

SB1888



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1888

Introduced 2/10/2017, by Sen. Wm. Sam McCann

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-11

from Ch. 23, par. 5-11

Amends the Medical Assistance Article of the Illinois Public Aid Code. In addition to other specified actions required under the Code, requires a managed care community network that contracts with the Department of Healthcare and Family Services to establish, maintain, and provide a fair and reasonable reimbursement rate to pharmacy providers for pharmaceutical services, prescription drugs and drug products, and pharmacy or pharmacist-provided services. Provides that the reimbursement methodology shall not be less than the current reimbursement rate utilized by the Department for prescription and pharmacy or pharmacist-provided services and shall not be below the actual acquisition cost of the pharmacy provider. Requires a managed care community network to ensure that the pharmacy formulary used by the managed care community network and its contract providers is no more restrictive than the Department's pharmaceutical program. Effective July 1, 2018.

LRB100 09862 KTG 20032 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning public aid.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Public Aid Code is amended by
5 changing Section 5-11 as follows:

6 (305 ILCS 5/5-11) (from Ch. 23, par. 5-11)

7 Sec. 5-11. Co-operative arrangements; contracts with other
8 State agencies, health care and rehabilitation organizations,
9 and fiscal intermediaries.

10 (a) The Illinois Department may enter into co-operative
11 arrangements with State agencies responsible for administering
12 or supervising the administration of health services and
13 vocational rehabilitation services to the end that there may be
14 maximum utilization of such services in the provision of
15 medical assistance.

16 The Illinois Department shall, not later than June 30,
17 1993, enter into one or more co-operative arrangements with the
18 Department of Mental Health and Developmental Disabilities
19 providing that the Department of Mental Health and
20 Developmental Disabilities will be responsible for
21 administering or supervising all programs for services to
22 persons in community care facilities for persons with
23 developmental disabilities, including but not limited to

1 intermediate care facilities, that are supported by State funds
2 or by funding under Title XIX of the federal Social Security
3 Act. The responsibilities of the Department of Mental Health
4 and Developmental Disabilities under these agreements are
5 transferred to the Department of Human Services as provided in
6 the Department of Human Services Act.

7 The Department may also contract with such State health and
8 rehabilitation agencies and other public or private health care
9 and rehabilitation organizations to act for it in supplying
10 designated medical services to persons eligible therefor under
11 this Article. Any contracts with health services or health
12 maintenance organizations shall be restricted to organizations
13 which have been certified as being in compliance with standards
14 promulgated pursuant to the laws of this State governing the
15 establishment and operation of health services or health
16 maintenance organizations. The Department shall renegotiate
17 the contracts with health maintenance organizations and
18 managed care community networks that took effect August 1,
19 2003, so as to produce \$70,000,000 savings to the Department
20 net of resulting increases to the fee-for-service program for
21 State fiscal year 2006. The Department may also contract with
22 insurance companies or other corporate entities serving as
23 fiscal intermediaries in this State for the Federal Government
24 in respect to Medicare payments under Title XVIII of the
25 Federal Social Security Act to act for the Department in paying
26 medical care suppliers. The provisions of Section 9 of "An Act

1 in relation to State finance", approved June 10, 1919, as
2 amended, notwithstanding, such contracts with State agencies,
3 other health care and rehabilitation organizations, or fiscal
4 intermediaries may provide for advance payments.

5 (b) For purposes of this subsection (b), "managed care
6 community network" means an entity, other than a health
7 maintenance organization, that is owned, operated, or governed
8 by providers of health care services within this State and that
9 provides or arranges primary, secondary, and tertiary managed
10 health care services under contract with the Illinois
11 Department exclusively to persons participating in programs
12 administered by the Illinois Department.

13 The Illinois Department may certify managed care community
14 networks, including managed care community networks owned,
15 operated, managed, or governed by State-funded medical
16 schools, as risk-bearing entities eligible to contract with the
17 Illinois Department as Medicaid managed care organizations.
18 The Illinois Department may contract with those managed care
19 community networks to furnish health care services to or
20 arrange those services for individuals participating in
21 programs administered by the Illinois Department. The rates for
22 those provider-sponsored organizations may be determined on a
23 prepaid, capitated basis. A managed care community network may
24 choose to contract with the Illinois Department to provide only
25 pediatric health care services. The Illinois Department shall
26 by rule adopt the criteria, standards, and procedures by which

1 a managed care community network may be permitted to contract
2 with the Illinois Department and shall consult with the
3 Department of Insurance in adopting these rules.

4 A county provider as defined in Section 15-1 of this Code
5 may contract with the Illinois Department to provide primary,
6 secondary, or tertiary managed health care services as a
7 managed care community network without the need to establish a
8 separate entity and shall be deemed a managed care community
9 network for purposes of this Code only to the extent it
10 provides services to participating individuals. A county
11 provider is entitled to contract with the Illinois Department
12 with respect to any contracting region located in whole or in
13 part within the county. A county provider is not required to
14 accept enrollees who do not reside within the county.

15 In order to (i) accelerate and facilitate the development
16 of integrated health care in contracting areas outside counties
17 with populations in excess of 3,000,000 and counties adjacent
18 to those counties and (ii) maintain and sustain the high
19 quality of education and residency programs coordinated and
20 associated with local area hospitals, the Illinois Department
21 may develop and implement a demonstration program from managed
22 care community networks owned, operated, managed, or governed
23 by State-funded medical schools. The Illinois Department shall
24 prescribe by rule the criteria, standards, and procedures for
25 effecting this demonstration program.

26 A managed care community network that contracts with the

1 Illinois Department to furnish health care services to or
2 arrange those services for enrollees participating in programs
3 administered by the Illinois Department shall do all of the
4 following:

5 (1) Provide that any provider affiliated with the
6 managed care community network may also provide services on
7 a fee-for-service basis to Illinois Department clients not
8 enrolled in such managed care entities.

9 (2) Provide client education services as determined
10 and approved by the Illinois Department, including but not
11 limited to (i) education regarding appropriate utilization
12 of health care services in a managed care system, (ii)
13 written disclosure of treatment policies and restrictions
14 or limitations on health services, including, but not
15 limited to, physical services, clinical laboratory tests,
16 hospital and surgical procedures, prescription drugs and
17 biologics, and radiological examinations, and (iii)
18 written notice that the enrollee may receive from another
19 provider those covered services that are not provided by
20 the managed care community network.

21 (3) Provide that enrollees within the system may choose
22 the site for provision of services and the panel of health
23 care providers.

24 (4) Not discriminate in enrollment or disenrollment
25 practices among recipients of medical services or
26 enrollees based on health status.

1 (5) Provide a quality assurance and utilization review
2 program that meets the requirements established by the
3 Illinois Department in rules that incorporate those
4 standards set forth in the Health Maintenance Organization
5 Act.

6 (6) Issue a managed care community network
7 identification card to each enrollee upon enrollment. The
8 card must contain all of the following:

9 (A) The enrollee's health plan.

10 (B) The name and telephone number of the enrollee's
11 primary care physician or the site for receiving
12 primary care services.

13 (C) A telephone number to be used to confirm
14 eligibility for benefits and authorization for
15 services that is available 24 hours per day, 7 days per
16 week.

17 (7) Ensure that every primary care physician and
18 pharmacy in the managed care community network meets the
19 standards established by the Illinois Department for
20 accessibility and quality of care. The Illinois Department
21 shall arrange for and oversee an evaluation of the
22 standards established under this paragraph (7) and may
23 recommend any necessary changes to these standards.

24 (8) Provide a procedure for handling complaints that
25 meets the requirements established by the Illinois
26 Department in rules that incorporate those standards set

1 forth in the Health Maintenance Organization Act.

2 (9) Maintain, retain, and make available to the
3 Illinois Department records, data, and information, in a
4 uniform manner determined by the Illinois Department,
5 sufficient for the Illinois Department to monitor
6 utilization, accessibility, and quality of care.

7 (10) (Blank).

8 (11) Establish, maintain, and provide a fair and
9 reasonable reimbursement rate to pharmacy providers for
10 pharmaceutical services, prescription drugs and drug
11 products, and pharmacy or pharmacist-provided services.
12 The reimbursement methodology shall include a fair and
13 reasonable professional dispensing fee for pharmaceutical
14 services, prescription drugs, and drug products and a fair
15 and reasonable professional fee for pharmacy or
16 pharmacist-provided services. The reimbursement
17 methodology shall not be less than the current
18 reimbursement rate utilized by the Illinois Department for
19 prescription and pharmacy or pharmacist-provided services
20 as described in Section 5-5.12 and shall not be below the
21 actual acquisition cost of the pharmacy provider.

22 (12) Ensure that the pharmacy formulary used by the
23 managed care community network and its contract providers
24 is no more restrictive than the Illinois Department's
25 pharmaceutical program.

26 The Illinois Department shall contract with an entity or

1 entities to provide external peer-based quality assurance
2 review for the managed health care programs administered by the
3 Illinois Department. The entity shall meet all federal
4 requirements for an external quality review organization.

5 Each managed care community network must demonstrate its
6 ability to bear the financial risk of serving individuals under
7 this program. The Illinois Department shall by rule adopt
8 standards for assessing the solvency and financial soundness of
9 each managed care community network. Any solvency and financial
10 standards adopted for managed care community networks shall be
11 no more restrictive than the solvency and financial standards
12 adopted under Section 1856(a) of the Social Security Act for
13 provider-sponsored organizations under Part C of Title XVIII of
14 the Social Security Act.

15 The Illinois Department may implement the amendatory
16 changes to this Code made by this amendatory Act of 1998
17 through the use of emergency rules in accordance with Section
18 5-45 of the Illinois Administrative Procedure Act. For purposes
19 of that Act, the adoption of rules to implement these changes
20 is deemed an emergency and necessary for the public interest,
21 safety, and welfare.

22 (c) Not later than June 30, 1996, the Illinois Department
23 shall enter into one or more cooperative arrangements with the
24 Department of Public Health for the purpose of developing a
25 single survey for nursing facilities, including but not limited
26 to facilities funded under Title XVIII or Title XIX of the

1 federal Social Security Act or both, which shall be
2 administered and conducted solely by the Department of Public
3 Health. The Departments shall test the single survey process on
4 a pilot basis, with both the Departments of Public Aid and
5 Public Health represented on the consolidated survey team. The
6 pilot will sunset June 30, 1997. After June 30, 1997, unless
7 otherwise determined by the Governor, a single survey shall be
8 implemented by the Department of Public Health which would not
9 preclude staff from the Department of Healthcare and Family
10 Services (formerly Department of Public Aid) from going on-site
11 to nursing facilities to perform necessary audits and reviews
12 which shall not replicate the single State agency survey
13 required by this Act. This Section shall not apply to community
14 or intermediate care facilities for persons with developmental
15 disabilities.

16 (d) Nothing in this Code in any way limits or otherwise
17 impairs the authority or power of the Illinois Department to
18 enter into a negotiated contract pursuant to this Section with
19 a managed care community network or a health maintenance
20 organization, as defined in the Health Maintenance
21 Organization Act, that provides for termination or nonrenewal
22 of the contract without cause, upon notice as provided in the
23 contract, and without a hearing.

24 (Source: P.A. 95-331, eff. 8-21-07; 96-1501, eff. 1-25-11.)

25 Section 99. Effective date. This Act takes effect January
26 1, 2018.