

1 AN ACT in relation to public aid.

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

4 Section 5. The University of Illinois Act is amended by
5 changing Section 7 as follows:

6 (110 ILCS 305/7) (from Ch. 144, par. 28)

7 Sec. 7. Powers of trustees.

8 (a) The trustees shall have power to provide for the
9 requisite buildings, apparatus, and conveniences; to fix the
10 rates for tuition; to appoint such professors and
11 instructors, and to establish and provide for the management
12 of such model farms, model art, and other departments and
13 professorships, as may be required to teach, in the most
14 thorough manner, such branches of learning as are related to
15 agriculture and the mechanic arts, and military tactics,
16 without excluding other scientific and classical studies. The
17 trustees shall, upon the written request of an employee
18 withhold from the compensation of that employee any dues,
19 payments or contributions payable by such employee to any
20 labor organization as defined in the Illinois Educational
21 Labor Relations Act. Under such arrangement, an amount shall
22 be withheld from each regular payroll period which is equal
23 to the pro rata share of the annual dues plus any payments or
24 contributions, and the trustees shall transmit such
25 withholdings to the specified labor organization within 10
26 working days from the time of the withholding. They may
27 accept the endowments and voluntary professorships or
28 departments in the University, from any person or persons or
29 corporations who may offer the same, and, at any regular
30 meeting of the board, may prescribe rules and regulations in
31 relation to such endowments and declare on what general

1 principles they may be admitted: Provided, that such special
2 voluntary endowments or professorships shall not be
3 incompatible with the true design and scope of the act of
4 congress, or of this Act: Provided, that no student shall at
5 any time be allowed to remain in or about the University in
6 idleness, or without full mental or industrial occupation:
7 And provided further, that the trustees, in the exercise of
8 any of the powers conferred by this Act, shall not create any
9 liability or indebtedness in excess of the funds in the hands
10 of the treasurer of the University at the time of creating
11 such liability or indebtedness, and which may be specially
12 and properly applied to the payment of the same. Any lease to
13 the trustees of lands, buildings or facilities which will
14 support scientific research and development in such areas as
15 high technology, super computing, microelectronics,
16 biotechnology, robotics, physics and engineering shall be for
17 a term not to exceed 18 years, and may grant to the trustees
18 the option to purchase the lands, buildings or facilities.
19 The lease shall recite that it is subject to termination and
20 cancellation in any year for which the General Assembly fails
21 to make an appropriation to pay the rent payable under the
22 terms of the lease.

23 Leases for the purposes described herein exceeding 5
24 years shall have the approval of the Illinois Board of Higher
25 Education.

26 The Board of Trustees may, directly or in cooperation
27 with other institutions of higher education, acquire by
28 purchase or lease or otherwise, and construct, enlarge,
29 improve, equip, complete, operate, control and manage medical
30 research and high technology parks, together with the
31 necessary lands, buildings, facilities, equipment and
32 personal property therefor, to encourage and facilitate (a)
33 the location and development of business and industry in the
34 State of Illinois, and (b) the increased application and

1 development of technology and (c) the improvement and
2 development of the State's economy. The Board of Trustees may
3 lease to nonprofit corporations all or any part of the land,
4 buildings, facilities, equipment or other property included
5 in a medical research and high technology park upon such
6 terms and conditions as the University of Illinois may deem
7 advisable and enter into any contract or agreement with such
8 nonprofit corporations as may be necessary or suitable for
9 the construction, financing, operation and maintenance and
10 management of any such park; and may lease to any person,
11 firm, partnership or corporation, either public or private,
12 any part or all of the land, building, facilities, equipment
13 or other property of such park for such purposes and upon
14 such rentals, terms and conditions as the University may deem
15 advisable; and may finance all or part of the cost of any
16 such park, including the purchase, lease, construction,
17 reconstruction, improvement, remodeling, addition to, and
18 extension and maintenance of all or part of such high
19 technology park, and all equipment and furnishings, by
20 legislative appropriations, government grants, contracts,
21 private gifts, loans, receipts from the operation of such
22 high technology park, rentals and similar receipts; and may
23 make its other facilities and services available to tenants
24 or other occupants of any such park at rates which are
25 reasonable and appropriate.

26 The Trustees shall have power (a) to purchase real
27 property and easements, and (b) to acquire real property and
28 easements in the manner provided by law for the exercise of
29 the right of eminent domain, and in the event negotiations
30 for the acquisition of real property or easements for making
31 any improvement which the Trustees are authorized to make
32 shall have proven unsuccessful and the Trustees shall have by
33 resolution adopted a schedule or plan of operation for the
34 execution of the project and therein made a finding that it

1 is necessary to take such property or easements immediately
2 or at some specified later date in order to comply with the
3 schedule, the Trustees may acquire such property or easements
4 in the same manner provided in Sections 7-103 through 7-112
5 of the Code of Civil Procedure.

6 The Board of Trustees also shall have power to agree with
7 the State's Attorney of the county in which any properties of
8 the Board are located to pay for services rendered by the
9 various taxing districts for the years 1944 through 1949 and
10 to pay annually for services rendered thereafter by such
11 district such sums as may be determined by the Board upon
12 properties used solely for income producing purposes, title
13 to which is held by said Board of Trustees, upon properties
14 leased to members of the staff of the University of Illinois,
15 title to which is held in trust for said Board of Trustees
16 and upon properties leased to for-profit entities the title
17 to which properties is held by the Board of Trustees. A
18 certified copy of any such agreement made with the State's
19 Attorney shall be filed with the County Clerk and such sums
20 shall be distributed to the respective taxing districts by
21 the County Collector in such proportions that each taxing
22 district will receive therefrom such proportion as the tax
23 rate of such taxing district bears to the total tax rate that
24 would be levied against such properties if they were not
25 exempt from taxation under the Property Tax Code.

26 The Board of Trustees of the University of Illinois,
27 subject to the applicable civil service law, may appoint
28 persons to be members of the University of Illinois Police
29 Department. Members of the Police Department shall be peace
30 officers and as such have all powers possessed by policemen
31 in cities, and sheriffs, including the power to make arrests
32 on view or warrants of violations of state statutes and city
33 or county ordinances, except that they may exercise such
34 powers only in counties wherein the University and any of its

1 branches or properties are located when such is required for
2 the protection of university properties and interests, and
3 its students and personnel, and otherwise, within such
4 counties, when requested by appropriate state or local law
5 enforcement officials; provided, however, that such officer
6 shall have no power to serve and execute civil processes.

7 The Board of Trustees must authorize to each member of
8 the University of Illinois Police Department and to any other
9 employee of the University of Illinois exercising the powers
10 of a peace officer a distinct badge that, on its face, (i)
11 clearly states that the badge is authorized by the University
12 of Illinois and (ii) contains a unique identifying number. No
13 other badge shall be authorized by the University of
14 Illinois.

15 The Board of Trustees may own, operate, or govern, by or
16 through the College of Medicine at Peoria, a managed care
17 community network established under subsection (b) ~~(f)~~ of
18 Section 5-11 ~~5-16.3~~ of the Illinois Public Aid Code.

19 The powers of the trustees as herein designated are
20 subject to the provisions of "An Act creating a Board of
21 Higher Education, defining its powers and duties, making an
22 appropriation therefor, and repealing an Act herein named",
23 approved August 22, 1961, as amended.

24 The Board of Trustees shall have the authority to adopt
25 all administrative rules which may be necessary for the
26 effective administration, enforcement and regulation of all
27 matters for which the Board has jurisdiction or
28 responsibility.

29 (b) To assist in the provision of buildings and
30 facilities beneficial to, useful for, or supportive of
31 University purposes, the Board of Trustees of the University
32 of Illinois may exercise the following powers with regard to
33 the area located on or adjacent to the University of Illinois
34 at Chicago campus and bounded as follows: on the West by

1 Morgan Street; on the North by Roosevelt Road; on the East by
2 Union Street; and on the South by 16th Street, in the City of
3 Chicago:

4 (1) Acquire any interests in land, buildings, or
5 facilities by purchase, including installments payable
6 over a period allowed by law, by lease over a term of
7 such duration as the Board of Trustees shall determine,
8 or by exercise of the power of eminent domain;

9 (2) Sub-lease or contract to purchase through
10 installments all or any portion of buildings or
11 facilities for such duration and on such terms as the
12 Board of Trustees shall determine, including a term that
13 exceeds 5 years, provided that each such lease or
14 purchase contract shall be and shall recite that it is
15 subject to termination and cancellation in any year for
16 which the General Assembly fails to make an appropriation
17 to pay the rent or purchase installments payable under
18 the terms of such lease or purchase contract; and

19 (3) Sell property without compliance with the State
20 Property Control Act and retain proceeds in the
21 University Treasury in a special, separate development
22 fund account which the Auditor General shall examine to
23 assure compliance with this Act.

24 Any buildings or facilities to be developed on the land shall
25 be buildings or facilities that, in the determination of the
26 Board of Trustees, in whole or in part: (i) are for use by
27 the University; or (ii) otherwise advance the interests of
28 the University, including, by way of example, residential
29 facilities for University staff and students and commercial
30 facilities which provide services needed by the University
31 community. Revenues from the development fund account may be
32 withdrawn by the University for the purpose of demolition and
33 the processes associated with demolition; routine land and
34 property acquisition; extension of utilities; streetscape

1 work; landscape work; surface and structure parking;
 2 sidewalks, recreational paths, and street construction; and
 3 lease and lease purchase arrangements and the professional
 4 services associated with the planning and development of the
 5 area. Moneys from the development fund account used for any
 6 other purpose must be deposited into and appropriated from
 7 the General Revenue Fund. Buildings or facilities leased to
 8 an entity or person other than the University shall not be
 9 subject to any limitations applicable to a State supported
 10 college or university under any law. All development on the
 11 land and all use of any buildings or facilities shall be
 12 subject to the control and approval of the Board of Trustees.
 13 (Source: P.A. 90-730, eff. 8-10-98; 91-883, eff. 1-1-01.)

14 Section 10. The Southern Illinois University Management
 15 Act is amended by changing Section 8 as follows:

16 (110 ILCS 520/8) (from Ch. 144, par. 658)

17 Sec. 8. Powers and Duties of the Board. The Board shall
 18 have power and it shall be its duty:

19 1. To make rules, regulations and by-laws, not
 20 inconsistent with law, for the government and management
 21 of Southern Illinois University and its branches;

22 2. To employ, and, for good cause, to remove a
 23 president of Southern Illinois University, and all
 24 necessary deans, professors, associate professors,
 25 assistant professors, instructors, and other educational
 26 and administrative assistants, and all other necessary
 27 employees, and contract with them upon matters relating
 28 to tenure, salaries and retirement benefits in accordance
 29 with the State Universities Civil Service Act; the Board
 30 shall, upon the written request of an employee of
 31 Southern Illinois University, withhold from the
 32 compensation of that employee any dues, payments or

1 contributions payable by such employee to any labor
 2 organization as defined in the Illinois Educational Labor
 3 Relations Act. Under such arrangement, an amount shall be
 4 withheld from each regular payroll period which is equal
 5 to the pro rata share of the annual dues plus any
 6 payments or contributions, and the Board shall transmit
 7 such withholdings to the specified labor organization
 8 within 10 working days from the time of the withholding.
 9 Whenever the Board establishes a search committee to fill
 10 the position of president of Southern Illinois
 11 University, there shall be minority representation,
 12 including women, on that search committee;

13 3. To prescribe the course of study to be followed,
 14 and textbooks and apparatus to be used at Southern
 15 Illinois University;

16 4. To issue upon the recommendation of the faculty,
 17 diplomas to such persons as have satisfactorily completed
 18 the required studies of Southern Illinois University, and
 19 confer such professional and literary degrees as are
 20 usually conferred by other institutions of like character
 21 for similar or equivalent courses of study, or such as
 22 the Board may deem appropriate;

23 5. To examine into the conditions, management, and
 24 administration of Southern Illinois University, to
 25 provide the requisite buildings, apparatus, equipment and
 26 auxiliary enterprises, and to fix and collect
 27 matriculation fees; tuition fees; fees for student
 28 activities; fees for student facilities such as student
 29 union buildings or field houses or stadium or other
 30 recreational facilities; student welfare fees; laboratory
 31 fees and similar fees for supplies and material;

32 6. To succeed to and to administer all trusts,
 33 trust property, and gifts now or hereafter belonging or
 34 pertaining to Southern Illinois University;

1 7. To accept endowments of professorships or
2 departments in the University from any person who may
3 proffer them and, at regular meetings, to prescribe rules
4 and regulations in relation to endowments and declare on
5 what general principles they may be accepted;

6 8. To enter into contracts with the Federal
7 government for providing courses of instruction and other
8 services at Southern Illinois University for persons
9 serving in or with the military or naval forces of the
10 United States, and to provide such courses of instruction
11 and other services;

12 9. To provide for the receipt and expenditures of
13 Federal funds, paid to the Southern Illinois University
14 by the Federal government for instruction and other
15 services for persons serving in or with the military or
16 naval forces of the United States and to provide for
17 audits of such funds;

18 10. To appoint, subject to the applicable civil
19 service law, persons to be members of the Southern
20 Illinois University Police Department. Members of the
21 Police Department shall be conservators of the peace and
22 as such have all powers possessed by policemen in cities,
23 and sheriffs, including the power to make arrests on view
24 or warrants of violations of state statutes, university
25 rules and regulations and city or county ordinances,
26 except that they may exercise such powers only within
27 counties wherein the university and any of its branches
28 or properties are located when such is required for the
29 protection of university properties and interests, and
30 its students and personnel, and otherwise, within such
31 counties, when requested by appropriate State or local
32 law enforcement officials. However, such officers shall
33 have no power to serve and execute civil processes.

34 The Board must authorize to each member of the

1 Southern Illinois University Police Department and to any
2 other employee of Southern Illinois University exercising
3 the powers of a peace officer a distinct badge that, on
4 its face, (i) clearly states that the badge is authorized
5 by Southern Illinois University and (ii) contains a
6 unique identifying number. No other badge shall be
7 authorized by Southern Illinois University.

8 11. To administer a plan or plans established by
9 the clinical faculty of the School of Medicine for the
10 billing, collection and disbursement of charges made by
11 individual faculty members for professional services
12 performed by them in the course of or in support of their
13 academic responsibilities, provided that such plan has
14 been first approved by Board action. All such collections
15 shall be deposited into a special fund or funds
16 administered by the Board from which disbursements may be
17 made according to the provisions of said plan. The
18 reasonable costs incurred, by the University,
19 administering the billing, collection and disbursement
20 provisions of a plan shall have first priority for
21 payment before distribution or disbursement for any other
22 purpose. Charges established pursuant to this plan must
23 be itemized in any billing and any amounts collected
24 which are not used to off-set the cost of operating or
25 maintaining the activity which generated the funds
26 collected, must be accounted for separately. This
27 accounting must clearly show the use and application made
28 of the funds and the Board shall report such accountings
29 for the previous fiscal year to the Legislative Audit
30 Commission annually by December 31 of each fiscal year.

31 The Board of Trustees may own, operate, or govern,
32 by or through the School of Medicine, a managed care
33 community network established under subsection (b) ~~(f)~~ of
34 Section 5-11 ~~5-16-3~~ of the Illinois Public Aid Code.

1 12. The Board of Trustees may, directly or in
2 cooperation with other institutions of higher education,
3 acquire by purchase or lease or otherwise, and construct,
4 enlarge, improve, equip, complete, operate, control and
5 manage medical research and high technology parks,
6 together with the necessary lands, buildings, facilities,
7 equipment, and personal property therefor, to encourage
8 and facilitate (a) the location and development of
9 business and industry in the State of Illinois, and (b)
10 the increased application and development of technology
11 and (c) the improvement and development of the State's
12 economy. The Board of Trustees may lease to nonprofit
13 corporations all or any part of the land, buildings,
14 facilities, equipment or other property included in a
15 medical research and high technology park upon such terms
16 and conditions as the Board of Trustees may deem
17 advisable and enter into any contract or agreement with
18 such nonprofit corporations as may be necessary or
19 suitable for the construction, financing, operation and
20 maintenance and management of any such park; and may
21 lease to any person, firm, partnership or corporation,
22 either public or private, any part or all of the land,
23 building, facilities, equipment or other property of such
24 park for such purposes and upon such rentals, terms and
25 conditions as the Board of Trustees may deem advisable;
26 and may finance all or part of the cost of any such park,
27 including the purchase, lease, construction,
28 reconstruction, improvement, remodeling, addition to, and
29 extension and maintenance of all or part of such high
30 technology park, and all equipment and furnishings, by
31 legislative appropriations, government grants, contracts,
32 private gifts, loans, receipts from the operation of such
33 high technology park, rentals and similar receipts; and
34 may make its other facilities and services available to

1 tenants or other occupants of any such park at rates
2 which are reasonable and appropriate.

3 The powers of the Board as herein designated are subject
4 to the Board of Higher Education Act.

5 (Source: P.A. 91-883, eff. 1-1-01.)

6 Section 15. The Illinois Insurance Code is amended by
7 changing Section 352 as follows:

8 (215 ILCS 5/352) (from Ch. 73, par. 964)

9 Sec. 352. Scope of Article.

10 (a) Except as provided in subsections (b), (c), (d), and
11 (e), this Article shall apply to all companies transacting in
12 this State the kinds of business enumerated in clause (b) of
13 Class 1 and clause (a) of Class 2 of section 4. Nothing in
14 this Article shall apply to, or in any way affect policies or
15 contracts described in clause (a) of Class 1 of Section 4;
16 however, this Article shall apply to policies and contracts
17 which contain benefits providing reimbursement for the
18 expenses of long term health care which are certified or
19 ordered by a physician including but not limited to
20 professional nursing care, custodial nursing care, and
21 non-nursing custodial care provided in a nursing home or at a
22 residence of the insured.

23 (b) This Article does not apply to policies of accident
24 and health insurance issued in compliance with Article XIXB
25 of this Code.

26 (c) A policy issued and delivered in this State that
27 provides coverage under that policy for certificate holders
28 who are neither residents of nor employed in this State does
29 not need to provide to those nonresident certificate holders
30 who are not employed in this State the coverages or services
31 mandated by this Article.

32 (d) Stop-loss insurance is exempt from all Sections of

1 this Article, except this Section and Sections 353a, 354,
2 357.30, and 370. For purposes of this exemption, stop-loss
3 insurance is further defined as follows:

4 (1) The policy must be issued to and insure an
5 employer, trustee, or other sponsor of the plan, or the
6 plan itself, but not employees, members, or participants.

7 (2) Payments by the insurer must be made to the
8 employer, trustee, or other sponsors of the plan, or the
9 plan itself, but not to the employees, members,
10 participants, or health care providers.

11 (e) A policy issued or delivered in this State to the
12 Illinois Department of Public Aid and providing coverage,
13 under clause (b) of Class 1 or clause (a) of Class 2 as
14 described in Section 4, to persons who are enrolled in the
15 ~~integrated-health-care-program-established~~ under Article V
16 ~~Section--5-16-3~~ of the Illinois Public Aid Code or under the
17 Children's Health Insurance Program Act is exempt from all
18 restrictions, limitations, standards, rules, or regulations
19 respecting benefits imposed by or under authority of this
20 Code, except those specified by subsection (1) of Section
21 143. Nothing in this subsection, however, affects the total
22 medical services available to persons eligible for medical
23 assistance under the Illinois Public Aid Code.

24 (Source: P.A. 87-435; 87-757; 87-938; 87-956; 88-364; 88-554,
25 eff. 7-26-94.)

26 Section 20. The Health Maintenance Organization Act is
27 amended by changing Sections 1-2, 2-1, and 6-3 as follows:

28 (215 ILCS 125/1-2) (from Ch. 111 1/2, par. 1402)

29 Sec. 1-2. Definitions. As used in this Act, unless the
30 context otherwise requires, the following terms shall have
31 the meanings ascribed to them:

32 (1) "Advertisement" means any printed or published

1 material, audiovisual material and descriptive literature of
2 the health care plan used in direct mail, newspapers,
3 magazines, radio scripts, television scripts, billboards and
4 similar displays; and any descriptive literature or sales
5 aids of all kinds disseminated by a representative of the
6 health care plan for presentation to the public including,
7 but not limited to, circulars, leaflets, booklets,
8 depictions, illustrations, form letters and prepared sales
9 presentations.

10 (2) "Director" means the Director of Insurance.

11 (3) "Basic health care services" means emergency care,
12 and inpatient hospital and physician care, outpatient medical
13 services, mental health services and care for alcohol and
14 drug abuse, including any reasonable deductibles and
15 co-payments, all of which are subject to such limitations as
16 are determined by the Director pursuant to rule.

17 (4) "Enrollee" means an individual who has been enrolled
18 in a health care plan.

19 (5) "Evidence of coverage" means any certificate,
20 agreement, or contract issued to an enrollee setting out the
21 coverage to which he is entitled in exchange for a per capita
22 prepaid sum.

23 (6) "Group contract" means a contract for health care
24 services which by its terms limits eligibility to members of
25 a specified group.

26 (7) "Health care plan" means any arrangement whereby any
27 organization undertakes to provide or arrange for and pay for
28 or reimburse the cost of basic health care services from
29 providers selected by the Health Maintenance Organization and
30 such arrangement consists of arranging for or the provision
31 of such health care services, as distinguished from mere
32 indemnification against the cost of such services, except as
33 otherwise authorized by Section 2-3 of this Act, on a per
34 capita prepaid basis, through insurance or otherwise. A

1 "health care plan" also includes any arrangement whereby an
2 organization undertakes to provide or arrange for or pay for
3 or reimburse the cost of any health care service for persons
4 who are enrolled in--the--integrated--health--care--program
5 established under Article V Section 5-16.3 of the Illinois
6 Public Aid Code or under the Children's Health Insurance
7 Program Act through providers selected by the organization
8 and the arrangement consists of making provision for the
9 delivery of health care services, as distinguished from mere
10 indemnification. A "health care plan" also includes any
11 arrangement pursuant to Section 4-17. Nothing in this
12 definition, however, affects the total medical services
13 available to persons eligible for medical assistance under
14 the Illinois Public Aid Code.

15 (8) "Health care services" means any services included
16 in the furnishing to any individual of medical or dental
17 care, or the hospitalization or incident to the furnishing of
18 such care or hospitalization as well as the furnishing to any
19 person of any and all other services for the purpose of
20 preventing, alleviating, curing or healing human illness or
21 injury.

22 (9) "Health Maintenance Organization" means any
23 organization formed under the laws of this or another state
24 to provide or arrange for one or more health care plans under
25 a system which causes any part of the risk of health care
26 delivery to be borne by the organization or its providers.

27 (10) "Net worth" means admitted assets, as defined in
28 Section 1-3 of this Act, minus liabilities.

29 (11) "Organization" means any insurance company, a
30 nonprofit corporation authorized under the Dental Service
31 Plan Act or the Voluntary Health Services Plans Act, or a
32 corporation organized under the laws of this or another state
33 for the purpose of operating one or more health care plans
34 and doing no business other than that of a Health Maintenance

1 Organization or an insurance company. "Organization" shall
2 also mean the University of Illinois Hospital as defined in
3 the University of Illinois Hospital Act.

4 (12) "Provider" means any physician, hospital facility,
5 or other person which is licensed or otherwise authorized to
6 furnish health care services and also includes any other
7 entity that arranges for the delivery or furnishing of health
8 care service.

9 (13) "Producer" means a person directly or indirectly
10 associated with a health care plan who engages in
11 solicitation or enrollment.

12 (14) "Per capita prepaid" means a basis of prepayment by
13 which a fixed amount of money is prepaid per individual or
14 any other enrollment unit to the Health Maintenance
15 Organization or for health care services which are provided
16 during a definite time period regardless of the frequency or
17 extent of the services rendered by the Health Maintenance
18 Organization, except for copayments and deductibles and
19 except as provided in subsection (f) of Section 5-3 of this
20 Act.

21 (15) "Subscriber" means a person who has entered into a
22 contractual relationship with the Health Maintenance
23 Organization for the provision of or arrangement of at least
24 basic health care services to the beneficiaries of such
25 contract.

26 (Source: P.A. 89-90, eff. 6-30-95; 90-177, eff. 7-23-97;
27 90-372, eff. 7-1-98; 90-376, eff. 8-14-97; 90-655, eff.
28 7-30-98.)

29 (215 ILCS 125/2-1) (from Ch. 111 1/2, par. 1403)

30 Sec. 2-1. Certificate of authority - Exception for
31 corporate employee programs - Applications - Material
32 modification of operation.

33 (a) No organization shall establish or operate a Health

1 Maintenance Organization in this State without obtaining a
 2 certificate of authority under this Act. No person other
 3 than an organization may lawfully establish or operate a
 4 Health Maintenance Organization in this State. This Act
 5 shall not apply to the establishment and operation of a
 6 Health Maintenance Organization exclusively providing or
 7 arranging for health care services to employees of a
 8 corporate affiliate of such Health Maintenance Organization.
 9 This exclusion shall be available only to those Health
 10 Maintenance Organizations which require employee
 11 contributions which equal less than 50% of the total cost of
 12 the health care plan, with the remainder of the cost being
 13 paid by the corporate affiliate which is the employer of the
 14 participants in the plan. This Act shall not apply to the
 15 establishment and operation of a Health Maintenance
 16 Organization exclusively providing or arranging health care
 17 services under contract with the State to persons committed
 18 to the custody of the Illinois Department of Corrections.
 19 ~~This Act does not apply to the establishment and operation of~~
 20 ~~(i) a managed care community network providing or arranging~~
 21 ~~health care services under contract with the State~~
 22 ~~exclusively to persons who are enrolled in the integrated~~
 23 ~~health care program established under Section 5-16.3 of the~~
 24 ~~Illinois Public Aid Code or (ii) a managed care community~~
 25 ~~network owned, operated, or governed by a county provider as~~
 26 ~~defined in Section 15-1 of that Code.~~

27 This Act does not apply to the establishment and
 28 operation of managed care community networks that are
 29 certified as risk-bearing entities under Section 5-11 of the
 30 Illinois Public Aid Code and that contract with the Illinois
 31 Department of Public Aid pursuant to that Section.

32 (b) Any organization may apply to the Director for and
 33 obtain a certificate of authority to establish and operate a
 34 Health Maintenance Organization in compliance with this Act.

1 A foreign corporation may qualify under this Act, subject to
2 its registration to do business in this State as a foreign
3 corporation.

4 (c) Each application for a certificate of authority
5 shall be filed in triplicate and verified by an officer or
6 authorized representative of the applicant, shall be in a
7 form prescribed by the Director, and shall set forth, without
8 limiting what may be required by the Director, the following:

9 (1) A copy of the organizational document;

10 (2) A copy of the bylaws, rules and regulations, or
11 similar document regulating the conduct of the internal
12 affairs of the applicant, which shall include a mechanism
13 to afford the enrollees an opportunity to participate in
14 an advisory capacity in matters of policy and operations;

15 (3) A list of the names, addresses, and official
16 positions of the persons who are to be responsible for
17 the conduct of the affairs of the applicant; including,
18 but not limited to, all members of the board of
19 directors, executive committee, the principal officers,
20 and any person or entity owning or having the right to
21 acquire 10% or more of the voting securities or
22 subordinated debt of the applicant;

23 (4) A statement generally describing the applicant,
24 geographic area to be served, its facilities, personnel
25 and the health care services to be offered;

26 (5) A copy of the form of any contract made or to
27 be made between the applicant and any providers regarding
28 the provision of health care services to enrollees;

29 (6) A copy of the form of any contract made or to
30 be made between the applicant and any person listed in
31 paragraph (3) of this subsection;

32 (7) A copy of the form of any contract made or to
33 be made between the applicant and any person,
34 corporation, partnership or other entity for the

1 performance on the applicant's behalf of any functions
2 including, but not limited to, marketing, administration,
3 enrollment, investment management and subcontracting for
4 the provision of health services to enrollees;

5 (8) A copy of the form of any group contract which
6 is to be issued to employers, unions, trustees, or other
7 organizations and a copy of any form of evidence of
8 coverage to be issued to any enrollee or subscriber and
9 any advertising material;

10 (9) Descriptions of the applicant's procedures for
11 resolving enrollee grievances which must include
12 procedures providing for enrollees participation in the
13 resolution of grievances;

14 (10) A copy of the applicant's most recent
15 financial statements audited by an independent certified
16 public accountant. If the financial affairs of the
17 applicant's parent company are audited by an independent
18 certified public accountant but those of the applicant
19 are not, then a copy of the most recent audited financial
20 statement of the applicant's parent, attached to which
21 shall be consolidating financial statements of the parent
22 including separate unaudited financial statements of the
23 applicant, unless the Director determines that additional
24 or more recent financial information is required for the
25 proper administration of this Act;

26 (11) A copy of the applicant's financial plan,
27 including a three-year projection of anticipated
28 operating results, a statement of the sources of working
29 capital, and any other sources of funding and provisions
30 for contingencies;

31 (12) A description of rate methodology;

32 (13) A description of the proposed method of
33 marketing;

34 (14) A copy of every filing made with the Illinois

1 Secretary of State which relates to the applicant's
2 registered agent or registered office;

3 (15) A description of the complaint procedures to
4 be established and maintained as required under Section
5 4-6 of this Act;

6 (16) A description, in accordance with regulations
7 promulgated by the Illinois Department of Public Health,
8 of the quality assessment and utilization review
9 procedures to be utilized by the applicant;

10 (17) The fee for filing an application for issuance
11 of a certificate of authority provided in Section 408 of
12 the Illinois Insurance Code, as now or hereafter amended;
13 and

14 (18) Such other information as the Director may
15 reasonably require to make the determinations required by
16 this Act.

17 (Source: P.A. 90-618, eff. 7-10-98.)

18 (215 ILCS 125/6-3) (from Ch. 111 1/2, par. 1418.3)

19 Sec. 6-3. Scope. This Article applies to direct
20 individual contracts, group contracts and certificates issued
21 thereunder, or any other evidence of coverage, each of which
22 provides for coverage under a health care plan, and has been
23 issued by organizations licensed to transact health
24 maintenance organization business in this State under the
25 Health Maintenance Organization Act, but not to any business
26 of such organization not transacted under its health
27 maintenance organization certificate of authority. This
28 Article--does--not--apply--to--(i)--a--managed-care-community
29 network-providing-or-arranging--health--care--services--under
30 contract--with--the--State--exclusively--to--persons--who-are
31 enrolled-in-the-integrated-health--care--program--established
32 under--Section-5-16-3-of-the-Illinois-Public-Aid-Code-or-(ii)
33 a-managed-care-community-network-owned, operated, or governed

1 ~~by-a-county-provider-as-defined-in-Section-15-1-of-that-Code.~~
 2 (Source: P.A. 88-554, eff. 7-26-94.)

3 Section 25. The Health Care Worker Self-Referral Act is
 4 amended by changing Section 20 as follows:

5 (225 ILCS 47/20)

6 Sec. 20. Prohibited referrals and claims for payment.

7 (a) A health care worker shall not refer a patient for
 8 health services to an entity outside the health care worker's
 9 office or group practice in which the health care worker is
 10 an investor, unless the health care worker directly provides
 11 health services within the entity and will be personally
 12 involved with the provision of care to the referred patient.

13 (b) Pursuant to Board determination that the following
 14 exception is applicable, a health care worker may invest in
 15 and refer to an entity, whether or not the health care worker
 16 provides direct services within said entity, if there is a
 17 demonstrated need in the community for the entity and
 18 alternative financing is not available. For purposes of this
 19 subsection (b), "demonstrated need" in the community for the
 20 entity may exist if (1) there is no facility of reasonable
 21 quality that provides medically appropriate service, (2) use
 22 of existing facilities is onerous or creates too great a
 23 hardship for patients, (3) the entity is formed to own or
 24 lease medical equipment which replaces obsolete or otherwise
 25 inadequate equipment in or under the control of a hospital
 26 located in a federally designated health manpower shortage
 27 area, or (4) such other standards as established, by rule, by
 28 the Board. "Community" shall be defined as a metropolitan
 29 area for a city, and a county for a rural area. In addition,
 30 the following provisions must be met to be exempt under this
 31 Section:

32 (1) Individuals who are not in a position to refer

1 patients to an entity are given a bona fide opportunity
2 to also invest in the entity on the same terms as those
3 offered a referring health care worker; and

4 (2) No health care worker who invests shall be
5 required or encouraged to make referrals to the entity or
6 otherwise generate business as a condition of becoming or
7 remaining an investor; and

8 (3) The entity shall market or furnish its services
9 to referring health care worker investors and other
10 investors on equal terms; and

11 (4) The entity shall not loan funds or guarantee
12 any loans for health care workers who are in a position
13 to refer to an entity; and

14 (5) The income on the health care worker's
15 investment shall be tied to the health care worker's
16 equity in the facility rather than to the volume of
17 referrals made; and

18 (6) Any investment contract between the entity and
19 the health care worker shall not include any covenant or
20 non-competition clause that prevents a health care worker
21 from investing in other entities; and

22 (7) When making a referral, a health care worker
23 must disclose his investment interest in an entity to the
24 patient being referred to such entity. If alternative
25 facilities are reasonably available, the health care
26 worker must provide the patient with a list of
27 alternative facilities. The health care worker shall
28 inform the patient that they have the option to use an
29 alternative facility other than one in which the health
30 care worker has an investment interest and the patient
31 will not be treated differently by the health care worker
32 if the patient chooses to use another entity. This shall
33 be applicable to all health care worker investors,
34 including those who provide direct care or services for

1 their patients in entities outside their office
2 practices; and

3 (8) If a third party payor requests information
4 with regard to a health care worker's investment
5 interest, the same shall be disclosed; and

6 (9) The entity shall establish an internal
7 utilization review program to ensure that investing
8 health care workers provided appropriate or necessary
9 utilization; and

10 (10) If a health care worker's financial interest
11 in an entity is incompatible with a referred patient's
12 interest, the health care worker shall make alternative
13 arrangements for the patient's care.

14 The Board shall make such a determination for a health
15 care worker within 90 days of a completed written request.
16 Failure to make such a determination within the 90 day time
17 frame shall mean that no alternative is practical based upon
18 the facts set forth in the completed written request.

19 (c) It shall not be a violation of this Act for a health
20 care worker to refer a patient for health services to a
21 publicly traded entity in which he or she has an investment
22 interest provided that:

23 (1) the entity is listed for trading on the New
24 York Stock Exchange or on the American Stock Exchange, or
25 is a national market system security traded under an
26 automated inter-dealer quotation system operated by the
27 National Association of Securities Dealers; and

28 (2) the entity had, at the end of the corporation's
29 most recent fiscal year, total net assets of at least
30 \$30,000,000 related to the furnishing of health services;
31 and

32 (3) any investment interest obtained after the
33 effective date of this Act is traded on the exchanges
34 listed in paragraph 1 of subsection (c) of this Section

1 after the entity became a publicly traded corporation;
2 and

3 (4) the entity markets or furnishes its services to
4 referring health care worker investors and other health
5 care workers on equal terms; and

6 (5) all stock held in such publicly traded
7 companies, including stock held in the predecessor
8 privately held company, shall be of one class without
9 preferential treatment as to status or remuneration; and

10 (6) the entity does not loan funds or guarantee any
11 loans for health care workers who are in a position to be
12 referred to an entity; and

13 (7) the income on the health care worker's
14 investment is tied to the health care worker's equity in
15 the entity rather than to the volume of referrals made;
16 and

17 (8) the investment interest does not exceed 1/2 of
18 1% of the entity's total equity.

19 (d) Any hospital licensed under the Hospital Licensing
20 Act shall not discriminate against or otherwise penalize a
21 health care worker for compliance with this Act.

22 (e) Any health care worker or other entity shall not
23 enter into an arrangement or scheme seeking to make referrals
24 to another health care worker or entity based upon the
25 condition that the health care worker or entity will make
26 referrals with an intent to evade the prohibitions of this
27 Act by inducing patient referrals which would be prohibited
28 by this Section if the health care worker or entity made the
29 referral directly.

30 (f) If compliance with the need and alternative investor
31 criteria is not practical, the health care worker shall
32 identify to the patient reasonably available alternative
33 facilities. The Board shall, by rule, designate when
34 compliance is "not practical".

1 (g) Health care workers may request from the Board that
2 it render an advisory opinion that a referral to an existing
3 or proposed entity under specified circumstances does or does
4 not violate the provisions of this Act. The Board's opinion
5 shall be presumptively correct. Failure to render such an
6 advisory opinion within 90 days of a completed written
7 request pursuant to this Section shall create a rebuttable
8 presumption that a referral described in the completed
9 written request is not or will not be a violation of this
10 Act.

11 (h) Notwithstanding any provision of this Act to the
12 contrary, a health care worker may refer a patient, who is a
13 member of a health maintenance organization "HMO" licensed in
14 this State, for health services to an entity, outside the
15 health care worker's office or group practice, in which the
16 health care worker is an investor, provided that any such
17 referral is made pursuant to a contract with the HMO.
18 Furthermore, notwithstanding any provision of this Act to the
19 contrary, a health care worker may refer an enrollee of a
20 "managed care community network", as defined in subsection
21 (b) of Section 5-11 ~~5-16-3~~ of the Illinois Public Aid Code,
22 for health services to an entity, outside the health care
23 worker's office or group practice, in which the health care
24 worker is an investor, provided that any such referral is
25 made pursuant to a contract with the managed care community
26 network.

27 (Source: P.A. 87-1207; 88-554, eff. 7-26-94.)

28 Section 30. The Illinois Public Aid Code is amended by
29 changing Sections 5-11, 5-16.9, 5-16.11, 15-2, 15-3, 15-4,
30 and 15-5 as follows:

31 (305 ILCS 5/5-11) (from Ch. 23, par. 5-11)

32 Sec. 5-11. Co-operative arrangements; contracts with

1 other State agencies, health care and rehabilitation
2 organizations, and fiscal intermediaries.

3 (a) The Illinois Department may enter into co-operative
4 arrangements with State agencies responsible for
5 administering or supervising the administration of health
6 services and vocational rehabilitation services to the end
7 that there may be maximum utilization of such services in the
8 provision of medical assistance.

9 The Illinois Department shall, not later than June 30,
10 1993, enter into one or more co-operative arrangements with
11 the Department of Mental Health and Developmental
12 Disabilities providing that the Department of Mental Health
13 and Developmental Disabilities will be responsible for
14 administering or supervising all programs for services to
15 persons in community care facilities for persons with
16 developmental disabilities, including but not limited to
17 intermediate care facilities, that are supported by State
18 funds or by funding under Title XIX of the federal Social
19 Security Act. The responsibilities of the Department of
20 Mental Health and Developmental Disabilities under these
21 agreements are transferred to the Department of Human
22 Services as provided in the Department of Human Services Act.

23 The Department may also contract with such State health
24 and rehabilitation agencies and other public or private
25 health care and rehabilitation organizations to act for it in
26 supplying designated medical services to persons eligible
27 therefor under this Article. Any contracts with health
28 services or health maintenance organizations shall be
29 restricted to organizations which have been certified as
30 being in compliance with standards promulgated pursuant to
31 the laws of this State governing the establishment and
32 operation of health services or health maintenance
33 organizations. The Department may also contract with
34 insurance companies or other corporate entities serving as

1 fiscal intermediaries in this State for the Federal
2 Government in respect to Medicare payments under Title XVIII
3 of the Federal Social Security Act to act for the Department
4 in paying medical care suppliers. The provisions of Section
5 9 of "An Act in relation to State finance", approved June 10,
6 1919, as amended, notwithstanding, such contracts with State
7 agencies, other health care and rehabilitation organizations,
8 or fiscal intermediaries may provide for advance payments.

9 (b) For purposes of this subsection (b), "managed care
10 community network" means an entity, other than a health
11 maintenance organization, that is owned, operated, or
12 governed by providers of health care services within this
13 State and that provides or arranges primary, secondary, and
14 tertiary managed health care services under contract with the
15 Illinois Department exclusively to persons participating in
16 programs administered by the Illinois Department.

17 The Illinois Department may certify managed care
18 community networks, including managed care community networks
19 owned, operated, managed, or governed by State-funded medical
20 schools, as risk-bearing entities eligible to contract with
21 the Illinois Department as Medicaid managed care
22 organizations. The Illinois Department may contract with
23 those managed care community networks to furnish health care
24 services to or arrange those services for individuals
25 participating in programs administered by the Illinois
26 Department. The rates for those provider-sponsored
27 organizations may be determined on a prepaid, capitated
28 basis. A managed care community network may choose to
29 contract with the Illinois Department to provide only
30 pediatric health care services. The Illinois Department shall
31 by rule adopt the criteria, standards, and procedures by
32 which a managed care community network may be permitted to
33 contract with the Illinois Department and shall consult with
34 the Department of Insurance in adopting these rules.

1 A county provider as defined in Section 15-1 of this Code
2 may contract with the Illinois Department to provide primary,
3 secondary, or tertiary managed health care services as a
4 managed care community network without the need to establish
5 a separate entity and shall be deemed a managed care
6 community network for purposes of this Code only to the
7 extent it provides services to participating individuals. A
8 county provider is entitled to contract with the Illinois
9 Department with respect to any contracting region located in
10 whole or in part within the county. A county provider is not
11 required to accept enrollees who do not reside within the
12 county.

13 In order to (i) accelerate and facilitate the development
14 of integrated health care in contracting areas outside
15 counties with populations in excess of 3,000,000 and counties
16 adjacent to those counties and (ii) maintain and sustain the
17 high quality of education and residency programs coordinated
18 and associated with local area hospitals, the Illinois
19 Department may develop and implement a demonstration program
20 from managed care community networks owned, operated,
21 managed, or governed by State-funded medical schools. The
22 Illinois Department shall prescribe by rule the criteria,
23 standards, and procedures for effecting this demonstration
24 program.

25 A managed care community network that contracts with the
26 Illinois Department to furnish health care services to or
27 arrange those services for enrollees participating in
28 programs administered by the Illinois Department shall do all
29 of the following:

30 (1) Provide that any provider affiliated with the
31 managed care community network may also provide services
32 on a fee-for-service basis to Illinois Department clients
33 not enrolled in such managed care entities.

34 (2) Provide client education services as determined

1 and approved by the Illinois Department, including but
2 not limited to (i) education regarding appropriate
3 utilization of health care services in a managed care
4 system, (ii) written disclosure of treatment policies and
5 restrictions or limitations on health services,
6 including, but not limited to, physical services,
7 clinical laboratory tests, hospital and surgical
8 procedures, prescription drugs and biologics, and
9 radiological examinations, and (iii) written notice that
10 the enrollee may receive from another provider those
11 covered services that are not provided by the managed
12 care community network.

13 (3) Provide that enrollees within the system may
14 choose the site for provision of services and the panel
15 of health care providers.

16 (4) Not discriminate in enrollment or disenrollment
17 practices among recipients of medical services or
18 enrollees based on health status.

19 (5) Provide a quality assurance and utilization
20 review program that meets the requirements established by
21 the Illinois Department in rules that incorporate those
22 standards set forth in the Health Maintenance
23 Organization Act.

24 (6) Issue a managed care community network
25 identification card to each enrollee upon enrollment.

26 The card must contain all of the following:

27 (A) The enrollee's health plan.

28 (B) The name and telephone number of the
29 enrollee's primary care physician or the site for
30 receiving primary care services.

31 (C) A telephone number to be used to confirm
32 eligibility for benefits and authorization for
33 services that is available 24 hours per day, 7 days
34 per week.

1 (7) Ensure that every primary care physician and
2 pharmacy in the managed care community network meets the
3 standards established by the Illinois Department for
4 accessibility and quality of care. The Illinois
5 Department shall arrange for and oversee an evaluation of
6 the standards established under this paragraph (7) and
7 may recommend any necessary changes to these standards.

8 (8) Provide a procedure for handling complaints
9 that meets the requirements established by the Illinois
10 Department in rules that incorporate those standards set
11 forth in the Health Maintenance Organization Act.

12 (9) Maintain, retain, and make available to the
13 Illinois Department records, data, and information, in a
14 uniform manner determined by the Illinois Department,
15 sufficient for the Illinois Department to monitor
16 utilization, accessibility, and quality of care.

17 (10) Provide that the pharmacy formulary used by
18 the managed care community network and its contract
19 providers be no more restrictive than the Illinois
20 Department's pharmaceutical program on the effective date
21 of this amendatory Act of 1998 and as amended after that
22 date.

23 The Illinois Department shall contract with an entity or
24 entities to provide external peer-based quality assurance
25 review for the managed health care programs administered by
26 the Illinois Department. The entity shall be representative
27 of Illinois physicians licensed to practice medicine in all
28 its branches and have statewide geographic representation in
29 all specialities of medical care that are provided in managed
30 health care programs administered by the Illinois Department.
31 The entity may not be a third party payer and shall maintain
32 offices in locations around the State in order to provide
33 service and continuing medical education to physician
34 participants within those managed health care programs

1 administered by the Illinois Department. The review process
2 shall be developed and conducted by Illinois physicians
3 licensed to practice medicine in all its branches. In
4 consultation with the entity, the Illinois Department may
5 contract with other entities for professional peer-based
6 quality assurance review of individual categories of services
7 other than services provided, supervised, or coordinated by
8 physicians licensed to practice medicine in all its branches.
9 The Illinois Department shall establish, by rule, criteria to
10 avoid conflicts of interest in the conduct of quality
11 assurance activities consistent with professional peer-review
12 standards. All quality assurance activities shall be
13 coordinated by the Illinois Department.

14 Each managed care community network must demonstrate its
15 ability to bear the financial risk of serving individuals
16 under this program. The Illinois Department shall by rule
17 adopt standards for assessing the solvency and financial
18 soundness of each managed care community network. Any
19 solvency and financial standards adopted for managed care
20 community networks shall be no more restrictive than the
21 solvency and financial standards adopted under Section
22 1856(a) of the Social Security Act for provider-sponsored
23 organizations under Part C of Title XVIII of the Social
24 Security Act.

25 The Illinois Department may implement the amendatory
26 changes to this Code made by this amendatory Act of 1998
27 through the use of emergency rules in accordance with Section
28 5-45 of the Illinois Administrative Procedure Act. For
29 purposes of that Act, the adoption of rules to implement
30 these changes is deemed an emergency and necessary for the
31 public interest, safety, and welfare.

32 (c) Not later than June 30, 1996, the Illinois
33 Department shall enter into one or more cooperative
34 arrangements with the Department of Public Health for the

1 purpose of developing a single survey for nursing facilities,
 2 including but not limited to facilities funded under Title
 3 XVIII or Title XIX of the federal Social Security Act or
 4 both, which shall be administered and conducted solely by the
 5 Department of Public Health. The Departments shall test the
 6 single survey process on a pilot basis, with both the
 7 Departments of Public Aid and Public Health represented on
 8 the consolidated survey team. The pilot will sunset June 30,
 9 1997. After June 30, 1997, unless otherwise determined by
 10 the Governor, a single survey shall be implemented by the
 11 Department of Public Health which would not preclude staff
 12 from the Department of Public Aid from going on-site to
 13 nursing facilities to perform necessary audits and reviews
 14 which shall not replicate the single State agency survey
 15 required by this Act. This Section shall not apply to
 16 community or intermediate care facilities for persons with
 17 developmental disabilities.

18 (d) Nothing in this Code in any way limits or otherwise
 19 impairs the authority or power of the Illinois Department to
 20 enter into a negotiated contract pursuant to this Section
 21 with a managed care community network or a health maintenance
 22 organization, as defined in the Health Maintenance
 23 Organization Act, that provides for termination or nonrenewal
 24 of the contract without cause, upon notice as provided in the
 25 contract, and without a hearing.

26 (Source: P.A. 89-415, eff. 1-1-96; 89-507, eff. 7-1-97;
 27 90-618, eff. 7-10-98.)

28 (305 ILCS 5/5-16.9)

29 Sec. 5-16.9. Woman's health care provider. The medical
 30 assistance program is subject to the provisions of Section
 31 356r of the Illinois Insurance Code. The Illinois Department
 32 shall adopt rules to implement the requirements of Section
 33 356r of the Illinois Insurance Code in the medical assistance

1 program including managed care components defined in Section
2 5-16-3.

3 (Source: P.A. 89-514, eff. 7-17-96.)

4 (305 ILCS 5/5-16.11)

5 Sec. 5-16.11. Uniform standards applied to managed care
6 entities. Any managed care entity providing services under
7 this Code shall use a pharmacy formulary that is no more
8 restrictive than the Illinois Department's pharmaceutical
9 program ~~comply with the criteria, standards, and procedures~~
10 ~~imposed on managed care entities under paragraph (14) of~~
11 ~~subsection (d) of Section 5-16-3 of this Code.~~

12 (Source: P.A. 90-538, eff. 12-1-97.)

13 (305 ILCS 5/15-2) (from Ch. 23, par. 15-2)

14 Sec. 15-2. County Provider Trust Fund.

15 (a) There is created in the State Treasury the County
16 Provider Trust Fund. Interest earned by the Fund shall be
17 credited to the Fund. The Fund shall not be used to replace
18 any funds appropriated to the Medicaid program by the General
19 Assembly.

20 (b) The Fund is created solely for the purposes of
21 receiving, investing, and distributing monies in accordance
22 with this Article XV. The Fund shall consist of:

23 (1) All monies collected or received by the
24 Illinois Department under Section 15-3 of this Code;

25 (2) All federal financial participation monies
26 received by the Illinois Department pursuant to Title XIX
27 of the Social Security Act, 42 U.S.C. 1396(b),
28 attributable to eligible expenditures made by the
29 Illinois Department pursuant to Section 15-5 of this
30 Code;

31 (3) All federal moneys received by the Illinois
32 Department pursuant to Title XXI of the Social Security

1 Act attributable to eligible expenditures made by the
2 Illinois Department pursuant to Section 15-5 of this
3 Code; and

4 (4) All other monies received by the Fund from any
5 source, including interest thereon.

6 (c) Disbursements from the Fund shall be by warrants
7 drawn by the State Comptroller upon receipt of vouchers duly
8 executed and certified by the Illinois Department and shall
9 be made only:

10 (1) For hospital inpatient care, hospital
11 outpatient care, care provided by other outpatient
12 facilities operated by a county, and disproportionate
13 share hospital payments made under Title XIX of the
14 Social Security Act and Article V of this Code as
15 required by Section 15-5 of this Code;

16 (1.5) For services provided by county providers
17 pursuant to Section 5-11 ~~or 5-16-3~~ of this Code;

18 (2) For the reimbursement of administrative
19 expenses incurred by county providers on behalf of the
20 Illinois Department as permitted by Section 15-4 of this
21 Code;

22 (3) For the reimbursement of monies received by the
23 Fund through error or mistake;

24 (4) For the payment of administrative expenses
25 necessarily incurred by the Illinois Department or its
26 agent in performing the activities required by this
27 Article XV;

28 (5) For the payment of any amounts that are
29 reimbursable to the federal government, attributable
30 solely to the Fund, and required to be paid by State
31 warrant; and

32 (6) For hospital inpatient care, hospital
33 outpatient care, care provided by other outpatient
34 facilities operated by a county, and disproportionate

1 share hospital payments made under Title XXI of the
2 Social Security Act, pursuant to Section 15-5 of this
3 Code.

4 (Source: P.A. 90-618, eff. 7-10-98; 91-24, eff. 7-1-99.)

5 (305 ILCS 5/15-3) (from Ch. 23, par. 15-3)

6 Sec. 15-3. Intergovernmental Transfers.

7 (a) Each qualifying county shall make an annual
8 intergovernmental transfer to the Illinois Department in an
9 amount equal to 71.7% of the difference between the total
10 payments made by the Illinois Department to such county
11 provider for hospital services under Titles XIX and XXI of
12 the Social Security Act or pursuant to Section 5-11 ~~or 5-16-3~~
13 of this Code in each fiscal year ending June 30 (or fraction
14 thereof during the fiscal year ending June 30, 1993) and
15 \$108,800,000 (or fraction thereof), except that the annual
16 intergovernmental transfer shall not exceed the total
17 payments made by the Illinois Department to such county
18 provider for hospital services under this Code ~~or pursuant to~~
19 ~~Section 5-16-3 of this Code~~, less the sum of (i) 50% of
20 payments reimbursable under the Social Security Act at a rate
21 of 50% and (ii) 65% of payments reimbursable under the Social
22 Security Act at a rate of 65%, in each fiscal year ending
23 June 30 (or fraction thereof).

24 (b) The payment schedule for the intergovernmental
25 transfer made hereunder shall be established by
26 intergovernmental agreement between the Illinois Department
27 and the applicable county, which agreement shall at a minimum
28 provide:

29 (1) For periodic payments no less frequently than
30 monthly to the county provider for inpatient and
31 outpatient approved or adjudicated claims and for
32 disproportionate share payments under Section 5-5.02 of
33 this Code (in the initial year, for services after July

1 1, 1991, or such other date as an approved State Medical
 2 Assistance Plan shall provide) ~~and to the county provider~~
 3 ~~pursuant to Section 5-16.3 of this Code.~~

4 (2) For periodic payments no less frequently than
 5 monthly to the county provider for supplemental
 6 disproportionate share payments hereunder based on a
 7 federally approved State Medical Assistance Plan.

8 (3) For calculation of the intergovernmental
 9 transfer payment to be made by the county equal to 71.7%
 10 of the difference between the amount of the periodic
 11 payment and the base amount; provided, however, that if
 12 the periodic payment for any period is less than the base
 13 amount for such period, the base amount for the
 14 succeeding period (and any successive period if
 15 necessary) shall be increased by the amount of such
 16 shortfall.

17 (4) For an intergovernmental transfer methodology
 18 which obligates the Illinois Department to notify the
 19 county and county provider in writing of each impending
 20 periodic payment and the intergovernmental transfer
 21 payment attributable thereto and which obligates the
 22 Comptroller to release the periodic payment to the county
 23 provider within one working day of receipt of the
 24 intergovernmental transfer payment from the county.

25 (Source: P.A. 90-618, eff. 7-10-98; 91-24, eff. 7-1-99.)

26 (305 ILCS 5/15-4) (from Ch. 23, par. 15-4)

27 Sec. 15-4. Contractual assumption of certain expenses.
 28 Hospitals may, at their election, by written agreement
 29 between the counties owning and operating the hospitals and
 30 the Illinois Department, assume specified expenses of the
 31 operation of the Illinois Department associated with the
 32 determination of eligibility, direct payment of which
 33 expenses by the Illinois Department would qualify as public

1 funds expended by the Illinois Department for the Illinois
2 Medical Assistance Program or other health care programs
3 administered by the Illinois Department. The Illinois
4 Department shall open an adequately staffed special on-site
5 office or offices at facilities designated by the county for
6 the purpose of assisting the county in ensuring that all
7 eligible individuals are enrolled in the Illinois Medical
8 Assistance Program and, ~~to the extent that enrollment into~~
9 ~~the integrated health care program established under Section~~
10 ~~5-16.3 of this Code is conducted at local public assistance~~
11 ~~offices in the county, for the purpose of enrollment of~~
12 ~~persons into any managed health care entity operated by the~~
13 ~~county. The enrollment process shall meet the requirements~~
14 ~~of subsection (e) of Section 5-16.3.~~ Each such agreement,
15 executed in accordance with Section 3 of the
16 Intergovernmental Cooperation Act, shall describe the
17 operational expenses to be assumed in sufficient detail to
18 permit the Illinois Department to certify upon such written
19 obligation or performance thereunder that the hospital's
20 compliance with the terms of the agreement will amount to the
21 commitment of public funds eligible for the federal financial
22 participation or other federal funding called for in Title
23 XIX or Title XXI of the Social Security Act.

24 (Source: P.A. 91-24, eff. 7-1-99.)

25 (305 ILCS 5/15-5) (from Ch. 23, par. 15-5)

26 Sec. 15-5. Disbursements from the Fund.

27 (a) The monies in the Fund shall be disbursed only as
28 provided in Section 15-2 of this Code and as follows:

29 (1) To pay the county hospitals' inpatient
30 reimbursement rate based on actual costs, trended forward
31 annually by an inflation index and supplemented by
32 teaching, capital, and other direct and indirect costs,
33 according to a State plan approved by the federal

1 government. Effective October 1, 1992, the inpatient
2 reimbursement rate (including any disproportionate or
3 supplemental disproportionate share payments) for
4 hospital services provided by county operated facilities
5 within the County shall be no less than the reimbursement
6 rates in effect on June 1, 1992, except that this minimum
7 shall be adjusted as of July 1, 1992 and each July 1
8 thereafter by the annual percentage change in the per
9 diem cost of inpatient hospital services as reported in
10 the most recent annual Medicaid cost report.

11 (2) To pay county hospitals and county operated
12 outpatient facilities for outpatient services based on a
13 federally approved methodology to cover the maximum
14 allowable costs per patient visit. Effective October 1,
15 1992, the outpatient reimbursement rate for outpatient
16 services provided by county hospitals and county operated
17 outpatient facilities shall be no less than the
18 reimbursement rates in effect on June 1, 1992, except
19 that this minimum shall be adjusted as of July 1, 1992
20 and each July 1 thereafter by the annual percentage
21 change in the per diem cost of inpatient hospital
22 services as reported in the most recent annual Medicaid
23 cost report.

24 (3) To pay the county hospitals' disproportionate
25 share payments as established by the Illinois Department
26 under Section 5-5.02 of this Code. Effective October 1,
27 1992, the disproportionate share payments for hospital
28 services provided by county operated facilities within
29 the County shall be no less than the reimbursement rates
30 in effect on June 1, 1992, except that this minimum shall
31 be adjusted as of July 1, 1992 and each July 1 thereafter
32 by the annual percentage change in the per diem cost of
33 inpatient hospital services as reported in the most
34 recent annual Medicaid cost report.

1 (3.5) To pay county providers for services provided
2 pursuant to Section 5-11 ~~or 5-16-3~~ of this Code.

3 (4) To reimburse the county providers for expenses
4 contractually assumed pursuant to Section 15-4 of this
5 Code.

6 (5) To pay the Illinois Department its necessary
7 administrative expenses relative to the Fund and other
8 amounts agreed to, if any, by the county providers in the
9 agreement provided for in subsection (c).

10 (6) To pay the county hospitals' supplemental
11 disproportionate share payments, hereby authorized, as
12 specified in the agreement provided for in subsection (c)
13 and according to a federally approved State plan.
14 Effective October 1, 1992, the supplemental
15 disproportionate share payments for hospital services
16 provided by county operated facilities within the County
17 shall be no less than the reimbursement rates in effect
18 on June 1, 1992, except that this minimum shall be
19 adjusted as of July 1, 1992 and each July 1 thereafter by
20 the annual percentage change in the per diem cost of
21 inpatient hospital services as reported in the most
22 recent annual Medicaid cost report.

23 (b) The Illinois Department shall promptly seek all
24 appropriate amendments to the Illinois State Plan to effect
25 the foregoing payment methodology.

26 (c) The Illinois Department shall implement the changes
27 made by Article 3 of this amendatory Act of 1992 beginning
28 October 1, 1992. All terms and conditions of the
29 disbursement of monies from the Fund not set forth expressly
30 in this Article shall be set forth in the agreement executed
31 under the Intergovernmental Cooperation Act so long as those
32 terms and conditions are not inconsistent with this Article
33 or applicable federal law. The Illinois Department shall
34 report in writing to the Hospital Service Procurement

1 Advisory Board and the Health Care Cost Containment Council
2 by October 15, 1992, the terms and conditions of all such
3 initial agreements and, where no such initial agreement has
4 yet been executed with a qualifying county, the Illinois
5 Department's reasons that each such initial agreement has not
6 been executed. Copies and reports of amended agreements
7 following the initial agreements shall likewise be filed by
8 the Illinois Department with the Hospital Service Procurement
9 Advisory Board and the Health Care Cost Containment Council
10 within 30 days following their execution. The foregoing
11 filing obligations of the Illinois Department are
12 informational only, to allow the Board and Council,
13 respectively, to better perform their public roles, except
14 that the Board or Council may, at its discretion, advise the
15 Illinois Department in the case of the failure of the
16 Illinois Department to reach agreement with any qualifying
17 county by the required date.

18 (d) The payments provided for herein are intended to
19 cover services rendered on and after July 1, 1991, and any
20 agreement executed between a qualifying county and the
21 Illinois Department pursuant to this Section may relate back
22 to that date, provided the Illinois Department obtains
23 federal approval. Any changes in payment rates resulting
24 from the provisions of Article 3 of this amendatory Act of
25 1992 are intended to apply to services rendered on or after
26 October 1, 1992, and any agreement executed between a
27 qualifying county and the Illinois Department pursuant to
28 this Section may be effective as of that date.

29 (e) If one or more hospitals file suit in any court
30 challenging any part of this Article XV, payments to
31 hospitals from the Fund under this Article XV shall be made
32 only to the extent that sufficient monies are available in
33 the Fund and only to the extent that any monies in the Fund
34 are not prohibited from disbursement and may be disbursed

1 under any order of the court.

2 (f) All payments under this Section are contingent upon
3 federal approval of changes to the State plan, if that
4 approval is required.

5 (Source: P.A. 90-618, eff. 7-10-98.)

6 (305 ILCS 5/5-16.3 rep.)

7 Section 31. The Illinois Public Aid Code is amended by
8 repealing Section 5-16.3.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.