

1 AN ACT concerning public aid.

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

4 Section 5. The Illinois Public Aid Code is amended by  
5 changing Section 14-12 as follows:

6 (305 ILCS 5/14-12)

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

10 (a) Inpatient hospital services. Effective on and after  
11 the effective date of this amendatory Act of the 104th General  
12 Assembly, reimbursement for inpatient general acute care  
13 services shall utilize the All Patient Refined Diagnosis  
14 Related Grouping (APR-DRG) software distributed by Solventum<sup>TM</sup>  
15 previously known as 3M<sup>TM</sup> Health Information System. Solventum<sup>TM</sup>  
16 shall be the exclusive provider of this software unless the  
17 Department determines that Solventum<sup>TM</sup> is unable to meet the  
18 required operational or contractual terms. Only under these  
19 circumstances may an alternative authorized provider of the  
20 software be considered.

21 (1) The Department shall establish Medicaid weighting  
22 factors to be used in the reimbursement system established  
23 under this subsection. Initial weighting factors shall be

1 the weighting factors as published by the authorized  
2 provider of this software adjusted for the Illinois  
3 experience.

4 (2) The Department shall establish a  
5 statewide-standardized amount to be used in the inpatient  
6 reimbursement system. The Department shall publish these  
7 amounts on its website no later than 10 calendar days  
8 prior to their effective date.

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

14 (4) The Department shall develop add-on payments to  
15 account for exceptionally costly inpatient stays,  
16 consistent with Medicare outlier principles. Outlier fixed  
17 loss thresholds may be updated to control for excessive  
18 growth in outlier payments no more frequently than on an  
19 annual basis, but at least once every 4 years. Upon  
20 updating the fixed loss thresholds, the Department shall  
21 be required to update base rates within 12 months.

22 (5) The Department shall define those hospitals or  
23 distinct parts of hospitals that shall be exempt from the  
24 APR-DRG reimbursement system established under this  
25 Section. The Department shall publish these hospitals'  
26 inpatient rates on its website no later than 10 calendar

1 days prior to their effective date.

2 (6) Beginning July 1, 2014 and ending on December 31,  
3 2023, in addition to the statewide-standardized amount,  
4 the Department shall develop an adjustor to adjust the  
5 rate of reimbursement for safety-net hospitals defined in  
6 Section 5-5e.1 of this Code excluding pediatric hospitals.

7 (7) Beginning July 1, 2014, in addition to the  
8 statewide-standardized amount, the Department shall  
9 develop an adjustor to adjust the rate of reimbursement  
10 for Illinois freestanding inpatient psychiatric hospitals  
11 that are not designated as children's hospitals by the  
12 Department but are primarily treating patients under the  
13 age of 21.

14 (7.5) (Blank).

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

22 (9) Beginning July 1, 2018, in addition to the  
23 statewide-standardized amount, the Department shall apply  
24 the same adjustor that is applied to trauma cases as of  
25 December 31, 2017 to inpatient claims to treat patients  
26 with burns, including, but not limited to, APR-DRGs 841,

1 842, 843, and 844.

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

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

14 (b) Outpatient hospital services. Effective on and after  
15 the effective date of this amendatory Act of the 104th General  
16 Assembly, reimbursement for outpatient services shall utilize  
17 the Enhanced Ambulatory Procedure Grouping (EAPG) software  
18 distributed by Solventum<sup>TM</sup> previously known as 3M<sup>TM</sup> Health  
19 Information System. Solventum<sup>TM</sup> shall be the exclusive  
20 provider of this software unless the Agency determines that  
21 Solventum<sup>TM</sup> is unable to meet the required operational or  
22 contractual terms. Only under these circumstances may an  
23 alternative authorized provider of the software be considered.

24 (1) The Department shall establish Medicaid weighting  
25 factors to be used in the reimbursement system established  
26 under this subsection. The initial weighting factors shall

1 be the weighting factors as published by the authorized  
2 provider.

3 (2) The Department shall establish service specific  
4 statewide-standardized amounts to be used in the  
5 reimbursement system.

6 (A) The initial statewide standardized amounts,  
7 with the labor portion adjusted by the Calendar Year  
8 2013 Medicare Outpatient Prospective Payment System  
9 wage index with reclassifications, shall be published  
10 by the Department on its website no later than 10  
11 calendar days prior to their effective date.

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

24 (3) In addition to the statewide-standardized amounts,  
25 the Department shall develop adjusters to adjust the rate  
26 of reimbursement for critical Medicaid hospital outpatient

1 providers or services, including outpatient high volume or  
2 safety-net hospitals. Beginning July 1, 2018, the  
3 outpatient high volume adjustor shall be increased to  
4 increase annual expenditures associated with this adjustor  
5 by \$79,200,000, based on the State Fiscal Year 2015 base  
6 year data and this adjustor shall apply to public  
7 hospitals, except for large public hospitals, as defined  
8 under 89 Ill. Adm. Code 148.25(a).

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

22 (5) Beginning July 1, 2018, the statewide-standardized  
23 amounts for outpatient services shall be increased by a  
24 uniform percentage so that base claims projected  
25 reimbursement is increased by an amount equal to no less  
26 than the funds allocated in paragraph (1) of subsection

1 (b) of Section 5A-12.6, less the amount allocated under  
2 paragraphs (8) and (9) of subsection (a) and paragraphs  
3 (3) and (4) of this subsection multiplied by 46%.

4 (6) Effective for dates of service on or after July 1,  
5 2018, the Department shall establish adjustments to the  
6 statewide-standardized amounts for each Critical Access  
7 Hospital, as designated by the Department of Public Health  
8 in accordance with 42 CFR 485, Subpart F, such that each  
9 Critical Access Hospital's standardized amount for  
10 outpatient services shall be increased by the applicable  
11 uniform percentage determined pursuant to paragraph (5) of  
12 this subsection. It is the intent of the General Assembly  
13 that the adjustments required under this paragraph (6) by  
14 Public Act 100-1181 shall be applied retroactively to  
15 claims for dates of service provided on or after July 1,  
16 2018.

17 (7) Effective for dates of service on or after March  
18 8, 2019 (the effective date of Public Act 100-1181), the  
19 Department shall recalculate and implement an updated  
20 statewide-standardized amount for outpatient services  
21 provided by hospitals that are not Critical Access  
22 Hospitals to reflect the applicable uniform percentage  
23 determined pursuant to paragraph (5).

24 (1) Any recalculation to the  
25 statewide-standardized amounts for outpatient services  
26 provided by hospitals that are not Critical Access

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

12 (2) It is the intent of the General Assembly that  
13 the recalculations required under this paragraph (7)  
14 by Public Act 100-1181 shall be applied prospectively  
15 to claims for dates of service provided on or after  
16 March 8, 2019 (the effective date of Public Act  
17 100-1181) and that no recoupment or repayment by the  
18 Department or an MCO of payments attributable to  
19 recalculation under this paragraph (7), issued to the  
20 hospital for dates of service on or after July 1, 2018  
21 and before March 8, 2019 (the effective date of Public  
22 Act 100-1181), shall be permitted.

23 (8) The Department shall ensure that all necessary  
24 adjustments to the managed care organization capitation  
25 base rates necessitated by the adjustments under  
26 subparagraph (6) or (7) of this subsection are completed

1 and applied retroactively in accordance with Section  
2 5-30.8 of this Code within 90 days of March 8, 2019 (the  
3 effective date of Public Act 100-1181).

4 (9) Within 60 days after federal approval of the  
5 change made to the assessment in Section 5A-2 by Public  
6 Act 101-650, the Department shall incorporate into the  
7 EAPG system for outpatient services those services  
8 performed by hospitals currently billed through the  
9 Non-Institutional Provider billing system.

10 (b-5) Notwithstanding any other provision of this Section,  
11 beginning with dates of service on and after January 1, 2023,  
12 any general acute care hospital with more than 500 outpatient  
13 psychiatric Medicaid services to persons under 19 years of age  
14 in any calendar year shall be paid the outpatient add-on  
15 payment of no less than \$113.

16 (c) In consultation with the hospital community, the  
17 Department is authorized to replace 89 Ill. Adm. Code 152.150  
18 as published in 38 Ill. Reg. 4980 through 4986 within 12 months  
19 of June 16, 2014 (the effective date of Public Act 98-651). If  
20 the Department does not replace these rules within 12 months  
21 of June 16, 2014 (the effective date of Public Act 98-651), the  
22 rules in effect for 152.150 as published in 38 Ill. Reg. 4980  
23 through 4986 shall remain in effect until modified by rule by  
24 the Department. Nothing in this subsection shall be construed  
25 to mandate that the Department file a replacement rule.

26 (d) Transition period. There shall be a transition period

1 to the reimbursement systems authorized under this Section  
2 that shall begin on the effective date of these systems and  
3 continue until June 30, 2018, unless extended by rule by the  
4 Department. To help provide an orderly and predictable  
5 transition to the new reimbursement systems and to preserve  
6 and enhance access to the hospital services during this  
7 transition, the Department shall allocate a transitional  
8 hospital access pool of at least \$290,000,000 annually so that  
9 transitional hospital access payments are made to hospitals.

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

15 (2) After the transition period, if the Department  
16 reduces payments from the transitional hospital access  
17 pool, it shall increase base rates, develop new adjustors,  
18 adjust current adjustors, develop new hospital access  
19 payments based on updated information, or any combination  
20 thereof by an amount equal to the decreases proposed in  
21 the transitional hospital access pool payments, ensuring  
22 that the entire transitional hospital access pool amount  
23 shall continue to be used for hospital payments.

24 (d-5) Hospital and health care transformation program. The  
25 Department shall develop a hospital and health care  
26 transformation program to provide financial assistance to

1 hospitals in transforming their services and care models to  
2 better align with the needs of the communities they serve. The  
3 payments authorized in this Section shall be subject to  
4 approval by the federal government.

5 (1) Phase 1. In State fiscal years 2019 through 2020,  
6 the Department shall allocate funds from the transitional  
7 access hospital pool to create a hospital transformation  
8 pool of at least \$262,906,870 annually and make hospital  
9 transformation payments to hospitals. Subject to Section  
10 5A-16, in State fiscal years 2019 and 2020, an Illinois  
11 hospital that received either a transitional hospital  
12 access payment under subsection (d) or a supplemental  
13 payment under subsection (f) of this Section in State  
14 fiscal year 2018, shall receive a hospital transformation  
15 payment as follows:

16 (A) If the hospital's Rate Year 2017 Medicaid  
17 inpatient utilization rate is equal to or greater than  
18 45%, the hospital transformation payment shall be  
19 equal to 100% of the sum of its transitional hospital  
20 access payment authorized under subsection (d) and any  
21 supplemental payment authorized under subsection (f).

22 (B) If the hospital's Rate Year 2017 Medicaid  
23 inpatient utilization rate is equal to or greater than  
24 25% but less than 45%, the hospital transformation  
25 payment shall be equal to 75% of the sum of its  
26 transitional hospital access payment authorized under

1 subsection (d) and any supplemental payment authorized  
2 under subsection (f).

3 (C) If the hospital's Rate Year 2017 Medicaid  
4 inpatient utilization rate is less than 25%, the  
5 hospital transformation payment shall be equal to 50%  
6 of the sum of its transitional hospital access payment  
7 authorized under subsection (d) and any supplemental  
8 payment authorized under subsection (f).

9 (2) Phase 2.

10 (A) The funding amount from phase one shall be  
11 incorporated into directed payment and pass-through  
12 payment methodologies described in Section 5A-12.7.

13 (B) Because there are communities in Illinois that  
14 experience significant health care disparities due to  
15 systemic racism, as recently emphasized by the  
16 COVID-19 pandemic, aggravated by social determinants  
17 of health and a lack of sufficiently allocated health  
18 care resources, particularly community-based services,  
19 preventive care, obstetric care, chronic disease  
20 management, and specialty care, the Department shall  
21 establish a health care transformation program that  
22 shall be supported by the transformation funding pool.  
23 It is the intention of the General Assembly that  
24 innovative partnerships funded by the pool must be  
25 designed to establish or improve integrated health  
26 care delivery systems that will provide significant

1 access to the Medicaid and uninsured populations in  
2 their communities, as well as improve health care  
3 equity. It is also the intention of the General  
4 Assembly that partnerships recognize and address the  
5 disparities revealed by the COVID-19 pandemic, as well  
6 as the need for post-COVID care. During State fiscal  
7 years 2021 through 2027, the hospital and health care  
8 transformation program shall be supported by an annual  
9 transformation funding pool of up to \$150,000,000,  
10 pending federal matching funds, to be allocated during  
11 the specified fiscal years for the purpose of  
12 facilitating hospital and health care transformation.  
13 Funds that had been budgeted but unexpended in State  
14 fiscal years 2021 through 2027 may be allocated in  
15 State fiscal year 2028 in an amount not to exceed  
16 \$150,000,000. No disbursement of moneys for  
17 transformation projects from the transformation  
18 funding pool described under this Section shall be  
19 considered an award, a grant, or an expenditure of  
20 grant funds. Funding agreements made in accordance  
21 with the transformation program shall be considered  
22 purchases of care under the Illinois Procurement Code,  
23 and funds shall be expended by the Department in a  
24 manner that maximizes federal funding to expend the  
25 entire allocated amount.

26 The Department shall convene, within 30 days after

1 March 12, 2021 (the effective date of Public Act  
2 101-655), a workgroup that includes subject matter  
3 experts on health care disparities and stakeholders  
4 from distressed communities, which could be a  
5 subcommittee of the Medicaid Advisory Committee, to  
6 review and provide recommendations on how Department  
7 policy, including health care transformation, can  
8 improve health disparities and the impact on  
9 communities disproportionately affected by COVID-19.  
10 The workgroup shall consider and make recommendations  
11 on the following issues: a community safety-net  
12 designation of certain hospitals, racial equity, and a  
13 regional partnership to bring additional specialty  
14 services to communities.

15 (C) As provided in paragraph (9) of Section 3 of  
16 the Illinois Health Facilities Planning Act, any  
17 hospital participating in the transformation program  
18 may be excluded from the requirements of the Illinois  
19 Health Facilities Planning Act for those projects  
20 related to the hospital's transformation. To be  
21 eligible, the hospital must submit to the Health  
22 Facilities and Services Review Board approval from the  
23 Department that the project is a part of the  
24 hospital's transformation.

25 (D) As provided in subsection (a-20) of Section  
26 32.5 of the Emergency Medical Services (EMS) Systems

1 Act, a hospital that received hospital transformation  
2 payments under this Section may convert to a  
3 freestanding emergency center. To be eligible for such  
4 a conversion, the hospital must submit to the  
5 Department of Public Health approval from the  
6 Department that the project is a part of the  
7 hospital's transformation.

8 (E) Criteria for proposals. To be eligible for  
9 funding under this Section, a transformation proposal  
10 shall meet all of the following criteria:

11 (i) the proposal shall be designed based on  
12 community needs assessment completed by either a  
13 University partner or other qualified entity with  
14 significant community input;

15 (ii) the proposal shall be a collaboration  
16 among providers across the care and community  
17 spectrum, including preventative care, primary  
18 care specialty care, hospital services, mental  
19 health and substance abuse services, as well as  
20 community-based entities that address the social  
21 determinants of health;

22 (iii) the proposal shall be specifically  
23 designed to improve health care outcomes and  
24 reduce health care disparities, and improve the  
25 coordination, effectiveness, and efficiency of  
26 care delivery;

1 (iv) the proposal shall have specific  
2 measurable metrics related to disparities that  
3 will be tracked by the Department and made public  
4 by the Department;

5 (v) the proposal shall include a commitment to  
6 include Business Enterprise Program certified  
7 vendors or other entities controlled and managed  
8 by minorities or women; and

9 (vi) the proposal shall specifically increase  
10 access to primary, preventive, or specialty care.

11 (F) Entities eligible to be funded.

12 (i) Proposals for funding should come from  
13 collaborations operating in one of the most  
14 distressed communities in Illinois as determined  
15 by the U.S. Centers for Disease Control and  
16 Prevention's Social Vulnerability Index for  
17 Illinois and areas disproportionately impacted by  
18 COVID-19 or from rural areas of Illinois.

19 (ii) The Department shall prioritize  
20 partnerships from distressed communities, which  
21 include Business Enterprise Program certified  
22 vendors or other entities controlled and managed  
23 by minorities or women and also include one or  
24 more of the following: safety-net hospitals,  
25 critical access hospitals, the campuses of  
26 hospitals that have closed since January 1, 2018,

1 or other health care providers designed to address  
2 specific health care disparities, including the  
3 impact of COVID-19 on individuals and the  
4 community and the need for post-COVID care. All  
5 funded proposals must include specific measurable  
6 goals and metrics related to improved outcomes and  
7 reduced disparities which shall be tracked by the  
8 Department.

9 (iii) The Department should target the funding  
10 in the following ways: \$30,000,000 of  
11 transformation funds to projects that are a  
12 collaboration between a safety-net hospital,  
13 particularly community safety-net hospitals, and  
14 other providers and designed to address specific  
15 health care disparities, \$20,000,000 of  
16 transformation funds to collaborations between  
17 safety-net hospitals and a larger hospital partner  
18 that increases specialty care in distressed  
19 communities, \$30,000,000 of transformation funds  
20 to projects that are a collaboration between  
21 hospitals and other providers in distressed areas  
22 of the State designed to address specific health  
23 care disparities, \$15,000,000 to collaborations  
24 between critical access hospitals and other  
25 providers designed to address specific health care  
26 disparities, and \$15,000,000 to cross-provider

1 collaborations designed to address specific health  
2 care disparities, and \$5,000,000 to collaborations  
3 that focus on workforce development.

4 (iv) The Department may allocate up to  
5 \$5,000,000 for planning, racial equity analysis,  
6 or consulting resources for the Department or  
7 entities without the resources to develop a plan  
8 to meet the criteria of this Section. Any contract  
9 for consulting services issued by the Department  
10 under this subparagraph shall comply with the  
11 provisions of Section 5-45 of the State Officials  
12 and Employees Ethics Act. Based on availability of  
13 federal funding, the Department may directly  
14 procure consulting services or provide funding to  
15 the collaboration. The provision of resources  
16 under this subparagraph is not a guarantee that a  
17 project will be approved.

18 (v) The Department shall take steps to ensure  
19 that safety-net hospitals operating in  
20 under-resourced communities receive priority  
21 access to hospital and health care transformation  
22 funds, including consulting funds, as provided  
23 under this Section.

24 (G) Process for submitting and approving projects  
25 for distressed communities. The Department shall issue  
26 a template for application. The Department shall post

1 any proposal received on the Department's website for  
2 at least 2 weeks for public comment, and any such  
3 public comment shall also be considered in the review  
4 process. Applicants may request that proprietary  
5 financial information be redacted from publicly posted  
6 proposals and the Department in its discretion may  
7 agree. Proposals for each distressed community must  
8 include all of the following:

9 (i) A detailed description of how the project  
10 intends to affect the goals outlined in this  
11 subsection, describing new interventions, new  
12 technology, new structures, and other changes to  
13 the health care delivery system planned.

14 (ii) A detailed description of the racial and  
15 ethnic makeup of the entities' board and  
16 leadership positions and the salaries of the  
17 executive staff of entities in the partnership  
18 that is seeking to obtain funding under this  
19 Section.

20 (iii) A complete budget, including an overall  
21 timeline and a detailed pathway to sustainability  
22 within a 5-year period, specifying other sources  
23 of funding, such as in-kind, cost-sharing, or  
24 private donations, particularly for capital needs.  
25 There is an expectation that parties to the  
26 transformation project dedicate resources to the

1 extent they are able and that these expectations  
2 are delineated separately for each entity in the  
3 proposal.

4 (iv) A description of any new entities formed  
5 or other legal relationships between collaborating  
6 entities and how funds will be allocated among  
7 participants.

8 (v) A timeline showing the evolution of sites  
9 and specific services of the project over a 5-year  
10 period, including services available to the  
11 community by site.

12 (vi) Clear milestones indicating progress  
13 toward the proposed goals of the proposal as  
14 checkpoints along the way to continue receiving  
15 funding. The Department is authorized to refine  
16 these milestones in agreements, and is authorized  
17 to impose reasonable penalties, including  
18 repayment of funds, for substantial lack of  
19 progress.

20 (vii) A clear statement of the level of  
21 commitment the project will include for minorities  
22 and women in contracting opportunities, including  
23 as equity partners where applicable, or as  
24 subcontractors and suppliers in all phases of the  
25 project.

26 (viii) If the community study utilized is not

1           the study commissioned and published by the  
2           Department, the applicant must define the  
3           methodology used, including documentation of clear  
4           community participation.

5           (ix) A description of the process used in  
6           collaborating with all levels of government in the  
7           community served in the development of the  
8           project, including, but not limited to,  
9           legislators and officials of other units of local  
10          government.

11          (x) Documentation of a community input process  
12          in the community served, including links to  
13          proposal materials on public websites.

14          (xi) Verifiable project milestones and quality  
15          metrics that will be impacted by transformation.  
16          These project milestones and quality metrics must  
17          be identified with improvement targets that must  
18          be met.

19          (xii) Data on the number of existing employees  
20          by various job categories and wage levels by the  
21          zip code of the employees' residence and  
22          benchmarks for the continued maintenance and  
23          improvement of these levels. The proposal must  
24          also describe any retraining or other workforce  
25          development planned for the new project.

26          (xiii) If a new entity is created by the

1 project, a description of how the board will be  
2 reflective of the community served by the  
3 proposal.

4 (xiv) An explanation of how the proposal will  
5 address the existing disparities that exacerbated  
6 the impact of COVID-19 and the need for post-COVID  
7 care in the community, if applicable.

8 (xv) An explanation of how the proposal is  
9 designed to increase access to care, including  
10 specialty care based upon the community's needs.

11 (H) The Department shall evaluate proposals for  
12 compliance with the criteria listed under subparagraph  
13 (G). Proposals meeting all of the criteria may be  
14 eligible for funding with the areas of focus  
15 prioritized as described in item (ii) of subparagraph  
16 (F). Based on the funds available, the Department may  
17 negotiate funding agreements with approved applicants  
18 to maximize federal funding. Nothing in this  
19 subsection requires that an approved project be funded  
20 to the level requested. Agreements shall specify the  
21 amount of funding anticipated annually, the  
22 methodology of payments, the limit on the number of  
23 years such funding may be provided, and the milestones  
24 and quality metrics that must be met by the projects in  
25 order to continue to receive funding during each year  
26 of the program. Agreements shall specify the terms and

1 conditions under which a health care facility that  
2 receives funds under a purchase of care agreement and  
3 closes in violation of the terms of the agreement must  
4 pay an early closure fee no greater than 50% of the  
5 funds it received under the agreement, prior to the  
6 Health Facilities and Services Review Board  
7 considering an application for closure of the  
8 facility. Any project that is funded shall be required  
9 to provide quarterly written progress reports, in a  
10 form prescribed by the Department, and at a minimum  
11 shall include the progress made in achieving any  
12 milestones or metrics or Business Enterprise Program  
13 commitments in its plan. The Department may reduce or  
14 end payments, as set forth in transformation plans, if  
15 milestones or metrics or Business Enterprise Program  
16 commitments are not achieved. The Department shall  
17 seek to make payments from the transformation fund in  
18 a manner that is eligible for federal matching funds.

19 In reviewing the proposals, the Department shall  
20 take into account the needs of the community, data  
21 from the study commissioned by the Department from the  
22 University of Illinois-Chicago if applicable, feedback  
23 from public comment on the Department's website, as  
24 well as how the proposal meets the criteria listed  
25 under subparagraph (G). Alignment with the  
26 Department's overall strategic initiatives shall be an

1           important factor. To the extent that fiscal year  
2           funding is not adequate to fund all eligible projects  
3           that apply, the Department shall prioritize  
4           applications that most comprehensively and effectively  
5           address the criteria listed under subparagraph (G).

6           (3) (Blank).

7           (4) Hospital Transformation Review Committee. There is  
8           created the Hospital Transformation Review Committee. The  
9           Committee shall consist of 14 members. No later than 30  
10          days after March 12, 2018 (the effective date of Public  
11          Act 100-581), the 4 legislative leaders shall each appoint  
12          3 members; the Governor shall appoint the Director of  
13          Healthcare and Family Services, or his or her designee, as  
14          a member; and the Director of Healthcare and Family  
15          Services shall appoint one member. Any vacancy shall be  
16          filled by the applicable appointing authority within 15  
17          calendar days. The members of the Committee shall select a  
18          Chair and a Vice-Chair from among its members, provided  
19          that the Chair and Vice-Chair cannot be appointed by the  
20          same appointing authority and must be from different  
21          political parties. The Chair shall have the authority to  
22          establish a meeting schedule and convene meetings of the  
23          Committee, and the Vice-Chair shall have the authority to  
24          convene meetings in the absence of the Chair. The  
25          Committee may establish its own rules with respect to  
26          meeting schedule, notice of meetings, and the disclosure

1 of documents; however, the Committee shall not have the  
2 power to subpoena individuals or documents and any rules  
3 must be approved by 9 of the 14 members. The Committee  
4 shall perform the functions described in this Section and  
5 advise and consult with the Director in the administration  
6 of this Section. In addition to reviewing and approving  
7 the policies, procedures, and rules for the hospital and  
8 health care transformation program, the Committee shall  
9 consider and make recommendations related to qualifying  
10 criteria and payment methodologies related to safety-net  
11 hospitals and children's hospitals. Members of the  
12 Committee appointed by the legislative leaders shall be  
13 subject to the jurisdiction of the Legislative Ethics  
14 Commission, not the Executive Ethics Commission, and all  
15 requests under the Freedom of Information Act shall be  
16 directed to the applicable Freedom of Information officer  
17 for the General Assembly. The Department shall provide  
18 operational support to the Committee as necessary. The  
19 Committee is dissolved on April 1, 2019.

20 (e) Beginning 36 months after initial implementation, the  
21 Department shall update the reimbursement components in  
22 subsections (a) and (b), including standardized amounts and  
23 weighting factors, and at least once every 4 years and no more  
24 frequently than annually thereafter. The Department shall  
25 publish these updates on its website no later than 30 calendar  
26 days prior to their effective date.

1 (f) Continuation of supplemental payments. Any  
2 supplemental payments authorized under 89 Illinois  
3 Administrative Code 148 effective January 1, 2014 and that  
4 continue during the period of July 1, 2014 through December  
5 31, 2014 shall remain in effect as long as the assessment  
6 imposed by Section 5A-2 that is in effect on December 31, 2017  
7 remains in effect.

8 (g) Notwithstanding subsections (a) through (f) of this  
9 Section and notwithstanding the changes authorized under  
10 Section 5-5b.1, any updates to the system shall not result in  
11 any diminishment of the overall effective rates of  
12 reimbursement as of the implementation date of the new system  
13 (July 1, 2014). These updates shall not preclude variations in  
14 any individual component of the system or hospital rate  
15 variations. Nothing in this Section shall prohibit the  
16 Department from increasing the rates of reimbursement or  
17 developing payments to ensure access to hospital services.  
18 Nothing in this Section shall be construed to guarantee a  
19 minimum amount of spending in the aggregate or per hospital as  
20 spending may be impacted by factors, including, but not  
21 limited to, the number of individuals in the medical  
22 assistance program and the severity of illness of the  
23 individuals.

24 (h) The Department shall have the authority to modify by  
25 rulemaking any changes to the rates or methodologies in this  
26 Section as required by the federal government to obtain

1 federal financial participation for expenditures made under  
2 this Section.

3 (i) Except for subsections (g) and (h) of this Section,  
4 the Department shall, pursuant to subsection (c) of Section  
5 5-40 of the Illinois Administrative Procedure Act, provide for  
6 presentation at the June 2014 hearing of the Joint Committee  
7 on Administrative Rules (JCAR) additional written notice to  
8 JCAR of the following rules in order to commence the second  
9 notice period for the following rules: rules published in the  
10 Illinois Register, rule dated February 21, 2014 at 38 Ill.  
11 Reg. 4559 (Medical Payment), 4628 (Specialized Health Care  
12 Delivery Systems), 4640 (Hospital Services), 4932 (Diagnostic  
13 Related Grouping (DRG) Prospective Payment System (PPS)), and  
14 4977 (Hospital Reimbursement Changes), and published in the  
15 Illinois Register dated March 21, 2014 at 38 Ill. Reg. 6499  
16 (Specialized Health Care Delivery Systems) and 6505 (Hospital  
17 Services).

18 (j) Out-of-state hospitals. Beginning July 1, 2018, for  
19 purposes of determining for State fiscal years 2019 and 2020  
20 and subsequent fiscal years the hospitals eligible for the  
21 payments authorized under subsections (a) and (b) of this  
22 Section, the Department shall include out-of-state hospitals  
23 that are designated a Level I pediatric trauma center or a  
24 Level I trauma center by the Department of Public Health as of  
25 December 1, 2017.

26 (k) The Department shall notify each hospital and managed

1 care organization, in writing, of the impact of the updates  
2 under this Section at least 30 calendar days prior to their  
3 effective date.

4 (1) This Section is subject to Section 14-12.5.

5 (Source: P.A. 103-102, eff. 6-16-23; 103-154, eff. 6-30-23;  
6 104-9, eff. 6-16-25; 104-417, eff. 8-15-25.)