HB5774

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104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5774

Introduced 5/14/2026, by Rep. Justin Slaughter

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.20

Amends the Medical Assistance Article of the Illinois Public Aid Code. Requires the Department of Healthcare and Family Services to seek a State Plan amendment from the Centers for Medicare and Medicaid Services regarding a prospective cost-reimbursement methodology for services provided by federally qualified health centers (FQHC) and FQHC Look-Alikes (LALs). Requires the State Plan amendment to include the following: (1) Prospective Payment System (PPS) rates for FQHCs; (2) a rate adjustment process; (3) a rate setting for new FQHCs; (4) payment in the event of Medicaid managed care; (5) payment in the event of dual enrollment in Medicare and Medicaid; and (6) appeal rights.

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A BILL FOR

AN ACT concerning public aid.

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

Section 5. The Illinois Public Aid Code is amended by changing Section 5-5.20 as follows:

(305 ILCS 5/5-5.20)

Sec. 5-5.20. Clinic payments. For services provided by federally qualified health centers (FQHC) and FQHC Look-Alikes (LALs) as defined in Section 1905 (l)(2)(B) of the federal Social Security Act, on or after April 1, 1989, and as long as required by federal law, the Illinois Department shall reimburse those FQHCs and LALs ~~health centers~~ for those services according to a prospective cost-reimbursement methodology as required by Section 1902(bb) of the federal Social Security Act and paragraphs (1) through (6) of this Section. In setting this prospective cost-reimbursement methodology, the Illinois Department shall seek a State Plan amendment from the Centers for Medicare and Medicaid Services (CMS) as soon as possible. The Illinois Department shall implement the State Plan amendment promptly after CMS approval and no later than 30 days after approval. The State Plan amendment shall contain the following provisions: ~~.~~

(1) Prospective Payment System (PPS) rates for FQHCs,

whether initial rates or rates adjusted in accordance with paragraph (2), shall be based on reasonable costs of each individual FQHC related to the provision of covered ambulatory services using the cost principles found at 2 Code of Federal Regulations Part 200 or its successor. Such rates shall be set without the application of cost caps, productivity standards, the use of statewide averages or other methods unrelated to the specific, reasonable cost of the individual FQHC; notwithstanding the foregoing, the Illinois Department shall pay FQHCs for vaccines separately on a fee-for-service basis and the cost of such vaccines shall not be included in the PPS rate.

(2) Rate adjustment process. Each FQHC shall have its rate adjusted annually by the Medicare Economic Index as required by Section 1902(bb)(3)(A) of the federal Social Security Act, and shall also have the right annually to apply for an adjustment, as required by Section 1902(bb)(3)(B) of the federal Social Security Act, to its current rate to take into account statutory and regulatory changes, including changes as a result of this amendatory Act of the 104th General Assembly as well as other changes that affect the type, intensity, duration, or amount of services provided in an average visit; for the purposes of this paragraph, the new adjusted rate shall be equivalent to the total cost per visit for the FQHC's fiscal year in

which the changes took place and shall be finalized by the Illinois Department within 90 days of the FQHC's application.

(3) Rate setting for new FQHCs. The Illinois Department shall establish a process to set a provisional PPS rate for a new FQHC based upon 100% of the projected cost per visit for the provision of ambulatory services as required in this Section; this provisional rate shall be replaced by a final PPS rate based on 100% of the actual costs of the FQHC for the first full fiscal year of operation as an FQHC as approved by the Illinois Department within 12 months of the end of that fiscal year; the Illinois Department shall reconcile the provisional PPS rate to the actual, final PPS rate and make any necessary payment adjustments.

(4) Payment in the event of Medicaid Managed Care. The Illinois Department shall ensure that:

(A) FQHCs are fully paid under the methodology required by Section 1902(bb) of the federal Social Security Act when serving a Medicaid beneficiary regardless of whether or not that FQHC has entered into a provider agreement with a Medicaid managed care organization (MCO) in which the beneficiary is enrolled;

(B) if it utilizes the MCOs to fulfill or eliminate its obligation to make the supplemental or

wraparound payment to one or more FQHCs as required under Section 1902(bb)(5) of the federal Social Security Act, it shall make a payment on at least a quarterly basis to the MCOs to compensate them for fulfilling or eliminating that obligation; such payment shall be in addition to and separate from the monthly capitated payment negotiated between the Illinois Department and the MCOs; and

(C) FQHCs are fully compensated in a managed care setting if they have more than one type of visit per day per patient.

(5) Payment in the event of dual enrollment in Medicare and Medicaid. The Illinois Department shall ensure that:

(A) FQHCs are fully compensated under the methodology required by Section 1902(bb) of the federal Social Security Act when serving an individual who is both a Medicaid beneficiary and a federal Medicare beneficiary; and

(B) payment to an FQHC equals the amount due to the FQHC under Section 1902(bb) of the federal Social Security Act less any amount paid to the FQHC for the same beneficiary visit by Medicare.

(6) Appeal rights. The Illinois Department shall ensure that FQHCs receive notice and an opportunity to appeal any Department determination set forth in

paragraphs (1) through (5) in accordance with State administrative procedures.

~~On and after July 1, 2012, the Department shall reduce any rate of reimbursement for services or other payments or alter any methodologies authorized by this Code to reduce any rate of reimbursement for services or other payments in accordance with Section 5-5e.~~

(Source: P.A. 97-689, eff. 6-14-12.)