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State/Territory Name: Illinois

State Plan Amendment (SPA) #: 26-0005

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

September 29, 2026

Laura Phelan, 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 26-0005

Dear Administrator Phelan,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Illinois state plan amendment (SPA) to Attachment 4.19-D IL-26-0005, which was submitted to CMS on March 30, 2026. This plan amendment proposes updating language outlining the process for provider appeals of rate determinations impacting long-term care providers.

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

Sincerely,



Rory Howe
Director
Financial Management Group

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

1. TRANSMITTAL NUMBER

2 6 — 0 0 0 5

2. STATE

IL3. 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 440.40

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2026 \$ 0b. FFY 2027 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, Page 108(A) (new) and 109

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-D, Page 109 (supersedes SPA 09-08)

9. SUBJECT OF AMENDMENT

Payroll Based Journal (PBJ) Data

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

Laura Phelan

13. TITLE

Administrator Division of Medical Programs

14. DATE SUBMITTED

03/30/26

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 30, 2026

17. DATE APPROVED

September 29, 2026

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 of the Financial Management Group

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: **Illinois**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
REIMBURSEMENT TO LONG TERM CARE FACILITIES**

- iv. The Administrator will send by mail written notification to the facility of the determination of the second level review within forty-five (45) calendar days of the receipt of the facility's request for second level review. No other administrative review will be available.

I. Appeals of Rate Determinations

- 04/98 1. Appeals of rate determinations shall be submitted in writing to HFS. All appeals submitted within 30 days of rate notification shall, if upheld, be made effective as of the beginning of the rate year. The effective date of all other upheld appeals shall be the first day of the month following the date the completed appeal was submitted.
- 01/26 2. Effective on or after January 1, 2026, the Department shall notify all nursing facilities of their nursing rate quarterly. Appeals shall be submitted to the Department no later than 30 days after the date of the Department's notice to the facility of the rate. The results of an appeal shall become effective the first day of the applicable quarter.
- 04/98 3. HFS shall rule on all appeals within 120 days of the date of appeal, except that if HFS requires additional information from the facilities. The service shall be extended until such time as the information is provided. Appeals for any rate year must be filed before the close of the said year.
- 01/26 4. Appeals regarding missing Payroll Based Journal (PBJ data), effective on or after January 1, 2026.

a. Certified Nursing Assistant (CNA) Incentive Payments

- i. Facilities participating in the CNA Incentive Program that fail to timely submit PBJ data will not be paid the CNA incentive payments for the applicable quarter.
- ii. Facilities participating in the CNA Incentive Program who timely submit PBJ data that is ultimately suppressed by the federal Centers for Medicare and Medicaid Services (CMS), will be paid at 90% of their most recent quarter's CNA incentive payment. An additional 10% reduction will be applied to the resulting payment for each sequentially suppressed quarter. (90%, 80%, 70%, etc.) All other quarterly program requirements must still be met to receive the reduced payments on appeal.

b. Nurse Staffing Add-On Payments

- i. Facilities that fail to timely submit PBJ data utilized in the nurse staffing add-on calculation will receive a staffing percentage of 0% for the quarter.

STATE PLAN UNDER TITLE XIX OF THE *SOCIAL SECURITY ACT*State: **Illinois****METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—
REIMBURSEMENT TO LONG TERM CARE FACILITIES**

- ii. Facilities who timely submit nurse staffing PBJ data that is ultimately suppressed on the Provider Information File by federal CMS, will be required to submit information on the reason for suppression (facility error or federal audit). Facilities will receive a staffing percentage equal to their most recent quarter's staffing percentage less 10 percentage points, unless the reason for suppression indicates that the percentage of reported hours was overstated by more than 10%, in which case a higher penalty equal to the overstated percentage is justified. An additional reduction of 10 percentage points will be applied to the resulting staffing percentage for each sequentially suppressed quarter.

10/09 J. Reimbursement for county-owned or -operated nursing facilities – Allowable Unreimbursed Nursing Facility Costs.

- 10/09
- 1. Federal Financial Participation (FFP) will be claimed based on public funds expended for routine nursing home care services for Medicaid fee-for-service residents under 42CFR433.51(b).
 - 2. As described in section III.C. of this Attachment, Illinois reimburses county nursing facilities a daily rate for routine nursing home services provided to Medicaid recipients.