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State/Territory Name: IL

State Plan Amendment (SPA) #: 22-0041

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

Financial Management Group

May 5, 2023

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) 22-0041

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 22-0041 which proposes new inpatient and outpatient hospital 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 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, 2023. 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,



Rory Howe
Director

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>2 2 - 0 0 4 1</u>	2. STATE <u>IL</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
4. PROPOSED EFFECTIVE DATE January 1, 2023	
5. FEDERAL STATUTE/REGULATION CITATION 42 CFR 440.10 & 42 CFR 440.20	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2023</u> \$ <u>23,250,000</u> <u>103,000,000</u> b. FFY <u>2024</u> \$ <u>31,000,000</u> <u>138,000,000</u>
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A, Pages 136, 176A & 177 176B (New) Attachment 4.19-B, Pages 65A & 66	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-A, Pages 136 & 176A & 177 Attachment 4.19-B, Pages 65A & 66

9. SUBJECT OF AMENDMENT
Inpatient and outpatient hospital rates

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. NAME OF SUBMITTING OFFICIAL [REDACTED]	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
12. TYPED NAME Teresa Eagleson	
13. TITLE Director of Healthcare and Family Services	
14. DATE SUBMITTED 12/15/22	

FOR CMS USE ONLY

16. DATE RECEIVED 12/16/2022	17. DATE APPROVED May 5, 2023
PLAN APPROVED - ONE COPY ATTACHED	
18. EFFECTIVE DATE OF APPROVED MATERIAL 1/1/2023	19. SIGNATURE OF APPROVING OFFICIAL [REDACTED]
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe	21. TITLE OF APPROVING OFFICIAL Director, FMG

22. REMARKS

3/9/2023 state authorized update in block 6 to \$103 million for 2023 and 138 million for 2024
4/17/2023 state authorized update in blocks 7 and 8 to remove page 177 from the SPA and include new page 176B

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)**

- C. Payment. A qualifying hospital shall receive a payment that is the product of the following factors:
1. the lesser of:
 - a. the sum of the hospital's annualized Medicaid Intern Resident Cost and annualized Medicaid IME payment, or
 - b. the product of:
 - i. the number of interns and residents as reported on Worksheet S3, Part 1, Col 9, line 14, and
 - ii. 120% of the statewide average cost per intern and resident for all eligible hospitals
 - 01/23 2. For payments on or after January 1, 2023:
 - a. 35 percent for safety net hospitals or hospitals with 100 or more full-time equivalent residents and interns, as reported on the hospital's Medicare cost report ending in calendar year 2018; or
 - b. 30 percent.

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)**

01/23 **XLVII. Hospital Inpatient Adjustment Effective January 1, 2023**

- 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. Long Term Acute Care (LTAC) Hospitals, as defined in Chapter VIII.A.3.c.iii of this Attachment.
 5. Psychiatric Hospitals, as defined in Chapter VII.A of this Attachment.
 6. Rehabilitation Hospitals, as defined in Chapter VII.B of this Attachment.
 7. Critical Access Hospitals, as defined 42 CFR 485 Subpart F, that are not Small Public Hospitals
 8. 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 inpatient days; and
 2. The rate assigned to the group to which the hospital qualifies:
 - a. High Medicaid General Acute Care Hospitals: \$750
 - b. Other General Acute Care Hospitals: \$550
 - c. Safety Net Hospitals: \$1300
 - d. LTAC Hospitals: \$1410
 - e. Psychiatric Hospitals: \$810
 - f. Rehabilitation Hospitals: \$550
 - g. Critical Access Hospitals: \$750
 - h. Small Public Hospitals: \$275
- 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.

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)**

2. "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 calendar year 2019 as of May 11, 2020.
3. "High Medicaid General Acute Care Hospital" means a hospital that is not a public hospital, safety-net hospital, or critical access hospital and that qualifies as a regional high volume hospital or is a hospital that has a Medicaid Inpatient Utilization Rate (MIUR) above 30%.
4. "MIUR" means Medicaid inpatient utilization rate for rate year ending 3 months prior to the calendar year.
5. "Regional High Volume Hospital" means a hospital which ranks in the top 2 quartiles based on total hospital services volume, of all eligible general acute care hospitals, when ranked in descending order based on total hospital services volume, within the same Medicaid managed care region,
6. "Total Hospital Services volume" means the total of all Medical Assistance hospital inpatient admissions plus all Medical Assistance hospital outpatient visits in State Fiscal Year 2020 for the payment year beginning January 1, 2023. For subsequent years, dates of service from the State fiscal year ending 18 months prior to the payment year.
7. "Small Public Hospitals" means any Illinois publicly owned hospital which is not a "large public hospital" as defined in Chapter VII.
8. "Other General Acute Care Hospitals" means an acute care hospital that is not a public hospital, safety net hospital, critical access hospital, or high Medicaid general acute care hospital.

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**

50. Hospital Outpatient Adjustment Effective January 1, 2023

- 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: \$375
 - b. Other General Acute Care Hospitals: \$325
 - 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 \$275
- 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.

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**

3. “High Medicaid General Acute Care Hospital” means a hospital that is not a public hospital, safety-net hospital, or critical access hospital and that qualifies as a regional high volume hospital or is a hospital that has a Medicaid Inpatient Utilization Rate (MIUR) above 30%.
4. “MIUR” means Medicaid inpatient utilization rate for rate year ending 3 months prior to the calendar year.
5. “Regional High Volume Hospital” means a hospital which ranks in the top 2 quartiles based on total hospital services volume, of all eligible general acute care hospitals, when ranked in descending order based on total hospital services volume, within the same Medicaid managed care region,
6. “Total Hospital Services volume” means the total of all Medical Assistance hospital inpatient admissions plus all Medical Assistance hospital outpatient visits in State Fiscal Year 2020 for the payment year beginning January 1, 2023. For subsequent years, dates of service from the State fiscal year ending 18 months prior to the payment year.
7. “Small Public Hospitals” means any Illinois publicly owned hospital which is not a "large public hospital" as defined in Chapter VII of Attachment 4.19-A.