Illinois Health and Hospital Association

On September 1, 2020, the Illinois Department of Healthcare and Family Services (HFS) began the initial launch of its new claim rejection and denial management system, which will provide the agency with real time data on hospital claim submissions and Managed Care Organization (MCO) payment determinations. IHA advanced this claims "pipeline" as part of last year's Medicaid managed care reform legislation (SB1322/PA 101-0209) to allow for greater oversight of MCO denials.

HFS' vendor, Optum, has designed the pipeline to operate entirely behind the scenes; hospitals do not have to make any changes to their claim submission processes. Claims are automatically routed through the pipeline as they move from a hospital's clearinghouse to an MCO's clearinghouse. Once an MCO has adjudicated a claim, the determination is routed back through the pipeline to the hospital. With the initial launch, HFS is simply capturing the data on the claim and subsequent remittance advice, and the pipeline will not return any messages to the provider. For example, if a claim contains an error, it will still pass through the pipeline to the MCO's clearinghouse.

HFS is taking a phased-in approach to implementation, with claims submitted to the MCOs scheduled to begin running through the pipeline as follows:

- Sep. 1 – Blue Cross Community Options
- Oct. 1 – MeridianHealth
- Nov. 1 – Molina Healthcare and CountyCare Health Plan
- Dec. 1 – Aetna Better Health (legacy IlliniCare Health)

Optum will provide HFS with monthly reports on the top claim submission errors and MCO denial reasons. HFS will use these data to examine the root causes of denials, be it a hospital billing error or incorrect processing by an MCO.

As HFS gains more experience with the pipeline, we expect it will implement front-end edits to return an immediate response to providers should certain claim submission errors occur. This timely, standard information will allow providers to quickly identify the error and submit a corrected claim. Ultimately, we believe the pipeline will lead to greater standardization across MCOs and ease the administrative burden of denials management on hospitals.