

1 AN ACT concerning aging.

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

4 Section 5. The Senior Citizens and Disabled Persons  
5 Property Tax Relief and Pharmaceutical Assistance Act is  
6 amended by changing Section 4 as follows:

7 (320 ILCS 25/4) (from Ch. 67 1/2, par. 404)

8 Sec. 4. Amount of Grant.

9 (a) In general. Any individual 65 years or older or any  
10 individual who will become 65 years old during the calendar  
11 year in which a claim is filed, and any surviving spouse of  
12 such a claimant, who at the time of death received or was  
13 entitled to receive a grant pursuant to this Section, which  
14 surviving spouse will become 65 years of age within the 24  
15 months immediately following the death of such claimant and  
16 which surviving spouse but for his or her age is otherwise  
17 qualified to receive a grant pursuant to this Section, and any  
18 disabled person whose annual household income is less than  
19 \$14,000 for grant years before the 1998 grant year, less than  
20 \$16,000 for the 1998 and 1999 grant years, and less than (i)  
21 \$21,218 for a household containing one person, (ii) \$28,480 for  
22 a household containing 2 persons, or (iii) \$35,740 for a  
23 household containing 3 or more persons for the 2000 grant year  
24 and thereafter and whose household is liable for payment of  
25 property taxes accrued or has paid rent constituting property  
26 taxes accrued and is domiciled in this State at the time he or  
27 she files his or her claim is entitled to claim a grant under  
28 this Act. With respect to claims filed by individuals who will  
29 become 65 years old during the calendar year in which a claim  
30 is filed, the amount of any grant to which that household is  
31 entitled shall be an amount equal to 1/12 of the amount to  
32 which the claimant would otherwise be entitled as provided in

1 this Section, multiplied by the number of months in which the  
2 claimant was 65 in the calendar year in which the claim is  
3 filed.

4 (b) Limitation. Except as otherwise provided in  
5 subsections (a) and (f) of this Section, the maximum amount of  
6 grant which a claimant is entitled to claim is the amount by  
7 which the property taxes accrued which were paid or payable  
8 during the last preceding tax year or rent constituting  
9 property taxes accrued upon the claimant's residence for the  
10 last preceding taxable year exceeds 3 1/2% of the claimant's  
11 household income for that year but in no event is the grant to  
12 exceed (i) \$700 less 4.5% of household income for that year for  
13 those with a household income of \$14,000 or less or (ii) \$70 if  
14 household income for that year is more than \$14,000.

15 (c) Public aid recipients. If household income in one or  
16 more months during a year includes cash assistance in excess of  
17 \$55 per month from the Department of Public Aid or the  
18 Department of Human Services (acting as successor to the  
19 Department of Public Aid under the Department of Human Services  
20 Act) which was determined under regulations of that Department  
21 on a measure of need that included an allowance for actual rent  
22 or property taxes paid by the recipient of that assistance, the  
23 amount of grant to which that household is entitled, except as  
24 otherwise provided in subsection (a), shall be the product of  
25 (1) the maximum amount computed as specified in subsection (b)  
26 of this Section and (2) the ratio of the number of months in  
27 which household income did not include such cash assistance  
28 over \$55 to the number twelve. If household income did not  
29 include such cash assistance over \$55 for any months during the  
30 year, the amount of the grant to which the household is  
31 entitled shall be the maximum amount computed as specified in  
32 subsection (b) of this Section. For purposes of this paragraph  
33 (c), "cash assistance" does not include any amount received  
34 under the federal Supplemental Security Income (SSI) program.

35 (d) Joint ownership. If title to the residence is held  
36 jointly by the claimant with a person who is not a member of

1 his or her household, the amount of property taxes accrued used  
2 in computing the amount of grant to which he or she is entitled  
3 shall be the same percentage of property taxes accrued as is  
4 the percentage of ownership held by the claimant in the  
5 residence.

6 (e) More than one residence. If a claimant has occupied  
7 more than one residence in the taxable year, he or she may  
8 claim only one residence for any part of a month. In the case  
9 of property taxes accrued, he or she shall prorate 1/12 of the  
10 total property taxes accrued on his or her residence to each  
11 month that he or she owned and occupied that residence; and, in  
12 the case of rent constituting property taxes accrued, shall  
13 prorate each month's rent payments to the residence actually  
14 occupied during that month.

15 (f) There is hereby established a program of pharmaceutical  
16 assistance to the aged and disabled which shall be administered  
17 by the Department in accordance with this Act, to consist of  
18 payments to authorized pharmacies, on behalf of beneficiaries  
19 of the program, for the reasonable costs of covered  
20 prescription drugs. Each beneficiary who pays \$5 for an  
21 identification card shall pay no additional prescription  
22 costs. Each beneficiary who pays \$25 for an identification card  
23 shall pay \$3 per prescription. In addition, after a beneficiary  
24 receives \$2,000 in benefits during a State fiscal year, that  
25 beneficiary shall also be charged 20% of the cost of each  
26 prescription for which payments are made by the program during  
27 the remainder of the fiscal year. To become a beneficiary under  
28 this program a person must: (1) be (i) 65 years of age or  
29 older, or (ii) the surviving spouse of such a claimant, who at  
30 the time of death received or was entitled to receive benefits  
31 pursuant to this subsection, which surviving spouse will become  
32 65 years of age within the 24 months immediately following the  
33 death of such claimant and which surviving spouse but for his  
34 or her age is otherwise qualified to receive benefits pursuant  
35 to this subsection, or (iii) disabled, and (2) be domiciled in  
36 this State at the time he or she files his or her claim, and (3)

1 have a maximum household income of less than \$14,000 for grant  
2 years before the 1998 grant year, less than \$16,000 for the  
3 1998 and 1999 grant years, and less than (i) \$21,218 for a  
4 household containing one person, (ii) \$28,480 for a household  
5 containing 2 persons, or (iii) \$35,740 for a household  
6 containing 3 more persons for the 2000 grant year and  
7 thereafter. In addition, each eligible person must (1) obtain  
8 an identification card from the Department, (2) at the time the  
9 card is obtained, sign a statement assigning to the State of  
10 Illinois benefits which may be otherwise claimed under any  
11 private insurance plans, and (3) present the identification  
12 card to the dispensing pharmacist.

13 The Department may adopt rules specifying participation  
14 requirements for the pharmaceutical assistance program,  
15 including copayment amounts, identification card fees,  
16 expenditure limits, and the benefit threshold after which a 20%  
17 charge is imposed on the cost of each prescription, to be in  
18 effect on and after July 1, 2004. Notwithstanding any other  
19 provision of this paragraph, however, the Department may not  
20 increase the identification card fee above the amount in effect  
21 on May 1, 2003 without the express consent of the General  
22 Assembly. To the extent practicable, those requirements shall  
23 be commensurate with the requirements provided in rules adopted  
24 by the Department of Public Aid to implement the pharmacy  
25 assistance program under Section 5-5.12a of the Illinois Public  
26 Aid Code.

27 Whenever a generic equivalent for a covered prescription  
28 drug is available, the Department shall reimburse only for the  
29 reasonable costs of the generic equivalent, less the co-pay  
30 established in this Section, unless (i) the covered  
31 prescription drug contains one or more ingredients defined as a  
32 narrow therapeutic index drug at 21 CFR 320.33, (ii) the  
33 prescriber indicates on the face of the prescription "brand  
34 medically necessary", and (iii) the prescriber specifies that a  
35 substitution is not permitted. When issuing an oral  
36 prescription for covered prescription medication described in

1 item (i) of this paragraph, the prescriber shall stipulate  
2 "brand medically necessary" and that a substitution is not  
3 permitted. If the covered prescription drug and its authorizing  
4 prescription do not meet the criteria listed above, the  
5 beneficiary may purchase the non-generic equivalent of the  
6 covered prescription drug by paying the difference between the  
7 generic cost and the non-generic cost plus the beneficiary  
8 co-pay.

9 Any person otherwise eligible for pharmaceutical  
10 assistance under this Act whose covered drugs are covered by  
11 any public program for assistance in purchasing any covered  
12 prescription drugs shall be ineligible for assistance under  
13 this Act to the extent such costs are covered by such other  
14 plan.

15 The fee to be charged by the Department for the  
16 identification card shall be equal to \$5 per coverage year for  
17 persons below the official poverty line as defined by the  
18 United States Department of Health and Human Services and \$25  
19 per coverage year for all other persons.

20 In the event that 2 or more persons are eligible for any  
21 benefit under this Act, and are members of the same household,  
22 (1) each such person shall be entitled to participate in the  
23 pharmaceutical assistance program, provided that he or she  
24 meets all other requirements imposed by this subsection and (2)  
25 each participating household member contributes the fee  
26 required for that person by the preceding paragraph for the  
27 purpose of obtaining an identification card.

28 The provisions of this subsection (f), other than this  
29 paragraph, are inoperative after December 31, 2005.  
30 Beneficiaries who received benefits under the program  
31 established by this subsection (f) are not entitled, at the  
32 termination of the program, to any refund of the identification  
33 card fee paid under this subsection.

34 (g) Effective January 1, 2006, there is hereby established  
35 a program of pharmaceutical assistance to the aged and  
36 disabled, entitled the Illinois Seniors and Disabled Drug

1 Coverage Program, which shall be administered by the Department  
2 of Healthcare and Family Services and the Department on Aging  
3 in accordance with this subsection, to consist of coverage of  
4 specified prescription drugs on behalf of beneficiaries of the  
5 program as set forth in this subsection. The program under this  
6 subsection replaces and supersedes the program established  
7 under subsection (f), which shall end at midnight on December  
8 31, 2005.

9 To become a beneficiary under the program established under  
10 this subsection, a person must:

11 (1) be (i) 65 years of age or older or (ii) disabled;

12 and

13 (2) be domiciled in this State; and

14 (3) enroll with a qualified Medicare Part D  
15 Prescription Drug Plan if eligible and apply for all  
16 available subsidies under Medicare Part D; and

17 (4) have a maximum household income of (i) less than  
18 \$21,218 for a household containing one person, (ii) less  
19 than \$28,480 for a household containing 2 persons, or (iii)  
20 less than \$35,740 for a household containing 3 or more  
21 persons. If any income eligibility limit set forth in items  
22 (i) through (iii) is less than 200% of the Federal Poverty  
23 Level for any year, the income eligibility limit for that  
24 year for households of that size shall be income equal to  
25 or less than 200% of the Federal Poverty Level.

26 All individuals enrolled as of December 31, 2005, in the  
27 pharmaceutical assistance program operated pursuant to  
28 subsection (f) of this Section and all individuals enrolled as  
29 of December 31, 2005, in the SeniorCare Medicaid waiver program  
30 operated pursuant to Section 5-5.12a of the Illinois Public Aid  
31 Code shall be automatically enrolled in the program established  
32 by this subsection for the first year of operation without the  
33 need for further application, except that they must apply for  
34 Medicare Part D and the Low Income Subsidy under Medicare Part  
35 D. A person enrolled in the pharmaceutical assistance program  
36 operated pursuant to subsection (f) of this Section as of

1 December 31, 2005, shall not lose eligibility in future years  
2 due only to the fact that they have not reached the age of 65.

3 To the extent permitted by federal law, the Department may  
4 act as an authorized representative of a beneficiary in order  
5 to enroll the beneficiary in a Medicare Part D Prescription  
6 Drug Plan if the beneficiary has failed to choose a plan and,  
7 where possible, to enroll beneficiaries in the low-income  
8 subsidy program under Medicare Part D or assist them in  
9 enrolling in that program.

10 Beneficiaries under the program established under this  
11 subsection shall be divided into the following 4 eligibility  
12 groups:

13 (A) Eligibility Group 1 shall consist of beneficiaries  
14 who are not eligible for Medicare Part D coverage and who  
15 are:

16 (i) disabled and under age 65; or

17 (ii) age 65 or older, with incomes over 200% of the  
18 Federal Poverty Level; or

19 (iii) age 65 or older, with incomes at or below  
20 200% of the Federal Poverty Level and not eligible for  
21 federally funded means-tested benefits due to  
22 immigration status.

23 (B) Eligibility Group 2 shall consist of beneficiaries  
24 otherwise described in Eligibility Group 1 but who are  
25 eligible for Medicare Part D coverage.

26 (C) Eligibility Group 3 shall consist of beneficiaries  
27 age 65 or older, with incomes at or below 200% of the  
28 Federal Poverty Level, who are not barred from receiving  
29 federally funded means-tested benefits due to immigration  
30 status and are eligible for Medicare Part D coverage.

31 (D) Eligibility Group 4 shall consist of beneficiaries  
32 age 65 or older, with incomes at or below 200% of the  
33 Federal Poverty Level, who are not barred from receiving  
34 federally funded means-tested benefits due to immigration  
35 status and are not eligible for Medicare Part D coverage.

36 If the State applies and receives federal approval for a

1 waiver under Title XIX of the Social Security Act, persons in  
2 Eligibility Group 4 shall continue to receive benefits through  
3 the approved waiver, and Eligibility Group 4 may be expanded to  
4 include disabled persons under age 65 with incomes under 200%  
5 of the Federal Poverty Level who are not eligible for Medicare  
6 and who are not barred from receiving federally funded  
7 means-tested benefits due to immigration status.

8 The program established under this subsection shall cover  
9 the cost of covered prescription drugs in excess of the  
10 beneficiary cost-sharing amounts set forth in this paragraph  
11 that are not covered by Medicare. In 2006, beneficiaries shall  
12 pay a co-payment of \$2 for each prescription of a generic drug  
13 and \$5 for each prescription of a brand-name drug. In future  
14 years, beneficiaries shall pay co-payments equal to the  
15 co-payments required under Medicare Part D for "other  
16 low-income subsidy eligible individuals" pursuant to 42 CFR  
17 423.782(b). Once the program established under this subsection  
18 and Medicare combined have paid \$1,750 in a year for covered  
19 prescription drugs, the beneficiary shall pay 20% of the cost  
20 of each prescription in addition to the co-payments set forth  
21 in this paragraph.

22 For beneficiaries eligible for Medicare Part D coverage,  
23 the program established under this subsection shall pay 100% of  
24 the premiums charged by a qualified Medicare Part D  
25 Prescription Drug Plan for Medicare Part D basic prescription  
26 drug coverage, not including any late enrollment penalties.  
27 Qualified Medicare Part D Prescription Drug Plans may be  
28 limited by the Department of Healthcare and Family Services to  
29 those plans that sign a coordination agreement with the  
30 Department.

31 Notwithstanding Section 3.15, for purposes of the program  
32 established under this subsection, the term "covered  
33 prescription drug" has the following meanings:

34 For Eligibility Group 1, "covered prescription drug"  
35 means: (1) any cardiovascular agent or drug; (2) any  
36 insulin or other prescription drug used in the treatment of



1 diabetes, including syringe and needles used to administer  
2 the insulin; (3) any prescription drug used in the  
3 treatment of arthritis; (4) any prescription drug used in  
4 the treatment of cancer; (5) any prescription drug used in  
5 the treatment of Alzheimer's disease; (6) any prescription  
6 drug used in the treatment of Parkinson's disease; (7) any  
7 prescription drug used in the treatment of glaucoma; (8)  
8 any prescription drug used in the treatment of lung disease  
9 and smoking-related illnesses; (9) any prescription drug  
10 used in the treatment of osteoporosis; and (10) any  
11 prescription drug used in the treatment of multiple  
12 sclerosis. The Department may add additional therapeutic  
13 classes by rule. The Department may adopt a preferred drug  
14 list within any of the classes of drugs described in items  
15 (1) through (10) of this paragraph. The specific drugs or  
16 therapeutic classes of covered prescription drugs shall be  
17 indicated by rule.

18 For Eligibility Group 2, "covered prescription drug"  
19 means those drugs covered for Eligibility Group 1 that are  
20 also covered by the Medicare Part D Prescription Drug Plan  
21 in which the beneficiary is enrolled.

22 For Eligibility Group 3, "covered prescription drug"  
23 means those drugs covered by the Medicare Part D  
24 Prescription Drug Plan in which the beneficiary is  
25 enrolled.

26 For Eligibility Group 4, "covered prescription drug"  
27 means those drugs covered by the Medical Assistance Program  
28 under Article V of the Illinois Public Aid Code.

29 An individual in Eligibility Group 3 or 4 may opt to  
30 receive a \$25 monthly payment in lieu of the direct coverage  
31 described in this subsection.

32 Any person otherwise eligible for pharmaceutical  
33 assistance under this subsection whose covered drugs are  
34 covered by any public program is ineligible for assistance  
35 under this subsection to the extent that the cost of those  
36 drugs is covered by the other program.

1       The Department of Healthcare and Family Services shall  
2 establish by rule the methods by which it will provide for the  
3 coverage called for in this subsection. Those methods may  
4 include direct reimbursement to pharmacies or the payment of a  
5 capitated amount to Medicare Part D Prescription Drug Plans.

6       For a pharmacy to be reimbursed under the program  
7 established under this subsection, it must comply with rules  
8 adopted by the Department of Healthcare and Family Services  
9 regarding coordination of benefits with Medicare Part D  
10 Prescription Drug Plans. A pharmacy may not charge a  
11 Medicare-enrolled beneficiary of the program established under  
12 this subsection more for a covered prescription drug than the  
13 appropriate Medicare cost-sharing less any payment from or on  
14 behalf of the Department of Healthcare and Family Services.

15       The Department of Healthcare and Family Services or the  
16 Department on Aging, as appropriate, may adopt rules regarding  
17 applications, counting of income, proof of Medicare status,  
18 mandatory generic policies, and pharmacy reimbursement rates  
19 and any other rules necessary for the cost-efficient operation  
20 of the program established under this subsection.

21       (Source: P.A. 92-131, eff. 7-23-01; 92-519, eff. 1-1-02;  
22 92-651, eff. 7-11-02; 93-130, eff. 7-10-03.)

23       Section 10. The Senior Citizens and Disabled Persons  
24 Prescription Drug Discount Program Act is amended by changing  
25 the title of the Act and Sections 1, 5, 10, 15, 20, 25, 30, 35,  
26 40, 45, and 50 as follows:

27       (320 ILCS 55/Act title)

28       An Act concerning discount prescription drugs for Illinois  
29 residents ~~senior citizens~~.

30       (320 ILCS 55/1)

31       Sec. 1. Short title. This Act may be cited as the Illinois  
32 ~~Senior Citizens and Disabled Persons~~ Prescription Drug  
33 Discount Program Act.

1 (Source: P.A. 93-18, eff. 7-1-03.)

2 (320 ILCS 55/5)

3 Sec. 5. Findings. The General Assembly finds that:

4 (a) (Blank). ~~Although senior citizens represent 12% of the~~  
5 ~~population, they use on average 37% of prescription drugs that~~  
6 ~~are dispensed.~~

7 (b) (Blank). ~~Senior citizens in the United States without~~  
8 ~~prescription drug insurance coverage pay the highest prices in~~  
9 ~~the world for needed medications.~~

10 (c) High prescription drug prices force many Illinois  
11 seniors to go without proper medication or other necessities,  
12 thereby affecting their health and safety.

13 (d) Prescription drug prices in the United States are the  
14 world's highest, averaging 32% higher than in Canada, 40%  
15 higher than in Mexico, and 60% higher than in Great Britain.

16 (e) (Blank). ~~Regardless of household income, seniors~~  
17 ~~without prescription drug coverage are often just one serious~~  
18 ~~illness away from poverty.~~

19 (f) Reducing the price of prescription drugs would benefit  
20 the health and well-being of ~~all~~ Illinois residents ~~senior~~  
21 ~~citizens~~ by providing more affordable access to needed drugs.

22 (Source: P.A. 93-18, eff. 7-1-03.)

23 (320 ILCS 55/10)

24 Sec. 10. Purpose. The purpose of this program is to require  
25 the Department of Healthcare and Family ~~Central Management~~  
26 Services to establish and administer a program that will enable  
27 eligible Illinois residents ~~senior citizens and disabled~~  
28 ~~persons~~ to purchase prescription drugs at discounted prices.

29 (Source: P.A. 93-18, eff. 7-1-03.)

30 (320 ILCS 55/15)

31 Sec. 15. Definitions. As used in this Act:

32 "Authorized pharmacy" means any pharmacy registered in  
33 this State under the Pharmacy Practice Act of 1987 or approved

1 by the Department of Financial and Professional Regulation and  
2 approved by the Department or its program administrator.

3 "AWP" or "average wholesale price" means the amount  
4 determined from the latest publication of the Red Book, a  
5 universally subscribed pharmacist reference guide annually  
6 published by the Hearst Corporation. "AWP" or "average  
7 wholesale price" may also be derived electronically from the  
8 drug pricing database synonymous with the latest publication of  
9 the Red Book and furnished in the National Drug Data File  
10 (NDDF) by First Data Bank (FDB), a service of the Hearst  
11 Corporation.

12 "Covered medication" means any medication included in the  
13 Illinois Prescription Drug Discount Program.

14 "Department" means the Department of Healthcare and Family  
15 ~~Central Management~~ Services.

16 "Director" means the Director of Healthcare and Family  
17 ~~Central Management~~ Services.

18 ~~"Disabled person" means a person unable to engage in any~~  
19 ~~substantial gainful activity by reason of a medically~~  
20 ~~determinable physical or mental impairment which can be~~  
21 ~~expected to result in death or has lasted or can be expected to~~  
22 ~~last for a continuous period of not less than 12 months.~~

23 "Drug manufacturer" means any entity (1) that is located  
24 within or outside Illinois that is engaged in (i) the  
25 production, preparation, propagation, compounding, conversion,  
26 or processing of prescription drug products covered under the  
27 program, either directly or indirectly by extraction from  
28 substances of natural origin, independently by means of  
29 chemical synthesis, or by a combination of extraction and  
30 chemical synthesis or (ii) the packaging, repackaging,  
31 leveling, labeling, or distribution of prescription drug  
32 products covered under the program and (2) that elects to  
33 provide prescription drugs either directly or under contract  
34 with any entity providing prescription drug services on behalf  
35 of the State of Illinois. "Drug manufacturer", however, does  
36 not include a wholesale distributor of drugs or a retail

1 pharmacy licensed under Illinois law.

2 "Federal Poverty Limit" or "FPL" means the Federal Poverty  
3 Income Guidelines published annually in the Federal Register.

4 ~~"Eligible senior" means a person who is (i) a resident of~~  
5 ~~Illinois and (ii) 65 years of age or older.~~

6 "Prescription drug" means any prescribed drug that may be  
7 legally dispensed by an authorized pharmacy.

8 "Program" means the Illinois ~~Senior Citizens and Disabled~~  
9 ~~Persons~~ Prescription Drug Discount Program created under this  
10 Act.

11 "Program administrator" means the entity that is chosen by  
12 the Department to administer the program. The program  
13 administrator may, in this case, be the Director or a Pharmacy  
14 Benefits Manager (PBM) chosen to subcontract with the Director.

15 "Rules" includes rules adopted and forms prescribed by the  
16 Department.

17 (Source: P.A. 93-18, eff. 7-1-03.)

18 (320 ILCS 55/20)

19 Sec. 20. The Illinois ~~Senior Citizens and Disabled Persons~~  
20 Prescription Drug Discount Program. The Illinois ~~Senior~~  
21 ~~Citizens and Disabled Persons~~ Prescription Drug Discount  
22 Program is established to protect the health and safety of  
23 Illinois residents ~~senior citizens and disabled persons~~. The  
24 program shall be administered by the Department. The Department  
25 or its program administrator shall (i) enroll eligible persons  
26 ~~seniors and disabled persons~~ into the program, as provided in  
27 Section 35 of this Act, to qualify them for a discount on the  
28 purchase of prescription drugs at an authorized pharmacy and ~~7~~  
29 (ii) enter into rebate agreements with drug manufacturers, as  
30 provided under Section 30 of this Act, ~~and (iii) subject to the~~  
31 ~~provisions of Section 47 of this Act, compensate pharmacies~~  
32 ~~participating in the program as provided under Section 25 of~~  
33 ~~this Act.~~

34 (Source: P.A. 93-18, eff. 7-1-03.)

1 (320 ILCS 55/25)

2 Sec. 25. Program administration.

3 (a) The Department is authorized under this Act to be the  
4 program administrator. If the Department is not the program  
5 administrator, 90 days after the effective date of this Act,  
6 the Department must issue a request for proposals for bidders  
7 interested in administering the program. Bidders must compete  
8 on the basis of the following minimum criteria:

9 (1) The Director shall solicit and accept proposals  
10 from entities to provide for administration of a program or  
11 programs in accordance with rules adopted under Section 45.  
12 Proposals must be submitted not later than a date  
13 established by the Director. The Director shall accept only  
14 those proposals that specify the following:

15 (A) The ~~estimated~~ amount of the discount based on  
16 the AWP of the covered medications ~~entity's previous~~  
17 ~~experience and how the discount is to be achieved.~~

18 (B) Administrative fees changed by the entity. ~~The~~  
19 ~~extent that discounts on prescription drugs are to be~~  
20 ~~achieved through rebates, administrative fees, or~~  
21 ~~other fees or discounts in prices that the entity~~  
22 ~~negotiates with drug manufacturers. The proposals~~  
23 ~~shall assure that rebates or discounts will be used to~~  
24 ~~do the following:~~

25 ~~(i) reduce costs to cardholders;~~

26 ~~(ii) achieve discounts for cardholders; and~~

27 ~~(iii) cover costs for administering the~~  
28 ~~program.~~

29 (C) Annual membership fees ~~Any other benefits~~  
30 ~~offered to the~~ cardholders.

31 (D) The estimated number and geographic  
32 distribution of participating pharmacies in the  
33 administrator's pharmacy network.

34 (E) The plan for pharmacy compensation, ~~pursuant~~  
35 ~~to subsection (c) of this Section.~~

36 (F) The method used for determining the

1 prescription drugs to be covered by the program, and  
2 ~~including~~ the criteria and process for establishing a  
3 preferred drug list, if applicable.

4 (G) How the entity proposes to improve medication  
5 management for cardholders, including any program of  
6 disease management.

7 (H) How cardholders ~~and participating pharmacies~~  
8 will be informed of the discounted price negotiated by  
9 the entity.

10 (I) How the entity will handle complaints about the  
11 program's operation.

12 (J) The entity's previous experience in managing  
13 similar programs.

14 (K) Any additional information requested by the  
15 Director.

16 (2) The Director shall contract with one or more  
17 entities to administer a program or programs on the basis  
18 of the proposals submitted, but may require an  
19 administrator to modify its conduct of a program in  
20 accordance with rules adopted under Section 45.

21 The Director shall adopt rules specifying the period  
22 for which a contract will be in effect and may terminate a  
23 contract if an administrator fails to conduct a program in  
24 accordance with its proposal or with any modifications  
25 required by rule. When a contract period ends or a contract  
26 is terminated, the Director shall enter into a new contract  
27 in the manner specified in this Section for an original  
28 contract. Prior to making a new contract, the Director may  
29 modify the rules for administration of the program or  
30 programs.

31 (b) As used in this Section, "administrator" includes the  
32 administrator's parent company and any subsidiary of the parent  
33 company.

34 (1) No administrator shall sell any information  
35 concerning a person who holds a prescription drug discount  
36 card, other than aggregate information that does not

1 identify the cardholder or the physician prescribing the  
2 medication, without the cardholder's written consent.

3 (2) Unless an administrator has the cardholder's  
4 written consent, no administrator shall use any personally  
5 identifiable information that it obtains concerning a  
6 cardholder through the program to promote or sell a program  
7 or product offered by the administrator that is not related  
8 to the administration of the program. This subsection (b)  
9 does not prohibit an administrator from contacting  
10 cardholders concerning participation in or administration  
11 of the program, including, but not limited to, mailing a  
12 list of pharmacies participating in the program's network  
13 or participating in disease management programs.

14 (3) (Blank). ~~To the extent that a discount is achieved~~  
15 ~~through rebates, administrative fees, or any other fees or~~  
16 ~~discounts in prices that an administrator negotiates with~~  
17 ~~drug manufacturers, an administrator shall use the rebates~~  
18 ~~or discounts to do the following:~~

19 ~~(A) reduce costs to cardholders;~~

20 ~~(B) achieve discounts for cardholders; and~~

21 ~~(C) cover any administrative costs of the program.~~

22 (4) The administrator shall not use any funds generated  
23 from rebates, discounts, administrative fees, or other  
24 fees to promote its mail order pharmacy operation or the  
25 mail order pharmacy operation of an affiliate. ~~This~~  
26 ~~subdivision (b) (4) does not, however, limit the~~  
27 ~~participation of an Illinois licensed pharmacy under this~~  
28 ~~Act if that pharmacy provides prescription drugs by mail~~  
29 ~~order.~~

30 (c) (Blank). ~~Beginning on January 1, 2004, the amount paid~~  
31 ~~by eligible seniors and disabled persons enrolled in the~~  
32 ~~program to authorized pharmacies for prescription drugs may not~~  
33 ~~exceed prices established as a result of the rebate agreements~~  
34 ~~under Section 30. The eligible seniors and disabled persons~~  
35 ~~shall pay the price determined under Section 30 plus a~~  
36 ~~dispensing fee of \$3.50 per prescription for brand name drug~~



~~products, single source drug products, and, for a period of 6 months, newly released generic drug products and \$4.25 per prescription for all other generic drug products, except that the total amount paid by the eligible senior or disabled person for each prescription drug under this program shall not exceed the usual and customary charge for such prescription.~~

(d) The contract between the Department and a pharmacy benefits manager must, at a minimum, meet the criteria of subsection (a). The contract must also require notification by the pharmacy benefits manager of any proposed or ongoing activity that involves, directly or indirectly, any conflict of interest on the part of the pharmacy benefits manager. The Department shall ensure that the pharmacy benefits manager complies with the contract and shall adopt all procedures necessary to enforce the contract.

(e) (Blank). ~~The Department or program administrator shall, subject to the funds available under Section 30 of this Act, compensate authorized pharmacies for prescription drugs dispensed under the program for the difference between the amount paid by the eligible senior or disabled person for prescription drugs dispensed under the program and (i) the AWP minus 12% for brand name drug products, single source generic drug products, and, for a period of 6 months, newly released generic drug products and (ii) the AWP minus 35% for all other generic drug products. The Department shall compensate a pharmacy under this subsection (e) only if the amount paid by the eligible senior or disabled person has been discounted to a price, including the dispensing fees stated in subsection (c) of this Section, that is less than (i) the AWP minus 12% for brand name drug products, single source generic drug products, and, for a period of 6 months, newly released generic drug products and (ii) the AWP minus 35% for all other generic drug products.~~

(f) The Beginning on January 1, 2004, the Department or program administrator shall reimburse pharmacies at negotiated rates based on market conditions ~~under this Section within 30~~

1 ~~days after adjudication of the claim.~~

2 (Source: P.A. 93-18, eff. 7-1-03.)

3 (320 ILCS 55/30)

4 Sec. 30. Manufacturer rebate agreements.

5 (a) Taking into consideration the extent to which the State  
6 pays for prescription drugs under various State programs and  
7 the provision of assistance to disabled persons or eligible  
8 seniors under patient assistance programs, prescription drug  
9 discount programs, or other offers for free or reduced price  
10 medicine, clinical research projects, limited supply  
11 distribution programs, compassionate use programs, or programs  
12 of research conducted by or for a drug manufacturer, the  
13 Department, its agent, or the program administrator shall  
14 negotiate and enter into rebate agreements with drug  
15 manufacturers, as defined in this Act, to effect prescription  
16 drug price discounts. The Department or program administrator  
17 may exclude certain medications from the list of covered  
18 medications and may establish a preferred drug list as a basis  
19 for determining the discounts, administrative fees, or other  
20 fees or rebates under this Section.

21 (b) (Blank). ~~Rebate payment procedures. All rebates~~  
22 ~~negotiated under agreements described in this Section shall be~~  
23 ~~paid in accordance with procedures prescribed by the Department~~  
24 ~~or the program administrator.~~

25 (c) Receipts from rebates shall be used to provide  
26 discounts for prescription drugs purchased by cardholders  
27 ~~eligible seniors and disabled persons~~ and to cover the cost of  
28 administering the program, ~~including compensation to be paid to~~  
29 ~~participating pharmacies by the Department or program~~  
30 ~~administrator under subsection (e) of Section 25~~. Any receipts  
31 to be allocated to the Department shall be deposited into the  
32 Illinois Senior Citizens and Disabled Persons Prescription  
33 Drug Discount Program Fund, a special fund hereby created in  
34 the State treasury.

35 (Source: P.A. 93-18, eff. 7-1-03.)

1 (320 ILCS 55/35)

2 Sec. 35. Program eligibility.

3 (a) Any person may apply to the Department or its program  
4 administrator for participation in the program in the form and  
5 manner required by the Department. The Department or its  
6 program administrator shall determine the eligibility of each  
7 applicant for the program within 30 days after the date of  
8 application. To participate in the program an eligible Illinois  
9 resident ~~senior or disabled person~~ whose application has been  
10 approved must pay the fee determined by the Director ~~\$25~~ upon  
11 enrollment and annually thereafter and shall receive a program  
12 identification card. The card may be presented to an authorized  
13 pharmacy to assist the pharmacy in verifying eligibility under  
14 the program. If the Department is the program administrator,  
15 the ~~The~~ Department shall deposit the enrollment fees collected  
16 into the Illinois Senior Citizens and Disabled Persons  
17 Prescription Drug Discount Program Fund. If the program  
18 administrator is a contracted vendor, the vendor may collect  
19 the enrollment fees and must report all such collected  
20 enrollment fees to the Department on a regular basis. The  
21 ~~moneys collected by the Department for~~ enrollment fees ~~and~~  
22 deposited into the Senior Citizens and Disabled Persons  
23 Prescription Drug Discount Program Fund must be separately  
24 accounted for by the Department. If 2 or more persons are  
25 eligible for any benefit under this Act and are members of the  
26 same household, each participating household member shall  
27 apply ~~to the Department~~ and pay the fee required for the  
28 purpose of obtaining an identification card. To participate in  
29 the program, an applicant must (i) be a resident of Illinois  
30 and (ii) have household income equal to or less than 300% of  
31 the Federal Poverty Level.

32 (b) Proceeds from annual enrollment fees shall be used ~~by~~  
33 ~~the Department~~ to offset the administrative cost of this Act.  
34 The Department may reduce the annual enrollment fee by rule if  
35 the revenue from the enrollment fees is in excess of the costs

1 to carry out the program.

2 (c) (Blank). ~~Any person who is eligible for pharmaceutical~~  
3 ~~assistance under the Senior Citizens and Disabled Persons~~  
4 ~~Property Tax Relief and Pharmaceutical Assistance Act is~~  
5 ~~presumed to be eligible for this program. The enrollment fee~~  
6 ~~under this Act is not required for such persons. That person~~  
7 ~~may purchase prescription drugs under this program that are not~~  
8 ~~covered by the pharmaceutical assistance program under the~~  
9 ~~Senior Citizens and Disabled Persons Property Tax Relief and~~  
10 ~~Pharmaceutical Assistance Act by using the identification card~~  
11 ~~issued under the pharmaceutical assistance program.~~

12 (Source: P.A. 93-18, eff. 7-1-03.)

13 (320 ILCS 55/40)

14 Sec. 40. Eligible pharmacies.

15 (a) The Department or its program administrator shall adopt  
16 rules to establish standards and procedures for participation  
17 in the program and approve those pharmacies that apply to  
18 participate and meet the requirements for participation.  
19 Pharmacies in the program administrator's network must also  
20 comply with the Department's standards and procedures for  
21 participation.

22 (b) The Department shall establish procedures for properly  
23 contracting for pharmacy services, validating reimbursement  
24 claims, validating compliance of authorized pharmacies with  
25 the conditions for participation required under this Act, and  
26 otherwise providing for the effective administration of this  
27 Act. ~~The Director, in consultation with pharmacists licensed~~  
28 ~~under the Pharmacy Practice Act of 1987,~~ may enter into a  
29 written contract with any other State agency, instrumentality,  
30 or political subdivision or with a fiscal intermediary for the  
31 purpose of making payments to authorized pharmacies and  
32 coordinating the program with other programs that provide  
33 payments for prescription drugs covered under the program.

34 (Source: P.A. 93-18, eff. 7-1-03.)

1 (320 ILCS 55/45)

2 Sec. 45. Rules. The Department shall adopt rules to  
3 implement and administer the program, which shall include the  
4 following:

5 (1) Execution of contracts with pharmacies to  
6 participate in the program. The contracts shall stipulate  
7 terms and conditions for the participation of authorized  
8 pharmacies and the rights of the State to terminate  
9 participation for breach of the contract or for violation  
10 of this Act or rules adopted by the Department under this  
11 Act.

12 (2) Establishment of maximum limits on the size of  
13 prescriptions that are eligible for a discount under the  
14 program, up to a 90-day supply, except as may be necessary  
15 for utilization control reasons.

16 (3) Inspection of appropriate records and audits of  
17 participating authorized pharmacies to ensure contract  
18 compliance and to determine any fraudulent transactions or  
19 practices under this Act.

20 (4) Specify how a resident may apply to participate in  
21 the program.

22 (5) Specify the circumstances under which the Director  
23 may require an administrator to modify its conduct of the  
24 program.

25 (6) Specify the duration of a contract.

26 (7) Require that an administrator permit any  
27 Illinois-licensed pharmacy willing to comply with the  
28 requirements of this Act and terms and conditions for  
29 participation in the program's network to participate in  
30 ~~the any network used by the administrator for its~~ program.

31 (8) Permit an administrator to negotiate with one or  
32 more drug manufacturers for discounts in drug prices or  
33 rebates.

34 (9) Permit an administrator to receive any rebate  
35 payments from drug manufacturers.

36 (10) Permit an administrator to develop, administer,

1 and promote a program of disease management pursuant to  
2 written agreements between the administrator and  
3 pharmacies participating under the program established by  
4 this Act.

5 (11) Permit an administrator to collect the enrollment  
6 fee from applicants.

7 (Source: P.A. 93-18, eff. 7-1-03.)

8 (320 ILCS 55/50)

9 Sec. 50. Report on administration of program. The  
10 Department shall report to the Governor and the General  
11 Assembly by March 1st of each year on the administration of the  
12 program under this Act. The report shall include but not be  
13 limited to the following:

14 (1) the number of Illinois residents ~~disabled persons~~  
15 ~~and seniors eligible and~~ enrolled in the program, by  
16 county;

17 (2) the activities undertaken by the State to inform  
18 Illinois residents ~~disabled persons and seniors~~ about the  
19 program;

20 (3) the number of prescriptions filled under the  
21 program for enrollees, and the estimated savings for  
22 enrollees;

23 (4) a listing of the manufacturers and pharmacies  
24 participating in the program;

25 (5) the amount of enrollment fees and rebates collected  
26 under the program, and any additional funds or resources  
27 made available to cover the cost of the program;

28 (6) the itemized annual cost of administering the  
29 program; and

30 (7) findings and recommendations regarding problems  
31 and solutions related to the program, together with  
32 proposals for changes in the rules, regulations, or laws  
33 necessary to improve the administration of the program.

34 (Source: P.A. 93-18, eff. 7-1-03.)

1 (320 ILCS 55/17 rep.)

2 Section 15. The Senior Citizens and Disabled Persons  
3 Prescription Drug Discount Program Act is amended by repealing  
4 Section 17.

5 Section 20. The State Finance Act is amended by changing  
6 Section 5.595 as follows:

7 (30 ILCS 105/5.595)

8 Sec. 5.595. The Illinois ~~Senior Citizens and Disabled~~  
9 ~~Persons~~ Prescription Drug Discount Program Fund.

10 (Source: P.A. 93-18, eff. 7-1-03.)

11 Section 99. Effective date. This Act takes effect January  
12 1, 2006.