

AN ACT concerning aging.

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

Section 5. The Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act is amended by changing Section 4 as follows:

(320 ILCS 25/4) (from Ch. 67 1/2, par. 404)

Sec. 4. Amount of Grant.

(a) In general. Any individual 65 years or older or any individual who will become 65 years old during the calendar year in which a claim is filed, and any surviving spouse of such a claimant, who at the time of death received or was entitled to receive a grant pursuant to this Section, which surviving spouse will become 65 years of age within the 24 months immediately following the death of such claimant and which surviving spouse but for his or her age is otherwise qualified to receive a grant pursuant to this Section, and any disabled person whose annual household income is less than \$14,000 for grant years before the 1998 grant year, less than \$16,000 for the 1998 and 1999 grant years, and less than (i) \$21,218 for a household containing one person, (ii) \$28,480 for a household containing 2 persons, or (iii) \$35,740 for a household containing 3 or more persons for the 2000 grant year and thereafter and whose household is liable for payment of property taxes accrued or has paid rent constituting property taxes accrued and is domiciled in this State at the time he or she files his or her claim is entitled to claim a grant under this Act. With respect to claims filed by individuals who will become 65 years old during the calendar year in which a claim is filed, the amount of any grant to which that household is entitled shall be an amount equal to 1/12 of the amount to which the claimant would otherwise be entitled as provided in

this Section, multiplied by the number of months in which the claimant was 65 in the calendar year in which the claim is filed.

(b) Limitation. Except as otherwise provided in subsections (a) and (f) of this Section, the maximum amount of grant which a claimant is entitled to claim is the amount by which the property taxes accrued which were paid or payable during the last preceding tax year or rent constituting property taxes accrued upon the claimant's residence for the last preceding taxable year exceeds 3 1/2% of the claimant's household income for that year but in no event is the grant to exceed (i) \$700 less 4.5% of household income for that year for those with a household income of \$14,000 or less or (ii) \$70 if household income for that year is more than \$14,000.

(c) Public aid recipients. If household income in one or more months during a year includes cash assistance in excess of \$55 per month from the Department of Public Aid or the Department of Human Services (acting as successor to the Department of Public Aid under the Department of Human Services Act) which was determined under regulations of that Department on a measure of need that included an allowance for actual rent or property taxes paid by the recipient of that assistance, the amount of grant to which that household is entitled, except as otherwise provided in subsection (a), shall be the product of (1) the maximum amount computed as specified in subsection (b) of this Section and (2) the ratio of the number of months in which household income did not include such cash assistance over \$55 to the number twelve. If household income did not include such cash assistance over \$55 for any months during the year, the amount of the grant to which the household is entitled shall be the maximum amount computed as specified in subsection (b) of this Section. For purposes of this paragraph (c), "cash assistance" does not include any amount received under the federal Supplemental Security Income (SSI) program.

(d) Joint ownership. If title to the residence is held jointly by the claimant with a person who is not a member of

his or her household, the amount of property taxes accrued used in computing the amount of grant to which he or she is entitled shall be the same percentage of property taxes accrued as is the percentage of ownership held by the claimant in the residence.

(e) More than one residence. If a claimant has occupied more than one residence in the taxable year, he or she may claim only one residence for any part of a month. In the case of property taxes accrued, he or she shall prorate 1/12 of the total property taxes accrued on his or her residence to each month that he or she owned and occupied that residence; and, in the case of rent constituting property taxes accrued, shall prorate each month's rent payments to the residence actually occupied during that month.

(f) There is hereby established a program of pharmaceutical assistance to the aged and disabled which shall be administered by the Department in accordance with this Act, to consist of payments to authorized pharmacies, on behalf of beneficiaries of the program, for the reasonable costs of covered prescription drugs. Each beneficiary who pays \$5 for an identification card shall pay no additional prescription costs. Each beneficiary who pays \$25 for an identification card shall pay \$3 per prescription. In addition, after a beneficiary receives \$2,000 in benefits during a State fiscal year, that beneficiary shall also be charged 20% of the cost of each prescription for which payments are made by the program during the remainder of the fiscal year. To become a beneficiary under this program a person must: (1) be (i) 65 years of age or older, or (ii) the surviving spouse of such a claimant, who at the time of death received or was entitled to receive benefits pursuant to this subsection, which surviving spouse will become 65 years of age within the 24 months immediately following the death of such claimant and which surviving spouse but for his or her age is otherwise qualified to receive benefits pursuant to this subsection, or (iii) disabled, and (2) be domiciled in this State at the time he or she files his or her claim, and (3)

have a maximum household income of less than \$14,000 for grant years before the 1998 grant year, less than \$16,000 for the 1998 and 1999 grant years, and less than (i) \$21,218 for a household containing one person, (ii) \$28,480 for a household containing 2 persons, or (iii) \$35,740 for a household containing 3 more persons for the 2000 grant year and thereafter. In addition, each eligible person must (1) obtain an identification card from the Department, (2) at the time the card is obtained, sign a statement assigning to the State of Illinois benefits which may be otherwise claimed under any private insurance plans, and (3) present the identification card to the dispensing pharmacist.

The Department may adopt rules specifying participation requirements for the pharmaceutical assistance program, including copayment amounts, identification card fees, expenditure limits, and the benefit threshold after which a 20% charge is imposed on the cost of each prescription, to be in effect on and after July 1, 2004. Notwithstanding any other provision of this paragraph, however, the Department may not increase the identification card fee above the amount in effect on May 1, 2003 without the express consent of the General Assembly. To the extent practicable, those requirements shall be commensurate with the requirements provided in rules adopted by the Department of Public Aid to implement the pharmacy assistance program under Section 5-5.12a of the Illinois Public Aid Code.

Whenever a generic equivalent for a covered prescription drug is available, the Department shall reimburse only for the reasonable costs of the generic equivalent, less the co-pay established in this Section, unless (i) the covered prescription drug contains one or more ingredients defined as a narrow therapeutic index drug at 21 CFR 320.33, (ii) the prescriber indicates on the face of the prescription "brand medically necessary", and (iii) the prescriber specifies that a substitution is not permitted. When issuing an oral prescription for covered prescription medication described in

item (i) of this paragraph, the prescriber shall stipulate "brand medically necessary" and that a substitution is not permitted. If the covered prescription drug and its authorizing prescription do not meet the criteria listed above, the beneficiary may purchase the non-generic equivalent of the covered prescription drug by paying the difference between the generic cost and the non-generic cost plus the beneficiary co-pay.

Any person otherwise eligible for pharmaceutical assistance under this Act whose covered drugs are covered by any public program for assistance in purchasing any covered prescription drugs shall be ineligible for assistance under this Act to the extent such costs are covered by such other plan.

The fee to be charged by the Department for the identification card shall be equal to \$5 per coverage year for persons below the official poverty line as defined by the United States Department of Health and Human Services and \$25 per coverage year for all other persons.

In the event that 2 or more persons are eligible for any benefit under this Act, and are members of the same household, (1) each such person shall be entitled to participate in the pharmaceutical assistance program, provided that he or she meets all other requirements imposed by this subsection and (2) each participating household member contributes the fee required for that person by the preceding paragraph for the purpose of obtaining an identification card.

The provisions of this subsection (f), other than this paragraph, are inoperative after December 31, 2005. Beneficiaries who received benefits under the program established by this subsection (f) are not entitled, at the termination of the program, to any refund of the identification card fee paid under this subsection.

(g) Effective January 1, 2006, there is hereby established a program of pharmaceutical assistance to the aged and disabled, entitled the Illinois Seniors and Disabled Drug

Coverage Program, which shall be administered by the Department of Healthcare and Family Services and the Department on Aging in accordance with this subsection, to consist of coverage of specified prescription drugs on behalf of beneficiaries of the program as set forth in this subsection. The program under this subsection replaces and supersedes the program established under subsection (f), which shall end at midnight on December 31, 2005.

To become a beneficiary under the program established under this subsection, a person must:

(1) be (i) 65 years of age or older or (ii) disabled;
and

(2) be domiciled in this State; and

(3) enroll with a qualified Medicare Part D Prescription Drug Plan if eligible and apply for all available subsidies under Medicare Part D; and

(4) have a maximum household income of (i) less than \$21,218 for a household containing one person, (ii) less than \$28,480 for a household containing 2 persons, or (iii) less than \$35,740 for a household containing 3 or more persons. If any income eligibility limit set forth in items (i) through (iii) is less than 200% of the Federal Poverty Level for any year, the income eligibility limit for that year for households of that size shall be income equal to or less than 200% of the Federal Poverty Level.

All individuals enrolled as of December 31, 2005, in the pharmaceutical assistance program operated pursuant to subsection (f) of this Section and all individuals enrolled as of December 31, 2005, in the SeniorCare Medicaid waiver program operated pursuant to Section 5-5.12a of the Illinois Public Aid Code shall be automatically enrolled in the program established by this subsection for the first year of operation without the need for further application, except that they must apply for Medicare Part D and the Low Income Subsidy under Medicare Part D. A person enrolled in the pharmaceutical assistance program operated pursuant to subsection (f) of this Section as of

December 31, 2005, shall not lose eligibility in future years due only to the fact that they have not reached the age of 65.

To the extent permitted by federal law, the Department may act as an authorized representative of a beneficiary in order to enroll the beneficiary in a Medicare Part D Prescription Drug Plan if the beneficiary has failed to choose a plan and, where possible, to enroll beneficiaries in the low-income subsidy program under Medicare Part D or assist them in enrolling in that program.

Beneficiaries under the program established under this subsection shall be divided into the following 4 eligibility groups:

(A) Eligibility Group 1 shall consist of beneficiaries who are not eligible for Medicare Part D coverage and who are:

(i) disabled and under age 65; or

(ii) age 65 or older, with incomes over 200% of the Federal Poverty Level; or

(iii) age 65 or older, with incomes at or below 200% of the Federal Poverty Level and not eligible for federally funded means-tested benefits due to immigration status.

(B) Eligibility Group 2 shall consist of beneficiaries otherwise described in Eligibility Group 1 but who are eligible for Medicare Part D coverage.

(C) Eligibility Group 3 shall consist of beneficiaries age 65 or older, with incomes at or below 200% of the Federal Poverty Level, who are not barred from receiving federally funded means-tested benefits due to immigration status and are eligible for Medicare Part D coverage.

(D) Eligibility Group 4 shall consist of beneficiaries age 65 or older, with incomes at or below 200% of the Federal Poverty Level, who are not barred from receiving federally funded means-tested benefits due to immigration status and are not eligible for Medicare Part D coverage.

If the State applies and receives federal approval for a

waiver under Title XIX of the Social Security Act, persons in Eligibility Group 4 shall continue to receive benefits through the approved waiver, and Eligibility Group 4 may be expanded to include disabled persons under age 65 with incomes under 200% of the Federal Poverty Level who are not eligible for Medicare and who are not barred from receiving federally funded means-tested benefits due to immigration status.

The program established under this subsection shall cover the cost of covered prescription drugs in excess of the beneficiary cost-sharing amounts set forth in this paragraph that are not covered by Medicare. In 2006, beneficiaries shall pay a co-payment of \$2 for each prescription of a generic drug and \$5 for each prescription of a brand-name drug. In future years, beneficiaries shall pay co-payments equal to the co-payments required under Medicare Part D for "other low-income subsidy eligible individuals" pursuant to 42 CFR 423.782(b). Once the program established under this subsection and Medicare combined have paid \$1,750 in a year for covered prescription drugs, the beneficiary shall pay 20% of the cost of each prescription in addition to the co-payments set forth in this paragraph.

For beneficiaries eligible for Medicare Part D coverage, the program established under this subsection shall pay 100% of the premiums charged by a qualified Medicare Part D Prescription Drug Plan for Medicare Part D basic prescription drug coverage, not including any late enrollment penalties. Qualified Medicare Part D Prescription Drug Plans may be limited by the Department of Healthcare and Family Services to those plans that sign a coordination agreement with the Department.

Notwithstanding Section 3.15, for purposes of the program established under this subsection, the term "covered prescription drug" has the following meanings:

For Eligibility Group 1, "covered prescription drug" means: (1) any cardiovascular agent or drug; (2) any insulin or other prescription drug used in the treatment of

diabetes, including syringe and needles used to administer the insulin; (3) any prescription drug used in the treatment of arthritis; (4) any prescription drug used in the treatment of cancer; (5) any prescription drug used in the treatment of Alzheimer's disease; (6) any prescription drug used in the treatment of Parkinson's disease; (7) any prescription drug used in the treatment of glaucoma; (8) any prescription drug used in the treatment of lung disease and smoking-related illnesses; (9) any prescription drug used in the treatment of osteoporosis; and (10) any prescription drug used in the treatment of multiple sclerosis. The Department may add additional therapeutic classes by rule. The Department may adopt a preferred drug list within any of the classes of drugs described in items (1) through (10) of this paragraph. The specific drugs or therapeutic classes of covered prescription drugs shall be indicated by rule.

For Eligibility Group 2, "covered prescription drug" means those drugs covered for Eligibility Group 1 that are also covered by the Medicare Part D Prescription Drug Plan in which the beneficiary is enrolled.

For Eligibility Group 3, "covered prescription drug" means those drugs covered by the Medicare Part D Prescription Drug Plan in which the beneficiary is enrolled.

For Eligibility Group 4, "covered prescription drug" means those drugs covered by the Medical Assistance Program under Article V of the Illinois Public Aid Code.

An individual in Eligibility Group 3 or 4 may opt to receive a \$25 monthly payment in lieu of the direct coverage described in this subsection.

Any person otherwise eligible for pharmaceutical assistance under this subsection whose covered drugs are covered by any public program is ineligible for assistance under this subsection to the extent that the cost of those drugs is covered by the other program.

The Department of Healthcare and Family Services shall establish by rule the methods by which it will provide for the coverage called for in this subsection. Those methods may include direct reimbursement to pharmacies or the payment of a capitated amount to Medicare Part D Prescription Drug Plans.

For a pharmacy to be reimbursed under the program established under this subsection, it must comply with rules adopted by the Department of Healthcare and Family Services regarding coordination of benefits with Medicare Part D Prescription Drug Plans. A pharmacy may not charge a Medicare-enrolled beneficiary of the program established under this subsection more for a covered prescription drug than the appropriate Medicare cost-sharing less any payment from or on behalf of the Department of Healthcare and Family Services.

The Department of Healthcare and Family Services or the Department on Aging, as appropriate, may adopt rules regarding applications, counting of income, proof of Medicare status, mandatory generic policies, and pharmacy reimbursement rates and any other rules necessary for the cost-efficient operation of the program established under this subsection.

(Source: P.A. 92-131, eff. 7-23-01; 92-519, eff. 1-1-02; 92-651, eff. 7-11-02; 93-130, eff. 7-10-03.)

Section 10. The Senior Citizens and Disabled Persons Prescription Drug Discount Program Act is amended by changing the title of the Act and Sections 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, and 50 as follows:

(320 ILCS 55/Act title)

An Act concerning discount prescription drugs for Illinois residents ~~senior citizens~~.

(320 ILCS 55/1)

Sec. 1. Short title. This Act may be cited as the Illinois ~~Senior Citizens and Disabled Persons~~ Prescription Drug Discount Program Act.

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/5)

Sec. 5. Findings. The General Assembly finds that:

(a) (Blank). ~~Although senior citizens represent 12% of the population, they use on average 37% of prescription drugs that are dispensed.~~

(b) (Blank). ~~Senior citizens in the United States without prescription drug insurance coverage pay the highest prices in the world for needed medications.~~

(c) High prescription drug prices force many Illinois seniors to go without proper medication or other necessities, thereby affecting their health and safety.

(d) Prescription drug prices in the United States are the world's highest, averaging 32% higher than in Canada, 40% higher than in Mexico, and 60% higher than in Great Britain.

(e) (Blank). ~~Regardless of household income, seniors without prescription drug coverage are often just one serious illness away from poverty.~~

(f) Reducing the price of prescription drugs would benefit the health and well-being of ~~all~~ Illinois residents ~~senior citizens~~ by providing more affordable access to needed drugs.

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/10)

Sec. 10. Purpose. The purpose of this program is to require the Department of Healthcare and Family ~~Central Management~~ Services to establish and administer a program that will enable eligible Illinois residents ~~senior citizens and disabled persons~~ to purchase prescription drugs at discounted prices.

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/15)

Sec. 15. Definitions. As used in this Act:

"Authorized pharmacy" means any pharmacy registered in this State under the Pharmacy Practice Act of 1987 or approved

by the Department of Financial and Professional Regulation and approved by the Department or its program administrator.

"AWP" or "average wholesale price" means the amount determined from the latest publication of the Red Book, a universally subscribed pharmacist reference guide annually published by the Hearst Corporation. "AWP" or "average wholesale price" may also be derived electronically from the drug pricing database synonymous with the latest publication of the Red Book and furnished in the National Drug Data File (NDDF) by First Data Bank (FDB), a service of the Hearst Corporation.

"Covered medication" means any medication included in the Illinois Prescription Drug Discount Program.

"Department" means the Department of Healthcare and Family Central Management Services.

"Director" means the Director of Healthcare and Family Central Management Services.

~~"Disabled person" means a person unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months.~~

"Drug manufacturer" means any entity (1) that is located within or outside Illinois that is engaged in (i) the production, preparation, propagation, compounding, conversion, or processing of prescription drug products covered under the program, either directly or indirectly by extraction from substances of natural origin, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis or (ii) the packaging, repackaging, leveling, labeling, or distribution of prescription drug products covered under the program and (2) that elects to provide prescription drugs either directly or under contract with any entity providing prescription drug services on behalf of the State of Illinois. "Drug manufacturer", however, does not include a wholesale distributor of drugs or a retail

pharmacy licensed under Illinois law.

"Federal Poverty Limit" or "FPL" means the Federal Poverty Income Guidelines published annually in the Federal Register.

~~"Eligible senior" means a person who is (i) a resident of Illinois and (ii) 65 years of age or older.~~

"Prescription drug" means any prescribed drug that may be legally dispensed by an authorized pharmacy.

"Program" means the Illinois ~~Senior Citizens and Disabled Persons~~ Prescription Drug Discount Program created under this Act.

"Program administrator" means the entity that is chosen by the Department to administer the program. The program administrator may, in this case, be the Director or a Pharmacy Benefits Manager (PBM) chosen to subcontract with the Director.

"Rules" includes rules adopted and forms prescribed by the Department.

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/20)

Sec. 20. The Illinois ~~Senior Citizens and Disabled Persons~~ Prescription Drug Discount Program. The Illinois ~~Senior Citizens and Disabled Persons~~ Prescription Drug Discount Program is established to protect the health and safety of Illinois residents ~~senior citizens and disabled persons~~. The program shall be administered by the Department. The Department or its program administrator shall (i) enroll eligible persons ~~seniors and disabled persons~~ into the program, as provided in Section 35 of this Act, to qualify them for a discount on the purchase of prescription drugs at an authorized pharmacy and ~~7~~ (ii) enter into rebate agreements with drug manufacturers, as provided under Section 30 of this Act, ~~and (iii) subject to the provisions of Section 47 of this Act, compensate pharmacies participating in the program as provided under Section 25 of this Act.~~

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/25)

Sec. 25. Program administration.

(a) The Department is authorized under this Act to be the program administrator. If the Department is not the program administrator, 90 days after the effective date of this Act, the Department must issue a request for proposals for bidders interested in administering the program. Bidders must compete on the basis of the following minimum criteria:

(1) The Director shall solicit and accept proposals from entities to provide for administration of a program or programs in accordance with rules adopted under Section 45. Proposals must be submitted not later than a date established by the Director. The Director shall accept only those proposals that specify the following:

(A) The ~~estimated~~ amount of the discount based on the AWP of the covered medications ~~entity's previous experience and how the discount is to be achieved.~~

(B) Administrative fees changed by the entity. ~~The extent that discounts on prescription drugs are to be achieved through rebates, administrative fees, or other fees or discounts in prices that the entity negotiates with drug manufacturers. The proposals shall assure that rebates or discounts will be used to do the following:~~

~~(i) reduce costs to cardholders;~~

~~(ii) achieve discounts for cardholders; and~~

~~(iii) cover costs for administering the program.~~

(C) Annual membership fees ~~Any other benefits offered to the~~ cardholders.

(D) The estimated number and geographic distribution of participating pharmacies in the administrator's pharmacy network.

(E) The plan for pharmacy compensation, ~~pursuant to subsection (c) of this Section.~~

(F) The method used for determining the

prescription drugs to be covered by the program, and ~~including~~ the criteria and process for establishing a preferred drug list, if applicable.

(G) How the entity proposes to improve medication management for cardholders, including any program of disease management.

(H) How cardholders ~~and participating pharmacies~~ will be informed of the discounted price negotiated by the entity.

(I) How the entity will handle complaints about the program's operation.

(J) The entity's previous experience in managing similar programs.

(K) Any additional information requested by the Director.

(2) The Director shall contract with one or more entities to administer a program or programs on the basis of the proposals submitted, but may require an administrator to modify its conduct of a program in accordance with rules adopted under Section 45.

The Director shall adopt rules specifying the period for which a contract will be in effect and may terminate a contract if an administrator fails to conduct a program in accordance with its proposal or with any modifications required by rule. When a contract period ends or a contract is terminated, the Director shall enter into a new contract in the manner specified in this Section for an original contract. Prior to making a new contract, the Director may modify the rules for administration of the program or programs.

(b) As used in this Section, "administrator" includes the administrator's parent company and any subsidiary of the parent company.

(1) No administrator shall sell any information concerning a person who holds a prescription drug discount card, other than aggregate information that does not

identify the cardholder or the physician prescribing the medication, without the cardholder's written consent.

(2) Unless an administrator has the cardholder's written consent, no administrator shall use any personally identifiable information that it obtains concerning a cardholder through the program to promote or sell a program or product offered by the administrator that is not related to the administration of the program. This subsection (b) does not prohibit an administrator from contacting cardholders concerning participation in or administration of the program, including, but not limited to, mailing a list of pharmacies participating in the program's network or participating in disease management programs.

(3) (Blank). ~~To the extent that a discount is achieved through rebates, administrative fees, or any other fees or discounts in prices that an administrator negotiates with drug manufacturers, an administrator shall use the rebates or discounts to do the following:~~

- ~~(A) reduce costs to cardholders;~~
- ~~(B) achieve discounts for cardholders; and~~
- ~~(C) cover any administrative costs of the program.~~

(4) The administrator shall not use any funds generated from rebates, discounts, administrative fees, or other fees to promote its mail order pharmacy operation or the mail order pharmacy operation of an affiliate. ~~This subdivision (b)(4) does not, however, limit the participation of an Illinois licensed pharmacy under this Act if that pharmacy provides prescription drugs by mail order.~~

(c) (Blank). ~~Beginning on January 1, 2004, the amount paid by eligible seniors and disabled persons enrolled in the program to authorized pharmacies for prescription drugs may not exceed prices established as a result of the rebate agreements under Section 30. The eligible seniors and disabled persons shall pay the price determined under Section 30 plus a dispensing fee of \$3.50 per prescription for brand name drug~~

~~products, single source drug products, and, for a period of 6 months, newly released generic drug products and \$4.25 per prescription for all other generic drug products, except that the total amount paid by the eligible senior or disabled person for each prescription drug under this program shall not exceed the usual and customary charge for such prescription.~~

(d) The contract between the Department and a pharmacy benefits manager must, at a minimum, meet the criteria of subsection (a). The contract must also require notification by the pharmacy benefits manager of any proposed or ongoing activity that involves, directly or indirectly, any conflict of interest on the part of the pharmacy benefits manager. The Department shall ensure that the pharmacy benefits manager complies with the contract and shall adopt all procedures necessary to enforce the contract.

(e) (Blank). ~~The Department or program administrator shall, subject to the funds available under Section 30 of this Act, compensate authorized pharmacies for prescription drugs dispensed under the program for the difference between the amount paid by the eligible senior or disabled person for prescription drugs dispensed under the program and (i) the AWP minus 12% for brand name drug products, single source generic drug products, and, for a period of 6 months, newly released generic drug products and (ii) the AWP minus 35% for all other generic drug products. The Department shall compensate a pharmacy under this subsection (e) only if the amount paid by the eligible senior or disabled person has been discounted to a price, including the dispensing fees stated in subsection (c) of this Section, that is less than (i) the AWP minus 12% for brand name drug products, single source generic drug products, and, for a period of 6 months, newly released generic drug products and (ii) the AWP minus 35% for all other generic drug products.~~

(f) The Beginning on January 1, 2004, ~~the Department or program administrator shall reimburse pharmacies at negotiated rates based on market conditions under this Section within 30~~

~~days after adjudication of the claim.~~

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/30)

Sec. 30. Manufacturer rebate agreements.

(a) Taking into consideration the extent to which the State pays for prescription drugs under various State programs and the provision of assistance to disabled persons or eligible seniors under patient assistance programs, prescription drug discount programs, or other offers for free or reduced price medicine, clinical research projects, limited supply distribution programs, compassionate use programs, or programs of research conducted by or for a drug manufacturer, the Department, its agent, or the program administrator shall negotiate and enter into rebate agreements with drug manufacturers, as defined in this Act, to effect prescription drug price discounts. The Department or program administrator may exclude certain medications from the list of covered medications and may establish a preferred drug list as a basis for determining the discounts, administrative fees, or other fees or rebates under this Section.

(b) (Blank). ~~Rebate payment procedures. All rebates negotiated under agreements described in this Section shall be paid in accordance with procedures prescribed by the Department or the program administrator.~~

(c) Receipts from rebates shall be used to provide discounts for prescription drugs purchased by cardholders ~~eligible seniors and disabled persons~~ and to cover the cost of administering the program, ~~including compensation to be paid to participating pharmacies by the Department or program administrator under subsection (e) of Section 25.~~ Any receipts to be allocated to the Department shall be deposited into the Illinois Senior Citizens and Disabled Persons Prescription Drug Discount Program Fund, a special fund hereby created in the State treasury.

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/35)

Sec. 35. Program eligibility.

(a) Any person may apply to the Department or its program administrator for participation in the program in the form and manner required by the Department. The Department or its program administrator shall determine the eligibility of each applicant for the program within 30 days after the date of application. To participate in the program an eligible Illinois resident ~~senior or disabled person~~ whose application has been approved must pay the fee determined by the Director ~~\$25~~ upon enrollment and annually thereafter and shall receive a program identification card. The card may be presented to an authorized pharmacy to assist the pharmacy in verifying eligibility under the program. If the Department is the program administrator, ~~the~~ The Department shall deposit the enrollment fees collected into the Illinois Senior Citizens and Disabled Persons Prescription Drug Discount Program Fund. If the program administrator is a contracted vendor, the vendor may collect the enrollment fees and must report all such collected enrollment fees to the Department on a regular basis. The ~~moneys collected by the Department for~~ enrollment fees ~~and~~ deposited into the Senior Citizens and Disabled Persons Prescription Drug Discount Program Fund must be separately accounted for by the Department. If 2 or more persons are eligible for any benefit under this Act and are members of the same household, each participating household member shall apply ~~to the Department~~ and pay the fee required for the purpose of obtaining an identification card. To participate in the program, an applicant must (i) be a resident of Illinois and (ii) have household income equal to or less than 300% of the Federal Poverty Level.

(b) Proceeds from annual enrollment fees shall be used ~~by the Department~~ to offset the administrative cost of this Act. The Department may reduce the annual enrollment fee by rule if the revenue from the enrollment fees is in excess of the costs

to carry out the program.

(c) (Blank). ~~Any person who is eligible for pharmaceutical assistance under the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act is presumed to be eligible for this program. The enrollment fee under this Act is not required for such persons. That person may purchase prescription drugs under this program that are not covered by the pharmaceutical assistance program under the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act by using the identification card issued under the pharmaceutical assistance program.~~

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/40)

Sec. 40. Eligible pharmacies.

(a) The Department or its program administrator shall adopt rules to establish standards and procedures for participation in the program and approve those pharmacies that apply to participate and meet the requirements for participation. Pharmacies in the program administrator's network must also comply with the Department's standards and procedures for participation.

(b) The Department shall establish procedures for properly contracting for pharmacy services, validating reimbursement claims, validating compliance of authorized pharmacies with the conditions for participation required under this Act, and otherwise providing for the effective administration of this Act. The Director, ~~in consultation with pharmacists licensed under the Pharmacy Practice Act of 1987,~~ may enter into a written contract with any other State agency, instrumentality, or political subdivision or with a fiscal intermediary for the purpose of making payments to authorized pharmacies and coordinating the program with other programs that provide payments for prescription drugs covered under the program.

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/45)

Sec. 45. Rules. The Department shall adopt rules to implement and administer the program, which shall include the following:

(1) Execution of contracts with pharmacies to participate in the program. The contracts shall stipulate terms and conditions for the participation of authorized pharmacies and the rights of the State to terminate participation for breach of the contract or for violation of this Act or rules adopted by the Department under this Act.

(2) Establishment of maximum limits on the size of prescriptions that are eligible for a discount under the program, up to a 90-day supply, except as may be necessary for utilization control reasons.

(3) Inspection of appropriate records and audits of participating authorized pharmacies to ensure contract compliance and to determine any fraudulent transactions or practices under this Act.

(4) Specify how a resident may apply to participate in the program.

(5) Specify the circumstances under which the Director may require an administrator to modify its conduct of the program.

(6) Specify the duration of a contract.

(7) Require that an administrator permit any Illinois-licensed pharmacy willing to comply with the requirements of this Act and terms and conditions for participation in the program's network to participate in ~~the any network used by the administrator for its~~ program.

(8) Permit an administrator to negotiate with one or more drug manufacturers for discounts in drug prices or rebates.

(9) Permit an administrator to receive any rebate payments from drug manufacturers.

(10) Permit an administrator to develop, administer,

and promote a program of disease management pursuant to written agreements between the administrator and pharmacies participating under the program established by this Act.

(11) Permit an administrator to collect the enrollment fee from applicants.

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/50)

Sec. 50. Report on administration of program. The Department shall report to the Governor and the General Assembly by March 1st of each year on the administration of the program under this Act. The report shall include but not be limited to the following:

(1) the number of Illinois residents ~~disabled persons and seniors eligible and~~ enrolled in the program, by county;

(2) the activities undertaken by the State to inform Illinois residents ~~disabled persons and seniors~~ about the program;

(3) the number of prescriptions filled under the program for enrollees, and the estimated savings for enrollees;

(4) a listing of the manufacturers and pharmacies participating in the program;

(5) the amount of enrollment fees and rebates collected under the program, and any additional funds or resources made available to cover the cost of the program;

(6) the itemized annual cost of administering the program; and

(7) findings and recommendations regarding problems and solutions related to the program, together with proposals for changes in the rules, regulations, or laws necessary to improve the administration of the program.

(Source: P.A. 93-18, eff. 7-1-03.)

(320 ILCS 55/17 rep.)

Section 15. The Senior Citizens and Disabled Persons Prescription Drug Discount Program Act is amended by repealing Section 17.

Section 20. The State Finance Act is amended by changing Section 5.595 as follows:

(30 ILCS 105/5.595)

Sec. 5.595. The Illinois ~~Senior Citizens and Disabled Persons~~ Prescription Drug Discount Program Fund.

(Source: P.A. 93-18, eff. 7-1-03.)

Section 99. Effective date. This Act takes effect January 1, 2006.