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Medicaid Payment Rate Case Against Illinois Department of Healthcare and Family Services Marks Significant Advance

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CHICAGO, March 14, 2019 /PRNewswire/ -- A motion to dismiss was denied in a case that deals a blow to Illinois Department of Healthcare and Family Services in the agency's attempt to set their own daily payment rates without consulting the Medicaid program. The suit, brought by Generations Health Care Network LLC and joined by several other owner-operators of skilled nursing facilities in Illinois, was filed on January 12th, 2018 directly against Illinois Department of Healthcare and Family Services Director Felicia F. Norwood in the U.S. District Court for the Northern District of Illinois. It alleges that Medicaid should determine if Illinois' daily rate for nursing home patients is simply too low.

"The State of Illinois has avoided its obligation under the Medicaid Act to submit daily reimbursement rates for approval by the federal agency," stated Chad Bogar, founder and CEO of sb2 inc., the law firm representing the plaintiffs in the case. "The State of Illinois has some of the lowest daily rates for nursing home payments in the entire country. These rates have not been approved by Medicaid and the state is committing another violation of the Medicaid Act by not establishing a procedure to make their methodology for setting these rates available to the public."

The methodology used by the State of Illinois to determine reimbursement rates for long-term care facilities has been basically locked in place since 1994. When amended rates have been proposed, the state has either delayed submission to Medicaid for approval or failed to submit the rates completely, according to the complaint. The complaint goes on to allege that rates are not reasonable or adequate enough to meet facilities' costs and that facilities have not been provided an opportunity to review or comment on the rate methodology or the data used in its development.

The state tried to dismiss this suit by claiming that it violated the 11th Amendment of the U.S. Constitution, which limits, in certain situations, the ability for private suits to be filed against states in federal court. Judge Joan B. Gottschall of the U.S. District Court for the Northern District of Illinois' Eastern Division, in her opinion, disagreed and is allowing the suit to move forward.

"The fact that the case is proceeding is a huge step forward for facilities to gain the ability to improve services to residents by better taking care of their employees financially," said Bogar. "We're only seeking a declaratory judgement that requires the State of Illinois to comply with Medicaid regulations. These regulations exist for a reason, and we're very hopeful that a judgement in favor of these facilities will enable them to continue to provide residents with the care they deserve."