

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

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011**

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

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Financial Statement Report

The Department's financial statement report for the year ended June 30, 2011, which includes the report of independent auditors, required supplementary information other than management discussion and analysis, basic financial statements and notes, supplementary information, and the independent auditors' 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* has been issued separately.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
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AGENCY OFFICIALS

Director	Barry S. Maram (7/1/09 – 4/15/10) Julie Hamos (4/16/10 – Current)
Assistant Director	Sharron Matthews
Deputy Directors	
Community Outreach	Peter F. Vina
Administrative Operations	Ian Doughty (12/16/09 – 4/19/10) Carolyn Williams Meza (7/1/10 – Current)
Human Resources	Richard Foxman
Policy	Laura Zaremba (7/1/09 – 5/14/10) Michael Koetting (7/10/10 – Current)
General Counsel	Jeanette Badrov
Inspector General	John C. Allen
Strategic Sourcing/Procurement Officer	Tom Sestak (Acting) (7/1/09 – 1/15/11)
Chief Administrative Officer	Tamara Hoffman (7/1/09 – 11/20/09) Carolyn Williams Meza (1/25/10 – 6/15/11)
Administrators	
Division of Child Support Services	Pamela Lowry
Division of Finance	Michael Moss (7/1/09 – 5/15/11)
Division of Medical Programs	Theresa Eagleson
Division of Personnel and Administrative Services	Theresa Bietsch
Chiefs	
Office of Legislative Affairs	Emily Coultas (7/1/09 – 7/31/10) Selma D’Souza (2/28/11 – Current)
Office of Fiscal Management	Jack Dodds
Office of Healthcare Purchasing	Pat Frueh (Acting) (7/1/09 – 5/31/11)
Office of Information Services	Ivan Handler (7/1/09 – 3/31/11)

Department of Healthcare and Family Services offices are located at:

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April 10, 2012

Office of the Auditor General
740 East Ash
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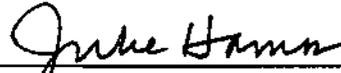
Ladies and Gentlemen:

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, 2011. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2010, 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. The 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. The 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 very truly,

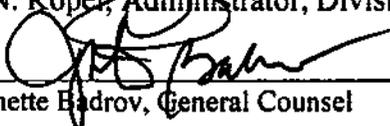
Illinois Department of Healthcare and Family Services



Julie Hamos, Director



F. N. Kopel, Administrator, Division of Finance



Jeanette Badrov, General Counsel

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
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For the Two Years Ended June 30, 2011

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.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	12	13
Repeated findings	3	8
Prior recommendations implemented or not repeated	10	9

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-1	12	Financial statement preparation	Material Weakness Material Noncompliance
11-2	15	Insufficient controls over the University of Illinois Hospital Services Fund	Material Weakness
11-3	17	Lack of written rate-setting methodology	Significant Deficiency
11-4	19	Inadequate controls over County Hospital Services Fund	Significant Deficiency

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FINDINGS (STATE COMPLIANCE)

11-5	21	Lack of due diligence to ensure computer security	Significant Deficiency
11-6	23	Lack of adequate disaster contingency planning or testing to ensure recovery of computer systems and data	Significant Deficiency
11-7	25	Receipt reconciliation not performed timely	Significant Deficiency Noncompliance
11-8	27	Inadequate controls over personal services	Significant Deficiency Noncompliance
11-9	29	Failure to perform responsibilities	Significant Deficiency Noncompliance
11-10	30	Failure to certify health care premium amounts	Significant Deficiency Noncompliance
11-11	32	Insufficient investment information posting	Significant Deficiency Noncompliance
11-12	33	Failure to include intergovernmental transfer calculation	Significant Deficiency Noncompliance

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

11-1	12	Financial statement preparation	Material Weakness Material Noncompliance
11-2	15	Insufficient controls over the University of Illinois Hospital Services Fund	Material Weakness Noncompliance
11-3	17	Lack of written rate-setting methodology	Significant Deficiency Noncompliance
11-4	19	Inadequate controls over County Hospital Services Fund	Significant Deficiency Noncompliance

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PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

- A 34 Failure to provide requested engagement documentation in a timely manner
- B 34 Incorrect health insurance premium rates charged

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

- C 35 Failure to comply with interagency agreements
- D 35 Noncompliance with the Alternative Healthcare Delivery Act
- E 35 External peer-based quality assurance contractor not located in Illinois
- F 36 Contract with a community mental health services provider not established
- G 36 Failure to create a health care advocates committee
- H 36 Noncompliance with the Disabilities Services Act
- I 37 Untimely Medicaid annual report
- J 37 Pilot project not implemented

EXIT CONFERENCE

The Department waived an exit conference in correspondence dated March 27, 2012.

The responses to the recommendations were provided by Julie Hamos, Director, in a letter dated April 10, 2012.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

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, 2011. 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.

We conducted our examination 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.

As described in finding 11-1 in the accompanying schedule of findings, the State of Illinois, Department of Healthcare and Family Services did not comply with requirements regarding:

- 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.

Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department of Healthcare and Family Services to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Department of Healthcare and Family Services complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2011. However, the results of our procedures disclosed other instances of noncompliance, 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 11-2, 11-3, 11-4, 11-7, 11-8, 11-9, 11-10, 11-11, and 11-12.

Internal Control

The 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 as a basis for designing our examination procedures 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can

be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in an entity's internal control over compliance 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 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 such that there is a reasonable possibility that a 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. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as findings 11-1 and 11-2 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or 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. We consider the deficiencies in internal control over compliance described in findings 11-3, 11-4, 11-5, 11-6, 11-7, 11-8, 11-9, 11-10, 11-11, and 11-12 in the accompanying schedule of findings to be significant deficiencies.

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

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 them.

Supplementary Information for State Compliance Purposes

We have audited the financial statements of the governmental activities, the business-type activities, each 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, 2011, which collectively comprise the State of Illinois, Department of Healthcare and Family Services' basic financial statements, and have issued our report thereon dated April 10, 2012. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois, Department of Healthcare and Family Services. The 2011 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011 taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the State of Illinois, Department of Healthcare and Family Services' basic financial statements for the year ended June 30, 2010. In our report dated April 20, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the

business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2010 and 2009 Supplementary Information for State Compliance Purposes, except for the portion marked “unaudited” is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2010 and June 30, 2009, taken as a whole.

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

A handwritten signature in blue ink that reads "Bruce L. Bullard". The signature is written in a cursive style with a horizontal line underneath the name.

Bruce L. Bullard, CPA
Director of Financial and Compliance Audits

April 10, 2012

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT AUDITORS' 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

We have audited the financial statements of the governmental activities, the business-type activities, each 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, 2011, which collectively comprise the State of Illinois, Department of Healthcare and Family Services' basic financial statements, and have issued our report thereon dated April 10, 2012. 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.

Internal Control Over Financial Reporting

Management of the State of Illinois, Department of Healthcare and Family Services is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State of Illinois, Department of Healthcare and Family Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and 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 financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Healthcare and Family Services' internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in findings 11-1 and 11-2 in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency or 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. We consider the deficiencies described in findings 11-3 and 11-4 in the accompanying schedule of findings to be significant deficiencies.

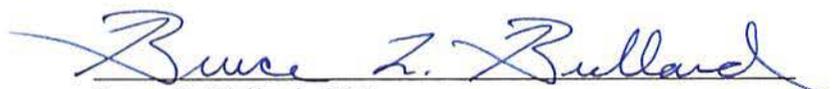
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Healthcare and Family Services' financial statements are free of 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 11-1.

We noted certain matters that we reported to management of the State of Illinois, Department of Healthcare and Family Services in a separate letter dated April 10, 2012.

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. We did not audit the State of Illinois, Department of Healthcare and Family Services' responses and, accordingly, we express no opinion on them.

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



Bruce L. Bullard, CPA
Director of Financial and Compliance Audits

April 10, 2012

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF FINDINGS
GOVERNMENT AUDITING STANDARDS
For the Two Years Ended June 30, 2011

11-1. **FINDING** (Financial statement preparation)

The Illinois 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. In addition, financial reporting was not timely.

Several errors were identified during the audit of the Department's draft financial statements. The Department's financial statements were adjusted for the following reporting errors:

- An adjustment identified by management totaling \$325.778 million was made to restate receivables as of July 1, 2010 due to an inaccurate estimate of the Department's drug rebate receivable.
- The Department classified \$33.451 million of intergovernmental payments as expenditures instead of transfers-out.
- The Department did not correctly compute the allocation amount for the Health Insurance Reserve Fund Liability. As a result, \$9.970 million was incorrectly allocated to the Road Fund instead of the General Revenue Fund.
- Liabilities related to medical accrual were incorrectly calculated resulting in accounts payable and health and social service expenditures to be understated by \$25.518 million.
- The Department incorrectly classified Fund Balance as Unassigned instead of Committed in two funds totaling \$39.805 million and as Restricted instead of Committed in one fund totaling \$117.213 million.
- Accounts payable totaling \$1.613 million was overstated due to the Department recording vouchers that were in transit to the Office of the Comptroller twice.

Also, a complete set of the Department's financial statements were not provided to the auditors until February 6, 2012, seven months after the year end. To complete the Department's financial statements, the Department was required to obtain and include in the Department's financial statements actuarial valuations for purposes of complying with the requirements of Statement No. 45 of the Governmental Accounting Standards Board (GASB). The draft actuarial valuation was not available to the auditors until January 27, 2012 and the final actuarial valuation was not provided until February 27, 2012.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF FINDINGS
GOVERNMENT AUDITING STANDARDS
For the Two Years Ended June 30, 2011

The Comptroller requires State agencies to prepare GAAP Reporting Packages to assist in the annual preparation of the Statewide financial statements and the Department's financial statements. GAAP Reporting Package instructions are specified in the Statewide Accounting Management System Manual (Chapter 27). The Comptroller also sets due dates for the financial information to be submitted in order for the Statewide and Department's financial statements to be prepared and audited within a specified timeline to provide the financial statements to users in a timely manner.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all 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 reports and to maintain accountability over the State's resources.

Department management stated the complexity of the Department's financial statements was a contributing factor in the lack of accuracy in the presentation of the GAAP financial statements and notes. The implementation of new accounting procedures and evolving guidance during the implementation resulted in the Department interpreting the application without defined guidance. The Department has also experienced a loss of seasoned staff, an increase in time to replace staff, the addition of new and inexperienced staff, and the related loss of institutional knowledge in the financial reporting area.

The completed notes to the financial statements were not timely due to the inclusion of the GASB 45 valuation disclosures. The GASB 45 valuation was not completed until January 27, 2012 due to the conjunctive efforts needed by the Department, three retirement systems and the contracted actuary. Once this data was submitted to the actuarial firm, the first drafts of the valuations were completed within 8 weeks. Upon completion, the valuations were reviewed, variances were calculated and explained, and random sampling was completed to attain a level of reasonableness at the data level.

Failure to implement appropriate internal controls and provide timely financial information could lead to future misstatements of the Statewide and the Department's financial statements. (Finding Code No. 11-1, 10-1, 09-2)

RECOMMENDATION

We recommend the Department implement additional internal control procedures to ensure GAAP Reporting Packages are prepared in an accurate and timely manner.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF FINDINGS
GOVERNMENT AUDITING STANDARDS
For the Two Years Ended June 30, 2011

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is continually assessing the financial reporting process and implementing procedures to improve upon timeliness and accuracy.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF FINDINGS
GOVERNMENT AUDITING STANDARDS
For the Two Years Ended June 30, 2011

11-2. **FINDING** (Insufficient controls over the University of Illinois Hospital Services Fund)

The Illinois Department of Healthcare and Family Services (Department) did not have adequate controls for hospital rates that are reimbursed to the University of Illinois Hospital and Clinics (Hospital) for services provided to individuals.

During our review of the University of Illinois Hospital Services Fund, which included a review of the Interagency Agreement between the Board of Trustees of the University of Illinois and the Department and testing of reimbursement rates that are determined by the Department, we noted the following:

- The Department did not calculate the Fiscal Year 2011 inpatient and outpatient rates in a timely manner. The Department did not notify the Hospital of the rates until October 1, 2010, three months after the beginning of the Fiscal Year. Thus, the Department was forced to utilize the Fiscal Year 2010 inpatient and outpatient rates for the first three months of Fiscal Year 2011.
- The Department did not make an adjustment to re-price the Fiscal Year 2011 inpatient and outpatient claims from Fiscal Year 2010 rates to Fiscal Year 2011 rates in a timely manner.
- The Department's calculation of the Fiscal Year 2011 inpatient rate was incorrect. Two of the amounts used by the Department to calculate the rate did not agree with the data provided by the Hospital. The Fiscal Year 2011 inpatient rate calculated by the Department was approximately \$140 less than what the rate should have been.

The Department did not make these adjustments until February 2012 which is eight months after the fiscal year end. Due to the errors noted above, the Hospital was underpaid a total of \$5.053 million.

The Department and the Board of Trustees of the University of Illinois entered into an Interagency Agreement (Agreement) that requires the Department to reimburse the Hospital for services provided by the Hospital. The Department utilizes an inpatient rate and outpatient rates to reimburse the Hospital. These reimbursable rates are to be recalculated annually for each Fiscal Year in accordance with the Illinois Medicaid State Plan.

Department management stated that inadequate procedures, staffing allocation, and lengthy rate negotiations contributed to the errors and untimely rate calculations and adjustments.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF FINDINGS
GOVERNMENT AUDITING STANDARDS
For the Two Years Ended June 30, 2011

Failure to timely calculate inpatient and outpatient rates and calculate an accurate inpatient rate is noncompliance with the Agreement and results in significant adjustments that need to be made. (Finding Code No. 11-2, 09-3, 08-6)

RECOMMENDATION

We recommend the Department timely calculate inpatient and outpatient rates, timely make necessary adjustments, and use correct data to calculate inpatient rates.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department has streamlined the process for calculating rates for the U of I. Effective July 1, 2012, the Division of Finance, Bureau of Rate Development and Analysis will have a complete procedures manual which will include timelines and calculations as they pertain to the respective Administrative Rules.

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11-3. **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).

During our testing we noted the following:

- Only one individual is involved in calculating the insurance rates and there was no written rate-setting methodology of how this individual calculates the TRIP insurance rates. Additionally, there was no formal process for a documented review of the insurance rate calculation.
- During fiscal year 2010, the Department did provide the Teachers' Retirement System of the State of Illinois by April 15th with historical and projected data on enrollment, utilization, and costs of TRIP information which is used to determine the amount of health care premiums charged to participants in TRIP; however, there was no rate-setting methodology provided explaining where the information was obtained from and how the information was used to determine the premium rates. During fiscal year 2011, the Department did not provide any information relating to the health care premiums, historical and projected data, or methodology to the Teachers' Retirement System of the State of Illinois.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5(e)) requires the Director of the Department of Central Management Services to determine the insurance rates and premiums for Teachers' Retirement System benefit recipients and dependent beneficiaries, and present to the Teachers' Retirement System of the State of Illinois, by April 15th of each calendar year, the rate-setting methodology (including but not limited to utilization levels and costs) used to determine the amount of the health care premiums.

Executive Order 2005-3, *Executive Order to Reorganize Agencies by the Transfer of Certain Healthcare Procurement and Administrative Functions Primarily of the Department of Central Management Services to the Department of Healthcare and Family Services* issued by the Governor on April 1, 2005 transferred the respective powers, duties, rights and responsibilities related to State Healthcare Purchasing from various departments, including CMS, to the Department of Healthcare and Family Services. The Executive Order states the statutory powers, duties, rights and responsibilities of the various agencies, including CMS, derive from various statutes including 5 ILCS 375 *et seq.* The functions associated with State Healthcare Purchasing intended to be transferred included rate development.

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Good internal controls would require that no one individual should control a key aspect of a transaction or event. The Statewide Accounting Management Systems Manual (Procedure 2.50.10) requires duties and responsibilities be assigned systematically to a number of individuals to ensure that effective checks and balances are in place and routinely practiced.

Department management stated that the rate setting calculations are performed via formulas retained in electronic spreadsheets and staff resources have not been available to convert the electronic methodology into written procedures.

Without a formal written rate-setting methodology, the Department cannot ensure that the insurance rates are being calculated consistently and correct premium rates being charged for TRIP are in accordance with State statutory requirements. In addition, over reliance on one individual for the calculation of TRIP insurance rates without a proper written rate-setting methodology subjects the State to potential disruption in the event that there are changes to that individual's employment status. Also, failure to submit the required information to the Teachers' Retirement System by April 15th is noncompliance with the State Employees Group Insurance Act. (Finding Code No. 11-3)

RECOMMENDATION

We recommend the Department develop a formal written rate-setting methodology as required by the State Employees Group Insurance Act. We also recommend the Department comply with all submission requirements of the State Employees Group Insurance Act.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will develop a formal written rate-setting methodology and comply with all submission requirements as required by the State Employees Group Insurance Act.

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11-4. **FINDING** (Inadequate controls over County Hospital Services Fund)

The Illinois Department of Healthcare and Family Services (Department) did not have adequate controls over the County Hospital Services Fund.

During our review of the County Hospital Services Fund, which included a review of the Interagency Agreement between the Cook County Health and Hospitals System, the Cook County Board of Commissioners and the Department and testing of reimbursement rates that are determined by the Department, we noted the following:

- The Department's calculations of the Fiscal Year 2011 outpatient rates for two Cook County hospitals were incorrect. The incorrect outpatient rates were the result of the Department using the incorrect "Medicare Adjustment Factor" when determining the outpatient rates for these two hospitals. When calculating the outpatient rates for these hospitals, the same "Medicare Adjustment Factor" was used for all three hospitals instead of different "Medicare Adjustment Factors" for each hospital. The Department entered into an Interagency Agreement with the Cook County Health and Hospitals System and the Cook County Board of Commissioners (Cook County) that requires the Department to reimburse Cook County for outpatient services provided by Cook County hospitals. These reimbursable rates are to be recalculated annually for each Fiscal Year in accordance with the Illinois Medicaid State Plan.
- The Department was unable to provide documentation to support its calculation of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 Disproportionate Share Hospital Adjustment Payments (BIPA DSH) for Fiscal Year 2011. Furthermore, based on the auditor's calculation of the Fiscal Year 2011 BIPA DSH payment allocation to the Cook County hospitals, it appears the Department used the total Medicaid inpatient days from Fiscal Year 2004 instead of the total Medicaid inpatient days from Fiscal Year 2008, which would be the appropriate determination year for Fiscal Year 2011. Due to the Department's failure to provide the total Medicaid inpatient days from Fiscal Year 2008, the proper allocation of the BIPA DSH payments could not be determined. Amendment No. 3 to the Interagency Agreement between the Department and the Cook County Board of Commissioners (Amendment) defines "total Medicaid inpatient days" as hospital inpatient days subsequently adjudicated by the Department through the last day of June preceding the DSH determination year and contained within the Department's paid claims database. Further, the Amendment defines "DSH determination year" as the twelve month period beginning on October 1 of the second year preceding the DSH rate year (October 1st through September 30th) and ending September 30th of the following year. As a result, the Department should have used the total Medicaid inpatient

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days from Fiscal Year 2008 to determine the BIPA DSH payment allocation to the Cook County hospitals instead of the total Medicaid inpatient days from Fiscal Year 2004.

The Department did not make these adjustments until February 2012 which is eight months after the fiscal year end. Due to the errors noted above, Cook County Hospitals were underpaid a total of \$40,783.

In addition, we noted 1 of 4 (25%) Secondary Disproportionate Share Hospital Transfer Payments (Secondary Transfer Payment) was made for an incorrect amount. The Department made the Fiscal Year 2011 2nd quarter Secondary Transfer Payment in the amount of \$56,250,000, which was \$50,000 more than the required payment amount. Section 3.40(F) of the Amendment states the Secondary Transfer Payments for the annual rate period coinciding with federal fiscal year 2007 and each annual rate period thereafter shall be \$56,200,000 in the first quarter (Note: the federal fiscal year runs October 1 - September 30; therefore, the federal fiscal year's 1st quarter is the state fiscal year's 2nd quarter).

Department management stated that these discrepancies were caused by inadequate procedures and human error.

Failure to calculate accurate outpatient rates and BIPA DSH payments, maintain documentation to support the BIPA DSH calculations, and make correct Secondary Transfer Payments is noncompliance with the Interagency Agreement. (Finding Code No. 11-4)

RECOMMENDATION

We recommend the Department use correct data to calculate outpatient rates and BIPA DSH payments, maintain documentation to support the BIPA DSH calculations, and ensure the Secondary Transfer Payments are made for the required amounts.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will develop procedures which will identify the correct rates and payments to use when calculating Fiscal Year 2013 Cook County Bureau of Health Services rates. The Department will also work with Cook County to ensure the necessary documentation needed to support these rates and payments is maintained.

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11-5. **FINDING** (Lack of due diligence to ensure computer security)

The Illinois Department of Healthcare and Family Services (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.

The Department had established computer systems in order to meet its mission and mandate. The Department processed and maintained critical and confidential information on computer systems. Effective January 15, 2005, 20 ILCS 405/405-410 authorized the consolidation of Information Technology functions of State government to the Department of Central Management Services, which included the Department.

After consolidation, DCMS became the primary Information Technology (IT) service provider for the Department. As a result, the Department and DCMS have a shared responsibility over the security and integrity of the Department's applications and data. However, the Department has the ultimate responsibility to ensure security frameworks and controls in place over its applications and data are appropriate and provide for levels of security, integrity, and availability that align with the Department's requirements.

During our review, we requested documentation from the Department detailing its efforts to ensure the DCMS midrange environment provided the necessary security and was effectively monitored. The Department indicated it annually received a summary of the vulnerability assessment performed by DCMS for the segment of the midrange environment hosting the Department's applications and data. The Department received the results of vulnerability assessment in February 2011. The assessment outlined several significant vulnerabilities regarding security settings in the environment, including servers that contained confidential information maintained by the Department. Department staff stated they reviewed the assessment; however, did not take formal action and work with DCMS to ensure the deficiencies were corrected.

We performed a review of the midrange environment and identified several additional weaknesses regarding security parameters, patch levels, anti-virus software, and backups.

Generally accepted information systems technology guidance endorses the development of computer security policies that adequately address the current technological environment and well-designed and well-managed controls to protect computer systems and data.

Department management stated they conducted an analysis of the vulnerability assessment and proactively sought resolution, however, did not document actions taken.

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Without the implementation of adequate controls and procedures, there is a greater risk unauthorized access to Department resources may be gained and data destroyed. Prudent business practices dictate the Department identify all assets and strengthen its security to protect its assets and resources against unauthorized access and misuse. (Finding Code No. 11-5)

RECOMMENDATION

The Department has the responsibility to ensure security frameworks and controls in place over its applications and data are appropriate and provide acceptable levels of security, integrity, and availability. Thus, the Department should be proactive in reviewing and assessing the controls over its applications and data. Specifically, the Department should formally communicate with DCMS and ensure the significant control deficiencies in the February 2011 assessment are addressed. In addition, the Department should establish a mechanism to routinely monitor the midrange environment and work in concert with DCMS to ensure the security controls meet the Department's requirements.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is proactive in ensuring security controls are in place. Staff have made a concerted effort to become educated in the federal National Institute of Standards and Technology guidelines for security and the controls outlined therein. An effort is underway to document the controls that are the Department's responsibility and to identify the common controls for with DCMS is responsible and how the controls are met. Additionally, Department staff are active participants in the Statewide Security Consortium which was formed by DCMS as an avenue for agencies to bring their security related concerns to the table. A variety of items including the common controls and vulnerability scan remediation are discussed. A request to formalize the meetings by publishing meeting minutes will be made. Additionally, the Department will formulate requests of DCMS to address these items in order to better document our efforts of due diligence.

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- 11-6. **FINDING** (Lack of adequate disaster contingency planning or testing to ensure recovery of computer systems and data)

The Illinois Department of Healthcare and Family Services (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 audit period.

Many of the Department's Information Technology functions were consolidated into the Department of Central Management Services (DCMS). As a result, the Department and DCMS have a shared responsibility over disaster contingency planning. Although the Department shares some responsibility with DCMS, the Department has the ultimate responsibility to ensure it has the capability to recover its applications and data.

The Department carried out its daily operations through the use of information technology. The Department identified numerous systems as mission critical that would need to be recovered within 72 hours or seven days. Computer systems that support the Department's mission include the Medicaid Management Information System, Public Aid Accounting System, Key Information Delivery System, and All Kids.

The Department developed the Office of Information Services Standards and Procedures, Disaster Recovery (Standards) to "ensure that all technology systems and data which support mission critical business processes can be recovered in a timely manner in the event of a disaster." The Standards stated all mission critical systems and data must have a disaster recovery plan. However, the Department had not developed recovery plans as required by the Department's Standards for all of its mission critical systems.

Additionally, the Department's Standards stated all mission critical systems and data were to be tested at least annually. However, the Department did not perform recovery tests of all of its mission critical systems during the audit period.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

Department officials stated the manner in which applications are categorized for the purposes of disaster recovery has changed over time. The Department's disaster recovery standard and ancillary documentation were not updated to reflect this change in categorization thus misconstruing the agency definition of 'mission critical' and the systems that are deemed such.

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The lack of adequate and tested recovery plans leaves the Department exposed to the possibility of major disruptions of services. A comprehensive test of plans across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event of a disaster. Continuous reviews and tests of plans would help management ensure the plans are appropriately modified, as the Department's computing environment and disaster recovery needs change. (Finding Code No. 11-6)

RECOMMENDATION

In order for the Department to continue to carry out its mission critical activities in the event of a disaster, we recommend the Department:

- Develop detailed disaster recovery plans for all of its mission critical systems.
- Test disaster recovery plans for mission critical systems at least annually to ensure they can be recovered within the required timeframe.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department feels that the disaster recovery plan does address the systems deemed truly mission critical. These are the two applications that could impact the safety, health or welfare of the citizens the agency serves if not recovered quickly in the event of a disaster. The documentation will be updated to be more concise and better reflect the actualities including in sections with DCMS. Ultimately, the Department would like to increase the level of testing for 'stage 1' applications and add key midrange applications to the plan. Resources are limited both from the human and financial perspectives. This will drive what can realistically be accomplished.

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11-7. **FINDING** (Receipt reconciliation not performed timely)

The Illinois Department of Healthcare and Family Services (Department) did not have adequate internal controls to ensure reconciliations for the KidCare premium receipts were performed in a timely manner.

During our testing, we noted the Department did not timely perform reconciliations of KidCare premium receipts that are deposited into the General Revenue Fund. Specifically, the June 30, 2010 reconciliation was not completed until May 2011 (eleven months after fiscal year end) and the June 30, 2011 reconciliation was not completed until March 2012 (nine months after fiscal year end).

The Statewide Accounting Management System Manual (Procedure 25.40.20) requires agencies to perform a monthly reconciliation of receipt account balances maintained by the agency to the statewide receipt account records maintained in the Comptroller's Office.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all 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 reports and to maintain accountability over the State's resources.

Department management stated the complexity of the reconciliation of KidCare premium receipts was a contributing factor in the lack of timeliness in the completion of the monthly reconciliations. The reconciliations were prepared in a timely manner but unresolved reconciling issues remained pending due to the loss of skilled seasoned staff and increased vacancies. New and inexperienced staff and the related loss of institutional knowledge in the financial reporting area were contributing factors. The KidCare program has also grown in complexity resulting in continued systems development and evolving procedures for the processing of credit card payments and refunds which further complicated the reconciliations.

Failure to perform timely receipt reconciliations could lead to inaccurate receipt reporting. (Finding Code No. 11-7)

RECOMMENDATION

We recommend the Department implement additional internal control procedures to ensure the reconciliations are performed in a timely manner.

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DEPARTMENT RESPONSE

The Department accepts the recommendation. Additional staff have been retained and trained to assist in the preparation and review of complex reconciliations. Additional systems enhancements have been incorporated to improve upon the data presentation and assist in the reconciliation process.

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11-8. **FINDING** (Inadequate controls over personal services)

The Illinois 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 25 of 60 (42%) employees tested. The performance evaluations were performed between 22 and 199 business days late. In addition, the Department did not perform evaluations during FY10 and/or FY11 for 7 of 60 (12%) employees tested. The Illinois Administrative Code (80 Ill. Admin. Code 302.270 (d)) requires that, for a certified employee, each agency shall prepare an employee performance evaluation not less often than annually. In addition, the Illinois Administrative Code (80 Ill. Admin. Code 310.450(c)) requires that evaluations be completed prior to when annual merit increases are awarded. Further, the Illinois Administrative Code (80 Ill. Admin. Code 302.270 (b)) requires agencies to prepare two evaluations for employees serving a six-month probationary period, one at the end of the third month and one fifteen days before the conclusion of the employee's six-month probationary period.
- During our review of employee timesheets, we noted that 7 of 60 (12%) employees had timesheets that were not filled out correctly. The timesheets did not indicate the number of hours worked and/or the number of leave hours used each day. The Department's Employee Handbook (Section 120.5) requires that bargaining unit employees enter the time the employee arrived and departed on an "Employee Daily Time Log" (HFS 163) and the designated timekeeper is responsible for calculating the number of hours worked and/or the number of leave hours used each day. The Department's Employee Handbook (Section 120.5) also requires that attendance for merit compensation employees be tracked by a designated timekeeper on a HFS 163A. Further, supervisors are responsible for ensuring that HFS 163A is accurately completed each workday for each payroll distribution group containing merit compensation employees they supervise.
- During our review of employee absences, we noted 11 of 60 (18%) employees that had unscheduled absences had HFS 2053 forms that were not completed by the supervisor the same day of the absence. The HFS 2053 forms were completed from 1 to 5 business days after the absence. The Department's Employee Handbook (Section 205.2 (B)) requires that, for unscheduled absences, the employee must notify their immediate supervisor within one hour of the start of the work shift and the immediate supervisor (or the designee) completes the proper form on the day of the absence showing the date, amount and type of time that has been requested to be applied towards the absence.

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Department management stated that the Division of Personnel and Administrative Services sends reminders when evaluations are due and 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. Department management also stated that the errors were due to oversight.

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 State rules, which might result in missing information that could be relevant to subsequent personnel decisions. In addition, failure to fill out timesheets correctly increases the likelihood that Department records are inaccurate. Further, failure of supervisors to complete proper forms is noncompliance with the Department's policies and procedures. (Finding Code No. 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 employee timesheets are filled out correctly and supervisors complete required forms the day of the absence.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will continue to send out reminders of evaluations due to Division Administrators and personnel liaisons on a monthly basis. The Department will review and evaluate its procedures regarding completion of the leave of absence form for unscheduled absences in conjunction with the Department's anticipated implementation of an electronic form and approval for time off requests.

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11-9. **FINDING** (Failure to perform responsibilities)

The Illinois Department of Healthcare and Family Services (Department) did not follow the Department's responsibilities as specified in an interagency agreement.

During our testing of the interagency agreement, we noted that the Department did not notify the University of Illinois (University) whether the University may retain data or if destruction of the data was necessary.

The interagency agreement between the Department and the University requires the Department to notify the University in writing annually and in conjunction with its approval of a specific research project whether the University may retain the recipient information provided by the Department or must destroy the data.

Department management stated that the lack of notification was an oversight.

Failure to notify the University of any changes relating to the confidentiality status of the data does not maintain proper confidentiality. (Finding Code No. 11-9)

RECOMMENDATION

We recommend the Department comply with the interagency agreement by notifying the University annually in writing whether they may retain data or if destruction of data is necessary.

DEPARTMENT RESPONSE

The Department accepts the recommendation. An agreement manager has been named in the new interagency agreement with Chapin Hall who will notify Chapin Hall annually in writing whether they may retain data or if it is necessary to destroy any data received.

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11-10. **FINDING** (Failure to certify health care premium amounts)

The Illinois Department of Healthcare and Family Services (Department) failed to certify the amounts of the Medicare supplemental health care premiums and the amounts of the health care premiums for all other retirees who are not Medicare eligible.

Auditors noted that during Fiscal Year 2010, the Department provided the certification to the Executive Secretary of the State Employees' Retirement System of Illinois regarding the Fiscal Year 2011 amounts of the Medicare Supplement health care premiums and the health care premiums for all other retirees who are not Medicare eligible after the statutory deadline of May 1. The certification was provided 11 days late. During Fiscal Year 2011, the Department failed to provide any certification to the Executive Secretary of the State Employees' Retirement System of Illinois regarding the Fiscal Year 2012 amounts of the Medicare Supplement health care premiums and the health care premiums for all other retirees who are not Medicare eligible.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/10(a-9)) requires the Department, no later than May 1 of each calendar year, to certify in writing to the Executive Secretary of the State Employees' Retirement System of Illinois the amounts of the Medicare supplement health care premiums and the amounts of the health care premiums for all other retirees who are not Medicare eligible.

Executive Order 2005-3, *Executive Order to Reorganize Agencies by the Transfer of Certain Healthcare Procurement and Administrative Functions Primarily of the Department of Central Management Services to the Department of Healthcare and Family Services* issued by the Governor on April 1, 2005 transferred the respective powers, duties, rights and responsibilities related to State Healthcare Purchasing from various departments, including CMS, to the Department of Healthcare and Family Services. The Executive Order states the statutory powers, duties, rights and responsibilities of the various agencies, including CMS, derive from various statutes including 5 ILCS 375 et seq. The functions associated with State Healthcare Purchasing intended to be transferred included premium certification.

Department management stated that following the award of managed care contracts in the spring of 2011, the Department was faced with procurement protests, litigation, and legislative action regarding the use of self-insured Open Access Plans as delivery vehicles under the Managed Care Health Plan umbrella. These events created a great deal of uncertainty with regard to the vendors that would be available to members for the coming year. The uncertainty remained in place for a considerable amount of time – as late as June 20th when the benefit choice period was ended for the upcoming year.

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Failure to certify the amounts of the Medicare supplement health care premiums and the amounts of the health care premiums for all other retirees who are not Medicare eligible by May 1 of each calendar year is noncompliance with the State Employees Group Insurance Act. (Finding Code No. 11-10)

RECOMMENDATION

We recommend the Department comply with all premium certification requirements of the State Employees Group Insurance Act.

DEPARTMENT RESPONSE

The Department accepts the recommendation. Following the award of managed care contracts in the spring of 2011, the Department was faced with procurement protests, litigation, and legislative action regarding the use of self-insured Open Access Plans as delivery vehicles under the Managed Care Health Plan umbrella. These events created a great deal of uncertainty with regard to the vendors that would be available to members for the coming year. The uncertainty remained in place for a considerable amount of time – as late as June 20th when the benefit choice period was ended for the upcoming year.

The Department's ability to project the cost of the retiree healthcare coverage (and the resulting retiree contribution amounts) with accuracy and to any degree of comfort was greatly diminished by these events. As a result, the decision was made to allow the rates that were currently in place for FY 2011 to be used for FY 2012. These rates had previously been reviewed by actuarial consultants to the retirement system and provided the most reliable figures available at the time, given the surrounding circumstances.

In the future, the Department will certify the rates by May 1 in accordance with the certification requirements of the State Employees Group Insurance Act. If the premium rates change prior to the upcoming plan year, an amendment to the certification will be provided.

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11-11. **FINDING** (Insufficient investment information posting)

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

The Accountability for the Investment of Public Funds Act (30 ILCS 237/10) requires the Department make available on the Internet sufficient information concerning the investment of any public funds held by the State agency which includes a complete listing of all approved depository institutions, commercial paper issuers, and broker-dealers approved to do business with the Department.

Department management stated, in an effort to improve the presentation of the information reported on the Internet, the Department made a change in the presentation of this information in April 2010. While all required elements were included in the work papers each month, when the information posted to the Internet, management was not aware that the depository institutions were omitted.

Failure to provide sufficient information concerning the investment of public funds, including the identification of all approved depository institutions, commercial paper issuers, and broker-dealers approved to do business with the Department is noncompliance with a State statute. (Finding Code No. 11-11)

RECOMMENDATION

We recommend the Department provide a complete listing of all approved depository institutions, commercial paper issuers, and broker-dealers approved to do business with the Department on the Internet as required by the Accountability for the Investment of Public Funds Act.

DEPARTMENT RESPONSE

The Department accepts the recommendation. A complete listing of all approved depository institutions approved to do business with the Department has been posted on the internet as of October 15, 2011.

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11-12. **FINDING** (Failure to include intergovernmental transfer calculation)

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

The Illinois Public Aid Code (305 ILCS 5/15-3) requires the payment schedule for the intergovernmental transfer shall be established by intergovernmental agreement between the Department and the applicable county, which shall at a minimum provide for the calculation of the intergovernmental transfer payment to be made by the county equal to the difference between the amount of the periodic payments to county providers and any amount of federal financial participation due the Department under Titles XIX and XXI of the Social Security Act as a result of such payments to county providers.

Department management stated that omission of the provision for calculation of the intergovernmental transfer payment was an oversight.

Failure to include a provision for the calculation of the intergovernmental transfer payment in the intergovernmental agreement between the Department and Cook County is noncompliance with the Illinois Public Aid Code. (Finding Code No. 11-12)

RECOMMENDATION

We recommend the Department comply with the Illinois Public Aid Code by including a provision for the calculation of the intergovernmental transfer payment in the intergovernmental agreement between the Department and Cook County.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Division of Finance Bureau of Rate Development and Analysis will work with the Division of Medical Programs Bureau of Program and Reimbursement Analysis to revise the intergovernmental agreement to include the appropriate intergovernmental transfer payment calculation.

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- A. **FINDING** (Failure to provide requested engagement documentation in a timely manner)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) failed to provide requested engagement documentation timely. Specifically, the Department provided 128 of 277 (46%) of the items requested after the two week deadline.

During the current examination, the Department made significant improvements in providing the requested engagement documentation timely. (Finding Code No. 09-1)

- B. **FINDING** (Incorrect health insurance premium rates charged)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) did not charge the correct health insurance premium rates for the Teachers' Retirement Insurance Program.

During the current examination, our testing did not disclose any errors for the Teachers' Retirement Insurance Program. (Finding Code No. 09-4, 08-7)

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C. **FINDING** (Failure to comply with interagency agreements)

During the prior engagement, the Illinois Department of Healthcare and Family Services (Department) did not coordinate with the Department of Veterans' Affairs (DVA) to develop written policies and procedures in order to implement the Illinois Warrior Assistance Program. Also, the Department did not transfer \$4 million to the Veterans Assistance Fund or provide DVA with quarterly reports that indicated the estimated yearly costs for the Illinois Warrior Assistance Program.

During the current examination, the Department is no longer entered into an interagency agreement with DVA to administer the Illinois Warrior Assistance Program. The funding for this program was provided directly to DVA during Fiscal Year 2010. (Finding Code No. 09-6, 08-12, 07-12)

D. **FINDING** (Noncompliance with the Alternative Healthcare Delivery Act)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) failed to comply with the provisions of the Alternative Healthcare Delivery Act (Act). Specifically, the Department did not implement a reimbursement methodology for all services noted in the Act. Additionally, the Department did not keep a record of services provided under the program or submit an annual report of that information to the Illinois Department of Public Health.

During the current examination, Public Act 096-1123 repealed the language of the statute which established these requirements. As a result, the Department no longer has any statutory responsibilities under the Act. (Finding Code No. 09-7, 08-15, 07-15, 06-10, 05-8)

E. **FINDING** (External peer-based quality assurance contractor not located in Illinois)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) contracted with an entity to provide external peer-based quality assurance reviews for the managed health care programs administered by the Department; however, the entity did not have offices in Illinois, nor did the entity have Illinois physicians involved in the review process.

During the current examination, the Illinois Public Aid Code (305 ILCS 5.5-11(b)) requiring that the entity providing external peer-based quality assurance reviews to have physical locations in Illinois and to use Illinois physicians was repealed by Public Act 096-1501. The Illinois Public Aid Code was amended to only require that the entity meet federal requirements. We noted that the entity providing the reviews does meet federal requirements. (Finding Code No. 09-8)

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PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)
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- F. **FINDING** (Contract with a community mental health services provider not established)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) failed to comply with the provisions of the Illinois Public Aid Code. Specifically, the Department failed to contract with a provider of community mental health services for the purpose of supporting the implementation of time-limited resident review and rapid reintegration.

During the current examination, the Department was not required by statute to contract with a provider of community mental health services. The statute requires the Department to contract with a provider of community mental health services subject to appropriation. The Department was not appropriated funds for the purpose of contracting with a community mental health services; therefore, the Department had no statutory requirements to contract with a provider of community mental health services. (Finding Code No. 09-9)

- G. **FINDING** (Failure to create a health care advocates committee)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) did not jointly create an interagency committee with the Department of Human Services (DHS) to act as health care advocates.

During the current examination, the Illinois Public Aid Code (305 ILCS 5/9A-9.5) requiring the Department to create an interagency committee was repealed by Public Act 97-48 effective June 28, 2011. (Finding Code No. 09-10).

- H. **FINDING** (Noncompliance with the Disabilities Services Act)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) failed to submit the annual Medical Assistance Program report to the Governor and the General Assembly on or before April 1, 2009. The Department also failed to make the report available to the public through its website.

During the current examination, the Department submitted the required reports to the Governor and General Assembly by April 1st of each year under examination. Additionally, the reports were available to the public through the Department's website. (Finding Code No. 09-11)

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I. **FINDING** (Untimely Medicaid annual report)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) did not submit a required annual report which documented information in regard to the State's Medicaid Program until 29 days after the report was due.

During the current examination, the Department filed the required reports in a timely manner. (Finding Code No. 09-12, 08-14)

J. **FINDING** (Pilot project not implemented)

During the prior examination, the Illinois Department of Healthcare and Family Services (Department) failed to comply with the provisions of the Illinois Public Aid Code. As of June 30, 2009, the Department had not implemented a pilot project to determine the effect of raising the income and non-exempt asset eligibility thresholds for certain persons with disabilities to determine if those persons are able to maintain their homes in the community and avoid institutionalization that was required by Public Act 95-248, effective August 17, 2007.

During the current examination, the statute requiring this pilot project was repealed by the Illinois General Assembly on June 28, 2011; therefore, the Department has no statutory obligations to implement a pilot project. (Finding Code No. 09-13)

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As part of the Fiscal Year 2011 and Fiscal Year 2010 Illinois Department of Healthcare and Family Services (Department) compliance examination, we followed up on the status of three management audits. These include:

- Program and Management Audit of the Illinois Department of Public Aid KidCare Program (Released July 2002);
- Management Audit of the Illinois Department of Healthcare and Family Services' Prompt Payment Act Compliance and Medicaid Payment Process (Released May 2008); and
- Management Audit of the Illinois Department of Healthcare and Family Services' Role in the Medical Assistance Program - Long Term Care Eligibility Determination (Released September 2009).

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STATUS OF MANAGEMENT AUDIT
KIDCARE PROGRAM
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Program and Management Audit of the Illinois Department of Public Aid KidCare Program

The Illinois Department of Healthcare and Family Services (Department) (formerly the Department of Public Aid) has fully implemented six recommendations; however, it had not fully implemented the remaining recommendation contained in the OAG's *Program and Management Audit of the Illinois Department of Public Aid's KidCare Program*, released in July 2002. The program and management audit tested a variety of KidCare areas including: the enrollment process, KidCare spending, eligibility cards, case files, outreach and advertising, contractor effectiveness, bid status of contracts, and the overall health of enrolled children. The program and management audit was conducted pursuant to Senate Resolution 152.

The following discusses the status of the remaining recommendation not implemented from the 2002 program and management audit. The action taken by the Department to implement the recommendation is also described below.

- The Department should continue its planned conversion to permanent durable eligibility cards in order to realize significant cost savings to the State as well as improved program effectiveness. (Program and Management Audit Recommendation Number 1)

Status: The Durable Medical Card RFP was re-posted May 11, 2011 due to a technical issue related to the new procurement process. As a result of the delay in posting, the implementation date was adjusted to the month of January 2012. The Department is currently reviewing vendor proposals and is working with OPM in completing the procurement process.

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Illinois Department of Healthcare and Family Services’ Prompt Payment Act Compliance and Medicaid Payment Process

Legislative Audit Commission Resolution Numbers 136 and 137 directed the Office of the Auditor General to conduct performance audits of the Department of Healthcare and Family Services’ Prompt Payment Act Compliance and Medicaid Payment Process. The audit was released in May 2008 and contained 13 recommendations. This is the third follow-up completed by the Office of the Auditor General. We reviewed the seven outstanding recommendations from the previous follow-up. The Summary of Recommendation Status chart shows that HFS implemented 5 of the remaining 7 recommendations.

Summary of Recommendation Status			
Recommendations	Implemented?		
	Yes	Partially	No
Prompt Payment Act Interest Calculation			X
Expedited Payment Process	X		
Rejected Claim Notification	X		
Rejected Claim Resubmission Policy	X		
Notification for Denied Interest Requests	X		
Exclusion of Interest Payments	X		
Interest Payment Timeliness			X
Totals	5		2

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PROMPT PAYMENT ACT COMPLIANCE AND
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Recommendation:	Prompt Payment Act Interest Calculation
Recommendation No.:	1

Synopsis of
Prior Finding:

The methodology used by the Department of Healthcare and Family Services (HFS) to calculate prompt payment interest has been challenged by a group of long term care facilities through the Court of Claims. The claimants' position is that the method of calculating interest in Administrative Rule is inconsistent with the method of calculation prescribed by the Prompt Payment Act (Act). The Administrative Rule states that, "Interest is calculated at the rate of 1% per month. This results in a daily interest factor of .00033 (01/30)." The Act states that, "An interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60 day period, until final payment is made."

In May 2007, the Court of Claims ruled in favor of the claimants that a per month calculation should be used. As a result, HFS paid these long term care facilities interest totaling \$1.6 million as opposed to \$1.1 million it would have paid following the interest calculation method prescribed by Administrative Rule.

An official from the Office of the General Counsel at HFS noted that HFS agrees with the opinion of the Court. Additionally, an HFS official from the Bureau of Claims Processing stated that HFS is bound by the Administrative Rule and is only applying the per month calculation on a case by case basis for those seeking interest payments through the Court of Claims.

We recommended that the Office of the Comptroller, the Department of Central Management Services, and the Department of Healthcare and Family Services should immediately resolve the differences in interpretations between the Administrative Rule (74 Ill. Adm. Code 900.100) and the Prompt Payment Act (30 ILCS 540/3-2) regarding the method used to calculate prompt payment interest.

Status:
Not Implemented

The Department provided a letter that was sent to the Office of the Comptroller and to the Department of Central Management Services on October 6, 2011 that asks whether the differences in interpretations can be resolved.

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Recommendation:	Expedited Payment Process
Recommendation No.:	4

Synopsis of
Prior Finding:

HFS did not have any written policies, procedures, or guidelines that delineate what documentation a provider must submit to HFS to receive expedited payments. Additionally, HFS had no policies or procedures that delineate the review process used to determine whether a provider initially meets, and continues to meet, the eligibility requirements of the Administrative Rule. HFS also lacked a comprehensive policy as to whether a provider needs to enter into an agreement with HFS to receive expedited payments.

From the 2,058 providers that were expedited as of October 18, 2007, we randomly sampled 66 providers. HFS had current signed agreements with 24 of the 66 providers sampled. The following issues were identified:

- **Lack of documentation to substantiate the emergency nature of the request.** For the 24 providers sampled that had current signed agreements, 19 did not have documentation from the providers for HFS to verify that the providers met the Administrative Rule's requirements to substantiate the emergency nature of the request. The only documentation was a letter from the providers attesting that they met the eligibility requirements;
- **Lack of documentation of the number of Medicaid clients served.** For 22 of the 24 providers sampled that had current signed agreements, there was no documentation to support that the provider met the significance requirements related to the number of Medicaid clients served as required by the Administrative Rule; and
- **Outdated agreements and provider lists.** HFS did not have an annual application process to be an expedited provider for long term care and maternal and child health providers to ensure that the providers continue to meet the eligibility requirements. Additionally, expedited provider lists from Mt. Sinai and the University of Illinois at Chicago hospitals were not updated regularly by HFS.

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We recommended that the Department develop written policies and procedures for reviewing, documenting, and approving all expedited providers to ensure that only providers that are eligible by the Administrative Rule receive expedited payments; and ensure provider agreements and provider lists are updated regularly for all expedited payments.

Status:
Implemented

In Fiscal Year 2009, the Department provided auditors with documentation titled Expedited Payment Requests Procedures. The document lists steps to be taken to determine eligibility for expedited providers. These include checking the provider eligibility, the dollar amount pending, and the age of the claims. HFS also provided policies and procedures for expediting long-term care providers. These policies now require an annual eligibility review of long-term care providers' expedited status.

These procedures appear to require providers to submit “supportive documentation to substantiate the emergency nature of the request” as required by 89 Ill. Adm. Code 140.71(b)(3)(A)(ii). However, according to an HFS official, HFS only requires providers to submit letters of need, which includes what percentage of their patient revenue is attributable to Illinois Medicaid, the reason expedited payments are needed, and the consequences if expedited payments are not received.

HFS officials noted that the expedited lists for both the University of Illinois at Chicago and at Mt. Sinai Hospital are now annually renewed. Also, HFS noted that they have signatures on file for each of the physicians.

In Fiscal Year 2011, HFS as of July 1, 2011, is requesting and receiving documentation to substantiate the nature of the emergency and their yearly Medicaid percentage.

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Recommendation:	Rejected Claim Notification
Recommendation No.:	6

Synopsis of
Prior Finding:

HFS was unable to provide auditors with the date the claims were rejected as required by Administrative Rule (74 Ill. Adm. Code 900.30(b)(4)). As a result, in order to determine how long it took HFS to notify providers of a rejected claim, auditors calculated the number of days between receipt of the claim and the date the provider was notified of the rejection.

HFS was not notifying providers timely in instances where a claim contained at least one rejected service and at least one paid service. From our sample of rejected services, we found that for non-expedited providers it took HFS on average 87 days from the date of receipt to notify providers of a rejected service when the rejected service was submitted on a claim along with a service that was paid. Additionally, we found that in Fiscal Year 2006, it took an average of 77 days for non-expedited claims to be approved and paid. In this scenario, on average it would have taken 164 days for a claim to be rejected by HFS and to be processed and paid once corrected by the provider. The 164 days does not include days taken by the provider to originally submit the claim or days needed by the provider to resubmit the rejected services.

During calendar year 2006, we determined that HFS rejected services for reasons that were not listed in the error codes found in the provider handbook. We compared the error codes that HFS used to notify providers during calendar year 2006 with the list of error codes published in the provider handbook found on HFS' website. We identified 123 error codes HFS used for rejected services that were reported to providers in 2006 that were not on the list of error codes found in HFS' provider handbook. These error codes are used by providers to determine why a service was rejected so they can make the appropriate corrections in order to resubmit the rejected service within the required 12 month period.

The Department sends out paper remittance advices that can be thousands of pages in length and the rejected claims are often mixed in with claims that are paid. From our sample of rejected claims, we found one remittance advice sent to a laboratory that was 10,650 pages. As a result, providers must look through thousands of pages in

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order to identify claims that were not paid.

We recommended that the Department:

- maintain the date the claim was rejected as required by 74 Ill. Adm. Code 900.30(b)(4);
- develop a process to notify providers as soon as possible of their rejected claims as required by 74 Ill. Adm. Code 900.70 to allow providers ample time to resubmit services that are rejected;
- update the list of error codes that is available to providers to include all codes currently being used to reject claims by HFS; and
- explore alternatives to notifying providers of rejected claims other than by sending hard copy remittance advices.

Status:
Implemented

During the Fiscal Year 2008 follow-up, the Department disagreed with the portion of the recommendation pertaining to documenting the claim rejection date and noted that it does maintain the dates of when claims are approved or rejected. The Department noted that the official date of action is the date of adjudication and is maintained in the Department's Medicaid Management Information System (MMIS) for two years, in the Department's Medical Data Warehouse since 1996, and that archived data is also available. As noted in the report, auditors requested the rejected claim date on at least six different occasions and it was not provided. As a result, the recommendation was included in the report.

As a result of this recommendation, the Department also updated its list of error codes on its website in August 2008.

In Fiscal Year 2009, the recommendation to develop a process to notify providers as soon as possible of their rejected claims was not implemented. The Department stated it is moving towards more reliance on electronic notification and less on costly paper mailings, and noted that in the near future, electronic notification through Medical Electronic Data Interchange (MEDI) System and the internet will be the only means for: claim status; remittance advice; provider notices; and client eligibility. HFS noted it will eliminate paper remittances, provider notices, and monthly client eligibility cards. However, according to figures provided by the Department, almost

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24,000 providers do not use the MEDI system.

In Fiscal Year 2011, HFS noted that if the entire claim rejects, it is processed expedited and a reject notice is sent to the provider. If only a portion of the claim is rejected, the provider is notified when the claim pays. According to HFS, in Fiscal Year 2011, 99.34 percent of claims were paid in less than 60 days. Further, HFS noted that providers are notified immediately on MEDI when a claim is rejected and if the provider is not on MEDI, the provider may also contract with a Recipient Eligibility Vendor or can call customer service staff regarding their claims.

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Recommendation:	Rejected Claim Resubmission Policy
Recommendation No.:	7

Synopsis of
Prior Finding:

HFS did not pay all claims or notify all providers of rejected claims within 60 days in Fiscal Year 2006. HFS' provider handbook's guidance related to the resubmitting of Medicaid claims instructed providers to resubmit a claim if the claim has not appeared on a remittance advice after 60 days from the date the provider mailed the claim to HFS. The handbook states:

The action taken on each claim processed is reported to the provider on Form DPA 194-M-1, Remittance Advice. If more than 60 days has elapsed since the mailing of a claim and the action taken on that claim by the Department has not appeared on a Remittance Advice, the provider must assume that the claim was not received by the Department. The provider should prepare a new original claim for submittal to the Department. It is the responsibility of the provider to assure that a claim is submitted timely.

We determined that the average time it takes HFS to notify providers of rejected services when billed with a paid service was 87 days, which is longer than the 60 days. Additionally, we determined that in Fiscal Year 2006, 46.1 million of the 94.8 million paid claims (49%) were not paid by HFS within 60 days. As a result, if the providers followed the instructions found in the handbook, the providers would unnecessarily be submitting numerous duplicate bills to HFS.

We recommended that the Department re-examine its policy that instructs providers to resubmit all claims that have not appeared on a remittance advice within 60 days.

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Status:
Implemented

During the Fiscal Year 2008 follow-up, the Department made a revision to its Handbook for Providers of Medical Services (Handbook) in August 2008. The Handbook now instructs providers to “resubmit claims only if their claims fail to appear in the Medical Electronic Data Interchange (MEDI) System thirty (30) days after submission to the Department.” However, the revision does not provide guidance on rejected claim resubmission to the 39.5% of providers that do not use the MEDI System.

For the Fiscal Year 2009 follow-up, HFS noted that it has not provided any additional guidance on resubmission of claims to providers who are not on MEDI.

In Fiscal Year 2011, HFS changed the instructions for the submittal of claims in its Handbook to the following: “The action taken on each claim processed is reported to the provider on Form HFS 194-M-1, Remittance Advice. Providers should resubmit claims only if their claims fail to appear in the MEDI System thirty (30) days after submission to the Department. The provider should prepare a new original claim for submittal to the Department. It is the responsibility of the provider to assure that a claim is submitted timely.”

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Recommendation:	Notification for Denied Interest Requests
Recommendation No.:	10

Synopsis of
Prior Finding:

HFS did not have a process in place to timely notify providers that their interest request will not be paid as required by Administrative Rule (74 Ill. Adm. Code 900.35). If HFS determined that a request for interest is denied, HFS is required by Administrative Rule to notify the provider within 60 days that the interest request was not payable under the Act. The notification must include the reason why the interest penalty was not going to be paid.

HFS reviewed and approved interest requests by document control number. If the interest request for one bill or part of that bill was denied while other bills on the same voucher were approved, the provider was not notified of the denied request until the payment for the bills with approved interest were received. We determined that in Fiscal Year 2006 it took HFS 452 days to pay providers their requested interest, as a result, the providers were not being notified in 60 days of the denial as required by Administrative Rule.

Interest Request Results reports are sent to providers after the interest payment is made by the Comptroller. These Interest Requests Results reports are not dated, and as a result, auditors could not determine when the reports were sent to providers. Additionally, HFS did not date stamp the requests for interest payment upon receipt. Without an actual date of receipt, HFS did not have the ability to ensure it is complying with the 60 day notification mandate required by Administrative Rule.

We recommended that the Department:

- notify providers within 60 days that their requests for interest penalty payments are denied as required by 74 Ill. Adm. Code 900.35;
- date Interest Request Result reports that are sent to providers; and
- date stamp interest requests upon receipt.

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Status:
Implemented

During the Fiscal Year 2008 follow-up, the Department provided examples of the dated Requested Interest Denied Detail Reports and date stamped Medical Interest Penalty Request forms from providers.

In Fiscal Year 2009, HFS changed its policy on calculating and paying interest. According to the new HFS policies, interest is processed in the quarter following the quarter in which the initial claim was paid. Additionally, an HFS official noted that since HFS waits until the quarter following the quarter in which the claim was paid to process interest, not all interest is paid within 60 days as required by 74 Ill. Adm. Code 900.35. Therefore, providers are not being notified of denied interest within the required 60 days.

On August 18, 2009, Public Act 96-555 was passed removing the requirement that vendors initiate a written request for interest under \$50. As a result, a written request for the payment of interest is no longer required.

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Recommendation:	Exclusion of Interest Payments
Recommendation No.:	12

Synopsis of
Prior Finding:

HFS excluded certain claims from interest payments, some of which were not supported by Administrative Rule. In May 2007, after our audit began, HFS established an Exclusion Policy which listed several reasons why HFS would not pay accrued prompt payment interest to a provider. Some of the exclusions were supported by Administrative Rule; others, however, were not. Furthermore, HFS retroactively applied this Exclusion Policy to interest owed dating back to Fiscal Year 2000.

The audit questioned how HFS applied several of the exclusions. Additionally, HFS retroactively applied a May 2007 policy on claims with adjustments to claims dating back almost eight years. As a result, 43,264 interest claims were excluded from payment.

We recommended that the Department:

- examine its policies and procedures used to exclude claims from interest payment and include only those supported by law;
- not apply exclusions retroactively unless expressly permitted by law; and
- pay interest that has been withheld without legal support.

Status:
Implemented

During the Fiscal Year 2008 follow-up, the Department noted in its updated response that this recommendation was implemented; however, the Exclusion Policy had not been updated to address the concerns from the audit. Additionally, an HFS official noted the new automated interest payment system used the same exclusions that were used by the old system. HFS also responded that it had not made any determinations as to whether it is going to pay interest that was previously withheld without legal support.

During the Fiscal Year 2009 follow-up, the Department provided a new policy on exclusions. The policy no longer excludes adjusted claims from interest payment. Additionally, HFS changed its policy on how it handles interest paid to nursing homes that have not provided its cost report timely. According to HFS, interest calculations have been rerun back to the third quarter and fourth quarter of Fiscal Year 2006

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resulting in \$605,504 in additional payments to providers. HFS noted they are still researching other quarters that may need to be rerun. HFS does not have a timeframe at this time for when the analysis will be completed.

During the Fiscal Year 2011 follow-up, HFS officials indicated that they could not identify the necessary information in order to go back prior to the third quarter of Fiscal Year 2006. As a result, no additional previously withheld interest will be paid.

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Recommendation:	Interest Payment Timeliness
Recommendation No.:	13

Synopsis of
Prior Finding:

The Department of Healthcare and Family Services is not paying interest to providers in a reasonable time as required by 74 Ill. Adm. Code 900.90. The only mandate found in statute or Administrative Rule relating to the timeframe for paying prompt payment interest is that agencies are to pay interest in a “reasonable time.”

We determined that the Department did not pay any automatic interest that accrued beginning in July 1999 until May 2007. Additionally, in Fiscal Year 2006, it took HFS an average of 452 days to pay providers their requested interest. Requested interest payments to providers over the last several fiscal years ranged from an average of 124 days in Fiscal Year 2005 to 452 days in Fiscal Year 2006.

According to HFS officials, the delay in payment is due to the decision by HFS to not pay interest for at least one year after the claim is paid.

We recommended that the Department pay interest penalties owed to providers in a reasonable time as required by 74 Ill. Adm. Code 900.90.

Status:
Not Implemented

According to HFS policies, interest is now processed in the quarter following the quarter in which the initial claim was paid. However, according to documentation provided by HFS, none of the interest payments for the first, second, or third quarters of Fiscal Year 2009 were processed or paid within the quarter following the quarter in which the initial claim was paid.

During the Fiscal Year 2011 follow-up, HFS officials indicated that the recommendation has not been implemented and noted that HFS continues to try to get data into the necessary format so it can be accepted by the Comptroller.

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MEDICAL ASSISTANCE PROGRAM
LONG TERM CARE ELIGIBILITY DETERMINATION
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Illinois Department of Healthcare and Family Services' Role in the Medical Assistance Program - Long Term Care Eligibility Determination

House Resolution 1295 of the Ninety-Fifth General Assembly directed the Auditor General to audit the Medical Assistance Program jointly administered by the Illinois Departments of Healthcare and Family Services (HFS) and Human Services (DHS) with respect to the accuracy and impact of eligibility determination standards and procedures regarding persons applying for or receiving assistance for long term care, with particular emphasis on the nature and scope of errors in the assessment of the financial resources and financial liability of the applicants and recipients. The audit was released in September 2009 and contained nine recommendations, seven of which were addressed to HFS. Six recommendations were addressed to both HFS and DHS and one recommendation was addressed solely to HFS.

This is the first follow-up completed by the Office of the Auditor General related to this performance audit. We reviewed three recommendations; the remaining four recommendations to HFS will be followed up in the audit after the next Cost of Living Adjustment (COLA) occurs. The following chart shows that one recommendation has been implemented and two have been partially implemented. The two partial recommendations and four others will be reviewed in the next compliance examination.

Summary of Recommendation Status				
Recommendation	Implemented?			Review Next Cycle?
	Yes	No	Partial	
#1: Data Issues			X	X
#2: Group Care Credit Issues				X
#3: Cost of Living Notifications				X
#4: Central Cost of Living Adjustment				X
#6: Controls on Client Liability				X
#7: Policy Issues			X	X
#9: Federal Deficit Reduction Act	X			

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STATUS OF MANAGEMENT AUDIT
MEDICAL ASSISTANCE PROGRAM
LONG TERM CARE ELIGIBILITY DETERMINATION
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Recommendation Number One - Partially Implemented. The performance audit recommended that the Departments of Healthcare and Family Services and Human Services review the Medical Assistance Program computer systems, specifically for long term care cases with a community spouse, and ensure the systems are working together and serving their intended purpose. The Departments should take the necessary actions to assure that the data contained in those systems is consistent, reliable, and timely updated.

The Department of Healthcare and Family Services noted that after further discussion between the system staff from HFS and DHS, it was agreed that it would be more efficient to implement a system starting from HFS' computer system (MMIS) and working back to automatically update the patient credit amount in the DHS Client Information System. HFS noted that the update was completed in March 2011.

Healthcare and Family Services also reported that they had made requests to DHS to make an electronic history of calculation forms (Form 2500) and to make an automated version of the calculation form. HFS provided documentation of those requests being made in October 2009 but neither of the requests had been completed. The Departments of Healthcare and Family Services and Human Services should continue to work together to solve these problems.

We will follow up on this finding in the next cycle of the HFS compliance examination and test whether client cases were handled properly and whether changes made have improved the system.

Recommendation Number Seven - Partially Implemented. The performance audit recommended that the Departments of Healthcare and Family Services and Human Services should work together to clarify policies. HFS reported that they had made their long term care authorization document (Form 2449) available to DHS via the Mobius system in April 2010. HFS also noted that it had drafted a notice to long term care facilities that facilities could be designated as the authorized representatives of residents for the medical assistance process. This was made possible by the approval of Public Act 96-1439.

HFS also noted that it had made requests to the Department of Human Services in December of 2010 for a manual revision and in October of 2009 to create a long term care module and automate Form 2500. Neither of these requests had been completed.

The Departments of Healthcare and Family Services and Human Services should continue to work together to implement these changes.

We will follow up on this finding in the next cycle of the HFS compliance examination and test whether client cases were handled properly and whether policy changes made have improved the system.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
STATUS OF MANAGEMENT AUDIT
MEDICAL ASSISTANCE PROGRAM
LONG TERM CARE ELIGIBILITY DETERMINATION
For the Two Years Ended June 30, 2011

Recommendation Number Nine - Implemented. The performance audit recommended that the Department of Healthcare and Family Services implement the required provisions of the federal Deficit Reduction Act of 2005. Healthcare and Family Services reported that rules to implement the Deficit Reduction Act became effective January 1, 2012.

The remaining four recommendations (numbered 2, 3, 4, and 6) related to the process which is used when long term care residents who have a spouse living in the community receive a Social Security COLA. There had not been a Social Security COLA after the performance audit until the beginning of calendar year 2012. The four recommendations not yet reviewed plus the two recommendations which were only partially implemented will be reviewed in the next compliance examination for Healthcare and Family Services.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

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 Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - 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
 - Indirect Cost Reimbursements (Unaudited)
 - Schedule of Adjudication Pattern, Payment Patterns and Claims Paid (Unaudited)

- Analysis of Operations:
 - Department Functions and Planning Program
 - Average Number of Employees
 - Fiscal Year Statistics - Medicaid Enrollment (Unaudited)
 - Emergency Purchases
 - Service Efforts and Accomplishments (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011
(expressed in thousands)

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:		
Medicaid Cluster:		
Medical Assistance Program	93.778	\$ 7,933,285
Medical Assistance Program (ARRA)	93.778	1,225,044
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	11,422
Total Medicaid Cluster		<u>9,169,751</u>
Child Support Enforcement	93.563	104,340
Child Support Enforcement (ARRA)	93.563	22,675
Grants to States for Access and Visitation Programs	93.597	330
State Grants to Promote Health Information Technology (ARRA)	93.719	1,116
Children's Health Insurance Program	93.767	277,641
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768	89
Alternative Non-Emergency Service Providers or Networks	93.790	259
Money Follows the Person Rebalancing Demonstration	93.791	1,148
Medicaid Transformation Grants	93.793	128
Total U.S. Department of Health and Human Services		<u><u>9,577,477</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 9,577,477</u></u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010
(expressed in thousands)

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:		
Medicaid Cluster:		
Medical Assistance Program	93.778	\$ 7,110,208
Medical Assistance Program (ARRA)	93.778	1,267,003
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	9,251
Total Medicaid Cluster		<u>8,386,462</u>
Child Support Enforcement	93.563	109,032
Child Support Enforcement (ARRA)	93.563	32,865
Low-Income Home Energy Assistance	93.568	(1,077)
Grants to States for Access and Visitation Programs	93.597	323
State Grants to Promote Health Information Technology	93.719	154
Children's Health Insurance Program	93.767	270,517
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768	299
Alternate Non-Emergency Service Providers or Networks	93.790	1,408
Money Follows the Person Rebalancing Demonstration	93.791	666
Medicaid Transformation Grants	93.793	1,371
Total U.S. Department of Health and Human Services		<u>8,802,020</u>
U.S. Department of Energy:		
Weatherization Assistance for Low-Income Persons	81.042	(1,632)
Total U.S. Department of Energy		<u>(1,632)</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 8,800,388</u></u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended June 30, 2011

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) of the State of Illinois, Department of Healthcare and Family Services (the Department) for the year ended June 30, 2011 and June 30, 2010 is presented on the cash basis of accounting for expenditures. Such basis differs from the modified accrual basis of accounting because it does not include costs incurred prior to the end of the year, but not paid, and includes costs paid during the current year but reported in the prior year.

(2) Subrecipients

Of the federal expenditures presented in the accompanying Schedule, the Department provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	Amount Provided to Subrecipients Fiscal Year <u>2010</u>	Amount Provided to Subrecipients Fiscal Year <u>2011</u>
Medical Assistance Program	93.778	\$ 48,660	\$ 97,290
Child Support Enforcement	93.563	\$ 20,059	\$ 17,355
Grants to States for Access and Visitation Programs	93.597	\$ 287	\$ 311

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended June 30, 2011

(3) Descriptions of Major Federal Programs

The following summarizes the major federal programs for the year ended June 30, 2011 and June 30, 2010.

Medical Assistance Program CFDA #93.778

Federal Agency: Centers for Medicare and Medicaid Services
Department of Health and Human Services

Federal Match: 50% to 83% (varies among programs)

The objective of the Medical Assistance Program is to provide financial assistance to states for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, and the aged who meet income and resource requirements, and other categorically-eligible groups. Financial assistance is also provided to states to pay for Medicare premiums, co-payments and deductibles of qualified Medicare beneficiaries meeting certain income requirements. More limited financial assistance is available for certain Medicare beneficiaries with higher incomes.

The American Recovery and Reinvestment Act (ARRA) provided increased federal matching for eligible Title XIX expenditures effective October 1, 2008. From July 2009 through December 2010, the increased ARRA match rate was 61.88% and, from January 2011 through March 2011 the ARRA rate was 59.05%. From April 2011 through June 2011, the ARRA rate was 57.16%.

Children's Health Insurance Program (SCHIP) CFDA #93.767

Federal Agency: Centers for Medicare and Medicaid Services
Department of Health and Human Services

Federal Match: May not exceed 85%

The objective of the SCHIP is to provide funds to states to enable them to maintain and expand child health assistance to uninsured, low-income children. Assistance is provided by three methods (1) obtain health insurance coverage that meets the requirements in Section 2103 relating to the amount, duration, and scope of benefits; (2) expand eligibility for children under the State's Medicaid program; or (3) a combination of the two.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended June 30, 2011

(3) Descriptions of Major Federal Programs (Continued)

Child Support Enforcement CFDA #93.563

Federal Agency: Administration for Children and Families
Department of Health and Human Services

Federal match: 66%

The objective of the Title IV-D Program is to enforce the support obligation owed by absent parents to their children, locate absent parents, establish paternity, and obtain child, spousal and medical support.

(4) Other Agency Federal Programs Expenditures

In addition to expenditures made by the Department, other State Agencies, Local Governments and Local Education Agencies also pay for federally reimbursable costs associated with the above federal programs. The Department claims eligible amounts for federal reimbursement as part of its standard claiming process with the U.S. Department of Health and Human Services. The resulting reimbursement is then deposited into the appropriate State fund.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fourteen Months Ended August 31, 2011
(expressed in thousands)

P.A. 96-0956, 97-0053	Appropriations (Net after transfers)	Expenditures through June 30	Approximate Lapse period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
General Revenue Fund - 0001					
Operations-Lump Sums:					
Operational Expenses	\$ 2,080,139	\$ 1,777,750	\$ 291,746	\$ 2,069,496	\$ 10,643
Governor's Discretionary	670,000	663,142	6,799	669,941	59
Total Operations and Governor's Discretionary	<u>2,750,139</u>	<u>2,440,892</u>	<u>298,545</u>	<u>2,739,437</u>	<u>10,702</u>
Medical Assistance:					
Physicians	943,397	795,381	52,842	848,223	95,174
Hospital In-Patient	2,643,735	2,264,794	229,181	2,493,975	149,760
Optometrists	49,019	35,559	2,678	38,237	10,782
Podiatrists	7,395	5,643	435	6,078	1,317
Chiropractors	1,295	1,146	72	1,218	77
Federally Defined Institutions for Mental Diseases	168,931	124,185	466	124,651	44,280
Supportive Living Facilities	119,465	118,083	1,272	119,355	110
Skilled and Intermediate Long-Term Care	695,067	678,397	10,259	688,656	6,411
Dentists	262,143	249,648	101	249,749	12,394
Total Medical Assistance	<u>4,890,447</u>	<u>4,272,836</u>	<u>297,306</u>	<u>4,570,142</u>	<u>320,305</u>
Total General Revenue Fund - 0001	<u>\$ 7,640,586</u>	<u>\$ 6,713,728</u>	<u>\$ 595,851</u>	<u>\$ 7,309,579</u>	<u>\$ 331,007</u>
Road Fund - 0011					
Group Insurance	\$ 159,963	\$ 159,963	-	\$ 159,963	-
University of Illinois Hospital Services Fund - 0136					
U of I Hospital Services	\$ 375,000	\$ 251,571	\$ 12,592	\$ 264,163	\$ 110,837
County Hospital Services Fund - 0329					
Administrative Expenses	\$ 500	\$ 151	\$ 67	\$ 218	\$ 282
Hospital Provider	1,981,119	1,328,378	5,015	1,333,393	647,726
Overpayment Assessment Refunds	1,000	-	-	-	1,000
Total County Hospital Services Fund - 0329	<u>\$ 1,982,619</u>	<u>\$ 1,328,529</u>	<u>\$ 5,082</u>	<u>\$ 1,333,611</u>	<u>\$ 649,008</u>
Provider Inquiry Trust Fund - 0341					
Provider Inquiry Services	\$ 1,500	\$ 693	\$ 57	\$ 750	\$ 750

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fourteen Months Ended August 31, 2011
(expressed in thousands)

P.A. 96-0956, 97-0053	Appropriations (Net after transfers)	Expenditures through June 30	Approximate Lapse period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
Care Provider for Persons with Developmental Disabilities Fund - 0344					
Administrative Expenses	\$ 135	\$ 116	\$ 5	\$ 121	\$ 14
Overpayment Assessment Refunds	1,000	-	-	-	1,000
Total Care Provider for Persons with Developmental Disabilities Fund - 0344	<u>\$ 1,135</u>	<u>\$ 116</u>	<u>\$ 5</u>	<u>\$ 121</u>	<u>\$ 1,014</u>
Long-Term Care Provider Fund - 0345					
Administrative Expenses	\$ 2,414	\$ 1,088	\$ 42	\$ 1,130	\$ 1,284
Long-Term Care Provider Services	855,328	571,099	75	571,174	284,154
Overpayment Assessment Refunds	2,750	66	-	66	2,684
Total Long-Term Care Provider Fund - 0345	<u>\$ 860,492</u>	<u>\$ 572,253</u>	<u>\$ 117</u>	<u>\$ 572,370</u>	<u>\$ 288,122</u>
Hospital Provider Fund - 0346					
Hospitals	\$ 1,925,000	\$ 1,925,000	\$ -	\$ 1,925,000	\$ -
Overpayment Assessment Refunds	5,000	-	378	378	4,622
Total Hospital Provider Fund - 0346	<u>\$ 1,930,000</u>	<u>\$ 1,925,000</u>	<u>\$ 378</u>	<u>\$ 1,925,378</u>	<u>\$ 4,622</u>
Special Education Medicaid Matching Fund - 0355					
	<u>\$ 200,000</u>	<u>\$ 134,110</u>	<u>\$ 57,449</u>	<u>\$ 191,559</u>	<u>\$ 8,441</u>
Trauma Center Fund - 0397					
	<u>\$ 18,000</u>	<u>\$ 12,462</u>	<u>\$ 3,326</u>	<u>\$ 15,788</u>	<u>\$ 2,212</u>
Public Assistance Recoveries Trust Fund - 0421					
Personal Services	\$ 9,323	\$ 8,003	\$ 356	\$ 8,359	\$ 964
State Contribution to State Employees' Retirement System	2,821	2,342	-	2,342	479
Social Security	713	592	27	619	94
Group Insurance	2,228	1,888	91	1,979	249
Contractual Services	24,536	12,525	2,692	15,217	9,319
Travel	120	28	1	29	91
Commodities	37	12	1	13	24
Printing	10	2	1	3	7
Equipment	2,000	-	-	-	2,000
Telecommunications Services	200	45	9	54	146
Deposit into Medical Special Purpose Trust Fund	500	500	-	500	-
Total Public Assistance Recoveries Trust Fund - 0421	<u>\$ 42,488</u>	<u>\$ 25,937</u>	<u>\$ 3,178</u>	<u>\$ 29,115</u>	<u>\$ 13,373</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fourteen Months Ended August 31, 2011
(expressed in thousands)

P.A. 96-0956, 97-0053	Appropriations (Net after transfers)	Expenditures through June 30	Approximate Lapse period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
Medical Research & Development Fund - 0486	\$ 13,562	\$ 13,562	-	\$ 13,562	\$ -
Post-Tertiary Clinical Services Fund - 0487	\$ 13,562	\$ 13,562	-	\$ 13,562	\$ -
Money Follows the Person Budget Transfer Fund - 0522	\$ 11,000	\$ 696	\$ 309	\$ 1,005	\$ 9,995
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575	\$ 8,500	\$ 643	-	\$ 643	\$ 7,857
Family Care Fund - 0720	\$ 40,000	\$ 32,042	\$ 3,759	\$ 35,801	\$ 4,199
Drug Rebate Fund- 0728	\$ 600,000	\$ 599,425	\$ 425	\$ 599,850	\$ 150
Tobacco Settlement Recovery Fund - 0733					
Deposit into Medical Research and Development Fund	\$ 4,880	\$ 4,880	-	\$ 4,880	\$ -
Deposit into Post-Tertiary Clinical Services Fund	4,880	4,880	-	4,880	-
Deposit into Independent Academic Medical Center Fund	762	762	-	762	-
Physicians	90,000	43,738	-	43,738	46,262
Hospitals	280,400	242,087	646	242,733	37,667
Long Term Care	170,000	106,019	-	106,019	63,981
Prescribed Drugs	199,600	199,564	-	199,564	36
Total Tobacco Settlement Recovery Fund - 0733	\$ 750,522	\$ 601,930	\$ 646	\$ 602,576	\$ 147,946
Independent Academic Medical Center Fund - 0735	\$ 2,000	\$ 2,000	-	\$ 2,000	\$ -
Medicaid Buy-in Program Revolving Fund - 0740	\$ 450	\$ 292	\$ 15	\$ 307	\$ 143

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fourteen Months Ended August 31, 2011
(expressed in thousands)

P.A. 96-0956, 97-0053	Appropriations (Net after transfers)	Expenditures through June 30	Approximate Lapse period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
Child Support Administration Fund - 0757					
Personal Services	\$ 66,817	\$ 54,774	\$ 2,530	\$ 57,304	\$ 9,513
Employee Retirement Contributions paid by Employer	83	52	2	54	29
State Contribution to State Employees' Retirement System	20,214	16,048	-	16,048	4,166
Social Security	5,112	4,038	187	4,225	887
Group Insurance	16,575	13,729	689	14,418	2,157
Contractual Services	64,682	34,281	20,108	54,389	10,293
Travel	529	237	22	259	270
Commodities	291	164	18	182	109
Printing	206	135	39	174	32
Equipment	622	1	179	180	442
Telecommunications Services	4,039	2,317	744	3,061	978
Enhanced Collection Efforts & Paternity Adjudication Demo	10,900	7,181	1,466	8,647	2,253
Child Support Enforcement Demonstration Projects	1,000	278	64	342	658
State Disbursement Unit Costs	12,843	8,774	1,820	10,594	2,249
Total Child Support Administration Fund - 0757	<u>\$ 203,913</u>	<u>\$ 142,009</u>	<u>\$ 27,868</u>	<u>\$ 169,877</u>	<u>\$ 34,036</u>
Healthcare Provider Relief Fund - 0793					
Medical Assistance Providers	\$ 2,704,901	\$ 1,368,475	\$ 15,917	\$ 1,384,392	\$ 1,320,509
Integrated Care Management	183,399	2,518	-	2,518	180,881
Total Healthcare Provider Relief Fund - 0793	<u>\$ 2,888,300</u>	<u>\$ 1,370,993</u>	<u>\$ 15,917</u>	<u>\$ 1,386,910</u>	<u>\$ 1,501,390</u>
Medical Special Purpose Trust Fund- 0808					
	<u>\$ 40,500</u>	<u>\$ 5,239</u>	<u>\$ 1,085</u>	<u>\$ 6,324</u>	<u>\$ 34,176</u>
Health Insurance Reserve Fund - 0907					
Health Care Coverage	<u>\$ 2,104,902</u>	<u>\$ 1,562,241</u>	<u>\$ 297,874</u>	<u>\$ 1,860,115</u>	<u>\$ 244,787</u>
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ 19,888,994</u>	<u>\$ 15,468,996</u>	<u>\$ 1,025,933</u>	<u>\$ 16,494,929</u>	<u>\$ 3,394,065</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fourteen Months Ended August 31, 2011
(expressed in thousands)

P.A. 96-0956, 97-0053	Appropriations (Net after transfers)	Expenditures through June 30	Approximate Lapse period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
<u>NON-APPROPRIATED FUNDS</u>					
Local Government Health Insurance Reserve Fund - 0193					
Healthcare & Administrative Expenses	N/A	\$ 50,014	\$ 3,865	\$ 53,879	N/A
Teacher Health Insurance Security Fund - 0203					
Administrative Expenses	N/A	\$ 320	\$ 37	\$ 357	N/A
Health Care Coverage	N/A	451,999	27,363	479,362	N/A
Total Teacher Health Insurance Security Fund - 0203		\$ 452,319	\$ 27,400	\$ 479,719	N/A
Illinois Prescription Drug Discount Program Fund - 0316					
Health Insurance Payments	N/A	\$ 1	-	\$ 1	N/A
Public Assistance Recoveries Trust Fund - 0421					
Payment to Local Gov. for Serv to Recip.	N/A	\$ 43,427	\$ 1,737	\$ 45,164	N/A
Federal Share Due To General Revenue Fund	N/A	440,259	31,254	471,513	N/A
Refund of TPL Recoveries	N/A	893	-	893	N/A
Refund of Non-TPL Recoveries	N/A	216	-	216	N/A
Non-Administrative Expenses	N/A	3	-	3	N/A
Early Intervention - Due DHS	N/A	69	15	84	N/A
Core Medicaid Administrative Expenses	N/A	2,000	-	2,000	N/A
Total Public Assistance Recoveries Trust Fund - 0421		\$ 486,867	\$ 33,006	\$ 519,873	N/A
Community College Health Insurance Security Fund - 0577					
Administrative Expenses	N/A	\$ 24	\$ 2	\$ 26	N/A
Health Care Coverage	N/A	27,080	3,757	30,837	N/A
Total Community College Health Insurance Security Fund - 0577		\$ 27,104	\$ 3,759	\$ 30,863	N/A

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fourteen Months Ended August 31, 2011
(expressed in thousands)

	Appropriations (Net after transfers)	Expenditures through June 30	Approximate Lapse period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
P.A. 96-0956, 97-0053					
Child Support Enforcement Trust Fund - 0957					
Redirects:					
Illinois TANF Excess Child Support Clients	N/A	\$ 1,823	\$ -	\$ 1,823	N/A
Out-of-State TANF Clients	N/A	8,597	-	8,597	N/A
Illinois Non-TANF Clients	N/A	153,514	-	153,514	N/A
Out-of-State Non-TANF Clients	N/A	47,166	99	47,265	N/A
Pass Through to TANF Clients	N/A	1	-	1	N/A
Total Redirects		211,101	99	211,200	
Refunds/Payments to Other Agencies:					
Refund Responsible Relative - IRS Offsets	N/A	2,878	-	2,878	N/A
Refund Responsible Relative - IRS pre N/A	N/A	34	-	34	N/A
Refund Responsible Relative - State Offsets	N/A	619	-	619	N/A
Refund Responsible Relative - State pre N/A	N/A	1	-	1	N/A
Refund Responsible Relative - Courts or Third Parties	N/A	1,361	-	1,361	N/A
Refund Responsible Relative - Courts or Third Parties Out of State	N/A	1	-	1	N/A
Refund Responsible Relative - Courts or Third Parties N/A Out of	N/A	9	-	9	N/A
Refunds/IRS Offset Nonpublic Aid Clients	N/A	85	-	85	N/A
Refunds/State Offset Nonpublic Aid Clients	N/A	37	-	37	N/A
Refund - Nonassistance Clients	N/A	3,724	89	3,813	N/A
Unclaimed Property	N/A	56	-	56	N/A
Fund Transfer	N/A	314	84	398	N/A
Interest Penalty/State Refund	N/A	1	-	1	N/A
Interest Paid to Clients, DCFs, Others	N/A	4,237	4	4,241	N/A
Reimburse DCFs Title IV-E	N/A	1,930	488	2,418	N/A
Total Refunds/Payments to Other Agencies		15,287	665	15,952	
Total Child Support Enforcement Trust Fund - 0957		\$ 226,388	\$ 764	\$ 227,152	
TOTAL - ALL NON-APPROPRIATED FUNDS		\$ 1,242,693	\$ 68,794	\$ 1,311,487	

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fourteen Months Ended August 31, 2011
(expressed in thousands)

P.A. 96-0956, 97-0053	Appropriations (Net after transfers)	Expenditures through June 30	Approximate Lapse period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
ALL FUNDS					
All Appropriated Funds		\$ 15,468,996	\$ 1,025,933	\$ 16,494,929	
All Non-Appropriated Funds		1,242,693	68,794	1,311,487	
GRAND TOTAL - ALL FUNDS		<u>\$ 16,711,689</u>	<u>\$ 1,094,727</u>	<u>\$ 17,806,416</u>	

NOTE:

Appropriations, expenditures, and lapsed balances were obtained from the Department's records and have been reconciled to records 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. Approximate lapse period expenditures do not include interest payments approved for payment by the Department and submitted to the State Comptroller for payment after August.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Eighteen Months Ended December 31, 2010
(expressed in thousands)

	Appropriations (Net after transfers)	Expenditures through June 30	Lapse Period Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
General Revenue Fund - 0001					
Operations - Lump Sums:					
Personal Services - Bargaining Unit Employees	\$ 50,450	\$ 47,486	\$ 2,298	\$ 49,784	\$ 666
Personal Services - Non-Bargaining Unit Employees	16,826	12,679	335	13,014	3,812
State Contributions to Social Security for Bargaining Unit Employees	3,862	3,501	170	3,671	191
State Contributions to Social Security for Non-Bargaining Unit Employees	1,414	936	24	960	454
Operational Expenses	2,012,871	1,493,481	458,816	1,952,297	60,574
Legal Fees	1,900	-	-	-	1,900
Governor's Discretionary	1,044,734	970,621	73,918	1,044,539	195
Total Operations and Governor's Discretionary	3,132,057	2,528,704	535,561	3,064,265	67,792
Medical Assistance:					
Physicians	865,814	679,283	67,286	746,569	119,245
Hospital In-Patient	2,531,282	2,179,840	228,977	2,408,817	122,465
Optometrists	37,451	31,404	2,928	34,332	3,119
Podiatrists	5,856	5,205	575	5,780	76
Chiropractors	1,390	1,139	85	1,224	166
Federally Defined Institutions for Mental Diseases	145,299	104,105	16,141	120,246	25,053
Supportive Living Facilities	128,682	79,350	12,245	91,595	37,087
Skilled and Intermediate Long-Term Care	760,750	400,867	132,454	533,321	227,429
Dentists	244,738	220,425	12,781	233,206	11,532
Total Medical Assistance	4,721,262	3,701,618	473,472	4,175,090	546,172
Total General Revenue Fund - 0001	\$ 7,853,319	\$ 6,230,322	\$ 1,009,033	\$ 7,239,355	\$ 613,964
Road Fund - 0011					
Group Insurance	\$ 150,179	\$ 150,179	\$ -	\$ 150,179	\$ -
University of Illinois Hospital Services Fund - 0136					
U of I Hospital Services	\$ 375,000	\$ 175,836	\$ 17,219	\$ 193,055	\$ 181,945
County Hospital Services Fund - 0329					
Administrative Expenses	\$ 500	\$ -	\$ -	\$ -	\$ 500
Hospital Provider	1,981,119	1,369,618	29,947	1,399,565	581,554
Overpayment Assessment Refunds	1,000	-	-	-	1,000
Total County Hospital Services Fund - 0329	\$ 1,982,619	\$ 1,369,618	\$ 29,947	\$ 1,399,565	\$ 583,054
Provider Inquiry Trust Fund - 0341					
Provider Inquiry Services	\$ 1,500	\$ 716	\$ -	\$ 716	\$ 784

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Eighteen Months Ended December 31, 2010
(expressed in thousands)

	Appropriations (Net after transfers)	Lapse Period		Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
		Expenditures through June 30	Expenditures July 1 to December 31		
P.A. 96-0042, 96-0032, 96-0046, 96-0819					
Care Provider for Persons with Developmental Disabilities Fund - 0344					
Administrative Expenses	\$ 131	\$ 107	\$ 5	\$ 112	\$ 19
Overpayment Assessment Refunds	1,000	-	-	-	1,000
Total Care Provider for Persons with Developmental Disabilities Fund - 0344	\$ 1,131	\$ 107	\$ 5	\$ 112	\$ 1,019
Long-Term Care Provider Fund - 0345					
Administrative Expenses	\$ 2,336	\$ 963	\$ 47	\$ 1,010	\$ 1,326
Long-Term Care Provider Services	855,328	695,173	88,555	783,728	71,600
Overpayment Assessment Refunds	2,750	33	-	33	2,717
Total Long-Term Care Provider Fund - 0345	\$ 860,414	\$ 696,169	\$ 88,602	\$ 784,771	\$ 75,643
Hospital Provider Fund - 0346					
Hospitals	\$ 1,925,000	\$ 1,907,924	\$ 843	\$ 1,908,767	\$ 16,233
Overpayment Assessment Refunds	5,000	-	-	-	5,000
Total Hospital Provider Fund - 0346	\$ 1,930,000	\$ 1,907,924	\$ 843	\$ 1,908,767	\$ 21,233
Special Education Medicaid Matching Fund - 0355					
	\$ 200,000	\$ 105,387	\$ 46,594	\$ 151,981	\$ 48,019
Trauma Center Fund - 0397					
	\$ 18,000	\$ 6,675	-	\$ 6,675	\$ 11,325
Public Assistance Recoveries Trust Fund - 0421					
Personal Services	\$ 8,724	\$ 7,870	\$ 341	\$ 8,211	\$ 513
State Contribution to State Employees' Retirement System	2,476	2,236	97	2,333	143
Social Security	667	587	25	612	55
Group Insurance	2,166	1,742	75	1,817	349
Contractual Services	24,536	9,684	7,515	17,199	7,337
Travel	120	39	2	41	79
Commodities	37	18	1	19	18
Printing	10	6	-	6	4
Equipment	2,000	1	-	1	1,999
Telecommunications Services	200	47	10	57	143
Total Public Assistance Recoveries Trust Fund - 0421	\$ 40,936	\$ 22,230	\$ 8,066	\$ 30,296	\$ 10,640
Medical Research and Development Fund - 0486					
	\$ 14,552	\$ 14,552	-	\$ 14,552	\$ -

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Eighteen Months Ended December 31, 2010
(expressed in thousands)

P.A. 96-0042, 96-0032, 96-0046, 96-0819	Appropriations (Net after transfers)	Expenditures through June 30	Lapse Period Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
Post-Tertiary Clinical Services Fund - 0487	\$ 14,552	\$ 14,552	-	\$ 14,552	\$ -
Money Follows Person Budget Transfer Fund - 0522	\$ 11,000	\$ 525	\$ 230	\$ 755	\$ 10,245
Juvenile Rehabilitation Services Medicaid Matching Fund- 0575	\$ 8,500	\$ 137	\$ 99	\$ 236	\$ 8,264
Family Care Fund - 0720	\$ 40,000	\$ 20,889	\$ 11,127	\$ 32,016	\$ 7,984
Drug Rebate Fund- 0728	\$ 500,000	\$ 494,270	\$ 5,284	\$ 499,554	\$ 446
Tobacco Settlement Recovery Fund - 0733					
Deposit into Medical Research and Development Fund	\$ 6,400	\$ 6,400	-	\$ 6,400	\$ -
Deposit into Post-Tertiary Clinical Services Fund	6,400	6,400	-	6,400	-
Physicians	87,669	77,279	-	77,279	10,390
Hospitals	306,687	286,414	-	286,414	20,273
Long Term Care	167,972	106,088	-	106,088	61,884
Prescribed Drugs	167,972	137,120	606	137,726	30,246
Total Tobacco Settlement Recovery Fund - 0733	\$ 743,100	\$ 619,701	\$ 606	\$ 620,307	\$ 122,793
Independent Academic Medical Center Fund - 0735	\$ 4,000	\$ 4,000	-	\$ 4,000	\$ -
Medicaid Buy-in Program Revolving Fund - 0740	\$ 300	\$ 247	\$ 11	\$ 258	\$ 42

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Eighteen Months Ended December 31, 2010
(expressed in thousands)

	Appropriations (Net after transfers)	Expenditures through June 30	Lapse Period		Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
			Expenditures July 1 to December 31	Expenditures December 31		
P.A. 96-0042, 96-0032, 96-0046, 96-0819						
Child Support Administration Fund - 0757						
Personal Services	\$ 63,059	\$ 53,499	\$ 2,442	\$ 55,941	\$ 7,118	
Employee Retirement Contributions paid by Employer	78	64	4	68	10	
State Contribution to State Employees' Retirement System	17,894	15,193	694	15,887	2,007	
Social Security	4,824	3,934	180	4,114	710	
Group Insurance	15,854	12,623	611	13,234	2,620	
Contractual Services	62,682	45,038	10,029	55,067	7,615	
Travel	529	280	28	308	221	
Commodities	287	115	53	168	119	
Printing	202	144	58	202	-	
Equipment	779	29	-	29	750	
Telecommunications Services	4,028	2,286	811	3,097	931	
Enhanced Collection Efforts & Paternity Adjudication Demo	10,900	7,169	1,663	8,832	2,068	
Child Support Enforcement Demonstration Projects	1,000	299	68	367	633	
State Disbursement Unit Costs	12,643	8,697	1,748	10,445	2,198	
Total Child Support Administration Fund - 0757	\$ 194,759	\$ 149,370	\$ 18,389	\$ 167,759	\$ 27,000	
Healthcare Provider Relief Fund - 0793						
	\$ 1,500,000	\$ 1,275,195	\$ 125,326	\$ 1,400,521	\$ 99,479	
Medical Special Purpose Trust Fund- 0808						
	\$ 30,000	\$ 5,003	\$ 275	\$ 5,278	\$ 24,722	
Health Insurance Reserve Fund - 0907						
Health Care Coverage	\$ 2,044,224	\$ 1,428,579	\$ 344,218	\$ 1,772,797	\$ 271,427	
TOTAL - ALL APPROPRIATED FUNDS						
	\$ 18,518,085	\$ 14,692,183	\$ 1,705,874	\$ 16,398,057	\$ 2,120,028	

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Eighteen Months Ended December 31, 2010
(expressed in thousands)

	Appropriations (Net after transfers)	Expenditures through June 30	Lapse Period Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
P.A. 96-0042, 96-0032, 96-0046, 96-0819					
<u>NON-APPROPRIATED FUNDS</u>					
Local Government Health Insurance Reserve Fund - 0193					
Healthcare & Administrative Expenses	N/A	\$ 57,008	\$ 1,575	\$ 58,583	N/A
Teacher Health Insurance Security Fund - 0203					
Administrative Expenses	N/A	\$ 314	\$ 28	\$ 342	N/A
Health Care Coverage	N/A	431,091	21,586	452,677	N/A
Total Teacher Health Insurance Security Fund - 0203		\$ 431,405	\$ 21,614	\$ 453,019	
Public Assistance Recoveries Trust Fund - 0421					
Payment to Local Gov. for Serv to Recip.	N/A	\$ 19,527	\$ 1,824	\$ 21,351	N/A
Federal Share Due To General Revenue Fund	N/A	274,685	16,536	291,221	N/A
Refund of TPL Recoveries	N/A	416	-	416	N/A
Refund of Non-TPL Recoveries	N/A	227	7	234	N/A
Non-Administrative Expenses	N/A	30	-	30	N/A
Early Intervention - Due DHS	N/A	49	37	86	N/A
Total Public Assistance Recoveries Trust Fund - 0421		\$ 294,934	\$ 18,404	\$ 313,338	
Community College Health Insurance Security Fund - 0577					
Administrative Expenses	N/A	\$ 28	\$ 1	\$ 29	N/A
Health Care Coverage	N/A	27,546	3,130	30,676	N/A
Total Community College Health Insurance Security Fund - 0577		\$ 27,574	\$ 3,131	\$ 30,705	

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Eighteen Months Ended December 31, 2010
(expresses in thousands)

	Appropriations (Net after transfers)	Lapse Period		Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
		Expenditures through June 30	Expenditures July 1 to December 31		
P.A. 96-0042, 96-0032, 96-0046, 96-0819					
Child Support Enforcement Trust Fund - 0957					
Redirects:					
Illinois TANF Excess Child Support Clients	N/A	\$ 1,655	\$ -	1,655	N/A
Out-of-State TANF Clients	N/A	9,315	-	9,315	N/A
Illinois Non-TANF Clients	N/A	166,116	-	166,116	N/A
Out-of-State Non-TANF Clients	N/A	46,485	-	46,485	N/A
Pass Through to TANF Clients	N/A	1	-	1	N/A
Total Redirects		223,572	-	223,572	
Refunds/Payments to Other Agencies:					
Refund Responsible Relative - IRS Offsets	N/A	3,853	-	3,853	N/A
Refund Responsible Relative - IRS pre N/A	N/A	17	-	17	N/A
Refund Responsible Relative - State Offsets	N/A	649	8	657	N/A
Refund Responsible Relative - State pre N/A	N/A	3	-	3	N/A
Refund Responsible Relative - Courts or Third Parties	N/A	1,747	33	1,780	N/A
Refund Responsible Relative - Courts or Third Parties N/A Out of State	N/A	9	-	9	N/A
Refunds/IRS Offset Nonpublic Aid Clients	N/A	80	-	80	N/A
Refunds/State Offset Nonpublic Aid Clients	N/A	63	-	63	N/A
Refund - Nonassistance Clients	N/A	4,809	206	5,015	N/A
Fund Transfer	N/A	32	13	45	N/A
Interest Penalty/State Refund	N/A	1	1	2	N/A
Interest Paid to Clients, DCFS, Others	N/A	4,339	16	4,355	N/A
Reimburse DCFS Title IV-E	N/A	2,290	218	2,508	N/A
Total Refunds/Payments to Other Agencies		17,892	495	18,387	
Total Child Support Enforcement Trust Fund - 0957		\$ 241,464	\$ 495	\$ 241,959	
TOTAL - ALL NON-APPROPRIATED FUNDS		\$ 1,052,385	\$ 45,219	\$ 1,097,604	
ALL FUNDS					
All Appropriated Funds		\$ 14,692,183	\$ 1,705,874	\$ 16,398,057	
All Non-Appropriated Funds		1,052,385	45,219	1,097,604	
GRAND TOTAL - ALL FUNDS		\$ 15,744,568	\$ 1,751,093	\$ 17,495,661	

NOTE:
Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor. Expenditures and related lapsed balances are final and 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
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2011, 2010 and 2009

(expressed in thousands)

	Fiscal Year	
2011	2010	2009
	P.A. 96-0042	P.A. 95-0734
	P.A. 96.0032	P.A. 95-1017
P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
P.A. 97-0053	P.A. 96-0819	P.A. 96-0004

General Revenue Fund - 0001

Appropriations (net after transfers)	\$ 7,640,586	\$ 7,853,319	\$ 9,639,640
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Expenditures:

Administrative:

Personal Services	-	62,798	60,189
Employee Retirement Contribution Paid by Employer	-	-	23
State Contribution to State Employees' Retirement System *	-	-	12,692
Social Security	-	4,631	4,447
Contractual Services	-	-	23,211
Travel	-	-	665
Commodities	-	-	393
Printing	-	-	803
Equipment	-	-	124
Telecommunications Services	-	-	2,221
Operation of Auto Equipment	-	-	86
Medical Management Services	-	-	2,887
Information Systems (Medical Eligibility)	-	-	719
Med Level - Medical Data Warehouse	-	-	3,890
Deposit into Child Support Administrative Fund	-	-	38,173
Healthcare Shared Services Center	-	-	3,767
Operational Expenses	2,069,496	1,952,297	-
Total Administrative	2,069,496	2,019,726	154,290
Group Insurance	-	-	1,057,891
Governor's Discretionary	669,941	1,044,539	-
Medical Assistance	4,570,142	4,175,090	8,344,056
KidCare Refunds	-	-	243
Total Expenditures	7,309,579	7,239,355	9,556,480
Lapsed Balances	\$ 331,007	\$ 613,964	\$ 83,160

Road Fund - 0011

Appropriations (net after transfers)	\$ 159,963	\$ 150,179	\$ 142,997
Expenditures:			
Group Insurance	159,963	150,179	142,997
Lapsed Balances	\$ -	\$ -	\$ -

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

For the Fiscal Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	Fiscal Year	
2011	2010	2009
	P.A. 96-0042	P.A. 95-0734
	P.A. 96.0032	P.A. 95-1017
P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
P.A. 97-0053	P.A. 96-0819	P.A. 96-0004

University of Illinois Hospital Services Fund - 0136

Appropriations (net after transfers)	\$ 375,000	\$ 375,000	\$ 270,000
Expenditures:			
U of I Hospital Services	264,163	193,055	264,089
Lapsed Balances	<u>\$ 110,837</u>	<u>\$ 181,945</u>	<u>\$ 5,911</u>

County Hospital Services Fund - 0329

Appropriations (net after transfers)	\$ 1,982,619	\$ 1,982,619	\$ 1,982,619
Expenditures:			
Administrative Expenses	218	-	-
Hospital Provider	1,333,393	1,399,565	1,479,081
Overpayment Assessment Refunds	-	-	-
Total Expenditures	<u>1,333,611</u>	<u>1,399,565</u>	<u>1,479,081</u>
Lapsed Balances	<u>\$ 649,008</u>	<u>\$ 583,054</u>	<u>\$ 503,538</u>

Provider Inquiry Trust Fund - 0341

Appropriations (net after transfers)	\$ 1,500	\$ 1,500	\$ 1,500
Expenditures:			
Provider Inquiry Services	750	716	732
Lapsed Balances	<u>\$ 750</u>	<u>\$ 784</u>	<u>\$ 768</u>

Care Provider for Persons with Developmental Disabilities Fund - 0344

Appropriations (net after transfers)	\$ 1,135	\$ 1,131	\$ 1,129
Expenditures:			
Administrative Expenses	121	112	109
Overpayment Assessment Refunds	-	-	-
Total Expenditures	<u>121</u>	<u>112</u>	<u>109</u>
Lapsed Balances	<u>\$ 1,014</u>	<u>\$ 1,019</u>	<u>\$ 1,020</u>

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

For the Fiscal Years Ended June 30, 2011, 2010 and 2009

(expressed in thousands)

	2011	Fiscal Year 2010	2009
		P.A. 96-0042	P.A. 95-0734
		P.A. 96.0032	P.A. 95-1017
	P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
	P.A. 97-0053	P.A. 96-0819	P.A. 96-0004
Long-Term Care Provider Fund - 0345			
Appropriations (net after transfers)	\$ 860,492	\$ 860,414	\$ 929,487
Expenditures:			
Administrative Expenses	1,130	1,010	899
Long-Term Care Provider Services	571,174	783,728	686,746
Overpayment Assessment Refunds	66	33	91
Healthcare Shared Services Center	-	-	71
Total Expenditures	<u>572,370</u>	<u>784,771</u>	<u>687,807</u>
Lapsed Balances	<u>\$ 288,122</u>	<u>\$ 75,643</u>	<u>\$ 241,680</u>
Hospital Provider Fund - 0346			
Appropriations (net after transfers)	\$ 1,930,000	\$ 1,930,000	\$ 1,615,000
Expenditures:			
Hospitals	1,925,000	1,908,767	1,609,997
Overpayment Assessment Refunds	378	-	-
Total Expenditures	<u>1,925,378</u>	<u>1,908,767</u>	<u>1,609,997</u>
Lapsed Balances	<u>\$ 4,622</u>	<u>\$ 21,233</u>	<u>\$ 5,003</u>
Special Education Medicaid Matching Fund - 0355			
Appropriations (net after transfers)	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures:			
Administrative Expenses	<u>191,559</u>	<u>151,981</u>	<u>136,618</u>
Lapsed Balances	<u>\$ 8,441</u>	<u>\$ 48,019</u>	<u>\$ 63,382</u>
Trauma Center Fund - 0397			
Appropriations (net after transfers)	\$ 18,000	\$ 18,000	\$ 15,000
Expenditures:			
Trauma Centers	<u>15,788</u>	<u>6,675</u>	<u>12,071</u>
Lapsed Balances	<u>\$ 2,212</u>	<u>\$ 11,325</u>	<u>\$ 2,929</u>

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

For the Fiscal Years Ended June 30, 2011, 2010 and 2009

(expressed in thousands)

	Fiscal Year	
2011	2010	2009
	P.A. 96-0042	P.A. 95-0734
	P.A. 96.0032	P.A. 95-1017
P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
P.A. 97-0053	P.A. 96-0819	P.A. 96-0004

Public Assistance Recoveries Trust Fund - 0421

Appropriations (net after transfers)	\$ 42,488	\$ 40,936	\$ 41,543
Expenditures:			
Personal Services	8,359	8,211	7,229
State Contribution to State Employees' Retirement System *	2,342	2,333	1,524
Social Security	619	612	537
Group Insurance	1,979	1,817	1,702
Contractual Services	15,217	17,199	12,088
Travel	29	41	50
Commodities	13	19	33
Printing	3	6	4
Equipment	-	1	2
Telecommunications Services	54	57	72
Healthcare Shared Services Center	-	-	900
Deposit into Medical Special Purpose Trust Fund	500	-	-
Total Expenditures	29,115	30,296	24,141
Lapsed Balances	\$ 13,373	\$ 10,640	\$ 17,402

Medical Research and Development Fund - 0486

Appropriations (net after transfers)	\$ 13,562	\$ 14,552	\$ 12,800
Expenditures:			
Awards and Grants	13,562	14,552	12,800
Lapsed Balances	\$ -	\$ -	\$ -

Post-Tertiary Clinical Services Fund - 0487

Appropriations (net after transfers)	\$ 13,562	\$ 14,552	\$ 12,800
Expenditures:			
Awards and Grants	13,562	14,552	12,800
Lapsed Balances	\$ -	\$ -	\$ -

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	1,005	755	971
Lapsed Balances	\$ 9,995	\$ 10,245	\$ 10,029

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

For the Fiscal Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	2011	Fiscal Year 2010	2009
		P.A. 96-0042	P.A. 95-0734
		P.A. 96.0032	P.A. 95-1017
	P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
	P.A. 97-0053	P.A. 96-0819	P.A. 96-0004
Supplemental Low Income Energy Assistance Fund - 0550			
Appropriations (net after transfers)	\$ -	\$ -	\$ 77,748
Expenditures:			
Awards and Grants	-	-	77,746
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575			
Appropriations (net after transfers)	\$ 8,500	\$ 8,500	\$ 8,500
Expenditures:			
Juvenile Behavioral Health Services	643	236	404
Lapsed Balances	<u>\$ 7,857</u>	<u>\$ 8,264</u>	<u>\$ 8,096</u>
FY09 Budget Relief Fund - 0678			
Appropriations (net after transfers)	\$ -	\$ -	\$ 3,000
Expenditures:			
Health Information Exchange Initiative	-	-	3,000
Lapsed Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Family Care Fund - 0720			
Appropriations (net after transfers)	\$ 40,000	\$ 40,000	\$ 40,000
Expenditures:			
Medical Assistance	35,801	32,016	29,519
Lapsed Balances	<u>\$ 4,199</u>	<u>\$ 7,984</u>	<u>\$ 10,481</u>
Drug Rebate Fund - 0728			
Appropriations (net after transfers)	\$ 600,000	\$ 500,000	\$ 432,000
Expenditures:			
Prescribed Drugs	599,850	499,554	431,971
Lapsed Balances	<u>\$ 150</u>	<u>\$ 446</u>	<u>\$ 29</u>

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

For the Fiscal Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	Fiscal Year	
2011	2010	2009
	P.A. 96-0042	P.A. 95-0734
	P.A. 96.0032	P.A. 95-1017
P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
P.A. 97-0053	P.A. 96-0819	P.A. 96-0004

Tobacco Settlement Recovery Fund - 0733

Appropriations (net after transfers)	\$ 750,522	\$ 743,100	\$ 766,800
Expenditures:			
Fund Transfers	10,522	12,800	12,800
Catastrophic Relief Payment	-	-	39,869
Physicians	43,738	77,279	-
Hospitals	242,733	286,414	133,375
Long Term Care	106,019	106,088	-
Prescribed Drugs	199,564	137,726	580,594
Total Expenditures	602,576	620,307	766,638
Lapsed Balances	\$ 147,946	\$ 122,793	\$ 162

Independent Academic Medical Center Fund - 0735

Appropriations (net after transfers)	\$ 2,000	\$ 4,000	\$ -
Expenditures:			
Lump Sums	2,000	4,000	-
Lapsed Balances	\$ -	\$ -	\$ -

Energy Administration Fund - 0737

Appropriations (net after transfers)	\$ -	\$ -	\$ 8,737
Expenditures:			
Personal Services	-	-	168
State Contribution to State Employees Retirement System	-	-	35
Social Security	-	-	13
Group Insurance	-	-	41
Travel	-	-	17
Equipment	-	-	8
Nonprofit Community Organization Grants	-	-	8,455
Total Expenditures	-	-	8,737
Lapsed Balances	\$ -	\$ -	\$ -

Medicaid Buy-in Program Revolving Fund - 0740

Appropriations (net after transfers)	\$ 450	\$ 300	\$ 300
Expenditures:			
Medical Assistance	307	258	217
Lapsed Balances	\$ 143	\$ 42	\$ 83

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

For the Fiscal Years Ended June 30, 2011, 2010 and 2009

(expressed in thousands)

	Fiscal Year	
2011	2010	2009
	P.A. 96-0042	P.A. 95-0734
	P.A. 96.0032	P.A. 95-1017
P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
P.A. 97-0053	P.A. 96-0819	P.A. 96-0004

Child Support Administration Fund - 0757

Appropriations (net after transfers)	\$ 203,913	\$ 194,759	\$ 192,458
Expenditures:			
Personal Services	57,304	55,941	55,133
Employee Retirement Contribution Paid by Employer	54	68	68
State Contribution to State Employees Retirement System *	16,048	15,887	11,616
Social Security	4,225	4,114	4,064
Group Insurance	14,418	13,234	13,662
Contractual Services	54,389	55,067	57,864
Travel	259	308	411
Commodities	182	168	249
Printing	174	202	140
Equipment	180	29	78
Telecommunications Services	3,061	3,097	3,246
Enhanced Collection Efforts and Paternity Adjudication Demo	8,647	8,832	8,067
Child Support Enforcement Demonstration Projects	342	367	439
State Disbursement Unit Costs	10,594	10,445	15,174
Healthcare Shared Services Center	-	-	2,734
Total Expenditures	169,877	167,759	172,945
Lapsed Balances	\$ 34,036	\$ 27,000	\$ 19,513

Healthcare Provider Relief Fund - 0793

Appropriations (net after transfers)	\$ 2,888,300	\$ 1,500,000	\$ -
Expenditures:			
Medical Assistance Providers	1,384,392	1,400,521	-
Integrated Care Management	2,518	-	-
Total Expenditures	1,386,910	1,400,521	-
Lapsed Balances	\$ 1,501,390	\$ 99,479	\$ -

Medical Special Purpose Trust Fund - 0808

Appropriations (net after transfers)	\$ 40,500	\$ 30,000	\$ 9,788
Expenditures:			
Health Insurance Portability and Accountability Act Costs	6,324	5,278	4,699
Lapsed Balances	\$ 34,176	\$ 24,722	\$ 5,089

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

For the Fiscal Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	2011	Fiscal Year 2010	2009
		P.A. 96-0042	P.A. 95-0734
		P.A. 96.0032	P.A. 95-1017
	P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
	P.A. 97-0053	P.A. 96-0819	P.A. 96-0004
Low Income Home Energy Assistance Block Grant Fund - 0870			
Appropriations (net after transfers)	\$ -	\$ -	\$ 139,947
Expenditures:			
Personal Services	-	-	987
State Contribution to State Employees' Retirement System	-	-	208
Social Security	-	-	73
Group Insurance	-	-	198
Contractual Services	-	-	188
Travel	-	-	64
Commodities	-	-	8
Printing	-	-	10
Equipment	-	-	3
Telecommunications Services	-	-	32
System Development / Maintenance	-	-	34
Weatherization Program Grants	-	-	138,142
Total Expenditures	<u>-</u>	<u>-</u>	<u>139,947</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Health Insurance Reserve Fund - 0907			
Appropriations (net after transfers)	\$ 2,104,902	\$ 2,044,224	\$ 1,877,541
Expenditures:			
Health Care Coverage	<u>1,860,115</u>	<u>1,772,797</u>	<u>1,760,936</u>
Lapsed Balances	<u>\$ 244,787</u>	<u>\$ 271,427</u>	<u>\$ 116,605</u>
TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (net after transfers)	\$ 19,888,994	\$ 18,518,085	\$ 18,432,334
Total Expenditures	<u>16,494,929</u>	<u>16,398,057</u>	<u>17,337,452</u>
Lapsed Balances	<u>\$ 3,394,065</u>	<u>\$ 2,120,028</u>	<u>\$ 1,094,882</u>

* Note: Fiscal Year 2009 amounts include the pension continuing appropriation.

Fiscal Year 2011 and 2009 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.

Fiscal Year 2010 expenditures and related lapsed balances are final and do 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
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2011, 2010 and 2009

(expressed in thousands)

2011	Fiscal Year 2010	2009
	P.A. 96-0042	P.A. 95-0734
	P.A. 96.0032	P.A. 95-1017
P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
P.A. 97-0053	P.A. 96-0819	P.A. 96-0004

NON-APPROPRIATED FUNDS

Local Government Health Insurance Reserve Fund - 0193

Healthcare and Administrative Expenses	\$ 53,879	\$ 58,583	\$ 56,437
Healthcare Shared Services Center	-	-	89
Total Expenditures	\$ 53,879	\$ 58,583	\$ 56,526

Teacher Health Insurance Security Fund - 0203

Administrative Expenses	\$ 357	\$ 342	\$ 373
Health Care Coverage	479,362	452,677	411,917
Total Expenditures	\$ 479,719	\$ 453,019	\$ 412,290

Illinois Prescription Drug Discount Program Fund - 0316

Health Insurance Payments	\$ 1	\$ -	\$ -
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Public Assistance Recoveries Trust Fund - 0421

Payment to Local Gov. for Serv to Recip.	\$ 45,164	\$ 21,351	\$ 23,931
Federal Share Due To General Revenue Fund	471,513	291,221	248,604
Refund of TPL Recoveries	893	416	456
Refund of Non-TPL Recoveries	216	234	931
Non-Administrative Expenses	3	30	80
Early Intervention - Due DHS	84	86	50
Core Medicaid Administrative Expenses	2,000	-	-
Total Expenditures	\$ 519,873	\$ 313,338	\$ 274,052

Community College Health Insurance Security Fund - 0577

Administrative Expenses	\$ 26	\$ 29	\$ 6
Health Care Coverage	30,837	30,676	31,976
Total Expenditures	\$ 30,863	\$ 30,705	\$ 31,982

Financial Institution Settlement 2008 Fund - 0679

Outstanding Medical Assistance Payments	\$ -	\$ -	\$ 50,675
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STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2011, 2010 and 2009

(expressed in thousands)

	Fiscal Year	
2011	2010	2009
	P.A. 96-0042	P.A. 95-0734
	P.A. 96.0032	P.A. 95-1017
P.A. 96-0956	P.A. 96-0046	P.A. 95-1030
P.A. 97-0053	P.A. 96-0819	P.A. 96-0004

Child Support Enforcement Trust Fund - 0957

Redirect - Illinois TANF Excess Child Support Clients	\$ 1,823	\$ 1,655	\$ 2,154
Redirect - Out-of-State TANF Clients	8,597	9,315	10,202
Redirect - Illinois Non-TANF Clients	153,514	166,116	139,343
Redirect - Out-of-State Non-TANF Clients	47,265	46,485	44,879
Pass Through to TANF Clients	1	1	-
Refund - IRS Offsets	2,878	3,853	4,356
Refund - IRS pre N/A	34	17	44
Refund - State Offsets	619	657	606
Refund - State pre N/A	1	3	4
Refund - Courts or Third Parties	1,361	1,780	1,273
Refund - Courts or Third Parties Out of State	1	-	-
Refund - Courts or Third Parties N/A Out of State	9	9	15
Refunds - IRS Offset Nonpublic Aid Clients	85	80	118
Refunds - State Offset Nonpublic Aid Clients	37	63	31
Refund - Nonassistance Clients	3,813	5,015	3,325
Unclaimed Property	56	-	-
Fund Transfer	398	45	23
Interest Penalty/State Refund	1	2	2
Interest Paid to Clients, DCFS, Others	4,241	4,355	1,888
Reimburse DCFS Title IV-E	2,418	2,508	2,718
Total Expenditures	\$ 227,152	\$ 241,959	\$ 210,981
TOTAL - ALL NON-APPROPRIATED FUNDS	\$ 1,311,487	\$ 1,097,604	\$ 1,036,506
GRAND TOTAL - ALL FUNDS	\$ 17,806,416	\$ 17,495,661	\$ 18,373,958

State Officers' Salaries

General Revenue Fund - 0001

Appropriations (net after transfers)	\$ 263	\$ 263	\$ 263
Expenditures:			
Director's salary (1)	136	142	142
Assistant Director's salary (1)	115	121	121
Total Expenditures	251	263	263
Lapsed Balances	\$ 12	\$ -	\$ -

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

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
LOCALLY HELD FUNDS
CASH BASIS SCHEDULE
For the Years Ended June 30, 2011 and 2010
(expressed in thousands)

	2011	2010
<u>Public Aid Emergency Revolving Fund</u>		
An imprest fund used to provide emergency aid to recipients.		
Beginning balance	\$ 196	\$ 283
Receipts (including cash on hand and in-transit)	395	319
Disbursements	(415)	(406)
Ending balance	\$ 176	\$ 196
<u>Local Government Health Insurance Reserve Local Fund</u>		
Beginning balance	\$ 1,628	\$ 512
Receipts (including cash on hand and in-transit)	15,118	19,539
Disbursements	(15,968)	(18,423)
Ending balance	\$ 778	\$ 1,628
<u>Teacher Health Insurance Security Local Fund</u>		
Beginning balance	\$ 7,644	\$ 5,636
Receipts (including cash on hand and in-transit)	194,066	196,973
Disbursements	(194,346)	(194,965)
Ending balance	\$ 7,364	\$ 7,644
<u>Community College Health Insurance Security Local Fund</u>		
Beginning balance	\$ 413	\$ 137
Receipts (including cash on hand and in-transit)	11,564	10,302
Disbursements	(11,244)	(10,026)
Ending balance	\$ 733	\$ 413
<u>Health Insurance Reserve Local Fund</u>		
Beginning balance	\$ 31,164	\$ 13,880
Receipts (including cash on hand and in-transit)	764,386	800,434
Disbursements	(768,585)	(783,150)
Ending balance	\$ 26,965	\$ 31,164

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2011 and 2010
(expressed in thousands)

	Fiscal Year	
	2011	2010
Beginning Balance, July 1,	\$ 22,442	\$ 24,480
Additions	271	184
Deletions	(208)	(27)
Net Transfers	(2,455)	(2,195)
Ending Balance, June 30,	\$ 20,050	\$ 22,442

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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Revenue Fund - 0001			
Federal government	\$ 3,698,879	\$ 3,326,665	\$ 4,049,384
Federal Stimulus Package	580,452	591,471	526,703
Federal reimbursable portion due from the Public Assistance Recoveries Trust Fund	456,792	293,303	243,888
Investment income	19	10	40
Local Illinois governmental units	243,750	243,700	252,778
Recipient collections	19,681	18,015	18,310
Fund transfers	3	6	2
Miscellaneous	1	-	1
Total cash receipts per Department	<u>4,999,577</u>	<u>4,473,170</u>	<u>5,091,106</u>
Less - In transit at End of Year	(442)	(903)	(828)
Plus - In transit at Beginning of Year	903	828	763
Plus - PY Refunds/Warrant Voids on Comptroller's Report	128	1,071	236
Total cash receipts per State Comptroller's Records	<u>\$ 5,000,166</u>	<u>\$ 4,474,166</u>	<u>\$ 5,091,277</u>

University of Illinois Hospital Services Fund - 0136

Federal government	\$ 161,789	\$ 124,858	\$ 139,802
Federal Stimulus Package	24,199	40,430	-
Other Illinois State agencies	45,000	45,000	70,928
Total cash receipts per Department	<u>230,988</u>	<u>210,288</u>	<u>210,730</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	926
Total cash receipts per State Comptroller's Records	<u>\$ 230,988</u>	<u>\$ 210,288</u>	<u>\$ 211,656</u>

Community Developmental Disability Services Medicaid Trust Fund - 0142

Federal government	\$ 40,839	\$ 38,752	\$ 34,251
Federal Stimulus Package	9,036	8,766	509
Total cash receipts per Department	<u>49,875</u>	<u>47,518</u>	<u>34,760</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 49,875</u>	<u>\$ 47,518</u>	<u>\$ 34,760</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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	2011	2010	2009
DCFS Children's Services Fund - 0220			
Federal government	\$ 9,840	\$ -	\$ -
Federal Stimulus Package	2,233	-	-
Total cash receipts per Department	12,073	-	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ 12,073	\$ -	\$ -
 Illinois Veterans Assistance Fund - 0236			
Insurance Premiums	\$ 96	\$ 81	\$ 52
Total cash receipts per Department	96	81	52
Less - In transit at End of Year	(3)	(6)	(5)
Plus - In transit at Beginning of Year	6	5	2
Total cash receipts per State Comptroller's Records	\$ 99	\$ 80	\$ 49
 County Hospital Services Fund - 0329			
Federal government	\$ 677,135	\$ 686,721	\$ 751,306
Federal Stimulus Package	25,771	57,793	222
Provider participation fees	655,494	629,225	747,882
Total cash receipts per Department	1,358,400	1,373,739	1,499,410
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ 1,358,400	\$ 1,373,739	\$ 1,499,410
 Provider Inquiry Trust Fund - 0341			
User Fees/Private Organizations or Individuals	\$ 1,184	\$ 1,215	\$ 792
Total cash receipts per Department	1,184	1,215	792
Less - In transit at End of Year	(73)	(23)	(3)
Plus - In transit at Beginning of Year	23	3	66
Total cash receipts per State Comptroller's Records	\$ 1,134	\$ 1,195	\$ 855

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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Care Provider For Persons with Developmental Disabilities Fund - 0344			
Federal government	\$ 18,060	\$ 27,596	\$ 18,433
Federal Stimulus Package	3,421	6,419	3,770
Provider taxes	18,883	19,077	19,017
Total cash receipts per Department	<u>40,364</u>	<u>53,092</u>	<u>41,220</u>
Less - In transit at End of Year	-	-	(18)
Plus - In transit at Beginning of Year	-	18	765
Total cash receipts per State Comptroller's Records	<u>\$ 40,364</u>	<u>\$ 53,110</u>	<u>\$ 41,967</u>
Long-Term Care Provider Fund - 0345			
Federal government	\$ 330,818	\$ 381,112	\$ 396,609
Federal Stimulus Package	65,992	88,524	58,294
Provider taxes	52,104	51,584	51,879
Federal monies via other State agencies	107	103	102
Local governmental units	-	17,172	52,542
Total cash receipts per Department	<u>449,021</u>	<u>538,495</u>	<u>559,426</u>
Less - In transit at End of Year	(94)	(31)	(197)
Plus - In transit at Beginning of Year	31	197	5,571
Plus - PY Refunds/Warrant Voids on Comptroller's Report	-	594	176
Total cash receipts per State Comptroller's Records	<u>\$ 448,958</u>	<u>\$ 539,255</u>	<u>\$ 564,976</u>
Hospital Provider Fund - 0346			
Federal government	\$ 981,384	\$ 980,100	\$ 778,264
Federal Stimulus Package	221,129	223,161	161,246
Provider taxes	907,952	873,903	900,638
Total cash receipts per Department	<u>2,110,465</u>	<u>2,077,164</u>	<u>1,840,148</u>
Less - In transit at End of Year	-	(625)	(1,523)
Plus - In transit at Beginning of Year	625	1,523	-
Plus - PY Refunds/Warrant Voids on Comptroller's Report	-	1	-
Total cash receipts per State Comptroller's Records	<u>\$ 2,111,090</u>	<u>\$ 2,078,063</u>	<u>\$ 1,838,625</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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	2011	2010	2009
Special Education Medicaid Matching Fund - 0355			
Federal government	\$ 166,586	\$ 123,519	\$ 158,616
Federal Stimulus Package	14,129	-	4,495
Total cash receipts per Department	180,715	123,519	163,111
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - PY Refunds/Warrant Voids on Comptroller's Report	6	-	2
Total cash receipts per State Comptroller's Records	\$ 180,721	\$ 123,519	\$ 163,113
 HHS Medicaid Trust Fund - 0365			
Federal government	\$ 21,620	\$ -	\$ -
Federal Stimulus Package	4,595	-	-
Total cash receipts per Department	26,215	-	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ 26,215	\$ -	\$ -
 Trauma Center Fund - 0397			
Federal government	\$ 6,016	\$ 5,000	\$ 5,957
Federal Stimulus Package	1,043	1,104	833
Total cash receipts per Department	7,059	6,104	6,790
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ 7,059	\$ 6,104	\$ 6,790
 Protest Fund - 0401			
Provider taxes	\$ 24	\$ 24	\$ 24
Total cash receipts per Department	24	24	24
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ 24	\$ 24	\$ 24

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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public Assistance Recoveries Trust Fund - 0421			
Federal government	\$ 43,482	\$ 19,679	\$ 24,013
Federal Stimulus Package	3,696	-	8
Recipient collections	29,277	35,104	25,679
Child Support Enforcement	335	29	18
Court and anti-trust distributions	-	1	15
Private organizations or individuals	913,136	546,525	477,941
Total cash receipts per Department	<u>989,926</u>	<u>601,338</u>	<u>527,674</u>
Less - In transit at End of Year	(18,696)	(10,971)	(19,601)
Plus - In transit at Beginning of Year	10,971	19,601	18,919
Plus - PY Refunds/Warrant Voids on Comptroller's Report	7	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 982,208</u>	<u>\$ 609,968</u>	<u>\$ 526,992</u>

Medical Research & Development Fund - 0486

Federal government	\$ 6,422	\$ 6,417	\$ 6,400
Federal Stimulus Package	1,499	1,504	996
Fund transfers	4,880	6,400	6,400
Total cash receipts per Department	<u>12,801</u>	<u>14,321</u>	<u>13,796</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 12,801</u>	<u>\$ 14,321</u>	<u>\$ 13,796</u>

Post-Tertiary Clinical Services Fund - 0487

Federal government	\$ 6,422	\$ 6,417	\$ 6,400
Federal Stimulus Package	1,499	1,504	996
Fund transfers	4,880	6,400	6,400
Total cash receipts per Department	<u>12,801</u>	<u>14,321</u>	<u>13,796</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 12,801</u>	<u>\$ 14,321</u>	<u>\$ 13,796</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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Early Intervention Services Revolving Fund - 0502			
Federal government	\$ 41,068	\$ 40,260	\$ 33,248
Federal Stimulus Package	7,306	8,358	3,021
Total cash receipts per Department	<u>48,374</u>	<u>48,618</u>	<u>36,269</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 48,374</u>	<u>\$ 48,618</u>	<u>\$ 36,269</u>
Money Follows Person Budget Transfer Fund - 0522			
Federal government	\$ 498	\$ 610	\$ 104
Other Illinois State agencies	-	400	950
Total cash receipts per Department	<u>498</u>	<u>1,010</u>	<u>1,054</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 498</u>	<u>\$ 1,010</u>	<u>\$ 1,054</u>
Department of Corrections Reimbursement Fund - 0523			
Federal government	\$ 232	\$ 60	\$ 50
Federal Stimulus Package	46	14	-
Total cash receipts per Department	<u>278</u>	<u>74</u>	<u>50</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 278</u>	<u>\$ 74</u>	<u>\$ 50</u>
Supplemental Low-Income Energy Assistance Fund - 0550			
Private organizations or individuals	\$ -	\$ -	\$ 4,000
Total cash receipts per Department	-	-	4,000
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	4,000
Plus - PY Refunds/Warrant Voids on Comptroller's Report	-	33	272
Total cash receipts per State Comptroller's Records	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 8,272</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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	2011	2010	2009
Good Samaritan Energy Trust Fund - 0555			
Private organizations or individuals	\$ -	\$ -	\$ 1
Total cash receipts per Department	-	-	1
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ -	\$ -	\$ 1
 Juvenile Rehabilitation Services Medicaid Matching Fund - 0575			
Federal government	\$ 698	\$ 268	\$ 439
Federal Stimulus Package	-	-	29
Total cash receipts per Department	698	268	468
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ 698	\$ 268	\$ 468
 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 Records	\$ 13	\$ -	\$ -
 Community Mental Health Medicaid Trust Fund - 0718			
Federal government	\$ 64,026	\$ 86,901	\$ 67,351
Federal Stimulus Package	14,155	23,488	6,677
Total cash receipts per Department	78,181	110,389	74,028
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ 78,181	\$ 110,389	\$ 74,028

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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Family Care Fund - 0720			
Federal government	\$ 203	\$ 4,750	\$ 200
Other Illinois State agencies	8,649	6,002	8,392
Reimbursements	<u>26,230</u>	<u>27,282</u>	<u>16,346</u>
Total cash receipts per Department	35,082	38,034	24,938
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - Due from General Revenue Fund	-	-	3,117
Total cash receipts per State Comptroller's Records	<u>\$ 35,082</u>	<u>\$ 38,034</u>	<u>\$ 28,055</u>
Drug Rebate Fund - 0728			
Federal government	\$ 263,215	\$ 247,796	\$ 239,479
Federal Stimulus Package	<u>48,273</u>	<u>52,739</u>	<u>27,884</u>
Total cash receipts per Department	311,488	300,535	267,363
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - PY Refunds/Warrant Voids on Comptroller's Report	1	193	1
Total cash receipts per State Comptroller's Records	<u>\$ 311,489</u>	<u>\$ 300,728</u>	<u>\$ 267,364</u>
Tobacco Settlement Recovery Fund - 0733			
Federal government	\$ 281,777	\$ 306,262	\$ 379,853
Federal Stimulus Package	<u>41,384</u>	<u>61,529</u>	<u>72,626</u>
Total cash receipts per Department	323,161	367,791	452,479
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - PY Refunds/Warrant Voids on Comptroller's Report	-	1,524	-
Total cash receipts per State Comptroller's Records	<u>\$ 323,161</u>	<u>\$ 369,315</u>	<u>\$ 452,479</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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	2011	2010	2009
Independent Academic Medical Center Fund - 0735			
Federal government	\$ 1,004	\$ 2,007	\$ -
Federal Stimulus Package	234	468	-
Fund transfers	762	1,525	-
Total cash receipts per Department	2,000	4,000	-
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's Records	\$ 2,000	\$ 4,000	\$ -
 Energy Administration Fund - 0737			
Federal government	\$ -	\$ -	\$ 9,100
Total cash receipts per Department	-	-	9,100
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - PY Refunds/Warrant Voids on Comptroller's Report	-	-	83
Total cash receipts per State Comptroller's Records	\$ -	\$ -	\$ 9,183
 Medicaid Buy-In Program Revolving Fund - 0740			
Recipient collections	\$ 689	\$ 584	\$ 461
Total cash receipts per Department	689	584	461
Less - In transit at End of Year	(6)	(40)	(30)
Plus - In transit at Beginning of Year	40	30	18
Total cash receipts per State Comptroller's Records	\$ 723	\$ 574	\$ 449

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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Child Support Administration Fund - 0757			
Federal government	\$ 78,334	\$ 84,338	\$ 100,101
Federal Stimulus Package	22,675	36,072	3,140
Fund transfers	29,939	32,360	35,500
Repayment to State pursuant to law	21	19	14
Total cash receipts per Department	<u>130,969</u>	<u>152,789</u>	<u>138,755</u>
Less - In transit at End of Year	4,192	-	(274)
Plus - In transit at Beginning of Year	-	274	-
Plus - Due from General Revenue Fund	9,750	-	3,500
Plus - PY Refunds/Warrant Voids on Comptroller's Report	4	2	3
Total cash receipts per State Comptroller's Records	<u>\$ 144,915</u>	<u>\$ 153,065</u>	<u>\$ 141,984</u>

Healthcare Provider Relief Fund - 0793

Federal government	\$ 1,155,288	\$ 910,311	\$ -
Federal Stimulus Package	197,312	187,648	-
Fund transfers	-	1,980	-
Total cash receipts per Department	<u>1,352,600</u>	<u>1,099,939</u>	<u>-</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - PY Refunds/Warrant Voids on Comptroller's Report	16	-	-
Total cash receipts per State Comptroller's Records	<u>\$ 1,352,616</u>	<u>\$ 1,099,939</u>	<u>\$ -</u>

Medical Special Purpose Fund - 0808

Federal government	\$ 12,190	\$ 4,931	\$ 2,879
Contracts and grants - private organizations	723	524	838
Federal Stimulus Package	946	154	-
Other Illinois State agencies	2,000	-	-
Fund transfers	2,262	-	-
Total cash receipts per Department	<u>18,121</u>	<u>5,609</u>	<u>3,717</u>
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - PY Refunds/Warrant Voids on Comptroller's Report	-	4	11
Total cash receipts per State Comptroller's Records	<u>\$ 18,121</u>	<u>\$ 5,613</u>	<u>\$ 3,728</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 Years Ended June 30, 2011, 2010 and 2009
(expressed in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Low Income Home Energy Assistance Block Grant Fund - 0870			
Federal government	\$ -	\$ -	\$ 145,399
Total cash receipts per Department	-	-	145,399
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - PY Refunds/Warrant Voids on Comptroller's Report	-	27	2,429
Total cash receipts per State Comptroller's Records	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 147,828</u>
Health Insurance Reserve Fund - 0907			
Fund transfers	\$ 950,174	\$ 1,181,915	\$ 1,088,350
Total cash receipts per Department	950,174	1,181,915	1,088,350
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Plus - Due from General Revenue Fund	-	-	138,263
Plus - PY Refunds/Warrant Voids on Comptroller's Report	6	5	19
Total cash receipts per State Comptroller's Records	<u>\$ 950,180</u>	<u>\$ 1,181,920</u>	<u>\$ 1,226,632</u>
Child Support Enforcement Trust Fund - 0957			
Child support collections	\$ 249,269	\$ 265,292	\$ 239,910
Repayment to State pursuant to law	5,447	5,529	5,322
Total cash receipts per Department	254,716	270,821	245,232
Less - In transit at End of Year	(1,832)	(2,575)	(1,175)
Plus - In transit at Beginning of Year	2,575	1,175	1,694
Plus - PY Refunds/Warrant Voids on Comptroller's Report	113	102	60
Total cash receipts per State Comptroller's Records	<u>\$ 255,572</u>	<u>\$ 269,523</u>	<u>\$ 245,811</u>
GRAND TOTAL - ALL FUNDS	\$ 13,988,613	\$ 13,116,765	\$ 12,494,499
Less - In transit at End of Year	(16,954)	(15,174)	(23,654)
Plus - In transit at Beginning of Year	15,174	23,654	32,724
Plus - Due from General Revenue Fund	9,750	-	144,880
Plus - PY Refunds/Warrant Voids on Comptroller's Report	294	3,556	3,292
Total cash receipts per State Comptroller's Records - All Funds	<u>\$ 13,996,877</u>	<u>\$ 13,128,801</u>	<u>\$ 12,651,741</u>

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

The following is a summary of explanations for significant fluctuations in expenditures incurred by the Department for the fiscal year ended June 30, 2010 as compared to the fiscal year ended June 30, 2009 and for the fiscal year ended June 30, 2011 as compared to the fiscal year ended June 30, 2010. Included are explanations for variances to the General Funds (Major Fund) greater than \$1 million and 20%, and explanations for variances to the Road Fund (Major Fund), 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 total appropriated expenditures for fiscal years ended June 30, 2011, 2010, and 2009 are presented in the "Comparative Schedule of Appropriations, Expenditures and Lapsed Balances" of this report.

BETWEEN FISCAL YEARS 2010 AND 2009

GENERAL FUNDS

General Revenue Fund - 0001

Operational Expenses

For fiscal year 2010, the General Assembly changed the appropriation process for operating expenses that were paid from the General Revenue Fund. The Department received a lump sum appropriation for operational expenses, not including Personal Services and Social Security expenditures, rather than individual appropriations designated for specific purposes.

Medical Assistance

The decrease of \$4,168,966 (50.0%) in medical assistance expenditures was due to a decrease in some of the medical assistance appropriations in the General Revenue Fund and a shift of the expenditures to the Healthcare Provider Relief Fund (0793) and the Operational, Expense and Awards appropriation in the General Revenue Fund.

Group Insurance

The decrease of \$1,057,891 (100%) in group insurance expenditures is the result of no individual appropriation for group insurance in fiscal year 2010. These expenditures were paid out of the Governor's Discretionary appropriation.

Governor's Discretionary

The increase of \$1,044,539 (100%) in expenditures is the result of this being a new appropriation in fiscal year 2010. This appropriation was used for the employee group insurance expenditures.

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

University of Illinois Hospital Services Fund - 0136

The decrease of \$71,034 (26.9%) in the U of I Hospital Services expenditures was due to a change in the payment methodology as a result of new legislation and a new intergovernmental agreement with the University of Illinois.

Trauma Center Fund - 0397

The decrease of \$5,396 (44.7%) in trauma center expenditures was due to \$4,000 being transferred out of the Trauma Center Fund to the General Revenue Fund during fiscal year 2010 per the Illinois Procurement Code (30 ILCS 105/8.49) and a reduction in tobacco/cigarette taxes which reduced the amount of cash available to spend.

Public Assistance Recoveries Trust Fund - 0421

Contractual Services

The increase of \$5,111 (42.3%) in contractual services expenditures was due to the following services incurred in fiscal year 2010: a decrease of \$1,734 in legal fees offset by an increase of \$2,787 for statistical services paid to the Department of Central Management Services, an increase of \$2,938 for audit and management services, an increase of \$1,234 for professional and artistic services and an increase of \$111 for various miscellaneous services.

Independent Academic Medical Center Fund - 0735

The increase of \$4,000 (100%) in lump sum expenditures was due to no funds being appropriated in fiscal year 2009.

Healthcare Provider Relief Fund - 0793

The increase of \$1,400,521 (100%) in Medical Assistance Provider expenditures was due to this fund being created to pay medical bills and related expenditures, as a result of Public Act 96-0820.

NON-MAJOR GOVERNMENTAL FUNDS

Supplemental Low Income Energy Assistance Fund - 0550

The decrease of \$77,746 (100%) was due to Executive Order #2 transferring the powers, duties, rights and responsibilities of the Low Income Home Energy Assistance Program and the Weatherization Program from the Department to the Department of Commerce and Economic Opportunity on March 24, 2009.

Fiscal Year 2009 Budget Relief Fund - 0678

The decrease of \$3,000 (100%) in expenditures was due to there being no money appropriated during fiscal year 2010 to be used for a health information exchange initiative.

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

Financial Institution Settlement 2008 Fund - 0679

The decrease of \$50,675 (100%) in expenditures was due to the fund being created only to pay medical assistance payments that were outstanding as of the date the fund was created by Public Act 95-1047. All of these outstanding medical assistance payments were made during fiscal year 2009.

Tobacco Settlement Recovery Fund - 0733

Catastrophic Relief Payment

The decrease of \$39,869 (100%) in catastrophic relief payments was due to this being a one-time appropriation in fiscal year 2009 to allow the Department to pay one-time catastrophic relief payments to Illinois based hospitals.

Physicians

The increase of \$77,279 (100%) in physicians' expenditures was due to this being a new appropriation in fiscal year 2010.

Hospitals

The increase of \$153,039 (114.7%) in hospital expenditures was the result of an increase in the appropriation in fiscal year 2010.

Long Term Care

The increase of \$106,088 (100%) in long term care expenditures was due to this being a new appropriation in fiscal year 2010.

Prescribed Drugs

The decrease of \$442,868 (76.3%) in prescribed drugs expenditures was due to a reduction in appropriation in fiscal year 2010.

Energy Administration Fund - 0737

The decrease of \$8,737 (100%) in total expenditures was due to Executive Order #2 transferring the powers, duties, rights and responsibilities of the Low Income Home Energy Assistance Program and the Weatherization Program from the Department to the Department of Commerce and Economic Opportunity on March 24, 2009.

Child Support Administration Fund - 0757

State Contribution to State Employees Retirement System

The increase of \$4,271 (36.8%) in state retirement contribution expenditures was the result of an increase in the state retirement rate from 21.049% to 28.377% and an increase in the number of job titles that entered the union in fiscal year 2010 which resulted in increased salaries.

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

Child Support Administration Fund - 0757 (continued)

State Disbursement Unit Costs

The decrease of 4,729 (31.2%) in state disbursement unit expenditures was the result of a new contract with the vendor which resulted in a decreased rate per disbursement in fiscal year 2010 as compared to fiscal year 2009.

Healthcare Shared Services Center

The decrease of \$2,734 (100%) in healthcare shared services center expenditures was due to the General Assembly making no appropriation for this in fiscal year 2010.

Low Income Home Energy Assistance Block Grant Fund - 0870

The decrease of \$139,947 (100%) in total expenditures was due to Executive Order #2 transferring the powers, duties, rights and responsibilities of the Low Income Home Energy Assistance Program and the Weatherization Program from the Department to the Department of Commerce and Economic Opportunity on March 24, 2009.

FIDUCIARY FUNDS

Child Support Enforcement Trust Fund - 0957

Redirect – Illinois TANF Excess Child Support Clients

The decrease of \$499 (23.2%) in redirect – Illinois TANF excess child support client expenditures was the result of a decrease in TANF collections which resulted in a decrease in refunds.

Refund – Courts or Third Parties

The increase of \$507 (39.8%) in courts or third party refunds was due to an increase in the number of unemployment benefit offsets which resulted in more refunds.

Refund – Nonassistance Clients

The increase of \$1,690 (50.8%) in non-assistance client refunds was due to an increase in the number of unemployment benefit offsets which resulted in more refunds.

Interest Paid to Clients, DCFS, Other

The increase of \$2,467 (130.7%) in interest paid to clients was due to the effort to get clients certified at the Comptroller's Office so that the interest could be paid to them.

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

BETWEEN FISCAL YEARS 2011 AND 2010

GENERAL FUNDS

General Revenue Fund - 0001

Personal Services and Social Security

For fiscal year 2011, the General Assembly changed the appropriation process for operating expenses that were paid from the General Revenue Fund. The Department received a lump sum appropriation for operational expenses, including Personal Services and Social Security expenditures, rather than individual appropriations designated for specific purposes.

Governor's Discretionary

The decrease of \$374,598 (35.9%) in expenditures was due to a decrease in appropriation authority from the Governor's Office of Management and Budget.

University of Illinois Hospital Services Fund - 0136

The increase of \$71,108 (36.8%) in the U of I Hospital Services expenditures was due to an increase in statutory transfers pursuant to 30 ILCS 105/6z-30 along with prioritizing bills to take advantage of the enhanced American Recovery and Reinvestment Act (ARRA) match that ended June 30, 2011.

Long-Term Care Provider Fund - 0345

Long-Term Care Provider Services

The decrease of \$212,554 (27.1%) in long-term care provider service expenditures was due to decreased cash flow and less enhanced federal match in this fund which reduced monies available for expenditures.

Special Education Medicaid Matching Fund - 0355

The increase of \$39,578 (26.0%) in expenditures was due to an increase in fee for services claims and accelerated payment of claims eligible for the American Recovery and Reinvestment Act which ended on June 30, 2011.

Trauma Center Fund - 0397

The increase of \$9,113 (136.5%) in trauma center expenditures was the result of the fiscal year 2010 fourth quarter receipts being paid out in fiscal year 2011.

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

Public Assistance Recoveries Trust Fund - 0421

Payment to Local Government for Services to Recipients

The increase of \$23,813 (111.5%) in payment to local government expenditures was due to an increase in federal monies paid to local health departments and an increase in expenditures for the Other Governmental Payment program.

Federal Share Due to General Revenue Fund

The increase of \$180,292 (61.9%) in federal share due to general revenue fund expenditures was due to an increase in the drug rebate rates.

Core Medicaid Administrative Expenses

The increase of \$2,000 (100%) in core Medicaid administrative expenditures was due to this being a new expenditure line in fiscal year 2011.

Drug Rebate Fund - 0728

The increase of \$100,296 (20.1%) in prescribed drug expenditures was due to increased transfers in from the Public Assistance Recoveries Trust Fund as the result of an increase in drug rebate rates, which resulted in additional funds available for expenditures.

Independent Academic Medical Center Fund - 0735

The decrease of \$2,000 (50.0%) in lump sum expenditures was the result of fiscal year 2010 having an appropriation for "unpaid 2009 services." There was no such appropriation in fiscal year 2011 which resulted in the decrease in expenditures.

Healthcare Provider Relief Fund - 0793

Integrated Care Management

The increase of \$2,518 (100%) in integrated care management expenditures was due to the General Assembly appropriating this new line item in fiscal year 2011.

NON-MAJOR GOVERNMENTAL FUNDS

Tobacco Settlement Recovery Fund - 0733

Physicians

The decrease of \$33,541 (43.4%) in physicians' expenditures was due to lower State budget allocations.

Prescribed Drugs

The increase of \$61,838 (44.9%) in prescribed drug expenditures was due to an increase in appropriation authority and additional State budget allocation.

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

FIDUCIARY FUNDS

Child Support Enforcement Trust Fund - 0957

Refund – IRS Offsets

The decrease of \$975 (25.3%) in IRS offset refunds was the result of increased efficiency in the Child Support Program resulting in more correct system balances which result in fewer refunds.

Refund – Courts or Third Parties

The decrease of \$419 (23.5%) in courts or third party refunds was the result of increased efficiency in the Child Support Program resulting in more correct system balances which result in fewer refunds.

Refund – Non-assistance Clients

The decrease of \$1,202 (24.0%) in non-assistance client refunds was the result of increased efficiency in the Child Support Program resulting in more correct system balances which result in fewer refunds.

Fund Transfer

The increase of \$353 (784.4%) in fund transfers was for medical collections, which is attributable to a correction in the way the Medical Assistance – No Grant (MANG) cases are handled by the Child Support KIDS system.

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

The following is a summary of explanations for significant fluctuations in receipts received by the Department for the fiscal year ended June 30, 2010 as compared to the fiscal year ended June 30, 2009 and for the fiscal year ended June 30, 2011 as compared to the fiscal year ended June 30, 2010. 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. 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 2010 AND 2009

GENERAL FUNDS

General Revenue Fund - 0001

Federal reimbursable portion due from the Public Assistance Recoveries Trust Fund

The increase of \$49,415 (20.3%) was the result of an increase in medical refunds and reimbursements and an increase in drug rebate collections due to the accelerated payment for prescribed drugs due to the American Recovery and Reinvestment Act (ARRA).

University of Illinois Hospital Services Fund - 0136

Federal Stimulus Package

The increase of \$40,430 (100%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies during fiscal year 2010. ARRA created a new federal revenue stream to help stabilize State and local government budgets in order to minimize and avoid reductions in essential services.

Other Illinois State agencies

The decrease of \$25,928 (36.6%) was the result of a change in the intergovernmental agreement with the University of Illinois.

Community Developmental Disability Services Medicaid Trust Fund – 0142

Federal Stimulus Package

The increase of \$8,257 (>100%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

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

County Hospital Services Fund - 0329

Federal Stimulus Package

The increase of \$57,571 (>100%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

Care Provider for Persons with Disabilities Fund - 0344

Federal Government

The increase of \$9,163 (49.7%) was the result of an increase of funding in fiscal year 2010 which resulted in increased expenditures which increased federal receipts.

Federal Stimulus Package

The increase of \$2,649 (70.3%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

Long-Term Care Provider Fund - 0345

Federal Stimulus Package

The increase of \$30,230 (51.9%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

Local Governmental Units

The decrease of \$35,370 (67.3%) was the result of the county nursing home intergovernmental transfer being discontinued during the fiscal year.

Hospital Provider Fund – 0346

Federal Government

The increase of \$201,836 (25.9%) was the result of increased expenditures which increased federal receipts.

Federal Stimulus Package

The increase of \$61,915 (38.4%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

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

Special Education Medicaid Matching Fund – 0355

Federal Government

The decrease of \$35,097 (22.1%) was due to the timing of claims submitted by Local Education Agencies. This timing difference resulted in the Department receiving five quarters of claims in fiscal year 2009 and only four in fiscal year 2010.

Federal Stimulus Package

The decrease of \$4,495 (100%) was the result of the Department not receiving any American Recovery and Reinvestment Act (ARRA) monies during fiscal year 2010.

Public Assistance Recoveries Trust Fund – 0421

Recipient collections

The increase of \$9,425 (36.7%) was the result of an increase in the collections of unclaimed property due to new procedures with the Treasurer's Office in collecting unclaimed property.

Community Mental Health Medicaid Trust Fund - 0718

Federal Government

The increase of \$19,550 (29.0%) was the result of increased expenditures which increased federal receipts.

Federal Stimulus Package

The increase of \$16,811 (>100%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

Family Care Fund – 0720

Federal Government

The increase of \$4,550 (>100%) was the result of federal financial participation from an incentive award from the federal government being deposited in this fund to pay Child Mental Health Initiative (CMHI) program expenditures due to the cash-flow issues in the General Revenue Fund which funds the CMHI program.

Other Illinois State agencies

The decrease of \$2,390 (28.5%) was the result of an increase in held warrants in the General Revenue Fund at the end of fiscal year 2010 which provides funding for the Children's Mental Health Initiative.

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

Family Care Fund – 0720 (continued)

Reimbursements

The increase of \$10,936 (66.9%) was the result of receiving additional funding from the Healthcare Provider Relief Fund.

Drug Rebate Fund – 0728

Federal Stimulus Package

The increase of \$24,855 (89.1%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

Independent Academic Medical Center Fund - 0735

Federal Government

The increase of \$2,007 (100%) was a result of appropriation authority being given to the Department for this fund in fiscal year 2010. This resulted in federal financial participation monies being drawn for this fund for fiscal year 2010.

Fund Transfers

The increase of \$1,525 (100%) was a result of appropriation authority being given to the Department to transfer monies in to this fund in fiscal year 2010.

Healthcare Provider Relief Fund - 0793

Federal Government

The increase of \$910,311 (100%) was due to this fund being created to pay medical bills and related expenditures, as a result of Public Act 96-0820.

Federal Stimulus Package

The increase of \$187,648 (100%) was due to this fund being created to pay medical bills and related expenditures, as a result of Public Act 96-0820.

Fund transfers

The increase of \$1,980 (100%) was due to this fund being created to pay medical bills and related expenditures, as a result of Public Act 96-0820.

Medical Special Purpose Trust Fund – 0808

Federal Government

The increase of \$2,052 (71.3%) was the result of increased expenditures which increased federal receipts.

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

NON-MAJOR GOVERNMENTAL FUNDS

Provider Inquiry Trust Fund - 0341

User Fees/Private Organizations or Individuals

The increase of \$423 (53.4%) was the result of an increase in the use of the recipient eligibility database by vendors.

Early Intervention Services Revolving Fund - 0502

Federal Government

The increase of \$7,012 (21.1%) was the result of increased expenditures which increased federal receipts.

Federal Stimulus Package

The increase of \$5,337 (>100%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

Money Follows the Person Budget Transfer Fund - 0522

Federal government

The increase of \$506 (>100%) was the result of increased expenditures which increased federal receipts.

Other Illinois State agencies

The decrease of \$550 (57.9%) was the result of this fund being a new fund in fiscal year 2009 and was funded directly from transfers from the General Revenue Fund for the federally-approved Money Follows the Person Demonstration Project until the fund could accumulate enough federal monies. During fiscal year 2010, the fund was partially funded by federal reimbursements from expenditures made in fiscal year 2009 and as a result less monies were needed from the General Revenue Fund.

Supplemental Low-Income Energy Assistance Fund – 0550

Private Organizations or Individuals

The decrease of \$4,000 (100%) was due to Executive Order #2 transferring the powers, duties, rights and responsibilities of the Low Income Home Energy Assistance Program (LIHEAP) from the Department to the Department of Commerce and Economic Opportunity on March 24, 2009.

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

Energy Administration Fund - 0737

Federal Government

The decrease of \$9,100 (100%) was due to Executive Order #2 transferring the powers, duties, rights and responsibilities of the Low Income Home Energy Assistance Program (LIHEAP) from the Department to the Department of Commerce and Economic Opportunity on March 24, 2009.

Child Support Administration Fund – 0757

Federal Stimulus Package

The increase of \$32,932 (>100%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies for the entire year during fiscal year 2010. During fiscal year 2009, ARRA monies were only available for part of the year.

Low Income Home Energy Assistance Block Grant Fund - 0870

Federal Government

The decrease of \$145,399 (100%) was due to Executive Order #2 transferring the powers, duties, rights and responsibilities of the Low Income Home Energy Assistance Program (LIHEAP) from the Department to the Department of Commerce and Economic Opportunity on March 24, 2009.

BETWEEN FISCAL YEARS 2011 AND 2010

GENERAL FUNDS

General Revenue Fund - 0001

Federal reimbursable portion due from the Public Assistance Recoveries Trust Fund

The increase of \$163,489 (55.7%) was the result of an increase in medical refunds and recoveries and drug rebates in the Public Aid Recoveries Trust Fund. The increase in drug rebates was due to accelerated expenditures to capture American Recovery and Reinvestment Act (ARRA) funding.

University of Illinois Hospital Services Fund - 0136

Federal Government

The increase of \$36,931 (29.6%) was the result of an increase in funding which resulted in increased expenditures which increased federal receipts.

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

University of Illinois Hospital Services Fund – 0136 (continued)

Federal Stimulus Package

The decrease of \$16,231 (40.2%) was the result of a decrease in the American Recovery and Reinvestment Act (ARRA) rates during fiscal year 2011.

County Hospital Services Fund - 0329

Federal Stimulus Package

The decrease of \$32,022 (55.4%) was the result of a decrease in the American Recovery and Reinvestment Act (ARRA) rates during fiscal year 2011.

Care Provider for Persons with Disabilities Fund - 0344

Federal Government

The decrease of \$9,536 (34.6%) was the result of a decrease in the Department of Human Services' expenditures that are drawn on by the Department.

Federal Stimulus Package

The decrease of \$2,998 (46.7%) was the result of a decrease in the American Recovery and Reinvestment Act (ARRA) rates during fiscal year 2011 and a decrease in expenditures.

Long-Term Care Provider Fund - 0345

Federal Stimulus Package

The decrease of \$22,532 (25.5%) was the result of a decrease in the American Recovery and Reinvestment Act (ARRA) rates during fiscal year 2011.

Local Governmental Units

The decrease of \$17,172 (100%) was the result of the county nursing home intergovernmental transfer being discontinued during fiscal year 2010.

Special Education Medicaid Matching Fund – 0355

Federal Government

The increase of \$43,067 (34.9%) was due to the timing of claims submitted by Local Education Agencies.

Federal Stimulus Package

The increase of \$14,129 (100%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies during fiscal year 2011.

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

HHS Medicaid Trust Fund - 0365

Federal Government

The increase of \$21,620 (100%) was the result of depositing federal receipts for Department of Human Services, Office of Mental Health expenditures in the fund.

Federal Stimulus Package

The increase of \$4,595 (100%) was the result of depositing federal receipts for Department of Human Services, Office of Mental Health expenditures in the fund.

Trauma Center Fund - 0397

Federal Government

The increase of \$1,016 (20.3%) was the result of an increase in expenditures which increased federal receipts.

Public Assistance Recoveries Trust Fund – 0421

Federal Government

The increase of \$23,803 (>100%) was the result of an increase in the other governmental program payments for prior year claims.

Federal Stimulus Package

The increase of \$3,696 (100%) was the result of the Department receiving American Recovery and Reinvestment Act (ARRA) monies during fiscal year 2011.

Private organizations or individuals

The increase of \$366,611 (67.1%) was the result of an increase in accelerated expenditures for which resulted in an increase in drug rebates to capture American Recovery and Reinvestment Act (ARRA) funding.

Medical Research & Development Fund - 0486

Fund transfers

The decrease of \$1,520 (23.8%) was due to the transfer received from the Tobacco Settlement Fund decreasing. The Tobacco Settlement Fund's appropriation to allow this transfer was decreased by the General Assembly.

Post-Tertiary Clinical Services Fund - 487

Fund transfers

The decrease of \$1,520 (23.8%) was due to the transfer received from the Tobacco Settlement Fund decreasing. The Tobacco Settlement Fund's appropriation to allow this transfer was decreased by the General Assembly.

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

Community Mental Health Medicaid Trust Fund - 0718

Federal Government

The decrease of \$22,875 (26.3%) was the result of an increase in expenditures which increased federal receipts.

Federal Stimulus Package

The decrease of \$9,333 (39.7%) was the result of a decrease in the American Recovery and Reinvestment Act (ARRA) rates during fiscal year 2011.

Family Care Fund – 0720

Federal Government

The decrease of \$4,547 (95.7%) was the result of no federal financial participation award monies from the federal government deposited into this fund in fiscal year 2011 as compared to fiscal year 2010.

Other Illinois State agencies

The increase of \$2,647 (44.1%) was the result of an increase of \$1,381 for medical reimbursements from Department of Children and Family Services and an increase of \$1,266 from Department of Human Services.

Independent Academic Medical Center Fund - 0735

Federal Government

The decrease of \$1,003 (50.0%) was the result of a 50% decrease in expenditures.

Healthcare Provider Relief Fund - 0793

Federal Government

The increase of \$244,977 (26.9%) was the result of an increase in expenditures eligible for federal match.

Fund transfers

The decrease of \$1,980 (100%) was the result of appropriation authority not being given to the Department to transfer monies in to this fund in fiscal year 2011.

Medical Special Purpose Trust Fund – 0808

Federal Government

The increase of \$7,259 (>100%) was the result of the receipt of a federal performance bonus award.

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

Medical Special Purpose Trust Fund – 0808 (continued)

Other Illinois State agencies

The increase of \$2,000 (100%) was the result of the Department receiving a grant from the Capital Development Board totaling \$2 million to be used for the Dental Clinics Grant Program.

Fund transfers

The increase of \$2,262 (100%) was the result of appropriation authority being given to the Department to transfer monies into this fund in fiscal year 2011.

NON-MAJOR GOVERNMENTAL FUNDS

DCFS Children’s Services Fund - 0220

Federal Government

The increase of \$9,840 (100%) was the result of Public Act 96-1127 which, effective 7/20/2010, amended the State Finance Act to require all funds paid to the State by the federal government under Title XIX and Title XXI of the Social Security Act for child welfare services delivered by community mental health providers shall be deposited directly into the DCFS Children’s Services Fund.

Federal Stimulus Package

The increase of \$2,233 (100%) was the result of Public Act 96-1127 which, effective 7/20/2010, amended the State Finance Act to require all funds paid to the State by the federal government under Title XIX and Title XXI of the Social Security Act for child welfare services delivered by community mental health providers shall be deposited directly into the DCFS Children’s Services Fund.

Money Follows the Person Budget Transfer Fund - 0522

Other Illinois State agencies

The decrease of \$400 (100%) was the result of the Money Follows the Person Budget Transfer Fund being a newly created fund during fiscal year 2009. In fiscal year 2009 and 2010 transfers were completed from the General Revenue Fund to pay for services.

Tobacco Settlement Recovery Fund - 0733

Federal Stimulus Package

The decrease of \$20,145 (32.7%) was the result of a decrease in the American Recovery and Reinvestment Act (ARRA) rates during fiscal year 2011.

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

Child Support Administration Fund – 0757

Federal Stimulus Package

The decrease of \$13,397 (37.1%) was the result of a decrease in the American Recovery and Reinvestment Act (ARRA) rates during fiscal year 2011.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2011

The following is a summary of explanations for significant lapse period expenditures incurred by the Department for fiscal years 2010 and 2011. Included are lapse period expenditures for the General Funds (Major Fund) that are greater than \$1 million and 20%, and lapse period expenditures for the Road Fund (Major Fund), Non-Major Governmental Funds, Proprietary Funds and Fiduciary Funds that are greater than \$300 thousand and 20% of the expenditure level noted in the following details. Dollar amounts are in thousands unless otherwise stated. The Department's overall lapse period spending for fiscal years 2010 and 2011 is presented in the "Schedule of Appropriations, Expenditures and Lapsed Balances" of this report.

FISCAL YEAR 2010

GENERAL FUNDS

General Revenue Fund - 0001

Operational Expenses

The Department paid \$458,816 for the following services incurred prior to June 30, 2010: \$244,368 for medical supplies, equipment and prescription drugs; \$116,525 for State employee group health insurance; \$63,986 to providers for medical services to public assistance recipients; \$13,944 to the Child Support Administration fund; \$9,550 for audit and management services; \$3,442 for statistical and tabulation services; \$2,491 for prompt pay interest and \$4,510 for various other administrative costs.

Skilled and Intermediate Long-Term Care

The Department paid \$132,454 for services incurred prior to June 30, 2010 to providers for long-term care medical services for public assistance recipients and prompt pay interest to providers.

Special Education Medicaid Matching Fund - 0355

The Department paid \$46,594 of Federal financial participation money to school districts for administrative costs and for medical claims.

Public Assistance Recoveries Trust Fund - 0421

Contractual Services

The Department paid \$7,515 for services incurred prior to June 30, 2010 which included \$3,062 for statistical services to the Department of Central Management Services; \$3,497 for audit and management services; \$745 for professional and artistic services and \$181 for other miscellaneous costs.

Family Care Fund - 0720

The Department paid \$11,127 for services incurred prior to June 30 to providers of the Children's Mental Health Initiative during the lapse period.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2011

NON-MAJOR GOVERNMENTAL FUNDS

Child Support Administration Fund - 0757

Telecommunications Services

Services incurred prior to June 30 totaling \$811 were paid during the lapse period due to the Department receiving telephone and video conferencing bills in late June and July from the Department of Central Management Services.

FISCAL YEAR 2011

GENERAL FUNDS

Special Education Medicaid Matching Fund - 0355

The Department paid \$57,449 of Federal financial participation money to school districts for administrative costs and for medical claims.

Trauma Center Fund - 0397

The fiscal year 2011 fourth quarter trauma center payments of \$3,326 were calculated and paid during the lapse period.

NON-MAJOR GOVERNMENTAL FUNDS

Money Follows the Person Budget Transfer Fund - 0522

The Department paid \$309 to the University of Illinois during the lapse period for consulting services and travel reimbursement.

Child Support Administration Fund - 0757

Contractual Services

The Department paid \$20,108 for services incurred prior to June 30, 2011, including \$10,591 for professional and artistic services; \$6,325 to the Department of Central Management Services for statistical services; \$2,321 to the Department of Central Management Services to the Facilities Revolving Fund; \$530 for contractual services and \$341 for other miscellaneous services.

Telecommunications Services

Services incurred prior to June 30 totaling \$744 were paid during the lapse period due to the Department receiving telephone and video conferencing bills in late June and July from the Department of Central Management Services.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2011

FIDUCIARY FUNDS

Child Support Enforcement Trust Fund - 0957

Reimburse DCFS Title IV-E

The Department paid \$488 for reimbursement to the Illinois Department of Children and Family Services for foster care services prior to June 30, 2011.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Years Ended June 30, 2011, 2010, and 2009
(amounts in thousands)

Balance Sheet at June 30th of	<u>2011</u>	<u>2010</u>	<u>2009</u>
Accounts Receivable (Net)			
General Funds	\$ 404,941	\$ 72,672	\$ 84,103
Special Revenue Funds	11,100	9,951	21,969
Enterprise Funds	222	337	180
Internal Service Funds	19,052	25,878	8,787
Fiduciary Funds	240,730	236,483	232,598
Total Accounts Receivable (Net)	<u><u>\$ 676,045</u></u>	<u><u>\$ 345,321</u></u>	<u><u>\$ 347,637</u></u>
 Accounts Receivable - All Funds			
At Gross	\$ 5,071,504	\$ 4,386,412	\$ 4,032,331
Less: Allowance for Uncollectible Accounts	(4,395,459)	(4,041,091)	(3,684,694)
Total Accounts Receivable (Net)	<u><u>\$ 676,045</u></u>	<u><u>\$ 345,321</u></u>	<u><u>\$ 347,637</u></u>
 Aging of Gross Receivables			
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Receivables Not Past Due	\$ 405,345	\$ 107,724	\$ 95,149
Past Due Receivables:			
1 - 30 Days	533,314	544,072	605,343
31 - 90 Days	10,465	14,454	17,130
91 - 180 Days	23,664	22,353	21,676
181 Days - 1 Year	73,449	62,412	51,443
Over 1 Year	4,025,267	3,635,397	3,241,590
Total	<u><u>\$ 5,071,504</u></u>	<u><u>\$ 4,386,412</u></u>	<u><u>\$ 4,032,331</u></u>

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.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
INDIRECT COST REIMBURSEMENTS
For the Two Years Ended June 30, 2011
(Unaudited)

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 2011, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$65.040 million. For fiscal year 2010, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$68.064 million. For fiscal year 2009, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$65.322 million.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF ADJUDICATION PATTERN, PAYMENT PATTERNS AND CLAIMS PAID
For the Years Ending June 30, 2011, 2010 and 2009
(Unaudited)

This only reflects schedules processed through MMIS	Adjudication processing time elapsing in calendar days		Time elapsing in calendar days, to pay a claim		Total dollar amount of claims paid (expressed in thousands)	
	Average for FY 2009	Average for FY 2010	Average for FY 2009	Average for FY 2010	FY 2009	FY 2010
General Revenue Fund						
Drugs	44.7	57.1	109.7	107.0	\$ 524,495	\$ 771,466
Hospitals						
Inpatients	45.8	13.5	74.5	24.9	2,313,594	2,259,641
Ambulatory	48.3	10.7	81.7	20.7	622,358	587,449
Long-term care	52.0	12.9	77.2	30.5	1,183,522	1,025,050
L-T Care Developmentally Disabled	43.0	33.3	89.8	89.7	340,772	329,350
Non-institutional provider services	33.7	26.7	58.6	44.3	795,262	826,596
Physician	16.6	11.2	37.7	20.1	905,410	987,767
Overall averages/totals	40.6	23.6	75.6	48.2	\$ 6,685,413	\$ 6,782,437
Assessment Trust Funds						
Drug Rebate	50.4	74.7	55.2	77.3	\$ 226,606	\$ 329,288
Long-term care	51.4	11.4	53.3	13.4	535,830	686,360
L-T Care Developmentally Disabled	37.9	26.8	40.5	30.1	34,647	52,090
Overall averages/totals	46.6	37.6	49.7	40.3	\$ 797,083	\$ 1,067,738

This analysis presents average Medicaid adjudication 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.

This schedule does not include HMO or Quarterly CHAP expenditures, as these adjudication and payment cycles are not tracked.

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
For the Two Years Ended June 30, 2011

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

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

Child Support Services

The Department administers the federally mandated Title IV-D child support program for the State of Illinois through the Division of Child Support Services (DCSS). The objectives of the program are to establish paternity, locate non-custodial parents, establish and enforce child and medical support obligations, collect, distribute and disburse support payments, review and modify support orders, and provide services to non-custodial parents. The DCSS serves families composed of Temporary Assistance to Needy Families (TANF), mandatory Medical Assistance No Grant (MANG) clients and any other Illinois resident requesting child support services (Non-Assistance clients). Together, the TANF, MANG, and Non-Assistance cases receiving the services are known as Title IV-D cases. The DCSS also processes non-IV-D cases through the State Disbursement Unit.

In recent years, the Department has placed additional emphasis on the collection of past-due child support. Various enforcement methods are available for DCSS to utilize in their attempts to collect past due support payments, including, but not limited to: intercepting federal and state tax refunds; intercepting lottery winnings, referring to the Secretary of State for driver's license suspension, denial of recreational licenses and referring to private collection agencies.

Total program expenditures reflect administrative expenses from the Child Support Administrative Fund, the General Revenue Fund and allocation of the Department's indirect administrative expenditures. Not included are the dollars expended as payments to custodial parents, refunds to non-custodial parents who have overpaid support and expenditures from the Illinois Department of Revenue and the Office of the Illinois Attorney General.

Medical Programs

The average monthly count of enrolled individuals for which HFS provided means-tested medical coverage was over 2.8 million in fiscal year 2010 and over 3 million in fiscal year 2011. Average enrolled individuals include 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

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2011

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.

The total number of persons with disabilities on Medicaid was 447,395 in fiscal year 2011 and 432,018 in fiscal year 2010. The number of persons with disabilities on Medicaid increased over 6% from fiscal year 2009. Average enrollees in Medical Programs increased from 2,877,952 in fiscal year 2010 to 3,006,921 in fiscal year 2011. The percentage increase from fiscal year 2010 to 2011 was 4.48%.

Since the inception of All Kids in 2005, the Department continues to enhance the program. Illinois became the first state to ensure every uninsured child had access to affordable healthcare coverage regardless of family income or pre-existing condition. Illinois currently provides health benefits to about 1.6 million children through the All Kids Program. The number of children enrolled in Medical Programs increased nearly 5% from FY09 to FY10 and 2% from FY10 to FY11. Through Medicaid Program reform by the Governor, the end of the All Kids Program was extended from 2011 to 2016.

In 2007, the Department expanded coverage to parents of All Kids children through a federal waiver program called FamilyCare. FamilyCare covers parents or caretaker relatives of children with income up to 185% of poverty regardless of assets. As of June 30, 2011 and June 30, 2010, 636,945 and 606,680 respectively non-senior adults without disabilities were covered by the Department's medical programs. Of those, 222,479 and 214,228 gained coverage through the FamilyCare Program in fiscal year 2011 and fiscal year 2010, respectively.

The Department is also very devoted to providing health care to seniors and persons with disabilities. On May 1, 2011, the Department implemented an Integrated Care Program for seniors and persons with disabilities which created a network of physicians, hospitals, nursing homes, and other service providers connected in order to share electronic medical records. Under the program, care is organized around an individual's needs in order to improve health and quality of life outcomes while assuring the efficiency and effectiveness of state resources. The Department also administers the Illinois Cares Rx which provides drug coverage to seniors and persons with disabilities who have limited incomes. For people with Medicare, Illinois Cares Rx coordinates with Medicare Part D plans to help participants with the gaps in coverage under the federal program.

Overall, the Medical Programs are operated through twelve units, which directly participate in the administration of the Department's medical programs. Additionally, the Division of Finance develops the Department's budget and secures the necessary appropriation authority, ongoing fiscal management, and federal participation that is necessary to carry out the programs.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2011

Healthcare Purchasing

The Office of Healthcare Purchasing (OHP) was formed to oversee all non-Medicaid related procurement of health services. The OHP procures healthcare services needed to provide coverage for: State Employees Group Insurance Program covering over 350,000 lives; State Employee/Retiree Flu Vaccination Program providing approximately 32,000 flu shots; Local Government Health Program covering over 7,000 lives; Teachers' Retirement Insurance Program covering over 69,000 lives; College Insurance Program covering over 6,000 lives; Illinois Prescription Drug Discount Program covering over 72,000 lives; Department of Corrections and Department of Juvenile Justice inmates in 35 facilities covering youth, female and male inmates; Department of Human Services (DHS) residents in eight Mental Health facilities; DHS residents in nine Developmental Disabilities facilities; DHS residents in three Rehabilitation facilities; and Department of Veterans' Affairs residents in four facilities.

Office of the Inspector General

The mission of the Office of the Inspector General (OIG) is to prevent, detect, and eliminate fraud, waste, abuse, mismanagement and misconduct in programs administered by the Department. The OIG conducts investigations for mismanagement in the programs administered by the Department as well as investigations for programs administered by the Department of Human Services. The 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 client Medicaid fraud investigations, restricting clients who abuse their benefits to one physician and/or pharmacy, 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.

Planning Process

The Department maintains an Office of Planning within the Director's Office. The Office of Planning is responsible for creating the Department's strategic plan and monitoring the progress of projects related to the accomplishments of the strategic plan. For the next several years, the Office of Planning will focus extensively on the implementation of the Affordable Care Act (the ACA, more broadly known as Health Reform). 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
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2011

In fiscal year 2007, the Department completed its strategic planning effort for the period covering FY08-FY11 in conjunction with the Governor's Office of Management and Budget. Department goals were developed to support these key initiatives and the agency continues to strive toward these goals.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
AVERAGE NUMBER OF EMPLOYEES
For the Years Ended June 30, 2011, 2010 and 2009

Below is a summary of the average number of personnel employed by the Department, by fund, for the fiscal years ended June 30, 2011, 2010 and 2009.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Revenue Fund			
Program Administration	253	257	265
Office of Inspector General	153	168	178
Attorney General	19	20	21
Medical	524	534	549
Managed Care	21	21	20
KidCare - Look Alike	102	115	122
KidCare - Rebate	36	36	38
Prescribed Drugs	30	26	29
Medi Rev*	6	6	7
Total General Revenue Fund	<u>1,144</u>	<u>1,183</u>	<u>1,229</u>
Other Funds			
Care Provider for Persons with DD	1	1	1
Long-Term Care Provider	10	10	10
Medical Special Purpose Trust	10	11	11
Child Support Administration	967	984	1031
Public Assistance Recoveries Trust	132	136	135
Energy Assistance	0	0	25
Group Insurance	16	18	20
Total Other Funds	<u>1,136</u>	<u>1,160</u>	<u>1,233</u>
Grand Total - All Funds	<u><u>2,280</u></u>	<u><u>2,343</u></u>	<u><u>2,462</u></u>

* Medical electronic interchange recipient eligibility verification

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
FISCAL YEAR STATISTICS
MEDICAID ENROLLMENT
For the Years Ended June 30, 2011, 2010 and 2009
(Unaudited)

		<u>2011</u>	<u>2010</u>	<u>2009</u>
Average Number of Enrollees	(1)	3,006,921	2,877,952	2,721,031
Annual Expenditures	(2)	\$9,913,483,500	\$9,673,694,400	\$10,303,573,400
Expenditure per Enrollee	(3)	\$3,296.89	\$3,361.31	\$3,786.64

NOTES:

- (1) Enrollment includes Illinois Cares Rx and reflects the average of each month's ending enrollees.
- (2) The FY11 14 month total expenditure number represents HFS Medical Assistance spending only and excludes the Hospital Assessment payments, County Provider Trust Fund, UI Hospital Services Funds and other special purpose/federal pass-through funds. \$390.9 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
For the Years Ended June 30, 2011 and 2010

The Department reported the following emergency purchases to the Office of the Auditor General during fiscal years 2011 and 2010:

<u>Vendor / Description</u>	<u>Cost / Estimate</u>
<p>Westside Youth Network Inc</p> <p>The Department entered into an emergency nine-month contract with Westside Youth Network Inc. to continue the administration of the single, centralized point of access for the Screening, Assessment and Support Service (SASS) Program. The SASS Program serves children and youth experiencing a mental health crisis in danger of harming themselves or others. The emergency contract will minimize serious disruption to State services while allowing the Department time necessary to complete the competitive proposal process.</p>	\$ 483,291
<p>First Data Bank Inc.</p> <p>The Department entered into an emergency contract with First Data Bank Inc. to receive access to the National Drug Data File (NDDF). NDDF is utilized to maintain and update edits to ensure Medicaid clients receive correct and safe medication dosages, as well as to safeguard against potentially dangerous drug interactions. The Department is required under federal law to use the NDDF to add new products, terminate obsolete products, update generic/brand indicators and update acquisition cost benchmarks.</p>	100,000
<p>Wexford Health Sources</p> <p>The Department entered into an emergency three-month contract and then an additional three-month contract with Wexford Health Sources to continue to provide comprehensive medical and mental health services on site at correctional facilities and ensure that IDOC inmates receive care at local hospitals, outpatient facilities and consultative physician offices. This extension will maintain the continuity of healthcare services provided to IDOC inmates while allowing the Department time necessary to complete the competitive proposal process.</p>	53,538,900
<p>Healthlink, Inc</p> <p>The Department entered into an emergency three-month contract with Healthlink, Inc. to provide continued managed care group health insurance to roughly 200,000 State employees and other groups covered by the State Employee Insurance Act.</p>	2,316,380

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
EMERGENCY PURCHASES
For the Years Ended June 30, 2011 and 2010

Vendor / Description	Cost / Estimate
<p>Health Alliance (HMO)</p> <p>The Department entered into an emergency three-month contract with Health Alliance (HMO) to provide continued managed care group health insurance to roughly 200,000 State employees and other groups covered by the State Employee Insurance Act.</p>	126,949,706
<p>Health Alliance Illinois</p> <p>The Department entered into an emergency three-month contract with Health Alliance Illinois to provide continued managed care group health insurance to roughly 200,000 State employees and other groups covered by the State Employee Insurance Act.</p>	547,212
<p>PersonalCare OAP</p> <p>The Department entered into an emergency three-month contract with PersonalCare OAP to provide continued managed care group health insurance to roughly 200,000 State employees and other groups covered by the State Employee Insurance Act.</p>	1,316,648
<p>PersonalCare HMO</p> <p>The Department entered into an emergency three-month contract with PersonalCare HMO to provide continued managed care group health insurance to roughly 200,000 State employees and other groups covered by the State Employee Insurance Act.</p>	41,622,933
<p>Total</p>	\$ 226,875,070

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2011
(Unaudited)

Child Support Services

Description of the Program

The Division of Child Support Services (DCSS) serves more than 530,000 families composed of Temporary Assistance to Needy Families (TANF), mandatory Medical Assistance No Grant (MANG) clients and any other Illinois resident requesting child support services (Non-Assistance clients). DCSS 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 license and other lump sum intercepts. It also assists other states to establish parentage and establish and enforce child support on behalf of their residents. Together, the TANF, MANG and Non-Assistance cases receiving these services are known as Title IV-D cases. DCSS also processes non IV-D cases through the State Disbursement Unit. These activities suggest some of the basic indicators of DCSS' 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.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Performance Measures			
Total child support collections (in thousands, includes all Title IV-D, TANF & non-TANF)	\$1,386,542	\$1,358,511	\$1,389,414
Number of IV-D cases with new support orders established	49,952	51,011	52,122
Amount of total child support arrearages collected (in thousands, includes all Title IV-D, TANF & non-TANF)	\$311,864	\$282,612	\$298,180

Evaluation of Performance/Activity Measures

Effectiveness is measured by monitoring the status of the measures shown above on an ongoing basis. Additionally, DCSS measures the percentage of children in IV-D cases born out-of-wedlock where parentage has been established and the percentage of IV-D cases where support orders are established.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2011
(Unaudited)

Medical Programs

Description of the Program

The Division of Medical Programs administers and, in conjunction with the federal government, funds medical services provided to about 20 percent of the State’s population. Illinois’ Medical Assistance Programs, consisting of Medicaid and numerous other medical programs associated with it, provide comprehensive health care coverage to over 2.9 million Illinoisans and partial benefits to over 300,000 persons. 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 goals are to improve and maintain access to quality health care services, increase revenue and improve cost effectiveness, and to expand alternatives to institutional care.

Performance Measures	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Total Medical Program Expenditures (in thousands)	\$14,230,355	\$13,424,662	\$13,902,203
Number of people receiving partial benefits	280,106	294,668	312,238
Total number of children enrolled in Medical Programs	1,553,227	1,628,782	1,663,260

Evaluation of Performance/Activity Measures

In order to fundamentally carry out the mission of the Healthcare and Family Service agency, the Department needs to reform the systems that deliver medical care to clients. As an important specific step in this direction, the Department implemented the Integrated Care Program, the State’s first managed care program for seniors and persons with disabilities on May 1, 2011. The program is mandatory and operates in pilot areas of suburban Cook, DuPage, Kankakee, Lake, and Will counties. As of June 30, 2011, there were 12,360 individuals enrolled in the program. Under the program, care is organized around an individual’s needs in order to improve health and quality of life outcomes, while assuring the efficiency and effectiveness of state resources.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2011
(Unaudited)

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 \$229 million in fiscal year 2009, over \$267 million in fiscal year 2010 and over \$389 million in fiscal year 2011.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2011
(Unaudited)

Inspector General

Description of the Program

The Inspector General is appointed by the Governor, reports to the Executive Inspector General, 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 Department’s programs administered by the Department of Human Services.

Program Goal

The OIG is committed to combating fraud and abuse through its efforts of implementing innovative Medicaid fraud prevention and detection techniques, preventing ineligible applicants from receiving benefits, conducting client eligibility investigations, performing client Medicaid fraud investigations, restricting clients who abuse their benefits to one physician and/or pharmacy, conducting post-payment audits and quality of care reviews of Medicaid providers, and identifying assets hidden by long term care applicants.

Performance Measures	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Amount actually collected from providers for inappropriate actions (in thousands)	\$67,659.0	\$43,904.8	\$37,160.7
Amount prevented by catching specific recipients inappropriate claiming	\$32,335.4	\$32,766.0	\$29,835.3

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 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 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 were: fraud prevention investigations, long term care—asset discovery investigations, new provider verifications, SNAP disqualifications, recipient restrictions and provider sanctions—cost avoidance.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2011
(Unaudited)

The totals for both measures were slightly down in fiscal year 2011 compared to fiscal year 2010. This decrease can be attributed to the fact that the dollar amounts collected or saved as a result of the enforcement and preventive activities utilized in these measures can vary significantly based on the unique circumstances encountered in each case.