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State/Territory Name: IL

State Plan Amendment (SPA) #: 14-0036

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



October 23, 2015

Felicia Norwood, Director
Illinois Department of Healthcare and Family Services
Prescott E. Bloom Building
201 South Grand Avenue East
Springfield, Illinois 62763-0001

Attn: Teresa Hursey

Dear Ms. Norwood:

Enclosed for your records is an approved copy of the following State Plan Amendment (SPA).

Transmittal #14-0036 – Revises payment for free-standing encounter rate clinics.

--Effective Date: October 1, 2014

If you have any questions, please have a member of your staff contact Courtenay Savage at 312-353-3721 or via email at Courtenay.Savage@cms.hhs.gov.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosure

cc: Sara Barger, HFS
Mary Doran, HFS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTER FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER 14-0036	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: October 1, 2014	

5. TYPE OF PLAN MATERIAL (*Check One*)

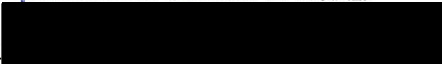
NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

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 2014 \$350,000 FFY 2015 \$350,000 b. FFY 2015 \$350,000 FFY 2016 \$350,000 (CES, 10/20/15)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Page 31C and 31D	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B, Page 31C
10. SUBJECT OF AMENDMENT: Encounter Rate Clinic Reimbursement	

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: Mary Doran 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 XXXXXXXXXX 12-15-14 (CES, 10/20/15)	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12/15/14	18. DATE APPROVED: 10/23/15
PLAN APPROVED—ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/1/14	20. SIGNATURE OF REGIONAL OFFICIAL: <i>/s/</i>
21. TYPED NAME Ruth A. Hughes	22. TITLE: Associate Regional Administrator
23. REMARKS:	

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

~~10/05~~ 3. Encounter Rate Clinic Reimbursement

10/14 a. For free-standing encounter rate clinics enrolled in the Medicaid program prior to July 1, 1998, providing comprehensive health care for infants and women that are not operated by a county with a population of over three million, ~~payment shall be made~~ shall be paid a medical encounter rate and a dental encounter rate as follows at the lesser of the following for services on or after October 1, 2005:

- i. ~~\$90.00 per encounter; or~~
- ii. ~~The clinic's charge to the general public.~~

01/11 b. ~~For encounter rate clinics providing dental services as of January 1, 2011, payment shall be made at the lesser of:~~

- i. ~~\$85 per encounter; or~~
- ii. ~~The clinic's historical annual cost per encounter as calculated for a Federally Qualified Health Center (FQHC) in accordance with Section 2(b)(i)(E)(2).~~

c. ~~For all other encounter rate clinics, payment shall be made at the lesser of:~~

- i. ~~The clinic's approved all-inclusive interim per encounter rate as of May 1, 1981; or~~
- ii. ~~\$50.00 per encounter; or~~
- iii. ~~The clinic's charge to the general public.~~

Free Standing encounter rate clinics will be reimbursed under a per encounter rate system based upon 85% of the average of the costs of furnishing such services. Baseline payment rates will be determined individually for each encounter rate clinic. Once determined, the baseline payment rate will be adjusted annually using the Medicare Economic Index (MEI) beginning January 1, 2015. Payment for services provided on or after October 1, 2014, shall be made using specific rates for each clinic as specified herein.

a. Baseline Payment Rates

- i. For each clinic, the Department will calculate a baseline medical encounter rate and for dental services, the Department will calculate a baseline dental encounter rate, using the methodology specified in this subsection (B) of this section.
- ii. The cost basis for the baseline rates shall be based upon allowable costs reported by the clinic that are determined by the Department to be reasonable, efficient and related to the cost of furnishing such services by the clinic and drawn from individual clinic cost reports for clinic fiscal years ending in 2012 and 2013.
- iii. The baseline payment rates for a clinic shall be the average (arithmetic mean) of the annual costs per encounter, calculated separately for each of the fiscal years for which cost report data must be submitted and multiplied by a cost factor of .85.
- iv. Encounter Rate Clinic claims submitted to the Department must identify all services provided during the encounter.

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**

b. Cost basis.

The clinic shall submit a cost report for fiscal years ending in 2012 and 2013 for the purpose of determining the average cost per encounter for both medical and dental services. Clinics shall also furnish audited financial statements for each fiscal year 2012 and 2013.

c. Rate Adjustments

- i. On or about October 1, 2014 the Department shall determine the medical and dental encounter rates for each clinic. These rates shall be paid for services provided on or after October 1, 2014. Claims submitted and adjudicated prior to the entry of these rates into the Department's claims processing system shall be reconciled for each affected clinic.
- ii. Beginning January 1, 2015, and annually thereafter, the Department will adjust baseline rates by the most recently available MEI. The adjusted rates shall be paid for services provided on or after the date of adjustment.

d. Rate Appeals Process

- i. All appeals of audit adjustments or rate determinations must be submitted in writing to the Department. Appeals must be submitted within 60 calendar days after the notification of such adjustments or rate determinations. If upheld, the revised audit adjustment or rate determination shall be made effective as of the beginning of the rate period.
- ii. To be accepted for review, the written appeal shall include the following: (1) the current approved reimbursement rate, allowable costs, and the additional reimbursable costs sought through the appeal; (2) a clear, concise statement of the basis for the appeal; (3) a detailed statement of financial, statistical, and related information in support of the appeal, indicating the relationship between the additional reimbursable costs as submitted and the circumstances creating the need for increased reimbursement; and (4) a statement by the clinic's chief executive officer or financial officer that the application of the rate appeal and information contained in the clinic's reports, schedules, budgets, books, and records submitted are true and accurate.