99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2736

Introduced 2/16/2016, by Sen. Jacqueline Y. Collins

SYNOPSIS AS INTRODUCED:

New Act 30 ILCS 105/5.875 new

Creates the Nursing Home Accountability Act. Defines terms. Requires certain nursing facilities to report specified information concerning wages of their employees as part of an annual cost report. Requires the Department of Public Health to compare the information to the living wage certification standards. Contains provisions concerning the reporting, determinations, posting, and effect of such certification. Contains penalty, inspection of records, and rulemaking provisions. Requires the Department of Healthcare and Family Services, based on required reports by facilities, to determine if an employee of a facility is a recipient of public assistance for the purpose of imposing an employer responsibility penalty. Contains provisions concerning medical assistance information, prohibited practices, employee remedies, administrative appeals, and confidentiality. Establishes the Employer Responsibility for Public Assistance Fund as a special fund in the State treasury (and makes a conforming change in the State Finance Act). Provides that the Department of Healthcare and Family Services may use money in the Employer Responsibility for Public Assistance Fund for specified purposes. Provides for a direct service minimum that sets a 50% direct service worker expenditure threshold that covered facilities shall meet using their medical assistance program funds. Contains provisions concerning reporting requirements, the calculation and determination of the direct service minimum, and repayment of medical assistance program payments in the event a facility does not meet the direct service minimum. Provides that the provisions of the Act are severable. Effective 90 days after becoming law.

LRB099 19806 MJP 44205 b

FISCAL NOTE ACT MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

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

- 4 ARTICLE 1
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GENERAL PROVISIONS

6 Section 1-1. Short title. This Act may be cited as the
7 Nursing Home Accountability Act.

8 Section 1-5. Legislative findings. The General Assembly 9 finds the following:

(1) Illinois has a large and growing population of
 seniors and individuals with disabilities who may at some
 point require nursing facility care.

13 (2) Nursing facilities are predominately
14 taxpayer-funded through reimbursements from the medical
15 assistance program and Medicare program.

16 (3) The State of Illinois should have assurances that
17 taxpayer funds are being used by nursing facilities engaged
18 in good care practices and workforce practices rather than
19 for the profit of nursing facilities.

(4) Nursing facilities that receive public money have a
responsibility to report to their residents, the families
of their residents, and the taxpayers of this State about

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the minimum hourly wage rates paid to their employees and the number of their employees receiving public assistance, so that the public may make informed decisions about the quality and administration of nursing facilities.

5 (5) According to 2014 Long-term Care Facilities' Cost 6 Reports data, the average hourly wage for nurse assistants 7 in Illinois is \$11.82, the average wage for cooks is 8 \$10.76, and the average wage for housekeepers is \$10.38. In 9 many facilities, the average wages for these and other job 10 titles is below \$10 per hour. Many long-term care 11 facilities do not pay nurse assistants, cooks, or 12 housekeepers a living wage of \$15 per hour.

13 (6) Nursing facilities that pay a living wage of \$15
14 per hour should be recognized with a certification from the
15 State that can be prominently displayed on-site and on
16 their publicly accessible Internet website.

17 (7) The high rate of staff turnover is a chronic problem in nursing facilities. Turnover of certified nurse 18 19 aides is particularly high. Studies have addressed the 20 importance of continuity of care and the need to stabilize the work force in nursing facilities to improve quality 21 22 care. Higher wages may actually help nursing facilities 23 reduce turnover and fill vacancies and can lead to greater worker productivity by improving morale and overall job 24 25 satisfaction.

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(8) Nursing facility employees deserve affordable,

comprehensive, employer-provided health insurance coverage. Unfortunately, federal law imposes no penalty on employers who fail to offer affordable, comprehensive health coverage to employees and whose employees receive coverage through the taxpayer-funded medical assistance program.

7 (9) An employer who fails to provide affordable, 8 comprehensive coverage to low-wage workers covered by 9 medical assistance shifts the cost of health care coverage 10 from the employer to the taxpayer. Controlling health care 11 costs can be more readily achieved if a greater share of 12 working people and their families have employer-provided 13 health benefits so that cost shifting is minimized.

14 (10) Nursing facility payment rates under Illinois 15 Medicaid are set based on the expectation that most of the 16 payments will be used to provide services to nursing 17 facility residents to maintain and enhance their well-being. Specifically, the nursing component of a 18 19 facility's rate is set based on the expected cost of 20 registered nurses, nurse aides, and several other staff types providing the hours of care determined necessary for 21 22 well-being of facility residents. The the support 23 component of a facility's rate is intended to pay for dietary, housekeeping, and other support services for 24 25 residents.

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(11) In State-funded home care programs, the State

requires participating home care agencies to show that they have spent 77% of program revenue on direct service worker wages and benefits. This has been an effective policy tool ensuring State funds are used as intended in home care, which, alongside nursing facility care, is the other major long-term care service in Illinois Medicaid.

7 (12) While the Department of Healthcare and Family 8 Services collects extensive financial reporting data from 9 each nursing facility participating in Illinois Medicaid 10 each year, the Department does not take similar measures to 11 ensure nursing facilities use State funds on the direct 12 service workforce.

13 (13) The State should act to ensure that taxpayer 14 dollars spent on care in nursing facilities are actually 15 used for the direct services to residents that they are 16 intended to provide.

17 Section 1-10. Purposes. The purposes of this Act are to:

(1) create a living wage certification program for each nursing facility that provides a base hourly wage of \$15 per hour for each directly employed or subcontracted employee of the nursing facility;

(2) encourage the provision of a living wage to each
nursing facility employee by providing information to each
nursing facility resident and the public on the wage rates
being paid to the employees of the nursing facility;

(3) ensure that each nursing facility pays a nursing 1 2 facility employer responsibility penalty for health 3 coverage received by each employee of the nursing facility through the medical assistance program and other public 4 5 assistance programs fully or partially funded by the State, with that penalty based on the costs incurred by the State 6 7 for providing these benefits to the employee of the nursing 8 facility;

9 (4) ensure that each nursing facility employee who 10 receives public assistance is protected from possible 11 retaliation by the nursing facility for seeking or 12 obtaining that assistance; and

minimum 13 establish а direct service worker (5) 14 percentage for nursing facilities participating in the 15 medical assistance program to encourage the facilities to 16 spend medical assistance program funds providing service to residents, and require repayment of a portion of medical 17 assistance program funds if they do not. 18

Section 1-15. Definitions. As used in this Act, unless the context clearly requires otherwise:

21 "Base hourly wage" means the hourly wage of an employee 22 that is exclusive of:

(1) deductions for payroll taxes, benefits, or other
 employment charges; and

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(2) adjustments for overtime compensation.

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"Covered employee" means an employee who:

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(1) is a recipient of public assistance;

3 (2) works an average of 20 hours or more per week for
4 the nursing facility; and

5 (3) works more than 45 days during the calendar year
6 for the nursing facility.

7 "Covered employee" includes an individual who is a leased 8 employee or otherwise under the direction and control of the 9 nursing facility.

10 "Direct service worker" means registered nurses, licensed practical nurses, certified nurse assistants, therapists, 11 12 rehabilitation aides, therapy aides, psychiatric service 13 aides, activity aides, social service workers, dietary aides, 14 housekeepers, and laundry employees. This is the workforce 15 that, primarily through interpersonal contact with residents, 16 helps maintain resident well-being and provides the type of 17 services the medical assistance program pays for through the nursing component rate for nursing facilities, as well as 18 19 certain services of the type the medical assistance program 20 pays for through the support component rate for nursing facilities, described in Sections 5-5.4 and 5-5.4d of the 21 22 Illinois Public Aid Code.

"Direct service worker percentage" means a nursing facility's direct service worker wages, benefits, and payroll taxes per patient day divided by its Medicaid revenue per patient day. 1 "Employee" means an individual who is employed directly or 2 subcontracted by the nursing facility on a full-time, 3 part-time, temporary, or seasonal basis.

4 "Fund" means the Employer Responsibility for Public
5 Assistance Fund established under Section 10-40 of this Act.

6 "Living wage certification standard" means the base hourly 7 wage of \$15, which shall be adjusted annually by the Department 8 of Healthcare and Family Services in consultation with the 9 Illinois Department of Labor to reflect any increase in the 10 appropriate regional Consumer Price Index.

11 "Medical assistance program" means the program established 12 in Article V of the Illinois Public Aid Code.

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"Nursing facility" means both:

14 (1) a long-term care facility as defined in the Nursing15 Home Care Act; and

16 (2) each member of a controlled group of corporations, 17 as defined in Section 1563(a) of the Internal Revenue Code. "Public assistance" includes, but is not limited to, 18 19 assistance under the medical assistance program, cash 20 assistance, or another benefit under a program that is wholly or partially funded by the State. "Public assistance" does not 21 22 include the assistance provided under the federal Children's 23 Health Insurance Program, Supplemental Nutrition Assistance 24 Program, or Low-Income Home Energy Assistance Program.

ARTICLE 5

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1	NURSING FACILITY
2	LIVING WAGE CERTIFICATION
3	Section 5-5. Reporting requirements.
4	(a) Beginning 90 days after the effective date of this Act,
5	each nursing facility that is certified to participate in the
6	medical assistance program shall provide the following
7	information on an annual basis as part of its cost report under
8	Sections 5-5.7 and 5B-5 of the Illinois Public Aid Code:
9	(1) the minimum base hourly wage paid for each job
10	classification at the nursing facility, categorized by
11	full-time, part-time, temporary, and seasonal employees,
12	and including the total number of employees for each
13	category;
14	(2) the number of employees for each job classification
15	at the nursing facility, categorized by full-time,
16	part-time, temporary, and seasonal employees, and
17	including the total number of employees; and
18	(3) the total number of employees who receive a base
19	hourly wage at, above, and below the living wage
20	certification standard at the nursing facility,
21	categorized by full-time, part-time, temporary, and
22	seasonal employees, and including the total number of
23	employees.
24	(b) Information provided under subsection (a) shall be
25	based on payroll records and other data in a uniform format

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Section 5-10. Determination and certification.

(a) The Department of Public Health shall determine whether
a nursing facility qualifies for a living wage certification by
comparing the information provided under Section 5-5 of this
Act to the living wage certification standard for the
corresponding period.

The Department of Public Health shall 8 issue a (b) 9 certification document to each nursing facility whose 10 employees all meet the living wage certification standard. The 11 document shall detail the nursing facility's certification as 12 an employer that provides wages to its employees that meet the 13 living wage certification standard.

14 (c) The analysis of information provided and the issuance 15 of a certification document under this Section shall occur 16 annually.

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Section 5-15. Posting of information.

(a) The Department of Public Health shall post the
following on its publicly accessible Internet website,
including the page dedicated to long-term care facility
information, or other appropriate websites of the State:

22 (1) The information provided under Section 5-5 of this23 Act.

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(2) The list of nursing facilities that have received a

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- certification document under Section 5-10 of this Act for
 the current year.
- 3 (b) Each nursing facility shall post the following in a4 publicly accessible area of the nursing facility:

5 (1) The information provided under Section 5-5 of this
6 Act.

7 (2) The certification document under Section 5-10 of
8 this Act that the nursing facility received for the current
9 year, if it received one.

10 Section 5-20. Effect of certification. Nothing in this 11 Article shall require a nursing facility to provide wages to 12 some or all of its employees in an amount equal to or exceeding 13 the living wage certification standard.

14 Section 5-25. Inspection of records and data. The 15 Department of Public Health shall inspect payroll records and 16 other data under Section 5-5 of this Act during the annual 17 inspection of the nursing facility to verify that the 18 information provided under Section 5-5 of this Act is complete 19 and accurate.

20 Section 5-30. Administration by Department of Public 21 Health. The Department of Public Health shall adopt rules 22 necessary to implement this Article. SB2736 - 11 - LRB099 19806 MJP 44205 b

1 Section 5-35. Civil penalties.

2 (a) The Department of Public Health shall impose a civil
3 penalty upon a nursing facility that fails to:

4 (1) provide complete, accurate, timely, or properly
5 formatted information that is required under Section 5-5 of
6 this Act; or

7 (2) submit the information under Section 5-5 of this
8 Act for inspection as required by Section 5-25 of this Act.
9 (b) The Department of Public Health shall determine the
10 appropriate amount of the penalty imposed under subsection (a)
11 of this Section.

12 ARTICLE 10

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NURSING FACILITY

14 EMPLOYER RESPONSIBILITY PENALTY

15 Section 10-5. Reporting requirements. Each nursing 16 facility shall annually provide information required by the 17 Department of Healthcare and Family Services to administer and 18 enforce the provisions of this Article, including, but not 19 limited to:

20 (a) the Social Security number of each employee of the21 nursing facility;

(b) the number of hours that the employee worked at the nursing facility during the fiscal year; and

24 (c) the number of days that the employee was employed at

SB2736 - 12 - LRB099 19806 MJP 44205 b the nursing facility during the fiscal year.

10-10. 2 Section Determinations. The Department of 3 Healthcare and Family Services shall match Social Security 4 numbers of recipients of public assistance with the information 5 provided under Section 10-5 of this Act, to determine if the 6 nursing facility is subject to an employer responsibility 7 penalty under this Article.

8 Section 10-15. Employer responsibility penalty.

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9 (a) A nursing facility shall be subject to an employer 10 responsibility penalty if it employs an employee who is a 11 recipient of public assistance.

12 (b) The amount of the penalty shall be determined as 13 follows:

14 (1) The amount of the employer responsibility penalty
15 shall be based on the actual cost of providing public
16 assistance to each covered employee for the most recent
17 fiscal year.

employer responsibility penalty for each 18 (2)The covered employee shall be determined by multiplying the 19 20 actual cost of providing public assistance to the covered 21 employee by a fraction, the numerator of which is the 22 amount of annualized hours worked by the covered employee 23 per year and the denominator of which is 1,820 hours per 24 year.

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(3) An employer responsibility penalty may not exceed
 100% of the actual cost of providing public assistance to
 the covered employee.

4 (c) The Department of Healthcare and Family Services shall 5 annually send a notice of the following to each nursing 6 facility that is subject to an employer responsibility penalty 7 under this Article:

8 (1) The amount of the employer responsibility penalty9 imposed.

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(2) The date on which payment is due.

(d) A nursing facility shall pay any employer responsibility penalty imposed under this Article to the Department of Healthcare and Family Services for deposit into the fund established under Section 10-40 of this Act.

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(e) Interest shall be determined as follows:

16 (1) Interest shall be assessed at 10% per annum on an
17 employer responsibility penalty that is not paid on or
18 before the due date of the payment.

19 (2) Interest under this subsection (e) shall begin to
20 accrue the day after the due date of the employer
21 responsibility penalty.

(3) Interest under this subsection (e) shall be
deposited into the fund established under Section 10-40 of
this Act.

25 (f) If an employer responsibility penalty is not paid 26 within 60 days after the due date of the payment, an interest 1 penalty equal to the interest charged under subsection (e)
2 shall be assessed and due for each month, or part thereof, that
3 the employer responsibility penalty payment is not received.

The additional interest penalty under this subsection (f) shall be deposited in the fund under Section 10-40 of this Act.

(q) If a nursing facility is a medical assistance provider 6 7 or is related through common ownership or control, as defined 8 42 CFR 413.17(b) (relating to cost to related in 9 organizations), to a medical assistance provider and the 10 nursing facility fails to pay all or part of an employer 11 responsibility penalty within 60 days after the due date of the 12 payment, the Department of Healthcare and Family Services may 13 deduct the unpaid penalty and any interest owed on the penalty 14 from any medical assistance program payment due to the nursing 15 facility until the full amount due under this Section is 16 recovered.

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A deduction under this subsection (g) may be made:

(1) only after written notice to the nursing facilityunder paragraph (1); and

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(2) in amounts over a period of time, taking into account the financial condition of the nursing facility.

(h) Within 60 days after the end of each calendar quarter, the Department of Healthcare and Family Services shall notify the Department of Public Health of each nursing facility with penalty or interest amounts that have remained unpaid for 90 days or more.

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- The Department of Public Health may not renew the license
 of a nursing facility unless:
- 3 (1) the Department of Healthcare and Family Services
 4 notifies the Department of Public Health that the nursing
 5 facility has paid any outstanding amount due under this
 6 Section in its entirety; or
- 7 (2) the Department of Healthcare and Family Services 8 agrees to permit the nursing facility to repay the 9 outstanding amount due under this Section in installments 10 and that, to date, the nursing facility has paid the 11 installments in the amount and by the date required by the 12 Department of Healthcare and Family Services.

(i) After a nursing facility changes ownership or control, the successor shall be liable for the outstanding amount due under this Section from the nursing facility before the change of ownership or control.

17 Section 10-20. Information regarding medical assistance.

(a) Each nursing facility shall provide information to each
 newly hired and existing employee regarding the availability of
 medical assistance coverage for a low-income employee.

(b) The Department of Healthcare and Family Services shall
develop a simple, uniform written notice containing the
information required under this Section.

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Section 10-25. Prohibited practices. A nursing facility

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1 may not:

2 (1) designate an employee as an independent 3 contractor, reduce an employee's hours of work, or 4 terminate an employee if the purpose of the action is to 5 avoid the obligations under this Article;

6 (2) request or otherwise seek to obtain information on 7 the income, family income, or other eligibility 8 requirements for public assistance regarding an employee, 9 other than the information about the employee's employment 10 status otherwise known to the nursing facility and 11 consistent with federal and State law;

12 (3) require as a condition of employment that an 13 employee not enroll or withdraw from enrollment in public 14 assistance;

15 (4) encourage or discourage an employee to enroll in 16 public assistance for which the employee is eligible, but 17 the nursing facility may provide information on public 18 assistance as otherwise provided by federal or State law; 19 or

20 (5) discharge or in any manner discriminate or 21 retaliate against an employee who enrolls in public 22 assistance.

Section 10-30. Employee remedies. An employee of a nursing facility who is discharged, threatened with discharge, demoted, suspended, or in any other manner discriminated or

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retaliated against in the terms and conditions of employment by the nursing facility because the employee has enrolled in public assistance shall be entitled to reinstatement and reimbursement for lost wages and work benefits caused by the acts of the nursing facility.

6 Section 10-35. Administrative appeal. A nursing facility 7 that is aggrieved by a determination of the Department of 8 Healthcare and Family Services under this Article may file a 9 request for review of whether the Department of Healthcare and 10 Family Services correctly determined the number of covered 11 employees that are the subject of the penalty through the 12 Department's administrative procedures for appeals.

13 Section 10-40. Employer Responsibility for Public 14 Assistance Fund.

(a) There is created in the State treasury the EmployerResponsibility for Public Assistance Fund.

(b) The Employer Responsibility for Public Assistance Fund shall receive money from the employer responsibility penalty, interest, and other penalties under Section 10-15.

20 (c) The Department of Healthcare and Family Services may21 use money in the Fund to pay:

(1) the State's share of public assistance costs forcovered employees; and

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(2) the costs to implement and administer this Article.

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Section 10-45. Confidentiality. Each document and record 1 2 that contains personal or identifying information and results from the operation of Sections 10-5 and 10-10 of this Act shall 3 4 be subject to the confidentiality requirements and privacy 5 Health standards under the Insurance Portability and 6 Accountability Act of 1996.

7 Section 10-50. Administration by the Department of 8 Healthcare and Family Services. The Department of Healthcare 9 and Family Services shall adopt rules necessary to implement 10 this Article.

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ARTICLE 15

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DIRECT SERVICE MINIMUM

13 Section 15-5. Reporting requirements.

(a) Beginning 90 days after the effective date of this
Section, each nursing facility that is certified to participate
in the medical assistance program shall provide as part of its
financial reporting under Sections 5-5.7 and 5B-5 of the
Illinois Public Aid Code information necessary for the
Department of Healthcare and Family Services to administer and
enforce the provisions of this Article.

(b) Information provided shall be subject to the audit
 provisions under Section 5-5.7 of the Illinois Public Aid Code

and comply with any uniform standards and charting of accounts
 developed under Sections 5-5.7 and 5B-5 of the Illinois Public
 Aid Code.

4 Section 15-10. Calculation and determination.

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5 (a) The Department of Healthcare and Family Services shall 6 examine information on medical assistance program revenue and 7 the split between spending on direct service worker costs limited to, 8 other items (including, but versus not 9 administrative expenses, capital expenses, and owner profits), provided under Section 15-5 of this Act, to determine if the 10 11 nursing facility's direct service worker percentage is at or 12 above 50% or not.

(b) A nursing facility's direct service worker spending per patient day will be calculated by dividing the sum of direct service worker wages, benefits, and payroll taxes by total patient days.

17 (c) A nursing facility's Medicaid revenue per patient day 18 shall be calculated by dividing total Medicaid revenue by 19 Medicaid patient days.

20 Section 15-15. Repayment of medical assistance program 21 payments.

(a) If a nursing facility's direct service worker
percentage is determined to be below 50% under Section 15-10 of
this Act, the nursing facility shall repay a portion of its

medical assistance program payments based on how far its direct service worker percentage is below this minimum percentage. The amount of repayment shall be determined by multiplying total medical assistance program payments times the difference of 50% and the facility's direct service worker percentage.

6 (b) The Department of Healthcare and Family Services shall 7 send notice to a nursing facility subject to repayment stating:

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(1) the amount that must be repaid; and

(2) the date on which payment is due.

10 (c) If a nursing facility fails to pay all or part of a 11 repayment within 60 days after the due date of the repayment, 12 the Department of Healthcare and Family Services may deduct the 13 unpaid amount from any medical assistance program payment due 14 to the nursing facility until the full amount due under this 15 Section is recovered.

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A deduction this subsection may be made:

17 (1) only after written notice to the nursing facility;18 and

19 (2) in amounts over a period of time, taking into20 account the financial condition of the nursing facility.

(d) Within 60 days after the end of each calendar quarter, the Department of Healthcare and Family Services shall notify the Department of Public Health of each nursing facility with repayment amounts that have remained unpaid for 90 days or more.

26 The Department of Public Health may not renew the license

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1 of a nursing facility unless:

2 (1) the Department of Healthcare and Family Services 3 notifies the Department of Public Health that the nursing 4 facility has paid any outstanding amount due under this 5 Section in its entirety; or

6 (2) the Department of Healthcare and Family Services 7 agrees to permit the nursing facility to repay the 8 outstanding amount due under this Section in installments 9 and that, to date, the nursing facility has paid the 10 installments in the amount and by the date required by the 11 Department of Healthcare and Family Services.

(e) After a nursing facility changes ownership or control, the successor shall be liable for the outstanding amount due under this Section from the nursing facility before the change of ownership or control.

16 (f) Other Department of Healthcare and Family Services 17 repayment procedures shall be broadly consistent with Part 140 18 of Title 89 of the Illinois Administrative Code regarding 19 nursing facility payment and Department practices.

20 Section 15-20. Administration by the Department of 21 Healthcare and Family Services. The Department of Healthcare 22 and Family Services shall adopt rules necessary to implement 23 this Article.

ARTICLE 90

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1	AMENDATORY PROVISIONS
2 3	Section 90. The State Finance Act is amended by adding Section 5.875 as follows:
4	(30 ILCS 105/5.875 new)
5	Sec. 5.875. The Employer Responsibility for Public
6	Assistance Fund.
7	ARTICLE 99
8	SEVERABILITY; EFFECTIVE DATE
9	Section 99-97. Severability. The provisions of this Act
10	are severable. If any provision of this Act or its application
11	to any person or circumstance is held invalid, the invalidity
12	shall not affect other provisions or applications of this Act
13	that can be given effect without the invalid provision or

1 1 13 that can be given effect without the invalid provision or application. 14

Section 99-99. Effective date. This Act takes effect in 90 15 days after becoming law. 16