

1 to the pro rata share of the annual dues plus any payments or
2 contributions, and the trustees shall transmit such
3 withholdings to the specified labor organization within 10
4 working days from the time of the withholding. They may
5 accept the endowments and voluntary professorships or
6 departments in the University, from any person or persons or
7 corporations who may offer the same, and, at any regular
8 meeting of the board, may prescribe rules and regulations in
9 relation to such endowments and declare on what general
10 principles they may be admitted: Provided, that such special
11 voluntary endowments or professorships shall not be
12 incompatible with the true design and scope of the act of
13 congress, or of this Act: Provided, that no student shall at
14 any time be allowed to remain in or about the University in
15 idleness, or without full mental or industrial occupation:
16 And provided further, that the trustees, in the exercise of
17 any of the powers conferred by this Act, shall not create any
18 liability or indebtedness in excess of the funds in the hands
19 of the treasurer of the University at the time of creating
20 such liability or indebtedness, and which may be specially
21 and properly applied to the payment of the same. Any lease to
22 the trustees of lands, buildings or facilities which will
23 support scientific research and development in such areas as
24 high technology, super computing, microelectronics,
25 biotechnology, robotics, physics and engineering shall be for
26 a term not to exceed 18 years, and may grant to the trustees
27 the option to purchase the lands, buildings or facilities.
28 The lease shall recite that it is subject to termination and
29 cancellation in any year for which the General Assembly fails
30 to make an appropriation to pay the rent payable under the
31 terms of the lease.

32 Leases for the purposes described herein exceeding 5
33 years shall have the approval of the Illinois Board of Higher
34 Education.

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

1 The Trustees shall have power (a) to purchase real
2 property and easements, and (b) to acquire real property and
3 easements in the manner provided by law for the exercise of
4 the right of eminent domain, and in the event negotiations
5 for the acquisition of real property or easements for making
6 any improvement which the Trustees are authorized to make
7 shall have proven unsuccessful and the Trustees shall have by
8 resolution adopted a schedule or plan of operation for the
9 execution of the project and therein made a finding that it
10 is necessary to take such property or easements immediately
11 or at some specified later date in order to comply with the
12 schedule, the Trustees may acquire such property or easements
13 in the same manner provided in Sections 7-103 through 7-112
14 of the Code of Civil Procedure.

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

1 The Board of Trustees of the University of Illinois,
2 subject to the applicable civil service law, may appoint
3 persons to be members of the University of Illinois Police
4 Department. Members of the Police Department shall be peace
5 officers and as such have all powers possessed by policemen
6 in cities, and sheriffs, including the power to make arrests
7 on view or warrants of violations of state statutes and city
8 or county ordinances, except that they may exercise such
9 powers only in counties wherein the University and any of its
10 branches or properties are located when such is required for
11 the protection of university properties and interests, and
12 its students and personnel, and otherwise, within such
13 counties, when requested by appropriate state or local law
14 enforcement officials; provided, however, that such officer
15 shall have no power to serve and execute civil processes.

16 The Board of Trustees must authorize to each member of
17 the University of Illinois Police Department and to any other
18 employee of the University of Illinois exercising the powers
19 of a peace officer a distinct badge that, on its face, (i)
20 clearly states that the badge is authorized by the University
21 of Illinois and (ii) contains a unique identifying number. No
22 other badge shall be authorized by the University of
23 Illinois.

24 The Board of Trustees may own, operate, or govern, by or
25 through the College of Medicine at Peoria, a managed care
26 community network established under subsection (b) ~~(r)~~ of
27 Section 5-11 ~~5-16~~.3 of the Illinois Public Aid Code.

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

33 The Board of Trustees shall have the authority to adopt
34 all administrative rules which may be necessary for the

1 effective administration, enforcement and regulation of all
2 matters for which the Board has jurisdiction or
3 responsibility.

4 (b) To assist in the provision of buildings and
5 facilities beneficial to, useful for, or supportive of
6 University purposes, the Board of Trustees of the University
7 of Illinois may exercise the following powers with regard to
8 the area located on or adjacent to the University of Illinois
9 at Chicago campus and bounded as follows: on the West by
10 Morgan Street; on the North by Roosevelt Road; on the East by
11 Union Street; and on the South by 16th Street, in the City of
12 Chicago:

13 (1) Acquire any interests in land, buildings, or
14 facilities by purchase, including installments payable
15 over a period allowed by law, by lease over a term of
16 such duration as the Board of Trustees shall determine,
17 or by exercise of the power of eminent domain;

18 (2) Sub-lease or contract to purchase through
19 installments all or any portion of buildings or
20 facilities for such duration and on such terms as the
21 Board of Trustees shall determine, including a term that
22 exceeds 5 years, provided that each such lease or
23 purchase contract shall be and shall recite that it is
24 subject to termination and cancellation in any year for
25 which the General Assembly fails to make an appropriation
26 to pay the rent or purchase installments payable under
27 the terms of such lease or purchase contract; and

28 (3) Sell property without compliance with the State
29 Property Control Act and retain proceeds in the
30 University Treasury in a special, separate development
31 fund account which the Auditor General shall examine to
32 assure compliance with this Act.

33 Any buildings or facilities to be developed on the land shall
34 be buildings or facilities that, in the determination of the

1 Board of Trustees, in whole or in part: (i) are for use by
 2 the University; or (ii) otherwise advance the interests of
 3 the University, including, by way of example, residential
 4 facilities for University staff and students and commercial
 5 facilities which provide services needed by the University
 6 community. Revenues from the development fund account may be
 7 withdrawn by the University for the purpose of demolition and
 8 the processes associated with demolition; routine land and
 9 property acquisition; extension of utilities; streetscape
 10 work; landscape work; surface and structure parking;
 11 sidewalks, recreational paths, and street construction; and
 12 lease and lease purchase arrangements and the professional
 13 services associated with the planning and development of the
 14 area. Moneys from the development fund account used for any
 15 other purpose must be deposited into and appropriated from
 16 the General Revenue Fund. Buildings or facilities leased to
 17 an entity or person other than the University shall not be
 18 subject to any limitations applicable to a State supported
 19 college or university under any law. All development on the
 20 land and all use of any buildings or facilities shall be
 21 subject to the control and approval of the Board of Trustees.
 22 (Source: P.A. 90-730, eff. 8-10-98; 91-883, eff. 1-1-01.)

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

25 (110 ILCS 520/8) (from Ch. 144, par. 658)

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

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

31 2. To employ, and, for good cause, to remove a
 32 president of Southern Illinois University, and all

1 necessary deans, professors, associate professors,
2 assistant professors, instructors, and other educational
3 and administrative assistants, and all other necessary
4 employees, and contract with them upon matters relating
5 to tenure, salaries and retirement benefits in accordance
6 with the State Universities Civil Service Act; the Board
7 shall, upon the written request of an employee of
8 Southern Illinois University, withhold from the
9 compensation of that employee any dues, payments or
10 contributions payable by such employee to any labor
11 organization as defined in the Illinois Educational Labor
12 Relations Act. Under such arrangement, an amount shall be
13 withheld from each regular payroll period which is equal
14 to the pro rata share of the annual dues plus any
15 payments or contributions, and the Board shall transmit
16 such withholdings to the specified labor organization
17 within 10 working days from the time of the withholding.
18 Whenever the Board establishes a search committee to fill
19 the position of president of Southern Illinois
20 University, there shall be minority representation,
21 including women, on that search committee;

22 3. To prescribe the course of study to be followed,
23 and textbooks and apparatus to be used at Southern
24 Illinois University;

25 4. To issue upon the recommendation of the faculty,
26 diplomas to such persons as have satisfactorily completed
27 the required studies of Southern Illinois University, and
28 confer such professional and literary degrees as are
29 usually conferred by other institutions of like character
30 for similar or equivalent courses of study, or such as
31 the Board may deem appropriate;

32 5. To examine into the conditions, management, and
33 administration of Southern Illinois University, to
34 provide the requisite buildings, apparatus, equipment and

1 auxiliary enterprises, and to fix and collect
2 matriculation fees; tuition fees; fees for student
3 activities; fees for student facilities such as student
4 union buildings or field houses or stadium or other
5 recreational facilities; student welfare fees; laboratory
6 fees and similar fees for supplies and material;

7 6. To succeed to and to administer all trusts,
8 trust property, and gifts now or hereafter belonging or
9 pertaining to Southern Illinois University;

10 7. To accept endowments of professorships or
11 departments in the University from any person who may
12 proffer them and, at regular meetings, to prescribe rules
13 and regulations in relation to endowments and declare on
14 what general principles they may be accepted;

15 8. To enter into contracts with the Federal
16 government for providing courses of instruction and other
17 services at Southern Illinois University for persons
18 serving in or with the military or naval forces of the
19 United States, and to provide such courses of instruction
20 and other services;

21 9. To provide for the receipt and expenditures of
22 Federal funds, paid to the Southern Illinois University
23 by the Federal government for instruction and other
24 services for persons serving in or with the military or
25 naval forces of the United States and to provide for
26 audits of such funds;

27 10. To appoint, subject to the applicable civil
28 service law, persons to be members of the Southern
29 Illinois University Police Department. Members of the
30 Police Department shall be conservators of the peace and
31 as such have all powers possessed by policemen in cities,
32 and sheriffs, including the power to make arrests on view
33 or warrants of violations of state statutes, university
34 rules and regulations and city or county ordinances,

1 except that they may exercise such powers only within
2 counties wherein the university and any of its branches
3 or properties are located when such is required for the
4 protection of university properties and interests, and
5 its students and personnel, and otherwise, within such
6 counties, when requested by appropriate State or local
7 law enforcement officials. However, such officers shall
8 have no power to serve and execute civil processes.

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

17 11. To administer a plan or plans established by
18 the clinical faculty of the School of Medicine for the
19 billing, collection and disbursement of charges made by
20 individual faculty members for professional services
21 performed by them in the course of or in support of their
22 academic responsibilities, provided that such plan has
23 been first approved by Board action. All such collections
24 shall be deposited into a special fund or funds
25 administered by the Board from which disbursements may be
26 made according to the provisions of said plan. The
27 reasonable costs incurred, by the University,
28 administering the billing, collection and disbursement
29 provisions of a plan shall have first priority for
30 payment before distribution or disbursement for any other
31 purpose. Charges established pursuant to this plan must
32 be itemized in any billing and any amounts collected
33 which are not used to off-set the cost of operating or
34 maintaining the activity which generated the funds

1 collected, must be accounted for separately. This
2 accounting must clearly show the use and application made
3 of the funds and the Board shall report such accountings
4 for the previous fiscal year to the Legislative Audit
5 Commission annually by December 31 of each fiscal year.

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

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

1 and may finance all or part of the cost of any such park,
2 including the purchase, lease, construction,
3 reconstruction, improvement, remodeling, addition to, and
4 extension and maintenance of all or part of such high
5 technology park, and all equipment and furnishings, by
6 legislative appropriations, government grants, contracts,
7 private gifts, loans, receipts from the operation of such
8 high technology park, rentals and similar receipts; and
9 may make its other facilities and services available to
10 tenants or other occupants of any such park at rates
11 which are reasonable and appropriate.

12 The powers of the Board as herein designated are subject
13 to the Board of Higher Education Act.

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

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

17 (215 ILCS 5/352) (from Ch. 73, par. 964)

18 Sec. 352. Scope of Article.

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

32 (b) This Article does not apply to policies of accident

1 and health insurance issued in compliance with Article XIXB
2 of this Code.

3 (c) A policy issued and delivered in this State that
4 provides coverage under that policy for certificate holders
5 who are neither residents of nor employed in this State does
6 not need to provide to those nonresident certificate holders
7 who are not employed in this State the coverages or services
8 mandated by this Article.

9 (d) Stop-loss insurance is exempt from all Sections of
10 this Article, except this Section and Sections 353a, 354,
11 357.30, and 370. For purposes of this exemption, stop-loss
12 insurance is further defined as follows:

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

16 (2) Payments by the insurer must be made to the
17 employer, trustee, or other sponsors of the plan, or the
18 plan itself, but not to the employees, members,
19 participants, or health care providers.

20 (e) A policy issued or delivered in this State to the
21 Illinois Department of Public Aid and providing coverage,
22 under clause (b) of Class 1 or clause (a) of Class 2 as
23 described in Section 4, to persons who are enrolled in--the
24 ~~integrated--health--care--program-established~~ under Article V
25 ~~Section-5-16.3~~ of the Illinois Public Aid Code or under the
26 Children's Health Insurance Program Act is exempt from all
27 restrictions, limitations, standards, rules, or regulations
28 respecting benefits imposed by or under authority of this
29 Code, except those specified by subsection (1) of Section
30 143. Nothing in this subsection, however, affects the total
31 medical services available to persons eligible for medical
32 assistance under the Illinois Public Aid Code.

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

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

3 (215 ILCS 125/1-2) (from Ch. 111 1/2, par. 1402)

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

7 (1) "Advertisement" means any printed or published
8 material, audiovisual material and descriptive literature of
9 the health care plan used in direct mail, newspapers,
10 magazines, radio scripts, television scripts, billboards and
11 similar displays; and any descriptive literature or sales
12 aids of all kinds disseminated by a representative of the
13 health care plan for presentation to the public including,
14 but not limited to, circulars, leaflets, booklets,
15 depictions, illustrations, form letters and prepared sales
16 presentations.

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

18 (3) "Basic health care services" means emergency care,
19 and inpatient hospital and physician care, outpatient medical
20 services, mental health services and care for alcohol and
21 drug abuse, including any reasonable deductibles and
22 co-payments, all of which are subject to such limitations as
23 are determined by the Director pursuant to rule.

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

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

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

33 (7) "Health care plan" means any arrangement whereby any

1 organization undertakes to provide or arrange for and pay for
2 or reimburse the cost of basic health care services from
3 providers selected by the Health Maintenance Organization and
4 such arrangement consists of arranging for or the provision
5 of such health care services, as distinguished from mere
6 indemnification against the cost of such services, except as
7 otherwise authorized by Section 2-3 of this Act, on a per
8 capita prepaid basis, through insurance or otherwise. A
9 "health care plan" also includes any arrangement whereby an
10 organization undertakes to provide or arrange for or pay for
11 or reimburse the cost of any health care service for persons
12 who are enrolled in--the--integrated--health--care--program
13 established under Article V Section 5-16-3 of the Illinois
14 Public Aid Code or under the Children's Health Insurance
15 Program Act through providers selected by the organization
16 and the arrangement consists of making provision for the
17 delivery of health care services, as distinguished from mere
18 indemnification. A "health care plan" also includes any
19 arrangement pursuant to Section 4-17. Nothing in this
20 definition, however, affects the total medical services
21 available to persons eligible for medical assistance under
22 the Illinois Public Aid Code.

23 (8) "Health care services" means any services included
24 in the furnishing to any individual of medical or dental
25 care, or the hospitalization or incident to the furnishing of
26 such care or hospitalization as well as the furnishing to any
27 person of any and all other services for the purpose of
28 preventing, alleviating, curing or healing human illness or
29 injury.

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

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

3 (11) "Organization" means any insurance company, a
4 nonprofit corporation authorized under the Dental Service
5 Plan Act or the Voluntary Health Services Plans Act, or a
6 corporation organized under the laws of this or another state
7 for the purpose of operating one or more health care plans
8 and doing no business other than that of a Health Maintenance
9 Organization or an insurance company. "Organization" shall
10 also mean the University of Illinois Hospital as defined in
11 the University of Illinois Hospital Act.

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

17 (13) "Producer" means a person directly or indirectly
18 associated with a health care plan who engages in
19 solicitation or enrollment.

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

29 (15) "Subscriber" means a person who has entered into a
30 contractual relationship with the Health Maintenance
31 Organization for the provision of or arrangement of at least
32 basic health care services to the beneficiaries of such
33 contract.

34 (Source: P.A. 89-90, eff. 6-30-95; 90-177, eff. 7-23-97;

1 90-372, eff. 7-1-98; 90-376, eff. 8-14-97; 90-655, eff.
2 7-30-98.)

3 (215 ILCS 125/2-1) (from Ch. 111 1/2, par. 1403)

4 Sec. 2-1. Certificate of authority - Exception for
5 corporate employee programs - Applications - Material
6 modification of operation.

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

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

6 (b) Any organization may apply to the Director for and
7 obtain a certificate of authority to establish and operate a
8 Health Maintenance Organization in compliance with this Act.
9 A foreign corporation may qualify under this Act, subject to
10 its registration to do business in this State as a foreign
11 corporation.

12 (c) Each application for a certificate of authority
13 shall be filed in triplicate and verified by an officer or
14 authorized representative of the applicant, shall be in a
15 form prescribed by the Director, and shall set forth, without
16 limiting what may be required by the Director, the following:

- 17 (1) A copy of the organizational document;
- 18 (2) A copy of the bylaws, rules and regulations, or
19 similar document regulating the conduct of the internal
20 affairs of the applicant, which shall include a mechanism
21 to afford the enrollees an opportunity to participate in
22 an advisory capacity in matters of policy and operations;
- 23 (3) A list of the names, addresses, and official
24 positions of the persons who are to be responsible for
25 the conduct of the affairs of the applicant; including,
26 but not limited to, all members of the board of
27 directors, executive committee, the principal officers,
28 and any person or entity owning or having the right to
29 acquire 10% or more of the voting securities or
30 subordinated debt of the applicant;
- 31 (4) A statement generally describing the applicant,
32 geographic area to be served, its facilities, personnel
33 and the health care services to be offered;
- 34 (5) A copy of the form of any contract made or to

1 be made between the applicant and any providers regarding
2 the provision of health care services to enrollees;

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

6 (7) A copy of the form of any contract made or to
7 be made between the applicant and any person,
8 corporation, partnership or other entity for the
9 performance on the applicant's behalf of any functions
10 including, but not limited to, marketing, administration,
11 enrollment, investment management and subcontracting for
12 the provision of health services to enrollees;

13 (8) A copy of the form of any group contract which
14 is to be issued to employers, unions, trustees, or other
15 organizations and a copy of any form of evidence of
16 coverage to be issued to any enrollee or subscriber and
17 any advertising material;

18 (9) Descriptions of the applicant's procedures for
19 resolving enrollee grievances which must include
20 procedures providing for enrollees participation in the
21 resolution of grievances;

22 (10) A copy of the applicant's most recent
23 financial statements audited by an independent certified
24 public accountant. If the financial affairs of the
25 applicant's parent company are audited by an independent
26 certified public accountant but those of the applicant
27 are not, then a copy of the most recent audited financial
28 statement of the applicant's parent, attached to which
29 shall be consolidating financial statements of the parent
30 including separate unaudited financial statements of the
31 applicant, unless the Director determines that additional
32 or more recent financial information is required for the
33 proper administration of this Act;

34 (11) A copy of the applicant's financial plan,

1 including a three-year projection of anticipated
2 operating results, a statement of the sources of working
3 capital, and any other sources of funding and provisions
4 for contingencies;

5 (12) A description of rate methodology;

6 (13) A description of the proposed method of
7 marketing;

8 (14) A copy of every filing made with the Illinois
9 Secretary of State which relates to the applicant's
10 registered agent or registered office;

11 (15) A description of the complaint procedures to
12 be established and maintained as required under Section
13 4-6 of this Act;

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

18 (17) The fee for filing an application for issuance
19 of a certificate of authority provided in Section 408 of
20 the Illinois Insurance Code, as now or hereafter amended;
21 and

22 (18) Such other information as the Director may
23 reasonably require to make the determinations required by
24 this Act.

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

26 (215 ILCS 125/6-3) (from Ch. 111 1/2, par. 1418.3)

27 Sec. 6-3. Scope. This Article applies to direct
28 individual contracts, group contracts and certificates issued
29 thereunder, or any other evidence of coverage, each of which
30 provides for coverage under a health care plan, and has been
31 issued by organizations licensed to transact health
32 maintenance organization business in this State under the
33 Health Maintenance Organization Act, but not to any business

1 of such organization not transacted under its health
 2 maintenance organization certificate of authority. This
 3 ~~Article does not apply to (i) a managed care community~~
 4 ~~network providing or arranging health care services under~~
 5 ~~contract with the State exclusively to persons who are~~
 6 ~~enrolled in the integrated health care program established~~
 7 ~~under Section 5-16.3 of the Illinois Public Aid Code or (ii)~~
 8 ~~a managed care community network owned, operated, or governed~~
 9 ~~by a county provider as defined in Section 15-1 of that Code.~~
 10 (Source: P.A. 88-554, eff. 7-26-94.)

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

13 (225 ILCS 47/20)

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

15 (a) A health care worker shall not refer a patient for
 16 health services to an entity outside the health care worker's
 17 office or group practice in which the health care worker is
 18 an investor, unless the health care worker directly provides
 19 health services within the entity and will be personally
 20 involved with the provision of care to the referred patient.

21 (b) Pursuant to Board determination that the following
 22 exception is applicable, a health care worker may invest in
 23 and refer to an entity, whether or not the health care worker
 24 provides direct services within said entity, if there is a
 25 demonstrated need in the community for the entity and
 26 alternative financing is not available. For purposes of this
 27 subsection (b), "demonstrated need" in the community for the
 28 entity may exist if (1) there is no facility of reasonable
 29 quality that provides medically appropriate service, (2) use
 30 of existing facilities is onerous or creates too great a
 31 hardship for patients, (3) the entity is formed to own or
 32 lease medical equipment which replaces obsolete or otherwise

1 inadequate equipment in or under the control of a hospital
2 located in a federally designated health manpower shortage
3 area, or (4) such other standards as established, by rule, by
4 the Board. "Community" shall be defined as a metropolitan
5 area for a city, and a county for a rural area. In addition,
6 the following provisions must be met to be exempt under this
7 Section:

8 (1) Individuals who are not in a position to refer
9 patients to an entity are given a bona fide opportunity
10 to also invest in the entity on the same terms as those
11 offered a referring health care worker; and

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

16 (3) The entity shall market or furnish its services
17 to referring health care worker investors and other
18 investors on equal terms; and

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

22 (5) The income on the health care worker's
23 investment shall be tied to the health care worker's
24 equity in the facility rather than to the volume of
25 referrals made; and

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

30 (7) When making a referral, a health care worker
31 must disclose his investment interest in an entity to the
32 patient being referred to such entity. If alternative
33 facilities are reasonably available, the health care
34 worker must provide the patient with a list of

1 alternative facilities. The health care worker shall
2 inform the patient that they have the option to use an
3 alternative facility other than one in which the health
4 care worker has an investment interest and the patient
5 will not be treated differently by the health care worker
6 if the patient chooses to use another entity. This shall
7 be applicable to all health care worker investors,
8 including those who provide direct care or services for
9 their patients in entities outside their office
10 practices; and

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

14 (9) The entity shall establish an internal
15 utilization review program to ensure that investing
16 health care workers provided appropriate or necessary
17 utilization; and

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

22 The Board shall make such a determination for a health
23 care worker within 90 days of a completed written request.
24 Failure to make such a determination within the 90 day time
25 frame shall mean that no alternative is practical based upon
26 the facts set forth in the completed written request.

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

31 (1) the entity is listed for trading on the New
32 York Stock Exchange or on the American Stock Exchange, or
33 is a national market system security traded under an
34 automated inter-dealer quotation system operated by the

1 National Association of Securities Dealers; and

2 (2) the entity had, at the end of the corporation's
3 most recent fiscal year, total net assets of at least
4 \$30,000,000 related to the furnishing of health services;
5 and

6 (3) any investment interest obtained after the
7 effective date of this Act is traded on the exchanges
8 listed in paragraph 1 of subsection (c) of this Section
9 after the entity became a publicly traded corporation;
10 and

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

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

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

21 (7) the income on the health care worker's
22 investment is tied to the health care worker's equity in
23 the entity rather than to the volume of referrals made;
24 and

25 (8) the investment interest does not exceed 1/2 of
26 1% of the entity's total equity.

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

30 (e) Any health care worker or other entity shall not
31 enter into an arrangement or scheme seeking to make referrals
32 to another health care worker or entity based upon the
33 condition that the health care worker or entity will make
34 referrals with an intent to evade the prohibitions of this

1 Act by inducing patient referrals which would be prohibited
2 by this Section if the health care worker or entity made the
3 referral directly.

4 (f) If compliance with the need and alternative investor
5 criteria is not practical, the health care worker shall
6 identify to the patient reasonably available alternative
7 facilities. The Board shall, by rule, designate when
8 compliance is "not practical".

9 (g) Health care workers may request from the Board that
10 it render an advisory opinion that a referral to an existing
11 or proposed entity under specified circumstances does or does
12 not violate the provisions of this Act. The Board's opinion
13 shall be presumptively correct. Failure to render such an
14 advisory opinion within 90 days of a completed written
15 request pursuant to this Section shall create a rebuttable
16 presumption that a referral described in the completed
17 written request is not or will not be a violation of this
18 Act.

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

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

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

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

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

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

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

29 The Department may also contract with such State health
30 and rehabilitation agencies and other public or private
31 health care and rehabilitation organizations to act for it in
32 supplying designated medical services to persons eligible

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

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

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

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

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

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

33 A managed care community network that contracts with the
34 Illinois Department to furnish health care services to or

1 arrange those services for enrollees participating in
2 programs administered by the Illinois Department shall do all
3 of the following:

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

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

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

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

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

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

1 (A) The enrollee's health plan.

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

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

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

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

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

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

31 The Illinois Department shall contract with an entity or
32 entities to provide external peer-based quality assurance
33 review for the managed health care programs administered by
34 the Illinois Department. The entity shall be representative

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

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

33 The Illinois Department may implement the amendatory
34 changes to this Code made by this amendatory Act of 1998

1 through the use of emergency rules in accordance with Section
2 5-45 of the Illinois Administrative Procedure Act. For
3 purposes of that Act, the adoption of rules to implement
4 these changes is deemed an emergency and necessary for the
5 public interest, safety, and welfare.

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

26 (d) Nothing in this Code in any way limits or otherwise
27 impairs the authority or power of the Illinois Department to
28 enter into a negotiated contract pursuant to this Section
29 with a managed care community network or a health maintenance
30 organization, as defined in the Health Maintenance
31 Organization Act, that provides for termination or nonrenewal
32 of the contract without cause, upon notice as provided in the
33 contract, and without a hearing.

34 (Source: P.A. 89-415, eff. 1-1-96; 89-507, eff. 7-1-97;

1 90-618, eff. 7-10-98.)

2 (305 ILCS 5/5-16.9)

3 Sec. 5-16.9. Woman's health care provider. The medical
4 assistance program is subject to the provisions of Section
5 356r of the Illinois Insurance Code. The Illinois Department
6 shall adopt rules to implement the requirements of Section
7 356r of the Illinois Insurance Code in the medical assistance
8 program including managed care components defined-in--Section
9 5-16-3.

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

11 (305 ILCS 5/5-16.11)

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

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

20 (305 ILCS 5/15-2) (from Ch. 23, par. 15-2)

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

22 (a) There is created in the State Treasury the County
23 Provider Trust Fund. Interest earned by the Fund shall be
24 credited to the Fund. The Fund shall not be used to replace
25 any funds appropriated to the Medicaid program by the General
26 Assembly.

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

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

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

7 (3) All federal moneys received by the Illinois
8 Department pursuant to Title XXI of the Social Security
9 Act attributable to eligible expenditures made by the
10 Illinois Department pursuant to Section 15-5 of this
11 Code; and

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

14 (c) Disbursements from the Fund shall be by warrants
15 drawn by the State Comptroller upon receipt of vouchers duly
16 executed and certified by the Illinois Department and shall
17 be made only:

18 (1) For hospital inpatient care, hospital
19 outpatient care, care provided by other outpatient
20 facilities operated by a county, and disproportionate
21 share hospital payments made under Title XIX of the
22 Social Security Act and Article V of this Code as
23 required by Section 15-5 of this Code;

24 (1.5) For services provided by county providers
25 pursuant to Section 5-11 ~~or 5-16-3~~ of this Code;

26 (2) For the reimbursement of administrative
27 expenses incurred by county providers on behalf of the
28 Illinois Department as permitted by Section 15-4 of this
29 Code;

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

32 (4) For the payment of administrative expenses
33 necessarily incurred by the Illinois Department or its
34 agent in performing the activities required by this

1 Article XV;

2 (5) For the payment of any amounts that are
3 reimbursable to the federal government, attributable
4 solely to the Fund, and required to be paid by State
5 warrant; and

6 (6) For hospital inpatient care, hospital
7 outpatient care, care provided by other outpatient
8 facilities operated by a county, and disproportionate
9 share hospital payments made under Title XXI of the
10 Social Security Act, pursuant to Section 15-5 of this
11 Code.

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

13 (305 ILCS 5/15-3) (from Ch. 23, par. 15-3)

14 Sec. 15-3. Intergovernmental Transfers.

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

32 (b) The payment schedule for the intergovernmental
33 transfer made hereunder shall be established by

1 intergovernmental agreement between the Illinois Department
2 and the applicable county, which agreement shall at a minimum
3 provide:

4 (1) For periodic payments no less frequently than
5 monthly to the county provider for inpatient and
6 outpatient approved or adjudicated claims and for
7 disproportionate share payments under Section 5-5.02 of
8 this Code (in the initial year, for services after July
9 1, 1991, or such other date as an approved State Medical
10 Assistance Plan shall provide) ~~and to the county provider~~
11 ~~pursuant to Section 5-16.3 of this Code.~~

12 (2) For periodic payments no less frequently than
13 monthly to the county provider for supplemental
14 disproportionate share payments hereunder based on a
15 federally approved State Medical Assistance Plan.

16 (3) For calculation of the intergovernmental
17 transfer payment to be made by the county equal to 71.7%
18 of the difference between the amount of the periodic
19 payment and the base amount; provided, however, that if
20 the periodic payment for any period is less than the base
21 amount for such period, the base amount for the
22 succeeding period (and any successive period if
23 necessary) shall be increased by the amount of such
24 shortfall.

25 (4) For an intergovernmental transfer methodology
26 which obligates the Illinois Department to notify the
27 county and county provider in writing of each impending
28 periodic payment and the intergovernmental transfer
29 payment attributable thereto and which obligates the
30 Comptroller to release the periodic payment to the county
31 provider within one working day of receipt of the
32 intergovernmental transfer payment from the county.

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

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

Sec. 15-4. Contractual assumption of certain expenses. Hospitals may, at their election, by written agreement between the counties owning and operating the hospitals and the Illinois Department, assume specified expenses of the operation of the Illinois Department associated with the determination of eligibility, direct payment of which expenses by the Illinois Department would qualify as public funds expended by the Illinois Department for the Illinois Medical Assistance Program or other health care programs administered by the Illinois Department. The Illinois Department shall open an adequately staffed special on-site office or offices at facilities designated by the county for the purpose of assisting the county in ensuring that all eligible individuals are enrolled in the Illinois Medical Assistance Program and, ~~to the extent that enrollment into the integrated health care program established under Section 5-16.3 of this Code is conducted at local public assistance offices in the county, for the purpose of enrollment of persons into any managed health care entity operated by the county. The enrollment process shall meet the requirements of subsection (e) of Section 5-16.3.~~ Each such agreement, executed in accordance with Section 3 of the Intergovernmental Cooperation Act, shall describe the operational expenses to be assumed in sufficient detail to permit the Illinois Department to certify upon such written obligation or performance thereunder that the hospital's compliance with the terms of the agreement will amount to the commitment of public funds eligible for the federal financial participation or other federal funding called for in Title XIX or Title XXI of the Social Security Act.

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

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

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

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

4 (1) To pay the county hospitals' inpatient
5 reimbursement rate based on actual costs, trended forward
6 annually by an inflation index and supplemented by
7 teaching, capital, and other direct and indirect costs,
8 according to a State plan approved by the federal
9 government. Effective October 1, 1992, the inpatient
10 reimbursement rate (including any disproportionate or
11 supplemental disproportionate share payments) for
12 hospital services provided by county operated facilities
13 within the County shall be no less than the reimbursement
14 rates in effect on June 1, 1992, except that this minimum
15 shall be adjusted as of July 1, 1992 and each July 1
16 thereafter by the annual percentage change in the per
17 diem cost of inpatient hospital services as reported in
18 the most recent annual Medicaid cost report.

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

32 (3) To pay the county hospitals' disproportionate
33 share payments as established by the Illinois Department
34 under Section 5-5.02 of this Code. Effective October 1,

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

9 (3.5) To pay county providers for services provided
10 pursuant to Section 5-11 ~~or 5-16-3~~ of this Code.

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

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

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

31 (b) The Illinois Department shall promptly seek all
32 appropriate amendments to the Illinois State Plan to effect
33 the foregoing payment methodology.

34 (c) The Illinois Department shall implement the changes

1 made by Article 3 of this amendatory Act of 1992 beginning
2 October 1, 1992. All terms and conditions of the
3 disbursement of monies from the Fund not set forth expressly
4 in this Article shall be set forth in the agreement executed
5 under the Intergovernmental Cooperation Act so long as those
6 terms and conditions are not inconsistent with this Article
7 or applicable federal law. The Illinois Department shall
8 report in writing to the Hospital Service Procurement
9 Advisory Board and the Health Care Cost Containment Council
10 by October 15, 1992, the terms and conditions of all such
11 initial agreements and, where no such initial agreement has
12 yet been executed with a qualifying county, the Illinois
13 Department's reasons that each such initial agreement has not
14 been executed. Copies and reports of amended agreements
15 following the initial agreements shall likewise be filed by
16 the Illinois Department with the Hospital Service Procurement
17 Advisory Board and the Health Care Cost Containment Council
18 within 30 days following their execution. The foregoing
19 filing obligations of the Illinois Department are
20 informational only, to allow the Board and Council,
21 respectively, to better perform their public roles, except
22 that the Board or Council may, at its discretion, advise the
23 Illinois Department in the case of the failure of the
24 Illinois Department to reach agreement with any qualifying
25 county by the required date.

26 (d) The payments provided for herein are intended to
27 cover services rendered on and after July 1, 1991, and any
28 agreement executed between a qualifying county and the
29 Illinois Department pursuant to this Section may relate back
30 to that date, provided the Illinois Department obtains
31 federal approval. Any changes in payment rates resulting
32 from the provisions of Article 3 of this amendatory Act of
33 1992 are intended to apply to services rendered on or after
34 October 1, 1992, and any agreement executed between a

1 qualifying county and the Illinois Department pursuant to
2 this Section may be effective as of that date.

3 (e) If one or more hospitals file suit in any court
4 challenging any part of this Article XV, payments to
5 hospitals from the Fund under this Article XV shall be made
6 only to the extent that sufficient monies are available in
7 the Fund and only to the extent that any monies in the Fund
8 are not prohibited from disbursement and may be disbursed
9 under any order of the court.

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

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

14 (305 ILCS 5/5-16.3 rep.)

15 Section 31. The Illinois Public Aid Code is amended by
16 repealing Section 5-16.3.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law."