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State/Territory Name: IL

State Plan Amendment (SPA) #: 25-0009

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

December 18, 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 25-0009

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 25-0009, which was submitted to CMS on March 3, 2025. This plan amendment proposes to reimburse hospitals for high-cost drugs and provides the exclusion for drugs that cost over \$1,000,000 from the Expensive Drugs and Devices add-on payment.

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 1, 2026. 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 or Matt Klein at matthew.klein@cms.hhs.gov.

Sincerely,



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 9

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

January 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 440.10 & 440.20

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2026 \$ 450,000b. FFY 2027 \$ 600,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Revised Page 10.1

Attachment 4.19-B Revised Page 25.1A

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)Attachment 4.19-A Revised Page 10.1 (20-0005),
Attachment 4.19-B Revised Page 25.1A (23-0026)

9. SUBJECT OF AMENDMENT

High-cost drug reimbursement.

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 March 13, 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

March 13, 2025

17. DATE APPROVED

December 18, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. REMARKS

1) 12/11/25: State authorizes a Pen and Ink change for CMS to revise item 8 to read, "Attachment 4.19-A Revised Page 10.1 (20-0005) Attachment 4.19-B Revised Page 25.1A (23-0026)."

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)**

- B. Excluded from DRG PPS reimbursements are:
1. Psychiatric services provided by:
 - a. A psychiatric hospital, as described in Chapter VIII.
 - b. A distinct part of psychiatric unit, as described in Chapter VIII.
 2. Physical rehabilitation services provided by:
 - a. A rehabilitation hospital, as described in Chapter VIII.
 - b. A distinct part rehabilitation unit, as described in Chapter VIII.
 3. Services provided by a long term acute care hospital, as described in Chapter VIII that are not psychiatric services or services described in subsections 1. and 2. of this Section.
 4. Inpatient services reimbursed pursuant to negotiation as described in Section A.5 of Chapter VIII.
 - 07/20 5. Services provided by a large public hospital maintained by the Illinois Department of Human Services as defined in Chapter VII.
 6. Hospital residing long term care services, as described in Chapter XI.
 7. Sub-acute alcoholism and substance abuse treatment services, as defined in Section P. of Chapter VIII.
 8. Inpatient services provided by Children's Specialty Hospitals as described in Chapter VIII.
 9. Non-transplant inpatient services provided by non-cost reporting hospitals, which will be reimbursed at a rate equal to the higher of \$672.24 per day or the provider's per diem rate in effect on June 30, 2014.
 - 07/15 10. Long Acting Reversible Contraception.
 - 01/26 11. Effective January 1, 2026, expensive drugs, defined as drugs that cost over \$1,000,000.

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)**

- 07/20 k. Expensive Drugs and Devices Add-On Payment
- i. Qualifying Criteria: In addition to the statewide standardized amounts, the Department shall make an add-on payment for outpatient expensive devices and drugs beginning July 1, 2018, for in-state hospitals as defined in subsection j. of this Chapter. This add-on payment shall apply to claim lines that:
 - A. Are assigned with one of the following EAPGs: 490, 1001 to 1020, and coded with one of the following revenue codes: 0274 to 0276, 0278; or
 - B. Are assigned with one of the following EAPGs: 430 to 441, 443, 444, 460 to 465, 495, 496, 1090.
 - 08/23 C. Are assigned to EAPGs that clinically represent drugs and devices outside of those listed in (A) and (B) above, upon installation of grouping software updates, as determined by the Department.
 - ii. Payment: The add-on payment shall be calculated as follows:
 - A. The product of the following:
 1. The claim line's covered charges.
 2. The hospital's total acute cost to charge ratio as defined in subsection iii. of this Section.
 - B. The sum of:
 1. The claim line's EAPG payment.
 2. \$1,000.
 - C. The product of:
 1. The difference between subsections ii.A. and ii.B of this Section.
 2. 0.8.
 - 01/26 iii. Exclusions. Effective January 1, 2026, drugs that cost over \$1,000,000 are excluded from the Expensive Drugs and Devices Add-on payment. The reimbursement for the cost of these drugs shall be made at the actual acquisition cost for the drug.