



Sen. Jeffrey M. Schoenberg

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LRB094 04634 DRJ 56574 a

1 AMENDMENT TO SENATE BILL 951

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 951 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Public Aid Code is amended by  
5 changing Section 12-4.25 as follows:

6 (305 ILCS 5/12-4.25) (from Ch. 23, par. 12-4.25)

7 Sec. 12-4.25. Medical assistance program; vendor  
8 participation.

9 (A) The Illinois Department may deny, suspend or terminate  
10 the eligibility of any person, firm, corporation, association,  
11 agency, institution or other legal entity to participate as a  
12 vendor of goods or services to recipients under the medical  
13 assistance program under Article V, if after reasonable notice  
14 and opportunity for a hearing the Illinois Department finds:

15 (a) Such vendor is not complying with the Department's  
16 policy or rules and regulations, or with the terms and  
17 conditions prescribed by the Illinois Department in its  
18 vendor agreement, which document shall be developed by the  
19 Department as a result of negotiations with each vendor  
20 category, including physicians, hospitals, long term care  
21 facilities, pharmacists, optometrists, podiatrists and  
22 dentists setting forth the terms and conditions applicable  
23 to the participation of each vendor group in the program;  
24 or

1           (b) Such vendor has failed to keep or make available  
2 for inspection, audit or copying, after receiving a written  
3 request from the Illinois Department, such records  
4 regarding payments claimed for providing services. This  
5 section does not require vendors to make available patient  
6 records of patients for whom services are not reimbursed  
7 under this Code; or

8           (c) Such vendor has failed to furnish any information  
9 requested by the Department regarding payments for  
10 providing goods or services; or

11           (d) Such vendor has knowingly made, or caused to be  
12 made, any false statement or representation of a material  
13 fact in connection with the administration of the medical  
14 assistance program; or

15           (e) Such vendor has furnished goods or services to a  
16 recipient which are (1) in excess of his or her needs, (2)  
17 harmful to the recipient, or (3) of grossly inferior  
18 quality, all of such determinations to be based upon  
19 competent medical judgment and evaluations; or

20           (f) The vendor; a person with management  
21 responsibility for a vendor; an officer or person owning,  
22 either directly or indirectly, 5% or more of the shares of  
23 stock or other evidences of ownership in a corporate  
24 vendor; an owner of a sole proprietorship which is a  
25 vendor; or a partner in a partnership which is a vendor,  
26 either:

27           (1) was previously terminated from participation  
28 in the Illinois medical assistance program, or was  
29 terminated from participation in a medical assistance  
30 program in another state that is of the same kind as  
31 the program of medical assistance provided under  
32 Article V of this Code; or

33           (2) was a person with management responsibility  
34 for a vendor previously terminated from participation

1 in the Illinois medical assistance program, or  
2 terminated from participation in a medical assistance  
3 program in another state that is of the same kind as  
4 the program of medical assistance provided under  
5 Article V of this Code, during the time of conduct  
6 which was the basis for that vendor's termination; or

7 (3) was an officer, or person owning, either  
8 directly or indirectly, 5% or more of the shares of  
9 stock or other evidences of ownership in a corporate  
10 vendor previously terminated from participation in the  
11 Illinois medical assistance program, or terminated  
12 from participation in a medical assistance program in  
13 another state that is of the same kind as the program  
14 of medical assistance provided under Article V of this  
15 Code, during the time of conduct which was the basis  
16 for that vendor's termination; or

17 (4) was an owner of a sole proprietorship or  
18 partner of a partnership previously terminated from  
19 participation in the Illinois medical assistance  
20 program, or terminated from participation in a medical  
21 assistance program in another state that is of the same  
22 kind as the program of medical assistance provided  
23 under Article V of this Code, during the time of  
24 conduct which was the basis for that vendor's  
25 termination; or

26 (g) The vendor; a person with management  
27 responsibility for a vendor; an officer or person owning,  
28 either directly or indirectly, 5% or more of the shares of  
29 stock or other evidences of ownership in a corporate  
30 vendor; an owner of a sole proprietorship which is a  
31 vendor; or a partner in a partnership which is a vendor,  
32 either:

33 (1) has engaged in practices prohibited by  
34 applicable federal or State law or regulation relating

1 to the medical assistance program; or

2 (2) was a person with management responsibility  
3 for a vendor at the time that such vendor engaged in  
4 practices prohibited by applicable federal or State  
5 law or regulation relating to the medical assistance  
6 program; or

7 (3) was an officer, or person owning, either  
8 directly or indirectly, 5% or more of the shares of  
9 stock or other evidences of ownership in a vendor at  
10 the time such vendor engaged in practices prohibited by  
11 applicable federal or State law or regulation relating  
12 to the medical assistance program; or

13 (4) was an owner of a sole proprietorship or  
14 partner of a partnership which was a vendor at the time  
15 such vendor engaged in practices prohibited by  
16 applicable federal or State law or regulation relating  
17 to the medical assistance program; or

18 (h) The direct or indirect ownership of the vendor  
19 (including the ownership of a vendor that is a sole  
20 proprietorship, a partner's interest in a vendor that is a  
21 partnership, or ownership of 5% or more of the shares of  
22 stock or other evidences of ownership in a corporate  
23 vendor) has been transferred by an individual who is  
24 terminated or barred from participating as a vendor to the  
25 individual's spouse, child, brother, sister, parent,  
26 grandparent, grandchild, uncle, aunt, niece, nephew,  
27 cousin, or relative by marriage.

28 (A-5) The Illinois Department may deny, suspend, or  
29 terminate the eligibility of any person, firm, corporation,  
30 association, agency, institution, or other legal entity to  
31 participate as a vendor of goods or services to recipients  
32 under the medical assistance program under Article V if, after  
33 reasonable notice and opportunity for a hearing, the Illinois  
34 Department finds that the vendor; a person with management

1 responsibility for a vendor; an officer or person owning,  
2 either directly or indirectly, 5% or more of the shares of  
3 stock or other evidences of ownership in a corporate vendor; an  
4 owner of a sole proprietorship that is a vendor; or a partner  
5 in a partnership that is a vendor has been convicted of a  
6 felony offense based on fraud or willful misrepresentation  
7 related to any of the following:

8 (1) The medical assistance program under Article V of  
9 this Code.

10 (2) A medical assistance program in another state that  
11 is of the same kind as the program of medical assistance  
12 provided under Article V of this Code.

13 (3) The Medicare program under Title XVIII of the  
14 Social Security Act.

15 (4) The provision of health care services.

16 (B) The Illinois Department shall deny, suspend or  
17 terminate the eligibility of any person, firm, corporation,  
18 association, agency, institution or other legal entity to  
19 participate as a vendor of goods or services to recipients  
20 under the medical assistance program under Article V:

21 (1) if such vendor is not properly licensed;

22 (2) within 30 days of the date when such vendor's  
23 professional license, certification or other authorization  
24 has been refused renewal or has been revoked, suspended or  
25 otherwise terminated; or

26 (3) if such vendor has been convicted of a violation of  
27 this Code, as provided in Article VIIIA.

28 (C) Upon termination of a vendor of goods or services from  
29 participation in the medical assistance program authorized by  
30 this Article, a person with management responsibility for such  
31 vendor during the time of any conduct which served as the basis  
32 for that vendor's termination is barred from participation in  
33 the medical assistance program.

34 Upon termination of a corporate vendor, the officers and

1 persons owning, directly or indirectly, 5% or more of the  
2 shares of stock or other evidences of ownership in the vendor  
3 during the time of any conduct which served as the basis for  
4 that vendor's termination are barred from participation in the  
5 medical assistance program. A person who owns, directly or  
6 indirectly, 5% or more of the shares of stock or other  
7 evidences of ownership in a terminated corporate vendor may not  
8 transfer his or her ownership interest in that vendor to his or  
9 her spouse, child, brother, sister, parent, grandparent,  
10 grandchild, uncle, aunt, niece, nephew, cousin, or relative by  
11 marriage.

12 Upon termination of a sole proprietorship or partnership,  
13 the owner or partners during the time of any conduct which  
14 served as the basis for that vendor's termination are barred  
15 from participation in the medical assistance program. The owner  
16 of a terminated vendor that is a sole proprietorship, and a  
17 partner in a terminated vendor that is a partnership, may not  
18 transfer his or her ownership or partnership interest in that  
19 vendor to his or her spouse, child, brother, sister, parent,  
20 grandparent, grandchild, uncle, aunt, niece, nephew, cousin,  
21 or relative by marriage.

22 Rules adopted by the Illinois Department to implement these  
23 provisions shall specifically include a definition of the term  
24 "management responsibility" as used in this Section. Such  
25 definition shall include, but not be limited to, typical job  
26 titles, and duties and descriptions which will be considered as  
27 within the definition of individuals with management  
28 responsibility for a provider.

29 (D) If a vendor has been suspended from the medical  
30 assistance program under Article V of the Code, the Director  
31 may require that such vendor correct any deficiencies which  
32 served as the basis for the suspension. The Director shall  
33 specify in the suspension order a specific period of time,  
34 which shall not exceed one year from the date of the order,

1 during which a suspended vendor shall not be eligible to  
2 participate. At the conclusion of the period of suspension the  
3 Director shall reinstate such vendor, unless he finds that such  
4 vendor has not corrected deficiencies upon which the suspension  
5 was based.

6 If a vendor has been terminated from the medical assistance  
7 program under Article V, such vendor shall be barred from  
8 participation for at least one year, except that if a vendor  
9 has been terminated based on a conviction of a violation of  
10 Article VIII A or a conviction of a felony based on fraud or a  
11 willful misrepresentation related to (i) the medical  
12 assistance program under Article V, (ii) a medical assistance  
13 program in another state that is of the kind provided under  
14 Article V, (iii) the Medicare program under Title XVIII of the  
15 Social Security Act, or (iv) the provision of health care  
16 services, then the vendor shall be barred from participation  
17 for 5 years or for the length of the vendor's sentence for that  
18 conviction, whichever is longer. At the end of one year a  
19 vendor who has been terminated may apply for reinstatement to  
20 the program. Upon proper application to be reinstated such  
21 vendor may be deemed eligible by the Director providing that  
22 such vendor meets the requirements for eligibility under this  
23 Code. If such vendor is deemed not eligible for reinstatement,  
24 he shall be barred from again applying for reinstatement for  
25 one year from the date his application for reinstatement is  
26 denied.

27 A vendor whose termination from participation in the  
28 Illinois medical assistance program under Article V was based  
29 solely on an action by a governmental entity other than the  
30 Illinois Department may, upon reinstatement by that  
31 governmental entity or upon reversal of the termination, apply  
32 for rescission of the termination from participation in the  
33 Illinois medical assistance program. Upon proper application  
34 for rescission, the vendor may be deemed eligible by the

1 Director if the vendor meets the requirements for eligibility  
2 under this Code.

3 If a vendor has been terminated and reinstated to the  
4 medical assistance program under Article V and the vendor is  
5 terminated a second or subsequent time from the medical  
6 assistance program, the vendor shall be barred from  
7 participation for at least 2 years, except that if a vendor has  
8 been terminated a second time based on a conviction of a  
9 violation of Article VIII A or a conviction of a felony based on  
10 fraud or a willful misrepresentation related to (i) the medical  
11 assistance program under Article V, (ii) a medical assistance  
12 program in another state that is of the kind provided under  
13 Article V, (iii) the Medicare program under Title XVIII of the  
14 Social Security Act, or (iv) the provision of health care  
15 services, then the vendor shall be barred from participation  
16 for life. At the end of 2 years, a vendor who has been  
17 terminated may apply for reinstatement to the program. Upon  
18 application to be reinstated, the vendor may be deemed eligible  
19 if the vendor meets the requirements for eligibility under this  
20 Code. If the vendor is deemed not eligible for reinstatement,  
21 the vendor shall be barred from again applying for  
22 reinstatement for 2 years from the date the vendor's  
23 application for reinstatement is denied.

24 (E) The Illinois Department may recover money improperly or  
25 erroneously paid, or overpayments, either by setoff, crediting  
26 against future billings or by requiring direct repayment to the  
27 Illinois Department.

28 If the Illinois Department ~~of Public Aid~~ establishes  
29 through an administrative hearing that the overpayments  
30 resulted from the vendor or alternate payee willfully making,  
31 or causing to be made, a false statement or misrepresentation  
32 of a material fact in connection with billings and payments  
33 under the medical assistance program under Article V, the  
34 Department may recover interest on the amount of the



1 overpayments at the rate of 5% per annum. For purposes of this  
2 paragraph, "willfully" means that a person makes a statement or  
3 representation with actual knowledge that it was false, or  
4 makes a statement or representation with knowledge of facts or  
5 information that would cause one to be aware that the statement  
6 or representation was false when made.

7 (F) The Illinois Department may withhold payments to any  
8 vendor or alternate payee during the pendency of any proceeding  
9 under this Section. The Illinois Department shall state by rule  
10 with as much specificity as practicable the conditions under  
11 which payments will not be withheld during the pendency of any  
12 proceeding under this Section. Payments may be denied for bills  
13 submitted with service dates occurring during the pendency of a  
14 proceeding where the final administrative decision is to  
15 terminate eligibility to participate in the medical assistance  
16 program. The Illinois Department shall state by rule with as  
17 much specificity as practicable the conditions under which  
18 payments will not be denied for such bills. The Illinois  
19 Department ~~of Public Aid~~ shall state by rule a process and  
20 criteria by which a vendor or alternate payee may request full  
21 or partial release of payments withheld under this subsection.  
22 The Department must complete a proceeding under this Section in  
23 a timely manner.

24 (F-5) The Illinois Department may temporarily withhold  
25 payments to a vendor or alternate payee if any of the following  
26 individuals have been indicted or otherwise charged under a law  
27 of the United States or this or any other state with a felony  
28 offense that is based on alleged fraud or willful  
29 misrepresentation on the part of the individual related to (i)  
30 the medical assistance program under Article V of this Code,  
31 (ii) a medical assistance program provided in another state  
32 which is of the kind provided under Article V of this Code,  
33 (iii) the Medicare program under Title XVIII of the Social  
34 Security Act, or (iv) the provision of health care services:

1           (1) If the vendor or alternate payee is a corporation:  
2           an officer of the corporation or an individual who owns,  
3           either directly or indirectly, 5% or more of the shares of  
4           stock or other evidence of ownership of the corporation.

5           (2) If the vendor is a sole proprietorship: the owner  
6           of the sole proprietorship.

7           (3) If the vendor or alternate payee is a partnership:  
8           a partner in the partnership.

9           (4) If the vendor or alternate payee is any other  
10          business entity authorized by law to transact business in  
11          this State: an officer of the entity or an individual who  
12          owns, either directly or indirectly, 5% or more of the  
13          evidences of ownership of the entity.

14          If the Illinois Department withholds payments to a vendor  
15          or alternate payee under this subsection, the Department shall  
16          not release those payments to the vendor or alternate payee  
17          while any criminal proceeding related to the indictment or  
18          charge is pending unless the Department determines that there  
19          is good cause to release the payments before completion of the  
20          proceeding. If the indictment or charge results in the  
21          individual's conviction, the Illinois Department shall retain  
22          all withheld payments, which shall be considered forfeited to  
23          the Department. If the indictment or charge does not result in  
24          the individual's conviction, the Illinois Department shall  
25          release to the vendor or alternate payee all withheld payments.

26          (G) The provisions of the Administrative Review Law, as now  
27          or hereafter amended, and the rules adopted pursuant thereto,  
28          shall apply to and govern all proceedings for the judicial  
29          review of final administrative decisions of the Illinois  
30          Department under this Section. The term "administrative  
31          decision" is defined as in Section 3-101 of the Code of Civil  
32          Procedure.

33          (G-5) Non-emergency transportation.

34          (1) Notwithstanding any other provision in this

1 Section, for non-emergency transportation vendors, the  
2 Department may terminate the vendor from participation in  
3 the medical assistance program prior to an evidentiary  
4 hearing but after reasonable notice and opportunity to  
5 respond as established by the Department by rule.

6 (2) Vendors of non-emergency medical transportation  
7 services, as defined by the Department by rule, shall  
8 submit to a fingerprint-based criminal background check on  
9 current and future information available in the State  
10 system and current information available through the  
11 Federal Bureau of Investigation's system by submitting all  
12 necessary fees and information in the form and manner  
13 prescribed by the Department of State Police. The following  
14 individuals shall be subject to the check:

15 (A) In the case of a vendor that is a corporation,  
16 every shareholder who owns, directly or indirectly, 5%  
17 or more of the outstanding shares of the corporation.

18 (B) In the case of a vendor that is a partnership,  
19 every partner.

20 (C) In the case of a vendor that is a sole  
21 proprietorship, the sole proprietor.

22 (D) Each officer or manager of the vendor.

23 Each such vendor shall be responsible for payment of  
24 the cost of the criminal background check.

25 (3) Vendors of non-emergency medical transportation  
26 services may be required to post a surety bond. The  
27 Department shall establish, by rule, the criteria and  
28 requirements for determining when a surety bond must be  
29 posted and the value of the bond.

30 (4) The Department, or its agents, may refuse to accept  
31 requests for non-emergency transportation authorizations,  
32 including prior-approval and post-approval requests, for a  
33 specific non-emergency transportation vendor if:

34 (A) the Department has initiated a notice of

1            termination of the vendor from participation in the  
2            medical assistance program; or

3            (B) the Department has issued notification of its  
4            withholding of payments pursuant to subsection (F-5)  
5            of this Section; or

6            (C) the Department has issued a notification of its  
7            withholding of payments due to reliable evidence of  
8            fraud or willful misrepresentation pending  
9            investigation.

10          (H) Nothing contained in this Code shall in any way limit  
11          or otherwise impair the authority or power of any State agency  
12          responsible for licensing of vendors.

13          (I) Based on a finding of noncompliance on the part of a  
14          nursing home with any requirement for certification under Title  
15          XVIII or XIX of the Social Security Act (42 U.S.C. Sec. 1395 et  
16          seq. or 42 U.S.C. Sec. 1396 et seq.), the Illinois Department  
17          may impose one or more of the following remedies after notice  
18          to the facility:

19            (1) Termination of the provider agreement.

20            (2) Temporary management.

21            (3) Denial of payment for new admissions.

22            (4) Civil money penalties.

23            (5) Closure of the facility in emergency situations or  
24          transfer of residents, or both.

25            (6) State monitoring.

26            (7) Denial of all payments when the Health Care Finance  
27          Administration has imposed this sanction.

28          The Illinois Department shall by rule establish criteria  
29          governing continued payments to a nursing facility subsequent  
30          to termination of the facility's provider agreement if, in the  
31          sole discretion of the Illinois Department, circumstances  
32          affecting the health, safety, and welfare of the facility's  
33          residents require those continued payments. The Illinois  
34          Department may condition those continued payments on the

1 appointment of temporary management, sale of the facility to  
2 new owners or operators, or other arrangements that the  
3 Illinois Department determines best serve the needs of the  
4 facility's residents.

5 Except in the case of a facility that has a right to a  
6 hearing on the finding of noncompliance before an agency of the  
7 federal government, a facility may request a hearing before a  
8 State agency on any finding of noncompliance within 60 days  
9 after the notice of the intent to impose a remedy. Except in  
10 the case of civil money penalties, a request for a hearing  
11 shall not delay imposition of the penalty. The choice of  
12 remedies is not appealable at a hearing. The level of  
13 noncompliance may be challenged only in the case of a civil  
14 money penalty. The Illinois Department shall provide by rule  
15 for the State agency that will conduct the evidentiary  
16 hearings.

17 The Illinois Department may collect interest on unpaid  
18 civil money penalties.

19 The Illinois Department may adopt all rules necessary to  
20 implement this subsection (I).

21 (J) The Illinois Department, by rule, may permit individual  
22 practitioners to designate that Department payments that may be  
23 due the practitioner be made to an alternate payee or alternate  
24 payees.

25 (a) Such alternate payee or alternate payees shall be  
26 required to register as an alternate payee in the Medical  
27 Assistance Program with the Illinois Department.

28 (b) If a practitioner designates an alternate payee,  
29 the alternate payee and practitioner shall be jointly and  
30 severally liable to the Department for payments made to the  
31 alternate payee. Pursuant to subsection (E) of this  
32 Section, any Department action to recover money or  
33 overpayments from an alternate payee shall be subject to an  
34 administrative hearing.

1 (c) Registration as an alternate payee or alternate  
2 payees in the Illinois Medical Assistance Program shall be  
3 conditional. At any time, the Illinois Department may deny  
4 or cancel any alternate payee's registration in the  
5 Illinois Medical Assistance Program without cause. Any  
6 such denial or cancellation is not subject to an  
7 administrative hearing.

8 (d) The Illinois Department may seek a revocation of  
9 any alternate payee, and all owners, officers, and  
10 individuals with management responsibility for such  
11 alternate payee shall be permanently prohibited from  
12 participating as an owner, an officer, or an individual  
13 with management responsibility with an alternate payee in  
14 the Illinois Medical Assistance Program, if after  
15 reasonable notice and opportunity for a hearing the  
16 Illinois Department finds that:

17 (1) the alternate payee is not complying with the  
18 Department's policy or rules and regulations, or with  
19 the terms and conditions prescribed by the Illinois  
20 Department in its alternate payee registration  
21 agreement; or

22 (2) the alternate payee has failed to keep or make  
23 available for inspection, audit, or copying, after  
24 receiving a written request from the Illinois  
25 Department, such records regarding payments claimed as  
26 an alternate payee; or

27 (3) the alternate payee has failed to furnish any  
28 information requested by the Illinois Department  
29 regarding payments claimed as an alternate payee; or

30 (4) the alternate payee has knowingly made, or  
31 caused to be made, any false statement or  
32 representation of a material fact in connection with  
33 the administration of the Illinois Medical Assistance  
34 Program; or

1           (5) the alternate payee, a person with management  
2           responsibility for an alternate payee, an officer or  
3           person owning, either directly or indirectly, 5% or  
4           more of the shares of stock or other evidences of  
5           ownership in a corporate alternate payee, or a partner  
6           in a partnership which is an alternate payee:

7           (a) was previously terminated from  
8           participation as a vendor in the Illinois Medical  
9           Assistance Program, or was previously revoked as  
10          an alternate payee in the Illinois Medical  
11          Assistance Program, or was terminated from  
12          participation as a vendor in a medical assistance  
13          program in another state that is of the same kind  
14          as the program of medical assistance provided  
15          under Article V of this Code; or

16          (b) was a person with management  
17          responsibility for a vendor previously terminated  
18          from participation as a vendor in the Illinois  
19          Medical Assistance Program, or was previously  
20          revoked as an alternate payee in the Illinois  
21          Medical Assistance Program, or was terminated from  
22          participation as a vendor in a medical assistance  
23          program in another state that is of the same kind  
24          as the program of medical assistance provided  
25          under Article V of this Code, during the time of  
26          conduct which was the basis for that vendor's  
27          termination or alternate payee's revocation; or

28          (c) was an officer, or person owning, either  
29          directly or indirectly, 5% or more of the shares of  
30          stock or other evidences of ownership in a  
31          corporate vendor previously terminated from  
32          participation as a vendor in the Illinois Medical  
33          Assistance Program, or was previously revoked as  
34          an alternate payee in the Illinois Medical

1 Assistance Program, or was terminated from  
2 participation as a vendor in a medical assistance  
3 program in another state that is of the same kind  
4 as the program of medical assistance provided  
5 under Article V of this Code, during the time of  
6 conduct which was the basis for that vendor's  
7 termination; or

8 (d) was an owner of a sole proprietorship or  
9 partner in a partnership previously terminated  
10 from participation as a vendor in the Illinois  
11 Medical Assistance Program, or was previously  
12 revoked as an alternate payee in the Illinois  
13 Medical Assistance Program, or was terminated from  
14 participation as a vendor in a medical assistance  
15 program in another state that is of the same kind  
16 as the program of medical assistance provided  
17 under Article V of this Code, during the time of  
18 conduct which was the basis for that vendor's  
19 termination or alternate payee's revocation; or

20 (6) the alternate payee, a person with management  
21 responsibility for an alternate payee, an officer or  
22 person owning, either directly or indirectly, 5% or  
23 more of the shares of stock or other evidences of  
24 ownership in a corporate alternate payee, or a partner  
25 in a partnership which is an alternate payee:

26 (a) has engaged in conduct prohibited by  
27 applicable federal or State law or regulation  
28 relating to the Illinois Medical Assistance  
29 Program; or

30 (b) was a person with management  
31 responsibility for a vendor or alternate payee at  
32 the time that the vendor or alternate payee engaged  
33 in practices prohibited by applicable federal or  
34 State law or regulation relating to the Illinois



1 Medical Assistance Program; or

2 (c) was an officer, or person owning, either  
3 directly or indirectly, 5% or more of the shares of  
4 stock or other evidences of ownership in a vendor  
5 or alternate payee at the time such vendor or  
6 alternate payee engaged in practices prohibited by  
7 applicable federal or State law or regulation  
8 relating to the Illinois Medical Assistance  
9 Program; or

10 (d) was an owner of a sole proprietorship or  
11 partner in a partnership which was a vendor or  
12 alternate payee at the time such vendor or  
13 alternate payee engaged in practices prohibited by  
14 applicable federal or State law or regulation  
15 relating to the Illinois Medical Assistance  
16 Program; or

17 (7) the direct or indirect ownership of the vendor  
18 or alternate payee (including the ownership of a vendor  
19 or alternate payee that is a partner's interest in a  
20 vendor or alternate payee, or ownership of 5% or more  
21 of the shares of stock or other evidences of ownership  
22 in a corporate vendor or alternate payee) has been  
23 transferred by an individual who is terminated or  
24 barred from participating as a vendor or is prohibited  
25 or revoked as an alternate payee to the individual's  
26 spouse, child, brother, sister, parent, grandparent,  
27 grandchild, uncle, aunt, niece, nephew, cousin, or  
28 relative by marriage.

29 (K) The Illinois Department of Healthcare and Family  
30 Services may withhold payments, in whole or in part, to a  
31 provider or alternate payee upon receipt of reliable evidence  
32 that the circumstances giving rise to the need for a  
33 withholding of payments may involve fraud or willful  
34 misrepresentation under the Illinois Medical Assistance

1 program. The Department may withhold payments without first  
2 notifying the provider or alternate payee of its intention to  
3 withhold such payments.

4 (a) The Illinois Department must send notice of its  
5 withholding of program payments within 5 days of taking  
6 such action. The notice must set forth the general  
7 allegations as to the nature of the withholding action, but  
8 need not disclose any specific information concerning its  
9 ongoing investigation. The notice must do all of the  
10 following:

11 (1) State that payments are being withheld in  
12 accordance with this subsection.

13 (2) State that the withholding is for a temporary  
14 period, as stated in paragraph (b) of this subsection,  
15 and cite the circumstances under which withholding  
16 will be terminated.

17 (3) Specify, when appropriate, which type or types  
18 of Medicaid claims withholding is effective.

19 (4) Inform the provider or alternate payee of the  
20 right to submit written evidence for consideration by  
21 the Illinois Department.

22 (b) All withholding-of-payment actions under this  
23 subsection shall be temporary and shall not continue after  
24 any of the following:

25 (1) The Illinois Department or the prosecuting  
26 authorities determine that there is insufficient  
27 evidence of fraud or willful misrepresentation by the  
28 provider or alternate payee.

29 (2) Legal proceedings related to the provider's or  
30 alternate payee's alleged fraud, willful  
31 misrepresentation, violations of this Act, or  
32 violations of the Illinois Department's administrative  
33 rules are completed.

34 (c) The Illinois Department may adopt all rules

1           necessary to implement this subsection (K).

2           (Source: P.A. 94-265, eff. 1-1-06; revised 12-15-05.)

3           Section 99. Effective date. This Act takes effect upon  
4           becoming law.".