
ILLINOIS REGISTER

ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF EMERGENCY AMENDMENTS

TITLE 89: SOCIAL SERVICES

CHAPTER V: ILLINOIS PURCHASED CARE REVIEW BOARD

PART 900

ILLINOIS PURCHASED CARE REVIEW BOARD

Section

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AUTHORITY: Implementing and authorized by Section 14-7.02 of the School Code [105 ILCS].

SOURCE: Filed May 8, 1979, effective May 18, 1978; amended at 4 Ill. Reg. 9, pp. 241, 244 and 247, effective February 15, 1980; amended at 5 Ill. Reg. 4171, effective April 7, 1981; amended at 5 Ill. Reg. 5633, effective May 15, 1981; amended at 5 Ill. Reg. 9095, effective September 1, 1981; codified at 6 Ill. Reg. 12452; amended at 7 Ill. Reg. 6079, effective May 4, 1983; amended at 9 Ill. Reg. 9551, effective June 10, 1985; amended at 11 Ill. Reg. 20552, effective December 8, 1987; amended at 16 Ill. Reg. 5311, effective March 23, 1992; emergency

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amendment at 19 Ill. Reg. 13590, effective September 25, 1995, for a maximum of 150 days; emergency expired February 21, 1996; amended at 28 Ill. Reg. 7242, effective May 5, 2004; amended at 44 Ill. Reg. 1954, effective January 8, 2020; emergency amendment at 46 Ill. Reg. _____, effective _____, for a maximum of 150 days.

Section 900.310 General Provisions Relating to Determining Allowable Costs **EMERGENCY**

- a) The Illinois Purchased Care Review Board (Board) approves costs for providers of special educational and related services and also room and board for children whose educational needs, because of their disabilities, cannot be met by the special education program of the district in which they reside.
- b) Each program is subject to prior approval of the Illinois State Board of Education (ISBE).
- c) Providers must comply with the minimum educational standards as found in the rules of the State Board of Education regarding Nonpublic Special Education Facilities (23 Ill. Adm. Code 401), except for providers providing emergency and student-specific placements pursuant to 23 Ill. Adm. Code 226.330(g) or (i).
- d) A "provider" is any organization that offers special education and/or residential services to students with disabilities under Section 14-7.02 of the School Code.
 - 1) A "facility" is the physical premises where a provider offers services.
 - 2) A "program" is a set of special education services designed to serve students who have similar educational needs.
 - 3) A "private for-profit provider" is one that is registered as for-profit by the Secretary of State in the provider's principal location and recognized as a for-profit by the Internal Revenue Service.
 - 4) "Organization" or "organizational" pertains to the business and administrative structure of an entity that serves as a provider under this Part.
- e) "School health services" are those direct or indirect services normally associated with the function of a school nurse, limited to health counseling, health education, personal hygiene/grooming, first aid/emergency care, administration and

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monitoring of medications, safety, and health protection (prevention) services provided by licensed, registered, or certified nurses or other non-physician health care professionals employed by a nonpublic special education provider for the purpose of serving students placed in such facilities and those services required by the students' Individualized Education Programs (IEP).

- f) "Occupancy costs" are those costs associated with the operation and maintenance of the physical plant, and all depreciation, all lease or rental, and all interest.
- g) "Support costs" are those costs normally associated with the provision of food and dietary services, laundry services, housekeeping services, and other costs associated with the provision of domestic services, including salaries, wages, fringe benefits, and supplies used in providing such services.
- h) "Administrative costs" are those costs normally associated with the overall organizational leadership and direction of the various program service entities within the provider's organization. Such costs include salaries, wages, fringe benefits and supplies related to executive officers and assistants, clerical and bookkeeping staff and other costs and fees associated with organizational leadership and direction.
- i) When a provider purchases goods or services from a related organization, the cost of the goods or services shall be allowable only to the extent that it does not exceed the cost to that related organization. That is, a provider may not build a profit for a related organization into its cost structure. A "related organization" is one that:
 - 1) directly or indirectly controls, or is controlled by, the provider; or
 - 2) influences, or is influenced by, the provider in terms of financial and operational policies; or
 - 3) is controlled or influenced by another organization that also controls or influences the provider.

(Source: Emergency amendment at 46 Ill. Reg. _____, effective _____, for a maximum of 150 days)

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- a) The Board shall require the annual filing of an attested cost report on such financial schedules as the Board may prescribe. Attested cost reports shall convey information on those items of cost defined as nonallowable in Section 900.321, as well as those defined as allowable in Section 900.322, and shall attribute allowable costs to special education, related services, or room and board. The time period covered by this report must correspond with the provider's fiscal year. Whenever possible, the Board will accept cost reports filed with other State agencies as fulfilling this requirement. Cost reports submitted to the Board for purposes of determining allowable costs must be accompanied by a certified audit for the most recently ended fiscal year unless this requirement is waived by the Board.
- b) The Board may waive the requirement for a certified audit and/or for a cost report when it deems either of these to be unnecessary; for example, if:
 - 1) the number of pupils placed with a provider by Illinois school districts totals fewer than six except that until August 31, 2023, the Board may waive the requirement for a certified audit and/or for a cost report when it deems the number of pupils placed with a provider by Illinois school districts totals twelve or fewer;
 - 2) the rate for an out-of-state provider is not negotiable according to law or rules in that state; ~~or~~
 - 3) the provider's annual operating budget is very low; or;
 - 4) the provider is providing emergency and student-specific placements pursuant to 23 Ill. Adm. Code 226.330(g) or (i).
- c) Unless prior arrangements for an extension of the deadline are made with the Board due to extenuating circumstances (such as unexpected loss of key personnel, inadvertent destruction of records due to fire or flooding, bankruptcy, etc.), this report must be filed by the latter of either January 15 or 90 days after the end of the provider's fiscal year.
- d) Financial data must be reported using the accrual basis for accounting, unless prior arrangements are made with the Board.
- e) The Board may request such additional financial information as is necessary to

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fulfill its duties. Circumstances that would cause the Board to request additional information include, but are not limited to, substantial revisions in the provider's program or substantial changes in the population served by the provider. This may include requiring a provider to submit a certified financial statement if the Board determines that such a statement is needed.

- f) Providers shall cooperate in audits undertaken to verify the truth, accuracy and completeness of reported costs.

(Source: Emergency amendment at 46 Ill. Reg. _____, effective _____, for a maximum of 150 days)

Section 900.330 Reasonable Cost Provisions

EMERGENCY

- a) Only reasonable costs that are necessary for the accomplishment of program goals and objectives shall be allowable. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent buyer under the circumstances prevailing at the time the decision was made to incur the costs. Accordingly, the Board shall seek to approve expenditures for goods and services at a cost that is as low as possible without sacrificing the quality of goods or services received. Parameters for frequently incurred costs, including staffing costs, will be developed by the Board based on analysis of regional variations in costs for comparable services.
 - 1) In determining allowable costs for new programs (i.e., those without audited historical cost data), the Board will consider the special education and related services that will be required in response to the unique characteristics of the children to be served.
 - 2) For new residential programs, allowable costs may be determined based on costs approved by another child care agency of the State of Illinois.
- b) Reasonable cost ceilings for support, administration and occupancy costs shall be determined as follows:
 - 1) All providers will be grouped by type of program offered on the basis of actual costs for support, administration, and occupancy of facilities. Allowable costs for support, administration and occupancy utilize a cost range ceiling of 125% of the median as a reasonable upper limit.

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- 2) For a private for-profit provider, reimbursement will be allowable at 115% of the median cost for support, administration and the physical plant operation and maintenance portion of the occupancy costs for all facilities where a similar type of program is offered. When actual costs exceed 115% of these medians, a cost ceiling of 125% of these medians will be utilized.
- 3) Calculation of median costs for the coming rate year will be based on cost reports received prior to April 15. Cost reports not received prior to April 15 may be included in the median calculation using the prior year's cost report, adjusted for inflation, as established by the Board.
- c) Reported costs will be updated for inflation experienced and projected for the time between the period covered on the cost report and the middle of the current school year. The Board will develop an appropriate index for inflation factors each year using the component method to update costs of programs for the same time periods.
- d) Allowable costs approved by the Illinois Purchased Care Review Board for any nonpublic school program or segment thereof shall not exceed the allowable costs for that program approved by any other Illinois State agency for the same program or program segment.
- e) Each Illinois State agency that approves room and board rates for nonpublic providers shall notify the Illinois Purchased Care Review Board of the approved rate for each nonpublic program receiving funding subject to Section 14-7.02 of the School Code.
- f) The Board may use as bases for allowable costs those costs reimbursed by the state in which a provider's facility is located. These may, however, be adapted to meet known differences in cost determination methodologies. The Board may waive allowable cost provisions for a provider's out-of-state program or programs. Circumstances that would lead the Board to waive allowable cost provisions include but are not limited to the following:
 - 1) Fewer than six Illinois children are served by the program or programs except that until August 31, 2023, the Board may waive this requirement when it deems the number of pupils placed with a provider by Illinois school districts totals twelve or fewer;

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- 2) The out-of-state provider submits a substitute cost report as prescribed by the Board and/or the provider requests that the Board adopt the official rate of another state or local governmental agency;
 - 3) The out-of-state provider will only provide treatment services at a non-negotiable or stated cost and the treatment services are not available in other settings;
 - 4) The placement of a child in the out-of-state program is the result of a court order; or;
 - 5) The provider is providing emergency and student-specific placement pursuant to 23 Ill. Adm. Code 226.300(g) or (i).
- g) For school year 2022 (“SY22”) only, any out-of-state provider accepting six to twelve Illinois students for which a rate was calculated for SY22 the rate will remain for SY22 (no retroactive adjustments for SY22). Effective school year 2023, for such providers with twelve or fewer students, the Board may waive the certified audit and/or cost report per Section 900.320(b)(1) regardless if rates were calculated for SY22.
- h) Per-student allowable costs shall be determined in the following manner:
- 1) Per-student allowable costs for room and board will be determined on the basis of actual enrollment or 90% of licensed capacity, whichever is larger.
 - 2) Per-student allowable education costs shall be determined on the basis of program enrollment, as reported by the provider and verified by the Illinois State Board of Education. Such verification shall be based on the total reimbursement days claimed by all school districts for each program. In the event of a discrepancy between the enrollment reported by the provider and the enrollment reported by the Illinois State Board of Education, the higher enrollment figure shall be used in determining the per-student allowable education cost, except as provided for in Section 900.342(a)(6) of this Part.
- ih) Cost determination for an out-of-state public school program shall be made on the basis of documented prior costs or the operating budget for the public program.

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- 1) Cost information shall be reported annually by an authority representing the out-of-state public school district or other public entity operating the program.
- 2) Additional information such as enrollment, school calendar, weighting factors, or budget detail may be required if such information is not included with the cost information submitted for review.
- 3) Any increase in the actual costs of a program, determined after the original cost determination, shall be submitted to the Board in the form of an appeal, to be approved by the Board prior to payment being made by any Illinois school district. Only appeals that address changes in the current school year shall be considered.

(Source: Emergency amendment at 46 Ill. Reg. _____, effective _____, for a maximum of 150 days)

Section 900.331 Reimbursement for Allowable Costs

EMERGENCY

- a) Reimbursement shall be made on the basis of days of enrollment in a program at a nonpublic school approved by the Illinois State Board of Education or approved for emergency and student-specific placement pursuant to 23 Ill. Adm. Code 226.330(g) or (i).
- b) Reimbursement to the school district shall be made on the basis of allowable costs approved by the Illinois Purchased Care Review Board, subject to appropriation.
- c) Terms of enrollment shall be as contracted for by the school district.
- d) The Illinois State Board of Education will reimburse for room and board payments only when no other State agency is involved in the placement of the child. (See Sections 14-7.02 and 14-8.01 of the School Code [105 ILCS 5/14-7.02 and 14-8.01].)
- e) A school district shall receive no reimbursement for any portion of an established rate that has been covered by a third-party payor.
- f) Other State agencies may reimburse for costs that are otherwise nonreimbursable,

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but their responsibility for so doing shall be limited by their own rules and procedures regarding such payments. To the extent no other State agency has responsibility for these costs, parents or other responsible parties will be assumed to have accepted responsibility for these costs. In no event shall State agencies, parents or other parties be allowed to pay for special education, related services and room and board fees in excess of those determined allowable by the Board for a child placed only by a local school district. Any such payments made by other than the Illinois State Board of Education for a child placed only by the local school district would be used to offset the allowable costs for special education, related services and/or room and board approved by the Board for that particular student.

g) Nothing in this Part will preclude a public school district from placing a student in a program pursuant to 23 Ill. Adm. Code 226.330(g) or (i) while allowable costs are being established by the Board.

(Source: Emergency amendment at 46 Ill. Reg. _____, effective _____, for a maximum of 150 days)