



Rep. Anna Moeller

**Filed: 5/16/2023**

10300SB1965ham001

LRB103 24848 KTG 62055 a

1 AMENDMENT TO SENATE BILL 1965

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1965 by replacing  
3 everything after the enacting clause with the following:

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

1 adjustments or other changes required by legislation or other  
2 actions, the Department of Healthcare and Family Services  
3 shall implement a capitation base rate setting process  
4 beginning on July 27, 2018 (the effective date of Public Act  
5 100-646) which shall include all of the following elements of  
6 transparency:

7 (1) The Department shall include participating MCOs  
8 and a statewide trade association representing a majority  
9 of participating MCOs in meetings to discuss the impact to  
10 base capitation rates as a result of any new or updated  
11 hospital fee schedules or other provider fee schedules.  
12 Additionally, the Department shall share any data or  
13 reports used to develop MCO capitation rates with  
14 participating MCOs. This data shall be comprehensive  
15 enough for MCO actuaries to recreate and verify the  
16 accuracy of the capitation base rate build-up.

17 (2) The Department shall not limit the number of  
18 experts that each MCO is allowed to bring to the draft  
19 capitation base rate meeting or the final capitation base  
20 rate review meeting. Draft and final capitation base rate  
21 review meetings shall be held in at least 2 locations.

22 (3) The Department and its contracted actuary shall  
23 meet with all participating MCOs simultaneously and  
24 together along with consulting actuaries contracted with  
25 statewide trade association representing a majority of  
26 Medicaid health plans at the request of the plans.

1 Participating MCOs shall additionally, at their request,  
2 be granted individual capitation rate development meetings  
3 with the Department.

4 (4) (Blank). ~~Any quality incentive or other incentive~~  
5 ~~withholding of any portion of the actuarially certified~~  
6 ~~capitation rates must be budget neutral. The entirety of~~  
7 ~~any aggregate withheld amounts must be returned to the~~  
8 ~~MCOs in proportion to their performance on the relevant~~  
9 ~~performance metric. No amounts shall be returned to the~~  
10 ~~Department if all performance measures are not achieved to~~  
11 ~~the extent allowable by federal law and regulations.~~

12 (4.5) Effective for calendar year 2024, a quality  
13 withhold program may be established by the Department for  
14 the HealthChoice Illinois Managed Care Program or any  
15 successor program. If such program withholds a portion of  
16 the actuarially certified capitation rates, the program  
17 must meet the following criteria: (i) benchmarks must be  
18 discussed publicly, based on predetermined quality  
19 standards that align with the Department's federally  
20 approved quality strategy, and set by publication on the  
21 Department's website at least 4 months prior to the start  
22 of the calendar year; (ii) incentive measures and  
23 benchmarks must be reasonable and attainable within the  
24 measurement year; and (iii) no less than 75% of the  
25 metrics shall be tied to nationally recognized measures.  
26 Any non-nationally recognized measures shall be in the

1       reporting category for at least 2 years of experience and  
2       evaluation for consistency among MCOs prior to setting a  
3       performance baseline. The Department shall provide MCOs  
4       with biannual industry average data on the quality  
5       withhold measures. If all the money withheld is not earned  
6       back by individual MCOs, the Department shall reallocate  
7       unearned funds among the MCOs in one or both of the  
8       following manners: based upon their quality performance or  
9       for quality and equity improvement projects. Nothing in  
10       this paragraph prohibits the Department and the MCOs from  
11       establishing any other quality performance program.

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

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

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

1 law and regulations.

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

7 (A) An initial meeting for the Department to  
8 review MCO data and draft rate assumptions to be used  
9 in the development of capitation base rates for the  
10 following year.

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

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

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

24 (1) Unless contrary to federal law and regulation, the  
25 Department must provide notice to MCOs of any significant  
26 operational policy change no later than 60 days prior to

1 the effective date of an operational policy change in  
2 order to give MCOs time to prepare for and implement the  
3 operational policy change and to ensure that the quality  
4 and delivery of enrollee health care is not disrupted.  
5 "Operational policy change" means a change to operational  
6 requirements such as reporting formats, encounter  
7 submission definitional changes, or required provider  
8 interfaces made at the sole discretion of the Department  
9 and not required by legislation with a retroactive  
10 effective date. Nothing in this Section shall be construed  
11 as a requirement to delay or prohibit implementation of  
12 policy changes that impact enrollee benefits as determined  
13 in the sole discretion of the Department.

14 (2) No later than 60 days after the effective date of  
15 the policy change or program implementation, the  
16 Department shall meet with the MCOs regarding the initial  
17 data collection needed to establish capitation base rates  
18 for the policy change. Additionally, the Department shall  
19 share with the participating MCOs what other data is  
20 needed to estimate the change and the processes for  
21 collection of that data that shall be utilized to develop  
22 capitation base rates.

23 (3) No later than 60 days after the effective date of  
24 the policy change or program implementation, the  
25 Department shall meet with MCOs to review data and the  
26 Department's written draft assumptions to be used in

1 development of capitation base rates for the policy  
2 change, and shall provide opportunities for questions to  
3 be asked and answered.

4 (4) No later than 60 days after the effective date of  
5 the policy change or program implementation, the  
6 Department shall provide the MCOs with draft capitation  
7 base rates and shall also conduct a draft capitation base  
8 rate meeting with MCOs to discuss, review, and seek  
9 feedback regarding the draft capitation base rates.

10 (d) For the development of capitation base rates for  
11 retroactive policy or fee schedule changes:

12 (1) The Department shall meet with the MCOs regarding  
13 the initial data collection needed to establish capitation  
14 base rates for the policy change. Additionally, the  
15 Department shall share with the participating MCOs what  
16 other data is needed to estimate the change and the  
17 processes for collection of the data that shall be  
18 utilized to develop capitation base rates.

19 (2) The Department shall meet with MCOs to review data  
20 and the Department's written draft assumptions to be used  
21 in development of capitation base rates for the policy  
22 change. The Department shall provide opportunities for  
23 questions to be asked and answered.

24 (3) The Department shall provide the MCOs with draft  
25 capitation rates and shall also conduct a draft rate  
26 meeting with MCOs to discuss, review, and seek feedback

1           regarding the draft capitation base rates.

2           (4) The Department shall inform MCOs no less than  
3           quarterly of upcoming benefit and policy changes to the  
4           Medicaid program.

5           (e) Meetings of the group established to discuss Medicaid  
6           capitation rates under this Section shall be closed to the  
7           public and shall not be subject to the Open Meetings Act.  
8           Records and information produced by the group established to  
9           discuss Medicaid capitation rates under this Section shall be  
10          confidential and not subject to the Freedom of Information  
11          Act.

12          (Source: P.A. 100-646, eff. 7-27-18; 101-81, eff. 7-12-19.)".