

AN ACT concerning State government.

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

Section 5. The Department of Central Management Services Law of the Civil Administrative Code of Illinois is amended by changing Section 405-105 as follows:

(20 ILCS 405/405-105) (was 20 ILCS 405/64.1)

Sec. 405-105. Fidelity, surety, property, and casualty insurance. The Department shall establish and implement a program to coordinate the handling of all fidelity, surety, property, and casualty insurance exposures of the State and the departments, divisions, agencies, branches, and universities of the State. In performing this responsibility, the Department shall have the power and duty to do the following:

(1) Develop and maintain loss and exposure data on all State property.

(2) Study the feasibility of establishing a self-insurance plan for State property and prepare estimates of the costs of reinsurance for risks beyond the realistic limits of the self-insurance.

(3) Prepare a plan for centralizing the purchase of property and casualty insurance on State property under a master policy or policies and purchase the insurance contracted

for as provided in the Illinois Purchasing Act.

(4) Evaluate existing provisions for fidelity bonds required of State employees and recommend changes that are appropriate commensurate with risk experience and the determinations respecting self-insurance or reinsurance so as to permit reduction of costs without loss of coverage.

(5) Investigate procedures for inclusion of school districts, public community college districts, and other units of local government in programs for the centralized purchase of insurance.

(6) Implement recommendations of the State Property Insurance Study Commission that the Department finds necessary or desirable in the performance of its powers and duties under this Section to achieve efficient and comprehensive risk management.

(7) Prepare and, in the discretion of the Director, implement a plan providing for the purchase of public liability insurance or for self-insurance for public liability or for a combination of purchased insurance and self-insurance for public liability (i) covering the State and drivers of motor vehicles owned, leased, or controlled by the State of Illinois pursuant to the provisions and limitations contained in the Illinois Vehicle Code, (ii) covering other public liability exposures of the State and its employees within the scope of their employment, and (iii) covering drivers of motor vehicles not owned, leased, or controlled by the State but used by a

State employee on State business, in excess of liability covered by an insurance policy obtained by the owner of the motor vehicle or in excess of the dollar amounts that the Department shall determine to be reasonable. Any contract of insurance let under this Law shall be by bid in accordance with the procedure set forth in the Illinois Purchasing Act. Any provisions for self-insurance shall conform to subdivision (11).

The term "employee" as used in this subdivision (7) and in subdivision (11) means a person while in the employ of the State who is a member of the staff or personnel of a State agency, bureau, board, commission, committee, department, university, or college or who is a State officer, elected official, commissioner, member of or ex officio member of a State agency, bureau, board, commission, committee, department, university, or college, or a member of the National Guard while on active duty pursuant to orders of the Governor of the State of Illinois, or any other person while using a licensed motor vehicle owned, leased, or controlled by the State of Illinois with the authorization of the State of Illinois, provided the actual use of the motor vehicle is within the scope of that authorization and within the course of State service.

Subsequent to payment of a claim on behalf of an employee pursuant to this Section and after reasonable advance written notice to the employee, the Director may exclude the employee

from future coverage or limit the coverage under the plan if (i) the Director determines that the claim resulted from an incident in which the employee was grossly negligent or had engaged in willful and wanton misconduct or (ii) the Director determines that the employee is no longer an acceptable risk based on a review of prior accidents in which the employee was at fault and for which payments were made pursuant to this Section.

The Director is authorized to promulgate administrative rules that may be necessary to establish and administer the plan.

Appropriations from the Road Fund shall be used to pay auto liability claims and related expenses involving employees of the Department of Transportation, the Illinois State Police, and the Secretary of State.

(8) Charge, collect, and receive from all other agencies of the State government fees or monies equivalent to the cost of purchasing the insurance.

(9) Establish, through the Director, charges for risk management services rendered to State agencies by the Department. The State agencies so charged shall reimburse the Department by vouchers drawn against their respective appropriations. The reimbursement shall be determined by the Director as amounts sufficient to reimburse the Department for expenditures incurred in rendering the service.

The Department shall charge the employing State agency or

university for workers' compensation payments for temporary total disability paid to any employee after the employee has received temporary total disability payments for 120 days if the employee's treating physician has issued a release to return to work with restrictions and the employee is able to perform modified duty work but the employing State agency or university does not return the employee to work at modified duty. Modified duty shall be duties assigned that may or may not be delineated as part of the duties regularly performed by the employee. Modified duties shall be assigned within the prescribed restrictions established by the treating physician and the physician who performed the independent medical examination. The amount of all reimbursements shall be deposited into the Workers' Compensation Revolving Fund which is hereby created as a revolving fund in the State treasury. In addition to any other purpose authorized by law, moneys in the Fund shall be used, subject to appropriation, to pay these or other temporary total disability claims of employees of State agencies and universities.

Beginning with fiscal year 1996, all amounts recovered by the Department through subrogation in workers' compensation and workers' occupational disease cases shall be deposited into the Workers' Compensation Revolving Fund created under this subdivision (9).

(10) Establish rules, procedures, and forms to be used by State agencies in the administration and payment of workers'

compensation claims. The Department shall initially evaluate and determine the compensability of any injury that is the subject of a workers' compensation claim and provide for the administration and payment of such a claim for all State agencies. The Director may delegate to any agency with the agreement of the agency head the responsibility for evaluation, administration, and payment of that agency's claims.

(11) Any plan for public liability self-insurance implemented under this Section shall provide that (i) the Department shall attempt to settle and may settle any public liability claim filed against the State of Illinois or any public liability claim filed against a State employee on the basis of an occurrence in the course of the employee's State employment; (ii) any settlement of such a claim is not subject to fiscal year limitations and must be approved by the Director and, in cases of settlements exceeding \$100,000, by the Governor; and (iii) a settlement of any public liability claim against the State or a State employee shall require an unqualified release of any right of action against the State and the employee for acts within the scope of the employee's employment giving rise to the claim.

Whenever and to the extent that a State employee operates a motor vehicle or engages in other activity covered by self-insurance under this Section, the State of Illinois shall defend, indemnify, and hold harmless the employee against any claim in tort filed against the employee for acts or omissions

within the scope of the employee's employment in any proper judicial forum and not settled pursuant to this subdivision (11), provided that this obligation of the State of Illinois shall not exceed a maximum liability of \$2,000,000 for any single occurrence in connection with the operation of a motor vehicle or \$100,000 per person per occurrence for any other single occurrence, or \$500,000 for any single occurrence in connection with the provision of medical care by a licensed physician employee.

Any claims against the State of Illinois under a self-insurance plan that are not settled pursuant to this subdivision (11) shall be heard and determined by the Court of Claims and may not be filed or adjudicated in any other forum. The Attorney General of the State of Illinois or the Attorney General's designee shall be the attorney with respect to all public liability self-insurance claims that are not settled pursuant to this subdivision (11) and therefore result in litigation. The payment of any award of the Court of Claims entered against the State relating to any public liability self-insurance claim shall act as a release against any State employee involved in the occurrence.

(12) Administer a plan the purpose of which is to make payments on final settlements or final judgments in accordance with the State Employee Indemnification Act. The plan shall be funded through appropriations from the General Revenue Fund specifically designated for that purpose, except that

indemnification expenses for employees of the Department of Transportation, the Illinois State Police, and the Secretary of State shall be paid from the Road Fund. The term "employee" as used in this subdivision (12) has the same meaning as under subsection (b) of Section 1 of the State Employee Indemnification Act. Subject to sufficient appropriation, the Director shall approve payment of any claim, without regard to fiscal year limitations, presented to the Director that is supported by a final settlement or final judgment when the Attorney General and the chief officer of the public body against whose employee the claim or cause of action is asserted certify to the Director that the claim is in accordance with the State Employee Indemnification Act and that they approve of the payment. In no event shall an amount in excess of \$150,000 be paid from this plan to or for the benefit of any claimant.

(13) Administer a plan the purpose of which is to make payments on final settlements or final judgments for employee wage claims in situations where there was an appropriation relevant to the wage claim, the fiscal year and lapse period have expired, and sufficient funds were available to pay the claim. The plan shall be funded through appropriations from the General Revenue Fund specifically designated for that purpose.

Subject to sufficient appropriation, the Director is authorized to pay any wage claim presented to the Director that is supported by a final settlement or final judgment when the chief officer of the State agency employing the claimant

certifies to the Director that the claim is a valid wage claim and that the fiscal year and lapse period have expired. Payment for claims that are properly submitted and certified as valid by the Director shall include interest accrued at the rate of 7% per annum from the forty-fifth day after the claims are received by the Department or 45 days from the date on which the amount of payment is agreed upon, whichever is later, until the date the claims are submitted to the Comptroller for payment. When the Attorney General has filed an appearance in any proceeding concerning a wage claim settlement or judgment, the Attorney General shall certify to the Director that the wage claim is valid before any payment is made. In no event shall an amount in excess of \$150,000 be paid from this plan to or for the benefit of any claimant.

Nothing in Public Act 84-961 shall be construed to affect in any manner the jurisdiction of the Court of Claims concerning wage claims made against the State of Illinois.

(14) Prepare and, in the discretion of the Director, implement a program for self-insurance for official fidelity and surety bonds for officers and employees as authorized by the Official Bond Act.

(Source: P.A. 93-839, eff. 7-30-04.)

Section 10. The State Finance Act is amended by changing Section 25 as follows:

(30 ILCS 105/25) (from Ch. 127, par. 161)

Sec. 25. Fiscal year limitations.

(a) All appropriations shall be available for expenditure for the fiscal year or for a lesser period if the Act making that appropriation so specifies. A deficiency or emergency appropriation shall be available for expenditure only through June 30 of the year when the Act making that appropriation is enacted unless that Act otherwise provides.

(b) Outstanding liabilities as of June 30, payable from appropriations which have otherwise expired, may be paid out of the expiring appropriations during the 2-month period ending at the close of business on August 31. Any service involving professional or artistic skills or any personal services by an employee whose compensation is subject to income tax withholding must be performed as of June 30 of the fiscal year in order to be considered an "outstanding liability as of June 30" that is thereby eligible for payment out of the expiring appropriation.

However, payment of tuition reimbursement claims under Section 14-7.03 or 18-3 of the School Code may be made by the State Board of Education from its appropriations for those respective purposes for any fiscal year, even though the claims reimbursed by the payment may be claims attributable to a prior fiscal year, and payments may be made at the direction of the State Superintendent of Education from the fund from which the appropriation is made without regard to any fiscal year

limitations.

Medical payments may be made by the Department of Veterans' Affairs from its appropriations for those purposes for any fiscal year, without regard to the fact that the medical services being compensated for by such payment may have been rendered in a prior fiscal year.

Medical payments may be made by the Department of Healthcare and Family Services and medical payments and child care payments may be made by the Department of Human Services (as successor to the Department of Public Aid) from appropriations for those purposes for any fiscal year, without regard to the fact that the medical or child care services being compensated for by such payment may have been rendered in a prior fiscal year; and payments may be made at the direction of the Department of Central Management Services from the Health Insurance Reserve Fund and the Local Government Health Insurance Reserve Fund without regard to any fiscal year limitations.

Medical payments may be made by the Department of Human Services from its appropriations relating to substance abuse treatment services for any fiscal year, without regard to the fact that the medical services being compensated for by such payment may have been rendered in a prior fiscal year, provided the payments are made on a fee-for-service basis consistent with requirements established for Medicaid reimbursement by the Department of Healthcare and Family Services.

Additionally, payments may be made by the Department of Human Services from its appropriations, or any other State agency from its appropriations with the approval of the Department of Human Services, from the Immigration Reform and Control Fund for purposes authorized pursuant to the Immigration Reform and Control Act of 1986, without regard to any fiscal year limitations.

Further, with respect to costs incurred in fiscal years 2002 and 2003 only, payments may be made by the State Treasurer from its appropriations from the Capital Litigation Trust Fund without regard to any fiscal year limitations.

Lease payments may be made by the Department of Central Management Services under the sale and leaseback provisions of Section 7.4 of the State Property Control Act with respect to the James R. Thompson Center and the Elgin Mental Health Center and surrounding land from appropriations for that purpose without regard to any fiscal year limitations.

Lease payments may be made under the sale and leaseback provisions of Section 7.5 of the State Property Control Act with respect to the Illinois State Toll Highway Authority headquarters building and surrounding land without regard to any fiscal year limitations.

Payments may be made in accordance with a plan authorized by paragraph (11) or (12) of Section 405-105 of the Department of Central Management Services Law from appropriations for those payments without regard to fiscal year limitations.

(c) Further, payments may be made by the Department of Public Health and the Department of Human Services (acting as successor to the Department of Public Health under the Department of Human Services Act) from their respective appropriations for grants for medical care to or on behalf of persons suffering from chronic renal disease, persons suffering from hemophilia, rape victims, and premature and high-mortality risk infants and their mothers and for grants for supplemental food supplies provided under the United States Department of Agriculture Women, Infants and Children Nutrition Program, for any fiscal year without regard to the fact that the services being compensated for by such payment may have been rendered in a prior fiscal year.

(d) The Department of Public Health and the Department of Human Services (acting as successor to the Department of Public Health under the Department of Human Services Act) shall each annually submit to the State Comptroller, Senate President, Senate Minority Leader, Speaker of the House, House Minority Leader, and the respective Chairmen and Minority Spokesmen of the Appropriations Committees of the Senate and the House, on or before December 31, a report of fiscal year funds used to pay for services provided in any prior fiscal year. This report shall document by program or service category those expenditures from the most recently completed fiscal year used to pay for services provided in prior fiscal years.

(e) The Department of Healthcare and Family Services, the

Department of Human Services (acting as successor to the Department of Public Aid), and the Department of Human Services making fee-for-service payments relating to substance abuse treatment services provided during a previous fiscal year shall each annually submit to the State Comptroller, Senate President, Senate Minority Leader, Speaker of the House, House Minority Leader, the respective Chairmen and Minority Spokesmen of the Appropriations Committees of the Senate and the House, on or before November 30, a report that shall document by program or service category those expenditures from the most recently completed fiscal year used to pay for (i) services provided in prior fiscal years and (ii) services for which claims were received in prior fiscal years.

(f) The Department of Human Services (as successor to the Department of Public Aid) shall annually submit to the State Comptroller, Senate President, Senate Minority Leader, Speaker of the House, House Minority Leader, and the respective Chairmen and Minority Spokesmen of the Appropriations Committees of the Senate and the House, on or before December 31, a report of fiscal year funds used to pay for services (other than medical care) provided in any prior fiscal year. This report shall document by program or service category those expenditures from the most recently completed fiscal year used to pay for services provided in prior fiscal years.

(g) In addition, each annual report required to be submitted by the Department of Healthcare and Family Services

under subsection (e) shall include the following information with respect to the State's Medicaid program:

(1) Explanations of the exact causes of the variance between the previous year's estimated and actual liabilities.

(2) Factors affecting the Department of Healthcare and Family Services' liabilities, including but not limited to numbers of aid recipients, levels of medical service utilization by aid recipients, and inflation in the cost of medical services.

(3) The results of the Department's efforts to combat fraud and abuse.

(h) As provided in Section 4 of the General Assembly Compensation Act, any utility bill for service provided to a General Assembly member's district office for a period including portions of 2 consecutive fiscal years may be paid from funds appropriated for such expenditure in either fiscal year.

(i) An agency which administers a fund classified by the Comptroller as an internal service fund may issue rules for:

(1) billing user agencies in advance for payments or authorized inter-fund transfers based on estimated charges for goods or services;

(2) issuing credits, refunding through inter-fund transfers, or reducing future inter-fund transfers during the subsequent fiscal year for all user agency payments or

authorized inter-fund transfers received during the prior fiscal year which were in excess of the final amounts owed by the user agency for that period; and

(3) issuing catch-up billings to user agencies during the subsequent fiscal year for amounts remaining due when payments or authorized inter-fund transfers received from the user agency during the prior fiscal year were less than the total amount owed for that period.

User agencies are authorized to reimburse internal service funds for catch-up billings by vouchers drawn against their respective appropriations for the fiscal year in which the catch-up billing was issued or by increasing an authorized inter-fund transfer during the current fiscal year. For the purposes of this Act, "inter-fund transfers" means transfers without the use of the voucher-warrant process, as authorized by Section 9.01 of the State Comptroller Act.

(Source: P.A. 95-331, eff. 8-21-07.)

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