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## Sen. Debbie DeFrancesco Halvorson

## Filed: 4/5/2006

	09400SB0627sam001 LRB094 04350 AMC 58091 a
1	AMENDMENT TO SENATE BILL 627
2	AMENDMENT NO Amend Senate Bill 627 by replacing
3	everything after the enacting clause with the following:
4	"Section 1. Short title. This Act may be cited as the
5	Veterans' Health Insurance Program Act.
6	Section 3. Legislative intent. The General Assembly finds
7	that those who have served their country honorably in military
8	service and who are residing in this State deserve access to
9	affordable, comprehensive health insurance. Many veterans are
10	uninsured, unable to afford healthcare, and reside far from a
11	medical facility of the United States Veterans' Health
12	Administration (VHA), leaving them without access to health
13	care. This lack of healthcare, including preventative care,
14	often exacerbates health conditions. The effects of lack of
15	insurance negatively impact those residents of the State who
16	are insured because the cost of paying for care to the
17	uninsured is often shifted to those who have insurance in the
18	form of higher health insurance premiums. It is, therefore, the
19	intent of this legislation to provide access to affordable

22 Section 5. Definitions. The following words have the 23 following meanings:

unable to afford such coverage.

health insurance for veterans residing in Illinois who are

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"Department" means the Department of Healthcare and Family
 Services, or any successor agency.

3 "Director" means the Director of Healthcare and Family4 Services, or any successor agency.

5 "Medical assistance" means health care benefits provided6 under Article V of the Illinois Public Aid Code.

"Program" means the Veterans' Health Insurance Program.

8 "Resident" means an individual who has an Illinois 9 residence, as provided in Section 5-3 of the Illinois Public 10 Aid Code.

"Veteran" means any person who has served in a branch of the United States military for greater than 180 consecutive days after initial training.

14 "Veterans' Affairs" or "VA" means the United States15 Department of Veterans' Affairs.

16 Section 10. Operation of the Program. The Veterans' Health 17 Insurance Program is created. As soon as practical after the effective date of this Act, coverage for this Program shall 18 19 begin. The Program shall be administered by the Department of 20 Healthcare and Family Services in collaboration with the Department of Veterans' Affairs. The Department shall have the 21 22 same powers and authority to administer the Program as are 23 provided to the Department in connection with the Department's 24 administration of the Illinois Public Aid Code. The Department 25 shall coordinate the Program with other health programs operated by the Department and other State and federal 26 27 agencies.

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Section 15. Eligibility.

(a) To be eligible for the Program, a person must:
(1) be a veteran who is not on active duty and who has
not been dishonorably discharged from service;
(2) be a resident of the State of Illinois;

(3) be at least 19 years of age and no older than 64
 years of age;

3 (4) be uninsured, as defined by the Department by rule,
4 for a period of time established by the Department by rule,
5 which shall be no less than 6 months;

6 (5) not be eligible for medical assistance under the 7 Illinois Public Aid Code;

8 (6) reside too far from a medical facility of the VHA 9 to have reasonable access, as defined by the Department by 10 rule, to VHA healthcare; and

(7) have an income no greater than 100% of the federal poverty level, unless the Department establishes a higher or lower income threshold by rule, depending on available funding for the Program.

15 (b) A veteran who is determined to be eligible for the 16 Program shall remain eligible for 12 months, provided the 17 veteran remains a resident of the State and is not excluded 18 under subsection (c) of this Section.

19 (c) A veteran is not eligible for coverage under the 20 Program if:

21 (1) the premium required under Section 35 of this Act 22 has not been timely paid; if the required premiums are not paid, the liability of the Program shall be limited to 23 benefits incurred under the Program for the time period for 24 25 which premiums have been paid and for grace periods as 26 established under subsection (d) below; if the required 27 monthly premium is not paid, the veteran is ineligible for 28 re-enrollment for a minimum period of 3 months; or

(2) the veteran is a resident of a nursing facility or
an inmate of a public institution, as defined by 42 CFR
435.1009.

(d) The Department shall adopt rules for the Program,
 including, but not limited to, rules relating to eligibility,
 re-enrollment, grace periods, notice requirements, hearing

procedures, what constitutes reasonable access to healthcare, cost-sharing, covered services, provider requirements, and rates of payment.

4 Section 20. Notice of decisions to terminate eligibility. 5 Whenever the Department decides to either deny or terminate 6 eligibility under this Act, the veteran shall have a right to 7 notice and a hearing, as provided by the Department by rule.

8 Section 25. Illinois Department of Veterans' Affairs. The 9 Department shall coordinate with the Illinois Department of 10 Veterans' Affairs to allow State Veterans' Affairs service 11 officers to assist veterans to apply for the Program.

12 Section 30. Health care benefits.

(a) The Department shall purchase or provide health care benefits for eligible veterans that are identical to the benefits provided to adults under the State's approved plan under Title XIX of the Social Security Act, except for nursing facility services and non-emergency transportation.

(b) Providers shall be subject to approval by the Department to provide health care under the Illinois Public Aid Code and shall be reimbursed at the same rates as providers reimbursed under the State's approved plan under Title XIX of the Social Security Act.

(c) As an alternative to the benefits set forth in subsection (a) of this Section, and when cost-effective, the Department may offer veterans subsidies toward the cost of privately sponsored health insurance, including employer-sponsored health insurance.

28 Section 35. Cost-sharing. The Department, by rule, shall 29 set forth requirements concerning co-payments and monthly 30 premiums for health care services. This cost-sharing shall be 09400SB0627sam001

1 based on income, as defined by the Department by rule, and 2 excluding federal veterans cash benefits.

3 Section 40. Charge upon claims and causes of action; right 4 of subrogation; recoveries. Sections 11-22, 11-22a, 11-22b, 5 and 11-22c of the Illinois Public Aid Code apply to health 6 benefits provided to veterans under this Act, as provided in 7 those Sections.

8 Section 45. Emergency rulemaking. The Department may adopt 9 rules necessary to establish and implement this Act through the 10 use of emergency rulemaking in accordance with Section 5-45 of 11 the Illinois Administrative Procedures Act. For the purposes of 12 that Act, the General Assembly finds that the adoption of rules 13 to implement this Act is deemed an emergency and necessary for 14 the public interest, safety, and welfare.

Section 50. The Illinois Public Aid Code is amended by changing Sections 11-22, 11-22a, 11-22b, and 11-22c as follows:

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(305 ILCS 5/11-22) (from Ch. 23, par. 11-22)

(Text of Section after amendment by P.A. 94-693)

Sec. 11-22. Charge upon claims and causes of action for 19 injuries. The Illinois Department shall have a charge upon all 20 21 claims, demands and causes of action for injuries to an 22 applicant for or recipient of (i) financial aid under Articles III, IV, and  $V_L$  or (ii) health care benefits provided under the 23 24 Covering ALL KIDS Health Insurance Act, or (iii) health care 25 benefits provided under the Veterans' Health Insurance Program Act for the total amount of medical assistance provided the 26 27 recipient from the time of injury to the date of recovery upon 28 such claim, demand or cause of action. In addition, if the 29 applicant or recipient was employable, as defined by the Department, at the time of the injury, the Department shall 30

also have a charge upon any such claims, demands and causes of 1 2 action for the total amount of aid provided to the recipient 3 and his dependents, including all cash assistance and medical 4 assistance only to the extent includable in the claimant's 5 action, from the time of injury to the date of recovery upon such claim, demand or cause of action. Any definition of 6 7 "employable" adopted by the Department shall apply only to 8 persons above the age of compulsory school attendance.

If the injured person was employable at the time of the 9 10 injury and is provided aid under Articles III, IV, or V and any dependent or member of his family is provided aid under Article 11 VI, or vice versa, both the Illinois Department and the local 12 governmental unit shall have a charge upon such claims, demands 13 14 and causes of action for the aid provided to the injured person 15 and any dependent member of his family, including all cash assistance, medical assistance and food stamps, from the time 16 of the injury to the date of recovery. 17

18 "Recipient", as used herein, means (i) in the case of financial aid provided under this Code, the grantee of record 19 20 and any persons whose needs are included in the financial aid 21 provided to the grantee of record or otherwise met by grants under the appropriate Article of this Code for which such 22 23 person is eligible  $\underline{}_{L}$  and (ii) in the case of health care 24 benefits provided under the Covering ALL KIDS Health Insurance 25 Act, the child to whom those benefits are provided, and (iii) 26 in the case of health care benefits provided under the Veterans' Health Insurance Program Act, the veteran to whom 27 28 benefits are provided.

In each case, the notice shall be served by certified mail or registered mail, upon the party or parties against whom the applicant or recipient has a claim, demand or cause of action. The notice shall claim the charge and describe the interest the Illinois Department, the local governmental unit, or the county, has in the claim, demand, or cause of action. The 1 charge shall attach to any verdict or judgment entered and to 2 any money or property which may be recovered on account of such 3 claim, demand, cause of action or suit from and after the time 4 of the service of the notice.

5 On petition filed by the Illinois Department, or by the local governmental unit or county if either is claiming a 6 7 charge, or by the recipient, or by the defendant, the court, on 8 written notice to all interested parties, may adjudicate the rights of the parties and enforce the charge. The court may 9 10 approve the settlement of any claim, demand or cause of action either before or after a verdict, and nothing in this Section 11 shall be construed as requiring the actual trial or final 12 adjudication of any claim, demand or cause of action upon which 13 14 the Illinois Department, the local governmental unit or county 15 has charge. The court may determine what portion of the 16 recovery shall be paid to the injured person and what portion shall be paid to the Illinois Department, 17 the local 18 governmental unit or county having a charge against the 19 recovery. In making this determination, the court shall conduct 20 an evidentiary hearing and shall consider competent evidence 21 pertaining to the following matters:

(1) the amount of the charge sought to be enforced 22 23 against the recovery when expressed as a percentage of the gross amount of the recovery; the amount of the charge 24 25 sought to be enforced against the recovery when expressed 26 as a percentage of the amount obtained by subtracting from the gross amount of the recovery the total attorney's fees 27 28 and other costs incurred by the recipient incident to the 29 recovery; and whether the Department, unit of local 30 government or county seeking to enforce the charge against 31 the recovery should as a matter of fairness and equity bear 32 its proportionate share of the fees and costs incurred to 33 generate the recovery from which the charge is sought to be satisfied; 34

1 (2) the amount, if any, of the attorney's fees and 2 other costs incurred by the recipient incident to the 3 recovery and paid by the recipient up to the time of 4 recovery, and the amount of such fees and costs remaining 5 unpaid at the time of recovery;

(3) the total hospital, doctor and other medical 6 7 expenses incurred for care and treatment of the injury to 8 the date of recovery therefor, the portion of such expenses theretofore paid by the recipient, by insurance provided by 9 the recipient, and by the Department, unit of local 10 government and county seeking to enforce a charge against 11 the recovery, and the amount of such previously incurred 12 expenses which remain unpaid at the time of recovery and by 13 whom such incurred, unpaid expenses are to be paid; 14

15 (4) whether the recovery represents less than substantially full recompense for the injury and the 16 hospital, doctor and other medical expenses incurred to the 17 18 date of recovery for the care and treatment of the injury, 19 so that reduction of the charge sought to be enforced 20 against the recovery would not likely result in a double 21 recovery or unjust enrichment to the recipient;

(5) the age of the recipient and of persons dependent 22 for support upon the recipient, the nature and permanency 23 24 of the recipient's injuries as they affect not only the future employability and education of the recipient but 25 26 also the reasonably necessary and foreseeable future medical, rehabilitative 27 material, maintenance, and training needs of the recipient, 28 the cost of such 29 reasonably necessary and foreseeable future needs, and the 30 resources available to meet such needs and pay such costs;

31 (6) the realistic ability of the recipient to repay in 32 whole or in part the charge sought to be enforced against 33 the recovery when judged in light of the factors enumerated 34 above. 1 The burden of producing evidence sufficient to support the 2 exercise by the court of its discretion to reduce the amount of 3 a proven charge sought to be enforced against the recovery 4 shall rest with the party seeking such reduction.

5 The court may reduce and apportion the Illinois Department's lien proportionate to the recovery of 6 the 7 claimant. The court may consider the nature and extent of the 8 injury, economic and noneconomic loss, settlement offers, comparative negligence as it applies to the case at hand, 9 10 hospital costs, physician costs, and all other appropriate costs. The Illinois Department shall pay its pro rata share of 11 the attorney fees based on the Illinois Department's lien as it 12 compares to the total settlement agreed upon. This Section 13 14 shall not affect the priority of an attorney's lien under the 15 Attorneys Lien Act. The charges of the Illinois Department described in this Section, however, shall take priority over 16 all other liens and charges existing under the laws of the 17 18 State of Illinois with the exception of the attorney's lien under said statute. 19

20 Whenever the Department or any unit of local government has 21 a statutory charge under this Section against a recovery for 22 damages incurred by a recipient because of its advancement of 23 any assistance, such charge shall not be satisfied out of any 24 recovery until the attorney's claim for fees is satisfied, 25 irrespective of whether or not an action based on recipient's 26 claim has been filed in court.

This Section shall be inapplicable to any claim, demand or cause of action arising under (a) the Workers' Compensation Act or the predecessor Workers' Compensation Act of June 28, 1913, (b) the Workers' Occupational Diseases Act or the predecessor Workers' Occupational Diseases Act of March 16, 1936; and (c) the Wrongful Death Act.

33 (Source: P.A. 94-693, eff. 7-1-06.)

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(305 ILCS 5/11-22a) (from Ch. 23, par. 11-22a)

(Text of Section after amendment by P.A. 94-693)

3 Sec. 11-22a. Right of Subrogation. To the extent of the 4 amount of (i) medical assistance provided by the Department to 5 or on behalf of a recipient under Article V or VI<sub>1</sub> or (ii) health care benefits provided for a child under the Covering 6 7 ALL KIDS Health Insurance Act, or (iii) health care benefits provided to a veteran under the Veterans' Health Insurance 8 Program Act, the Department shall be subrogated to any right of 9 recovery such recipient may have under the terms of any private 10 11 or public health care coverage or casualty coverage, including coverage under the "Workers' Compensation Act", approved July 12 9, 1951, as amended, or the "Workers' Occupational Diseases 13 Act", approved July 9, 1951, as amended, without the necessity 14 15 of assignment of claim or other authorization to secure the right of recovery to the Department. To enforce its subrogation 16 right, the Department may (i) intervene or join in an action or 17 18 proceeding brought by the recipient, his or her guardian, 19 personal representative, estate, dependents, or survivors 20 against any person or public or private entity that may be 21 liable; (ii) institute and prosecute legal proceedings against any person or public or private entity that may be liable for 22 the cost of such services; or (iii) institute and prosecute 23 24 legal proceedings, to the extent necessary to reimburse the 25 Illinois Department for its costs, against any noncustodial 26 parent who (A) is required by court or administrative order to provide insurance or other coverage of the cost of health care 27 28 services for a child eligible for medical assistance under this 29 Code and (B) has received payment from a third party for the costs of those services but has not used the payments to 30 31 reimburse either the other parent or the guardian of the child 32 or the provider of the services.

33 (Source: P.A. 94-693, eff. 7-1-06.)

1 (305 ILCS 5/11-22b) (from Ch. 23, par. 11-22b)

- (Text of Section after amendment by P.A. 94-693)
- 3 Sec. 11-22b. Recoveries.
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(a) As used in this Section:

5 (1) "Carrier" means any insurer, including any private association, trust fund, 6 company, corporation, mutual 7 reciprocal or interinsurance exchange authorized under the 8 laws of this State to insure persons against liability or injuries caused to another and any insurer providing benefits 9 10 under a policy of bodily injury liability insurance covering 11 liability arising out of the ownership, maintenance or use of a motor vehicle which provides uninsured motorist endorsement or 12 13 coverage.

14 (2) "Beneficiary" means any person or their dependents who 15 has received benefits or will be provided benefits under this Code, or under the Covering ALL KIDS Health Insurance Act, or 16 under the Veterans' Health Insurance Program Act because of an 17 18 injury for which another person may be liable. It includes such quardian, conservator or other 19 beneficiary's personal 20 representative, his estate or survivors.

21 (b) (1) When benefits are provided or will be provided to a 22 beneficiary under this Code, or under the Covering ALL KIDS Health Insurance Act, or under the Veterans' Health Insurance 23 24 Program Act because of an injury for which another person is 25 liable, or for which a carrier is liable in accordance with the 26 provisions of any policy of insurance issued pursuant to the 27 Illinois Insurance Code, the Illinois Department shall have a 28 right to recover from such person or carrier the reasonable 29 value of benefits so provided. The Attorney General may, to 30 enforce such right, institute and prosecute legal proceedings 31 against the third person or carrier who may be liable for the 32 injury in an appropriate court, either in the name of the 33 Illinois Department or in the name of the injured person, his guardian, personal representative, estate, or survivors. 34

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(2) The Department may:

(A) compromise or settle and release any such claim for benefits provided under this Code, or

4 (B) waive any such claims for benefits provided 5 under this Code, in whole or in part, for the 6 convenience of the Department or if the Department 7 determines that collection would result in undue 8 hardship upon the person who suffered the injury or, in 9 a wrongful death action, upon the heirs of the 10 deceased.

(3) No action taken on behalf of the Department 11 pursuant to this Section or any judgment rendered in such 12 13 action shall be a bar to any action upon the claim or cause of action of the beneficiary, his guardian, conservator, 14 15 personal representative, estate, dependents or survivors against the third person who may be liable for the injury, 16 or shall operate to deny to the beneficiary the recovery 17 18 for that portion of any damages not covered hereunder.

19 (c) (1) When an action is brought by the Department 20 pursuant to subsection (b), it shall be commenced within the 21 period prescribed by Article XIII of the Code of Civil 22 Procedure.

However, the Department may not commence the action prior to 5 months before the end of the applicable period prescribed by Article XIII of the Code of Civil Procedure. Thirty days prior to commencing an action, the Department shall notify the beneficiary of the Department's intent to commence such an action.

(2) The death of the beneficiary does not abate any
 right of action established by subsection (b).

31 (3) When an action or claim is brought by persons 32 entitled to bring such actions or assert such claims 33 against a third person who may be liable for causing the 34 death of a beneficiary, any settlement, judgment or award obtained is subject to the Department's claim for reimbursement of the benefits provided to the beneficiary under this Code, or under the Covering ALL KIDS Health Insurance Act, or under the Veterans' Health Insurance <u>Program Act</u>.

(4) When the action or claim is brought by the 6 7 beneficiary alone and the beneficiary incurs a personal 8 liability to pay attorney's fees and costs of litigation, the Department's claim for reimbursement of the benefits 9 provided to the beneficiary shall be the full amount of 10 benefits paid on behalf of the beneficiary under this Code, 11 or under the Covering ALL KIDS Health Insurance Act, or 12 under the Veterans' Health Insurance Program Act less a pro 13 rata share which represents the Department's reasonable 14 15 share of attorney's fees paid by the beneficiary and that portion of the cost of litigation expenses determined by 16 multiplying by the ratio of the full amount of the 17 expenditures of the full amount of the judgment, award or 18 19 settlement.

20 (d) (1) If either the beneficiary or the Department brings 21 an action or claim against such third party or carrier, the beneficiary or the Department shall within 30 days of filing 22 the action give to the other written notice by personal service 23 or registered mail of the action or claim and of the name of 24 25 the court in which the action or claim is brought. Proof of 26 such notice shall be filed in such action or claim. If an action or claim is brought by either the Department or the 27 28 beneficiary, the other may, at any time before trial on the 29 facts, become a party to such action or claim or shall consolidate his action or claim with the other if brought 30 31 independently.

32 (2) If an action or claim is brought by the Department
33 pursuant to subsection (b)(1), written notice to the
34 beneficiary, guardian, personal representative, estate or

survivor given pursuant to this Section shall advise him of his right to intervene in the proceeding, his right to obtain a private attorney of his choice and the Department's right to recover the reasonable value of the benefits provided.

6 (e) In the event of judgment or award in a suit or claim 7 against such third person or carrier:

8 (1)If the action or claim is prosecuted by the beneficiary alone, the court shall first order paid from 9 any judgment or award the reasonable litigation expenses 10 incurred in preparation and prosecution of such action or 11 claim, together with reasonable attorney's fees, when an 12 attorney has been retained. After payment of such expenses 13 and attorney's fees the court shall, on the application of 14 15 the Department, allow as a first lien against the amount of such judgment or award the amount of the Department's 16 17 expenditures for the benefit of the beneficiary under this Code, or under the Covering ALL KIDS Health Insurance Act, 18 or under the Veterans' Health Insurance Program Act, as 19 20 provided in subsection (c)(4).

21 (2) If the action or claim is prosecuted both by the 22 beneficiary and the Department, the court shall first order paid from any judgment or award the reasonable litigation 23 24 expenses incurred in preparation and prosecution of such 25 action or claim, together with reasonable attorney's fees 26 for plaintiffs attorneys based solely on the services rendered for the benefit of the beneficiary. After payment 27 of such expenses and attorney's fees, the court shall apply 28 29 out of the balance of such judgment or award an amount 30 sufficient to reimburse the Department the full amount of 31 benefits paid on behalf of the beneficiary under this Code, or under the Covering ALL KIDS Health Insurance Act, or 32 33 under the Veterans' Health Insurance Program Act.

34 (f) The court shall, upon further application at any time

before the judgment or award is satisfied, allow as a further 1 2 lien the amount of any expenditures of the Department in 3 payment of additional benefits arising out of the same cause of 4 action or claim provided on behalf of the beneficiary under 5 this Code, or under the Covering ALL KIDS Health Insurance Act, or under the Veterans' Health Insurance Program Act, when such 6 7 benefits were provided or became payable subsequent to the 8 original order.

9 (g) No judgment, award, or settlement in any action or 10 claim by a beneficiary to recover damages for injuries, when 11 the Department has an interest, shall be satisfied without 12 first giving the Department notice and a reasonable opportunity 13 to perfect and satisfy its lien.

(h) When the Department has perfected a lien upon a 14 15 judgment or award in favor of a beneficiary against any third 16 party for an injury for which the beneficiary has received 17 benefits under this Code, or under the Covering ALL KIDS Health 18 Insurance Act, or under the Veterans' Health Insurance Program Act, the Department shall be entitled to a writ of execution as 19 20 lien claimant to enforce payment of said lien against such 21 third party with interest and other accruing costs as in the case of other executions. In the event the amount of such 22 judgment or award so recovered has been paid to 23 the 24 beneficiary, the Department shall be entitled to a writ of 25 execution against such beneficiary to the extent of the 26 Department's lien, with interest and other accruing costs as in the case of other executions. 27

28 Except as otherwise provided in this (i) Section, 29 notwithstanding any other provision of law, the entire amount of any settlement of the injured beneficiary's action or claim, 30 31 with or without suit, is subject to the Department's claim for reimbursement of the benefits provided and any lien filed 32 pursuant thereto to the same extent and subject to the same 33 limitations as in Section 11-22 of this Code. 34

## 1 (Source: P.A. 94-693, eff. 7-1-06.)

2 (305 ILCS 5/11-22c) (from Ch. 23, par. 11-22c) 3 (Text of Section after amendment by P.A. 94-693) Sec. 11-22c. (a) As used in this Section, "recipient" means 4 any person receiving financial assistance under Article IV or 5 Article VI of this Code, or receiving health care benefits 6 7 under the Covering ALL KIDS Health Insurance Act, or receiving health care benefits under the Veterans' Health Insurance 8 Program Act. 9

10 (b) If a recipient maintains any suit, charge or other court or administrative action against an employer seeking back 11 pay for a period during which the recipient received financial 12 13 assistance under Article IV or Article VI of this Code, or 14 health care benefits under the Covering ALL KIDS Health Insurance Act, or health care benefits under the Veterans' 15 Health Insurance Program Act, the recipient shall report such 16 17 fact to the Department. To the extent of the amount of 18 assistance provided to or on behalf of the recipient under 19 Article IV or Article VI, or health care benefits provided 20 under the Covering ALL KIDS Health Insurance Act, or health care benefits provided under the Veterans' Health Insurance 21 22 Program Act, the Department may by intervention or otherwise 23 without the necessity of assignment of claim, attach a lien on 24 the recovery of back wages equal to the amount of assistance 25 provided by the Department to the recipient under Article IV or 26 Article VI, or under the Covering ALL KIDS Health Insurance Act, or under the Veterans' Health Insurance Program Act. 27 28 (Source: P.A. 94-693, eff. 7-1-06.)

Section 97. Severability. The provisions of this Act are
severable under Section 1.31 of the Statute on Statutes.

31 Section 99. Effective date. This Act takes effect September

1 1, 2006.".