

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~~

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

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

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

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

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

26 (A) An initial meeting for the Department to

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

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

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

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

17 (1) Unless contrary to federal law and regulation, the  
18 Department must provide notice to MCOs of any significant  
19 operational policy change no later than 60 days prior to  
20 the effective date of an operational policy change in  
21 order to give MCOs time to prepare for and implement the  
22 operational policy change and to ensure that the quality  
23 and delivery of enrollee health care is not disrupted.  
24 "Operational policy change" means a change to operational  
25 requirements such as reporting formats, encounter  
26 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.)