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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

Financial Management Group

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

1. TRANSMITTAL NUMBER

2 2 - 0 0 0 7

2. STATE

IL

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 1, 2022

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2022 \$ 37,500,000
b. FFY 2023 \$ 30,000,000

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)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

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 627630001

FOR CMS USE ONLY

16. DATE RECEIVED
3/28/2022

17. DATE APPROVED
June 7, 2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
4/1/2022

19. SIGNATURE OF APPROVING OFFICIAL

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

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.

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

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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.

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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.