

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



SEP 30 2013

Ms. Julie Hamos, Director
Illinois Department of Healthcare and Family Services
Prescott E Bloom Building
201 South Grand Avenue East
Springfield IL 62763-0002

RE: Illinois State Plan Amendment (SPA) 12-007

Dear Ms. Hamos:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 12-007. Effective for services on or after June 10, 2012, this amendment proposes new hospital inpatient supplemental payment methodologies.

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 regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 12-007 is approved effective June 10, 2012. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Todd McMillion at (312) 353-9860.

Sincerely,


Cindy Mann,
Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTER FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER 12-07	2. STATE: ILLINOIS
	3. PROGRAM IDENTIFICATION: Title XIX of the Social Security Act (Medicaid)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE: June 10, 2012	

- 5 TYPE OF PLAN MATERIAL (Check One)
- NEW STATE PLAN
 - AMENDMENT TO BE CONSIDERED AS NEW PLAN
 - AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6 FEDERAL STATUTE/REGULATION CITATION: Section 1902 of the Social Security Act	7. FEDERAL BUDGET IMPACT a. FFY 2012 \$ 25.6 million b. FFY 2013 \$ 83.2 million
8 PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A pages 146, 161, 162, 163, 164, 165, 166, 167	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A pages 146

10 SUBJECT OF AMENDMENT:
Hospital inpatient supplemental payments

- 11 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: Not submitted for review by prior approval.

12 SIGNATURE OF AGENCY OFFICIAL:	16. RETURN TO: Department of Healthcare and Family Services Bureau of Program and Reimbursement Analysis Attn: Greg Wilson, Chief 201 South Grand Avenue East Springfield, IL 62763-0001
13 TYPED NAME: Julie Hamos	
14. TITLE: Director of Healthcare and Family Services	
15 DATE SUBMITTED 6-29-12	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: SEP 30 2013
PLAN APPROVED—ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUN 10 2012	20. SIGNATURE OF REGIONAL OFFICIAL: [Signature]
21. TYPED NAME: Penny Thompson	22. TITLE: Spity Director, Policy & Finance, Dept. CMS
23. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Illinois

**METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL REIMBURSEMENT;
MEDICAL ASSISTANCE-GRANT (MAG) and MEDICAL ASSISTANCE-NO GRANT (MANG)**

B. Payment.

1. The annual amount of each payment for which a hospital qualifies shall be made in twelve equal installments on or before the seventh State business day of each month. If a hospital closes or ceases to do business, payments will be prorated based on the number of days hospital was open during the State fiscal year in which the hospital closed or ceased to do business.
- 06/12 2. The Department may adjust payments made under these Chapters to comply with federal law or regulations regarding disproportionate share, hospital-specific payment limitations on government-owned or government-operated hospitals.
- 06/12 3. If the state or federal Centers for Medicare and Medicaid Services finds that any federal upper payment limit applicable to the payments under these Chapters is exceeded, then the payments under these Chapters that exceed the applicable federal upper payment limit shall be reduced uniformly to the extent necessary to comply with the federal limit.

C. Rate reviews.

1. A hospital shall be notified in writing of the results of the payment determination pursuant to Chapters XXII through XXIX.
2. Hospitals shall have a right to appeal the calculation of, or their ineligibility for, payment if the hospital believes that the department has made a technical error. The appeal must be submitted in writing to the department and must be received or post marked within 30 days after the date of the department's notice to the hospital of its qualification for the payment amounts, or a letter of notification that the hospital does not qualify for payments. Such a request must include a clear explanation of the reason for the appeal and documentation that supports the desired correction. The department shall notify the hospital of the results of the review within 30 days after receipt of the hospital's request for review.

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06/12 XXXIV General Provisions

Unless otherwise indicated, the following apply to Chapters XXXV through XXXIX.

A. Payments.

1. Effective July 1, 2012, payments shall be paid in 12 equal installments on or before the 7th State business day of the month. Two monthly installments will be paid in a one month period upon a 30 day prior notification to providers through the Department's website located at www.hfs.illinois.gov/reimbursement/.
2. For the period beginning June 10, 2012 through June 30, 2012, the annual payment on inpatient services will be prorated, the numerator of which is 21 days and denominator of which is 365 days.
3. The Department may adjust payments made under these Chapters to comply with federal law or regulations regarding disproportionate share, hospital-specific payment limitations on government-owned or government-operated hospitals.
4. If the state or federal Centers for Medicare and Medicaid Services finds that any federal upper payment limit applicable to the payments under these Chapters is exceeded, then the payments under these Chapters that exceed the applicable federal upper payment limit shall be reduced uniformly to the extent necessary to comply with the federal limit.

B. Definitions.

Unless the context requires otherwise or unless provided otherwise in these Chapters, the terms used in this Section for qualifying criteria and payment calculations shall have the same meanings as those terms have been given in this Attachment as in effect on October 1, 2011.

As used in these Chapters, unless the context requires otherwise:

The term "Medicaid days" does not include any days for which Medicare or a managed care organization reimbursed on a capitated basis was liable for payment, except where explicitly stated otherwise.

"Case mix index" means, for a given hospital, the sum of the per admission (DRG) relative weighting factors in effect on January 1, 2005, for all general acute care admissions for State fiscal year 2009, excluding Medicare crossover admissions and transplant admissions reimbursed under 89 Ill. Adm. Code 148.82, divided by the total number of general acute care admissions for State fiscal year 2009, excluding Medicare crossover admissions and transplant admissions reimbursed under 89 Ill. Adm. Code 148.82.

"Estimated Medicaid inpatient days" means, a percentage of actual inpatient Medicaid days to total inpatient days for the period July 1, 2011 to June 30, 2012, applied to total actual inpatient days for State fiscal year 2005.

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"Large public hospital" means (1) a county-owned hospital, as described in subparagraph A.1.a.i of Chapter XVI, (2) a hospital organized under the *University of Illinois Hospital Act*, as described in subparagraph A.1.a.ii of Chapter XVI, or (3) a hospital owned or operated by a State agency, as described in section A.7 of Chapter XVI.

"Medicaid inpatient day" means, for a given hospital, the sum of days of inpatient hospital days provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding days for individuals eligible for Medicare under Title XVIII of that Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for admissions occurring during State fiscal year 2009 that was adjudicated by the Department through June 30, 2010.

"Medicaid general acute care inpatient day" means, a Medicaid inpatient day, as described in this subsection, for general acute care hospitals, and specifically excludes days provided in the hospital's psychiatric or rehabilitation units.

C. Rate reviews.

1. A hospital shall be notified in writing of the results of the payment determination pursuant to these Sections.
2. Hospitals shall have a right to appeal the calculation of, or their ineligibility for, payment if the hospital believes that the Department has made a technical error. The appeal must be submitted in writing to the Department and must be received or postmarked within 30 days after the date of the Department's notice to the hospital of its qualification for the payment amounts, or a letter of notification that the hospital does not qualify for payments. Such a request must include a clear explanation of the reason for the appeal and documentation that supports the desired correction. The Department shall notify the hospital of the results of the review within 30 days after receipt of the hospital's request for review.

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06/12 XXXV Magnet and Perinatal Hospital Adjustment.

- A. Qualifying criteria. With the exception of a large public hospital, an Illinois general acute care hospital qualifies for Magnet Hospital payment if it meets both of the following criteria:
1. Was recognized as a "magnet hospital" by the American Nurses Credentialing Center, as of August 25, 2011.
 2. Was designated a level III perinatal center, as of September 14, 2011.
- B. Payment. A qualifying hospital shall receive an annual payment that is the product of the hospital's Medicaid general acute care inpatient days and:
1. \$470, for hospitals with a case mix index equal to or greater than the 80th percentile of case mix indices for all Illinois hospitals.
 2. \$170, for all other hospitals.

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06/12 XXXVI Trauma Level II Hospital Adjustment.

- A. Qualifying Criteria. With the exception of a large public hospital, an Illinois general acute care hospital shall qualify for the Trauma Level II payment if it was designated as a level II trauma center, as of July 1, 2011.
- B. Payment. A qualifying hospital shall receive an annual payment that is the product of the hospital's Medicaid general acute care inpatient days and:
 - 1. \$470, for hospitals with a case mix index equal to or greater than the 50th percentile of case mix indices for all Illinois hospitals.
 - 2. \$170, for all other hospitals
- C. For the purposes of this adjustment, hospitals located in the same city that alternate their trauma center designation as defined in 89 Ill. Adm. Code 148.295(a)(2) shall have the adjustment provided under this Section divided equally between the 2 hospitals.

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06/12 XXXVII Dual Eligible Hospital Adjustment.

- A. Qualifying Criteria. With the exception of a large public hospital, an Illinois general acute care hospital shall qualify for the Dual Eligible hospital payment if it meets both of the following criteria:
1. Has a ratio of crossover days to total inpatient days for programs under Title XIX of the Social Security Act administered by the Department (utilizing information from 2009 paid claims), greater than 50%.
 2. Has a case mix index equal to or greater than the 75th percentile of case mix indices for all Illinois hospitals.
- B. Payment. A qualifying hospital shall receive an annual payment that is the product of the hospital's MEDICAID INPATIENT DAYS, including crossover days, and \$400.

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06/12 XXXVIII Medicaid Volume Adjustment.

- A. Qualifying Criteria. With the exception of a large public hospital, an Illinois general acute care hospital shall qualify for the Medicaid Volume payment if it meets all of the following criteria:
1. Provided more the 10,000 Medicaid inpatient days of care.
 2. Has a Medicaid inpatient utilization rate (MIUR) of at least 29.05%, for the rate year 2011 Disproportionate Share determination.
 3. Is not eligible for Medicaid Percentage Adjustment (MPA) payments, for rate year 2011.
- B. Payment. A qualifying hospital shall receive an annual payment that is the product of the hospital's MEDICAID INPATIENT DAYS, and \$135.

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06/12 XXXIX Freestanding Children's Hospital Adjustment.

- A. Qualifying Criteria. A FREESTANDING CHILDREN'S HOSPITAL that did not bill for services in 2005.
- B. Payment. A qualifying hospital shall receive an annual amount that is the product of the following factors:
 - a. ESTIMATED MEDICAID INPATIENT DAYS.
 - b. The quotient of the sum of the amounts calculated for FREESTANDING CHILDREN'S HOSPITALS in subsections B.3 and B.6 of Chapter XXIII and the MEDICAID INPATIENT DAYS for those same hospitals.