Rep. Laura Faver Dias

Filed: 4/14/2026

AMENDMENT TO HOUSE BILL 4728

AMENDMENT NO. ______. Amend House Bill 4728 by replacing everything after the enacting clause with the following:

"Section 5. The Mental Health and Developmental Disabilities Administrative Act is amended by changing Section 2 and by adding Sections 15.2a and 68a as follows:

(20 ILCS 1705/2) (from Ch. 91 1/2, par. 100-2)

Sec. 2. Definitions; administrative subdivisions.

(a) For the purposes of this Act, unless the context otherwise requires:

"Asset management company" means any business primarily engaged in managing and investing client funds in assets including, but not limited to, securities, equities, stocks, bonds, real estate, investment funds, mutual funds, exchange-traded funds, hedge funds, private equity funds, and venture capital.

"Department" means the Department of Human Services, successor to the former Department of Mental Health and Developmental Disabilities.

"Developmental disability" means "developmental disability" as defined in Section 1-106 of the Mental Health and Developmental Disabilities Code.

"Financially distressed" means any time at which a provider, its subsidiaries, affiliates, parent companies, or contractual service providers, where owned or managed, or contained within a fund owned or managed by an asset management company:

(1) fails to timely meet payroll obligations for a period of more than 90 days;

(2) is initiating dissolution or has closed;

(3) is behind on rent payments for a period of more than 90 days;

(4) has defaulted on a loan for a period of more than 90 days;

(5) is the subject of an order for relief under Title 11 of the United States Code on behalf of the provider, its subsidiaries, affiliates, parent companies, or contractual service providers or the commencement of any other insolvency proceeding;

(6) has its ratio of total liabilities to earnings before interest, taxes, depreciation, and amortization (EBITDA) either:

(A) increase over 4 consecutive quarters to a debt-to-EBITDA ratio greater than 4; or

(B) where its initial debt-to-EBITDA ratio was greater than 4, experience an increase over 4 consecutive quarters over its initial debt-to-EBITDA ratio.

"Intellectual disability" means the "intellectual disability" as defined in Section 1-116 of the Mental Health and Developmental Disabilities Code.

"Secretary" means the Secretary of Human Services.

(b) Unless the context otherwise requires:

(1) References in this Act to the programs or facilities of the Department shall be construed to refer only to those programs or facilities of the Department that pertain to mental health or developmental disabilities.

(2) References in this Act to the Department's service providers or service recipients shall be construed to refer only to providers or recipients of services that pertain to the Department's mental health and developmental disabilities functions.

(3) References in this Act to employees of the Department shall be construed to refer only to employees whose duties pertain to the Department's mental health and developmental disabilities functions.

(c) The Secretary shall establish such subdivisions of the

Department as shall be desirable and shall assign to the various subdivisions the responsibilities and duties placed upon the Department by the Laws of the State of Illinois.

(d) There is established a coordinator of services to deaf and hearing impaired persons with mental disabilities. In hiring this coordinator, every consideration shall be given to qualified deaf or hearing impaired individuals.

(e) Whenever the administrative director of the subdivision for mental health services is not a board-certified psychiatrist, the Secretary shall appoint a Chief for Clinical Services who shall be a board-certified psychiatrist with both clinical and administrative experience. The Chief for Clinical Services shall be responsible for all clinical and medical decisions for mental health services.

(Source: P.A. 102-972, eff. 1-1-23.)

(20 ILCS 1705/15.2a new)

<u>Sec. 15.2a. Adult developmental training services; disclosure, anti-looting, and consumer protections.</u>

<u>(a)(1) The Department shall adopt rules requiring providers of adult developmental training services to disclose, after the effective date of this amendatory Act of the 104th General Assembly, upon application for initial certification or renewal, and with any notice of a transaction or agreement as described in paragraph (2), whether the provider, its subsidiaries, affiliates, parent companies, or</u>

contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Providers that are owned or managed or contained within a fund owned or managed by an asset management company shall be required to disclose, on a quarterly basis and on forms prescribed by the Department, the name of the asset management company, the address of its headquarters, relevant general partners, portfolio or fund managers, or board members or directors administering, managing, or overseeing the provider, and the name of the fund, where applicable; the size of the asset management company's assets under management; individuals and institutions with interests in the provider, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; total liabilities held, individually, by the provider, its subsidiaries, affiliates, parent companies, and contractual service providers; the quarterly EBITDA, individually, of the provider, its subsidiaries, affiliates, parent companies, and contractual service providers; fees and payments, and rates for the same, collected by the asset management company, its subsidiaries, affiliates, parent companies, partners, contractual service providers for goods or services provided to the provider, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; the number of full-time and part-time employees and contractors, grouped by job classification, employed or under contract with the provider, its subsidiaries, affiliates, parent companies, contractual service providers and, where applicable, labor organizations representing the same.

(2) The Department shall also adopt rules requiring providers to provide the Department with written notice of transactions, and copies of agreements, which would (i) sell, transfer, lease, exchange, option, encumber, convey, or otherwise dispose of a material amount of the assets of the provider, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities or (ii) transfer control, responsibility, or governance of a material amount of the assets or operations of the provider, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities. Written notice and copies of agreements required under this paragraph shall be provided not less than 90 days prior to entering into the agreement or transaction.

(b)(1) A provider owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the provider, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not engage in a transaction involving the provider, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same, if the transaction has a reasonable likelihood of causing or materially contributing to the financial distress of the provider, its subsidiaries, affiliated entities, parent companies, or contractual service providers, due to placing an excessively high level of debt on the same.

(2) A provider owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the provider, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not cause or otherwise take actions that would result in the provider, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same (i) issuing debt-funded dividends, (ii) paying management fees or similar fees or costs, (iii) issuing dividends at a time or in an amount, or perform any other action or exceed any other metric, where such actions have a reasonable likelihood of causing the provider, its subsidiaries, affiliated entities, parent companies, or contractual service providers to become financially distressed.

(c) The Department shall adopt rules incorporating the definition of "financially distressed" as provided under Section 2, and its prohibitions against transactions with a reasonable likelihood of causing or materially contributing to financial distress, into its standards for certification for adult developmental training service providers, where the provider, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Engaging in transactions that are prohibited under this Section shall constitute non-compliance, on a continuing basis, with applicable certification standards required by State contracts, grants, enrollment agreements, or reimbursements for services provided by adult developmental training providers.

(d) The Department shall publish disclosures, written notices, and copies of agreements submitted in accordance with this Section, upon receipt, on its website for public viewing.

(20 ILCS 1705/68a new)

Sec. 68a. Supported employment services; disclosure, anti-looting, and consumer protections.

(a)(1) The Department shall adopt rules requiring supported employment providers to disclose, after the effective date of this amendatory Act of the 104th General Assembly, upon application for enrollment or renewal, and with any notice of a transaction or agreement as described in paragraph (2), whether the provider, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Providers that are owned or managed or contained within a fund owned or managed by an asset management company shall be required to disclose, on a quarterly basis and on forms prescribed by the Department, the name of the asset management company, the address of its headquarters, relevant general partners, portfolio or fund managers, or board members or directors administering, managing, or overseeing the provider, and the name of the fund, where applicable; the size of the asset management company's assets under management; individuals and institutions with interests in the provider, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; total liabilities held, individually, by the provider, its subsidiaries, affiliates, parent companies, and contractual service providers; the quarterly EBITDA, individually, of the provider, its subsidiaries, affiliates, parent companies, and contractual service providers; fees and payments, and rates for the same, collected by the asset management company, its subsidiaries, affiliates, parent companies, partners, contractual service providers for goods or services provided to the provider, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; the number of full-time and part-time employees and contractors, grouped by job classification, employed or under contract with the provider, its subsidiaries, affiliates, parent companies, contractual service providers and, where applicable, labor organizations representing the same.

(2) The Department shall also adopt rules requiring providers to provide the Department with written notice of transactions, and copies of agreements, which would (i) sell, transfer, lease, exchange, option, encumber, convey, or otherwise dispose of a material amount of the assets of the provider, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities or (ii) transfer control, responsibility, or governance of a material amount of the assets or operations of the provider, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities. Written notice and copies of agreements required under this paragraph shall be provided not less than 90 days prior to entering into the agreement or transaction.

(b)(1) A provider owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the provider, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not engage in a transaction involving the provider, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same, if the transaction has a reasonable likelihood of causing or materially contributing to the financial distress of the provider, its subsidiaries, affiliated entities, parent companies, or contractual service providers, due to placing an excessively high level of debt on the same.

(2) A provider owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the provider, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not cause or otherwise take actions that would result in the provider, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same (i) issuing debt-funded dividends, (ii) paying management fees or similar fees or costs, (iii) issuing dividends at a time or in an amount, or perform any other action or exceed any other metric, where such actions have a reasonable likelihood of causing the provider, its subsidiaries, affiliated entities, parent companies, or contractual service providers to become financially distressed.

(c) The Department shall adopt rules incorporating the definition of "financially distressed" as provided under Section 2, and its prohibitions against transactions with a reasonable likelihood of causing or materially contributing to financial distress, into its standards for supported employment providers, where the provider, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Engaging in transactions that are prohibited under this Section shall constitute non-compliance, on a continuing basis, with applicable standards required by State contracts, grants, enrollment agreements, or reimbursements for services provided by supported employment providers.

(d) The Department shall publish disclosures, written notices, and copies of agreements submitted in accordance with this Section, upon receipt, on its website for public viewing.

Section 15. The Community Living Facilities Licensing Act is amended by changing Section 3 and by adding Section 19 as follows:

(210 ILCS 35/3) (from Ch. 111 1/2, par. 4183)

Sec. 3. Definitions. As used in this Act, unless the context otherwise requires, the terms defined in this Section have the meanings ascribed to them herein.

(1) "Adult" means a person 18 years of age or older.

(2) "Applicant" means any person, agency, association, corporation, partnership, or organization making application for a license.

(3) "Appropriate programming" means programming which meets each resident's individual needs commensurate with his

functioning level.

(3-5) "Asset management company" means any business primarily engaged in managing and investing client funds in assets including, but not limited to, securities, equities, stocks, bonds, real estate, investment funds, mutual funds, exchange-traded funds, hedge funds, private equity funds, and venture capital.

(4) "Community Living Facility" means a transitional residential setting which provides guidance, supervision, training and other assistance to ambulatory or mobile adults with a mild or moderate developmental disability with the goal of eventually moving these persons to more independent living arrangements. Residents are required to participate in day activities, such as vocational training, sheltered workshops or regular employment. A Community Living Facility shall not be a nursing or medical facility and shall house no more than 20 residents, excluding staff.

(5) "Department" means the Department of Public Health.

(6) "Director" means the Director of the Department of Public Health.

(6-5) "Financially distressed" means any time at which a facility, its subsidiaries, affiliates, parent companies, or contractual service providers, where owned or managed, or contained within a fund owned or managed by an asset management company:

(1) fails to timely meet payroll obligations for a

period of more than 90 days;

(2) is initiating dissolution or has closed;

(3) is behind on rent payments for a period of more than 90 days;

(4) has defaulted on a loan for a period of more than 90 days;

(5) is the subject of an order for relief under Title 11 of the United States Code on behalf of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers or the commencement of any other insolvency proceeding;

(6) has its ratio of total liabilities to earnings before interest, taxes, depreciation, and amortization (EBITDA) either:

(A) increase over 4 consecutive quarters to a debt-to-EBITDA ratio greater than 4; or

(B) where its initial debt-to-EBITDA ratio was greater than 4, experience an increase over 4 consecutive quarters over its initial debt-to-EBITDA ratio.

(7) "Habilitation plan" means a written plan as defined in the "Mental Health and Developmental Disabilities Code of 1979", as now or hereafter amended.

(8) "License" means any of the following types of licenses issued to an applicant or licensee by the Department:

(a) "Probationary license" means a license issued to an applicant or licensee which has not held a license contiguous to its application.

(b) "Regular license" means a license issued to an applicant or licensee which is in substantial compliance with this Act and any rules and regulations promulgated hereunder.

(9) "Licensee" means a person, agency, association, corporation, partnership, or organization which has been issued a license to operate a Community Living Facility.

(10) "Owner" means the individual, partnership, corporation, association or other person who owns a Community Living Facility. In the event a Community Living Facility is operated by a person who leases the physical plant, which is owned by another person, "owner" means the person who operates the Community Living Facility, except that if the person who owns the physical plant is an affiliate of the person who operates the Community Living Facility and has significant control over the day-to-day operations of the Community Living Facility, the person who owns the physical plant shall incur jointly and severally with the owner all liabilities imposed on an owner under this Act.

(11) "Plan of correction" means a written plan submitted to the Department for violation of this Act or of rules promulgated hereunder which are cited by the Department. The plan shall describe the steps that will be taken in order to bring the Community Living Facility into compliance and the

time-frame for completion of each step.

(12) "Qualified surveyor" means any individual or any governmental agency designated by the Department to survey Community Living Facilities for compliance with this Act and the rules and regulations promulgated under this Act.

(13) "Resident" means a person residing in a Community Living Facility pursuant to this Act.

(14) "Support services" means those services provided to residents in order to facilitate their integration into the community and to improve their level of functioning, independence and self-respect.

(Source: P.A. 88-380.)

(210 ILCS 35/19 new)

Sec. 19. Community Living Facilities; disclosure, anti-looting, and consumer protections.

(a)(1) The Department shall adopt rules requiring Community Living Facilities to disclose, after the effective date of this amendatory Act of the 104th General Assembly, upon application for initial licensure or renewal, and with any notice of a transaction or agreement as described in paragraph (2), whether the facility, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Facilities that are owned or managed or contained within a fund owned or managed by an asset management company shall be required to disclose, on a quarterly basis and on forms prescribed by the Department, the name of the asset management company, the address of its headquarters, relevant general partners, portfolio or fund managers, or board members or directors administering, managing, or overseeing the provider, and the name of the fund, where applicable; the size of the asset management company's assets under management; individuals and institutions with interests in the facility, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; total liabilities held, individually, by the facility, its subsidiaries, affiliates, parent companies, and contractual service providers; the quarterly EBITDA, individually, of the facility, its subsidiaries, affiliates, parent companies, and contractual service providers; fees and payments, and rates for the same, collected by the asset management company, its subsidiaries, affiliates, parent companies, partners, contractual service providers for goods or services provided to the facility, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; the number of full-time and part-time employees and contractors, grouped by job classification, employed or under contract with the facility, its subsidiaries, affiliates, parent companies, contractual service providers and, where applicable, labor organizations representing the same.

(2) The Department shall also adopt rules requiring facilities to provide the Department with written notice of transactions, and copies of agreements, which would (i) sell, transfer, lease, exchange, option, encumber, convey, or otherwise dispose of a material amount of the assets of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities or (ii) transfer control, responsibility, or governance of a material amount of the assets or operations of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities. Written notice and copies of agreements required under this paragraph shall be provided not less than 90 days prior to entering into the agreement or transaction.

(b)(1) A facility owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not engage in a transaction involving the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same, if the transaction has a reasonable likelihood of causing or materially contributing to the financial distress of the facility, its subsidiaries, affiliated entities, parent companies, or contractual service providers, due to placing an excessively high level of debt on the same.

(2) A facility owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not cause or otherwise take actions that would result in the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same (i) issuing debt-funded dividends, (ii) paying management fees or similar fees or costs, (iii) issuing dividends at a time or in an amount, or perform any other action or exceed any other metric, where such actions have a reasonable likelihood of causing the facility, its subsidiaries, affiliated entities, parent companies, or contractual service providers to become financially distressed.

(c) The Department shall adopt rules incorporating the definition of "financially distressed" as provided under paragraph (6-5) of Section 3, and its prohibitions against transactions with a reasonable likelihood of causing or materially contributing to financial distress, into its standards for licensure for Community Living Facilities, where the facility, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Engaging in transactions that are prohibited under this Section shall constitute non-compliance, on a continuing basis, with applicable licensure standards required by State contracts, grants, enrollment agreements, or reimbursements for services provided by Community Living Facilities.

(d) The Department shall publish disclosures, written notices, and copies of agreements submitted in accordance with this Section, upon receipt, on its website for public viewing.

Section 20. The MC/DD Act is amended by adding Section 3-103a as follows:

(210 ILCS 46/3-103a new)

Sec. 3-103a. MC/DD facilities; disclosure, anti-looting, and consumer protections.

(a) As used in this Section:

"Asset management company" means any business primarily engaged in managing and investing client funds in assets including, but not limited to, securities, equities, stocks, bonds, real estate, investment funds, mutual funds, exchange-traded funds, hedge funds, private equity funds, and venture capital.

"Financially distressed" means any time at which an MC/DD facility, its subsidiaries, affiliates, parent companies, or contractual service providers, where owned or managed, or contained within a fund owned or managed by an asset management company:

(1) fails to timely meet payroll obligations for a period of more than 90 days;

(2) is initiating dissolution or has closed;

(3) is behind on rent payments for a period of more than 90 days;

(4) has defaulted on a loan for a period of more than 90 days;

(5) is the subject of an order for relief under Title 11 of the United States Code on behalf of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers or the commencement of any other insolvency proceeding;

(6) has its ratio of total liabilities to earnings before interest, taxes, depreciation, and amortization (EBITDA) either:

(A) increase over 4 consecutive quarters to a debt-to-EBITDA ratio greater than 4; or

(B) where its initial debt-to-EBITDA ratio was greater than 4, experience an increase over 4 consecutive quarters over its initial debt-to-EBITDA ratio.

(b)(1) The Department shall adopt rules requiring MC/DD facilities to disclose, after the effective date of this amendatory Act of the 104th General Assembly, upon application for initial licensure or renewal, and with any notice of a transaction or agreement as described in paragraph (2), whether the facility, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Facilities that are owned or managed or contained within a fund owned or managed by an asset management company shall be required to disclose, on a quarterly basis and on forms prescribed by the Department, the name of the asset management company, the address of its headquarters, relevant general partners, portfolio or fund managers, or board members or directors administering, managing, or overseeing the facility, and the name of the fund, where applicable; the size of the asset management company's assets under management; individuals and institutions with interests in the facility, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; total liabilities held, individually, by the facility, its subsidiaries, affiliates, parent companies, and contractual service providers; the quarterly EBITDA, individually, of the facility, its subsidiaries, affiliates, parent companies, and contractual service providers; fees and payments, and rates for the same, collected by the asset management company, its subsidiaries, affiliates, parent companies, partners, contractual service providers for goods or services provided to the facility, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; the number of full-time and part-time employees and contractors, grouped by job classification, employed or under contract with the facility, its subsidiaries, affiliates, parent companies, contractual service providers and, where applicable, labor organizations representing the same.

(2) The Department shall also adopt rules requiring facilities to provide the Department with written notice of transactions, and copies of agreements, which would (i) sell, transfer, lease, exchange, option, encumber, convey, or otherwise dispose of a material amount of the assets of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities or (ii) transfer control, responsibility, or governance of a material amount of the assets or operations of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities. Written notice and copies of agreements required under this paragraph shall be provided not less than 90 days prior to entering into the agreement or transaction.

(c)(1) A facility owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not engage in a transaction involving the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same, if the transaction has a reasonable likelihood of causing or materially contributing to the financial distress of the facility, its subsidiaries, affiliated entities, parent companies, or contractual service providers, due to placing an excessively high level of debt on the same.

(2) A facility owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not cause or otherwise take actions that would result in the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same (i) issuing debt-funded dividends, (ii) paying management fees or similar fees or costs, (iii) issuing dividends at a time or in an amount, or perform any other action or exceed any other metric, where such actions have a reasonable likelihood of causing the facility, its subsidiaries, affiliated entities, parent companies, or contractual service providers to become financially distressed.

(d) The Department shall adopt rules incorporating the definition of "financially distressed" as provided under this Section, and its prohibitions against transactions with a reasonable likelihood of causing or materially contributing to financial distress, into its standards for licensure for MC/DD facilities, where the facility, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Engaging in transactions prohibited by this Section shall constitute non-compliance, on a continuing basis, with applicable licensure standards required by State contracts, grants, enrollment agreements, or reimbursements for services provided by MC/DD facilities.

(e) The Department shall publish disclosures, written notices, and copies of agreements submitted in accordance with this Section, upon receipt, on its website for public viewing.

Section 25. The ID/DD Community Care Act is amended by adding Section 3-103a as follows:

(210 ILCS 47/3-103a new)

Sec. 3-103a. ID/DD; disclosure, anti-looting, and consumer protections.

(a) As used in this Section:

"Asset management company" means any business primarily engaged in managing and investing client funds in assets including, but not limited to, securities, equities, stocks, bonds, real estate, investment funds, mutual funds, exchange-traded funds, hedge funds, private equity funds, and venture capital.

"Financially distressed" means any time at which an ID/DD facility, its subsidiaries, affiliates, parent companies, or contractual service providers, where owned or managed, or contained within a fund owned or managed by an asset management company:

(1) fails to timely meet payroll obligations for a period of more than 90 days;

(2) is initiating dissolution or has closed;

(3) is behind on rent payments for a period of more than than 90 days;

(4) has defaulted on a loan for a period of more than 90 days;

(5) is the subject of an order for relief under Title 11 of the United States Code on behalf of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers or the commencement of any other insolvency proceeding;

(6) has its ratio of total liabilities to earnings before interest, taxes, depreciation, and amortization (EBITDA) either:

(A) increase over 4 consecutive quarters to a debt-to-EBITDA ratio greater than 4; or

(B) where its initial debt-to-EBITDA ratio was greater than 4, experience an increase over 4 consecutive quarters over its initial debt-to-EBITDA ratio.

(b)(1) The Department shall adopt rules requiring ID/DD facilities to disclose, after the effective date of this amendatory Act of the 104th General Assembly, upon application for initial licensure or renewal, and with any notice of a transaction or agreement as described in paragraph (2), whether the facility, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Facilities that are owned or managed or contained within a fund owned or managed by an asset management company shall be required to disclose, on a quarterly basis and on forms prescribed by the Department, the name of the asset management company, the address of its headquarters, relevant general partners, portfolio or fund managers, or board members or directors administering, managing, or overseeing the provider, and the name of the fund, where applicable; individuals and institutions with interests in the facility, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; total liabilities held, individually, by the facility, its subsidiaries, affiliates, parent companies, and contractual service providers; the quarterly EBITDA, individually, of the facility, its subsidiaries, affiliates, parent companies, and contractual service providers; fees and payments, and rates for the same, collected by the asset management company, its subsidiaries, affiliates, parent companies, partners, contractual service providers for goods or services provided to the facility, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; the number of full-time and part-time employees and contractors, grouped by job classification, employed or under contract with the facility, its subsidiaries, affiliates, parent companies, contractual service providers and, where applicable, labor organizations representing the same.

(2) The Department shall also adopt rules requiring facilities to provide the Department with written notice of transactions, and copies of agreements, which would (i) sell, transfer, lease, exchange, option, encumber, convey, or otherwise dispose of a material amount of the assets of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities or (ii) transfer control, responsibility, or governance of a material amount of the assets or operations of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities. Written notice and copies of agreements required under this paragraph shall be provided not less than 90 days prior to entering into the

agreement or transaction.

(c)(1) A facility owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not engage in a transaction involving the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same, if the transaction has a reasonable likelihood of causing or materially contributing to the financial distress of the facility, its subsidiaries, affiliated entities, parent companies, or contractual service providers, due to placing an excessively high level of debt on the same.

(2) A facility owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not cause or otherwise take actions that would result in the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same (i) issuing debt-funded dividends, (ii) paying management fees or similar fees or costs, (iii) issuing dividends at a time or in an

amount, or perform any other action or exceed any other metric, where such actions have a reasonable likelihood of causing the facility, its subsidiaries, affiliated entities, parent companies, or contractual service providers to become financially distressed.

(d) The Department shall adopt rules incorporating the definition of "financially distressed" as provided in this Section, and its prohibitions against transactions with a reasonable likelihood of causing or materially contributing to financial distress, into its standards for licensure for ID/DD facilities, where the facility, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Engaging in transactions that are prohibited under this Section shall constitute non-compliance, on a continuing basis, with applicable licensure standards required by State contracts, grants, enrollment agreements, or reimbursements for services provided by ID/DD facilities.

(e) The Department shall publish disclosures, written notices, and copies of agreements submitted in accordance with this Section, upon receipt, on its website for public viewing.

Section 30. The Community-Integrated Living Arrangements Licensure and Certification Act is amended by changing Section 3 and by adding Section 9a as follows:

(210 ILCS 135/3) (from Ch. 91 1/2, par. 1703)

Sec. 3. As used in this Act, unless the context requires otherwise:

(a) "Applicant" means a person, group of persons, association, partnership, or corporation that applies for a license as a community developmental services agency under this Act.

(a-5) "Asset management company" means any business primarily engaged in managing and investing client funds in assets including, but not limited to, securities, equities, stocks, bonds, real estate, investment funds, mutual funds, exchange-traded funds, hedge funds, private equity funds, and venture capital.

(b) "Community developmental services agency" or "agency" means a public or private agency, association, partnership, corporation, or organization which, pursuant to this Act, certifies community-integrated living arrangements for persons with a developmental disability.

(c) "Department" means the Department of Human Services (as successor to the Department of Mental Health and Developmental Disabilities).

(d) "Community-integrated living arrangement" means a living arrangement certified by a community developmental services agency under this Act where 8 or fewer recipients with a developmental disability ~~who~~ reside under the supervision of the agency. Examples of community-integrated living arrangements include, but are not limited to, the following:

(1) "Adult foster care", a living arrangement for recipients in residences of families unrelated to them, for the purpose of providing family care for the recipients on a full-time basis;

(2) "Assisted residential care", an independent living arrangement where recipients are intermittently supervised by off-site staff;

(3) "Crisis residential care", a non-medical living arrangement where recipients in need of non-medical, crisis services are supervised by on-site staff 24 hours a day;

(4) "Home individual programs", living arrangements for 2 unrelated adults outside the family home;

(5) "Supported residential care", a living arrangement where recipients are supervised by on-site staff and such supervision is provided less than 24 hours a day;

(6) "Community residential alternatives", as defined in the Community Residential Alternatives Licensing Act; and

(7) "Special needs trust-supported residential care", a living arrangement where recipients are supervised by on-site staff and that supervision is provided 24 hours per day or less, as dictated by the needs of the

recipients, and determined by service providers. As used in this item (7), "special needs trust" means a trust for the benefit of a beneficiary with a disability as described in Section 1213 of the Illinois Trust Code.

(d-5) "Financially distressed" means any time at which an agency, its subsidiaries, affiliates, parent companies, or contractual service providers, where owned or managed, or contained within a fund owned or managed by an asset management company:

(1) fails to timely meet payroll obligations for a period of more than 90 days;

(2) is initiating dissolution or has closed;

(3) is behind on rent payments for a period of more than 90 days;

(4) has defaulted on a loan for a period of more than 90 days;

(5) is the subject of an order for relief under Title 11 of the United States Code on behalf of the agency, its subsidiaries, affiliates, parent companies, or contractual service providers or the commencement of any other insolvency proceeding;

(6) has its ratio of total liabilities to earnings before interest, taxes, depreciation, and amortization (EBITDA) either:

(A) increase over 4 consecutive quarters to a debt-to-EBITDA ratio greater than 4; or

(B) where its initial debt-to-EBITDA ratio was greater than 4, experience an increase over 4 consecutive quarters over its initial debt-to-EBITDA ratio.

(e) "Recipient" means a person who has received, is receiving, or is in need of treatment or habilitation as those terms are defined in the Mental Health and Developmental Disabilities Code.

(f) "Unrelated" means that persons residing together in programs or placements certified by a community developmental services agency under this Act do not have any of the following relationships by blood, marriage, or adoption: parent, son, daughter, brother, sister, grandparent, uncle, aunt, nephew, niece, great grandparent, great uncle, great aunt, stepbrother, stepsister, stepson, stepdaughter, stepparent, or first cousin.

(Source: P.A. 104-270, eff. 8-15-25; revised 12-12-25.)

(210 ILCS 135/9a new)

Sec. 9a. CILAs; disclosure, anti-looting, and consumer protections.

(a)(1) The Department shall adopt rules requiring agencies to disclose, after the effective date of this amendatory Act of the 104th General Assembly, upon application for initial licensure or renewal, and with any notice of a transaction or agreement as described in paragraph (2), whether the agency, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Agencies that are owned or managed or contained within a fund owned or managed by an asset management company shall be required to disclose, on a quarterly basis and on forms prescribed by the Department, the name of the asset management company, the address of its headquarters, relevant general partners, portfolio or fund managers, or board members or directors administering, managing, or overseeing the agency, and the name of the fund, where applicable; the size of the asset management company's assets under management; individuals and institutions with interests in the agency, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; total liabilities held, individually, by the agency, its subsidiaries, affiliates, parent companies, and contractual service providers; the quarterly EBITDA, individually, of the agency, its subsidiaries, affiliates, parent companies, and contractual service providers; fees and payments, and rates for the same, collected by the asset management company, its subsidiaries, affiliates, parent companies, partners, contractual service providers for goods or services provided to the agency, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; the number of full-time and part-time employees and contractors, grouped by job classification, employed or under contract with the agency, its subsidiaries, affiliates, parent companies, contractual service providers and, where applicable, labor organizations representing the same.

(2) The Department shall also adopt rules requiring agencies to provide the Department with written notice of transactions, and copies of agreements, which would (i) sell, transfer, lease, exchange, option, encumber, convey, or otherwise dispose of a material amount of the assets of the agency, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities or (ii) transfer control, responsibility, or governance of a material amount of the assets or operations of the agency, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities. Written notice and copies of agreements required under this paragraph shall be provided not less than 90 days prior to entering into the agreement or transaction.

(b)(1) An agency owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the agency, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not engage in a transaction involving the agency, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same, if the transaction has a reasonable likelihood of causing or materially contributing to the financial distress of the agency, its subsidiaries, affiliated entities, parent companies, or contractual service providers, due to placing an excessively high level of debt on the same.

(2) An agency owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the agency, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not cause or otherwise take actions that would result in the agency, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same (i) issuing debt-funded dividends, (ii) paying management fees or similar fees or costs, (iii) issuing dividends at a time or in an amount, or perform any other action or exceed any other metric, where such actions have a reasonable likelihood of causing the agency, its subsidiaries, affiliated entities, parent companies, or contractual service providers to become financially distressed.

(c) The Department shall adopt rules incorporating the definition of "financially distressed" as provided in subsection (d-5) of Section 3, and its prohibitions against transactions with a reasonable likelihood of causing or materially contributing to financial distress, into its standards for licensure for agencies, where the agencies, their subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Engaging in transactions that are prohibited under this Section shall constitute non-compliance, on a continuing basis, with applicable licensure standards required by State contracts, grants, enrollment agreements, or reimbursements for services provided by agencies.

(d) The Department shall publish disclosures, written notices, and copies of agreements submitted in accordance with this Section, upon receipt, on its website for public viewing.

Section 35. The Child Care Act of 1969 is amended by adding Sections 2.41, 2.42, and 7.6a as follows:

(225 ILCS 10/2.41 new)

Sec. 2.41. Asset management company. "Asset management company" means any business primarily engaged in managing and investing client funds in assets, including, but not limited to, securities, equities, stocks, bonds, real estate, investment funds, mutual funds, exchange-traded funds, hedge funds, private equity funds, and venture capital.

(225 ILCS 10/2.42 new)

Sec. 2.42. Financially distressed. "Financially distressed" means any time at which a child care institution or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, or contractual service providers, where owned or managed, or contained within a fund owned or managed by an asset management company:

(1) fails to timely meet payroll obligations for a period of more than 90 days;

(2) is initiating dissolution or has closed;

(3) is behind on rent payments for a period of more than 90 days;

(4) has defaulted on a loan for a period of more than 90 days;

(5) is the subject of an order for relief under Title 11 of the United States Code on behalf of the child care institution or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, or contractual service providers or the commencement of any other insolvency proceeding;

(6) has its ratio of total liabilities to earnings before interest, taxes, depreciation, and amortization (EBITDA) either:

(A) increase over 4 consecutive quarters to a debt-to-EBITDA ratio greater than 4; or

(B) where its initial debt-to-EBITDA ratio was greater than 4, experience an increase over 4 consecutive quarters over its initial debt-to-EBITDA ratio.

(225 ILCS 10/7.6a new)

Sec. 7.6a. Child care institutions and group homes for children with developmental disabilities; disclosure, anti-looting, and consumer protections.

(a)(1) The Department shall adopt rules requiring child care institutions and group homes for children with developmental disabilities to disclose, after the effective date of this amendatory Act of the 104th General Assembly, upon application for initial licensure or renewal, and with any notice of a transaction or agreement as described in paragraph (2), whether the child care institution or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Child care institutions and group homes for children with developmental disabilities that are owned or managed or contained within a fund owned or managed by an asset management company shall be required to disclose, on a quarterly basis and on forms prescribed by the Department, the name of the asset management company, the address of its headquarters, relevant general partners, portfolio or fund managers, or board members or directors administering, managing, or overseeing the child care institution or group home for children with developmental disabilities, and the name of the fund, where applicable; the size of the asset management company's assets under management; individuals and institutions with interests in the child care institution or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; total liabilities held, individually, by the child care institution or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, and contractual service providers; the quarterly EBITDA, individually, of the child care institution or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, and contractual service providers; fees and payments, and rates for the same, collected by the asset management company, its subsidiaries, affiliates, parent companies, partners, contractual service providers for goods or services provided to the child care institution or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, contractual service providers, and the fund containing the same; the number of full-time and part-time employees and contractors, grouped by job classification, employed or under contract with the child care institution or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, contractual service providers and, where applicable, labor organizations representing the same.

(2) The Department shall also adopt rules requiring such facilities to provide the Department with written notice of transactions, and copies of agreements, which would (i) sell, transfer, lease, exchange, option, encumber, convey, or otherwise dispose of a material amount of the assets of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities or (ii) transfer control, responsibility, or governance of a material amount of the assets or operations of the facility, its subsidiaries, affiliates, parent companies, or contractual service providers, to one or more entities. Written notice and copies of agreements required under this paragraph shall be provided not less than 90 days prior to entering into the agreement or transaction.

(b)(1) A facility owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not engage in a transaction involving the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same, if the transaction has a reasonable likelihood of causing or materially contributing to the financial distress of the facility, its subsidiaries, affiliated entities, parent companies, or contractual service providers, due to placing an excessively high level of debt on the same.

(2) A facility owned, managed, or contained within a fund owned or managed by an asset management company, its parent companies, or an asset management company which owns or manages the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or a fund containing the same, shall not cause or otherwise take actions that would result in the facility, its subsidiaries, affiliated entities, parent companies, contractual service providers, or the fund containing the same (i) issuing debt-funded dividends, (ii) paying management fees or similar fees or costs, (iii) issuing dividends at a time or in an amount, or perform any other action or exceed any other metric, where such actions have a reasonable likelihood of causing the facility, its subsidiaries, affiliated entities, parent companies, or contractual service providers to become financially distressed.

(c) The Department shall adopt rules incorporating the definition of "financially distressed" as provided in Section 2.42, and its prohibitions against transactions with a reasonable likelihood of causing or materially contributing to financial distress, into its standards for licensure for child care institutions and group homes for children with developmental disabilities, where the child care institution for children with developmental disabilities or group home for children with developmental disabilities, its subsidiaries, affiliates, parent companies, or contractual service providers are or will be owned, managed, or contained within a fund owned or managed by an asset management company. Engaging in transactions that are prohibited under this Section shall constitute non-compliance, on a continuing basis, with applicable licensure standards required by State contracts, grants, enrollment agreements, or reimbursements for services provided by child care institutions and group homes for children with developmental disabilities.

(d) The Department shall publish disclosures, written notices, and copies of agreements submitted in accordance with this Section, upon receipt, on its website for public viewing.

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