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HOUSE RESOLUTION

2           WHEREAS, The Medicaid program in Illinois has an immense,  
3 and growing, impact, both in terms of taxpayer dollars and the  
4 effect it has on citizens across the State; and

5           WHEREAS, State resources for healthcare services are  
6 currently so scarce that many healthcare providers are  
7 discontinuing services, leading to a profoundly detrimental  
8 impact on our communities; and

9           WHEREAS, Enrollment under the Illinois Department of  
10 Healthcare and Family Services' Medical Assistance Programs  
11 (Medicaid) exceeds three million; and

12           WHEREAS, A sizable portion of the Medicaid population is  
13 currently enrolled, often mandatorily, in Managed Care  
14 Organizations (MCOs), making outlays to MCOS, measured in  
15 billions of dollars, one of the largest resource uses in the  
16 State; and

17           WHEREAS, There has been little information disseminated to  
18 the General Assembly in terms of how State resources are being  
19 spent on MCOs and on the overall healthcare outcomes for  
20 individuals enrolled in these MCOs; and

1           WHEREAS, In this quickly evolving environment, the General  
2           Assembly must stay engaged in Medicaid funding and  
3           corresponding healthcare outcome issues and must be prepared to  
4           make legislative and administrative recommendations;  
5           therefore, be it

6           RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE ONE  
7           HUNDREDTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the  
8           Auditor General is directed to conduct an audit of Medicaid  
9           MCOs, which includes a comparison of State expenditures between  
10          MCOs and fee-for-service entities; and be it further

11          RESOLVED, That the audit shall examine capitation rate  
12          setting and reimbursement issues for Medicaid MCOs for fiscal  
13          year 2015 with respect to the following issues:

14                 (1) Compare the total dollar amount of all reported  
15                 encounter data submitted to the Illinois Department of  
16                 Family Services (DHFS) during SFY 2015 to the total dollar  
17                 amount of reported claims payments made on behalf of  
18                 Illinois Medicaid individuals by MCOs as reported to DHFS  
19                 during SPY 2015;

20                 (2) Whether encounter data is used by the Department of  
21                 Healthcare and Family Services (DHFS) to set capitation  
22                 rates;

1           (3) Calculate the aggregate amount of MCO capitation  
2           payments made by DHFS during SFY2015 (exclude Hospital  
3           Assessment pass-through payments from this calculation);

4           (4) The amount of payments made by DHFS to reimburse  
5           for-profit MCOs for the ACA Health Insurance Fee (HIP);  
6           determine if this HIP payment is mandated by federal CMS;

7           (5) The amount of payments made by DHFS to reimburse  
8           for-profit MCOs for "gros-sup" related to the HIP payment;  
9           determine the purpose of the "gross-up" payments;

10          (6) The incidence to which the MCO capitation rates  
11          contain supplemental, ORF-based payments to providers; for  
12          these payments, determine the amount of the supplemental,  
13          which providers received these payments, and whether these  
14          monies were directly tied to services actually provided (do  
15          not include payments associated with the Hospital  
16          Assessment Program);

17          (7) What administrative costs are paid to MCOs in terms  
18          of total dollars and percent of overall MCO medical  
19          based-payments;

20          (8) What is the overall average medical loss ratio

1 (MLR) for all MCOs in aggregate and for each MCO  
2 individually; for the purposes of this audit, MLR is  
3 defined as all paid claims made by MCOs as reported to HFS  
4 for state fiscal year 2015 divided by aggregate MCO  
5 capitation payments made by DHFS during the fiscal year;

6 (9) What the denial rates are for MCOs and for  
7 fee-for-service providers billing the DHFS; determine  
8 whether there is a higher denial rate for services paid by  
9 MCOs; and

10 (10) To the extent information is available, determine  
11 how Illinois' rate setting methodology compares to other  
12 comparable states; and be it further

13 RESOLVED, That the Illinois Department of Healthcare and  
14 Family Services and any other State agency having information  
15 relevant to this audit cooperate fully and promptly with the  
16 Auditor General's Office in its conduct; and be it further

17 RESOLVED, That the Auditor General commence this audit as  
18 soon as possible and report his findings and recommendations  
19 upon completion in accordance with the provisions of Section  
20 3-14 of the Illinois State Auditing Act.