

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE
AND FAMILY SERVICES**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2013

AND FINANCIAL AUDIT

For the Year Ended June 30, 2013

Performed as Special Assistant Auditors for
The Auditor General, State of Illinois

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

AND FINANCIAL AUDIT
For the Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Pages</u>
Agency Officials.....	1
Management Assertion Letter.....	2
 Compliance Report:	
Summary.....	3 - 5
Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance.....	6 - 8
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	9 - 10
Schedule of Findings	
Current Findings – <i>Government Auditing Standards</i>	11 - 17
Current Findings – State Compliance.....	18 - 28
Prior Findings Not Repeated.....	29 - 30
Status of Management Audit.....	31 - 35
 Financial Statement Report:	
Summary.....	36
Independent Auditor’s Report.....	37 - 39
Basic Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet	40
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	41
Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balances	42
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities.....	43
Statement of Fiduciary Net Position	44
Notes to the Financial Statements.....	45 - 65
Supplementary Information	
Combining Balance Sheet – General Fund.....	66 - 68
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund.....	69 - 71
Combining Balance Sheet – Nonmajor Governmental Funds.....	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	73

	<u>Schedule</u>	<u>Pages</u>
Combining Statement of Fiduciary Net Position – Agency Funds		74
Combining Statement of Changes in Assets and Liabilities – Agency Funds		75
Supplementary Information for State Compliance Purposes:		
Summary		76
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures and Lapsed Balances		
Fiscal Year 2013.....	1	77 - 83
Fiscal Year 2012.....	2	84 - 90
Comparative Schedule of Net Appropriations, Expenditures and		
Lapsed Balances	3	91 - 98
Locally Held Funds – Cash Basis Schedule	4	99 - 100
Schedule of Changes in State Property	5	101
Comparative Schedule of Cash Receipts and Reconciliation		
of Cash Receipts to Deposits Remitted to the Comptroller	6	102 - 111
Analysis of Significant Variations in Expenditures	7	112 - 120
Analysis of Significant Variations in Receipts	8	121 - 133
Analysis of Significant Lapse Period Spending	9	134 - 137
Analysis of Accounts Receivable	10	138
Analysis of Operations (Unaudited)		
Indirect Cost Reimbursements (Unaudited)		139
Schedule of Adjudication Pattern, Payment Patterns and Claims Paid (Unaudited).....		140
Department Functions and Planning Program (Unaudited).....		141 - 142
Average Number of Employees (Unaudited)		143
Fiscal Year Statistics – Medicaid Enrollment (Unaudited)		144
Emergency Purchases (Unaudited)		145 - 147
Service Efforts and Accomplishments (Unaudited)		148 - 151

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

AGENCY OFFICIALS

Director	Julie Hamos
Assistant Director	Sharron Matthews
Deputy Directors	
Community Outreach	Peter F. Vina
Administrative Operations	Carolyn Williams Meza (7/1/11 – 5/31/12) Vacant (6/1/12 – Current)
Human Resources	Richard Foxman
Strategic Planning	Michael Koetting
General Counsel	Jeanette Badrov
Inspector General	John C. Allen (7/1/11 – 10/31/11) Bradley Hart (11/1/11 – Current)
Administrators	
Division of Child Support Services	Pamela Lowry
Division of Finance	Vacant (7/1/11-8/31/11) Francis Kopel (9/1/11 – 12/31/12) Vacant (1/1/13 – 2/28/13) Michael Casey (3/1/13 – Current)
Division of Medical Programs	Theresa Eagleson
Division of Personnel and Administrative Services	Theresa Bietsch
Chiefs	
Office of Legislative Affairs	Selma D’Souza
Office of Fiscal Management	Jack Dodds
Office of Information Services	Vacant (7/1/11 – 9/5/11) Stephen DePooter (9/6/11 – Current)

Department administrative offices are located at:

201 South Grand Avenue East
Springfield, IL 62763

2200 Churchill Road
Springfield, IL 62702



201 South Grand Avenue East
Springfield, Illinois 62763-0002

Telephone: (217) 782-1200
TTY: (800) 526-5812

Sikich LLP
Certified Public Accountants
132 S. Water Street, Suite 300
Decatur, IL 62523

May 13, 2014

Ladies and Gentlemen:

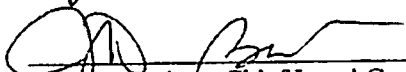
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the year(s) ended June 30, 2012 and June 30, 2013, the Agency has materially complied with the assertions below.

- A. The Agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Agency on behalf of the State or held in trust by the Agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Department of Healthcare and Family Services


Julie Hamos, Director


Jeanette Badrov, Chief Legal Counsel


Jack Dods, Chief Financial Officer

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

INTRODUCTION

Our scope as special assistant auditors to the Auditor General for the compliance examination consist of State compliance testing of the Department for the two years ended June 30, 2013.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Repeated findings	8	12
Prior recommendations implemented or not repeated	3	3
	8*	10

* One finding reported in the prior compliance report, for the two years ended June 30, 2011, was determined to be not repeated during testing associated with the Department's June 30, 2012 financial statement audit, which was presented in a separate report.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2013-001	11	Financial statement preparation	Significant Deficiency
2013-002	13	Medical assistance records not updated timely for deceased individuals	Significant Deficiency and Noncompliance
2013-003	17	Duplication of medical assistance enrollees	Significant Deficiency and Noncompliance

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2013-004	18	Lack of Project Management over the Illinois Health Information Exchange	Significant Deficiency
2013-005	22	Inadequate controls over personal services	Significant Deficiency and Noncompliance
2013-006	24	Inadequate controls over collections of accounts receivable	Significant Deficiency and Noncompliance
2013-007	25	Property control weaknesses	Significant Deficiency and Noncompliance
2013-008	27	Inadequate controls over County Provider Trust Fund	Significant Deficiency and Noncompliance

In addition, the following findings which are reported as a current findings relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

2013-001	11	Financial statement preparation	Significant Deficiency and Noncompliance
2013-002	13	Medical assistance records not updated timely for deceased individuals	Significant Deficiency and Noncompliance
2013-003	17	Duplication of medical assistance enrollees	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	29	Lack of written rate-setting methodology
B	29	Lack of due diligence to ensure computer security
C	29	Lack of adequate disaster contingency planning or testing to ensure recovery of computer systems and data
D	29	Receipt reconciliation not performed timely
E	29	Failure to perform responsibilities
F	30	Failure to certify health care premium amounts
G	30	Insufficient investment information posting
H	30	Failure to include intergovernmental transfer calculation

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at

an exit conference on April 16, 2014. Responses to the recommendations were provided by Julie Hamos, Director in correspondence dated May 13, 2014.

Attending the exit conference were:

Department of Healthcare and Family Services

Jim Behrensmeyer, Acting Bureau Chief, BFO
Mike Casey, Finance Administrator
Jamie Nardulli, Chief Internal Auditor
Connie Sabo, SPSA
Jonathan Grieser, SPSA
Amy Lyons, Audit Liaison

Sikich LLP

Tom Leach, Partner
Meredith Angel, Supervisor

Office of the Auditor General

Janis Van Durme, Audit Manager
Kathy Lovejoy, Audit Manager

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE
AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Healthcare and Family Services' compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2013. The management of the State of Illinois, Department of Healthcare and Family Services is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Healthcare and Family Services' compliance based on our examination.

- A. The State of Illinois, Department of Healthcare and Family Services has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Department of Healthcare and Family Services has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Department of Healthcare and Family Services has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Department of Healthcare and Family Services are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Department of Healthcare and Family Services on behalf of the State or held in trust by the State of Illinois, Department of Healthcare and Family Services have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Department of Healthcare and Family Services' compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Department of Healthcare and Family Services' compliance with specified requirements.

In our opinion, the State of Illinois, Department of Healthcare and Family Services complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2013. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings as items 2013-001 through 2013-003 and 2013-005 through 2013-008.

Internal Control

Management of the State of Illinois, Department of Healthcare and Family Services is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Department of Healthcare and Family Services' internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Healthcare and Family Services' internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Healthcare and Family Services' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2013-001 through 2013-008 that we consider to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois, Department of Healthcare and Family Services' responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Department of Healthcare and Family Services' responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor and Department management and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Decatur, Illinois
May 13, 2014

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Healthcare and Family Services, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of Illinois, Department of Healthcare and Family Services' basic financial statements, and have issued our report thereon dated February 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Illinois, Department of Healthcare and Family Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Healthcare and Family Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Healthcare and Family Services' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2013-001 through 2013-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Healthcare and Family Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings as items 2013-002 and 2013-003.

State of Illinois, Department of Healthcare and Family Services' Response to Findings

The State of Illinois, Department of Healthcare and Family Services' responses to the findings identified in our audit are described in the accompanying schedule of findings. The State of Illinois, Department of Healthcare and Family Services' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Department of Healthcare and Family Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Department of Healthcare and Family Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Decatur, Illinois
February 14, 2014

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

SCHEDULE OF FINDINGS

CURRENT FINDINGS
(GOVERNMENT AUDITING STANDARDS)

2013-001. **FINDING** (Financial statement preparation)

The Department of Healthcare and Family Services' (Department) year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the Comptroller (Comptroller) contained weaknesses and inaccuracies.

Several errors were identified during the audit of the Department's draft financial statements. These errors were deemed immaterial to the financial statements taken as a whole and, therefore, adjusting journal entries were not made.

- In making the year end medical accrual computation, we noted the following problems. The Department omitted \$301,000 of vouchers from the year end bills on hand and also had a mathematical error totaling \$27,152,000 with respect to prompt pay interest that is considered by the Department to be a component of its "incurred but not received" (IBNR) portion of the medical accrual liability. The result of these errors was an understatement totaling \$27,453,000 of General Revenue Fund accounts payable and expenditures as of June 30, 2013.
- Prompt pay interest is not deemed to be a qualifying federal expenditure and accordingly, the Department deducted the total prompt pay interest expense from its calculation of Federal reimbursable costs. However, as noted above, accrued prompt pay interest was inadvertently omitted from the medical accrual/accounts payable component of this calculation. This resulted in an understatement of receivables and deferred revenue by \$13,541,000, the applicable federal share of the prompt pay interest error described above.
- During our testing of child support accounts receivable we noted errors, projected to the population, totaling an overstatement of \$375,000 in gross accounts receivable and an overstatement of \$253,000 in the allowance for uncollectible accounts. Therefore, in effect the net accounts receivable was overstated by \$122,000 in the Child Support Enforcement Fund.
- In making the year end child support allowance for uncollectible receivables computation, we noted the Department had a mathematical error totaling \$3,105,000. Therefore, the obligation to others was overstated by \$3,105,000 and the allowance for uncollectible receivables was understated in the same amount in the Child Support Enforcement Fund.
- As a result of the mathematical error in the Child Support Enforcement Fund noted above totaling \$3,105,000, the allocation to the Child Support Administrative Fund for uncollectible receivables was overstated \$224,000. Therefore, due to other funds was understated \$224,000 in the Child Support Enforcement Fund and the due from other funds was understated \$224,000 in the Child Support Administrative Fund.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires State agencies to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical

reports and to maintain accountability over the State's resources. Good internal control procedures require adequate management oversight and review of accounting policies and procedures as well as an overall review of financial reporting for accuracy and compliance with generally accepted accounting principles.

Department management stated the complexity of the calculations, the large number of manual calculations and spreadsheets involved, the extensive number of GAAP packages required to be completed, and staff turnover resulting in staff shortage during lapse period all contributed to these errors.

Failure to implement appropriate internal control procedures over financial reporting could lead to future misstatements of the Statewide and Department's financial statements. (Finding Code No. 2013-001, 12-1, 11-1, 10-1, 09-2)

RECOMMENDATION

We recommend the Department implement internal control procedures to ensure financial reporting is accurate.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will ensure calculations are reviewed by another preparer before the packages are finalized. Planning and training on the GAAP process will begin in the spring. Filling the vacant positions in the General Accounting Unit prior to the next GAAP process will be a priority.

2013-002. **FINDING** (Medical assistance records not updated timely for deceased individuals)

The Department of Healthcare and Family Services’ (Department) fiscal year 2013 records of individuals eligible for participation in the medical assistance program under Title XIX of the Social Security Act (Title XIX) included individuals that are deceased according to the Illinois Department of Public Health Vital Records data.

Deceased Individuals in Fiscal Year 2013 Eligibility Data

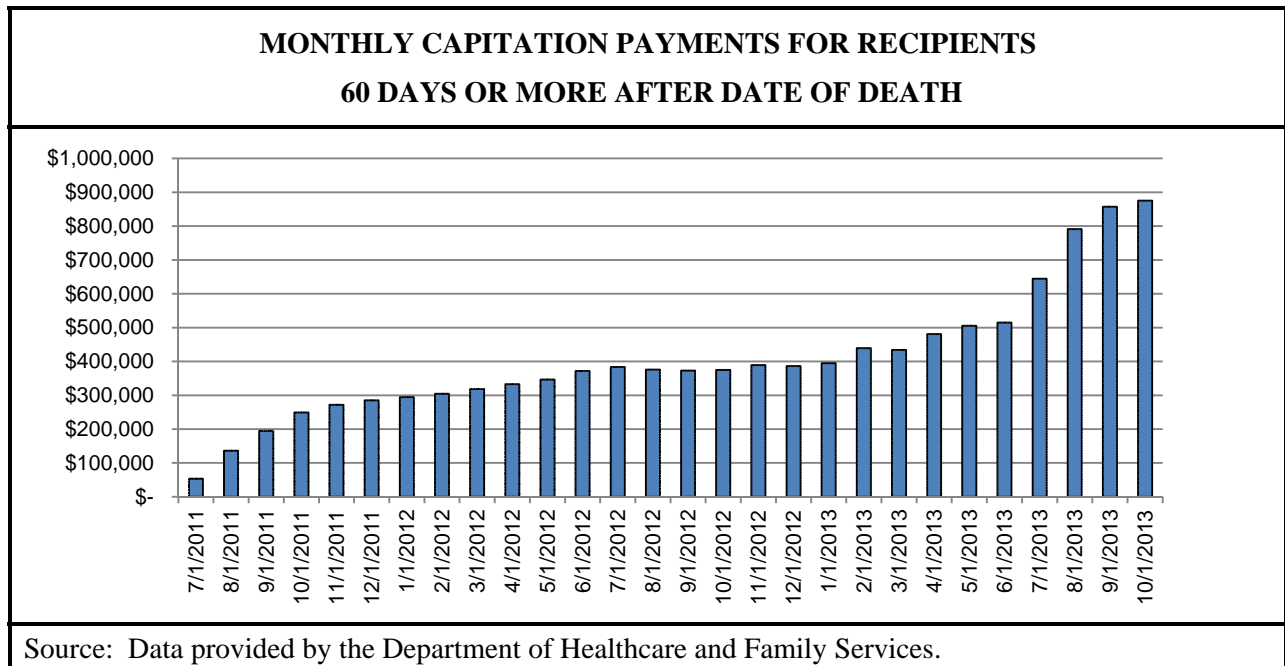
We obtained the Department’s records of individuals eligible for Title XIX services and compared them to the Department of Public Health death records dating back to 1970. Our comparison identified 8,232 individuals for which the Department of Public Health had a death record, but were included in the Department’s system as being eligible for medical services. Of the 8,232 deceased individuals with eligibility, 3,522 died prior to FY13. We recognize that the Department does not have instantaneous access to death records, and for the purposes of this finding, the 8,232 total includes only those individuals still included as eligible for medical services more than 60 days after their date of death. The comparison was based on an exact match of name, date of birth, and Social Security Number.

Payments on Behalf of Deceased Individuals

In our review of the Department’s payment data we determined the Department paid \$12.3 million for capitation and fee-for-service medical costs for 2,850 of the 8,232 deceased individuals.

We determined that \$11.4 million of the \$12.3 million (93%) was paid specifically for capitation arrangements. The \$11.4 million was paid on behalf of 993 individuals whose date of death was more than 60 days prior to the payment date. In our review of the eligibility for the 993 individuals, we determined that 94 percent were aged, blind, or disabled.

The payments for capitation arrangements occurring more than 60 days after death began to increase on July 1, 2011, and have continued to steadily increase through the last data we received in connection with this testing, which was October 2013 (see Exhibit below). As of October 1, 2013, the Department continued to make capitation payments for 861 of the 993 individuals (87%) identified.



We determined that many of the individuals were signed up for managed care months after their date of death. For individuals with Title XIX eligibility in fiscal year 2013, of the 993 individuals whose date of death was more than 60 days prior to the payment date, we identified 561 who were enrolled in managed care and had capitation services paid on their behalf more than 90 days after their date of death. The average number of days they were signed up after their date of death was 663. Due to the fact that these individuals were deceased, the State in most cases was not paying for any fee-for-service expenses for these individuals after their date of death. However, once the Department enrolled these 561 deceased individuals into managed care, the State began paying their monthly premiums, which totaled \$6.96 million through October 1, 2013. The highest monthly rate paid was \$5,384.

We identified four individuals who had a large amount of fee-for-service expenditures after their date of death. The following summarizes these four instances:

- An individual died on January 21, 1989; however, \$29,860 in payments were made for 816 services (dental, lab, hospital, etc) beginning December 5, 2005 and continued through October 2013, which was the last month of data used in this testing;
- An individual died on November 1, 2010; however, \$8,604 in payments for homemaker services and emergency response fees were made through January 2013. Additionally, the individual was enrolled in managed care in September 2011, which continued through October 2013, the last month of data used in this testing;
- An individual died on March 19, 2008; however, \$14,109 in payments, for medical supplies, were made through March 2013. Subsequently, the individual was enrolled in managed care, which continued through October 2013, the last month of data used in this testing; and
- An individual died on May 27, 2006; however, \$22,233 in payments, primarily for pharmacy, general clinic, outpatient, physician, and dental services, were made through May 7, 2013. Subsequently, the individual was enrolled in managed care, which continued through October 2013, the last month of data used in this testing.

We provided recipient names, provider names, and additional supporting documentation for these four examples to the Department for its review and possible referral to the Inspector General's Office.

Although the Department routinely identifies instances such as those noted above and seeks to recoup such payments from vendors and providers, the results of our testing are indicative that there are weaknesses in the effectiveness and timeliness of such controls and efforts. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable laws, and provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Department management stated that delays in recording death dates in eligibility records resulted from weaknesses in electronic death matching as well as delays in receipt of death notifications from the Illinois Department of Human Services' (DHS) Family Community Resource Centers (FCRCs). Department management also stated that sufficient safeguards did not exist to identify and remove eligibility for the deceased enrollees who were missed in prior years.

By not timely updating its Title XIX eligibility records to reflect deceased individuals' date of death, the Department has and will continue to pay for ineligible services which are not in compliance with State and federal laws. Furthermore, prolonged delays could diminish the Department's ability to recover such payments from vendors and providers. (Finding Code No. 2013-002)

RECOMMENDATION

We recommend the Department improve its system of controls to ensure death dates for current enrollees are entered into its eligibility system and ensure that deceased individuals are not enrolled in managed care. We also recommend the Department take action to recover the payments it made on behalf of individuals for capitation or fee-for-services related to periods after their date of death.

DEPARTMENT RESPONSE

The Department accepts the recommendation. This Administration has made it a high priority to root out fraud, waste and abuse in the Illinois Medicaid Program. Approximately 24,000 Medicaid clients die each year and the Department has recorded hundreds of thousands of deaths since 1970, the earliest year included in the audit. All 4 individuals identified in the audit who had fee-for-service expenditures after their date of death have been referred to the Office of the Inspector General for possible fraud investigation and prosecution (and any others we discover will be as well).

Almost all of the overpayments for deceased individuals identified in the audit were a result of capitated payments for Seniors and Persons with Disabilities enrolled in managed care since 2011 (when mandatory enrollment in managed care began). Because capitation payments for individuals enrolled in managed care are made prospectively and the Department may not be immediately notified of an individual's death, Department policy provides for recoupment of improper payments for deceased individuals from managed care companies. As deaths are recorded in Department systems, the information is automatically processed to deduct up to 18 months of overpayments for deceased individuals from future payments. Manual processes allow the Department to recover improper managed care overpayments beyond 18 months as well as any improper fee-for-service payments made to providers. The Department began immediate corrective action, and continues to take action, to identify deceased clients enrolled in Medicaid, to record their death dates, and to recoup all improper payments made for those individuals.

As of February 10, 2014, 98% of the 993 people associated with the capitation overpayments identified in this audit have been properly coded as deceased in Department systems. The Department has recouped or is in the process of recouping the \$11.4 million in capitation overpayments under managed care that were identified in this audit. The Department expects all overpayments to be recouped by year's end.

The Department will continue to recover the remaining improper payments. The remaining cases are under investigation and will be recorded as deceased when their deaths are confirmed. The procedure that has been used by the Departments of Healthcare and Family Services (HFS) and Human Services (DHS) has been to carefully investigate information about a client's death, especially to ascertain whether one or more living family members on a case continue to be eligible for Medicaid coverage. Most death notifications are sent to DHS FCRCs for individual review, but inadequate staffing of DHS offices has contributed to delays in review and processing. The other 7,239 deceased cases identified in the audit combined for less than \$1 million in fee-for-service payments. As of February 10, 2014, 65% of these deceased individuals who were not associated with capitation payments have been recorded as deceased. This process is ongoing, in order to record 100% of deceased clients and to recoup improper payments.

The Department is in the process of implementing additional controls that will improve the timeliness of identifying clients who have died, recording their dates of death, and recouping any improper payments. One significant change in procedure will be to suspend payments in the HFS claims processing system by matching Medicaid records with monthly IDPH death records.

AUDITOR COMMENT

In news reports made prior to the public release of this audit report, the Department of Healthcare and Family Services and the Department of Human Services (Departments) indicated that the majority of the overpayments identified by the auditors in this finding have already been recovered. In the 4 weeks since that statement, the auditors were not provided with documentation from the Departments concerning recovery of overpayments; therefore, the auditors cannot at this time verify whether the Departments have recovered any of the overpayments or whether the Departments have instituted adequate corrective actions to address the finding.

2013-003. **FINDING** (Duplication of medical assistance enrollees)

The Department of Healthcare and Family Services' (Department) eligibility files included duplicate enrollees for its medical assistance program under Title XIX of the Social Security Act (Title XIX).

We reviewed the Department's fiscal year 2013 Title XIX eligibility data files, noting 29,684 Social Security Numbers (SSN) had been assigned approximately 60,840 recipient identification numbers. Recipient identification numbers are unique identification numbers (Recipient IDs) that are assigned to enrollees. Specifically, we noted:

- 28,316 SSNs with two different Recipient IDs;
- 1,276 SSNs with three different Recipient IDs;
- 83 SSNs with four different Recipient IDs;
- 7 SSNs with five different Recipient IDs;
- 1 SSN with six different Recipient IDs; and
- 1 SSN with seven different Recipient IDs.

We identified overpayments for duplicative capitation and coordinated care fee payments made by the Department totaling \$192,432 in fiscal year 2013. These payments were for individuals that had more than one recipient identification number in the eligibility data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable laws; and provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriations.

Department management stated that these duplicate IDs were caused primarily by human error.

The assignment of multiple recipient identification numbers to one individual creates the opportunity for abuse and may result in multiple payments for the same service for the same individual. (Finding Code No. 2013-003)

RECOMMENDATION

We recommend the Department implement controls to ensure only one recipient identification number is assigned to a social security number/individual.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department and DHS work together to ensure each individual is only actively receiving benefits under one recipient identification number, and identify and deactivate duplicate recipient IDs regularly. The average duplicate recipient ID remains active for just over 100 days. As of June 30, 2013, there were approximately 7,700 (0.3%) SSNs with two or more active IDs within the Department's database of 2.7 million SSNs. Duplicate payments for the same individual can only occur when that person has multiple simultaneously active recipient IDs, as opposed to one active ID with other deactivated IDs.

The Department will continue to review and correct duplicate IDs and to recover any improper payments. Additionally, when the Integrated Eligibility System is fully operational in 2015, we can expect improved controls that will minimize the creation of duplicate IDs.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE
AND FAMILY SERVICES

SCHEDULE OF FINDINGS

**CURRENT FINDINGS
(STATE COMPLIANCE)**

2013-004. **FINDING** (Lack of Project Management over the Illinois Health Information Exchange)

The Department of Healthcare and Family Services (Department) and the Office of Health Information Technology (OHIT), a unit of the Office of the Governor, did not have an adequate project management framework and had not ensured the development process over the Illinois Health Information Exchange (Exchange) was properly controlled and documented.

The summary below provides a timeline regarding the development of the Exchange:

- February 8, 2010, the Department received a four year federal grant, totaling \$18,837,639 from the Department of Health and Human Services, Office of the National Coordinator For Health Information Technology for the development and implementation of the State-level health information exchange. The grant was received through the ARRA-State Grants to Promote Health Information Technology-Catalog of Federal Domestic Assistance Number 93.719. Expenditures through June 30, 2013 totaled \$6,342,000.
- February 16, 2010, the Governor signed Executive Order 10-1 creating the Office of Health Information Technology, a unit of the Office of the Governor.
- March 29, 2010, the Department and the Office of the Governor entered into an Interagency Agreement whereby the Department would provide limited staffing and computer services to assist OHIT in the development and administration of the Exchange. In addition, the Department would process all expenditures related to the Exchange from its appropriations. Prior to being submitted to the Department for payment, all expenditures were certified by OHIT management indicating the payments were for services which had been provided.
- July 27, 2010, the Illinois Health Information Exchange and Technology Act (20 ILCS 3860) created the Health Information Exchange Authority to “promote and facilitate the sharing of health information among health care providers within Illinois and in other states.”
- June 2, 2011, OHIT, a unit of the Office of the Governor, issued a Request for Proposal for the development of the Statewide Health Information Exchange.
- November 2011, the Department and OHIT, a unit of the Office of the Governor, signed a \$7.25 million contract with a vendor, expiring June 30, 2013, for the development of the State’s Exchange.

The contract stated the vendor would provide each deliverable on or before the due dates outlined which were then subject to review and acceptance by OHIT.

A **project management framework** to help ensure the Exchange project met its timeline and objectives **had not been implemented**. During our audit, we noted the following problems in the Exchange project:

- The **Exchange was not in production** by December 31, 2012, as required by the contract

and the contract had not been amended to reflect the change in production date.

- Evidence of review and acceptance of deliverables was lacking.
- The chart below outlines the required deliverables, deliverables actually completed and received, the amounts associated, and the associated payments made.

	Number of Deliverables Required by Contract	Deliverables Actually Received	Associated Amount As Set Forth in the Contract/Amendment/Change Request	Payments Actually Made
Original Contract	12	3	\$2,800,000	\$982,062
Subscription Fees*		0	\$4,450,000	0
Amendment/Change Requests	23	9	\$440,432	\$432,112
Total # as of June 30, 2013	35	12	\$7,690,432	\$1,414,174

*The Subscription Fees related to operation, hardware and licensing fees upon production of the Exchange which were not required to be made during the audit period.

In January 2013, OHIT and the Department amended the contract and added a project manager position for the Exchange project through June 30, 2013, at a cost of \$134,750. In addition, we found the generally accepted practices and steps associated with an effective system development methodology were not instituted. Generally accepted information technology guidance endorses the implementation of a process to ensure computer system development activities meet management’s objectives. A defined process promotes the effective and efficient use of resources resulting in computer systems that meet expectations.

On June 28, 2013, the Department and OHIT, a unit of the Office of the Governor, exercised the first year renewal option of the contract.

- The total of the renewal was \$2,683,000; however, the original contract stated the total for the first year renewal option would be \$270,000.
- As a result of the vendor only providing 34% of the required original deliverables, the contract renewal became an extension of the timeframe for the delivery of the original milestones (deliverables).
- The renewal **relieved the vendor** from the requirement to develop a complete and fully functional utilization-based model for the Illinois Health Information Exchange service costs by December 31, 2012, as set forth in the original contract.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states all agencies are to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable laws; and (2) obligations and costs are in compliance with applicable laws.

OHIT management stated a delay in the federal government deadline for health information technology standards, the resulting slower than anticipated adoption of those standards by electronic health records vendors, and a delay in federal government requirements for information exchange by health care providers, reduced OHIT and its vendor's ability to meet the contractual milestones. Furthermore, OHIT believed that its Project Management Office and the processes detailed in the Contract Statement of Work were sufficient to ensure effective project management and cost containment.

The lack of an effective and controlled project management/system development process may lead to excessive expenditures, over-reliance on staff or contractors, and a system that does not meet the needs of the State. In addition, an inadequate development process increases the risk that the system will not have the required accuracy, integrity, availability, and security. (Finding Code No. 2013-004)

RECOMMENDATION

We recommend the Department and the Office of the Governor:

- Develop and implement a project management framework and systems development methodology to ensure projects are adequately monitored and documented.
- Ensure all required contract deliverables are timely received, reviewed, and accepted prior to payments and system implementation.
- Ensure all required documentation is developed, reviewed, and approved prior to system implementation.

DEPARTMENT RESPONSE

The Department respectfully disagrees with its mention in this finding. As referenced in the finding above, the Governor issued Executive Order #1 (2010), creating the Office of Health Information Technology (OHIT) for the purpose of overseeing the State's development and implementation of health information technology initiatives, including the creation of a state-level health information exchange. The Interagency Agreement regarding health information exchange, effective March 29, 2010, between HFS and the Office of the Governor, executed under authority granted by the Intergovernmental Cooperation Act (5 ILCS 220 et. al.), further reinforced OHIT's role as the project lead regarding health information exchange activities.

HFS believes OHIT was charged with implementing project management for health information exchange initiatives and ensuring all deliverables and documentation were received, reviewed and accepted in compliance with contract requirements. HFS' ongoing management role regarding the Illinois Health Information Exchange contract was limited to filing documents with the Illinois Office of the Comptroller and processing payments in accordance with agency policy.

As stated in the March 29, 2010 dot-point in the finding, all OHIT expenditures were certified by OHIT management, indicating the payments were for services which had been provided. HFS requires similar certifications prior to making contractual payments initiated by any program area within the Department.

OFFICE OF THE GOVERNOR RESPONSE

OHIT accepts the recommendation. As detailed above, OHIT was created by Executive Order 10-1. On January 17, 2014, OHIT was merged with the newly-created Governor's Office of Health Innovation and Transformation by Executive Order 14-1. Pursuant to the merger, ownership of the contract with the vendor was assigned to the Illinois Health Information Exchange Authority (ILHIEA). Responsibility for the Illinois Health Information Exchange now resides solely with the ILHIEA pursuant to the Illinois Health Information Exchange and Technology Act. The ILHIEA has adopted the corrective actions identified below that were originally adopted by OHIT.

- OHIT hired a designated project manager and the vendor designated a specific project manager dedicated to the implementation of the Exchange. They enforce a higher level of project management standards to better align resources and deliverables to contract milestones.

- OHIT refined its contract deliverables process by developing a line item review and approval document to capture acceptance for all deliverables received and invoiced.
- OHIT created a Production Governance Work Group to ensure that all required documentation would be developed, reviewed, and approved prior to system implementation. The Production Governance Work Group is on schedule to develop, review and seek approval of all required documentation prior to formally declaring the Exchange in production.

2013-005. **FINDING** (Inadequate controls over personal services)

The Department of Healthcare and Family Services (Department) did not have adequate controls over personal services. We noted the following:

- The Department did not timely complete performance evaluations for 14 of 68 (21%) employees tested. The performance evaluations were performed between 32 and 152 business days after the last date in the period of performance. In addition, the Department did not perform evaluations during fiscal year 2012 and/or fiscal year 2013 for 24 of 68 (35%) employees tested.

The Illinois Administrative Code (80 Ill. Admin. Code 302.270 (d)) requires, for a certified employee, each agency to prepare an employee performance evaluation not less often than annually. In addition, the Illinois Administrative Code (80 Ill. Admin. Code 310.450 (c)) requires evaluations be completed prior to when annual merit increases are awarded. The Illinois Administrative Code (80 Ill. Admin. Code 302.270 (b)) also requires agencies to prepare two evaluations for employees serving a six-month probationary period, one at the end of the third month and one 15 days before the conclusion of the employee's six-month probationary period. Further, the Department's Employee Handbook (Section 115.2) requires a Performance Record (forms CMS-201R or CMS-201MD, Individual Development and Performance System) to be completed at least twice for employees serving a six-month or four-month probationary period and every employee should be evaluated annually.

- We selected a sample of 68 employees and examined their timesheets from three separate months. We noted 7 of 68 (10%) employees each had a timesheet which was not filled out correctly. Exceptions noted included timesheets containing math errors; failure to categorize time worked; failure to indicate whether vacation hours were used or not; no supervisory approvals/signatures and incorrect entry of time.

The Department's Employee Handbook (Section 120.5) requires bargaining unit employees to enter the time of their arrival and departure on an "Employee Daily Time Log" (HFS 163 form) and the designated timekeeper is responsible for calculating the number of hours worked and/or the number of leave hours used each day. Section 120.5 also requires attendance for merit compensation employees be tracked by a designated timekeeper on a HFS 163A form. Further, supervisors are responsible for ensuring HFS 163A forms are accurately completed each workday for each payroll distribution group containing merit compensation employees they supervise.

- During our review of employee absences, we noted 8 of 68 (12%) employees had one or more of their Employee Absence Request/Report form(s) (HFS 2053) completed incorrectly by their supervisor. The supervisor did not sign the form, date the form, and/or check the "approved" or "not approved" box. In addition, we noted 1 of 68 (1%) employees did not properly complete one of their HFS 2053 forms. Only the time and date of the absence was indicated, the employee did not sign or date the form when they submitted it to their supervisor. In the Department's prior examination, auditors noted that supervisors had not completed HFS 2053 forms on the same date as the employee's absence. During the current examination period the Department modified its policy to no longer require same-day completion of that form.

For scheduled time off, the Department's Employee Handbook (Section 205.2) requires employees to complete Section A of the HFS 2053 form and supervisors are to complete Section B of the HFS 2053 form. Section A of the HFS 2053 form shows the date, amount and type of time that has been requested to be applied towards the absence, along with the employee's signature, division, section, or unit, and the date. The supervisor approves the time by signing, marking the appropriate approval/denial box, and dating the form. For unscheduled time, the supervisor must complete Section A (leaving the type of time taken blank and initialing the

employee signature line) and Section B of the HFS 2053 form. The employee must indicate type of time used and sign the form upon return to work.

Department management stated that although the Division of Personnel and Administrative services sends notices when employee evaluations are due, the errors noted above were due to human error.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. By not ensuring performance appraisals are completed in a timely manner, the Department is in noncompliance with the Illinois Administrative Code and the Department's Employee Handbook, which might result in missing information that could be relevant to subsequent personnel decisions. Completing timesheets and Employee Absence Request/Report forms incorrectly is in noncompliance with the Department's Employee Handbook and increases the likelihood that Department records of when employees arrive to work, leave work, or are absent from work are inaccurate, which could result in underpayments or overpayment of benefits for services rendered during the employment period. (Finding Code No. 2013-005, 11-8, 09-5, 08-11, 07-11, 06-6, 05-1)

RECOMMENDATION

We recommend the Department follow current procedures and comply with the Illinois Administrative Code by conducting employee performance evaluations in a timely manner. Further, we recommend the Department comply with the Department's Employee Handbook and ensure employees and supervisors submit required forms accurately.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Division of Personnel and Administrative Services will continue to track employee evaluations in an effort to reduce the number that are not completed and signed in a timely manner. Personnel will continue to send out notifications and past due reminders to the Division Administrators and Personnel Liaisons. The agency will not process any merit compensation personnel transactions (i.e., promotions, separations, transfers, etc.) with the exception of address changes, if the employee's performance appraisal is past due.

2013-006. **FINDING** (Inadequate controls over collections of accounts receivable)

The Department of Healthcare and Family Services (Department) did not have adequate controls over the collections of accounts receivables. The Department failed to follow procedures regarding the referral of past due accounts to the Office of the State Comptroller's (Comptroller) Offset System or, when deemed necessary, to the Office of the Attorney General (Attorney General) to be written-off.

During testing, we noted that 12 accounts receivable accounts, totaling \$1,873,070, were outstanding for over 1 year and had not been submitted to either the Comptroller's Offset System or sent to the Attorney General to be certified as uncollectible. The Department's financial statements did not require an adjustment due to the accounts being considered uncollectible.

The Illinois State Collection Act of 1986 (30 ILCS 210/5(c-1)) requires any debt over \$250 and more than 90 days past due be referred for collection to the Comptroller's Offset System unless the debtor has entered into a payment plan with the Department or the Department demonstrates to the Comptroller's satisfaction that the referral of the offset would not be cost effective. The Statewide Accounting Management System Manual (Procedure 26.40.20) requires accounts receivables to be referred to the Comptroller's Offset System in order for the Comptroller to deduct from warrants payable to any person the amount for which there exists a claim due and payable in favor of the State. Further, the Uncollected State Claims Act (30 ILCS 205/2) states that when any State agency is unable to collect any account receivable of \$1,000 or more after having undertaken all reasonable and appropriate procedures available to the agency to effectuate collection, the State agency shall require the Attorney General to certify the accounts receivable to be uncollectible. Accounts receivable of less than \$1,000 may be certified as uncollectible by the agency when the agency determines that further collection efforts are not in the best economic interest of the State.

Department management stated that because of a lack of staff resources, a review of all of the accounts noted above had not been completed to determine whether it was cost effective to place in the Comptroller's Offset System or whether such account receivable should be sent to the Attorney General for uncollectibility certification.

Failure to submit accounts receivable over \$250 and more than 90 days past due to the Comptroller's Offset System or refer accounts receivables to the Attorney General results in noncompliance with State law and could result in the State not being able to recover amounts it is owed. (Finding Code No. 2013-006)

RECOMMENDATION

We recommend the Department submit past due accounts receivable to the Comptroller for placement in the Comptroller's Offset System in accordance with the Illinois State Collection Act of 1986 and the Statewide Accounting Management System. Further, where applicable, we recommend the Department request the Attorney General to certify accounts receivable that the Department has been unable to collect as uncollectible.

DEPARTMENT RESPONSE

The Department accepts the recommendation. Staff will review outstanding accounts to verify the account receivable and to determine appropriate provider liability, referring verified accounts to the Office of the Comptroller. Accounts needing written off as uncollectible will be referred to the Attorney General.

2013-007. **FINDING** (Property control weaknesses)

The Department of Healthcare and Family Services' (Department) did not maintain sufficient controls over the recording and reporting of its State property.

During our testing, we noted the following:

- The Department did not timely file its 2012 Certification of Inventory with the Department of Central Management Services (DCMS). The Department was originally required to have the certification completed by February 2013; however, the Department requested two extensions from DCMS. These extensions were approved and the final established due date by DCMS was set for October 1, 2013. The Department did not file the 2012 certification until December 31, 2013, 92 days after the approved extended due date.

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.460) requires agencies to complete and sign the Certification of Inventory after it completes its annual inventory of all its equipment items valued in excess of \$500. Agencies are then required to provide the Certification of Inventory to DCMS' Property Control Division.

- We selected a sample of 150 items from the Department's property listing. Seven items out of 150 were not at the location reported in the inventory listing during our observation. Three of these items (2%), totaling \$349, were located by auditors and in use by a different division. Four items (3%), totaling \$718, could not be located.
- We selected a sample of 150 items physically observed at various Department locations and attempted to ascertain these were correctly reported on the Department's property listing. Five out of 150 items (3%) selected could not be located in the inventory. Two of 150 items (1%), totaling \$25,099, did not have the correct location reported in the property listing.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.10.10) requires agencies to maintain current property records, including the location of the asset.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies establish internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Department personnel stated the dedicated inventory staff position was vacant and a major agency move depleted staff available to work on property inventory. Additionally, management stated the Department's inventory system had not been updated to reflect transfers due to the staffing constraints.

Failure to maintain sufficient controls over the recording and reporting of State property increases the risk of loss, misappropriation and inaccurate information being submitted to the Office of the State Comptroller. (Finding Code No. 2013-007)

RECOMMENDATION

We recommend the Department timely submit its annual property certification to DCMS and maintain an accurate property listing to minimize the risk of loss or theft of State resources.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Bureau of Administrative Services has filled the vacancy for the position responsible for State property recording and reporting. An extension was filed this year to complete the inventory by June. It is estimated that the inventory is approximately 50% complete and continues to be worked on daily.

2013-008. **FINDING** (Inadequate controls over County Provider Trust Fund)

The Department of Healthcare and Family Services (Department) did not comply with certain provisions of its interagency agreement with Cook County Health and Hospitals System and Cook County Board of Commissioners.

During our testing we noted fiscal year 2012 inpatient and outpatient rates were determined 2.5 months after the fiscal year had begun, and in fiscal year 2013, rates were determined 4.5 months after the fiscal year began. Adjustments were made after the rate determination to retroactively reimburse Cook County the correct inpatient and outpatient rates.

As a result of late determination of the inpatient and outpatient rates, the following was noted:

- In fiscal year 2012, twelve equal installments were made for Disproportionate Share Hospital (DSH) Payments; however, not all of the installments were paid monthly. No installment was paid in October and two installments were paid in November.
- In fiscal year 2013, the Department's DSH payment schedule was not prepared until January 2013. While the correct amount was paid over the course of fiscal year 2013, the late determination and implementation of the calculation resulted in the new installment amounts to begin February 2013. This resulted in the payments that should have started in October 2012 to not be equal as required by the agreement.

During testing of monthly DSH payments and quarterly Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) DSH payments, we noted exceptions as detailed below for fiscal year 2012. We did not note exceptions with respect to the fiscal year 2013 allocations and the determinations thereof.

- In the first quarter of fiscal year 2012, the Department used the total Medicaid inpatient days from fiscal year 2004 to calculate the allocation of quarterly BIPA DSH payments. Fiscal year 2010 Medicaid inpatient days should have been used for the calculation.
- In the second through fourth quarters of fiscal year 2012, the Department used uncompensated care costs to calculate the allocation of quarterly BIPA DSH payments. Fiscal year 2010 Medicaid inpatient days should have been used for the calculation.

The agreement between the Department and Cook County Health and Hospitals System and Cook County Board of Commissioners defines the Rate Period as the twelve-month period coinciding with the State's fiscal year. The agreement states that the hospitals operated by the Cook County Health and Hospital System shall be reimbursed for inpatient and outpatient services based on actual costs incurred and reported, adjusted forward to the Rate Period by an inflation index, as specified in the Illinois Title XIX State Plan.

The Illinois Medicaid State Plan states for DSH payments "the annual amount shall be paid to the hospital in twelve equal installments and paid monthly." Amendment #3 of the agreement between the Department and the Cook County Board of Commissioners states that the DSH rate year and DSH determination year fall from October 1 to September 30 of the following year. The calculation of the monthly DSH payment is to be made by October 1 and be paid in equal, monthly installments until September 30 of the following year.

Amendment #3 of the agreement required the Department to begin making an annual Disproportionate Share Hospital Adjustment Payment to county providers in accordance with Section 701 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) (Pub. L. 106-554). The

agreement defines “DSH rate year” as the twelve-month period beginning on October 1 of the year and ending September 30 of the following year. The “DSH determination year” is defined as the twelve-month period beginning on October 1 of the second year preceding the DSH rate year and ending September 30 of the following year. The “Total Medicaid inpatient days” is defined as “hospital inpatient days, excluding hospital inpatient days for normal newborns, that were subsequently adjudicated by the Department through the last day of June preceding the DSH determination year.” Therefore, the following dates were determined:

- Fiscal year 2012 rate year = October 2011 through September 2012
- Fiscal year 2012 determination year = October 2009 through September 2010
- Fiscal year 2012 total Medicaid inpatient days = 12 month period ending June 2010 (fiscal year 2010)

Department management stated negotiations with the providers caused unforeseen delays in rate implementation.

Untimely calculations of monthly DSH installments and the use of incorrect data when calculating the allocation of BIPA DSH payments increases the likelihood for oversight in correct payments, which would cause noncompliance with the agreement set in place with Cook County. (Finding Code No. 2013-008, 11-4)

RECOMMENDATION

We recommend the Department timely calculate inpatient and outpatient rates that should take effect in October of each year. We also recommend the Department follow the requirements included in its interagency agreement with Cook County Health and Hospitals System and Cook County Board of Commissioners by making twelve equal monthly DSH payments and by using the correct Medicaid inpatient days when making BIPA DSH allocation calculations.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is working more closely with the government owned providers to ensure there is a negotiated agreement of rates between the two parties, prior to issuing a finalized rate letter. Prior approval of the per diem rates between the Department and the hospitals will aid in calculating rates timely. In addition, The Department will implement procedures to ensure the correct Medicaid days are used for allocation of BIPA DSH payments to Cook County.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

PRIOR FINDINGS NOT REPEATED

A. FINDING (Lack of written rate-setting methodology)

The Illinois Department of Healthcare and Family Services (Department) did not have a documented written rate-setting methodology to calculate the insurance rates that are used to determine the premium rates charged to participants for the Teachers' Retirement Insurance Program (TRIP).

Executive Order 2012-01, *Executive Order to Reorganize Agencies by the Transfer of Certain Functions of the Department of Healthcare and Family Services to the Department of Central Management Services, the Department of Corrections, the Department of Juvenile Justice, the Department of Human Services, and the Department of Veterans' Affairs*, issued by the Governor on March 1, 2012 transferred the respective powers, duties, rights and responsibilities related to State Healthcare Purchasing from the Department of Healthcare and Family Services back to various departments. The functions associated with the Teacher's Retirement Insurance Program and the responsibility for the development of a formal written rate-setting methodology were transferred to the Department of Central Management Services effective July 1, 2012. (Finding Code No. 12-2, 11-3, 10-2)

B. FINDING (Lack of due diligence to ensure computer security)

The Department had not performed due diligence to ensure the Department of Central Management Services (DCMS) had implemented adequate controls for securing its midrange computer resources.

During the current examination, the Department established a Project Charter, met periodically with DCMS, and established a tracking mechanism to monitor weaknesses over the midrange environment. (Finding Code No. 11-5)

C. FINDING (Lack of adequate disaster contingency planning or testing to ensure recovery of computer systems and data)

The Department had not developed recovery plans for all of its mission critical systems. Additionally, recovery testing of all mission critical systems had not been performed during the examination period.

During the current examination, the Department developed recovery plans and conducted testing of critical systems. (Finding Code No. 11-6)

D. FINDING (Receipt reconciliation not performed timely)

The Department did not timely perform reconciliations of KidCare premium receipts that were deposited into the General Revenue Fund.

During the current examination, the Department reconciliations for fiscal years ending June 30, 2012 and 2013 were prepared within two to three weeks. (Finding Code No. 11-7)

E. FINDING (Failure to perform responsibilities)

The Department did not notify the University of Illinois (University) whether the University may retain data or if destruction of the data was necessary as specified in an interagency agreement.

During the current examination, the Department provided documentation they notified the University in writing whether the University may retain recipient information provided by the Department or if they must return or destroy the data. (Finding Code No. 11-9)

F. FINDING (Failure to certify health care premium amounts)

The Department did not certify the amounts of the Medicare supplemental health care premiums and the amounts of the health care premiums for all other retirees who were not Medicare eligible.

Executive Order 2012-01, *Executive Order to Reorganize Agencies by the Transfer of Certain Functions of the Department of Healthcare and Family Services to the Department of Central Management Services, the Department of Corrections, the Department of Juvenile Justice, the Department of Human Services, and the Department of Veterans' Affairs*, issued by the Governor on March 1, 2012 transferred the respective powers, duties, rights and responsibilities related to State Healthcare Purchasing from the Department of Healthcare and Family Services back to various departments, effective July 1, 2012. (Finding Code No. 11-10)

G. FINDING (Insufficient investment information posting)

The Department did not disclose the complete listing of all depository institutions, commercial paper issuers, and broker-dealers approved to do business with the Department on the Internet as required by statute.

During the current examination, the Department disclosed and updated the required information on the Portfolio of Locally Held Public Funds page of the Department's Internet website. (Finding Code No. 11-11)

H. FINDING (Failure to include intergovernmental transfer calculation)

The Department's intergovernmental agreement with Cook County Health and Hospitals System and Cook County Board of Commissioners did not include a provision for the calculation of the intergovernmental transfer payment as required by the Illinois Public Aid Code.

During the current examination, the Department executed an amendment to the intergovernmental agreement which included the provision for the calculation of the intergovernmental transfer payment as required. (Finding Code No. 11-12)

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

STATUS OF MANAGEMENT AUDIT
For the Two Years Ended June 30, 2013

STATE'S PROCUREMENT OF HEALTH INSURANCE VENDORS FOR THE
STATE'S GROUP HEALTH INSURANCE PROGRAM

A management audit of the State's procurement of health insurance vendors for the State's group health insurance program was conducted by the Auditor General pursuant to Legislative Audit Commission Resolution Number 142, which was adopted May 10, 2011. The audit, released March 2012, contained 12 recommendations to the Department of Healthcare and Family Services (Department).

As part of the compliance examination for the two years ended June 30, 2013, auditors followed up on the status of the recommendations by examining procurements from fiscal year 2012, after the release of the management audit, and fiscal year 2013. The auditors concluded all recommendations made to the Department were implemented with the exception of "Network Monitoring" (Recommendation 14), as to which the status is reported as not repeated. As a result of the responsibilities of health insurance transferring to the Department of Central Management Services, the Department did not have the necessary time to implement this particular recommendation.

Recommendation 1 – Request for Proposals (RFPs)

Recommendation:

The Department should ensure that all evaluation scoring information, required by the Illinois Procurement Code, is included in RFPs. Further, the Department should provide guidance to vendors that want to propose more than one network in their proposals to State procurement opportunities and score all networks proposed. Additionally, the Department should consider any potential conflicts based on its use of a consultant, which may require disclosure of the consultant's identity in the RFP so that proposers can respond by describing any relationship.

Status:

This recommendation is implemented. The Department included all evaluation scoring information, required by the Illinois Procurement Code. Further, the Department put in place procedures to ensure network analysis required in an RFP will be scored in accordance with the specifications of the RFP. Additionally, the Department modified its procedures to ensure consultants are identified in the RFPs so bidders will have an opportunity to disclose any relationships that could result in a conflict.

Recommendation 2 – Potential Conflict of Interest – Consultant Activity

Recommendation:

The Department should ensure that all consultants disclose any relationships that may, even if only in appearance, impair the integrity of the procurement process that the consultants participate in. The Department should then document that it has considered any such potential conflicts and the results of that consideration. Additionally, the Department should complete a statement of work for its contract with Mercer to identify specific scope of service work to be performed for State procurement opportunities.

Status:

This recommendation is implemented. The Department worked with the State Purchasing Officer (SPO) to clearly identify that business relationships are to be disclosed. Department procedures now require the Department's Ethics Officer and the SPO work together to document any issues and conclusions when relationships are identified.

Recommendation 3 – Evaluators' Access to Needed Materials

Recommendation:

The Department should ensure that all evaluation materials in the Department's possession are provided to all evaluators. Additionally, the Department should ensure that reference checks are timely conducted for all vendors that propose and that information obtained from the reference checks be provided to all members of the evaluation team.

Status:

This recommendation is implemented. The Department's new evaluation procedures identify all evaluation materials that should be provided to evaluators including reference checks for all vendors that proposed. The Department distributed all necessary materials in their possession at evaluation team meetings, including any additional information identified in follow-ups that should be relayed to the team.

Recommendation 4 – Lack of Evaluation Team Meetings

Recommendation:

The Department should comply with its own policy/procedure and ensure that evaluation teams meet to discuss clarifying questions, identifying areas of clarification, and to discuss the strengths and weaknesses of each proposal so that all evaluators have all relevant information to make adequate scoring decisions that are in the best interests of the State.

Status:

This recommendation is implemented. The Department held pre-evaluation meetings to review the evaluation process and procedures. The Department also held team meetings throughout the process to discuss and clarify any issues. Additionally, documentation was provided to show if a team member could not attend the scheduled meeting a copy of the meeting notes along with any materials were sent to that team member.

Recommendation 5 – Lack of Evaluation Comments

Recommendation:

The Department should take the necessary steps to ensure that procurement evaluation criteria are followed by all evaluators when awarding State contracts. These steps would include ensuring that the Department follow evaluation procedures and return evaluations to team members that fail to provide thorough and appropriate comments to specific criteria.

Status:

This recommendation is implemented. The evaluators for the procurements reviewed provided thorough and appropriate comments regarding each specific criteria.

Recommendation 6 – Scoring Evaluation Certification

Recommendation:

The Department should ensure that all evaluation scoring tools include certification by the individual evaluator and are also dated to indicate when the scoring actually took place. Additionally, the Department should ensure that evaluations are not scored until after all clarifications are received.

Status:

This recommendation is implemented. The Department revised their policies and procedures to include implementing a system to use confidential personal identification numbers for evaluators to ensure confidentiality. Dates were indicated on all score sheets reviewed and no evaluations took place prior to all clarifications being received.

Recommendation 7 – Procurement Scoring Irregularities

Recommendation:

The Department should require its evaluation teams to comply with Department policy/procedure by reviewing, identifying and discussing major scoring differences. Additionally, the Department should either ensure that evaluators follow evaluation procedures and score each proposal on its own merits and refrain from comparing one proposal to another in scoring, or change its procedures to allow for such a comparison.

Status:

This recommendation is implemented. When major scoring differences were noted, a team discussion was held. After the team discussion, each evaluator received Scoring Discrepancies sheets. These sheets included each criteria in which there was a difference, the evaluation guidance provided at the team discussion and an opportunity for the evaluator to modify and/or confirm their original score (including comments). Additionally, the Department seeks approval by the SPO on a RFP basis, if the proposal is complex, to do a side-by-side comparison. If no approval is requested or awarded each proposal is evaluated on its own merits.

Recommendation 8 - Inappropriate Communications

Recommendation:

The Department should take steps to monitor and ensure that all evaluators comply with Departmental procedures regarding communications with vendors. Additionally, the Department should consider revising its conflict statements to include a requirement that evaluators not contact proposers to a procurement soliciting additional business opportunities.

Status:

This recommendation is implemented. There was no documentation indicating any communications between evaluators and vendors. The Department revised its policies and procedures to specify team members must not communicate with offerors, unless approved by the SPO. Additionally, the policies indicate if a team member is contacted by a vendor it must be reported immediately.

Recommendation 9 – Written Determination of Contract Award

Recommendation:

This recommendation was for the Executive Ethics Commission, not the Department of Healthcare and Family Services.

Recommendation 10 – Protest Independence

Recommendation:

This recommendation was for the Executive Ethics Commission, not the Department of Healthcare and Family Services.

Recommendation 11 - Contracts

Recommendation:

The Department should timely file completed copies, including all required disclosures, of the health insurance contracts in compliance with State law. Additionally, the Department should ensure that contractual premium prices are those that the vendor actually bid for the services awarded.

Status:

This recommendation was implemented. Contracts were filed timely and amounts on contracts did not exceed the best and final offer amounts.

Recommendation 12 – Lack of Policies and Procedures for Procurement Review

Recommendation:

This recommendation was for the Executive Ethics Commission, not the Department of Healthcare and Family Services.

Recommendation 13 – Counties Bid and Awarded

Recommendation:

The Department should follow the directive of its own RFPs and not allow proposers to bid on counties in which they do not have the requisite number of PCPs. Additionally, the Department should not award counties for health insurance coverage to proposers that did not bid on the counties.

Status:

The recommendation was implemented. While the procurements reviewed were not bid on by county, two of them were bid on by region. Proposers had providers, as required in the RFP, for each region in which they bid.

Recommendation 14 – Network Monitoring

Recommendation:

The Department should take the steps necessary to ensure that the vendors that are awarded State health insurance contracts have the same or similar credentialed networks in place to comply with RFP requirements and are available once the contract period begins.

Status:

Not repeated. The review of two health insurance procurements was completed. However, in both cases the procurement process began at the Department and then moved to the Department of Central Management Services (CMS). Executive Order 2012-01, *Executive Order to Reorganize Agencies by the Transfer of Certain Functions of the Department of Healthcare and Family Services to the Department of Central Management Services, the Department of Corrections, the Department of Juvenile Justice, the Department of Human Services, and the Department of Veterans' Affairs*, issued by the Governor on March

1, 2012 transferred the respective powers, duties, rights and responsibilities related to State Healthcare Purchasing from the Department of Healthcare and Family Services back to various departments, effective July 1, 2012.

Recommendation 15 – Monitoring Consultant Activity

Recommendation:

The Department should document the monitoring of consultants with which it contracts that assist in the development and evaluation of procurement opportunities.

Status:

This recommendation was implemented. The Department provided written documentation to consultants and obtained written explanations of the consultant's methodologies.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

FINANCIAL AUDIT
For the Year Ended June 30, 2013

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the State of Illinois, Department of Healthcare and Family Services was performed by Sikich LLP.

Based on their audit, the auditors expressed unmodified opinions on the Department's basic financial statements.

SUMMARY OF FINDINGS

The auditors identified matters involving the Department's internal control over financial reporting that they considered to be significant deficiencies. The significant deficiencies are described in the accompanying Schedule of Findings on pages 11-17 of this report as items 2013-001 (financial statement preparation), 2013-002 (medical assistance records not updated timely for deceased individuals) and 2013-003 (duplication of medical assistance enrollees).

EXIT CONFERENCE

Findings 2013-001 through 2013-003 and the related recommendations appearing in this report were discussed with Department personnel at an exit conference on February 3, 2014.

Attending were:

OAG

Scott Wahlbrink, Audit Manager
Sara Cunningham, Audit Staff
Kathy Lovejoy, Audit Manager

Department of Healthcare and Family Services

Jim Behrensmeyer, Acting Bureau Chief, BFO
Jack Dodds, CFO, Finance
Mike Casey, Finance Administrator
Jamie Nardulli, Chief Internal Auditor
Tia Sawhney, Director of Data
Jacquetta Elinger, Deputy Administrator Policy Coordination (via phone)
Avery Dale, Manager of Special Projects (via phone)

Sikich LLP

Tom Leach, Partner
Meredith Angel, Supervisor

The responses to the recommendations were provided by Jamie Nardulli, Chief Internal Auditor, in correspondence dated February 14, 2014.

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Healthcare and Family Services, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of Illinois, Department of Healthcare and Family Services' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information for the State of Illinois, Department of Healthcare and Family Services, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the State of Illinois, Department of Healthcare and Family Services, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Department of Healthcare and Family Services. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information for the General Fund that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit for the year ended June 30, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Department of Healthcare and Family Services' basic financial statements. The accompanying supplementary information in the combining general, nonmajor and agency funds financial statements and in State Compliance Schedules 1 and 3 through 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information for the year ended June 30, 2013, in the combining general, nonmajor and agency funds financial statements and the State Compliance Schedules 1 and 3 through 10 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2013, in the combining general, nonmajor and agency funds financial statements and the State Compliance Schedules 1 and 3 through 10 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2013, in the combining general, nonmajor and agency funds financial statements and the State Compliance Schedules 1 and 3 through 10 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Department's basic financial statements for the year ended June 30, 2011 (not presented herein) were audited by other auditors whose report thereon dated April 10, 2012, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The report of the other auditors dated April 10, 2012 states that the accompanying supplementary information for the year ended June 30, 2011 in the State Compliance Schedules 3, 6, 7, 8 and 10, respectively, was subjected to the auditing procedures applied in the audit of the June 30, 2011 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2011.

The accompanying supplementary information for the year ended June 30, 2012 in the State Compliance Schedules 2 through 10 and the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2014 on our consideration of the State of Illinois, Department of Healthcare and Family Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Department of Healthcare and Family Services' internal control over financial reporting and compliance.

Restricted Use of this Auditor's Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and Department management and is not intended to be and should not be used by anyone other than these specified parties.



Decatur, Illinois
February 14, 2014, except for the June 30, 2013 information contained in
State Compliance Schedules 1 and 3 through 10 as to which the date is
May 13, 2014.

State of Illinois
Department of Healthcare and Family Services

Statement of Net Position and Governmental Funds Balance Sheet

June 30, 2013 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
ASSETS					
Unexpended appropriations	\$ 214,060	\$ 88	\$ 214,148	\$ -	\$ 214,148
Cash equity with State Treasurer	405,716	34,562	440,278	-	440,278
Cash and cash equivalents	14,771	-	14,771	-	14,771
Securities lending collateral equity with State Treasurer	243,236	291	243,527	-	243,527
Due from other government - federal	1,674,730	27,450	1,702,180	-	1,702,180
Due from other government - local	71,458	-	71,458	-	71,458
Taxes receivable, net	61,434	-	61,434	-	61,434
Other receivables, net	232,657	11,457	244,114	-	244,114
Due from other Department funds	1	11	12	(12)	-
Due from other State funds	11,139	-	11,139	-	11,139
Due from State of Illinois component units	38,726	-	38,726	-	38,726
Prepaid expenses	-	-	-	1,542	1,542
Capital assets not being depreciated	-	-	-	39,302	39,302
Capital assets being depreciated, net	-	-	-	4,411	4,411
Total assets	\$ 2,967,928	\$ 73,859	\$ 3,041,787	45,243	3,087,030
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,834,475	\$ 5,936	\$ 1,840,411	-	\$ 1,840,411
Due to other government - federal	105,648	6,806	112,454	-	112,454
Due to other government - local	230,776	5,506	236,282	-	236,282
Due to other State fiduciary funds	600	965	1,565	-	1,565
Due to other Department funds	11	1	12	(12)	-
Due to other State funds	67,687	6,748	74,435	-	74,435
Due to State of Illinois component units	175,837	483	176,320	-	176,320
Unavailable revenue	923,116	2,381	925,497	(925,497)	-
Obligations under securities lending of State Treasurer	243,236	291	243,527	-	243,527
Long-term obligations:					
Due within one year	-	-	-	1,188	1,188
Due subsequent to one year	-	-	-	10,415	10,415
Total liabilities	3,581,386	29,117	3,610,503	(913,906)	2,696,597
FUND BALANCE (DEFICITS)/NET POSITION					
Restricted for health and social services	1,038	-	1,038	(1,038)	-
Committed for health and social services	356,663	44,742	401,405	(401,405)	-
Unassigned	(971,159)	-	(971,159)	971,159	-
Invested in capital assets net of related debt	-	-	-	43,707	43,707
Restricted net position	-	-	-	1,038	1,038
Unrestricted net position	-	-	-	345,688	345,688
Total fund balances (deficits)/net position	(613,458)	44,742	(568,716)	959,149	390,433
Total liabilities and fund balances	\$ 2,967,928	\$ 73,859	\$ 3,041,787	\$ -	\$ -

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Healthcare and Family Services
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2013
(Expressed in Thousands)

Total fund balances (deficits)-governmental funds	\$	(568,716)
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		43,713
Prepaid expenses for governmental activities are current uses of financial resources for funds.		1,542
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		925,497
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:		
Capital Lease Obligations		(6)
Compensated absences		(11,597)
		(11,597)
Net position of governmental activities	\$	390,433

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Healthcare and Family Services

**Statement of Activities and Governmental Revenues,
Expenditures, and Changes in Fund Balances**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Health and social services	\$ 13,111,067	\$ 380,704	\$ 13,491,771	\$ 381	\$ 13,492,152
Debt service interest	-	1	1	-	1
Capital outlays	41,591	6	41,597	(41,597)	-
Total expenditures/expenses	<u>13,152,658</u>	<u>380,711</u>	<u>13,533,369</u>	<u>(41,216)</u>	<u>13,492,153</u>
Program revenues:					
Charges for services:					
Licenses and fees	14,480	1,574	16,054	28	16,082
Other	-	18,652	18,652	-	18,652
Total charges for services	<u>14,480</u>	<u>20,226</u>	<u>34,706</u>	<u>28</u>	<u>34,734</u>
Operating grant revenue:					
Federal	8,108,692	227,584	8,336,276	(453,798)	7,882,478
Other	773,291	-	773,291	63,391	836,682
Total operating grant revenue	<u>8,881,983</u>	<u>227,584</u>	<u>9,109,567</u>	<u>(390,407)</u>	<u>8,719,160</u>
Net program revenues (expenses)	<u>(4,236,195)</u>	<u>(132,901)</u>	<u>(4,389,096)</u>	<u>(349,163)</u>	<u>(4,738,259)</u>
General revenues:					
Interest and investment income	1,041	2	1,043	-	1,043
Medical provider assessment tax	1,149,310	-	1,149,310	(69,378)	1,079,932
Other taxes	458,748	-	458,748	(1,598)	457,150
Other	255,642	-	255,642	-	255,642
Total general revenues	<u>1,864,741</u>	<u>2</u>	<u>1,864,743</u>	<u>(70,976)</u>	<u>1,793,767</u>
Other sources (uses):					
Appropriations from State resources	7,058,962	200,600	7,259,562	-	7,259,562
Lapsed appropriations	(673,615)	(1)	(673,616)	-	(673,616)
Receipts collected and transmitted to State Treasury	(4,301,082)	(94,144)	(4,395,226)	-	(4,395,226)
Capital transfers from other State agencies	-	-	-	2,130	2,130
Capital asset losses	-	-	-	(91)	(91)
Amount of SAMS transfers-in	(80,000)	-	(80,000)	-	(80,000)
Amount of SAMS transfers-out	560,000	-	560,000	-	560,000
Transfers-in	9,761	30,439	40,200	(30,439)	9,761
Transfers-out	(71,706)	-	(71,706)	30,439	(41,267)
Capital lease financing	-	6	6	(6)	-
Total other sources (uses)	<u>2,502,320</u>	<u>136,900</u>	<u>2,639,220</u>	<u>2,033</u>	<u>2,641,253</u>
Change in fund balances/net position	110,866	4,001	114,867	(418,106)	(303,239)
Fund balances (deficits)/net position, July 1, 2012, as restated	(724,324)	40,741	(683,583)	1,377,255	693,672
Fund balances (deficits)/net position, June 30, 2013	<u>\$ (613,458)</u>	<u>\$ 44,742</u>	<u>\$ (568,716)</u>	<u>\$ 959,149</u>	<u>\$ 390,433</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Healthcare and Family Services
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2013
(Expressed in Thousands)

Net change in fund balances - governmental funds	\$	114,867
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		40,998
<p>Some capital assets were transferred in from other State agencies and, therefore, were received at no cost.</p>		2,130
<p>Prepaid expenses in the Statement of Activities are not reported as expenses in governmental funds.</p>		314
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		(461,355)
<p>Proceeds from sales of capital assets are reported in the governmental funds. However, in the Statement of Activities only, losses from the sale of capital assets are reported. This is the amount the losses from the sale of capital assets exceeded proceeds.</p>		(91)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These include:</p>		
Increase in compensated absences obligation		(96)
Increase in capital lease obligation		(6)
		(6)
Change in net position of governmental activities	\$	(303,239)

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois

Department of Healthcare and Family Services

Statement of Fiduciary Net Position

June 30, 2013 (Expressed in Thousands)

	<u>Agency Funds</u>
ASSETS	
Cash equity with State Treasurer	\$ 11,930
Cash and cash equivalents	4,206
Other receivables, net	213,228
Total assets	<u><u>\$ 229,364</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 18,024
Other liabilities	211,340
Total liabilities	<u><u>\$ 229,364</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

(1) Organization

The Department of Healthcare and Family Services (Department) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources primarily from the State's General Revenue Fund are appropriated for the use of the Department. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Department and all other cash received are under the custody and control of the State Treasurer, with the exception of the Child Support Enforcement Trust Fund – SDU.

The Department is organized to provide for the improvement of the lives of Illinois' families through healthcare coverage and child support enforcement.

(2) Summary of Significant Accounting Policies

The financial statements of the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependence on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based upon the required criteria, the Department has no component units and is not a component unit of any other entity. However, because the Department is not legally separate from the State of Illinois, the financial statements of the Department are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

(b) Basis of Presentation

The financial statements of the State of Illinois, Department of Healthcare and Family Services, are intended to present the financial position and the changes in financial position of only that portion of

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

the governmental activities, major fund, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial activities of the Department, which consist only of governmental activities, are reported under the health and social services function in the State of Illinois' Comprehensive Annual Financial Report. For reporting purposes, the Department has combined the fund and government-wide financial statements using a columnar format that reconciles individual line items of the fund financial data to government-wide data in a separate column. A brief description of the Department's government-wide and fund financial statements is as follow:

Government-wide Statements. The government-wide statement of net position and statement of activities report the overall financial activity of the Department, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the Department. The financial activities of the Department consist of governmental activities, which are generally financed through taxes and intergovernmental revenues.

The statement of net position presents the assets and liabilities of the Department's governmental activities with the difference being reported as net position. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components – the amount due within one year and the amount due in more than one year.

The statement of activities presents a comparison between direct expenses and program revenues for the functions of the Department's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Department's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis on fund financial statements is the major governmental fund, which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department administers the following major governmental fund (or portions thereof in the case of shared funds – see note 2 (d)) of the State:

General – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the General Fund include, among others, promoting access to quality healthcare and child support. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The Department's portion of the General

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

Fund is composed of seven primary sub-accounts (General Revenue, U of I Hospital Services, County Provider Trust, Long-Term Care Provider, Hospital Provider, Drug Rebate and Healthcare Provider Relief) and twelve secondary sub-accounts.

Additionally, the Department reports the following fund types:

Governmental Fund Types:

Special Revenue – These funds account for transactions related to resources obtained from specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Fiduciary Fund Types:

Agency – These funds account for transactions related to assets collected by the Department, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

(c) *Measurement Focus and Basis of Accounting*

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include nursing home assessments, hospital assessments and intergovernmental grants. On an accrual basis, revenues from the nursing home assessments are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when the payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include the nursing home assessment, federal matching revenues, drug rebates, intergovernmental transfer agreement revenues, and child support. Other miscellaneous revenue sources are considered to be measurable and available only when cash is received.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

During the fiscal year, the Department adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of GASB Statement No. 62 is to incorporate certain accounting and financial reporting guidance into GASB's authoritative literature. The guidance included the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations, (2) Accounting Principles Board Opinions and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure.

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue, Care Provider for Persons with Developmental Disabilities, and Trauma Center Accounts of the General Fund, the Department of Corrections Reimbursement and Education Fund, the Supplemental Low-Income Energy Assistance Fund, and the Tobacco Settlement Recovery Fund, nonmajor governmental funds, represent only the portion of the shared fund that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Department's portion of shared funds:

Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and October for fiscal year 2013, in accordance with the Statewide Accounting Management System (SAMS) records, plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

Appropriations from State Resources

The "other financing source" account represents the final legally adopted appropriation according to SAMS records.

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records. Lapsed appropriations for certain Medicaid expenditures are the legally adopted appropriations less net warrants issued for the 16 month period from July to October of the following year.

Receipts Collected and Transmitted to State Treasury

This "other financing use" account represents all cash receipts received during the fiscal year from SAMS records.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

Amount of SAMS Transfers-In

This “other financing use” account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions to the corresponding fund during the fiscal year per SAMS records in which the Department did not make a deposit into the State Treasury.

Amount of SAMS Transfers-Out

This “other financing source” account represents cash transfers made by the Office of the Comptroller in accordance with statutory provision from the corresponding fund during the fiscal year per SAMS records in which a legally adopted appropriation was not charged.

(e) Eliminations

Eliminations have been made in the government-wide statement of net position to minimize the “grossing-up” effect on assets and liabilities within the governmental activities column of the Department. As a result, amounts reported in the governmental funds balance sheet as interdepartmental interfund receivables and payables have been eliminated in the government-wide statement of net position. Amounts reported in the governmental funds balance sheet as receivable from or payable to fiduciary funds have been included in the government-wide statement of net position as receivable from and payable to external parties, rather than as internal balances.

(f) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at the time of purchase. Cash and cash equivalents include cash on hand and cash in banks for locally held funds.

(g) Investments

Investments are reported at fair value.

(h) Interfund Transactions and Transactions with State of Illinois Component Units

The Department has the following types of interfund transactions between Department funds and funds of other State Agencies:

Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet and the government-wide statement of net position.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

The Department also has activity with the University of Illinois, a State of Illinois component unit, for medical programs and intergovernmental transfer agreements administered by the University.

(i) Capital Assets

Capital assets, which includes property, plant, and equipment and intangible assets, are reported at cost or estimated historical cost based on appraisals. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated and amortized using the straight-line method. Intangible assets (purchased computer software and internally generated computer software) are assets that do not have a physical existence, are nonfinancial in nature, are not in a monetary form, and have a useful life of over one year.

Capitalization thresholds and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life (in Years)
Equipment	\$ 5,000	3-10
Purchased Computer Software	\$ 25,000	3-5
Internally Generated Computer Software	\$ 1,000,000	5-20

(j) Compensated Absences

The liability for compensated absences reported in the government-wide statement of net position consists of unpaid, accumulated vacation and sick leave balances for Department employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related cost (e.g., Social Security and Medicare taxes).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

(k) Fund Balances

In the fund financial statements, governmental funds report fund balances in the following categories:

Nonspendable- This consists of amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted- This consists of amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed- This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Department's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Department removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Department's highest level of decision-making authority rests with the Illinois State legislature and the Governor. The State passes "Public Acts", to commit their fund balances.

Assigned- This consists of net amounts that are constrained by the Department's intent to be used for specific purposes, but that are neither restricted nor committed.

Unassigned- This consists of residual deficit fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

In the general fund, it is the Department's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e. committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

In other governmental funds (special revenue), it is the Department's policy to consider restricted resources to have been spent last. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Department first utilizes any assigned amounts, followed by committed and then restricted amounts.

(l) Net Position

In the government-wide statement of net position, net position is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation less the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State’s policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

(m) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) Current and Future Adoption of GASB Statements

Effective for the year ending June 30, 2013, the Department adopted GASB 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, which the objective is to improve financial reporting for a governmental financial reporting entity.

Effective for the year ending June 30, 2013, the Department adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which the objective is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations, (2) Accounting Principles Board Opinions, and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

Effective for the year ending June 30, 2013, the Department adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, and their effects on net position. Additionally, the statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

Effective for the year ending June 30, 2014, the Department will adopt GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Department has not yet determined the impact on the Department’s financial statements as a result of adopting this statement.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

Effective for the year ending June 30, 2014, the Department will adopt GASB Statement No. 66, *Technical Correction – 2012 – an amendment of GASB Statement No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Department has not yet determined the impact on the Department's financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2014, the Department will adopt GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of Statement No. 25*, which is to improve financial reporting by state and local governmental pension plans. The Department has not yet determined the impact on the Department's financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2015, the Department will adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of Statement No. 27*, which is to improve financial reporting by state and local governmental pensions. The Department has not yet determined the impact on the Department's financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2015, the Department will adopt GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*, which is to improve accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The new standard provides guidance for:

- Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations;
- Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operation;
- Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and
- Reporting the disposal of government operations that have been transferred or sold.

The Department has not yet determined the impact on the Department's financial statements as a result of adopting this statement.

Effective for the year ended June 30, 2014, the Department will adopt GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which establishes accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. The Department has not yet determined the impact on the Department's financial statements as a result of adopting this statement.

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

(3) Deposits and Investments

(a) Deposits

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Department does not own individual securities. Detail on the nature of these deposits and investments are available within the State of Illinois' Comprehensive Annual Financial Report.

Cash on deposit for locally held funds of fiduciary activities had carrying amounts and bank balances of \$2,452 thousand at June 30, 2013.

(b) Investments

Section 2 of the Public Funds Investment Act limits the State's investments outside the State Treasury to securities of the U.S. government or its agencies, short-term obligations of domestic corporations exceeding \$500 million in assets that are rated in the three highest categories by at least two nationally recognized statistical ratings organizations not to exceed ten percent of the domestic corporations outstanding obligations, money market mutual funds invested in the U.S. government and/or its agencies, and repurchase agreements securities of the U.S. government or its agencies or money market mutual funds invested in the U.S. government or its agencies. Investments of public funds in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act are also permitted.

As of June 30, 2013, the Department had the following investments outside of the State Treasury:

	Fair Value (Thousands)	Weighted Average Maturity (Years)
<i>Governmental Activities</i>		
Illinois Public Treasurer's Investment Pool	\$ 14,771	0.112
Total fixed income investments	\$ 14,771	
<i>Fiduciary Funds</i>		
Repurchase agreements	\$ 12,701	0.003
Total fixed income investments	\$ 12,701	

Interest Rate Risk: The Department does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

Credit Risk: The Department does not have a formal investment policy that limits investment choices. The Illinois Public Treasurers' Investment Pool were rated AAAM by Standard & Poor's.

(c) Reconciliation to Statement of Net Position and Statement of Fiduciary Net Position

The Statement of Net Position and the Statement of Fiduciary Net Position account cash and cash equivalents contains certain short-term investments (included as investments above) to reflect their liquidity. A reconciliation (amounts expressed in thousands) follows:

<i>Governmental Activities</i>	<u>Deposits</u>	<u>Investments</u>
Amount Per Note	\$ -	\$ 14,771
Cash Equivalents	14,771	(14,771)
Amounts Per Statement of Net Position	<u>\$ 14,771</u>	<u>\$ -</u>
 <i>Fiduciary Funds</i>	 <u>Deposits</u>	 <u>Investments</u>
Amount Per Note	\$ -	\$ 12,701
Cash on Deposit	2,452	-
Cash Equivalents	12,701	(12,701)
Outstanding checks	(10,947)	-
Amounts Per Statement of Fiduciary Net Position	<u>\$ 4,206</u>	<u>\$ -</u>

(4) Accounts Receivable

(a) Taxes Receivable

Taxes receivable (amounts expressed in thousands) at June 30, 2013 are as follows:

	<u>General Fund</u>
Taxes receivable	\$ 68,663
Less: allowance for uncollectible taxes	(7,229)
Taxes receivable, net	<u>\$ 61,434</u>

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

(b) Other Receivables

Other receivables (amounts expressed in thousands) at June 30, 2013 are as follows:

	General Fund	Nonmajor Governmental Funds	Fiduciary Funds
Other receivables	\$ 323,661	\$ 735,731	\$ 4,350,132
Less: allowance for uncollectible accounts	(91,004)	(724,274)	(4,136,904)
Other receivables, net	\$ 232,657	\$ 11,457	\$ 213,228

(5) Interfund Balances and Activity

(a) Balances due to/from Other Funds

The following balances (amounts expressed in thousands) at June 30, 2013 represent amounts due from Department funds and other State funds.

Due from			
Fund	Other Department Funds	Other State Funds	Description/Purpose
General	\$ 1	\$ 11,139	Due from other State funds for subgrants received.
Nonmajor governmental funds	11	-	Due from other Department funds for subgrants received.
	\$ 12	\$ 11,139	

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

The following balances (amounts expressed in thousands) at June 30, 2013 represent amounts due to Department funds, other State funds and other State fiduciary funds for purchases of services.

Fund	Due to		
	Other Department Funds	Other State Funds	Other State Fiduciary Funds
General	\$ 11	\$ 67,687	\$ 600
Nonmajor governmental funds	1	6,748	965
	\$ 12	\$ 74,435	\$ 1,565

(b) Transfers to/from Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2013 were as follows:

Fund	Transfers in from		Description/Purpose
	Other Department Funds	Other State Funds	
General	\$ -	\$ 9,761	Transfer from other State agencies' General Fund
Nonmajor governmental funds	30,439	-	Transfer from General Fund per State appropriation.
	\$ 30,439	\$ 9,761	

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2013, were as follows:

Transfers out to			
Fund	Other Department Funds	Other State Funds	Description/Purpose
General	\$ 30,439	\$ 41,267	Transfers to Department nonmajor governmental funds and other State agencies' funds per State appropriation.
	\$ 30,439	\$ 41,267	

(c) Balances Due to/from State of Illinois Component Units

The following balances (amounts expressed in thousands) at June 30, 2013 represent amounts due from State of Illinois Component Units to the General Fund for intergovernmental agreement reimbursements.

Fund	Due from General Fund
Southern Illinois University	\$ 12,254
University of Illinois	26,472
	\$ 38,726

The following balances (amounts expressed in thousands) at June 30, 2013 represent amounts due to State of Illinois Component Units for medical reimbursements.

Fund	Due to	
	General Fund	Nonmajor Governmental Funds
Northern Illinois University	\$ 2	\$ -
Southern Illinois University	24,705	-
University of Illinois	151,130	483
	\$ 175,837	\$ 483

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

(6) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2013 is as follows:

	<u>Balance July 1, 2012, as restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Balance June 30, 2013</u>
Governmental Activities:					
Capital assets not being depreciated/amortized:					
Internally generated intangible assets in development	\$ -	\$ 37,172	\$ -	\$ 2,130	\$ 39,302
Total capital assets not being depreciated/amortized:	<u>-</u>	<u>37,172</u>	<u>-</u>	<u>2,130</u>	<u>39,302</u>
Capital assets being depreciated:					
Equipment	7,103	1,734	2,595	-	6,242
Non-internally generated software	25	2,691	-	-	2,716
Less accumulated depreciation:					
Equipment	6,427	509	2,504	-	4,432
Non-internally generated software	25	90	-	-	115
Total capital assets being depreciated, net	<u>676</u>	<u>3,826</u>	<u>91</u>	<u>-</u>	<u>4,411</u>
Governmental activity capital assets, net	<u>\$ 676</u>	<u>\$ 40,998</u>	<u>\$ 91</u>	<u>\$ 2,130</u>	<u>\$ 43,713</u>

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2013 was charged as follows:

Health and social services	<u>\$ 599</u>
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**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

(7) Long-Term Obligations

Changes in Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012, as restated	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Governmental activities:					
Compensated Absences	\$ 11,501	\$ 11,662	\$ 11,566	\$ 11,597	\$ 1,187
Capital Leases	-	6	-	6	1
Total governmental activities	\$ 11,501	\$ 11,668	\$ 11,566	\$ 11,603	\$ 1,188

Compensated absences have been liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

Capital Leases

The Department has acquired certain office equipment through capital lease arrangements. Future debt service requirements under capital leases (amounts expressed in thousands) at June 30, 2013 were as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 1	\$ 3	\$ 4
2015	2	2	4
2016	3	-	3
	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ 11</u>

(8) Pension Plan

Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2013 are included in the State of Illinois'

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2013. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Department pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2013, the employer contribution rate was 37.987%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies (including the Department) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year 2004 budget, the State opted to stop paying the portion or a part of the portion of retirement for many State agencies (including the Department) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pickup, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

(9) Postemployment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for these other postemployment benefits ("OPEB") if they eventually become annuitants of one of the State sponsored pension plans.

The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with the limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Annuitants may be required to contribute towards health, dental and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees Retirement System do not contribute towards health, dental and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental and vision benefits. The State also provides life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time the benefit amount becomes \$5,000.

However, Public Act 97-0695, effective July 1, 2012, alters the contributions to be paid by the State, annuitants, survivors, and retired employees under the State Employees Group Insurance Act ("Act"). This Act requires the Director of Central Management Services to, on an annual basis, determine the amount the State should contribute. The remainder of the cost of coverage shall be the responsibility of the annuitant, survivor, or retired employee. These costs will be assessed beginning July 1, 2013.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefits provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62606-4100.

(10) Fund Deficits

The General Fund had a deficit fund balance at June 30, 2013 of \$613.458 million. The General Fund deficit results from the liabilities of the Medicaid program recognized at June 30, 2013 which will be paid from future year appropriations. The deficit is expected to be eliminated through both future federal and other revenue sources of the State and the future recognition of unavailable revenue.

(11) Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self insured) for these risks except computer equipment insurance purchased by the Department.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are based upon the estimated ultimate cost of settling the claims including specific, incremental claim adjustment expenses, salvage, and subrogation and considering the effects of inflation and recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The Department's risk management activities for self-insurance, unemployment insurance and workers' compensation are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Department, and accordingly, have not been reported in the Department's financial statements for the year ended June 30, 2013.

(12) Commitments and Contingencies

(a) Operating Leases

The Department leases equipment, buildings and office space under terms of noncancelable operating lease agreements not extending past the end of the fiscal year, that require the Department to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was \$5.486 million for the year ended June 30, 2013.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

(b) Federal Funding

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At June 30, 2013, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the Department believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

(c) Litigation

A class action lawsuit existed at June 30, 2013, consisting of all past, present, and future participants in the Medically Fragile and Technology Dependent (MFTD) Medicaid Waiver for Children. The suit seeks to not have the individual's services reduced solely because the individual "ages-out" of the waiver at 21 upon being referred to a program with different service levels than the MFTD.

A class action lawsuit remains pending on June 30, 2013. This is a class action brought on behalf of Medicaid-eligible individuals with disabilities who allegedly want to live in the community, but claim they are required to reside in skilled nursing facilities in Cook County as a condition of receiving services. Among other things, Plaintiffs seek that Defendants provide long term care services and support in the community rather than in institutional settings.

A lawsuit existed at June 30, 2013. This lawsuit seeks class certification for "all recipients of Medicaid in the State of Illinois with behavioral or emotional disorders under the age of twenty-one who are not receiving medically necessary home and community-based services to treat or ameliorate their disorders, and are currently segregated, or who have been segregated or at risk of segregation for the purpose of receiving treatment and services and who would not oppose community services." The Plaintiffs explicitly seek to require the provision of appropriate services and support to qualified persons in the community. It may also seek to require residential treatment of children in Psychiatric Residential Treatment Facilities (PRTFs) under EPSDT.

(13) Securities Lending Transactions

The State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2013 and 2012, Deutsche Bank AG lent U.S. Treasury and U.S. agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregated market value of the loaned securities. Loans are marked to market daily. If the market value of collateral falls below 100%, the borrower must provide additional collateral to raise the market value to 100%.

The State Treasurer did not impose any restrictions during the fiscal years 2013 and 2012 on the amount of the loans available or the eligible securities. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. Deutsche Bank AG is obligated to

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Notes to the Financial Statements

June 30, 2013

indemnify the State Treasurer if the Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. Moreover, there were no losses during the fiscal years 2013 and 2012 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal years 2013 and 2012, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. The securities lending cash collateral received that was invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2013 were \$6,763,623,576 and 6,742,892,101, respectively. The securities lending cash collateral received that was invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2012 were \$4,556,511,251 and \$4,551,829,732, respectively.

In accordance with GASB Statement No. 28, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2013 arising from securities lending agreements to the various funds of the State. The total allocated to the Department at June 30, 2013 was \$243,527 thousand for governmental activities.

(14) Subsequent Events

The Department had two Medical state plan amendments approved by the federal government in September 2013. The amendments include methodologies for hospital outpatient and inpatient payments related to a new hospital assessment. Both amendments are effective retroactive to June 10, 2012. The Department estimates the total additional expenditures relating to hospital access improvement payments from June 10, 2012 through June 30, 2013 to be approximately \$508 million. Those estimated expenditures will be offset by a federal share of approximately \$254 million and increased assessment payments from participating hospitals of approximately \$307 million, less \$53 million of those payments statutorily targeted for non-assessment purposes (resulting in \$254 million of additional assessment revenue for the aforementioned hospital access improvement payments). The payment of the additional expenditures will come from future year's appropriations and federal sources/hospital assessment revenue.

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

Notes to the Financial Statements

June 30, 2013

(15) Restatement

Effective July 1, 2012, liabilities recorded in the General Fund and the Road Fund for the State's group insurance program and the Illinois Prescription Drug Discount Program Fund (a nonmajor governmental fund), Local Government Health Insurance Reserve Fund, Health Insurance Reserve Fund, Teacher Health Insurance Security Fund, and the Community College Health Insurance Security Fund, which had previously been included in the Department's governmental, proprietary and pension (and other employee benefit) trust fund financial statements, are now reported in the Department of Central Management Services' financial statements (amounts expressed in thousands).

	<u>Fund Balance/ Net Position, June 30, 2012, as previously reported</u>	<u>Transfer of Group Insurance Activity to CMS</u>	<u>Transfer of OPEB Liability to CMS</u>	<u>Fund Balance/ Net Position, June 30, 2012, as restated</u>
Governmental Funds:				
General Fund	\$ (1,859,932)	\$ 1,135,608	\$ -	\$ (724,324)
Road Fund	(63,316)	63,316	-	-
Nonmajor Governmental Funds	40,998	(257)	-	40,741
	<u>\$ (1,882,250)</u>	<u>\$ 1,198,667</u>	<u>\$ -</u>	<u>\$ (683,583)</u>
Proprietary Funds:				
Local Government Health Insurance Reserve Fund	<u>\$ 490</u>	<u>\$ (490)</u>	<u>\$ -</u>	<u>\$ -</u>
Pension (and Other Employee Benefit) Trust Funds	<u>\$ (69,182)</u>	<u>\$ 69,182</u>	<u>\$ -</u>	<u>\$ -</u>
Government-wide Statements:				
Governmental Activities	\$ (7,805,074)	\$ 1,198,667	\$ 7,300,079	\$ 693,672
Business-type Activities	490	(490)	-	-
Total Governmental-wide Statements	<u>\$ (7,804,584)</u>	<u>\$ 1,198,177</u>	<u>\$ 7,300,079</u>	<u>\$ 693,672</u>

*State of Illinois
Department of Healthcare and Family Services*

**Combining Balance Sheet -
General Fund**

June 30, 2013 (Expressed in Thousands)

	General Revenue 0001	U of I Hospital Services 0136	County Provider Trust 0329	Care Provider for Persons with DD		Long-Term Care Provider 0345	Hospital Provider 0346	Special Education Matching 0355	Trauma Center 0397
				0344	0346				
ASSETS									
Unexpended appropriations	\$ 211,286	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ -	2,768
Cash equity with State Treasurer	593	16,817	1,346	13	5,466	124,597	13	-	-
Cash and cash equivalents	14,771	-	-	-	-	-	-	-	-
Securities lending collateral with State Treasurer	-	-	1,149	-	10,562	102,420	-	-	-
Due from other government - federal	835,000	66,324	72,020	9	106,917	13,777	56,191	1,358	-
Due from other government - local	-	-	71,438	-	10	-	10	-	-
Taxes receivable, net	-	-	-	484	58,538	938	-	-	-
Other receivables, net	1,168	-	1	-	5	49	-	-	-
Due from other Department funds	6,290	-	-	-	-	-	-	-	-
Due from other State funds	328	-	-	-	29	-	-	-	-
Due from State of Illinois component units	-	26,472	-	-	-	-	-	-	-
Total assets	\$ 1,069,436	\$ 109,613	\$ 145,954	\$ 512	\$ 181,527	\$ 241,781	\$ 56,214	\$ 4,126	
LIABILITIES									
Accounts payable and accrued liabilities	\$ 730,639	\$ -	\$ 358	\$ 4	\$ 167,998	\$ 1,493	\$ -	\$ 2,655	
Due to other government - federal	66,544	-	27	-	2	-	-	-	-
Due to other government - local	843	-	144,209	-	2,832	5	56,214	113	-
Due to other State fiduciary funds	-	-	136	1	84	-	-	-	-
Due to other Department funds	332,756	-	-	-	35	-	-	-	-
Due to other State funds	62,018	-	75	1	14	-	-	-	-
Due to State of Illinois component units	15,756	130,359	-	-	-	-	-	-	-
Unavailable revenue	478,995	77,754	120,793	74	80,188	938	11,476	-	-
Obligations under securities lending of State Treasurer	-	-	1,149	-	10,562	102,420	-	-	-
Total liabilities	1,687,551	208,113	266,747	80	261,715	104,856	67,690	2,768	
FUND BALANCES (DEFICITS)									
Restricted for health and social services	-	-	-	-	-	-	-	-	-
Committed for health and social services	-	-	-	432	-	-	-	-	1,358
Unassigned	(618,115)	(98,500)	(120,793)	-	(80,188)	136,925	(11,476)	-	-
Total fund balances (deficits)	(618,115)	(98,500)	(120,793)	432	(80,188)	136,925	(11,476)	1,358	-
Total liabilities and fund balances (deficits)	\$ 1,069,436	\$ 109,613	\$ 145,954	\$ 512	\$ 181,527	\$ 241,781	\$ 56,214	\$ 4,126	

*State of Illinois
Department of Healthcare and Family Services*

**Combining Balance Sheet -
General Fund**

June 30, 2013 (Expressed in Thousands)

	Public Aid Recoveries Trust 0421	Medical Research and Development 0486	Post-Tertiary Clinical Services 0487	Electronic Health Record Incentive 0503	Juvenile Rehab Services Medicaid Matching 0575	Medical Interagency Program 0720	Drug Rebate 0728
ASSETS							
Unexpended appropriations	-	-	-	-	-	-	-
Cash equity with State Treasurer	95,365	-	-	6,386	-	5,883	114,781
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral with State Treasurer	-	-	-	-	-	4,417	87,393
Due from other government - federal	12,405	-	-	33,132	169	18,467	3,868
Due from other government - local	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	230,807	-	-	-	-	2	542
Due from other Department funds	4,778	-	-	-	167	29,829	271,837
Due from other State funds	682	-	-	-	-	3,035	-
Due from State of Illinois component units	-	-	-	-	-	12,254	-
Total assets	\$ 344,037	\$ -	\$ -	\$ 39,518	\$ 336	\$ 73,887	\$ 478,421
LIABILITIES							
Accounts payable and accrued liabilities	13,022	-	-	38,879	-	13,592	10,906
Due to other government - federal	73	-	-	-	-	-	38,993
Due to other government - local	11,916	-	-	383	336	800	1
Due to other State fiduciary funds	374	-	-	-	-	-	-
Due to other Department funds	316,902	-	-	-	-	-	-
Due to other State funds	483	-	-	-	-	1,124	-
Due to State of Illinois component units	1,267	-	-	256	-	25,009	797
Unavailable revenue	-	-	-	14,200	153	28,867	3,868
Obligations under securities lending of State Treasurer	-	-	-	-	-	4,417	87,393
Total liabilities	344,037	-	-	53,718	489	73,809	141,958
FUND BALANCES (DEFICITS)							
Restricted for health and social services	-	-	-	-	-	-	-
Committed for health and social services	-	-	-	-	-	78	336,463
Unassigned	-	-	-	(14,200)	(153)	-	-
Total fund balances (deficits)	-	-	-	(14,200)	(153)	78	336,463
Total liabilities and fund balances (deficits)	\$ 344,037	\$ -	\$ -	\$ 39,518	\$ 336	\$ 73,887	\$ 478,421

*State of Illinois
Department of Healthcare and Family Services*

**Combining Balance Sheet -
General Fund**

June 30, 2013 (Expressed in Thousands)

	Medicaid Buy- in Program Revolving 0740	FY12 Hospital Relief 0748	Healthcare Provider Relief 0793	Medical Special Purposes Trust 0808	Eliminations	Total
ASSETS						
Unexpended appropriations	-	-	-	-	-	214,060
Cash equity with State Treasurer	1,782	-	18,920	13,754	-	405,716
Cash and cash equivalents	-	-	-	-	-	14,771
Securities lending collateral with State Treasurer	1,189	-	36,106	-	-	243,236
Due from other government - federal	-	-	442,541	12,552	-	1,674,730
Due from other government - local	-	-	-	-	-	71,458
Taxes receivable, net	-	-	1,474	-	-	61,434
Other receivables, net	66	-	17	-	-	232,657
Due from other Department funds	-	-	339,084	1,123	(653,107)	1
Due from other State funds	-	-	-	7,065	-	11,139
Due from State of Illinois component units	-	-	-	-	-	38,726
Total assets	\$ 3,037	\$ -	\$ 838,142	\$ 34,494	\$ (653,107)	\$ 2,967,928
LIABILITIES						
Accounts payable and accrued liabilities	12	-	843,693	11,224	-	1,834,475
Due to other government - federal	1	-	-	8	-	105,648
Due to other government - local	-	-	13,124	-	-	230,776
Due to other State fiduciary funds	5	-	-	-	-	600
Due to other Department funds	-	-	3,425	-	(653,107)	11
Due to other State funds	4	-	721	3,247	-	67,687
Due to State of Illinois component units	-	-	2,353	40	-	175,837
Unavailable revenue	5	-	103,379	2,426	-	923,116
Obligations under securities lending of State Treasurer	1,189	-	36,106	-	-	243,236
Total liabilities	1,216	-	1,002,801	16,945	(653,107)	3,581,386
FUND BALANCES (DEFICITS)						
Restricted for health and social services	-	-	-	1,038	-	1,038
Committed for health and social services	1,821	-	-	16,511	-	356,663
Unassigned	-	-	(164,659)	-	-	(971,159)
Total fund balances (deficits)	1,821	-	(164,659)	17,549	-	(613,458)
Total liabilities and fund balances (deficits)	\$ 3,037	\$ -	\$ 838,142	\$ 34,494	\$ (653,107)	\$ 2,967,928

State of Illinois
Department of Healthcare and Family Services

**Combining Schedule of Revenues,
 Expenditures and Changes in Fund Balance -
 General Fund**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	General Revenue 0001	U of I Hospital Services 0136	County Provider Trust 0329	Care Provider for Persons with DD 0344	Long-Term Care Provider 0345	Hospital Provider 0346	Special Education Medicaid Matching 0355	Trauma Center 0397
REVENUES								
Operating grants - federal	\$ 4,047,835	\$ 134,326	\$ 694,802	\$ 16,762	\$ 254,517	\$ 758,736	\$ 145,400	\$ 4,977
Other operating grants	-	76,035	696,478	-	-	-	-	-
Licenses and fees	13,809	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-
Interest and other investment income	2	-	10	-	88	427	-	-
Medical provider assessment tax	-	-	-	20,336	236,507	892,467	-	-
Other taxes	-	-	-	-	21,842	-	-	-
Other	247,100	-	-	-	-	-	-	-
Total revenues	4,308,746	210,361	1,391,290	37,098	512,954	1,651,630	145,400	4,977
EXPENDITURES								
Health and social services	5,734,020	364,533	1,439,640	75	396,223	1,525,617	156,876	10,144
Capital outlays	2,506	-	-	-	-	-	-	-
Total expenditures	5,736,526	364,533	1,439,640	75	396,223	1,525,617	156,876	10,144
Excess (deficiency) of revenues over (under) expenditures	(1,427,780)	(154,172)	(48,350)	37,023	116,731	126,013	(11,476)	(5,167)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	7,042,812	-	-	1,150	-	-	-	15,000
Lapsed appropriations	(667,755)	-	-	(1,004)	-	-	-	(4,856)
Receipts collected and transmitted to State Treasury	(4,259,140)	-	-	(36,927)	-	-	-	(5,015)
Amount of SAMS transfers-in	(80,000)	-	-	-	-	-	-	-
Amount of SAMS transfers-out	560,000	-	-	-	-	-	-	-
Transfers-in	80,000	-	-	-	30,000	-	-	-
Transfers-out	(837,581)	-	-	-	(20,000)	(130,000)	-	-
Net other sources (uses) of financial resources	1,838,336	-	-	(36,781)	10,000	(130,000)	-	5,129
Net change in fund balances	410,556	(154,172)	(48,350)	242	126,731	(3,987)	(11,476)	(38)
Fund balances (deficits), July 1, 2012, as restated	(1,028,671)	55,672	(72,443)	190	(206,919)	140,912	-	1,396
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (618,115)	\$ (98,500)	\$ (120,793)	\$ 432	\$ (80,188)	\$ 136,925	\$ (11,476)	\$ 1,358

State of Illinois
Department of Healthcare and Family Services

**Combining Schedule of Revenues,
 Expenditures and Changes in Fund Balance -
 General Fund**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Public Aid Recoveries Trust 0421	Medical Research and Development 0486	Post-Tertiary Clinical Services 0487	Electronic Health Record Incentive 0503	Juvenile Rehab Services Medicaid Matching 0575	Medical Interagency Program 0720	Drug Rebate 0728	Medicaid Buy- in Program Revolving 0740
REVENUES								
Operating grants - federal	\$ 63,188	\$ -	\$ -	\$ 181,292	\$ 188	\$ 20,384	\$ 107,976	\$ -
Other operating grants	-	-	-	-	-	-	-	-
Licenses and fees	-	-	-	-	-	-	-	671
Other charges for services	52,646	-	-	-	-	-	-	-
Interest and other investment income	-	-	-	-	-	34	283	10
Medical provider assessment tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	8,542	-	-
Total revenues	115,834	-	-	181,292	188	28,960	108,259	681
EXPENDITURES								
Health and social services	113,457	-	-	100,012	79	88,113	140,266	360
Capital outlays	1,913	-	-	-	-	-	-	-
Total expenditures	115,370	-	-	100,012	79	88,113	140,266	360
Excess (deficiency) of revenues over (under) expenditures	464	-	-	81,280	109	(59,153)	(32,007)	321
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-
Transfers-in	112	-	-	-	-	39,216	-	-
Transfers-out	(576)	(2)	(2)	-	-	-	-	-
Net other sources (uses) of financial resources	(464)	(2)	(2)	-	-	39,216	-	-
Net change in fund balances	-	(2)	(2)	81,280	109	(19,937)	(32,007)	321
Fund balances (deficits), July 1, 2012, as restated	-	-	2	(95,480)	(262)	20,015	368,470	1,500
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ -	\$ -	\$ -	\$ (14,200)	\$ (153)	\$ 78	\$ 336,463	\$ 1,821

State of Illinois
Department of Healthcare and Family Services

**Combining Schedule of Revenues,
 Expenditures and Changes in Fund Balance -
 General Fund**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	FY12 Hospital Relief 0748	Healthcare Provider Relief 0793	Medical Special Purposes Trust 0808	Eliminations	Total
REVENUES					
Operating grants - federal	\$ 139,610	\$ 1,482,333	\$ 56,366	\$ -	\$ 8,108,692
Other operating grants	-	-	778	-	773,291
Licenses and fees	-	-	-	-	14,480
Other charges for services	-	-	-	(52,646)	-
Interest and other investment income	-	187	-	-	1,041
Medical provider assessment tax	-	-	-	-	1,149,310
Other taxes	-	436,906	-	-	458,748
Other	-	-	-	-	255,642
Total revenues	139,610	1,919,426	57,144	(52,646)	10,761,204
EXPENDITURES					
Health and social services	20,810	3,057,361	16,127	(52,646)	13,111,067
Capital outlays	-	-	37,172	-	41,591
Total expenditures	20,810	3,057,361	53,299	(52,646)	13,152,658
Excess (deficiency) of revenues over (under) expenditures	118,800	(1,137,935)	3,845	-	(2,391,454)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Appropriations from State resources	-	-	-	-	7,058,962
Lapsed appropriations	-	-	-	-	(673,615)
Receipts collected and transmitted to State Treasury	-	-	-	-	(4,301,082)
Amount of SAMS transfers-in	-	-	-	-	(80,000)
Amount of SAMS transfers-out	-	-	-	-	560,000
Transfers-in	-	781,000	500	(921,067)	9,761
Transfers-out	-	(3,425)	(1,187)	921,067	(71,706)
Net other sources (uses) of financial resources	-	777,575	(687)	-	2,502,320
Net change in fund balances	118,800	(360,360)	3,158	-	110,866
Fund balances (deficits), July 1, 2012, as restated	(118,800)	195,701	14,391	-	(724,324)
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ -	\$(164,659)	\$ 17,549	\$ -	\$(613,458)

State of Illinois
Department of Healthcare and Family Services

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2013 (Expressed in Thousands)

	Special Revenue						Total
	Provider Inquiry Trust 0341	Money Follows the Person Budget Transfer 0522	Department of Corrections Reimbursement and Education 0523	Supplemental Low-Income Energy Assistance 0550	Tobacco Settlement Recovery 0733	Child Support Administrative 0757	
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ 88	\$ -	88
Cash equity with State Treasurer	2,476	308	-	-	-	31,778	34,562
Securities lending collateral equity with State Treasurer	-	291	-	-	-	-	291
Due from other government - federal	-	1,107	66	-	4,950	21,327	27,450
Other receivables, net	536	131	-	-	-	10,790	11,457
Due from other Department funds	-	11	-	-	-	-	11
Total assets	\$ 3,012	\$ 1,848	\$ 66	\$ -	\$ 5,038	\$ 63,895	\$ 73,859
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 6	\$ -	\$ -	\$ 105	\$ 5,825	5,936
Due to other government - federal	-	-	-	-	-	6,806	6,806
Due to other government - local	-	59	-	-	-	5,447	5,506
Due to other State fiduciary funds	-	-	-	-	-	965	965
Due to other Department funds	-	-	-	-	-	1	1
Due to other State funds	65	-	-	-	-	6,683	6,748
Due to State of Illinois component units	-	483	-	-	-	-	483
Unavailable revenue	135	263	33	-	-	1,950	2,381
Obligations under securities lending of State Treasurer	-	291	-	-	-	-	291
Total liabilities	200	1,102	33	-	105	27,677	29,117
FUND BALANCES (DEFICITS)							
Restricted for health and social services	-	-	-	-	-	-	-
Committed for health and social services	2,812	746	33	-	4,933	36,218	44,742
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	2,812	746	33	-	4,933	36,218	44,742
Total liabilities and fund balances (deficits)	\$ 3,012	\$ 1,848	\$ 66	\$ -	\$ 5,038	\$ 63,895	\$ 73,859

State of Illinois
Department of Healthcare and Family Services

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Special Revenue						Total
	Money Follows the Person Budget Transfer Inquiry Trust 0341	Department of Corrections Reimbursement and Education 0523	Supplemental Low-Income Energy Assistance 0550	Tobacco Settlement Recovery 0733	Child Support Administrative 0757		
REVENUES							
Operating grants - federal	\$ -	\$ 1,919	\$ 133	\$ -	\$ 98,874	\$ 126,658	\$ 227,584
License and fees	1,574	-	-	-	-	-	1,574
Other charges for services	-	-	-	-	-	18,652	18,652
Interest and other investment income	-	2	-	-	-	-	2
Medical provider assessment tax	-	-	-	-	-	-	-
Other revenues, net	-	-	-	-	-	-	-
Total revenues	1,574	1,921	133	-	98,874	145,310	247,812
EXPENDITURES							
Health and social services	655	1,987	-	(12)	200,616	177,458	380,704
Debt Service Interest	-	-	-	-	-	1	1
Capital outlays	-	-	-	-	-	6	6
Total expenditures	655	1,987	-	(12)	200,616	177,465	380,711
Excess (deficiency) of revenues over (under) expenditures	919	(66)	133	12	(101,742)	(32,155)	(132,899)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	200,600	-	200,600
Lapsed Appropriations	-	-	-	-	(1)	-	(1)
Receipts collected and transmitted to State Treasury	-	-	(105)	(12)	(94,027)	-	(94,144)
Transfers-in	-	500	-	-	-	29,939	30,439
Capital lease financing	-	-	-	-	-	6	6
Net other sources (uses) of financial resources	-	500	(105)	(12)	106,572	29,945	136,900
Net change in fund balances	919	434	28	-	4,830	(2,210)	4,001
Fund balances, July 1, 2012, as restated	1,893	312	5	-	103	38,428	40,741
FUND BALANCES, JUNE 30, 2013	\$ 2,812	\$ 746	\$ 33	\$ -	\$ 4,933	\$ 36,218	\$ 44,742

State of Illinois

Department of Healthcare and Family Services

**Combining Statement of Fiduciary Net Position -
Agency Funds**

June 30, 2013 (Expressed in Thousands)

	Child Support Enforcement Trust 0957	Child Support Enforcement Trust - SDU 2957	Total
ASSETS			
Cash equity with State Treasurer	\$ 11,930	\$ -	\$ 11,930
Cash and cash equivalents	245	3,961	4,206
Other receivables, net	213,205	23	213,228
Total assets	\$ 225,380	\$ 3,984	\$ 229,364
LIABILITIES			
Accounts payable and accrued liabilities	\$ 14,040	\$ 3,984	\$ 18,024
Other liabilities	211,340	-	211,340
Total liabilities	\$ 225,380	\$ 3,984	\$ 229,364

State of Illinois

Department of Healthcare and Family Services

Combining Statement of Changes in Assets and Liabilities -

Agency Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Child Support Enforcement Trust (0957)				
ASSETS				
Cash equity with State Treasurer	\$ 16,183	\$ 164,233	\$ 168,486	\$ 11,930
Cash and cash equivalents	373	75,236	75,364	245
Other receivables, net	214,255	163,183	164,233	213,205
Total assets	\$ 230,811	\$ 402,652	\$ 408,083	\$ 225,380
LIABILITIES				
Accounts payable and accrued liabilities	\$ 18,196	\$ 14,347	\$ 18,503	\$ 14,040
Other liabilities	212,615	224,072	225,347	211,340
Total liabilities	\$ 230,811	\$ 238,419	\$ 243,850	\$ 225,380
Child Support Enforcement Trust - SDU (2957)				
ASSETS				
Cash and cash equivalents	\$ 3,603	\$ 1,138,474	\$ 1,138,116	\$ 3,961
Other receivables, net	17	341	335	23
Total assets	\$ 3,620	\$ 1,138,815	\$ 1,138,451	\$ 3,984
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,620	\$ 1,138,480	\$ 1,138,116	\$ 3,984
Total liabilities	\$ 3,620	\$ 1,138,480	\$ 1,138,116	\$ 3,984
Total				
ASSETS				
Cash equity with State Treasurer	\$ 16,183	\$ 164,233	\$ 168,486	\$ 11,930
Cash and cash equivalents	3,976	1,213,710	1,213,480	4,206
Other receivables, net	214,272	163,524	164,568	213,228
Total assets	\$ 234,431	\$ 1,541,467	\$ 1,546,534	\$ 229,364
LIABILITIES				
Accounts payable and accrued liabilities	\$ 21,816	\$ 1,152,827	\$ 1,156,619	\$ 18,024
Other liabilities	212,615	224,072	225,347	211,340
Total liabilities	\$ 234,431	\$ 1,376,899	\$ 1,381,966	\$ 229,364

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2013
 - Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2012
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Locally Held Funds – Cash Basis Schedule
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable

- Analysis of Operations (Unaudited)
 - Indirect Cost Reimbursements (Unaudited)
 - Schedule of Adjudication Pattern, Payment Patterns and Claims Paid (Unaudited)
 - Department Functions and Planning Program (Unaudited)
 - Average Number of Employees (Unaudited)
 - Fiscal Year Statistics – Medicaid Enrollment (Unaudited)
 - Emergency Purchases (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)

The auditors' reports that cover the 2013 and 2011 supplementary information included in the State Compliance Schedules state that it has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in the auditors' opinions, it is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived. The auditors' report also states the 2012 supplementary information included in the State Compliance Schedules and the Analysis of Operations Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2013

Sixteen Months Ended October 31, 2013
(Expressed in Thousands)

Public Acts 97-0685, 97-0730, 98-0011, 98-0017

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to October 31	Total Expenditures	Balances Lapsed
APPROPRIATED FUNDS					
General Revenue Fund - 0001					
Administrative					
Program/Administrative Level	\$ 37,344	\$ 28,284	\$ 2,360	\$ 30,644	\$ 6,700
Inspector General	8,052	5,912	446	6,358	1,694
Attorney General	2,006	1,422	61	1,483	523
Medical	50,178	43,348	2,387	45,735	4,443
Deposit into Healthcare Provider Relief	151,000	151,000	-	151,000	-
FY13 Deposit into Healthcare Provider Relief	130,000	130,000	-	130,000	-
Deposit into Child Support Administrative Fund	29,939	29,939	-	29,939	-
Group Insurance	36,000	36,000	-	36,000	-
Total Administrative and Group Insurance	444,519	425,905	5,254	431,159	13,360
Medical Assistance					
Physicians	782,357	782,062	195	782,257	100
Hospital In-Patient	2,634,885	2,630,723	4,106	2,634,829	56
Prescribed Drugs	540,608	538,396	2,205	540,601	7
Optometrists	38,817	33,218	5,596	38,814	3
Podiatrists	2,913	2,904	9	2,913	-
Chiropractors	465	439	1	440	25
Federally Defined Institutions for Mental Diseases	104,366	101,957	2,292	104,249	117
Supportive Living Facilities	115,723	115,056	336	115,392	331
Skilled and Intermediate Long-Term Care	802,471	799,815	-	799,815	2,656
Dentists	233,022	229,877	3,137	233,014	8
Community Health Centers	302,411	267,382	23,464	290,846	11,565
Appliances	54,672	54,667	4	54,671	1
Independent Laboratories	38,688	38,687	-	38,687	1
Transportation	47,693	47,689	3	47,692	1
Other Related Medical Services	138,662	113,926	22,871	136,797	1,865
Hospice Care	64,212	64,002	210	64,212	-
Home Health Care, Therapy and Nursing Services	89,453	76,708	12,738	89,446	7

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2013

Sixteen Months Ended October 31, 2013
(Expressed in Thousands)

Public Acts 97-0685, 97-0730, 98-0011, 98-0017

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to October 31	Total Expenditures	Balances Lapsed
Division of Special Care for Children	\$ 42,044	\$ 42,044	\$ -	\$ 42,044	\$ -
Renal Disease Medical Care	249	199	28	227	22
Hemophilia Medical Care	7,993	7,993	-	7,993	-
Sexual Assault Victims Medical Care	518	461	36	497	21
Children Health Initiative	6,696	2,361	2,546	4,907	1,789
Health Maintenance Organizations & Managed Care	263,966	263,966	-	263,966	-
Altegeld Clinic Grants	400	400	-	400	-
Part B Premiums	16,422	-	-	-	16,422
Part B Premiums Balance Budget Act	25,064	-	-	-	25,064
Part B Premiums (SMIB)	243,261	-	-	-	243,261
Total Medical Assistance	6,598,031	6,214,932	79,777	6,294,709	303,322

Kid Care Refunds

	265	230	28	258	7
Total General Revenue Fund - 0001	\$ 7,042,815	\$ 6,641,067	\$ 85,059	\$ 6,726,126	\$ 316,689

University of Illinois Hospital Services Fund - 0136

	\$ 375,000	\$ 248,334	\$ 22,571	\$ 270,905	\$ 104,095
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County Provider Trust Fund - 0329

Administrative Expenses	\$ 12,000	\$ 2,233	\$ 598	\$ 2,831	\$ 9,169
Hospital Provider	1,981,119	1,375,147	8,418	1,383,565	597,554
Overpayment Assessment Refunds	1,000	-	-	-	1,000
Total County Provider Trust Fund - 0329	\$ 1,994,119	\$ 1,377,380	\$ 9,016	\$ 1,386,396	\$ 607,723

Provider Inquiry Trust Fund - 0341

	\$ 2,500	\$ 654	\$ -	\$ 654	\$ 1,846
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STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2013

Sixteen Months Ended October 31, 2013
(Expressed in Thousands)

Public Acts 97-0685, 97-0730, 98-0011, 98-0017

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to October 31	Total Expenditures	Balances Lapsed
Care Provider for Persons with Developmental Disabilities Fund - 0344					
Administrative Expenses	\$ 150	\$ 140	\$ 6	\$ 146	\$ 4
Overpayment Assessment Refunds	1,000	-	-	-	1,000
Total Care Provider for Persons with Developmental Disabilities Fund - 0344	\$ 1,150	\$ 140	\$ 6	\$ 146	\$ 1,004
Long-Term Care Provider Fund - 0345					
Administrative Expenses	\$ 1,930	\$ 912	\$ 48	\$ 960	\$ 970
Long-Term Care Provider Services	1,010,000	442,355	67,112	509,467	500,533
Overpayment Assessment Refunds	2,750	227	63	290	2,460
Total Long-Term Care Provider Fund - 0345	\$ 1,014,680	\$ 443,494	\$ 67,223	\$ 510,717	\$ 503,963
Hospital Provider Fund - 0346					
Administrative Expenses	\$ 2,205,000	\$ 1,524,119	\$ 1,498	\$ 1,525,617	\$ 679,383
Overpayment Assessment Refunds	5,000	-	-	-	5,000
Total Hospital Provider Fund - 0346	\$ 2,210,000	\$ 1,524,119	\$ 1,498	\$ 1,525,617	\$ 684,383
Special Education Medicaid Matching Fund - 0355					
	\$ 200,000	\$ 119,055	\$ 56,211	\$ 175,266	\$ 24,734
Trauma Center Fund - 0397					
	\$ 15,000	\$ 7,376	\$ 2,768	\$ 10,144	\$ 4,856

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2013

Sixteen Months Ended October 31, 2013
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to October 31	Total Expenditures	Balances Lapsed
Public Acts 97-0685, 97-0730, 98-0011, 98-0017					
Public Aid Recoveries Trust Fund - 0421					
Personal Services	\$ 24,183	\$ 19,390	\$ 967	\$ 20,357	\$ 3,826
State Contribution to State Employees' Retirement System	9,187	7,381	367	7,748	1,439
Social Security	1,850	1,437	72	1,509	341
Group Insurance	7,778	5,815	282	6,097	1,681
Contractual Services	66,524	23,245	9,381	32,626	33,898
Travel	174	41	7	48	126
Commodities	40	8	-	8	32
Printing	20	-	1	1	19
Equipment	1,508	-	-	-	1,508
Telecommunications Services	245	44	13	57	188
Deposit to Medical Special Purpose Trust	500	500	-	500	-
PART F Information Technical Infrastructure/Medical Data Warehouse	32,469	6,276	2,667	8,943	23,526
Total Public Aid Recoveries Trust Fund - 0421	\$ 144,478	\$ 64,137	\$ 13,737	\$ 77,894	\$ 66,584
Electronic Health Record Incentive Fund - 0503	\$ 215,000	\$ 172,799	\$ 31,601	\$ 204,400	\$ 10,600
Money Follows the Person Budget Transfer Fund - 0522	\$ 11,000	\$ 1,571	\$ 416	\$ 1,987	\$ 9,013
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575	\$ 4,000	\$ 173	\$ 16	\$ 189	\$ 3,811
Medical Interagency Program Fund - 0720	\$ 60,000	\$ 50,118	\$ 9,803	\$ 59,921	\$ 79
Drug Rebate Fund - 0728	\$ 845,000	\$ 749,350	\$ 47,184	\$ 796,534	\$ 48,466
Tobacco Settlement Recovery Fund - 0733	\$ 200,600	\$ 200,511	\$ 88	\$ 200,599	\$ 1
Medicaid Buy-in Program Revolving Fund - 0740	\$ 450	\$ 337	\$ 21	\$ 358	\$ 92
FY12 Hospital Relief Fund - 0748	\$ 280,000	\$ 279,610	\$ -	\$ 279,610	\$ 390

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2013

Sixteen Months Ended October 31, 2013
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to October 31	Total Expenditures	Balances Lapsed
Public Acts 97-0685, 97-0730, 98-0011, 98-0017					
Child Support Administrative Fund - 0757					
Personal Services	\$ 63,903	\$ 56,079	\$ 2,521	\$ 58,600	\$ 5,303
Employee Retirement Contributions Paid by Employer	61	23	1	24	37
State Contribution to State Employees' Retirement System	24,275	21,331	964	22,295	1,980
Social Security	4,722	4,147	188	4,335	387
Group Insurance	22,678	19,662	947	20,609	2,069
Contractual Services	64,682	39,131	10,524	49,655	15,027
Travel	500	268	74	342	158
Commodities	286	88	9	97	189
Printing	223	114	11	125	98
Equipment	600	123	27	150	450
Telecommunications Services	3,839	2,145	868	3,013	826
Child Support Enforcement Demonstration Projects	900	289	35	324	576
Enhanced Collection Efforts & Paternity Adjudication Demo	10,800	5,714	1,211	6,925	3,875
State Disbursement Unit Costs	12,843	7,601	1,520	9,121	3,722
Total Child Support Administrative Fund - 0757	\$ 210,312	\$ 156,715	\$ 18,900	\$ 175,615	\$ 34,697
Healthcare Provider Relief Fund - 0793					
Medical Assistance Providers	\$ 2,135,000	1,511,749	506,797	2,018,546	116,454
Medical Assistance Bill Processing	1,000,000	999,952	(7,335)	992,617	7,383
Total Healthcare Provider Relief Fund - 0793	\$ 3,135,000	\$ 2,511,701	\$ 499,462	\$ 3,011,163	\$ 123,837
Medical Special Purposes Trust Fund - 0808					
Medical Demonstration Projects	\$ 10,500	2,473	423	2,896	7,604
Health Info Tech Initiative ARRA	30,000	5,400	2,062	7,462	22,538
Eligible Verify and Enroll System	50,000	32,454	12,046	44,500	5,500
Total Medical Special Purposes Trust Fund - 0808	\$ 90,500	\$ 40,327	\$ 14,531	\$ 54,858	\$ 35,642
TOTAL APPROPRIATED FUNDS	\$ 18,051,604	\$ 14,588,968	\$ 880,131	\$ 15,469,099	\$ 2,582,505

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2013

Sixteen Months Ended October 31, 2013
(Expressed in Thousands)

Public Acts 97-0685, 97-0730, 98-0011, 98-0017	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to October 31	Total Expenditures	Balances Lapsed
NON-APPROPRIATED FUNDS					
Public Aid Recoveries Trust Fund - 0421					
Payment to Local Government for Services to Recipients	\$ 22,673		\$ 11,916	\$ 34,589	
Federal Share Due to General Revenue Fund	380,346		33,944	414,290	
Refund of TPL Recoveries	790		-	790	
Refund of Non-TPL Recoveries	224		-	224	
Non-Administrative Expenses	-		-	-	
Early Intervention - Due DHS	-		58	58	
Core Medicaid Administrative Expense - UIC	1,362		490	1,852	
Total Public Aid Recoveries Trust Fund - 0421	\$ 405,395		\$ 46,408	\$ 451,803	

Child Support Enforcement Trust Fund - 0957

Redirects					
Illinois TANF Excess Child Support Clients	\$ 2,430		-	\$ 2,430	
Out-of-State TANF Clients	7,389		30	7,419	
Illinois Non-TANF Clients	108,647		467	109,114	
Out-of-State Non-TANF Clients	47,094		254	47,348	
Total Redirects	165,560		751	166,311	

Refunds/Payments to Other Agencies					
Refund Responsible Relative - IRS Offsets	2,345		-	2,345	
Refund Responsible Relative - IRS pre N/A	4		-	4	
Refund Responsible Relative - State Offsets	897		4	901	
Refund Responsible Relative - State pre N/A	1		-	1	
Refund Responsible Relative - Court or Third Parties	799		11	810	
Refund Responsible Relative - Court or Third Parties Out-of-State	-		-	-	
Refund Responsible Relative - Court or Third Parties N/A Out-of-State	60		-	60	
Refunds/IRS Offset Nonpublic Aid Clients	35		-	35	
Refunds/State Offset Nonpublic Aid Clients	17		-	17	
Refund - Nonassistance Clients	2,641		50	2,691	
Pass Through Payments	1		-	1	

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2013

Sixteen Months Ended October 31, 2013
(Expressed in Thousands)

Public Acts 97-0685, 97-0730, 98-0011, 98-0017	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to October 31	Total Expenditures	Balances Lapsed
Fund Transfer	\$ 438	\$ 95	\$ 533		
Interest Penalty/State Refund	1	-	1		
Interest Paid to Clients, DCFS, Other	3,625	1,601	5,226		
Reimburse DCFS Title IV-E	2,594	193	2,787		
DCSE Unclaimed Property	-	-	-		
Total Refunds/Payments to Other Agencies	13,458	1,954	15,412		
Total Child Support Enforcement Trust Fund - 0957	\$ 179,018	\$ 2,705	\$ 181,723		
TOTAL NON-APPROPRIATED FUNDS	\$ 584,413	\$ 49,113	\$ 633,526		
ALL FUNDS					
Appropriated Funds	\$ 14,588,968	\$ 880,131	\$ 15,469,099		
Non-Appropriated Funds	584,413	49,113	633,526		
TOTAL ALL FUNDS	\$ 15,173,381	\$ 929,244	\$ 16,102,625		

Note:

Appropriations, expenditures and lapsed balances were obtained from the Department's records, which have been reconciled to those of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2012

Eighteen Months Ended December 31, 2012
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to December 31	Total Expenditures	Balances Lapsed
Public Acts 97-0058, 97-0070, 97-0642, 97-0684, 97-0685					
APPROPRIATED FUNDS					
General Revenue Fund - 0001					
Administrative	\$ 37,328	\$ 31,474	\$ 1,551	\$ 33,025	\$ 4,303
Program/Administrative Level	9,025	7,678	501	8,179	846
Inspector General	2,004	1,501	60	1,561	443
Attorney General	50,063	44,130	2,376	46,506	3,557
Medical	29,939	29,939	-	29,939	-
Deposit into Child Support Administrative Fund	6,001	6,001	-	6,001	-
Deposit into Medical Research and Development Fund	6,001	6,001	-	6,001	-
Deposit into Post-Tertiary Clinical Services Fund	938	938	-	938	-
Deposit into Independent Academic Medical Center Fund	151,000	151,000	-	151,000	-
Deposit into Healthcare Provider Relief Fund	1,411,511	1,411,511	-	1,411,511	-
Group Insurance	1,703,810	1,690,173	4,488	1,694,661	9,149
Total Administrative and Group Insurance					

Medical Assistance	794,883	794,385	439	794,824	59
Physicians	2,246,538	1,973,824	272,714	2,246,538	-
Hospital In-Patient	1,079,755	839,579	240,149	1,079,728	27
Prescribed Drugs	57,677	45,711	1,736	47,447	10,230
Optometrists	8,906	7,716	502	8,218	688
Podiatrists	1,401	1,388	13	1,401	-
Chiropractors	106,676	100,026	6,588	106,614	62
Federally Defined Institutions for Mental Diseases	108,185	104,328	3,827	108,155	30
Supportive Living Facilities	654,147	652,087	1,927	654,014	133
Skilled and Intermediate Long-Term Care	295,731	264,214	31,481	295,695	36
Dentists	301,571	270,187	28,360	298,547	3,024
Community Health Centers	77,762	70,604	7,158	77,762	-
Appliances	50,377	50,092	284	50,376	1
Independent Laboratories	64,690	59,846	4,841	64,687	3
Transportation	155,534	118,458	18,665	137,123	18,411
Other Related Medical Services	79,107	76,590	2,516	79,106	1
Hospice Care					

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2012

Eighteen Months Ended December 31, 2012
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures		Total Expenditures	Balances Lapsed
			July to December 31	Expenditures		
Public Acts 97-0058, 97-0070, 97-0642, 97-0684, 97-0685						
Home Health Care, Therapy and Nursing Services	\$ 82,641	\$ 80,460	\$ 2,178	\$ 82,638	\$ 3	
Division of Special Care for Children	67,900	63,383	3,717	67,100	800	
Renal Disease Medical Care	604	311	134	445	159	
Hemophilia Medical Care	13,414	13,399	-	13,399	15	
Sexual Assault Victims Medical Care	1,881	1,876	-	1,876	5	
Children Health Initiative	6,696	5,446	722	6,168	528	
Health Maintenance Organizations & Managed Care	240,934	240,646	283	240,929	5	
Altgeld Clinic Grants	375	375	-	375	-	
Part B Premiums (SMIB)	55,027	-	-	-	55,027	
Total Medical Assistance	6,552,412	5,834,931	628,234	6,463,165	89,247	
Kid Care Refunds	425	225	85	310	115	
Total General Revenue Fund - 0001	\$ 8,256,647	\$ 7,525,329	\$ 632,807	\$ 8,158,136	\$ 98,511	
Road Fund - 0011	\$ 165,294	\$ 165,294	\$ -	\$ 165,294	\$ -	
University of Illinois Hospital Services Fund - 0136	\$ 375,000	\$ 198,265	\$ 15,864	\$ 214,129	\$ 160,871	
County Provider Trust Fund - 0329	\$ 2,000	\$ 1,246	\$ 97	\$ 1,343	\$ 657	
Administrative Expenses	1,981,119	1,428,689	12,117	1,440,806	540,313	
Hospital Provider	1,000	-	-	-	1,000	
Overpayment Assessment Refunds	1,984,119	1,429,935	12,214	1,442,149	541,970	
Total County Provider Trust Fund - 0329	\$ 1,984,119	\$ 1,429,935	\$ 12,214	\$ 1,442,149	\$ 541,970	
Provider Inquiry Trust Fund - 0341	\$ 1,500	\$ 591	\$ 120	\$ 711	\$ 789	

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2012

Eighteen Months Ended December 31, 2012
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to December 31	Total Expenditures	Balances Lapsed	
						Public Acts 97-0058, 97-0070, 97-0642, 97-0684, 97-0685
Care Provider for Persons with Developmental Disabilities Fund - 0344						
Administrative Expenses	\$ 139	\$ 125	\$ 6	\$ 131	\$ 8	
Overpayment Assessment Refunds	1,000	-	-	-	1,000	
Total Care Provider for Persons with Developmental Disabilities Fund - 0344	\$ 1,139	\$ 125	\$ 6	\$ 131	\$ 1,008	
Long-Term Care Provider Fund - 0345						
Administrative Expenses	\$ 1,914	\$ 1,188	\$ 54	\$ 1,242	\$ 672	
Long-Term Care Provider Services	855,328	432,553	219,135	651,688	203,640	
Overpayment Assessment Refunds	2,750	105	-	105	2,645	
Total Long-Term Care Provider Fund - 0345	\$ 859,992	\$ 433,846	\$ 219,189	\$ 653,035	\$ 206,957	
Hospital Provider Fund - 0346						
Administrative Expenses	\$ 1,725,000	\$ 1,507,311	\$ -	\$ 1,507,311	\$ 217,689	
Overpayment Assessment Refunds	5,000	169	-	169	4,831	
Total Hospital Provider Fund - 0346	\$ 1,730,000	\$ 1,507,480	\$ -	\$ 1,507,480	\$ 222,520	
Special Education Medicaid Matching Fund - 0355						
	\$ 200,000	\$ 168,069	\$ 22,743	\$ 190,812	\$ 9,188	
Trauma Center Fund - 0397	\$ 15,000	\$ 8,564	\$ 2,844	\$ 11,408	\$ 3,592	
Public Aid Recoveries Trust Fund - 0421						
Personal Services	\$ 16,268	\$ 14,148	\$ 698	\$ 14,846	\$ 1,422	
State Contribution to State Employees' Retirement System	5,562	4,862	244	5,106	456	
Social Security	1,244	1,052	52	1,104	140	
Group Insurance	3,842	3,387	164	3,551	291	
Contractual Services	25,741	12,866	5,572	18,438	7,303	
Travel	174	46	3	49	125	
Commodities	30	7	-	7	23	
Printing	13	6	-	6	7	
Equipment	1,272	-	525	525	747	
Telecommunications Services	202	47	7	54	148	
Deposit to Medical Special Purpose Trust	500	500	-	500	-	
Total Public Aid Recoveries Trust Fund - 0421	\$ 54,848	\$ 36,921	\$ 7,265	\$ 44,186	\$ 10,662	

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2012

Eighteen Months Ended December 31, 2012
(Expressed in Thousands)

Public Acts 97-0058, 97-0070, 97-0642, 97-0684, 97-0685	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to December 31	Total Expenditures	Balances Lapsed
Medical Research & Development Fund - 0486	\$ 12,800	\$ 12,800	-	\$ 12,800	\$ -
Post-Tertiary Clinical Services Fund - 0487	\$ 12,800	\$ 12,800	-	\$ 12,800	\$ -
Electronic Health Record Incentive Fund - 0503	\$ 150,000	\$ 69,771	\$ 2,345	\$ 72,116	\$ 77,884
Money Follows the Person Budget Transfer Fund - 0522	\$ 11,000	\$ 652	\$ 821	\$ 1,473	\$ 9,527
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575	\$ 4,000	\$ 362	\$ 18	\$ 380	\$ 3,620
Medical Interagency Program Fund - 0720	\$ 40,000	\$ 23,765	\$ 7,545	\$ 31,310	\$ 8,690
Drug Rebate Fund - 0728	\$ 600,000	\$ 599,982	-	\$ 599,982	\$ 18
Tobacco Settlement Recovery Fund - 0733	\$ 200,600	\$ 200,366	\$ 221	\$ 200,587	\$ 13
Independent Academic Medical Center Fund - 0735	\$ 2,000	\$ 2,000	-	\$ 2,000	\$ -
Medicaid Buy-in Program Revolving Fund - 0740	\$ 450	\$ 308	\$ 15	\$ 323	\$ 127
FY12 Hospital Relief Fund - 0748	\$ 280,000	-	-	-	\$ 280,000
Child Support Administrative Fund - 0757	\$ 66,974	\$ 57,324	\$ 2,556	\$ 59,880	\$ 7,094
Personal Services	72	37	2	39	33
Employee Retirement Contributions Paid by Employer	22,899	19,636	875	20,511	2,388
State Contribution to State Employees' Retirement System	5,124	4,239	189	4,428	696
Social Security	16,710	15,871	806	16,677	33
Group Insurance	63,421	43,138	9,972	53,110	10,311
Contractual Services	500	213	27	240	260
Travel	286	140	2	142	144
Commodities	223	183	26	209	14
Printing	600	15	132	147	453
Equipment	3,839	2,320	509	2,829	1,010
Telecommunications Services					

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2012

Eighteen Months Ended December 31, 2012
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures	Balances Lapsed
			Expenditures July to December 31	Expenditures		
Public Acts 97-0058, 97-0070, 97-0642, 97-0684, 97-0685						
Child Support Enforcement Demonstration Projects	\$ 900	\$ 261	\$ 38	\$ 299	\$ 601	
Enhanced Collection Efforts & Paternity Adjudication Demo	10,800	7,220	809	8,029	2,771	
State Disbursement Unit Costs	12,843	9,988	908	10,896	1,947	
Total Child Support Administrative Fund - 0757	\$ 205,191	\$ 160,585	\$ 16,851	\$ 177,436	\$ 27,755	
Healthcare Provider Relief Fund - 0793	\$ 1,302,000	\$ 787,297	\$ 25,062	\$ 812,359	\$ 489,641	
Medical Special Purposes Trust Fund - 0808						
Medical Demonstration Projects	\$ 10,500	\$ 4,412	\$ 311	\$ 4,723	\$ 5,777	
Health Info Tech Initiative ARRA	30,000	2,503	125	2,628	27,372	
Eligible Verify and Enroll System	40,000	1,619	704	2,323	37,677	
Total Medical Special Purposes Trust Fund - 0808	\$ 80,500	\$ 8,534	\$ 1,140	\$ 9,674	\$ 70,826	
Health Insurance Reserve Fund - 0907	\$ 2,390,683	\$ 2,081,279	\$ 246,404	\$ 2,327,683	\$ 63,000	
TOTAL APPROPRIATED FUNDS	\$ 18,935,563	\$ 15,434,920	\$ 1,213,474	\$ 16,648,394	\$ 2,287,169	
NON-APPROPRIATED FUNDS						
Local Government Health Insurance Reserve Fund - 0193						
Healthcare and Administrative Expenses	\$ 39,744	\$ 3,950	\$ 3,950	\$ 43,694		
Total Local Government Health Insurance Reserve Fund - 0193	\$ 39,744	\$ 3,950	\$ 3,950	\$ 43,694		

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2012

Eighteen Months Ended December 31, 2012
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to December 31	Total Expenditures	Balances Lapsed
Public Acts 97-0058, 97-0070, 97-0642, 97-0684, 97-0685					
Teacher Health Insurance Security Fund - 0203					
Administrative Expenses	\$ 406	\$ 29	\$	435	
Health Care Coverage	359,734	57,236		416,970	
	<u>\$ 360,140</u>	<u>\$ 57,265</u>	<u>\$</u>	<u>417,405</u>	
Total Teacher Health Insurance Security Fund - 0203					
Public Aid Recoveries Trust Fund - 0421					
Payment to Local Government for Services to Recipients	\$ 49,653	\$ 2,965	\$	52,618	
Federal Share Due to General Revenue Fund	315,359	33,175		348,534	
Refund of TPL Recoveries	772	-		772	
Refund of Non-TPL Recoveries	339	-		339	
Non-Administrative Expenses	6	-		6	
Early Intervention - Due DHS	44	30		74	
Core Medicaid Administrative Expense - UIC	-	1,041		1,041	
	<u>\$ 366,173</u>	<u>\$ 37,211</u>	<u>\$</u>	<u>403,384</u>	
Total Public Aid Recoveries Trust Fund - 0421					
Community College Health Insurance Security Fund - 0577					
Administrative Expenses	\$ 34	\$ 7	\$	41	
Health Care Coverage	26,206	7,417		33,623	
	<u>\$ 26,240</u>	<u>\$ 7,424</u>	<u>\$</u>	<u>33,664</u>	
Total Community College Health Insurance Security Fund - 0577					
Child Support Enforcement Trust Fund - 0957					
Redirects					
Illinois TANF Excess Child Support Clients	\$ 1,971	\$ -	\$	1,971	
Out-of-State TANF Clients	7,984	-		7,984	
Illinois Non-TANF Clients	127,869	-		127,869	
Out-of-State Non-TANF Clients	47,526	-		47,526	
	<u>185,350</u>	<u>-</u>	<u>-</u>	<u>185,350</u>	
Total Redirects					

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2012

Eighteen Months Ended December 31, 2012
(Expressed in Thousands)

Public Acts 97-0058, 97-0070, 97-0642, 97-0684, 97-0685	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July to December 31	Total Expenditures	Balances Lapsed
Refunds/Payments to Other Agencies					
Refund Responsible Relative - IRS Offsets	\$ 2,737	\$ -	\$ -	2,737	
Refund Responsible Relative - IRS pre N/A	32	-	-	32	
Refund Responsible Relative - State Offsets	831	9	-	840	
Refund Responsible Relative - State pre N/A	-	-	-	-	
Refund Responsible Relative - Court or Third Parties	1,080	4	-	1,084	
Refund Responsible Relative - Court or Third Parties Out-of-State	8	-	-	8	
Refund Responsible Relative - Court or Third Parties N/A Out-of-State	19	-	-	19	
Refunds/IRS Offset Nonpublic Aid Clients	71	1	-	72	
Refunds/State Offset Nonpublic Aid Clients	5	-	-	5	
Pass Through Payments	3,010	33	-	3,043	
Fund Transfer	-	-	-	-	
Interest Penalty/State Refund	480	40	-	520	
Interest Paid to Clients, DCFs, Other	1	-	-	1	
Reimburse DCFS Title IV-E	2,987	-	-	2,987	
DCSE Unclaimed Property	2,418	207	-	2,625	
	12	-	-	12	
	13,691	294	-	13,985	
Total Refunds/Payments to Other Agencies					
	\$ -	\$ 199,041	\$ 294	\$ 199,335	
Total Child Support Enforcement Trust Fund - 0957					
	\$ -	\$ 991,338	\$ 106,144	\$ 1,097,482	
TOTAL NON-APPROPRIATED FUNDS					
ALL FUNDS					
Appropriated Funds	\$ 15,434,920	\$ 1,213,474	\$ -	\$ 16,648,394	
Non-Appropriated Funds	991,338	106,144	-	1,097,482	
TOTAL ALL FUNDS	\$ 16,426,258	\$ 1,319,618	\$ -	\$ 17,745,876	

Note:

Appropriations, expenditures and lapsed balances were obtained from the Department's records, which have been reconciled to those of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Schedule 3

For the Fiscal Years Ended June 30, 2013, 2012 and 2011
(Expressed in Thousands)

	Fiscal Year		
	2013	2012	2011
		P.A. 97-0058	
		P.A. 97-0070	
		P.A. 97-0642	
		P.A. 97-0684	P.A. 96-0956
		P.A. 97-0685	P.A. 97-0053
General Revenue Fund - 0001			
Appropriations (net of transfers)	\$ 7,042,815	\$ 8,256,647	\$ 7,640,586
Expenditures:			
Administrative:			
Personal Services	56,721	58,659	-
Employee Retirement Contribution Paid by Employer	10	15	-
Social Security	4,210	4,348	-
Contractual Services	15,516	18,799	-
Travel	342	365	-
Commodities	161	180	-
Printing	260	499	-
Equipment	95	95	-
Telecommunications Services	1,967	1,865	-
Operation of Auto Equipment	51	74	-
Medical Management Services	657	734	-
Information Systems (Medical Eligibility)	700	582	-
Med Level - Medical Data Warehouse	3,530	3,056	-
Deposit into Child Support Administrative Fund	29,939	29,939	-
Deposit into Medical Research and Development Fund	-	6,001	-
Deposit into Post-Tertiary Clinical Services Fund	-	6,001	-
Deposit into Independent Academic Medical Center Fund	-	938	-
Deposit into Healthcare Provider Relief Fund	151,000	151,000	-
FY13 Deposit into Healthcare Provider Relief Fund	130,000	-	-
Operational Expenses	-	-	2,069,496
Total Administrative	395,159	283,150	2,069,496
Group Insurance	36,000	1,411,511	-
Governor's Discretionary	-	-	669,941
Medical Assistance	6,294,709	6,463,165	4,570,142
Kid Care Refunds	258	310	-
Total Expenditures	6,726,126	8,158,136	7,309,579
Lapsed Balances	\$ 316,689	\$ 98,511	\$ 331,007
Road Fund - 0011			
Appropriations (net after transfers)	\$ -	\$ 165,294	\$ 159,963
Expenditures:			
Group Insurance	-	165,294	159,963
Lapsed Balances	\$ -	\$ -	\$ -

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Schedule 3

For the Fiscal Years Ended June 30, 2013, 2012 and 2011
(Expressed in Thousands)

	Fiscal Year		
	2013	2012	2011
		P.A. 97-0058	
		P.A. 97-0070	
		P.A. 97-0642	
		P.A. 97-0684	P.A. 96-0956
		P.A. 97-0685	P.A. 97-0053
University of Illinois Hospital Services Fund - 0136			
Appropriations (net after transfers)	\$ 375,000	\$ 375,000	\$ 375,000
Expenditures:			
U of I Hospital Services	<u>270,905</u>	<u>214,129</u>	<u>264,163</u>
Lapsed Balances	<u>\$ 104,095</u>	<u>\$ 160,871</u>	<u>\$ 110,837</u>
County Provider Trust Fund - 0329			
Appropriations (net after transfers)	<u>\$ 1,994,119</u>	<u>\$ 1,984,119</u>	<u>\$ 1,982,619</u>
Expenditures:			
Administrative Expenses	2,831	1,343	218
Hospital Provider	<u>1,383,565</u>	<u>1,440,806</u>	<u>1,333,393</u>
Total Expenditures	<u>1,386,396</u>	<u>1,442,149</u>	<u>1,333,611</u>
Lapsed Balances	<u>\$ 607,723</u>	<u>\$ 541,970</u>	<u>\$ 649,008</u>
Provider Inquiry Trust Fund - 0341			
Appropriations (net after transfers)	\$ 2,500	\$ 1,500	\$ 1,500
Expenditures:			
Provider Inquiry Services	<u>654</u>	<u>711</u>	<u>750</u>
Lapsed Balances	<u>\$ 1,846</u>	<u>\$ 789</u>	<u>\$ 750</u>
Care Provider for Persons with Developmental Disabilities Fund - 0344			
Appropriations (net after transfers)	\$ 1,150	\$ 1,139	\$ 1,135
Expenditures:			
Administrative Expenses	<u>146</u>	<u>131</u>	<u>121</u>
Lapsed Balances	<u>\$ 1,004</u>	<u>\$ 1,008</u>	<u>\$ 1,014</u>
Long-Term Care Provider Fund - 0345			
Appropriations (net after transfers)	<u>\$ 1,014,680</u>	<u>\$ 859,992</u>	<u>\$ 860,492</u>
Expenditures:			
Administrative Expenses	960	1,242	1,130
Long-Term Care Provider Services	509,467	651,688	571,174
Overpayment Assessment Refunds	290	105	66
Total Expenditures	<u>510,717</u>	<u>653,035</u>	<u>572,370</u>
Lapsed Balances	<u>\$ 503,963</u>	<u>\$ 206,957</u>	<u>\$ 288,122</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Schedule 3

For the Fiscal Years Ended June 30, 2013, 2012 and 2011
(Expressed in Thousands)

	Fiscal Year		
	2013	2012	2011
		P.A. 97-0058	
		P.A. 97-0070	
		P.A. 97-0642	
		P.A. 97-0684	P.A. 96-0956
		P.A. 97-0685	P.A. 97-0053
Hospital Provider Fund - 0346			
Appropriations (net after transfers)	\$ 2,210,000	\$ 1,730,000	\$ 1,930,000
Expenditures:			
Administrative Expenses	1,525,617	1,507,311	1,925,000
Overpayment Assessment Refunds	-	169	378
Total Expenditures	<u>1,525,617</u>	<u>1,507,480</u>	<u>1,925,378</u>
Lapsed Balances	<u>\$ 684,383</u>	<u>\$ 222,520</u>	<u>\$ 4,622</u>
Special Education Medicaid Matching Fund - 0355			
Appropriations (net after transfers)	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures:			
Local Education Agencies for Medical Service	<u>175,266</u>	<u>190,812</u>	<u>191,559</u>
Lapsed Balances	<u>\$ 24,734</u>	<u>\$ 9,188</u>	<u>\$ 8,441</u>
Trauma Center Fund - 0397			
Appropriations (net after transfers)	\$ 15,000	\$ 15,000	\$ 18,000
Expenditures:			
Trauma Centers	<u>10,144</u>	<u>11,408</u>	<u>15,788</u>
Lapsed Balances	<u>\$ 4,856</u>	<u>\$ 3,592</u>	<u>\$ 2,212</u>
Public Aid Recoveries Trust Fund - 0421			
Appropriations (net after transfers)	\$ 144,478	\$ 54,848	\$ 42,488
Expenditures:			
Personal Services	20,357	14,846	8,359
State Contribution to State Employees Retirement System	7,748	5,106	2,342
Social Security	1,509	1,104	619
Group Insurance	6,097	3,551	1,979
Contractual Services	32,626	18,438	15,217
Travel	47	49	29
Commodities	8	7	13
Printing	1	6	3
Equipment	-	525	-
Telecommunications Services	58	54	54
PART F Information Technical Infrastructure/Medical Data Warehouse	8,943	-	-
Deposit to Medical Special Purpose Trust	500	500	500
Total Expenditures	<u>77,894</u>	<u>44,186</u>	<u>29,115</u>
Lapsed Balances	<u>\$ 66,584</u>	<u>\$ 10,662</u>	<u>\$ 13,373</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Schedule 3

For the Fiscal Years Ended June 30, 2013, 2012 and 2011
(Expressed in Thousands)

	Fiscal Year		
	2013	2012	2011
		P.A. 97-0058	
		P.A. 97-0070	
		P.A. 97-0730	
		P.A. 97-0642	
		P.A. 98-0011	P.A. 96-0956
		P.A. 97-0684	
		P.A. 97-0685	P.A. 97-0053
Medical Research & Development Fund - 0486			
Appropriations (net after transfers)	\$ -	\$ 12,800	\$ 13,562
Expenditures:			
Awards and Grants	-	12,800	13,562
Lapsed Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Post-Tertiary Clinical Services Fund - 0487			
Appropriations (net after transfers)	\$ -	\$ 12,800	\$ 13,562
Expenditures:			
Awards and Grants	-	12,800	13,562
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Electronic Health Record Incentive Fund - 0503			
Appropriations (net after transfers)	\$ 215,000	\$ 150,000	\$ -
Expenditures:			
Certified Electronic Health Record Technology	204,400	72,116	-
Lapsed Balances	<u>\$ 10,600</u>	<u>\$ 77,884</u>	<u>\$ -</u>
Money Follows the Person Budget Transfer Fund - 0522			
Appropriations (net after transfers)	\$ 11,000	\$ 11,000	\$ 11,000
Expenditures:			
Money Follows the Person Demonstration Project	1,987	1,473	1,005
Lapsed Balances	<u>\$ 9,013</u>	<u>\$ 9,527</u>	<u>\$ 9,995</u>
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575			
Appropriations (net after transfers)	\$ 4,000	\$ 4,000	\$ 8,500
Expenditures:			
Juvenile Behavioral Health Services	189	380	643
Lapsed Balances	<u>\$ 3,811</u>	<u>\$ 3,620</u>	<u>\$ 7,857</u>
Medicaid Interagency Program Fund - 0720			
Appropriations (net after transfers)	\$ 60,000	\$ 40,000	\$ 40,000
Expenditures:			
Medical Assistance	59,921	31,310	35,801
Lapsed Balances	<u>\$ 79</u>	<u>\$ 8,690</u>	<u>\$ 4,199</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Schedule 3

For the Fiscal Years Ended June 30, 2013, 2012 and 2011
(Expressed in Thousands)

	Fiscal Year		
	2013	2012	2011
		P.A. 97-0058	
		P.A. 97-0070	
		P.A. 97-0730	
		P.A. 97-0642	
		P.A. 98-0011	P.A. 96-0956
		P.A. 97-0684	
		P.A. 97-0685	P.A. 97-0053
Drug Rebate Fund - 0728			
Appropriations (net after transfers)	\$ 845,000	\$ 600,000	\$ 600,000
Expenditures:			
Prescribed Drugs	796,534	599,982	599,850
Lapsed Balances	<u>\$ 48,466</u>	<u>\$ 18</u>	<u>\$ 150</u>
Tobacco Settlement Recovery Fund - 0733			
Appropriations (net after transfers)	<u>\$ 200,600</u>	<u>\$ 200,600</u>	<u>\$ 750,522</u>
Expenditures:			
Fund Transfers	-	-	10,522
Physicians	-	-	43,738
Prescribed Drugs	200,599	200,587	199,564
Hospitals	-	-	242,733
Long-Term Care Services	-	-	106,019
Total Expenditures	<u>200,599</u>	<u>200,587</u>	<u>602,576</u>
Lapsed Balances	<u>\$ 1</u>	<u>\$ 13</u>	<u>\$ 147,946</u>
Independent Academic Medical Center Fund - 0735			
Appropriations (net after transfers)	\$ -	\$ 2,000	\$ 2,000
Expenditures:			
Excellence in Academic Med Act	-	2,000	2,000
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Medicaid Buy-in Program Revolving Fund - 0740			
Appropriations (net after transfers)	\$ 450	\$ 450	\$ 450
Expenditures:			
Medical Assistance	358	323	307
Lapsed Balances	<u>\$ 92</u>	<u>\$ 127</u>	<u>\$ 143</u>
FY12 Hospital Relief Fund - 0748			
Appropriations (net after transfers)	\$ 280,000	\$ 280,000	\$ -
Expenditures:			
Medical Assistance	279,610	-	-
Lapsed Balances	<u>\$ 390</u>	<u>\$ 280,000</u>	<u>\$ -</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Schedule 3

For the Fiscal Years Ended June 30, 2013, 2012 and 2011
(Expressed in Thousands)

	Fiscal Year		
	2013	2012	2011
		P.A. 97-0058	
		P.A. 97-0070	
		P.A. 97-0642	
		P.A. 97-0684	P.A. 96-0956
		P.A. 97-0685	P.A. 97-0053
Child Support Administration Fund - 0757			
Appropriations (net after transfers)	\$ 210,312	\$ 205,191	\$ 203,913
Expenditures:			
Personal Services	58,600	59,880	57,304
Employee Retirement Contribution Paid by Employer	24	39	54
State Contribution to State Employees Retirement System	22,295	20,511	16,048
Social Security	4,335	4,428	4,225
Group Insurance	20,609	16,677	14,418
Contractual Services	49,655	53,110	54,389
Travel	342	240	259
Commodities	97	142	182
Printing	125	209	174
Equipment	150	147	180
Telecommunications Services	3,013	2,829	3,061
Child Support Enforcement Demonstration Projects	324	299	342
Enhanced Collection Efforts & Paternity Adjudication Demo	6,925	8,029	8,647
State Disbursement Unit Costs	9,121	10,896	10,594
Total Expenditures	<u>175,615</u>	<u>177,436</u>	<u>169,877</u>
Lapsed Balances	<u>\$ 34,697</u>	<u>\$ 27,755</u>	<u>\$ 34,036</u>
Healthcare Provider Relief Fund - 0793			
Appropriations (net after transfers)	\$ 3,135,000	\$ 1,302,000	\$ 2,888,300
Expenditures:			
Medical Assistance Providers	3,011,163	812,359	1,384,392
Integrated Care Management	-	-	2,518
Total Expenditures	<u>3,011,163</u>	<u>812,359</u>	<u>1,386,910</u>
Lapsed Balances	<u>\$ 123,837</u>	<u>\$ 489,641</u>	<u>\$ 1,501,390</u>
Medical Special Purpose Trust Fund - 0808			
Appropriations (net after transfers)	\$ 90,500	\$ 80,500	\$ 40,500
Expenditures:			
Medical Demonstration Projects	2,896	4,723	4,826
Eligible Verify and Enroll System	44,500	2,323	-
Health Info Tech Initiative ARRA	7,462	2,628	1,498
Total Expenditures	<u>54,858</u>	<u>9,674</u>	<u>6,324</u>
Lapsed Balances	<u>\$ 35,642</u>	<u>\$ 70,826</u>	<u>\$ 34,176</u>
Health Insurance Reserve Fund - 0907			
Appropriations (net after transfers)	\$ -	\$ 2,390,683	\$ 2,104,902
Expenditures:			
Health Care Coverage	-	2,327,683	1,860,115
Lapsed Balances	<u>\$ -</u>	<u>\$ 63,000</u>	<u>\$ 244,787</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Schedule 3

For the Fiscal Years Ended June 30, 2013, 2012 and 2011
(Expressed in Thousands)

	Fiscal Year		
	2013	2012	2011
		P.A. 97-0058	
		P.A. 97-0070	
		P.A. 97-0642	
		P.A. 97-0684	P.A. 96-0956
		P.A. 97-0685	P.A. 97-0053
TOTAL - ALL APPROPRIATED FUNDS			
Appropriations	\$ 18,051,604	\$ 18,935,563	\$ 19,888,994
Total Expenditures	<u>15,469,099</u>	<u>16,648,394</u>	<u>16,494,929</u>
Lapsed Balances	<u>\$ 2,582,505</u>	<u>\$ 2,287,169</u>	<u>\$ 3,394,065</u>
NON-APPROPRIATED FUNDS			
Local Government Health Insurance Reserve Fund - 0193			
Healthcare and Administrative Expenses	<u>\$ -</u>	<u>\$ 43,694</u>	<u>\$ 53,879</u>
Teacher Health Insurance Security Fund - 0203			
Administrative Expenses	\$ -	\$ 435	\$ 357
Health Care Coverage	-	416,970	479,362
Total Expenditures	<u>\$ -</u>	<u>\$ 417,405</u>	<u>\$ 479,719</u>
Illinois Prescription Drug Discount Program - 0316			
Health Insurance Payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Public Aid Recoveries Trust Fund - 0421			
Payment to Local Gov. for Serv to Recip.	\$ 34,589	\$ 52,618	\$ 45,164
Federal Share Due To General Revenue Fund	414,290	348,534	471,513
Refund of TPL Recoveries	790	772	893
Refund of Non-TPL Recoveries	224	339	216
Non-Administrative Expenses	-	6	3
Early Intervention - Due DHS	58	74	84
Core Medicaid Administration Expenses - UIC	1,852	1,041	2,000
Total Expenditures	<u>\$ 451,803</u>	<u>\$ 403,384</u>	<u>\$ 519,873</u>
Community College Health Insurance Security Fund - 0577			
Administrative Expenses	\$ -	\$ 41	\$ 26
Health Care Coverage	-	33,623	30,837
Total Expenditures	<u>\$ -</u>	<u>\$ 33,664</u>	<u>\$ 30,863</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Schedule 3

For the Fiscal Years Ended June 30, 2013, 2012 and 2011
(Expressed in Thousands)

	Fiscal Year		
	2013	2012	2011
		P.A. 97-0058	
		P.A. 97-0070	
		P.A. 97-0642	
		P.A. 97-0684	P.A. 96-0956
		P.A. 97-0685	P.A. 97-0053
Child Support Enforcement Trust Fund - 0957			
Redirect - Illinois TANF Excess Child Support Clients	\$ 2,430	\$ 1,971	\$ 1,823
Redirect - Out-of-State TANF Clients	7,419	7,984	8,597
Redirect - Illinois Non-TANF Clients	109,114	127,869	153,514
Redirect - Out-of-State Non-TANF Clients	47,348	47,526	47,265
Refund - IRS Offsets	2,345	2,737	2,878
Refund - IRS pre N/A	4	32	34
Refund - State Offsets	901	840	619
Refund - State pre N/A	1	-	1
Refund - Courts or Third Parties	810	1,084	1,361
Refund - Courts or Third Parties Out-of-State	-	8	1
Refund - Courts or Third Parties N/A Out-of-State	60	19	9
Refunds - IRS Offset Nonpublic Aid Clients	35	72	85
Refunds - State Offset Nonpublic Aid Clients	17	5	37
Refund - Nonassistance Clients	2,691	3,043	3,813
Pass Through Payments	1	-	1
Fund Transfer	533	520	398
Interest Penalty/State Refund	1	1	1
Interest Paid to Clients, DCFS, Others	5,226	2,987	4,241
Reimburse DCFS Title IV-E	2,787	2,625	2,418
DCSE Unclaimed Property	-	12	56
Total Expenditures	<u>\$ 181,723</u>	<u>\$ 199,335</u>	<u>\$ 227,152</u>
TOTAL - ALL NON-APPROPRIATED FUNDS	<u>\$ 633,526</u>	<u>\$ 1,097,482</u>	<u>\$ 1,311,487</u>
GRAND TOTAL - ALL FUNDS	<u>\$ 16,102,625</u>	<u>\$ 17,745,876</u>	<u>\$ 17,806,416</u>
State Officers' Salaries			
General Revenue Fund - 0001			
Appropriations (net after transfers)	<u>\$ 264</u>	<u>\$ 264</u>	<u>\$ 263</u>
Expenditures:			
Director's salary (1)	142	142	136
Assistant Director's salary (1)	121	121	115
Total Expenditures	<u>263</u>	<u>263</u>	<u>251</u>
Lapsed Balances	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 12</u>

(1) Note: State Officers' salaries are paid from the appropriation for the Office of the Comptroller.

Fiscal year 2011 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Department and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
LOCALLY HELD FUNDS
CASH BASIS SCHEDULE
For the Fiscal Years Ended June 30, 2013 and 2012
(Expressed in Thousands)

Schedule 4

	2013	2012
<u>Medical Assistance Dental Reimbursement Revolving Fund</u>		
Beginning balance	\$ 14	\$ -
Receipts (including cash on hand and in-transit)	255	182
Disbursements	(254)	(168)
Ending balance	\$ 15	\$ 14
<u>Public Assistance Emergency Revolving Fund</u>		
Beginning balance	\$ 246	\$ 176
Receipts (including cash on hand and in-transit)	684	491
Disbursements	(626)	(421)
Ending balance	\$ 304	\$ 246
<u>Local Government Health Insurance Reserve Local Fund</u>		
Beginning balance *	\$ -	\$ 778
Receipts (including cash on hand and in-transit)	-	21,741
Disbursements	-	(20,360)
Ending balance	\$ -	\$ 2,159
<u>Teacher Health Insurance Security Local Fund</u>		
Beginning balance *	\$ -	\$ 7,364
Receipts (including cash on hand and in-transit)	-	231,257
Disbursements	-	(225,316)
Ending balance	\$ -	\$ 13,305
<u>Community College Health Insurance Security Local Fund</u>		
Beginning balance *	\$ -	\$ 733
Receipts (including cash on hand and in-transit)	-	18,579
Disbursements	-	(17,932)
Ending balance	\$ -	\$ 1,380

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
LOCALLY HELD FUNDS
CASH BASIS SCHEDULE
For the Fiscal Years Ended June 30, 2013 and 2012
(Expressed in Thousands)

Schedule 4

	2013	2012
<u>Health Insurance Reserve Local Fund</u>		
Beginning balance *	\$ -	\$ 26,965
Receipts (including cash on hand and in-transit)	-	1,033,408
Disbursements	-	(999,761)
Ending balance	\$ -	\$ 60,612

* Executive Order 2012-01, *Executive Order to Reorganize Agencies by the Transfer of Certain Functions of the Department of Healthcare and Family Services to the Department of Central Management Services, the Department of Corrections, the Department of Juvenile Justice, the Department of Human Services, and the Department of Veterans' Affairs* issued by the Governor on March 1, 2012 transferred the respective powers, duties, rights and responsibilities related to State Healthcare Purchasing from the Department of Healthcare and Family Services back to various departments, effective July 1, 2012.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Fiscal Years Ended June 30, 2013 and 2012
(Expressed in Thousands)

Schedule 5

	Fiscal Year	
	2013	2012
Beginning Balance, July 1,	\$ 19,467	\$ 20,050
Additions	2,317	349
Deletions	(1,982)	(157)
Net Transfers	(1,698)	(775)
Ending Balance, June 30	<u>\$ 18,104</u>	<u>\$ 19,467</u>

Note: This schedule was prepared from the Agency Report of State Property Quarterly Reports and reconciled to the Department's records. The Department's property consists of equipment only.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Revenue Fund - 0001			
Federal government	\$ 3,830,380	\$ 3,170,162	\$ 3,698,879
Federal stimulus package	-	39,890	580,452
Federal reimbursable portion due from the Public Aid Recoveries Trust Fund	168,324	346,481	456,792
Investment income	2	2	19
Local Illinois governmental units	243,600	243,750	243,750
Recipient collections	15,777	20,264	19,681
Settlement proceeds	-	9,600	-
Fund transfers	489	133	3
Miscellaneous	1	1	1
Total cash receipts per Department	<u>4,258,573</u>	<u>3,830,283</u>	<u>4,999,577</u>
Less - in transit at end of year	(398)	(391)	(442)
Plus - in transit at beginning of year	391	442	903
Plus - PY Refunds/warrant voids on Comptroller's report	574	106	128
Total cash receipts per State Comptroller's Record	<u>\$ 4,259,140</u>	<u>\$ 3,830,440</u>	<u>\$ 5,000,166</u>
Home Services Medicaid Trust Fund - 0120			
Federal government	\$ 229,149	\$ -	\$ -
Total cash receipts per Department	<u>229,149</u>	<u>-</u>	<u>-</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 229,149</u>	<u>\$ -</u>	<u>\$ -</u>
University of Illinois Hospital Services Fund - 0136			
Federal government	\$ 133,000	\$ 105,518	\$ 161,789
Federal stimulus package	-	507	24,199
Other Illinois State agencies	76,035	45,000	45,000
Total cash receipts per Department	<u>209,035</u>	<u>151,025</u>	<u>230,988</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 209,035</u>	<u>\$ 151,025</u>	<u>\$ 230,988</u>
Community Developmental Disability Services Medicaid Trust Fund - 0142			
Federal government	\$ 54,862	\$ 47,529	\$ 40,839
Federal stimulus package	-	197	9,036
Total cash receipts per Department	<u>54,862</u>	<u>47,726</u>	<u>49,875</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 54,862</u>	<u>\$ 47,726</u>	<u>\$ 49,875</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	2013	2012	2011
Local Government Health Insurance Reserve Fund - 0193			
	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	90	-
Total cash receipts per State Comptroller's Record	<u>\$ -</u>	<u>\$ 90</u>	<u>\$ -</u>
DCFS Children's Services Fund - 0220			
Federal government	\$ 9,873	\$ 10,551	\$ 9,840
Federal stimulus package	-	14	2,233
Total cash receipts per Department	9,873	10,565	12,073
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 9,873</u>	<u>\$ 10,565</u>	<u>\$ 12,073</u>
Illinois Veterans Assistance Fund - 0236			
Insurance premiums	\$ 80	\$ 89	\$ 96
Total cash receipts per Department	80	89	96
Less - in transit at end of year	(2)	(2)	(3)
Plus - in transit at beginning of year	2	3	6
Total cash receipts per State Comptroller's Record	<u>\$ 80</u>	<u>\$ 90</u>	<u>\$ 99</u>
County Provider Trust Fund - 0329			
Federal government	\$ 693,474	\$ 714,925	\$ 677,135
Federal stimulus package	-	-	25,771
Provider participation fees	696,118	720,167	655,494
Total cash receipts per Department	1,389,592	1,435,092	1,358,400
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	2	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 1,389,594</u>	<u>\$ 1,435,092</u>	<u>\$ 1,358,400</u>
Provider Inquiry Trust Fund - 0341			
User fees/private organizations or individuals	\$ 1,407	\$ 1,214	\$ 1,184
Total cash receipts per Department	1,407	1,214	1,184
Less - in transit at end of year	(22)	(1)	(73)
Plus - in transit at beginning of year	1	73	23
Total cash receipts per State Comptroller's Record	<u>\$ 1,386</u>	<u>\$ 1,286</u>	<u>\$ 1,134</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	2013	2012	2011
Care Provider For Persons with Developmental Disabilities Fund - 0344			
Federal government	\$ 16,812	\$ 23,485	\$ 18,060
Federal stimulus package	-	-	3,421
Provider taxes	20,128	20,261	18,883
Total cash receipts per Department	36,940	43,746	40,364
Less - in transit at end of year	(13)	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 36,927	\$ 43,746	\$ 40,364
Long-Term Care Provider Fund - 0345			
Federal government	\$ 317,263	\$ 216,574	\$ 330,818
Federal stimulus package	-	-	65,992
Provider taxes	207,349	106,676	52,104
Federal monies via other State agencies	114	113	107
Total cash receipts per Department	524,726	323,363	449,021
Less - in transit at end of year	(3,890)	(5,248)	(94)
Plus - in transit at beginning of year	5,248	94	31
Total cash receipts per State Comptroller's Record	\$ 526,084	\$ 318,209	\$ 448,958
Hospital Provider Fund - 0346			
Federal government	\$ 744,959	\$ 756,847	\$ 981,384
Federal stimulus package	-	-	221,129
Provider taxes	892,466	890,653	907,952
Total cash receipts per Department	1,637,425	1,647,500	2,110,465
Less - in transit at end of year	(459)	(934)	-
Plus - in transit at beginning of year	934	-	625
Total cash receipts per State Comptroller's Record	\$ 1,637,900	\$ 1,646,566	\$ 2,111,090
Special Education Medicaid Matching Fund - 0355			
Federal government	\$ 141,674	\$ 219,070	\$ 166,586
Federal stimulus package	-	1,594	14,129
Total cash receipts per Department	141,674	220,664	180,715
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	409	6
Total cash receipts per State Comptroller's Record	\$ 141,674	\$ 221,073	\$ 180,721

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	2013	2012	2011
HHS Medicaid Trust Fund - 0365			
Federal government	\$ 11,350	\$ 17,175	\$ 21,620
Federal stimulus package	-	-	4,595
Total cash receipts per Department	11,350	17,175	26,215
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 11,350</u>	<u>\$ 17,175</u>	<u>\$ 26,215</u>
Trauma Center Fund - 0397			
Federal government	\$ 5,015	\$ 5,808	\$ 6,016
Federal stimulus package	-	-	1,043
Total cash receipts per Department	5,015	5,808	7,059
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 5,015</u>	<u>\$ 5,808</u>	<u>\$ 7,059</u>
Protest Fund - 0401			
Health care provider tax	\$ -	\$ 171	\$ 24
Total cash receipts per Department	-	171	24
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ 24</u>
Public Aid Recoveries Trust Fund - 0421			
Federal government	\$ 58,105	\$ 52,394	\$ 43,482
Federal stimulus package	-	9	3,696
Recipient collections	32,416	30,934	29,277
Fund transfers	478	564	335
Private organizations or individuals	812,617	655,035	913,136
Total cash receipts per Department	903,616	738,936	989,926
Less - in transit at end of year	(46,290)	(13,771)	(18,696)
Plus - in transit at beginning of year	13,771	18,696	10,971
Plus - PY Refunds/warrant voids on Comptroller's report	(10)	407	7
Total cash receipts per State Comptroller's Record	<u>\$ 871,087</u>	<u>\$ 744,268</u>	<u>\$ 982,208</u>
Medical Research and Development Fund - 0486			
Federal government	\$ -	\$ 6,400	\$ 6,422
Federal stimulus package	-	-	1,499
Fund transfers	-	6,400	4,880
Total cash receipts per Department	-	12,800	12,801
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ -</u>	<u>\$ 12,800</u>	<u>\$ 12,801</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	2013	2012	2011
Post-Tertiary Clinical Services Fund - 0487			
Federal government	\$ -	\$ 6,400	\$ 6,422
Federal stimulus package	-	-	1,499
Fund transfers	-	6,400	4,880
Total cash receipts per Department	-	12,800	12,801
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ -	\$ 12,800	\$ 12,801
Early Intervention Services Revolving Fund - 0502			
Federal government	\$ 42,295	\$ 42,105	\$ 41,068
Federal stimulus package	-	317	7,306
Total cash receipts per Department	42,295	42,422	48,374
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 42,295	\$ 42,422	\$ 48,374
Electronic Health Record Incentive Fund - 0503			
Federal government	\$ 175,144	\$ 69,771	\$ -
Total cash receipts per Department	175,144	69,771	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 175,144	\$ 69,771	\$ -
Money Follows the Person Budget Transfer Fund - 0522			
Federal government	\$ 1,322	\$ 789	\$ 498
Other Illinois State agencies	500	900	-
Total cash receipts per Department	1,822	1,689	498
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	2	-	-
Total cash receipts per State Comptroller's Record	\$ 1,824	\$ 1,689	\$ 498
Department of Corrections Reimbursement and Education Fund - 0523			
Federal government	\$ 105	\$ 69	\$ 232
Federal stimulus package	-	1	46
Total cash receipts per Department	105	70	278
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 105	\$ 70	\$ 278

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Supplemental Low-Income Energy Assistance Fund - 0550			
Private organizations or individuals	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	12	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575			
Federal government	\$ 190	\$ 298	\$ 698
Total cash receipts per Department	190	298	698
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 190</u>	<u>\$ 298</u>	<u>\$ 698</u>
Community College Health Insurance Security Fund - 0577			
Fund transfers	\$ 36,000	\$ 1,000	\$ -
Total cash receipts per Department	36,000	1,000	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 36,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>
Healthy Smiles Fund - 0654			
Federal government	\$ 362	\$ 400	\$ -
Total cash receipts per Department	362	400	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 362</u>	<u>\$ 400</u>	<u>\$ -</u>
FY09 Budget Relief Fund - 0678			
Federal government	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	-	13
Total cash receipts per State Comptroller's Record	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	2013	2012	2011
Community Mental Health Medicaid Trust Fund - 0718			
Federal government	\$ 106,122	\$ 61,283	\$ 64,026
Federal stimulus package	-	607	14,155
Total cash receipts per Department	106,122	61,890	78,181
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 106,122</u>	<u>\$ 61,890</u>	<u>\$ 78,181</u>
Medical Interagency Program Fund - 0720			
Federal government	\$ 22,181	\$ 11,005	\$ 203
Other Illinois State agencies	16,467	11,467	8,649
Reimbursements	35,734	21,977	26,230
Total cash receipts per Department	74,382	44,449	35,082
Less - in transit at end of year	(13,248)	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	16	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 61,150</u>	<u>\$ 44,449</u>	<u>\$ 35,082</u>
Drug Rebate Fund - 0728			
Federal government	\$ 392,602	\$ 275,854	\$ 263,215
Federal stimulus package	-	-	48,273
Total cash receipts per Department	392,602	275,854	311,488
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	732	100	1
Total cash receipts per State Comptroller's Record	<u>\$ 393,334</u>	<u>\$ 275,954</u>	<u>\$ 311,489</u>
Tobacco Settlement Recovery Fund - 0733			
Federal government	\$ 94,027	\$ 93,559	\$ 281,777
Federal stimulus package	-	-	41,384
Total cash receipts per Department	94,027	93,559	323,161
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 94,027</u>	<u>\$ 93,559</u>	<u>\$ 323,161</u>
Independent Academic Medical Center Fund - 0735			
Federal government	\$ -	\$ 1,000	\$ 1,004
Federal stimulus package	-	-	234
Fund transfers	-	1,000	762
Total cash receipts per Department	-	2,000	2,000
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Energy Administration Fund - 0737			
Recipient collections	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	53	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>
Medicaid Buy-In Program Revolving Fund - 0740			
Recipient collections	\$ 672	\$ 707	\$ 689
Total cash receipts per Department	672	707	689
Less - in transit at end of year	(24)	(11)	(6)
Plus - in transit at beginning of year	11	6	40
Plus - PY Refunds/warrant voids on Comptroller's report	-	1	-
Total cash receipts per State Comptroller's Record	<u>\$ 659</u>	<u>\$ 703</u>	<u>\$ 723</u>
FY12 Hospital Relief Fund - 0748			
Federal government	\$ 139,610	\$ -	\$ -
Total cash receipts per Department	139,610	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 139,610</u>	<u>\$ -</u>	<u>\$ -</u>
Child Support Administrative Fund - 0757			
Federal government	\$ 112,167	\$ 101,887	\$ 78,334
Federal stimulus package	-	-	22,675
Fund transfers	29,939	29,939	29,939
Repayment to State pursuant to law	31	32	21
Total cash receipts per Department	142,137	131,858	130,969
Less - in transit at end of year	-	-	4,192
Plus - in transit at beginning of year	-	-	-
Plus - due from General Revenue Fund	-	-	9,750
Plus - PY Refunds/warrant voids on Comptroller's report	-	1	4
Total cash receipts per State Comptroller's Record	<u>\$ 142,137</u>	<u>\$ 131,859</u>	<u>\$ 144,915</u>

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

	2013	2012	2011
Healthcare Provider Relief Fund - 0793			
Federal government	\$ 1,187,353	\$ 584,792	\$ 1,155,288
Other Illinois State agencies	-	6,359	-
Federal stimulus package	-	7,741	197,312
Fund transfers	281,000	151,000	-
Total cash receipts per Department	1,468,353	749,892	1,352,600
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	27	112	16
Total cash receipts per State Comptroller's Record	\$ 1,468,380	\$ 750,004	\$ 1,352,616
Medical Special Purposes Trust Fund - 0808			
Federal government	\$ 13,810	\$ 5,175	\$ 12,190
Federal stimulus package	3,281	1,961	946
Enhanced Federal Finance Part - ARRA	949	-	-
Contracts and grants - private organizations	951	1,721	723
Other Illinois State agencies	19,941	1,413	2,000
Behavioral Health Care Integration	600	-	-
Fund transfers	500	500	2,262
Total cash receipts per Department	40,032	10,770	18,121
Less - in transit at end of year	-	(431)	-
Plus - in transit at beginning of year	431	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	100	78	-
Total cash receipts per State Comptroller's Record	\$ 40,563	\$ 10,417	\$ 18,121
Low Income Home Energy Assistance Block Grant - 0870			
Fund transfers	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	36	-	-
Total cash receipts per State Comptroller's Record	\$ 36	\$ -	\$ -
Health Insurance Reserve Fund - 0907			
Fund transfers	\$ -	\$ 1,769,614	\$ 950,174
Total cash receipts per Department	-	1,769,614	950,174
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	175	3	6
Total cash receipts per State Comptroller's Record	\$ 175	\$ 1,769,617	\$ 950,180

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 6

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Child Support Enforcement Trust Fund - 0957			
Child support collections	\$ 202,174	\$ 226,958	\$ 249,269
Repayment to State pursuant to law	6,665	5,476	5,447
Total cash receipts per Department	<u>208,839</u>	<u>232,434</u>	<u>254,716</u>
Less - in transit at end of year	(2,300)	(1,554)	(1,832)
Plus - in transit at beginning of year	1,554	1,832	2,575
Plus - PY Refunds/warrant voids on Comptroller's report	140	76	113
Total cash receipts per State Comptroller's Record	<u>\$ 208,233</u>	<u>\$ 232,788</u>	<u>\$ 255,572</u>
 GRAND TOTAL - ALL FUNDS	 \$ 12,336,011	 \$ 11,987,634	 \$ 13,988,613
Less - in transit at end of year	(66,646)	(22,343)	(16,954)
Plus - in transit at beginning of year	22,343	21,146	15,174
Plus - due from General Revenue Fund	-	-	9,750
Plus - PY Refunds/warrant voids on Comptroller's report	1,859	1,383	294
Total cash receipts per State Comptroller's Records - All Funds	<u><u>\$ 12,293,567</u></u>	<u><u>\$ 11,987,820</u></u>	<u><u>\$ 13,996,877</u></u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

The following is a summary of explanations for significant fluctuations in expenditures incurred by the Department for fiscal year ended June 30, 2011 as compared to the fiscal year ended June 30, 2012 and for fiscal year ended June 30, 2012 as compared to fiscal year ended June 30, 2013. Explanations were prepared by Department management and are presented for additional analysis purposes only. Included are explanations for variances to the General Funds (Major Fund) greater than \$1 million and 20%, and explanations for variances to Non-Major Governmental Funds, Fiduciary Funds and Proprietary Funds greater than \$300 thousand and 20%. Dollar amounts are in thousands unless otherwise stated. The Department's total appropriated expenditures for fiscal years ended June 30, 2011, 2012 and 2013 are presented in the "Comparative Schedule of Net Appropriations, Expenditures, and Lapse Balances" of this report.

BETWEEN FISCAL YEARS 2011 AND 2012

GENERAL FUNDS

General Revenue Fund – 0001

Personal Services, Social Security, Contractual Services, Telecommunications Services, Med Level – Medical Data Warehouse, Deposit into Child Support Administrative Fund, Deposit into Medical Research and Development Fund, Deposit into Post-Tertiary Clinical Services Fund, Deposit into Healthcare Provider Relief Fund and Operational Expenses

In fiscal year 2012 the Department received individual appropriations designated for specific purposes while in fiscal year 2011 the General Assembly changed the appropriation process for operating expenses that were paid from the General Revenue Fund (GRF) so the Department received a lump sum appropriation for operational expenses.

Group Insurance

The increase of \$1,411,511 (100%) was the result of an individual appropriation in fiscal year 2012 rather than being paid out of the Governor's Discretionary appropriation in fiscal year 2011.

Governor's Discretionary

The decrease of \$669,941 (100%) was the result of the appropriation being discontinued in fiscal year 2012.

Medical Assistance

The increase of \$1,893,023 (41.4%) was the result of increases in appropriations for fiscal year 2012. Also, some of the medical assistance was paid out of the Operational Expenses appropriation in fiscal year 2011.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

County Provider Trust Fund – 0329

Administrative Expenses

The increase of \$1,125 (>100%) was because a full year of payroll costs to process Medicaid applications was done in fiscal year 2012 whereas the payroll costs for fiscal year 2011 were for a partial year.

Hospital Provider Fund – 0346

Hospitals

The decrease of \$417,689 (21.7%) was the result of a reduction in the American Recovery and Reinvestment Act collections, which ended on June 30, 2011.

Trauma Center Fund – 0397

Trauma Centers

The decrease of \$4,380 (27.7%) was due to a decrease in funding as a result of the ending of the American Recovery and Reinvestment Act. There were also five quarterly payments made out of the fiscal year 2011 appropriation as compared to four quarterly payments made out of the fiscal year 2012 appropriation.

Public Aid Recoveries Trust Fund – 0421

Personal Services

The increase of \$6,487 (77.6%) was the result of increased appropriations in fiscal year 2012.

State Contribution to State Employees Retirement System

The increase of \$2,764 (>100%) was the result of increased appropriations in fiscal year 2012.

Group Insurance

The increase of \$1,572 (79.4%) was the result of increased appropriations in fiscal year 2012.

Contractual Services

The increase of \$3,221 (21.2%) was the result of a new appropriation for the Office of Inspector General and an increase in expenditures for statistical and tabulation service costs.

Federal Share Due To General Revenue Fund

The decrease of \$122,979 (26.1%) was the result of less drug rebate collections in fiscal year 2012 due to a reduction in expenditures for prescription drugs as a result of the ending of the American Recovery and Reinvestment Act. This resulted in less federal share of collections to transfer to the General Revenue Fund.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

Electronic Health Record Incentive Fund – 0503

Certified Electronic Health Record Technology

The increase of \$72,116 (>100%) was because the fund was created by Public Act 97-0169 in fiscal year 2012 to encourage the adoption and use of certified electronic health records technology.

Healthcare Provider Relief Fund – 0793

Medical Assistance Providers

The decrease of \$572,033 (41.3%) was the result of a decrease in the appropriation in fiscal year 2012.

Integrated Care Management

The decrease of \$2,518 (100%) was the result of no appropriation in fiscal year 2012.

Medical Special Purposes Trust Fund – 0808

Eligible Verify and Enroll System

The increase of \$2,323 (>100%) was due to this being a new appropriation in fiscal year 2012.

Health Info Tech Initiative ARRA

The increase of \$1,130 (75.4%) was the result of increased payroll costs and consulting costs for the development of the health information exchange.

NON-MAJOR GOVERNMENTAL FUNDS

Money Follows the Person Budget Transfer Fund - 0522

Money Follows the Person Demonstration Project

The increase of \$468 (46.6%) for this project was the result of increased spending for consulting services for the Money Follows the Person Demonstration Project in fiscal year 2012.

Tobacco Settlement Recovery Fund – 0733

Fund Transfers

The decrease of \$10,522 (100%) was the result of no appropriation in fiscal year 2012.

Physicians

The decrease of \$43,738 (100%) was the result of no appropriation in fiscal year 2012.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

Hospitals

The decrease of \$242,733 (100%) was the result of no appropriation in fiscal year 2012.

Long-Term Care Services

The decrease of \$106,019 (100%) was the result of no appropriation in fiscal year 2012.

Child Support Administrative Fund – 0757

State Contribution to State Employees Retirement System

The increase of \$4,463 (27.8%) was the result of an increase in payroll costs and an increase in the employer retirement rate from 27.988% in fiscal year 2011 to 34.190% in fiscal year 2012.

PROPRIETARY FUNDS

Health Insurance Reserve Fund – 0907

Health Care Coverage

The increase of \$467,568 (25.1%) was due to an increase in health care costs, an increase in interest penalty due to the increase in the number of days that claims are not paid and an increase in the costs of HMOs in fiscal year 2012.

FIDUCIARY FUNDS

Child Support Enforcement Trust Fund – 0957

Refund – Nonassistance Clients

The decrease of \$770 (20.2%) was attributed to non-custodial parents who did not pay their child support.

Interest Paid to Clients, DCFS, Others

The decrease of \$1,254 (29.6%) was attributed to non-custodial parents who did not pay their child support.

BETWEEN FISCAL YEARS 2012 AND 2013

GENERAL FUNDS

General Revenue Fund – 0001

Deposit into Medical Research and Development Fund

The decrease of \$6,001 (100%) was the result of no appropriation in fiscal year 2013.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

Deposit into Post-Tertiary Clinical Services Fund

The decrease of \$6,001 (100%) was the result of no appropriation in fiscal year 2013.

FY13 Deposit Healthcare Provider Relief Fund

The increase of \$130,000 (>100%) was the result of a new appropriation in the fund pursuant to P.A. 98-0017.

Group Insurance

The decrease of \$1,375,511 (97.4%) was the result of transferring the Group Health Insurance program from the Department to the Department of Central Management Services at the end of fiscal year 2012 pursuant to Executive Order 2012-01.

Road Fund – 0011

Group Insurance

The decrease of \$165,294 (100%) was the result of transferring the Group Health Insurance program from the Department to the Department of Central Management Services at the end of fiscal year 2012 pursuant to Executive Order 2012-01.

University of Illinois Hospital Services Fund – 0136

U of I Hospital Services

The increase of \$56,776 (26.5%) was the result of additional expenditures in fiscal year 2013 for average commercial rate adjustments and re-pricing of hospital inpatient rates.

County Provider Trust Fund – 0329

Administrative Expenses

The increase of \$1,488 (>100%) was the result of an increase in payroll costs in fiscal year 2013.

Long-Term Care Provider Fund – 0345

Long-Term Care Provider Services

The decrease of \$142,221 (21.8%) was the result of an increase in expenditures during the fiscal year 2012 lapse period from the implementation of the new provider tax (305 ILCS 5/5B-2), which resulted in increased collections at the end of fiscal year 2012 and the beginning of fiscal year 2013.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

Public Aid Recoveries Trust Fund – 0421

Personal Services

The increase of \$5,511 (37.1%) was the result of new appropriations for medical operation payroll and an increase in the Office of Inspector General payroll costs in this fund in fiscal year 2013.

State Contribution to State Employee Retirement System

The increase of \$2,642 (51.7%) was the result of an increase in payroll in fiscal year 2013.

Group Insurance

The increase of \$2,546 (71.7%) was the result of increased payroll costs which included several new payroll appropriations in the fund in fiscal year 2013.

Contractual Services

The increase of \$14,188 (76.9%) was the result of increased costs for audit and management services and for professional and artistic services in fiscal year 2013.

Payment to Local Governments for Services to Recipients

The decrease of \$18,029 (34.3%) was the result of a decrease in certified expenditure adjustments paid out of this fund in fiscal year 2013.

PART F Information Technical Infrastructure/Medical Data Warehouse

The increase of \$8,943 (>100%) was the result of PART F Infrastructure being a new appropriation in fiscal year 2013. The \$8,943 is actually spending from the New Infrastructure appropriation including lapse spending.

Medical Research & Development Fund – 0486

Awards and Grants

The decrease of \$12,800 (100%) was the result of no appropriation for this fund in fiscal year 2013.

Post-Tertiary Clinical Services Fund – 0487

Awards and Grants

The decrease of \$12,800 (100%) was the result of no appropriation for this fund in fiscal year 2013.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

Electronic Health Record Incentive Fund – 0503

Certified Electronic Record Incentive Fund

The increase of \$132,284 (>100%) was the result of fiscal year 2013 having a full year of expenditures for this program while fiscal year 2012 only had a partial year of expenditures for this program.

Medical Interagency Program Fund – 0720

Medical Assistance

The increase of \$28,611 (91.4%) was the result of increased expenditures for the Children's Mental Health Program and the payment of Average Commercial Rate adjustments to Southern Illinois University that were paid out of this fund in fiscal year 2013.

Drug Rebate Fund – 0728

Prescribed Drugs

The increase of \$196,552 (32.8%) was the result of an increased appropriation and an increase in transfers to this fund of Drug Rebate collections from the Public Aid Recoveries Trust Fund pursuant to legislation (305 ILCS 5/12-9) which allowed increases in Medicaid Part D Claw back expenditures and increased pharmacy expenditures from this fund in fiscal year 2013.

Independent Academic Medical Center Fund – 0735

Excellence in Academic Med Act

The decrease of \$2,000 (100%) was the result of no appropriation for this fund in fiscal year 2013.

FY12 Hospital Relief Fund – 0748

Medical Assistance

The increase of \$279,610 (>100%) was because the cash transfers from the General Revenue Fund to fund expenditures in this fund did not happen until fiscal year 2013.

Healthcare Provider Relief Fund – 0793

Medical Assistance Providers

The increase of \$2,198,804 (>100%) was the result of increased appropriations in fiscal year 2013, increased funding from General Revenue Fund and from cigarette and tobacco products taxes, which allowed increased spending for medical claims.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

Medical Special Purposes Trust Fund – 0808

Medical Demonstration Projects

The decrease of \$1,827 (38.7%) was the result of expenditures made in fiscal year 2012 for the Model of Care Program that did not happen in fiscal year 2013.

Eligibility Verify and Enroll System

The increase of \$42,177 (>100%) was the result of increased spending in fiscal year 2013 for audit and management service, computer software and EDP equipment for the Eligibility Verification and Enrollment System.

Health Info Tech Initiative ARRA

The increase of \$4,834 (>100%) was the result of increased expenditures for audit and management services for the Illinois Health Information Technology Initiative.

NON-MAJOR GOVERNMENTAL FUNDS

Money Follows the Person Budget Transfer Fund – 0522

Money Follows the Person Demonstration Project

The increase of \$514 (34.9%) was the result of increased expenditures for consulting services for the Money Follows the Person Demonstration Project.

Child Support Administrative Fund – 0757

Group Insurance

The increase of \$3,932 (23.6%) was the result of an increase in rates for group insurance.

PROPRIETARY FUNDS

Health Insurance Reserve Fund – 0907

Health Care Coverage

The decrease of \$2,327,683 (100%) was the result of the Group Health Insurance Programs being transferred back to the Department of Central Management Services as of July 1, 2012 pursuant to Executive Order 2012-01.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 7

FIDUCIARY FUNDS

Local Government Health Insurance Reserve Fund – 0193

Healthcare and Administrative Expenses

The decrease of \$43,694 (100%) was the result of the Group Health Insurance Programs being transferred back to the Department of Central Management Services as of July 1, 2012 pursuant to Executive Order 2012-01.

Teacher Health Insurance Security Fund – 0203

Administrative Expenses

The decrease of \$435 (100%) was the result of the Group Health Insurance Programs being transferred back to the Department of Central Management Services as of July 1, 2012 pursuant to Executive Order 2012-01.

Health Care Coverage

The decrease of \$416,970 (100%) was the result of the Group Health Insurance Programs being transferred back to the Department of Central Management Services as of July 1, 2012 pursuant to Executive Order 2012-01.

Community College Insurance Security Fund – 0577

Health Care Coverage

The decrease of \$33,623 (100%) was the result of the Group Health Insurance Programs being transferred back to the Department of Central Management Services as of July 1, 2012 pursuant to Executive Order 2012-01.

Child Support Enforcement Trust Fund – 0957

Interest Paid to Clients, DCFS, Others

The increase of \$2,239 (75.0%) was the result of an automated interagency processing that enabled the reduction of the backlog of held interest payments.

Redirect – Illinois TANF Excess Child Support Clients

The increase of \$459 (23.3%) was the result of the Department receiving increased collections on current and former assistance cases which resulted in an increase in manual payouts.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

The following is a summary of explanations for significant fluctuations in receipts received by the Department for the fiscal year ended June 30, 2012 as compared to the fiscal year ended June 30, 2011 and for the fiscal year ended June 30, 2013 as compared to the fiscal year ended June 30, 2012. Included are explanations for variances to the General Funds (Major Fund) greater than \$1 million and 20% and explanations to the Non-Major Governmental Funds, Proprietary Funds, and Fiduciary Funds greater than \$300 thousand and 20%. Dollar amounts are in thousands unless otherwise stated. The Department's receipts are presented in the "Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller."

BETWEEN FISCAL YEARS 2012 AND 2011

GENERAL FUNDS

General Revenue Fund – 0001

Federal Stimulus Package

The decrease of \$540,562 (93.1%) was the result of the American Recovery and Reinvestment Act (ARRA) ending.

Federal Reimbursable Portion Due from the Public Aid Recoveries Trust Fund

The decrease of \$110,311 (24.2%) was the result of a decrease in drug rebates that were accelerated last year to capture funding from the American Recovery and Reinvestment Act.

Settlement Proceeds

The increase of \$9,600 (>100%) was the result of a court settlement agreement with a pharmaceutical firm.

University of Illinois Hospital Services Fund – 0136

Federal Government

The decrease of \$56,271 (34.8%) was the result of a reduced fiscal year 2012 medical accrual, which decreased claimable expenditures. This resulted in a decrease in federal financial participation (FFP) collected in fiscal year 2012.

Federal Stimulus Package

The decrease of \$23,692 (97.9%) was the result of the American Recovery and Reinvestment Act ending.

Community Developmental Disability Services Medicaid Trust Fund – 0142

Federal Stimulus Package

The decrease of \$8,839 (97.8%) was the result of the American Recovery and Reinvestment Act ending.

County Provider Trust Fund - 0329

Federal Stimulus Package

The decrease of \$25,771 (100%) was the result of the American Recovery and Reinvestment Act ending.

Care Provider for Persons with Developmental Disabilities Fund - 0344

Federal Government

The increase of \$5,425 (30.0%) was the result of increased expenditures by the Department of Human Services in fiscal year 2012 which resulted in an increase in federal financial participation.

Federal Stimulus Package

The decrease of \$3,421 (100%) was the result of the American Recovery and Reinvestment Act ending.

Long-Term Care Provider Fund – 0345

Federal Government

The decrease of \$114,244 (34.5%) was the result of a decrease in expenditures in fiscal year 2012 resulting from clearing out claims prior to June 30, 2011 to maximize American Recovery and Reinvestment Act collections. This resulted in less federal financial participation collected in fiscal year 2012.

Federal Stimulus Package

The decrease of \$ 65,992 (100%) was the result of the American Recovery and Reinvestment Act ending.

Provider Taxes

The increase of \$54,572 (>100%) was the result of a new provider tax (305ILCS 5/5B-2) which was implemented in fiscal year 2012.

Hospital Provider Fund – 0346

Federal Government

The decrease of \$224,537 (22.9%) was the result of decreased expenditures related to phasing out the American Recovery and Reinvestment Act.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

Federal Stimulus Package

The decrease of \$221,129 (100%) was the result of the American Recovery and Reinvestment Act ending.

Special Education Medicaid Matching Fund – 0355

Federal Government

The increase of \$52,484 (31.5%) was due to increased fiscal year 2011 lapse expenditures which resulted in increased federal financial participation received in fiscal year 2012.

Federal Stimulus Package

The decrease of \$12,535 (88.7%) was the result of the American Recovery and Reinvestment Act ending.

HHS Medicaid Trust Fund - 0365

Federal Government

The decrease of \$4,445 (20.6%) was the result of decreased expenditures by the Department of Human Services.

Federal Stimulus Package

The decrease of \$4,595 (100%) was the result of the American Recovery and Reinvestment Act ending.

Trauma Center Fund – 0397

Federal Stimulus Package

The decrease of \$1,043 (100%) was the result of the American Recovery and Reinvestment Act ending.

Public Aid Recoveries Trust Fund – 0421

Federal Government

The increase of \$8,912 (20.5%) was the result of federal financial participation received for long-term care certified expenditure adjustments for a State Plan amendment to the Medicaid Program.

Federal Stimulus Package

The decrease of \$3,687 (99.8%) was the result of the American Recovery and Reinvestment Act ending.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

Private Organizations or Individuals

The decrease of \$258,101 (28.3%) was the result of a decrease in drug rebate collections. Drug rebate collections are tied to the Department's spending for Medicaid drug claims. When the American Recovery and Reinvestment Act ended on June 30, 2011, expenditures on drug claims decreased which resulted in less drug rebate collections.

Medical Research & Development Fund – 0486

Federal Stimulus Package

The decrease of \$1,499 (100%) was the result of the American Recovery and Reinvestment Act ending.

Fund Transfers

The increase of \$1,520 (31.1%) was the result of an increased appropriation received in fiscal year 2012.

Post-Tertiary Clinical Services Fund – 0487

Federal Stimulus Package

The decrease of \$1,499 (100%) was the result of the American Recovery and Reinvestment Act ending.

Fund Transfers

The increase of \$1,520 (31.1%) was the result of an increased appropriation received in fiscal year 2012.

Electronic Health Record Incentive Fund – 0503

Federal Government

The increase of \$69,711 (>100%) was the result of this being a new fund pursuant to legislation 305 ILCS 5/12-10.6a in fiscal year 2012.

Community Mental Health Medicaid Trust Fund - 0718

Federal Stimulus Package

The decrease of \$13,548 (95.7%) was the result of the American Recovery and Reinvestment Act ending.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

Medical Interagency Program Fund – 0720

Federal Government

The increase of \$10,802 (>100%) was the result of a legislative change to 30 ILCS 105/6z-58 which allowed all federal financial participation money received related to the expenditures in the fund to be deposited into the fund.

Other Illinois State Agencies

The increase of \$2,818 (32.6%) was the result of warrants being held as of June 30, 2011 at the Comptrollers' Office being released in fiscal year 2012.

Drug Rebate Fund – 0728

Federal Stimulus Package

The decrease of \$48,273 (100%) was the result of the American Recovery and Reinvestment Act ending.

Healthcare Provider Relief Fund - 0793

Federal Government

The decrease of \$570,496 (49.4%) was the result of decreased expenditures in fiscal year 2012 as a result of less American Recovery and Reinvestment Act money and less transfers, which resulted in decreased federal matching funds.

Other Illinois State Agencies

The increase of \$6,359 (>100%) was an intergovernmental transfer from Southern Illinois University related to the average commercial rate payments that did not occur in fiscal year 2011.

Federal Stimulus Package

The decrease of \$189,571 (96.1%) was the result of the American Recovery and Reinvestment Act ending.

Fund Transfers

The increase of \$151,000 (>100%) was the result of an appropriation received from the General Revenue Fund in fiscal year 2012 (Public Act 97-0070) that did not occur in fiscal year 2011.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

Medical Special Purposes Trust Fund – 0808

Federal Government

The decrease of \$7,015 (57.5%) was the result of no MCHIP bonus monies deposited in the fund for fiscal year 2012.

Federal Stimulus Package

The increase of \$1,015 (>100%) was the result of the American Recovery and Reinvestment Act ending.

Fund Transfers

The decrease of \$1,762 (77.9%) was the result of less legislatively mandated transfers received in fiscal year 2012.

NON-MAJOR GOVERNMENTAL FUNDS

DCFS Children’s Services Fund – 0220

Federal Stimulus Package

The decrease of \$2,219 (99.4%) was the result of the American Recovery and Reinvestment Act ending.

Early Intervention Services Revolving Fund - 0502

Federal Stimulus Package

The decrease of \$6,989 (95.7%) was the result of the American Recovery and Reinvestment Act ending.

Money Follows the Person Budget Transfer Fund - 0522

Other Illinois State Agencies

The increase of \$900 (100%) was the result of a fiscal year 2012 transfer from the General Revenue Fund that did not occur in fiscal year 2011.

Healthy Smiles Fund – 0654

Federal Government

The increase of \$400 (100%) was due to this being the first year that the Department has deposited federal financial participation in this fund.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

Tobacco Settlement Recovery Fund – 0733

Federal Government

The decrease of \$188,218 (66.8%) was the result of reduced appropriations received in fiscal year 2012. The reduced appropriations resulted in less expenditures, which resulted in less federal financial participation receipts.

Federal Stimulus Package

The decrease of \$41,384 (100%) was the result of the American Recovery and Reinvestment Act ending.

Child Support Administrative Fund – 0757

Federal Government

The increase of \$23,553 (30.1%) was the result of an increase in expenditures, which resulted in an increase in federal financial participation (FFP) collections. There was also Title IV-D incentive FFP awards deposited into the fund in fiscal year 2012.

Federal Stimulus Package

The decrease of \$22,675 (100%) was the result of the American Recovery and Reinvestment Act ending.

FIDUCIARY FUND

Community College Health Insurance Security Fund – 0577

Fund Transfers

The increase of \$1,000 (>100%) was the result of a transfer into the fund from the General Revenue Fund that was not made in fiscal year 2011.

PROPRIETARY FUND

Health Insurance Reserve Fund - 0907

Fund Transfers

The increase of \$819,440 (86.2%) was the result of an increase in transfers into the fund from the General Revenue Fund and the Road Fund.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

BETWEEN FISCAL YEARS 2013 AND 2012

GENERAL FUNDS

General Revenue Fund – 0001

Federal Government

The increase of \$660,218 (20.8%) was the result of an increase in the amount of warrants issued by the Comptroller's Office for this fund in fiscal year 2013 as compared to fiscal year 2012, which increased costs reimbursed by the Federal government.

Federal Stimulus Package

The decrease of \$39,890 (100%) was the result of the American Recovery and Reinvestment Act ending.

Federal Reimbursable Portion Due from the Public Aid Recoveries Trust Fund

The decrease of \$178,157 (51.4%) was the result of transferring the federal share of drug rebate collections from the Public Aid Recoveries Trust Fund to the Drug Rebate Fund in fiscal year 2013 rather than to the General Revenue Fund as was done in prior fiscal years.

Recipient Collections

The decrease of \$4,487 (22.1%) was the result of adults no longer being eligible for All Kids insurance in fiscal year 2012.

Settlement Proceeds

The decrease of \$9,600 (100%) was because there were no collections in fiscal year 2013 for lawsuit settlements.

Home Services Medicaid Trust Fund – 0120

Federal Government

The increase of \$229,149 (>100%) was because this was a new fund in fiscal year 2012 created by legislation 20 ILCS 1705/18.7. Fiscal year 2013 was the first year of appropriations for the fund.

University of Illinois Hospital Services Fund - 0136

Federal Government

The increase of \$27,482 (26.0%) was the result of the Average Commercial Rate adjustments and the re-pricing of hospital inpatient rates paid out of the fund in fiscal year 2013 which resulted in increased federal financial participation receipts in the fund in fiscal year 2013.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

Other Illinois State Agencies

The increase of \$31,035 (69.0%) was the result of intergovernmental transfers from the University of Illinois pursuant to an intergovernmental agreement with the University for the Average Commercial Rate adjustment payments to the University.

Care Provider for Persons with Developmental Disabilities Fund - 0344

Federal Government

The decrease of \$6,673 (28.4%) was the result of a decrease in the Department of Human Services' expenditures for which the Department collects federal financial participation.

Long-Term Care Provider Fund - 0345

Federal Government

The increase of \$100,689 (46.5%) was the result of increased payments to long-term care providers because of increased provider taxes, which resulted in the increased collection of federal financial participation.

Provider Taxes

The increase of \$100,673 (94.4%) was because this was the first full fiscal year of collections for the new tax (305ILCS 5/5B-2) which was implemented in fiscal year 2012.

Special Education Medicaid Matching Fund – 0355

Federal Government

The decrease of \$77,396 (35.3%) was due to rate adjustment expenditures paid in fiscal year 2012 that were not paid in fiscal year 2013. This resulted in less federal financial participation receipts in fiscal year 2013.

Federal Stimulus Package

The decrease of \$1,594 (100%) was the result of the American Recovery and Reinvestment Act ending.

HHS Medicaid Trust Fund - 0365

Federal Government

The decrease of \$5,825 (33.9%) was the result of decreased expenditures by the Department of Human Services for which to claim and collect federal financial participation.

Public Aid Recoveries Trust Fund – 0421

Private Organizations or Individuals

The increase of \$157,582 (24.1%) was due to an increase in spending for Medicaid drug claims which resulted in an increase in drug rebate collections. Also, during fiscal year 2013 the Department started billing and receiving rebates for claims related to the Integrated Care Program.

Medical Research & Development Fund – 0486

Federal Government

The decrease of \$6,400 (100%) was the result of this fund receiving no appropriation in fiscal year 2013. Accordingly, there were no expenditures for which to claim federal financial participation.

Fund Transfers

The decrease of \$6,400 (100%) was the result of this fund receiving no appropriation in fiscal year 2013.

Post-Tertiary Clinical Services Fund – 0487

Federal Government

The decrease of \$6,400 (100%) was the result of this fund receiving no appropriation in fiscal year 2013. Accordingly, there were no expenditures for which to claim and collect federal financial participation.

Fund Transfers

The decrease of \$6,400 (100%) was the result of this fund receiving no appropriation in fiscal year 2013.

Electronic Health Record Incentive Fund – 0503

Federal Government

The increase of \$105,373 (>100%) was related to fiscal year 2013 being the first full year for this program. In fiscal year 2012 this program did not get started until March 2012.

Community Mental Health Medicaid Trust Fund - 0718

Federal Government

The increase of \$44,839 (73.2%) was the result of an increase in expenditures related to the program which resulted in an increase in federal receipts.

Medical Interagency Program Fund – 0720

Federal Government

The increase of \$11,176 (>100%) was due to drawing federal financial participation to pay Average Commercial Rate adjustments to Southern Illinois University out of this fund in fiscal year 2013 and a general increase in the Children's Mental Health Initiative expenditures which resulted in additional collections.

Other Illinois State Agencies

The increase of \$5,000 (43.6%) was the result of the intergovernmental transfer from Southern Illinois University for the Average Commercial Rate adjustments.

Reimbursements

The increase of \$13,757 (62.6%) was the result of an increase in medical reimbursements from the Department's General Revenue Fund appropriations.

Drug Rebate Fund – 0728

Federal Government

The increase of \$116,748 (42.3%) was the result of legislation (305 ILCS 5/12-9) that allowed the federal share of the drug rebate collections in the Public Aid Recoveries Trust Fund to be transferred into the Drug Rebate Fund in fiscal year 2013 rather than the General Revenue Fund.

Independent Academic Medical Center Fund - 0735

Federal Government

The decrease of \$1,000 (100%) was the result of no expenditures from this fund in fiscal year 2013. Therefore there were no federal financial participation collections.

Fund Transfers

The decrease of \$1,000 (100%) was the result of no appropriations for or expenditures from this fund in fiscal year 2013. Therefore, no fund transfers were received.

FY12 Hospital Relief Fund - 0748

Federal Government

The increase of \$139,610 (>100%) was because there were no expenditures in the fund for which to claim federal financial participation in fiscal year 2012. Although there was an appropriation for this fund in fiscal year 2012, there was no cash in the fund to pay any expenditures until fiscal year 2013.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2013, 2012 and 2011

Schedule 8

Healthcare Provider Relief Fund - 0793

Federal Government

The increase of \$602,561 (>100%) was the result of increased spending facilitated by increased funding from the General Revenue Fund, tobacco\cigarette taxes and an increased appropriation. The increased spending resulted in an increase in federal financial participation collections.

Other Illinois State Agencies

The decrease of \$6,359 (100%) was the result of an intergovernmental transfer to the fund in fiscal year 2012 from Southern Illinois University for the Average Commercial Rate payments which did not occur again in fiscal year 2013.

Federal Stimulus Package

The decrease of \$7,741 (100%) was the result of less federal stimulus collections because the American Recovery and Reinvestment Act ended. At June 30, 2011, there was a receivable balance for the federal stimulus money that was collected in fiscal year 2012 and there were no collections in fiscal year 2013.

Fund Transfers

The increase of \$130,000 (86.1%) was the result of Public Acts 97-0070, 98-0011 and 98-0017 which increased the transfers into this fund in fiscal year 2013.

Medical Special Purposes Trust Fund – 0808

Federal Government

The increase of \$8,635 (>100%) was the result of increased expenditures for the Affordable Care Act which resulted in an increase in federal financial participation collections.

Federal Stimulus Package

The increase of \$1,320 (67.3%) was the result of increased expenditures for the Affordable Care Act which resulted in an increase in federal financial participation collections.

Other Illinois State Agencies

The increase of \$18,528 (>100%) was the result of an increase in federal money for the administrative reimbursements for the Health Insurance Exchange and federal money for the Integrated Eligibility System.

NON-MAJOR GOVERNMENTAL FUNDS

Early Intervention Services Revolving Fund - 0502

Federal Stimulus Package

The decrease of \$317 (100%) was the result of the American Recovery and Reinvestment Act ending.

Money Follows the Person Budget Transfer Fund - 0522

Federal Government

The increase of \$533 (67.6%) was the result of increased expenditures for grants in this fund, which resulted in increased federal financial participation collections.

Other Illinois State Agencies

The decrease of \$400 (44.4%) was the result of an increase in federal financial participation which resulted in less funding from the General Revenue Fund in fiscal year 2013.

FIDUCIARY FUND

Community College Health Insurance Security Fund – 0577

Fund Transfers

The increase of \$35,000 (>100%) was the result of a transfer into the fund from the General Revenue Fund pursuant to P.A. 97-0685.

Child Support Enforcement Trust Fund - 0957

Repayment to State Pursuant to Law

The increase of \$1,189 (21.7%) was due to the ability of the Department to find eligible non-custodial parent's bank accounts with sufficient funds to lien past due child support.

PROPRIETARY FUND

Health Insurance Reserve Fund - 0907

Fund Transfers

The decrease of \$1,769,614 (100%) was the result of the Group Health Insurance Programs being transferred from the Department to the Department of Central Management Services, pursuant to Executive Order 2012-01.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Fiscal Years Ended June 30, 2013 and 2012

Schedule 9

The following is a summary of explanations for significant lapse period expenditures incurred by the Department for fiscal years 2012 and 2013 and are presented for additional analysis purposes only. Included are lapse period expenditures for the General Funds (Major Fund) that are greater than \$1 million and 20% of the total fiscal year expenditures by fund and line item, as detailed below, and lapse period expenditures for Non-Major Governmental Funds, Fiduciary Funds and Proprietary Funds that are greater than \$300 thousand and 20% of the total fiscal year expenditures by fund and line item, as detailed below. Dollar amounts are in thousands unless otherwise stated. The Department's overall lapse period spending for fiscal year 2012 and fiscal year 2013 is presented in the "Schedule of Appropriations, Expenditures, and Lapsed Balances" of this report.

FISCAL YEAR 2012

GENERAL FUNDS

General Revenue Fund – 0001

Prescribed Drugs

The Department paid \$240,149 for the following services incurred prior to June 30, 2012: \$200,205 for prescription drugs; \$38,151 to the Federal Government for Clawback payments; \$1,261 for the Illinois CARES RX Benefits and \$532 for other various expenditures.

Long-Term Care Provider Fund – 0345

Long-Term Care Provider Services

The Department paid \$219,135 for the following services incurred prior to June 30, 2012: to providers which included \$218,833 for long-term care medical services for public assistance recipients and \$302 for prompt pay interest.

Trauma Center Fund – 0397

The fiscal year 2012 fourth quarter trauma center payments of \$2,844 were calculated and paid during the lapse period.

Public Aid Recoveries Trust Fund – 0421

Contractual Services

The Department paid \$5,572 for the following services incurred prior to June 30, 2012: \$2,830 for statistical services to the Department of Central Management Services; \$1,784 for audit and management services; \$811 for professional and artistic services and \$147 for other miscellaneous costs.

Core Medicaid Administrative Expense–UIC

The Department paid \$1,041 in federal financial participation for administrative costs for providing administrative core case management for Title XXI clients.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Fiscal Years Ended June 30, 2013 and 2012

Schedule 9

Medical Interagency Program Fund – 0720

The Department paid \$7,545 for services incurred prior to June 30, 2012 to providers of the Children's Mental Health Initiative during the lapse period.

NON-MAJOR GOVERNMENTAL FUNDS

Money Follows the Person Budget Transfer Fund – 0522

The Department paid \$821 for services incurred prior to June 30, 2012 for costs associated with the Money Follows the Person Demonstration Project.

FIDUCIARY FUNDS

Community College Health Insurance Security Fund – 0577

Health Care Coverage

The Department paid \$7,417 for the following services incurred prior to June 30, 2012: \$5,992 for health insurance payments for members; \$960 for interest penalties and \$465 for contractual services.

FISCAL YEAR 2013

GENERAL FUNDS

General Revenue Fund – 0001

Children Health Initiative

The Department paid \$2,546 for the following services incurred prior to June 30, 2013: \$2,491 to the Department of Central Management Services for statistical services and \$55 for other miscellaneous costs.

Special Education Medicaid Matching Fund – 0355

The Department paid \$56,211 of federal financial participation money to school districts for administrative costs and for medical claims.

Trauma Center Fund – 0397

The fiscal year 2013 fourth quarter trauma center payments of \$2,768 were calculated and paid during the lapse period.

Public Aid Recoveries Trust Fund – 0421

Contractual Services

The Department paid \$9,381 for the following services incurred prior to June 30, 2013: \$7,982 for audit and management services; \$858 for professional and artistic services; \$400 for legal fees and \$141 for various other costs.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Fiscal Years Ended June 30, 2013 and 2012

Schedule 9

Technical Infrastructure/Medical Data Warehouse

The Department paid \$2,667 for the following services incurred prior to June 30, 2013: \$2,639 for professional technological consulting for the Enterprise Data Warehouse and \$28 for various other services.

Payment to Local Governments for Services to Recipients

The Department paid \$11,916 in federal financial participation funds to local governmental units for services incurred prior to June 30, 2013.

Healthcare Provider Relief Fund – 0793

Medical Assistance Providers

The Department paid \$506,797 for the following services incurred prior to June 30, 2013: \$492,265 for medical service payments to vendors for recipient services; \$9,786 for prompt pay interest; \$2,052 for prescription drugs and \$2,694 for various other costs.

Medical Special Purposes Trust Fund – 0808

Eligible Verify and Enroll System

The Department paid \$12,046 for the following services incurred prior to June 30, 2013: \$9,094 for professional technological consulting, project management in planning, management and oversight of the implementation of an integrated eligibility system to meet the requirements of the Affordable Care Act; \$2,672 for integrated eligibility system equipment; \$177 for software; and \$103 for various other expenditures.

Health Info Tech Initiative ARRA

The Department paid \$2,062 for the following services incurred prior to June 30, 2013: \$1,547 for professional consulting services for the implementation of the Illinois Health Information Exchange; \$391 grant payments for management services and \$124 for various other services.

NON-MAJOR GOVERNMENTAL FUNDS

Money Follows the Person Budget Transfer Fund - 0522

The Department paid \$416 for the following services incurred prior to June 30, 2013: \$481 to the University of Illinois for professional management services for the development and consultation for training for the Money Follows the Person Demonstration Project; \$59 to establish a transition coordinator for the program; \$5 for other miscellaneous services; less an offset of \$129 for refunds.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Fiscal Years Ended June 30, 2013 and 2012

Schedule 9

Child Support Administrative Fund – 0757

Contractual Services

The Department paid \$10,524 for the following services incurred prior to June 30, 2013: \$5,325 for Circuit Clerk fees, States Attorney fees, Sherriff fees and other legal fees for child support services; \$2,761 to the Department of Central Management Services (CMS) for statistical services; \$1,352 to CMS for facilities management; \$601 for other contractual services; \$289 for building rental and \$196 for various other services.

Telecommunications Services

The Department paid \$868 for the following services incurred prior to June 30, 2013: \$418 to CMS for data communications services; \$345 to CMS for telephone rental and services; \$94 to CMS for various other services and \$11 to other vendors for various services.

FIDUCIARY FUNDS

Child Support Enforcement Trust Fund - 0957

Interest Paid to Client, DCFS, Others

The Department paid \$1,601 in interest to custodial parents.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2013, 2012, and 2011
(Expressed in Thousands)

Schedule 10

Balance Sheet at June 30th of	2013	2012	2011
Accounts Receivable (Net)			
General Funds	\$ 294,091	\$ 442,502	\$ 404,941
Special Revenue Funds	11,457	10,967	11,100
Enterprise Funds	-	259	222
Internal Service Funds	-	22,468	19,052
Fiduciary Funds	213,228	232,883	240,730
Total Accounts Receivable (Net)	\$ 518,776	\$ 709,079	\$ 676,045
Accounts Receivable - All Funds			
At Gross	\$ 5,478,187	\$ 5,420,962	\$ 5,071,504
Less: Allowance for Uncollectible Accounts	(4,959,411)	(4,711,883)	(4,395,459)
Total Accounts Receivable (Net)	\$ 518,776	\$ 709,079	\$ 676,045

Aging of Gross Receivables

	2013	2012	2011
Receivables Not Past Due	\$ 203,538	\$ 327,523	\$ 405,345
Past Due Receivables:			
1 - 30 Days	608,870	668,662	533,314
31 - 90 Days	32,448	7,633	10,465
91 - 180 Days	23,192	28,349	23,664
181 Days - 1 Year	49,006	49,225	73,449
Over 1 Year	4,561,133	4,339,570	4,025,267
Total	\$ 5,478,187	\$ 5,420,962	\$ 5,071,504

Receivable areas within the Department adhere to the guidelines set forth by the Illinois State Collections Act of 1986 along with policy and legislation relevant to their program. Included in those guidelines are: internal offsets against future claims for providers with outstanding debt, Comptroller's Offset system, cyclical billings, letters and telephone contacts, private collection agencies, liens and judgments, and notify credit reporting agencies. In addition, the Department has implemented other methods of collection such as: income withholding, unemployment insurance benefit intercept, federal income tax refund offsets, professional license revocations, judicial remedies, driver's license revocations, new hire reporting, financial institution data match, agency collectors, Department of Revenue initiative, and referral to Attorney General's office. The Department receivables for fiscal year 2011 and 2012 include receivables for Group Insurance funds for the State of Illinois. This would include amounts in the Enterprise, Internal Service and Fiduciary funds accounts receivable. The Group Insurance funds were transferred to the Department of Central Management Service as of July 1, 2012. The June 30, 2013 balances do not include the accounts receivable of the transferred funds.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
INDIRECT COST REIMBURSEMENTS (UNAUDITED)
For the Two Years Ended June 30, 2013

The Department uses a cost allocation methodology to allocate indirect costs associated with the federal programs it administers in accordance with the Federally Approved Public Assistance Cost Allocation Plan. For fiscal year 2013, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$77.533 million. For fiscal year 2012, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$82.374 million. For fiscal year 2011, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$65.040 million.

SCHEDULE OF ADJUDICATION PATTERN, PAYMENT PATTERNS AND CLAIMS PAID (UNAUDITED)

For the Years Ending June 30, 2013 and 2012

SFY 2012

HFS Payment Category	Claim Count	HFS Processing (PendDt - DCNDt)	Appr-Cash Management Lag (DCNDt - Adjudicated Dt)	HFS Adjud to IOC Claim Paid Dt (Adjudicated Dt - Claim Paid Dt)	Total Avg Days to Pay	Voucher Amt
Hospitals - Inpatient	479,766	7.1	72.5	44.4	124.0	\$2,139,469,575
Hospitals - Outpatient	7,421,367	4.5	78.7	52.5	135.7	\$617,372,169
Long Term Care	736,137	0.0	65.3	27.1	92.4	\$1,670,481,638
Non Institutional Providers	20,877,224	4.4	20.8	22.6	47.8	\$1,464,652,457
Physicians	34,555,853	4.9	5.7	9.5	20.2	\$914,981,550
Prescribed Drugs	25,266,680	2.3	78.0	35.7	116.0	\$1,414,827,692
Total:	89,337,027	4.0	36.6	23.9	64.5	\$8,221,785,081

DHS Payment Category	Claim Count	HFS Processing (PendDt - DCNDt)	Appr-Cash Management Lag (DCNDt - Adjudicated Dt)	HFS Adjud to IOC Claim Paid Dt (Adjudicated Dt - Claim Paid Dt)	Total Avg Days to Pay	Voucher Amt
LTC Assessment Developmentally Disabled	18,088	0.0	50.6	2.9	53.5	\$43,947,759
LTC Developmentally Disabled	126,659	0.0	51.5	99.9	151.4	\$288,832,028
Total:	144,747	0.0	51.4	87.8	139.2	\$332,779,787

SFY 2013

PaymentCategory	Claim Count	HFS Processing (PendDt - DCNDt)	Appr-Cash Management Lag (DCNDt - Adjudicated Dt)	HFS Adjud to IOC Claim Paid Dt (Adjudicated Dt - Claim Paid Dt)	Total Avg Days to Pay	Voucher Amt
Hospitals - Inpatient	473,007	6.5	25.3	28.2	59.9	\$2,427,717,552
Hospitals - Outpatient	7,080,863	5.1	22.2	45.8	73.1	\$570,682,529
Long Term Care	759,166	0.0	24.0	39.8	63.8	\$1,813,921,446
Non Institutional Providers	19,201,731	4.3	8.8	26.8	39.7	\$1,225,360,491
Physicians	33,221,651	4.9	5.3	8.4	18.7	\$871,125,367
Prescribed Drugs	20,056,941	1.6	25.6	54.3	81.5	\$1,036,505,776
Total:	80,793,359	3.9	13.0	27.9	44.7	\$7,945,313,161

DHS Payment Category	Claim Count	HFS Processing (PendDt - DCNDt)	Appr-Cash Management Lag (DCNDt - Adjudicated Dt)	HFS Adjud to IOC Claim Paid Dt (Adjudicated Dt - Claim Paid Dt)	Total Avg Days to Pay	Voucher Amt
LTC Assessment Developmentally Disabled	11,238	0.0	48.0	3.4	51.4	\$33,891,699
LTC Developmentally Disabled	134,594	0.0	48.3	61.3	108.9	\$311,326,564
Total:	145,832	0.0	48.3	56.8	104.4	\$345,218,263

This analysis presents average Medicaid adjudicated days, which are defined as the time elapsing in calendar days from the receipt date to the date the claims are vouchered. This schedule also presents average payment days, which are defined as the time elapsing in calendar days from the receipt date to the date a warrant is mailed by the State Comptroller.

The Long Term Care developmentally disabled General Revenue Fund and Assessment Trust Fund are Department of Human Services (DHS) appropriations, but the Department of Healthcare and Family Services manages payment of claims from these funds on behalf of DHS.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Two Years Ended June 30, 2013

The Illinois Department of Healthcare and Family Services (Department) is responsible for providing health care coverage for adults, children, seniors and the disabled; and helping to ensure that Illinois children receive financial support from both parents by establishing and enforcing child support obligations.

The Department is organized into two major program areas: Division of Medical Programs and Division of Child Support Services. In addition, the Office of Inspector General is maintained within the Department, but functions as a separate, independent entity reporting directly to the Governor's Office.

Division of Medical Programs

The Division of Medical Programs is responsible for administering the Medical Assistance Programs under the Illinois Public Aid Code, the Children's Health Insurance Program Act, the Covering All Kids Health Insurance Act, the Veteran's Health Insurance Program Act, and other provisions of State law, and Titles XIX and XXI of the federal Social Security Act.

The Division's main objectives are to:

- Provide quality health care coverage to low-income families, children and low-income senior citizens.
- Test and implement strategies to improve health outcomes for women and children, as well as provide dental services to those who qualify.
- Provide health care coverage to working residents of Illinois with disabilities.
- Provide health care coverage to limited-income veterans through the Veterans Care Program.
- Provide health care coverage to eligible Illinois residents with breast or cervical cancer.
- Provide limited medical assistance to residents requiring chronic renal dialysis.
- Provide assistance to eligible Illinois residents who may benefit from family planning services, or who financially qualify for the Hemophilia program.
- Offer community-based alternatives to individuals who would otherwise reside in institutional settings.
- Improve the health of clients and reduce health care costs through the care coordination and case management in collaboration with the statewide primary care case management program.

Division of Child Support Services

The Division of Child Support Services (DCSS) establishes legal parentage and establishes and enforces child support payment obligations for children. DCSS enforces child support payment obligations for all custodial parents, regardless of whether the custodial parent receives other assistance. DCSS collects and disburses child support payments made via income withholding, whether or not the custodial parent also receives enforcement services.

The Division's main objectives are to:

- Operate the State Disbursement Unit (SDU), a centralized payment-processing site for child support payments.

- Establish legal parentage and support orders.
- Enforce support orders through judicial and administrative means.
- Assist parents and guardians in locating non-custodial parents.
- Review and modify support orders.
- Provide referral services to low-income non-custodial parents.

Office of Inspector General

The Inspector General is appointed by, and reports to, the Governor and is confirmed by the Senate. The mission of the Office of Inspector General (OIG) is to prevent, detect and eliminate fraud, waste, abuse, misconduct and mismanagement in the programs administered by the Department. The OIG also conducts investigations for the Illinois Department of Human Services and the Department on Aging.

Planning

The Office of Planning continues to support the overall strategic planning and outcome measurement functions for the agency, but since fiscal year 2011 has focused extensively on the implementation of the Affordable Care Act (the ACA, more broadly known as Health Reform) and related eligibility issues. Between now and mid-2014, the Department will enroll a number of new clients, greater than 20% of its current population. In order to accommodate so many new enrollees in a short time period, the Department will have to completely revise its enrollment systems, including the intake system it currently shares with the Department of Human Services. Additionally, the Department will be working closely with other State agencies in the creation of an Illinois Health Benefits Exchange, which will have important implications for Medicaid.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)
For the Years Ended June 30, 2013, 2012 and 2011

Below is a summary of the average number of personnel employed by the Department, by fund, for the fiscal years ended June 30, 2013, 2012 and 2011.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Revenue Fund			
Program Administration	214	224	253
Office of Inspector General	62	77	153
Attorney General	17	19	19
Medical	456	477	524
Managed Care	14	19	21
KidCare – Look Alike	101	113	102
KidCare – Rebate	0	36	36
Prescribed Drugs	35	33	30
Medi Rev*	<u>7</u>	<u>6</u>	<u>6</u>
Total General Revenue Fund	<u>906</u>	<u>1,004</u>	<u>1,144</u>
Other Funds			
Care Provider for Persons with DD	1	1	1
Long-Term Care Provider	6	9	10
Medical Special Purpose Trust	10	11	10
Child Support Administration	905	946	967
Public Aid Recoveries Trust	269	203	132
Group Insurance	<u>0</u>	<u>16</u>	<u>16</u>
Total Other Funds	<u>1,191</u>	<u>1,186</u>	<u>1,136</u>
Grand Total – All Funds	<u>2,097</u>	<u>2,190</u>	<u>2,280</u>

*Medical electronic interchange recipient eligibility verification

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
FISCAL YEAR STATISTICS – MEDICAID ENROLLMENT (UNAUDITED)
For the Years Ended June 30, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Average Number of Enrollees (1)	2,776,566	2,777,349	3,006,921
Annual Expenditures (2)	\$11,577,812,500	\$9,148,543,800	\$9,913,483,500
Expenditure per Enrollee (3)	\$4,169.83	\$3,293.98	\$3,296.89

NOTES:

- (1) Full benefit enrollment. Reflects the annual full-time equivalents (FTE) average enrollees.
- (2) The fiscal year 2013 16-month total expenditure number represents HFS Medical Assistance spending only and excludes the Hospital Assessment payments, County Provider Trust Fund, University of Illinois Hospital Services Fund and other special purpose/federal pass-through funds. \$380.2 million of Medicare Premium payments were paid via Federal Aid Offset.
- (3) For illustration purposes only: Expenditure per enrollee is calculated by dividing expenditures against a given fiscal year's appropriations by the average number of enrollees for that fiscal year. The resulting figures do not represent actual cost per user.

SOURCE: Division of Finance

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
EMERGENCY PURCHASES (UNAUDITED)
For the Years Ended June 30, 2013 and 2012

The Department reported the following emergency purchases to the Office of the Auditor General during fiscal years 2013 and 2012:

<u>Vendor / Description</u>	<u>Cost / Estimate</u>
<p>Health Services Advisory Group The Department entered into an emergency 90-day contract and then an additional 10-month contract with Health Services Advisory Group (HSAG) to continue to receive federally mandated services of an External Quality Review Organization (EQRO). The EQRO provides external independent quality assurance oversight of managed care, including quality outcomes, timeliness of and access to services, and compliance with state and federal quality assurance requirements; validation of quality measures; and review and recommendations in relation to the State's Quality Assurance Strategy for Managed Care.</p>	\$ 789,394
<p>Automated Health Systems, Inc. The Department extended its contract with Automated Health Systems, Inc. under an emergency purchase for 90 days. The emergency contract extension was necessary to continue the Client Enrollment Broker Program which fulfills the federal requirement for the provision of health care choice education.</p>	1,200,000
<p>Automated Health Systems, Inc. The Department extended its contract with Automated Health Systems, Inc. under an emergency purchase for 90 days to ensure that the care coordination received through the Primary Care Case Management Program would continue to be available to clients.</p>	5,100,000
<p>Milliman, Inc. The Department issued a 90-day emergency extension of the Milliman, Inc. contract until an RFP could be issued and the contract awarded. Milliman assists the Department in the development of actuarial rates for risk based MCOs and provides other actuarial assistance as requested by the Department.</p>	94,629
<p>Health Alliance Illinois The Department, on behalf of the Department of Central Management Services, entered into an emergency contract extension to provide managed care group insurance to State employees and other groups covered by the State Employee Group Insurance Act.</p>	1,303,374
<p>Health Alliance HMO The Department issued a Supplemental HMO RFP for managed care access. Because this RFP would not be awarded by September 28, 2012, when the 90-day emergency contract ended, a new contract was needed to ensure that members have access to statewide managed care.</p>	334,132,245
<p>Coventry The Department, on behalf of the Department of Central Management Services, entered into an emergency contract extension to provide managed care group insurance to State employees and other groups covered by the State Employee Group Insurance Act.</p>	45,747,711

Vendor / Description

Cost / Estimate

Automated Health Systems

The Department sought approval to extend its 90-day emergency contract for Primary Care Case Management (PCCM) Program Administrator services with Automated Health Systems, for an additional 15 months to allow for the continued operation of Illinois' PCCM program.

29,232,408

United Parcel Service (UPS)

The Department entered into an emergency contract for 90 days and then an additional 90 days to extend the current UPS contract to continue overnight and ground delivery services for the Department, Department of Human Services and the Department of Public Health while an Invitation for Bids was being processed and a contract awarded.

59,493

Datamation Imaging Services Corporation

The Department entered into an emergency contract with Datamation for the purpose of contracting services regarding imaging of hard copy files in order to create electronic case records of active cases.

330,535

Coventry

The Department entered into an emergency contract for 90 days to provide managed care group insurance to State employees and other groups covered by the State Employee Group Insurance.

14,007,321

Health Alliance HMO

The Department entered into an emergency contract for 90 days to provide managed care group insurance to State employees and other groups covered by the State Employee Group Insurance Act.

132,047,792

Health Alliance Illinois

The Department entered into an emergency contract for 90 days to provide managed care group insurance to State employees and other groups covered by the State Employee Group Insurance Act.

11,545,604

EQHealth Solutions

The Department entered into an emergency 90-day contract and an additional 90-day contract to extend the current contract with EQHealth solutions to continue to provide quality management and quality review actions for Illinois 1915(c) Home and Community Based Services.

2,045,852

Montenegro Paper, Ltd.

The Department sought to award an Emergency Contract to Montenegro Paper, Ltd., for the purchase of 500,000 envelopes for agency mandated mailings.

8,740

PersonalCare HMO

PersonalCare OAP

HealthLink

Health Alliance

Health Alliance Illinois

The Department requested the Chief Procurement Officer (CPO) to extend the following emergency contracts beyond 90 days: PersonalCare HMO (reference# 22021951), PersonalCare OAP (reference# 22021949), Healthlink (reference# 22021940), Health Alliance Medical Plans (reference# 22021947) and Health Alliance Illinois (reference# 22021948). The Department requested the CPO extend these emergency contracts for up to a period of 9 months.

657,163,588

Vendor / Description

Cost / Estimate

Matrix Systems Group, Inc.

The Department purchased the following software to be used in the development of the Integrated Eligibility System (IES): Corticon Software and Quest JProbe Suite Software. This software was needed immediately to enable the IES Project to stay on schedule to comply with the Patient Protection and Affordable Care Act requirements.

817,150

Automated Health Systems, Inc.

The Department extended its contract with Automated Health Systems, Inc. effective September 29, 2012 through December 31, 2012. The emergency contract was necessary to continue the Client Enrollment Broker Program which fulfills the federal requirement for the provision of healthcare choice education.

2007-24-001-11 09/29/12 – 12/31/12

1,200,000

2007-24-001-11 01/01/13 – 04/30/13

1,588,500

DentaQuest of Illinois

The Department extended its existing contract with DentaQuest of Illinois to continue to provide dental program administration services while a new procurement for the services was completed.

2007-38-001-6 – 3/1/12 – 2/28/13

295,700,000

2007-38-001-7 – 3/1/13 – 5/29/13

3,200,000

2007-38-001-6 – 5/30/13 – 12/31/13

7,500,000

Breaker Press Company

The Department entered into an emergency procurement with a print and mail vendor to handle printing and mailing of roughly 1.5 million notices to clients of the Department. The emergency prevented serious disruption to critical services that affect health, and collection of substantial State revenues.

49,650

EQHealth Solutions, Inc.

The Department gave notice of its intent to extend the contract with EQHealth Solutions. The emergency contract extension was necessary to continue to provide quality management and quality review actions for Illinois 1915(c) Home and Community Based Services (HCBS) waiver for Department beneficiaries as required by the Federal Centers for Medicare and Medicaid Services mandate and so that the Department continued to conduct oversight monitoring for five of the largest waivers and provided quality assurance supports through consultation and projects.

2006-38-004-11

4,311,224

2006-38-004-12

6,053,221

2012-35-002-3 – 3/31/12 – 12/31/12

662,306

2012-35-002-3 – 1/1/13 – 4/30/13

293,622

2012-35-002-5 – 5/1/13 – 12/31/13

662,306

TOTAL

\$1,556,846,665

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2013

Child Support Services

Narrative Description of the Program

The Division of Child Support Services (DCSS) serves families composed of Temporary Assistance to Needy Families (TANF), Medical Assistance No Grant (MANG) clients and any other Illinois residents requesting child support services (Non-Assistance (N/A) clients). The Division helps to establish paternity, locate non-custodial parents, establish child support through judicial or administrative processes, and enforce child support orders through income withholding orders, unemployment benefit intercepts, federal and state tax intercepts, real and personal property liens, denial of passports, suspension of driver's, hunting, and fishing licenses and other lump sum intercepts. DCSS also assists other states to establish parentage and establish and enforce child support on behalf of their residents. Together, these TANF, MANG and N/A cases receiving these services are known as Title IV-D cases. The Division also processes non-IV-D cases through the State Disbursement Unit (SDU). These activities suggest some of the basic indicators of the Division's performance, many of which are driven by federal reporting requirements and standards.

Program Goal

The program goal is to enforce child support payment obligations of non-custodial parents for Illinois' most vulnerable children.

Performance Measures	<u>FY 2012</u>	<u>FY 2013</u>
Total child support collections (in thousands, includes all Title IV-D, TANF & non-TANF)	\$1,393,229.3	\$ 1,388,456.6
Number of IV-D cases with new support orders established	47,485	45,931
Amount of total child support arrearages collected (in thousands, includes all Title IV-D, TANF & non-TANF)	\$ 278,780.9	\$ 263,297.6

Evaluation of Performance/Activity Measures

Effectiveness is measured by monitoring the status of the measures shown above on an ongoing basis.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2013

Medical Programs

Narrative Description of the Program

The Division of Medical Programs administers and, in conjunction with the federal government, funds medical services in Illinois. Illinois' Medical Assistance Programs, consisting of Medicaid and numerous other medical programs associated with it, provide comprehensive health care coverage to over 2.7 million Illinoisans. The programs cover children, parents or relatives caring for children, pregnant women, veterans, seniors, persons who are blind, and persons with disabilities.

Program Goal

The program goal is to improve the health of Medical Programs' participants by providing access to quality health care.

Performance Measures	<u>FY 2012</u>	<u>FY 2013</u>
Total number of children enrolled in Medical Programs.	1,685,822	1,635,686*
Number of non-senior adults with disabilities enrolled in Medical Assistance Programs.	259,431	260,814*
Seniors enrolled in Medical Assistance Programs.	174,194	179,437*

*As of July 25, 2013.

Evaluation of Performance/Activity Measures

In fiscal year 2013, the average monthly count of enrolled individuals for which the Department provided means-tested medical coverage was over 2.7 million, including pregnant women, infants, children and teenagers, seniors and people with disabilities, people struggling with one-time catastrophic medical bills, and children and adults with chronic health problems. Licensed practitioners, hospital and nursing facilities, and other non-institutional providers enrolled with the Department provided these medical services. The Department's mission is to improve the health status of individuals enrolled in the Medical Assistance Programs, while simultaneously containing costs and maintaining program integrity.

Medicaid Reform Law

In order to fundamentally carry out the mission of the Healthcare and Family Services agency, the Department needs to reform the systems that deliver medical care to clients. The Medicaid Reform Law, P.A. 96-1501, adopted by the Illinois General Assembly in 2011, mandates that 50 percent of all Illinois Medicaid recipients be in coordinated care by January 1, 2015. This means

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2013

that at least 1.5 million of Illinois’ Medicaid clients — children, parents, seniors and persons with disabilities — will receive benefits through an integrated health care delivery system, replacing the current fee-for-service fragmented system.

Accountability

Although providing access to quality health care is the overriding mission of the Department, it is also critical to perform this function in the most cost effective and efficient manner. Two performance indicators have been selected to measure one aspect of this effectiveness: Cost avoidance is a strategy recognized by the Centers for Medicare and Medicaid Services and is devised to make Medicaid the payer of last resort. Cost avoided dollars are Medicaid savings, realized through the discovery of a private payer responsible for medical bills of medical assistance participants. The Department saved the taxpayers of Illinois over \$389 million in fiscal year 2011, over \$491 million in fiscal year 2012, and over \$592 million in fiscal year 2013.

Inspector General

Narrative Description of the Program

The Inspector General is appointed by the Governor, reports to the Governor, and is confirmed by the Illinois State Senate. The mission of the Office of Inspector General (OIG) is to prevent, detect and eliminate fraud, waste, abuse, misconduct, and mismanagement in the programs administered by the Department of Healthcare and Family Services. The OIG conducts investigations for the Department’s programs administered by the Department of Human Services and the Department on Aging.

Program Goal

The Office of Inspector General (OIG) combats fraud and abuse by implementing innovative Medicaid fraud prevention and detection techniques, preventing ineligible applicants from receiving benefits, conducting client eligibility investigations, performing Medicaid client fraud investigations, restricting clients who abuse their benefits, conducting post-payment audits and Quality of Care reviews of Medicaid providers and identifying assets which were not disclosed by applicants for long-term care.

Performance Measures	FY 2012	FY2013
Amount actually collected from providers for inappropriate actions (in thousands)	\$ 25,702.2	\$ 62,979.0
Amount prevented by catching specific recipients inappropriate claiming	\$ 32,091.9	\$ 40,413.2

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2013

Evaluation of Performance/Activity Measures

The performance measure “amount actually collected from providers for inappropriate actions” is essentially the dollar amount collected as a result of enforcement activities. Enforcement activities included in this performance measure for FY13 were: provider audits, global settlements, child care overpayments, fraud science team actions, SNAP overpayments, client overpayments, restitution payments and provider sanctions—cost savings.

The performance measure “amount prevented by catching specific recipients inappropriate claiming” is essentially the amount of money not inappropriately spent as a result of a preventive activity. The preventive activities included in this performance measure for FY13 were: fraud prevention investigations, long-term care—asset discovery investigations, new provider verifications, SNAP disqualifications, recipient restrictions and provider sanctions—cost avoidance.