

**SB3460**



**104TH GENERAL ASSEMBLY**

**State of Illinois**

**2025 and 2026**

**SB3460**

Introduced 2/5/2026, by Sen. Graciela Guzmán

**SYNOPSIS AS INTRODUCED:**

305 ILCS 5/12-9

from Ch. 23, par. 12-9

Amends the Illinois Public Aid Code. Adds, as a permitted disbursement from the Public Aid Recoveries Trust Fund, payments of contingency fees to third-party entities that the Office of Inspector General authorizes to conduct audits pursuant to specified provisions of the Code or any similar audits required by State or federal law.

LRB104 19779 SSS 33229 b

**A BILL FOR**

1 AN ACT concerning public aid.

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

4 Section 5. The Illinois Public Aid Code is amended by  
5 changing Section 12-9 as follows:

6 (305 ILCS 5/12-9) (from Ch. 23, par. 12-9)

7 Sec. 12-9. Public Aid Recoveries Trust Fund; uses. The  
8 Public Aid Recoveries Trust Fund shall consist of (1)  
9 recoveries by the Department of Healthcare and Family Services  
10 (formerly Illinois Department of Public Aid) authorized by  
11 this Code in respect to applicants or recipients under  
12 Articles III, IV, V, and VI, including recoveries made by the  
13 Department of Healthcare and Family Services (formerly  
14 Illinois Department of Public Aid) from the estates of  
15 deceased recipients, (2) recoveries made by the Department of  
16 Healthcare and Family Services (formerly Illinois Department  
17 of Public Aid) in respect to applicants and recipients under  
18 the Children's Health Insurance Program Act, and the Covering  
19 ALL KIDS Health Insurance Act, (2.5) recoveries made by the  
20 Department of Healthcare and Family Services in connection  
21 with the imposition of an administrative penalty as provided  
22 under Section 12-4.45, (3) federal funds received on behalf of  
23 and earned by State universities, other State agencies or

1 departments, and local governmental entities for services  
2 provided to applicants or recipients covered under this Code,  
3 the Children's Health Insurance Program Act, and the Covering  
4 ALL KIDS Health Insurance Act, (3.5) federal financial  
5 participation revenue related to eligible disbursements made  
6 by the Department of Healthcare and Family Services from  
7 appropriations required by this Section, and (4) all other  
8 moneys received to the Fund, including interest thereon. The  
9 Fund shall be held as a special fund in the State Treasury.

10 Disbursements from this Fund shall be only (1) for the  
11 reimbursement of claims collected by the Department of  
12 Healthcare and Family Services (formerly Illinois Department  
13 of Public Aid) through error or mistake, (2) for payment to  
14 persons or agencies designated as payees or co-payees on any  
15 instrument, whether or not negotiable, delivered to the  
16 Department of Healthcare and Family Services (formerly  
17 Illinois Department of Public Aid) as a recovery under this  
18 Section, such payment to be in proportion to the respective  
19 interests of the payees in the amount so collected, (3) for  
20 payments to the Department of Human Services for collections  
21 made by the Department of Healthcare and Family Services  
22 (formerly Illinois Department of Public Aid) on behalf of the  
23 Department of Human Services under this Code, the Children's  
24 Health Insurance Program Act, and the Covering ALL KIDS Health  
25 Insurance Act, (4) for payment of administrative expenses  
26 incurred in performing the activities authorized under this

1 Code, the Children's Health Insurance Program Act, and the  
2 Covering ALL KIDS Health Insurance Act, (5) for payment of  
3 fees to persons or agencies in the performance of activities  
4 pursuant to the collection of monies owed the State that are  
5 collected under this Code, the Children's Health Insurance  
6 Program Act, and the Covering ALL KIDS Health Insurance Act,  
7 (6) for payments of any amounts which are reimbursable to the  
8 federal government which are required to be paid by State  
9 warrant by either the State or federal government, ~~and~~ (7) for  
10 payments to State universities, other State agencies or  
11 departments, and local governmental entities of federal funds  
12 for services provided to applicants or recipients covered  
13 under this Code, the Children's Health Insurance Program Act,  
14 and the Covering ALL KIDS Health Insurance Act, and (8)  
15 separate from those disbursements allowed under items (4) and  
16 (5), payment of contingency fees to third-party entities that  
17 the Office of Inspector General authorizes to conduct audits  
18 pursuant to Section 12-4.25 or Section 12-4.40, or any similar  
19 audits required by State or federal law. Disbursements from  
20 this Fund for purposes of items (4) and (5) of this paragraph  
21 shall be subject to appropriations from the Fund to the  
22 Department of Healthcare and Family Services (formerly  
23 Illinois Department of Public Aid).

24 The balance in this Fund after payment therefrom of any  
25 amounts reimbursable to the federal government, and minus the  
26 amount anticipated to be needed to make the disbursements

1 authorized by this Section, shall be certified by the Director  
2 of Healthcare and Family Services and transferred by the State  
3 Comptroller to the Drug Rebate Fund or the Healthcare Provider  
4 Relief Fund in the State Treasury, as appropriate, on at least  
5 an annual basis by June 30th of each fiscal year. The Director  
6 of Healthcare and Family Services may certify and the State  
7 Comptroller shall transfer to the Drug Rebate Fund or the  
8 Healthcare Provider Relief Fund amounts on a more frequent  
9 basis.

10 (Source: P.A. 103-593, eff. 6-7-24.)