

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

**FINANCIAL AUDIT**  
For the Year Ended June 30, 2015

**AND COMPLIANCE EXAMINATION**  
For the Two Years Ended June 30, 2015

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

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

FINANCIAL AUDIT  
For the Year Ended June 30, 2015

AND COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2015

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STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**AGENCY OFFICIALS**

Director	Julie Hamos (Through 1/19/15) Felicia Norwood (1/20/15 – Current)
Assistant Director	Sharron Matthews (Through 2/28/15) Vacant (3/1/15 – Current)
Deputy Directors	
Community Outreach	Peter F. Vina (Through 12/31/14) Vacant (1/1/15 – 1/15/15) Michael Taylor (1/16/15 – 5/31/15) Vacant (6/1/15 – Current)
Administrative Operations	Vacant (Through 1/12/14) Kai Tao (1/13/14 – 2/28/15) Vacant (3/1/15 – 6/1/15) Richard Foxman (6/1/15 – Current)
Human Resources	Richard Foxman (Through 5/31/15) Vacant (6/1/15 – Current)
Strategic Planning	Michael Koetting (Through 1/31/15) Vacant (2/1/15 – 5/31/15) Michael Taylor (6/1/15 – Current)
General Counsel	Jeanette Badrov (Through 1/15/15) Vacant (1/16/15 – 3/14/15) Mollie Zito (3/15/15 – Current)
Inspector General	Bradley Hart
Administrators	
Division of Child Support Services	Pamela Lowry
Division of Finance	Michael Casey
Division of Medical Programs	Theresa Eagleson (Through 12/1/14) Vacant (12/2/14 – 12/15/14) James Parker (12/16/14 – 3/27/15) Vacant (3/28/15 – 7/31/15) Teresa Hursey (Acting 8/1/15 – Current)
Division of Personnel and Administrative Services	Theresa Bietsch (Through 5/29/15) Terri Shawgo (Acting 6/1/15 – Current)

Chiefs

Office of Legislative Affairs

Selma D'Souza (Through 2/17/14)  
Jeannine Boucree (2/18/14 – 1/31/15)  
Vacant (2/1/15)

Office of Fiscal Management

Shawn McGady (2/2/15 – Current)

Office of Information Services

Jack Dodds  
Stephen DePooter (Through 1/31/15)  
Vacant (2/1/15 – 2/28/15)  
Graham Osmonson (Acting 3/1/15 – 6/16/15)  
Vacant (6/17/15 – 8/31/15)  
Julie Hagele (9/1/15 – Current)

Department administrative offices are located at:

201 South Grand Avenue East  
Springfield, IL 62763

2200 Churchill Road  
Springfield, IL 62702

401 South Clinton  
Chicago, IL 60607

201 South Grand Avenue East  
Springfield, Illinois 62763-0002

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

Sikich LLP  
132 South Water Street, Suite 300  
Decatur, IL 62523

April 21, 2016

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 Department. 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 Department's compliance with the following assertions during the two-year period ended June 30, 2015. Based on this evaluation, we assert that during the year(s) ended June 30, 2015 and June 30, 2014, the Department has materially complied with the assertions below.


- A. The Department 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 Department 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 Department 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 Department 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 Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Department of Healthcare and Family Services

Signed: 

Title: Director

Signed: 

Title: Fiscal Officer

Signed: 

Title: General Counsel

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANT’S REPORT**

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, but does contain a report modification on compliance and material weaknesses over internal control.

**SUMMARY OF FINDINGS**

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	12	8
Repeated findings	3	3
Prior recommendations implemented or not repeated	5	8

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2015-001	12	Lack of due diligence and project management over the Integrated Eligibility System	Material Weakness and Material Noncompliance
2015-002	14	Inaccurate determination of eligibility	Material Weakness and Material Noncompliance
2015-003	16	Lack of controls over the Integrated Eligibility System	Material Weakness and Material Noncompliance
2015-004	18	Lack of adequate controls over the review of internal controls over service providers	Material Weakness and Material Noncompliance

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2015-005	20	Noncompliance with the Illinois Public Aid Code – advance payments recoupment	Significant Deficiency and Noncompliance
2015-006	21	Inadequate controls over collections of accounts receivable	Significant Deficiency and Noncompliance
2015-007	23	Noncompliance with the Illinois Public Aid Code – interagency agreements	Significant Deficiency and Noncompliance
2015-008	24	Noncompliance with the Custody Relinquishment Prevention Act	Significant Deficiency and Noncompliance
2015-009	25	Inadequate controls over the County Provider Trust Fund	Significant Deficiency and Noncompliance
2015-010	26	Insufficient controls over the University of Illinois Hospital Services Fund	Significant Deficiency and Noncompliance
2015-011	28	Inadequate controls over personal services	Significant Deficiency and Noncompliance
2015-012	30	Noncompliance with the Illinois Public Aid Code – Task Force not formed	Significant Deficiency and Noncompliance

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

2015-001	12	Lack of due diligence and project management over the Integrated Eligibility System	Material Weakness and Material Noncompliance
2015-002	14	Inaccurate determination of eligibility	Material Weakness and Material Noncompliance
2015-003	16	Lack of controls over the Integrated Eligibility System	Material Weakness and Material Noncompliance
2015-004	18	Lack of adequate controls over the review of internal controls over service providers	Material Weakness and Material Noncompliance



PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	31	Financial statement preparation
B	31	Medical assistance records not updated timely for deceased individuals
C	31	Duplication of medical assistance enrollees
D	31	Lack of project management over the Illinois Health Information Exchange
E	32	Property control weaknesses

**EXIT CONFERENCE**

Items 2015-005 through 2015-0015 and the related recommendations described in the Schedule of Findings appearing in this report were discussed with Department personnel at an exit conference on April 13, 2016.

Attending were:

Department of Healthcare and Family Services

Connie Sabo, Chief, Bureau of Fiscal Operations

Amy Lyons, Audit Liaison

Jamie Nardulli, Chief Internal Auditor

Mollie Zito, General Counsel (via video conference)

Richard Foxman, Deputy Director Administrative Operations (via video conference)

Mike Casey, Finance Division Administrator

Ray Marchiori, Chief of Staff

Office of the Auditor General

Janis Van Durme, Audit Manager

Kathy Lovejoy, Audit Manager

Scott Wahlbrink, Audit Manager

Sikich LLP

Tom Leach, Partner

Meredith Angel, Manager

The responses to the recommendations for items 2015-005 through 2015-0015 were provided by Felicia Norwood, Director, in correspondence dated April 21, 2016.

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Healthcare and Family Services' compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2015. The management of the State of Illinois, Department of Healthcare and Family Services is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Healthcare and Family Services' compliance based on our examination.

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

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

As described in items 2015-001, 2015-003 and 2015-004 in the accompanying schedule of findings, the State of Illinois, Department of Healthcare and Family Services did not comply with requirements regarding applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in item 2015-002 in the accompanying schedule of findings, the State of Illinois, Department of Healthcare and Family Services did not comply with requirements regarding obligating, expending, receiving and using 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. 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 compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2015. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2015-005 through 2015-012.

### **Internal Control**

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2015-001 through 2015-004 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2015-005 through 2015-012 to be significant deficiencies.

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

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

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



Decatur, Illinois  
April 21, 2016



132 S. Water St., Suite 300  
Decatur, Illinois 62523

Certified Public Accountants & Advisors  
Members of American Institute of Certified Public Accountants

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Healthcare and Family Services, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State of Illinois, Department of Healthcare and Family Services' basic financial statements, and have issued our report thereon dated March 15, 2016.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 the accompanying schedule of findings as items 2015-001 through 2015-004 to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Healthcare and Family Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings as items 2015-001 through 2015-004.

### **State of Illinois, Department of Healthcare and Family Services' and State of Illinois, Department of Human Services' Responses to Findings**

The State of Illinois, Department of Healthcare and Family Services' and the State of Illinois, Department of Human Services' (Departments) responses to findings 2015-001 through 2015-003 identified in our audit are described in the accompanying schedule of findings. The Departments' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **State of Illinois, Department of Healthcare and Family Services' Response to Finding**

The State of Illinois, Department of Healthcare and Family Services' response to the finding 2015-004 identified in our audit is described in the accompanying schedule of findings. The State of Illinois, Department of Healthcare and Family Services' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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



Decatur, Illinois  
March 15, 2016

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

SCHEDULE OF FINDINGS

CURRENT FINDINGS  
(GOVERNMENT AUDITING STANDARDS)

**2015-001** **FINDING** (Lack of due diligence and project management over the Integrated Eligibility System)

The Department of Healthcare and Family Services and the Department of Human Services (Departments) did not establish controls to conduct due diligence or ensure project management over the State of Illinois' Integrated Eligibility System (IES) development project.

In order to meet the requirements of the Affordable Care Act of 2010 (45 CFR 95.626), the Departments undertook a project to consolidate and modernize eligibility functions for several human service programs by October 1, 2013. Three contracts totaling \$167.8 million were executed for the development, oversight, and independent verification and validation of IES.

From August through November 2015, the auditors made several requests to the Departments for documentation related to project management, systems development, and contractual requirements for IES. The Departments had to rely on the vendors to provide the required documentation to respond to the auditors' requests. Additionally, during this timeframe, the vendors did not provide complete and accurate information responsive to the requests.

Given the severity of issues noted and the potential impact to the Departments' and the State's financial statements, the auditors met with the Departments' management in December 2015 to discuss the lack of due diligence, lack of complete documentation provided, and the delays associated with responding to requests. From December 2015 through February 2016, the Departments worked with the vendors to provide the auditors with information regarding identified risks and the associated corrective actions.

Based on the information provided by the Departments, Phase One of IES went live on October 1, 2013 even though it had known problems, required manual workarounds, and encountered data integrity and downtime issues. Our review of documentation identified a significant number of critical deficiencies:

- The Departments did not conduct due diligence or assess the risks over the known problems at October 1, 2013.
- Over-reliance was placed on the vendors.
- System testing was inadequate and did not comply with development requirements.
- The Departments did not thoroughly review or assess testing completed by one of the vendors.
- Project management was lacking. For example, during the auditor's testing of compliance with contractual requirements, the Departments were unable to provide the information and had to request deliverables from the vendors. In addition, it was noted the vendors routinely reviewed and approved the deliverables, rather than the Departments.

As a result of the lack of project management, IES did not accurately determine individuals' eligibility for various social service programs. See Finding 2015-002. In addition, the Departments did not implement adequate security controls over IES. See Finding 2015-003.

Departments' management stated the weaknesses identified were the result of an inadequate process for collection and retrieval of supporting documentation of management's review and approval of contract deliverables and executive decision-making related to the planning, development, testing, assessment of risk, and implementation of the system.

According to the contract, section 2.9, the State was responsible for reviewing the vendors' deliverables to ensure compliance with the contract and applicable federal and State laws. In addition, section 4.21 states all decisions related to or in connection with the implementation were the responsibility of the State.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states all agencies are to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable laws; and (2) obligations and costs are in compliance with applicable laws. In addition, generally accepted information technology guidance endorses the implementation of project management techniques to ensure computer system development activities meet management's objectives.

The Departments' lack of due diligence and an effective and controlled project management process over IES led to: additional project expenditures for revisions, the State's over-reliance on the contractors, system downtime, and a system that does not completely meet the needs of the State. (Finding Code No. 2015-001)

### **RECOMMENDATION**

We recommend the Departments establish controls over project management and due diligence, such as improving vendor relationships, monitoring, testing, etc. for major projects, such as IES.

### **DEPARTMENTS' RESPONSE**

The Departments accept the recommendation. Following are some of the steps taken since June 2015 to establish improved due diligence and controls over project management:

- Appointed a senior state employee who is a certified Project Manager as IES Phase 2 Project Director to refocus project management on industry standard project management principles. Two additional project managers added to maintain focus on these principles.
- Instituted joint management of comprehensive project schedule encompassing state and vendor efforts.
- Implemented observation sessions to validate results of System Test stage before moving into User Acceptance Test stage.
- Extended timeline for Phase 2 to increase User Acceptance Test stage from 12 to 43 weeks.
- Created detailed requirements traceability matrix to enable thorough due diligence of defects and workarounds.
- Refocusing on quality by requiring vendor quality reviews and joint quality review meetings with vendor.
- Redefining project deliverables jointly with vendor to focus on quality and acceptable defect levels for deployment.
- Revamping change management, decision management and documentation of deliverable approvals.
- Restructuring the SharePoint library to assure all documentation is filed in it appropriately and is accessible.

The Departments will continue to work proactively to implement sound project management principles in order to prevent project management weaknesses in the future.



**2015-002 FINDING (Inaccurate determination of eligibility)**

The Department of Healthcare and Family Services and the Department of Human Services (Departments) lacked internal controls to review the design and operation of the State of Illinois' Integrated Eligibility System (IES) to sufficiently prevent or detect defects that could cause inaccurate determinations of eligibility. As a result, the auditors noted IES did not accurately determine eligibility for human service programs.

In order to meet the requirements of the Affordable Care Act of 2010, the Departments undertook a project to consolidate and modernize eligibility functions for over 100 human service programs funded by the federal government and the State of Illinois. On October 1, 2013, the Departments implemented IES and utilized it for the intake of applications and the determination of eligibility for human service programs.

From October 1, 2013 through June 30, 2015, the Departments had:

	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2015</b>
Applications submitted via IES	625,672	1,116,179
Applications approved via IES	514,499	894,680
Expenditures associated with applications approved via IES	\$861,730,573	\$3,307,145,211

In order to obtain social services, individuals are evaluated on hundreds of financial and non-financial criteria. To test the efficacy of IES' determination of eligibility for benefits, the auditors selected a sample of a subset of non-financial eligibility criteria including: residency, citizenship, and social security information.

The auditors tested all individuals which were approved within IES from October 1, 2013 to June 30, 2015, to ensure they were properly approved based on the eligibility criteria selected for testing. The testing identified multiple defects which resulted in individuals being improperly approved for certain programs. As a result of the defects identified, inappropriate expenditures were made to or on-behalf of individuals, totaling:

<b>Fiscal Year</b>	<b>Individuals Inappropriately Approved</b>	<b>Department of Human Services Expenditures in Error</b>	<b>Department of Healthcare and Family Services Expenditures in Error</b>
2014	751	\$138,940	\$1,294,177
2015	2,469	\$338,931	\$6,508,701

The more significant defects, which caused 3,220 individuals to be inappropriately approved, resulted in individuals being approved:

- Without meeting immigration requirements.
- Without verifications of citizenship.
- Without verification of residencies.
- Without valid SSNs or documentation of submitted SSN applications.
- For non-expedited Supplemental Nutrition Assistance Program (SNAP) benefits even though required citizenship information was not provided by a due date.
- For individuals who were not citizens and who did not provide other acceptable alternate information (ie; legal permanent residents, refugees, etc).

Based upon the non-financial eligibility criteria tested, the noted total expenditures made in error were not considered material by either Department with respect to their financial statements, and therefore, no adjustments were made.

The Illinois Public Aid Code (Code) (305 ILCS 5) requires individuals to provide information related to their citizenship, residencies and SSNs. The Code also requires the Departments to verify, via a third party, the information provided by the individuals.

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

Departments' management stated the exceptions noted can be attributed to the complexity of the federal laws governing each program's eligibility rules. Additionally, the eligibility rules for medical programs were changing while IES was being designed and built because the Federal Centers for Medicare and Medicaid Services continued issuing guidance and promulgating regulations.

By inaccurately determining eligibility, the Departments have incurred and may continue to incur expenditures for ineligible individuals. Furthermore, due to the errors being the responsibility of the Departments, a decision was made not to recover the inappropriate payments. (Finding Code No. 2015-002) For related findings, please see Findings 2015-001 and 2015-003.

### **RECOMMENDATION**

We recommend the Departments implement controls over the review of the design and operations of IES and future development projects. The Department should also take corrective actions over all defects.

In addition, we recommend the Departments evaluate all eligibility criteria within IES to ensure cases are being properly approved.

### **DEPARTMENTS' RESPONSE**

The Departments accept the recommendation. The Departments will ensure that controls over the review of the design and operations of IES are complete and fully documented. A sophisticated system is already in place for documenting, tracking and prioritizing correction of all identified defects. Because of the size and complexity of the benefit programs IES controls, the Departments will review IES on an ongoing basis to assure accuracy of all eligibility determinations, both approvals and denials.

As stated in the finding above, the Departments did not view the erroneous expenditures as material and therefore did not make adjustments to their respective financial statements. The incorrect expenditures referenced for FY15 represent approximately two tenths of one percent of all expenditures associated with applications approved via IES. As was the case for the cost of the errors found in this audit, the Departments expect any additional errors that may be found will not affect more than a small percentage of enrollees or expenditures and that a substantial majority of eligibility decisions made by IES are correct.

The Departments will not attempt to recover payments deemed as incorrect because Medicaid providers performed services for clients in good faith under those eligibility determinations. A small percentage of DHS clients also received benefits based upon the determination of eligibility at the time.

**2015-003** **FINDING** (Lack of controls over the Integrated Eligibility System)

The Department of Healthcare and Family Services and the Department of Human Services (Departments) had not implemented adequate security, change management, or recovery controls over the State of Illinois' Integrated Eligibility System (IES).

IES was developed to consolidate and modernize eligibility functions and to comply with the Affordable Care Act of 2010. As such, IES was required to comply with specific federal and State security standards.

The auditors requested from both of the Departments specific information related to the security, change management, and recovery controls over IES. During the review of information provided, the auditors identified a significant number of critical deficiencies:

- Neither of the Departments or vendor provided complete and detailed information necessary to support the implementation of security controls, including compliance with the federal and State security standards.
- The auditors identified three individuals with Global Security Administration rights for who evidence to support the need for such powerful access rights was not provided.
- Contrary to accepted security practices, users were required to provide their dates of birth and social security numbers in order to recover their User Identifications.
- Changes were made by vendor to the infrastructure that did not comply with approved change management procedures.
- An adequately developed and tested disaster contingency plan had not been completed.

In addition, during the Departments' own review of security controls, they noted:

- IES and its servers could be accessed without authentication.
- The Departments had not ensured the vendor was able to provide a listing of users who had powerful privileges, accounts, or passwords.
- The Departments had not ensured the vendor maintained documentation to verify the approval of access rights.
- The Departments had not ensured the vendor maintained a complete listing of users on the infrastructure devices.
- Devices were not properly configured resulting in incompatibilities between devices.
- The Departments had not ensured the vendor implemented only approved changes to the infrastructure.
- The Departments had not ensured State personnel had access to the infrastructure.

The Departments acknowledge these matters are the Departments' responsibility and this responsibility cannot be outsourced.

According to the development vendor's contract, Section 3.4 of attachment C, the State is responsible for the network and security of the infrastructure in which IES resides.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure the State's resources are used efficiently and effectively.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data. Effective computer security controls provide for safeguarding systems and data, suitable change management procedures, and the formal development and testing of disaster recovery plans.

Departments' management stated the primary focus was on gaining approval from federal CMS to connect IES to the Federal Data Services Hub by October 1, 2013.

The lack of adequate controls may lead to improper changes, access, and security flaws which result in inaccurate data and availability issues. (Finding Code No. 2015-003) For related findings, see Findings 2015-001 and 2015-002.

### **RECOMMENDATION**

The Departments should establish controls that ensure IES security is safeguarded, including monitoring the vendor's compliance with the security requirements outlined in the contract. Additionally, the Departments should work with the vendors to promote the use of best practices and ensure:

- IES security controls be adequately documented and comply with the required federal and State security standards.
- Access rights are appropriate, based on job duties, approved and documented, and periodically reviewed.
- All changes comply with approved change management procedures and are properly documented.
- An adequately developed and tested disaster contingency plan exists.
- State employees have access to the IES environment.
- Device incompatibility issues are resolved.
- An acceptable means for users to recover their User Identifications is implemented.

### **DEPARTMENTS' RESPONSE**

The Departments accept the recommendation. Many of the control weaknesses identified during this audit were identified by the IES Security Officer, HFS Security Manager (IES Security Team) and Technical Team since April of 2015 and the Vendor has been engaged to develop plans to resolve all currently identified weaknesses and vulnerabilities. The Departments will continue to work with the vendor to resolve the other deficiencies noted during this audit.

**2015-004** **FINDING** (Lack of adequate controls over the review of internal controls over service providers)

The Department of Healthcare and Family Services (Department) did not obtain or conduct timely independent internal control reviews over its external service providers used to process the Medicaid Incentive Payment Program (MIPP) payments and dental payments made on behalf of the State. Furthermore, the Department did not assess the need for independent internal control reviews at subservice organizations utilized by the external service provider of the State's Dental Program.

In fiscal year 2015, the Department utilized an application developed and hosted by an external service provider to process the MIPP payments, totaling \$74.9 million. In addition, the Department utilized a third party service provider to process dental expenditures, totaling \$198 million.

During testing, the auditors noted the following:

- The Department did not obtain Service Organization Control (SOC) reports or conduct independent internal control reviews of the external service provider which processed the MIPP payments during the audit period.
- The agreement between the Department and the external service provider which processed the MIPP payments did not require an independent review to be completed.
- Although the Department received the required SOC report, dated December 10, 2014, from the service provider which processed the dental payments during the audit period, the Department had not reviewed and assessed the SOC report as of June 30, 2015.
- The SOC report obtained from the service provider which processed the dental payments indicated the service provider utilized subservice organizations to assist in the processing of the payments. As of June 30, 2015, the Department had not performed an analysis to determine the need to obtain information as to subservice organizations' internal controls over the processing of the State's dental payment transactions.

The Department is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to assure its critical and confidential data are adequately safeguarded. This responsibility is not limited because the process is outsourced.

SOC reports performed in accordance with applicable standards provide for a uniform method of evaluating the internal controls at service providers. Furthermore, independent reviews of the systems in place at each service provider or subservice organization are necessary to ensure the Department's processes complement those in place for each service provider.

Department management stated that due to multiple staffing changes at multiple levels in the agency, the requirement for an annual Service Organization Control report was inadvertently not included in the statement of work.

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

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Department does not have assurance the external service providers' or subservice organizations' internal controls are adequate to ensure the Medicaid Incentive Payment Program payments and dental payments are accurate and secure. (Finding Code No. 2015-004)

## **RECOMMENDATION**

We recommend the Department obtain or perform independent reviews of internal controls associated with third party service providers at least annually.

The independent reviews should include an assessment of the following five key system attributes, as applicable:

- Security - The system is protected against both physical and logical unauthorized access.
- Availability - The system is available for operation and use as committed or agreed.
- Processing integrity - System processing is complete, accurate, timely and authorized.
- Confidentiality - Information designated as confidential is protected as committed or agreed.
- Privacy - Personal information is collected, used, retained, disclosed, and disposed of in conformity with Department requirements.

The Department should perform a timely review of the report, assess the effect of any noted deficiencies, and identify and implement any compensating controls. The Department's reviews and corrective actions taken by the service provider should be documented and maintained.

The Department should also include in its agreements with the providers provisions for an internal controls review.

In addition, the Department should assess and obtain applicable reports over the internal controls in place at the subservice organizations.

## **DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will conduct and document annual independent reviews with providers and subservice organizations; and include assessments of the five key attributes noted above.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

SCHEDULE OF FINDINGS

CURRENT FINDINGS  
(STATE COMPLIANCE)

**2015-005** **FINDING** (Noncompliance with the Illinois Public Aid Code – advance payments recoupment)

The Department of Healthcare and Family Services (Department) did not recoup advance payments to nursing facilities in accordance with the terms and timeframe established in the Illinois Public Aid Code (Code).

The Department made advance payments totaling \$45,398,230 to 210 nursing facilities. The payments were made to nursing facilities with significant outstanding Medicaid liabilities associated with services provided to residents with Medicaid applications pending and residents facing the greatest delays. The Department obtained written payment plan agreements from the facilities whereby the Department was to recoup the advance payments with three or six monthly installments from each facility. Both the three and the six month payment agreements provided for full recoupment by June 30, 2015. However, the Department and the nursing home representatives agreed that monthly recoupments would be postponed as a result of the long-term care application processing lagging behind the anticipated schedule. Consequently, we noted that at June 30, 2015, the Department recouped a total of only \$11,568,770, representing two monthly installments recouped from each of the facilities that elected the 6 month installment plan and no installments were recouped from the facilities that elected the 3 month installment plan. The Department attempted to amend the statutory language to allow for the postponement of the recoupment of the advance payments, however the amendatory language did not become law as of the date of our testing. At June 30, 2015, a total of \$33,829,460 of the advance payments remained outstanding.

The Illinois Public Aid Code (305 ILCS 5/11-5.4(e)(2)) states no later than June 30, 2014, the Department shall issue vouchers for advance payments not to exceed \$50,000,000 to nursing facilities with significant outstanding Medicaid liability associated with services provided to residents with Medicaid applications pending and residents facing the greatest delays. Each facility to receive an advance payment shall state in writing whether its own recoupment schedule will be in three or six equal monthly installments, as long as all advances are recouped by June 30, 2015.

Department personnel stated there was an expectation the statutory requirement would be changed to allow an additional year for recoupment of the payments. The lack of a fiscal year 2016 budget being passed impacted the passage of the amendatory language to delay recoupments.

Failure to recoup advance payments from nursing facilities in accordance with statutorily established terms and timeframes results in noncompliance with the Code. (Finding Code No. 2015-005)

**RECOMMENDATION**

We recommend the Department recoup all advance payments to nursing facilities in compliance with the Illinois Public Aid Code, or seek statutory change.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will recoup the remaining balance of all advance payments made to nursing facilities.

**2015-006** **FINDING** (Inadequate controls over collections of accounts receivable)

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

During the prior compliance examination, we noted 12 accounts receivable accounts, totaling \$1,873,070, outstanding for over one year. The Department submitted seven of these accounts, totaling \$583,472, to the Comptroller's Offset System and one account was offset by the Department in the amount of \$9,741 prior to or during fiscal year 2015. During the current examination we noted one new account in the amount of \$551,001, outstanding for over one year, had not been submitted to either the Comptroller's Offset System or sent to the Attorney General to be certified as uncollectible. Four accounts, totaling \$1,279,857, remained outstanding from those identified in the previous examination. As of June 30, 2015, there were a total of five accounts receivable accounts totaling \$1,830,858 outstanding over one year not submitted to either the Comptroller's Offset System or sent to the Attorney General to be certified as uncollectible. The Department's financial statements did not require an adjustment due to the accounts being considered uncollectible.

The Illinois State Collection Act of 1986 (30 ILCS 210/5(c-1)) states all debts that exceed \$250 and are more than 90 days past due be placed in the Comptroller's Offset System unless the Department has entered into a deferred payment plan or demonstrates to the Comptroller's satisfaction that referral for offset is not cost effective. The Statewide Accounting Management System Manual (Procedure 26.40.20) requires accounts receivables to be placed in the Comptroller's Offset System in order for the Comptroller to deduct from warrants payable to any person the amount for which there exists a claim due and payable in favor of the State. Further, the Uncollected State Claims Act (30 ILCS 205/2) states when any State agency is unable to collect any claim or account receivable of \$1,000 or more due the agency after having pursued the procedure prescribed by law or applicable rules and regulations for the collections thereof or, if no procedure is so prescribed, then after having undertaken all reasonable and appropriate procedures available to the agency to effectuate collection, the State agency shall request the Attorney General to certify the claim or accounts receivable to be uncollectible. Claims or accounts receivable of less than \$1,000 may be certified as uncollectible by the agency when the agency determines that further collection efforts are not in the best economic interest of the State.

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

Failure to submit accounts receivable over \$250 and more than 90 days past due to the Comptroller's Offset System or refer accounts receivables to the Attorney General results in noncompliance with State law and could result in the State not being able to recover amounts it is owed. (Finding Code No. 2015-006, 2013-006)

**RECOMMENDATION**

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



**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will continue to resolve outstanding account receivables.

**2015-007**    **FINDING** (Noncompliance with the Illinois Public Aid Code – interagency agreements)

The Department of Healthcare and Family Services (Department) interagency agreements did not include all provisions required by the Illinois Public Aid Code (Code).

We noted existing interagency agreements between the Department, the Department of Human Services (DHS) and the Illinois Department on Aging (IDoA) did not contain certain language required by the Code. Although an amendment to the original interagency agreements was drafted to address the requirements of the Code, the amendment had not been finalized or executed as of June 30, 2015.

The Illinois Public Aid Code (305 ILCS 5/5-5) requires the Department to execute, relative to the nursing home prescreening project, written interagency agreements with DHS and IDoA that include procedures, to be established by October 1, 2013, to permit long-term care providers access to eligibility scores for individuals with an admission date who are seeking or receiving services from the long-term care provider.

Department personnel stated the interagency agreements have not been updated to address this particular responsibility because the IDoA (who receives this information from their contracted Case Coordination Units) had not yet developed a system to make this type of information available to long-term care providers.

Failure to amend the interagency agreements to establish and include procedures to provide long-term care facilities access to information as required is noncompliance with the Code and may deny such facilities eligibility information needed prior to admission of residents. (Finding Code No. 2015-007)

**RECOMMENDATION**

We recommend the Department coordinate with the Department of Human Services and the Illinois Department on Aging and amend the interagency agreements to include procedures to permit long-term care providers access to eligibility scores for individuals, as required by the Illinois Public Aid Code.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will begin to work to amend the interagency agreements to devise procedures to permit long-term care providers access to eligibility scores for individuals as required by the Public Aid Code.

**2015-008** **FINDING** (Noncompliance with the Custody Relinquishment Prevention Act)

The Department of Healthcare and Family Services (Department) was not in compliance with the Custody Relinquishment Prevention Act.

During our testing, we noted the Department had not entered into an interagency agreement with the Department of Children and Family Services (DCFS), the Department of Human Services (DHS), the Illinois State Board of Education (ISBE), the Department of Juvenile Justice (DJJ) and the Department of Public Health (DPH) as of June 30, 2015 as required.

The Custody Relinquishment Prevention Act (Act) (20 ILCS 540/15) establishes a pathway for families on the verge of seeking services for their child's serious mental illness or serious emotional disturbance through the relinquishment of parental custody to DCFS, despite the absence of abuse or neglect, to receive services through the appropriate State child-serving agency. The Act requires an interagency agreement between the above named agencies; such agreement shall require the establishment of an interagency clinical team to identify at risk children and youth and connect them to appropriate services to stabilize the child or youth and thereby avoid the family's relinquishment of custody to DCFS. The agencies were required to enter into an interagency agreement within 180 days of the Act's effective date of January 1, 2015.

Department personnel stated they recognize the Department's responsibility to actively participate in the development and execution of an interagency agreement related to the Act, however, the Department does not believe it is the primary or lead agency to initiate the agreement. The Department believes the statute likely intends for DCFS or DHS to be the lead agency.

Failure to establish and enter into an interagency agreement addressing the needs of children and youth with serious mental illness or serious emotional disturbance can result in the relinquishment of families' custody to DCFS that may have otherwise been avoided and is noncompliance with the Act. (Finding Code No. 2015-008)

**RECOMMENDATION**

We recommend the Department coordinate with the Department of Children and Family Services, the Department of Human Services, the Illinois State Board of Education, the Department of Juvenile Justice and the Department of Public Health to establish and enter into an interagency agreement as required by the Custody Relinquishment Prevention Act.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Interagency Agreement required by the Custody Relinquishment Prevention Act was executed on April 19, 2016.

**2015-009** **FINDING** (Inadequate controls over the County Provider Trust Fund)

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

In the prior year compliance examination, it was noted the inpatient and outpatient rates were determined 2.5 months and 4.5 months after the fiscal years 2012 and 2013 began, respectively.

In fiscal year 2014 inpatient and outpatient rates were determined 11 months after the fiscal year had begun. Adjustments were made after the rate determination to retroactively reimburse Cook County the correct inpatient and outpatient rates. In fiscal year 2015, outpatient rates were determined timely, however, inpatient rates were not determined as of June 30, 2015. Instead, the Department used prior year inpatient rates the entire fiscal year.

In the prior year compliance examination, auditors noted the Department did not make 12 equal monthly installments for the Disproportionate Share Hospital (DSH) Medicaid inpatient days to calculate the allocation of quarterly Medicare, Medicaid, and State Children's Health Insurance Program Benefits Improvement and Protection Act (BIPA) DSH payments pursuant to the interagency agreement with Cook County. During the current examination period, the Department made 12 equal monthly DSH payments for each fiscal year and no exceptions were noted with respect to the Medicaid inpatient days used in the calculation of DSH payments.

The agreement between the Department and Cook County Health and Hospitals System and Cook County Board of Commissioners states the rates shall be determined annually and defines the Rate Period as the 12-month period coinciding with the State's fiscal year. The agreement states that the hospitals operated by the Cook County Health and Hospital System shall be reimbursed for inpatient and outpatient services based on actual costs incurred and reported, adjusted forward to the Rate Period by an inflation index, as specified in the Illinois Title XIX State Plan.

Department management stated during fiscal year 2014, negotiations with the providers caused unforeseen delays in rate implementation. In addition, the rates were not calculated during fiscal year 2015 due to pending approval of a proposed inpatient rate amendment to the Illinois Medicaid State Plan.

Failure to timely determine the inpatient and outpatient rates increases the likelihood for oversight in correct reimbursements, which would cause noncompliance with the agreement set in place with Cook County. (Finding Code No. 2015-009, 2013-008, 11-4)

**RECOMMENDATION**

We recommend the Department timely calculate inpatient and outpatient rates that should take effect each year.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department filed State Plan Amendment (SPA – 14-0012) in late January or early February of 2014. The SPA was to change our historical cost inflator from a hospital specific inflator to an inflator based on the Centers for Medicare & Government Services' Input Price Index (CIPI). This SPA will encompass both Cook and U of I hospital inpatient rates. Basically, the hospital specific cost inflator is a more volatile inflator that can vary drastically from year to year, up or down, and has been at the root of many of our problems with negotiating rates with these hospitals. The CIPI inflator is based on national industry standards, and generally is much more consistent over time. With the approval of SPA 14-0012, the implementation of CIPI cost inflators should almost completely alleviate the months-long negotiations. The SFY16 rate letters were sent July 2015 and the rates were in the system shortly thereafter.

**2015-010** **FINDING** (Insufficient controls over the University of Illinois Hospital Services Fund)

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

During our review of the University of Illinois 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 determined by the Department, we noted the following:

- The Department did not calculate fiscal year 2014 inpatient and outpatient rates in a timely manner. In fiscal year 2014, inpatient rates were finalized nine months after the fiscal year had begun and outpatient rates were not finalized as of the fiscal year end.
- The Department did not calculate fiscal year 2015 inpatient rates in a timely manner. In fiscal year 2015, inpatient rates were finalized five months late. Adjustments were made after the rate determination to retroactively reimburse the Hospital the correct inpatient and outpatient rates.
- The Department did not make annual Disproportionate Share Hospital (DSH) payments in 12 equal monthly installments, as required by the Illinois Medicaid State Plan (State Plan). For fiscal year 2014, the last 10 months' payments were made in August 2014 as a single payment. Fiscal year 2015 DSH payments were made in four installments.

The Department and the Board of Trustees of the University of Illinois entered into an interagency agreement (Agreement) requiring the Department to reimburse the Hospital for services provided by the Hospital. The Department utilized inpatient and outpatient rates for this reimbursement pursuant to the Agreement. These reimbursable rates were to be recalculated annually for each fiscal year in accordance with the State Plan.

Department management stated that lengthy rate negotiations with the Hospital in fiscal year 2014 and awaiting a federal response to a State Plan Amendment request for fiscal year 2015 contributed to the untimely rate calculations and adjustments. With respect to the untimely DSH payments, management stated payments were delayed until the Hospital and the Department were comfortable calculated amounts would not result in overpayments that would subsequently require repayment.

Failure to timely determine the inpatient and outpatient rates is noncompliance with the Agreement and failure to make monthly DSH installments to the Hospital is noncompliance with the State Plan. (Finding Code No. 2015-010)

**RECOMMENDATION**

We recommend the Department timely calculate inpatient and outpatient rates. We also recommend the Department make equal monthly Disproportionate Share Hospital as required by the Illinois Medicaid State Plan.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department filed State Plan Amendment (SPA – 14-0012) in late January or early February of 2014. The SPA was to change our historical cost inflator from a hospital specific inflator to an inflator based on the Centers for Medicare & Government Services' Input Price Index (CIPI). This SPA will encompass both Cook and U of I hospital inpatient rates. Basically, the hospital specific cost inflator is a more volatile inflator that can vary drastically from year to year, up or down, and has been at the root of many of our problems with negotiating rates with these hospitals. The CIPI inflator is based on national industry standards, and generally is much more consistent over time. With the approval of SPA 14-0012, the implementation of CIPI cost inflators should almost completely alleviate the months-long negotiations. The SFY16 rate letters were sent July 2015 and the rates were in the system shortly thereafter.

DSH payments were delayed until the Hospital and the Department were comfortable calculated amounts would not result in overpayments that would subsequently require repayment. This was a mutual decision between the Department and the Hospital. In 2016, the Department is now working without a budget, which causes cash flow concerns and continued delays in payments.

**2015-011** **FINDING** (Inadequate controls over personal services)

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

- The Department did not timely complete performance evaluations for 29 of 60 (48%) employees tested. The performance evaluations were performed between 31 and 252 business days after the last date in the period of performance. In addition, the Department did not perform one or more evaluations during fiscal year 2014 and/or fiscal year 2015 for 24 of 60 (40%) employees tested.

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

- We selected a sample of 60 employees and examined their timesheets from three separate months. We noted 1 of 60 (2%) employees had multiple timesheets not approved and/or dated by a supervisor.

The Department's "Employee Daily Time Log" (form HFS 163) used by employees to record daily time worked requires supervisory certification that the employees and periods of service shown on the log are correct. Additionally, good business practice dictates supervisory approval of time worked.

In the prior compliance examination, supervisors incorrectly completed the review of Employee Absence Request/Report form(s) (HFS 2053). The Department improved their review process of HFS 2053 forms to ensure compliance with the Employee Handbook. No exceptions of incorrect HFS 2053 forms were noted in the current year examination.

Department management stated the exceptions noted for performance evaluations were due to human error. In addition, the Department stated the unapproved timesheets were due to an 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 the Illinois Administrative Code and the Department's Employee Handbook, which might result in missing information that could be relevant to subsequent personnel decisions. Review of employee timesheets by supervisors leads to a greater level of accountability over Department employees. It also services as a control mechanism to minimize errors in employee timekeeping. Failure to properly approve timesheets could result in employees being compensated for time not spent at work. (Finding Code No. 2015-011, 2013-005, 11-8, 09-5, 08-11, 07-11, 06-6, 05-1)

**RECOMMENDATION**

We recommend the Department follow current procedures and comply with the Illinois Administrative Code by conducting employee performance evaluations in a timely manner. Further, we recommend Department supervisors approve and date all timesheets as required by the form HFS 163.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department's Division of Personnel and Administrative Services will continue to send out notifications when evaluations are due and past due reminders. The Division of Personnel and Administrative Services will continue to track the evaluations as they are received and filed in the employee's personnel file in an effort to reduce the number that are not completed and signed in a timely manner. The Department will not process any merit compensation personnel transaction (i.e. promotions, separation, transfers etc.) with the exception of address change, if the employee's performance appraisal is past due.



**2015-012** **FINDING** (Noncompliance with the Illinois Public Aid Code – Task Force not formed)

The Department of Healthcare and Family Services (Department) did not establish a Long-Term Services and Supports Disparities Task Force as required by the Illinois Public Aid Code (Code).

During our examination, we noted the Department had not established the Long-Term Services and Supports Disparities Task Force (Task Force), and as such, the duties of the Task Force had not been performed.

The Code (305 ILCS 5/12-4.48), as amended effective August 1, 2014, states the Department shall establish the Task Force. The Task Force shall promote and facilitate communication and coordination among relevant State agencies and communities of color, limited English-speaking communities, and the private and public entities providing services to those communities. The Task Force shall also perform various prescribed duties to gather and analyze data, receive public input and make recommendations to the Governor and General Assembly.

The Department's Director is responsible to appoint members of the Task Force including representatives from: the Governor's Office, the Department of Healthcare and Family Services, the Department of Human Services, the Department on Aging, the Department of Human Rights, the Department of Public Health and various others from the long-term services and support industries and public. The Code requires the Task Force meet no less than four times each calendar year. A report of findings and recommendations was required to be submitted to the Governor and the General Assembly no later than August 1, 2015; thereafter, annual reports shall be issued each year with documentation of progress made to eliminate disparities in long-term care service settings.

Department personnel stated the Task Force was not established due to previous agency leadership electing to not pursue the creation of this task force, citing potential duplication with other coordination and transformation efforts underway in the Long-Term Services and Supports area.

Failure to establish the Task Force results in noncompliance with the Illinois Public Aid Code and deprives the Governor and General Assembly information concerning any disparities identified in long-term service settings and recommendations and progress made to eliminate such disparities. (Finding Code No. 2015-012)

**RECOMMENDATION**

We recommend the Department establish a Long-Term Services and Supports Disparities Task Force as required by the Illinois Public Aid Code, or seek a statutory change.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department agrees with the charge of the Task Force and the issues it is required to study are important and appropriate. However, the Department does not agree that a Task Force needs to be formed in order to accomplish this goal. The Department will consult with the Quality Care Subcommittee of the Medicaid Advisory Committee (MAC) regarding this legislation and seek legislative remedy to make necessary revisions.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**PRIOR FINDINGS NOT REPEATED**

**A. FINDING** (Financial statement preparation)

The Department's 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 the prior audit we noted computation errors with respect to the Department's uncollectable child support. Additionally, we identified errors during the audit of the draft financial statements for fiscal year 2014 which were deemed immaterial to the financial statements taken as a whole. These additional errors included computation errors with respect to the Department's medical accrual and allocation errors with respect to the Child Support Administrative Fund and Child Support Enforcement Fund. During our fiscal year 2015 audit and review of the draft financial statements we determined the Department implemented internal controls including a review of calculations and manual processes from which its financial reporting is derived. (Finding Code No. 2014-001, 2013-001, 12-1, 11-1, 10-1, 09-2)

**B. FINDING** (Medical assistance records not updated timely for deceased individuals)

The Department's fiscal year 2014 records of individuals eligible for participation in the medical assistance program under Title XIX of the Social Security Act (Title XIX) included individuals who were identified as deceased by either the Illinois Department of Public Health's (IDPH) Vital Records or by the Death Master File from the Social Security Administration.

During the current audit period, auditors noted the Department developed and implemented internal controls to ensure individuals who are identified as deceased by either IDPH or the Social Security Administration have been removed from eligibility, if applicable. The testing performed by the auditors indicated progress was made in significantly reducing the number of instances in which individuals identified as deceased continued to receive assistance. As a result, this finding has been moved to the Department's Report of Immaterial Findings. (Finding Code No. 2014-002, 2013-002)

**C. FINDING** (Duplication of medical assistance enrollees)

During the prior audit period, the Department's eligibility files included duplicate enrollees for its medical assistance program under Title XIX of the Social Security Act (Title XIX).

During the current audit period, auditors noted the Department developed and implemented internal controls over its fiscal year 2015 eligibility files to remove duplicate identification numbers for enrollees and ensure duplicate payments were not made on their behalf. The testing performed by the auditors indicated progress was made in significantly reducing the number of instances of individuals with duplicate identification numbers and overpayments resulting therefrom. As a result, this finding has been moved to the Department's Report of Immaterial Findings. (Finding Code No. 2014-003, 2013-003)

**D. FINDING** (Lack of project management over the Illinois Health Information Exchange)

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

The Illinois Health Information Exchange responsibilities were transferred to the Illinois Health Information Exchange Authority, which was created on February 7, 2014. (Finding Code No. 2013-004)

**E. FINDING** (Property control weaknesses)

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

During the current examination, we noted fewer exceptions with respect to the Department's recording and reporting of its State property, and we noted the Department's improved timeliness in the submission of its physical inventory certification with the Department of Central Management Services. As a result, this finding has been moved to the Department's Report of Immaterial Findings. (Finding Code No. 2013-007)

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

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

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

**SUMMARY OF FINDINGS**

The auditors identified matters involving the Department's internal control over financial reporting that they considered to be material weaknesses. The material weaknesses are described in the accompanying Schedule of Findings on pages 12-19 of this report as items 2015-001 (Lack of due diligence and project management over the Integrated Eligibility System), 2015-002 (Inaccurate determination of Eligibility), 2015-003 (Lack of controls over the Integrated Eligibility System), and 2015-004 (Lack of adequate controls over the review of internal controls over service providers).

**EXIT CONFERENCE**

Items 2015-001 through 2015-004 and the related recommendations described in the Schedule of Findings appearing in this report were discussed with Department personnel at an exit conference on March 9, 2016.

Attending were:

Department of Healthcare and Family Services

Jamie Nardulli, Chief Internal Auditor (via teleconference)  
John Spears, Bureau Chief - Bureau of Eligibility Integrity  
Julie Hagele, Chief Information Officer (via teleconference)  
Jackie Ellinger, Deputy Administrator for Eligibility Policy (via video conference)  
Annmarie Anderson, Information Technology Audit Liaison (via teleconference)  
Mike Casey, Finance Division Administrator  
Amy Lyons, Audit Liaison  
Tracey Keen, Medical Eligibility Policy Program Supervisor

Office of the Auditor General

Janis Van Durme, Audit Manager  
Kathy Lovejoy, Audit Manager

Sikich LLP

Tom Leach, Partner  
Meredith Angel, Manager

The responses to the recommendations for items 2015-001 through 2015-004 were provided by Felicia Norwood, Director, in correspondence dated March 15, 2016.

## INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Healthcare and Family Services, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State of Illinois, Department of Healthcare and Family Services' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information for the State of Illinois, Department of Healthcare and Family Services, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 2, the financial statements of the State of Illinois, Department of Healthcare and Family Services are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Department of Healthcare and Family Services. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2015, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***Change in Accounting Principle***

As discussed in Note 2, the State of Illinois, Department of Healthcare and Family Services adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses and expenditures. The adoption of this statement required the State of Illinois, Department of Healthcare and Family Services to restate governmental activities net position by \$(819.914) million at June 30, 2014. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit for the year ended June 30, 2015 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Department of Healthcare and Family Services' basic financial statements. The accompanying supplementary information in the combining General Fund schedules and nonmajor funds and agency funds financial statements, the State Compliance Schedules 1 through 10 and the Analysis of Operations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information for the year ended June 30, 2015, in the combining General Fund schedules and nonmajor funds and agency funds financial statements and the State Compliance Schedules 1 and 3 through 10 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2015, in the combining General Fund schedules and nonmajor funds and agency funds financial statements and the State Compliance Schedules 1 and 3 through 10 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2015, in the combining General Fund schedules and nonmajor funds and agency funds financial statements and the State Compliance Schedules 1 and 3 through 10 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the State of Illinois, Department of Healthcare and Family Services' basic financial statements as of and for the years ended June 30, 2014 and June 30, 2013 (not presented herein), and have issued our reports thereon dated December 24, 2014 and February 14, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The accompanying supplementary information for the years ended June 30, 2014 and June 30, 2013 in Schedules 2 through 10 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2014 and June 30, 2013 financial statements. The accompanying supplementary information for the years ended June 30, 2014 and June 30, 2013 in Schedules 2 through 10 has been subjected to the auditing procedures applied in the audits of the June 30, 2014 and June 30, 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the years ended June 30, 2014 and June 30, 2013 in Schedules 2 through 10 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016 on our consideration of the State of Illinois, Department of Healthcare and Family Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Department of Healthcare and Family Services' internal control over financial reporting and compliance.

#### **Restricted Use of this Auditor's Report**

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



Decatur, Illinois  
March 15, 2016, except for State Compliance Schedules  
1 through 10 as to which the date is April 21, 2016.

*State of Illinois*  
*Department of Healthcare and Family Services*

**Statement of Net Position and Governmental Funds Balance Sheet**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Unexpended appropriations	\$ 203,074	\$ 23,581	\$ 226,655	\$ -	\$ 226,655
Cash equity with State Treasurer	350,136	32,550	382,686	-	382,686
Cash and cash equivalents	11,013	-	11,013	-	11,013
Securities lending collateral equity with State Treasurer	114,654	1,069	115,723	-	115,723
Due from other government - federal	2,056,606	42,574	2,099,180	-	2,099,180
Due from other government - local	31,814	-	31,814	-	31,814
Taxes receivable, net	35,438	-	35,438	-	35,438
Other receivables, net	345,228	9,830	355,058	-	355,058
Due from other Department funds	17,210	2,865	20,075	(20,075)	-
Due from other State funds	88,633	333	88,966	-	88,966
Due from State of Illinois component units	12,803	-	12,803	-	12,803
Prepaid expenses	-	-	-	634	634
Capital assets not being depreciated	-	-	-	54,589	54,589
Capital assets being depreciated, net	-	-	-	3,157	3,157
<b>Total assets</b>	<b>3,266,609</b>	<b>112,802</b>	<b>3,379,411</b>	<b>38,305</b>	<b>3,417,716</b>
Deferred outflows of resources - SERS pensions	-	-	-	159,363	159,363
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,266,609</b>	<b>\$ 112,802</b>	<b>\$ 3,379,411</b>	<b>197,668</b>	<b>3,577,079</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Accounts payable and accrued liabilities	\$ 1,466,113	\$ 36,675	\$ 1,502,788	-	1,502,788
Due to other government - federal	142,058	10,311	152,369	-	152,369
Due to other government - local	187,374	9,243	196,617	-	196,617
Due to other State fiduciary funds	478	1,061	1,539	-	1,539
Due to other Department funds	2,865	17,210	20,075	(20,075)	-
Due to other State funds	21,413	7,606	29,019	-	29,019
Due to State of Illinois component units	65,225	86	65,311	-	65,311
Unearned Revenue	50	-	50	-	50
Obligations under securities lending of State Treasurer	114,654	1,069	115,723	-	115,723
Long-term obligations:					
Due within one year	-	-	-	1,004	1,004
Due subsequent to one year	-	-	-	10,313	10,313
Net pension liability - SERS	-	-	-	985,516	985,516
<b>Total liabilities</b>	<b>2,000,230</b>	<b>83,261</b>	<b>2,083,491</b>	<b>976,758</b>	<b>3,060,249</b>



*State of Illinois*  
*Department of Healthcare and Family Services*

**Statement of Net Position and Governmental Funds Balance Sheet**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
Unavailable revenue - Federal operating grants	\$ 1,061,708	\$ 11,383	\$ 1,073,091	\$ (1,073,091)	\$ -
Unavailable revenue - License and fees	2,361	330	2,691	(2,691)	-
Unavailable revenue - Medicaid provider assessment tax	3,662	-	3,662	(3,662)	-
Unavailable revenue - Other taxes	725	-	725	(725)	-
Unavailable revenue - Other operating grants	37,286	-	37,286	(37,286)	-
Unavailable revenue - Other revenues	33,829	-	33,829	(33,829)	-
Deferred inflows of resources - SERS pensions	-	-	-	39,235	39,235
<b>Total deferred inflows of resources</b>	<b>1,139,571</b>	<b>11,713</b>	<b>1,151,284</b>	<b>(1,112,049)</b>	<b>39,235</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>3,139,801</b>	<b>94,974</b>	<b>3,234,775</b>	<b>(135,291)</b>	<b>3,099,484</b>

**FUND BALANCES (DEFICITS)/NET POSITION**

Restricted for health and social services	481	-	481	(481)	-
Committed for health and social services	911,286	28,979	940,265	(940,265)	-
Unassigned	(784,959)	(11,151)	(796,110)	796,110	-
Net investment in capital assets	-	-	-	57,703	57,703
Restricted net position	-	-	-	481	481
Unrestricted net position	-	-	-	419,411	419,411
<b>Total fund balances (deficits)/net position</b>	<b>126,808</b>	<b>17,828</b>	<b>144,636</b>	<b>\$ 332,959</b>	<b>\$ 477,595</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 3,266,609</b>	<b>\$ 112,802</b>	<b>\$ 3,379,411</b>		

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

**State of Illinois**  
**Department of Healthcare and Family Services**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
**June 30, 2015**  
**(Expressed in Thousands)**

<b>Total fund balances (deficits)-governmental funds</b>	\$	144,636
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		57,746
Prepaid expenses for governmental activities are current uses of financial resources for funds.		634
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		1,151,284
Deferred outflows of resources related to pension liability are not reported in the governmental funds since they do not provide current financial resources.		159,363
Deferred inflows of resources related to pension liability are not reported in the governmental funds since they do not use current financial resources.		(39,235)
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:		
Capital lease obligations		(43)
Compensated absences		(11,274)
Net pension liability - SERS		(985,516)
		(985,516)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>477,595</b>
		477,595

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

*State of Illinois  
Department of Healthcare and Family Services*

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Health and social services	\$ 16,699,017	\$ 359,060	\$ 17,058,077	\$ 74,705	\$ 17,132,782
Debt service principal	14	6	20	(20)	-
Debt service interest	22	7	29	-	29
Capital outlays	35,408	8	35,416	(35,416)	-
<b>Total expenditures/expenses</b>	<u>16,734,461</u>	<u>359,081</u>	<u>17,093,542</u>	<u>39,269</u>	<u>17,132,811</u>
Program revenues:					
Charges for services:					
Licenses and fees	21,627	1,568	23,195	1,619	24,814
Other	-	14,121	14,121	-	14,121
Total charges for services	<u>21,627</u>	<u>15,689</u>	<u>37,316</u>	<u>1,619</u>	<u>38,935</u>
Operating grant revenue:					
Federal	10,540,769	192,535	10,733,304	300,358	11,033,662
Other	995,623	-	995,623	(18,403)	977,220
Total operating grant revenue	<u>11,536,392</u>	<u>192,535</u>	<u>11,728,927</u>	<u>281,955</u>	<u>12,010,882</u>
<b>Net program revenues (expenses)</b>	<u>(5,176,442)</u>	<u>(150,857)</u>	<u>(5,327,299)</u>	<u>244,305</u>	<u>(5,082,994)</u>
General revenues:					
Interest and investment income	1,595	7	1,602	-	1,602
Medical provider assessment tax	1,412,493	-	1,412,493	(11,680)	1,400,813
Other taxes	457,319	-	457,319	(44,673)	412,646
Other	32,510	-	32,510	17,829	50,339
<b>Total general revenues</b>	<u>1,903,917</u>	<u>7</u>	<u>1,903,924</u>	<u>(38,524)</u>	<u>1,865,400</u>
Other sources (uses):					
Appropriations from State resources	7,194,628	200,600	7,395,228	28,819	7,424,047
Lapsed appropriations	(488,331)	(8,816)	(497,147)	-	(497,147)
Receipts collected and transmitted to State Treasury	(3,492,339)	(104,735)	(3,597,074)	-	(3,597,074)
Capital transfers from other State agencies	-	-	-	5,110	5,110
Amount of SAMS transfers-in	(80,000)	-	(80,000)	-	(80,000)
Amount of SAMS transfers-out	186,000	-	186,000	-	186,000
Transfers-in	10,490	29,265	39,755	(29,265)	10,490
Transfers-out	(71,265)	(1,300)	(72,565)	29,265	(43,300)
<b>Total other sources (uses)</b>	<u>3,259,183</u>	<u>115,014</u>	<u>3,374,197</u>	<u>33,929</u>	<u>3,408,126</u>
Change in fund balances/net position	(13,342)	(35,836)	(49,178)	239,710	190,532
Fund balances (deficits)/net position, July 1, 2014, as restated	140,150	53,664	193,814	93,249	287,063
Fund balances (deficits)/net position, June 30, 2015	<u>\$ 126,808</u>	<u>\$ 17,828</u>	<u>\$ 144,636</u>	<u>\$ 332,959</u>	<u>\$ 477,595</u>

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

**State of Illinois**  
**Department of Healthcare and Family Services**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For the Year Ended June 30, 2015**  
**(Expressed in Thousands)**

<b>Net change in fund balances - governmental funds</b>	\$	(49,178)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		34,438
Some capital assets were transferred in from other State agencies and, therefore, were transferred at no cost.		5,110
Prepaid expenses in the Statement of Activities are not reported as expenses in governmental funds.		27
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		245,050
Deferred inflows of resources related to pension liability in the Statement of Activities that do not use current financial resources are not reported in the governmental funds. This amount represents the decrease in deferred inflows over the prior year.		(39,235)
Deferred outflows of resources related to pension liability in the Statement of Activities that do not provide current financial resources are not reported in the governmental funds. This amount represents the increase in deferred outflows over the prior year.		124,182
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These include:		
Decrease in compensated absences obligation		539
Decrease in capital lease obligation		20
Increase in net pension liability - SERS		(130,421)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>190,532</b>

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

*State of Illinois*  
*Department of Healthcare and Family Services*

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**Statement of Fiduciary Net Position**

June 30, 2015 (Expressed in Thousands)

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash equity with State Treasurer	\$ 15,492
Cash and cash equivalents	2,023
Other receivables, net	<u>207,210</u>
<b>Total assets</b>	<u><u>\$ 224,725</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 17,910
Other liabilities	<u>206,815</u>
<b>Total liabilities</b>	<u><u>\$ 224,725</u></u>

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

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

Notes to the Financial Statements

June 30, 2015

**(1) Organization**

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

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

**(2) Summary of Significant Accounting Policies**

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

**(a) Financial Reporting Entity**

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

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

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

**(b) Basis of Presentation**

The financial statements of the State of Illinois, Department of Healthcare and Family Services, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, major fund, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2015, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Notes to the Financial Statements

June 30, 2015

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

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

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

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

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

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

**General** – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the General Fund include, among others, promoting access to quality healthcare and child support. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The Department's portion of the General Fund is composed of seven primary sub-accounts (General Revenue, U of I Hospital Services, County Provider Trust, Long-Term Care Provider, Hospital Provider, Drug Rebate and Healthcare Provider Relief) and nine secondary sub-accounts.

Additionally, the Department reports the following fund types:

**Governmental Fund Types:**

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

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**Fiduciary Fund Types:**

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

**(c) Measurement Focus and Basis of Accounting**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds which do not have a measurement focus) and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include nursing home assessments, hospital assessments and intergovernmental grants. On an accrual basis, revenues from the nursing home assessments are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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

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

**(d) Shared Fund Presentation**

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

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

Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and September for fiscal year 2015, in accordance with the Statewide Accounting Management System (SAMS) records, plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.



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Appropriations from State Resources

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

Lapsed Appropriations

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

Receipts Collected and Transmitted to State Treasury

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

Amount of SAMS Transfers-In

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

Amount of SAMS Transfers-Out

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

**(e) Eliminations**

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

**(f) Cash and Cash Equivalents**

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

**(g) Investments**

Investments are reported at fair value.

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

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

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

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

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

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

**(i) Capital Assets**

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

Capitalization thresholds and the estimated useful lives are as follows:

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

**(j) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department has recorded deferred outflows and inflows of resources in the government-wide financial statements in connection with the liability of net pension liability reported and explained in Note 8.

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Unavailable revenues in governmental funds include receivables not “available” to finance the current period.

**(k) *Compensated Absences***

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

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

**(l) *Pensions***

In accordance with the Department’s adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the government-wide financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans’ fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the Department’s contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

**(m) *Fund Balances***

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

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

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

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

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

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

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

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

**(n) Net Position**

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

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

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

**Unrestricted** – This consists of net position that does not meet the definition of "restricted" or "Net investment in capital assets."

**(o) Use of Estimates**

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

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**(p) Adoption of New Accounting Pronouncements**

Effective for the year ending June 30, 2015, the Department adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures. The statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of this Statement significantly impacted the Department's government-wide financial statements and footnote disclosures with the recognition of a net pension liability, deferred outflows of resources and deferred inflows of resources on the Statement of Net Position and pension expense on the Statement of Activities. Additionally, the requirements of this statement resulted in the restatement of beginning net position. Information regarding the Department's participation in State Employees Retirement System (SERS) is disclosed in Note 8.

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

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

Effective for the year ending June 30, 2015, the Department adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, which addresses an issue regarding the application of the transition provisions of GASB Statement No. 68. The statement clarifies the accounting for contributions to a defined benefit pension plan after the measurement date of a government's beginning net pension liability. The provisions of this statement were incorporated with the implementation of GASB Statement No. 68.

**(q) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2016, the Department will adopt the following GASB statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB*

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*Statements 67 and 68*, which establishes requirements for those pensions and pension plans that are not administered through a trust not covered by GASB Statements 67 and 68.

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is intended to improve financial reporting for governments by establishing a framework for the evaluation of accounting guidance that will result in governments applying that guidance with less variation. This statement will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This statement also is intended to improve implementation guidance by elevating its authoritative status to a level that requires it be exposed for a period of broad public comment prior to issuance, as is done for other GASB pronouncements.

Effective for the year ending June 30, 2017, the Department will adopt the following GASB statements:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces GASB Statement No. 43, addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. This statement follows the framework for financial reporting of defined benefit OPEB plans in GASB Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. This statement requires more extensive note disclosures and required supplementary information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. GASB Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues.

Effective for the year ending June 30, 2018, the Department will adopt the following GASB statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB they provide. This statement requires governments in all types of OPEB plans to present more extensive note disclosures and RSI about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

The Department has not yet determined the impact of adopting these statements on its financial statements.

**(3) Deposits and Investments**

**(a) Deposits**

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the

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Department does not own individual securities. Detail on the nature of these deposits and investments are available within the State of Illinois' Comprehensive Annual Financial Report.

Cash on deposit for locally held funds of fiduciary activities had carrying amounts and bank balances of \$4.483 million at June 30, 2015. Balances in excess of FDIC depository insurance were covered by collateral held by an agent in the Department's name.

**(b) Investments**

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

As of June 30, 2015, the Department had the following investments outside of the State Treasury:

	<b>Fair Value (Thousands)</b>	<b>Weighted Average Maturity (Years)</b>
<b><i>Governmental Activities</i></b>		
Illinois Public Treasurer's Investment Pool	\$11,013	0.120
Total fixed income investments	\$11,013	
<b><i>Fiduciary Funds</i></b>		
Repurchase Agreements	\$7,166	0.003
Total fixed income investments	\$7,166	

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

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

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

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

	<b>Deposits</b>	<b>Investments</b>
<b>Governmental Activities</b>		
Amount per note	\$ -	\$ 11,013
Cash equivalents	11,013	(11,013)
<b>Amounts per Statement of Net Position</b>	<b>\$ 11,013</b>	<b>\$ -</b>
 <b>Fiduciary Funds</b>		
Amount per note	\$ -	\$ 7,166
Cash on deposit	4,483	-
Cash equivalents	7,166	(7,166)
Outstanding checks	(9,626)	-
<b>Amounts per Statement of Fiduciary Net Position</b>	<b>\$ 2,023</b>	<b>\$ -</b>

**(4) Accounts Receivable**

**(a) Taxes Receivable**

Taxes receivable (amounts expressed in thousands) at June 30, 2015 are as follows:

	<b>General Fund</b>
Taxes receivable	\$ 45,651
Less: allowance for uncollectible taxes	(10,213)
<b>Taxes receivable, net</b>	<b>\$ 35,438</b>

**(b) Other Receivables**

Other receivables (amounts expressed in thousands) at June 30, 2015 are as follows:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Fiduciary Funds</b>
Other receivables	\$ 438,074	\$ 714,341	\$4,674,960
Less: allowance for uncollectible accounts	(92,846)	(704,511)	(4,467,750)
<b>Other receivables, net</b>	<b>\$ 345,228</b>	<b>\$ 9,830</b>	<b>\$ 207,210</b>



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**(5) Interfund Balances and Activity**

**(a) Balances due to/from Other Funds**

The following balances (amounts expressed in thousands) at June 30, 2015 represent amounts due from Department funds and other State funds.

<u>Fund</u>	<u>Due from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 17,210	\$ 88,633	Due from other State Funds for subgrants received.
Nonmajor governmental funds	2,865	333	Due from other Department Funds for subgrants received.
	<u>\$ 20,075</u>	<u>\$ 88,966</u>	

The following balances (amounts expressed in thousands) at June 30, 2015 represent amounts due to Department funds, other State funds and other State fiduciary funds for purchases of services.

<u>Fund</u>	<u>Due to</u>		
	<u>Other Department Funds</u>	<u>Other State Funds</u>	<u>Other State Fiduciary Funds</u>
General	\$ 2,865	\$ 21,413	\$ 478
Nonmajor governmental funds	17,210	7,606	1,061
	<u>\$ 20,075</u>	<u>\$ 29,019</u>	<u>\$ 1,539</u>

**(b) Transfers to/from Other Funds**

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2015 were as follows:

<u>Fund</u>	<u>Transfers in from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ -	\$ 10,490	Transfer from other State agencies' General Fund.
Nonmajor governmental funds	29,265	-	Transfer from General Fund per State appropriation.
	<u>\$ 29,265</u>	<u>\$ 10,490</u>	

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Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2015 were as follows:

<u>Fund</u>	<u>Transfers out to</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 29,265	\$ 42,000	Transfers to Department nonmajor governmental funds and other State agencies' funds per State appropriation.
Nonmajor governmental funds	-	1,300	Transfer from General Fund per State appropriation.
	<u>\$ 29,265</u>	<u>\$ 43,300</u>	

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

The following balances (amounts expressed in thousands) at June 30, 2015 represent amounts due from State of Illinois Component Units to the General Fund for intergovernmental agreement reimbursements.

<u>Component Unit</u>	<u>Due From General Fund</u>
Southern Illinois University	\$ 4,186
University of Illinois	8,617
	<u>\$ 12,803</u>

The following balances (amounts expressed in thousands) at June 30, 2015 represent amounts due to State of Illinois Component Units for medical reimbursements.

<u>Component Unit</u>	<u>Due To</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Illinois State University	\$ 5	\$ -
Northern Illinois University	149	-
Southern Illinois University	358	-
University of Illinois	64,713	86
	<u>\$ 65,225</u>	<u>\$ 86</u>

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**(6) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2015 is as follows:

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Net Transfers</b>	<b>Balance June 30, 2015</b>
<b>Governmental Activities:</b>					
Capital assets not being depreciated/amortized:					
Internally generated intangible assets in development	\$ 14,079	\$ 35,400	\$ -	\$ 5,110	\$ 54,589
Total capital assets not being depreciated/amortized:	14,079	35,400	-	5,110	54,589
Capital assets being depreciated:					
Equipment	5,704	16	171	-	5,549
Non-internally generated software	2,878	-	-	-	2,878
Less accumulated depreciation:					
Equipment	3,799	408	171	-	4,036
Non-internally generated software	664	570	-	-	1,234
Total capital assets being depreciated, net	4,119	(962)	-	-	3,157
Governmental activity capital assets, net	<u>\$ 18,198</u>	<u>\$ 34,438</u>	<u>\$ -</u>	<u>\$ 5,110</u>	<u>\$ 57,746</u>

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2015 was charged as follows:

Health and social services	\$ 978
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**(7) Long-Term Obligations**

**Changes in Long-Term Obligations**

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2015 was as follows:

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Compensated absences	\$ 11,813	\$ 12,162	\$ 12,701	\$ 11,274	\$ 972
Capital Leases	63	-	20	43	32
Net Pension Liability	855,095	130,421	-	985,516	-
<b>Total governmental Activities</b>	<u>\$ 866,971</u>	<u>\$ 142,583</u>	<u>\$ 12,721</u>	<u>\$ 996,833</u>	<u>\$ 1,004</u>

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

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**Capital Leases**

The Department has acquired certain office equipment through capital lease arrangements. Future debt service requirements under capital leases (amounts expressed in thousands) at June 30, 2015 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 32	\$ 16	\$ 48
2017	11	1	12
	<u>\$ 43</u>	<u>\$ 17</u>	<u>\$ 60</u>

**(8) Pension Plan**

**Plan Description.** Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011 are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011 or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate CAFR available at [www.srs.illinois.gov](http://www.srs.illinois.gov) or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

**Benefit Provisions.** SERS provides retirement benefits based on the member's final average compensation and the number of years of credited service that have been established. The retirement benefit formula available to general State employees is 1.67% for each year of covered service and 2.2% for each year of non-covered service. The maximum retirement annuity payable is 75% of final average compensation as calculated under the regular formula. The minimum monthly retirement annuity payable is \$15.00 for each year of covered employment and \$25.00 for each year of non-covered employment.

Participants in SERS under the regular formula Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

<b>Regular Formula Tier 1</b>	<b>Regular Formula Tier 2</b>
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 60, with 8 years of service credit.</li> <li>• Any age, when the member's age (years &amp; whole months) plus years of service credit (years &amp; whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service.</li> <li>• Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60).</li> </ul> <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 67, with 10 years of credited service.</li> <li>• Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67).</li> </ul> <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p>

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<p>of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2014 rate is \$110,631.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum</p>
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Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of non-covered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

SERS also provides occupational and non-occupational (including temporary) disability benefits. To be eligible for non-occupational (including temporary) disability benefits, an employee must have at least eighteen months of credited service to the System. The non-occupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

Occupational and non-occupational death benefits are also available through the System. Certain non-occupational death benefits vest after eighteen months of credited service. Occupational death benefits are provided from the date of employment.

**Contributions.** Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lessor of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2015, this amount was \$111,572.

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2015, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in

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period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2015, the employer contribution rate was 42.339%. The Department's contribution amount for fiscal year 2015 was \$36.445 million.

*Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions.* At June 30, 2015, the Department reported a liability of \$985.516 million for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2014 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's portion of the net pension liability was based on the Department's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2014. As of the current year measurement date of June 30, 2014, the Department's proportion was 3.7659%, which was an increase of .1198% from its proportion measured as of the prior year measurement date of June 30, 2013.

For the year ended June 30, 2015, the Department recognized pension expense of \$36.445 million. At June 30, 2015, the Department reported deferred outflows and deferred inflows of resources related to the pension liability from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,447	\$ -
Changes of assumptions	92,552	-
Net difference between projected and actual investment earnings on pension plan investments	-	36,390
Changes in proportion	25,734	2,845
Department contributions subsequent to the measurement date	36,630	-
<b>Total</b>	<b>\$ 159,363</b>	<b>\$ 39,235</b>

\$36.630 million reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

<b>Year ended June 30,</b>	
2016	\$ 24,310
2017	24,310
2018	24,310
2019	<u>10,567</u>
Total	<u>\$ 83,498</u>

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**Actuarial Methods and Assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality: 105 percent of the RP2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015.

Inflation: 3.0%

Investment Rate of Return: 7.25%, net of pension plan investment expense, including inflation.

Salary increases: Salary increase rates based on age related productivity and merit rates plus inflation.

Post-retirement benefit increases of 3.00%, compounded, for Tier 1 and the lessor of 3.00% or one-half of the annual increase in the Consumer Price Index for Tier 2.

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2014, valuation pursuant to an experience study of the period July 1, 2009 to June 30, 2013.

The long-term expected real rate of return on pension plan investments was determined based on the simulated average 10-year annualized geometric return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2014, the best estimates of the geometric real rates of return as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	30%	5.69%
Fixed Income	20%	1.62%
Hedge Funds	10%	4.00%
International Equity	20%	6.23%
Real Estate	10%	5.50%
Infrastructure	5%	6.00%
Private Equity	5%	10.10%
<b>Total</b>	<b>100%</b>	<b>5.03%</b>

**Discount Rate.** A discount rate of 7.09% was used to measure the total pension liability. This single blended discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 4.29%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2066. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2066, and the municipal bond rate was applied to all benefit payments after that date.

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

Notes to the Financial Statements

June 30, 2015

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The net pension liability for the plan was calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

	1% Decrease	Discount Rate	1% Increase
	6.09%	7.09%	8.09%
	-----	-----	-----
Department's proportionate share of			
The net pension liability	\$ 1,229,835	\$ 1,020,691	\$ 846,982

**Payables to the pension plan.** At June 30, 2015, the Department reported a payable of \$1.540 million to SERS for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

**(9) Postemployment Benefits**

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

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

Public Act 97-0695, effective July 1, 2012, altered the contributions to be paid by the State, annuitants, survivors, and retired employees under the State Employees Group Insurance Act ("Act"). This Act requires the Director of Central Management Services to, on an annual basis, determine the amount the State should contribute. The remainder of the cost of coverage shall be the responsibility of the annuitant, survivor, or retired employee. These costs were to be assessed beginning July 1, 2013. However, four putative class actions were filed challenging the validity of this legislation under, among other things, the pension protection clause of the Illinois Constitution of 1970. The four class actions were consolidated in the circuit court of Sangamon County. The circuit court dismissed each of them for failure to state a cause of action, without certifying any classes. The Illinois Supreme Court allowed direct appeal. On July 3, 2014, the Illinois Supreme Court issued an opinion in the retirement health insurance case. The Illinois Supreme Court disagreed with the circuit court and determined the circuit court should not have dismissed the case. The Supreme Court sent the case back to the circuit court for reconsideration. As a result the Sangamon County Circuit Court has directed SERS to discontinue withholding, as soon as possible, the retiree and survivor health



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insurance premiums that have been in effect since July 2013. The refunding of premiums was paid from an escrow account by June 15, 2015.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

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

**(10) Fund Deficits**

The following fund had deficit balance at June 30, 2015 (amounts expressed in thousands):

	Nonmajor Governmental Funds
Tobacco Settlement Recovery Fund (0733)	\$ 11,151

The deficit is expected to be recovered from future years' State appropriations and federal funds.

**(11) Risk Management**

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

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

The Department's risk management activities for self-insurance, unemployment insurance and workers' compensation are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Department, and accordingly, have not been reported in the Department's financial statements for the year ended June 30, 2015.

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

Notes to the Financial Statements

June 30, 2015

**(12) Commitments and Contingencies**

**(a) Operating Leases**

The Department leases equipment, buildings and office space under terms of noncancelable operating lease agreements not extending past the end of the fiscal year, that require the Department to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was \$5.9 million for the year ended June 30, 2015.

**(b) Federal Funding**

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At June 30, 2015 there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the Department believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

**(c) Litigation**

A class action lawsuit existed at June 30, 2015 consisting of all past, present, and future participants in the Medically Fragile and Technology Dependent (MFTD) Medicaid Waiver for Children. The suit seeks to not have the individual's services reduced solely because the individual "ages-out" of the waiver at twenty-one upon being referred to a program with different service levels than the MFTD. An estimate of the possible loss cannot be made.

A class action lawsuit existed at June 30, 2015. This is a class action brought on behalf of children who receive home-based skilled nursing services through the Department's Nursing and Personal Care Services (NPCS) program. The suit argues the Department has engaged in a systematic effort to unfairly reduce or deny their approved services of affected NPCS participants. An estimate of the possible loss cannot be made.

A class action lawsuit existed at June 30, 2015. This lawsuit seeks class certification for "all recipients of Medicaid in the State of Illinois with behavioral or emotional disorders under the age of twenty-one who are not receiving medically necessary home and community-based services to treat or ameliorate their disorders, and are currently segregated, or who have been segregated or at risk of segregation for the purpose of receiving treatment and services and who would not oppose community services." The Plaintiffs explicitly seek to require the provision of appropriate services and support to qualified persons in the community. It may also seek to require residential treatment of children in Psychiatric Residential Treatment Facilities (PRTFs) under Early, Periodic, Screening, Diagnosis, & Treatment (EPSDT). An estimate of the possible loss cannot be made.

**(13) Securities Lending Transactions**

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

During fiscal year 2015, Deutsche Bank Group lent U.S. Treasury and U.S. Agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregated fair value of the loaned securities. Loans are marked to market daily. If the fair

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

Notes to the Financial Statements

June 30, 2015

value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair market value to 100%.

The State Treasurer did not impose any restrictions on loan amounts available and eligible securities during fiscal year 2015. In the event of borrower default, Deutsche Bank Group provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank Group is obligated to indemnify the State Treasurer if the Deutsche Bank Group loses any securities, collateral or investments of the State Treasurer in Deutsche Bank Group's custody. Moreover, there were no losses during fiscal year 2015 resulting from a default of the borrowers or Deutsche Bank Group.

During fiscal year 2015, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank Group and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. The securities lending collateral invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2015 were \$4,077,450,623 and \$3,980,606,070, respectively.

In accordance with GASB Statement No. 28, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2015 arising from securities lending agreements to the various funds of the State. The total allocated to the Department at June 30, 2015 was \$115.723 million for governmental activities.

**(14) Prior Period Adjustment**

The Agency's financial statements have been restated as of July 1, 2014. The Governmental Activities were restated as a result implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which requires net pension liability to be reported as a component of long-term obligations in accrual-basis financial statements.

In addition, deferred outflows and deferred inflows of resources related to changes in the net pension liability are required to be reported.

	Governmental Activities (Thousands)
Net, June 30, 2014, as previously reported	\$ 1,106,977
Beginning of year net pension liability - SERS	(855,095)
Beginning of year deferred outflow of resources- SERS	35,181
Net, June 30, 2014, as restated	\$ 287,063

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

Notes to the Financial Statements

June 30, 2015

**(15) Subsequent Event**

The Department is part of the executive branch of government and operates under a budget where resources are appropriated for the use of the Department. As of March 15, 2016, which is the date these financial statements were available to be issued, the State of Illinois had not adopted a fiscal year 2016 operating budget. Consequently, the Department is presently unable to make payments from appropriated accounts. Payments to Department employees for work performed are being made pursuant to a court order. Payments are also being made to Medical Assistance recipients pursuant to a court order.

**State of Illinois**  
**Department of Healthcare and Family Services**  
**Combining Schedule of Accounts -**  
**General Fund**

June 30, 2015 (Expressed in Thousands)

	U of I Hospital Services 00136	County Provider Trust 0329	Care Provider Persons with DD 0344	Long-Term Care Provider 0345	Hospital Provider 0346	Special Education Medicaid Matching 0355	Trauma Center 0397	Public Aid Recoveries Trust 0421
<b>ASSETS</b>								
Unexpended appropriations	\$ 200,708	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ 2,359	\$ -
Cash equity with State Treasurer	1,248	1,038	1,146	18,027	124,453	5	-	114,274
Cash and cash equivalents	11,013	-	-	-	-	-	-	-
Securities lending collateral with State Treasurer	-	2,982	-	8,996	48,489	-	-	-
Due from other government - federal	1,197,064	74,617	10,000	50,851	9,006	35,207	1,188	13,363
Due from other government - local	-	31,804	-	-	-	10	-	-
Taxes receivable, net	-	-	375	29,086	3,882	-	-	-
Other receivables, net	36,188	8	3	9	47	-	-	306,088
Due from other Department funds	-	-	-	-	-	-	-	4,500
Due from other State funds	39	-	-	10	-	-	-	790
Due from State of Illinois component units	-	-	-	-	-	-	-	-
<b>Total assets</b>	\$ 1,446,260	\$ 110,444	\$ 11,528	\$ 106,979	\$ 185,877	\$ 35,222	\$ 3,547	\$ 439,015

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

Accounts payable and accrued liabilities	\$ 664,474	\$ -	\$ 103	\$ 4	\$ 90,814	\$ 4,492	\$ -	\$ 2,174	\$ 12,724
Due to other government - federal	69,192	-	7	-	3	-	-	-	69
Due to other government - local	32,871	-	107,277	-	2,208	-	35,222	185	2,834
Due to other State fiduciary funds	-	-	43	2	19	-	-	-	399
Due to other Department funds	760,626	-	-	-	4,932	-	-	-	338,453
Due to other State funds	7,984	-	32	1	7	-	-	-	2,443
Due to State of Illinois component units	8,777	43,082	-	-	-	-	-	-	1,753
Unearned Revenue	-	-	-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	8,421	-	-	8,996	-	-	-	-
<b>Total liabilities</b>	\$ 1,543,924	\$ 51,503	\$ 110,444	\$ 7	\$ 106,979	\$ 52,981	\$ 35,222	\$ 2,359	\$ 358,675

Unavailable revenue - Federal operating grants

Unavailable revenue - License and fees

Unavailable revenue - Medicaid provider assessment tax

Unavailable revenue - Other taxes

Unavailable revenue - Other operating grants

Unavailable revenue - Other revenues

**Total deferred inflows of resources**

**Total liabilities and deferred inflows of resources**

	641,466	17,124	58,405	10,000	40,920	6,358	-	-	13,043
	2,359	-	-	-	-	-	-	-	-
	-	-	-	1	3,661	-	-	-	-
	-	-	-	-	370	-	-	-	-
	33,829	8,617	24,483	-	-	-	-	-	-
	677,654	25,741	82,888	10,001	44,951	6,358	-	-	13,043
<b>Total liabilities and deferred inflows of resources</b>	2,221,578	77,244	193,332	10,008	151,930	59,339	35,222	2,359	371,718

**FUND BALANCES (DEFICITS)**

Restricted for health and social services

Committed for health and social services

Unassigned

Total fund balances (deficits)

	(775,318)	(8,245)	(82,888)	-	(44,951)	126,538	-	-	-
	(775,318)	(8,245)	(82,888)	1,520	(44,951)	126,538	-	-	67,297
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	\$ 1,446,260	\$ 68,999	\$ 110,444	\$ 11,528	\$ 106,979	\$ 185,877	\$ 35,222	\$ 3,547	\$ 439,015

**State of Illinois**  
**Department of Healthcare and Family Services**  
**Combining Schedule of Accounts -**  
**General Fund**

June 30, 2015 (Expressed in Thousands)

	Electronic Health Record Incentive 0503	Juvenile Rehab Services Matching 0575	Medical Interagency Program 0720	Drug Rebate 0728	Medicaid Buy-in Program Revolving 0740	Healthcare Provider Relief 0793	Medical Special Purposes Trust 0808	Eliminations	Total
<b>ASSETS</b>									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,074
Cash equity with State Treasurer	1	27	13,612	29,874	600	16,717	5,038	-	350,136
Cash and cash equivalents	-	-	-	-	-	-	-	-	11,013
Securities lending collateral with State Treasurer	-	-	6,145	19,432	252	19,937	-	-	114,654
Due from other government - federal	4,935	107	6,347	5,742	-	619,662	640	-	2,056,606
Due from other government - local	-	-	-	-	-	-	-	-	31,814
Taxes receivable, net	-	-	-	-	-	2,095	-	-	35,438
Other receivables, net	-	-	6	19	67	2,793	-	-	345,228
Due from other Department funds	-	-	8,874	338,453	-	766,529	-	(1,101,146)	17,210
Due from other State funds	-	-	2,362	-	-	85,432	-	-	88,633
Due from State of Illinois component units	-	-	4,186	-	-	-	-	-	12,803
<b>Total assets</b>	<b>4,936</b>	<b>134</b>	<b>41,532</b>	<b>393,520</b>	<b>919</b>	<b>1,513,165</b>	<b>5,678</b>	<b>(1,101,146)</b>	<b>3,266,609</b>

	Electronic Health Record Incentive 0503	Juvenile Rehab Services Matching 0575	Medical Interagency Program 0720	Drug Rebate 0728	Medicaid Buy-in Program Revolving 0740	Healthcare Provider Relief 0793	Medical Special Purposes Trust 0808	Eliminations	Total
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>									
Accounts payable and accrued liabilities	\$ 4,847	\$ -	\$ 10,544	\$ 9,364	\$ 10	\$ 665,708	\$ 855	\$ -	\$ 1,466,113
Due to other government - federal	-	-	-	68,622	1	4,162	2	-	142,058
Due to other government - local	89	134	301	-	-	6,253	-	-	187,374
Due to other State fiduciary funds	-	-	-	-	4	-	11	-	478
Due to other Department funds	-	-	-	-	-	-	-	(1,101,146)	2,865
Due to other State funds	-	-	-	-	3	10,803	140	-	21,413
Due to State of Illinois component units	-	-	9,517	83	-	1,987	26	-	65,225
Unearned Revenue	-	-	-	-	-	-	50	-	50
Obligations under securities lending of State Treasurer	-	-	6,145	19,432	252	19,937	-	-	114,654
<b>Total liabilities</b>	<b>4,936</b>	<b>134</b>	<b>26,507</b>	<b>97,501</b>	<b>270</b>	<b>708,850</b>	<b>1,084</b>	<b>(1,101,146)</b>	<b>2,000,230</b>
Unavailable revenue - Federal operating grants	-	95	6,347	3,604	-	264,328	18	-	1,061,708
Unavailable revenue - License and fees	-	-	-	-	2	-	-	-	2,361
Unavailable revenue - Medicaid provider assessment tax	-	-	-	-	-	-	-	-	3,662
Unavailable revenue - Other taxes	-	-	-	-	-	355	-	-	725
Unavailable revenue - Other operating grants	-	-	4,186	-	-	-	-	-	37,286
Unavailable revenue - Other revenues	-	-	-	-	-	-	-	-	33,829
<b>Total deferred inflows of resources</b>	<b>95</b>	<b>229</b>	<b>10,533</b>	<b>3,604</b>	<b>2</b>	<b>264,683</b>	<b>18</b>	<b>-</b>	<b>1,139,571</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>4,936</b>	<b>229</b>	<b>37,040</b>	<b>101,105</b>	<b>272</b>	<b>973,533</b>	<b>1,102</b>	<b>(1,101,146)</b>	<b>3,139,801</b>

<b>FUND BALANCES (DEFICITS)</b>									
Restricted for health and social services	-	-	-	-	-	-	481	-	481
Committed for health and social services	-	-	4,492	292,415	647	539,632	4,095	-	911,286
Unassigned	-	(95)	-	-	-	-	-	-	(784,959)
Total fund balances (deficits)	(95)	(95)	4,492	292,415	647	539,632	4,576	-	126,808
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>4,936</b>	<b>134</b>	<b>41,532</b>	<b>393,520</b>	<b>919</b>	<b>1,513,165</b>	<b>5,678</b>	<b>(1,101,146)</b>	<b>3,266,609</b>

State of Illinois  
Department of Healthcare and Family Services

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Revenue 0001	U of I Hospital Services 0136	County Provider Trust 0329	Care Provider for Persons with DD 0344	Long-Term Care Provider 0345	Hospital Provider 0346	Special Education Medicaid Matching 0355	Trauma Center 0397	Public Aid Recoveries Trust 0421
<b>REVENUES</b>									
Operating grants - federal	\$ 3,220,380	\$ 127,191	\$ 1,454,074	\$ 10,216	\$ 198,668	\$ 1,500,331	\$ 167,281	\$ 5,080	\$ 150,589
Other operating grants	243,700	61,625	682,253	-	-	-	-	-	-
Licenses and fees	20,946	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	27,972
Interest and other investment income	1	74	22	-	110	452	-	-	-
Medical provider assessment tax	-	-	-	17,901	183,832	1,210,760	-	-	-
Other taxes	-	-	-	-	18,019	-	-	-	-
Other	14,725	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,499,752</b>	<b>188,890</b>	<b>2,136,349</b>	<b>28,117</b>	<b>400,629</b>	<b>2,711,543</b>	<b>167,281</b>	<b>5,080</b>	<b>178,561</b>
<b>EXPENDITURES</b>									
Health and social services	6,804,547	178,060	2,131,655	152	389,765	2,530,589	142,545	10,027	107,829
Debt service principal	9	-	-	-	-	-	-	-	-
Debt service interest	15	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	8
<b>Total expenditures</b>	<b>6,804,571</b>	<b>178,060</b>	<b>2,131,655</b>	<b>152</b>	<b>389,765</b>	<b>2,530,589</b>	<b>142,545</b>	<b>10,027</b>	<b>107,837</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,304,819)</b>	<b>10,830</b>	<b>4,694</b>	<b>27,965</b>	<b>10,864</b>	<b>180,954</b>	<b>24,736</b>	<b>(4,947)</b>	<b>70,724</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>									
Appropriations from State resources	7,178,423	-	-	1,205	-	-	-	15,000	-
Lapsed appropriations	(482,319)	-	-	(1,039)	-	-	-	(4,973)	-
Receipts collected and transmitted to State Treasury	(3,459,542)	-	-	(27,639)	-	-	-	(5,158)	-
Amount of SAMS transfers-in	(80,000)	-	-	-	-	-	-	-	-
Amount of SAMS transfers-out	186,000	-	-	-	-	-	-	-	-
Transfers-in	80,000	45,000	-	-	30,000	-	-	-	4,500
Transfers-out	(148,280)	-	-	-	(20,000)	(180,000)	-	-	(500)
<b>Net other sources (uses) of financial resources</b>	<b>3,274,282</b>	<b>45,000</b>	<b>-</b>	<b>(27,473)</b>	<b>10,000</b>	<b>(180,000)</b>	<b>-</b>	<b>4,869</b>	<b>4,000</b>
<b>Net change in fund balances</b>	<b>(30,537)</b>	<b>55,830</b>	<b>4,694</b>	<b>492</b>	<b>20,864</b>	<b>954</b>	<b>24,736</b>	<b>(78)</b>	<b>74,724</b>
Fund balances (deficits), July 1, 2014	(744,781)	(64,075)	(87,582)	1,028	(65,815)	125,584	(24,736)	1,266	(7,427)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2015</b>	<b>\$ (775,318)</b>	<b>\$ (8,245)</b>	<b>\$ (82,888)</b>	<b>\$ 1,520</b>	<b>\$ (44,951)</b>	<b>\$ 126,538</b>	<b>\$ -</b>	<b>\$ 1,188</b>	<b>\$ 67,297</b>

State of Illinois  
Department of Healthcare and Family Services

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Electronic Health Record Incentive 0503	Juvenile Rehab Services Medicaid Matching 0575	Medical Interagency Program 0720	Drug Rebate 0728	Medicaid Buy-Revolutioning in Program 0740	Healthcare Provider Relief 0793	Medical Special Purposes Trust 0808	Eliminations	Total
<b>REVENUES</b>									
Operating grants - federal	\$ 74,482	\$ 118	\$ 22,267	\$ 1,884	\$ -	\$ 3,576,245	\$ 31,963	\$ -	\$ 10,540,769
Other operating grants	-	-	8,045	-	-	-	-	-	995,623
Licenses and fees	-	-	-	-	681	-	-	-	21,627
Other charges for services	-	-	-	-	-	-	-	(27,972)	-
Interest and other investment income	-	-	78	398	7	453	-	-	1,595
Medical provider assessment tax	-	-	-	-	-	439,300	-	-	1,412,493
Other taxes	-	-	-	-	-	17,785	-	-	457,319
Other	-	-	-	-	-	-	-	-	32,510
<b>Total revenues</b>	<b>74,482</b>	<b>118</b>	<b>30,390</b>	<b>2,282</b>	<b>688</b>	<b>4,033,783</b>	<b>31,963</b>	<b>(27,972)</b>	<b>13,461,936</b>
<b>EXPENDITURES</b>									
Health and social services	73,608	159	56,211	206	377	4,290,135	11,124	(27,972)	16,699,017
Debt service principal	-	-	-	-	-	5	-	-	14
Debt service interest	-	-	-	-	-	7	-	-	22
Capital outlays	-	-	-	-	-	10,406	24,994	-	35,408
<b>Total expenditures</b>	<b>73,608</b>	<b>159</b>	<b>56,211</b>	<b>206</b>	<b>377</b>	<b>4,300,553</b>	<b>36,118</b>	<b>(27,972)</b>	<b>16,734,461</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>874</b>	<b>(41)</b>	<b>(25,821)</b>	<b>2,076</b>	<b>311</b>	<b>(266,770)</b>	<b>(4,155)</b>	<b>-</b>	<b>(3,272,525)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>									
Appropriations from State resources	-	-	-	-	-	-	-	-	7,194,628
Lapsed appropriations	-	-	-	-	-	-	-	-	(488,331)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-	(3,492,339)
Amount of SAMS transfers-in	-	-	-	-	-	-	-	-	(80,000)
Amount of SAMS transfers-out	-	-	-	-	-	-	-	-	186,000
Transfers-in	-	-	15,772	-	-	114,233	500	(279,515)	10,490
Transfers-out	-	-	-	-	(1,700)	-	(300)	279,515	(71,265)
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>15,772</b>	<b>-</b>	<b>(1,700)</b>	<b>114,233</b>	<b>200</b>	<b>-</b>	<b>3,259,183</b>
<b>Net change in fund balances</b>	<b>874</b>	<b>(41)</b>	<b>(10,049)</b>	<b>2,076</b>	<b>(1,389)</b>	<b>(152,537)</b>	<b>(3,955)</b>	<b>-</b>	<b>(13,342)</b>
Fund balances (deficits), July 1, 2014	(874)	(54)	14,541	290,339	2,036	692,169	8,531	-	140,150
<b>FUND BALANCES (DEFICITS), JUNE 30, 2015</b>	<b>\$ -</b>	<b>\$ (95)</b>	<b>\$ 4,492</b>	<b>\$ 292,415</b>	<b>\$ 647</b>	<b>\$ 539,632</b>	<b>\$ 4,576</b>	<b>\$ -</b>	<b>\$ 126,808</b>



*State of Illinois  
Department of Healthcare and Family Services*

**Combining Balance Sheet -  
Nonmajor Governmental Funds**

June 30, 2015 (Expressed in Thousands)

	Special Revenue						Total
	Department of						
	Provider Inquiry Trust 0341	Money Follows the Person Budget Transfer 0522	Corrections Reimbursement and Education 0523	Tobacco Settlement Recovery 0733	Child Support Administrative 0757		
\$ - \$	- \$	- \$	- \$	23,581 \$	- \$	23,581	
309	2,794	-	-	29,447	-	32,550	
-	1,069	-	-	-	-	1,069	
-	549	36	25,546	16,443	-	42,574	
673	1	-	-	9,156	-	9,830	
-	-	-	-	2,865	-	2,865	
-	333	-	-	-	-	333	
<b>\$ 982 \$</b>	<b>4,746 \$</b>	<b>36 \$</b>	<b>49,127 \$</b>	<b>57,911 \$</b>	<b>- \$</b>	<b>112,802</b>	

**ASSETS**

Unexpended appropriations  
Cash equity with State Treasurer  
Securities lending collateral equity with State Treasurer  
Due from other government - federal  
Other receivables, net  
Due from other Department funds  
Due from other State funds  
**Total assets**

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

Accounts payable and accrued liabilities  
Due to other government - federal  
Due to other government - local  
Due to other State fiduciary funds  
Due to other Department funds  
Due to other State funds  
Due to State of Illinois component units  
Obligations under securities lending of State Treasurer  
**Total liabilities**

\$ - \$	72 \$	- \$	27,732 \$	8,871 \$	- \$	36,675
-	-	-	4,579	5,732	-	10,311
-	-	-	-	9,243	-	9,243
-	-	-	-	1,061	-	1,061
-	-	-	17,210	-	-	17,210
282	-	-	-	7,324	-	7,606
-	-	-	86	-	-	86
-	1,069	-	-	-	-	1,069
<b>282</b>	<b>1,141</b>	<b>-</b>	<b>49,607</b>	<b>32,231</b>	<b>-</b>	<b>83,261</b>

Unavailable revenue - Federal operating grants  
Unavailable revenue - License and fees

-	549	36	10,671	127	-	11,383
330	-	-	-	-	-	330
<b>330</b>	<b>549</b>	<b>36</b>	<b>10,671</b>	<b>127</b>	<b>-</b>	<b>11,713</b>
<b>612</b>	<b>1,690</b>	<b>36</b>	<b>60,278</b>	<b>32,358</b>	<b>-</b>	<b>94,974</b>

**Total deferred inflows of resources**  
**Total liabilities and deferred inflows of resources**

**FUND BALANCES (DEFICITS)**

Committed for health and social services  
Unassigned  
Total fund balances (deficits)  
**Total liabilities, deferred inflows of resources and fund balances (deficits)**

370	3,056	-	-	25,553	-	28,979
-	-	-	(11,151)	-	-	(11,151)
<b>370</b>	<b>3,056</b>	<b>-</b>	<b>(11,151)</b>	<b>25,553</b>	<b>-</b>	<b>17,828</b>
<b>\$ 982 \$</b>	<b>4,746 \$</b>	<b>36 \$</b>	<b>49,127 \$</b>	<b>57,911 \$</b>	<b>- \$</b>	<b>112,802</b>

*State of Illinois  
Department of Healthcare and Family Services*

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue					Total
	Money Follows the Person Budget Transfer 0522	Department of Corrections Reimbursement and Education 0523	Tobacco Settlement Recovery 0733	Child Support Administrative 0757		
<b>REVENUES</b>						
Operating grants - federal	\$ -	\$ 3,621	\$ 107	\$ 69,251	\$ 119,556	\$ 192,535
License and fees	1,568	-	-	-	-	1,568
Other charges for services	-	-	-	14,121	-	14,121
Interest and other investment income	-	7	-	-	-	7
<b>Total revenues</b>	<b>1,568</b>	<b>3,628</b>	<b>107</b>	<b>69,251</b>	<b>133,677</b>	<b>208,231</b>
<b>EXPENDITURES</b>						
Health and social services	1,454	1,797	-	184,509	171,300	359,060
Debt service principal	-	-	-	-	6	6
Debt service interest	-	-	-	-	7	7
Capital outlays	-	-	-	-	8	8
<b>Total expenditures</b>	<b>1,454</b>	<b>1,797</b>	<b>-</b>	<b>184,509</b>	<b>171,321</b>	<b>359,081</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>114</b>	<b>1,831</b>	<b>107</b>	<b>(115,258)</b>	<b>(37,644)</b>	<b>(150,850)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Appropriations from State resources	-	-	-	200,600	-	200,600
Lapsed appropriations	-	-	-	(8,816)	-	(8,816)
Receipts collected and transmitted to State Treasury	-	-	(113)	(104,622)	-	(104,735)
Transfers-in	-	-	-	-	29,265	29,265
Transfers out	(1,300)	-	-	-	-	(1,300)
<b>Net other sources (uses) of financial resources</b>	<b>(1,300)</b>	<b>-</b>	<b>(113)</b>	<b>87,162</b>	<b>29,265</b>	<b>115,014</b>
<b>Net change in fund balances</b>	<b>(1,186)</b>	<b>1,831</b>	<b>(6)</b>	<b>(28,096)</b>	<b>(8,379)</b>	<b>(35,836)</b>
Fund balances, July 1, 2014	1,556	1,225	6	16,945	33,932	53,664
<b>FUND BALANCES, JUNE 30, 2015</b>	<b>\$ 370</b>	<b>\$ 3,056</b>	<b>\$ -</b>	<b>(11,151)</b>	<b>\$ 25,553</b>	<b>\$ 17,828</b>

*State of Illinois*

*Department of Healthcare and Family Services*

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

June 30, 2015 (Expressed in Thousands)

	<b>Child Support Enforcement Trust 0957</b>	<b>Child Support Enforcement Trust - SDU 2957</b>	<b>Total</b>
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 15,492	\$ -	\$ 15,492
Cash and cash equivalents	634	1,389	2,023
Other receivables, net	207,149	61	207,210
<b>Total assets</b>	<b>\$ 223,275</b>	<b>\$ 1,450</b>	<b>\$ 224,725</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 16,460	\$ 1,450	\$ 17,910
Other liabilities	206,815	-	206,815
<b>Total liabilities</b>	<b>\$ 223,275</b>	<b>\$ 1,450</b>	<b>\$ 224,725</b>

*State of Illinois*

*Department of Healthcare and Family Services*

**Combining Statement of Changes in Assets and Liabilities -  
Agency Funds**

For the Year Ended June 30, 2015 (Expressed in Thousands)

	<b>Balance at July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2015</b>
<b>Child Support Enforcement Trust (0957)</b>				
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 14,832	\$ 146,227	\$ 145,567	\$ 15,492
Cash and cash equivalents	371	82,834	82,571	634
Other receivables, net	202,021	151,355	146,227	207,149
<b>Total assets</b>	<b>\$ 217,224</b>	<b>\$ 380,416</b>	<b>\$ 374,365</b>	<b>\$ 223,275</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 15,223	\$ 18,005	\$ 16,768	\$ 16,460
Other liabilities	202,001	216,184	211,370	206,815
<b>Total liabilities</b>	<b>\$ 217,224</b>	<b>\$ 234,189</b>	<b>\$ 228,138</b>	<b>\$ 223,275</b>
<b>Child Support Enforcement Trust - SDU (2957)</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,438	\$ 1,193,400	\$ 1,193,449	\$ 1,389
Other receivables, net	35	253	227	61
<b>Total assets</b>	<b>\$ 1,473</b>	<b>\$ 1,193,653</b>	<b>\$ 1,193,676</b>	<b>\$ 1,450</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,473	\$ 1,193,426	\$ 1,193,449	\$ 1,450
<b>Total liabilities</b>	<b>\$ 1,473</b>	<b>\$ 1,193,426</b>	<b>\$ 1,193,449</b>	<b>\$ 1,450</b>
<b>Total</b>				
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 14,832	\$ 146,227	\$ 145,567	\$ 15,492
Cash and cash equivalents	1,809	1,276,234	1,276,020	2,023
Other receivables, net	202,056	151,608	146,454	207,210
<b>Total assets</b>	<b>\$ 218,697</b>	<b>\$ 1,574,069</b>	<b>\$ 1,568,041</b>	<b>\$ 224,725</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 16,696	\$ 1,211,431	\$ 1,210,217	\$ 17,910
Other liabilities	202,001	216,184	211,370	206,815
<b>Total liabilities</b>	<b>\$ 218,697</b>	<b>\$ 1,427,615</b>	<b>\$ 1,421,587</b>	<b>\$ 224,725</b>

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

- Fiscal Schedules and Analysis:
  - Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2015
  - Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2014
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Locally Held Funds – Cash Basis Schedule
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  - Analysis of Accounts Receivable
  
- Analysis of Operations (Unaudited)
  - Indirect Cost Reimbursements (Unaudited)
  - Schedule of Adjudication Pattern, Payment Patterns and Claims Paid (Unaudited)
  - Department Functions and Planning Program (Unaudited)
  - Average Number of Employees (Unaudited)
  - Fiscal Year Statistics – Medicaid Enrollment (Unaudited)
  - Emergency Purchases (Unaudited)
  - Service Efforts and Accomplishments (Unaudited)
  - Memorandums of Understanding (Unaudited)
  - Schedule of Interest Paid (Unaudited)

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

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
Appropriations for Fiscal Year 2015

Sixteen Months Ended October 31, 2015  
(Expressed in Thousands)

Public Acts 98-0642, 98-0680, 99-0001	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>APPROPRIATED FUNDS</b>					
<b>General Revenue Fund - 0001</b>					
Administrative	\$ 29,432	\$ 23,285	\$ 1,278	\$ 24,563	\$ 4,869
Program/Administrative Level					
Inspector General	6,214	4,938	203	5,141	1,073
Attorney General	1,804	1,259	55	1,314	490
Deposit into Healthcare Provider Relief Fund	64,233	64,233	-	64,233	-
Deposit into Child Support Administrative Fund	29,265	29,265	-	29,265	-
Deposit into Public Aid Recoveries Trust Fund	4,500	4,500	-	4,500	-
	<b>135,448</b>	<b>127,480</b>	<b>1,536</b>	<b>129,016</b>	<b>6,432</b>
<b>Total Administrative</b>					
Medical Assistance					
Physicians	218,230	218,021	129	218,150	80
Hospital In-Patient	1,400,382	1,348,250	19,688	1,367,938	32,444
Prescribed Drugs	130,947	130,710	5	130,715	232
Optometrists	17,341	17,329	10	17,339	2
Podiatrists	5,487	2,529	61	2,590	2,897
Chiropractors	78	78	-	78	-
Federally Defined Institutions for Mental Diseases	49,227	38,870	30	38,900	10,327
Supportive Living Facilities	135,801	110,569	126	110,695	25,106
Skilled and Intermediate Long-Term Care	868,941	804,235	5,311	809,546	59,395
Dentists	141,516	139,803	1,021	140,824	692
Community Health Centers	141,211	141,209	2	141,211	-
Appliances	35,866	35,860	4	35,864	2
Independent Laboratories	25,943	25,943	-	25,943	-
Transportation	47,124	47,121	3	47,124	-

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Sixteen Months Ended October 31, 2015  
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances
					Lapsed
<b>Public Acts 98-0642, 98-0680, 99-0001</b>					
Other Related Medical Services	\$ 137,623	\$ 118,849	\$ 8,833	\$ 127,682	\$ 9,941
Hospice Care	74,532	63,534	3,595	67,129	7,403
Home Health Care, Therapy and Nursing Services	30,649	30,648	-	30,648	1
Division of Special Care for Children	104,628	66,954	8,494	75,448	29,180
Renal Disease Medical Care	179	100	8	108	71
Hemophilia Medical Care	4,179	13	-	13	4,166
Sexual Assault Victims Medical Care	220	118	5	123	97
Health Maintenance Organizations & Managed Care	3,019,296	2,990,640	512	2,991,152	28,144
Allgeld Clinic Grants	400	400	-	400	-
Part A Premiums	12,378	-	-	-	12,378
Part B Premiums Balance Budget Act	27,643	-	-	-	27,643
Part B Premiums (SMIB)	378,453	-	-	-	378,453
Community Transitions and LTC System Rebalancing	19,061	566	285	851	18,210
Health Maintenance Organizations	15,640	14,972	-	14,972	668
<b>Total Medical Assistance</b>	<b>7,042,975</b>	<b>6,347,321</b>	<b>48,122</b>	<b>6,395,443</b>	<b>647,532</b>
<b>Total General Revenue Fund - 0001</b>	<b>\$ 7,178,423</b>	<b>\$ 6,474,801</b>	<b>\$ 49,658</b>	<b>\$ 6,524,459</b>	<b>\$ 653,964</b>
<b>Supportive Living Facility Fund - 0062</b>	<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,000</b>
<b>Medicaid Research &amp; Education Support Fund - 0116</b>	<b>\$ 28,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,000</b>
<b>University of Illinois Hospital Services Fund - 0136</b>	<b>\$ 375,000</b>	<b>\$ 185,017</b>	<b>\$ 15,057</b>	<b>\$ 200,074</b>	<b>\$ 174,926</b>

STATE OF ILLINOIS  
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Sixteen Months Ended October 31, 2015  
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>Public Acts 98-0642, 98-0680, 99-0001</b>					
<b>County Provider Trust Fund - 0329</b>					
Administrative Expenses	\$ 25,000	\$ 18,037	\$ 1,670	\$ 19,707	\$ 5,293
Hospital Provider	2,500,000	2,131,241	23,349	2,154,590	345,410
Overpayment Assessment Refunds	1,000	-	-	-	1,000
<b>Total County Provider Trust Fund - 0329</b>	<b>\$ 2,526,000</b>	<b>\$ 2,149,278</b>	<b>\$ 25,019</b>	<b>\$ 2,174,297</b>	<b>\$ 351,703</b>
<b>Provider Inquiry Trust Fund - 0341</b>	\$ 2,500	1,172	282	1,454	1,046
<b>Care Provider for Persons with Developmental Disabilities Fund - 0344</b>					
Administrative Expenses	\$ 205	\$ 158	\$ 7	\$ 165	\$ 40
Overpayment Assessment Refunds	1,000	-	-	-	1,000
<b>Total Care Provider for Persons with Developmental Disabilities Fund - 0344</b>	<b>\$ 1,205</b>	<b>\$ 158</b>	<b>\$ 7</b>	<b>\$ 165</b>	<b>\$ 1,040</b>
<b>Long-Term Care Provider Fund - 0345</b>					
Administrative Expenses	\$ 2,090	\$ 1,123	\$ 45	\$ 1,168	\$ 922
Long-Term Care Provider Services	700,000	394,588	19,714	414,302	285,698
Overpayment Assessment Refunds	2,750	257	10	267	2,483
<b>Total Long-Term Care Provider Fund - 0345</b>	<b>\$ 704,840</b>	<b>\$ 395,968</b>	<b>\$ 19,769</b>	<b>\$ 415,737</b>	<b>\$ 289,103</b>
<b>Hospital Provider Fund - 0346</b>					
Hospitals	\$ 2,400,000	\$ 1,846,612	\$ 4,247	\$ 1,850,859	\$ 549,141
Overpayment Assessment Refunds	5,000	-	-	-	5,000
Managed Care Entities	12,000	12,000	-	12,000	-
HMOs, Managed Care Entities and Coordinated Care Entities	700,000	667,717	-	667,717	32,283
<b>Total Hospital Provider Fund - 0346</b>	<b>\$ 3,117,000</b>	<b>\$ 2,526,329</b>	<b>\$ 4,247</b>	<b>\$ 2,530,576</b>	<b>\$ 586,424</b>



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(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>Public Acts 98-0642, 98-0680, 99-0001</b>					
<b>Special Education Medicaid Matching Fund - 0355</b>	\$ 200,000	\$ 112,062	\$ 42,800	\$ 154,862	\$ 45,138
<b>Trauma Center Fund - 0397</b>	\$ 15,000	\$ 7,668	\$ 2,359	\$ 10,027	\$ 4,973
<b>Public Aid Recoveries Trust Fund - 0421</b>					
Personal Services	\$ 30,142	\$ 21,811	\$ 924	\$ 22,735	\$ 7,407
State Contribution to State Employees' Retirement System	12,762	9,251	392	9,643	3,119
Social Security	2,306	1,593	68	1,661	645
Group Insurance	7,481	5,134	233	5,367	2,114
Contractual Services	80,541	34,774	5,738	40,512	40,029
Travel	191	44	5	49	142
Commodities	353	154	7	161	192
Printing	552	222	7	229	323
Equipment	1,852	286	87	373	1,479
Telecommunications Services	1,513	871	200	1,071	442
Deposit into Medical Special Purposes Trust Fund	500	500	-	500	-
Technical Infrastructure/Medical Data Warehouse	50,314	15,495	9,621	25,116	25,198
<b>Total Public Aid Recoveries Trust Fund - 0421</b>	\$ 188,507	\$ 90,135	\$ 17,282	\$ 107,417	\$ 81,090
<b>Electronic Health Record Incentive Fund - 0503</b>	\$ 200,000	\$ 71,173	\$ 4,936	\$ 76,109	\$ 123,891
<b>Money Follows the Person Budget Transfer Fund - 0522</b>	\$ 15,000	\$ 2,019	\$ 111	\$ 2,130	\$ 12,870
<b>Juvenile Rehabilitation Services Medicaid Matching Fund - 0575</b>	\$ 4,000	\$ 106	\$ 12	\$ 118	\$ 3,882

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(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>Public Acts 98-0642, 98-0680, 99-0001</b>					
<b>Medical Interagency Program Fund - 0720</b>	\$ 70,000	\$ 50,964	\$ 8,463	\$ 59,427	\$ 10,573
<b>Drug Rebate Fund - 0728</b>	\$ 700,000	\$ 629,232	\$ 70,768	\$ 700,000	\$ -
<b>Tobacco Settlement Recovery Fund - 0733</b>	\$ 200,600	\$ 189,207	\$ 11,393	\$ 200,600	\$ -
<b>Medicaid Buy-in Program Revolving Fund - 0740</b>	\$ 550	\$ 359	\$ 18	\$ 377	\$ 173
<b>Child Support Administrative Fund - 0757</b>					
Personal Services	\$ 72,793	\$ 56,677	\$ 2,524	\$ 59,201	\$ 13,592
Employee Retirement Contributions Paid by Employer	23	19	1	20	3
State Contribution to State Employees' Retirement System	30,820	24,027	1,071	25,098	5,722
Social Security	5,569	4,145	184	4,329	1,240
Group Insurance	20,435	15,731	840	16,571	3,864
Contractual Services	67,111	30,966	14,623	45,589	21,522
Travel	575	163	19	182	393
Commodities	291	26	2	28	263
Printing	230	140	21	161	69
Equipment	1,082	100	89	189	893
Telecommunications Services	3,945	1,398	254	1,652	2,293
Child Support Enforcement Demonstration Projects	900	272	46	318	582
Enhanced Collection Efforts & Paternity Adjudication Demo	10,800	4,554	2,139	6,693	4,107
State Disbursement Unit Costs	12,843	8,756	2,273	11,029	1,814
<b>Total Child Support Administrative Fund - 0757</b>	<b>\$ 227,417</b>	<b>\$ 146,974</b>	<b>\$ 24,086</b>	<b>\$ 171,060</b>	<b>\$ 56,357</b>

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(Expressed in Thousands)

Public Acts 98-0642, 98-0680, 99-0001	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>Healthcare Provider Relief Fund - 0793</b>					
Medical Assistance Providers	\$ 4,500,000	\$ 3,596,821	\$ 394,821	\$ 3,991,642	\$ 508,358
Operational Lump Sum	47,580	17,116	10,268	27,384	20,196
Med Level-Med Data Warehouse	3,700	3,038	-	3,038	662
Med Level-Med Management Services	785	676	103	779	6
Med Level-EDP Med Eligibility Verification Systems	1,297	6	1	7	1,290
<b>Total Healthcare Provider Relief Fund - 0793</b>	<b>\$ 4,553,362</b>	<b>\$ 3,617,657</b>	<b>\$ 405,193</b>	<b>\$ 4,022,850</b>	<b>\$ 530,512</b>
<b>Medical Special Purposes Trust Fund - 0808</b>					
Medical Demonstration Projects	\$ 30,500	\$ 2,334	\$ 224	\$ 2,558	\$ 27,942
Eligible Verify and Enroll System	60,000	33,066	797	33,863	26,137
<b>Total Medical Special Purposes Trust Fund - 0808</b>	<b>\$ 90,500</b>	<b>\$ 35,400</b>	<b>\$ 1,021</b>	<b>\$ 36,421</b>	<b>\$ 54,079</b>
<b>TOTAL APPROPRIATED FUNDS</b>	<b>\$ 20,412,904</b>	<b>\$ 16,685,679</b>	<b>\$ 702,481</b>	<b>\$ 17,388,160</b>	<b>\$ 3,024,744</b>
<b>NON-APPROPRIATED FUNDS</b>					
<b>Public Aid Recoveries Trust Fund - 0421</b>					
Payment to Local Government for Services to Recipients	\$	\$ 20,510	\$ 2,813	\$ 23,323	
Federal Share Due to General Revenue Fund		289,835	64,380	354,215	
Refund of TPL Recoveries		352	28	380	
Refund of Non-TPL Recoveries		40,013	-	40,013	
Early Intervention - Due DHS		-	72	72	
Core Medicaid Administrative Expense - UIC		1,834	-	1,834	
<b>Total Public Aid Recoveries Trust Fund - 0421</b>	<b>\$ 352,544</b>	<b>\$ 67,293</b>	<b>\$</b>	<b>\$ 419,837</b>	

STATE OF ILLINOIS  
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(Expressed in Thousands)

Public Acts 98-0642, 98-0680, 99-0001	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>Child Support Enforcement Trust Fund - 0957</b>					
Redirects					
Illinois TANF Excess Child Support Clients	\$ 2,480	\$ (7)	\$	2,473	
Out-of-State TANF Clients	7,518	(8)		7,510	
Illinois Non-TANF Clients	85,987	(89)		85,898	
Out-of-State Non-TANF Clients	47,767	(44)		47,723	
	<b>143,752</b>	<b>(148)</b>		<b>143,604</b>	
Refunds/Payments to Other Agencies					
Refund Responsible Relative - IRS Offsets	\$ 2,034	\$ 5	\$	2,039	
Refund Responsible Relative - IRS pre N/A	18	-		18	
Refund Responsible Relative - State Offsets	1,149	(13)		1,136	
Refund Responsible Relative - State pre N/A	1	-		1	
Refund Responsible Relative - Court or Third Parties	741	(1)		740	
Refund Responsible Relative - Court or Third Parties N/A Out-of-State	1	-		1	
Refunds/IRS Offset Nonpublic Aid Clients	14	-		14	
Refunds/State Offset Nonpublic Aid Clients	9	-		9	
Refund - Nonassistance Clients	2,875	13		2,888	
Fund Transfer	504	49		553	
Interest Penalty/State Refund	1	1		2	
Interest Paid to Clients, DCFS, Other	4,868	22		4,890	
Reimburse DCFS Title IV-E	2,601	229		2,830	
DCSE Unclaimed Property	32	-		32	
	<b>14,848</b>	<b>305</b>		<b>15,153</b>	
	<b>\$ 158,600</b>	<b>\$ 157</b>	<b>\$</b>	<b>158,757</b>	

STATE OF ILLINOIS  
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 (Expressed in Thousands)

Public Acts 98-0642, 98-0680, 99-0001	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>TOTAL NON-APPROPRIATED FUNDS</b>	\$ 511,144	\$ 67,450	\$ 578,594		
<b>ALL FUNDS</b>					
Appropriated Funds	\$ 16,685,679	\$ 702,481	\$ 17,388,160		
Non-Appropriated Funds	511,144	67,450	578,594		
<b>TOTAL ALL FUNDS</b>	<b>\$ 17,196,823</b>	<b>\$ 769,931</b>	<b>\$ 17,966,754</b>		

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

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(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>Public Acts 98-0017, 98-0027, 98-0642</b>					
<b>APPROPRIATED FUNDS</b>					
<b>General Revenue Fund - 0001</b>					
Administrative	\$ 68,251	\$ 63,654	\$ 4,532	\$ 68,186	\$ 65
Operational Lump Sum	664,233	64,233	600,000	664,233	-
Deposit into Healthcare Provider Relief Fund	4,500	4,500	-	4,500	-
Deposit into Public Aid Recoveries Trust Fund	736,984	132,387	604,532	736,919	65
<b>Total Administrative</b>					
Medical Assistance	798,951	798,672	266	798,938	13
Physicians	2,401,744	2,341,655	60,086	2,401,741	3
Hospital In-Patient	681,152	676,519	4,633	681,152	-
Prescribed Drugs	36,064	36,064	-	36,064	-
Optometrists	3,213	3,213	-	3,213	-
Podiatrists	379	372	7	379	-
Chiropractors	89,760	83,111	6,649	89,760	-
Federally Defined Institutions for Mental Diseases	110,652	110,652	-	110,652	-
Supportive Living Facilities	761,239	757,535	3,704	761,239	-
Skilled and Intermediate Long-Term Care	241,077	241,073	4	241,077	-
Dentists	248,650	244,552	4,098	248,650	-
Community Health Centers	56,707	55,079	1,628	56,707	-
Appliances	38,673	36,439	2,233	38,672	1
Independent Laboratories	49,922	44,298	5,624	49,922	-
Transportation	139,425	136,442	2,982	139,424	1
Other Related Medical Services	63,147	62,731	416	63,147	-
Hospice Care	46,059	44,761	1,295	46,056	3
Home Health Care, Therapy and Nursing Services					

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(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Balances	
				Total Expenditures	Lapsed
<b>Public Acts 98-0017, 98-0027, 98-0642</b>					
Division of Special Care for Children	\$ 48,548	\$ 46,898	\$ 1,650	\$ 48,548	\$ -
Renal Disease Medical Care	167	153	14	167	-
Hemophilia Medical Care	1,385	1,385	-	1,385	-
Sexual Assault Victims Medical Care	171	155	16	171	-
Children Health Initiative	500	499	1	500	-
Health Maintenance Organizations & Managed Care	736,770	736,186	584	736,770	-
Allgeld Clinic Grants	400	400	-	400	-
Part A Premiums	13,912	-	-	-	13,912
Part B Premiums Balance Budget Act	25,911	-	-	-	25,911
Part B Premiums (SMIB)	306,991	-	-	-	306,991
<b>Total Medical Assistance</b>	<b>6,901,569</b>	<b>6,458,844</b>	<b>95,890</b>	<b>6,554,734</b>	<b>346,835</b>
<b>Total General Revenue Fund - 0001</b>	<b>\$ 7,638,553</b>	<b>\$ 6,591,231</b>	<b>\$ 700,422</b>	<b>\$ 7,291,653</b>	<b>\$ 346,900</b>
<b>Medicaid Research &amp; Education Support Fund - 0116</b>	<b>\$ 28,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,000</b>
<b>University of Illinois Hospital Services Fund - 0136</b>	<b>\$ 375,000</b>	<b>\$ 261,878</b>	<b>\$ 40,644</b>	<b>\$ 302,522</b>	<b>\$ 72,478</b>
<b>County Provider Trust Fund - 0329</b>					
Administrative Expenses	\$ 25,000	\$ 15,884	\$ 9,027	\$ 24,911	\$ 89
Hospital Provider	1,981,119	1,975,593	5,523	1,981,116	3
Overpayment Assessment Refunds	1,000	-	-	-	1,000
<b>Total County Provider Trust Fund - 0329</b>	<b>\$ 2,007,119</b>	<b>\$ 1,991,477</b>	<b>\$ 14,550</b>	<b>\$ 2,006,027</b>	<b>\$ 1,092</b>
<b>Provider Inquiry Trust Fund - 0341</b>	<b>\$ 2,500</b>	<b>\$ 1,589</b>	<b>\$ 909</b>	<b>\$ 2,498</b>	<b>\$ 2</b>

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(Expressed in Thousands)

Public Acts 98-0017, 98-0027, 98-0642	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>Care Provider for Persons with Developmental Disabilities Fund - 0344</b>					
Administrative Expenses	\$ 205 \$	152 \$	7 \$	159 \$	46
Overpayment Assessment Refunds	1,000	-	-	-	1,000
<b>Total Care Provider for Persons with Developmental Disabilities Fund - 0344</b>	<b>\$ 1,205 \$</b>	<b>152 \$</b>	<b>7 \$</b>	<b>159 \$</b>	<b>1,046</b>
<b>Long-Term Care Provider Fund - 0345</b>					
Administrative Expenses	\$ 1,930 \$	942 \$	41 \$	983 \$	947
Long-Term Care Provider Services	700,000	399,340	32,911	432,251	267,749
Overpayment Assessment Refunds	2,750	454	250	704	2,046
<b>Total Long-Term Care Provider Fund - 0345</b>	<b>\$ 704,680 \$</b>	<b>400,736 \$</b>	<b>33,202 \$</b>	<b>433,938 \$</b>	<b>270,742</b>
<b>Hospital Provider Fund - 0346</b>					
Hospitals	\$ 2,713,000 \$	2,529,034 \$	- \$	2,529,034 \$	183,966
Overpayment Assessment Refunds	5,000	-	-	-	5,000
<b>Total Hospital Provider Fund - 0346</b>	<b>\$ 2,718,000 \$</b>	<b>2,529,034 \$</b>	<b>- \$</b>	<b>2,529,034 \$</b>	<b>188,966</b>
<b>Special Education Medicaid Matching Fund - 0355</b>					
	\$ 200,000 \$	94,853 \$	57,218 \$	152,071 \$	47,929
<b>Trauma Center Fund - 0397</b>					
	\$ 15,000 \$	7,570 \$	2,532 \$	10,102 \$	4,898
<b>Public Aid Recoveries Trust Fund - 0421</b>					
Personal Services	\$ 28,060 \$	19,162 \$	1,028 \$	20,190 \$	7,870
State Contribution to State Employees' Retirement System	11,311	7,732	415	8,147	3,164
Social Security	2,147	1,392	76	1,468	679
Group Insurance	8,592	4,970	263	5,233	3,359
Contractual Services	93,904	44,976	10,063	55,039	38,865
Travel	174	56	8	64	110



STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
Appropriations for Fiscal Year 2014

Sixteen Months Ended October 31, 2014  
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>Public Acts 98-0017, 98-0027, 98-0642</b>					
Commodities	\$ 353	\$ 123	\$ 11	\$ 134	\$ 219
Printing	552	250	20	270	282
Equipment	1,686	177	55	232	1,454
Telecommunications Services	1,318	871	175	1,046	272
Deposit into Medical Special Purposes Trust Fund	500	500	-	500	-
Technical Infrastructure/Medical Data Warehouse	32,469	9,274	2,772	12,046	20,423
<b>Total Public Aid Recoveries Trust Fund - 0421</b>	<b>\$ 181,066</b>	<b>\$ 89,483</b>	<b>\$ 14,886</b>	<b>\$ 104,369</b>	<b>\$ 76,697</b>
<b>Electronic Health Record Incentive Fund - 0503</b>	<b>\$ 200,000</b>	<b>\$ 137,000</b>	<b>\$ 276</b>	<b>\$ 137,276</b>	<b>\$ 62,724</b>
<b>Money Follows the Person Budget Transfer Fund - 0522</b>	<b>\$ 15,000</b>	<b>\$ 1,544</b>	<b>\$ 603</b>	<b>\$ 2,147</b>	<b>\$ 12,853</b>
<b>Juvenile Rehabilitation Services Medicaid Matching Fund - 0575</b>	<b>\$ 4,000</b>	<b>\$ 61</b>	<b>\$ 24</b>	<b>\$ 85</b>	<b>\$ 3,915</b>
<b>Medical Interagency Program Fund - 0720</b>	<b>\$ 70,000</b>	<b>\$ 61,349</b>	<b>\$ 8,010</b>	<b>\$ 69,359</b>	<b>\$ 641</b>
<b>Drug Rebate Fund - 0728</b>	<b>\$ 700,000</b>	<b>\$ 522,349</b>	<b>\$ 1,831</b>	<b>\$ 524,180</b>	<b>\$ 175,820</b>
<b>Tobacco Settlement Recovery Fund - 0733</b>	<b>\$ 200,600</b>	<b>\$ 163,623</b>	<b>\$ 15,946</b>	<b>\$ 179,569</b>	<b>\$ 21,031</b>
<b>Medicaid Buy-in Program Revolving Fund - 0740</b>	<b>\$ 465</b>	<b>\$ 462</b>	<b>\$ -</b>	<b>\$ 462</b>	<b>\$ 3</b>
<b>Child Support Administrative Fund - 0757</b>					
Personal Services	\$ 65,210	\$ 56,375	\$ 2,426	\$ 58,801	\$ 6,409
Employee Retirement Contributions Paid by Employer	62	18	1	19	43
State Contribution to State Employees' Retirement System	26,288	22,762	979	23,741	2,547
Social Security	4,819	4,124	178	4,302	517

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
Appropriations for Fiscal Year 2014

Sixteen Months Ended October 31, 2014  
(Expressed in Thousands)

**Public Acts 98-0017, 98-0027, 98-0642**

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
Group Insurance	\$ 22,419	\$ 17,152	\$ 883	\$ 18,035	\$ 4,384
Contractual Services	63,914	36,329	8,754	45,083	18,831
Travel	500	293	29	322	178
Commodities	286	61	2	63	223
Printing	223	114	3	117	106
Equipment	600	143	11	154	446
Telecommunications Services	3,839	2,363	477	2,840	999
Child Support Enforcement Demonstration Projects	900	286	32	318	582
Enhanced Collection Efforts & Paternity Adjudication Demo	10,800	6,192	655	6,847	3,953
State Disbursement Unit Costs	12,843	8,447	786	9,233	3,610
<b>Total Child Support Administrative Fund - 0757</b>	<b>\$ 212,703</b>	<b>\$ 154,659</b>	<b>\$ 15,216</b>	<b>\$ 169,875</b>	<b>\$ 42,828</b>

**Healthcare Provider Relief Fund - 0793**

Medical Assistance Providers	\$ 3,500,000	\$ 1,632,517	\$ 633,628	\$ 2,266,145	\$ 1,233,855
Operational Lump Sum	71,106	48,421	11,763	60,184	10,922
Medical Assistance Bill Processing	1,202,000	-	-	-	1,202,000
<b>Total Healthcare Provider Relief Fund - 0793</b>	<b>\$ 4,773,106</b>	<b>\$ 1,680,938</b>	<b>\$ 645,391</b>	<b>\$ 2,326,329</b>	<b>\$ 2,446,777</b>

**Medical Special Purposes Trust Fund - 0808**

Medical Demonstration Projects	\$ 20,500	\$ 1,662	\$ 75	\$ 1,737	\$ 18,763
Health Info Tech Initiative-ARRA	30,000	11,779	16	11,795	18,205
Eligible Verify and Enroll System	60,000	35,445	10,861	46,306	13,694
<b>Total Medical Special Purposes Trust Fund - 0808</b>	<b>\$ 110,500</b>	<b>\$ 48,886</b>	<b>\$ 10,952</b>	<b>\$ 59,838</b>	<b>\$ 50,662</b>

**TOTAL APPROPRIATED FUNDS**

<b>\$ 20,157,497</b>	<b>\$ 14,738,874</b>	<b>\$ 1,562,619</b>	<b>\$ 16,301,493</b>	<b>\$ 3,856,004</b>
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STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
Appropriations for Fiscal Year 2014

Sixteen Months Ended October 31, 2014  
(Expressed in Thousands)

Public Acts 98-0017, 98-0027, 98-0642	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
<b>NON-APPROPRIATED FUNDS</b>					
<b>Public Aid Recoveries Trust Fund - 0421</b>					
Payment to Local Government for Services to Recipients	\$ 34,090	\$ 5,242	\$ 39,332		
Federal Share Due to General Revenue Fund	237,708	48,120	285,828		
Refund of TPL Recoveries	356	-	356		
Refund of Non-TPL Recoveries	152	-	152		
Early Intervention - Due DHS	-	54	54		
Core Medicaid Administrative Expense - UIC	1,460	473	1,933		
<b>Total Public Aid Recoveries Trust Fund - 0421</b>	<b>\$ 273,766</b>	<b>\$ 53,889</b>	<b>\$ 327,655</b>		
<b>Child Support Enforcement Trust Fund - 0957</b>					
Redirects					
Illinois TANF Excess Child Support Clients	\$ 2,825	\$ -	\$ 2,825		
Out-of-State TANF Clients	7,473	6	7,479		
Illinois Non-TANF Clients	98,834	-	98,834		
Out-of-State Non-TANF Clients	47,232	5	47,237		
<b>Total Redirects</b>	<b>\$ 156,364</b>	<b>\$ 11</b>	<b>\$ 156,375</b>		
Refunds/Payments to Other Agencies					
Refund Responsible Relative - IRS Offsets	\$ 2,249	\$ -	\$ 2,249		
Refund Responsible Relative - IRS pre N/A	9	-	9		
Refund Responsible Relative - State Offsets	1,045	-	1,045		
Refund Responsible Relative - State pre N/A	2	-	2		
Refund Responsible Relative - Court or Third Parties	646	2	648		
Refund Responsible Relative - Court or Third Parties Out-of-State	2	-	2		
Refunds/IRS Offset Nonpublic Aid Clients	46	-	46		

STATE OF ILLINOIS  
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 Appropriations for Fiscal Year 2014

Sixteen Months Ended October 31, 2014  
 (Expressed in Thousands)

<b>Public Acts 98-0017, 98-0027, 98-0642</b>	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures	Balances Lapsed
Refunds/State Offset Nonpublic Aid Clients	\$ 5	\$ -	\$ -	5	
Refund - Nonassistance Clients	2,539	9	9	2,548	
Fund Transfer	512	42	42	554	
Interest Penalty/State Refund	1	-	-	1	
Interest Paid to Clients, DCFS, Other	3,473	14	14	3,487	
Reimburse DCFS Title IV-E	2,424	192	192	2,616	
DCSE Unclaimed Property	18	-	-	18	
<b>Total Refunds/Payments to Other Agencies</b>	<b>12,971</b>	<b>259</b>	<b>259</b>	<b>13,230</b>	

**Total Child Support Enforcement Trust Fund - 0957**

\$ 169,335	\$ 270	\$ 270	\$ 169,605
\$ 443,101	\$ 54,159	\$ 54,159	\$ 497,260

**TOTAL NON-APPROPRIATED FUNDS**

**ALL FUNDS**

\$ 14,738,874	\$ 1,562,619	\$ 1,562,619	\$ 16,301,493
443,101	54,159	54,159	497,260
<b>\$ 15,181,975</b>	<b>\$ 1,616,778</b>	<b>\$ 1,616,778</b>	<b>\$ 16,798,753</b>

Note:

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

## DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

(Expressed in Thousands)

	Fiscal Year		
	2015	2014	2013
			P.A. 97-0685
	P.A. 98-0642	P.A. 98-0017	P.A. 97-0730
	P.A. 98-0680	P.A. 98-0027	P.A. 98-0011
	P.A. 99-0001	P.A. 98-0642	P.A. 98-0017
<b>General Revenue Fund - 0001</b>			
Appropriations (net of transfers)	\$ 7,178,423	\$ 7,638,553	\$ 7,042,815
Expenditures:			
Administrative:			
Operational Lump Sum	-	68,186	-
Personal Services	24,862	-	56,721
Employee Retirement Contribution Paid by Employer	6	-	10
Social Security	1,824	-	4,210
Contractual Services	4,223	-	15,516
Travel	80	-	342
Commodities	-	-	161
Printing	-	-	260
Equipment	-	-	95
Telecommunications Services	-	-	1,967
Operation of Auto Equipment	23	-	51
Medical Management Services	-	-	657
Information Systems (Medical Eligibility)	-	-	700
Med Level - Medical Data Warehouse	-	-	3,530
Deposit into Child Support Administrative Fund	29,265	-	29,939
Deposit into Healthcare Provider Relief Fund	64,233	664,233	151,000
FY13 Deposit into Healthcare Provider Relief Fund	-	-	130,000
Deposit into Public Aid Recoveries Trust Fund	4,500	4,500	-
Total Administrative	129,016	736,919	395,159
Group Insurance	-	-	36,000
Medical Assistance	6,395,443	6,554,734	6,294,709
Kid Care Refunds	-	-	258
Total Expenditures	6,524,459	7,291,653	6,726,126
Lapsed Balances	\$ 653,964	\$ 346,900	\$ 316,689
<b>Supportive Living Facility Fund - 0062</b>			
Appropriations (net after transfers)	\$ 15,000	\$ -	\$ -
Expenditures:			
Medicaid Research	-	-	-
Lapsed Balances	\$ 15,000	\$ -	\$ -

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

Schedule 3

For the Fiscal Years Ended June 30, 2015, 2014 and 2013  
(Expressed in Thousands)

	Fiscal Year		
	2015	2014	2013
			P.A. 97-0685
	P.A. 98-0642	P.A. 98-0017	P.A. 97-0730
	P.A. 98-0680	P.A. 98-0027	P.A. 98-0011
	P.A. 99-0001	P.A. 98-0642	P.A. 98-0017
<b>Medicaid Research &amp; Education Support Fund - 0116</b>			
Appropriations (net after transfers)	\$ 28,000	\$ 28,000	\$ -
Expenditures:			
Medicaid Research	-	-	-
Lapsed Balances	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ -</u>
<b>University of Illinois Hospital Services Fund - 0136</b>			
Appropriations (net after transfers)	\$ 375,000	\$ 375,000	\$ 375,000
Expenditures:			
U of I Hospital Services	200,074	302,522	270,905
Lapsed Balances	<u>\$ 174,926</u>	<u>\$ 72,478</u>	<u>\$ 104,095</u>
<b>County Provider Trust Fund - 0329</b>			
Appropriations (net after transfers)	\$ 2,526,000	\$ 2,007,119	\$ 1,994,119
Expenditures:			
Administrative Expenses	19,707	24,911	2,831
Hospital Provider	2,154,590	1,981,116	1,383,565
Total Expenditures	<u>2,174,297</u>	<u>2,006,027</u>	<u>1,386,396</u>
Lapsed Balances	<u>\$ 351,703</u>	<u>\$ 1,092</u>	<u>\$ 607,723</u>
<b>Provider Inquiry Trust Fund - 0341</b>			
Appropriations (net after transfers)	\$ 2,500	\$ 2,500	\$ 2,500
Expenditures:			
Provider Inquiry Services	1,454	2,498	654
Lapsed Balances	<u>\$ 1,046</u>	<u>\$ 2</u>	<u>\$ 1,846</u>
<b>Care Provider for Persons with Developmental Disabilities Fund - 0344</b>			
Appropriations (net after transfers)	\$ 1,205	\$ 1,205	\$ 1,150
Expenditures:			
Administrative Expenses	165	159	146
Lapsed Balances	<u>\$ 1,040</u>	<u>\$ 1,046</u>	<u>\$ 1,004</u>

## DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

(Expressed in Thousands)

	Fiscal Year		
	2015	2014	2013
			P.A. 97-0685
	P.A. 98-0642	P.A. 98-0017	P.A. 97-0730
	P.A. 98-0680	P.A. 98-0027	P.A. 98-0011
	P.A. 99-0001	P.A. 98-0642	P.A. 98-0017
<b>Long-Term Care Provider Fund - 0345</b>			
Appropriations (net after transfers)	\$ 704,840	\$ 704,680	\$ 1,014,680
Expenditures:			
Administrative Expenses	1,168	983	960
Long-Term Care Provider Services	414,302	432,251	509,467
Overpayment Assessment Refunds	267	704	290
Total Expenditures	415,737	433,938	510,717
Lapsed Balances	\$ 289,103	\$ 270,742	\$ 503,963
<b>Hospital Provider Fund - 0346</b>			
Appropriations (net after transfers)	\$ 3,117,000	\$ 2,718,000	\$ 2,210,000
Expenditures:			
Managed Care Entities	12,000	-	-
Hospitals	1,850,859	2,529,034	1,525,617
HMOs, Managed Care Entities, and Coordinated Care Entities	667,717	-	-
Total Expenditures	2,530,576	2,529,034	1,525,617
Lapsed Balances	\$ 586,424	\$ 188,966	\$ 684,383
<b>Special Education Medicaid Matching Fund - 0355</b>			
Appropriations (net after transfers)	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures:			
Local Education Agencies for Medical Service	154,862	152,071	175,266
Lapsed Balances	\$ 45,138	\$ 47,929	\$ 24,734
<b>Trauma Center Fund - 0397</b>			
Appropriations (net after transfers)	\$ 15,000	\$ 15,000	\$ 15,000
Expenditures:			
Trauma Centers	10,027	10,102	10,144
Lapsed Balances	\$ 4,973	\$ 4,898	\$ 4,856

## DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

(Expressed in Thousands)

	Fiscal Year		
	2015	2014	2013
			P.A. 97-0685
	P.A. 98-0642	P.A. 98-0017	P.A. 97-0730
	P.A. 98-0680	P.A. 98-0027	P.A. 98-0011
	P.A. 99-0001	P.A. 98-0642	P.A. 98-0017
<b>Public Aid Recoveries Trust Fund - 0421</b>			
Appropriations (net after transfers)	\$ 188,507	\$ 181,066	\$ 144,478
Expenditures:			
Personal Services	22,735	20,190	20,357
State Contribution to State Employees' Retirement System	9,643	8,147	7,748
Social Security	1,661	1,468	1,509
Group Insurance	5,367	5,233	6,097
Contractual Services	40,512	55,039	32,626
Travel	49	64	47
Commodities	161	134	8
Printing	229	270	1
Equipment	373	232	-
Telecommunications Services	1,071	1,046	58
Technical Infrastructure/Medical Data Warehouse	25,116	12,046	8,943
Deposit into Medical Special Purposes Trust Fund	500	500	500
Total Expenditures	107,417	104,369	77,894
Lapsed Balances	\$ 81,090	\$ 76,697	\$ 66,584
<b>Electronic Health Record Incentive Fund - 0503</b>			
Appropriations (net after transfers)	\$ 200,000	\$ 200,000	\$ 215,000
Expenditures:			
Certified Electronic Health Record Technology	76,109	137,276	204,400
Lapsed Balances	\$ 123,891	\$ 62,724	\$ 10,600
<b>Money Follows the Person Budget Transfer Fund - 0522</b>			
Appropriations (net after transfers)	\$ 15,000	\$ 15,000	\$ 11,000
Expenditures:			
Money Follows the Person Demonstration Project	2,130	2,147	1,987
Lapsed Balances	\$ 12,870	\$ 12,853	\$ 9,013
<b>Juvenile Rehabilitation Services Medicaid Matching Fund - 0575</b>			
Appropriations (net after transfers)	\$ 4,000	\$ 4,000	\$ 4,000
Expenditures:			
Juvenile Behavioral Health Services	118	85	189
Lapsed Balances	\$ 3,882	\$ 3,915	\$ 3,811



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

Schedule 3

For the Fiscal Years Ended June 30, 2015, 2014 and 2013  
(Expressed in Thousands)

	Fiscal Year		
	2015	2014	2013
			P.A. 97-0685
	P.A. 98-0642	P.A. 98-0017	P.A. 97-0730
	P.A. 98-0680	P.A. 98-0027	P.A. 98-0011
	P.A. 99-0001	P.A. 98-0642	P.A. 98-0017
<b>Medical Interagency Program Fund - 0720</b>			
Appropriations (net after transfers)	\$ 70,000	\$ 70,000	\$ 60,000
Expenditures:			
Medical Assistance	59,427	69,359	59,921
Lapsed Balances	<u>\$ 10,573</u>	<u>\$ 641</u>	<u>\$ 79</u>
<b>Drug Rebate Fund - 0728</b>			
Appropriations (net after transfers)	\$ 700,000	\$ 700,000	\$ 845,000
Expenditures:			
Prescribed Drugs	700,000	524,180	796,534
Lapsed Balances	<u>\$ -</u>	<u>\$ 175,820</u>	<u>\$ 48,466</u>
<b>Tobacco Settlement Recovery Fund - 0733</b>			
Appropriations (net after transfers)	\$ 200,600	\$ 200,600	\$ 200,600
Expenditures:			
Prescribed Drugs	200,600	179,569	200,599
Lapsed Balances	<u>\$ -</u>	<u>\$ 21,031</u>	<u>\$ 1</u>
<b>Medicaid Buy-in Program Revolving Fund - 0740</b>			
Appropriations (net after transfers)	\$ 550	\$ 465	\$ 450
Expenditures:			
Medical Assistance	377	462	358
Lapsed Balances	<u>\$ 173</u>	<u>\$ 3</u>	<u>\$ 92</u>
<b>FY12 Hospital Relief Fund - 0748</b>			
Appropriations (net after transfers)	\$ -	\$ -	\$ 280,000
Expenditures:			
Medical Assistance	-	-	279,610
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390</u>

## DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

(Expressed in Thousands)

	Fiscal Year		
	2015	2014	2013
			P.A. 97-0685
	P.A. 98-0642	P.A. 98-0017	P.A. 97-0730
	P.A. 98-0680	P.A. 98-0027	P.A. 98-0011
	P.A. 99-0001	P.A. 98-0642	P.A. 98-0017
<b>Child Support Administrative Fund - 0757</b>			
Appropriations (net after transfers)	\$ 227,417	\$ 212,703	\$ 210,312
Expenditures:			
Personal Services	59,201	58,801	58,600
Employee Retirement Contribution Paid by Employer	20	19	24
State Contribution to State Employees' Retirement System	25,098	23,741	22,295
Social Security	4,329	4,302	4,335
Group Insurance	16,571	18,035	20,609
Contractual Services	45,589	45,083	49,655
Travel	182	322	342
Commodities	28	63	97
Printing	161	117	125
Equipment	189	154	150
Telecommunications Services	1,652	2,840	3,013
Child Support Enforcement Demonstration Projects	318	318	324
Enhanced Collection Efforts & Paternity Adjudication Demo	6,693	6,847	6,925
State Disbursement Unit Costs	11,029	9,233	9,121
Total Expenditures	171,060	169,875	175,615
Lapsed Balances	\$ 56,357	\$ 42,828	\$ 34,697
<b>Healthcare Provider Relief Fund - 0793</b>			
Appropriations (net after transfers)	\$ 4,553,362	\$ 4,773,106	\$ 3,135,000
Expenditures:			
Medical Assistance Providers	3,991,642	2,266,145	3,011,163
Operational Lump Sum	27,384	60,184	-
Med Level-Med Data Warehouse	3,038	-	-
Med Level-Med Management Services	779	-	-
Med Level-EDP Med Eligibility Verification System	7	-	-
Total Expenditures	4,022,850	2,326,329	3,011,163
Lapsed Balances	\$ 530,512	\$ 2,446,777	\$ 123,837
<b>Medical Special Purposes Trust Fund - 0808</b>			
Appropriations (net after transfers)	\$ 90,500	\$ 110,500	\$ 90,500
Expenditures:			
Medical Demonstration Projects	2,558	1,737	2,896
Eligible Verify and Enroll System	33,863	46,306	44,500
Health Info Tech Initiative ARRA	-	11,795	7,462
Total Expenditures	36,421	59,838	54,858
Lapsed Balances	\$ 54,079	\$ 50,662	\$ 35,642

STATE OF ILLINOIS  
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Schedule 3

For the Fiscal Years Ended June 30, 2015, 2014 and 2013  
(Expressed in Thousands)

	Fiscal Year		
	2015	2014	2013
			P.A. 97-0685
	P.A. 98-0642	P.A. 98-0017	P.A. 97-0730
	P.A. 98-0680	P.A. 98-0027	P.A. 98-0011
	P.A. 99-0001	P.A. 98-0642	P.A. 98-0017
<b>TOTAL - ALL APPROPRIATED FUNDS</b>			
Appropriations	\$ 20,412,904	\$ 20,157,497	\$ 18,051,604
Total Expenditures	17,388,160	16,301,493	15,469,099
Lapsed Balances	<u>\$ 3,024,744</u>	<u>\$ 3,856,004</u>	<u>\$ 2,582,505</u>
<b>NON-APPROPRIATED FUNDS</b>			
<b>Public Aid Recoveries Trust Fund - 0421</b>			
Payment to Local Government for Service to Recipients	\$ 23,323	\$ 39,332	\$ 34,589
Federal Share Due To General Revenue Fund	354,215	285,828	414,290
Refund of TPL Recoveries	380	356	790
Refund of Non-TPL Recoveries	40,013	152	224
Early Intervention - Due DHS	72	54	58
Core Medicaid Administration Expenses - UIC	1,834	1,933	1,852
Total Expenditures	<u>\$ 419,837</u>	<u>\$ 327,655</u>	<u>\$ 451,803</u>
<b>Child Support Enforcement Trust Fund - 0957</b>			
Redirect - Illinois TANF Excess Child Support Clients	\$ 2,473	\$ 2,825	\$ 2,430
Redirect - Out-of-State TANF Clients	7,510	7,479	7,419
Redirect - Illinois Non-TANF Clients	85,898	98,834	109,114
Redirect - Out-of-State Non-TANF Clients	47,723	47,237	47,348
Refund - IRS Offsets	2,039	2,249	2,345
Refund - IRS pre N/A	18	9	4
Refund - State Offsets	1,136	1,045	901
Refund - State pre N/A	1	2	1
Refund - Courts or Third Parties	740	648	810
Refund - Courts or Third Parties Out-of-State	-	2	-
Refund - Courts or Third Parties N/A Out-of-State	1	-	60
Refund - IRS Offset Nonpublic Aid Clients	14	46	35
Refund - State Offset Nonpublic Aid Clients	9	5	17
Refund - Nonassistance Clients	2,888	2,548	2,691
Pass Through Payments	-	-	1
Fund Transfer	553	554	533
Interest Penalty/State Refund	2	1	1
Interest Paid to Clients, DCFS, Others	4,890	3,487	5,226
Reimburse DCFS Title IV-E	2,830	2,616	2,787
DCSE Unclaimed Property	32	18	-
Total Expenditures	<u>\$ 158,757</u>	<u>\$ 169,605</u>	<u>\$ 181,723</u>
<b>TOTAL - ALL NON-APPROPRIATED FUNDS</b>	<u>\$ 578,594</u>	<u>\$ 497,260</u>	<u>\$ 633,526</u>

## DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Years Ended June 30, 2015, 2014 and 2013

(Expressed in Thousands)

	Fiscal Year		
	2015	2014	2013
			P.A. 97-0685
	P.A. 98-0642	P.A. 98-0017	P.A. 97-0730
	P.A. 98-0680	P.A. 98-0027	P.A. 98-0011
	P.A. 99-0001	P.A. 98-0642	P.A. 98-0017
<b>GRAND TOTAL - ALL FUNDS</b>	<u>\$ 17,966,754</u>	<u>\$ 16,798,753</u>	<u>\$ 16,102,625</u>
<b>State Officers' Salaries</b>			
<b>General Revenue Fund - 0001</b>			
Appropriations (net after transfers)	\$ 264	\$ 264	\$ 264
Expenditures:			
Director's salary (1)	150	142	142
Assistant Director's salary (1)	71	121	121
Total Expenditures	<u>221</u>	<u>263</u>	<u>263</u>
Lapsed Balances	<u>\$ 43</u>	<u>\$ 1</u>	<u>\$ 1</u>

(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**

Schedule 4

For the Fiscal Years Ended June 30, 2015 and 2014  
(Expressed in Thousands)

	2015	2014
<b><u>Medical Assistance Dental Reimbursement Revolving Fund</u></b>		
Beginning balance	\$ 14,798	\$ 14,467
Receipts (including cash on hand and in-transit)	201,898	237,431
Disbursements	(206,010)	(237,100)
Ending balance	\$ 10,686	\$ 14,798
<b><u>Public Assistance Emergency Revolving Fund</u></b>		
Beginning balance	\$ 298	\$ 304
Receipts (including cash on hand and in-transit)	586	668
Disbursements	(557)	(674)
Ending balance	\$ 327	\$ 298

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Fiscal Years Ended June 30, 2015 and 2014  
(Expressed in Thousands)

Schedule 5

	Fiscal Year	
	2015	2014
Beginning Balance, July 1	\$ 16,108	\$ 18,104
Additions	177	542
Deletions	(74)	(247)
Net Transfers	<u>(1,840)</u>	<u>(2,291)</u>
Ending Balance, June 30	<u>\$ 14,371</u>	<u>\$ 16,108</u>

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

The summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
**AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**  
For the Fiscal Years Ended June 30, 2015, 2014, and 2013  
(Expressed in Thousands)

Schedule 6

	2015	2014	2013
<b>General Revenue Fund - 0001</b>			
Federal government	\$ 3,162,866	\$ 3,728,354	\$ 3,830,380
Federal reimbursable portion due from the Public Aid Recoveries Trust Fund	17,548	32,897	168,324
Investment income	1	1	2
Local Illinois governmental units	243,700	243,700	243,600
Recipient collections	23,598	16,970	15,777
Settlement proceeds	12,000	17,938	-
Fund transfers	214	541	489
Miscellaneous	-	-	1
Total cash receipts per Department	3,459,927	4,040,401	4,258,573
Less - in transit at end of year	(941)	(503)	(398)
Plus - in transit at beginning of year	503	398	391
Plus - PY Refunds/warrant voids on Comptroller's report	53	909	574
Total cash receipts per State Comptroller's Record	\$ 3,459,542	\$ 4,041,205	\$ 4,259,140
<b>Home Services Medicaid Trust Fund - 0120</b>			
Federal government	\$ 245,743	\$ 216,190	\$ 229,149
Total cash receipts per Department	245,743	216,190	229,149
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 245,743	\$ 216,190	\$ 229,149
<b>University of Illinois Hospital Services Fund - 0136</b>			
Federal government	\$ 140,541	\$ 148,772	\$ 133,000
Other Illinois State agencies	64,093	73,904	76,035
Total cash receipts per Department	204,634	222,676	209,035
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 204,634	\$ 222,676	\$ 209,035
<b>Community Developmental Disability Services Medicaid Trust Fund - 0142</b>			
Federal government	\$ 38,604	\$ 56,555	\$ 54,862
Total cash receipts per Department	38,604	56,555	54,862
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 38,604	\$ 56,555	\$ 54,862
<b>DHS Technology Initiative Fund - 0211</b>			
Federal government	\$ 492	\$ 808	\$ -
Total cash receipts per Department	492	808	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 492	\$ 808	\$ -

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**

Schedule 6

**AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2015, 2014, and 2013

(Expressed in Thousands)

	2015	2014	2013
<b>DCFS Children's Services Fund - 0220</b>			
Federal government	\$ 14,090	\$ 9,881	\$ 9,873
Total cash receipts per Department	14,090	9,881	9,873
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 14,090	\$ 9,881	\$ 9,873
<b>Illinois Veterans Assistance Fund - 0236</b>			
Insurance premiums	\$ 58	\$ 79	\$ 80
Total cash receipts per Department	58	79	80
Less - in transit at end of year	(2)	(3)	(2)
Plus - in transit at beginning of year	3	2	2
Total cash receipts per State Comptroller's Record	\$ 59	\$ 78	\$ 80
<b>Long Term Care Monitor/Receiver Fund - 0285</b>			
Federal government	\$ 14,795	\$ -	\$ -
Total cash receipts per Department	14,795	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 14,795	\$ -	\$ -
<b>County Provider Trust Fund - 0329</b>			
Federal government	\$ 1,470,942	\$ 1,137,605	\$ 693,474
Provider participation fees	692,886	862,538	696,118
Total cash receipts per Department	2,163,828	2,000,143	1,389,592
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	-	2
Total cash receipts per State Comptroller's Record	\$ 2,163,828	\$ 2,000,143	\$ 1,389,594
<b>Provider Inquiry Trust Fund - 0341</b>			
User fees/private organizations or individuals	\$ 1,278	\$ 1,590	\$ 1,407
Total cash receipts per Department	1,278	1,590	1,407
Less - in transit at end of year	(5)	(201)	(22)
Plus - in transit at beginning of year	201	22	1
Total cash receipts per State Comptroller's Record	\$ 1,474	\$ 1,411	\$ 1,386



STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**

Schedule 6

**AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2015, 2014, and 2013

(Expressed in Thousands)

	2015	2014	2013
<b>Care Provider For Persons with Developmental Disabilities Fund - 0344</b>			
Federal government	\$ 10,239	\$ 15,530	\$ 16,812
Provider taxes	17,782	19,208	20,128
Total cash receipts per Department	<u>28,021</u>	<u>34,738</u>	<u>36,940</u>
Less - in transit at end of year	(1,135)	(753)	(13)
Plus - in transit at beginning of year	753	13	-
Total cash receipts per State Comptroller's Record	<u>\$ 27,639</u>	<u>\$ 33,998</u>	<u>\$ 36,927</u>
<b>Long-Term Care Provider Fund - 0345</b>			
Federal government	\$ 217,618	\$ 254,452	\$ 317,263
Provider taxes	184,639	181,552	207,349
Federal monies via other State agencies	127	121	114
Total cash receipts per Department	<u>402,384</u>	<u>436,125</u>	<u>524,726</u>
Less - in transit at end of year	(4,079)	(4,148)	(3,890)
Plus - in transit at beginning of year	4,148	3,890	5,248
Less - payments to Protest Fund	-	(75)	-
Total cash receipts per State Comptroller's Record	<u>\$ 402,453</u>	<u>\$ 435,792</u>	<u>\$ 526,084</u>
<b>Hospital Provider Fund - 0346</b>			
Federal government	\$ 1,498,241	\$ 1,274,163	\$ 744,959
Provider taxes	1,209,005	1,485,904	892,466
Total cash receipts per Department	<u>2,707,246</u>	<u>2,760,067</u>	<u>1,637,425</u>
Less - in transit at end of year	(3,250)	(33)	(459)
Plus - in transit at beginning of year	33	459	934
Plus - PY Refunds/warrant voids on Comptroller's report	-	776	-
Total cash receipts per State Comptroller's Record	<u>\$ 2,704,029</u>	<u>\$ 2,761,269</u>	<u>\$ 1,637,900</u>
<b>Special Education Medicaid Matching Fund - 0355</b>			
Federal government	\$ 169,286	\$ 151,050	\$ 141,674
Total cash receipts per Department	<u>169,286</u>	<u>151,050</u>	<u>141,674</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 169,286</u>	<u>\$ 151,050</u>	<u>\$ 141,674</u>
<b>HHS Medicaid Trust Fund - 0365</b>			
Federal government	\$ 8,318	\$ 14,613	\$ 11,350
Total cash receipts per Department	<u>8,318</u>	<u>14,613</u>	<u>11,350</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 8,318</u>	<u>\$ 14,613</u>	<u>\$ 11,350</u>

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Schedule 6

**COMPARATIVE SCHEDULE OF CASH RECEIPTS  
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2015, 2014, and 2013

(Expressed in Thousands)

	2015	2014	2013
<b>Trauma Center Fund - 0397</b>			
Federal government	\$ 5,158	\$ 5,143	\$ 5,015
Total cash receipts per Department	5,158	5,143	5,015
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 5,158</u>	<u>\$ 5,143</u>	<u>\$ 5,015</u>
<b>Protest Fund - 0401</b>			
Health care provider tax	\$ 168	\$ 75	\$ -
Total cash receipts per Department	168	75	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 168</u>	<u>\$ 75</u>	<u>\$ -</u>
<b>Public Aid Recoveries Trust Fund - 0421</b>			
Federal government	\$ 121,066	\$ 81,173	\$ 58,105
Recipient collections	27,544	34,280	32,416
Fund transfers	5,046	5,108	478
Private organizations or individuals	681,033	574,121	812,617
Total cash receipts per Department	834,689	694,682	903,616
Less - in transit at end of year	(41,949)	(37,124)	(46,290)
Plus - in transit at beginning of year	37,124	46,290	13,771
Plus - PY Refunds/warrant voids on Comptroller's report	-	(27)	(10)
Total cash receipts per State Comptroller's Record	<u>\$ 829,864</u>	<u>\$ 703,821</u>	<u>\$ 871,087</u>
<b>Early Intervention Services Revolving Fund - 0502</b>			
Federal government	\$ 54,117	\$ 58,251	\$ 42,295
Total cash receipts per Department	54,117	58,251	42,295
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 54,117</u>	<u>\$ 58,251</u>	<u>\$ 42,295</u>
<b>Electronic Health Record Incentive Fund - 0503</b>			
Federal government	\$ 71,206	\$ 166,595	\$ 175,144
Total cash receipts per Department	71,206	166,595	175,144
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	46	997	-
Total cash receipts per State Comptroller's Record	<u>\$ 71,252</u>	<u>\$ 167,592</u>	<u>\$ 175,144</u>

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**

Schedule 6

**AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2015, 2014, and 2013

(Expressed in Thousands)

	2015	2014	2013
<b>Money Follows the Person Budget Transfer Fund - 0522</b>			
Federal government	\$ 4,520	\$ 1,807	\$ 1,322
Other Illinois State agencies	750	-	500
Total cash receipts per Department	5,270	1,807	1,822
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	22	2
Total cash receipts per State Comptroller's Record	\$ 5,270	\$ 1,829	\$ 1,824
<b>Department of Corrections Reimbursement and Education Fund - 0523</b>			
Federal government	\$ 113	\$ 134	\$ 105
Total cash receipts per Department	113	134	105
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 113	\$ 134	\$ 105
<b>Supplemental Low-Income Energy Assistance Fund - 0550</b>			
Private organizations or individuals	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	-	12
Total cash receipts per State Comptroller's Record	\$ -	\$ -	\$ 12
<b>Juvenile Rehabilitation Services Medicaid Matching Fund - 0575</b>			
Federal government	\$ 130	\$ 77	\$ 190
Total cash receipts per Department	130	77	190
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ 130	\$ 77	\$ 190
<b>Community College Health Insurance Security Fund - 0577</b>			
Fund transfers	\$ -	\$ -	\$ 36,000
Total cash receipts per Department	-	-	36,000
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	\$ -	\$ -	\$ 36,000

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**

Schedule 6

**AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2015, 2014, and 2013

(Expressed in Thousands)

	2015	2014	2013
<b>Healthy Smiles Fund - 0654</b>			
Federal government	\$ 142	\$ 225	\$ 362
Total cash receipts per Department	142	225	362
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 142</u>	<u>\$ 225</u>	<u>\$ 362</u>
<b>Community Mental Health Medicaid Trust Fund - 0718</b>			
Federal government	\$ 86,689	\$ 81,741	\$ 106,122
Total cash receipts per Department	86,689	81,741	106,122
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 86,689</u>	<u>\$ 81,741</u>	<u>\$ 106,122</u>
<b>Medical Interagency Program Fund - 0720</b>			
Federal government	\$ 23,987	\$ 24,945	\$ 22,181
Other Illinois State agencies	20,364	18,733	16,467
Reimbursements	1,488	34,434	35,734
Total cash receipts per Department	45,839	78,112	74,382
Less - in transit at end of year	(22,111)	(20,164)	(13,248)
Plus - in transit at beginning of year	20,164	13,248	-
Plus - PY Refunds/warrant voids on Comptroller's report	1	-	16
Total cash receipts per State Comptroller's Record	<u>\$ 43,893</u>	<u>\$ 71,196</u>	<u>\$ 61,150</u>
<b>Drug Rebate Fund - 0728</b>			
Federal government	\$ -	\$ -	\$ 147,895
Federal reimbursable portion due from the Public			
Assistance Recoveries Trust Fund	317,814	238,214	244,707
Total cash receipts per Department	317,814	238,214	392,602
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	1,354	732
Total cash receipts per State Comptroller's Record	<u>\$ 317,814</u>	<u>\$ 239,568</u>	<u>\$ 393,334</u>
<b>Tobacco Settlement Recovery Fund - 0733</b>			
Federal government	\$ 104,622	\$ 43,454	\$ 94,027
Total cash receipts per Department	104,622	43,454	94,027
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ 104,622</u>	<u>\$ 43,454</u>	<u>\$ 94,027</u>

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS  
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**  
For the Fiscal Years Ended June 30, 2015, 2014, and 2013  
(Expressed in Thousands)

Schedule 6

	2015	2014	2013
<b>Energy Administration Fund - 0737</b>			
Recipient collections	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	-	53
Total cash receipts per State Comptroller's Record	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>
<b>Medicaid Buy-In Program Revolving Fund - 0740</b>			
Recipient collections	\$ 677	\$ 669	\$ 672
Total cash receipts per Department	677	669	672
Less - in transit at end of year	(28)	(31)	(24)
Plus - in transit at beginning of year	31	24	11
Total cash receipts per State Comptroller's Record	<u>\$ 680</u>	<u>\$ 662</u>	<u>\$ 659</u>
<b>FY12 Hospital Relief Fund - 0748</b>			
Federal government	\$ -	\$ -	\$ 139,610
Total cash receipts per Department	-	-	139,610
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's Record	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,610</u>
<b>Child Support Administrative Fund - 0757</b>			
Federal government	\$ 101,547	\$ 114,682	\$ 112,167
Fund transfers	26,400	29,939	29,939
Repayment to State pursuant to law	32	23	31
Total cash receipts per Department	127,979	144,644	142,137
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - due from General Revenue Fund	925	6	-
Plus - PY Refunds/warrant voids on Comptroller's report	2	4	-
Total cash receipts per State Comptroller's Record	<u>\$ 128,906</u>	<u>\$ 144,654</u>	<u>\$ 142,137</u>
<b>Healthcare Provider Relief Fund - 0793</b>			
Federal government	\$ 3,063,050	\$ 1,511,495	\$ 1,187,353
Other Illinois State agencies	25,253	-	-
Fund transfers	679,121	64,233	281,000
Total cash receipts per Department	3,767,424	1,575,728	1,468,353
Less - in transit at end of year	(164)	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	255	21,600	27
Total cash receipts per State Comptroller's Record	<u>\$ 3,767,515</u>	<u>\$ 1,597,328</u>	<u>\$ 1,468,380</u>

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
**AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**  
For the Fiscal Years Ended June 30, 2015, 2014, and 2013  
(Expressed in Thousands)

Schedule 6

	2015	2014	2013
<b>Medical Special Purposes Trust Fund - 0808</b>			
Federal government	\$ 38,314	\$ 25,224	\$ 13,810
Federal stimulus package	-	8,615	3,281
Enhanced Federal Finance Part - ARRA	1,464	1,968	949
Contracts and grants - private organizations	50	125	951
Other Illinois State agencies	7,450	16,815	19,941
Behavioral Health Care Integration	-	-	600
Fund transfers	500	500	500
Total cash receipts per Department	47,778	53,247	40,032
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	431
Plus - PY Refunds/warrant voids on Comptroller's report	3	-	100
Total cash receipts per State Comptroller's Record	\$ 47,781	\$ 53,247	\$ 40,563
<b>Low Income Home Energy Assistance Block Grant - 0870</b>			
Fund transfers	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	1	36
Total cash receipts per State Comptroller's Record	\$ -	\$ 1	\$ 36
<b>Health Insurance Reserve Fund - 0907</b>			
Fund transfers	\$ -	\$ -	\$ -
Total cash receipts per Department	-	-	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - PY Refunds/warrant voids on Comptroller's report	-	-	175
Total cash receipts per State Comptroller's Record	\$ -	\$ -	\$ 175
<b>Child Support Enforcement Trust Fund - 0957</b>			
Child support collections	\$ 182,267	\$ 193,424	\$ 202,174
Repayment to State pursuant to law	6,961	6,931	6,665
Total cash receipts per Department	189,228	200,355	208,839
Less - in transit at end of year	(739)	(645)	(2,300)
Plus - in transit at beginning of year	645	2,300	1,554
Plus - PY Refunds/warrant voids on Comptroller's report	1,030	782	140
Total cash receipts per State Comptroller's Record	\$ 190,164	\$ 202,792	\$ 208,233
<b>GRAND TOTAL - ALL FUNDS</b>			
	\$ 15,117,747	\$ 13,288,069	\$ 12,336,011
Less - in transit at end of year	(74,403)	(63,605)	(66,646)
Plus - in transit at beginning of year	63,605	66,646	22,343
Plus - due from General Revenue Fund	925	6	-
Plus - PY Refunds/warrant voids on Comptroller's report	1,390	26,418	1,859
Less - payments to Protest Fund	-	(75)	-
Total cash receipts per State Comptroller's Records - All Funds	\$ 15,109,264	\$ 13,317,459	\$ 12,293,567

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Fiscal Years Ended June 30, 2015, 2014 and 2013

Schedule 7

The following is a summary of explanations for significant fluctuations in expenditures incurred by the Department for fiscal year ended June 30, 2013 as compared to the fiscal year ended June 30, 2014 and for fiscal year ended June 30, 2014 as compared to fiscal year ended June 30, 2015. Explanations were prepared by Department management and are presented for additional analysis purposes only. Included are explanations for variances to the General Funds (Major Fund) greater than \$1 million and 20%, and explanations for variances to Non-Major Governmental Funds 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, 2013, 2014 and 2015 are presented in the "Comparative Schedule of Net Appropriations, Expenditures, and Lapse Balances" of this report.

**BETWEEN FISCAL YEARS 2013 AND 2014**

**General Revenue Fund – 0001**

Personal Services, Employee Retirement Contribution Paid by Employer, Social Security, Contractual Services, Travel, Commodities, Printing, Equipment, Telecommunications Services, Operation of Auto Equipment, Medical Management Services, Information Systems (Medical Eligibility) and Med Level – Medical Data Warehouse

In fiscal year 2013 the Department received individual appropriations designated for specific purposes while in fiscal year 2014 the General Assembly changed the appropriation process for operating expenses paid from the General Revenue Fund (GRF) so the Department received a lump sum appropriation for operational expenses.

Deposit into Child Support Administrative Fund, FY13 Deposit into Healthcare Provider Relief Fund and Group Insurance

The decrease in fiscal year 2014 expenditures was the result of this appropriation not being received in fiscal year 2014.

Deposit into Healthcare Provider Relief Fund

The increase in fiscal year 2014 expenditures was a result of a supplemental appropriation which was received in fiscal year 2014.

**County Provider Trust Fund – 0329**

Administrative Expenses

The increase in fiscal year 2014 expenditures was the result of this being the first full year for the administrative expenses for the County Care 1115 Waiver.

Hospital Provider

The increase in fiscal year 2014 expenditures was the result of this being the first full year for services for the County Care 1115 Waiver.

### **Provider Inquiry Trust Fund – 0341**

#### Provider Inquiry Services

The increase in fiscal year 2014 expenditures was the result of an increase in statistical services charges.

### **Hospital Provider Fund – 0346**

#### Hospitals

The increase in fiscal year 2014 expenditures was the result of new hospital assessment payments being authorized in fiscal year 2014 by the Illinois Public Aid Code.

### **Public Aid Recoveries Trust Fund – 0421**

#### Contractual Services

The increase in fiscal year 2014 expenditures was the result of an increase in services for the Medicaid programs.

#### Technical Infrastructure/Medical Data Warehouse

The increase in fiscal year 2014 expenditures was the result of an increase in consulting services for the Medicaid Management Information System upgrade project with a partial offset due to a decrease in consulting services for the maintenance and support of the Electronic Data Warehouse.

### **Electronic Health Record Incentive Fund – 0503**

#### Certified Electronic Health Record Technology

The decrease in fiscal year 2014 expenditures was the result of a backlog of attestations at the end of fiscal year 2012 which were processed in fiscal year 2013. Fiscal year 2014 spending returned to normal levels.

### **Drug Rebate Fund – 0728**

#### Prescribed Drugs

The decrease in fiscal year 2014 expenditures was the result of revenues being lower in fiscal year 2014 so less funds were available to spend.

### **FY12 Hospital Relief Fund – 0748**

#### Medical Assistance

The decrease in fiscal year 2014 expenditures was the result of this appropriation not being received in fiscal year 2014.



## **Healthcare Provider Relief Fund – 0793**

### **Medical Assistance Providers**

The decrease in fiscal year 2014 expenditures was due to increased medical assistance expenditures in fiscal year 2013 to alleviate the backlog of bills resulting from fiscal year 2012 budget cuts. Medical assistance spending from this fund returned to a more normal level in fiscal year 2014.

### **Operational Lump Sum**

The increase in fiscal year 2014 expenditures was the result of a new appropriation in fiscal year 2014.

## **Medical Special Purposes Trust Fund – 0808**

### **Medical Demonstration Projects**

The decrease in fiscal year 2014 expenditures was due to less expenditures to organizations for projects and less contractual services to assist in setting various Medicaid rates.

### **Health Info Tech Initiative ARRA**

The increase in fiscal year 2014 expenditures was the result of additional professional technological consulting services.

## **NON-APPROPRIATED FUNDS**

### **Public Aid Recoveries Trust Fund – 0421**

#### **Federal Share Due To General Revenue Fund**

The decrease in fiscal year 2014 expenditures was the result of an increase in administrative expenditures resulting in a decrease in the amount the State is allowed to transfer.

### **Child Support Enforcement Trust Fund – 0957**

#### **Interest Paid to Clients, DCFS, Others**

The decrease in fiscal year 2014 expenditures was due to less interest collected resulting in less interest being paid out.

## **BETWEEN FISCAL YEARS 2014 AND 2015**

### **General Revenue Fund – 0001**

#### **Personal Services, Employee Retirement Contribution Paid by Employer, Social Security, Contractual Services, Travel, Operation of Auto Equipment**

In fiscal year 2014 the Department received a lump sum appropriation for operational expenses while in fiscal year 2015 the General Assembly changed the appropriation process for operating expenses paid from the General Revenue Fund (GRF) so the Department received individual appropriations designated for specific purposes. The decrease in fiscal year 2015 operational expenditures was the result of the lump sum expenditures in fiscal year 2014 including transfers to other funds. The expenditures in fiscal year 2015 do not include any transfers.

### Deposit into Child Support Administrative Fund

The increase in fiscal year 2015 expenditures was the result of a new appropriation in fiscal year 2015.

### Deposit into Healthcare Provider Relief Fund

The decrease in fiscal year 2015 expenditures was the result of the supplemental appropriation which was received in fiscal year 2014 not being received in fiscal year 2015.

## **University of Illinois Hospital Services Fund – 0136**

### U of I Hospital Services

The decrease in fiscal year 2015 expenditures was the result of less Medicaid services provided by the Hospital.

## **County Provider Trust Fund – 0329**

### Administrative Expenses

The decrease in fiscal year 2015 expenditures was the result of lower personal services costs.

## **Provider Inquiry Trust Fund – 0341**

### Provider Inquiry Services

The decrease in fiscal year 2015 expenditures was the result of a decrease in statistical services charges.

## **Hospital Provider Fund – 0346**

### Managed Care Entities

The increase in fiscal year 2015 expenditures was the result of a new appropriation in fiscal year 2015.

### Hospitals

The decrease in fiscal year 2015 expenditures was the result of changes in the Medicaid program reducing direct payment to hospitals.

### HMOs, Managed Care Entities, and Coordinated Care Entities

The increase in fiscal year 2015 expenditures was the result of this appropriation not being received in fiscal year 2014.

## **Public Aid Recoveries Trust Fund – 0421**

### Contractual Services

The decrease in fiscal year 2015 expenditures was the result of a reduction in the level of contractual services obtained for verifying eligibility of individuals for medical assistance.

### Technical Infrastructure/Medical Data Warehouse

The increase in fiscal year 2015 expenditures is a result of additional consulting services for the Medicaid Management Information System upgrade project.

### **Electronic Health Record Incentive Fund – 0503**

#### Certified Electronic Health Record Technology

The decrease in fiscal year 2015 expenditures was due to less medical professionals/hospitals eligible for electronic health records incentive payments.

### **Drug Rebate Fund – 0728**

#### Prescribed Drugs

The increase in fiscal year 2015 expenditures was the result of an increase in Medicaid Part D Clawback expenditures and pharmacy expenditures.

### **Child Support Administrative Fund – 0757**

#### Telecommunications Services

The decrease in fiscal year 2015 expenditures was the result of changing to a telephone system utilizing voice over internet protocol.

### **Healthcare Provider Relief Fund – 0793**

#### Medical Assistance Providers

The increase in fiscal year 2015 expenditures was the result of increased medical claims.

#### Operational Lump Sum

The decrease in fiscal year 2015 expenditures was the result of the responsibility for the Colbert Consent Decree being moved to the Department of Aging and a one time cost in the prior year for the installation of a new telephone system.

### **Medical Special Purposes Trust Fund – 0808**

#### Eligibility Verify and Enroll System

The decrease in fiscal year 2015 expenditures was the result of higher costs incurred in the prior year for the Integrated Eligibility System implementation and a one time cost for installation of the Application for Benefits Eligibility (ABE) Call Center.

#### Health Info Tech Initiative ARRA

The decrease in fiscal year 2015 expenditures was the result of this appropriation not being received in fiscal year 2015.

## **NON-APPROPRIATED FUNDS**

### **Public Aid Recoveries Trust Fund – 0421**

#### **Payment to Local Government for Service to Recipients**

The decrease in fiscal year 2015 expenditures was the result of local governmental units reducing spending for services to recipients that are reimbursed by the state through a federal reimbursement program.

#### **Federal Share Due To General Revenue Fund**

The increase in fiscal year 2015 expenditures was the result of the timing of the transfers from the Public Aid Recoveries Trust Fund to the other funds.

#### **Refund of Non-TPL Recoveries**

The increase in fiscal year 2015 expenditures was due to an overpayment of Cook County's share of the County Care resulting in a refund.

### **Child Support Enforcement Trust Fund – 0957**

#### **Interest Paid to Clients, DCFS, Others**

The increase in fiscal year 2015 expenditures was due to an increase in interest collected resulting in an increase in interest paid.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Fiscal Years Ended June 30, 2015, 2014 and 2013

Schedule 8

The following is a summary of explanations for significant fluctuations in receipts received by the Department for the fiscal year ended June 30, 2014 as compared to the fiscal year ended June 30, 2013 and for the fiscal year ended June 30, 2015 as compared to the fiscal year ended June 30, 2014. Included are explanations for variances to the General Funds (Major Fund) greater than \$18 million and 20% and explanations to the Non-Major Governmental Funds and Fiduciary Funds greater than \$700 thousand and 20%. Dollar amounts are in thousands unless otherwise stated. The Department's receipts are presented in the "Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller."

**BETWEEN FISCAL YEARS 2014 AND 2013**

**GENERAL FUNDS**

**General Revenue Fund – 0001**

Federal Reimbursable Portion Due from the Public Aid Recoveries Trust Fund

The decrease in fiscal year 2014 receipts was the result of increased spending in the Public Aid Recoveries Trust Fund. This increased spending left less State monies from recoveries to transfer to the General Revenue Fund.

**County Provider Trust Fund – 0329**

Federal Government

The increase in fiscal year 2014 receipts was due to an increase in the federal match rate during fiscal year 2014 for the Cook County waiver program from 50% to 100% due to the Affordable Care Act (ACA) resulting in increased federal financial participation receipts.

Provider Participation Fees

The increase in fiscal year 2014 receipts was the result of an increase in medical programs due to the implementation of the ACA which increased the intergovernmental transfers from Cook County.

**Hospital Provider Fund – 0346**

Federal Government

The increase in fiscal year 2014 receipts was the result of an increase in the assessment imposed on hospital providers for inpatient services pursuant to the Illinois Public Aid Code.

Provider Taxes

The increase in fiscal year 2014 receipts was the result of an increase in the assessment imposed on hospital providers for inpatient services pursuant to the Illinois Public Aid Code.

## **Public Aid Recoveries Trust Fund – 0421**

### **Federal Government**

The increase in fiscal year 2014 receipts was the result of increased federal financial participation payments to governments through the Other Governmental Program.

### **Private Organizations or Individuals**

The decrease in fiscal year 2014 receipts was due to managed care programs creating less drug rebate collections and less third party liability collections.

## **Drug Rebate Fund – 0728**

### **Federal Government**

The decrease in fiscal year 2014 receipts was the result of the federal share of drug rebate collections deposited into this fund ending in fiscal year 2013.

## **Healthcare Provider Relief Fund – 0793**

### **Federal Government**

The increase in fiscal year 2014 receipts was due to an increase in federal monies due from other funds for the ACA federal financial participation and an increase in ACA federal match not drawn in fiscal year 2013.

### **Fund Transfers**

The decrease in fiscal year 2014 receipts was the result of fewer transfers from the General Revenue Fund completed by the Illinois Office of the Comptroller.

## **NON-MAJOR FUNDS**

### **HHS Medicaid Trust Fund – 0365**

#### **Federal Government**

The increase in fiscal year 2014 receipts was the result of the timing of the draws of federal financial participation.

### **Early Intervention Services Revolving Fund – 0502**

#### **Federal Government**

The increase in fiscal year 2014 receipts was due to an increase in expenditures for Early Intervention by the Department of Human Services resulting in increased federal financial participation receipts.

### **Community College Health Insurance Security Fund – 0577**

#### **Fund Transfers**

The decrease in fiscal year 2014 receipts was the result of the fund being transferred to the Department of Central Management Services.

### **Community Mental Health Medicaid Trust Fund – 0718**

#### **Federal Government**

The decrease in fiscal year 2014 receipts was due to a decrease in expenditures by the Department of Human Services resulting in a decrease in federal financial participation receipts.

### **Tobacco Settlement Recovery Fund – 0733**

#### **Federal Government**

The decrease in fiscal year 2014 receipts was due to reduced spending resulting in reduced federal financial participation receipts.

### **FY12 Hospital Relief Fund – 0748**

#### **Federal Government**

The decrease in fiscal year 2014 receipts was the result of the fund ending in fiscal year 2013.

### **BETWEEN FISCAL YEARS 2015 AND 2014**

### **GENERAL FUNDS**

### **County Provider Trust Fund – 0329**

#### **Federal Government**

The increase in fiscal year 2015 receipts was due to an increase in the federal match rate during fiscal year 2014 for the Cook County waiver program from 50% to 100% due to the ACA resulting in increased federal financial participation receipts.

### **Public Aid Recoveries Trust Fund – 0421**

#### **Federal Government**

The increase in fiscal year 2015 receipts was due to an additional \$39 million drawn into the fund for the medical assistance program. In addition, the increase was also a result of the timing of the draws of federal financial participation.

### **Electronic Health Record Incentive Fund – 0503**

#### **Federal Government**

The decrease in fiscal year 2015 receipts was the result of increased efficiencies in the program which led to less reimbursable costs.

## **Medical Interagency Program Fund – 0720**

### **Reimbursements**

The decrease in fiscal year 2015 receipts was due to the Department not reimbursing the fund from the General Revenue Fund for the Children’s Mental Health Initiative as a result of the cost being covered by the Department’s share of federal financial participation money.

## **Drug Rebate Fund – 0728**

### **Federal Reimbursement Portion Due from the Public Aid Recoveries Trust Fund**

The increase in fiscal year 2015 receipts was due to an increase in drug rebate collections in the Public Aid Recoveries Trust Fund attributable to the federal financial participation portion.

## **Healthcare Provider Relief Fund – 0793**

### **Federal Government**

The increase in fiscal year 2015 receipts was due to an increase in spending resulting in an increase in federal financial participation and an increase in federal financial participation received from other funds.

### **Other Illinois State Agencies**

The increase in fiscal year 2015 receipts was due to reimbursement from the Department of Aging and the Department of Human Services for capitated coordinated care provided through contracts for clients for which the Department of Aging and Department of Human Services were financially responsible.

### **Fund Transfers**

The increase in fiscal year 2015 receipts was due to the transfer appropriation level and the timing of the transfers by the Illinois Office of the Comptroller.

## **NON-MAJOR FUNDS**

### **Community Developmental Disability Services Medicaid Trust Fund – 0142**

#### **Federal Government**

The decrease in fiscal year 2015 receipts was due to a decrease in expenditures for the Community Developmental Disability Services resulting in a decrease of federal financial participation receipts.

### **DCFS Children’s Services Fund – 0220**

#### **Federal Government**

The increase in fiscal year 2015 receipts was due to an increase in the expenditures by the Department of Children and Family Services resulting in an increase of federal financial participation receipts.



### **Long-Term Care Monitor/Receiver Fund – 0285**

#### **Federal Government**

The increase in fiscal year 2015 receipts was due to an increase in the expenditures by the Department of Public Health resulting in an increase of federal financial participation receipts.

### **HHS Medicaid Trust Fund – 0365**

#### **Federal Government**

The decrease in fiscal year 2015 receipts was the result of the timing of the draws of federal financial participation.

### **Money Follows the Person Budget Transfer Fund – 0522**

#### **Federal Government**

The increase in fiscal year 2015 receipts was due to increased grant activity.

#### **Other Illinois State Agencies**

The increase in fiscal year 2015 receipts was due to a deposit made via the voucher-warrant process from the long-term care appropriation in accordance with statutory authority.

### **Tobacco Settlement Recovery Fund – 0733**

#### **Federal Government**

The increase in fiscal year 2015 receipts was due to an increase in the expenditures resulting in an increase of federal financial participation receipts.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Fiscal Years Ended June 30, 2015 and 2014

Schedule 9

The following is a summary of explanations for significant lapse period expenditures incurred by the Department for fiscal years 2014 and 2015 and are presented for additional analysis purposes only. Included are lapse period expenditures for the General Funds (Major Fund) that are greater than \$1 million and 20% of the total fiscal year expenditures by fund and line item, as detailed below, and lapse period expenditures for Non-Major Governmental Funds and Fiduciary Funds that are greater than \$300 thousand and 20% of the total fiscal year expenditures by fund and line item, as detailed below. Dollar amounts are in thousands unless otherwise stated. The Department's overall lapse period spending for fiscal year 2014 and fiscal year 2015 is presented in the "Schedule of Appropriations, Expenditures, and Lapsed Balances" of this report.

**FISCAL YEAR 2014**

**General Revenue Fund – 0001**

Deposit into Healthcare Provider Relief

The significant lapse period spending was due to P.A. 98-0642 authorizing a supplemental appropriation. The public act was not signed until June 9, 2014.

**County Provider Trust Fund – 0329**

Administrative Expenses

The significant lapse period spending was due to administrative expenses incurred prior to June 30 being paid following the end of the quarter.

**Provider Inquiry Trust Fund – 0341**

The significant lapse period spending was due to the timing of the receipt of statistical services invoices for costs incurred through June 30 and the payment of those invoices.

**Special Education Medicaid Matching Fund – 0355**

The significant lapse period spending was due to these services being paid on a quarterly basis, and the expenses incurred through June 30 were paid in lapse.

**Trauma Center Fund – 0397**

The significant lapse period spending was due to these services being paid on a quarterly basis, and the expenses incurred through June 30 were paid in lapse.

**Public Aid Recoveries Trust Fund – 0421**

Technical Infrastructure/Medical Data Warehouse

The significant lapse period spending was due to the timing of the receipt of invoices for costs incurred through June 30 and the payment of those invoices.

**Money Follows the Person Budget Transfer Fund – 0522**

The significant lapse period spending was due to the timing of the receipt of invoices for costs incurred through June 30 and the payment of those invoices.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Fiscal Years Ended June 30, 2015 and 2014

Schedule 9

**Healthcare Provider Relief Fund – 0793**

Medical Assistance Providers

The significant lapse period spending was due to a majority of the expenditures for medical services being processed through the Medicaid Management Information System (MMIS) during the extended medical lapse period.

**Medical Special Purposes Trust Fund – 0808**

Eligible Verify and Enroll System

The significant lapse period spending was due to the timing of the receipt of invoices for travel and statistical services costs incurred through June 30 and the payment of those invoices.

**FISCAL YEAR 2015**

**Special Education Medicaid Matching Fund – 0355**

The significant lapse period spending was due to these services being paid on a quarterly basis, and the expenses incurred through June 30 were paid in lapse.

**Trauma Center Fund – 0397**

The significant lapse period spending was due to these services being paid on a quarterly basis, and the expenses incurred through June 30 were paid in lapse.

**Public Aid Recoveries Trust Fund – 0421**

Technical Infrastructure/Medical Data Warehouse

The significant lapse period spending was due to the timing of the receipt of invoices for costs incurred through June 30 and the payment of those invoices.

**Child Support Administrative Fund – 0757**

Contractual Services

The significant lapse period spending was due to the timing of the receipt of invoices for revolving funds and Cook County costs incurred through June 30 and the payment of those invoices.

Enhanced Collection Efforts & Paternity Adjudication Demo

The significant lapse period spending was due to the timing of the receipt of invoices for costs incurred through June 30 and the payment of those invoices.

State Disbursement Unit Costs

The significant lapse period spending was due to the timing of the receipt of invoices for services costs incurred through June 30 and the payment of those invoices.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Fiscal Years Ended June 30, 2015 and 2014

Schedule 9

**Healthcare Provider Relief Fund – 0793**

Operational Lump Sum

The significant lapse period spending was due to the timing of the receipt of invoices for consulting services and revolving fund services costs incurred through June 30 and the payment of those invoices.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
June 30, 2015, 2014, and 2013  
(Expressed in Thousands)

Schedule 10

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Accounts Receivable (Net)</b>			
General Funds	\$ 380,666	\$ 348,570	\$ 294,091
Special Revenue Funds	9,830	12,292	11,457
Fiduciary Funds	207,210	202,056	213,228
<b>Total Accounts Receivable (Net)</b>	<b>\$ 597,706</b>	<b>\$ 562,918</b>	<b>\$ 518,776</b>
<b>Accounts Receivable - All Funds</b>			
At Gross	\$ 5,873,026	\$ 5,783,962	\$ 5,478,187
Less: Allowance for Uncollectible Accounts	(5,275,320)	(5,221,044)	(4,959,411)
<b>Total Accounts Receivable (Net)</b>	<b>\$ 597,706</b>	<b>\$ 562,918</b>	<b>\$ 518,776</b>

**Aging of Gross Receivables**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Receivables Not Past Due</b>	\$ 363,131	\$ 288,347	\$ 203,538
<b>Past Due Receivables:</b>			
1 - 30 Days	608,476	631,470	608,870
31 - 90 Days	8,476	11,723	32,448
91 - 180 Days	29,573	21,458	23,192
181 Days - 1 Year	38,768	45,141	49,006
Over 1 Year	4,824,602	4,785,823	4,561,133
<b>Total</b>	<b>\$ 5,873,026</b>	<b>\$ 5,783,962</b>	<b>\$ 5,478,187</b>

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 (UNAUDITED)**  
For the Two Years Ended June 30, 2015

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 2015, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$75.909 million. For fiscal year 2014, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$76.575 million. For fiscal year 2013, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$77.533 million.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SCHEDULE OF ADJUDICATION PATTERN, PAYMENT PATTERNS AND CLAIMS PAID (UNAUDITED)**  
For the Years Ending June 30, 2015 and 2014

SFY 2014

HFS Payment Category	Claim Count	HFS Processing (PendDt - DCNDt)	Appr-Cash Management Lag (DCNDt - Adjudicated Dt)	HFS Adjud to IOC Claim Paid Dt (Adjudicated Dt - Claim Paid Dt)	Total Avg Days to Pay	Voucher Amt
Hospitals - Inpatient	451,917	7.1	10.8	26.6	44.5	\$2,119,495,523
Hospitals - Outpatient	6,870,060	4.4	11.6	32.5	48.5	\$645,980,031
Long Term Care	708,395	0.0	17.9	22.5	40.4	\$1,691,150,489
Non Institutional Providers	17,323,693	4.1	7.8	18.6	30.5	\$1,161,257,412
Physicians	31,540,877	5.0	4.8	7.7	17.5	\$841,000,600
Prescribed Drugs	17,010,685	1.6	21.6	41.7	64.9	\$934,243,444
<b>Total:</b>	<b>73,905,627</b>	<b>3.9</b>	<b>10.2</b>	<b>20.6</b>	<b>34.7</b>	<b>\$7,393,127,498</b>

SFY 2015

DHS Payment Category	Claim Count	HFS Processing (PendDt - DCNDt)	Appr-Cash Management Lag (DCNDt - Adjudicated Dt)	HFS Adjud to IOC Claim Paid Dt (Adjudicated Dt - Claim Paid Dt)	Total Avg Days to Pay	Voucher Amt
LTC Assessment Developmentally Disabled	15,220	0.0	37.7	3.0	40.7	\$30,759,683
LTC Developmentally Disabled	121,312	0.0	30.0	21.9	51.9	\$298,082,700
<b>Total:</b>	<b>136,532</b>	<b>0.0</b>	<b>30.8</b>	<b>19.8</b>	<b>50.6</b>	<b>\$328,842,383</b>

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SFY 2015

PaymentCategory	Claim Count	HFS Processing (PendDt - DCNDt)	Appr-Cash Management Lag (DCNDt - Adjudicated Dt)	HFS Adjud to IOC Claim Paid Dt (Adjudicated Dt - Claim Paid Dt)	Total Avg Days to Pay	Voucher Amt
Hospitals - Inpatient	387,505	7.4	13.3	29.7	50.4	\$1,745,816,363
Hospitals - Outpatient	6,161,549	11.6	12.3	31.6	55.5	\$680,731,935
Long Term Care	626,721	0.0	20.6	23.9	44.5	\$1,572,035,882
Non Institutional Providers	14,104,713	3.8	8.4	18.3	30.5	\$880,850,838
Physicians	25,155,042	5.3	4.5	7.0	16.8	\$741,628,538
Prescribed Drugs	14,273,622	1.6	23.8	21.7	47.1	\$800,666,368
<b>Total:</b>	<b>60,709,152</b>	<b>4.7</b>	<b>10.9</b>	<b>15.9</b>	<b>31.5</b>	<b>\$6,421,729,924</b>

SFY 2015

DHS Payment Category	Claim Count	HFS Processing (PendDt - DCNDt)	Appr-Cash Management Lag (DCNDt - Adjudicated Dt)	HFS Adjud to IOC Claim Paid Dt (Adjudicated Dt - Claim Paid Dt)	Total Avg Days to Pay	Voucher Amt
LTC Assessment Developmentally Disabled	11,267	0.0	30.6	3.1	33.7	\$34,145,742
LTC Developmentally Disabled	114,120	0.0	35.1	16.4	51.5	\$284,425,763
<b>Total:</b>	<b>125,387</b>	<b>0.0</b>	<b>34.7</b>	<b>15.2</b>	<b>49.9</b>	<b>\$318,571,506</b>

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

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

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**DEPARTMENT FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)**  
For the Two Years Ended June 30, 2015

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

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

**Division of Medical Programs**

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

The Division's main objectives are to:

- Provide quality health care coverage to low-income families, children and low-income senior citizens.
- Test and implement strategies to improve health outcomes for women and children, as well as provide dental services to those who qualify.
- Provide health care coverage to working residents of Illinois with disabilities.
- Provide health care coverage to limited-income veterans through the Veterans Care Program.
- Provide health care coverage to eligible Illinois residents with breast or cervical cancer.
- Provide limited medical assistance to residents requiring chronic renal dialysis.
- Provide assistance to eligible Illinois residents who may benefit from family planning services, or who financially qualify for the Hemophilia program.
- Offer community-based alternatives to individuals who would otherwise reside in institutional settings.
- Improve the health of clients and reduce health care costs through the expansion of mandatory managed care programs in five (5) regions of the State and transition most Medicaid clients to more fully integrated care coordination models (Managed Care Organizations, Managed Care Community Networks, Care Coordination Entities and Affordable Care Entities (ACEs)).

**Division of Child Support Services**

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

The Division's main objectives are to:

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



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

### **Office of Inspector General**

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

### **Planning**

The Office of Planning continues to support the overall strategic planning and outcome measurement functions for the agency, but since fiscal year 2011 has focused extensively on the implementation of the Affordable Care Act (the ACA, more broadly known as Health Reform) and related eligibility issues. The Office of Planning supports these initiatives by providing analytic and support services. According to Department personnel, these efforts have been instrumental in the ongoing replacement of the current eligibility system, the successful implementation of an electronic application for benefits that led to more than 350,000 being enrolled into the ACA expansion population, and the successful implementation of the Illinois Medicaid Redetermination Project that is getting the Medicaid program current on redeterminations. The Office of Planning also works very closely with the Research and Analytic group that maintains the Enterprise Data Warehouse.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)**  
For the Years Ended June 30, 2015, 2014 and 2013

Below is a summary of the average number of personnel employed by the Department, by fund, for the fiscal years ended June 30, 2015, 2014 and 2013.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Revenue Fund			
Program Administration	225	220	214
Office of Inspector General	56	61	62
Attorney General	13	16	17
Medical	457	455	456
Managed Care	11	13	14
KidCare – Look Alike	95	104	101
Prescribed Drugs	33	33	35
Medi Rev*	<u>5</u>	<u>6</u>	<u>7</u>
Total General Revenue Fund	<u>895</u>	<u>908</u>	<u>906</u>
Other Funds			
Care Provider for Persons with DD	1	1	1
Long-Term Care Provider	7	6	6
Medical Special Purpose Trust	8	8	10
Child Support Administration	880	883	905
Public Aid Recoveries Trust	<u>293</u>	<u>301</u>	<u>269</u>
Total Other Funds	<u>1,189</u>	<u>1,199</u>	<u>1,191</u>
Grand Total – All Funds	<u>2,084</u>	<u>2,107</u>	<u>2,097</u>

\*Medical electronic interchange recipient eligibility verification

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**FISCAL YEAR STATISTICS – MEDICAID ENROLLMENT (UNAUDITED)**  
For the Years Ended June 30, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Average Number of Enrollees (1)	3,227,361	2,921,964	2,776,566
Annual Expenditures (2)	\$12,211,256,772	\$10,737,066,286	\$11,577,812,500
Expenditure per Enrollee (3)	\$3,783.67	\$3,674.61	\$4,169.83

NOTES:

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

SOURCE: Division of Finance

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**EMERGENCY PURCHASES (UNAUDITED)**  
For the Years Ended June 30, 2015 and 2014

The Department reported the following emergency purchases to the Office of the Auditor General during fiscal years 2015 and 2014:

<u>Vendor / Description</u>	<u>Cost / Estimate</u>
<p>DentaQuest of Illinois</p> <p>The Department extended the current contract with DentaQuest of Illinois using two 6-month emergency extensions to prevent serious disruption of critical state services that affect health. Dental services are federally mandated for children (under age 21) under Early and Periodic Screening, Diagnosis and Treatment program (EPSDT). EPSDT also requires states to provide outreach and access to services, assuring appropriate utilization of preventative dental services and needed dental treatment services. Comprehensive dental services must be provided to children. This includes more federal oversight and scrutiny to assure adequate access for children to dental services in all areas (preventative, treatment, and restoration); expectations for increased appropriate utilization of dental services for children; and reporting requirements.</p>	\$ 12,958,971
<p>First Transit, Inc.</p> <p>The Department extended the current contract with First Transit, Inc. for a 3-month period, a 6-month period, and then a 3-month period to prevent disruption to critical non-emergency transportation services that affect access to medically necessary health services by Medicaid participants. Non-emergency transportation for participants, particularly children, is the Department's fulfillment of the federal requirement for ensuring access to medical care for participants who have no means of transportation to and from a source of covered medical care. The contract controls costs by ensuring appropriate non-emergency transportation is utilized and approved. The extensions were designed to allow the Department to continue to comply with federal mandates and State law while finalizing the competitive procurement for a new contract.</p>	8,169,152
<p>System Solutions, Inc.</p> <p>The Department awarded an emergency contract to System Solutions, Inc. to provide the EMC back-up and recovery solution for the Integrated Eligibility System (IES) to enable the progress of the IES without delays. The software was needed for the IES to keep on track to be ready by October 2013. Failure to meet the October 2013 deadline established by the federal Affordable Care Act could have caused disruption to State services affecting healthcare and could result in the loss of federal funds.</p>	697,705
<p>Public Knowledge</p> <p>The Department entered into an emergency contract with Public Knowledge to provide independent verification and validation of the IES. The original competitively procured contract with Public Knowledge was inadvertently allowed to expire on March 31, 2014. This emergency contract will utilize the same scope of work, method and rate of compensation as the lapsed contract.</p>	<u>198,075</u>
<p><b>TOTAL</b></p>	<u><b>\$ 22,023,903</b></u>

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)**  
For the Two Years Ended June 30, 2015

Child Support Services

**Narrative Description of the Program**

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

**Program Goal**

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

<b>Performance Measures</b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>
Total child support collections (in thousands, includes all Title IV-D, TANF & non-TANF)	\$1,413,664.5	\$ 1,415,525.0
Number of IV-D cases with new support orders established	41,782	38,718
Amount of total child support arrearages collected (in thousands, includes all Title IV-D, TANF & non-TANF)	\$266,909.9	\$261,526.5

**Evaluation of Performance/Activity Measures**

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

Medical Programs

**Narrative Description of the Program**

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

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)**  
For the Two Years Ended June 30, 2015

**Program Goal**

The program goal is to improve the health status of individuals enrolling in the Medical Assistance program, while simultaneously containing costs and maintaining program integrity.

<b>Performance Measures</b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>
Total number of people enrolled in Medical Programs.	3,005,953	3,223,367
Total number of people enrolled in the Affordable Care Act	457,000	642,000

**Evaluation of Performance/Activity Measures**

The average monthly count of enrolled individuals for which the Illinois Department of Healthcare and Family Services (Department) provided medical coverage was over 3.2 million, including pregnant women, infants, children, parents and caretaker relatives, adults with no minor children in the home, seniors, people with disabilities, persons with breast and cervical cancer, employed people with disabilities and other programs. Licensed practitioners, hospital and nursing facilities, and other medical and dental professionals enrolled with the Department provided these medical services.

**Medicaid Reform Law**

In order to fundamentally carry out the mission of the Department, the Department needs to reform the systems that deliver medical care to clients. The Medicaid reform law, P.A. 96-1501, adopted by the Illinois General Assembly in 2011, mandated that 50 percent of all Illinois Medicaid recipients be in coordinated care by January 1, 2015. The Department has completed the roll-out of mandatory care coordination programs for most Medicaid-only clients in five mandatory managed care counties, and for the dual eligible population in the two demonstration areas for the Medicare-Medicaid Alignment Initiative program. Through these programs, the Department has surpassed the 50 percent goal required by this law, with an enrollment of over 2 million clients in care coordination programs.

**Accountability**

Although providing access to quality health care is the overriding mission of the Department, it is also critical to perform this function in the most cost-effective and efficient manner. Two performance indicators have been selected to measure one aspect of this effectiveness: Cost avoidance is a strategy recognized by the Centers for Medicare and Medicaid Services and is devised to make Medicaid the payer of last resort. Cost avoided dollars are Medicaid savings, realized through the discovery of a private payer responsible for medical bills of medical assistance participants. The Department saved the taxpayers of Illinois over \$389 million in fiscal year 2011, over \$491 million in fiscal year 2012, over \$592 million in fiscal year 2013 and over \$520 million in fiscal year 2014.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)**  
For the Two Years Ended June 30, 2015

Inspector General

**Narrative Description of the Program**

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

**Program Goal**

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

<b>Performance Measures</b>	<b>FY 2014</b>	<b>FY2015</b>
Amount actually collected from providers for inappropriate actions (in Millions)	\$ 48.14	\$ 105.00
Amount prevented by catching specific recipients inappropriate claiming	\$ 21.91	\$ 15.26
Amount prevented by catching LTC ADI clients inappropriate claiming	\$ 24.39	\$ 83.80

**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, long-term care – asset discovery investigations, 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 long-term care – asset discovery investigations (LTC ADI) and recipient restrictions.

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**MEMORANDUM OF UNDERSTANDING (UNAUDITED)**  
For the Years Ended June 30, 2015 and 2014

**Memorandum of Understanding**

Illinois Department of Healthcare and Family Services (Department), and Health Management Associates (HMA), agree to delineate respective roles, responsibilities and financial obligations associated with the administration of the Illinois portion of the Children's Health Insurance Program Reauthorization Act (CHIPRA) Quality Grant Demonstration award and for facilitating mutual communication between the parties.

**Parties Involved Other Than the Department**

Health Management Associates, Inc.

**Dates Involved**

03/11/15-02/21/16

**Description of Memorandum Requirements**

The Department is to provide office space and day-to-day supervision and assign work to the Illinois Project Director for the Grant. The Department is to actively participate in Grant meetings and activities. The Department is to meet regularly by phone or in person with HMA staff performing Grant tasks. This Memorandum relates specifically to activities performed under and funded by the CHIPRA Quality Demonstration Grant awarded jointly to the states of Florida and Illinois in February 2010 and extended in February 2015. The grant will support activities in the two states to establish and evaluate a national quality system for children's health care and to improve access to and the quality of care provided to children through Illinois Medical Programs.



STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SCHEDULE OF INTEREST PAID (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2015, 2014, and 2013

	2015	2014	2013
<b><u>General Revenue Fund - 0001</u></b>			
Medical Assistance Interest Paid	\$ 1,298,587	\$ 4,483,077	\$ 129,385,618
Operational Interest Paid	520	117	2,006
Total Interest Paid	<u>1,299,107</u>	<u>4,483,194</u>	<u>129,387,624</u>
Total Expenditures of Fund	\$ 6,524,458,799	\$ 7,291,583,635	\$ 6,726,124,052
Interest % from Total Expenditures of Fund	0.01991%	0.06148%	1.92366%
<b><u>Long-Term Care Provider Fund - 0345</u></b>			
Medical Assistance Interest Paid	\$ -	\$ 3	\$ 869,862
Total Interest Paid	<u>-</u>	<u>3</u>	<u>869,862</u>
Total Expenditures of Fund	\$ 415,736,963	\$ 433,938,307	\$ 510,716,714
Interest % from Total Expenditures of Fund	0.00000%	0.00000%	0.17032%
<b><u>Public Aid Recoveries Trust Fund - 0421</u></b>			
Operational Interest Paid	\$ -	\$ 26	\$ -
Total Interest Paid	<u>-</u>	<u>26</u>	<u>-</u>
Total Expenditures of Fund	\$ 527,253,990	\$ 432,023,980	\$ 529,697,055
Interest % from Total Expenditures of Fund	0.00000%	0.00001%	0.00000%
<b><u>Medical Interagency Program Fund - 0720</u></b>			
Medical Assistance Interest Paid	\$ 114,981	\$ 1,705,508	\$ -
Total Interest Paid	<u>114,981</u>	<u>1,705,508</u>	<u>-</u>
Total Expenditures of Fund	\$ 59,426,696	\$ 69,358,994	\$ 59,920,904
Interest % from Total Expenditures of Fund	0.19348%	2.45896%	0.00000%
<b><u>Drug Rebate Fund - 0728</u></b>			
Medical Assistance Interest Paid	\$ 56,016	\$ 209	\$ 1,922,291
Total Interest Paid	<u>56,016</u>	<u>209</u>	<u>1,922,291</u>
Total Expenditures of Fund	\$ 699,999,988	\$ 524,179,875	\$ 796,534,038
Interest % from Total Expenditures of Fund	0.00800%	0.00004%	0.24133%
<b><u>Tobacco Settlement Recovery Fund - 0733</u></b>			
Medical Assistance Interest Paid	\$ -	\$ 189	\$ 1,113,673
Total Interest Paid	<u>-</u>	<u>189</u>	<u>1,113,673</u>
Total Expenditures of Fund	\$ 200,599,980	\$ 179,568,501	\$ 200,598,981
Interest % from Total Expenditures of Fund	0.00000%	0.00011%	0.55517%
<b><u>Child Support Administrative Fund - 0757</u></b>			
Operational Interest Paid	\$ -	\$ 176	\$ -
Total Interest Paid	<u>-</u>	<u>176</u>	<u>-</u>
Total Expenditures of Fund	\$ 171,060,063	\$ 169,874,542	\$ 175,613,711
Interest % from Total Expenditures of Fund	0.00000%	0.00010%	0.00000%
<b><u>Healthcare Provider Relief Fund - 0793</u></b>			
Medical Assistance Interest Paid	\$ 6,628,375	\$ 5,659,127	\$ 51,665,122
Total Interest Paid	<u>6,628,375</u>	<u>5,659,127</u>	<u>51,665,122</u>
Total Expenditures of Fund	\$ 4,022,849,836	\$ 2,326,329,249	\$ 3,019,161,313
Interest % from Total Expenditures of Fund	0.16477%	0.24326%	1.71124%

STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES  
**SCHEDULE OF INTEREST PAID (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2015, 2014, and 2013

	2015	2014	2013
<b><u>Medical Special Purposes Trust Fund - 0808</u></b>			
Operational Interest Paid	\$ 12,760	\$ -	\$ 139
Total Interest Paid	<u>12,760</u>	<u>-</u>	<u>139</u>
Total Expenditures of Fund	\$ 36,421,303	\$ 59,837,727	\$ 54,858,075
Interest % from Total Expenditures of Fund	0.03503%	0.00000%	0.00025%
<b><u>TOTAL INTEREST PAID IN ALL FUNDS</u></b>			
Medical Assistance Interest Paid	\$ 8,097,959	\$ 11,848,113	\$ 184,956,566
Operational Interest Paid	13,280	143	2,145
Total Interest Paid	<u>8,111,239</u>	<u>11,848,256</u>	<u>184,958,711</u>
Total Expenditures of Funds that Paid Interest	\$ 12,657,807,618	\$ 11,486,694,810	\$ 12,073,224,843
Interest % from Total Expenditures of Fund	0.06408%	0.10315%	1.53197%

Note: This schedule was prepared from the Object Expense/Expenditures By Quarter Reports (SA02) from the Office of the Illinois Comptroller's website.