



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB3380

Introduced 2/26/2007, by Rep. Lisa M. Dugan

#### SYNOPSIS AS INTRODUCED:

405 ILCS 30/4

from Ch. 91 1/2, par. 904

Amends the Community Services Act. Provides that if a new governmental mandate effective on or after July 1, 2007 (i) is imposed upon a private service provider, corporation, local government entity, or voluntary association providing services to persons with mental illness, persons with a developmental disability, or persons with an alcohol or drug dependency living in the community and (ii) has or will have a material adverse financial impact on the private service provider or other entity, the Department of Human Services shall negotiate a contract amendment with the private service provider or other entity to increase the maximum obligation amount or unit price to offset the material adverse financial impact of the new governmental mandate, provided that the private service provider or other entity furnishes substantial evidence to the Department of such material adverse financial impact along with a request to renegotiate based on a new governmental mandate. Provides for an appeal process. Effective July 1, 2007.

LRB095 08723 DRJ 28906 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning health.

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

4 Section 5. The Community Services Act is amended by  
5 changing Section 4 as follows:

6 (405 ILCS 30/4) (from Ch. 91 1/2, par. 904)

7 Sec. 4. Financing for Community Services.

8 (a) The Department of Human Services is authorized to  
9 provide financial assistance to eligible private service  
10 providers, corporations, local government entities or  
11 voluntary associations for the provision of services to persons  
12 with mental illness, persons with a developmental disability  
13 and alcohol and drug dependent persons living in the community  
14 for the purpose of achieving the goals of this Act.

15 The Department shall utilize the following funding  
16 mechanisms for community services:

17 (1) Purchase of Care Contracts: services purchased on a  
18 predetermined fee per unit of service basis from private  
19 providers or governmental entities. Fee per service rates  
20 are set by an established formula which covers some portion  
21 of personnel, supplies, and other allowable costs, and  
22 which makes some allowance for geographic variations in  
23 costs as well as for additional program components.

1           (2) Grants: sums of money which the Department grants  
2           to private providers or governmental entities pursuant to  
3           the grant recipient's agreement to provide certain  
4           services, as defined by departmental grant guidelines, to  
5           an approximate number of service recipients. Grant levels  
6           are set through consideration of personnel, supply and  
7           other allowable costs, as well as other funds available to  
8           the program.

9           (3) Other Funding Arrangements: funding mechanisms may  
10          be established on a pilot basis in order to examine the  
11          feasibility of alternative financing arrangements for the  
12          provision of community services.

13          The Department shall strive to establish and maintain an  
14          equitable system of payment which encourages providers to  
15          improve their clients' capabilities for independence and  
16          reduces their reliance on community or State-operated  
17          services. In accepting Department funds, providers shall  
18          recognize their responsibility to be accountable to the  
19          Department and the State for the delivery of services which are  
20          consistent with the philosophies and goals of this Act and the  
21          rules and regulations promulgated under it.

22          (b) If a new governmental mandate effective on or after  
23          July 1, 2007 (i) is imposed upon a private service provider,  
24          corporation, local government entity, or voluntary association  
25          providing services to persons with mental illness, persons with  
26          a developmental disability, or persons with an alcohol or drug

1 dependency living in the community and (ii) has or will have a  
2 material adverse financial impact on the private service  
3 provider, corporation, local government entity, or voluntary  
4 association, the Department shall negotiate a contract  
5 amendment with the private service provider, corporation,  
6 local government entity, or voluntary association to increase  
7 the maximum obligation amount or unit price to offset the  
8 material adverse financial impact of the new governmental  
9 mandate, provided that the private service provider,  
10 corporation, local government entity, or voluntary association  
11 furnishes substantial evidence to the Department of such  
12 material adverse financial impact along with a request to  
13 renegotiate based on a new governmental mandate.

14 Any private service provider, corporation, local  
15 government entity, or voluntary association aggrieved by a  
16 decision of the Department denying or failing to negotiate a  
17 contract amendment to remedy a material adverse impact of a new  
18 governmental mandate pursuant to this subsection may appeal  
19 such decision by requesting an administrative hearing before an  
20 administrative law judge. A private service provider,  
21 corporation, local government entity, or voluntary  
22 association's request for a contract amendment shall, for  
23 purposes of appeal, be deemed to have been denied if a  
24 determination is not received from the Department within 30  
25 days after the Department's receipt of the request. A private  
26 service provider, corporation, local government entity, or

1 voluntary association may appeal an adverse final  
2 administrative decision of the Department pursuant to the  
3 Administrative Review Law.

4 For the purposes of this subsection:

5 "New governmental mandate" means a statutory requirement,  
6 administrative rule, regulation, assessment, executive order,  
7 judicial order, or other governmental requirement that (i) was  
8 not in effect when a contract was originally entered into by  
9 the Department and a private service provider, corporation,  
10 local government entity, or voluntary association and (ii)  
11 directly or indirectly imposes an obligation upon the private  
12 service provider, corporation, local government entity, or  
13 voluntary association to take any action or to refrain from  
14 taking any action in order to fulfill its contractual duties.

15 "Material adverse financial impact" means: (1) an increase  
16 in the reasonable costs to the private service provider,  
17 corporation, local government entity, or voluntary association  
18 in performing a contract with the Department of the lesser of  
19 (i) 3% percent of the maximum obligation amount or unit price  
20 of the contract or (ii) \$5,000 in the aggregate as a result of  
21 all such mandates in effect during the contract year; or (2) an  
22 action that affects the core purpose and primary intent of the  
23 contract.

24 (Source: P.A. 88-380; 89-507, eff. 7-1-97.)

25 Section 99. Effective date. This Act takes effect July 1,  
26 2007.