



Human Services Committee

Filed: 3/11/2009

09600HB1188ham001

LRB096 08565 DRJ 23127 a

1 AMENDMENT TO HOUSE BILL 1188

2 AMENDMENT NO. _____. Amend House Bill 1188 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Public Aid Code is amended by
5 changing Section 5-5.4 as follows:

6 (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

7 Sec. 5-5.4. Standards of Payment - Department of Healthcare
8 and Family Services. The Department of Healthcare and Family
9 Services shall develop standards of payment of skilled nursing
10 and intermediate care services in facilities providing such
11 services under this Article which:

12 (1) Provide for the determination of a facility's payment
13 for skilled nursing and intermediate care services on a
14 prospective basis. The amount of the payment rate for all
15 nursing facilities certified by the Department of Public Health
16 under the Nursing Home Care Act as Intermediate Care for the

1 Developmentally Disabled facilities, Long Term Care for Under
2 Age 22 facilities, Skilled Nursing facilities, or Intermediate
3 Care facilities under the medical assistance program shall be
4 prospectively established annually on the basis of historical,
5 financial, and statistical data reflecting actual costs from
6 prior years, which shall be applied to the current rate year
7 and updated for inflation, except that the capital cost element
8 for newly constructed facilities shall be based upon projected
9 budgets. The annually established payment rate shall take
10 effect on July 1 in 1984 and subsequent years. No rate increase
11 and no update for inflation shall be provided on or after July
12 1, 1994 and before July 1, 2009, unless specifically provided
13 for in this Section. The changes made by Public Act 93-841
14 extending the duration of the prohibition against a rate
15 increase or update for inflation are effective retroactive to
16 July 1, 2004.

17 For facilities licensed by the Department of Public Health
18 under the Nursing Home Care Act as Intermediate Care for the
19 Developmentally Disabled facilities or Long Term Care for Under
20 Age 22 facilities, the rates taking effect on July 1, 1998
21 shall include an increase of 3%. For facilities licensed by the
22 Department of Public Health under the Nursing Home Care Act as
23 Skilled Nursing facilities or Intermediate Care facilities,
24 the rates taking effect on July 1, 1998 shall include an
25 increase of 3% plus \$1.10 per resident-day, as defined by the
26 Department. For facilities licensed by the Department of Public

1 Health under the Nursing Home Care Act as Intermediate Care
2 Facilities for the Developmentally Disabled or Long Term Care
3 for Under Age 22 facilities, the rates taking effect on January
4 1, 2006 shall include an increase of 3%. For facilities
5 licensed by the Department of Public Health under the Nursing
6 Home Care Act as Intermediate Care Facilities for the
7 Developmentally Disabled or Long Term Care for Under Age 22
8 facilities, the rates taking effect on January 1, 2009 shall
9 include an increase sufficient to provide a \$0.50 per hour wage
10 increase for non-executive staff.

11 For facilities licensed by the Department of Public Health
12 under the Nursing Home Care Act as Intermediate Care for the
13 Developmentally Disabled facilities or Long Term Care for Under
14 Age 22 facilities, the rates taking effect on July 1, 1999
15 shall include an increase of 1.6% plus \$3.00 per resident-day,
16 as defined by the Department. For facilities licensed by the
17 Department of Public Health under the Nursing Home Care Act as
18 Skilled Nursing facilities or Intermediate Care facilities,
19 the rates taking effect on July 1, 1999 shall include an
20 increase of 1.6% and, for services provided on or after October
21 1, 1999, shall be increased by \$4.00 per resident-day, as
22 defined by the Department.

23 For facilities licensed by the Department of Public Health
24 under the Nursing Home Care Act as Intermediate Care for the
25 Developmentally Disabled facilities or Long Term Care for Under
26 Age 22 facilities, the rates taking effect on July 1, 2000

1 shall include an increase of 2.5% per resident-day, as defined
2 by the Department. For facilities licensed by the Department of
3 Public Health under the Nursing Home Care Act as Skilled
4 Nursing facilities or Intermediate Care facilities, the rates
5 taking effect on July 1, 2000 shall include an increase of 2.5%
6 per resident-day, as defined by the Department.

7 For facilities licensed by the Department of Public Health
8 under the Nursing Home Care Act as skilled nursing facilities
9 or intermediate care facilities, a new payment methodology must
10 be implemented for the nursing component of the rate effective
11 July 1, 2003. The Department of Public Aid (now Healthcare and
12 Family Services) shall develop the new payment methodology
13 using the Minimum Data Set (MDS) as the instrument to collect
14 information concerning nursing home resident condition
15 necessary to compute the rate. The Department shall develop the
16 new payment methodology to meet the unique needs of Illinois
17 nursing home residents while remaining subject to the
18 appropriations provided by the General Assembly. A transition
19 period from the payment methodology in effect on June 30, 2003
20 to the payment methodology in effect on July 1, 2003 shall be
21 provided for a period not exceeding 3 years and 184 days after
22 implementation of the new payment methodology as follows:

23 (A) For a facility that would receive a lower nursing
24 component rate per patient day under the new system than
25 the facility received effective on the date immediately
26 preceding the date that the Department implements the new

1 payment methodology, the nursing component rate per
2 patient day for the facility shall be held at the level in
3 effect on the date immediately preceding the date that the
4 Department implements the new payment methodology until a
5 higher nursing component rate of reimbursement is achieved
6 by that facility.

7 (B) For a facility that would receive a higher nursing
8 component rate per patient day under the payment
9 methodology in effect on July 1, 2003 than the facility
10 received effective on the date immediately preceding the
11 date that the Department implements the new payment
12 methodology, the nursing component rate per patient day for
13 the facility shall be adjusted.

14 (C) Notwithstanding paragraphs (A) and (B), the
15 nursing component rate per patient day for the facility
16 shall be adjusted subject to appropriations provided by the
17 General Assembly.

18 For facilities licensed by the Department of Public Health
19 under the Nursing Home Care Act as Intermediate Care for the
20 Developmentally Disabled facilities or Long Term Care for Under
21 Age 22 facilities, the rates taking effect on March 1, 2001
22 shall include a statewide increase of 7.85%, as defined by the
23 Department.

24 Notwithstanding any other provision of this Section, for
25 facilities licensed by the Department of Public Health under
26 the Nursing Home Care Act as skilled nursing facilities or

1 intermediate care facilities, the numerator of the ratio used
2 by the Department of Healthcare and Family Services to compute
3 the rate payable under this Section using the Minimum Data Set
4 (MDS) methodology shall incorporate the following annual
5 amounts as the additional funds appropriated to the Department
6 specifically to pay for rates based on the MDS nursing
7 component methodology in excess of the funding in effect on
8 December 31, 2006:

9 (i) For rates taking effect January 1, 2007,
10 \$60,000,000.

11 (ii) For rates taking effect January 1, 2008,
12 \$110,000,000.

13 (iii) For rates taking effect January 1, 2009,
14 \$194,000,000.

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

23 Notwithstanding any other provision of this Section, for
24 facilities licensed by the Department of Public Health under
25 the Nursing Home Care Act as skilled nursing facilities or
26 intermediate care facilities, the Department of Healthcare and

1 Family Services shall adjust the rate of any nursing facility
2 that participates in the Department of Public Health nursing
3 home conversion and bed reduction pilot program under
4 subsection (m) of Section 30 of the Older Adult Services Act so
5 that the nursing facility rate reflects adjustments
6 necessitated by the conversion activity.

7 For facilities licensed by the Department of Public Health
8 under the Nursing Home Care Act as Intermediate Care for the
9 Developmentally Disabled facilities or Long Term Care for Under
10 Age 22 facilities, the rates taking effect on April 1, 2002
11 shall include a statewide increase of 2.0%, as defined by the
12 Department. This increase terminates on July 1, 2002; beginning
13 July 1, 2002 these rates are reduced to the level of the rates
14 in effect on March 31, 2002, as defined by the Department.

15 For facilities licensed by the Department of Public Health
16 under the Nursing Home Care Act as skilled nursing facilities
17 or intermediate care facilities, the rates taking effect on
18 July 1, 2001 shall be computed using the most recent cost
19 reports on file with the Department of Public Aid no later than
20 April 1, 2000, updated for inflation to January 1, 2001. For
21 rates effective July 1, 2001 only, rates shall be the greater
22 of the rate computed for July 1, 2001 or the rate effective on
23 June 30, 2001.

24 Notwithstanding any other provision of this Section, for
25 facilities licensed by the Department of Public Health under
26 the Nursing Home Care Act as skilled nursing facilities or

1 intermediate care facilities, the Illinois Department shall
2 determine by rule the rates taking effect on July 1, 2002,
3 which shall be 5.9% less than the rates in effect on June 30,
4 2002.

5 Notwithstanding any other provision of this Section, for
6 facilities licensed by the Department of Public Health under
7 the Nursing Home Care Act as skilled nursing facilities or
8 intermediate care facilities, if the payment methodologies
9 required under Section 5A-12 and the waiver granted under 42
10 CFR 433.68 are approved by the United States Centers for
11 Medicare and Medicaid Services, the rates taking effect on July
12 1, 2004 shall be 3.0% greater than the rates in effect on June
13 30, 2004. These rates shall take effect only upon approval and
14 implementation of the payment methodologies required under
15 Section 5A-12.

16 Notwithstanding any other provisions of this Section, for
17 facilities licensed by the Department of Public Health under
18 the Nursing Home Care Act as skilled nursing facilities or
19 intermediate care facilities, the rates taking effect on
20 January 1, 2005 shall be 3% more than the rates in effect on
21 December 31, 2004.

22 Notwithstanding any other provision of this Section, for
23 facilities licensed by the Department of Public Health under
24 the Nursing Home Care Act as skilled nursing facilities or
25 intermediate care facilities, effective January 1, 2009, the
26 per diem support component of the rates effective on January 1,

1 2008, computed using the most recent cost reports on file with
2 the Department of Healthcare and Family Services no later than
3 April 1, 2005, updated for inflation to January 1, 2006, shall
4 be increased to the amount that would have been derived using
5 standard Department of Healthcare and Family Services methods,
6 procedures, and inflators.

7 Notwithstanding any other provisions of this Section, for
8 facilities licensed by the Department of Public Health under
9 the Nursing Home Care Act as intermediate care facilities that
10 are federally defined as Institutions for Mental Disease, a
11 socio-development component rate equal to 6.6% of the
12 facility's nursing component rate as of January 1, 2006 shall
13 be established and paid effective July 1, 2006. The
14 socio-development component of the rate shall be increased by a
15 factor of 2.53 on the first day of the month that begins at
16 least 45 days after January 11, 2008 (the effective date of
17 Public Act 95-707). As of August 1, 2008, the socio-development
18 component rate shall be equal to 6.6% of the facility's nursing
19 component rate as of January 1, 2006, multiplied by a factor of
20 3.53. The Illinois Department may by rule adjust these
21 socio-development component rates, but in no case may such
22 rates be diminished.

23 For facilities licensed by the Department of Public Health
24 under the Nursing Home Care Act as Intermediate Care for the
25 Developmentally Disabled facilities or as long-term care
26 facilities for residents under 22 years of age, the rates

1 taking effect on July 1, 2003 shall include a statewide
2 increase of 4%, as defined by the Department.

3 For facilities licensed by the Department of Public Health
4 under the Nursing Home Care Act as Intermediate Care for the
5 Developmentally Disabled facilities or Long Term Care for Under
6 Age 22 facilities, the rates taking effect on the first day of
7 the month that begins at least 45 days after the effective date
8 of this amendatory Act of the 95th General Assembly shall
9 include a statewide increase of 2.5%, as defined by the
10 Department.

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

23 Rates established effective each July 1 shall govern
24 payment for services rendered throughout that fiscal year,
25 except that rates established on July 1, 1996 shall be
26 increased by 6.8% for services provided on or after January 1,

1 1997. Such rates will be based upon the rates calculated for
2 the year beginning July 1, 1990, and for subsequent years
3 thereafter until June 30, 2001 shall be based on the facility
4 cost reports for the facility fiscal year ending at any point
5 in time during the previous calendar year, updated to the
6 midpoint of the rate year. The cost report shall be on file
7 with the Department no later than April 1 of the current rate
8 year. Should the cost report not be on file by April 1, the
9 Department shall base the rate on the latest cost report filed
10 by each skilled care facility and intermediate care facility,
11 updated to the midpoint of the current rate year. In
12 determining rates for services rendered on and after July 1,
13 1985, fixed time shall not be computed at less than zero. The
14 Department shall not make any alterations of regulations which
15 would reduce any component of the Medicaid rate to a level
16 below what that component would have been utilizing in the rate
17 effective on July 1, 1984.

18 (2) Shall take into account the actual costs incurred by
19 facilities in providing services for recipients of skilled
20 nursing and intermediate care services under the medical
21 assistance program.

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

24 (4) Shall take into account the actual costs incurred by
25 facilities in meeting licensing and certification standards
26 imposed and prescribed by the State of Illinois, any of its

1 political subdivisions or municipalities and by the U.S.
2 Department of Health and Human Services pursuant to Title XIX
3 of the Social Security Act.

4 The Department of Healthcare and Family Services shall
5 develop precise standards for payments to reimburse nursing
6 facilities for any utilization of appropriate rehabilitative
7 personnel for the provision of rehabilitative services which is
8 authorized by federal regulations, including reimbursement for
9 services provided by qualified therapists or qualified
10 assistants, and which is in accordance with accepted
11 professional practices. Reimbursement also may be made for
12 utilization of other supportive personnel under appropriate
13 supervision.

14 (Source: P.A. 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; 94-697,
15 eff. 11-21-05; 94-838, eff. 6-6-06; 94-964, eff. 6-28-06;
16 95-12, eff. 7-2-07; 95-331, eff. 8-21-07; 95-707, eff. 1-11-08;
17 95-744, eff. 7-18-08.)

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

20 (320 ILCS 42/30)

21 Sec. 30. Nursing home conversion program.

22 (a) The Department of Public Health, in collaboration with
23 the Department on Aging and the Department of Healthcare and
24 Family Services, shall establish a nursing home conversion

1 program. Start-up grants, pursuant to subsections (l) and (m)
2 of this Section, shall be made available to nursing homes as
3 appropriations permit as an incentive to reduce certified beds,
4 retrofit, and retool operations to meet new service delivery
5 expectations and demands.

6 (b) Grant moneys shall be made available for capital and
7 other costs related to: (1) the conversion of all or a part of
8 a nursing home to an assisted living establishment or a special
9 program or unit for persons with Alzheimer's disease or related
10 disorders licensed under the Assisted Living and Shared Housing
11 Act or a supportive living facility established under Section
12 5-5.01a of the Illinois Public Aid Code; (2) the conversion of
13 multi-resident bedrooms in the facility into single-occupancy
14 rooms; and (3) the development of any of the services
15 identified in a priority service plan that can be provided by a
16 nursing home within the confines of a nursing home or
17 transportation services. Grantees shall be required to provide
18 a minimum of a 20% match toward the total cost of the project.

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

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

1 (e) Any nursing home receiving a grant under this Section
2 shall reduce the number of certified nursing home beds by a
3 number equal to or greater than the number of beds being
4 converted for one or more of the permitted uses under item (1)
5 or (2) of subsection (b). The nursing home shall retain the
6 Certificate of Need for its nursing and sheltered care beds
7 that were converted for 15 years. If the beds are reinstated by
8 the provider or its successor in interest, the provider shall
9 pay to the fund from which the grant was awarded, on an
10 amortized basis, the amount of the grant. The Department shall
11 establish, by rule, the bed reduction methodology for nursing
12 homes that receive a grant pursuant to item (3) of subsection
13 (b).

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

23 (g) Before awarding grants, the Department of Public Health
24 shall seek recommendations from the Department on Aging and the
25 Department of Healthcare and Family Services. The Department of
26 Public Health shall attempt to balance the distribution of

1 grants among geographic regions, and among small and large
2 nursing homes. The Department of Public Health shall develop,
3 by rule, the criteria for the award of grants based upon the
4 following factors:

5 (1) the unique needs of older adults (including those
6 with moderate and low incomes), caregivers, and providers
7 in the geographic area of the State the grantee seeks to
8 serve;

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

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

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

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

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

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

21 (2) force any nursing home resident to involuntarily
22 accept home-based or community-based services instead of
23 nursing home services;

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

1 (4) cause undue hardship on any person who requires
2 nursing home care.

3 (i) The Department shall prescribe, by rule, the grant
4 application process. At a minimum, every application must
5 include:

6 (1) the type of grant sought;

7 (2) a description of the project;

8 (3) the objective of the project;

9 (4) the likelihood of the project meeting identified
10 needs;

11 (5) the plan for financing, administration, and
12 evaluation of the project;

13 (6) the timetable for implementation;

14 (7) the roles and capabilities of responsible
15 individuals and organizations;

16 (8) documentation of collaboration with other service
17 providers, local community government leaders, and other
18 stakeholders, other providers, and any other stakeholders
19 in the community;

20 (9) documentation of community support for the
21 project, including support by other service providers,
22 local community government leaders, and other
23 stakeholders;

24 (10) the total budget for the project;

25 (11) the financial condition of the applicant; and

26 (12) any other application requirements that may be

1 established by the Department by rule.

2 (j) A conversion project funded in whole or in part by a
3 grant under this Section is exempt from the requirements of the
4 Illinois Health Facilities Planning Act. The Department of
5 Public Health, however, shall send to the Health Facilities
6 Planning Board a copy of each grant award made under this
7 Section.

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

11 (l) The Department of Public Health may award grants from
12 the Long Term Care Civil Money Penalties Fund established under
13 Section 1919(h)(2)(A)(ii) of the Social Security Act and 42 CFR
14 488.422(g) if the award meets federal requirements.

15 (m) The Department of Public Health shall conduct a pilot
16 program for nursing home conversion projects. The scope of the
17 projects included in this pilot program shall be limited to the
18 conversion of multi-resident bedrooms in a facility into
19 single-occupancy rooms. The Department shall have the same
20 authority under this subsection, and facilities participating
21 in the pilot program shall have the same guarantees under this
22 subsection, as are otherwise available to the Department and
23 grantees under this Section.

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

25 Section 99. Effective date. This Act takes effect upon

1 becoming law.".