



July 11, 2017

This memo provides an update on the Department of Healthcare and Family Services' (HFS) proposed changes to the Medicaid managed care program and IHA's recommended changes to the Model Contract between MCOs and the state.

Model Contract Recommendations

IHA recently submitted recommendations to HFS designed to strengthen the MCO Model Contract between the state and the MCOs. While the Model Contract does not eliminate the need for or ability of providers to negotiate contract terms with the MCOs, IHA believes that the contract lays the foundation for HFS to outline specific and consistent performance expectations of MCOs as well as provides mechanisms to allow HFS to conduct broader oversight and implement specific sanctions for lack of performance. While we support HFS contract revisions that enhance HFS sanctioning authority, we recommend additional sanctions tied to key operational performance metrics.

IHA's recommendations include the following operational and technical requirements, auditable performance standards, and financial penalties for noncompliance with contract requirements:

- Accountability of MCO Performance to include strengthening of contract terms with MCOs that can include financial penalties or sanctions, financial withholds that are tied to claims payment performance, resolution of denials and rejections within standard timeframes, enhancing provider rights and protections including a defined and consistent grievance and appeals process;
- Auditing of MCO Performance;
- Clearly defined care coordination requirements;
- Provider resources and supports, including online provider portals and trained provider services staff;
- Liaisons dedicated to timely resolution of provider issues, with a clear escalation process for unresolved concerns;
- Standardization of routinely accessed forms and common requirements (e.g., compliance training, data/roster collection, prior authorization forms, etc.);
- Defined timeframes for notifying providers of policy changes, responding to requests for contracts, and loading provider information;
- Adherence to HFS' payment methodologies and billing requirements for fee-for-service claims; and
- Use of standard electronic transactions, as well as Electronic Funds Transfer (EFT) capabilities.

See IHA's recent letter and detailed list of recommendations to HFS [here](#).

Improved Oversight Needed For MCOs Exiting Illinois

IHA has explained to HFS and the Illinois General Assembly that greater oversight is needed for those plans that will not be selected to participate in the managed care program to prevent non-selected MCOs from failing to resolve outstanding claims disputes or to prevent MCOs from defaulting on their financial obligations to providers. While the current contract between HFS and the participating MCOs makes general reference to the requirement of fulfilling obligations, IHA has expressed to HFS significant member concerns that non-selected MCOs will have little incentive to honor commitments and that HFS should assume a broader role in monitoring their exit from the market.

We appreciate the proposal by HFS that would include having a third party audit outstanding claims disputes for all plans for dates of service prior to the launch of the revised program in January 2018.

On June 28, 2017, HFS released an RFP for vendors to perform MCO Audits and Consulting Services, with a primary goal of ensuring that non-selected MCOs fulfill financial obligations through December 31, 2017. Interested vendors must submit their RFP response to HFS no later than August 21, 2017 and bids must be valid for at least 180 days.

Among the specifications in the RFP are the following deliverables for the period July 1, 2014 through December 31, 2017:

- Audits of MCO to assess overall liabilities, including for each provider type;
- Reconciliation of reported MCO liabilities with provider receivables;
- Calculation of any adjusted MCO liabilities; and
- Development of interim and final liability recommendation summary reports for the Department.

IHA will continue to monitor the RFP process and keep members apprised of HFS' actions to implement greater oversight and accountability of the Medicaid MCOs. We welcome HFS actions to provide greater oversight of the MCOs, especially for any that may not continue operations in 2018, and recommend that this audit function become a permanent component of the Medicaid program as such oversight is necessary to determine MCO payment accuracy.

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