

Gov. Pritzker Signs Landmark Equity-driven Nursing Home Rate Reform Legislation To Improve Care For Seniors

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CHICAGO — Governor Pritzker today signed historic and equity-focused nursing home rate form legislation (HB246) that will improve care for nursing home residents across Illinois. The legislation holds facility owners accountable by tying new funding to improving care for vulnerable Illinoisans.

The reform principles include increased funding that is tied to staffing levels, a proven predictor of improved health outcomes for residents; a new pay scale for certified nursing assistants that increases wages based on years of experience; and funding connected to improving key quality measures. The Illinois Department of Healthcare and Family Services first introduced these reforms in March 2021, and they were also included in the Governor's budget for this fiscal year.

Illinois will become the first state to implement this reform model, as well as the first to incentivize better nursing home staffing at this magnitude. For the first time in Illinois, there will be a direct tie between funding for nursing home industry and quality measures, including the hiring of staff.

"Since day one of my administration, I've made it clear that everyone deserves quality, affordable healthcare," said Governor JB Pritzker. "With today's signing, Illinois will no longer tolerate an emphasis on profits over people, especially at the expense of our most vulnerable Illinoisans. When it comes to taking care of our seniors, Illinois is setting a new standard—the highest in the nation. This is what accountability looks like."

"Under HB 246, we are carving the path for well-funded, well-staffed nursing homes with workers who have the training to provide quality care," said Lt. Governor Juliana Stratton. "I have had the opportunity to hear from nursing home workers, who shared what it's like to be stretched thin and how transformative this legislation can be. With this bill, we are building a better future for residents and workers alike with their voices at the forefront."

Medicaid customers, and especially Black and Brown nursing home residents, are more likely to live in understaffed facilities, making equity a driving force behind the changes in the nursing home rate reform legislation. COVID-19 disproportionately affected nursing homes in vulnerable, often Black and Brown communities, further widening the inequities that exist within long-term care. But the need for change in the nursing home Medicaid payment system in Illinois began long before the pandemic.

The Illinois Department of Healthcare and Family Services (HFS) spends over \$2.5 billion annually to care for the roughly 45,000 nursing home residents who are enrolled in the Medicaid program, which accounts for nearly 70% of nursing home residents in the state. The legislation ties new funding to accountability and transparency for nursing facilities by adopting the federal Patient Driven Payment Model (PDPM), which is designed to more accurately reflect the clinical care needs of residents and requires the disclosure of all individual nursing home ownership interests.

Accounting for federal matching funds, Illinois will invest more than \$700 million in Medicaid funding in the nursing home industry through a combination of new revenues

generated by simplifying and expanding the existing nursing home assessment tax, and by allocating additional general revenue funds.

Additional funding will be dedicated to addressing increased costs at nursing facilities due to labor shortages and wage increases, with an adjustment of \$4 per resident day for facilities that serve an above average percentage of Medicaid customers. Medicaid funding to support the new wage scale for certified nursing assistants will increase funding for wages by as much as \$8 per hour, depending on a worker's role and length of service in nursing homes.

The Medicaid program will repay nursing homes that opt in for their share of the cost of the wage scale increase. For some facilities, Medicaid will fund virtually the entire cost of the scale. The scale is structured so that CNAs will receive an increase for each year of their experience in Illinois nursing homes.

For those with at least one year of experience, their wage will increase by at least \$1.50 per hour, and Medicaid will pay its share of that \$1.50 increase. The pay increase goes up by \$1 for each year of experience, topping out at a \$6.50 per hour increase for those with six or more years of experience in nursing homes. The legislation also allows for a \$1.50 per hour wage increase to accompany qualifying promotions, which is in addition to the experience-based wage increases. Medicaid will fund its share of this increase too, up to 10-15% of nursing home CNAs.

“We are overjoyed that nursing home payment reform is becoming a reality in Illinois. When we began an in-depth, facility-level examination of the care being provided to the nursing home residents over two years ago, it was clear that change was needed in order to ensure Illinois nursing home residents were getting the care they deserve,” said HFS Director Theresa Eagleson. “This will drive better staffing levels, improved care and a better quality of life for so many people and is the result of leadership starting with the Governor and hard work by the HFS team, in collaboration with nursing home trade associations and individual nursing home owners, advocates, and frontline workers. There is now a direct relationship between staffing and quality and funding.”

“After years of negotiations I’m grateful to see Illinois taking the necessary steps to reform our long-term care facilities,” said House Speaker Emanuel “Chris” Welch. “With a focus on health equity and prioritizing nursing staff, we can improve the quality of care our most vulnerable residents need and deserve. I want to congratulate Representative Anna Moeller for all of her hard work to get this legislation signed into law today.”

“This should directly and quickly improve the quality of care for thousands of Illinois seniors,” said Senate President Don Harmon (D-Oak Park). “Millions of dollars in

funding will for the first time be linked to increased staffing to ensure the Illinoisans who live in nursing homes throughout our state have the excellent level of care they deserve.”

"High quality care and safety are essential to the health and wellbeing of nursing home residents across the state," said Assistant Majority Leader Elizabeth "Lisa" Hernandez (D-Cicero). "By addressing staffing needs and redesigning the state's nursing home assessment program and reimbursement methodologies, we're working to ensure older adults and those in long-term care facilities receive the care they deserve."

“This legislation will absolutely positively affect the care and quality of life for tens of thousands of nursing home residents across the state by putting in place accountability measures and tying new funding to quality metrics,” said Sen. Ann Gillespie (D-Arlington Heights). “I am proud of the work that went into this legislation and the message that it sends – in Illinois nursing homes, we will not tolerate profits being valued over people.”

“Throughout the time spent discussing and negotiating nursing home rate reform, we have heard the personal stories from residents and families that underscore just how much increased accountability, improved care and better staffing were needed at many nursing homes across Illinois,” said Rep. Anna Moeller (D-Elgin). “These changes will drive better care, and more equitable care, to give nursing home residents the quality of life they deserve and their family members the confidence that they are safe and being treated with dignity.”

“This is such an important day for Illinois seniors,” said Sen. Jacqueline Collins (D-Chicago). “Reform in the nursing home industry has long been needed in Illinois, and the need became all the more clear during the pandemic. COVID-19 devastated nursing homes, and those in communities of color were especially impacted. I am so pleased that this legislation has such a strong focus on the need for equity in health care, and it will make a significant difference in the lives of Illinois nursing home residents, no matter the location of the facility where they reside.”

"As a former nursing home worker, I know the importance of safe, high-quality care and well-trained caregivers," said State Representative Lakesia Collins (D-Chicago). "With the reforms included in this law-as well as major funding apportioned in our recent budget-we are taking great strides to improve the lives of some of the most vulnerable Illinoisans. I thank Governor Pritzker for his good work in this area."

“As one of the first steps in nursing home reform, we in the Illinois General Assembly looked at staffing levels in Illinois nursing homes. Unfortunately, they have reached crisis levels, and nursing home residents who are at risk in these facilities are more

likely to be poor, Black and Brown. These facilities are usually understaffed, and therefore we continue to see poor health outcomes as a direct result,” said Rep. Camille Lilly (D-Chicago). “Nursing home payment reform will be the first step and will create a more equitable long-term care system in the state, while putting in place a wage scale for CNAs that recognizes the value of their experience in their vital role of caring for our seniors. I am eager to see this implemented so that nursing home residents around the state begin to experience dignity, along with improved health outcomes, ultimately improving their overall quality of life.”

“Our seniors deserve the best care possible in their golden years. I am proud to join the Governor and my colleagues to provide nursing homes the support to increase staffing and improve care, especially after the terrible toll COVID-19 took on our nursing home facilities,” said State Rep. Bob Rita (D-Blue Island).

“On behalf of our 1.7 million members across the state and all older adults in the state, AARP Illinois commends Governor Pritzker for signing this bill into law and ensuring the safety and well-being of nursing home residents in Illinois,” said Philippe Largent, State Director of AARP Illinois. “Nursing home residents have a right to high-quality care and this bill, which invests in frontline staff and requires greater transparency of nursing home ownership and revenue, is an important step in making sure that some of our state’s most vulnerable residents are able to age with the dignity and care they deserve.”

“Through the new investments in the supportive living program provided by this legislation, Illinois will further strengthen the long-term care continuum for vulnerable residents across the state of Illinois,” said Karin Zosel, Executive Director of the Affordable Assisted Living Coalition. “We commend the House and Senate legislative sponsors, HFS Director Theresa Eagleson, and Governor Pritzker for championing this legislation that recognizes the enormous need, now more than ever, to protect Illinois seniors and people with disabilities that are entrusted to our care.”

“The Illinois Health Care Association (IHCA) is greatly encouraged by Governor Pritzker’s signature to HB246. These sweeping reforms to the long-term care reimbursement system provide sorely needed support for quality long-term care providers, while appropriately refocusing that reimbursement on staffing supports, quality measures, and, most importantly, positive resident outcomes,” said Matt Hartman, Illinois Health Care Association Executive Director. “We applaud this effort by Governor Pritzker, Director Eagleson, and the Illinois General Assembly to ensure that the Illinois long-term care profession is one based on the best interests of those in need of care. With these changes, Illinois is poised to become a national leader in how long-term care is provided.”

"This bill provides groundbreaking reform by addressing a crucial problem in Illinois nursing homes--the fact that far too often, facilities fail to invest public funding in workers in ways that support safe staffing, living wages and a sustainable workforce," said Greg Kelley, President of SEIU Healthcare Illinois which represents over 12,000 nursing home workers in hundreds of facilities throughout the state. "By signing this bill into law, the Governor is ensuring accountability that nursing home funding goes into direct care staffing. Significantly, the legislation provides for a direct pass through of funding to certified nursing assistants, who have long provided the majority of direct hands-on care to residents while often working for poverty-level wages. Investing in these workers ensures that they can make a career out of providing care for the residents they love without shortchanging their own families financially."

"LeadingAge Illinois is proud to have been part of this process in increasing the amount of Medicaid dollars to provide care to those in need," said Angela Schnepf, President and CEO of LeadingAge Illinois. "We are especially supportive of provisions that reward staffing and outcomes. These are vital to the care of seniors in our state. Our goal here was to improve the care of the residents of Illinois by having a Medicaid system that incentivizes staffing and outcomes while strengthening our workforce. This does that. This maximizes the amount of federal funding to the state in Medicaid dollars and these are dollars that communities are in desperate need of to better serve the Medicaid population."

The law goes into effect July 1, 2022 pending federal approval.