AN ACT concerning health.

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

Section 1. Short title. This Act may be cited as the FY2006 Budget Implementation (Human Services) Act.

Section 5. Purpose. It is the purpose of this Act to implement the Governor's FY2006 budget recommendations concerning human services.

Section 10. The Illinois Administrative Procedure Act is amended by changing Section 5-45 as follows:

(5 ILCS 100/5-45) (from Ch. 127, par. 1005-45)

Sec. 5-45. Emergency rulemaking.

(a) "Emergency" means the existence of any situation that any agency finds reasonably constitutes a threat to the public interest, safety, or welfare.

(b) If any agency finds that an emergency exists that requires adoption of a rule upon fewer days than is required by Section 5-40 and states in writing its reasons for that finding, the agency may adopt an emergency rule without prior notice or hearing upon filing a notice of emergency rulemaking with the Secretary of State under Section 5-70. The notice shall include the text of the emergency rule and shall be published in the Illinois Register. Consent orders or other court orders adopting settlements negotiated by an agency may be adopted under this Section. Subject to applicable constitutional or statutory provisions, an emergency rule becomes effective immediately upon filing under Section 5-65 or at a stated date less than 10 days thereafter. The agency's finding and a statement of the specific reasons for the finding shall be filed with the rule. The agency shall take reasonable

and appropriate measures to make emergency rules known to the persons who may be affected by them.

(c) An emergency rule may be effective for a period of not longer than 150 days, but the agency's authority to adopt an identical rule under Section 5-40 is not precluded. No emergency rule may be adopted more than once in any 24 month period, except that this limitation on the number of emergency rules that may be adopted in a 24 month period does not apply to (i) emergency rules that make additions to and deletions from the Drug Manual under Section 5-5.16 of the Illinois Public Aid Code or the generic drug formulary under Section 3.14 of the Illinois Food, Drug and Cosmetic Act, (ii) emergency rules adopted by the Pollution Control Board before July 1, 1997 to implement portions of the Livestock Management Facilities Act~~,~~ or (iii) emergency rules adopted by the Illinois Department of Public Health under subsections (a) through (i) of Section 2 of the Department of Public Health Act when necessary to protect the public's health. Two or more emergency rules having substantially the same purpose and effect shall be deemed to be a single rule for purposes of this Section.

(d) In order to provide for the expeditious and timely implementation of the State's fiscal year 1999 budget, emergency rules to implement any provision of Public Act 90-587 or 90-588 or any other budget initiative for fiscal year 1999 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (d). The adoption of emergency rules authorized by this subsection (d) shall be deemed to be necessary for the public interest, safety, and welfare.

(e) In order to provide for the expeditious and timely implementation of the State's fiscal year 2000 budget, emergency rules to implement any provision of this amendatory

Act of the 91st General Assembly or any other budget initiative for fiscal year 2000 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (e). The adoption of emergency rules authorized by this subsection (e) shall be deemed to be necessary for the public interest, safety, and welfare.

(f) In order to provide for the expeditious and timely implementation of the State's fiscal year 2001 budget, emergency rules to implement any provision of this amendatory Act of the 91st General Assembly or any other budget initiative for fiscal year 2001 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (f). The adoption of emergency rules authorized by this subsection (f) shall be deemed to be necessary for the public interest, safety, and welfare.

(g) In order to provide for the expeditious and timely implementation of the State's fiscal year 2002 budget, emergency rules to implement any provision of this amendatory Act of the 92nd General Assembly or any other budget initiative for fiscal year 2002 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (g). The adoption of emergency rules authorized by this subsection (g) shall be deemed to be necessary for the public interest, safety, and welfare.

(h) In order to provide for the expeditious and timely implementation of the State's fiscal year 2003 budget, emergency rules to implement any provision of this amendatory

Act of the 92nd General Assembly or any other budget initiative for fiscal year 2003 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (h). The adoption of emergency rules authorized by this subsection (h) shall be deemed to be necessary for the public interest, safety, and welfare.

(i) In order to provide for the expeditious and timely implementation of the State's fiscal year 2004 budget, emergency rules to implement any provision of this amendatory Act of the 93rd General Assembly or any other budget initiative for fiscal year 2004 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (i). The adoption of emergency rules authorized by this subsection (i) shall be deemed to be necessary for the public interest, safety, and welfare.

(j) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2005 budget as provided under the Fiscal Year 2005 Budget Implementation (Human Services) Act, emergency rules to implement any provision of the Fiscal Year 2005 Budget Implementation (Human Services) Act may be adopted in accordance with this Section by the agency charged with administering that provision, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (j). The Department of Public Aid may also adopt rules under this subsection (j) necessary to administer the Illinois Public Aid Code and the Children's Health Insurance Program Act. The adoption of emergency rules authorized by this subsection (j) shall be deemed to be

necessary for the public interest, safety, and welfare.

(k) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2006 budget, emergency rules to implement any provision of this amendatory Act of the 94th General Assembly or any other budget initiative for fiscal year 2006 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (k). The Department of Public Aid may also adopt rules under this subsection (k) necessary to administer the Illinois Public Aid Code, the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act, the Senior Citizens and Disabled Persons Prescription Drug Discount Program Act, and the Children's Health Insurance Program Act. The adoption of emergency rules authorized by this subsection (k) shall be deemed to be necessary for the public interest, safety, and welfare.

(Source: P.A. 92-10, eff. 6-11-01; 92-597, eff. 6-28-02; 93-20, eff. 6-20-03; 93-829, eff. 7-28-04; 93-841, eff. 7-30-04; revised 10-25-04.)

Section 12. The Illinois Act on the Aging is amended by changing Section 4.02 as follows:

(20 ILCS 105/4.02) (from Ch. 23, par. 6104.02)

Sec. 4.02. The Department shall establish a program of services to prevent unnecessary institutionalization of persons age 60 and older in need of long term care or who are established as persons who suffer from Alzheimer's disease or a related disorder under the Alzheimer's Disease Assistance Act, thereby enabling them to remain in their own homes or in other living arrangements. Such preventive services, which may be coordinated with other programs for the aged and monitored by area agencies on aging in cooperation with the Department, may

include, but are not limited to, any or all of the following:

(a) home health services;

(b) home nursing services;

(c) homemaker services;

(d) chore and housekeeping services;

(e) day care services;

(f) home-delivered meals;

(g) education in self-care;

(h) personal care services;

(i) adult day health services;

(j) habilitation services;

(k) respite care;

(k-5) community reintegration services;

(l) other nonmedical social services that may enable the person to become self-supporting; or

(m) clearinghouse for information provided by senior citizen home owners who want to rent rooms to or share living space with other senior citizens.

The Department shall establish eligibility standards for such services taking into consideration the unique economic and social needs of the target population for whom they are to be provided. Such eligibility standards shall be based on the recipient's ability to pay for services; provided, however, that in determining the amount and nature of services for which a person may qualify, consideration shall not be given to the value of cash, property or other assets held in the name of the person's spouse pursuant to a written agreement dividing marital property into equal but separate shares or pursuant to a transfer of the person's interest in a home to his spouse, provided that the spouse's share of the marital property is not made available to the person seeking such services.

Beginning July 1, 2002, the Department shall require as a condition of eligibility that all financially eligible applicants and recipients apply for medical assistance under Article V of the Illinois Public Aid Code in accordance with rules promulgated by the Department.

The Department shall, in conjunction with the Department of Public Aid, seek appropriate amendments under Sections 1915 and 1924 of the Social Security Act. The purpose of the amendments shall be to extend eligibility for home and community based services under Sections 1915 and 1924 of the Social Security Act to persons who transfer to or for the benefit of a spouse those amounts of income and resources allowed under Section 1924 of the Social Security Act. Subject to the approval of such amendments, the Department shall extend the provisions of Section 5-4 of the Illinois Public Aid Code to persons who, but for the provision of home or community-based services, would require the level of care provided in an institution, as is provided for in federal law. Those persons no longer found to be eligible for receiving noninstitutional services due to changes in the eligibility criteria shall be given 60 days notice prior to actual termination. Those persons receiving notice of termination may contact the Department and request the determination be appealed at any time during the 60 day notice period. With the exception of the lengthened notice and time frame for the appeal request, the appeal process shall follow the normal procedure. In addition, each person affected regardless of the circumstances for discontinued eligibility shall be given notice and the opportunity to purchase the necessary services through the Community Care Program. If the individual does not elect to purchase services, the Department shall advise the individual of alternative services. The target population identified for the purposes of this Section are persons age 60 and older with an identified service need. Priority shall be given to those who are at imminent risk of institutionalization. The services shall be provided to eligible persons age 60 and older to the extent that the cost of the services together with the other personal maintenance expenses of the persons are reasonably related to the standards established for care in a group facility appropriate to the person's condition. These non-institutional services, pilot projects or experimental facilities may be provided as part of

or in addition to those authorized by federal law or those funded and administered by the Department of Human Services. The Departments of Human Services, Public Aid, Public Health, Veterans' Affairs, and Commerce and Economic Opportunity and other appropriate agencies of State, federal and local governments shall cooperate with the Department on Aging in the establishment and development of the non-institutional services. The Department shall require an annual audit from all chore/housekeeping and homemaker vendors contracting with the Department under this Section. The annual audit shall assure that each audited vendor's procedures are in compliance with Department's financial reporting guidelines requiring an administrative and employee wage and benefits cost split as defined in administrative rules ~~a 27% administrative cost split and a 73% employee wages and benefits cost split~~. The audit is a public record under the Freedom of Information Act. The Department shall execute, relative to the nursing home prescreening project, written inter-agency agreements with the Department of Human Services and the Department of Public Aid, to effect the following: (1) intake procedures and common eligibility criteria for those persons who are receiving non-institutional services; and (2) the establishment and development of non-institutional services in areas of the State where they are not currently available or are undeveloped. On and after July 1, 1996, all nursing home prescreenings for individuals 60 years of age or older shall be conducted by the Department.

The Department is authorized to establish a system of recipient copayment for services provided under this Section, such copayment to be based upon the recipient's ability to pay but in no case to exceed the actual cost of the services provided. Additionally, any portion of a person's income which is equal to or less than the federal poverty standard shall not be considered by the Department in determining the copayment. The level of such copayment shall be adjusted whenever necessary to reflect any change in the officially designated

federal poverty standard.

The Department, or the Department's authorized representative, shall recover the amount of moneys expended for services provided to or in behalf of a person under this Section by a claim against the person's estate or against the estate of the person's surviving spouse, but no recovery may be had until after the death of the surviving spouse, if any, and then only at such time when there is no surviving child who is under age 21, blind, or permanently and totally disabled. This paragraph, however, shall not bar recovery, at the death of the person, of moneys for services provided to the person or in behalf of the person under this Section to which the person was not entitled; provided that such recovery shall not be enforced against any real estate while it is occupied as a homestead by the surviving spouse or other dependent, if no claims by other creditors have been filed against the estate, or, if such claims have been filed, they remain dormant for failure of prosecution or failure of the claimant to compel administration of the estate for the purpose of payment. This paragraph shall not bar recovery from the estate of a spouse, under Sections 1915 and 1924 of the Social Security Act and Section 5-4 of the Illinois Public Aid Code, who precedes a person receiving services under this Section in death. All moneys for services paid to or in behalf of the person under this Section shall be claimed for recovery from the deceased spouse's estate. "Homestead", as used in this paragraph, means the dwelling house and contiguous real estate occupied by a surviving spouse or relative, as defined by the rules and regulations of the Illinois Department of Public Aid, regardless of the value of the property.

The Department shall develop procedures to enhance availability of services on evenings, weekends, and on an emergency basis to meet the respite needs of caregivers. Procedures shall be developed to permit the utilization of services in successive blocks of 24 hours up to the monthly maximum established by the Department. Workers providing these

services shall be appropriately trained.

Beginning on the effective date of this Amendatory Act of 1991, no person may perform chore/housekeeping and homemaker services under a program authorized by this Section unless that person has been issued a certificate of pre-service to do so by his or her employing agency. Information gathered to effect such certification shall include (i) the person's name, (ii) the date the person was hired by his or her current employer, and (iii) the training, including dates and levels. Persons engaged in the program authorized by this Section before the effective date of this amendatory Act of 1991 shall be issued a certificate of all pre- and in-service training from his or her employer upon submitting the necessary information. The employing agency shall be required to retain records of all staff pre- and in-service training, and shall provide such records to the Department upon request and upon termination of the employer's contract with the Department. In addition, the employing agency is responsible for the issuance of certifications of in-service training completed to their employees.

The Department is required to develop a system to ensure that persons working as homemakers and chore housekeepers receive increases in their wages when the federal minimum wage is increased by requiring vendors to certify that they are meeting the federal minimum wage statute for homemakers and chore housekeepers. An employer that cannot ensure that the minimum wage increase is being given to homemakers and chore housekeepers shall be denied any increase in reimbursement costs.

The Department on Aging and the Department of Human Services shall cooperate in the development and submission of an annual report on programs and services provided under this Section. Such joint report shall be filed with the Governor and the General Assembly on or before September 30 each year.

The requirement for reporting to the General Assembly shall be satisfied by filing copies of the report with the Speaker,

the Minority Leader and the Clerk of the House of Representatives and the President, the Minority Leader and the Secretary of the Senate and the Legislative Research Unit, as required by Section 3.1 of the General Assembly Organization Act and filing such additional copies with the State Government Report Distribution Center for the General Assembly as is required under paragraph (t) of Section 7 of the State Library Act.

Those persons previously found eligible for receiving non-institutional services whose services were discontinued under the Emergency Budget Act of Fiscal Year 1992, and who do not meet the eligibility standards in effect on or after July 1, 1992, shall remain ineligible on and after July 1, 1992. Those persons previously not required to cost-share and who were required to cost-share effective March 1, 1992, shall continue to meet cost-share requirements on and after July 1, 1992. Beginning July 1, 1992, all clients will be required to meet eligibility, cost-share, and other requirements and will have services discontinued or altered when they fail to meet these requirements.

(Source: P.A. 92-597, eff. 6-28-02; 93-85, eff. 1-1-04; 93-902, eff. 8-10-04.)

Section 15. The Children's Health Insurance Program Act is amended by changing Section 30 as follows:

(215 ILCS 106/30)

Sec. 30. Cost sharing.

(a) Children enrolled in a health benefits program pursuant to subdivision (a)(2) of Section 25 <u>and persons enrolled in a health benefits waiver program pursuant to Section 40</u> shall be subject to the following cost sharing requirements:

(1) There shall be no co-payment required for well-baby or well-child care, including age-appropriate immunizations as required under federal law.

(2) Health insurance premiums for <u>family members,</u>

either children or adults, in families whose household income is above 150% of the federal poverty level shall be payable monthly, subject to rules promulgated by the Department for grace periods and advance payments, and shall be as follows:

(A) $15 per month for one family member ~~child~~.

(B) $25 per month for 2 family members ~~children~~.

(C) $30 per month for 3 family members ~~or more children~~.

(D) $35 per month for 4 family members.

(E) $40 per month for 5 or more family members.

(3) Co-payments for children or adults in families whose income is at or below 150% of the federal poverty level, at a minimum and to the extent permitted under federal law, shall be $2 for all medical visits and prescriptions provided under this Act.

(4) Co-payments for children or adults in families whose income is above 150% of the federal poverty level, at a minimum and to the extent permitted under federal law shall be as follows:

(A) $5 for medical visits.

(B) $3 for generic prescriptions and $5 for brand name prescriptions.

(C) $25 for emergency room use for a non-emergency situation as defined by the Department by rule.

(5) The maximum amount of out-of-pocket expenses for co-payments shall be $100 per family per year.

(b) Individuals enrolled in a privately sponsored health insurance plan pursuant to subdivision (a)(1) of Section 25 shall be subject to the cost sharing provisions as stated in the privately sponsored health insurance plan.

(Source: P.A. 90-736, eff. 8-12-98; 91-266, eff. 7-23-99.)

Section 20. The Illinois Public Aid Code is amended by changing Sections 5-5.4, 5-5.12, 5-11, and 12-4.35 as follows:

(305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

Sec. 5-5.4. Standards of Payment - Department of Public Aid. The Department of Public Aid shall develop standards of payment of skilled nursing and intermediate care services in facilities providing such services under this Article which:

(1) Provide for the determination of a facility's payment for skilled nursing and intermediate care services on a prospective basis. The amount of the payment rate for all nursing facilities certified by the Department of Public Health under the Nursing Home Care Act as Intermediate Care for the Developmentally Disabled facilities, Long Term Care for Under Age 22 facilities, Skilled Nursing facilities, or Intermediate Care facilities under the medical assistance program shall be prospectively established annually on the basis of historical, financial, and statistical data reflecting actual costs from prior years, which shall be applied to the current rate year and updated for inflation, except that the capital cost element for newly constructed facilities shall be based upon projected budgets. The annually established payment rate shall take effect on July 1 in 1984 and subsequent years. No rate increase and no update for inflation shall be provided on or after July 1, 1994 and before July 1, 2006 ~~2005~~, unless specifically provided for in this Section. The changes made by this amendatory Act of the 93rd General Assembly extending the duration of the prohibition against a rate increase or update for inflation are effective retroactive to July 1, 2004.

For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Intermediate Care for the Developmentally Disabled facilities or Long Term Care for Under Age 22 facilities, the rates taking effect on July 1, 1998 shall include an increase of 3%. For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Skilled Nursing facilities or Intermediate Care facilities, the rates taking effect on July 1, 1998 shall include an increase of 3% plus $1.10 per resident-day, as defined by the Department.

For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Intermediate Care for the Developmentally Disabled facilities or Long Term Care for Under Age 22 facilities, the rates taking effect on July 1, 1999 shall include an increase of 1.6% plus $3.00 per resident-day, as defined by the Department. For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Skilled Nursing facilities or Intermediate Care facilities, the rates taking effect on July 1, 1999 shall include an increase of 1.6% and, for services provided on or after October 1, 1999, shall be increased by $4.00 per resident-day, as defined by the Department.

For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Intermediate Care for the Developmentally Disabled facilities or Long Term Care for Under Age 22 facilities, the rates taking effect on July 1, 2000 shall include an increase of 2.5% per resident-day, as defined by the Department. For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Skilled Nursing facilities or Intermediate Care facilities, the rates taking effect on July 1, 2000 shall include an increase of 2.5% per resident-day, as defined by the Department.

For facilities licensed by the Department of Public Health under the Nursing Home Care Act as skilled nursing facilities or intermediate care facilities, a new payment methodology must be implemented for the nursing component of the rate effective July 1, 2003. The Department of Public Aid shall develop the new payment methodology using the Minimum Data Set (MDS) as the instrument to collect information concerning nursing home resident condition necessary to compute the rate. The Department of Public Aid shall develop the new payment methodology to meet the unique needs of Illinois nursing home residents while remaining subject to the appropriations provided by the General Assembly. A transition period from the payment methodology in effect on June 30, 2003 to the payment methodology in effect on July 1, 2003 shall be provided for a

period not exceeding 2 years after implementation of the new payment methodology as follows:

(A) For a facility that would receive a lower nursing component rate per patient day under the new system than the facility received effective on the date immediately preceding the date that the Department implements the new payment methodology, the nursing component rate per patient day for the facility shall be held at the level in effect on the date immediately preceding the date that the Department implements the new payment methodology until a higher nursing component rate of reimbursement is achieved by that facility.

(B) For a facility that would receive a higher nursing component rate per patient day under the payment methodology in effect on July 1, 2003 than the facility received effective on the date immediately preceding the date that the Department implements the new payment methodology, the nursing component rate per patient day for the facility shall be adjusted.

(C) Notwithstanding paragraphs (A) and (B), the nursing component rate per patient day for the facility shall be adjusted subject to appropriations provided by the General Assembly.

For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Intermediate Care for the Developmentally Disabled facilities or Long Term Care for Under Age 22 facilities, the rates taking effect on March 1, 2001 shall include a statewide increase of 7.85%, as defined by the Department.

For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Intermediate Care for the Developmentally Disabled facilities or Long Term Care for Under Age 22 facilities, the rates taking effect on April 1, 2002 shall include a statewide increase of 2.0%, as defined by the Department. This increase terminates on July 1, 2002; beginning July 1, 2002 these rates are reduced to the level of the rates

in effect on March 31, 2002, as defined by the Department.

For facilities licensed by the Department of Public Health under the Nursing Home Care Act as skilled nursing facilities or intermediate care facilities, the rates taking effect on July 1, 2001 shall be computed using the most recent cost reports on file with the Department of Public Aid no later than April 1, 2000, updated for inflation to January 1, 2001. For rates effective July 1, 2001 only, rates shall be the greater of the rate computed for July 1, 2001 or the rate effective on June 30, 2001.

Notwithstanding any other provision of this Section, for facilities licensed by the Department of Public Health under the Nursing Home Care Act as skilled nursing facilities or intermediate care facilities, the Illinois Department shall determine by rule the rates taking effect on July 1, 2002, which shall be 5.9% less than the rates in effect on June 30, 2002.

Notwithstanding any other provision of this Section, for facilities licensed by the Department of Public Health under the Nursing Home Care Act as skilled nursing facilities or intermediate care facilities, if the payment methodologies required under Section 5A-12 and the waiver granted under 42 CFR 433.68 are approved by the United States Centers for Medicare and Medicaid Services, the rates taking effect on July 1, 2004 shall be 3.0% greater than the rates in effect on June 30, 2004. These rates shall take effect only upon approval and implementation of the payment methodologies required under Section 5A-12.

Notwithstanding any other provisions of this Section, for facilities licensed by the Department of Public Health under the Nursing Home Care Act as skilled nursing facilities or intermediate care facilities, the rates taking effect on January 1, 2005 shall be 3% more than the rates in effect on December 31, 2004.

For facilities licensed by the Department of Public Health under the Nursing Home Care Act as Intermediate Care for the

Developmentally Disabled facilities or as long-term care facilities for residents under 22 years of age, the rates taking effect on July 1, 2003 shall include a statewide increase of 4%, as defined by the Department.

Notwithstanding any other provision of this Section, for facilities licensed by the Department of Public Health under the Nursing Home Care Act as skilled nursing facilities or intermediate care facilities, effective January 1, 2005, facility rates shall be increased by the difference between (i) a facility's per diem property, liability, and malpractice insurance costs as reported in the cost report filed with the Department of Public Aid and used to establish rates effective July 1, 2001 and (ii) those same costs as reported in the facility's 2002 cost report. These costs shall be passed through to the facility without caps or limitations, except for adjustments required under normal auditing procedures.

Rates established effective each July 1 shall govern payment for services rendered throughout that fiscal year, except that rates established on July 1, 1996 shall be increased by 6.8% for services provided on or after January 1, 1997. Such rates will be based upon the rates calculated for the year beginning July 1, 1990, and for subsequent years thereafter until June 30, 2001 shall be based on the facility cost reports for the facility fiscal year ending at any point in time during the previous calendar year, updated to the midpoint of the rate year. The cost report shall be on file with the Department no later than April 1 of the current rate year. Should the cost report not be on file by April 1, the Department shall base the rate on the latest cost report filed by each skilled care facility and intermediate care facility, updated to the midpoint of the current rate year. In determining rates for services rendered on and after July 1, 1985, fixed time shall not be computed at less than zero. The Department shall not make any alterations of regulations which would reduce any component of the Medicaid rate to a level below what that component would have been utilizing in the rate

effective on July 1, 1984.

(2) Shall take into account the actual costs incurred by facilities in providing services for recipients of skilled nursing and intermediate care services under the medical assistance program.

(3) Shall take into account the medical and psycho-social characteristics and needs of the patients.

(4) Shall take into account the actual costs incurred by facilities in meeting licensing and certification standards imposed and prescribed by the State of Illinois, any of its political subdivisions or municipalities and by the U.S. Department of Health and Human Services pursuant to Title XIX of the Social Security Act.

The Department of Public Aid shall develop precise standards for payments to reimburse nursing facilities for any utilization of appropriate rehabilitative personnel for the provision of rehabilitative services which is authorized by federal regulations, including reimbursement for services provided by qualified therapists or qualified assistants, and which is in accordance with accepted professional practices. Reimbursement also may be made for utilization of other supportive personnel under appropriate supervision.

(Source: P.A. 92-10, eff. 6-11-01; 92-31, eff. 6-28-01; 92-597, eff. 6-28-02; 92-651, eff. 7-11-02; 92-848, eff. 1-1-03; 93-20, eff. 6-20-03; 93-649, eff. 1-8-04; 93-659, eff. 2-3-04; 93-841, eff. 7-30-04; 93-1087, eff. 2-28-05.)

(305 ILCS 5/5-5.12) (from Ch. 23, par. 5-5.12)

Sec. 5-5.12. Pharmacy payments.

(a) Every request submitted by a pharmacy for reimbursement under this Article for prescription drugs provided to a recipient of aid under this Article shall include the name of the prescriber or an acceptable identification number as established by the Department.

(b) Pharmacies providing prescription drugs under this Article shall be reimbursed at a rate which shall include a

professional dispensing fee as determined by the Illinois Department, plus the current acquisition cost of the prescription drug dispensed. The Illinois Department shall update its information on the acquisition costs of all prescription drugs no less frequently than every 30 days. However, the Illinois Department may set the rate of reimbursement for the acquisition cost, by rule, at a percentage of the current average wholesale acquisition cost.

(c) (Blank). ~~Reimbursement under this Article for prescription drugs shall be limited to reimbursement for 4 brand-name prescription drugs per patient per month. This subsection applies only if (i) the brand-name drug was not prescribed for an acute or urgent condition, (ii) the brand-name drug was not prescribed for Alzheimer's disease, arthritis, diabetes, HIV/AIDS, a mental health condition, or respiratory disease, and (iii) a therapeutically equivalent generic medication has been approved by the federal Food and Drug Administration.~~

(d) The Department shall not impose requirements for prior approval based on a preferred drug list for anti-retroviral, anti-hemophilic factor concentrates, or any atypical antipsychotics, conventional antipsychotics, or anticonvulsants used for the treatment of serious mental illnesses until 30 days after it has conducted a study of the impact of such requirements on patient care and submitted a report to the Speaker of the House of Representatives and the President of the Senate.

(Source: P.A. 92-597, eff. 6-28-02; 92-825, eff. 8-21-02; 93-106, eff. 7-8-03.)

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

Sec. 5-11. Co-operative arrangements; contracts with other State agencies, health care and rehabilitation organizations, and fiscal intermediaries.

(a) The Illinois Department may enter into co-operative arrangements with State agencies responsible for administering

or supervising the administration of health services and vocational rehabilitation services to the end that there may be maximum utilization of such services in the provision of medical assistance.

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

The Department may also contract with such State health and rehabilitation agencies and other public or private health care and rehabilitation organizations to act for it in supplying designated medical services to persons eligible therefor under this Article. Any contracts with health services or health maintenance organizations shall be restricted to organizations which have been certified as being in compliance with standards promulgated pursuant to the laws of this State governing the establishment and operation of health services or health maintenance organizations. <u>The Department shall renegotiate the contracts with health maintenance organizations and managed care community networks that took effect August 1, 2003, so as to produce $70,000,000 savings to the Department net of resulting increases to the fee-for-service program for State fiscal year 2006.</u> The Department may also contract with insurance companies or other corporate entities serving as fiscal intermediaries in this State for the Federal Government in respect to Medicare payments under Title XVIII of the

Federal Social Security Act to act for the Department in paying medical care suppliers. The provisions of Section 9 of "An Act in relation to State finance", approved June 10, 1919, as amended, notwithstanding, such contracts with State agencies, other health care and rehabilitation organizations, or fiscal intermediaries may provide for advance payments.

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

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

A county provider as defined in Section 15-1 of this Code may contract with the Illinois Department to provide primary, secondary, or tertiary managed health care services as a managed care community network without the need to establish a separate entity and shall be deemed a managed care community

network for purposes of this Code only to the extent it provides services to participating individuals. A county provider is entitled to contract with the Illinois Department with respect to any contracting region located in whole or in part within the county. A county provider is not required to accept enrollees who do not reside within the county.

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

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

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

(2) Provide client education services as determined and approved by the Illinois Department, including but not limited to (i) education regarding appropriate utilization of health care services in a managed care system, (ii) written disclosure of treatment policies and restrictions or limitations on health services, including, but not limited to, physical services, clinical laboratory tests, hospital and surgical procedures, prescription drugs and biologics, and radiological examinations, and (iii) written notice that the enrollee may receive from another

provider those covered services that are not provided by the managed care community network.

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

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

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

(6) Issue a managed care community network identification card to each enrollee upon enrollment. The card must contain all of the following:

(A) The enrollee's health plan.

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

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

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

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

(9) Maintain, retain, and make available to the

Illinois Department records, data, and information, in a uniform manner determined by the Illinois Department, sufficient for the Illinois Department to monitor utilization, accessibility, and quality of care.

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

The Illinois Department shall contract with an entity or entities to provide external peer-based quality assurance review for the managed health care programs administered by the Illinois Department. The entity shall be representative of Illinois physicians licensed to practice medicine in all its branches and have statewide geographic representation in all specialities of medical care that are provided in managed health care programs administered by the Illinois Department. The entity may not be a third party payer and shall maintain offices in locations around the State in order to provide service and continuing medical education to physician participants within those managed health care programs administered by the Illinois Department. The review process shall be developed and conducted by Illinois physicians licensed to practice medicine in all its branches. In consultation with the entity, the Illinois Department may contract with other entities for professional peer-based quality assurance review of individual categories of services other than services provided, supervised, or coordinated by physicians licensed to practice medicine in all its branches. The Illinois Department shall establish, by rule, criteria to avoid conflicts of interest in the conduct of quality assurance activities consistent with professional peer-review standards. All quality assurance activities shall be coordinated by the Illinois Department.

Each managed care community network must demonstrate its ability to bear the financial risk of serving individuals under

this program. The Illinois Department shall by rule adopt standards for assessing the solvency and financial soundness of each managed care community network. Any solvency and financial standards adopted for managed care community networks shall be no more restrictive than the solvency and financial standards adopted under Section 1856(a) of the Social Security Act for provider-sponsored organizations under Part C of Title XVIII of the Social Security Act.

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

(c) Not later than June 30, 1996, the Illinois Department shall enter into one or more cooperative arrangements with the Department of Public Health for the purpose of developing a single survey for nursing facilities, including but not limited to facilities funded under Title XVIII or Title XIX of the federal Social Security Act or both, which shall be administered and conducted solely by the Department of Public Health. The Departments shall test the single survey process on a pilot basis, with both the Departments of Public Aid and Public Health represented on the consolidated survey team. The pilot will sunset June 30, 1997. After June 30, 1997, unless otherwise determined by the Governor, a single survey shall be implemented by the Department of Public Health which would not preclude staff from the Department of Public Aid from going on-site to nursing facilities to perform necessary audits and reviews which shall not replicate the single State agency survey required by this Act. This Section shall not apply to community or intermediate care facilities for persons with developmental disabilities.

(d) Nothing in this Code in any way limits or otherwise impairs the authority or power of the Illinois Department to

enter into a negotiated contract pursuant to this Section with a managed care community network or a health maintenance organization, as defined in the Health Maintenance Organization Act, that provides for termination or nonrenewal of the contract without cause, upon notice as provided in the contract, and without a hearing.

(Source: P.A. 92-370, eff. 8-15-01.)

(305 ILCS 5/12-4.35)

Sec. 12-4.35. Medical services for certain noncitizens.

(a) Notwithstanding ~~Subject to specific appropriation for this purpose, and notwithstanding~~ Section 1-11 of this Code or Section 20(a) of the Children's Health Insurance Program Act, the Department of Public Aid may provide medical services to noncitizens who have not yet attained 19 years of age and who are not eligible for medical assistance under Article V of this Code or under the Children's Health Insurance Program created by the Children's Health Insurance Program Act due to their not meeting the otherwise applicable provisions of Section 1-11 of this Code or Section 20(a) of the Children's Health Insurance Program Act. The medical services available, standards for eligibility, and other conditions of participation under this Section shall be established by rule by the Department; however, any such rule shall be at least as restrictive as the rules for medical assistance under Article V of this Code or the Children's Health Insurance Program created by the Children's Health Insurance Program Act.

(b) The Department is authorized to take any action, including without limitation cessation of enrollment, reduction of available medical services, and changing standards for eligibility, that is deemed necessary by the Department during a State fiscal year to assure that payments under this Section do not exceed available funds ~~the amounts appropriated for this purpose~~.

(c) Continued ~~In the event that the appropriation in any fiscal year for the Children's Health Insurance Program created~~

~~by the Children's Health Insurance Program Act is determined by the Department to be insufficient to continue enrollment of otherwise eligible children under that Program during that fiscal year, the Department is authorized to use funds appropriated for the purposes of this Section to fund that Program and to take any other action necessary to continue the operation of that Program. Furthermore, continued~~ enrollment of individuals into the program created under this Section in any fiscal year is contingent upon continued enrollment of individuals into the Children's Health Insurance Program during that fiscal year.

(d) (Blank). ~~The General Assembly finds that the adoption of rules to meet the purposes of subsections (a), (b), and (c) is an emergency and necessary for the public interest, safety, and welfare. The Department may adopt such rules through the use of emergency rulemaking in accordance with Section 5-45 of the Illinois Administrative Procedure Act, except that the limitation on the number of emergency rules that may be adopted in a 24 month period shall not apply.~~

(Source: P.A. 90-588, eff. 7-1-98.)

Section 25. The All-Inclusive Care for the Elderly Act is amended by changing Sections 10 and 15 as follows:

(320 ILCS 40/10) (from Ch. 23, par. 6910)

Sec. 10. Services for eligible persons. Within the context of the PACE program established under this Act, the Illinois Department of Public Aid may include any or all of the services in Article 5 of the Illinois Public Aid Code.

An eligible person may elect to receive services from the PACE program. If such an election is made, the eligible person shall not remain eligible for payment through the regular Medicare or Medicaid program. All services and programs provided through the PACE program shall be provided in accordance with this Act. An eligible person may elect to disenroll from the PACE program at any time.

For purposes of this Act, "eligible person" means a frail elderly individual who voluntarily enrolls in the PACE program, whose income and resources do not exceed limits established by the Illinois Department of Public Aid and for whom a licensed physician certifies that such a program provides an appropriate alternative to institutionalized care. The term "frail elderly" means an individual who meets the age and functional eligibility requirements~~, as~~ established by the Illinois Department of Public Aid ~~and the Department on Aging for nursing home care, and who is 65 years of age or older~~.

(Source: P.A. 87-411.)

(320 ILCS 40/15) (from Ch. 23, par. 6915)

Sec. 15. Program implementation.

(a) Upon receipt of federal approval ~~waivers~~, the Illinois Department of Public Aid shall implement the PACE program pursuant to the provisions of the approved Title XIX State plan ~~as a demonstration program to provide the services set forth in Section 10 to eligible persons, as defined in Section 10, for a period of 3 years. After the 3 year demonstration, the General Assembly shall reexamine the PACE program and determine if the program should be implemented on a permanent basis~~.

(b) Using a risk-based financing model, the nonprofit organization providing the PACE program shall assume responsibility for all costs generated by the PACE program participants, and it shall create and maintain a risk reserve fund that will cover any cost overages for any participant. The PACE program is responsible for the entire range of services in the consolidated service model, including hospital and nursing home care, according to participant need as determined by a multidisciplinary team. The nonprofit organization providing the PACE program is responsible for the full financial risk ~~at the conclusion of the demonstration period and when permanent waivers from the federal Health Care Financing Administration are granted~~. Specific arrangements of the risk-based financing model shall be adopted and negotiated by the federal Centers

for Medicare and Medicaid Services ~~Health Care Financing Administration~~, the nonprofit organization providing the PACE program, and the Illinois Department of Public Aid.

(Source: P.A. 87-411.)

Section 99. Effective date. This Act takes effect July 1, 2005.