

AN ACT in relation to State finances.

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

Section 5. The State Finance Act is amended by changing Section 8h and by adding Sections 5.625 and 6z-62 as follows:

(30 ILCS 105/5.625 new)

Sec. 5.625. The Medicaid Provider Relief Fund.

(30 ILCS 105/6z-62 new)

Sec. 6z-62. Medicaid Provider Relief Fund.

(a) The Medicaid Provider Relief Fund ("the Fund") is created as a special fund in the State treasury. The Fund is created for the purpose of paying medical bills for which the State is responsible under Title XIX of the Social Security Act and under the Children's Health Insurance Program Act.

(b) The Fund shall consist of the following:

(1) All moneys received by the State from short-term borrowing pursuant to the Short Term Borrowing Act or the Medicaid Liability Liquidity Borrowing Act on or after the effective date of this amendatory Act of the 93rd General Assembly and before July 1, 2004.

(2) All federal matching funds received as a result of expenditures that are attributable to moneys deposited into the Fund.

(3) Interest earned on moneys in the Fund.

(c) On July 1, 2004, the State Treasurer and the Comptroller shall transfer the balance in the Medicaid Provider Relief Fund to the General Revenue Fund. After July 1, 2004, the State Treasurer and the Comptroller shall automatically transfer all moneys deposited into the Medicaid Provider Relief Fund from that Fund to the General Revenue Fund.

(d) This Section is repealed on June 30, 2005, and the

State Treasurer and the Comptroller shall promptly transfer the balance remaining in the Fund on that date to the General Revenue Fund.

(30 ILCS 105/8h)

Sec. 8h. Transfers to General Revenue Fund. Notwithstanding any other State law to the contrary, the Director of the Governor's Office of Management and Budget may from time to time direct the State Treasurer and Comptroller to transfer a specified sum from any fund held by the State Treasurer to the General Revenue Fund in order to help defray the State's operating costs for the fiscal year. The total transfer under this Section from any fund in any fiscal year shall not exceed the lesser of 8% of the revenues to be deposited into the fund during that year or 25% of the beginning balance in the fund. No transfer may be made from a fund under this Section that would have the effect of reducing the available balance in the fund to an amount less than the amount remaining unexpended and unreserved from the total appropriation from that fund for that fiscal year. This Section does not apply to any funds that are restricted by federal law to a specific use or to any funds in the Motor Fuel Tax Fund, ~~or~~ the Hospital Provider Fund, or the Medicaid Provider Relief Fund. Notwithstanding any other provision of this Section, the total transfer under this Section from the Road Fund or the State Construction Account Fund shall not exceed 5% of the revenues to be deposited into the fund during that year.

In determining the available balance in a fund, the Director of the Governor's Office of Management and Budget may include receipts, transfers into the fund, and other resources anticipated to be available in the fund in that fiscal year.

The State Treasurer and Comptroller shall transfer the amounts designated under this Section as soon as may be practicable after receiving the direction to transfer from the Director of the Governor's Office of Management and Budget.

(Source: P.A. 93-32, eff. 6-20-03; 93-659, eff. 2-3-04.)

Section 10. The Short Term Borrowing Act is amended by changing Section 3 as follows:

(30 ILCS 340/3) (from Ch. 120, par. 408)

Sec. 3. There shall be prepared under the direction of the officers named in this Act such form of bonds or certificates as they shall deem advisable, which, when issued, shall be signed by the Governor, Comptroller and Treasurer, and shall be recorded by the Comptroller in a book to be kept by him or her for that purpose. The interest and principal of such loan shall be paid by the treasurer out of the General Obligation Bond Retirement and Interest Fund.

There is hereby appropriated out of any money in the Treasury a sum sufficient for the payment of the interest and principal of any debts contracted under this Act.

The Governor, Comptroller, and Treasurer are authorized to order pursuant to the proceedings authorizing those debts the transfer of any moneys on deposit in the treasury into the General Obligation Bond Retirement and Interest Fund at times and in amounts they deem necessary to provide for the payment of that interest and principal.

The Comptroller is hereby authorized and directed to draw his warrant on the State Treasurer for the amount of all such payments.

The directive authorizing borrowing under Section 1 or 1.1 of this Act shall set forth a pro forma cash flow statement that identifies estimated monthly receipts and expenditures with identification of sources for repaying the borrowed funds.

All proceeds from any borrowing under this Act received by the State on or after the effective date of this amendatory Act of the 93rd General Assembly and before July 1, 2004 shall be deposited into the Medicaid Provider Relief Fund.

(Source: P.A. 87-838; 87-860; 88-669, eff. 11-29-94.)

Section 15. The Medicaid Liability Liquidity Borrowing Act

is amended by changing Sections 5 and 10 as follows:

(30 ILCS 342/5)

Sec. 5. Borrowing authorized. For the period June 9, 2004 ~~July 1, 1994~~ through June 30, 2004 ~~1995~~, borrowing pursuant to this Section is authorized under subsection (b) of Section 9 of Article IX of the Illinois Constitution. The purpose of the borrowing shall be ~~Whenever casual deficits or failures in revenues of the State occur, and those casual deficits or failures in revenues affect the State's ability to pay for medical services provided under the Illinois Public Aid Code or the Children's Health Insurance Program Act, in order to meet those casual deficits or failures in revenues, and the Governor, after having obtained the written consent of both the Comptroller and the Treasurer,~~ may contract debts, under this Section, for principal amounts not to exceed \$850,000,000, as supported by properly enacted State fiscal year 2004 appropriations for this purpose ~~\$900,000,000. This contracted debt, when added to amounts borrowed under the Short Term Borrowing Act during the then current fiscal year, may not exceed 15% of the State's appropriations for that fiscal year.~~ Moneys thus borrowed shall be applied to the purpose of paying for medical services as described in this Section, or to pay the debts and associated expenses thus incurred ~~created~~, and to no other purpose. All proceeds from any borrowing under this Act received by the State on or after the effective date of this amendatory Act of the 93rd General Assembly and before July 1, 2004 shall be deposited into the Medicaid Provider Relief Fund. ~~The Governor shall direct the proceeds of this borrowing into any State fund from which there are appropriations for medical assistance under the Illinois Public Aid Code.~~ All moneys so borrowed shall be borrowed for no longer time than one year.

(Source: P.A. 88-554, eff. 7-26-94; 89-626, eff. 8-9-96.)

(30 ILCS 342/10)

Sec. 10. Advertising for loan. Whenever the borrowing of money under Section 5 is contemplated, it is the duty of the Director of the Governor's Office of Management and Budget Bureau of the Budget acting at the direction of the Governor to advertise for proposals for the loan in the manner that is determined by the Director of the Governor's Office of Management and Budget Bureau of the Budget to give reasonable notice of the request for proposals. The advertisements shall set forth the amount of debt proposed to be contracted and the time and place for the payment of the principal and interest. The loan shall be awarded to the person or persons agreeing to take it at the lowest rate of interest not exceeding the maximum rate authorized by the Bond Authorization Act, as amended at the time of the making of the contract.

(Source: P.A. 88-554, eff. 7-26-94; revised 8-23-03.)

Section 20. The Illinois Public Aid Code is amended by adding Section 5-16.13 as follows:

(305 ILCS 5/5-16.13 new)

Sec. 5-16.13. Medicaid Managed Care Task Force.

(a) Medicaid, the medical assistance program jointly administered by the State of Illinois and the United States governments for low-income and uninsured populations, is the largest single insurance provider in the State. In Illinois, one in every 7 adults, one in 3 children, and 2 of every 3 nursing home residents are all provided health care under the State's Medicaid program.

Over the past 10 years, Medicaid in Illinois has grown an average of 8% annually, which requires at least \$500,000,000 in additional State resources every year.

Medicaid in Illinois is a cost-reimbursement system that does little to promote health or encourage improvements in the quality of health care services being delivered to the growing populations needing assistance.

The advent of managed care plans in the insurance industry

has driven down health care costs for many while amply managing individual needs in a system to deliver cost-efficient health care services.

(b) To better examine and evaluate the application of managed care within the State's Medicaid program, there is hereby established the bipartisan Medicaid Managed Care Task Force.

The Task Force shall consist of 8 voting members, as follows: 2 members of the Senate appointed by the President of the Senate, 2 members of the Senate appointed by the Senate Minority Leader, 2 members of the House of Representatives appointed by the Speaker of the House of Representatives, and 2 members of the House of Representatives appointed by the House Minority Leader. All actions of the Task Force require the affirmative vote of at least 5 voting members.

Members appointed to the Task Force shall elect from among themselves 2 co-chairs.

Members appointed by the legislative leaders shall be appointed for the duration of the Task Force; in the event of a vacancy, the appointment to fill the vacancy shall be made by the same legislative leader who made the original appointment.

The following persons shall serve, ex officio, as nonvoting members of the Task Force: the Director of the Governor's Office of Management and Budget, the Director of Public Aid, and the Secretary of Human Services.

The Task Force shall begin to conduct business upon the appointment of a majority of the voting members. If the co-chairs have not both been appointed, the co-chair that has been appointed shall preside.

Members shall serve without compensation but may be reimbursed for their expenses from appropriations for that purpose.

(c) The Task Force shall gather information and make recommendations relating to the financing and expenditures of the Illinois Medicaid program and the program's level of ability to provide quality health care services in the most

cost-efficient manner. The Task Force shall examine and evaluate the application of managed care within the State's Medicaid program. The Task Force shall further assess whether the State's Medicaid services delivery system meets or exceeds the goals of quality, efficiency, accountability, and financial responsibility and shall make recommendations in keeping with those goals concerning the cost-efficient delivery of Medicaid services throughout Illinois.

(d) The Task Force shall conduct at least 6 public hearings beginning the later of July 2004 or upon the appointment of a majority of its members, through October 2004.

Locations for public hearings are to be different and determined by the co-chairs in consultation with the other members of the Task Force.

Comment and testimony at public hearing is to be sought from Medicaid recipients, health care providers and other health care professionals, related advocates, health care finance experts, insurance industry professionals, and public officials from throughout the State.

(e) The Governor's Office of Management and Budget, the Department of Public Aid, and the Department of Human Services are directed to provide information and assistance to the Task Force.

(f) The Task Force shall submit a full report of its findings and recommendations to the General Assembly not later than November 8, 2004. It may submit other reports as it deems appropriate.

(g) The Task Force is abolished and this Section is repealed on December 31, 2004.

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