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State/Territory Name: IL

State Plan Amendment (SPA) #: 25-0001

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
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

June 12, 2025

Kelly Cunningham
Administrator, Division of Medical Programs
Department of Healthcare and Family Services
Bureau of Program and Policy Coordination
Attn: Kati Hinshaw
201 South Grand Avenue East
Springfield, IL 62763-0001
RE: TN 25-0001

Dear Administrator Cunningham,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Illinois state plan amendment (SPA) to Attachment 4.19-A IL-25-0001, which was submitted to CMS on February 26, 2025. This plan amendment transitions the safety net hospital obstetrical program from a state plan authority to a directed payments authority.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of January 10, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Sudev Varma at 301-448-3916 or via email at sudev.varma@cms.hhs.gov

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Rory Howe
Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 1

2. STATE

IL

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL

SECURITY ACT ☒ XIX ☐ XXI

4. PROPOSED EFFECTIVE DATE

January 10, 2025

TO: CENTER DIRECTOR

CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ (22,500,000)b. FFY 2026 \$ (30,000,000)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Revised Pages 30.4A and 190

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-A Revised Pages 30.4A and 190

9. SUBJECT OF AMENDMENT

Sunsets the add-on safety net hospital obstetrical payments.

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

Kelly Cunningham

13. TITLE

Administrator Division of Medical Programs

14. DATE SUBMITTED

February 26, 2025

15. RETURN TO

Department of Healthcare and Family Services

Bureau of Program and Policy Coordination

Attn: Kati Hinshaw

201 South Grand Avenue East

Springfield, IL 62763-0001

FOR CMS USE ONLY

16. DATE RECEIVED

February 26, 2025

17. DATE APPROVED

June 12, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 10, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. 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)**

- iii. Effective for dates of service from January 1, 2026, through December 31, 2026, the Safety Net policy adjustment factors in 4.b.i.A through 4.b.i.C of this section shall be adjusted January 1, 2026, by applying a uniform factor to spend an approximate amount of \$50,000,000 in calendar year 2026 using state fiscal year 2024 general acute care days and psychiatric days, excluding Medicare dual eligible days, for all qualifying hospitals as the basis.
- iv. Effective for dates of service from July 1, 2024, through December 31, 2026, the Safety Net policy adjustment factor shall be increased by \$200 per day for low volume safety net hospitals.
 - A. For dates of service from July 1, 2024, through December 31, 2025, low volume is defined as a safety net hospital providing less than 11,000 inpatient acute care and psychiatric care days, excluding Medicare dual eligible days, during state fiscal year 2022 for admissions received by the Department prior to October 1, 2023.
 - B. For dates of service from January 1, 2026, through December 31, 2026, low volume is defined as a safety net hospital providing less than 11,000 inpatient acute care and psychiatric care days, excluding Medicare dual eligible days, during state fiscal year 2023 for admissions received by the Department prior to October 1, 2024.

G-1. DRG PPS payment for transfers. The reimbursement to hospitals for inpatient services provided to transfers shall be lesser or:

- 1. The amount that would have been paid pursuant to subsection C-1 had the inpatient been a discharge.
- 2. The product, rounded to the nearest hundredth, of the following:
 - a. The quotient resulting from dividing the amount that would have been paid pursuant to subsection C-1, had the inpatient been a discharge by the DRG average length of stay for the DRG to which the inpatient claim has been assigned.
 - b. The length of stay plus the constant 1.0.

01/25 H-1. Updates to DRG PPS reimbursement. The Department may annually review the components as listed in subsection C-1 and make adjustments as needed. Grouper shall be updated at least triennially and no more frequently than annually.

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)**

01/25 **LVI. Safety Net Obstetrical Payment effective April 1, 2022 through December 31, 2024**

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.