



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB1352

by Rep. William Davis

SYNOPSIS AS INTRODUCED:

305 ILCS 5/14-11

Amends the Hospital Services Trust Fund Article of the Illinois Public Aid Code. Provides that payments shall not be made for inpatient services under an All Patient Refined Diagnosis Related Groups (APR-DRG) payment system until individual hospitals have received 9 months of claims processed under the APR-DRG system. Provides that payments shall not be made for outpatient services under an Enhanced Ambulatory Procedure Grouping (EAPG) system until individual hospitals have received 9 months of claims processed under the EAPG system. Effective immediately.

LRB098 07603 KTG 37675 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 14-11 as follows:

6 (305 ILCS 5/14-11)

7 Sec. 14-11. Hospital payment reform.

8 (a) The Department may, by rule, implement the All Patient
9 Refined Diagnosis Related Groups (APR-DRG) payment system for
10 inpatient services provided on or after July 1, 2013, in a
11 manner consistent with the actions authorized in this Section.

12 (b) On or before October 1, 2012 and through June 30, 2013,
13 the Department shall begin testing the APR-DRG system. During
14 the testing period the Department shall process and price
15 inpatient services using the APR-DRG system; however, actual
16 payments for those inpatient services shall be made using the
17 current reimbursement system. During the testing period, the
18 Department, in collaboration with the statewide representative
19 of hospitals, shall provide information and technical
20 assistance to hospitals to encourage and facilitate their
21 transition to the APR-DRG system.

22 (c) The Department may, by rule, implement the Enhanced
23 Ambulatory Procedure Grouping (EAPG) system for outpatient

1 services provided on or after January 1, 2014, in a manner
2 consistent with the actions authorized in this Section. On or
3 before January 1, 2013 and through December 31, 2013, the
4 Department shall begin testing the EAPG system. During the
5 testing period the Department shall process and price
6 outpatient services using the EAPG system; however, actual
7 payments for those outpatient services shall be made using the
8 current reimbursement system. During the testing period, the
9 Department, in collaboration with the statewide representative
10 of hospitals, shall provide information and technical
11 assistance to hospitals to encourage and facilitate their
12 transition to the EAPG system.

13 (d) The Department in consultation with the current
14 hospital technical advisory group shall review the test claims
15 for inpatient and outpatient services at least monthly,
16 including the estimated impact on hospitals, and, in developing
17 the rules, policies, and procedures to implement the new
18 payment systems, shall consider at least the following issues:

19 (1) The use of national relative weights provided by
20 the vendor of the APR-DRG system, adjusted to reflect
21 characteristics of the Illinois Medical Assistance
22 population.

23 (2) An updated outlier payment methodology based on
24 current data and consistent with the APR-DRG system.

25 (3) The use of policy adjusters to enhance payments to
26 hospitals treating a high percentage of individuals

1 covered by the Medical Assistance program and uninsured
2 patients.

3 (4) Reimbursement for inpatient specialty services
4 such as psychiatric, rehabilitation, and long-term acute
5 care using updated per diem rates that account for service
6 acuity.

7 (5) The creation of one or more transition funding
8 pools to preserve access to care and to ensure financial
9 stability as hospitals transition to the new payment
10 system.

11 (6) Whether, beginning July 1, 2014, some of the static
12 adjustment payments financed by General Revenue funds
13 should be used as part of the base payment system,
14 including as policy adjusters to recognize the additional
15 costs of certain services, such as pediatric or neonatal,
16 or providers, such as trauma centers, Critical Access
17 Hospitals, or high Medicaid hospitals, or for services to
18 uninsured patients.

19 (e) The Department shall provide the association
20 representing the majority of hospitals in Illinois, as the
21 statewide representative of the hospital community, with a
22 monthly file of claims adjudicated under the test system for
23 the purpose of review and analysis as part of the collaboration
24 between the State and the hospital community. The file shall
25 consist of a de-identified extract compliant with the Health
26 Insurance Portability and Accountability Act (HIPAA).

1 (f) The current hospital technical advisory group shall
2 make recommendations for changes during the testing period and
3 recommendations for changes prior to the effective dates of the
4 new payment systems. The Department shall draft administrative
5 rules to implement the new payment systems and provide them to
6 the technical advisory group at least 90 days prior to the
7 proposed effective dates of the new payment systems.

8 (g) The payments to hospitals financed by the current
9 hospital assessment, authorized under Article V-A of this Code,
10 are scheduled to sunset on June 30, 2014. The continuation of
11 or revisions to the hospital assessment program shall take into
12 consideration the impact on hospitals and access to care as a
13 result of the changes to the hospital payment system.

14 (h) Beginning July 1, 2014, the Department may transition
15 current General Revenue funded supplemental payments into the
16 claims based system over a period of no less than 2 years from
17 the implementation date of the new payment systems and no more
18 than 4 years from the implementation date of the new payment
19 systems, provided however that the Department may adopt, by
20 rule, supplemental payments to help ensure access to care in a
21 geographic area or to help ensure access to specialty services.
22 For any supplemental payments that are adopted that are based
23 on historic data, the data shall be no older than 3 years and
24 the supplemental payment shall be effective for no longer than
25 2 years before requiring the data to be updated.

26 (i) Any payments authorized under 89 Illinois

1 Administrative Code 148 set to expire in State fiscal year 2012
2 and that were paid out to hospitals in State fiscal year 2012
3 shall remain in effect as long as the assessment imposed by
4 Section 5A-2 is in effect.

5 (j) Subsections (a) and (c) of this Section shall remain
6 operative unless the Auditor General has reported that: (i) the
7 Department has not undertaken the required actions listed in
8 the report required by subsection (a) of Section 2-20 of the
9 Illinois State Auditing Act; or (ii) the Department has failed
10 to comply with the reporting requirements of Section 2-20 of
11 the Illinois State Auditing Act.

12 (k) Subsections (a) and (c) of this Section shall not be
13 operative until final federal approval by the Centers for
14 Medicare and Medicaid Services of the U.S. Department of Health
15 and Human Services and implementation of all of the payments
16 and assessments in Article V-A in its form as of the effective
17 date of this amendatory Act of the 97th General Assembly or as
18 it may be amended.

19 (l) Payments shall not be made for inpatient services under
20 an APR-DRG system authorized under subsection (a) until
21 individual hospitals have received 9 months of claims processed
22 under the APR-DRG system including any modifications agreed
23 upon under subsection (d).

24 (m) Payments shall not be made for outpatient services
25 under an EAPG system authorized under subsection (c) until
26 individual hospitals have received 9 months of claims processed

1 under the EAPG system including any modifications agreed upon
2 under subsection (d).

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

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.