



Sen. Carol Ronen

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1 AMENDMENT TO SENATE BILL 973

2 AMENDMENT NO. _____. Amend Senate Bill 973 by replacing
3 everything after the enacting clause with the following:

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

1 property taxes accrued or has paid rent constituting property
2 taxes accrued and is domiciled in this State at the time he or
3 she files his or her claim is entitled to claim a grant under
4 this Act. With respect to claims filed by individuals who will
5 become 65 years old during the calendar year in which a claim
6 is filed, the amount of any grant to which that household is
7 entitled shall be an amount equal to 1/12 of the amount to
8 which the claimant would otherwise be entitled as provided in
9 this Section, multiplied by the number of months in which the
10 claimant was 65 in the calendar year in which the claim is
11 filed.

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

23 (c) Public aid recipients. If household income in one or
24 more months during a year includes cash assistance in excess of
25 \$55 per month from the Department of Public Aid or the
26 Department of Human Services (acting as successor to the
27 Department of Public Aid under the Department of Human Services
28 Act) which was determined under regulations of that Department
29 on a measure of need that included an allowance for actual rent
30 or property taxes paid by the recipient of that assistance, the
31 amount of grant to which that household is entitled, except as
32 otherwise provided in subsection (a), shall be the product of
33 (1) the maximum amount computed as specified in subsection (b)
34 of this Section and (2) the ratio of the number of months in

1 which household income did not include such cash assistance
2 over \$55 to the number twelve. If household income did not
3 include such cash assistance over \$55 for any months during the
4 year, the amount of the grant to which the household is
5 entitled shall be the maximum amount computed as specified in
6 subsection (b) of this Section. For purposes of this paragraph
7 (c), "cash assistance" does not include any amount received
8 under the federal Supplemental Security Income (SSI) program.

9 (d) Joint ownership. If title to the residence is held
10 jointly by the claimant with a person who is not a member of
11 his or her household, the amount of property taxes accrued used
12 in computing the amount of grant to which he or she is entitled
13 shall be the same percentage of property taxes accrued as is
14 the percentage of ownership held by the claimant in the
15 residence.

16 (e) More than one residence. If a claimant has occupied
17 more than one residence in the taxable year, he or she may
18 claim only one residence for any part of a month. In the case
19 of property taxes accrued, he or she shall prorate 1/12 of the
20 total property taxes accrued on his or her residence to each
21 month that he or she owned and occupied that residence; and, in
22 the case of rent constituting property taxes accrued, shall
23 prorate each month's rent payments to the residence actually
24 occupied during that month.

25 (f) There is hereby established a program of pharmaceutical
26 assistance to the aged and disabled which shall be administered
27 by the Department in accordance with this Act, to consist of
28 payments to authorized pharmacies, on behalf of beneficiaries
29 of the program, for the reasonable costs of covered
30 prescription drugs. Each beneficiary who pays \$5 for an
31 identification card shall pay no additional prescription
32 costs. Each beneficiary who pays \$25 for an identification card
33 shall pay \$3 per prescription. In addition, after a beneficiary
34 receives \$2,000 in benefits during a State fiscal year, that

1 beneficiary shall also be charged 20% of the cost of each
2 prescription for which payments are made by the program during
3 the remainder of the fiscal year. To become a beneficiary under
4 this program a person must: (1) be (i) 65 years of age or
5 older, or (ii) the surviving spouse of such a claimant, who at
6 the time of death received or was entitled to receive benefits
7 pursuant to this subsection, which surviving spouse will become
8 65 years of age within the 24 months immediately following the
9 death of such claimant and which surviving spouse but for his
10 or her age is otherwise qualified to receive benefits pursuant
11 to this subsection, or (iii) disabled, and (2) be domiciled in
12 this State at the time he or she files his or her claim, and (3)
13 have a maximum household income of less than \$14,000 for grant
14 years before the 1998 grant year, less than \$16,000 for the
15 1998 and 1999 grant years, and less than (i) \$21,218 for a
16 household containing one person, (ii) \$28,480 for a household
17 containing 2 persons, or (iii) \$35,740 for a household
18 containing 3 more persons for the 2000 grant year and
19 thereafter. In addition, each eligible person must (1) obtain
20 an identification card from the Department, (2) at the time the
21 card is obtained, sign a statement assigning to the State of
22 Illinois benefits which may be otherwise claimed under any
23 private insurance plans, and (3) present the identification
24 card to the dispensing pharmacist.

25 The Department may adopt rules specifying participation
26 requirements for the pharmaceutical assistance program,
27 including copayment amounts, identification card fees,
28 expenditure limits, and the benefit threshold after which a 20%
29 charge is imposed on the cost of each prescription, to be in
30 effect on and after July 1, 2004. Notwithstanding any other
31 provision of this paragraph, however, the Department may not
32 increase the identification card fee above the amount in effect
33 on May 1, 2003 without the express consent of the General
34 Assembly. To the extent practicable, those requirements shall

1 be commensurate with the requirements provided in rules adopted
2 by the Department of Public Aid to implement the pharmacy
3 assistance program under Section 5-5.12a of the Illinois Public
4 Aid Code.

5 Whenever a generic equivalent for a covered prescription
6 drug is available, the Department shall reimburse only for the
7 reasonable costs of the generic equivalent, less the co-pay
8 established in this Section, unless (i) the covered
9 prescription drug contains one or more ingredients defined as a
10 narrow therapeutic index drug at 21 CFR 320.33, (ii) the
11 prescriber indicates on the face of the prescription "brand
12 medically necessary", and (iii) the prescriber specifies that a
13 substitution is not permitted. When issuing an oral
14 prescription for covered prescription medication described in
15 item (i) of this paragraph, the prescriber shall stipulate
16 "brand medically necessary" and that a substitution is not
17 permitted. If the covered prescription drug and its authorizing
18 prescription do not meet the criteria listed above, the
19 beneficiary may purchase the non-generic equivalent of the
20 covered prescription drug by paying the difference between the
21 generic cost and the non-generic cost plus the beneficiary
22 co-pay.

23 Any person otherwise eligible for pharmaceutical
24 assistance under this Act whose covered drugs are covered by
25 any public program for assistance in purchasing any covered
26 prescription drugs shall be ineligible for assistance under
27 this Act to the extent such costs are covered by such other
28 plan.

29 The fee to be charged by the Department for the
30 identification card shall be equal to \$5 per coverage year for
31 persons below the official poverty line as defined by the
32 United States Department of Health and Human Services and \$25
33 per coverage year for all other persons.

34 In the event that 2 or more persons are eligible for any

1 benefit under this Act, and are members of the same household,
2 (1) each such person shall be entitled to participate in the
3 pharmaceutical assistance program, provided that he or she
4 meets all other requirements imposed by this subsection and (2)
5 each participating household member contributes the fee
6 required for that person by the preceding paragraph for the
7 purpose of obtaining an identification card.

8 The provisions of this subsection (f), other than this
9 paragraph, are inoperative after December 31, 2005.
10 Beneficiaries who received benefits under the program
11 established by this subsection (f) are not entitled, at the
12 termination of the program, to any refund of the identification
13 card fee paid under this subsection.

14 (g) Effective January 1, 2006, there is hereby established
15 a program of pharmaceutical assistance to the aged and
16 disabled, entitled the Illinois Seniors and Disabled Drug
17 Coverage Program, which shall be administered by the Department
18 of Healthcare and Family Services and the Department on Aging
19 in accordance with this subsection, to consist of coverage of
20 specified prescription drugs on behalf of beneficiaries of the
21 program as set forth in this subsection. The program under this
22 subsection replaces and supersedes the program established
23 under subsection (f), which shall end at midnight on December
24 31, 2005.

25 To become a beneficiary under the program established under
26 this subsection, a person must:

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

28 and

29 (2) be domiciled in this State; and

30 (3) enroll with a qualified Medicare Part D
31 Prescription Drug Plan if eligible and apply for all
32 available subsidies under Medicare Part D; and

33 (4) have a maximum household income of (i) less than
34 \$21,218 for a household containing one person, (ii) less

1 than \$28,480 for a household containing 2 persons, or (iii)
2 less than \$35,740 for a household containing 3 or more
3 persons. If any income eligibility limit set forth in items
4 (i) through (iii) is less than 200% of the Federal Poverty
5 Level for any year, the income eligibility limit for that
6 year for households of that size shall be income equal to
7 or less than 200% of the Federal Poverty Level.

8 All individuals enrolled as of December 31, 2005, in the
9 pharmaceutical assistance program operated pursuant to
10 subsection (f) of this Section and all individuals enrolled as
11 of December 31, 2005, in the SeniorCare Medicaid waiver program
12 operated pursuant to Section 5-5.12a of the Illinois Public Aid
13 Code shall be automatically enrolled in the program established
14 by this subsection for the first year of operation without the
15 need for further application, except that they must apply for
16 Medicare Part D and the Low Income Subsidy under Medicare Part
17 D. A person enrolled in the pharmaceutical assistance program
18 operated pursuant to subsection (f) of this Section as of
19 December 31, 2005, shall not lose eligibility in future years
20 due only to the fact that they have not reached the age of 65.

21 To the extent permitted by federal law, the Department may
22 act as an authorized representative of a beneficiary in order
23 to enroll the beneficiary in a Medicare Part D Prescription
24 Drug Plan if the beneficiary has failed to choose a plan and,
25 where possible, to enroll beneficiaries in the low-income
26 subsidy program under Medicare Part D or assist them in
27 enrolling in that program.

28 Beneficiaries under the program established under this
29 subsection shall be divided into the following 4 eligibility
30 groups:

31 (A) Eligibility Group 1 shall consist of beneficiaries
32 who are not eligible for Medicare Part D coverage and who
33 are:

34 (i) disabled and under age 65; or

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

3 (iii) age 65 or older, with incomes at or below
4 200% of the Federal Poverty Level and not eligible for
5 federally funded means-tested benefits due to
6 immigration status.

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

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

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

20 If the State applies and receives federal approval for a
21 waiver under Title XIX of the Social Security Act, persons in
22 Eligibility Group 4 shall continue to receive benefits though
23 the approved waiver, and Eligibility Group 4 may be expanded to
24 include disabled persons under age 65 with incomes under 200%
25 of the Federal Poverty Level who are not eligible for Medicare
26 and who are not barred from receiving federally funded
27 means-tested benefits due to immigration status.

28 The program established under this subsection shall cover
29 the cost of covered prescription drugs in excess of the
30 beneficiary cost-sharing amounts set forth in this paragraph
31 that are not covered by Medicare. In 2006, beneficiaries shall
32 pay a co-payment of \$2 for each prescription of a generic drug
33 and \$5 for each prescription of a brand-name drug. In future
34 years, beneficiaries shall pay co-payments equal to the

1 co-payments required under Medicare Part D for "other
2 low-income subsidy eligible individuals" pursuant to 42 CFR
3 423.782(b). Once the program established under this subsection
4 and Medicare combined have paid \$1,750 in a year for covered
5 prescription drugs, the beneficiary shall pay 20% of the cost
6 of each prescription in addition to the co-payments set forth
7 in this paragraph.

8 For beneficiaries eligible for Medicare Part D coverage,
9 the program established under this subsection shall pay 100% of
10 the premiums charged by a qualified Medicare Part D
11 Prescription Drug Plan for Medicare Part D basic prescription
12 drug coverage, not including any late enrollment penalties.
13 Qualified Medicare Part D Prescription Drug Plans may be
14 limited by the Department of Healthcare and Family Services to
15 those plans that sign a coordination agreement with the
16 Department.

17 Notwithstanding Section 3.15, for purposes of the program
18 established under this subsection, the term "covered
19 prescription drug" has the following meanings:

20 For Eligibility Group 1, "covered prescription drug"
21 means: (1) any cardiovascular agent or drug; (2) any
22 insulin or other prescription drug used in the treatment of
23 diabetes, including syringe and needles used to administer
24 the insulin; (3) any prescription drug used in the
25 treatment of arthritis; (4) any prescription drug used in
26 the treatment of cancer; (5) any prescription drug used in
27 the treatment of Alzheimer's disease; (6) any prescription
28 drug used in the treatment of Parkinson's disease; (7) any
29 prescription drug used in the treatment of glaucoma; (8)
30 any prescription drug used in the treatment of lung disease
31 and smoking-related illnesses; (9) any prescription drug
32 used in the treatment of osteoporosis; and (10) any
33 prescription drug used in the treatment of multiple
34 sclerosis. The Department may add additional therapeutic

1 classes by rule. The Department may adopt a preferred drug
2 list within any of the classes of drugs described in items
3 (1) through (10) of this paragraph. The specific drugs or
4 therapeutic classes of covered prescription drugs shall be
5 indicated by rule.

6 For Eligibility Group 2, "covered prescription drug"
7 means those drugs covered for Eligibility Group 1 that are
8 also covered by the Medicare Part D Prescription Drug Plan
9 in which the beneficiary is enrolled.

10 For Eligibility Group 3, "covered prescription drug"
11 means those drugs covered by the Medicare Part D
12 Prescription Drug Plan in which the beneficiary is
13 enrolled.

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

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

20 Any person otherwise eligible for pharmaceutical
21 assistance under this subsection whose covered drugs are
22 covered by any public program is ineligible for assistance
23 under this subsection to the extent that the cost of those
24 drugs is covered by the other program.

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

30 For a pharmacy to be reimbursed under the program
31 established under this subsection, it must comply with rules
32 adopted by the Department of Healthcare and Family Services
33 regarding coordination of benefits with Medicare Part D
34 Prescription Drug Plans. A pharmacy may not charge a

1 Medicare-enrolled beneficiary of the program established under
2 this subsection more for a covered prescription drug than the
3 appropriate Medicare cost-sharing less any payment from or on
4 behalf of the Department of Healthcare and Family Services.

5 The Department of Healthcare and Family Services or the
6 Department on Aging, as appropriate, may adopt rules regarding
7 applications, counting of income, proof of Medicare status,
8 mandatory generic policies, and pharmacy reimbursement rates
9 and any other rules necessary for the cost-efficient operation
10 of the program established under this subsection.

11 (Source: P.A. 92-131, eff. 7-23-01; 92-519, eff. 1-1-02;
12 92-651, eff. 7-11-02; 93-130, eff. 7-10-03.)

13 Section 10. The Senior Citizens and Disabled Persons
14 Prescription Drug Discount Program Act is amended by changing
15 the title of the Act and Sections 1, 5, 10, 15, 20, 25, 30, 35,
16 40, 45, and 50 as follows:

17 (320 ILCS 55/Act title)

18 An Act concerning discount prescription drugs for Illinois
19 residents ~~senior citizens~~.

20 (320 ILCS 55/1)

21 Sec. 1. Short title. This Act may be cited as the Illinois
22 ~~Senior Citizens and Disabled Persons~~ Prescription Drug
23 Discount Program Act.

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

25 (320 ILCS 55/5)

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

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

30 (b) (Blank). ~~Senior citizens in the United States without~~

1 ~~prescription drug insurance coverage pay the highest prices in~~
2 ~~the world for needed medications.~~

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

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

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

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

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

16 (320 ILCS 55/10)

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

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

23 (320 ILCS 55/15)

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

25 "Authorized pharmacy" means any pharmacy registered in
26 this State under the Pharmacy Practice Act of 1987 or approved
27 by the Department of Financial and Professional Regulation and
28 approved by the Department or its program administrator.

29 "AWP" or "average wholesale price" means the amount
30 determined from the latest publication of the Red Book, a
31 universally subscribed pharmacist reference guide annually
32 published by the Hearst Corporation. "AWP" or "average

1 wholesale price" may also be derived electronically from the
2 drug pricing database synonymous with the latest publication of
3 the Red Book and furnished in the National Drug Data File
4 (NDDF) by First Data Bank (FDB), a service of the Hearst
5 Corporation.

6 "Covered medication" means any medication included in the
7 Illinois Prescription Drug Discount Program.

8 "Department" means the Department of Healthcare and Family
9 ~~Central Management~~ Services.

10 "Director" means the Director of Healthcare and Family
11 ~~Central Management~~ Services.

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

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

32 "Federal Poverty Limit" or "FPL" means the Federal Poverty
33 Income Guidelines published annually in the Federal Register.

34 ~~"Eligible senior" means a person who is (i) a resident of~~

1 ~~Illinois and (ii) 65 years of age or older.~~

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

4 "Program" means the Illinois ~~Senior Citizens and Disabled~~
5 ~~Persons~~ Prescription Drug Discount Program created under this
6 Act.

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

11 "Rules" includes rules adopted and forms prescribed by the
12 Department.

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

14 (320 ILCS 55/20)

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

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

31 (320 ILCS 55/25)

32 Sec. 25. Program administration.

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

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

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

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

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

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

25 ~~(iii) cover costs for administering the~~
26 ~~program.~~

27 (C) Annual membership fees ~~Any other benefits~~
28 ~~offered to the~~ cardholders.

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

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

34 (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

1 concerning a person who holds a prescription drug discount
2 card, other than aggregate information that does not
3 identify the cardholder or the physician prescribing the
4 medication, without the cardholder's written consent.

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

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

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

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

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

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

32 (c) (Blank). ~~Beginning on January 1, 2004, the amount paid~~
33 ~~by eligible seniors and disabled persons enrolled in the~~
34 ~~program to authorized pharmacies for prescription drugs may not~~

1 ~~exceed prices established as a result of the rebate agreements~~
2 ~~under Section 30. The eligible seniors and disabled persons~~
3 ~~shall pay the price determined under Section 30 plus a~~
4 ~~dispensing fee of \$3.50 per prescription for brand name drug~~
5 ~~products, single source drug products, and, for a period of 6~~
6 ~~months, newly released generic drug products and \$4.25 per~~
7 ~~prescription for all other generic drug products, except that~~
8 ~~the total amount paid by the eligible senior or disabled person~~
9 ~~for each prescription drug under this program shall not exceed~~
10 ~~the usual and customary charge for such prescription.~~

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

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

1 ~~and, for a period of 6 months, newly released generic drug~~
2 ~~products and (ii) the AWP minus 35% for all other generic drug~~
3 ~~products.~~

4 (f) ~~The Beginning on January 1, 2004, the Department or~~
5 ~~program administrator shall reimburse pharmacies at negotiated~~
6 ~~rates based on market conditions under this Section within 30~~
7 ~~days after adjudication of the claim.~~

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

9 (320 ILCS 55/30)

10 Sec. 30. Manufacturer rebate agreements.

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

27 (b) (Blank). ~~Rebate payment procedures. All rebates~~
28 ~~negotiated under agreements described in this Section shall be~~
29 ~~paid in accordance with procedures prescribed by the Department~~
30 ~~or the program administrator.~~

31 (c) Receipts from rebates shall be used to provide
32 discounts for prescription drugs purchased by cardholders
33 ~~eligible seniors and disabled persons~~ and to cover the cost of

1 administering the program, ~~including compensation to be paid to~~
2 ~~participating pharmacies by the Department or program~~
3 ~~administrator under subsection (e) of Section 25.~~ Any receipts
4 to be allocated to the Department shall be deposited into the
5 Illinois Senior Citizens and Disabled Persons Prescription
6 Drug Discount Program Fund, a special fund hereby created in
7 the State treasury.

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

9 (320 ILCS 55/35)

10 Sec. 35. Program eligibility.

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

1 same household, each participating household member shall
2 apply ~~to the Department~~ and pay the fee required for the
3 purpose of obtaining an identification card. To participate in
4 the program, an applicant must (i) be a resident of Illinois
5 and (ii) have household income equal to or less than 300% of
6 the Federal Poverty Level.

7 (b) Proceeds from annual enrollment fees shall be used ~~by~~
8 ~~the Department~~ to offset the administrative cost of this Act.
9 The Department may reduce the annual enrollment fee by rule if
10 the revenue from the enrollment fees is in excess of the costs
11 to carry out the program.

12 (c) (Blank). ~~Any person who is eligible for pharmaceutical~~
13 ~~assistance under the Senior Citizens and Disabled Persons~~
14 ~~Property Tax Relief and Pharmaceutical Assistance Act is~~
15 ~~presumed to be eligible for this program. The enrollment fee~~
16 ~~under this Act is not required for such persons. That person~~
17 ~~may purchase prescription drugs under this program that are not~~
18 ~~covered by the pharmaceutical assistance program under the~~
19 ~~Senior Citizens and Disabled Persons Property Tax Relief and~~
20 ~~Pharmaceutical Assistance Act by using the identification card~~
21 ~~issued under the pharmaceutical assistance program.~~

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

23 (320 ILCS 55/40)

24 Sec. 40. Eligible pharmacies.

25 (a) The Department or its program administrator shall adopt
26 rules to establish standards and procedures for participation
27 in the program and approve those pharmacies that apply to
28 participate and meet the requirements for participation.
29 Pharmacies in the program administrator's network must also
30 comply with the Department's standards and procedures for
31 participation.

32 (b) The Department shall establish procedures for properly
33 contracting for pharmacy services, validating reimbursement

1 claims, validating compliance of authorized pharmacies with
2 the conditions for participation required under this Act, and
3 otherwise providing for the effective administration of this
4 Act. The Director, ~~in consultation with pharmacists licensed~~
5 ~~under the Pharmacy Practice Act of 1987,~~ may enter into a
6 written contract with any other State agency, instrumentality,
7 or political subdivision or with a fiscal intermediary for the
8 purpose of making payments to authorized pharmacies and
9 coordinating the program with other programs that provide
10 payments for prescription drugs covered under the program.

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

12 (320 ILCS 55/45)

13 Sec. 45. Rules. The Department shall adopt rules to
14 implement and administer the program, which shall include the
15 following:

16 (1) Execution of contracts with pharmacies to
17 participate in the program. The contracts shall stipulate
18 terms and conditions for the participation of authorized
19 pharmacies and the rights of the State to terminate
20 participation for breach of the contract or for violation
21 of this Act or rules adopted by the Department under this
22 Act.

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

27 (3) Inspection of appropriate records and audits of
28 participating authorized pharmacies to ensure contract
29 compliance and to determine any fraudulent transactions or
30 practices under this Act.

31 (4) Specify how a resident may apply to participate in
32 the program.

33 (5) Specify the circumstances under which the Director

1 may require an administrator to modify its conduct of the
2 program.

3 (6) Specify the duration of a contract.

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

9 (8) Permit an administrator to negotiate with one or
10 more drug manufacturers for discounts in drug prices or
11 rebates.

12 (9) Permit an administrator to receive any rebate
13 payments from drug manufacturers.

14 (10) Permit an administrator to develop, administer,
15 and promote a program of disease management pursuant to
16 written agreements between the administrator and
17 pharmacies participating under the program established by
18 this Act.

19 (11) Permit an administrator to collect the enrollment
20 fee from applicants.

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

22 (320 ILCS 55/50)

23 Sec. 50. Report on administration of program. The
24 Department shall report to the Governor and the General
25 Assembly by March 1st of each year on the administration of the
26 program under this Act. The report shall include but not be
27 limited to the following:

28 (1) the number of Illinois residents ~~disabled persons~~
29 ~~and seniors eligible and~~ enrolled in the program, by
30 county;

31 (2) the activities undertaken by the State to inform
32 Illinois residents ~~disabled persons and seniors~~ about the
33 program;

1 (3) the number of prescriptions filled under the
2 program for enrollees, and the estimated savings for
3 enrollees;

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

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

9 (6) the itemized annual cost of administering the
10 program; and

11 (7) findings and recommendations regarding problems
12 and solutions related to the program, together with
13 proposals for changes in the rules, regulations, or laws
14 necessary to improve the administration of the program.

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

16 (320 ILCS 55/17 rep.)

17 Section 15. The Senior Citizens and Disabled Persons
18 Prescription Drug Discount Program Act is amended by repealing
19 Section 17.

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

22 (30 ILCS 105/5.595)

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

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

26 Section 99. Effective date. This Act takes effect January
27 1, 2006."