



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5514

Introduced 2/13/2026, by Rep. Nabeela Syed

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-36a new

Amends the Medical Assistance Article of the Illinois Public Aid Code. Requires the Chief Procurement Officer for General Services, in consultation with the Department of Healthcare and Family Services, to conduct and complete, no later than one year after the effective date of the amendatory Act, any procurement necessary to select a third-party administrator to serve as the single State pharmacy benefit manager for the medical assistance program and to be used by all Medicaid managed care organizations under contract with the Department. Provides that, beginning on January 1, 2028, the selected pharmacy benefit manager shall be responsible for managing and processing all pharmacy claims under the medical assistance program, including pharmacy claims from contracted Medicaid managed care organizations. Provides that the Department is responsible for enforcing the pharmacy benefit manager contract after the procurement process. Sets forth certain activities the Director of Healthcare and Family Services must do as part of the procurement process, including: (i) establishing eligibility criteria an entity must meet in order to become the State pharmacy benefit manager; and (ii) developing a master contract that incorporates all pharmacy benefit manager contract requirements under the Illinois Insurance Code, with some exceptions. Requires a prospective State pharmacy benefit manager to disclose certain information during the procurement process, including, but not limited to: (i) any conflicts of interest; (ii) any common ownership, board membership, or other control the pharmacy benefit manager has over a Medicaid managed care organization or other specified entities; and (iii) any financial terms and arrangements between the pharmacy benefit manager and a prescription drug manufacturer or labeler. Effective immediately.

LRB104 18694 KTG 32137 b

1 AN ACT concerning public aid.

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

4 Section 5. The Illinois Public Aid Code is amended by
5 adding Section 5-36a as follows:

6 (305 ILCS 5/5-36a new)

7 Sec. 5-36a. Pharmacy benefit manager; procurement.

8 (a) No later than one year after the effective date of this
9 amendatory Act of the 104th General Assembly, the Chief
10 Procurement Officer for General Services, in consultation with
11 the Department of Healthcare and Family Services, shall
12 conduct and complete, in compliance with the Illinois
13 Procurement Code, any procurement necessary to select a
14 third-party administrator to serve as the single State
15 pharmacy benefit manager for the medical assistance program
16 and to be used by all Medicaid managed care organizations
17 under contract with the Department. Beginning on January 1,
18 2028, the selected pharmacy benefit manager shall be
19 responsible for managing and processing all pharmacy claims
20 under the medical assistance program, including pharmacy
21 claims from contracted Medicaid managed care organizations.
22 The Department of Healthcare and Family Services is
23 responsible for enforcing the pharmacy benefit manager

1 contract after the procurement process.

2 (b) As a part of the procurement process, the Director of
3 the Department shall do all of the following:

4 (1) Accept applications from entities seeking to
5 become the State pharmacy benefit manager.

6 (2) Establish eligibility criteria an entity must meet
7 in order to become the State pharmacy benefit manager.

8 (3) Select and contract with, in collaboration with
9 the Chief Procurement Officer for General Services, a
10 single State pharmacy benefit manager.

11 (4) Develop a master contract that incorporates all
12 requirements under Article XXXIIB of the Illinois
13 Insurance Code, unless incorporating a particular
14 requirement would place the State in violation of federal
15 law or otherwise cause the State to lose eligibility for
16 federal payments.

17 (c) A prospective State pharmacy benefit manager shall
18 disclose to the Director all of the following during the
19 procurement process:

20 (1) Any activity, policy, practice, contract, or
21 arrangement of the pharmacy benefit manager that may
22 directly or indirectly present any conflict of interest
23 with the pharmacy benefit manager's relationship with or
24 obligation to the Department or a Medicaid managed care
25 organization.

26 (2) All common ownership, members of a board of

1 directors, managers, or other control of the pharmacy
2 benefit manager (or any of the pharmacy benefit manager's
3 affiliated companies) with any of the following:

4 (A) A Medicaid managed care organization and its
5 affiliated companies.

6 (B) An entity that contracts on behalf of a
7 pharmacy or any pharmacy services administration
8 organization and its affiliated companies.

9 (C) A drug wholesaler or distributor and its
10 affiliated companies.

11 (D) A third-party payer and its affiliated
12 companies.

13 (E) A pharmacy and its affiliate companies.

14 (3) Any direct or indirect fees, charges, or any kind
15 of assessments imposed by the pharmacy benefit manager on
16 pharmacies licensed in this State in which the pharmacy
17 benefit manager shares common ownership, management, or
18 control; or that are owned, managed, or controlled by any
19 of the pharmacy benefit manager's affiliated companies.

20 (4) Any direct or indirect fees, charges, or any kind
21 of assessments imposed by the pharmacy benefit manager on
22 the pharmacies licensed in this State.

23 (5) Any financial terms and arrangements between the
24 pharmacy benefit manager and a prescription drug
25 manufacturer or labeler, including formulary management,
26 drug substitution programs, educational support claims

1 processing, or data sales fees.

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