

1 AN ACT concerning aging.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The State Finance Act is amended by changing  
5 Section 5.595 as follows:

6 (30 ILCS 105/5.595)

7 Sec. 5.595. The ~~Senior Citizens and Disabled Persons~~  
8 Prescription Drug Discount Program Fund.

9 (Source: P.A. 93-18, eff. 7-1-03.)

10 Section 10. The Senior Citizens and Disabled Persons  
11 Prescription Drug Discount Program Act is amended by changing  
12 the title of the Act and Sections 1, 10, 15, 20, 25, 30, 35, and  
13 50 as follows:

14 (320 ILCS 55/Act title)

15 An Act concerning discount prescription drugs for Illinois  
16 residents ~~senior citizens~~.

17 (320 ILCS 55/1)

18 Sec. 1. Short title. This Act may be cited as the ~~Senior~~  
19 ~~Citizens and Disabled Persons~~ Prescription Drug Discount  
20 Program Act.

21 (Source: P.A. 93-18, eff. 7-1-03.)

22 (320 ILCS 55/10)

23 Sec. 10. Purpose. The purpose of this program is to require  
24 the Department of Central Management Services to establish and  
25 administer a program that will enable Illinois residents  
26 ~~eligible senior citizens and disabled persons~~ to purchase  
27 prescription drugs at discounted prices.

28 (Source: P.A. 93-18, eff. 7-1-03.)

1 (320 ILCS 55/15)

2 Sec. 15. Definitions. As used in this Act:

3 "Authorized pharmacy" means any pharmacy registered in  
4 this State under the Pharmacy Practice Act of 1987 and approved  
5 by the Department or its program administrator.

6 "AWP" or "average wholesale price" means the amount  
7 determined from the latest publication of the Red Book, a  
8 universally subscribed pharmacist reference guide annually  
9 published by the Hearst Corporation. "AWP" or "average  
10 wholesale price" may also be derived electronically from the  
11 drug pricing database synonymous with the latest publication of  
12 the Red Book and furnished in the National Drug Data File  
13 (NDDF) by First Data Bank (FDB), a service of the Hearst  
14 Corporation.

15 "Department" means the Department of Central Management  
16 Services.

17 "Director" means the Director of Central Management  
18 Services.

19 ~~"Disabled person" means a person unable to engage in any~~  
20 ~~substantial gainful activity by reason of a medically~~  
21 ~~determinable physical or mental impairment which can be~~  
22 ~~expected to result in death or has lasted or can be expected to~~  
23 ~~last for a continuous period of not less than 12 months.~~

24 "Drug manufacturer" means any entity (1) that is located  
25 within or outside Illinois that is engaged in (i) the  
26 production, preparation, propagation, compounding, conversion,  
27 or processing of prescription drug products covered under the  
28 program, either directly or indirectly by extraction from  
29 substances of natural origin, independently by means of  
30 chemical synthesis, or by a combination of extraction and  
31 chemical synthesis or (ii) the packaging, repackaging,  
32 leveling, labeling, or distribution of prescription drug  
33 products covered under the program and (2) that elects to  
34 provide prescription drugs either directly or under contract  
35 with any entity providing prescription drug services on behalf

1 of the State of Illinois. "Drug manufacturer", however, does  
2 not include a wholesale distributor of drugs or a retail  
3 pharmacy licensed under Illinois law.

4 ~~"Eligible senior" means a person who is (i) a resident of~~  
5 ~~Illinois and (ii) 65 years of age or older.~~

6 "Prescription drug" means any prescribed drug that may be  
7 legally dispensed by an authorized pharmacy.

8 "Program" means the ~~Senior Citizens and Disabled Persons~~  
9 Prescription Drug Discount Program created under this Act.

10 "Program administrator" means the entity that is chosen by  
11 the Department to administer the program. The program  
12 administrator may, in this case, be the Director or a Pharmacy  
13 Benefits Manager (PBM) chosen to subcontract with the Director.

14 "Rules" includes rules adopted and forms prescribed by the  
15 Department.

16 (Source: P.A. 93-18, eff. 7-1-03.)

17 (320 ILCS 55/20)

18 Sec. 20. ~~The Senior Citizens and Disabled Persons~~  
19 Prescription Drug Discount Program. The ~~Senior Citizens and~~  
20 ~~Disabled Persons~~ Prescription Drug Discount Program is  
21 established to protect the health and safety of Illinois  
22 residents ~~senior citizens and disabled persons~~. The program  
23 shall be administered by the Department. The Department or its  
24 program administrator shall (i) enroll Illinois residents  
25 ~~eligible seniors and disabled persons~~ into the program, as  
26 provided in Section 35 of this Act, to qualify them for a  
27 discount on the purchase of prescription drugs at an authorized  
28 pharmacy, (ii) enter into rebate agreements with drug  
29 manufacturers, as provided under Section 30 of this Act, and  
30 (iii) subject to the provisions of Section 47 of this Act,  
31 compensate pharmacies participating in the program as provided  
32 under Section 25 of this Act.

33 (Source: P.A. 93-18, eff. 7-1-03.)

34 (320 ILCS 55/25)

1           Sec. 25. Program administration.

2           (a) The Department is authorized under this Act to be the  
3 program administrator. If the Department is not the program  
4 administrator, 90 days after the effective date of this Act,  
5 the Department must issue a request for proposals for bidders  
6 interested in administering the program. Bidders must compete  
7 on the basis of the following minimum criteria:

8           (1) The Director shall solicit and accept proposals  
9 from entities to provide for administration of a program or  
10 programs in accordance with rules adopted under Section 45.  
11 Proposals must be submitted not later than a date  
12 established by the Director. The Director shall accept only  
13 those proposals that specify the following:

14           (A) The estimated amount of the discount based on  
15 the entity's previous experience and how the discount  
16 is to be achieved.

17           (B) The extent that discounts on prescription  
18 drugs are to be achieved through rebates,  
19 administrative fees, or other fees or discounts in  
20 prices that the entity negotiates with drug  
21 manufacturers. The proposals shall assure that rebates  
22 or discounts will be used to do the following:

23           (i) reduce costs to cardholders;  
24           (ii) achieve discounts for cardholders; and  
25           (iii) cover costs for administering the  
26 program.

27           (C) Any other benefits offered to cardholders.

28           (D) The estimated number and geographic  
29 distribution of participating pharmacies in the  
30 administrator's pharmacy network.

31           (E) The plan for pharmacy compensation, pursuant  
32 to subsection (e) of this Section.

33           (F) The method used for determining the  
34 prescription drugs to be covered by the program,  
35 including the criteria and process for establishing a  
36 preferred drug list, if applicable.

1 (G) How the entity proposes to improve medication  
2 management for cardholders, including any program of  
3 disease management.

4 (H) How cardholders and participating pharmacies  
5 will be informed of the discounted price negotiated by  
6 the entity.

7 (I) How the entity will handle complaints about the  
8 program's operation.

9 (J) The entity's previous experience in managing  
10 similar programs.

11 (K) Any additional information requested by the  
12 Director.

13 (2) The Director shall contract with one or more  
14 entities to administer a program or programs on the basis  
15 of the proposals submitted, but may require an  
16 administrator to modify its conduct of a program in  
17 accordance with rules adopted under Section 45.

18 The Director shall adopt rules specifying the period  
19 for which a contract will be in effect and may terminate a  
20 contract if an administrator fails to conduct a program in  
21 accordance with its proposal or with any modifications  
22 required by rule. When a contract period ends or a contract  
23 is terminated, the Director shall enter into a new contract  
24 in the manner specified in this Section for an original  
25 contract. Prior to making a new contract, the Director may  
26 modify the rules for administration of the program or  
27 programs.

28 (b) As used in this Section, "administrator" includes the  
29 administrator's parent company and any subsidiary of the parent  
30 company.

31 (1) No administrator shall sell any information  
32 concerning a person who holds a prescription drug discount  
33 card, other than aggregate information that does not  
34 identify the cardholder, without the cardholder's written  
35 consent.

36 (2) Unless an administrator has the cardholder's

1 written consent, no administrator shall use any personally  
2 identifiable information that it obtains concerning a  
3 cardholder through the program to promote or sell a program  
4 or product offered by the administrator that is not related  
5 to the administration of the program. This subsection (b)  
6 does not prohibit an administrator from contacting  
7 cardholders concerning participation in or administration  
8 of the program, including, but not limited to, mailing a  
9 list of pharmacies participating in the program's network  
10 or participating in disease management programs.

11 (3) To the extent that a discount is achieved through  
12 rebates, administrative fees, or any other fees or  
13 discounts in prices that an administrator negotiates with  
14 drug manufacturers, an administrator shall use the rebates  
15 or discounts to do the following:

16 (A) reduce costs to cardholders;

17 (B) achieve discounts for cardholders; and

18 (C) cover any administrative costs of the program.

19 (4) The administrator shall not use any funds generated  
20 from rebates, discounts, administrative fees, or other  
21 fees to promote its mail order pharmacy operation or the  
22 mail order pharmacy operation of an affiliate. This  
23 subdivision (b) (4) does not, however, limit the  
24 participation of an Illinois-licensed pharmacy under this  
25 Act if that pharmacy provides prescription drugs by mail  
26 order.

27 (c) Beginning on January 1, 2006 ~~2004~~, the amount paid by  
28 Illinois residents ~~eligible seniors and disabled persons~~  
29 enrolled in the program to authorized pharmacies for  
30 prescription drugs may not exceed prices established as a  
31 result of the rebate agreements under Section 30. The Illinois  
32 residents ~~eligible seniors and disabled persons~~ shall pay the  
33 price determined under Section 30 plus a dispensing fee of  
34 \$3.50 per prescription for brand name drug products,  
35 single-source drug products, and, for a period of 6 months,  
36 newly released generic drug products and \$4.25 per prescription

1 for all other generic drug products, except that the total  
2 amount paid by the Illinois resident ~~eligible senior or~~  
3 ~~disabled person~~ for each prescription drug under this program  
4 shall not exceed the usual and customary charge for such  
5 prescription.

6 (d) The contract between the Department and a pharmacy  
7 benefits manager must, at a minimum, meet the criteria of  
8 subsection (a). The contract must also require notification by  
9 the pharmacy benefits manager of any proposed or ongoing  
10 activity that involves, directly or indirectly, any conflict of  
11 interest on the part of the pharmacy benefits manager. The  
12 Department shall ensure that the pharmacy benefits manager  
13 complies with the contract and shall adopt all procedures  
14 necessary to enforce the contract.

15 (e) The Department or program administrator shall, subject  
16 to the funds available under Section 30 of this Act, compensate  
17 authorized pharmacies for prescription drugs dispensed under  
18 the program for the difference between the amount paid by the  
19 Illinois resident ~~eligible senior or disabled person~~ for  
20 prescription drugs dispensed under the program and (i) the AWP  
21 minus 12% for brand name drug products, single-source generic  
22 drug products, and, for a period of 6 months, newly released  
23 generic drug products and (ii) the AWP minus 35% for all other  
24 generic drug products. The Department shall compensate a  
25 pharmacy under this subsection (e) only if the amount paid by  
26 the Illinois resident ~~eligible senior or disabled person~~ has  
27 been discounted to a price, including the dispensing fees  
28 stated in subsection (c) of this Section, that is less than (i)  
29 the AWP minus 12% for brand name drug products, single-source  
30 generic drug products, and, for a period of 6 months, newly  
31 released generic drug products and (ii) the AWP minus 35% for  
32 all other generic drug products.

33 (f) Beginning on January 1, 2004, the Department or program  
34 administrator shall reimburse pharmacies under this Section  
35 within 30 days after adjudication of the claim.

36 (Source: P.A. 93-18, eff. 7-1-03.)

1 (320 ILCS 55/30)

2 Sec. 30. Manufacturer rebate agreements.

3 (a) Taking into consideration the extent to which the State  
4 pays for prescription drugs under various State programs and  
5 the provision of assistance to disabled persons, senior  
6 citizens, or other Illinois residents ~~or eligible seniors~~ under  
7 patient assistance programs, prescription drug discount  
8 programs, or other offers for free or reduced price medicine,  
9 clinical research projects, limited supply distribution  
10 programs, compassionate use programs, or programs of research  
11 conducted by or for a drug manufacturer, the Department, its  
12 agent, or the program administrator shall negotiate and enter  
13 into rebate agreements with drug manufacturers, as defined in  
14 this Act, to effect prescription drug price discounts. The  
15 Department or program administrator may establish a preferred  
16 drug list as a basis for determining the discounts,  
17 administrative fees, or other fees or rebates under this  
18 Section.

19 (b) Rebate payment procedures. All rebates negotiated  
20 under agreements described in this Section shall be paid in  
21 accordance with procedures prescribed by the Department or the  
22 program administrator.

23 (c) Receipts from rebates shall be used to provide  
24 discounts for prescription drugs purchased by Illinois  
25 residents ~~eligible seniors and disabled persons~~ and to cover  
26 the cost of administering the program, including compensation  
27 to be paid to participating pharmacies by the Department or  
28 program administrator under subsection (e) of Section 25. Any  
29 receipts to be allocated to the Department shall be deposited  
30 into the ~~Senior Citizens and Disabled Persons~~ Prescription Drug  
31 Discount Program Fund, a special fund hereby created in the  
32 State treasury.

33 (Source: P.A. 93-18, eff. 7-1-03.)

34 (320 ILCS 55/35)



1           Sec. 35. Program eligibility.

2           (a) Any resident of Illinois is eligible to participate in  
3 the program and ~~person~~ may apply to the Department or its  
4 program administrator for participation in the program in the  
5 form and manner required by the Department. The Department or  
6 its program administrator shall determine the eligibility of  
7 each applicant for the program within 30 days after the date of  
8 application. To participate in the program an Illinois resident  
9 ~~eligible senior or disabled person~~ whose application has been  
10 approved must pay \$25 upon enrollment and annually thereafter  
11 and shall receive a program identification card. The card may  
12 be presented to an authorized pharmacy to assist the pharmacy  
13 in verifying eligibility under the program. The Department  
14 shall deposit the enrollment fees collected into the ~~Senior~~  
15 ~~Citizens and Disabled Persons~~ Prescription Drug Discount  
16 Program Fund. The moneys collected by the Department for  
17 enrollment fees and deposited into the Prescription Drug  
18 Discount Program Fund or, before January 1, 2006, into the  
19 Senior Citizens and Disabled Persons Prescription Drug  
20 Discount Program Fund, must be separately accounted for by the  
21 Department. If 2 or more persons are eligible for any benefit  
22 under this Act and are members of the same household, each  
23 participating household member shall apply to the Department  
24 and pay the fee required for the purpose of obtaining an  
25 identification card.

26           (b) Proceeds from annual enrollment fees shall be used by  
27 the Department to offset the administrative cost of this Act.  
28 The Department may reduce the annual enrollment fee by rule if  
29 the revenue from the enrollment fees is in excess of the costs  
30 to carry out the program.

31           (c) Any person who is eligible for pharmaceutical  
32 assistance under the Senior Citizens and Disabled Persons  
33 Property Tax Relief and Pharmaceutical Assistance Act is  
34 presumed to be eligible for this program. The enrollment fee  
35 under this Act is not required for such persons. That person  
36 may purchase prescription drugs under this program that are not

1 covered by the pharmaceutical assistance program under the  
2 Senior Citizens and Disabled Persons Property Tax Relief and  
3 Pharmaceutical Assistance Act by using the identification card  
4 issued under the pharmaceutical assistance program.

5 (Source: P.A. 93-18, eff. 7-1-03.)

6 (320 ILCS 55/50)

7 Sec. 50. Report on administration of program. The  
8 Department shall report to the Governor and the General  
9 Assembly by March 1st of each year on the administration of the  
10 program under this Act. The report shall include but not be  
11 limited to the following:

12 (1) for periods before January 1, 2006, the number of  
13 disabled persons and seniors eligible and enrolled in the  
14 program, by county; and, for periods after December 31,  
15 2005, the number of Illinois residents enrolled in the  
16 program;

17 (2) the activities undertaken by the State to inform  
18 disabled persons and seniors (for periods before January 1,  
19 2006) and all Illinois residents (for periods after  
20 December 31, 2005) about the program;

21 (3) the number of prescriptions filled under the  
22 program for enrollees, and the estimated savings for  
23 enrollees;

24 (4) a listing of the manufacturers and pharmacies  
25 participating in the program;

26 (5) the amount of enrollment fees and rebates collected  
27 under the program, and any additional funds or resources  
28 made available to cover the cost of the program;

29 (6) the itemized annual cost of administering the  
30 program; and

31 (7) findings and recommendations regarding problems  
32 and solutions related to the program, together with  
33 proposals for changes in the rules, regulations, or laws  
34 necessary to improve the administration of the program.

35 (Source: P.A. 93-18, eff. 7-1-03.)

1 (320 ILCS 55/17 rep.)

2 Section 15. The Senior Citizens and Disabled Persons  
3 Prescription Drug Discount Program Act is amended by repealing  
4 Section 17.