**Section 140.27 Assignment of Vendor Payments**

a) Except as provided in this Section, vendor payments and the right to receive such payments are absolutely inalienable by assignment, sale, attachment, garnishment or otherwise.

b) A medical vendor may use his or her right to receive vendor payments as collateral for loans from banks, credit unions, and savings and loan associations chartered under or trust companies issued certificates of authority under Chapter 205 of the Illinois Compiled Statutes, provided that such arrangements:

1) shall not require the Department to issue the payment directly to any person or entity other than the vendor; and

2) shall not constitute any activities prohibited by the provisions of 42 U.S.C.A. 1396(a)(32) (1983) and Section 140.26 ("Payment to Factors Prohibited").

c) A medical vendor or other vendor or service provider may assign, reassign, sell, pledge or grant a security interest in any such financial aid, vendor payment or money payments of grants he or she has a right to receive to the Illinois Health Facilities Authority in connection with any financing program undertaken by that Authority, or to the Illinois Development Finance Authority in connection with any financing program undertaken by that Authority. Each Authority may utilize an agent or trustee accepting, accomplishing, effectuating or realizing upon any such assignment, reassignment, sale, pledge or grant on such Authority's behalf; and such arrangements may provide that the Department shall issue the payment directly to the Illinois Health Facilities Authority, Illinois Development Finance Authority or to any such agent or trustee.

d) A medical vendor that is a governmental entity or is exempt from income reporting under Section 1.6041-3(c) of the federal income tax regulations [26 CFR 1.6041-3(c)] and that provides Healthy Kids Program services under Section 140.485(d) may assign its interest in payment from the Department to a local school district with which the provider has an arrangement to provide such services. Under such assignment, with Department approval, payment will be made directly to the school district.

(Source: Amended at 19 Ill. Reg. 13019, effective September 5, 1995)