



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB1077

Introduced 02/03/11, by Rep. Chapin Rose

#### SYNOPSIS AS INTRODUCED:

30 ILCS 210/10  
305 ILCS 5/12-4.43 new

Amends the Illinois State Collection Act of 1986. Exempts the Department of Healthcare and Family Services and the Department of Human Services from the requirements of the Act in regard to financial aid or health care benefits debts. Amends the Administration Article of the Illinois Public Aid Code. Provides that upon entry of a judgment by a court of competent jurisdiction for repayment of any financial aid or health care benefits obtained by a person under the Code or under any Act administered by the Department of Healthcare and Family Services or the Department of Human Services for which that person was not eligible to receive, the Departments shall have the sole authority to let contracts with persons specializing in debt collection for the collection of the judgment amount. Provides that contracts shall be awarded by competitive sealed bidding in accordance with the Illinois Procurement Code and shall be awarded with reasonable promptness by written notice to the responsible and responsive bidder who bids the lowest contingency fee percentage.

LRB097 05581 KTG 45643 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning public aid.

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

4 Section 5. The Illinois State Collection Act of 1986 is  
5 amended by changing Section 10 as follows:

6 (30 ILCS 210/10)

7 Sec. 10. Department of Revenue Debt Collection Bureau to  
8 assume collection duties.

9 (a) The Department of Revenue's Debt Collection Bureau  
10 shall serve as the primary debt collecting entity for the State  
11 and in that role shall collect debts on behalf of agencies of  
12 the State. All debts owed the State of Illinois shall be  
13 referred to the Bureau, subject to such limitations as the  
14 Department of Revenue shall by rule establish. The Bureau shall  
15 utilize the Comptroller's offset system and private collection  
16 agencies, as well as its own collections personnel. The Bureau  
17 shall collect debt using all legal authority available to the  
18 Department of Revenue to collect debt and all legal authority  
19 available to the referring agency.

20 (b) The Bureau shall have the sole authority to let  
21 contracts with persons specializing in debt collection for the  
22 collection of debt referred to and accepted by the Bureau. Any  
23 contract with the debt collector shall specify that the

1 collector's fee shall be on a contingency basis and that the  
2 debt collector shall not be entitled to collect a contingency  
3 fee for any debt collected through the efforts of any State  
4 offset system.

5 (c) The Department of Revenue shall adopt rules for the  
6 certification of debt from referring agencies and shall adopt  
7 rules for the certification of collection specialists to be  
8 employed by the Bureau.

9 (d) The Department of Revenue shall adopt rules for  
10 determining when a debt referred by an agency shall be deemed  
11 by the Bureau to be uncollectible.

12 (e) Once an agency's debt is deemed by the Bureau to be  
13 uncollectible, the Bureau shall return the debt to the  
14 referring agency which shall then write the debt off as  
15 uncollectible in accordance with the requirements of the  
16 Uncollected State Claims Act or return the debt to the Bureau  
17 for additional collection efforts. The Bureau shall refuse to  
18 accept debt that has been deemed uncollectible absent factual  
19 assertions from the referring agency that due to circumstances  
20 not known at the time the debt was deemed uncollectible that  
21 the debt is worthy of additional collection efforts.

22 (f) For each debt referred, the State agency shall retain  
23 all documents and records relating to or supporting the debt.  
24 In the event a debtor shall raise a reasonable doubt as to the  
25 validity of the debt, the Bureau may in its discretion refer  
26 the debt back to the referring agency for further review and

1 recommendation.

2 (g) The Department of Healthcare and Family Services shall  
3 be exempt from the requirements of this Section with regard to  
4 child support debts, the collection of which is governed by the  
5 requirements of Title IV, Part D of the federal Social Security  
6 Act. The Department of Healthcare and Family Services may refer  
7 child support debts to the Bureau, provided that the debt  
8 satisfies the requirements for referral of delinquent debt as  
9 established by rule by the Department of Revenue. The Bureau  
10 shall use all legal means available to collect child support  
11 debt, including those authorizing the Department of Revenue to  
12 collect debt and those authorizing the Department of Healthcare  
13 and Family Services to collect debt. All such referred debt  
14 shall remain an obligation under the Department of Healthcare  
15 and Family Services' Child Support Enforcement Program subject  
16 to the requirements of Title IV, Part D of the federal Social  
17 Security Act, including the continued use of federally mandated  
18 enforcement remedies and techniques by the Department of  
19 Healthcare and Family Services.

20 (g-1) The Department of Employment Security is exempt from  
21 subsection (a) with regard to debts to any federal account,  
22 including but not limited to the Unemployment Trust Fund, and  
23 penalties and interest assessed under the Unemployment  
24 Insurance Act. The Department of Employment Security may refer  
25 those debts to the Bureau, provided the debt satisfies the  
26 requirements for referral of delinquent debt as established by

1 rule by the Department of Revenue. The Bureau shall use all  
2 legal means available to collect the debts, including those  
3 authorizing the Department of Revenue to collect debt and those  
4 authorizing the Department of Employment Security to collect  
5 debt. All referred debt shall remain an obligation to the  
6 account to which it is owed.

7 (g-2) The Department of Healthcare and Family Services and  
8 the Department of Human Services are exempt from the  
9 requirements of this Section with regard to financial aid or  
10 health care benefits debts, the collection of which are  
11 governed by the requirements of Section 12-4.43 of the Illinois  
12 Public Aid Code. The Department of Healthcare and Family  
13 Services or the Department of Human Services, as the case may  
14 be, may refer these debts to the Bureau, provided that the debt  
15 satisfies the requirements for referral of delinquent debt as  
16 established by rule by the Department of Revenue. The Bureau  
17 shall use all legal means available to collect the debt,  
18 including those authorizing the Department of Revenue to  
19 collect debt and those authorizing the Department of Healthcare  
20 and Family Services or the Department of Human Services, as the  
21 case may be, to collect debt. All such referred debt shall  
22 remain an obligation to the Department of Healthcare and Family  
23 Services or the Department of Human Services, as the case may  
24 be.

25 (h) The Bureau may collect its costs of collecting debts on  
26 behalf of other State agencies from those agencies in a manner

1 to be determined by the Director of Revenue, except that the  
2 Bureau shall not recover any such cost on any accounts referred  
3 by the General Assembly, the Supreme Court and other courts of  
4 this State, and the State executive branch constitutional  
5 officers. The provisions of this subsection do not apply to  
6 debt that is exempt from subsection (a) pursuant to subsection  
7 (g-1) or child support debt referred to the Bureau by the  
8 Department of Healthcare and Family Services (formerly  
9 Department of Public Aid) pursuant to this amendatory Act of  
10 the 93rd General Assembly. Collections arising from referrals  
11 from the Department of Healthcare and Family Services (formerly  
12 Department of Public Aid) shall be deposited into such fund or  
13 funds as the Department of Healthcare and Family Services shall  
14 direct, in accordance with the requirements of Title IV, Part D  
15 of the federal Social Security Act, applicable provisions of  
16 State law, and the rules of the Department of Healthcare and  
17 Family Services. Collections arising from referrals from the  
18 Department of Employment Security shall be deposited into the  
19 fund or funds that the Department of Employment Security shall  
20 direct, in accordance with the requirements of Section  
21 3304(a)(3) of the federal Unemployment Tax Act, Section  
22 303(a)(4) of the federal Social Security Act, and the  
23 Unemployment Insurance Act.

24 (i) The Attorney General and the State Comptroller may  
25 assist in the debt collection efforts of the Bureau, as  
26 requested by the Department of Revenue.

1           (j) The Director of Revenue shall report annually to the  
2 General Assembly and State Comptroller upon the debt collection  
3 efforts of the Bureau. Each report shall include an analysis of  
4 the overdue debts owed to the State.

5           (k) The Department of Revenue shall adopt rules and  
6 procedures for the administration of this amendatory Act of the  
7 93rd General Assembly. The rules shall be adopted under the  
8 Department of Revenue's emergency rulemaking authority within  
9 90 days following the effective date of this amendatory Act of  
10 the 93rd General Assembly due to the budget crisis threatening  
11 the public interest.

12           (l) The Department of Revenue's Debt Collection Bureau's  
13 obligations under this Section 10 shall be subject to  
14 appropriation by the General Assembly.

15           (Source: P.A. 95-331, eff. 8-21-07; 96-493, eff. 1-1-10;  
16 96-1383, eff. 1-1-11.)

17           Section 10. The Illinois Public Aid Code is amended by  
18 adding Section 12-4.43 as follows:

19           (305 ILCS 5/12-4.43 new)

20           Sec. 12-4.43. Enforcement of judgments. Upon entry of a  
21 judgment by a court of competent jurisdiction for repayment of  
22 any financial aid or health care benefits obtained by a person  
23 under this Code or under any Act administered by the Department  
24 for which that person was not eligible to receive, the Illinois

1 Department shall have the sole authority to let contracts with  
2 persons specializing in debt collection for the collection of  
3 the judgment amount. Contracts shall be awarded by competitive  
4 sealed bidding in accordance with Article 20 of the Illinois  
5 Procurement Code and shall be awarded with reasonable  
6 promptness by written notice to the responsible and responsive  
7 bidder who bids the lowest contingency fee percentage. The  
8 Illinois Department shall promulgate any rules necessary for  
9 the implementation of this Section.