

Proposed changes to language regarding:

Payment to government-owned or -operated hospitals for inpatient services.

A. Definitions.

“BASE PERIOD” means the hospital fiscal year ending during the calendar year that is four years prior to the calendar year during which the payment period begins.

“PAYMENT PERIOD” means the State fiscal year.

- #### B. Notwithstanding any other provision of this Attachment, reimbursement to LARGE PUBLIC HOSPITALS shall be at allowable cost, as determined in section D of this chapter.
- #### C. Hospitals that are located in Illinois and are owned or operated by a county or a unit of local government that are not LARGE PUBLIC HOSPITALS shall be reimbursed at the greater of:
1. Under the payment methodologies otherwise provided for in this Attachment.
 2. At allowable cost, as determined in section D of this chapter.
- #### D. Hospitals reimbursed under this chapter shall be reimbursed at allowable cost on a per diem basis. The per diem rate shall be calculated as follows:
1. BASE PERIOD costs are determined as the product resulting from multiplying (i) the routine and ancillary charges on claims that were submitted by the hospital for Medicaid covered services provided during the BASE PERIOD and paid by the department by (ii) their respective cost-to-charge ratios from the BASE PERIOD cost report.
 2. BASE PERIOD costs are then adjusted by subtracting the sum of all periodic (weekly, monthly, quarterly, *etc.*) lump sum payments specified in this Attachment, with the exception of any payment that is classified as a disproportionate share hospital adjustment payment, that are expected to be made during the PAYMENT PERIOD.
 3. For hospitals reimbursed under subsection C.2, the BASE PERIOD costs are additionally reduced by an amount necessary to ensure:
 - a. That reimbursement to non-State government-owned or operated hospitals, as a class, is compliant with the upper payment limit requirement in 42 *CFR* 447.272.
 - b. That the proportion of allowable costs that are reimbursed is the same for each hospital.
 4. The BASE PERIOD costs are further adjusted to reflect the change, from the midpoint of the BASE PERIOD to the midpoint of the PAYMENT PERIOD, in [the greater of the CMS hospital input price index or a hospital specific inflation factor](#).
 5. The per diem rate is the quotient resulting from dividing the adjusted BASE PERIOD costs by the number of patient days on claims that were submitted by the hospital for Medicaid covered services provided during the BASE PERIOD and paid by the department.

Payment to government-owned or -operated hospitals for hospital outpatient services.

A. Definitions.

“BASE PERIOD” means the hospital fiscal year ending during the calendar year that is four years prior to the calendar year during which the payment period begins.

“PAYMENT PERIOD” means the State fiscal year.

B. Notwithstanding any other provision of this Attachment, reimbursement hospitals that are located in Illinois and are owned or operated by a county or a unit of local government shall be reimbursed for hospital outpatient services at allowable cost, as determined in section C of this chapter.

C. Hospitals reimbursed under this chapter shall be reimbursed at allowable cost to ensure that each class of hospitals is compliant with the upper payment limit requirement in 42 *CFR* 447.272. The rate paid for a service shall be the product of the rate established under subsection 1.b of this Attachment multiplied by a hospital-specific factor. The factor is the ratio of:

- BASE PERIOD costs—Determined as the product resulting from multiplying (i) the routine and ancillary charges on claims that were submitted by the hospital for Medicaid covered services provided during the BASE PERIOD and paid by the department by (ii) their respective cost-to-charge ratios from the BASE PERIOD cost report. The resulting product is adjusted to reflect the change, from the midpoint of the BASE PERIOD to the midpoint of the PAYMENT PERIOD, in [the greater of](#) the CMS hospital input price index [or a hospital specific inflation factor](#).

to:

- Expected PAYMENT PERIOD reimbursement—Determined as the sum of the payments that would otherwise be made under subsection 1.b of this Attachment during the PAYMENT PERIOD for the services provided during the BASE PERIOD and paid by the department.