

AN ACT concerning budget implementation.

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

ARTICLE 1.

Section 1-1. Short title. This Act may be cited as the
FY2004 Budget Implementation (Health and Human Services) Act.

Section 1-5. Purpose. It is the purpose of this Act to
make changes relating to health and human services that are
necessary to implement the State's FY2004 budget.

ARTICLE 3.

Section 3-5. 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 or (ii) emergency rules adopted by the Pollution Control Board before July 1, 1997 to implement portions of the Livestock Management Facilities Act. 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.

(Source: P.A. 91-24, eff. 7-1-99; 91-357, eff. 7-29-99; 91-712, eff. 7-1-00; 92-10, eff. 6-11-01; 92-597, eff. 6-28-02.)

ARTICLE 5.

Section 5-5. The State Finance Act is amended by

changing Sections 6z-30 and 6z-58 as follows:

(30 ILCS 105/6z-30)

Sec. 6z-30. University of Illinois Hospital Services Fund.

(a) The University of Illinois Hospital Services Fund is created as a special fund in the State Treasury. The following moneys shall be deposited into the Fund:

(1) As soon as possible after the beginning of each fiscal year (starting in fiscal year 1995), and in no event later than July 30, the State Comptroller and the State Treasurer shall automatically transfer \$44,700,000 from the General Revenue Fund to the University of Illinois Hospital Services Fund.

(2) All intergovernmental transfer payments to the Illinois Department of Public Aid by the University of Illinois Hospital made pursuant to an intergovernmental agreement under subsection (b) or (c) of Section 5A-3 of the Illinois Public Aid Code.

(3) All federal matching funds received by the Illinois Department of Public Aid as a result of expenditures made by the Illinois Department that are attributable to moneys that were deposited in the Fund.

(b) Moneys in the fund may be used by the Illinois Department of Public Aid, subject to appropriation, to reimburse the University of Illinois Hospital for hospital and pharmacy services. The fund may also be used to make monthly transfers to the General Revenue Fund as provided in subsection (c).

(c) The State Comptroller and State Treasurer shall automatically transfer on the last day of each month except June, beginning August 31, 1994, from the University of Illinois Hospital Services Fund to the General Revenue Fund, an amount determined and certified to the State Comptroller

by the Director of Public Aid, equal to the amount by which the balance in the Fund exceeds the amount necessary to ensure timely payments to the University of Illinois Hospital.

On June 30, 1995 and each June 30 thereafter, the State Comptroller and State Treasurer shall automatically transfer the entire balance in the University of Illinois Hospital Services Fund to the General Revenue Fund.

(Source: P.A. 88-554, eff. 7-26-94; 89-499, eff. 6-28-96.)

(30 ILCS 105/6z-58)

Sec. 6z-58. The Family Care Fund.

(a) There is created in the State treasury the Family Care Fund. Interest earned by the Fund shall be credited to the Fund.

(b) The Fund is created solely for the purposes of receiving, investing, and distributing moneys in accordance with an approved waiver under the Social Security Act resulting from the Family Care waiver request submitted by the Illinois Department of Public Aid on February 15, 2002. The Fund shall consist of:

(1) All federal financial participation moneys received pursuant to the approved waiver, except for moneys received pursuant to expenditures for medical services by the Department of Public Aid from any other fund; and

(2) All other moneys received by the Fund from any source, including interest thereon.

(c) Subject to appropriation, the moneys in the Fund shall be disbursed for reimbursement of medical services and other costs associated with persons receiving such services under the waiver due to their relationship with children receiving medical services pursuant to Article V of the Illinois Public Aid Code or the Children's Health Insurance

Program Act.

(Source: P.A. 92-600, eff. 6-28-02.)

ARTICLE 15.

Section 15-5. The Illinois Public Aid Code is amended by changing Sections 5-2, 5-5.4, 10-26, 12-8.1, 12-9, 14-8, and 15-5 and adding Section 5-5.4b as follows:

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

Sec. 5-2. Classes of Persons Eligible. Medical assistance under this Article shall be available to any of the following classes of persons in respect to whom a plan for coverage has been submitted to the Governor by the Illinois Department and approved by him:

1. Recipients of basic maintenance grants under Articles III and IV.

2. Persons otherwise eligible for basic maintenance under Articles III and IV but who fail to qualify thereunder on the basis of need, and who have insufficient income and resources to meet the costs of necessary medical care, including but not limited to the following:

(a) All persons otherwise eligible for basic maintenance under Article III but who fail to qualify under that Article on the basis of need and who meet either of the following requirements:

(i) their income, as determined by the Illinois Department in accordance with any federal requirements, is equal to or less than 70% in fiscal year 2001, equal to or less than 85% in fiscal year 2002 and until a date to be determined by the Department by rule, and equal to or less than 100% beginning on the date determined by the Department by rule, of the nonfarm income official poverty

line, as defined by the federal Office of Management and Budget and revised annually in accordance with Section 673(2) of the Omnibus Budget Reconciliation Act of 1981, applicable to families of the same size; or

(ii) their income, after the deduction of costs incurred for medical care and for other types of remedial care, is equal to or less than 70% in fiscal year 2001, equal to or less than 85% in fiscal year 2002 and until a date to be determined by the Department by rule, and equal to or less than 100% beginning on the date determined by the Department by rule, of the nonfarm income official poverty line, as defined in item (i) of this subparagraph (a).

(b) All persons who would be determined eligible for such basic maintenance under Article IV by disregarding the maximum earned income permitted by federal law.

3. Persons who would otherwise qualify for Aid to the Medically Indigent under Article VII.

4. Persons not eligible under any of the preceding paragraphs who fall sick, are injured, or die, not having sufficient money, property or other resources to meet the costs of necessary medical care or funeral and burial expenses.

5. (a) Women during pregnancy, after the fact of pregnancy has been determined by medical diagnosis, and during the 60-day period beginning on the last day of the pregnancy, together with their infants and children born after September 30, 1983, whose income and resources are insufficient to meet the costs of necessary medical care to the maximum extent possible under Title XIX of the Federal Social Security Act.

(b) The Illinois Department and the Governor shall provide a plan for coverage of the persons eligible under paragraph 5(a) by April 1, 1990. Such plan shall provide ambulatory prenatal care to pregnant women during a presumptive eligibility period and establish an income eligibility standard that is equal to 133% of the nonfarm income official poverty line, as defined by the federal Office of Management and Budget and revised annually in accordance with Section 673(2) of the Omnibus Budget Reconciliation Act of 1981, applicable to families of the same size, provided that costs incurred for medical care are not taken into account in determining such income eligibility.

(c) The Illinois Department may conduct a demonstration in at least one county that will provide medical assistance to pregnant women, together with their infants and children up to one year of age, where the income eligibility standard is set up to 185% of the nonfarm income official poverty line, as defined by the federal Office of Management and Budget. The Illinois Department shall seek and obtain necessary authorization provided under federal law to implement such a demonstration. Such demonstration may establish resource standards that are not more restrictive than those established under Article IV of this Code.

6. Persons under the age of 18 who fail to qualify as dependent under Article IV and who have insufficient income and resources to meet the costs of necessary medical care to the maximum extent permitted under Title XIX of the Federal Social Security Act.

7. Persons who are under 21 18 years of age ~~or younger~~ and would qualify as disabled as defined under the Federal Supplemental Security Income Program, provided medical service for such persons would be eligible for Federal

Financial Participation, and provided the Illinois Department determines that:

(a) the person requires a level of care provided by a hospital, skilled nursing facility, or intermediate care facility, as determined by a physician licensed to practice medicine in all its branches;

(b) it is appropriate to provide such care outside of an institution, as determined by a physician licensed to practice medicine in all its branches;

(c) the estimated amount which would be expended for care outside the institution is not greater than the estimated amount which would be expended in an institution.

8. Persons who become ineligible for basic maintenance assistance under Article IV of this Code in programs administered by the Illinois Department due to employment earnings and persons in assistance units comprised of adults and children who become ineligible for basic maintenance assistance under Article VI of this Code due to employment earnings. The plan for coverage for this class of persons shall:

(a) extend the medical assistance coverage for up to 12 months following termination of basic maintenance assistance; and

(b) offer persons who have initially received 6 months of the coverage provided in paragraph (a) above, the option of receiving an additional 6 months of coverage, subject to the following:

(i) such coverage shall be pursuant to provisions of the federal Social Security Act;

(ii) such coverage shall include all services covered while the person was eligible for basic maintenance assistance;

(iii) no premium shall be charged for such

coverage; and

(iv) such coverage shall be suspended in the event of a person's failure without good cause to file in a timely fashion reports required for this coverage under the Social Security Act and coverage shall be reinstated upon the filing of such reports if the person remains otherwise eligible.

9. Persons with acquired immunodeficiency syndrome (AIDS) or with AIDS-related conditions with respect to whom there has been a determination that but for home or community-based services such individuals would require the level of care provided in an inpatient hospital, skilled nursing facility or intermediate care facility the cost of which is reimbursed under this Article. Assistance shall be provided to such persons to the maximum extent permitted under Title XIX of the Federal Social Security Act.

10. Participants in the long-term care insurance partnership program established under the Partnership for Long-Term Care Act who meet the qualifications for protection of resources described in Section 25 of that Act.

11. Persons with disabilities who are employed and eligible for Medicaid, pursuant to Section 1902(a)(10)(A)(ii)(xv) of the Social Security Act, as provided by the Illinois Department by rule.

12. Subject to federal approval, persons who are eligible for medical assistance coverage under applicable provisions of the federal Social Security Act and the federal Breast and Cervical Cancer Prevention and Treatment Act of 2000. Those eligible persons are defined to include, but not be limited to, the following persons:

(1) persons who have been screened for breast or cervical cancer under the U.S. Centers for Disease Control and Prevention Breast and Cervical Cancer Program established under Title XV of the federal Public Health

Services Act in accordance with the requirements of Section 1504 of that Act as administered by the Illinois Department of Public Health; and

(2) persons whose screenings under the above program were funded in whole or in part by funds appropriated to the Illinois Department of Public Health for breast or cervical cancer screening.

"Medical assistance" under this paragraph 12 shall be identical to the benefits provided under the State's approved plan under Title XIX of the Social Security Act. The Department must request federal approval of the coverage under this paragraph 12 within 30 days after the effective date of this amendatory Act of the 92nd General Assembly.

The Illinois Department and the Governor shall provide a plan for coverage of the persons eligible under paragraph 7 as soon as possible after July 1, 1984.

The eligibility of any such person for medical assistance under this Article is not affected by the payment of any grant under the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act or any distributions or items of income described under subparagraph (X) of paragraph (2) of subsection (a) of Section 203 of the Illinois Income Tax Act. The Department shall by rule establish the amounts of assets to be disregarded in determining eligibility for medical assistance, which shall at a minimum equal the amounts to be disregarded under the Federal Supplemental Security Income Program. The amount of assets of a single person to be disregarded shall not be less than \$2,000, and the amount of assets of a married couple to be disregarded shall not be less than \$3,000.

To the extent permitted under federal law, any person found guilty of a second violation of Article VIII A shall be ineligible for medical assistance under this Article, as provided in Section 8A-8.

The eligibility of any person for medical assistance under this Article shall not be affected by the receipt by the person of donations or benefits from fundraisers held for the person in cases of serious illness, as long as neither the person nor members of the person's family have actual control over the donations or benefits or the disbursement of the donations or benefits.

(Source: P.A. 91-676, eff. 12-23-99; 91-699, eff. 7-1-00; 91-712, eff. 7-1-00; 92-16, eff. 6-28-01; 92-47, eff. 7-3-01; 92-597, eff. 6-28-02.)

(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, 2004 2003, unless specifically provided for in

this Section.

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, ~~and each subsequent year thereafter,~~ 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.

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. 91-24, eff. 7-1-99; 91-712, eff. 7-1-00; 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; revised 9-20-02.)

(305 ILCS 5/5-5.4b new)

Sec. 5-5.4b. Publicly owned or publicly operated nursing facilities. The Illinois Department may by rule establish alternative reimbursement methodologies for nursing facilities that are owned or operated by a county, a township, a municipality, a hospital district, or any other local government in Illinois.

(305 ILCS 5/10-26)

Sec. 10-26. State Disbursement Unit.

(a) Effective October 1, 1999 the Illinois Department shall establish a State Disbursement Unit in accordance with the requirements of Title IV-D of the Social Security Act. The Illinois Department shall enter into an agreement with a State or local governmental unit or private entity to perform the functions of the State Disbursement Unit as set forth in this Section. The State Disbursement Unit shall collect and disburse support payments made under court and administrative support orders:

(1) being enforced in cases in which child and

spouse support services are being provided under this Article X; and

(2) in all cases in which child and spouse support services are not being provided under this Article X and in which support payments are made under the provisions of the Income Withholding for Support Act.

(a-2) The contract entered into by the Illinois Department with a public or private entity or an individual for the operation of the State Disbursement Unit is subject to competitive bidding. In addition, the contract is subject to Section 10-26.2 of this Code. As used in this subsection (a-2), "contract" has the same meaning as in the Illinois Procurement Code.

(a-5) If the State Disbursement Unit receives a support payment that was not appropriately made to the Unit under this Section, the Unit shall immediately return the payment to the sender, including, if possible, instructions detailing where to send the support payments.

(b) All payments received by the State Disbursement Unit:

(1) shall be deposited into an account obtained by ~~the Illinois Department the-State-or-local-governmental unit-or-private-entity, as-the-case-may-be,~~ and

(2) distributed and disbursed by the State Disbursement Unit, in accordance with the directions of the Illinois Department, pursuant to Title IV-D of the Social Security Act and rules promulgated by the Department.

(c) All support payments assigned to the Illinois Department under Article X of this Code and rules promulgated by the Illinois Department that are disbursed to the Illinois Department by the State Disbursement Unit shall be paid into the Child Support Enforcement Trust Fund.

(d) If the agreement with the State or local

governmental unit or private entity provided for in this Section is not in effect for any reason, the Department shall perform the functions of the State Disbursement Unit as set forth in this Section for a maximum of 12 months before July 1, 2001, and for a maximum of 24 months after June 30, 2001. If the Illinois Department is performing the functions of the State Disbursement Unit on July 1, 2001, then the Illinois Department shall make an award on or before December 31, 2002, to a State or local government unit or private entity to perform the functions of the State Disbursement Unit. Payments received by the Illinois Department in performance of the duties of the State Disbursement Unit shall be deposited into the State Disbursement Unit Revolving Fund established under Section 12-8.1. Nothing in this Section shall prohibit the Illinois Department from holding the State Disbursement Unit Revolving Fund after June 30, 2003.

(e) By February 1, 2000, the Illinois Department shall conduct at least 4 regional training and educational seminars to educate the clerks of the circuit court on the general operation of the State Disbursement Unit, the role of the State Disbursement Unit, and the role of the clerks of the circuit court in the collection and distribution of child support payments.

(f) By March 1, 2000, the Illinois Department shall conduct at least 4 regional educational and training seminars to educate payors, as defined in the Income Withholding for Support Act, on the general operation of the State Disbursement Unit, the role of the State Disbursement Unit, and the distribution of income withholding payments pursuant to this Section and the Income Withholding for Support Act.

(Source: P.A. 91-212, eff. 7-20-99; 91-677, eff. 1-5-00; 91-712, eff. 7-1-00; 92-44, eff. 7-1-01.)

Sec. 12-8.1. State Disbursement Unit Revolving Fund.

(a) There is created a revolving fund to be known as the State Disbursement Unit Revolving Fund, to be held by the Director of the Illinois Department, outside the State treasury, for the following purposes:

(1) the deposit of all support payments received by the Illinois Department's State Disbursement Unit;

(2) the deposit of other funds including, but not limited to, transfers of funds from other accounts attributable to support payments received by the Illinois Department's State Disbursement Unit;

(3) the deposit of any interest accrued by the revolving fund, which interest shall be available for payment of (i) any amounts considered to be Title IV-D program income that must be paid to the U.S. Department of Health and Human Services and (ii) any balance remaining after payments made under item (i) of this subsection (3) to the General Revenue Fund; however, the disbursements under this subdivision (3) may not exceed the amount of the interest accrued by the revolving fund;

(4) the disbursement of such payments to obligees or to the assignees of the obligees in accordance with the provisions of Title IV-D of the Social Security Act and rules promulgated by the Department, provided that such disbursement is based upon a payment by a payor or obligor deposited into the revolving fund established by this Section; and

(5) the disbursement of funds to payors or obligors to correct erroneous payments to the Illinois Department's State Disbursement Unit, in an amount not to exceed the erroneous payments.

(b) (Blank). ~~The provisions of this Section shall apply only if the Department performs the functions of the Illinois Department's State Disbursement Unit under paragraph--(d)--of~~

~~Section-10-26.~~

(Source: P.A. 91-712, eff. 7-1-00; 92-44, eff. 7-1-01.)

(305 ILCS 5/12-9) (from Ch. 23, par. 12-9)

Sec. 12-9. Public Aid Recoveries Trust Fund; uses. The Public Aid Recoveries Trust Fund shall consist of (1) recoveries by the Illinois Department of Public Aid authorized by this Code in respect to applicants or recipients under Articles III, IV, V, and VI, including recoveries made by the Illinois Department of Public Aid from the estates of deceased recipients, (2) recoveries made by the Illinois Department of Public Aid in respect to applicants and recipients under the Children's Health Insurance Program, and (3) federal funds received on behalf of and earned by State universities and local governmental entities for services provided to applicants or recipients covered under this Code. The Fund shall be held as a special fund in the State Treasury.

Disbursements from this Fund shall be only (1) for the reimbursement of claims collected by the Illinois Department of Public Aid through error or mistake, (2) for payment to persons or agencies designated as payees or co-payees on any instrument, whether or not negotiable, delivered to the Illinois Department of Public Aid as a recovery under this Section, such payment to be in proportion to the respective interests of the payees in the amount so collected, (3) for payments to the Department of Human Services for collections made by the Illinois Department of Public Aid on behalf of the Department of Human Services under this Code, (4) for payment of administrative expenses incurred in performing the activities authorized under this Code, (5) for payment of fees to persons or agencies in the performance of activities pursuant to the collection of monies owed the State that are collected under this Code, (6) for payments of any amounts

which are reimbursable to the federal government which are required to be paid by State warrant by either the State or federal government, and (7) for payments to State universities and local governmental entities of federal funds for services provided to applicants or recipients covered under this Code. Disbursements from this Fund for purposes of items (4) and (5) of this paragraph shall be subject to appropriations from the Fund to the Illinois Department of Public Aid.

The balance in this Fund on the first day of each calendar quarter, after payment therefrom of any amounts reimbursable to the federal government, and minus the amount reasonably anticipated to be needed to make the disbursements during that quarter authorized by this Section, shall be certified by the Director of the Illinois Department of Public Aid and transferred by the State Comptroller to the Drug Rebate Fund or the General Revenue Fund in the State Treasury, as appropriate, within 30 days of the first day of each calendar quarter.

On July 1, 1999, the State Comptroller shall transfer the sum of \$5,000,000 from the Public Aid Recoveries Trust Fund (formerly the Public Assistance Recoveries Trust Fund) into the DHS Recoveries Trust Fund.

(Source: P.A. 91-24, eff. 7-1-99; 91-212, eff. 7-20-99; 92-10, eff. 6-11-01; 92-16, eff. 6-28-01.)

(305 ILCS 5/14-8) (from Ch. 23, par. 14-8)

Sec. 14-8. Disbursements to Hospitals.

(a) For inpatient hospital services rendered on and after September 1, 1991, the Illinois Department shall reimburse hospitals for inpatient services at an inpatient payment rate calculated for each hospital based upon the Medicare Prospective Payment System as set forth in Sections 1886(b), (d), (g), and (h) of the federal Social Security

Act, and the regulations, policies, and procedures promulgated thereunder, except as modified by this Section. Payment rates for inpatient hospital services rendered on or after September 1, 1991 and on or before September 30, 1992 shall be calculated using the Medicare Prospective Payment rates in effect on September 1, 1991. Payment rates for inpatient hospital services rendered on or after October 1, 1992 and on or before March 31, 1994 shall be calculated using the Medicare Prospective Payment rates in effect on September 1, 1992. Payment rates for inpatient hospital services rendered on or after April 1, 1994 shall be calculated using the Medicare Prospective Payment rates (including the Medicare grouping methodology and weighting factors as adjusted pursuant to paragraph (1) of this subsection) in effect 90 days prior to the date of admission. For services rendered on or after July 1, 1995, the reimbursement methodology implemented under this subsection shall not include those costs referred to in Sections 1886(d)(5)(B) and 1886(h) of the Social Security Act. The additional payment amounts required under Section 1886(d)(5)(F) of the Social Security Act, for hospitals serving a disproportionate share of low-income or indigent patients, are not required under this Section. For hospital inpatient services rendered on or after July 1, 1995, the Illinois Department shall reimburse hospitals using the relative weighting factors and the base payment rates calculated for each hospital that were in effect on June 30, 1995, less the portion of such rates attributed by the Illinois Department to the cost of medical education.

(1) The weighting factors established under Section 1886(d)(4) of the Social Security Act shall not be used in the reimbursement system established under this Section. Rather, the Illinois Department shall establish by rule Medicaid weighting factors to be used in the

reimbursement system established under this Section.

(2) The Illinois Department shall define by rule those hospitals or distinct parts of hospitals that shall be exempt from the reimbursement system established under this Section. In defining such hospitals, the Illinois Department shall take into consideration those hospitals exempt from the Medicare Prospective Payment System as of September 1, 1991. For hospitals defined as exempt under this subsection, the Illinois Department shall by rule establish a reimbursement system for payment of inpatient hospital services rendered on and after September 1, 1991. For all hospitals that are children's hospitals as defined in Section 5-5.02 of this Code, the reimbursement methodology shall, through June 30, 1992, net of all applicable fees, at least equal each children's hospital 1990 ICARE payment rates, indexed to the current year by application of the DRI hospital cost index from 1989 to the year in which payments are made. Excepting county providers as defined in Article XV of this Code, hospitals licensed under the University of Illinois Hospital Act, and facilities operated by the Department of Mental Health and Developmental Disabilities (or its successor, the Department of Human Services) for hospital inpatient services rendered on or after July 1, 1995, the Illinois Department shall reimburse children's hospitals, as defined in 89 Illinois Administrative Code Section 149.50(c)(3), at the rates in effect on June 30, 1995, and shall reimburse all other hospitals at the rates in effect on June 30, 1995, less the portion of such rates attributed by the Illinois Department to the cost of medical education. For inpatient hospital services provided on or after August 1, 1998, the Illinois Department may establish by rule a means of adjusting the rates of children's hospitals, as defined in 89 Illinois

Administrative Code Section 149.50(c)(3), that did not meet that definition on June 30, 1995, in order for the inpatient hospital rates of such hospitals to take into account the average inpatient hospital rates of those children's hospitals that did meet the definition of children's hospitals on June 30, 1995.

(3) (Blank)

(4) Notwithstanding any other provision of this Section, hospitals that on August 31, 1991, have a contract with the Illinois Department under Section 3-4 of the Illinois Health Finance Reform Act may elect to continue to be reimbursed at rates stated in such contracts for general and specialty care.

(5) In addition to any payments made under this subsection (a), the Illinois Department shall make the adjustment payments required by Section 5-5.02 of this Code; provided, that in the case of any hospital reimbursed under a per case methodology, the Illinois Department shall add an amount equal to the product of the hospital's average length of stay, less one day, multiplied by 20, for inpatient hospital services rendered on or after September 1, 1991 and on or before September 30, 1992.

(b) (Blank)

(b-5) Excepting county providers as defined in Article XV of this Code, hospitals licensed under the University of Illinois Hospital Act, and facilities operated by the Illinois Department of Mental Health and Developmental Disabilities (or its successor, the Department of Human Services), for outpatient services rendered on or after July 1, 1995 and before July 1, 1998 the Illinois Department shall reimburse children's hospitals, as defined in the Illinois Administrative Code Section 149.50(c)(3), at the rates in effect on June 30, 1995, less that portion of such rates

attributed by the Illinois Department to the outpatient indigent volume adjustment and shall reimburse all other hospitals at the rates in effect on June 30, 1995, less the portions of such rates attributed by the Illinois Department to the cost of medical education and attributed by the Illinois Department to the outpatient indigent volume adjustment. For outpatient services provided on or after July 1, 1998, reimbursement rates shall be established by rule.

(c) In addition to any other payments under this Code, the Illinois Department shall develop a hospital disproportionate share reimbursement methodology that, effective July 1, 1991, through September 30, 1992, shall reimburse hospitals sufficiently to expend the fee monies described in subsection (b) of Section 14-3 of this Code and the federal matching funds received by the Illinois Department as a result of expenditures made by the Illinois Department as required by this subsection (c) and Section 14-2 that are attributable to fee monies deposited in the Fund, less amounts applied to adjustment payments under Section 5-5.02.

(d) Critical Care Access Payments.

(1) In addition to any other payments made under this Code, the Illinois Department shall develop a reimbursement methodology that shall reimburse Critical Care Access Hospitals for the specialized services that qualify them as Critical Care Access Hospitals. No adjustment payments shall be made under this subsection on or after July 1, 1995.

(2) "Critical Care Access Hospitals" includes, but is not limited to, hospitals that meet at least one of the following criteria:

(A) Hospitals located outside of a metropolitan statistical area that are designated as

Level II Perinatal Centers and that provide a disproportionate share of perinatal services to recipients; or

(B) Hospitals that are designated as Level I Trauma Centers (adult or pediatric) and certain Level II Trauma Centers as determined by the Illinois Department; or

(C) Hospitals located outside of a metropolitan statistical area and that provide a disproportionate share of obstetrical services to recipients.

(e) Inpatient high volume adjustment. For hospital inpatient services, effective with rate periods beginning on or after October 1, 1993, in addition to rates paid for inpatient services by the Illinois Department, the Illinois Department shall make adjustment payments for inpatient services furnished by Medicaid high volume hospitals. The Illinois Department shall establish by rule criteria for qualifying as a Medicaid high volume hospital and shall establish by rule a reimbursement methodology for calculating these adjustment payments to Medicaid high volume hospitals. No adjustment payment shall be made under this subsection for services rendered on or after July 1, 1995.

(f) The Illinois Department shall modify its current rules governing adjustment payments for targeted access, critical care access, and uncompensated care to classify those adjustment payments as not being payments to disproportionate share hospitals under Title XIX of the federal Social Security Act. Rules adopted under this subsection shall not be effective with respect to services rendered on or after July 1, 1995. The Illinois Department has no obligation to adopt or implement any rules or make any payments under this subsection for services rendered on or after July 1, 1995.

(f-5) The State recognizes that adjustment payments to hospitals providing certain services or incurring certain costs may be necessary to assure that recipients of medical assistance have adequate access to necessary medical services. These adjustments include payments for teaching costs and uncompensated care, trauma center payments, rehabilitation hospital payments, perinatal center payments, obstetrical care payments, targeted access payments, Medicaid high volume payments, and outpatient indigent volume payments. On or before April 1, 1995, the Illinois Department shall issue recommendations regarding (i) reimbursement mechanisms or adjustment payments to reflect these costs and services, including methods by which the payments may be calculated and the method by which the payments may be financed, and (ii) reimbursement mechanisms or adjustment payments to reflect costs and services of federally qualified health centers with respect to recipients of medical assistance.

(g) If one or more hospitals file suit in any court challenging any part of this Article XIV, payments to hospitals under this Article XIV shall be made only to the extent that sufficient monies are available in the Fund and only to the extent that any monies in the Fund are not prohibited from disbursement under any order of the court.

(h) Payments under the disbursement methodology described in this Section are subject to approval by the federal government in an appropriate State plan amendment.

(i) The Illinois Department may by rule establish criteria for and develop methodologies for adjustment payments to hospitals participating under this Article.

(j) Hospital Residing Long Term Care Services. In addition to any other payments made under this Code, the Illinois Department may by rule establish criteria and develop methodologies for payments to hospitals for Hospital

Residing Long Term Care Services.

(Source: P.A. 89-21, eff. 7-1-95; 89-499, eff. 6-28-96; 89-507, eff. 7-1-97; 90-9, eff. 7-1-97; 90-14, eff. 7-1-97; 90-588, eff. 7-1-98.)

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

Sec. 15-5. Disbursements from the Fund.

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

(1) To pay the county hospitals' inpatient reimbursement rate based on actual costs, trended forward annually by an inflation index and supplemented by teaching, capital, and other direct and indirect costs, according to a State plan approved by the federal government. Effective October 1, 1992, the inpatient reimbursement rate (including any disproportionate or supplemental disproportionate share payments) for hospital services provided by county operated facilities within the County shall be no less than the reimbursement rates in effect on June 1, 1992, except that this minimum shall be adjusted as of July 1, 1992 and each July 1 thereafter through July 1, 2002 by the annual percentage change in the per diem cost of inpatient hospital services as reported in the most recent annual Medicaid cost report. Effective July 1, 2003, the rate for hospital inpatient services provided by county hospitals shall be the rate in effect on January 1, 2003, except that this minimum may be adjusted by the Illinois Department to ensure compliance with aggregate and hospital-specific federal payment limitations.

(2) To pay county hospitals and county operated outpatient facilities for outpatient services based on a federally approved methodology to cover the maximum allowable costs per patient visit. Effective October 1,

1992, the outpatient reimbursement rate for outpatient services provided by county hospitals and county operated outpatient facilities shall be no less than the reimbursement rates in effect on June 1, 1992, except that this minimum shall be adjusted as of July 1, 1992 and each July 1 thereafter through July 1, 2002 by the annual percentage change in the per diem cost of inpatient hospital services as reported in the most recent annual Medicaid cost report. Effective July 1, 2003, the Illinois Department shall by rule establish rates for outpatient services provided by county hospitals and other county-operated facilities within the County that are in compliance with aggregate and hospital-specific federal payment limitations.

(3) To pay the county hospitals' disproportionate share payments as established by the Illinois Department under Section 5-5.02 of this Code. Effective October 1, 1992, the disproportionate share payments for hospital services provided by county operated facilities within the County shall be no less than the reimbursement rates in effect on June 1, 1992, except that this minimum shall be adjusted as of July 1, 1992 and each July 1 thereafter through July 1, 2002 by the annual percentage change in the per diem cost of inpatient hospital services as reported in the most recent annual Medicaid cost report. Effective July 1, 2003, the Illinois Department may by rule establish rates for disproportionate share payments to county hospitals that are in compliance with aggregate and hospital-specific federal payment limitations.

(3.5) To pay county providers for services provided pursuant to Section 5-11 of this Code.

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

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

(6) To pay the county providers any other amount due hospitals¹ supplemental disproportionate share payments, hereby authorized, as specified in the agreement provided for in subsection (e) and according to a federally approved State plan, including but not limited to payments made under the provisions of Section 701(d)(3)(B) of the federal Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000. Intergovernmental transfers supporting payments under this paragraph (6) shall not be subject to the computation described in subsection (a) of Section 15-3 of this Code, but shall be computed as the difference between the total of such payments made by the Illinois Department to county providers less any amount of federal financial participation due the Illinois Department under Titles XIX and XXI of the Social Security Act as a result of such payments to county providers. Effective October 17, 1992, the supplemental disproportionate share payments for hospital services provided by county operated facilities within the County shall be no less than the reimbursement rates in effect on June 17, 1992, except that this minimum shall be adjusted as of July 17, 1992 and each July 1 thereafter by the annual percentage change in the per diem cost of inpatient hospital services as reported in the most recent annual Medicaid cost report.

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

(c) The Illinois Department shall implement the changes

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

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

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

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

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

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

(305 ILCS 5/5-7 rep.)

Section 15-6. The Illinois Public Aid Code is amended by repealing Section 5-7.

ARTICLE 20.

Section 20-5. The Alzheimer's Disease Assistance Act is amended by changing Section 7 as follows:

(410 ILCS 405/7) (from Ch. 111 1/2, par. 6957)

Sec. 7. Regional ADA center funding grants-in-aid. Pursuant to appropriations enacted by the General Assembly, the Department shall provide funds grants-in-aid to hospitals affiliated with each Regional ADA Center for necessary research and for the development and maintenance of services for victims of Alzheimer's disease and related disorders and their families. For the fiscal year beginning July 1, 2003, and each year thereafter, the Department shall effect payments under this Section to hospitals affiliated with each Regional ADA Center through the Illinois Department of Public

Aid. The Department shall include the annual expenditures for this purpose in the plan required by Section 5 of this Act. in--accordance--with--the--State-Alzheimer's-Assistance Plan.--The--first--\$2,000,000--of--any--grants--in--aid--appropriated by--the--General--Assembly--for--Regional--ADA--Centers--in--any--State fiscal--year--shall--be--distributed--in--equal--portions--to--those Regional--ADA--Centers--receiving--the--appropriated--grants--in--aid for--the--State--fiscal--year--beginning--July--1,--1996.--The--first \$400,000--appropriated--by--the--General--Assembly--in--excess--of \$2,000,000--in--any--State--fiscal--year--beginning--on--or--after July--1,--1997--shall--be--distributed--in--equal--portions--to--those Regional--ADA--Centers--receiving--the--appropriated--grants--in--aid for--the--State--fiscal--year--beginning--July--1,--1996.--Any--monies appropriated--by--the--General--Assembly--in--excess--of--\$2,400,000 for--any--State--fiscal--year--beginning--on--or--after--July--1,--1997 shall--be--distributed--in--equal--portions--to--each--Regional--ADA Center.--The--Department--shall--promulgate--rules--and--procedures governing--the--distribution--and--specific--purposes--for--such grants,--including--any--contributions--of--recipients--of--services toward--the--cost--of--care.

(Source: P.A. 90-404, eff. 8-15-97.)

ARTICLE 99.

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