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State/Territory Name: IL

State Plan Amendment (SPA) #: 21-0002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

Financial Management Group

April 28, 2021

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) 21-0002

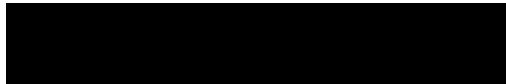
Dear Ms. Eagleson:

We have reviewed the proposed amendment to Attachments 4.19-A of your Medicaid State plan submitted under transmittal number 21-0002 titled "Hospital Rates - rate year defined".

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, 2021. 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,




For
Rory Howe
Acting Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTER FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER 21-0002	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: January 1, 2021	


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 2021 - \$0 b. FFY 2022 - \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Page 155 Attachment 4.19-B, Page 56	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-A, Page 155 Attachment 4.19-B, Page 56
10. SUBJECT OF AMENDMENT Hospital rates – rate year defined	
11. GOVERNOR'S REVIEW (<i>Check One</i>) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="checkbox"/> 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: Theresa Eagleson	
14. TITLE: Director of Healthcare and Family Services	
15. DATE SUBMITTED 2/3/2021	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 2/3/2021	18. DATE APPROVED: 4/28/21
PLAN APPROVED—ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1/1/2021	20. SIGNATURE OF REGIONAL OFFICIAL:  For
21. TYPED NAME Rory Howe	22. TITLE: Acting Director, Financial Management Group
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)**

07/08 **XXX. Payment to government-owned or -operated hospitals.**

A. Definitions.

~~01/21/40/40~~ "BASE PERIOD" means the hospital fiscal year ending during the calendar year that is no more than three years prior to the calendar year during which the payment period begins.

01/21 "PAYMENT PERIOD" means the ~~State fiscal~~ calendar year.

01/16 B. Notwithstanding any other provision of this Attachment, reimbursement to LARGE PUBLIC HOSPITALS shall be at allowable cost, as determined in section D and E of this chapter.

C. Hospitals that are located in Illinois and are owned or operated by a county or a unit of local government that are not LARGE PUBLIC HOSPITALS shall be reimbursed at the greater of:

1. Under the payment methodologies otherwise provided for in this Attachment.
2. At allowable cost, as determined in section D of this chapter.

D. Hospitals reimbursed under this chapter shall be reimbursed at allowable cost on a per diem basis. The per diem rate shall be calculated as follows:

- 07/18
1. BASE PERIOD costs are determined as the product resulting from summing
 - a. the routine days on claims that were submitted by the hospital for Medicaid covered services provided during the BASE PERIOD for fee-for-service claims paid by the department and accepted managed care encounter claims multiplied by their respective cost-per-diems for the BASE PERIOD; and
 - b. the routine and ancillary charges on claims that were submitted by the hospital for Medicaid covered services provided during the BASE PERIOD and paid by the department and accepted managed care encounter claims multiplied by their respective cost-to-charge ratios from the BASE PERIOD cost report.
 2. BASE PERIOD costs are then adjusted by subtracting the sum of all periodic (weekly, monthly, quarterly, *etc.*) lump sum payments specified in this Attachment, with the exception of any payment that is classified as a disproportionate share hospital adjustment payment, that are expected to be made during the PAYMENT PERIOD.
 3. For hospitals reimbursed under subsection C.2, the BASE PERIOD costs are additionally reduced by an amount necessary to ensure:
 - a. That reimbursement to non-State government-owned or operated hospitals, as a class, is compliant with the upper payment limit requirement in 42 CFR 447.272.
 - b. That the proportion of allowable costs that are reimbursed is the same for each 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

33. Payment to large public hospitals for outpatient services.

- 07/14 Large public hospitals, as defined in Chapter VII of Attachment 4.19-A are included in the EAPG PPS for reimbursement for outpatient hospital services as described in Chapter 1.1 of this Attachment, and are to receive provider-specific EAPG standardized amounts.
- a. Outpatient EAPG Standardized Amount Calculation
- Large public hospital outpatient EAPG standardized amounts are calculated as follows:
- i. Each Large public hospital's outpatient base year costs, including operating, capital and direct medical education costs, shall be calculated using outpatient base period claims data and Medicare cost report data with reporting periods matching the outpatient base period.
- ii. The outpatient base year costs shall be inflated from the midpoint of the outpatient base period claims data to the midpoint of the rate period based on an inflation methodology determined by the Department and approved by CMS.
- 07/18 iii. EAPG standardized amounts shall be determined for each county-owned hospital such that simulated EAPG payments are equal to outpatient base period costs inflated to the rate period, based on outpatient based period paid claims data less the amount calculated in subsection d. of this Chapter effective July 1, 2018.
- iv. EAPG standardized amounts shall be reduced if resulting payments exceed available HFS funding or the Center for Medicare and Medicaid Services Upper Payment Limit.
- b. Rate Updates and Adjustments: Large public hospital EAPG standardized amounts shall be updated on an annual basis using more recent outpatient base period claims data, Medicare cost report data and costs inflation data.
- c. Definitions
- ~~01/21~~07/18 "Outpatient base period paid claims data" means Medicaid fee-for-service outpatient paid claims data from the State fiscal year ending 24 months prior to the beginning of the rate period. Effective July 1, 2018 "outpatient base period paid claims data" means Medicaid fee-for-service outpatient paid claims data and managed care encounter outpatient claims data from the hospital fiscal year ending during the calendar year that is no more than three years prior to the calendar year during which the payment period begins State fiscal year ending 12 months prior to the beginning of the rate period.
- 01/21 "Rate period" means the ~~State fiscal~~calendar year for which the large public county-
~~owned-hospital~~inpatient and outpatient rates are effective.