**Section 140.26 Payment to Factors Prohibited**

a) Payment for any care or service furnished to an individual by a provider will not be made to or through a factor, either directly or by virtue of a power of attorney given by the provider to the factor. In addition, transfers by providers to a factor of any claims for reimbursement or receivables under the Medical Assistance Program, either by assignment, sale or otherwise is expressly prohibited. This prohibition shall include, but not be limited to, the following:

1) Transfer of such claims or receivables to a nonrelated entity, i.e., an organization in which the provider is neither an officer nor an owner, which has given the provider an unsecured loan,

2) Transfer of accounts for such claims or receivables, or

3) The use of such claims or receivables by a provider as collateral for a loan, except as allowed under Section 140.27 ("Assignment of Vendor Payments").

b) For purposes of these Rules, "factor" shall mean an organization, i.e., collection agency or service bureau which, or an individual who, advances money to a provider for his accounts receivable which the provider has assigned or sold, or otherwise transferred, including transfer through the use of power of attorney, to this organization or individual. The organization or individual receives an added fee receivable in return for the advanced money.

(Source: Amended at 8 Ill. Reg. 22097, effective October 24, 1984)