Table of Contents

State/Territory Name: IL

State Plan Amendment (SPA) #: 22-0007

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
June 7, 2022

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) 22-0007

Dear Ms. Eagleson:

We have reviewed the proposed amendment to Attachments 4.19-A of your Medicaid State plan submitted under transmittal number 22-0007 to increase reimbursement to safety-net hospitals for obstetric services.

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 April 1, 2022. 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**

**TO: CENTER DIRECTOR**

CENTERS FOR MEDICAID & CHIP SERVICES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

<table>
<thead>
<tr>
<th>1. TRANSMITTAL NUMBER</th>
<th>2. STATE</th>
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<td>22 - 00 0 7</td>
<td>IL</td>
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**3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT**

XIX

**4. PROPOSED EFFECTIVE DATE**

April 1, 2022

**5. FEDERAL STATUTE/REGULATION CITATION**

42 CFR 440.10

**6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)**

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<tr>
<td>FFY 2022</td>
<td>$37,500,000</td>
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<td>FFY 2023</td>
<td>$30,000,000</td>
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**7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT**

Attachment 4.19-A, Pages 190 - 192

**8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT**

(If Applicable)

**9. SUBJECT OF AMENDMENT**

Reimbursement to safety-net hospitals for obstetric services.

**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. SIGNATURE OF STATE AGENCY OFFICIAL**

[Signature]

**12. TYPED NAME**

Theresa Eagleson

**13. TITLE**

Director of Healthcare and Family Services

**14. DATE SUBMITTED**

03/27/2022

**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 627830001

**16. DATE RECEIVED**

03/28/2022

**17. DATE APPROVED**

June 7, 2022

**18. EFFECTIVE DATE OF APPROVED MATERIAL**

4/1/2022

**19. SIGNATURE OF APPROVING OFFICIAL**

[Signature]

**20. TYPED NAME OF APPROVING OFFICIAL**

Rory Howe

**21. TITLE OF APPROVING OFFICIAL**

Director

**22. REMARKS**

5/11/2022 - Update to block 7 to include page 192 of the 4.19-A pages

*Instructions on Back*
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)

04/22  LVI. Safety Net Obstetrical Payment

A. Qualifying Criteria: To qualify for the Safety Net Obstetrical Payment, a hospital must meet all of the following criteria:
   1. Hospital located in Illinois.
   2. Safety Net hospital as defined in Chapter IV.F-1.4.
   3. Designation as a perinatal hospital with the Illinois Department of Public Health in the Safety Net Obstetrical Payment base year.
   4. Not a children's hospital as defined in Chapter II.C.3.a.
   5. Must have contracts with at least three HealthChoice Illinois managed care organizations.

B. Payment: Safety net obstetrical payments shall be determined as follows:
   1. Each hospital qualifying under subsection A. of this section, that has 1,000 or more deliveries admissions in the safety-net obstetrical base year, shall be paid a safety-net obstetrical payment equal to the product of:
      a. $30,000,000
      b. A quotient of:
         i. the numerator of which is the hospital's total delivery admissions in the safety-net obstetrical base year; and
         ii. the denominator of which is the total of all qualifying hospitals delivery admissions in the safety-net obstetrical base year.
   c. No qualifying hospital shall receive a payment under this subsection in excess of $5,000,000.
   d. Any remaining funds will be distributed to qualifying hospitals that have not reached the $5,000,000 maximum. These payments will be equal to the product of:
      i. All remaining funds
      ii. A quotient of:
         A) the numerator of which is the hospital's total delivery admissions in the safety-net obstetrical base year; and
         B) the denominator of which is the total of all qualifying hospitals delivery admissions in the safety-net obstetrical base year, for those hospitals that have not reached the $5,000,000 maximum.

Approval date: June 7, 2022
Effective date: 04/01/2022
e. In the event that the entire amount as listed in subsection B.1.a is not disbursed, any remaining funds will be added to the payment calculation listed in subsection B.2.

2. Each hospital qualifying under subsection A. of this section, that has less than 1,000 deliveries admissions in the safety net obstetrical base year, shall be paid a safety net obstetrical payment equal to the product of:
   a. $20,000,000 plus any remaining funds from subsection B.1.
   b. A quotient of:
      i. the numerator of which is the hospital's total perinatal days in the safety-net obstetrical base year; and
      ii. the denominator of which is the total of all qualifying hospitals perinatal days in the safety-net obstetrical base year
   c. No qualifying hospital shall receive a payment under this subsection in excess of $5,000,000.
   d. Any remaining funds will be distributed to qualifying hospitals that have not reached the $5,000,000 maximum. These payments will be equal to the product of:
      i. All remaining funds
      ii. A quotient of:
         A) the numerator of which is the hospital's total perinatal days in the safety-net obstetrical base year; and
         B) the denominator of which is the total of all qualifying hospitals perinatal days in the safety-net obstetrical base year, for those hospitals that have not reached the $5,000,000 maximum.
C. Definitions

1. Base year is the calendar year ending 18 months prior to the beginning of the state fiscal year.

2. Delivery Admissions are all inpatient claims received by the department with DRG Group codes equal to 540, 541, 542, and 560.

3. Perinatal Days are all fee-for-service inpatient claims received by the department with DRG Group codes equal to 540, 541, 542, 560, 544, 545, 546, 561, 563, 564, 565, 566, 580, 581, 583, 588, 589, 591, 593, 602, 603, 607, 608, 609, 611, 612, 613, 614, 621, 622, 623, 625, 626, 630, 631, 633, 634, 636, 639, and 640.

4. Payment Year. Payments will be made each State Fiscal year, beginning April 1, 2022.