



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2507

Introduced 2/4/2025, by Rep. Kelly M. Cassidy

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.2a new

Amends the Medical Assistance Article of the Illinois Public Aid Code. Provides that for the calendar year beginning January 1, 2026, and each calendar year thereafter, a nursing facility must spend at least 90% of its adjusted total revenue on resident care and other resident-related costs, as defined. Requires each nursing facility to provide as part of its financial reporting information necessary for the Department of Healthcare and Family Services to administer and enforce the provisions of the amendatory Act. Provides that such information shall be subject to audit provisions and comply with any applicable uniform standards under the Code. Provides that all non-allowable costs, related party adjustments, or compensation to owners reported shall be excluded from the calculation of the amount spent on resident care and other resident-related costs. Requires 25% of costs associated with contract nursing staff to be deducted from the amount spent on resident care and other resident-related costs. Provides that for the calendar year beginning January 1, 2027, and each calendar year thereafter, the Department shall use the required financial reporting submissions to determine whether each nursing facility has met the minimum resident care percent requirement. Provides that if a facility has not met the minimum resident care percent requirement, the amount defined by the facility's total adjusted revenue shall be treated as a vendor overpayment. Requires the Department to recover the full amount of any vendor overpayment by reducing future payments, requiring direct payment to the Department, or any other method permitted under the Code. Requires the Department to adopt rules.

LRB104 09211 KTG 19268 b

1 AN ACT concerning public aid.

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

4 Section 5. The Illinois Public Aid Code is amended by
5 adding Section 5-5.2a as follows:

6 (305 ILCS 5/5-5.2a new)

7 Sec. 5-5.2a. Minimum resident care requirement for nursing
8 facility payments.

9 (a) For the calendar year beginning January 1, 2026, and
10 each calendar year thereafter, a nursing facility must spend
11 at least 90% of its adjusted total revenue on resident care and
12 other resident-related costs. For purposes of this Section,
13 "resident care and other resident-related costs" means the
14 direct care provided to a facility resident by a nurse,
15 certified nurse aide, or certified nurse assistant; support
16 services, including food service, laundry, housekeeping, nurse
17 administration, activity programs, social services, and
18 transportation, as identified in reports required by the
19 Department; and ancillary program services, including medical,
20 dental, podiatric, and laboratory services, inhalation, and
21 other physical, mental, or occupational therapeutics, as
22 identified in reports required by the Department. "Resident
23 care and other resident-related costs" does not include

1 administrative costs (other than nurse administration),
2 capital costs, debt service, taxes (other than sales taxes or
3 payroll taxes), capital depreciation, rent and leases, and
4 fiscal services. Resident care and other resident-related
5 costs are subject to exclusions and subtractions under
6 paragraph (c).

7 For purposes of this Section, "adjusted total revenue"
8 consists of the total operating revenue of a nursing facility
9 plus interest or other investment income and excluding CNA
10 tenure payments under paragraph (2) of subsection (1) of
11 Section 5-5.2.

12 (b) Each nursing facility shall provide as part of its
13 financial reporting under Sections 5-5.7 and 5B-5 information
14 necessary for the Department to administer and enforce the
15 provisions of this Section. Information provided shall be
16 subject to audit provisions and comply with any uniform
17 standards developed under Section 5-5.7.

18 (c) All non-allowable costs, related party adjustments, or
19 compensation to owners reported shall be excluded from the
20 calculation of the amount spent on resident care and other
21 resident-related costs. To the extent that the value of any
22 related party transaction is greater than fair market value,
23 such related party cost shall be deducted from the amount
24 spent on resident care and other resident-related costs. 25%
25 of costs associated with contract nursing staff shall be
26 deducted from the amount spent on resident care and other

1 resident-related costs. CNA tenure payments under paragraph
2 (2) of subsection (1) of Section 5-5.2 shall be deducted from
3 the amount spent on resident care and other resident-related
4 costs.

5 (d) For the calendar year beginning January 1, 2027, and
6 each calendar year thereafter, the Department shall use the
7 required financial reporting submissions to determine whether
8 each nursing facility has met the minimum resident care
9 percent requirement. A facility's resident care and other
10 resident-related costs divided by the facility's adjusted
11 total revenue must be greater than 0.9.

12 (e) If a facility has not met the minimum resident care
13 percent requirement, the amount defined by the facility's
14 total adjusted revenue multiplied by 0.9 minus the facility's
15 resident care and other resident-related costs, divided by the
16 facility's total adjusted revenue and multiplied by the
17 facility's total adjusted revenue from the medical assistance
18 program, shall be treated as a vendor overpayment under this
19 Code. The Department shall recover the full amount of any
20 vendor overpayment under this Section by reducing future
21 payments, requiring direct payment to the Department, or any
22 other method permitted under this Code.

23 (f) The Department shall adopt any rules necessary to
24 administer the provisions of this Section.