

**INTERAGENCY AGREEMENT
BETWEEN THE
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
AND THE
ILLINOIS DEPARTMENT OF CENTRAL MANAGEMENT SERVICES**

THIS INTERGOVERNMENTAL AGREEMENT is made this 1st day of June, 2012, by and between the ILLINOIS DEPARTMENT OF CENTRAL MANAGEMENT SERVICES ("CMS"), Room 715, William G. Stratton Building, Springfield, Illinois, and the ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES ("HFS"), 201 South Grand Avenue East, Springfield, Illinois, pursuant to the "Intergovernmental Cooperation Act" (5 ILCS 220) and in accordance with Section 5-655 of the "Civil Administrative Code" (20 ILCS 5/5-655).

WHEREAS, CMS is the State agency charged with the administration of programs to provide health benefits and other employee benefits for persons in the service of the State of Illinois, annuitants, retirees, survivors and certain dependents pursuant to the State Employees Group Insurance Act of 1971 (5 ILCS 375/1 *et seq.*); and

WHEREAS, the CMS Director is authorized to purchase goods and services necessary for the proper development and administration of the group healthcare plans for State employees, non-State employees, and residents of State-operated facilities. 5 ILCS 375/13.1; and

WHEREAS, Illinois Executive Order 3 (2005) transferred State Healthcare Purchasing functions and personnel from CMS, and other State agencies, to HFS, effective July 1, 2005, and the transferred functions included rate development and negotiation with hospitals, physicians and managed care providers; health care procurement development; contract implementation and fiscal monitoring; contract amendments; and payment processing; and

WHEREAS, on March 1, 2012, Illinois Executive Order 12-01 was issued to rescind Executive Order 3 (2005); and

WHEREAS, Executive Order 12-01 (2012) requires that the respective powers, duties, rights and responsibilities related to State Healthcare Purchasing ("Programs"), which were transferred pursuant to Executive Order Number 3, shall be returned to the agencies from which they were transferred; and

WHEREAS, Executive Order 12-01 returns the healthcare purchasing functions to CMS in order to improve accessibility and accountability with respect to the functions, provide more efficient use of specialized expertise and facilities, and promote more sharing of best practices and state of the art technology; and

WHEREAS, while this Agreement addresses anticipated transfers of functions, personnel, and equipment to CMS, the parties recognize in this Agreement that additional procedures and processes may be needed at the time of formal transfer of functions of the Programs to CMS;

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

1. **Prior Agreement.** The Interagency Agreement entered into between the parties on June 30, 2005, is terminated, effective June 1, 2012, and this Agreement shall replace it.
2. **Scope of Agreement.** This Agreement relates to the transfer of the Programs from HFS to CMS, and unless specifically noted, applies only to issues relevant to the transfer of the Programs.
3. **Transition.** The parties shall work cooperatively to transition from HFS to CMS, the procurement of health care plans administered by the state of Illinois as identified in Executive Order 12-01 (2012), and the functions associated with the Programs, including, but not limited to, rate development and negotiation with hospitals, physicians, and managed care providers; health care procurement development; contract implementation and fiscal monitoring; contract amendments; payment processing; and purchasing aspects of the health care plans administered by the state on behalf of (i) state employees, including the quality care health plan, managed care health plan, vision plan, management plan, SHIPs and various subrogation arrangements, as well as purchasing and administration of flu shots, hepatitis B vaccinations and tuberculosis tests, and (ii) non-state employees, community colleges health insurance plan, the active teacher prescription program and the Illinois Prescription Drug Discount program. Pending the transition of these functions to CMS, HFS shall continue to perform tasks as necessary to administer the Programs.
4. **Effective Date of Transfer.** Subject to the provisions of this Agreement, and any subsequent amendments, HFS shall transfer to CMS all powers, duties, rights and responsibilities with respect to the administration of the Programs effective July 1, 2012.
5. **Transfer of staff.** HFS shall transfer to CMS 19 full-time staff positions. CMS and HFS shall agree in writing to the designation of employees to be transferred, and such transfer and designation shall be completed by July 1, 2012, or as agreeable to the parties. There will be no changes to the conditions of employment for the transferred employees without appropriate prior notification to the employee.
 - a. Notwithstanding the foregoing, due to the need for the immediate management of the fiscal and budgetary concerns of the Programs, the Senior Public Service Administrator (Position number 40070-33-05-200-00-61), and all duties assigned to said position, shall transfer to CMS effective June 1, 2012.
 - b. HFS and CMS shall work in cooperation to appropriately notify AFSCME and all employees affected by the transfer.
 - c. HFS shall provide complete personnel files for all individuals transferring to CMS at the time of the transfer, or as soon thereafter as is reasonable.
 - d. Except for the position described in Section 5(a) above, HFS personnel engaged in the administration of the Programs shall become CMS employees effective July 1, 2012, or as agreeable to the parties. All such employees shall be assigned to CMS effective July 1, 2012, or as agreeable to the parties, for purposes of supervision and assignment of work, unless specifically noted elsewhere in this Agreement. Said

personnel shall be moved to facilities under the control of CMS on July 1, 2012, or as soon as may be practical. Notwithstanding any other provisions in this Agreement, payroll functions for the transferred employees shall be transferred to CMS effective July 1, 2012.

- e. In the event that the Supplemental HMO procurement (HFS 2013-05-008) initiated by HFS with respect to the Programs remains outstanding on July 1, 2012, transferred employees shall remain at HFS facilities to assist with completion of such procurement, as necessary. The parties shall agree to identify any employees needed to assist in the completion of such procurement. HFS shall retain authority for purposes of supervision and assignment of work with respect to any duties of the employees remaining at HFS facilities, necessary for completion of such procurement.
6. **Inventory.** On or before June 7, 2012, or as soon thereafter as is reasonably possible, HFS shall provide CMS an itemized list (including value) of personal property purchased with Program funds and the parties shall agree on the final and complete inventory of property transferring to CMS in connection with this Agreement and Executive Order 12-01 (2012). The parties shall ensure that all property being transferred shall bear inventory tags and be clearly demarcated for any movers and that HFS inventory tags remain on the property until such property is transferred from HFS locations. The parties shall implement a coordinated inventory methodology to effectuate the identification and transfer of all relevant inventory.
 7. **Records Transfer.** Records, including electronic records, relating to the Programs shall transfer to CMS effective July 1, 2012, except that HFS shall retain financial records for as long as necessary for HFS to fulfill its responsibilities pursuant to this Agreement, any agreement between HFS and any federal agency and any claims filed with the Illinois Court of Claims. HFS shall transfer any necessary records to CMS as responsibilities are fulfilled and the records no longer need to be retained by HFS. In the event that this Agreement is terminated, HFS shall transfer any records relating to the Programs, which HFS has retained pursuant to this section.
 8. **Access to Data.** The parties shall work cooperatively to identify and resolve issues of data sharing. At a minimum, the parties shall identify certain data that will be shared mutually and the processes for access to that data. This data shall include, but not be limited to, all Access databases and mainframe datasets retained by HFS relative to the Programs, relevant data provided to HFS from consultants under contract with HFS, and appropriate access to the HFS Enterprise Data Warehouse. HFS will provide CMS with relevant Programs' fiscal information, processed through the programmatic Administrative Accounting System and the statewide Accounting Management System, in a data extract in a format agreed to by both parties. Subject to the authorization of the relevant computer security manager as set forth below, each party is authorized to execute online or batch access to data sets belonging to the other party to facilitate the transfer of the Programs described herein or to assist in the administration of those Programs. All data access requests shall be controlled, monitored and authorized by the respective computer security manager for the agency from which the data are requested. Data requests deemed appropriate by the computer security manager will be approved and implemented.

9. **Notice of Program Transfers.** CMS may timely disseminate notice of the transfer of the Programs to any and all parties that CMS determines should be made aware of the transfer of the Programs, including, but not limited to, contractors, beneficiaries and other stakeholders. As the agencies deem necessary, HFS shall provide CMS with all necessary and reasonable assistance in connection with the dissemination of notice pursuant to this paragraph.
10. **Required Documentation.** The parties shall cooperate in the completion of all necessary documentation to facilitate this transfer, including any documentation required by any state or federal agency.
11. **Investigations.** The HFS Office of Inspector General (OIG) shall retain jurisdiction and authority over any pending investigations involving Healthcare Purchasing contracts initiated by the HFS OIG prior to July 1, 2012. The parties shall work cooperatively and in compliance with all federal and state laws and regulations to ensure the orderly completion of these investigations. HFS shall notify CMS upon completion of any such investigation, and shall provide copies of all relevant documents at that time. Any information that is required by law or this Agreement to be disseminated between the parties shall be subject to the strictest confidentiality, pursuant to 305 ILCS 5/12-13.1(e), and not disclosed unless otherwise required by law. Effective July 1, 2012, CMS will be responsible for any investigations involving Healthcare Purchasing contracts.
12. **Audits.** The parties shall cooperate in the performance of all audits of the Programs including, but not limited to, financial and compliance audit, and internal audit for FY12 and FY13. Where appropriate or necessary, CMS will assist HFS in the development and/or the implementation of any corrective action plans responsive to any FY12 audit of the Programs. CMS shall be responsible for resolving all findings and the corrective action plans for any FY13 audits.
13. **Fiscal Functions.** The parties shall cooperate fully in the transfer and performance of all fiscal functions of the Programs.
 - a. With the exception of the functions listed in 5(a) above, fiscal responsibility for the Programs shall transfer to CMS on July 1, 2012, or as agreed by the parties. Transferred employees performing fiscal duties may, by agreement of the parties, remain at their current location as needed in order to process FY12 transactions and reports. Should any employees remain at HFS facilities in accordance with this subsection, HFS shall retain authority for purposes of supervision and assignment of work with respect to the processing of FY12 transactions and reports.
 - b. HFS will be responsible for the completion of all FY12 transactions, financial reporting, GAAP, and federal and state audits related to the Programs. CMS agrees to provide staff support and data as needed in the completion of these tasks.
 - c. CMS will be responsible for the completion of all FY13 transactions, financial reporting, GAAP, and federal and state audits related to the Programs. HFS

agrees to provide staff support and data as needed in the completion of these tasks.

- d. For transactions that cross fiscal years, the parties shall coordinate and agree to specific dates on which CMS shall assume responsibility.

- 14. **List of Program Documents.** HFS shall supply to CMS a list and copy of all Program contracts, interagency agreements, and grant agreements. Any and all pending modifications or procurements shall be processed by CMS.
- 15. **HIPAA.** The parties agree to abide by all security and privacy requirements of the Health Insurance Portability and Accountability Act of 1996 and subsequent amendments thereto.
- 16. **Amendments.** The parties may, by mutual consent, amend this Agreement. Amendments shall be in writing and signed by the parties.
- 17. **Notice.** All written notices, requests and communications, may be made by regular mail or facsimile. Either party may at any time give notice in writing to the other party of a change of name, address, or telephone number.

To CMS: Deputy Director, Bureau of Benefits
Illinois Department of Central Management Services
801 S. Seventh St., P.O. Box 19208
Springfield, IL 62794
Telephone: 217/785-8675
Telefacsimile: 217/557-8331

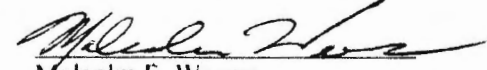
To HFS: Director
Illinois Department of Healthcare and Family Services
201 S. Grand East, 3rd Floor
Springfield, IL 62763
Telephone: 217/782-7755
Telefacsimile: 217/524-7979

- 18. **Additional Processes and Procedures.** If additional procedures and processes are needed to effectuate formal transfer of functions of the Programs to CMS, the parties agree to work cooperatively to finalize these procedures and processes as soon as practicable.
- 19. **Entirety of Agreement.** The Agreement, including any attachments or amendments, constitutes the entire agreement between the parties concerning this Agreement. Modifications and waivers must be in writing and signed by authorized representatives of the parties.
- 20. **Severability Clause.** If any provision of this Agreement is found to be invalid, such invalidity shall not affect the validity of the remaining portions of this Agreement.

21. **Prevailing Law.** This Agreement shall be governed in all respects by the laws of the State of Illinois.
22. **Effective Date.** This Agreement shall be effective upon execution by both parties, and shall remain in effect unless modified by the parties.
23. **Counterparts.** This Agreement may be signed by the parties in counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Interagency Agreement on the dates mentioned below.

DEPARTMENT OF CENTRAL
MANAGEMENT SERVICES


Malcolm E. Weems
Director

6/4/12
Date

DEPARTMENT OF HEALTHCARE
AND FAMILY SERVICES

Julie Hamos
Director

Date

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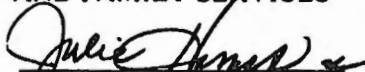
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DEPARTMENT OF CENTRAL
MANAGEMENT SERVICES

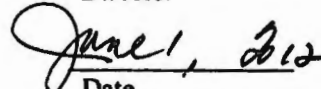
Malcolm E. Weems
Director

Date

DEPARTMENT OF HEALTHCARE
AND FAMILY SERVICES



Julie Hamos
Director



Date