Sen. Laura Fine

Filed: 5/12/2026

AMENDMENT TO SENATE BILL 3916

AMENDMENT NO. _____. Amend Senate Bill 3916 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Public Aid Code is amended by adding Article V-J as follows:

(305 ILCS 5/Art. V-J heading new)

ARTICLE V-J. DISTRESSED HOSPITAL LOAN PROGRAM

(305 ILCS 5/5J-1 new)

Sec. 5J-1. References to Article. This Article may be referred to as the Distressed Hospital Loan Program Law.

(305 ILCS 5/5J-5 new)

Sec. 5J-5. Distressed Hospital Loan Program. The Distressed Hospital Loan Program is created. The purpose of the Program is to provide interest-free cash flow loans to

public hospitals and not-for-profit hospitals in significant financial distress to prevent the closure of or to facilitate the reopening of those hospitals.

(305 ILCS 5/5J-10 new)

Sec. 5J-10. Definitions. As used in this Article:

"Closed hospital" means a hospital that closed after January 1, 2019.

"Department" means the Department of Healthcare and Family Services.

"Program" means the Distressed Hospital Loan Program.

"Public hospital" means a hospital that is licensed by the Hospital Licensing Act and is either owned or operated by a governmental body in Illinois, excluding a State agency, a State university, or a county with a population of 3,000,000 or more.

(305 ILCS 5/5J-15 new)

Sec. 5J-15. Administration. The Department shall administer the Distressed Hospital Loan Program in coordination with the Department of Public Health and the Governor's Office of Management and Budget. The Department shall adopt rules to implement this Program.

(305 ILCS 5/5J-18 new)

Sec. 5J-18. Application requirements. A hospital applying

for aid under this Program shall provide the Department with financial information, in a format determined by the Department, demonstrating the hospital's need for bridge financing due to financial hardship.

(1) Before receiving bridge financing under this Program, an eligible hospital shall submit a plan to the Department, with projections detailing the uses of the proposed loan and a structured plan proposed by the hospital's governing body to regain financial viability and continue operations.

(2) Before issuing a loan under this Section, the Department shall review the plan submitted by an eligible hospital and make a determination both that the plan is viable and that there is a reasonable likelihood that the hospital will be able to regain financial viability, continue to operate as a hospital, and be able to repay the loan. The Department shall not issue a loan award if the Department is unable to make these determinations.

(3) All funds loaned in accordance with this Article shall be used as described in the application approved by the Department, which shall be incorporated into any resulting loan agreement. Any misused funds shall be recouped by the Department. In addition to any other remedies provided for by law and without sending a notice of liability, the Department may withhold, as payment of any amounts due and owing as repayment of loans issued in

accordance with this Article, reimbursements or other amounts otherwise payable by the Department to the loan recipient, including, but not limited to, amounts otherwise payable from a managed care organization performing duties under contract with the Department.

(305 ILCS 5/5J-20 new)

Sec. 5J-20. Application evaluation methodology.

(a) In collaboration with the Governor's Office of Management and Budget and the Department of Public Health, the Department shall develop a methodology to evaluate an at-risk hospital's application for a loan through the Program.

(b) The methodology shall consider factors including, but not limited to, whether the hospital is in financial distress as solely determined by the State; whether the hospital is small, rural, a safety-net hospital, a critical access hospital, a trauma center, an urban hospital providing access for an underserved area, a hospital that serves a disproportionate share of Medicaid patients, or serving a rural catchment area; and whether closure of the hospital or service line reduction as a result of the financial distress would significantly impact access to services in the region.

(c) The methodology for determining financial distress may consider such factors as the hospital's prior and projected performance on financial metrics, including the amount of cash on hand, and whether the hospital has experienced, or is

projected to experience, negative operating margins.

(d) Subject to appropriation and the availability of funds, the Department shall issue the loan to a qualifying hospital with an approved loan application as soon as reasonably practicable following its eligibility determination.

(e) Hospitals ineligible for State assistance under the Program include:

(1) Not-for-profit hospitals that belong to integrated health care systems with more than 3 separately licensed hospital facilities.

(2) A hospital that maintains unpaid assessment liability owed to the State and either does not have a negotiated tax repayment agreement with the State or is delinquent under an existing negotiated tax repayment agreement.

(3) A hospital not current on a repayment schedule for a prior advance issued in accordance with 89 Ill. Adm. Code 140.71.

(4) A hospital that has not provided quarterly reporting on its finances as mandated by State law or administrative rule.

(5) A hospital that is subject to a stop payment order, as defined by the Grant Accountability and Transparency Act, with the State for any reason.

(6) A hospital that has been under investigation or

been issued an immediate jeopardy by the Centers for Medicare and Medicaid Services in the prior 12 months from the time of loan application.

(7) A hospital that is owned or operated by a for-profit entity.

(f) The Department shall determine the application process, underwriting review, and methodology for approval and distribution of the loans under the Program.

(g) The Department shall have the authority to determine service provision requirements in approving, and for the duration of, loans to eligible hospitals. In making its determination, the Department shall consider the impact of any changes to the hospital's service delivery or access to necessary medical care, particularly for beneficiaries of the State's medical assistance Program.

(h) The application process shall allow for at least 30 days for the Department to issue an initial response to any loan application.

(305 ILCS 5/5J-25 new)

Sec. 5J-25. Repayment agreement.

(a) A hospital shall be required to enter into a repayment agreement with the Department to execute the approved loan. Terms must include, but are not limited to, monthly repayments of the loan beginning no later than 18 months after receipt of the loan and discharge of the loan within 36 months of the date

of the loan.

(b) Notwithstanding any other law and to the extent permissible under federal rules, security for the cash flow loans in this Article shall be reimbursements due to the hospital from the Department, including, but not limited to, any reimbursements under the Illinois Public Aid Code. If the provider fails to comply with the recoupment terms of the repayment agreement, the remaining balance of the loan shall be immediately recouped from claims being processed by the Department. If such claims are insufficient for complete recovery, the remaining balance shall become immediately due and payable by check to the Department of Healthcare and Family Services. Failure by the provider to remit such check shall result in the Department pursuing other collection methods.

(c) If a hospital provider fails to pay any monthly installment repayments, there shall, unless waived by the Department for reasonable cause, be added to the loan repayment obligation a penalty equal to the lesser of (i) 5% of the amount of the installment not paid on or before the due date plus 5% of the portion thereof remaining unpaid on the last day of each 30-day period thereafter or (ii) 100% of the installment amount not paid on or before the due date.

(305 ILCS 5/5J-30 new)

Sec. 5J-30. Distressed Hospital Loan Program Fund.

(a) The Distressed Hospital Loan Program Fund is created as a special fund in the State treasury.

(b) Subject to appropriation, the Department may make secured loans from amounts in the Distressed Hospital Loan Program Fund to a public or not-for-profit hospital for purposes of preventing the hospital's closure in accordance with the provisions of this Article.

(c) On January 1, 2027, or as soon thereafter as practical, the State Comptroller shall direct and the State Treasurer shall transfer, at the direction of the Director of the Department, an amount not to exceed $85,000,000 from the Healthcare Provider Relief Fund to the Distressed Hospital Loan Program Fund.

(d) All moneys accruing to the Department under this Article from any source, including, but not limited to, all amounts repaid under the terms of any loan agreements, shall be deposited into the Fund.

(e) On June 30, 2033, or as soon thereafter as practical, the State Comptroller shall direct and the State Treasurer shall transfer the remaining balance in the Distressed Hospital Loan Program Fund to the Healthcare Provider Relief Fund. Upon completion of the transfers, the Distressed Hospital Loan Program Fund is dissolved and any outstanding obligations or liabilities of the Fund pass to the Healthcare Provider Relief Fund. The Department shall deposit all subsequent loan repayments or medical assistance program or

other reimbursements withheld for due cause in accordance with this Article into the Healthcare Provider Relief Fund.

(f) The Department may require any hospital receiving a loan under this Article to provide the Department with an independent financial audit of the hospital's operations for any fiscal year in which a loan is outstanding.

(305 ILCS 5/5J-35 new)

Sec. 5J-35. Repealer. This Article is repealed on June 30, 2033.

Section 70. The State Finance Act is amended by adding Section 5.1038 as follows:

(30 ILCS 105/5.1038 new)

Sec. 5.1038. The Distressed Hospital Loan Program Fund. This Section is repealed June 30, 2033.

Section 75. The Illinois Administrative Procedure Act is amended by adding Section 5-45.71 as follows:

(5 ILCS 100/5-45.71 new)

Sec. 5-45.71. Emergency rulemaking; financial reporting of nonexempt hospitals. To provide for the expeditious and timely implementation of Section 5A-3.1 of the Illinois Public Aid Code, emergency rules implementing Section 5A-3.1 of the

Illinois Public Aid Code may be adopted in accordance with Section 5-45 by the Department of Healthcare and Family Services. The adoption of emergency rules authorized by Section 5-45 and this Section is deemed necessary for the public interest, safety, and welfare.

This Section is repealed one year after the effective date of this amendatory Act of the 104th General Assembly.

Section 80. The Hospital Licensing Act is amended by adding Section 4.8 as follows:

(210 ILCS 85/4.8 new)

Sec. 4.8. Additional licensing requirements.

(a) Hospital emergency and financial contingency plan. Any hospital licensed under this Act that has outstanding debts to the State in the form of tax arrears or that maintains debt through the Distressed Hospital Loan Program or other Medicaid advance payments shall submit to the Department a hospital emergency and financial contingency plan for the rapid and orderly resolution of finances and operations in the event of material financial distress. The plan shall be submitted on an annual basis until any outstanding assessment or advance balances have been fully paid. The plan shall include, but not be limited to, procedures for the safe and orderly transfer and continuity of care for patients if closure of at least one category of service, or a temporary suspension of such service

for any reason, were to occur. Potential events precipitating closure or suspended services that shall be addressed in the plan, include, but are not limited to: financial distress, regulatory and compliance issues, operational or workforce challenges, infrastructure and facility issues, emergency or disaster related causes, and strategic organizational decisions. The plan shall contemplate (i) the identification of potential service area gaps created due to emergency closure and suspension of services and (ii) the orderly preservation and transfer of medical records in accordance with the Medical Patient Rights Act, the Health Insurance Portability and Accountability Act of 1996, and other applicable medical privacy laws.

(b) Hospital emergency and financial contingency plans for hospitals with multiple locations operating under a single license. Any hospital licensed by the Department under Section 4.5 of this Act shall submit a hospital emergency and financial contingency plan as outlined in subsection (a) for each location, campus, or facility administered under the license.

(c) Annual filing. Hospital emergency and financial contingency plans shall be filed with the Department no later than 6 months after the effective date of this amendatory Act of the 104th General Assembly. Hospital emergency and financial contingency plans, or annual affirmations of previously filed hospital emergency and financial contingency

plans, as outlined in this Section shall be submitted on an annual basis as determined by the Department through administrative rule.

(d) Penalties for noncompliance. The Department may impose fines of not more than $500 per week for failure to comply with the provisions of this Section.

Section 85. The Illinois Public Aid Code is amended by adding Section 5A-3.1 as follows:

(305 ILCS 5/5A-3.1 new)

Sec. 5A-3.1. Financial reporting of hospitals.

(a) The following summary financial and utilization data shall be reported to the Department of Healthcare and Family Services annually by a hospital subject to the assessment imposed under this Article beginning January 1, 2027. Financial reporting shall be due within 45 days after the effective date of this amendatory Act of the 104th General Assembly. The annual summary financial and utilization data shall include all of the following:

(1) The most recent audited financial statements.

(2) The most recent month-end balance sheet detailing the assets, liabilities, and net worth at the end of the month immediately preceding the annual reporting cycle.

(3) The most recent income statement for the month immediately preceding the annual reporting cycle

summarizing the revenues, expenses, and net income.

(4) The total number of inpatient days, outpatient visits, and discharges by payer, including, but not limited to, Medicare, Medicaid fee-for-service, Medicaid managed care, commercial coverage, and other payers.

(5) The total inpatient gross revenues by payer, including, but not limited to, Medicare, Medicaid fee-for-service, Medicaid managed care, commercial coverage, and other payers.

(6) The total outpatient gross revenues by payer, including, but not limited to, Medicare, Medicaid fee-for-service, Medicaid managed care, commercial coverage, and other payers.

(b) The Department of Healthcare and Family Services, in coordination with the Department of Public Health, shall administer the collection of required reports. The Department of Healthcare and Family Services may adopt any administrative rules, including emergency rules, necessary to implement this Section, including requesting additional information or removing information from the reporting requirements.

(c) If a hospital has not filed the required information within 45 days after the close of the annual reporting period, the Department of Healthcare and Family Services shall impose fines of not more than $5,000 per week for failure to comply with the provisions of this Section.

Section 99. Effective date. This Section and Sections 75 and 85 take effect upon becoming law. Section 5 takes effect July 1, 2026.".