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HOUSE RESOLUTION 100

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

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

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

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

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

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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 the Medicaid fee-for-service program; and be it
11 further

12 RESOLVED, That the audit shall examine capitation rate
13 setting and reimbursement issues for Medicaid MCOs for fiscal
14 year 2016 with respect to the following issues:

15 (1) Compare the total dollar amount of all reported MCO
16 encounter data submitted to the Illinois Department of
17 Healthcare and Family Services (DHFS) during SFY 2016 to
18 the total dollar amount of reported claims payments made on
19 behalf of Illinois Medicaid individuals by MCOs as reported
20 to DHFS during SFY 2016;

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

1 capitation rates;

2 (3) Calculate the aggregate amount of MCO capitation
3 payments made by DHFS during SFY2016 (exclude payments
4 authorized under 305 ILCS Sections 5/5A-12.2, 5/5A-12.4,
5 and 5/5A-12 from this calculation);

6 (4) Determine the amount of payments made by DHFS to
7 reimburse for-profit MCOs for the ACA Health Insurance Fee
8 (HIF); determine if reimbursement by the State to
9 for-profit MCOs for this HIF payment is mandated by federal
10 CMS;

11 (5) Determine the amount of payments made by DHFS to
12 reimburse for-profit MCOs for "gross-ups" related to the
13 HIF payment; determine the purpose of the "gross-up"
14 payments;

15 (6) The incidence to which the MCO capitation rates
16 contain supplemental, GRF-based payments to providers; for
17 these payments, determine the amount of the supplemental,
18 which providers received these payments, and whether these
19 monies were directly tied to services actually provided (do
20 not include payments authorized under 305 ILCS Sections
21 5/5A-12.2, 5/5A-12.4, and 5/5A-12);

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

4 (8) What is the average payout ratio for all MCOs in
5 aggregate and for each MCO individually; for the purposes
6 of this audit, payout ratio is defined as all paid claims
7 to Medicaid providers made by MCOs as reported to HFS for
8 state fiscal year 2016 divided by aggregate MCO capitation
9 payments made by DHFS for State fiscal year 2016; and

10 (9) What the denial rates are for MCOs and for
11 fee-for-service providers billing the DHFS; determine
12 whether there is a higher denial rate for services paid by
13 MCOs; and be it further

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

18 RESOLVED, That the Auditor General commence this audit as
19 soon as possible and report his findings and recommendations
20 upon completion in accordance with the provisions of Section
21 3-14 of the Illinois State Auditing Act.