STATE ADVOCACY ALERT

Late last week, a comprehensive legislative package of Medicaid managed care reform bills developed and strongly backed by IHA was introduced in the Illinois General Assembly. The bills are designed to hold managed care organizations (MCOs) accountable for their performance and address many concerns and issues of members, in order to preserve and assure access to timely, quality healthcare for all Medicaid patients.

ACTION REQUESTED: Contact your state Senator and Representative and urge them to support and sign on as sponsors of the Medicaid managed care reform bills. To send emails to your legislators, click here.

Background on the bills:

- **Senate Bill 1697/House Bill 2715**, sponsored by Senator Heather Steans and Representative Robyn Gabel, includes provisions to establish a comprehensive approach on needed managed care reforms. Requirements include: a uniform set of rules on medical necessity documentation and service authorization; timely MCO requests for information to adjudicate claims (within 5 days of claim submission); standard list of essential clinical information to support payment of claims; timely MCO provider roster updates; and automatic calculation of timely payment interest penalty payments due. (See IHA fact sheet)

- **Senate Bill 1703/House Bill 2730**, sponsored by Senator Don Harmon and Representative Bob Morgan, includes provisions to provide a fair process to review and correct improper Medicaid MCO payment denials. Hospitals and other healthcare providers will have the right, after exhausting their internal appeal rights within the MCO contract, to have the final decision of an MCO that denies payment of a claim, in whole or in part, reviewed by an external independent third party. (See IHA fact sheet)

- **Senate Bill 1807/House Bill 2814**, sponsored by Senator Kimberly Lightford and Representative Camille Lilly, includes provisions to address key managed care issues for hospitals, especially Safety Net and Critical Access hospitals. Requirements include: 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; and 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. (See IHA fact sheet)

Suggested Talking Points

(You can customize to provide specific impacts of Medicaid managed care on your organization)

- I am writing to urge you to support and sign on as a sponsor of critically needed Medicaid managed care reform legislation. [Senators: Senate Bills 1697, 1703 and 1807; Representatives: House Bills 2715, 2730 and 2814]

- Since the introduction of mandatory managed care in Illinois in 2015, my hospital and hospitals across the state have faced an overwhelming series of unnecessary administrative burdens, claim denials and long payment delays that jeopardize access to care for low-income and vulnerable communities in urban and rural areas of the state and that undermine the financial stability of hospitals.
• Initial claim denial rates by Medicaid Managed Care Organizations (MCOs) are still unacceptably high – 26 percent – resulting in delayed payments to hospitals in the hundreds of millions of dollars for medically necessary services that were authorized and provided to Medicaid beneficiaries. Most of the denials are based on process and paperwork, not medical necessity.

• The Medicaid managed care program, which now covers more than 2.2 million Illinoisans, has failed to realize the promise of increased care coordination, improved patient outcomes, greater efficiencies and lower costs.

• This comprehensive set of legislation is designed to bring rationality to a harmful and irrational process that requires my hospital to redirect healthcare resources to manage unnecessary administrative burdens associated with unclear and disparate MCO billing and reimbursement processes, extraordinary claims denial rates and reimbursement delays.

• Key components of the legislation are aimed at addressing hospital concerns with crippling MCO payment denials by requiring common sense clarifications and standardization of processes, instituting accountability for MCO performance and providing avenues for independent third party reviews to resolve disputes.

• MCOs must be held accountable to preserve and assure access to timely, quality health care services for all Medicaid patients.

• Please sign on as a sponsor of Medicaid managed care reform legislation. [Senators: Senate Bills 1697, 1703 and 1807; Representatives: House Bills 2715, 2730 and 2814]

• Thank you for your attention to this critical issue.