



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB3601

Introduced 2/28/2007, by Rep. Elizabeth Coulson - Sidney H. Mathias

#### SYNOPSIS AS INTRODUCED:

320 ILCS 25/4

from Ch. 67 1/2, par. 404

Amends the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act. In provisions concerning income eligibility for the pharmaceutical assistance program ("Illinois Cares Rx"), provides that "household income" does not include any amounts paid by a household member, or paid by a third party on behalf of a household member, during the preceding year for medical expenses of a household member. Requires the Department of Healthcare and Family Services to adopt rules to implement this provision. Effective immediately.

LRB095 09625 DRJ 29825 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning aging.

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

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

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

8 Sec. 4. Amount of Grant.

9 (a) In general. Any individual 65 years or older or any  
10 individual who will become 65 years old during the calendar  
11 year in which a claim is filed, and any surviving spouse of  
12 such a claimant, who at the time of death received or was  
13 entitled to receive a grant pursuant to this Section, which  
14 surviving spouse will become 65 years of age within the 24  
15 months immediately following the death of such claimant and  
16 which surviving spouse but for his or her age is otherwise  
17 qualified to receive a grant pursuant to this Section, and any  
18 disabled person whose annual household income is less than  
19 \$14,000 for grant years before the 1998 grant year, less than  
20 \$16,000 for the 1998 and 1999 grant years, and less than (i)  
21 \$21,218 for a household containing one person, (ii) \$28,480 for  
22 a household containing 2 persons, or (iii) \$35,740 for a  
23 household containing 3 or more persons for the 2000 grant year

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

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

24 (c) Public aid recipients. If household income in one or  
25 more months during a year includes cash assistance in excess of  
26 \$55 per month from the Department of Healthcare and Family

1 Services or the Department of Human Services (acting as  
2 successor to the Department of Public Aid under the Department  
3 of Human Services Act) which was determined under regulations  
4 of that Department on a measure of need that included an  
5 allowance for actual rent or property taxes paid by the  
6 recipient of that assistance, the amount of grant to which that  
7 household is entitled, except as otherwise provided in  
8 subsection (a), shall be the product of (1) the maximum amount  
9 computed as specified in subsection (b) of this Section and (2)  
10 the ratio of the number of months in which household income did  
11 not include such cash assistance over \$55 to the number twelve.  
12 If household income did not include such cash assistance over  
13 \$55 for any months during the year, the amount of the grant to  
14 which the household is entitled shall be the maximum amount  
15 computed as specified in subsection (b) of this Section. For  
16 purposes of this paragraph (c), "cash assistance" does not  
17 include any amount received under the federal Supplemental  
18 Security Income (SSI) program.

19 (d) Joint ownership. If title to the residence is held  
20 jointly by the claimant with a person who is not a member of  
21 his or her household, the amount of property taxes accrued used  
22 in computing the amount of grant to which he or she is entitled  
23 shall be the same percentage of property taxes accrued as is  
24 the percentage of ownership held by the claimant in the  
25 residence.

26 (e) More than one residence. If a claimant has occupied

1 more than one residence in the taxable year, he or she may  
2 claim only one residence for any part of a month. In the case  
3 of property taxes accrued, he or she shall prorate 1/12 of the  
4 total property taxes accrued on his or her residence to each  
5 month that he or she owned and occupied that residence; and, in  
6 the case of rent constituting property taxes accrued, shall  
7 prorate each month's rent payments to the residence actually  
8 occupied during that month.

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

1 death of such claimant and which surviving spouse but for his  
2 or her age is otherwise qualified to receive benefits pursuant  
3 to this subsection, or (iii) disabled, and (2) be domiciled in  
4 this State at the time he or she files his or her claim, and (3)  
5 have a maximum household income of less than \$14,000 for grant  
6 years before the 1998 grant year, less than \$16,000 for the  
7 1998 and 1999 grant years, and less than (i) \$21,218 for a  
8 household containing one person, (ii) \$28,480 for a household  
9 containing 2 persons, or (iii) \$35,740 for a household  
10 containing 3 more persons for the 2000 grant year and  
11 thereafter. In addition, each eligible person must (1) obtain  
12 an identification card from the Department, (2) at the time the  
13 card is obtained, sign a statement assigning to the State of  
14 Illinois benefits which may be otherwise claimed under any  
15 private insurance plans, and (3) present the identification  
16 card to the dispensing pharmacist.

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

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

1 this Act to the extent such costs are covered by such other  
2 plan.

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

8 In the event that 2 or more persons are eligible for any  
9 benefit under this Act, and are members of the same household,  
10 (1) each such person shall be entitled to participate in the  
11 pharmaceutical assistance program, provided that he or she  
12 meets all other requirements imposed by this subsection and (2)  
13 each participating household member contributes the fee  
14 required for that person by the preceding paragraph for the  
15 purpose of obtaining an identification card.

16 The provisions of this subsection (f), other than this  
17 paragraph, are inoperative after December 31, 2005.  
18 Beneficiaries who received benefits under the program  
19 established by this subsection (f) are not entitled, at the  
20 termination of the program, to any refund of the identification  
21 card fee paid under this subsection.

22 (g) Effective January 1, 2006, there is hereby established  
23 a program of pharmaceutical assistance to the aged and  
24 disabled, entitled the Illinois Seniors and Disabled Drug  
25 Coverage Program, which shall be administered by the Department  
26 of Healthcare and Family Services and the Department on Aging



1 in accordance with this subsection, to consist of coverage of  
2 specified prescription drugs on behalf of beneficiaries of the  
3 program as set forth in this subsection. The program under this  
4 subsection replaces and supersedes the program established  
5 under subsection (f), which shall end at midnight on December  
6 31, 2005.

7 To become a beneficiary under the program established under  
8 this subsection, a person must:

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

10 and

11 (2) be domiciled in this State; and

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

15 (4) have a maximum household income of (i) less than  
16 \$21,218 for a household containing one person, (ii) less  
17 than \$28,480 for a household containing 2 persons, or (iii)  
18 less than \$35,740 for a household containing 3 or more  
19 persons. If any income eligibility limit set forth in items  
20 (i) through (iii) is less than 200% of the Federal Poverty  
21 Level for any year, the income eligibility limit for that  
22 year for households of that size shall be income equal to  
23 or less than 200% of the Federal Poverty Level. For  
24 purposes of this paragraph (4), "household income" does not  
25 include any amounts paid by a household member, or paid by  
26 a third party on behalf of a household member, during the

1 preceding year for medical expenses of a household member.

2 The Department shall adopt rules to implement this

3 provision as added by this amendatory Act of the 95th

4 General Assembly.

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

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

25 Beneficiaries under the program established under this  
26 subsection shall be divided into the following 5 eligibility

1 groups:

2 (A) Eligibility Group 1 shall consist of beneficiaries  
3 who are not eligible for Medicare Part D coverage and who  
4 are:

5 (i) disabled and under age 65; or

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

8 (iii) age 65 or older, with incomes at or below  
9 200% of the Federal Poverty Level and not eligible for  
10 federally funded means-tested benefits due to  
11 immigration status.

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

15 (C) Eligibility Group 3 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 eligible for Medicare Part D coverage.

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

25 If the State applies and receives federal approval for  
26 a waiver under Title XIX of the Social Security Act,

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

8 (E) On and after January 1, 2007, Eligibility Group 5  
9 shall consist of beneficiaries who are otherwise described  
10 in Eligibility Group 1 but are eligible for Medicare Part D  
11 and have a diagnosis of HIV or AIDS.

12 The program established under this subsection shall cover  
13 the cost of covered prescription drugs in excess of the  
14 beneficiary cost-sharing amounts set forth in this paragraph  
15 that are not covered by Medicare. In 2006, beneficiaries shall  
16 pay a co-payment of \$2 for each prescription of a generic drug  
17 and \$5 for each prescription of a brand-name drug. In future  
18 years, beneficiaries shall pay co-payments equal to the  
19 co-payments required under Medicare Part D for "other  
20 low-income subsidy eligible individuals" pursuant to 42 CFR  
21 423.782(b). For individuals in Eligibility Groups 1, 2, 3, and  
22 4, once the program established under this subsection and  
23 Medicare combined have paid \$1,750 in a year for covered  
24 prescription drugs, the beneficiary shall pay 20% of the cost  
25 of each prescription in addition to the co-payments set forth  
26 in this paragraph. For individuals in Eligibility Group 5, once

1 the program established under this subsection and Medicare  
2 combined have paid \$1,750 in a year for covered prescription  
3 drugs, the beneficiary shall pay 20% of the cost of each  
4 prescription in addition to the co-payments set forth in this  
5 paragraph unless the drug is included in the formulary of the  
6 Illinois AIDS Drug Assistance Program operated by the Illinois  
7 Department of Public Health. If the drug is included in the  
8 formulary of the Illinois AIDS Drug Assistance Program,  
9 individuals in Eligibility Group 5 shall continue to pay the  
10 co-payments set forth in this paragraph after the program  
11 established under this subsection and Medicare combined have  
12 paid \$1,750 in a year for covered prescription drugs.

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

22 Notwithstanding Section 3.15, for purposes of the program  
23 established under this subsection, the term "covered  
24 prescription drug" has the following meanings:

25 For Eligibility Group 1, "covered prescription drug"  
26 means: (1) any cardiovascular agent or drug; (2) any

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

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

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

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

4           For Eligibility Group 5, "covered prescription drug"  
5 means: (1) those drugs covered for Eligibility Group 1 that  
6 are also covered by the Medicare Part D Prescription Drug  
7 Plan in which the beneficiary is enrolled; and (2) those  
8 drugs included in the formulary of the Illinois AIDS Drug  
9 Assistance Program operated by the Illinois Department of  
10 Public Health that are also covered by the Medicare Part D  
11 Prescription Drug Plan in which the beneficiary is  
12 enrolled.

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

16          Any person otherwise eligible for pharmaceutical  
17 assistance under this subsection whose covered drugs are  
18 covered by any public program is ineligible for assistance  
19 under this subsection to the extent that the cost of those  
20 drugs is covered by the other program.

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

26          For a pharmacy to be reimbursed under the program

1 established under this subsection, it must comply with rules  
2 adopted by the Department of Healthcare and Family Services  
3 regarding coordination of benefits with Medicare Part D  
4 Prescription Drug Plans. A pharmacy may not charge a  
5 Medicare-enrolled beneficiary of the program established under  
6 this subsection more for a covered prescription drug than the  
7 appropriate Medicare cost-sharing less any payment from or on  
8 behalf of the Department of Healthcare and Family Services.

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

15 (Source: P.A. 93-130, eff. 7-10-03; 94-86, eff. 1-1-06; 94-909,  
16 eff. 6-23-06.)

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