

1 AN ACT in relation to 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 5-5.4 as follows:

6 (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

7 Sec. 5-5.4. Standards of Payment - Department of Public
8 Aid. The Department of Public Aid shall develop standards of
9 payment of skilled nursing and intermediate care services in
10 facilities providing such services under this Article which:

11 (1) Provides for the determination of a facility's
12 payment for skilled nursing and intermediate care services on
13 a prospective basis. The amount of the payment rate for all
14 nursing facilities certified under the medical assistance
15 program shall be prospectively established annually on the
16 basis of historical, financial, and statistical data
17 reflecting actual costs from prior years, which shall be
18 applied to the current rate year and updated for inflation,
19 except that the capital cost element for newly constructed
20 facilities shall be based upon projected budgets. The
21 annually established payment rate shall take effect on July 1
22 in 1984 and subsequent years. Rate increases shall be
23 provided annually thereafter on July 1 in 1984 and on each
24 subsequent July 1 in the following years, except that no rate
25 increase and no update for inflation shall be provided on or
26 after July 1, 1994 and before July 1, 2001, unless
27 specifically provided for in this Section.

28 For facilities licensed by the Department of Public
29 Health under the Nursing Home Care Act as Intermediate Care
30 for the Developmentally Disabled facilities or Long Term Care
31 for Under Age 22 facilities, the rates taking effect on July

1 1, 1998 shall include an increase of 3%. For facilities
2 licensed by the Department of Public Health under the Nursing
3 Home Care Act as Skilled Nursing facilities or Intermediate
4 Care facilities, the rates taking effect on July 1, 1998
5 shall include an increase of 3% plus \$1.10 per resident-day,
6 as defined by the Department.

7 For facilities licensed by the Department of Public
8 Health under the Nursing Home Care Act as Intermediate Care
9 for the Developmentally Disabled facilities or Long Term Care
10 for Under Age 22 facilities, the rates taking effect on July
11 1, 1999 shall include an increase of 1.6% plus \$3.00 per
12 resident-day, as defined by the Department. For facilities
13 licensed by the Department of Public Health under the Nursing
14 Home Care Act as Skilled Nursing facilities or Intermediate
15 Care facilities, the rates taking effect on July 1, 1999
16 shall include an increase of 1.6% and, for services provided
17 on or after October 1, 1999, shall be increased by \$4.00 per
18 resident-day, as defined by the Department.

19 For facilities licensed by the Department of Public
20 Health under the Nursing Home Care Act as Intermediate Care
21 for the Developmentally Disabled facilities or Long Term Care
22 for Under Age 22 facilities, the rates taking effect on July
23 1, 2000 shall include an increase of 2.5% per resident-day,
24 as defined by the Department. For facilities licensed by the
25 Department of Public Health under the Nursing Home Care Act
26 as Skilled Nursing facilities or Intermediate Care
27 facilities, the rates taking effect on July 1, 2000 shall
28 include an increase of 2.5% per resident-day, as defined by
29 the Department.

30 For facilities licensed by the Department of Public
31 Health under the Nursing Home Care Act as skilled nursing
32 facilities or intermediate care facilities, the rates taking
33 effect on July 1, 2001 and each subsequent July 1 shall be
34 computed using the most recent cost reports filed with the

1 Department of Public Aid no later than April 1 of the prior
2 year. For rates effective July 1, 2001 only, rates shall be
3 the greater of the rate computed for July 1, 2001 or the rate
4 effective on June 30, 2001.

5 For facilities licensed by the Department of Public
6 Health under the Nursing Home Care Act as skilled nursing
7 facilities or intermediate care facilities, a new payment
8 methodology must be implemented for the nursing component of
9 the rate effective January 1, 2002. The Department of Public
10 Aid shall develop the new payment methodology using the
11 federal Minimum Data Set (MDS) as the instrument to collect
12 information concerning nursing home resident condition
13 necessary to compute the rate. The new payment methodology
14 must be developed to meet the unique needs of Illinois
15 nursing home residents. Rates based on the new payment
16 methodology must be phased in over a 4-year period using a
17 blend of the rate based on the nursing rate payment
18 methodology in effect on December 31, 2001 and the new
19 payment methodology effective January 1, 2002 as follows:

20 (A) For rates effective January 1, 2002 through
21 December 31, 2002, the nursing component of the rate must
22 be comprised of a blend of 75% of the rate based on the
23 payment methodology in effect on December 31, 2001 and
24 25% of the rate in effect on January 1, 2002.

25 (B) For rates effective January 1, 2003 through
26 December 31, 2003, the nursing component of the rate must
27 be comprised of a blend of 50% of the rate based on the
28 payment methodology in effect on December 31, 2001 and
29 50% of the rate in effect on January 1, 2002.

30 (C) For rates effective January 1, 2004 through
31 December 31, 2004, the nursing component of the rate must
32 be comprised of a blend of 25% of the rate based on the
33 payment methodology in effect on December 31, 2001 and
34 75% of the rate in effect on January 1, 2002.

1 (D) For rates effective January 1, 2005 and
2 thereafter, the nursing component of the rate must be
3 comprised of 100% of the rate based on the payment
4 methodology in effect on January 1, 2002.

5 Rates established effective each July 1 shall govern
6 payment for services rendered throughout that fiscal year,
7 except that rates established on July 1, 1996 shall be
8 increased by 6.8% for services provided on or after January
9 1, 1997. Such rates will be based upon the rates calculated
10 for the year beginning July 1, 1990, and for subsequent years
11 thereafter shall be based on the facility cost reports for
12 the facility fiscal year ending at any point in time during
13 the previous calendar year, updated to the midpoint of the
14 rate year. The cost report shall be on file with the
15 Department no later than April 1 of the current rate year.
16 Should the cost report not be on file by April 1, the
17 Department shall base the rate on the latest cost report
18 filed by each skilled care facility and intermediate care
19 facility, updated to the midpoint of the current rate year.
20 In determining rates for services rendered on and after July
21 1, 1985, fixed time shall not be computed at less than zero.
22 The Department shall not make any alterations of regulations
23 which would reduce any component of the Medicaid rate to a
24 level below what that component would have been utilizing in
25 the rate effective on July 1, 1984.

26 (2) Shall take into account the actual costs incurred by
27 facilities in providing services for recipients of skilled
28 nursing and intermediate care services under the medical
29 assistance program.

30 (3) Shall take into account the medical and
31 psycho-social characteristics and needs of the patients.

32 (4) Shall take into account the actual costs incurred by
33 facilities in meeting licensing and certification standards
34 imposed and prescribed by the State of Illinois, any of its

1 political subdivisions or municipalities and by the U.S.
2 Department of Health and Human Services pursuant to Title XIX
3 of the Social Security Act.

4 The Department of Public Aid shall develop precise
5 standards for payments to reimburse nursing facilities for
6 any utilization of appropriate rehabilitative personnel for
7 the provision of rehabilitative services which is authorized
8 by federal regulations, including reimbursement for services
9 provided by qualified therapists or qualified assistants, and
10 which is in accordance with accepted professional practices.
11 Reimbursement also may be made for utilization of other
12 supportive personnel under appropriate supervision.

13 (Source: P.A. 90-9, eff. 7-1-97; 90-588, eff. 7-1-98; 91-24,
14 eff. 7-1-99; 91-712, eff. 7-1-00.)

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