State Position Paper

Illinois Health and Hospital Association
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Support Medicaid Managed Care Organization Fairness and Accountability

Senate Bill 1697/House Bill 2715

Sponsors: Senator Heather Steans and Representative Robyn Gabel

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 (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 of rules, 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 hospitals, which jeopardizes access to care for all, but especially 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 1697/House Bill 2715, a comprehensive approach to needed managed care reforms for fairness and accountability, includes the following requirements:

- Uniform set of rules concerning 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 assurance of payment to providers under contract regardless of updates to roster, when medically necessary.
- Automatic calculation of timely payment interest penalty payments due.
- Regular, consistent payments to qualified expedited hospitals.
- Uniform definitions on key issues, such as claims rejections, claims payment rate adjustments, claim recoupment adjustment, claim denial and service authorization.
- Standard list of uniform codes for claim denials.
- Reasonable time extension (120 days) for providers to submit bills for payment to HFS when coverage disputes occur as a result of inaccurate eligibility data.
- Post discharge care coordination placement by MCOs within 24 hours of notification of a physician's discharge order or pay for the days beyond the physician ordered discharge date.

Strengthen Illinois Medicaid Program for Patients

Support Medicaid MCO Fairness and Accountability – Senate Bill 1697/House Bill 2715

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