

1 AN ACT concerning State government.

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

4 Section 5. The Mental Health and Developmental  
5 Disabilities Administrative Act is amended by changing Section  
6 54 as follows:

7 (20 ILCS 1705/54) (from Ch. 91 1/2, par. 100-54)

8 Sec. 54. Establishment of rates for purchase of services  
9 including fee-for-service.

10 (a) It is the purpose of this Section to establish  
11 procedures for the development, calculation, and communication  
12 of rates promulgated by the Department for the purchase of  
13 services including fee-for-service for persons with a  
14 developmental disability, mental illness and substance abuse,  
15 and persons with mental illness; to require the promulgation of  
16 rules which specify the treatment of costs for purposes of  
17 establishing rates for various purchase care program  
18 categories including fee-for-service; to require that rates be  
19 equitable, understandable, and established through an open,  
20 public process; and to require the delineation of where  
21 purchase care including fee-for-service, grant-in-aid, and  
22 other payment mechanisms are most appropriately utilized. The  
23 Department's rate-setting policy should stimulate the  
24 development of cost effective, evidence based, clinically  
25 appropriate, recovery oriented, community-based residential,  
26 and other ~~support~~ services for recipients according to an  
27 annual statement of purchase care goals and objectives.

28 (b) The Department shall establish rates in all instances  
29 where services are purchased by the Department for a specific  
30 recipient from a specific community service provider for which  
31 the Department has the responsibility for establishing payment  
32 rates. When determining rates, the Department shall take into

1 consideration differences in the costs of doing business among  
2 the various geographic regions of the State and shall set rates  
3 that reflect those differences. In addition, the Department  
4 shall consider market factors such as those published by the  
5 United States Department of Labor, Bureau of Labor Statistics.  
6 The Department may, for various program categories, adopt rates  
7 that are set by other State agencies.

8 (c) The Department shall perform the following duties:

9 (1) Develop rate-setting methodologies for purchase  
10 care program and service categories including  
11 fee-for-service programs and services.

12 (2) Promulgate rules and regulations governing  
13 rate-setting, treatment of costs, treatment of occupancy,  
14 and payment and contracting processes for purchase care  
15 including fee-for-service.

16 (3) Collect cost and performance information from care  
17 providers in a form and format that is consistent with a  
18 fee-for-service methodology. The Department may stipulate  
19 forms, unit of service definitions, reporting procedures  
20 and reporting intervals.

21 (4) Calculate purchase of care, including  
22 fee-for-service, reimbursement rates for specific  
23 providers based on the promulgated rate methodology for  
24 that program or service category.

25 (5) Negotiate and implement purchase of care  
26 contracts, including fee-for-service contracts, with  
27 specific providers.

28 (6) Develop capacity grants and capacity grant  
29 contracts for services that require care availability, and  
30 coverage that is not correlated with volume of service and  
31 for financially supporting desired provision of care  
32 throughout the State. ~~Develop an annual statement of~~  
33 ~~purchase care goals and objectives detailing maximum units~~  
34 ~~of service by program category to be purchased. The plan~~  
35 ~~for each fiscal year shall be completed by May 1 of the~~  
36 ~~previous fiscal year.~~

1           (7) The Department shall contract with an independent  
2 consulting firm for an annual study of the adequacy and  
3 appropriateness of Title XIX and State-only reimbursement  
4 rates to service providers. A complete study of  
5 reimbursement rates shall be completed no less frequently  
6 than once every 2 years. The Department shall report to the  
7 General Assembly no later than January 30, 2007 and each  
8 year thereafter. ~~Conduct an annual review and prepare an~~  
9 ~~annual report of rates and units of service purchased,~~  
10 ~~comparing the annual purchase of care statement with actual~~  
11 ~~services purchased, and the actual cost of providing those~~  
12 ~~services. The report shall be made available by May 1.~~

13           (8) Establish and promulgate a process and criteria for  
14 appealing rates.

15           (9) Develop and promulgate standards and criteria by  
16 which provider performance shall be evaluated.

17           (10) Set rates based on published methodologies and  
18 subject to the availability of funds appropriated by the  
19 General Assembly.

20           (11) Establish and promulgate a policy that precludes  
21 ~~regarding~~ applicability of income offsets in rate  
22 calculation or payment processes.

23           (12) Develop criteria for selection of payment  
24 mechanisms to be employed in funding community services  
25 where fee-for-service is not appropriate.

26           (d) The Department may investigate and employ alternative  
27 rate setting approaches such as per member or per month or case  
28 rates and engage in demonstration projects. These approaches  
29 must be publicly articulated by the Department, identifying the  
30 purpose and scope of the alternative approach and evaluation to  
31 be conducted.

32           (e) (Blank).

33           (Source: P.A. 89-58, eff. 1-1-96; 89-507, eff. 7-1-97; 90-423,  
34 eff. 8-15-97.)

35           Section 99. Effective date. This Act takes effect July 1,

1 2005.