HB3273

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB3273

Introduced 2/18/2025, by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

305 ILCS 5/14-12

Amends the Hospital Services Trust Fund Article of the Illinois Public Aid Code. In provisions concerning the hospital rate reform payment system, provides that reimbursement for inpatient general acute care services shall utilize the All Patient Refined Diagnosis Related Grouping (APR-DRG) software, version 30, distributed by Solventum previously known as 3MTM Health Information System. Provides that Solventum shall be the exclusive provider of this software unless the Department of Healthcare and Family Services determines that Solventum is unable to meet the required operational or contractual terms. Provides that only under such circumstances may an alternative authorized provider of the software be considered. Adds corresponding provisions regarding software used to process reimbursements for outpatient services.

LRB104 10515 KTG 20590 b

A BILL FOR

AN ACT concerning public aid.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Public Aid Code is amended by changing Section 14-12 as follows:

(305 ILCS 5/14-12)

Sec. 14-12. Hospital rate reform payment system. The hospital payment system pursuant to Section 14-11 of this Article shall be as follows:

(a) Inpatient hospital services. Effective for discharges on and after the effective date of this amendatory Act of the 104th General Assembly ~~July 1, 2014~~, reimbursement for inpatient general acute care services shall utilize the All Patient Refined Diagnosis Related Grouping (APR-DRG) software, version 30, distributed by Solventum previously known as 3M™ Health Information System. Solventum shall be the exclusive provider of this software unless the Department determines that Solventum is unable to meet the required operational or contractual terms. Only under such circumstances may an alternative authorized provider of the software be considered.

(1) The Department shall establish Medicaid weighting factors to be used in the reimbursement system established under this subsection. Initial weighting factors shall be

the weighting factors as published by the authorized provider of this software ~~3M Health Information System~~, associated with Version 30.0 adjusted for the Illinois experience.

(2) The Department shall establish a statewide-standardized amount to be used in the inpatient reimbursement system. The Department shall publish these amounts on its website no later than 10 calendar days prior to their effective date.

(3) In addition to the statewide-standardized amount, the Department shall develop adjusters to adjust the rate of reimbursement for critical Medicaid providers or services for trauma, transplantation services, perinatal care, and Graduate Medical Education (GME).

(4) The Department shall develop add-on payments to account for exceptionally costly inpatient stays, consistent with Medicare outlier principles. Outlier fixed loss thresholds may be updated to control for excessive growth in outlier payments no more frequently than on an annual basis, but at least once every 4 years. Upon updating the fixed loss thresholds, the Department shall be required to update base rates within 12 months.

(5) The Department shall define those hospitals or distinct parts of hospitals that shall be exempt from the APR-DRG reimbursement system established under this Section. The Department shall publish these hospitals'

1 inpatient rates on its website no later than 10 calendar
2 days prior to their effective date.
3 (6) Beginning July 1, 2014 and ending on December 31,
4 2023, in addition to the statewide-standardized amount,
5 the Department shall develop an adjustor to adjust the
6 rate of reimbursement for safety-net hospitals defined in
7 Section 5-5e.1 of this Code excluding pediatric hospitals.
8 (7) Beginning July 1, 2014, in addition to the
9 statewide-standardized amount, the Department shall
10 develop an adjustor to adjust the rate of reimbursement
11 for Illinois freestanding inpatient psychiatric hospitals
12 that are not designated as children's hospitals by the
13 Department but are primarily treating patients under the
14 age of 21.
15 (7.5) (Blank).
16 (8) Beginning July 1, 2018, in addition to the
17 statewide-standardized amount, the Department shall adjust
18 the rate of reimbursement for hospitals designated by the
19 Department of Public Health as a Perinatal Level II or II+
20 center by applying the same adjustor that is applied to
21 Perinatal and Obstetrical care cases for Perinatal Level
22 III centers, as of December 31, 2017.
23 (9) Beginning July 1, 2018, in addition to the
24 statewide-standardized amount, the Department shall apply
25 the same adjustor that is applied to trauma cases as of
26 December 31, 2017 to inpatient claims to treat patients

with burns, including, but not limited to, APR-DRGs 841, 842, 843, and 844.

(10) Beginning July 1, 2018, the statewide-standardized amount for inpatient general acute care services shall be uniformly increased so that base claims projected reimbursement is increased by an amount equal to the funds allocated in paragraph (1) of subsection (b) of Section 5A-12.6, less the amount allocated under paragraphs (8) and (9) of this subsection and paragraphs (3) and (4) of subsection (b) multiplied by 40%.

(11) Beginning July 1, 2018, the reimbursement for inpatient rehabilitation services shall be increased by the addition of a $96 per day add-on.

(b) Outpatient hospital services. Effective for dates of service on and after the effective date of this amendatory Act of the 104th General Assembly ~~July 1, 2014~~, reimbursement for outpatient services shall utilize the Enhanced Ambulatory Procedure Grouping (EAPG) software, version 3.7 distributed by Solventum previously known as 3M™ Health Information System. Solventum shall be the exclusive provider of this software unless the Department determines that Solventum is unable to meet the required operational or contractual terms. Only under such circumstances may an alternative authorized provider of the software be considered.

(1) The Department shall establish Medicaid weighting

factors to be used in the reimbursement system established under this subsection. The initial weighting factors shall be the weighting factors as published by the authorized provider ~~3M Health Information System~~, associated with Version 3.7.

(2) The Department shall establish service specific statewide-standardized amounts to be used in the reimbursement system.

(A) The initial statewide standardized amounts, with the labor portion adjusted by the Calendar Year 2013 Medicare Outpatient Prospective Payment System wage index with reclassifications, shall be published by the Department on its website no later than 10 calendar days prior to their effective date.

(B) The Department shall establish adjustments to the statewide-standardized amounts for each Critical Access Hospital, as designated by the Department of Public Health in accordance with 42 CFR 485, Subpart F. For outpatient services provided on or before June 30, 2018, the EAPG standardized amounts are determined separately for each critical access hospital such that simulated EAPG payments using outpatient base period paid claim data plus payments under Section 5A-12.4 of this Code net of the associated tax costs are equal to the estimated costs of outpatient base period claims data with a rate year cost inflation factor applied.

1 (3) In addition to the statewide-standardized amounts,
2 the Department shall develop adjusters to adjust the rate
3 of reimbursement for critical Medicaid hospital outpatient
4 providers or services, including outpatient high volume or
5 safety-net hospitals. Beginning July 1, 2018, the
6 outpatient high volume adjustor shall be increased to
7 increase annual expenditures associated with this adjustor
8 by $79,200,000, based on the State Fiscal Year 2015 base
9 year data and this adjustor shall apply to public
10 hospitals, except for large public hospitals, as defined
11 under 89 Ill. Adm. Code 148.25(a).
12 (4) Beginning July 1, 2018, in addition to the
13 statewide standardized amounts, the Department shall make
14 an add-on payment for outpatient expensive devices and
15 drugs. This add-on payment shall at least apply to claim
16 lines that: (i) are assigned with one of the following
17 EAPGs: 490, 1001 to 1020, and coded with one of the
18 following revenue codes: 0274 to 0276, 0278; or (ii) are
19 assigned with one of the following EAPGs: 430 to 441, 443,
20 444, 460 to 465, 495, 496, 1090. The add-on payment shall
21 be calculated as follows: the claim line's covered charges
22 multiplied by the hospital's total acute cost to charge
23 ratio, less the claim line's EAPG payment plus $1,000,
24 multiplied by 0.8.
25 (5) Beginning July 1, 2018, the statewide-standardized
26 amounts for outpatient services shall be increased by a

uniform percentage so that base claims projected reimbursement is increased by an amount equal to no less than the funds allocated in paragraph (1) of subsection (b) of Section 5A-12.6, less the amount allocated under paragraphs (8) and (9) of subsection (a) and paragraphs (3) and (4) of this subsection multiplied by 46%.

(6) Effective for dates of service on or after July 1, 2018, the Department shall establish adjustments to the statewide-standardized amounts for each Critical Access Hospital, as designated by the Department of Public Health in accordance with 42 CFR 485, Subpart F, such that each Critical Access Hospital's standardized amount for outpatient services shall be increased by the applicable uniform percentage determined pursuant to paragraph (5) of this subsection. It is the intent of the General Assembly that the adjustments required under this paragraph (6) by Public Act 100-1181 shall be applied retroactively to claims for dates of service provided on or after July 1, 2018.

(7) Effective for dates of service on or after March 8, 2019 (the effective date of Public Act 100-1181), the Department shall recalculate and implement an updated statewide-standardized amount for outpatient services provided by hospitals that are not Critical Access Hospitals to reflect the applicable uniform percentage determined pursuant to paragraph (5).

1 (1) Any recalculation to the
2 statewide-standardized amounts for outpatient services
3 provided by hospitals that are not Critical Access
4 Hospitals shall be the amount necessary to achieve the
5 increase in the statewide-standardized amounts for
6 outpatient services increased by a uniform percentage,
7 so that base claims projected reimbursement is
8 increased by an amount equal to no less than the funds
9 allocated in paragraph (1) of subsection (b) of
10 Section 5A-12.6, less the amount allocated under
11 paragraphs (8) and (9) of subsection (a) and
12 paragraphs (3) and (4) of this subsection, for all
13 hospitals that are not Critical Access Hospitals,
14 multiplied by 46%.
15 (2) It is the intent of the General Assembly that
16 the recalculations required under this paragraph (7)
17 by Public Act 100-1181 shall be applied prospectively
18 to claims for dates of service provided on or after
19 March 8, 2019 (the effective date of Public Act
20 100-1181) and that no recoupment or repayment by the
21 Department or an MCO of payments attributable to
22 recalculation under this paragraph (7), issued to the
23 hospital for dates of service on or after July 1, 2018
24 and before March 8, 2019 (the effective date of Public
25 Act 100-1181), shall be permitted.
26 (8) The Department shall ensure that all necessary

1 adjustments to the managed care organization capitation
2 base rates necessitated by the adjustments under
3 subparagraph (6) or (7) of this subsection are completed
4 and applied retroactively in accordance with Section
5 5-30.8 of this Code within 90 days of March 8, 2019 (the
6 effective date of Public Act 100-1181).
7 (9) Within 60 days after federal approval of the
8 change made to the assessment in Section 5A-2 by Public
9 Act 101-650, the Department shall incorporate into the
10 EAPG system for outpatient services those services
11 performed by hospitals currently billed through the
12 Non-Institutional Provider billing system.
13 (b-5) Notwithstanding any other provision of this Section,
14 beginning with dates of service on and after January 1, 2023,
15 any general acute care hospital with more than 500 outpatient
16 psychiatric Medicaid services to persons under 19 years of age
17 in any calendar year shall be paid the outpatient add-on
18 payment of no less than $113.
19 (c) In consultation with the hospital community, the
20 Department is authorized to replace 89 Ill. Adm. Code 152.150
21 as published in 38 Ill. Reg. 4980 through 4986 within 12 months
22 of June 16, 2014 (the effective date of Public Act 98-651). If
23 the Department does not replace these rules within 12 months
24 of June 16, 2014 (the effective date of Public Act 98-651), the
25 rules in effect for 152.150 as published in 38 Ill. Reg. 4980
26 through 4986 shall remain in effect until modified by rule by

1 the Department. Nothing in this subsection shall be construed
2 to mandate that the Department file a replacement rule.
3 (d) Transition period. There shall be a transition period
4 to the reimbursement systems authorized under this Section
5 that shall begin on the effective date of these systems and
6 continue until June 30, 2018, unless extended by rule by the
7 Department. To help provide an orderly and predictable
8 transition to the new reimbursement systems and to preserve
9 and enhance access to the hospital services during this
10 transition, the Department shall allocate a transitional
11 hospital access pool of at least $290,000,000 annually so that
12 transitional hospital access payments are made to hospitals.
13 (1) After the transition period, the Department may
14 begin incorporating the transitional hospital access pool
15 into the base rate structure; however, the transitional
16 hospital access payments in effect on June 30, 2018 shall
17 continue to be paid, if continued under Section 5A-16.
18 (2) After the transition period, if the Department
19 reduces payments from the transitional hospital access
20 pool, it shall increase base rates, develop new adjustors,
21 adjust current adjustors, develop new hospital access
22 payments based on updated information, or any combination
23 thereof by an amount equal to the decreases proposed in
24 the transitional hospital access pool payments, ensuring
25 that the entire transitional hospital access pool amount
26 shall continue to be used for hospital payments.

(d-5) Hospital and health care transformation program. The Department shall develop a hospital and health care transformation program to provide financial assistance to hospitals in transforming their services and care models to better align with the needs of the communities they serve. The payments authorized in this Section shall be subject to approval by the federal government.

(1) Phase 1. In State fiscal years 2019 through 2020, the Department shall allocate funds from the transitional access hospital pool to create a hospital transformation pool of at least $262,906,870 annually and make hospital transformation payments to hospitals. Subject to Section 5A-16, in State fiscal years 2019 and 2020, an Illinois hospital that received either a transitional hospital access payment under subsection (d) or a supplemental payment under subsection (f) of this Section in State fiscal year 2018, shall receive a hospital transformation payment as follows:

(A) If the hospital's Rate Year 2017 Medicaid inpatient utilization rate is equal to or greater than 45%, the hospital transformation payment shall be equal to 100% of the sum of its transitional hospital access payment authorized under subsection (d) and any supplemental payment authorized under subsection (f).

(B) If the hospital's Rate Year 2017 Medicaid inpatient utilization rate is equal to or greater than

25% but less than 45%, the hospital transformation payment shall be equal to 75% of the sum of its transitional hospital access payment authorized under subsection (d) and any supplemental payment authorized under subsection (f).

(C) If the hospital's Rate Year 2017 Medicaid inpatient utilization rate is less than 25%, the hospital transformation payment shall be equal to 50% of the sum of its transitional hospital access payment authorized under subsection (d) and any supplemental payment authorized under subsection (f).

(2) Phase 2.

(A) The funding amount from phase one shall be incorporated into directed payment and pass-through payment methodologies described in Section 5A-12.7.

(B) Because there are communities in Illinois that experience significant health care disparities due to systemic racism, as recently emphasized by the COVID-19 pandemic, aggravated by social determinants of health and a lack of sufficiently allocated health care ~~healthcare~~ resources, particularly community-based services, preventive care, obstetric care, chronic disease management, and specialty care, the Department shall establish a health care transformation program that shall be supported by the transformation funding pool. It is the intention of

1 the General Assembly that innovative partnerships
2 funded by the pool must be designed to establish or
3 improve integrated health care delivery systems that
4 will provide significant access to the Medicaid and
5 uninsured populations in their communities, as well as
6 improve health care equity. It is also the intention
7 of the General Assembly that partnerships recognize
8 and address the disparities revealed by the COVID-19
9 pandemic, as well as the need for post-COVID care.
10 During State fiscal years 2021 through 2027, the
11 hospital and health care transformation program shall
12 be supported by an annual transformation funding pool
13 of up to $150,000,000, pending federal matching funds,
14 to be allocated during the specified fiscal years for
15 the purpose of facilitating hospital and health care
16 transformation. No disbursement of moneys for
17 transformation projects from the transformation
18 funding pool described under this Section shall be
19 considered an award, a grant, or an expenditure of
20 grant funds. Funding agreements made in accordance
21 with the transformation program shall be considered
22 purchases of care under the Illinois Procurement Code,
23 and funds shall be expended by the Department in a
24 manner that maximizes federal funding to expend the
25 entire allocated amount.
26 The Department shall convene, within 30 days after

March 12, 2021 (the effective date of Public Act 101-655), a workgroup that includes subject matter experts on health care ~~healthcare~~ disparities and stakeholders from distressed communities, which could be a subcommittee of the Medicaid Advisory Committee, to review and provide recommendations on how Department policy, including health care transformation, can improve health disparities and the impact on communities disproportionately affected by COVID-19. The workgroup shall consider and make recommendations on the following issues: a community safety-net designation of certain hospitals, racial equity, and a regional partnership to bring additional specialty services to communities.

(C) As provided in paragraph (9) of Section 3 of the Illinois Health Facilities Planning Act, any hospital participating in the transformation program may be excluded from the requirements of the Illinois Health Facilities Planning Act for those projects related to the hospital's transformation. To be eligible, the hospital must submit to the Health Facilities and Services Review Board approval from the Department that the project is a part of the hospital's transformation.

(D) As provided in subsection (a-20) of Section 32.5 of the Emergency Medical Services (EMS) Systems

Act, a hospital that received hospital transformation payments under this Section may convert to a freestanding emergency center. To be eligible for such a conversion, the hospital must submit to the Department of Public Health approval from the Department that the project is a part of the hospital's transformation.

(E) Criteria for proposals. To be eligible for funding under this Section, a transformation proposal shall meet all of the following criteria:

(i) the proposal shall be designed based on community needs assessment completed by either a University partner or other qualified entity with significant community input;

(ii) the proposal shall be a collaboration among providers across the care and community spectrum, including preventative care, primary care specialty care, hospital services, mental health and substance abuse services, as well as community-based entities that address the social determinants of health;

(iii) the proposal shall be specifically designed to improve health care ~~healthcare~~ outcomes and reduce health care ~~healthcare~~ disparities, and improve the coordination, effectiveness, and efficiency of care delivery;

1 (iv) the proposal shall have specific
2 measurable metrics related to disparities that
3 will be tracked by the Department and made public
4 by the Department;
5 (v) the proposal shall include a commitment to
6 include Business Enterprise Program certified
7 vendors or other entities controlled and managed
8 by minorities or women; and
9 (vi) the proposal shall specifically increase
10 access to primary, preventive, or specialty care.
11 (F) Entities eligible to be funded.
12 (i) Proposals for funding should come from
13 collaborations operating in one of the most
14 distressed communities in Illinois as determined
15 by the U.S. Centers for Disease Control and
16 Prevention's Social Vulnerability Index for
17 Illinois and areas disproportionately impacted by
18 COVID-19 or from rural areas of Illinois.
19 (ii) The Department shall prioritize
20 partnerships from distressed communities, which
21 include Business Enterprise Program certified
22 vendors or other entities controlled and managed
23 by minorities or women and also include one or
24 more of the following: safety-net hospitals,
25 critical access hospitals, the campuses of
26 hospitals that have closed since January 1, 2018,

or other health care ~~healthcare~~ providers designed to address specific health care ~~healthcare~~ disparities, including the impact of COVID-19 on individuals and the community and the need for post-COVID care. All funded proposals must include specific measurable goals and metrics related to improved outcomes and reduced disparities which shall be tracked by the Department.

(iii) The Department should target the funding in the following ways: $30,000,000 of transformation funds to projects that are a collaboration between a safety-net hospital, particularly community safety-net hospitals, and other providers and designed to address specific health care ~~healthcare~~ disparities, $20,000,000 of transformation funds to collaborations between safety-net hospitals and a larger hospital partner that increases specialty care in distressed communities, $30,000,000 of transformation funds to projects that are a collaboration between hospitals and other providers in distressed areas of the State designed to address specific health care ~~healthcare~~ disparities, $15,000,000 to collaborations between critical access hospitals and other providers designed to address specific health care ~~healthcare~~ disparities, and

$15,000,000 to cross-provider collaborations designed to address specific health care ~~healthcare~~ disparities, and $5,000,000 to collaborations that focus on workforce development.

(iv) The Department may allocate up to $5,000,000 for planning, racial equity analysis, or consulting resources for the Department or entities without the resources to develop a plan to meet the criteria of this Section. Any contract for consulting services issued by the Department under this subparagraph shall comply with the provisions of Section 5-45 of the State Officials and Employees Ethics Act. Based on availability of federal funding, the Department may directly procure consulting services or provide funding to the collaboration. The provision of resources under this subparagraph is not a guarantee that a project will be approved.

(v) The Department shall take steps to ensure that safety-net hospitals operating in under-resourced communities receive priority access to hospital and health care ~~healthcare~~ transformation funds, including consulting funds, as provided under this Section.

(G) Process for submitting and approving projects

for distressed communities. The Department shall issue a template for application. The Department shall post any proposal received on the Department's website for at least 2 weeks for public comment, and any such public comment shall also be considered in the review process. Applicants may request that proprietary financial information be redacted from publicly posted proposals and the Department in its discretion may agree. Proposals for each distressed community must include all of the following:

(i) A detailed description of how the project intends to affect the goals outlined in this subsection, describing new interventions, new technology, new structures, and other changes to the health care ~~healthcare~~ delivery system planned.

(ii) A detailed description of the racial and ethnic makeup of the entities' board and leadership positions and the salaries of the executive staff of entities in the partnership that is seeking to obtain funding under this Section.

(iii) A complete budget, including an overall timeline and a detailed pathway to sustainability within a 5-year period, specifying other sources of funding, such as in-kind, cost-sharing, or

private donations, particularly for capital needs. There is an expectation that parties to the transformation project dedicate resources to the extent they are able and that these expectations are delineated separately for each entity in the proposal.

(iv) A description of any new entities formed or other legal relationships between collaborating entities and how funds will be allocated among participants.

(v) A timeline showing the evolution of sites and specific services of the project over a 5-year period, including services available to the community by site.

(vi) Clear milestones indicating progress toward the proposed goals of the proposal as checkpoints along the way to continue receiving funding. The Department is authorized to refine these milestones in agreements, and is authorized to impose reasonable penalties, including repayment of funds, for substantial lack of progress.

(vii) A clear statement of the level of commitment the project will include for minorities and women in contracting opportunities, including as equity partners where applicable, or as

1 subcontractors and suppliers in all phases of the
2 project.
3 (viii) If the community study utilized is not
4 the study commissioned and published by the
5 Department, the applicant must define the
6 methodology used, including documentation of clear
7 community participation.
8 (ix) A description of the process used in
9 collaborating with all levels of government in the
10 community served in the development of the
11 project, including, but not limited to,
12 legislators and officials of other units of local
13 government.
14 (x) Documentation of a community input process
15 in the community served, including links to
16 proposal materials on public websites.
17 (xi) Verifiable project milestones and quality
18 metrics that will be impacted by transformation.
19 These project milestones and quality metrics must
20 be identified with improvement targets that must
21 be met.
22 (xii) Data on the number of existing employees
23 by various job categories and wage levels by the
24 zip code of the employees' residence and
25 benchmarks for the continued maintenance and
26 improvement of these levels. The proposal must

1 also describe any retraining or other workforce
2 development planned for the new project.
3 (xiii) If a new entity is created by the
4 project, a description of how the board will be
5 reflective of the community served by the
6 proposal.
7 (xiv) An explanation of how the proposal will
8 address the existing disparities that exacerbated
9 the impact of COVID-19 and the need for post-COVID
10 care in the community, if applicable.
11 (xv) An explanation of how the proposal is
12 designed to increase access to care, including
13 specialty care based upon the community's needs.
14 (H) The Department shall evaluate proposals for
15 compliance with the criteria listed under subparagraph
16 (G). Proposals meeting all of the criteria may be
17 eligible for funding with the areas of focus
18 prioritized as described in item (ii) of subparagraph
19 (F). Based on the funds available, the Department may
20 negotiate funding agreements with approved applicants
21 to maximize federal funding. Nothing in this
22 subsection requires that an approved project be funded
23 to the level requested. Agreements shall specify the
24 amount of funding anticipated annually, the
25 methodology of payments, the limit on the number of
26 years such funding may be provided, and the milestones

1 and quality metrics that must be met by the projects in
2 order to continue to receive funding during each year
3 of the program. Agreements shall specify the terms and
4 conditions under which a health care facility that
5 receives funds under a purchase of care agreement and
6 closes in violation of the terms of the agreement must
7 pay an early closure fee no greater than 50% of the
8 funds it received under the agreement, prior to the
9 Health Facilities and Services Review Board
10 considering an application for closure of the
11 facility. Any project that is funded shall be required
12 to provide quarterly written progress reports, in a
13 form prescribed by the Department, and at a minimum
14 shall include the progress made in achieving any
15 milestones or metrics or Business Enterprise Program
16 commitments in its plan. The Department may reduce or
17 end payments, as set forth in transformation plans, if
18 milestones or metrics or Business Enterprise Program
19 commitments are not achieved. The Department shall
20 seek to make payments from the transformation fund in
21 a manner that is eligible for federal matching funds.
22 In reviewing the proposals, the Department shall
23 take into account the needs of the community, data
24 from the study commissioned by the Department from the
25 University of Illinois-Chicago if applicable, feedback
26 from public comment on the Department's website, as

well as how the proposal meets the criteria listed under subparagraph (G). Alignment with the Department's overall strategic initiatives shall be an important factor. To the extent that fiscal year funding is not adequate to fund all eligible projects that apply, the Department shall prioritize applications that most comprehensively and effectively address the criteria listed under subparagraph (G).

(3) (Blank).

(4) Hospital Transformation Review Committee. There is created the Hospital Transformation Review Committee. The Committee shall consist of 14 members. No later than 30 days after March 12, 2018 (the effective date of Public Act 100-581), the 4 legislative leaders shall each appoint 3 members; the Governor shall appoint the Director of Healthcare and Family Services, or his or her designee, as a member; and the Director of Healthcare and Family Services shall appoint one member. Any vacancy shall be filled by the applicable appointing authority within 15 calendar days. The members of the Committee shall select a Chair and a Vice-Chair from among its members, provided that the Chair and Vice-Chair cannot be appointed by the same appointing authority and must be from different political parties. The Chair shall have the authority to establish a meeting schedule and convene meetings of the Committee, and the Vice-Chair shall have the authority to

1 convene meetings in the absence of the Chair. The
2 Committee may establish its own rules with respect to
3 meeting schedule, notice of meetings, and the disclosure
4 of documents; however, the Committee shall not have the
5 power to subpoena individuals or documents and any rules
6 must be approved by 9 of the 14 members. The Committee
7 shall perform the functions described in this Section and
8 advise and consult with the Director in the administration
9 of this Section. In addition to reviewing and approving
10 the policies, procedures, and rules for the hospital and
11 health care transformation program, the Committee shall
12 consider and make recommendations related to qualifying
13 criteria and payment methodologies related to safety-net
14 hospitals and children's hospitals. Members of the
15 Committee appointed by the legislative leaders shall be
16 subject to the jurisdiction of the Legislative Ethics
17 Commission, not the Executive Ethics Commission, and all
18 requests under the Freedom of Information Act shall be
19 directed to the applicable Freedom of Information officer
20 for the General Assembly. The Department shall provide
21 operational support to the Committee as necessary. The
22 Committee is dissolved on April 1, 2019.
23 (e) Beginning 36 months after initial implementation, the
24 Department shall update the reimbursement components in
25 subsections (a) and (b), including standardized amounts and
26 weighting factors, and at least once every 4 years and no more

1 frequently than annually thereafter. The Department shall
2 publish these updates on its website no later than 30 calendar
3 days prior to their effective date.
4 (f) Continuation of supplemental payments. Any
5 supplemental payments authorized under 89 Illinois
6 Administrative Code 148 effective January 1, 2014 and that
7 continue during the period of July 1, 2014 through December
8 31, 2014 shall remain in effect as long as the assessment
9 imposed by Section 5A-2 that is in effect on December 31, 2017
10 remains in effect.
11 (g) Notwithstanding subsections (a) through (f) of this
12 Section and notwithstanding the changes authorized under
13 Section 5-5b.1, any updates to the system shall not result in
14 any diminishment of the overall effective rates of
15 reimbursement as of the implementation date of the new system
16 (July 1, 2014). These updates shall not preclude variations in
17 any individual component of the system or hospital rate
18 variations. Nothing in this Section shall prohibit the
19 Department from increasing the rates of reimbursement or
20 developing payments to ensure access to hospital services.
21 Nothing in this Section shall be construed to guarantee a
22 minimum amount of spending in the aggregate or per hospital as
23 spending may be impacted by factors, including, but not
24 limited to, the number of individuals in the medical
25 assistance program and the severity of illness of the
26 individuals.

1 (h) The Department shall have the authority to modify by
2 rulemaking any changes to the rates or methodologies in this
3 Section as required by the federal government to obtain
4 federal financial participation for expenditures made under
5 this Section.

6 (i) Except for subsections (g) and (h) of this Section,
7 the Department shall, pursuant to subsection (c) of Section
8 5-40 of the Illinois Administrative Procedure Act, provide for
9 presentation at the June 2014 hearing of the Joint Committee
10 on Administrative Rules (JCAR) additional written notice to
11 JCAR of the following rules in order to commence the second
12 notice period for the following rules: rules published in the
13 Illinois Register, rule dated February 21, 2014 at 38 Ill.
14 Reg. 4559 (Medical Payment), 4628 (Specialized Health Care
15 Delivery Systems), 4640 (Hospital Services), 4932 (Diagnostic
16 Related Grouping (DRG) Prospective Payment System (PPS)), and
17 4977 (Hospital Reimbursement Changes), and published in the
18 Illinois Register dated March 21, 2014 at 38 Ill. Reg. 6499
19 (Specialized Health Care Delivery Systems) and 6505 (Hospital
20 Services).

21 (j) Out-of-state hospitals. Beginning July 1, 2018, for
22 purposes of determining for State fiscal years 2019 and 2020
23 and subsequent fiscal years the hospitals eligible for the
24 payments authorized under subsections (a) and (b) of this
25 Section, the Department shall include out-of-state hospitals
26 that are designated a Level I pediatric trauma center or a

1 Level I trauma center by the Department of Public Health as of
2 December 1, 2017.
3 (k) The Department shall notify each hospital and managed
4 care organization, in writing, of the impact of the updates
5 under this Section at least 30 calendar days prior to their
6 effective date.
7 (l) This Section is subject to Section 14-12.5.
8 (Source: P.A. 102-682, eff. 12-10-21; 102-1037, eff. 6-2-22;
9 103-102, eff. 6-16-23; 103-154, eff. 6-30-23; revised
10 10-16-24.)