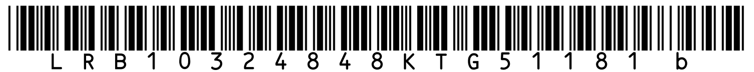
SB1965


LRB10324848KTG51181b

103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1965

Introduced 2/9/2023, by Sen. Ann Gillespie

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-30.8

Amends the Medical Assistance Article of the Illinois Public Aid Code. In provisions requiring the Department of Healthcare and Family Services to implement a capitation base rate setting process for payments to managed care organizations (MCOs), removes the following requirements: (i) that any quality incentive or other incentive withholding of any portion of the actuarially certified capitation rates must be budget-neutral; (ii) that the entirety of any aggregate withheld amounts must be returned to the MCOs in proportion to their performance on the relevant performance metric; and (iii) that no amounts shall be returned to the Department if all performance measures are not achieved to the extent allowable by federal law and regulations.

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A BILL FOR

1 AN ACT concerning public aid.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Public Aid Code is amended by
5 changing Section 5-30.8 as follows:

6 (305 ILCS 5/5-30.8)
7 Sec. 5-30.8. Managed care organization rate transparency.
8 (a) For the establishment of managed care organization
9 (MCO) capitation base rate payments from the State, including,
10 but not limited to: (i) hospital fee schedule reforms and
11 updates, (ii) rates related to a single State-mandated
12 preferred drug list, (iii) rate updates related to the State's
13 preferred drug list, (iv) inclusion of coverage for children
14 with special needs, (v) inclusion of coverage for children
15 within the child welfare system, (vi) annual MCO capitation
16 rates, and (vii) any retroactive provider fee schedule
17 adjustments or other changes required by legislation or other
18 actions, the Department of Healthcare and Family Services
19 shall implement a capitation base rate setting process
20 beginning on July 27, 2018 (the effective date of Public Act
21 100-646) which shall include all of the following elements of
22 transparency:
23 (1) The Department shall include participating MCOs

1 and a statewide trade association representing a majority
2 of participating MCOs in meetings to discuss the impact to
3 base capitation rates as a result of any new or updated
4 hospital fee schedules or other provider fee schedules.
5 Additionally, the Department shall share any data or
6 reports used to develop MCO capitation rates with
7 participating MCOs. This data shall be comprehensive
8 enough for MCO actuaries to recreate and verify the
9 accuracy of the capitation base rate build-up.
10 (2) The Department shall not limit the number of
11 experts that each MCO is allowed to bring to the draft
12 capitation base rate meeting or the final capitation base
13 rate review meeting. Draft and final capitation base rate
14 review meetings shall be held in at least 2 locations.
15 (3) The Department and its contracted actuary shall
16 meet with all participating MCOs simultaneously and
17 together along with consulting actuaries contracted with
18 statewide trade association representing a majority of
19 Medicaid health plans at the request of the plans.
20 Participating MCOs shall additionally, at their request,
21 be granted individual capitation rate development meetings
22 with the Department.
23 (4) (Blank). ~~Any quality incentive or other incentive~~
24 ~~withholding of any portion of the actuarially certified~~
25 ~~capitation rates must be budget-neutral. The entirety of~~
26 ~~any aggregate withheld amounts must be returned to the~~

~~MCOs in proportion to their performance on the relevant performance metric. No amounts shall be returned to the Department if all performance measures are not achieved to the extent allowable by federal law and regulations.~~

(5) Upon request, the Department shall provide written responses to questions regarding MCO capitation base rates, the capitation base development methodology, and MCO capitation rate data, and all other requests regarding capitation rates from MCOs. Upon request, the Department shall also provide to the MCOs materials used in incorporating provider fee schedules into base capitation rates.

(b) For the development of capitation base rates for new capitation rate years:

(1) The Department shall take into account emerging experience in the development of the annual MCO capitation base rates, including, but not limited to, current-year cost and utilization trends observed by MCOs in an actuarially sound manner and in accordance with federal law and regulations.

(2) No later than January 1 of each year, the Department shall release an agreed upon annual calendar that outlines dates for capitation rate setting meetings for that year. The calendar shall include at least the following meetings and deadlines:

(A) An initial meeting for the Department to

review MCO data and draft rate assumptions to be used in the development of capitation base rates for the following year.

(B) A draft rate meeting after the Department provides the MCOs with the draft capitation base rates to discuss, review, and seek feedback regarding the draft capitation base rates.

(3) Prior to the submission of final capitation rates to the federal Centers for Medicare and Medicaid Services, the Department shall provide the MCOs with a final actuarial report including the final capitation base rates for the following year and subsequently conduct a final capitation base review meeting. Final capitation rates shall be marked final.

(c) For the development of capitation base rates reflecting policy changes:

(1) Unless contrary to federal law and regulation, the Department must provide notice to MCOs of any significant operational policy change no later than 60 days prior to the effective date of an operational policy change in order to give MCOs time to prepare for and implement the operational policy change and to ensure that the quality and delivery of enrollee health care is not disrupted. "Operational policy change" means a change to operational requirements such as reporting formats, encounter submission definitional changes, or required provider

1 interfaces made at the sole discretion of the Department
2 and not required by legislation with a retroactive
3 effective date. Nothing in this Section shall be construed
4 as a requirement to delay or prohibit implementation of
5 policy changes that impact enrollee benefits as determined
6 in the sole discretion of the Department.
7 (2) No later than 60 days after the effective date of
8 the policy change or program implementation, the
9 Department shall meet with the MCOs regarding the initial
10 data collection needed to establish capitation base rates
11 for the policy change. Additionally, the Department shall
12 share with the participating MCOs what other data is
13 needed to estimate the change and the processes for
14 collection of that data that shall be utilized to develop
15 capitation base rates.
16 (3) No later than 60 days after the effective date of
17 the policy change or program implementation, the
18 Department shall meet with MCOs to review data and the
19 Department's written draft assumptions to be used in
20 development of capitation base rates for the policy
21 change, and shall provide opportunities for questions to
22 be asked and answered.
23 (4) No later than 60 days after the effective date of
24 the policy change or program implementation, the
25 Department shall provide the MCOs with draft capitation
26 base rates and shall also conduct a draft capitation base

1 rate meeting with MCOs to discuss, review, and seek
2 feedback regarding the draft capitation base rates.
3 (d) For the development of capitation base rates for
4 retroactive policy or fee schedule changes:
5 (1) The Department shall meet with the MCOs regarding
6 the initial data collection needed to establish capitation
7 base rates for the policy change. Additionally, the
8 Department shall share with the participating MCOs what
9 other data is needed to estimate the change and the
10 processes for collection of the data that shall be
11 utilized to develop capitation base rates.
12 (2) The Department shall meet with MCOs to review data
13 and the Department's written draft assumptions to be used
14 in development of capitation base rates for the policy
15 change. The Department shall provide opportunities for
16 questions to be asked and answered.
17 (3) The Department shall provide the MCOs with draft
18 capitation rates and shall also conduct a draft rate
19 meeting with MCOs to discuss, review, and seek feedback
20 regarding the draft capitation base rates.
21 (4) The Department shall inform MCOs no less than
22 quarterly of upcoming benefit and policy changes to the
23 Medicaid program.
24 (e) Meetings of the group established to discuss Medicaid
25 capitation rates under this Section shall be closed to the
26 public and shall not be subject to the Open Meetings Act.

1 Records and information produced by the group established to
2 discuss Medicaid capitation rates under this Section shall be
3 confidential and not subject to the Freedom of Information
4 Act.
5 (Source: P.A. 100-646, eff. 7-27-18; 101-81, eff. 7-12-19.)