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AMENDMENT TO SENATE BILL 2367

AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2367, AS AMENDED, by replacing everything after the enacting clause with the following:

"Section 5. The Department of Human Services Act is amended by adding Sections 1-35, 1-36, and 1-40 as follows:

(20 ILCS 1305/1-35 new)  
Sec. 1-35. Community-based services contracting pilot project.

(a) The Department of Human Services may initiate a 2-year pilot project aimed at the improvement of delivery of community-based services by contract, which will increase the number of service contracts open to a competitive selection process and utilize performance-based contracts in the provision of such services. Only contracts for community-based services executed under this project shall be subject to a competitive selection process and performance measurement. Nothing in this Section prohibits the Department from continuing to issue requests for proposals or entering into fee-for-service contracts that were subject to requests for proposals before January 1, 2004.

If implemented, the pilot project authorized by this Section shall be directed toward community-based services that assist Illinois residents in achieving self-sufficiency,

1 independence and health to the maximum extent possible by  
2 providing integrated family-oriented services, promoting  
3 prevention, and establishing measurable outcomes in  
4 partnership with communities.

5 The 2-year pilot project must be implemented in a manner  
6 that ensures the continuation of existing client and provider  
7 relationships to the maximum extent possible in cases where  
8 there is an ongoing plan of treatment. The pilot project shall  
9 ensure that "critical access" providers of services, as defined  
10 by rule, continue to provide essential services to the  
11 communities serving persons who need such services.

12 (b) For the fiscal year beginning July 1, 2004, the  
13 Department shall limit the total amount of the contracts issued  
14 under this project to \$64,000,000 with respect to no more than  
15 the following services:

16 (1) Mental Health: Screening and Support Services.

17 (2) Mental Health: Preadmission Assessment and  
18 Screening.

19 (3) Rehabilitation Services: Extended Services  
20 Programs.

21 (4) Alcoholism and Substance Abuse: HIV Counseling and  
22 Testing.

23 (5) Alcoholism and Substance Abuse: Technical  
24 Assistance

25 (6) Developmental Disabilities: Self-Advocacy  
26 Training.

27 (7) Developmental Disabilities: Enhanced Respite  
28 Services in Underserved Areas.

29 (8) Community Health and Prevention: Abstinence Only  
30 Education.

31 (9) Community Health and Prevention: Early  
32 Intervention and Family Connections.

33 (10) Community Health and Prevention: Crossroads  
34 Program.

1           (11) Community Health and Prevention: Family Planning.

2           (12) Human Capital Development: Temporary Assistance  
3           for Needy Families (TANF) - Work First.

4           (13) Human Capital Development: Temporary Assistance  
5           for Needy Families (TANF) - Job Placement with Retention.

6           (14) Human Capital Development: Food Stamp Employment  
7           and Training with retention.

8           (15) Human Capital Development: Emergency Food  
9           Program.

10          (16) Human Capital Development: Emergency Food and  
11          Shelter Program.

12          (17) Human Capital Development: Donated Funds  
13          Initiative Employability Development Service (EDS).

14          The amount of the contracts to be issued and the programs  
15          affected for the fiscal year beginning July 1, 2005 shall be  
16          established by rule, which must be proposed by March 1, 2005.

17          (c) The Department must track real outcomes and  
18          achievements that improve the quality of life for people.  
19          Prospective bidders must provide affirmative statements in the  
20          proposals submitted regarding the services to be provided and  
21          the outcomes expected. Performance measurements must be  
22          incorporated into the requests-for-proposals. Deliverables  
23          must demonstrate performance and actual outcomes achieved.  
24          Under the performance-based contracting system, providers must  
25          be measured on the indicators set forth in the proposals  
26          submitted and the contracts formally executed.  
27          Requests-for-proposals shall be evaluated on the basis of a  
28          tool to be referenced by the Department as Performance-based  
29          Measures (PERMS), a web-based data collection system used by  
30          the Department to collect data on service delivery, to assess  
31          program progress, and to measure provider performance. The  
32          system must be designed to support the quality of services, to  
33          promote creativity and innovation, and to ensure that resources  
34          are directed to areas of critical need. Under this pilot

1 project, the Department shall not re-bid all of the community  
2 service contracts under its jurisdiction. The Department may  
3 only issue requests-for-proposals where an improved system is  
4 expected to result. The Department may execute multi-year  
5 agreements, when applicable, with annual renewals. In  
6 designing the pilot project and in issuing and evaluating  
7 requests-for-proposals, the Department must consult and  
8 utilize experts in the field.

9 (d) Contracts under this Section shall include provisions  
10 for (i) adequate and timely notice to a provider of any  
11 determination by the Department that the provider is not in  
12 compliance with the contract or any standards of performance  
13 and (ii) an opportunity for the provider to take corrective  
14 action. A contract may be terminated if the provider fails to  
15 take corrective action. In the event of a contract termination,  
16 the Department must ensure that eligible persons receiving  
17 services under the contract will otherwise continue to receive  
18 necessary services in the community.

19 (e) Additional procedures, supplementary payments, or  
20 special rates may be adopted and implemented by the Department  
21 to ensure that unique circumstances of local areas, as defined  
22 by rule, can be met, including but not limited to circumstances  
23 in which there are not sufficient services available to meet  
24 basic needs or in which there is a need for specialty care.

25 (f) The Department must consult with stakeholders and  
26 consumers in the design, development, and implementation of  
27 this pilot project. The Department must conduct regional focus  
28 group discussions with stakeholders (including consumers and  
29 providers), legislators, foundations, trade associations,  
30 consumers, and advocacy groups in the development and  
31 evaluation of this system. The Department must implement a  
32 system using internet technology under which concerned  
33 individuals will be able to submit inquiries and receive  
34 responses about the system. The Department must issue quarterly

1 reports and post on its internet website information about this  
2 project, information about roundtable discussions with  
3 stakeholders, the content and postings regarding the  
4 request-for-proposal process, the Department's work with  
5 foundations and other experts in grant-making, the evaluation  
6 of the request-for-proposal processes, and the Department's  
7 work with stakeholders in establishing criteria that will  
8 govern the determination of future additional program areas  
9 that may be included in the request-for-proposal process.

10 (g) The Department must establish an "ombudsman" system  
11 that will enable providers and consumers to resolve problems  
12 and disputes.

13 (h) The pilot project must be evaluated by an independent  
14 contractor with expertise in such matters, and a preliminary  
15 report on the progress and results of the project must be  
16 submitted to the Governor and General Assembly by March 1, 2005  
17 and a final report March 1, 2006. The General Assembly may  
18 authorize an extension of the period of this pilot project by  
19 adoption of a joint resolution.

20 (20 ILCS 1305/1-36 new)

21 Sec. 1-36. Fee-for-service contracts.

22 (a) The Illinois Department of Human Services shall  
23 implement policies and procedures for the procurement of  
24 community services under its jurisdiction in a manner that will  
25 ensure the maximum amount of federal financial participation in  
26 the cost of such services. For the community services that may  
27 be eligible for federal financial participation, the  
28 Department of Human Services may issue and execute contracts  
29 that include provisions for payment on a fee-for-service basis  
30 after January 1, 2005 under the terms and conditions set forth  
31 in this Section. The Department may immediately implement  
32 demonstrations of a payment system based on fee-for-service  
33 contracts that will include any provider of community services

1 willing to execute a contract prior to January 1, 2005.

2 (b) Contracts must ensure that the transition to a  
3 fee-for-service payment methodology will not cause any person  
4 receiving services to become ineligible or the level or quality  
5 of their service to be diminished, nor cause any person to be  
6 denied necessary services if the person is eligible for  
7 services.

8 (c) The Department of Human Services, in consultation with  
9 the departments of Public Aid, Public Health, and Children and  
10 Family Services and the Department on Aging, if applicable to  
11 the services under contract, shall adopt rules establishing the  
12 criteria, standards, and procedures for issuing the  
13 fee-for-service contracts, including but not limited to the  
14 fees to be paid for the service, the schedule for payment of  
15 bills and reimbursement of claims, and the methodology for  
16 reconciling advance payments.

17 (d) In developing rules establishing conditions of  
18 participation and in developing performance standards, the  
19 Department shall provide an opportunity for public review and  
20 comment and for consultation with stakeholders before  
21 publishing and adopting those rules and performance standards.  
22 The Department shall develop and issue a separate memorandum of  
23 understanding in cooperation with each category of community  
24 provider, including providers of alcoholism and substance  
25 abuse services, providers of developmental disabilities  
26 services, and providers of community mental health services.  
27 The memorandum shall delineate the criteria, standards, and  
28 procedures agreed upon to be covered by the rules. The  
29 Department may not issue any contracts under this Section until  
30 it issues the memorandum.

31 (e) To ensure continuity of services for recipients of  
32 community services administered by the Department, and to  
33 ensure a smooth transition from any payment methodology not  
34 based on fee-for-service contracts, the Department shall

1 provide an aggregate amount of funding through a combination of  
2 grants and contracts that will at least maintain the same level  
3 of services in effect for the prior fiscal year beginning July  
4 1, 2003. Individuals, organizations, or agencies who were  
5 providers of community services in the fiscal year beginning  
6 July 1, 2003, who are willing to comply with conditions of  
7 participation, and who meet performance standards established  
8 by the Department, shall be eligible as providers of services  
9 after July 1, 2004 for grants and contracts under this Section  
10 that include terms that will enable them to at least maintain  
11 the same service capacity that they were providing in that  
12 prior fiscal year.

13 (f) The Department shall implement policies and procedures  
14 for recipients and providers of services to submit inquiries  
15 and resolve disputes with regard to the community services  
16 subject to contracts under this Section.

17 (g) The Department shall require cost reports from  
18 providers of community services, as prescribed by rule, for the  
19 community services for which the Department of Human Services  
20 will contract under this Section to determine the cost of  
21 services and other factors upon which the rates of payment  
22 shall be based. Before adopting rules relating to rates to be  
23 paid under fee-for-service contracts under this Section, the  
24 Department shall obtain an evaluation and opinion by an  
25 independent certified public accountant comparing reported  
26 costs and any proposed rates.

27 (h) The Department, in cooperation with representatives of  
28 the providers of services through the Department's divisions of  
29 Developmental Disabilities, Alcohol and Substance Abuse, and  
30 Mental Health, shall conduct a comprehensive review of the  
31 methodology, used in determining rates to be paid for community  
32 services after July 1, 2004, that is in effect on the effective  
33 date of this amendatory Act of the 93rd General Assembly. The  
34 Department shall complete this review by November 1, 2004.

1 (20 ILCS 1305/1-40 new)

2 Sec. 1-40. Reserve of funding prohibited. Neither the  
3 Governor nor the Governor's Office of Management and Budget,  
4 nor anyone acting on behalf of either of those, shall direct or  
5 require the reserve or impoundment, or otherwise prohibit the  
6 expenditure, of moneys appropriated to the Department for the  
7 purpose of funding services provided through the Department's  
8 divisions of Developmental Disabilities, Alcohol and Substance  
9 Abuse, and Mental Health, provided that any such expenditure is  
10 made pursuant to the Department's powers and duties as provided  
11 by law.

12 Section 10. The Mental Health and Developmental  
13 Disabilities Administrative Act is amended by adding Section  
14 18.5 as follows:

15 (20 ILCS 1705/18.5 new)

16 Sec. 18.5. Community Developmental Disability Services  
17 Medicaid Trust Fund; reimbursement.

18 (a) Any funds paid to the State by the federal government  
19 under Title XIX or Title XXI of the Social Security Act for  
20 services delivered by community developmental disability  
21 services providers, and any interest earned thereon, shall be  
22 deposited directly into the Community Developmental Disability  
23 Services Medicaid Trust Fund.

24 (b) Moneys in the Community Developmental Disability  
25 Services Medicaid Trust Fund shall be used to pay for  
26 Medicaid-reimbursed community developmental disability  
27 services provided to eligible individuals and chosen by the  
28 individual or his or her legal guardian from available  
29 community services options. Once the individual or legal  
30 guardian chooses the desired services, the services are  
31 approved by the Department of Human Services, and the provision



1 of services is initiated, the Department shall make payment to  
2 the community developmental disability services provider.  
3 Prior to choosing a service or services, an eligible individual  
4 or his or her legal guardian shall be fully informed by the  
5 independent service coordination agency and the provider of all  
6 available community services options.

7 (c) Funds spent under this Section shall not supplant other  
8 funds appropriated from the General Revenue Fund for  
9 community-based developmental disability services.

10 (d) For the purposes of this Section:

11 "Medicaid-reimbursed developmental disability services"  
12 means services provided by a community developmental  
13 disability provider under an agreement with the Department that  
14 is eligible for reimbursement under the federal Title XIX  
15 program or Title XXI program.

16 "Provider" means a community agency that is funded by the  
17 Department to provide a Medicaid-reimbursed service.

18 (20 ILCS 1705/18.1 rep.)

19 Section 11. The Mental Health and Developmental  
20 Disabilities Administrative Act is amended by repealing  
21 Section 18.1.

22 Section 15. The State Prompt Payment Act is amended by  
23 changing Section 1 and adding Section 8 as follows:

24 (30 ILCS 540/1) (from Ch. 127, par. 132.401)

25 Sec. 1. This Act applies to any State official or agency  
26 authorized to provide for payment from State funds, by virtue  
27 of any appropriation of the General Assembly, for goods or  
28 services furnished to the State.

29 For purposes of this Act, "goods or services furnished to  
30 the State" include but are not limited to covered health care  
31 provided to eligible members and their covered dependents in

1 accordance with the State Employees Group Insurance Act of  
2 1971, including coverage through a physician-owned health  
3 maintenance organization under Section 6.1 of that Act.

4 For the purposes of this Act, "appropriate State official  
5 or agency" is defined as the Director or Chief Executive or his  
6 designee of that State agency or department or facility of such  
7 agency or department. With respect to covered health care  
8 provided to eligible members and their dependents in accordance  
9 with the State Employees Group Insurance Act of 1971,  
10 "appropriate State official or agency" also includes an  
11 administrator of a program of health benefits under that Act.

12 As used in this Act, "eligible member" means a member who  
13 is eligible for health benefits under the State Employees Group  
14 Insurance Act of 1971, and "member" and "dependent" have the  
15 meanings ascribed to those terms in that Act.

16 As used in this Act, "a proper bill or invoice" means a  
17 bill or invoice that includes the information necessary for  
18 processing the payment as may be specified by a State agency  
19 and in rules adopted in accordance with this Act.

20 As used in this Act, "payment" means a payment of a  
21 vendor's bill or invoice or a payment of a grant award, whether  
22 in whole or in part.

23 (Source: P.A. 91-266, eff. 7-23-99; 92-384, eff. 7-1-02.)

24 (30 ILCS 540/8 new)

25 Sec. 8. Priority of payment.

26 (a) Definition. As used in this Section, "qualified  
27 provider" means a not-for-profit organization that provides  
28 non-residential services for the mentally ill or  
29 developmentally disabled and is reimbursed or otherwise paid  
30 for providing those services by the Illinois Department of  
31 Human Services. A "qualified provider" does not include a  
32 hospital licensed under the Hospital Licensing Act, a long-term  
33 care facility licensed under the Nursing Home Care Act only

1 with respect to services provided in the licensed facility to  
2 residents, or a local governmental unit or university. A  
3 "qualified provider" also includes an entity licensed under the  
4 Community-Integrated Living Arrangements Licensure and  
5 Certification Act, but only with respect to the services  
6 provided for a community-integrated living arrangement. The  
7 Department of Human Services shall make the determination of  
8 who is a "qualified provider".

9 (b) Processing by official or agency. Except as provided in  
10 subsection (d), a bill or invoice for goods or services  
11 furnished to the State submitted by a qualified provider and a  
12 grant award payment to a qualified provider must be given  
13 priority in processing. Any bill or invoice and any grant award  
14 payment meeting these criteria that is submitted to an official  
15 or agency must be processed and forwarded for payment before  
16 any other bill, invoice, or grant award payment is processed or  
17 forwarded for payment.

18 (c) Payment by Comptroller. Except as provided in  
19 subsection (d), a voucher for payment for goods or services  
20 furnished to the State by a qualified provider and a grant  
21 award payment to a qualified provider submitted by an official  
22 or agency to the Comptroller for payment must be given priority  
23 in payment. Any voucher meeting these criteria that is  
24 submitted to the Comptroller by an official or agency for  
25 payment from a given fund must be paid before any other bill,  
26 invoice, or grant award is paid from that fund. If 2 or more  
27 vouchers eligible for priority payment are received by the  
28 Comptroller in the same day for payment out of the same fund  
29 and there is not enough money in the fund to pay them all, then  
30 each bill, invoice, or grant award shall be paid in the order  
31 in which it is received.

32 (d) The processing and payment of (i) debt service  
33 obligations of the State and (ii) payroll obligations of the  
34 State shall have priority over the processing and payment of

1 items as required by this Section.

2 Section 20. The Community Services Act is amended by adding  
3 Section 4.4 as follows:

4 (405 ILCS 30/4.4 new)

5 Sec. 4.4. Medicaid recipients; separate billing. The  
6 Department of Human Services must bill the Department of Public  
7 Aid separately for services provided to recipients of medical  
8 assistance under Article V of the Illinois Public Aid Code  
9 through the Division of Mental Health and for services provided  
10 to such recipients through the Division of Developmental  
11 Disabilities.

12 Section 99. Effective date. This Act takes effect upon  
13 becoming law.".