State Position Paper

Illinois Health and Hospital Association
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Support Safety Net and Critical Access Hospital MCO Reforms
Senate Bill 1807/House Bill 2814
Sponsors: Senator Kimberly Lightford and Representative Camille Lilly

Issue: Illinois rapidly expanded Medicaid managed care over the past several years, moving from covering 10 percent of beneficiaries in parts of the state to two-thirds in every county (now 2.2 million beneficiaries). Although the Department of Healthcare and Family Services (HFS) launched the program by its deadline of January 1, 2015, Medicaid managed care has failed to realize the promise of increased care coordination, improved patient outcomes, greater efficiencies and cost savings. **Instead, the program has been crippled with increasing administrative burden, lack of standardization, lack of uniformity in service utilization requirements and insufficient oversight – compounded by being underfunded.**

Hospitals continue to face an overwhelming range of challenges that undermine the program, including initial claim denial rates that remain high (26 percent – well above the single digit rates for private insurance/non-Medicaid claims), long payment delays, and administrative burdens requiring substantial resources and clinical staff time to meet myriad authorization requirements imposed by Managed Care Organizations (MCOs). Claim denials and payment delays – for medically necessary services delivered in good faith – are putting extreme financial pressure on Safety Net and Critical Access hospitals, which jeopardizes access to care for low-income and vulnerable communities in urban and rural Illinois.

IHA Position: IHA and the hospital community continue to work closely with HFS, the Illinois Association of Medicaid Health Plans and the MCOs in an effort to resolve key issues, including making progress on standardized billing guidelines and discharge planning. But the MCOs need to adopt common sense business practices to reduce payment denials for medically necessary care. Legislation is needed now to reform the Medicaid managed care program to hold MCOs accountable to preserve and assure access to timely, quality healthcare for all Medicaid beneficiaries.

Solution: Senate Bill 1807/House Bill 2814, a comprehensive approach to needed Safety Net and Critical Access Hospital managed care reforms, includes the following requirements:

- MCOs must update their rosters within seven days of all new providers being contracted.
- Providers under contract with an MCO must be reimbursed for a medically necessary service provided to an enrollee regardless of whether the MCO updated its roster.
- MCOs must pay all hospitals qualifying under expedited provider rules on a schedule as regular as that made to expedited providers under the state's fee-for-service (FFS) system.
- Reasonable time to correct errors on non-electronic claims by extending a 90-day period after notification.
- MCOs must make post discharge care coordination placement within 24 hours of notification of a physician's discharge order or pay for the days beyond the physician ordered discharge date.

Senate Bill 1807/House Bill 2814 are supported by the Association of Safety-Net Community Hospitals.

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For more information, please contact David Gross, Senior Vice President, Government Relations | dgross@team-iha.org | 217.541.1161