



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3555

Introduced 2/5/2026, by Sen. David Koehler

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.01a

Amends the Medical Assistance Article of the Illinois Public Aid Code. In provisions concerning the supportive living facilities program, provides that sites for the operation of the program shall be selected by the Department of Healthcare and Family Services based upon criteria that may include the need for services in a geographic area, the availability of funding, the site's ability to meet the standards, and a need to increase access for Medicaid enrollees who need an alternative to nursing home care. Requires the Department to determine need utilizing the most recently available statewide report every 3 years, and to also consider the occupancy rates, vacancies, and waiting lists in surrounding operational supportive living program sites, and public comments. Provides that based on need, the Department shall make the final determination to establish geographic areas utilizing county or zip code-based geographic areas within a rate setting region as the basis for opening a competitive application process. Contains provisions on the analysis and other information required in the statewide report; primary market areas for supportive living program sites; and other matters. Effective immediately.

LRB104 18552 KTG 31995 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 changing Section 5-5.01a as follows:

6 (305 ILCS 5/5-5.01a)

7 Sec. 5-5.01a. Supportive living facilities program.

8 (a) The Department shall establish and provide oversight
9 for a program of supportive living facilities that seek to
10 promote resident independence, dignity, respect, and
11 well-being in the most cost-effective manner.

12 A supportive living facility is (i) a free-standing
13 facility or (ii) a distinct physical and operational entity
14 within a mixed-use building that meets the criteria
15 established in subsection (d). A supportive living facility
16 integrates housing with health, personal care, and supportive
17 services and is a designated setting that offers residents
18 their own separate, private, and distinct living units.

19 ~~Sites for the operation of the program shall be selected~~
20 ~~by the Department based upon criteria that may include the~~
21 ~~need for services in a geographic area, the availability of~~
22 ~~funding, and the site's ability to meet the standards.~~

23 (b) Beginning July 1, 2014, subject to federal approval,

1 the Medicaid rates for supportive living facilities shall be
2 equal to the supportive living facility Medicaid rate
3 effective on June 30, 2014 increased by 8.85%. Once the
4 assessment imposed at Article V-G of this Code is determined
5 to be a permissible tax under Title XIX of the Social Security
6 Act, the Department shall increase the Medicaid rates for
7 supportive living facilities effective on July 1, 2014 by
8 9.09%. The Department shall apply this increase retroactively
9 to coincide with the imposition of the assessment in Article
10 V-G of this Code in accordance with the approval for federal
11 financial participation by the Centers for Medicare and
12 Medicaid Services.

13 The Medicaid rates for supportive living facilities
14 effective on July 1, 2017 must be equal to the rates in effect
15 for supportive living facilities on June 30, 2017 increased by
16 2.8%.

17 The Medicaid rates for supportive living facilities
18 effective on July 1, 2018 must be equal to the rates in effect
19 for supportive living facilities on June 30, 2018.

20 Subject to federal approval, the Medicaid rates for
21 supportive living services on and after July 1, 2019 must be at
22 least 54.3% of the average total nursing facility services per
23 diem for the geographic areas defined by the Department while
24 maintaining the rate differential for dementia care and must
25 be updated whenever the total nursing facility service per
26 diems are updated. Beginning July 1, 2022, upon the

1 implementation of the Patient Driven Payment Model, Medicaid
2 rates for supportive living services must be at least 54.3% of
3 the average total nursing services per diem rate for the
4 geographic areas. For purposes of this provision, the average
5 total nursing services per diem rate shall include all add-ons
6 for nursing facilities for the geographic area provided for in
7 Section 5-5.2. The rate differential for dementia care must be
8 maintained in these rates and the rates shall be updated
9 whenever nursing facility per diem rates are updated.

10 Subject to federal approval, beginning January 1, 2024,
11 the dementia care rate for supportive living services must be
12 no less than the non-dementia care supportive living services
13 rate multiplied by 1.5.

14 (b-5) Subject to federal approval, beginning January 1,
15 2025, Medicaid rates for supportive living services must be at
16 least 54.75% of the average total nursing facility per diem
17 rate for the geographic areas defined by the Department and
18 shall include all add-ons for nursing facilities for the
19 geographic area provided for in Section 5-5.2.

20 (c) The Department may adopt rules to implement this
21 Section. Rules that establish or modify the services,
22 standards, and conditions for participation in the program
23 shall be adopted by the Department in consultation with the
24 Department on Aging, the Department of Rehabilitation
25 Services, and the Department of Mental Health and
26 Developmental Disabilities (or their successor agencies).

1 (d) Subject to federal approval by the Centers for
2 Medicare and Medicaid Services, the Department shall accept
3 for consideration of certification under the program any
4 application for a site or building where distinct parts of the
5 site or building are designated for purposes other than the
6 provision of supportive living services, but only if:

7 (1) those distinct parts of the site or building are
8 not designated for the purpose of providing assisted
9 living services as required under the Assisted Living and
10 Shared Housing Act;

11 (2) those distinct parts of the site or building are
12 completely separate from the part of the building used for
13 the provision of supportive living program services,
14 including separate entrances;

15 (3) those distinct parts of the site or building do
16 not share any common spaces with the part of the building
17 used for the provision of supportive living program
18 services; and

19 (4) those distinct parts of the site or building do
20 not share staffing with the part of the building used for
21 the provision of supportive living program services.

22 (e) Facilities or distinct parts of facilities which are
23 selected as supportive living facilities and are in good
24 standing with the Department's rules are exempt from the
25 provisions of the Nursing Home Care Act and the Illinois
26 Health Facilities Planning Act.

1 (f) Section 9817 of the American Rescue Plan Act of 2021
2 (Public Law 117-2) authorizes a 10% enhanced federal medical
3 assistance percentage for supportive living services for a
4 12-month period from April 1, 2021 through March 31, 2022.
5 Subject to federal approval, including the approval of any
6 necessary waiver amendments or other federally required
7 documents or assurances, for a 12-month period the Department
8 must pay a supplemental \$26 per diem rate to all supportive
9 living facilities with the additional federal financial
10 participation funds that result from the enhanced federal
11 medical assistance percentage from April 1, 2021 through March
12 31, 2022. The Department may issue parameters around how the
13 supplemental payment should be spent, including quality
14 improvement activities. The Department may alter the form,
15 methods, or timeframes concerning the supplemental per diem
16 rate to comply with any subsequent changes to federal law,
17 changes made by guidance issued by the federal Centers for
18 Medicare and Medicaid Services, or other changes necessary to
19 receive the enhanced federal medical assistance percentage.

20 (g) Sites for the operation of the program shall be
21 selected by the Department based upon criteria that may
22 include the need for services in a geographic area, the
23 availability of funding, the site's ability to meet the
24 standards, and a need to increase access for Medicaid
25 enrollees who need an alternative to nursing home care.

26 (1) As used in this subsection, "need" means a

1 demonstrated deficiency of supportive living program
2 operational sites, including dementia care support units,
3 within a specific geographic area allowing a
4 Medicaid-eligible population 65 years of age and older to
5 have an alternative to nursing facility care. The
6 Department shall determine need utilizing the most
7 recently available statewide report, described in
8 paragraph (2), to be conducted every 3 years by the
9 Department, and shall also take into consideration the
10 occupancy rates, vacancies, and waiting lists in
11 surrounding operational supportive living program sites,
12 and public comments. In the 90-day period following
13 publication of the statewide market study report,
14 stakeholders must have the opportunity to provide public
15 comment to the Department regarding the selection of
16 target geographic areas and other points for consideration
17 for both traditional conventional supportive living
18 operational sites as well as dementia care support sites.
19 Based on need, the Department shall make the final
20 determination to establish geographic areas utilizing
21 county or zip code-based geographic areas within a rate
22 setting region as the basis for opening a competitive
23 application process. All sites selected in each
24 competitive application year must have begun to meet
25 initial milestones established by the Department before
26 the next statewide market study report is published. No

1 additional rounds of sites for operation shall be
2 established without a statewide market study report
3 published by the Department. The Department must propose
4 rules implementing this Section no later than 180 days
5 after the effective date of this amendatory Act of the
6 104th General Assembly.

7 (2) Beginning January 1, 2027, and every 3 years
8 thereafter, the Department must publish on its website a
9 statewide market study report which must be utilized by
10 the Department in determining when to solicit applications
11 for supportive living program sites in certain geographic
12 areas in accordance with this subsection. The statewide
13 market study report shall set forth the following:

14 (A) The statewide market study report must define
15 a primary market area as a county, zip code, or
16 multiple contiguous zip codes. A primary market area
17 must not exceed a radius of:

18 (i) 4 miles in Cook County (including the City
19 of Chicago);

20 (ii) 12 miles in Alexander, Bond, Boone,
21 Calhoun, Champaign, Clinton, DeKalb, DuPage,
22 Fulton, Grundy, Henry, Jackson, Jersey, Johnson,
23 Kane, Kankakee, Kendall, Lake, Macon, Macoupin,
24 Madison, Marshall, McHenry, McLean, Menard,
25 Mercer, Monroe, Peoria, Piatt, Rock Island,
26 Sangamon, Stark, St. Clair, Tazewell, Vermilion,

1 Will, Williamson, Winnebago, Woodford, or counties
2 with a population which exceeds 30,000; or
3 (iii) 25 miles in all other counties.

4 (B) The statewide market study report shall
5 identify the eligible population by analyzing age,
6 income, and acuity.

7 (i) Required age cohorts are: 65 years old
8 through 74 years old, 75 years old through 84
9 years old, and 85 years old and older.

10 (ii) Acuity as determined by using the
11 self-care difficulty rate published by Association
12 of University Centers on Disabilities' National
13 Center on Disability in Public Health, or the
14 prevalence of Alzheimer's and related dementia in
15 individuals 65 and older published by the current
16 Illinois Alzheimer's Disease State Plan.

17 (iii) Annual income qualification of \$35,000
18 or less. The income limit must be updated for
19 changes in the federal poverty level used for
20 Medicaid eligibility determination and asset
21 levels. When updating, the sum of income and
22 assets must be rounded up to the nearest \$5,000.
23 For example, for 2025 a one-person Aid to the
24 Aged, Blind, or Disabled income level of \$1,304
25 per month annualized to \$15,648 plus the \$17,500
26 asset level equals \$33,148, which is rounded up to

1 \$35,000.

2 (C) The statewide market study report must apply a
3 20% capture rate to determine the eligible population.

4 (D) The statewide market study report must also
5 account for existing units at supportive living
6 program sites, including those that are approved but
7 not yet certified, and must consider whether existing
8 providers are fully utilized. In determining whether
9 the existing providers are utilized, the statewide
10 market study report shall consider occupancy based on
11 the most recent cost reports.

12 (E) The Department must prioritize expansion in
13 the primary market areas where there are currently no
14 supportive living program sites and within the
15 following counties based on the number of units
16 needed:

17 (i) Need must exceed 65 supportive living
18 program units in the City of Chicago, and the
19 counties of Alexander, Bond, Boone, Calhoun,
20 Champaign, Clinton, Cook, DeKalb, DuPage, Fulton,
21 Grundy, Kane, Kankakee, Kendall, Henry, Jackson,
22 Jersey, Johnson, Lake, Macon, Macoupin, Madison,
23 Marshall, McHenry, McLean, Menard, Mercer, Monroe,
24 Peoria, Piatt, Rock Island, Sangamon, St. Clair,
25 Stark, Tazewell, Vermilion, Will, Williamson,
26 Winnebago, and Woodford.

1 (ii) For all other counties, the need must
2 exceed 40 supportive living program units.

3 (iii) The Department may accept applications
4 for expansion from existing supportive living
5 program providers in areas where the need is 18
6 supportive living program units or greater and can
7 be met by expansion of an existing supportive
8 living program provider location.

9 (iv) Primary market areas with existing
10 supportive living program providers that have
11 occupancy below 90% as shown on the most recent
12 cost reports are ineligible for expansion.

13 (F) The Department must also consider the
14 currently approved waiver capacity. Any expansion of
15 the supportive living program must not exceed approved
16 waiver capacity.

17 (G) The Department must also consider public
18 comments prior to making any final determination
19 regarding whether to request applications for a
20 particular geographic area.

21 (3) Within 6 months of publication of the first
22 statewide market study report, the approved, but not yet
23 certified, supportive living program sites must submit to
24 the Department:

25 (A) a written update with milestones toward
26 operations; or

1 (B) an application for a change of location
2 outside the originally identified market area.

3 (4) Approved, but not yet certified, supportive living
4 program sites must begin construction within 24 months of
5 the date of submission of the written update or approval
6 of the application for the change of location.

7 (5) The Department may accept applications from
8 approved, but not yet certified, supportive living program
9 sites for a change of location outside the originally
10 identified market area when the current statewide market
11 study report demonstrates a need outside the original
12 market area as outlined in paragraph (2). The Department
13 must not accept any applications where the number of
14 units, including conventional and dementia care settings,
15 exceeds the number of units needed as identified by the
16 statewide market study report.

17 (6) The Department must not accept any applications
18 for a change of location from approved, but not yet
19 certified, supportive living program sites when the
20 proposed location is outside the original market area and
21 within 8 miles of an existing supportive living program
22 site in Cook County, 12 miles of an existing supportive
23 living program site in Alexander, Bond, Boone, Calhoun,
24 Champaign, Clinton, DeKalb, DuPage, Fulton, Grundy, Henry,
25 Jackson, Jersey, Johnson, Kane, Kankakee, Kendall, Lake,
26 Macon, Macoupin, Madison, Marshall, McHenry, McLean,

1 Menard, Mercer, Monroe, Peoria, Piatt, Rock Island,
2 Sangamon, Stark, St. Clair, Tazewell, Vermilion, Will,
3 Williamson, Winnebago, or 25 miles of an existing
4 supportive living program site in all other counties.

5 (7) Current supportive living program providers may
6 apply to the Department to convert a set number of
7 conventional apartments, not to exceed 20 apartments, into
8 dementia care settings. The application for such a request
9 must demonstrate a need for dementia care settings at the
10 provider's location supported by the most recently
11 available statewide market study report, and that the
12 conversion of units will not displace any person eligible
13 for supportive living services who is currently residing
14 in a supportive living program unit from the provider's
15 location. All dementia care unit conversions must meet the
16 criteria specific to certification as outlined in 89 Ill.
17 Adm. Code 146 Subparts B and Subpart E. The Department may
18 grant a waiver from specified provisions of 89 Ill. Adm.
19 Code 146 Subpart B and E, if the applicant or supportive
20 living program provider can demonstrate that an
21 alternative is available to ensure the residents' health,
22 safety, and welfare.

23 ~~All applications for the expansion of supportive living~~
24 ~~dementia care settings involving sites not approved by the~~
25 ~~Department by January 1, 2024 may allow new elderly~~
26 ~~non dementia units in addition to new dementia care units. The~~

1 ~~Department may approve such applications only if the~~
2 ~~application has: (1) no more than one non-dementia care unit~~
3 ~~for each dementia care unit and (2) the site is not located~~
4 ~~within 4 miles of an existing supportive living program site~~
5 ~~in Cook County (including the City of Chicago), not located~~
6 ~~within 12 miles of an existing supportive living program site~~
7 ~~in Alexander, Bond, Boone, Calhoun, Champaign, Clinton,~~
8 ~~DeKalb, DuPage, Fulton, Grundy, Henry, Jackson, Jersey,~~
9 ~~Johnson, Kane, Kankakee, Kendall, Lake, Macon, Macoupin,~~
10 ~~Madison, Marshall, McHenry, McLean, Menard, Mercer, Monroe,~~
11 ~~Peoria, Piatt, Rock Island, Sangamon, Stark, St. Clair,~~
12 ~~Fazewell, Vermilion, Will, Williamson, Winnebago, or Woodford~~
13 ~~counties, or not located within 25 miles of an existing~~
14 ~~supportive living program site in any other county.~~

15 (h) Beginning January 1, 2025, subject to federal
16 approval, for a person who is a resident of a supportive living
17 facility under this Section, the monthly personal needs
18 allowance shall be \$120 per month.

19 (i) As stated in the supportive living program home and
20 community-based service waiver approved by the federal Centers
21 for Medicare and Medicaid Services, and beginning July 1,
22 2025, the Department must maintain the rate add-on implemented
23 on January 1, 2023 for the provision of 2 meals per day at no
24 less than \$6.15 per day.

25 (j) Subject to federal approval, the Department shall
26 allow a certified medication aide to administer medication in

1 a supportive living facility. For purposes of this subsection,
2 "certified medication aide" means a person who has met the
3 qualifications for certification under Section 79 of the
4 Assisted Living and Shared Housing Act and assists with
5 medication administration while under the supervision of a
6 registered professional nurse as authorized by Section 50-75
7 of the Nurse Practice Act. The Department may adopt rules to
8 implement this subsection.

9 (Source: P.A. 103-102, Article 20, Section 20-5, eff. 1-1-24;
10 103-102, Article 100, Section 100-5, eff. 1-1-24; 103-593,
11 Article 15, Section 15-5, eff. 6-7-24; 103-593, Article 100,
12 Section 100-5, eff. 6-7-24; 103-593, Article 165, Section
13 165-5, eff. 6-7-24; 103-605, eff. 7-1-24; 103-886, eff.
14 8-9-24; 104-9, eff. 6-16-25; 104-417, eff. 8-15-25; revised
15 9-12-25.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.