



Sen. Heather A. Steans

Filed: 3/20/2018

10000SB2552sam001

LRB100 17194 KTG 37492 a

1 AMENDMENT TO SENATE BILL 2552

2 AMENDMENT NO. _____. Amend Senate Bill 2552 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Public Aid Code is amended by
5 adding Section 5-30.8 as follows:

6 (305 ILCS 5/5-30.8 new)

7 Sec. 5-30.8. Managed care organization rate transparency.

8 (a) For the establishment of Managed Care Organization
9 (MCO) capitated rate payments from the State, including, but
10 not limited to, (i) hospital fee schedule reforms and updates,
11 (ii) rates related to a single State-mandated preferred drug
12 list, (iii) rate updates related to the State's preferred drug
13 list, (iv) inclusion of coverage for children with special
14 needs, (v) inclusion of coverage for children within the child
15 welfare system, (vi) annual MCO capitated rates, and (vii) any
16 retroactive provider fee schedule adjustments or other changes

1 required by legislation or other actions, the Department of
2 Healthcare and Family Services shall implement a base rate
3 setting process beginning on the effective date of this
4 amendatory Act of the 100th General Assembly which shall
5 include all of the following elements of transparency:

6 (1) The Department shall include participating MCOs
7 and a statewide trade association representing a majority
8 of participating MCOs in work groups to discuss the
9 development of any new or updated hospital fee schedules or
10 other provider fee schedules. Additionally, the Department
11 shall share any data or reports used to develop MCO rates
12 with participating MCOs. This data shall be comprehensive
13 enough for MCO actuaries to recreate and verify the
14 accuracy of the rate build-up.

15 (2) The Department shall not limit the number of
16 experts that each MCO is allowed to bring to the draft rate
17 meeting or the final rate review meeting.

18 (3) The Department and its contracted actuary shall
19 meet with all participating MCOs simultaneously and
20 together along with consulting actuaries contracted with
21 statewide trade association representing a majority of
22 Medicaid health plans at the request of the plans.
23 Participating MCOs shall additionally, at their request,
24 be granted individual rate development meetings with the
25 Department.

26 (4) When a dispute remains between the MCOs and the

1 State's actuaries about the base capitation rates, an MCO
2 or MCOs shall have the option to seek an arbitration by a
3 third party actuary to settle the dispute. The third party
4 actuary shall be selected by the Department from a list of
5 3 actuary firms produced by the participating and
6 complaining MCOs to the Department, and the arbitration
7 costs shall be funded by the participating and complaining
8 MCOs. The decision of the third party actuary shall be
9 binding and shall apply to the base rates of the entire
10 program retroactively.

11 (5) Any quality incentive or other incentive
12 withholding of any portion of the actuarially certified
13 rates must be budget-neutral; the entirety of any aggregate
14 withheld amounts must be returned to the MCOs in proportion
15 to their performance on the relevant performance metric. No
16 amounts shall be returned to the Department in the event
17 all performance measures are not achieved.

18 (6) Upon request, the Department shall provide written
19 responses to questions regarding MCO base rates, the rate
20 development methodology, MCO rate data, and all other
21 requests regarding rates from MCOs. Upon request, the
22 Department shall also provide to the MCOs materials used in
23 the development of provider fee schedules.

24 (b) For the development of rates for new rate years:

25 (1) the Department shall take into account emerging
26 experience in the development of the annual MCO base rates,

1 including, but not limited to, current-year cost and
2 utilization trends observed by MCOs;

3 (2) no less than 6 months prior to submission of the
4 new rates to the Centers for Medicare and Medicaid
5 Services, the Department shall meet with MCOs to review
6 data and the Department's written draft assumptions to be
7 used in the development of base rates for the following
8 year, and shall provide opportunities for questions to be
9 asked and answered;

10 (3) no less than 2 months prior to the submission of
11 the new rates to the Centers for Medicare and Medicaid
12 Services, the Department shall provide the MCOs with draft
13 capitated base rates and shall also conduct a draft rate
14 meeting with MCOs to discuss, review, and seek feedback
15 regarding the draft rates; and

16 (4) prior to the submission of final rates to the
17 Centers for Medicare and Medicaid Services, the Department
18 shall provide the MCOs with a final actuarial report
19 regarding the final base rates for the following year and
20 subsequently conduct a final rate review meeting; final
21 rates shall be marked final.

22 (c) For the development of rates reflecting policy changes:

23 (1) the Department must provide advance notice to MCOs
24 of any significant policy change no later than 90 days
25 prior to the effective date of the policy change. A
26 significant policy change is defined as a change to covered

1 benefits, payment methodology, new member population, or
2 new service area made at the discretion of the Department
3 and not required by legislation with a retroactive
4 effective date;

5 (2) prior to the effective date of the policy change or
6 program implementation, the Department shall meet with the
7 MCOs regarding the initial data collection needed to
8 establish base rates for the policy change. Additionally,
9 the Department shall share with the participating MCOs what
10 other data and the processes for collection shall be
11 utilized to develop base rates;

12 (3) prior to the effective date of the policy change or
13 program implementation, the Department shall meet with
14 MCOs to review data and the Department's written draft
15 assumptions to be used in the development of rates for the
16 following year, and shall provide opportunities for
17 questions to be asked and answered; and

18 (4) prior to the effective date of the policy change or
19 program implementation, the Department shall provide the
20 MCOs with draft capitated base rates and shall also conduct
21 a draft rate meeting with MCOs to discuss, review, and seek
22 feedback regarding the draft rates.

23 (d) For the development of rates for retroactive policy or
24 rate changes:

25 (1) the Department shall meet with the MCOs regarding
26 the initial data collection needed to establish rates for

1 the policy change. Additionally, the Department shall
2 share with the participating MCOs what other data and the
3 processes for collection shall be utilized to develop
4 rates;

5 (2) the Department shall meet with MCOs to review data
6 and the Department's written draft assumptions to be used
7 in the development of rates for the following year; and
8 shall provide opportunities for questions to be asked and
9 answered; and

10 (3) the Department shall provide the MCOs with draft
11 capitated rates and shall also conduct a draft rate meeting
12 with MCOs to discuss, review, and seek feedback regarding
13 the draft rates."