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State/Territory Name: IL

State Plan Amendment (SPA) #: 23-0032

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

March 4, 2024

Theresa Eagleson, Director
Illinois Department of Healthcare and Family Services
201 South Grand Avenue East, 3rd Floor
Springfield, IL 62763-0001

RE: Illinois State Plan Amendment (SPA) 23-0032

Dear Ms. Eagleson:

We have reviewed the proposed amendment to Attachments 4.19-A and 4.19-B of your Medicaid State plan submitted under transmittal number 23-0032 which proposes new inpatient and outpatient hospital services reimbursement.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of January 1, 2024. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please contact Fredrick Sebree at Fredrick.sebree@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 23-0032

2. STATE: IL

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 440.10 and 42 CFR 440.20

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 $ 17,900,000
b. FFY 2025 $ 23,800,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A, Pages 30.4, 30.7, 68.1, 69.1, 71.1,72.1, 74C, 74D, 74E, 111,176

Attachment 4.19-B, Pages 13.1, 14.1, 65A

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-A, Pages, 4.19-A, Pages 30.4, 30.7, 68.1, 69.1, 71.1,72.1, 74C, 74D, 74E, 111,176

Attachment 4.19-B, Pages 13.1, 14.1, 65A

9. SUBJECT OF AMENDMENT
Reimbursement rates for inpatient and outpatient hospital services.

10. GOVERNOR'S REVIEW *(Check One)*
( ) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
(●) OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Theresa Eagleson

13. TITLE
Director of Healthcare and Family Services

14. DATE SUBMITTED
October 25, 2023

15. RETURN TO
Department of Healthcare and Family Services
Bureau of Program and Policy Coordination
Attn: Mary Doran
201 South Grand Avenue East
Springfield, IL 62763-0001

FOR CMS USE ONLY

16. DATE RECEIVED
10/25/2023

17. DATE APPROVED
March 4, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
1/1/2024

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS

Instructions on Back

4. Safety Net

01/24 a. Policy adjustment factor: $210 per general acute and psychiatric care day, excluding Medicare dual eligible days.

b. Qualifying criteria: Hospital is a safety-net hospital. A safety net hospital is defined as a hospital:

i. Licensed by the Department of Public Health as a general acute care or pediatric hospital.

07/20 ii. Reserved.

iii. Meets one of the following:

A. has a MIUR of at least 40% and a charity percent of at least 4%; or

B. has a MIUR of at least 50%.

07/20 iv. Is a hospital that would have qualified for the rate year beginning October 1, 2011, shall be a Safety-Net Hospital.

c. Effective for dates of service on or after January 1, 2024.

01/24 d. Eligibility will be updated annually, each January first, based on the MIUR calculations applicable to the first of October immediately preceding the new calendar year.

G-1. DRG PPS payment for transfers. The reimbursement to hospitals for inpatient services provided to transfers shall be lesser or:

1. The amount that would have been paid pursuant to subsection C-1 had the inpatient been a discharge.
2. The product, rounded to the nearest hundredth, of the following:
   a. The quotient resulting from dividing the amount that would have been paid pursuant to subsection C-1, had the inpatient been a discharge by the DRG average length of stay for the DRG to which the inpatient claim has been assigned.
   b. The length of stay plus the constant 1.0.

H-1. Updates to DRG PPS reimbursement. The Department may annually review the components as listed in subsection (c) and make adjustments as needed. Grouper shall be updated at least triennially and no more frequently than annually.

"Medicare IPPS non-labor share" means the difference of 1.0 and the Medicare IPPS labor share percentage.

"MDC" means major diagnostic category – group of similar DRGs, such as all those affecting a given organ system of the body.

"SOI" means one of four subclasses of each DRG, as published by 3M Health Information Systems for the DRG grouper that relate to severity of illness (the extent of physiologic de-compensation or organ system loss of function experience by the patient) and risk of (the likelihood of) dying.

01/24 "Statewide standardized amount" means the average amount, as the basis for the DRG base rate established by the department, of simulated DRG PPS payments from the general acute hospital inpatient base period paid claims data, such that, the total simulated DRG PPS payments, without the GME factor adjustments, is equal to the sum of the inpatient base period paid claims data allowed amount.

Effective January 1, 2024, the "statewide standardized amount" is increased by 10%.

"Transfer" means a hospital inpatient that has been placed in the care of another hospital except that a transfer does not include an inpatient claim that has been assigned to DRG 580 (Neonate, transferred, less than five days old, not born here) or 581 (Neonate, transferred, less than five days old, born here).

07/20 Effective July 1, 2018, "out-of-State standardized amount" means for cost-reporting hospitals located outside of Illinois that are not included in the in-state standardized amount, the average amount as the basis for the DRG base rate established by the Department such that simulated DRG PPS allowed amounts, without SMART Act reductions or GME factor adjustments, using general acute hospital inpatient based period claims data, are equal to the sum of inpatient based period claims data allowed amount.

01/24 Effective January 1, 2024, "allowed amounts" means the calculated fee schedule amount prior to any adjustment for secondary payer amounts for inpatient priced claims via the DRG-PPS, except Medicare dual eligible claims which are included up to the amount of Medicaid liability on the claim, for which the date of discharge is in inpatient base period claims data.

VIII. Alternate Reimbursement Systems Defined in Chapter II of this Attachment

A. Determination of Alternate Payment Rates to Certain Exempt Hospitals

1. Reimbursement Methodologies For Inpatient Psychiatric Services Base

a. Inpatient psychiatric services not excluded from the DRG PPS pursuant to Chapter II of this Attachment shall be reimbursed through the DRG PPS. Qualifying Criteria

b. Inpatient psychiatric services excluded from the DRG PPS shall be reimbursed a hospital-specific rate paid per day of covered inpatient care, determined pursuant to subsections (c), (d), or (f) as applicable. The total payment for an inpatient stay will equal the sum of:

i. the payment determined in this Section, and

ii any applicable adjustments to payment specified in Chapters VI, VIII, XV and XL.

01/24 c. Psychiatric hospital. Effective January 1, 2024, payment for inpatient psychiatric services provided by a psychiatric hospital, as defined in Chapter VII.

i. For psychiatric hospitals not enrolled with the Department on December 31, 2023, shall be the product of:

A) 90% of the minimum rate in subsection A.1.g of this Chapter; and

B) The length of stay. The length of stay means the number of days the patient was an inpatient in the hospital; with the day the patient became a discharge or transfer not counting the length of stay.

ii. For psychiatric hospitals enrolled with the Department on December 31, 2023, shall be the product of:

A) The greater of:

1) The hospital's psychiatric rate in effect on December 31, 2023 multiplied by 1.1; or
2) 90% of the minimum rate in subsection A.1.g of this Chapter.

B) The length of stay, as defined in subsection A.1.c.i.B. above.

01/24 d. Distinct part psychiatric unit. Effective January 1, 2024, payment for psychiatric services provided by a distinct part psychiatric unit, as defined in Chapter VII:

i. Distinct part psychiatric units that were not enrolled with the Department on December 31, 2023, shall be the product of the following:

A) 90% of the minimum rate in subsection A.1.g of this Section; and

B) The length of stay, as defined in subsection A.1.c.i.B. above.

ii. Distinct part psychiatric units that were enrolled with the Department on December 31, 2023, shall be the product of the following:

A) The greater of:

1) The rate in effect on December 31, 2023 multiplied by 1.1, or;

2) 90% of the minimum rate in Section A.1.g; and

B) The length of stay, as defined in subsection A.1.c.i.B. above.

07/22 f. Psychiatric hospital adjustors for dates of service beginning on or after July 1, 2014 through June 30, 2018 and July 1, 2022 forward. For Illinois freestanding psychiatric hospitals, defined in Chapter VII, who were not children's hospitals as defined in Chapter VII in FY 2013 and whose Medicaid covered days were 90% or more for individuals under 20 years of age in FY 2013, the Department shall pay a per day add-on of $48.25.

01/24 g. Effective January 1, 2024, for safety net hospitals as defined in subsection F-1.4. of Chapter IV, the per diem rate for psychiatric services is the greater of the rate in effect on December 31, 2023 multiplied by 1.1, or the minimum rate of $693.

01/24 h. Effective January 1, 2024, for general acute care hospitals that provide more than 9,500 inpatient psychiatric days in a calendar year, the per diem rate for psychiatric services is the greater of the rate in subsection A.2.e. of this Chapter, or $693.

2. Reimbursement Methodologies for Inpatient Rehabilitation Services

   a. Inpatient rehabilitation services not excluded from the DRG PPS shall be reimbursed through the DRG PPS.

   b. Inpatient rehabilitation services excluded from the DRG PPS shall be reimbursed a hospital-specific rate paid per day of covered inpatient care, determined pursuant to subsections (c) or (d), as applicable. The total payment for an inpatient stay will equal the sum of:

      i. the payment determined in this Section, and

      ii. any applicable adjustments to payment specified in Chapters VI, VIII, XV and XL.

01/24 c. Rehabilitation hospital. Effective January 1, 2024, payment for inpatient rehabilitation services provided by a rehabilitation hospital, as defined in Chapter VII:

      i. That was not enrolled with the Department on December 31, 2023, shall be the product of the following:

         A) $1,000.67; and

         B) The length of stay, as defined in subsection A.1.c.i.B. above.

      ii. That was enrolled with the Department on December 31, 2023, shall be the product of the following:

         A). The greater of:

            1) the hospital's rehabilitation rate in effect on December 31, 2023 multiplied by 1.1; or

            2) $1,000.67; and

         B) The length of stay, as defined in subsection A.1.c.i.B. above.

01/24

d. Distinct part rehabilitation unit. Effective January 1, 2024, payment for inpatient rehabilitation services provided by a distinct part rehabilitation unit, as defined in Chapter VII:

i. For which was not enrolled with the Department on December 31, 2023, shall be the product of the following:

A) $593.25; and

B) The length of stay, as defined in subsection A.1.c.i.B. above.

ii. For which was enrolled with the Department on December 31, 2023, shall be product of the following:

A) The greater of:

1) The distinct part rehabilitation rate in place on December 31, 2023 multiplied by 1.1, or

2) $593.25; and

B) The length of stay, as defined in subsection A.1.c.i.B. above.

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4. Reimbursement Methodologies for Children's Specialty Hospitals

01/21

a. Inpatient general acute care services provided by a Children's Specialty Hospital located in Illinois as defined in Chapter VII.D. and with fewer than 50 total inpatient beds and excluded from the DRG PPS shall per day of covered inpatient care be reimbursed as follows:

i. For a hospital that would not have met the definition of a children's specialty hospital as of July 1, 2013, $1,400.00 per day.

01/24

ii. For an in-state hospital or a cost reporting hospital located outside of Illinois that would have met the definition of a children's specialty hospital as of July 30, 2023, a rate equal to $2,003.13.

iii. The total payment for inpatient stay will equal the sum of:

A) The payment determined in this Section; and

B) Any applicable adjustments to payment specified in Chapters VI, VIII, XV and XL.

5. Reimbursement Methodology for Long Term Acute Care Services

   a. Inpatient long term acute care psychiatric services excluded from the DRG PPS shall be reimbursed under the inpatient psychiatric services methodologies specified in subsection A.1. of this Chapter.

   b. Inpatient long term acute care services excluded from the DRG PPS shall be reimbursed a hospital-specific rate paid per day of covered inpatient care, determined pursuant to this Section. The total payment for an inpatient stay will equal the sum of:

      i. the payment determined in this Section; and

      ii. any applicable adjustments to payment specified in Chapters VI, VIII, XV and XL.

01/24 c. Payment for long term acute care services provided by a long term acute care hospital, as defined in Section 5.d. of this subsection:

      i. That was not enrolled with the Department on December 31, 2023, shall be the product of the following:

         A) $800.16; and

         B) The length of stay, as defined in subsection A.1.c.i.B. of this Chapter.

      ii. That was enrolled with the Department on December 31, 2023, shall be the product of the following:

         A) The rate in effect on December 31, 2023 multiplied by 1.1; and.

         B) The length of stay, as defined in subsection A.1.c.i.B. of this Chapter.

01/24

d. Definitions

"Long term acute care hospital" is a facility licensed by the state within which it is located as an acute care hospital and certified by Medicare as a long term care hospital.

01/2020 2. Following the five placement attempts, the hospital must notify the Department or its designated contractor of its inability to place the individual;

01/2020 3. Reimbursement is limited to services prior approved and provided after the minimum number of contacts have been made and the Department or its contractor have been notified of the need for post-discharge placement. Reimbursement will not be made for services where the underlying inpatient stay was denied as not medically necessary.

01/2020 C. The reimbursement rate for each eligible Hospital Long Term Care Day is $289.48 per day.

01/2020 D. Payments for Hospital Long Term Care Days are not eligible for per diem add-on payments under the Medicaid High Volume Adjustment (MHVA) and Medicaid Percentage Adjustment (MPA) programs.

01/24 E. Effective January 1, 2024, the rate for each eligible Hospital Long Term Care Day is $318.43

07/20 **XLVI. Alzheimer's Treatment Access Payment effective July 1, 2020.**

A. Qualifying Criteria. An Illinois academic medical center or teaching hospital as defined in Section B.6. of Chapter XLV that is identified as the primary hospital affiliate of one of the regional Alzheimer's Disease Assistance Centers as designated by the Alzheimer's Disease Assistance Act and identified in the Illinois Department of Public Health Alzheimer's Disease State Plan dated December 2016.

01/24 B. Payment. A qualifying hospital shall receive a payment that is the product of the following factors:

1. The hospital's calendar year 2019 inpatient days; and
2. the hospital's Alzheimer's Treatment Rate:
    a. For qualifying hospitals located in Cook County: $244.36
    b. For qualifying hospitals located outside of Cook County: $312.03

C. "Inpatient days" means, for a given hospital, the sum of inpatient hospital days provided to recipients of medical assistance under Title XIX of the Social Security Act for general acute care, psychiatric care, and rehabilitation care, excluding days for individuals eligible for Medicare under Title XVIII of the Social Security Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for total days occurring during State fiscal year 2018 as of July 10, 2019.

d. EAPG standardized amount. The standardized amount established by the Department as the basis for EAPG conversion factor differs based on the provider type:

i. County-operated large public hospital EAPG standardized amount. For a large public hospital, as defined in Chapter VII. of Attachment 4.19-A, Page 65.1, the EAPG standardized amount is determined in Chapter 33 of this Attachment.

ii. University-operated large public hospital EAPG standardized amount. For a large public hospital, as defined in VII. of Attachment 4.19-A, Page 65.1, the EAPG standardized amount is determined in Chapter 33 of this Attachment.

iii. Critical access hospital EAPG standardized amount. For critical access hospitals, that is an Illinois hospital designated by Illinois Department of Public Health in accordance with 42 CFR 485 Subpart F., the EAPG standardized amounts are determined separately for each critical access hospital such that:

01/24 A. Simulated EAPG payments using outpatient base period paid claim data plus payments as defined in Chapter 50 of this Attachment, net of tax costs are equal to:

B. Estimated costs of outpatient base period claims data with a rate year cost inflation factor applied.

01/24 C. Effective January 1, 2024, simulated EAPG payments using outpatient base period paid claims data are calculated to be budget neutral to simulated payments using the rates in effect as of December 31, 2023. The budget neutral hospital specific EAPG rates are then increased by 10 percent, except as limited by the UPL.

iv. Acute EAPG standardized amount.

A. Qualifying criteria. General acute hospitals and freestanding emergency centers, excluding providers in subsections.d.i. through d.iii. in this Section, freestanding psychiatric hospitals, psychiatric distinct part units, freestanding rehabilitation hospitals, and rehabilitation distinct part units.

01/24 B. Effective January 1, 2024, the acute EAPG standardized amount is based on a single statewide amount determined such that simulated EAPG allowed amount using general acute hospital outpatient base period paid claims data, is equal to the sum of general acute hospital base period paid claims data allowed amount increased by 10 percent. For subsequent years, acute EAPG standardized amount is based on a single statewide amount determined such that simulated EAPG allowed amount using general acute hospital outpatient base period paid claims data is equal to the sum of general acute hospital base period paid claims data allowed amount.

v. Psychiatric EAPG standardized amount.

A. Qualifying criteria. Freestanding psychiatric hospitals and psychiatric distinct part units.

01/24 B. Effective January 1, 2024, the psychiatric EAPG standardized amount is based on a single statewide amount, determined such that simulated EAPG allowed amount, using freestanding psychiatric hospitals and psychiatric distinct part units outpatient base period paid claims data, is approximately equal to the sum of the freestanding psychiatric hospitals and psychiatric distinct part units outpatient base period paid claims data allowed amount increased by 10 percent. For subsequent years, psychiatric EAPG standardized amount is based on a single statewide amount determined such that simulated EAPG allowed amount using freestanding psychiatric hospitals and psychiatric distinct part units outpatient base period paid claims data, is approximately equal to the sum of the freestanding psychiatric hospitals and psychiatric distinct part units outpatient base period paid claims data allowed amount.÷

vi. Rehabilitation EAPG standardized amount.

A. Qualifying criteria. Freestanding rehabilitation hospitals and rehabilitation distinct part units.

01/24 B. The rehabilitation EAPG standardized amount is based on a single statewide amount, determined such that simulated EAPG payments using freestanding rehabilitation hospitals and rehabilitation distinct part units outpatient base period paid claims data, results in allowed amount approximately equal to freestanding rehabilitation hospitals and rehabilitation distinct part units outpatient base period paid claims data allowed amount increased by 10 percent. For subsequent years, simulated EAPG payments using freestanding rehabilitation hospitals and rehabilitation distinct part units outpatient base period paid claims data, results in allowed amount approximately equal to freestanding rehabilitation hospitals and rehabilitation distinct part units outpatient base period paid claims data allowed amount.

vii. Out-of-state non-cost reporting hospital EAPG standardized amount. For non-cost reporting hospitals, the EAPG standardized amount is $362.32, which is not wage adjusted.

50. Hospital Outpatient Adjustment Effective January 1, 2024

A. Qualifying Criteria. Non-large publicly owned hospitals located in Illinois qualifying for this payment include:

1. High Medicaid General Acute Care Hospitals
2. Other General Acute Care Hospitals
3. Safety Net Hospitals
4. Psychiatric Hospitals, as defined in Chapter VII.A of this Attachment.
5. Critical Access Hospitals, as defined 42 CFR 485 Subpart F, that are not Small Public Hospitals.
6. Rehabilitation Hospitals
7. Small Public Hospitals

B. Payment. Each qualifying hospital shall receive an annual payment equal to the product of:

1. The hospital's calendar year 2019 outpatient claims; and
2. The rate assigned to the group to which the hospital qualifies:
   a. High Medicaid General Acute Care Hospitals: $136
   b. Other General Acute Care Hospitals: $118
   c. Safety Net Hospitals: $500
   d. Psychiatric Hospitals: $700
   e. Critical Access Hospitals that are not Small Public Hospitals: $750
   f. Rehabilitation Hospitals: $125
   g. Small Public Hospitals $0.00

C. Definitions:

1. "Safety Net Hospital" means a hospital, as defined in Chapter IV.F-1.4 of this Attachment, except that stand-alone children's hospitals that are not specialty children's hospitals will not be included.
2. "Outpatient claims" means, for a given hospital, the sum of outpatient hospital claims accepted by the Department for outpatient services provided to recipients of medical assistance under Title XIX of the Social Security Act for general acute care, psychiatric care, and rehabilitation care, excluding days for individuals eligible for Medicare under Title XVIII of the Social Security Act (Medicaid/Medicare crossover claims), as tabulated from the Department's paid claims data for services occurring during calendar year 2019 as of August 6, 2021.