

1 AN ACT in relation to public aid.

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

4 Section 5. The Illinois Public Aid Code is amended by
5 changing Section 5-11 as follows:

6 (305 ILCS 5/5-11) (from Ch. 23, par. 5-11)

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

10 (a) The Illinois Department may enter into co-operative
11 arrangements with State agencies responsible for
12 administering or supervising the administration of health
13 services and vocational rehabilitation services to the end
14 that there may be maximum utilization of such services in the
15 provision of medical assistance.

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

30 The Department may also contract with such State health
31 and rehabilitation agencies and other public or private

1 health care and rehabilitation organizations to act for it in
2 supplying designated medical services to persons eligible
3 therefor under this Article. Any contracts with health
4 services or health maintenance organizations shall be
5 restricted to organizations which have been certified as
6 being in compliance with standards promulgated pursuant to
7 the laws of this State governing the establishment and
8 operation of health services or health maintenance
9 organizations. The Department may also contract with
10 insurance companies or other corporate entities serving as
11 fiscal intermediaries in this State for the Federal
12 Government in respect to Medicare payments under Title XVIII
13 of the Federal Social Security Act to act for the Department
14 in paying medical care suppliers. The provisions of Section
15 9 of "An Act in relation to State finance", approved June 10,
16 1919, as amended, notwithstanding, such contracts with State
17 agencies, other health care and rehabilitation organizations,
18 or fiscal intermediaries may provide for advance payments.

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

27 The Illinois Department may certify managed care
28 community networks, including managed care community networks
29 owned, operated, managed, or governed by State-funded medical
30 schools, as risk-bearing entities eligible to contract with
31 the Illinois Department as Medicaid managed care
32 organizations. The Illinois Department may contract with
33 those managed care community networks to furnish health care
34 services to or arrange those services for individuals

1 participating in programs administered by the Illinois
2 Department. The rates for those provider-sponsored
3 organizations may be determined on a prepaid, capitated
4 basis. A managed care community network may choose to
5 contract with the Illinois Department to provide only
6 pediatric health care services. The Illinois Department shall
7 by rule adopt the criteria, standards, and procedures by
8 which a managed care community network may be permitted to
9 contract with the Illinois Department and shall consult with
10 the Department of Insurance in adopting these rules.

11 A county provider as defined in Section 15-1 of this Code
12 may contract with the Illinois Department to provide primary,
13 secondary, or tertiary managed health care services as a
14 managed care community network without the need to establish
15 a separate entity and shall be deemed a managed care
16 community network for purposes of this Code only to the
17 extent it provides services to participating individuals. A
18 county provider is entitled to contract with the Illinois
19 Department with respect to any contracting region located in
20 whole or in part within the county. A county provider is not
21 required to accept enrollees who do not reside within the
22 county.

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

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

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

10 (2) Provide client education services as determined
11 and approved by the Illinois Department, including but
12 not limited to (i) education regarding appropriate
13 utilization of health care services in a managed care
14 system, (ii) written disclosure of treatment policies and
15 restrictions or limitations on health services,
16 including, but not limited to, physical services,
17 clinical laboratory tests, hospital and surgical
18 procedures, prescription drugs and biologics, and
19 radiological examinations, and (iii) written notice that
20 the enrollee may receive from another provider those
21 covered services that are not provided by the managed
22 care community network.

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

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

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

34 (6) Issue a managed care community network

1 identification card to each enrollee upon enrollment.

2 The card must contain all of the following:

3 (A) The enrollee's health plan.

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

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

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

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

22 (9) Maintain, retain, and make available to the
23 Illinois Department records, data, and information, in a
24 uniform manner determined by the Illinois Department,
25 sufficient for the Illinois Department to monitor
26 utilization, accessibility, and quality of care.

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

33 The Illinois Department shall contract with an entity or
34 entities to provide external peer-based quality assurance

1 review for the managed health care programs administered by
2 the Illinois Department. The entity shall be representative
3 of Illinois physicians licensed to practice medicine in all
4 its branches and have statewide geographic representation in
5 all specialities of medical care that are provided in managed
6 health care programs administered by the Illinois Department.
7 The entity may not be a third party payer and shall maintain
8 offices in locations around the State in order to provide
9 service and continuing medical education to physician
10 participants within those managed health care programs
11 administered by the Illinois Department. The review process
12 shall be developed and conducted by Illinois physicians
13 licensed to practice medicine in all its branches. In
14 consultation with the entity, the Illinois Department may
15 contract with other entities for professional peer-based
16 quality assurance review of individual categories of services
17 other than services provided, supervised, or coordinated by
18 physicians licensed to practice medicine in all its branches.
19 The Illinois Department shall establish, by rule, criteria to
20 avoid conflicts of interest in the conduct of quality
21 assurance activities consistent with professional peer-review
22 standards. All quality assurance activities shall be
23 coordinated by the Illinois Department.

24 Each managed care community network must demonstrate its
25 ability to bear the financial risk of serving individuals
26 under this program. The Illinois Department shall by rule
27 adopt standards for assessing the solvency and financial
28 soundness of each managed care community network. Any
29 solvency and financial standards adopted for managed care
30 community networks shall be no more restrictive than the
31 solvency and financial standards adopted under Section
32 1856(a) of the Social Security Act for provider-sponsored
33 organizations under Part C of Title XVIII of the Social
34 Security Act.

1 The Illinois Department may implement the amendatory
2 changes to this Code made by this amendatory Act of 1998
3 through the use of emergency rules in accordance with Section
4 5-45 of the Illinois Administrative Procedure Act. For
5 purposes of that Act, the adoption of rules to implement
6 these changes is deemed an emergency and necessary for the
7 public interest, safety, and welfare.

8 (c) Not later than June 30, 1996, the Illinois
9 Department shall enter into one or more cooperative
10 arrangements with the Department of Public Health for the
11 purpose of developing a single survey for nursing facilities,
12 including but not limited to facilities funded under Title
13 XVIII or Title XIX of the federal Social Security Act or
14 both, which shall be administered and conducted solely by the
15 Department of Public Health. The Departments shall test the
16 single survey process on a pilot basis, with both the
17 Departments of Public Aid and Public Health represented on
18 the consolidated survey team. The pilot will sunset June 30,
19 1997. After June 30, 1997, unless otherwise determined by
20 the Governor, a single survey shall be implemented by the
21 Department of Public Health which would not preclude staff
22 from the Department of Public Aid from going on-site to
23 nursing facilities to perform necessary audits and reviews
24 which shall not replicate the single State agency survey
25 required by this Act. This Section shall not apply to
26 community or intermediate care facilities for persons with
27 developmental disabilities.

28 (d) Nothing in this Code in any way limits or otherwise
29 impairs the authority or power of the Illinois Department to
30 enter into a negotiated contract pursuant to this Section
31 with a managed health care entity (including, but not limited
32 to, a health maintenance organization) that provides for
33 termination or nonrenewal of the contract without cause, upon
34 notice as provided in the contract, and without a hearing.

1 (Source: P.A. 89-415, eff. 1-1-96; 89-507, eff. 7-1-97;
2 90-618, eff. 7-10-98.)

3 (305 ILCS 5/5-16.3 rep.)

4 Section 6. The Illinois Public Aid Code is amended by
5 repealing Section 5-16.3.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.