-125 do not apply to
4 rules adopted under this subsection (e). The adoption of
5 emergency rules authorized by this subsection (e) shall be
6 deemed to be necessary for the public interest, safety, and
7 welfare.

8 (f) In order to provide for the expeditious and timely
9 implementation of the State's fiscal year 2001 budget,
10 emergency rules to implement any provision of Public Act 91-712
11 or any other budget initiative for fiscal year 2001 may be
12 adopted in accordance with this Section by the agency charged
13 with administering that provision or initiative, except that
14 the 24-month limitation on the adoption of emergency rules and
15 the provisions of Sections 5-115 and 5-125 do not apply to
16 rules adopted under this subsection (f). The adoption of
17 emergency rules authorized by this subsection (f) shall be
18 deemed to be necessary for the public interest, safety, and
19 welfare.

20 (g) In order to provide for the expeditious and timely
21 implementation of the State's fiscal year 2002 budget,
22 emergency rules to implement any provision of Public Act 92-10
23 or any other budget initiative for fiscal year 2002 may be
24 adopted in accordance with this Section by the agency charged
25 with administering that provision or initiative, except that
26 the 24-month limitation on the adoption of emergency rules and

1 the provisions of Sections 5-115 and 5-125 do not apply to
2 rules adopted under this subsection (g). The adoption of
3 emergency rules authorized by this subsection (g) shall be
4 deemed to be necessary for the public interest, safety, and
5 welfare.

6 (h) In order to provide for the expeditious and timely
7 implementation of the State's fiscal year 2003 budget,
8 emergency rules to implement any provision of Public Act 92-597
9 or any other budget initiative for fiscal year 2003 may be
10 adopted in accordance with this Section by the agency charged
11 with administering that provision or initiative, except that
12 the 24-month limitation on the adoption of emergency rules and
13 the provisions of Sections 5-115 and 5-125 do not apply to
14 rules adopted under this subsection (h). The adoption of
15 emergency rules authorized by this subsection (h) shall be
16 deemed to be necessary for the public interest, safety, and
17 welfare.

18 (i) In order to provide for the expeditious and timely
19 implementation of the State's fiscal year 2004 budget,
20 emergency rules to implement any provision of Public Act 93-20
21 or any other budget initiative for fiscal year 2004 may be
22 adopted in accordance with this Section by the agency charged
23 with administering that provision or initiative, except that
24 the 24-month limitation on the adoption of emergency rules and
25 the provisions of Sections 5-115 and 5-125 do not apply to
26 rules adopted under this subsection (i). The adoption of

1 emergency rules authorized by this subsection (i) shall be
2 deemed to be necessary for the public interest, safety, and
3 welfare.

4 (j) In order to provide for the expeditious and timely
5 implementation of the provisions of the State's fiscal year
6 2005 budget as provided under the Fiscal Year 2005 Budget
7 Implementation (Human Services) Act, emergency rules to
8 implement any provision of the Fiscal Year 2005 Budget
9 Implementation (Human Services) Act may be adopted in
10 accordance with this Section by the agency charged with
11 administering that provision, except that the 24-month
12 limitation on the adoption of emergency rules and the
13 provisions of Sections 5-115 and 5-125 do not apply to rules
14 adopted under this subsection (j). The Department of Public Aid
15 may also adopt rules under this subsection (j) necessary to
16 administer the Illinois Public Aid Code and the Children's
17 Health Insurance Program Act. The adoption of emergency rules
18 authorized by this subsection (j) shall be deemed to be
19 necessary for the public interest, safety, and welfare.

20 (k) In order to provide for the expeditious and timely
21 implementation of the provisions of the State's fiscal year
22 2006 budget, emergency rules to implement any provision of
23 Public Act 94-48 or any other budget initiative for fiscal year
24 2006 may be adopted in accordance with this Section by the
25 agency charged with administering that provision or
26 initiative, except that the 24-month limitation on the adoption

1 of emergency rules and the provisions of Sections 5-115 and
2 5-125 do not apply to rules adopted under this subsection (k).
3 The Department of Healthcare and Family Services may also adopt
4 rules under this subsection (k) necessary to administer the
5 Illinois Public Aid Code, the Senior Citizens and Persons with
6 Disabilities Property Tax Relief Act, the Senior Citizens and
7 Disabled Persons Prescription Drug Discount Program Act (now
8 the Illinois Prescription Drug Discount Program Act), and the
9 Children's Health Insurance Program Act. The adoption of
10 emergency rules authorized by this subsection (k) shall be
11 deemed to be necessary for the public interest, safety, and
12 welfare.

13 (l) In order to provide for the expeditious and timely
14 implementation of the provisions of the State's fiscal year
15 2007 budget, the Department of Healthcare and Family Services
16 may adopt emergency rules during fiscal year 2007, including
17 rules effective July 1, 2007, in accordance with this
18 subsection to the extent necessary to administer the
19 Department's responsibilities with respect to amendments to
20 the State plans and Illinois waivers approved by the federal
21 Centers for Medicare and Medicaid Services necessitated by the
22 requirements of Title XIX and Title XXI of the federal Social
23 Security Act. The adoption of emergency rules authorized by
24 this subsection (l) shall be deemed to be necessary for the
25 public interest, safety, and welfare.

26 (m) In order to provide for the expeditious and timely

1 implementation of the provisions of the State's fiscal year
2 2008 budget, the Department of Healthcare and Family Services
3 may adopt emergency rules during fiscal year 2008, including
4 rules effective July 1, 2008, in accordance with this
5 subsection to the extent necessary to administer the
6 Department's responsibilities with respect to amendments to
7 the State plans and Illinois waivers approved by the federal
8 Centers for Medicare and Medicaid Services necessitated by the
9 requirements of Title XIX and Title XXI of the federal Social
10 Security Act. The adoption of emergency rules authorized by
11 this subsection (m) shall be deemed to be necessary for the
12 public interest, safety, and welfare.

13 (n) In order to provide for the expeditious and timely
14 implementation of the provisions of the State's fiscal year
15 2010 budget, emergency rules to implement any provision of
16 Public Act 96-45 or any other budget initiative authorized by
17 the 96th General Assembly for fiscal year 2010 may be adopted
18 in accordance with this Section by the agency charged with
19 administering that provision or initiative. The adoption of
20 emergency rules authorized by this subsection (n) shall be
21 deemed to be necessary for the public interest, safety, and
22 welfare. The rulemaking authority granted in this subsection
23 (n) shall apply only to rules promulgated during Fiscal Year
24 2010.

25 (o) In order to provide for the expeditious and timely
26 implementation of the provisions of the State's fiscal year

1 2011 budget, emergency rules to implement any provision of
2 Public Act 96-958 or any other budget initiative authorized by
3 the 96th General Assembly for fiscal year 2011 may be adopted
4 in accordance with this Section by the agency charged with
5 administering that provision or initiative. The adoption of
6 emergency rules authorized by this subsection (o) is deemed to
7 be necessary for the public interest, safety, and welfare. The
8 rulemaking authority granted in this subsection (o) applies
9 only to rules promulgated on or after July 1, 2010 (the
10 effective date of Public Act 96-958) through June 30, 2011.

11 (p) In order to provide for the expeditious and timely
12 implementation of the provisions of Public Act 97-689,
13 emergency rules to implement any provision of Public Act 97-689
14 may be adopted in accordance with this subsection (p) by the
15 agency charged with administering that provision or
16 initiative. The 150-day limitation of the effective period of
17 emergency rules does not apply to rules adopted under this
18 subsection (p), and the effective period may continue through
19 June 30, 2013. The 24-month limitation on the adoption of
20 emergency rules does not apply to rules adopted under this
21 subsection (p). The adoption of emergency rules authorized by
22 this subsection (p) is deemed to be necessary for the public
23 interest, safety, and welfare.

24 (q) In order to provide for the expeditious and timely
25 implementation of the provisions of Articles 7, 8, 9, 11, and
26 12 of Public Act 98-104, emergency rules to implement any

1 provision of Articles 7, 8, 9, 11, and 12 of Public Act 98-104
2 may be adopted in accordance with this subsection (q) by the
3 agency charged with administering that provision or
4 initiative. The 24-month limitation on the adoption of
5 emergency rules does not apply to rules adopted under this
6 subsection (q). The adoption of emergency rules authorized by
7 this subsection (q) is deemed to be necessary for the public
8 interest, safety, and welfare.

9 (r) In order to provide for the expeditious and timely
10 implementation of the provisions of Public Act 98-651,
11 emergency rules to implement Public Act 98-651 may be adopted
12 in accordance with this subsection (r) by the Department of
13 Healthcare and Family Services. The 24-month limitation on the
14 adoption of emergency rules does not apply to rules adopted
15 under this subsection (r). The adoption of emergency rules
16 authorized by this subsection (r) is deemed to be necessary for
17 the public interest, safety, and welfare.

18 (s) In order to provide for the expeditious and timely
19 implementation of the provisions of Sections 5-5b.1 and 5A-2 of
20 the Illinois Public Aid Code, emergency rules to implement any
21 provision of Section 5-5b.1 or Section 5A-2 of the Illinois
22 Public Aid Code may be adopted in accordance with this
23 subsection (s) by the Department of Healthcare and Family
24 Services. The rulemaking authority granted in this subsection
25 (s) shall apply only to those rules adopted prior to July 1,
26 2015. Notwithstanding any other provision of this Section, any

1 emergency rule adopted under this subsection (s) shall only
2 apply to payments made for State fiscal year 2015. The adoption
3 of emergency rules authorized by this subsection (s) is deemed
4 to be necessary for the public interest, safety, and welfare.

5 (t) In order to provide for the expeditious and timely
6 implementation of the provisions of Article II of Public Act
7 99-6, emergency rules to implement the changes made by Article
8 II of Public Act 99-6 to the Emergency Telephone System Act may
9 be adopted in accordance with this subsection (t) by the
10 Department of State Police. The rulemaking authority granted in
11 this subsection (t) shall apply only to those rules adopted
12 prior to July 1, 2016. The 24-month limitation on the adoption
13 of emergency rules does not apply to rules adopted under this
14 subsection (t). The adoption of emergency rules authorized by
15 this subsection (t) is deemed to be necessary for the public
16 interest, safety, and welfare.

17 (u) In order to provide for the expeditious and timely
18 implementation of the provisions of the Burn Victims Relief
19 Act, emergency rules to implement any provision of the Act may
20 be adopted in accordance with this subsection (u) by the
21 Department of Insurance. The rulemaking authority granted in
22 this subsection (u) shall apply only to those rules adopted
23 prior to December 31, 2015. The adoption of emergency rules
24 authorized by this subsection (u) is deemed to be necessary for
25 the public interest, safety, and welfare.

26 (v) In order to provide for the expeditious and timely

1 implementation of the provisions of Public Act 99-516,
2 emergency rules to implement Public Act 99-516 may be adopted
3 in accordance with this subsection (v) by the Department of
4 Healthcare and Family Services. The 24-month limitation on the
5 adoption of emergency rules does not apply to rules adopted
6 under this subsection (v). The adoption of emergency rules
7 authorized by this subsection (v) is deemed to be necessary for
8 the public interest, safety, and welfare.

9 (w) In order to provide for the expeditious and timely
10 implementation of the provisions of Public Act 99-796,
11 emergency rules to implement the changes made by Public Act
12 99-796 may be adopted in accordance with this subsection (w) by
13 the Adjutant General. The adoption of emergency rules
14 authorized by this subsection (w) is deemed to be necessary for
15 the public interest, safety, and welfare.

16 (x) In order to provide for the expeditious and timely
17 implementation of the provisions of Public Act 99-906,
18 emergency rules to implement subsection (i) of Section 16-115D,
19 subsection (g) of Section 16-128A, and subsection (a) of
20 Section 16-128B of the Public Utilities Act may be adopted in
21 accordance with this subsection (x) by the Illinois Commerce
22 Commission. The rulemaking authority granted in this
23 subsection (x) shall apply only to those rules adopted within
24 180 days after June 1, 2017 (the effective date of Public Act
25 99-906). The adoption of emergency rules authorized by this
26 subsection (x) is deemed to be necessary for the public

1 interest, safety, and welfare.

2 (y) In order to provide for the expeditious and timely
3 implementation of the provisions of Public Act 100-23 ~~this~~
4 ~~amendatory Act of the 100th General Assembly~~, emergency rules
5 to implement the changes made by Public Act 100-23 ~~this~~
6 ~~amendatory Act of the 100th General Assembly~~ to Section 4.02 of
7 the Illinois Act on the Aging, Sections 5.5.4 and 5-5.4i of the
8 Illinois Public Aid Code, Section 55-30 of the Alcoholism and
9 Other Drug Abuse and Dependency Act, and Sections 74 and 75 of
10 the Mental Health and Developmental Disabilities
11 Administrative Act may be adopted in accordance with this
12 subsection (y) by the respective Department. The adoption of
13 emergency rules authorized by this subsection (y) is deemed to
14 be necessary for the public interest, safety, and welfare.

15 (z) In order to provide for the expeditious and timely
16 implementation of the provisions of Public Act 100-554 ~~this~~
17 ~~amendatory Act of the 100th General Assembly~~, emergency rules
18 to implement the changes made by Public Act 100-554 ~~this~~
19 ~~amendatory Act of the 100th General Assembly~~ to Section 4.7 of
20 the Lobbyist Registration Act may be adopted in accordance with
21 this subsection (z) by the Secretary of State. The adoption of
22 emergency rules authorized by this subsection (z) is deemed to
23 be necessary for the public interest, safety, and welfare.

24 (aa) In order to provide for the expeditious and timely
25 initial implementation of the changes made to Articles 5, 5A,
26 12, and 14 of the Illinois Public Aid Code under the provisions

1 of Public Act 100-581 ~~this amendatory Act of the 100th General~~
2 ~~Assembly~~, the Department of Healthcare and Family Services may
3 adopt emergency rules in accordance with this subsection (aa).
4 The 24-month limitation on the adoption of emergency rules does
5 not apply to rules to initially implement the changes made to
6 Articles 5, 5A, 12, and 14 of the Illinois Public Aid Code
7 adopted under this subsection (aa). The adoption of emergency
8 rules authorized by this subsection (aa) is deemed to be
9 necessary for the public interest, safety, and welfare.

10 (bb) In order to provide for the expeditious and timely
11 implementation of the provisions of Public Act 100-587 ~~this~~
12 ~~amendatory Act of the 100th General Assembly~~, emergency rules
13 to implement the changes made by Public Act 100-587 ~~this~~
14 ~~amendatory Act of the 100th General Assembly~~ to Section 4.02 of
15 the Illinois Act on the Aging, Sections 5.5.4 and 5-5.4i of the
16 Illinois Public Aid Code, subsection (b) of Section 55-30 of
17 the Alcoholism and Other Drug Abuse and Dependency Act, Section
18 5-104 of the Specialized Mental Health Rehabilitation Act of
19 2013, and Section 75 and subsection (b) of Section 74 of the
20 Mental Health and Developmental Disabilities Administrative
21 Act may be adopted in accordance with this subsection (bb) by
22 the respective Department. The adoption of emergency rules
23 authorized by this subsection (bb) is deemed to be necessary
24 for the public interest, safety, and welfare.

25 (cc) ~~(bb)~~ In order to provide for the expeditious and
26 timely implementation of the provisions of Public Act 100-587

1 ~~this amendatory Act of the 100th General Assembly~~, emergency
2 rules may be adopted in accordance with this subsection (cc)
3 ~~(bb)~~ to implement the changes made by Public Act 100-587 ~~this~~
4 ~~amendatory Act of the 100th General Assembly~~ to: Sections
5 14-147.5 and 14-147.6 of the Illinois Pension Code by the Board
6 created under Article 14 of the Code; Sections 15-185.5 and
7 15-185.6 of the Illinois Pension Code by the Board created
8 under Article 15 of the Code; and Sections 16-190.5 and
9 16-190.6 of the Illinois Pension Code by the Board created
10 under Article 16 of the Code. The adoption of emergency rules
11 authorized by this subsection (cc) ~~(bb)~~ is deemed to be
12 necessary for the public interest, safety, and welfare.

13 (dd) ~~(aa)~~ In order to provide for the expeditious and
14 timely implementation of the provisions of Public Act 100-864
15 ~~this amendatory Act of the 100th General Assembly~~, emergency
16 rules to implement the changes made by Public Act 100-864 ~~this~~
17 ~~amendatory Act of the 100th General Assembly~~ to Section 3.35 of
18 the Newborn Metabolic Screening Act may be adopted in
19 accordance with this subsection (dd) ~~(aa)~~ by the Secretary of
20 State. The adoption of emergency rules authorized by this
21 subsection (dd) ~~(aa)~~ is deemed to be necessary for the public
22 interest, safety, and welfare.

23 (ee) In order to provide for the expeditious and timely
24 initial implementation of the changes made to Articles 5A and
25 14 of the Illinois Public Aid Code under the provisions of this
26 amendatory Act of the 100th General Assembly, the Department of

1 Healthcare and Family Services may on a one-time-only basis
2 adopt emergency rules in accordance with this subsection (ee).
3 The 24-month limitation on the adoption of emergency rules does
4 not apply to rules to initially implement the changes made to
5 Articles 5A and 14 of the Illinois Public Aid Code adopted
6 under this subsection (ee). The adoption of emergency rules
7 authorized by this subsection (ee) is deemed to be necessary
8 for the public interest, safety, and welfare.

9 (Source: P.A. 99-2, eff. 3-26-15; 99-6, eff. 1-1-16; 99-143,
10 eff. 7-27-15; 99-455, eff. 1-1-16; 99-516, eff. 6-30-16;
11 99-642, eff. 7-28-16; 99-796, eff. 1-1-17; 99-906, eff. 6-1-17;
12 100-23, eff. 7-6-17; 100-554, eff. 11-16-17; 100-581, eff.
13 3-12-18; 100-587, Article 95, Section 95-5, eff. 6-4-18;
14 100-587, Article 110, Section 110-5, eff. 6-4-18; 100-864, eff.
15 8-14-18; revised 10-18-18.)

16 Section 15. The Use Tax Act is amended by changing Section
17 3-8 as follows:

18 (35 ILCS 105/3-8)

19 Sec. 3-8. Hospital exemption.

20 (a) Until July 1, 2022, tangible ~~Tangible~~ personal property
21 sold to or used by a hospital owner that owns one or more
22 hospitals licensed under the Hospital Licensing Act or operated
23 under the University of Illinois Hospital Act, or a hospital
24 affiliate that is not already exempt under another provision of

1 this Act and meets the criteria for an exemption under this
2 Section, is exempt from taxation under this Act.

3 (b) A hospital owner or hospital affiliate satisfies the
4 conditions for an exemption under this Section if the value of
5 qualified services or activities listed in subsection (c) of
6 this Section for the hospital year equals or exceeds the
7 relevant hospital entity's estimated property tax liability,
8 without regard to any property tax exemption granted under
9 Section 15-86 of the Property Tax Code, for the calendar year
10 in which exemption or renewal of exemption is sought. For
11 purposes of making the calculations required by this subsection
12 (b), if the relevant hospital entity is a hospital owner that
13 owns more than one hospital, the value of the services or
14 activities listed in subsection (c) shall be calculated on the
15 basis of only those services and activities relating to the
16 hospital that includes the subject property, and the relevant
17 hospital entity's estimated property tax liability shall be
18 calculated only with respect to the properties comprising that
19 hospital. In the case of a multi-state hospital system or
20 hospital affiliate, the value of the services or activities
21 listed in subsection (c) shall be calculated on the basis of
22 only those services and activities that occur in Illinois and
23 the relevant hospital entity's estimated property tax
24 liability shall be calculated only with respect to its property
25 located in Illinois.

26 (c) The following services and activities shall be

1 considered for purposes of making the calculations required by
2 subsection (b):

3 (1) Charity care. Free or discounted services provided
4 pursuant to the relevant hospital entity's financial
5 assistance policy, measured at cost, including discounts
6 provided under the Hospital Uninsured Patient Discount
7 Act.

8 (2) Health services to low-income and underserved
9 individuals. Other unreimbursed costs of the relevant
10 hospital entity for providing without charge, paying for,
11 or subsidizing goods, activities, or services for the
12 purpose of addressing the health of low-income or
13 underserved individuals. Those activities or services may
14 include, but are not limited to: financial or in-kind
15 support to affiliated or unaffiliated hospitals, hospital
16 affiliates, community clinics, or programs that treat
17 low-income or underserved individuals; paying for or
18 subsidizing health care professionals who care for
19 low-income or underserved individuals; providing or
20 subsidizing outreach or educational services to low-income
21 or underserved individuals for disease management and
22 prevention; free or subsidized goods, supplies, or
23 services needed by low-income or underserved individuals
24 because of their medical condition; and prenatal or
25 childbirth outreach to low-income or underserved persons.

26 (3) Subsidy of State or local governments. Direct or

1 indirect financial or in-kind subsidies of State or local
2 governments by the relevant hospital entity that pay for or
3 subsidize activities or programs related to health care for
4 low-income or underserved individuals.

5 (4) Support for State health care programs for
6 low-income individuals. At the election of the hospital
7 applicant for each applicable year, either (A) 10% of
8 payments to the relevant hospital entity and any hospital
9 affiliate designated by the relevant hospital entity
10 (provided that such hospital affiliate's operations
11 provide financial or operational support for or receive
12 financial or operational support from the relevant
13 hospital entity) under Medicaid or other means-tested
14 programs, including, but not limited to, General
15 Assistance, the Covering ALL KIDS Health Insurance Act, and
16 the State Children's Health Insurance Program or (B) the
17 amount of subsidy provided by the relevant hospital entity
18 and any hospital affiliate designated by the relevant
19 hospital entity (provided that such hospital affiliate's
20 operations provide financial or operational support for or
21 receive financial or operational support from the relevant
22 hospital entity) to State or local government in treating
23 Medicaid recipients and recipients of means-tested
24 programs, including but not limited to General Assistance,
25 the Covering ALL KIDS Health Insurance Act, and the State
26 Children's Health Insurance Program. The amount of subsidy

1 for purpose of this item (4) is calculated in the same
2 manner as unreimbursed costs are calculated for Medicaid
3 and other means-tested government programs in the Schedule
4 H of IRS Form 990 in effect on the effective date of this
5 amendatory Act of the 97th General Assembly.

6 (5) Dual-eligible subsidy. The amount of subsidy
7 provided to government by treating dual-eligible
8 Medicare/Medicaid patients. The amount of subsidy for
9 purposes of this item (5) is calculated by multiplying the
10 relevant hospital entity's unreimbursed costs for
11 Medicare, calculated in the same manner as determined in
12 the Schedule H of IRS Form 990 in effect on the effective
13 date of this amendatory Act of the 97th General Assembly,
14 by the relevant hospital entity's ratio of dual-eligible
15 patients to total Medicare patients.

16 (6) Relief of the burden of government related to
17 health care. Except to the extent otherwise taken into
18 account in this subsection, the portion of unreimbursed
19 costs of the relevant hospital entity attributable to
20 providing, paying for, or subsidizing goods, activities,
21 or services that relieve the burden of government related
22 to health care for low-income individuals. Such activities
23 or services shall include, but are not limited to,
24 providing emergency, trauma, burn, neonatal, psychiatric,
25 rehabilitation, or other special services; providing
26 medical education; and conducting medical research or

1 training of health care professionals. The portion of those
2 unreimbursed costs attributable to benefiting low-income
3 individuals shall be determined using the ratio calculated
4 by adding the relevant hospital entity's costs
5 attributable to charity care, Medicaid, other means-tested
6 government programs, Medicare patients with disabilities
7 under age 65, and dual-eligible Medicare/Medicaid patients
8 and dividing that total by the relevant hospital entity's
9 total costs. Such costs for the numerator and denominator
10 shall be determined by multiplying gross charges by the
11 cost to charge ratio taken from the hospital's most
12 recently filed Medicare cost report (CMS 2252-10
13 Worksheet, Part I). In the case of emergency services, the
14 ratio shall be calculated using costs (gross charges
15 multiplied by the cost to charge ratio taken from the
16 hospital's most recently filed Medicare cost report (CMS
17 2252-10 Worksheet, Part I)) of patients treated in the
18 relevant hospital entity's emergency department.

19 (7) Any other activity by the relevant hospital entity
20 that the Department determines relieves the burden of
21 government or addresses the health of low-income or
22 underserved individuals.

23 (d) The hospital applicant shall include information in its
24 exemption application establishing that it satisfies the
25 requirements of subsection (b). For purposes of making the
26 calculations required by subsection (b), the hospital

1 applicant may for each year elect to use either (1) the value
2 of the services or activities listed in subsection (e) for the
3 hospital year or (2) the average value of those services or
4 activities for the 3 fiscal years ending with the hospital
5 year. If the relevant hospital entity has been in operation for
6 less than 3 completed fiscal years, then the latter
7 calculation, if elected, shall be performed on a pro rata
8 basis.

9 (e) For purposes of making the calculations required by
10 this Section:

11 (1) particular services or activities eligible for
12 consideration under any of the paragraphs (1) through (7)
13 of subsection (c) may not be counted under more than one of
14 those paragraphs; and

15 (2) the amount of unreimbursed costs and the amount of
16 subsidy shall not be reduced by restricted or unrestricted
17 payments received by the relevant hospital entity as
18 contributions deductible under Section 170(a) of the
19 Internal Revenue Code.

20 (f) (Blank).

21 (g) Estimation of Exempt Property Tax Liability. The
22 estimated property tax liability used for the determination in
23 subsection (b) shall be calculated as follows:

24 (1) "Estimated property tax liability" means the
25 estimated dollar amount of property tax that would be owed,
26 with respect to the exempt portion of each of the relevant

1 hospital entity's properties that are already fully or
2 partially exempt, or for which an exemption in whole or in
3 part is currently being sought, and then aggregated as
4 applicable, as if the exempt portion of those properties
5 were subject to tax, calculated with respect to each such
6 property by multiplying:

7 (A) the lesser of (i) the actual assessed value, if
8 any, of the portion of the property for which an
9 exemption is sought or (ii) an estimated assessed value
10 of the exempt portion of such property as determined in
11 item (2) of this subsection (g), by

12 (B) the applicable State equalization rate
13 (yielding the equalized assessed value), by

14 (C) the applicable tax rate.

15 (2) The estimated assessed value of the exempt portion
16 of the property equals the sum of (i) the estimated fair
17 market value of buildings on the property, as determined in
18 accordance with subparagraphs (A) and (B) of this item (2),
19 multiplied by the applicable assessment factor, and (ii)
20 the estimated assessed value of the land portion of the
21 property, as determined in accordance with subparagraph
22 (C).

23 (A) The "estimated fair market value of buildings
24 on the property" means the replacement value of any
25 exempt portion of buildings on the property, minus
26 depreciation, determined utilizing the cost

1 replacement method whereby the exempt square footage
2 of all such buildings is multiplied by the replacement
3 cost per square foot for Class A Average building found
4 in the most recent edition of the Marshall & Swift
5 Valuation Services Manual, adjusted by any appropriate
6 current cost and local multipliers.

7 (B) Depreciation, for purposes of calculating the
8 estimated fair market value of buildings on the
9 property, is applied by utilizing a weighted mean life
10 for the buildings based on original construction and
11 assuming a 40-year life for hospital buildings and the
12 applicable life for other types of buildings as
13 specified in the American Hospital Association
14 publication "Estimated Useful Lives of Depreciable
15 Hospital Assets". In the case of hospital buildings,
16 the remaining life is divided by 40 and this ratio is
17 multiplied by the replacement cost of the buildings to
18 obtain an estimated fair market value of buildings. If
19 a hospital building is older than 35 years, a remaining
20 life of 5 years for residual value is assumed; and if a
21 building is less than 8 years old, a remaining life of
22 32 years is assumed.

23 (C) The estimated assessed value of the land
24 portion of the property shall be determined by
25 multiplying (i) the per square foot average of the
26 assessed values of three parcels of land (not including

1 farm land, and excluding the assessed value of the
2 improvements thereon) reasonably comparable to the
3 property, by (ii) the number of square feet comprising
4 the exempt portion of the property's land square
5 footage.

6 (3) The assessment factor, State equalization rate,
7 and tax rate (including any special factors such as
8 Enterprise Zones) used in calculating the estimated
9 property tax liability shall be for the most recent year
10 that is publicly available from the applicable chief county
11 assessment officer or officers at least 90 days before the
12 end of the hospital year.

13 (4) The method utilized to calculate estimated
14 property tax liability for purposes of this Section 15-86
15 shall not be utilized for the actual valuation, assessment,
16 or taxation of property pursuant to the Property Tax Code.

17 (h) For the purpose of this Section, the following terms
18 shall have the meanings set forth below:

19 (1) "Hospital" means any institution, place, building,
20 buildings on a campus, or other health care facility
21 located in Illinois that is licensed under the Hospital
22 Licensing Act and has a hospital owner.

23 (2) "Hospital owner" means a not-for-profit
24 corporation that is the titleholder of a hospital, or the
25 owner of the beneficial interest in an Illinois land trust
26 that is the titleholder of a hospital.

1 (3) "Hospital affiliate" means any corporation,
2 partnership, limited partnership, joint venture, limited
3 liability company, association or other organization,
4 other than a hospital owner, that directly or indirectly
5 controls, is controlled by, or is under common control with
6 one or more hospital owners and that supports, is supported
7 by, or acts in furtherance of the exempt health care
8 purposes of at least one of those hospital owners'
9 hospitals.

10 (4) "Hospital system" means a hospital and one or more
11 other hospitals or hospital affiliates related by common
12 control or ownership.

13 (5) "Control" relating to hospital owners, hospital
14 affiliates, or hospital systems means possession, direct
15 or indirect, of the power to direct or cause the direction
16 of the management and policies of the entity, whether
17 through ownership of assets, membership interest, other
18 voting or governance rights, by contract or otherwise.

19 (6) "Hospital applicant" means a hospital owner or
20 hospital affiliate that files an application for an
21 exemption or renewal of exemption under this Section.

22 (7) "Relevant hospital entity" means (A) the hospital
23 owner, in the case of a hospital applicant that is a
24 hospital owner, and (B) at the election of a hospital
25 applicant that is a hospital affiliate, either (i) the
26 hospital affiliate or (ii) the hospital system to which the

1 hospital applicant belongs, including any hospitals or
2 hospital affiliates that are related by common control or
3 ownership.

4 (8) "Subject property" means property used for the
5 calculation under subsection (b) of this Section.

6 (9) "Hospital year" means the fiscal year of the
7 relevant hospital entity, or the fiscal year of one of the
8 hospital owners in the hospital system if the relevant
9 hospital entity is a hospital system with members with
10 different fiscal years, that ends in the year for which the
11 exemption is sought.

12 (i) It is the intent of the General Assembly that any
13 exemptions taken, granted, or renewed under this Section prior
14 to the effective date of this amendatory Act of the 100th
15 General Assembly are hereby validated.

16 (Source: P.A. 98-463, eff. 8-16-13; 99-143, eff. 7-27-15.)

17 Section 20. The Service Use Tax Act is amended by changing
18 Section 3-8 as follows:

19 (35 ILCS 110/3-8)

20 Sec. 3-8. Hospital exemption.

21 (a) Until July 1, 2022, tangible ~~Tangible~~ personal property
22 sold to or used by a hospital owner that owns one or more
23 hospitals licensed under the Hospital Licensing Act or operated
24 under the University of Illinois Hospital Act, or a hospital

1 affiliate that is not already exempt under another provision of
2 this Act and meets the criteria for an exemption under this
3 Section, is exempt from taxation under this Act.

4 (b) A hospital owner or hospital affiliate satisfies the
5 conditions for an exemption under this Section if the value of
6 qualified services or activities listed in subsection (c) of
7 this Section for the hospital year equals or exceeds the
8 relevant hospital entity's estimated property tax liability,
9 without regard to any property tax exemption granted under
10 Section 15-86 of the Property Tax Code, for the calendar year
11 in which exemption or renewal of exemption is sought. For
12 purposes of making the calculations required by this subsection
13 (b), if the relevant hospital entity is a hospital owner that
14 owns more than one hospital, the value of the services or
15 activities listed in subsection (c) shall be calculated on the
16 basis of only those services and activities relating to the
17 hospital that includes the subject property, and the relevant
18 hospital entity's estimated property tax liability shall be
19 calculated only with respect to the properties comprising that
20 hospital. In the case of a multi-state hospital system or
21 hospital affiliate, the value of the services or activities
22 listed in subsection (c) shall be calculated on the basis of
23 only those services and activities that occur in Illinois and
24 the relevant hospital entity's estimated property tax
25 liability shall be calculated only with respect to its property
26 located in Illinois.

1 (c) The following services and activities shall be
2 considered for purposes of making the calculations required by
3 subsection (b):

4 (1) Charity care. Free or discounted services provided
5 pursuant to the relevant hospital entity's financial
6 assistance policy, measured at cost, including discounts
7 provided under the Hospital Uninsured Patient Discount
8 Act.

9 (2) Health services to low-income and underserved
10 individuals. Other unreimbursed costs of the relevant
11 hospital entity for providing without charge, paying for,
12 or subsidizing goods, activities, or services for the
13 purpose of addressing the health of low-income or
14 underserved individuals. Those activities or services may
15 include, but are not limited to: financial or in-kind
16 support to affiliated or unaffiliated hospitals, hospital
17 affiliates, community clinics, or programs that treat
18 low-income or underserved individuals; paying for or
19 subsidizing health care professionals who care for
20 low-income or underserved individuals; providing or
21 subsidizing outreach or educational services to low-income
22 or underserved individuals for disease management and
23 prevention; free or subsidized goods, supplies, or
24 services needed by low-income or underserved individuals
25 because of their medical condition; and prenatal or
26 childbirth outreach to low-income or underserved persons.

1 (3) Subsidy of State or local governments. Direct or
2 indirect financial or in-kind subsidies of State or local
3 governments by the relevant hospital entity that pay for or
4 subsidize activities or programs related to health care for
5 low-income or underserved individuals.

6 (4) Support for State health care programs for
7 low-income individuals. At the election of the hospital
8 applicant for each applicable year, either (A) 10% of
9 payments to the relevant hospital entity and any hospital
10 affiliate designated by the relevant hospital entity
11 (provided that such hospital affiliate's operations
12 provide financial or operational support for or receive
13 financial or operational support from the relevant
14 hospital entity) under Medicaid or other means-tested
15 programs, including, but not limited to, General
16 Assistance, the Covering ALL KIDS Health Insurance Act, and
17 the State Children's Health Insurance Program or (B) the
18 amount of subsidy provided by the relevant hospital entity
19 and any hospital affiliate designated by the relevant
20 hospital entity (provided that such hospital affiliate's
21 operations provide financial or operational support for or
22 receive financial or operational support from the relevant
23 hospital entity) to State or local government in treating
24 Medicaid recipients and recipients of means-tested
25 programs, including but not limited to General Assistance,
26 the Covering ALL KIDS Health Insurance Act, and the State

1 Children's Health Insurance Program. The amount of subsidy
2 for purposes of this item (4) is calculated in the same
3 manner as unreimbursed costs are calculated for Medicaid
4 and other means-tested government programs in the Schedule
5 H of IRS Form 990 in effect on the effective date of this
6 amendatory Act of the 97th General Assembly.

7 (5) Dual-eligible subsidy. The amount of subsidy
8 provided to government by treating dual-eligible
9 Medicare/Medicaid patients. The amount of subsidy for
10 purposes of this item (5) is calculated by multiplying the
11 relevant hospital entity's unreimbursed costs for
12 Medicare, calculated in the same manner as determined in
13 the Schedule H of IRS Form 990 in effect on the effective
14 date of this amendatory Act of the 97th General Assembly,
15 by the relevant hospital entity's ratio of dual-eligible
16 patients to total Medicare patients.

17 (6) Relief of the burden of government related to
18 health care. Except to the extent otherwise taken into
19 account in this subsection, the portion of unreimbursed
20 costs of the relevant hospital entity attributable to
21 providing, paying for, or subsidizing goods, activities,
22 or services that relieve the burden of government related
23 to health care for low-income individuals. Such activities
24 or services shall include, but are not limited to,
25 providing emergency, trauma, burn, neonatal, psychiatric,
26 rehabilitation, or other special services; providing

1 medical education; and conducting medical research or
2 training of health care professionals. The portion of those
3 unreimbursed costs attributable to benefiting low-income
4 individuals shall be determined using the ratio calculated
5 by adding the relevant hospital entity's costs
6 attributable to charity care, Medicaid, other means-tested
7 government programs, Medicare patients with disabilities
8 under age 65, and dual-eligible Medicare/Medicaid patients
9 and dividing that total by the relevant hospital entity's
10 total costs. Such costs for the numerator and denominator
11 shall be determined by multiplying gross charges by the
12 cost to charge ratio taken from the hospital's most
13 recently filed Medicare cost report (CMS 2252-10
14 Worksheet, Part I). In the case of emergency services, the
15 ratio shall be calculated using costs (gross charges
16 multiplied by the cost to charge ratio taken from the
17 hospital's most recently filed Medicare cost report (CMS
18 2252-10 Worksheet, Part I)) of patients treated in the
19 relevant hospital entity's emergency department.

20 (7) Any other activity by the relevant hospital entity
21 that the Department determines relieves the burden of
22 government or addresses the health of low-income or
23 underserved individuals.

24 (d) The hospital applicant shall include information in its
25 exemption application establishing that it satisfies the
26 requirements of subsection (b). For purposes of making the

1 calculations required by subsection (b), the hospital
2 applicant may for each year elect to use either (1) the value
3 of the services or activities listed in subsection (e) for the
4 hospital year or (2) the average value of those services or
5 activities for the 3 fiscal years ending with the hospital
6 year. If the relevant hospital entity has been in operation for
7 less than 3 completed fiscal years, then the latter
8 calculation, if elected, shall be performed on a pro rata
9 basis.

10 (e) For purposes of making the calculations required by
11 this Section:

12 (1) particular services or activities eligible for
13 consideration under any of the paragraphs (1) through (7)
14 of subsection (c) may not be counted under more than one of
15 those paragraphs; and

16 (2) the amount of unreimbursed costs and the amount of
17 subsidy shall not be reduced by restricted or unrestricted
18 payments received by the relevant hospital entity as
19 contributions deductible under Section 170(a) of the
20 Internal Revenue Code.

21 (f) (Blank).

22 (g) Estimation of Exempt Property Tax Liability. The
23 estimated property tax liability used for the determination in
24 subsection (b) shall be calculated as follows:

25 (1) "Estimated property tax liability" means the
26 estimated dollar amount of property tax that would be owed,

1 with respect to the exempt portion of each of the relevant
2 hospital entity's properties that are already fully or
3 partially exempt, or for which an exemption in whole or in
4 part is currently being sought, and then aggregated as
5 applicable, as if the exempt portion of those properties
6 were subject to tax, calculated with respect to each such
7 property by multiplying:

8 (A) the lesser of (i) the actual assessed value, if
9 any, of the portion of the property for which an
10 exemption is sought or (ii) an estimated assessed value
11 of the exempt portion of such property as determined in
12 item (2) of this subsection (g), by

13 (B) the applicable State equalization rate
14 (yielding the equalized assessed value), by

15 (C) the applicable tax rate.

16 (2) The estimated assessed value of the exempt portion
17 of the property equals the sum of (i) the estimated fair
18 market value of buildings on the property, as determined in
19 accordance with subparagraphs (A) and (B) of this item (2),
20 multiplied by the applicable assessment factor, and (ii)
21 the estimated assessed value of the land portion of the
22 property, as determined in accordance with subparagraph
23 (C).

24 (A) The "estimated fair market value of buildings
25 on the property" means the replacement value of any
26 exempt portion of buildings on the property, minus

1 depreciation, determined utilizing the cost
2 replacement method whereby the exempt square footage
3 of all such buildings is multiplied by the replacement
4 cost per square foot for Class A Average building found
5 in the most recent edition of the Marshall & Swift
6 Valuation Services Manual, adjusted by any appropriate
7 current cost and local multipliers.

8 (B) Depreciation, for purposes of calculating the
9 estimated fair market value of buildings on the
10 property, is applied by utilizing a weighted mean life
11 for the buildings based on original construction and
12 assuming a 40-year life for hospital buildings and the
13 applicable life for other types of buildings as
14 specified in the American Hospital Association
15 publication "Estimated Useful Lives of Depreciable
16 Hospital Assets". In the case of hospital buildings,
17 the remaining life is divided by 40 and this ratio is
18 multiplied by the replacement cost of the buildings to
19 obtain an estimated fair market value of buildings. If
20 a hospital building is older than 35 years, a remaining
21 life of 5 years for residual value is assumed; and if a
22 building is less than 8 years old, a remaining life of
23 32 years is assumed.

24 (C) The estimated assessed value of the land
25 portion of the property shall be determined by
26 multiplying (i) the per square foot average of the

1 assessed values of three parcels of land (not including
2 farm land, and excluding the assessed value of the
3 improvements thereon) reasonably comparable to the
4 property, by (ii) the number of square feet comprising
5 the exempt portion of the property's land square
6 footage.

7 (3) The assessment factor, State equalization rate,
8 and tax rate (including any special factors such as
9 Enterprise Zones) used in calculating the estimated
10 property tax liability shall be for the most recent year
11 that is publicly available from the applicable chief county
12 assessment officer or officers at least 90 days before the
13 end of the hospital year.

14 (4) The method utilized to calculate estimated
15 property tax liability for purposes of this Section 15-86
16 shall not be utilized for the actual valuation, assessment,
17 or taxation of property pursuant to the Property Tax Code.

18 (h) For the purpose of this Section, the following terms
19 shall have the meanings set forth below:

20 (1) "Hospital" means any institution, place, building,
21 buildings on a campus, or other health care facility
22 located in Illinois that is licensed under the Hospital
23 Licensing Act and has a hospital owner.

24 (2) "Hospital owner" means a not-for-profit
25 corporation that is the titleholder of a hospital, or the
26 owner of the beneficial interest in an Illinois land trust

1 that is the titleholder of a hospital.

2 (3) "Hospital affiliate" means any corporation,
3 partnership, limited partnership, joint venture, limited
4 liability company, association or other organization,
5 other than a hospital owner, that directly or indirectly
6 controls, is controlled by, or is under common control with
7 one or more hospital owners and that supports, is supported
8 by, or acts in furtherance of the exempt health care
9 purposes of at least one of those hospital owners'
10 hospitals.

11 (4) "Hospital system" means a hospital and one or more
12 other hospitals or hospital affiliates related by common
13 control or ownership.

14 (5) "Control" relating to hospital owners, hospital
15 affiliates, or hospital systems means possession, direct
16 or indirect, of the power to direct or cause the direction
17 of the management and policies of the entity, whether
18 through ownership of assets, membership interest, other
19 voting or governance rights, by contract or otherwise.

20 (6) "Hospital applicant" means a hospital owner or
21 hospital affiliate that files an application for an
22 exemption or renewal of exemption under this Section.

23 (7) "Relevant hospital entity" means (A) the hospital
24 owner, in the case of a hospital applicant that is a
25 hospital owner, and (B) at the election of a hospital
26 applicant that is a hospital affiliate, either (i) the

1 hospital affiliate or (ii) the hospital system to which the
2 hospital applicant belongs, including any hospitals or
3 hospital affiliates that are related by common control or
4 ownership.

5 (8) "Subject property" means property used for the
6 calculation under subsection (b) of this Section.

7 (9) "Hospital year" means the fiscal year of the
8 relevant hospital entity, or the fiscal year of one of the
9 hospital owners in the hospital system if the relevant
10 hospital entity is a hospital system with members with
11 different fiscal years, that ends in the year for which the
12 exemption is sought.

13 (i) It is the intent of the General Assembly that any
14 exemptions taken, granted, or renewed under this Section prior
15 to the effective date of this amendatory Act of the 100th
16 General Assembly are hereby validated.

17 (Source: P.A. 98-463, eff. 8-16-13; 99-143, eff. 7-27-15.)

18 Section 25. The Service Occupation Tax Act is amended by
19 changing Section 3-8 as follows:

20 (35 ILCS 115/3-8)

21 Sec. 3-8. Hospital exemption.

22 (a) Until July 1, 2022, tangible ~~Tangible~~ personal property
23 sold to or used by a hospital owner that owns one or more
24 hospitals licensed under the Hospital Licensing Act or operated

1 under the University of Illinois Hospital Act, or a hospital
2 affiliate that is not already exempt under another provision of
3 this Act and meets the criteria for an exemption under this
4 Section, is exempt from taxation under this Act.

5 (b) A hospital owner or hospital affiliate satisfies the
6 conditions for an exemption under this Section if the value of
7 qualified services or activities listed in subsection (c) of
8 this Section for the hospital year equals or exceeds the
9 relevant hospital entity's estimated property tax liability,
10 without regard to any property tax exemption granted under
11 Section 15-86 of the Property Tax Code, for the calendar year
12 in which exemption or renewal of exemption is sought. For
13 purposes of making the calculations required by this subsection
14 (b), if the relevant hospital entity is a hospital owner that
15 owns more than one hospital, the value of the services or
16 activities listed in subsection (c) shall be calculated on the
17 basis of only those services and activities relating to the
18 hospital that includes the subject property, and the relevant
19 hospital entity's estimated property tax liability shall be
20 calculated only with respect to the properties comprising that
21 hospital. In the case of a multi-state hospital system or
22 hospital affiliate, the value of the services or activities
23 listed in subsection (c) shall be calculated on the basis of
24 only those services and activities that occur in Illinois and
25 the relevant hospital entity's estimated property tax
26 liability shall be calculated only with respect to its property

1 located in Illinois.

2 (c) The following services and activities shall be
3 considered for purposes of making the calculations required by
4 subsection (b):

5 (1) Charity care. Free or discounted services provided
6 pursuant to the relevant hospital entity's financial
7 assistance policy, measured at cost, including discounts
8 provided under the Hospital Uninsured Patient Discount
9 Act.

10 (2) Health services to low-income and underserved
11 individuals. Other unreimbursed costs of the relevant
12 hospital entity for providing without charge, paying for,
13 or subsidizing goods, activities, or services for the
14 purpose of addressing the health of low-income or
15 underserved individuals. Those activities or services may
16 include, but are not limited to: financial or in-kind
17 support to affiliated or unaffiliated hospitals, hospital
18 affiliates, community clinics, or programs that treat
19 low-income or underserved individuals; paying for or
20 subsidizing health care professionals who care for
21 low-income or underserved individuals; providing or
22 subsidizing outreach or educational services to low-income
23 or underserved individuals for disease management and
24 prevention; free or subsidized goods, supplies, or
25 services needed by low-income or underserved individuals
26 because of their medical condition; and prenatal or

1 childbirth outreach to low-income or underserved persons.

2 (3) Subsidy of State or local governments. Direct or
3 indirect financial or in-kind subsidies of State or local
4 governments by the relevant hospital entity that pay for or
5 subsidize activities or programs related to health care for
6 low-income or underserved individuals.

7 (4) Support for State health care programs for
8 low-income individuals. At the election of the hospital
9 applicant for each applicable year, either (A) 10% of
10 payments to the relevant hospital entity and any hospital
11 affiliate designated by the relevant hospital entity
12 (provided that such hospital affiliate's operations
13 provide financial or operational support for or receive
14 financial or operational support from the relevant
15 hospital entity) under Medicaid or other means-tested
16 programs, including, but not limited to, General
17 Assistance, the Covering ALL KIDS Health Insurance Act, and
18 the State Children's Health Insurance Program or (B) the
19 amount of subsidy provided by the relevant hospital entity
20 and any hospital affiliate designated by the relevant
21 hospital entity (provided that such hospital affiliate's
22 operations provide financial or operational support for or
23 receive financial or operational support from the relevant
24 hospital entity) to State or local government in treating
25 Medicaid recipients and recipients of means-tested
26 programs, including but not limited to General Assistance,

1 the Covering ALL KIDS Health Insurance Act, and the State
2 Children's Health Insurance Program. The amount of subsidy
3 for purposes of this item (4) is calculated in the same
4 manner as unreimbursed costs are calculated for Medicaid
5 and other means-tested government programs in the Schedule
6 H of IRS Form 990 in effect on the effective date of this
7 amendatory Act of the 97th General Assembly.

8 (5) Dual-eligible subsidy. The amount of subsidy
9 provided to government by treating dual-eligible
10 Medicare/Medicaid patients. The amount of subsidy for
11 purposes of this item (5) is calculated by multiplying the
12 relevant hospital entity's unreimbursed costs for
13 Medicare, calculated in the same manner as determined in
14 the Schedule H of IRS Form 990 in effect on the effective
15 date of this amendatory Act of the 97th General Assembly,
16 by the relevant hospital entity's ratio of dual-eligible
17 patients to total Medicare patients.

18 (6) Relief of the burden of government related to
19 health care. Except to the extent otherwise taken into
20 account in this subsection, the portion of unreimbursed
21 costs of the relevant hospital entity attributable to
22 providing, paying for, or subsidizing goods, activities,
23 or services that relieve the burden of government related
24 to health care for low-income individuals. Such activities
25 or services shall include, but are not limited to,
26 providing emergency, trauma, burn, neonatal, psychiatric,

1 rehabilitation, or other special services; providing
2 medical education; and conducting medical research or
3 training of health care professionals. The portion of those
4 unreimbursed costs attributable to benefiting low-income
5 individuals shall be determined using the ratio calculated
6 by adding the relevant hospital entity's costs
7 attributable to charity care, Medicaid, other means-tested
8 government programs, Medicare patients with disabilities
9 under age 65, and dual-eligible Medicare/Medicaid patients
10 and dividing that total by the relevant hospital entity's
11 total costs. Such costs for the numerator and denominator
12 shall be determined by multiplying gross charges by the
13 cost to charge ratio taken from the hospital's most
14 recently filed Medicare cost report (CMS 2252-10
15 Worksheet, Part I). In the case of emergency services, the
16 ratio shall be calculated using costs (gross charges
17 multiplied by the cost to charge ratio taken from the
18 hospital's most recently filed Medicare cost report (CMS
19 2252-10 Worksheet, Part I)) of patients treated in the
20 relevant hospital entity's emergency department.

21 (7) Any other activity by the relevant hospital entity
22 that the Department determines relieves the burden of
23 government or addresses the health of low-income or
24 underserved individuals.

25 (d) The hospital applicant shall include information in its
26 exemption application establishing that it satisfies the

1 requirements of subsection (b). For purposes of making the
2 calculations required by subsection (b), the hospital
3 applicant may for each year elect to use either (1) the value
4 of the services or activities listed in subsection (e) for the
5 hospital year or (2) the average value of those services or
6 activities for the 3 fiscal years ending with the hospital
7 year. If the relevant hospital entity has been in operation for
8 less than 3 completed fiscal years, then the latter
9 calculation, if elected, shall be performed on a pro rata
10 basis.

11 (e) For purposes of making the calculations required by
12 this Section:

13 (1) particular services or activities eligible for
14 consideration under any of the paragraphs (1) through (7)
15 of subsection (c) may not be counted under more than one of
16 those paragraphs; and

17 (2) the amount of unreimbursed costs and the amount of
18 subsidy shall not be reduced by restricted or unrestricted
19 payments received by the relevant hospital entity as
20 contributions deductible under Section 170(a) of the
21 Internal Revenue Code.

22 (f) (Blank).

23 (g) Estimation of Exempt Property Tax Liability. The
24 estimated property tax liability used for the determination in
25 subsection (b) shall be calculated as follows:

26 (1) "Estimated property tax liability" means the

1 estimated dollar amount of property tax that would be owed,
2 with respect to the exempt portion of each of the relevant
3 hospital entity's properties that are already fully or
4 partially exempt, or for which an exemption in whole or in
5 part is currently being sought, and then aggregated as
6 applicable, as if the exempt portion of those properties
7 were subject to tax, calculated with respect to each such
8 property by multiplying:

9 (A) the lesser of (i) the actual assessed value, if
10 any, of the portion of the property for which an
11 exemption is sought or (ii) an estimated assessed value
12 of the exempt portion of such property as determined in
13 item (2) of this subsection (g), by

14 (B) the applicable State equalization rate
15 (yielding the equalized assessed value), by

16 (C) the applicable tax rate.

17 (2) The estimated assessed value of the exempt portion
18 of the property equals the sum of (i) the estimated fair
19 market value of buildings on the property, as determined in
20 accordance with subparagraphs (A) and (B) of this item (2),
21 multiplied by the applicable assessment factor, and (ii)
22 the estimated assessed value of the land portion of the
23 property, as determined in accordance with subparagraph
24 (C).

25 (A) The "estimated fair market value of buildings
26 on the property" means the replacement value of any

1 exempt portion of buildings on the property, minus
2 depreciation, determined utilizing the cost
3 replacement method whereby the exempt square footage
4 of all such buildings is multiplied by the replacement
5 cost per square foot for Class A Average building found
6 in the most recent edition of the Marshall & Swift
7 Valuation Services Manual, adjusted by any appropriate
8 current cost and local multipliers.

9 (B) Depreciation, for purposes of calculating the
10 estimated fair market value of buildings on the
11 property, is applied by utilizing a weighted mean life
12 for the buildings based on original construction and
13 assuming a 40-year life for hospital buildings and the
14 applicable life for other types of buildings as
15 specified in the American Hospital Association
16 publication "Estimated Useful Lives of Depreciable
17 Hospital Assets". In the case of hospital buildings,
18 the remaining life is divided by 40 and this ratio is
19 multiplied by the replacement cost of the buildings to
20 obtain an estimated fair market value of buildings. If
21 a hospital building is older than 35 years, a remaining
22 life of 5 years for residual value is assumed; and if a
23 building is less than 8 years old, a remaining life of
24 32 years is assumed.

25 (C) The estimated assessed value of the land
26 portion of the property shall be determined by

1 multiplying (i) the per square foot average of the
2 assessed values of three parcels of land (not including
3 farm land, and excluding the assessed value of the
4 improvements thereon) reasonably comparable to the
5 property, by (ii) the number of square feet comprising
6 the exempt portion of the property's land square
7 footage.

8 (3) The assessment factor, State equalization rate,
9 and tax rate (including any special factors such as
10 Enterprise Zones) used in calculating the estimated
11 property tax liability shall be for the most recent year
12 that is publicly available from the applicable chief county
13 assessment officer or officers at least 90 days before the
14 end of the hospital year.

15 (4) The method utilized to calculate estimated
16 property tax liability for purposes of this Section 15-86
17 shall not be utilized for the actual valuation, assessment,
18 or taxation of property pursuant to the Property Tax Code.

19 (h) For the purpose of this Section, the following terms
20 shall have the meanings set forth below:

21 (1) "Hospital" means any institution, place, building,
22 buildings on a campus, or other health care facility
23 located in Illinois that is licensed under the Hospital
24 Licensing Act and has a hospital owner.

25 (2) "Hospital owner" means a not-for-profit
26 corporation that is the titleholder of a hospital, or the

1 owner of the beneficial interest in an Illinois land trust
2 that is the titleholder of a hospital.

3 (3) "Hospital affiliate" means any corporation,
4 partnership, limited partnership, joint venture, limited
5 liability company, association or other organization,
6 other than a hospital owner, that directly or indirectly
7 controls, is controlled by, or is under common control with
8 one or more hospital owners and that supports, is supported
9 by, or acts in furtherance of the exempt health care
10 purposes of at least one of those hospital owners'
11 hospitals.

12 (4) "Hospital system" means a hospital and one or more
13 other hospitals or hospital affiliates related by common
14 control or ownership.

15 (5) "Control" relating to hospital owners, hospital
16 affiliates, or hospital systems means possession, direct
17 or indirect, of the power to direct or cause the direction
18 of the management and policies of the entity, whether
19 through ownership of assets, membership interest, other
20 voting or governance rights, by contract or otherwise.

21 (6) "Hospital applicant" means a hospital owner or
22 hospital affiliate that files an application for an
23 exemption or renewal of exemption under this Section.

24 (7) "Relevant hospital entity" means (A) the hospital
25 owner, in the case of a hospital applicant that is a
26 hospital owner, and (B) at the election of a hospital

1 applicant that is a hospital affiliate, either (i) the
2 hospital affiliate or (ii) the hospital system to which the
3 hospital applicant belongs, including any hospitals or
4 hospital affiliates that are related by common control or
5 ownership.

6 (8) "Subject property" means property used for the
7 calculation under subsection (b) of this Section.

8 (9) "Hospital year" means the fiscal year of the
9 relevant hospital entity, or the fiscal year of one of the
10 hospital owners in the hospital system if the relevant
11 hospital entity is a hospital system with members with
12 different fiscal years, that ends in the year for which the
13 exemption is sought.

14 (i) It is the intent of the General Assembly that any
15 exemptions taken, granted, or renewed under this Section prior
16 to the effective date of this amendatory Act of the 100th
17 General Assembly are hereby validated.

18 (Source: P.A. 98-463, eff. 8-16-13; 99-143, eff. 7-27-15.)

19 Section 30. The Retailers' Occupation Tax Act is amended by
20 changing Section 2-9 as follows:

21 (35 ILCS 120/2-9)

22 Sec. 2-9. Hospital exemption.

23 (a) Until July 1, 2022, tangible ~~Tangible~~ personal property
24 sold to or used by a hospital owner that owns one or more

1 hospitals licensed under the Hospital Licensing Act or operated
2 under the University of Illinois Hospital Act, or a hospital
3 affiliate that is not already exempt under another provision of
4 this Act and meets the criteria for an exemption under this
5 Section, is exempt from taxation under this Act.

6 (b) A hospital owner or hospital affiliate satisfies the
7 conditions for an exemption under this Section if the value of
8 qualified services or activities listed in subsection (c) of
9 this Section for the hospital year equals or exceeds the
10 relevant hospital entity's estimated property tax liability,
11 without regard to any property tax exemption granted under
12 Section 15-86 of the Property Tax Code, for the calendar year
13 in which exemption or renewal of exemption is sought. For
14 purposes of making the calculations required by this subsection
15 (b), if the relevant hospital entity is a hospital owner that
16 owns more than one hospital, the value of the services or
17 activities listed in subsection (c) shall be calculated on the
18 basis of only those services and activities relating to the
19 hospital that includes the subject property, and the relevant
20 hospital entity's estimated property tax liability shall be
21 calculated only with respect to the properties comprising that
22 hospital. In the case of a multi-state hospital system or
23 hospital affiliate, the value of the services or activities
24 listed in subsection (c) shall be calculated on the basis of
25 only those services and activities that occur in Illinois and
26 the relevant hospital entity's estimated property tax

1 liability shall be calculated only with respect to its property
2 located in Illinois.

3 (c) The following services and activities shall be
4 considered for purposes of making the calculations required by
5 subsection (b):

6 (1) Charity care. Free or discounted services provided
7 pursuant to the relevant hospital entity's financial
8 assistance policy, measured at cost, including discounts
9 provided under the Hospital Uninsured Patient Discount
10 Act.

11 (2) Health services to low-income and underserved
12 individuals. Other unreimbursed costs of the relevant
13 hospital entity for providing without charge, paying for,
14 or subsidizing goods, activities, or services for the
15 purpose of addressing the health of low-income or
16 underserved individuals. Those activities or services may
17 include, but are not limited to: financial or in-kind
18 support to affiliated or unaffiliated hospitals, hospital
19 affiliates, community clinics, or programs that treat
20 low-income or underserved individuals; paying for or
21 subsidizing health care professionals who care for
22 low-income or underserved individuals; providing or
23 subsidizing outreach or educational services to low-income
24 or underserved individuals for disease management and
25 prevention; free or subsidized goods, supplies, or
26 services needed by low-income or underserved individuals

1 because of their medical condition; and prenatal or
2 childbirth outreach to low-income or underserved persons.

3 (3) Subsidy of State or local governments. Direct or
4 indirect financial or in-kind subsidies of State or local
5 governments by the relevant hospital entity that pay for or
6 subsidize activities or programs related to health care for
7 low-income or underserved individuals.

8 (4) Support for State health care programs for
9 low-income individuals. At the election of the hospital
10 applicant for each applicable year, either (A) 10% of
11 payments to the relevant hospital entity and any hospital
12 affiliate designated by the relevant hospital entity
13 (provided that such hospital affiliate's operations
14 provide financial or operational support for or receive
15 financial or operational support from the relevant
16 hospital entity) under Medicaid or other means-tested
17 programs, including, but not limited to, General
18 Assistance, the Covering ALL KIDS Health Insurance Act, and
19 the State Children's Health Insurance Program or (B) the
20 amount of subsidy provided by the relevant hospital entity
21 and any hospital affiliate designated by the relevant
22 hospital entity (provided that such hospital affiliate's
23 operations provide financial or operational support for or
24 receive financial or operational support from the relevant
25 hospital entity) to State or local government in treating
26 Medicaid recipients and recipients of means-tested

1 programs, including but not limited to General Assistance,
2 the Covering ALL KIDS Health Insurance Act, and the State
3 Children's Health Insurance Program. The amount of subsidy
4 for purposes of this item (4) is calculated in the same
5 manner as unreimbursed costs are calculated for Medicaid
6 and other means-tested government programs in the Schedule
7 H of IRS Form 990 in effect on the effective date of this
8 amendatory Act of the 97th General Assembly.

9 (5) Dual-eligible subsidy. The amount of subsidy
10 provided to government by treating dual-eligible
11 Medicare/Medicaid patients. The amount of subsidy for
12 purposes of this item (5) is calculated by multiplying the
13 relevant hospital entity's unreimbursed costs for
14 Medicare, calculated in the same manner as determined in
15 the Schedule H of IRS Form 990 in effect on the effective
16 date of this amendatory Act of the 97th General Assembly,
17 by the relevant hospital entity's ratio of dual-eligible
18 patients to total Medicare patients.

19 (6) Relief of the burden of government related to
20 health care. Except to the extent otherwise taken into
21 account in this subsection, the portion of unreimbursed
22 costs of the relevant hospital entity attributable to
23 providing, paying for, or subsidizing goods, activities,
24 or services that relieve the burden of government related
25 to health care for low-income individuals. Such activities
26 or services shall include, but are not limited to,

1 providing emergency, trauma, burn, neonatal, psychiatric,
2 rehabilitation, or other special services; providing
3 medical education; and conducting medical research or
4 training of health care professionals. The portion of those
5 unreimbursed costs attributable to benefiting low-income
6 individuals shall be determined using the ratio calculated
7 by adding the relevant hospital entity's costs
8 attributable to charity care, Medicaid, other means-tested
9 government programs, Medicare patients with disabilities
10 under age 65, and dual-eligible Medicare/Medicaid patients
11 and dividing that total by the relevant hospital entity's
12 total costs. Such costs for the numerator and denominator
13 shall be determined by multiplying gross charges by the
14 cost to charge ratio taken from the hospital's most
15 recently filed Medicare cost report (CMS 2252-10
16 Worksheet, Part I). In the case of emergency services, the
17 ratio shall be calculated using costs (gross charges
18 multiplied by the cost to charge ratio taken from the
19 hospital's most recently filed Medicare cost report (CMS
20 2252-10 Worksheet, Part I)) of patients treated in the
21 relevant hospital entity's emergency department.

22 (7) Any other activity by the relevant hospital entity
23 that the Department determines relieves the burden of
24 government or addresses the health of low-income or
25 underserved individuals.

26 (d) The hospital applicant shall include information in its

1 exemption application establishing that it satisfies the
2 requirements of subsection (b). For purposes of making the
3 calculations required by subsection (b), the hospital
4 applicant may for each year elect to use either (1) the value
5 of the services or activities listed in subsection (e) for the
6 hospital year or (2) the average value of those services or
7 activities for the 3 fiscal years ending with the hospital
8 year. If the relevant hospital entity has been in operation for
9 less than 3 completed fiscal years, then the latter
10 calculation, if elected, shall be performed on a pro rata
11 basis.

12 (e) For purposes of making the calculations required by
13 this Section:

14 (1) particular services or activities eligible for
15 consideration under any of the paragraphs (1) through (7)
16 of subsection (c) may not be counted under more than one of
17 those paragraphs; and

18 (2) the amount of unreimbursed costs and the amount of
19 subsidy shall not be reduced by restricted or unrestricted
20 payments received by the relevant hospital entity as
21 contributions deductible under Section 170(a) of the
22 Internal Revenue Code.

23 (f) (Blank).

24 (g) Estimation of Exempt Property Tax Liability. The
25 estimated property tax liability used for the determination in
26 subsection (b) shall be calculated as follows:

1 (1) "Estimated property tax liability" means the
2 estimated dollar amount of property tax that would be owed,
3 with respect to the exempt portion of each of the relevant
4 hospital entity's properties that are already fully or
5 partially exempt, or for which an exemption in whole or in
6 part is currently being sought, and then aggregated as
7 applicable, as if the exempt portion of those properties
8 were subject to tax, calculated with respect to each such
9 property by multiplying:

10 (A) the lesser of (i) the actual assessed value, if
11 any, of the portion of the property for which an
12 exemption is sought or (ii) an estimated assessed value
13 of the exempt portion of such property as determined in
14 item (2) of this subsection (g), by

15 (B) the applicable State equalization rate
16 (yielding the equalized assessed value), by

17 (C) the applicable tax rate.

18 (2) The estimated assessed value of the exempt portion
19 of the property equals the sum of (i) the estimated fair
20 market value of buildings on the property, as determined in
21 accordance with subparagraphs (A) and (B) of this item (2),
22 multiplied by the applicable assessment factor, and (ii)
23 the estimated assessed value of the land portion of the
24 property, as determined in accordance with subparagraph
25 (C).

26 (A) The "estimated fair market value of buildings

1 on the property" means the replacement value of any
2 exempt portion of buildings on the property, minus
3 depreciation, determined utilizing the cost
4 replacement method whereby the exempt square footage
5 of all such buildings is multiplied by the replacement
6 cost per square foot for Class A Average building found
7 in the most recent edition of the Marshall & Swift
8 Valuation Services Manual, adjusted by any appropriate
9 current cost and local multipliers.

10 (B) Depreciation, for purposes of calculating the
11 estimated fair market value of buildings on the
12 property, is applied by utilizing a weighted mean life
13 for the buildings based on original construction and
14 assuming a 40-year life for hospital buildings and the
15 applicable life for other types of buildings as
16 specified in the American Hospital Association
17 publication "Estimated Useful Lives of Depreciable
18 Hospital Assets". In the case of hospital buildings,
19 the remaining life is divided by 40 and this ratio is
20 multiplied by the replacement cost of the buildings to
21 obtain an estimated fair market value of buildings. If
22 a hospital building is older than 35 years, a remaining
23 life of 5 years for residual value is assumed; and if a
24 building is less than 8 years old, a remaining life of
25 32 years is assumed.

26 (C) The estimated assessed value of the land

1 portion of the property shall be determined by
2 multiplying (i) the per square foot average of the
3 assessed values of three parcels of land (not including
4 farm land, and excluding the assessed value of the
5 improvements thereon) reasonably comparable to the
6 property, by (ii) the number of square feet comprising
7 the exempt portion of the property's land square
8 footage.

9 (3) The assessment factor, State equalization rate,
10 and tax rate (including any special factors such as
11 Enterprise Zones) used in calculating the estimated
12 property tax liability shall be for the most recent year
13 that is publicly available from the applicable chief county
14 assessment officer or officers at least 90 days before the
15 end of the hospital year.

16 (4) The method utilized to calculate estimated
17 property tax liability for purposes of this Section 15-86
18 shall not be utilized for the actual valuation, assessment,
19 or taxation of property pursuant to the Property Tax Code.

20 (h) For the purpose of this Section, the following terms
21 shall have the meanings set forth below:

22 (1) "Hospital" means any institution, place, building,
23 buildings on a campus, or other health care facility
24 located in Illinois that is licensed under the Hospital
25 Licensing Act and has a hospital owner.

26 (2) "Hospital owner" means a not-for-profit

1 corporation that is the titleholder of a hospital, or the
2 owner of the beneficial interest in an Illinois land trust
3 that is the titleholder of a hospital.

4 (3) "Hospital affiliate" means any corporation,
5 partnership, limited partnership, joint venture, limited
6 liability company, association or other organization,
7 other than a hospital owner, that directly or indirectly
8 controls, is controlled by, or is under common control with
9 one or more hospital owners and that supports, is supported
10 by, or acts in furtherance of the exempt health care
11 purposes of at least one of those hospital owners'
12 hospitals.

13 (4) "Hospital system" means a hospital and one or more
14 other hospitals or hospital affiliates related by common
15 control or ownership.

16 (5) "Control" relating to hospital owners, hospital
17 affiliates, or hospital systems means possession, direct
18 or indirect, of the power to direct or cause the direction
19 of the management and policies of the entity, whether
20 through ownership of assets, membership interest, other
21 voting or governance rights, by contract or otherwise.

22 (6) "Hospital applicant" means a hospital owner or
23 hospital affiliate that files an application for an
24 exemption or renewal of exemption under this Section.

25 (7) "Relevant hospital entity" means (A) the hospital
26 owner, in the case of a hospital applicant that is a

1 hospital owner, and (B) at the election of a hospital
2 applicant that is a hospital affiliate, either (i) the
3 hospital affiliate or (ii) the hospital system to which the
4 hospital applicant belongs, including any hospitals or
5 hospital affiliates that are related by common control or
6 ownership.

7 (8) "Subject property" means property used for the
8 calculation under subsection (b) of this Section.

9 (9) "Hospital year" means the fiscal year of the
10 relevant hospital entity, or the fiscal year of one of the
11 hospital owners in the hospital system if the relevant
12 hospital entity is a hospital system with members with
13 different fiscal years, that ends in the year for which the
14 exemption is sought.

15 (i) It is the intent of the General Assembly that any
16 exemptions taken, granted, or renewed under this Section prior
17 to the effective date of this amendatory Act of the 100th
18 General Assembly are hereby validated.

19 (Source: P.A. 98-463, eff. 8-16-13; 99-143, eff. 7-27-15.)

20 Section 35. The Specialized Mental Health Rehabilitation
21 Act of 2013 is amended by changing Sections 2-101 and 4-102 as
22 follows:

23 (210 ILCS 49/2-101)

24 Sec. 2-101. Standards for facilities.

1 (a) The Department shall, by rule, prescribe minimum
2 standards for each level of care for facilities to be in place
3 during the provisional licensure period and thereafter. These
4 standards shall include, but are not limited to, the following:

5 (1) life safety standards that will ensure the health,
6 safety and welfare of residents and their protection from
7 hazards;

8 (2) number and qualifications of all personnel,
9 including management and clinical personnel, having
10 responsibility for any part of the care given to consumers;
11 specifically, the Department shall establish staffing
12 ratios for facilities which shall specify the number of
13 staff hours per consumer of care that are needed for each
14 level of care offered within the facility;

15 (3) all sanitary conditions within the facility and its
16 surroundings, including water supply, sewage disposal,
17 food handling, and general hygiene which shall ensure the
18 health and comfort of consumers;

19 (4) a program for adequate maintenance of physical
20 plant and equipment;

21 (5) adequate accommodations, staff, and services for
22 the number and types of services being offered to consumers
23 for whom the facility is licensed to care;

24 (6) development of evacuation and other appropriate
25 safety plans for use during weather, health, fire, physical
26 plant, environmental, and national defense emergencies;

1 (7) maintenance of minimum financial or other
2 resources necessary to meet the standards established
3 under this Section, and to operate and conduct the facility
4 in accordance with this Act; and

5 (8) standards for coercive free environment,
6 restraint, and therapeutic separation.

7 (b) Any requirement contained in administrative rule
8 concerning a percentage of single occupancy rooms shall be
9 calculated based on the total number of licensed or
10 provisionally licensed beds under this Act on January 1, 2019
11 and shall not be calculated on a per-facility basis.

12 (Source: P.A. 98-104, eff. 7-22-13.)

13 (210 ILCS 49/4-102)

14 Sec. 4-102. Necessity of license. No person may establish,
15 operate, maintain, offer, or advertise a facility within this
16 State unless and until he or she obtains a valid license
17 therefor as hereinafter provided, which license remains
18 unsuspended, unrevoked, and unexpired. No public official or
19 employee may place any person in, or recommend that any person
20 be in, or directly or indirectly cause any person to be placed
21 in any facility that is being operated without a valid license.
22 All licenses and licensing procedures established under
23 Article III of the Nursing Home Care Act, except those
24 contained in Section 3-202, shall be deemed valid under this
25 Act until the Department establishes licensure. The Department

1 is granted the authority under this Act to establish
2 provisional licensure and licensing procedures under this Act
3 by emergency rule and shall do so within 120 days of the
4 effective date of this Act. The Department shall not grant a
5 provisional license to any facility that does not possess a
6 provisional license on November 30, 2018 and is licensed under
7 the Nursing Home Care Act on or before November 30, 2018. The
8 Department shall not grant a license to any facility that has
9 not first received a provisional license. The changes made by
10 this amendatory Act of the 100th General Assembly do not apply
11 to the provisions of subsection (c) of Section 1-101.5
12 concerning facility closure and relocation.

13 (Source: P.A. 98-104, eff. 7-22-13.)

14 Section 40. The Illinois Public Aid Code is amended by
15 changing Sections 5-5.07, 5A-4, 5A-13, and 14-12 as follows:

16 (305 ILCS 5/5-5.07)

17 (Section scheduled to be repealed on January 27, 2019)

18 Sec. 5-5.07. Inpatient psychiatric stay; DCFS per diem
19 rate. The Department of Children and Family Services shall pay
20 the DCFS per diem rate for inpatient psychiatric stay at a
21 free-standing psychiatric hospital effective the 11th day when
22 a child is in the hospital beyond medical necessity, and the
23 parent or caregiver has denied the child access to the home and
24 has refused or failed to make provisions for another living

1 arrangement for the child or the child's discharge is being
2 delayed due to a pending inquiry or investigation by the
3 Department of Children and Family Services. This Section is
4 repealed on July 1, 2019 ~~6 months after the effective date of~~
5 ~~this amendatory Act of the 100th General Assembly.~~

6 (Source: P.A. 100-646, eff. 7-27-18.)

7 (305 ILCS 5/5A-4) (from Ch. 23, par. 5A-4)

8 Sec. 5A-4. Payment of assessment; penalty.

9 (a) The assessment imposed by Section 5A-2 for State fiscal
10 year 2009 through State fiscal year 2018 or as provided in
11 Section 5A-16, shall be due and payable in monthly
12 installments, each equaling one-twelfth of the assessment for
13 the year, on the fourteenth State business day of each month.
14 No installment payment of an assessment imposed by Section 5A-2
15 shall be due and payable, however, until after the Comptroller
16 has issued the payments required under this Article.

17 Except as provided in subsection (a-5) of this Section, the
18 assessment imposed by subsection (b-5) of Section 5A-2 for the
19 portion of State fiscal year 2012 beginning June 10, 2012
20 through June 30, 2012, and for State fiscal year 2013 through
21 State fiscal year 2018 or as provided in Section 5A-16, shall
22 be due and payable in monthly installments, each equaling
23 one-twelfth of the assessment for the year, on the 17th ~~14th~~
24 State business day of each month. No installment payment of an
25 assessment imposed by subsection (b-5) of Section 5A-2 shall be

1 due and payable, however, until after: (i) the Department
2 notifies the hospital provider, in writing, that the payment
3 methodologies to hospitals required under Section 5A-12.4,
4 have been approved by the Centers for Medicare and Medicaid
5 Services of the U.S. Department of Health and Human Services,
6 and the waiver under 42 CFR 433.68 for the assessment imposed
7 by subsection (b-5) of Section 5A-2, if necessary, has been
8 granted by the Centers for Medicare and Medicaid Services of
9 the U.S. Department of Health and Human Services; and (ii) the
10 Comptroller has issued the payments required under Section
11 5A-12.4. Upon notification to the Department of approval of the
12 payment methodologies required under Section 5A-12.4 and the
13 waiver granted under 42 CFR 433.68, if necessary, all
14 installments otherwise due under subsection (b-5) of Section
15 5A-2 prior to the date of notification shall be due and payable
16 to the Department upon written direction from the Department
17 and issuance by the Comptroller of the payments required under
18 Section 5A-12.4.

19 Except as provided in subsection (a-5) of this Section, the
20 assessment imposed under Section 5A-2 for State fiscal year
21 2019 and each subsequent State fiscal year shall be due and
22 payable in monthly installments, each equaling one-twelfth of
23 the assessment for the year, on the 14th State business day of
24 each month. No installment payment of an assessment imposed by
25 Section 5A-2 shall be due and payable, however, until after:
26 (i) the Department notifies the hospital provider, in writing,

1 that the payment methodologies to hospitals required under
2 Section 5A-12.6 have been approved by the Centers for Medicare
3 and Medicaid Services of the U.S. Department of Health and
4 Human Services, and the waiver under 42 CFR 433.68 for the
5 assessment imposed by Section 5A-2, if necessary, has been
6 granted by the Centers for Medicare and Medicaid Services of
7 the U.S. Department of Health and Human Services; and (ii) the
8 Comptroller has issued the payments required under Section
9 5A-12.6. Upon notification to the Department of approval of the
10 payment methodologies required under Section 5A-12.6 and the
11 waiver granted under 42 CFR 433.68, if necessary, all
12 installments otherwise due under Section 5A-2 prior to the date
13 of notification shall be due and payable to the Department upon
14 written direction from the Department and issuance by the
15 Comptroller of the payments required under Section 5A-12.6.

16 (a-5) The Illinois Department may accelerate the schedule
17 upon which assessment installments are due and payable by
18 hospitals with a payment ratio greater than or equal to one.
19 Such acceleration of due dates for payment of the assessment
20 may be made only in conjunction with a corresponding
21 acceleration in access payments identified in Section 5A-12.2,
22 Section 5A-12.4, or Section 5A-12.6 to the same hospitals. For
23 the purposes of this subsection (a-5), a hospital's payment
24 ratio is defined as the quotient obtained by dividing the total
25 payments for the State fiscal year, as authorized under Section
26 5A-12.2, Section 5A-12.4, or Section 5A-12.6, by the total

1 assessment for the State fiscal year imposed under Section 5A-2
2 or subsection (b-5) of Section 5A-2.

3 (b) The Illinois Department is authorized to establish
4 delayed payment schedules for hospital providers that are
5 unable to make installment payments when due under this Section
6 due to financial difficulties, as determined by the Illinois
7 Department.

8 (c) If a hospital provider fails to pay the full amount of
9 an installment when due (including any extensions granted under
10 subsection (b)), there shall, unless waived by the Illinois
11 Department for reasonable cause, be added to the assessment
12 imposed by Section 5A-2 a penalty assessment equal to the
13 lesser of (i) 5% of the amount of the installment not paid on
14 or before the due date plus 5% of the portion thereof remaining
15 unpaid on the last day of each 30-day period thereafter or (ii)
16 100% of the installment amount not paid on or before the due
17 date. For purposes of this subsection, payments will be
18 credited first to unpaid installment amounts (rather than to
19 penalty or interest), beginning with the most delinquent
20 installments.

21 (d) Any assessment amount that is due and payable to the
22 Illinois Department more frequently than once per calendar
23 quarter shall be remitted to the Illinois Department by the
24 hospital provider by means of electronic funds transfer. The
25 Illinois Department may provide for remittance by other means
26 if (i) the amount due is less than \$10,000 or (ii) electronic

1 funds transfer is unavailable for this purpose.

2 (Source: P.A. 100-581, eff. 3-12-18.)

3 (305 ILCS 5/5A-13)

4 Sec. 5A-13. Emergency rulemaking.

5 (a) The Department of Healthcare and Family Services
6 (formerly Department of Public Aid) may adopt rules necessary
7 to implement this amendatory Act of the 94th General Assembly
8 through the use of emergency rulemaking in accordance with
9 Section 5-45 of the Illinois Administrative Procedure Act. For
10 purposes of that Act, the General Assembly finds that the
11 adoption of rules to implement this amendatory Act of the 94th
12 General Assembly is deemed an emergency and necessary for the
13 public interest, safety, and welfare.

14 (b) The Department of Healthcare and Family Services may
15 adopt rules necessary to implement this amendatory Act of the
16 97th General Assembly through the use of emergency rulemaking
17 in accordance with Section 5-45 of the Illinois Administrative
18 Procedure Act. For purposes of that Act, the General Assembly
19 finds that the adoption of rules to implement this amendatory
20 Act of the 97th General Assembly is deemed an emergency and
21 necessary for the public interest, safety, and welfare.

22 (c) The Department of Healthcare and Family Services may
23 adopt rules necessary to initially implement the changes to
24 Articles 5, 5A, 12, and 14 of this Code under this amendatory
25 Act of the 100th General Assembly through the use of emergency

1 rulemaking in accordance with subsection (aa) of Section 5-45
2 of the Illinois Administrative Procedure Act. For purposes of
3 that Act, the General Assembly finds that the adoption of rules
4 to implement the changes to Articles 5, 5A, 12, and 14 of this
5 Code under this amendatory Act of the 100th General Assembly is
6 deemed an emergency and necessary for the public interest,
7 safety, and welfare. The 24-month limitation on the adoption of
8 emergency rules does not apply to rules adopted to initially
9 implement the changes to Articles 5, 5A, 12, and 14 of this
10 Code under this amendatory Act of the 100th General Assembly.
11 For purposes of this subsection, "initially" means any
12 emergency rules necessary to immediately implement the changes
13 authorized to Articles 5, 5A, 12, and 14 of this Code under
14 this amendatory Act of the 100th General Assembly; however,
15 emergency rulemaking authority shall not be used to make
16 changes that could otherwise be made following the process
17 established in the Illinois Administrative Procedure Act.

18 (d) The Department of Healthcare and Family Services may on
19 a one-time-only basis adopt rules necessary to initially
20 implement the changes to Articles 5A and 14 of this Code under
21 this amendatory Act of the 100th General Assembly through the
22 use of emergency rulemaking in accordance with subsection (ee)
23 of Section 5-45 of the Illinois Administrative Procedure Act.
24 For purposes of that Act, the General Assembly finds that the
25 adoption of rules on a one-time-only basis to implement the
26 changes to Articles 5A and 14 of this Code under this

1 amendatory Act of the 100th General Assembly is deemed an
2 emergency and necessary for the public interest, safety, and
3 welfare. The 24-month limitation on the adoption of emergency
4 rules does not apply to rules adopted to initially implement
5 the changes to Articles 5A and 14 of this Code under this
6 amendatory Act of the 100th General Assembly.

7 (Source: P.A. 100-581, eff. 3-12-18.)

8 (305 ILCS 5/14-12)

9 Sec. 14-12. Hospital rate reform payment system. The
10 hospital payment system pursuant to Section 14-11 of this
11 Article shall be as follows:

12 (a) Inpatient hospital services. Effective for discharges
13 on and after July 1, 2014, reimbursement for inpatient general
14 acute care services shall utilize the All Patient Refined
15 Diagnosis Related Grouping (APR-DRG) software, version 30,
16 distributed by 3MTM Health Information System.

17 (1) The Department shall establish Medicaid weighting
18 factors to be used in the reimbursement system established
19 under this subsection. Initial weighting factors shall be
20 the weighting factors as published by 3M Health Information
21 System, associated with Version 30.0 adjusted for the
22 Illinois experience.

23 (2) The Department shall establish a
24 statewide-standardized amount to be used in the inpatient
25 reimbursement system. The Department shall publish these

1 amounts on its website no later than 10 calendar days prior
2 to their effective date.

3 (3) In addition to the statewide-standardized amount,
4 the Department shall develop adjusters to adjust the rate
5 of reimbursement for critical Medicaid providers or
6 services for trauma, transplantation services, perinatal
7 care, and Graduate Medical Education (GME).

8 (4) The Department shall develop add-on payments to
9 account for exceptionally costly inpatient stays,
10 consistent with Medicare outlier principles. Outlier fixed
11 loss thresholds may be updated to control for excessive
12 growth in outlier payments no more frequently than on an
13 annual basis, but at least triennially. Upon updating the
14 fixed loss thresholds, the Department shall be required to
15 update base rates within 12 months.

16 (5) The Department shall define those hospitals or
17 distinct parts of hospitals that shall be exempt from the
18 APR-DRG reimbursement system established under this
19 Section. The Department shall publish these hospitals'
20 inpatient rates on its website no later than 10 calendar
21 days prior to their effective date.

22 (6) Beginning July 1, 2014 and ending on June 30, 2024,
23 in addition to the statewide-standardized amount, the
24 Department shall develop an adjustor to adjust the rate of
25 reimbursement for safety-net hospitals defined in Section
26 5-5e.1 of this Code excluding pediatric hospitals.

1 (7) Beginning July 1, 2014 and ending on June 30, 2020,
2 or upon implementation of inpatient psychiatric rate
3 increases as described in subsection (n) of Section
4 5A-12.6, in addition to the statewide-standardized amount,
5 the Department shall develop an adjustor to adjust the rate
6 of reimbursement for Illinois freestanding inpatient
7 psychiatric hospitals that are not designated as
8 children's hospitals by the Department but are primarily
9 treating patients under the age of 21.

10 (7.5) Beginning July 1, 2020, the reimbursement for
11 inpatient psychiatric services shall be so that base claims
12 projected reimbursement is increased by an amount equal to
13 the funds allocated in paragraph (2) of subsection (b) of
14 Section 5A-12.6, less the amount allocated under
15 paragraphs (8) and (9) of this subsection and paragraphs
16 (3) and (4) of subsection (b) multiplied by 13%. Beginning
17 July 1, 2022, the reimbursement for inpatient psychiatric
18 services shall be so that base claims projected
19 reimbursement is increased by an amount equal to the funds
20 allocated in paragraph (3) of subsection (b) of Section
21 5A-12.6, less the amount allocated under paragraphs (8) and
22 (9) of this subsection and paragraphs (3) and (4) of
23 subsection (b) multiplied by 13%. Beginning July 1, 2024,
24 the reimbursement for inpatient psychiatric services shall
25 be so that base claims projected reimbursement is increased
26 by an amount equal to the funds allocated in paragraph (4)

1 of subsection (b) of Section 5A-12.6, less the amount
2 allocated under paragraphs (8) and (9) of this subsection
3 and paragraphs (3) and (4) of subsection (b) multiplied by
4 13%.

5 (8) Beginning July 1, 2018, in addition to the
6 statewide-standardized amount, the Department shall adjust
7 the rate of reimbursement for hospitals designated by the
8 Department of Public Health as a Perinatal Level II or II+
9 center by applying the same adjustor that is applied to
10 Perinatal and Obstetrical care cases for Perinatal Level
11 III centers, as of December 31, 2017.

12 (9) Beginning July 1, 2018, in addition to the
13 statewide-standardized amount, the Department shall apply
14 the same adjustor that is applied to trauma cases as of
15 December 31, 2017 to inpatient claims to treat patients
16 with burns, including, but not limited to, APR-DRGs 841,
17 842, 843, and 844.

18 (10) Beginning July 1, 2018, the
19 statewide-standardized amount for inpatient general acute
20 care services shall be uniformly increased so that base
21 claims projected reimbursement is increased by an amount
22 equal to the funds allocated in paragraph (1) of subsection
23 (b) of Section 5A-12.6, less the amount allocated under
24 paragraphs (8) and (9) of this subsection and paragraphs
25 (3) and (4) of subsection (b) multiplied by 40%. Beginning
26 July 1, 2020, the statewide-standardized amount for

1 inpatient general acute care services shall be uniformly
2 increased so that base claims projected reimbursement is
3 increased by an amount equal to the funds allocated in
4 paragraph (2) of subsection (b) of Section 5A-12.6, less
5 the amount allocated under paragraphs (8) and (9) of this
6 subsection and paragraphs (3) and (4) of subsection (b)
7 multiplied by 40%. Beginning July 1, 2022, the
8 statewide-standardized amount for inpatient general acute
9 care services shall be uniformly increased so that base
10 claims projected reimbursement is increased by an amount
11 equal to the funds allocated in paragraph (3) of subsection
12 (b) of Section 5A-12.6, less the amount allocated under
13 paragraphs (8) and (9) of this subsection and paragraphs
14 (3) and (4) of subsection (b) multiplied by 40%. Beginning
15 July 1, 2023 the statewide-standardized amount for
16 inpatient general acute care services shall be uniformly
17 increased so that base claims projected reimbursement is
18 increased by an amount equal to the funds allocated in
19 paragraph (4) of subsection (b) of Section 5A-12.6, less
20 the amount allocated under paragraphs (8) and (9) of this
21 subsection and paragraphs (3) and (4) of subsection (b)
22 multiplied by 40%.

23 (11) Beginning July 1, 2018, the reimbursement for
24 inpatient rehabilitation services shall be increased by
25 the addition of a \$96 per day add-on.

26 Beginning July 1, 2020, the reimbursement for

1 inpatient rehabilitation services shall be uniformly
2 increased so that the \$96 per day add-on is increased by an
3 amount equal to the funds allocated in paragraph (2) of
4 subsection (b) of Section 5A-12.6, less the amount
5 allocated under paragraphs (8) and (9) of this subsection
6 and paragraphs (3) and (4) of subsection (b) multiplied by
7 0.9%.

8 Beginning July 1, 2022, the reimbursement for
9 inpatient rehabilitation services shall be uniformly
10 increased so that the \$96 per day add-on as adjusted by the
11 July 1, 2020 increase, is increased by an amount equal to
12 the funds allocated in paragraph (3) of subsection (b) of
13 Section 5A-12.6, less the amount allocated under
14 paragraphs (8) and (9) of this subsection and paragraphs
15 (3) and (4) of subsection (b) multiplied by 0.9%.

16 Beginning July 1, 2023, the reimbursement for
17 inpatient rehabilitation services shall be uniformly
18 increased so that the \$96 per day add-on as adjusted by the
19 July 1, 2022 increase, is increased by an amount equal to
20 the funds allocated in paragraph (4) of subsection (b) of
21 Section 5A-12.6, less the amount allocated under
22 paragraphs (8) and (9) of this subsection and paragraphs
23 (3) and (4) of subsection (b) multiplied by 0.9%.

24 (b) Outpatient hospital services. Effective for dates of
25 service on and after July 1, 2014, reimbursement for outpatient
26 services shall utilize the Enhanced Ambulatory Procedure

1 Grouping (EAPG ~~E-APG~~) software, version 3.7 distributed by 3MTM
2 Health Information System.

3 (1) The Department shall establish Medicaid weighting
4 factors to be used in the reimbursement system established
5 under this subsection. The initial weighting factors shall
6 be the weighting factors as published by 3M Health
7 Information System, associated with Version 3.7.

8 (2) The Department shall establish service specific
9 statewide-standardized amounts to be used in the
10 reimbursement system.

11 (A) The initial statewide standardized amounts,
12 with the labor portion adjusted by the Calendar Year
13 2013 Medicare Outpatient Prospective Payment System
14 wage index with reclassifications, shall be published
15 by the Department on its website no later than 10
16 calendar days prior to their effective date.

17 (B) The Department shall establish adjustments to
18 the statewide-standardized amounts for each Critical
19 Access Hospital, as designated by the Department of
20 Public Health in accordance with 42 CFR 485, Subpart F.
21 For outpatient services provided on or before June 30,
22 2018, the ~~The~~ EAPG standardized amounts are determined
23 separately for each critical access hospital such that
24 simulated EAPG payments using outpatient base period
25 paid claim data plus payments under Section 5A-12.4 of
26 this Code net of the associated tax costs are equal to

1 the estimated costs of outpatient base period claims
2 data with a rate year cost inflation factor applied.

3 (3) In addition to the statewide-standardized amounts,
4 the Department shall develop adjusters to adjust the rate
5 of reimbursement for critical Medicaid hospital outpatient
6 providers or services, including outpatient high volume or
7 safety-net hospitals. Beginning July 1, 2018, the
8 outpatient high volume adjustor shall be increased to
9 increase annual expenditures associated with this adjustor
10 by \$79,200,000, based on the State Fiscal Year 2015 base
11 year data and this adjustor shall apply to public
12 hospitals, except for large public hospitals, as defined
13 under 89 Ill. Adm. Code 148.25(a).

14 (4) Beginning July 1, 2018, in addition to the
15 statewide standardized amounts, the Department shall make
16 an add-on payment for outpatient expensive devices and
17 drugs. This add-on payment shall at least apply to claim
18 lines that: (i) are assigned with one of the following
19 EAPGs: 490, 1001 to 1020, and coded with one of the
20 following revenue codes: 0274 to 0276, 0278; or (ii) are
21 assigned with one of the following EAPGs: 430 to 441, 443,
22 444, 460 to 465, 495, 496, 1090. The add-on payment shall
23 be calculated as follows: the claim line's covered charges
24 multiplied by the hospital's total acute cost to charge
25 ratio, less the claim line's EAPG payment plus \$1,000,
26 multiplied by 0.8.

1 (5) Beginning July 1, 2018, the statewide-standardized
2 amounts for outpatient services shall be increased by a
3 uniform percentage so that base claims projected
4 reimbursement is increased by an amount equal to no less
5 than the funds allocated in paragraph (1) of subsection (b)
6 of Section 5A-12.6, less the amount allocated under
7 paragraphs (8) and (9) of subsection (a) and paragraphs (3)
8 and (4) of this subsection multiplied by 46%. Beginning
9 July 1, 2020, the statewide-standardized amounts for
10 outpatient services shall be increased by a uniform
11 percentage so that base claims projected reimbursement is
12 increased by an amount equal to no less than the funds
13 allocated in paragraph (2) of subsection (b) of Section
14 5A-12.6, less the amount allocated under paragraphs (8) and
15 (9) of subsection (a) and paragraphs (3) and (4) of this
16 subsection multiplied by 46%. Beginning July 1, 2022, the
17 statewide-standardized amounts for outpatient services
18 shall be increased by a uniform percentage so that base
19 claims projected reimbursement is increased by an amount
20 equal to the funds allocated in paragraph (3) of subsection
21 (b) of Section 5A-12.6, less the amount allocated under
22 paragraphs (8) and (9) of subsection (a) and paragraphs (3)
23 and (4) of this subsection multiplied by 46%. Beginning
24 July 1, 2023, the statewide-standardized amounts for
25 outpatient services shall be increased by a uniform
26 percentage so that base claims projected reimbursement is

1 increased by an amount equal to no less than the funds
2 allocated in paragraph (4) of subsection (b) of Section
3 5A-12.6, less the amount allocated under paragraphs (8) and
4 (9) of subsection (a) and paragraphs (3) and (4) of this
5 subsection multiplied by 46%.

6 (6) Effective for dates of service on or after July 1,
7 2018, the Department shall establish adjustments to the
8 statewide-standardized amounts for each Critical Access
9 Hospital, as designated by the Department of Public Health
10 in accordance with 42 CFR 485, Subpart F, such that each
11 Critical Access Hospital's standardized amount for
12 outpatient services shall be increased by the applicable
13 uniform percentage determined pursuant to paragraph (5) of
14 this subsection. It is the intent of the General Assembly
15 that the adjustments required under this paragraph (6) by
16 this amendatory Act of the 100th General Assembly shall be
17 applied retroactively to claims for dates of service
18 provided on or after July 1, 2018.

19 (7) Effective for dates of service on or after the
20 effective date of this amendatory Act of the 100th General
21 Assembly, the Department shall recalculate and implement
22 an updated statewide-standardized amount for outpatient
23 services provided by hospitals that are not Critical Access
24 Hospitals to reflect the applicable uniform percentage
25 determined pursuant to paragraph (5).

26 (1) Any recalculation to the

1 statewide-standardized amounts for outpatient services
2 provided by hospitals that are not Critical Access
3 Hospitals shall be the amount necessary to achieve the
4 increase in the statewide-standardized amounts for
5 outpatient services increased by a uniform percentage,
6 so that base claims projected reimbursement is
7 increased by an amount equal to no less than the funds
8 allocated in paragraph (1) of subsection (b) of Section
9 5A-12.6, less the amount allocated under paragraphs
10 (8) and (9) of subsection (a) and paragraphs (3) and
11 (4) of this subsection, for all hospitals that are not
12 Critical Access Hospitals, multiplied by 46%.

13 (2) It is the intent of the General Assembly that
14 the recalculations required under this paragraph (7)
15 by this amendatory Act of the 100th General Assembly
16 shall be applied prospectively to claims for dates of
17 service provided on or after the effective date of this
18 amendatory Act of the 100th General Assembly and that
19 no recoupment or repayment by the Department or an MCO
20 of payments attributable to recalculation under this
21 paragraph (7), issued to the hospital for dates of
22 service on or after July 1, 2018 and before the
23 effective date of this amendatory Act of the 100th
24 General Assembly, shall be permitted.

25 (8) The Department shall ensure that all necessary
26 adjustments to the managed care organization capitation

1 base rates necessitated by the adjustments under
2 subparagraph (6) or (7) of this subsection are completed
3 and applied retroactively in accordance with Section
4 5-30.8 of this Code within 90 days of the effective date of
5 this amendatory Act of the 100th General Assembly.

6 (c) In consultation with the hospital community, the
7 Department is authorized to replace 89 Ill. Admin. Code 152.150
8 as published in 38 Ill. Reg. 4980 through 4986 within 12 months
9 of June 16, 2014 (the effective date of Public Act 98-651) ~~this~~
10 ~~amendatory Act of the 98th General Assembly~~. If the Department
11 does not replace these rules within 12 months of June 16, 2014
12 (the effective date of Public Act 98-651) ~~this amendatory Act~~
13 ~~of the 98th General Assembly~~, the rules in effect for 152.150
14 as published in 38 Ill. Reg. 4980 through 4986 shall remain in
15 effect until modified by rule by the Department. Nothing in
16 this subsection shall be construed to mandate that the
17 Department file a replacement rule.

18 (d) Transition period. There shall be a transition period
19 to the reimbursement systems authorized under this Section that
20 shall begin on the effective date of these systems and continue
21 until June 30, 2018, unless extended by rule by the Department.
22 To help provide an orderly and predictable transition to the
23 new reimbursement systems and to preserve and enhance access to
24 the hospital services during this transition, the Department
25 shall allocate a transitional hospital access pool of at least
26 \$290,000,000 annually so that transitional hospital access

1 payments are made to hospitals.

2 (1) After the transition period, the Department may
3 begin incorporating the transitional hospital access pool
4 into the base rate structure; however, the transitional
5 hospital access payments in effect on June 30, 2018 shall
6 continue to be paid, if continued under Section 5A-16.

7 (2) After the transition period, if the Department
8 reduces payments from the transitional hospital access
9 pool, it shall increase base rates, develop new adjustors,
10 adjust current adjustors, develop new hospital access
11 payments based on updated information, or any combination
12 thereof by an amount equal to the decreases proposed in the
13 transitional hospital access pool payments, ensuring that
14 the entire transitional hospital access pool amount shall
15 continue to be used for hospital payments.

16 (d-5) Hospital transformation program. The Department, in
17 conjunction with the Hospital Transformation Review Committee
18 created under subsection (d-5), shall develop a hospital
19 transformation program to provide financial assistance to
20 hospitals in transforming their services and care models to
21 better align with the needs of the communities they serve. The
22 payments authorized in this Section shall be subject to
23 approval by the federal government.

24 (1) Phase 1. In State fiscal years 2019 through 2020,
25 the Department shall allocate funds from the transitional
26 access hospital pool to create a hospital transformation

1 pool of at least \$262,906,870 annually and make hospital
2 transformation payments to hospitals. Subject to Section
3 5A-16, in State fiscal years 2019 and 2020, an Illinois
4 hospital that received either a transitional hospital
5 access payment under subsection (d) or a supplemental
6 payment under subsection (f) of this Section in State
7 fiscal year 2018, shall receive a hospital transformation
8 payment as follows:

9 (A) If the hospital's Rate Year 2017 Medicaid
10 inpatient utilization rate is equal to or greater than
11 45%, the hospital transformation payment shall be
12 equal to 100% of the sum of its transitional hospital
13 access payment authorized under subsection (d) and any
14 supplemental payment authorized under subsection (f).

15 (B) If the hospital's Rate Year 2017 Medicaid
16 inpatient utilization rate is equal to or greater than
17 25% but less than 45%, the hospital transformation
18 payment shall be equal to 75% of the sum of its
19 transitional hospital access payment authorized under
20 subsection (d) and any supplemental payment authorized
21 under subsection (f).

22 (C) If the hospital's Rate Year 2017 Medicaid
23 inpatient utilization rate is less than 25%, the
24 hospital transformation payment shall be equal to 50%
25 of the sum of its transitional hospital access payment
26 authorized under subsection (d) and any supplemental

1 payment authorized under subsection (f).

2 (2) Phase 2. During State fiscal years 2021 and 2022,
3 the Department shall allocate funds from the transitional
4 access hospital pool to create a hospital transformation
5 pool annually and make hospital transformation payments to
6 hospitals participating in the transformation program. Any
7 hospital may seek transformation funding in Phase 2. Any
8 hospital that seeks transformation funding in Phase 2 to
9 update or repurpose the hospital's physical structure to
10 transition to a new delivery model, must submit to the
11 Department in writing a transformation plan, based on the
12 Department's guidelines, that describes the desired
13 delivery model with projections of patient volumes by
14 service lines and projected revenues, expenses, and net
15 income that correspond to the new delivery model. In Phase
16 2, subject to the approval of rules, the Department may use
17 the hospital transformation pool to increase base rates,
18 develop new adjustors, adjust current adjustors, or
19 develop new access payments in order to support and
20 incentivize hospitals to pursue such transformation. In
21 developing such methodologies, the Department shall ensure
22 that the entire hospital transformation pool continues to
23 be expended to ensure access to hospital services or to
24 support organizations that had received hospital
25 transformation payments under this Section.

26 (A) Any hospital participating in the hospital

1 transformation program shall provide an opportunity
2 for public input by local community groups, hospital
3 workers, and healthcare professionals and assist in
4 facilitating discussions about any transformations or
5 changes to the hospital.

6 (B) As provided in paragraph (9) of Section 3 of
7 the Illinois Health Facilities Planning Act, any
8 hospital participating in the transformation program
9 may be excluded from the requirements of the Illinois
10 Health Facilities Planning Act for those projects
11 related to the hospital's transformation. To be
12 eligible, the hospital must submit to the Health
13 Facilities and Services Review Board certification
14 from the Department, approved by the Hospital
15 Transformation Review Committee, that the project is a
16 part of the hospital's transformation.

17 (C) As provided in subsection (a-20) of Section
18 32.5 of the Emergency Medical Services (EMS) Systems
19 Act, a hospital that received hospital transformation
20 payments under this Section may convert to a
21 freestanding emergency center. To be eligible for such
22 a conversion, the hospital must submit to the
23 Department of Public Health certification from the
24 Department, approved by the Hospital Transformation
25 Review Committee, that the project is a part of the
26 hospital's transformation.

1 (3) By April 1, 2019 ~~Within 6 months after the~~
2 ~~effective date of this amendatory Act of the 100th General~~
3 ~~Assembly,~~ the Department, in conjunction with the Hospital
4 Transformation Review Committee, shall develop and file as
5 an administrative rule with the Secretary of State ~~adopt,~~
6 ~~by rule,~~ the goals, objectives, policies, standards,
7 payment models, or criteria to be applied in Phase 2 of the
8 program to allocate the hospital transformation funds. The
9 goals, objectives, and policies to be considered may
10 include, but are not limited to, achieving unmet needs of a
11 community that a hospital serves such as behavioral health
12 services, outpatient services, or drug rehabilitation
13 services; attaining certain quality or patient safety
14 benchmarks for health care services; or improving the
15 coordination, effectiveness, and efficiency of care
16 delivery. Notwithstanding any other provision of law, any
17 rule adopted in accordance with this subsection (d-5) may
18 be submitted to the Joint Committee on Administrative Rules
19 for approval only if the rule has first been approved by 9
20 of the 14 members of the Hospital Transformation Review
21 Committee.

22 (4) Hospital Transformation Review Committee. There is
23 created the Hospital Transformation Review Committee. The
24 Committee shall consist of 14 members. No later than 30
25 days after March 12, 2018 (the effective date of Public Act
26 100-581) ~~this amendatory Act of the 100th General Assembly,~~

1 the 4 legislative leaders shall each appoint 3 members; the
2 Governor shall appoint the Director of Healthcare and
3 Family Services, or his or her designee, as a member; and
4 the Director of Healthcare and Family Services shall
5 appoint one member. Any vacancy shall be filled by the
6 applicable appointing authority within 15 calendar days.
7 The members of the Committee shall select a Chair and a
8 Vice-Chair from among its members, provided that the Chair
9 and Vice-Chair cannot be appointed by the same appointing
10 authority and must be from different political parties. The
11 Chair shall have the authority to establish a meeting
12 schedule and convene meetings of the Committee, and the
13 Vice-Chair shall have the authority to convene meetings in
14 the absence of the Chair. The Committee may establish its
15 own rules with respect to meeting schedule, notice of
16 meetings, and the disclosure of documents; however, the
17 Committee shall not have the power to subpoena individuals
18 or documents and any rules must be approved by 9 of the 14
19 members. The Committee shall perform the functions
20 described in this Section and advise and consult with the
21 Director in the administration of this Section. In addition
22 to reviewing and approving the policies, procedures, and
23 rules for the hospital transformation program, the
24 Committee shall consider and make recommendations related
25 to qualifying criteria and payment methodologies related
26 to safety-net hospitals and children's hospitals. Members

1 of the Committee appointed by the legislative leaders shall
2 be subject to the jurisdiction of the Legislative Ethics
3 Commission, not the Executive Ethics Commission, and all
4 requests under the Freedom of Information Act shall be
5 directed to the applicable Freedom of Information officer
6 for the General Assembly. The Department shall provide
7 operational support to the Committee as necessary. The
8 Committee is dissolved on April 1, 2019.

9 (e) Beginning 36 months after initial implementation, the
10 Department shall update the reimbursement components in
11 subsections (a) and (b), including standardized amounts and
12 weighting factors, and at least triennially and no more
13 frequently than annually thereafter. The Department shall
14 publish these updates on its website no later than 30 calendar
15 days prior to their effective date.

16 (f) Continuation of supplemental payments. Any
17 supplemental payments authorized under Illinois Administrative
18 Code 148 effective January 1, 2014 and that continue during the
19 period of July 1, 2014 through December 31, 2014 shall remain
20 in effect as long as the assessment imposed by Section 5A-2
21 that is in effect on December 31, 2017 remains in effect.

22 (g) Notwithstanding subsections (a) through (f) of this
23 Section and notwithstanding the changes authorized under
24 Section 5-5b.1, any updates to the system shall not result in
25 any diminishment of the overall effective rates of
26 reimbursement as of the implementation date of the new system

1 (July 1, 2014). These updates shall not preclude variations in
2 any individual component of the system or hospital rate
3 variations. Nothing in this Section shall prohibit the
4 Department from increasing the rates of reimbursement or
5 developing payments to ensure access to hospital services.
6 Nothing in this Section shall be construed to guarantee a
7 minimum amount of spending in the aggregate or per hospital as
8 spending may be impacted by factors including but not limited
9 to the number of individuals in the medical assistance program
10 and the severity of illness of the individuals.

11 (h) The Department shall have the authority to modify by
12 rulemaking any changes to the rates or methodologies in this
13 Section as required by the federal government to obtain federal
14 financial participation for expenditures made under this
15 Section.

16 (i) Except for subsections (g) and (h) of this Section, the
17 Department shall, pursuant to subsection (c) of Section 5-40 of
18 the Illinois Administrative Procedure Act, provide for
19 presentation at the June 2014 hearing of the Joint Committee on
20 Administrative Rules (JCAR) additional written notice to JCAR
21 of the following rules in order to commence the second notice
22 period for the following rules: rules published in the Illinois
23 Register, rule dated February 21, 2014 at 38 Ill. Reg. 4559
24 (Medical Payment), 4628 (Specialized Health Care Delivery
25 Systems), 4640 (Hospital Services), 4932 (Diagnostic Related
26 Grouping (DRG) Prospective Payment System (PPS)), and 4977

1 (Hospital Reimbursement Changes), and published in the
2 Illinois Register dated March 21, 2014 at 38 Ill. Reg. 6499
3 (Specialized Health Care Delivery Systems) and 6505 (Hospital
4 Services).

5 (j) Out-of-state hospitals. Beginning July 1, 2018, for
6 purposes of determining for State fiscal years 2019 and 2020
7 the hospitals eligible for the payments authorized under
8 subsections (a) and (b) of this Section, the Department shall
9 include out-of-state hospitals that are designated a Level I
10 pediatric trauma center or a Level I trauma center by the
11 Department of Public Health as of December 1, 2017.

12 (k) The Department shall notify each hospital and managed
13 care organization, in writing, of the impact of the updates
14 under this Section at least 30 calendar days prior to their
15 effective date.

16 (Source: P.A. 99-2, eff. 3-26-15; 100-581, eff. 3-12-18;
17 revised 10-3-18.)

18 Section 97. Severability. The provisions of this Act are
19 severable under Section 1.31 of the Statute on Statutes.

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.