

Table of Contents

State/Territory Name: IL

State Plan Amendment (SPA) #: 12-009

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



November 4, 2013

Julie Hamos, Director
Illinois Department of Healthcare and Family Services (HFS)
Prescott E. Bloom Building
201 South Grand Avenue East
Springfield, Illinois 62763-0001

ATTN: Theresa Eagleson

RE: TN 12-009

Dear Ms. Hamos:

Enclosed for your records is a correction to the approved copy of the following State Plan Amendment (SPA). The attached documents reflect technical changes to the page numbers of the IL SPA 12-009.

Transmittal #12-009 - Approves Illinois' request to revise methodologies for hospital outpatient hospital services.

--Effective Date: June 10, 2012

If you have any questions, please have a member of your staff contact Cathy Song at (312) 353-5184 or by email at Catherine.Song1@cms.hhs.gov.

Sincerely,

/s/

Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosure

cc: Mary Doran, HFS
Beth Green, HFS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTER FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER <p style="text-align: center;">12-09</p>	2. STATE: <p style="text-align: center;">ILLINOIS</p>
	3. PROGRAM IDENTIFICATION: <p style="text-align: center;">Title XIX of the Social Security Act (Medicaid)</p>	

TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE: <p style="text-align: center;">June 10, 2012</p>
---	--

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 \$ 48.3 million b. FFY 2013 \$156.6 million
---	--

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B pages 55, 61, 62, 63, 64, 65, 66, 67, 68 60a, 60b, 60c, 60d, 60e, 60f, 60g, 60h	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19B pages 55
--	---

10. SUBJECT OF AMENDMENT:
Outpatient 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 June 29, 2012	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: June 29, 2012	18. DATE APPROVED: September 27, 2013
---	--

PLAN APPROVED—ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: <p style="text-align: center;">June 10, 2012</p>	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME Verlon Johnson	22. TITLE: Associate Regional Administrator

23. REMARKS:

State: Illinois

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT

07/08 **32. Ambulatory procedure listing increase.**

- a. Qualifying criteria. With the exception of a large public hospital, as defined in Chapter XXI of Attachment 4.19-A, this payment shall be made to each Illinois hospital.
- b. Payment. Qualifying hospitals shall receive an annual payment that is the sum of:
 - i. For a hospital that is licensed by the Department of Public Health as a psychiatric specialty hospital, the product of:
 - A. The hospital's payments for type B psychiatric clinic services provided during State fiscal year 2005 that reimbursed through methodologies described in subsections b.i.E of Chapter 1 of this attachment.
 - B. 3.25.
 - ii. For all other hospitals:
 - A. The hospital's payments for services provided during State fiscal year 2005 that reimbursed through methodologies described in subsections b.i.A through D of Chapter 1 of this attachment.
 - B. 2.20.
 - iii. The annual amount of each payment for which a hospital qualifies shall be made in four equal installments and paid quarterly. 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.
- iv. If the state or federal Centers for Medicare and Medicaid Services finds that any federal upper payment limit applicable to the payments under this Chapter is exceeded, then the payments under this Chapter 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.
 - i. A hospital shall be notified in writing of the results of the payment determination pursuant to this Chapter.
 - ii. Hospitals shall have a right to appeal pursuant to the provisions of section C.2 of Chapter XXI of Attachment 4.19-A.

06/12

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT**

06/12 **39. General Provisions**

Unless otherwise indicated, the following apply to Chapters 40 through 45.

a. Payments.

- i. Payments shall be paid in 12 equal installments on or before the 7th State business day of the month. Two monthly installments may be paid in a one month period upon a 30 day notification to providers through the Department's website located at www.hfs.illinois.gov/reimbursement/.
- ii. 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.
- iii. 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 "ambulatory procedure listing services", and "ambulatory procedure listing payments" do not include any charges, or services 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.

"Emergency room ratio" means, for a given hospital, a fraction, the denominator of which is the number of the hospital's outpatient ambulatory procedure listing and end-stage renal disease treatment services provided for State fiscal year 2009 and the numerator of which is the hospital's outpatient ambulatory procedure listing services under subsection 1.b.i.C. for State fiscal year 2009.

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT**

“Estimated Medicaid outpatient services” means, the percentage of actual outpatient Medicaid services to total outpatient services for the period of July 1, 2011 through June 30, 2012, applied to total actual outpatient services for State fiscal year 2005.

"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.

"Outpatient ambulatory procedure listing services" means, for a given hospital, ambulatory procedure listing services, as described in Section 1.b. of this attachment, provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding services for individuals eligible for Medicare under Title XVIII of the Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for services occurring in State fiscal year 2009 that were adjudicated by the Department through September 2, 2010.

"Outpatient end-stage renal disease treatment services" means, for a given hospital, the services, as described in Section 1.c. of this attachment, provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding payments for individuals eligible for Medicare under Title XVIII of the Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for services occurring in State fiscal year 2009 that were adjudicated by the Department through September 2, 2010.

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT**

06/12 **40. Outpatient Service Adjustment.**

- a. **Qualifying Criteria.** With the exception of a large public hospital, Outpatient Service Adjustment payments shall be paid to each Illinois hospital.
- b. **Payment.** A qualifying hospital shall receive an annual payment that is equal to the hospital's outpatient ambulatory procedure listing (APL) services (excluding services provided in subsections 1.b.i.C.1 and 1.b.i.C.2 of this attachment), and the hospital's end stage renal disease treatment services, multiplied by \$100.

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT**

06/12 **41. Ambulatory Service Adjustment.**

- a. **Qualifying Criteria.** With the exception of a large public hospital, Ambulatory Service Adjustment payments shall be paid to each Illinois hospital.
- b. **Payment.** Qualifying hospitals shall receive an annual payment that is:
 - i. For each Illinois freestanding psychiatric hospital, an amount equal to \$200 multiplied by the hospital's ambulatory procedure listing services for Type A services described in subsection 1.b.i.E. of this attachment.
 - ii. For all other Illinois hospitals, an amount equal to \$105 multiplied by the hospital's outpatient ambulatory procedure listing services for categories described in subsection 1.b.i.C. of this attachment.

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT**

06/12 **42. Specialty Hospital Adjustment.**

- a. **Qualifying Criteria.** With the exception of a large public hospital, an Illinois hospital shall qualify for the Specialty Hospital payment if the hospital is one of the following:
 - i. A Long Term Acute Care Hospital.
 - ii. A hospital devoted exclusively to the treatment of cancer.
- b. **Payment.** A qualifying hospital shall receive an annual payment amount equal to \$700 multiplied by the hospital's outpatient ambulatory procedure listing services and by the hospital's end stage renal disease treatment services (including services provided to individuals eligible for both Medicaid and Medicare).

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT**

06/12 **43. ER Safety Net Payments.**

- a. **Qualifying Criteria.** With the exception of a large public hospital, an Illinois general acute care hospital shall qualify for the ER Safety Net payment if it meets all of the following criteria:
 - i. Had an emergency room ratio equal to or greater than 55%.
 - ii. Is not eligible for Medicaid percentage adjustments payments in rate year 2011.
 - iii. Has a case mix index equal to or greater than the 20th percentile.
 - iv. Is not designated as a trauma center by the Illinois Department of Public Health on July 1, 2011.
- b. **Payment.** A qualifying hospital shall receive an annual payment that is the product of the hospital's outpatient ambulatory procedure listing and end-stage renal disease treatment services, and:
 - i. For each hospital with an emergency room ratio equal to or greater than 74%, a rate of \$225.
 - ii. For all other hospitals, a rate of \$65.

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT**

06/12 **44. Physician Supplemental Adjustment Payments.**

- a. **Qualifying Criteria.** With the exception of a large public hospital, physician services eligible for this Physician Supplemental adjustment payment are those provided by physicians employed by or who have a contract to provide services to patients of the following hospitals:
 1. Illinois general acute care hospitals that:
 - A. Provided at least 17,000 Medicaid inpatient days of care in State fiscal year 2009 and;
 - B. Are eligible for Medicaid Percentage Adjustment Payments in rate year 2011.
 2. Illinois freestanding children's hospitals, as defined in 89 Ill. Adm. Code 149.50(c)(3)(A).
- b. **Payment.** Effective for dates of service on or after June 10, 2012, qualifying hospitals shall receive an annual payment based upon a total pool of \$6,960,000. This pool shall be allocated among the eligible hospitals based on the following:
 1. The difference between the higher of the Medicare Equivalent of the Average Commercial Rate or 100% of the Medicare rate for services per CPT code provided during State fiscal year 2009 by physicians employed by or who had a contract with the hospital, and the amount that was paid under Medicaid for such services.
 2. In no event shall any individual hospital receive an annual, aggregate adjustment in excess of \$435,000, except that any amount that is not distributed to a hospital because of the upper payment limit shall be reallocated among the remaining eligible hospitals that are below the upper payment limitation.

The total dollar amounts from all hospitals that were not distributed because of the upper payment limit will be summed and divided by the number of hospitals that had room remaining in their upper payment limit and distributed evenly. If the resulting payment exceeds any hospital's upper payment limit, the amount exceeding the limit will be divided by the number of hospitals who have not exceeded their upper payment limit and distributed evenly. This methodology will continue until all funds are distributed.
 3. The pool shall be distributed by the 7th business day of the month, as described in Chapter 39.a. of this Attachment.

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
OTHER TYPE OF CARE—BASIS FOR REIMBURSEMENT**

06/12 **45. Freestanding Children's Hospital Outpatient Payments**

- 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:
 1. Estimated services provided during State fiscal year 2005 that reimbursed through methodologies described in subsections b.i.A through D of Chapter 1 of this attachment.
 2. The quotient of the sum of the amounts calculated for freestanding children's hospitals under subsection B.ii of Chapter 32 of this attachment, and the services provided during State fiscal year 2005 that reimbursed through methodologies described in subsections b.i.A through D of Chapter 1 of this attachment for those same hospitals.