

PROPOSED CHANGES IN METHODS AND STANDARDS FOR ESTABLISHING MEDICAL ASSISTANCE PAYMENT RATES

STATE OF ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

The Illinois Department of Healthcare and Family Services (HFS) is proposing several changes in the methods and standards by which the Department will reimburse providers. Pursuant to Public Act 100-580 and Public Act 100-0581, the proposed changes addressed below are effective for dates of service on or after July 1, 2018. These changes will be applicable to fee for service payments, as well as included in actuarially sound rates.

- Current hospital inpatient and outpatient static payments funded through assessment will be repealed and replaced with new payments under the Illinois Medical Assistance program. The annual spending for these new payments is estimated to be \$1.999 billion for inpatient services, and \$915.8 million for outpatient services. The base year data set used for calculation of the new payments will be 2015.
- Hospital inpatient reimbursement under the Illinois Medical Assistance program will be increased as follows:
 - Certain APR-DRG's will be added to those eligible for the Trauma Center policy adjustor.
 - Perinatal level II and II+ hospitals will be included in the eligibility for the Perinatal Services policy adjustor.
 - Hospital inpatient base rates will be increased.

The annual spending for these new inpatient payments is estimated to be \$250.3 million.

- Hospital outpatient reimbursement under the Illinois Medical Assistance program will be increased as follows:
 - Outlier payments will be increased to account for expensive drugs and devices.
 - High Outpatient Volume Hospital adjustment factor will be increased.
 - Hospital outpatient base rates will be increased.
 - Small Public hospitals will be eligible for high Outpatient Volume Hospital adjustment factor.

The annual spending for these new outpatient payments is estimated to be \$321.5 million.

The static and claims reimbursement changes above result in \$360 million in additional annual hospital payments with overall inpatient reimbursement increasing by \$370 million and overall outpatient reimbursement decreasing by \$10 million. These overall changes are inclusive of the movement away from static payments to claims reimbursement by \$250 million on inpatient services and \$321 million on outpatient services.

The proposed changes are subject to approval by the federal Centers for Medicare and Medicaid Services and may be modified or revised during the approval process.

The notice may be viewed at the DHS local offices (except in Cook County). In Cook County, the notice and clarification may be reviewed at the Office of the Director, Illinois Department of Healthcare and Family Services, 401 South Clinton Street, 1st Floor, Chicago, Illinois. Comments received regarding this notice shall be published on the HFS web site at <http://www.illinois.gov/hfs/info/legal/PublicNotices/Pages/>.

This notice is being provided in accordance with federal requirements found at 42 *CFR* 447.205.