



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB3189

by Rep. Patricia R. Bellock

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Patient-Centered Medicaid Reform Act. Provides that the Medicaid Managed Care Program is established as a statewide, integrated managed care program for all covered services, including long-term care services. Requires the Department of Healthcare and Family Services to apply for and implement appropriate amendments to the Illinois Title XIX State Plan and waivers of applicable federal laws and regulations necessary to implement the program and that before submitting the waiver or State Plan amendment, the Department shall provide public notice and the opportunity for public comment and shall include public feedback to the U.S. Department of Health and Human Services. Provides that services provided under the Medicaid Managed Care Program shall be provided by managed care plans that are capable of coordinating or delivering all covered services to enrollees. Requires the Department to select managed care plans to participate in the Medicaid Managed Care Program using invitations to negotiate. Contains provisions concerning the quality factor the Department must consider when selecting managed care plans; plan accountability; managed care payments; enrollment, choice counseling, and opt-out standards; mandatory, exempt, and voluntary populations standards; services covered by the managed plans; the implementation of a Medicaid Long-Term Care Managed Care Program; eligibility criteria for the Medicaid Long-Term Care Managed Care Program; and other matters. Effective immediately.

LRB098 08448 KTG 38555 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 1. Short title. This Act may be cited as the  
5 Patient-Centered Medicaid Reform Act.

6 Section 5. Definitions. As used in this Act:

7 (a) "Department" means the Department of Healthcare and  
8 Family Services or any State department which may administer in  
9 the future the Medicaid Managed Care Program established under  
10 this Act.

11 (b) "Managed care plan" means a health insurer, a specialty  
12 plan, a health maintenance organization authorized under the  
13 Illinois Insurance Code, or a Medicaid-authorized provider  
14 service network under contract with the Department to provide  
15 services to clients eligible for medical assistance under the  
16 State's Medical Assistance Program established under Article V  
17 of the Illinois Public Aid Code.

18 (c) "Medicaid" means the medical assistance program  
19 authorized by Title XIX of the Social Security Act, and  
20 regulations thereunder, as administered in this State by the  
21 Department of Healthcare and Family Services.

22 (d) "Medicaid recipient" or "recipient" means an  
23 individual who receives medical assistance as provided under

1 Article V of the Illinois Public Aid Code.

2 (e) "Prepaid plan" means a managed care plan that is  
3 licensed or certified as a risk-bearing entity or is an  
4 approved provider service network, and is paid a prospective  
5 per-member, per-month payment by the Department.

6 (f) "Provider service network" means a Department-approved  
7 entity, a controlling interest of which is owned by a health  
8 care provider, or by a group of affiliated providers, or by a  
9 public agency or entity that delivers health services. Health  
10 care providers include State-licensed health care  
11 professionals or licensed health care facilities, federally  
12 qualified health care centers, and home health care agencies.

13 (g) "Specialty plan" means a managed care plan that serves  
14 Medicaid recipients who meet specified criteria based on age,  
15 medical condition, or diagnosis.

16 (h) "Comprehensive long-term care plan" means a managed  
17 care plan, provider-sponsored organization, health maintenance  
18 organization, or coordinated care plan that provides long-term  
19 care services as outlined in this Act.

20 (i) "Long-term care plan" means a managed care plan that  
21 provides the services described in Section 60 of this Act for  
22 the Medicaid Long-Term Care Managed Care Program established  
23 under this Act.

24 (j) "Long-term care provider service network" means a  
25 provider service network, a controlling interest of which is  
26 owned by one or more licensed nursing homes, assisted living

1 facilities with 17 or more beds, home health agencies,  
2 community care for the elderly lead agencies, or hospices.

3 Section 10. Authorization for Medicaid waiver or amendment  
4 to the Medicaid State Plan. The Medicaid Managed Care Program  
5 is established as a statewide, integrated managed care program  
6 for all covered services, including long-term care services.  
7 The Department shall apply for and implement appropriate  
8 amendments to the Illinois Title XIX State Plan and waivers of  
9 applicable federal laws and regulations necessary to implement  
10 the program. Before submitting the waiver or State Plan  
11 amendment, the Department shall provide public notice and the  
12 opportunity for public comment and shall include public  
13 feedback to the U.S. Department of Health and Human Services.

14 Section 15. Criteria for managed care plans.

15 (a) Services provided under the Medicaid Managed Care  
16 Program shall be provided by managed care plans that are  
17 capable of coordinating or delivering all covered services to  
18 enrollees.

19 (b) The Department shall select managed care plans to  
20 participate in the Medicaid Managed Care Program using  
21 invitations to negotiate. The procurement method must give the  
22 State the most flexibility and broadest power to negotiate  
23 value and must provide potential bidders the most room to  
24 innovate. Separate and simultaneous procurements shall be

1 conducted in regions to be determined by the Department.

2 (c) The Department shall consider quality factors in the  
3 selection of managed care plans, including all of the  
4 following:

5 (1) Accreditation by a nationally recognized  
6 accrediting body.

7 (2) Documentation of policies and procedures for  
8 preventing fraud and abuse.

9 (3) Experience serving and achieving quality standards  
10 for similar populations.

11 (4) The availability or accessibility of primary and  
12 specialty care physicians in the network.

13 (5) The provision of additional benefits, particularly  
14 dental care and disease management, and other initiatives  
15 that improve health outcomes.

16 (d) After negotiations are conducted, the Department shall  
17 select the managed care plans that are determined to be  
18 responsive and provide the best value to the State. Preference  
19 shall be given to plans that have signed contracts with primary  
20 and specialty physicians in sufficient numbers to meet the  
21 specific standards established pursuant to this Act.

22 (e) To ensure managed care plan participation in all  
23 regions, the Department shall award an additional contract in a  
24 more populous region to each plan with a contract award in a  
25 more rural region. If a plan terminates its contract in a more  
26 rural region, the additional contract in the more populous

1 region shall be automatically terminated within 180 days. The  
2 plan must also reimburse the Department for the cost of  
3 enrollment changes and other transition activities.

4 (f) The Department may not execute contracts with managed  
5 care plans at payment rates not supported by appropriations  
6 made to the Department for these purposes.

7 Section 20. Selection of managed care plans.

8 (a) The Department shall select managed care plans through  
9 the procurement process described in this Act. The Department  
10 shall notice invitations to negotiate no later than June 30,  
11 2014. The Department shall procure at least 3 plans and no more  
12 than 11 plans for each region. At least one plan in each region  
13 must be a provider service network.

14 (b) Participation by specialty plans shall be subject to  
15 the procurement requirements in this Act. The enrollment of a  
16 specialty plan in a region may not exceed 10% of the total  
17 number of enrollees of that region. However, a specialty plan  
18 whose target population includes no more than 10% of the  
19 enrollees of that region shall not be subject to the regional  
20 plan number limits under this Section.

21 (c) Participation by a Medicare Advantage Preferred  
22 Provider Organization, a Medicare Advantage Provider-Sponsored  
23 Organization, a Medicare Advantage Health Maintenance  
24 Organization, a Medicare Advantage Coordinated Care Plan, or a  
25 Medicare Advantage Special Needs Plan shall not be subject to

1 the procurement requirements under this Section if the plan's  
2 Medicaid enrollees consist exclusively of dually eligible  
3 recipients who are enrolled in the plan in order to receive  
4 Medicare benefits.

5 Section 25. Plan accountability.

6 (a) The Department shall establish a 5-year contract with  
7 each managed care plan selected through the procurement process  
8 described in this Act. A plan contract may not be renewed.  
9 However, the Department may extend the term of a plan contract  
10 to cover any delays during the transition to a new plan.

11 (b) The Department shall establish such contract  
12 requirements as are necessary for the operation of the  
13 statewide Medicaid Managed Care Program. In addition to any  
14 other provisions the Department may deem necessary, the  
15 contract must require all of the following:

16 (1) Physician compensation: Managed care plans are  
17 expected to coordinate care, manage chronic disease, and  
18 prevent the need for more costly services. Effective care  
19 management should enable plans to redirect available  
20 resources and increase compensation for physicians.

21 (2) Hospital compensation: Managed care plans and  
22 hospitals shall negotiate mutually acceptable rates,  
23 methods, and terms of payment. Payment rates may be updated  
24 periodically.

25 (3) Access:

1 (A) The Department shall establish specific,  
2 population-based standards for the number, type, and  
3 regional distribution of providers in managed care  
4 plan networks to ensure access to care for both adults  
5 and children. Consistent with standards established by  
6 the Department, provider networks may include  
7 providers located outside the region. Plans may limit  
8 the providers in their networks based on credentials,  
9 quality indicators, and price.

10 (B) Each plan shall establish and maintain an  
11 accurate and complete electronic database of  
12 contracted providers, including information about  
13 licensure or registration, locations and hours of  
14 operation, or specialty credentials and other  
15 certifications. The database must be available online  
16 to both the Department and the public and have the  
17 capability to compare the availability of providers to  
18 network adequacy standards and to accept and display  
19 feedback from each provider's patients.

20 (C) Each managed care plan must publish any  
21 prescribed drug formulary or preferred drug list on the  
22 plan's website in a manner that is accessible to and  
23 searchable by enrollees and providers. The plan must  
24 update the list within 24 hours after making a change.  
25 Each plan must ensure that the prior authorization  
26 process for prescribed drugs is readily accessible to



1 health care providers, including posting appropriate  
2 contact information on its website and providing  
3 timely responses to providers.

4 (4) Encounter data: The Department shall maintain and  
5 operate a Medicaid encounter data system to collect,  
6 process, store, and report on covered services provided to  
7 all Medicaid recipients enrolled in prepaid plans. The  
8 Department shall make encounter data available to those  
9 plans accepting enrollees who are assigned to them from  
10 other plans leaving a region.

11 (5) Continuous improvement: The Department shall  
12 establish specific performance standards and expected  
13 milestones or timelines for improving performance over the  
14 term of the contract.

15 (A) Each managed care plan shall establish an  
16 internal health care quality improvement system,  
17 including enrollee satisfaction and disenrollment  
18 surveys. The quality improvement system must include  
19 incentives and disincentives for network providers.

20 (B) Each plan must collect and report Health Plan  
21 Employer Data and Information Set (HEDIS) measures, as  
22 specified by the Department. These measures must be  
23 published on the plan's website in a manner that allows  
24 recipients to reliably compare the performance of  
25 plans. The Department shall use the HEDIS measures as a  
26 tool to monitor plan performance.

1 (C) Each managed care plan must be accredited by  
2 the National Committee for Quality Assurance, the  
3 Joint Commission, or another nationally recognized  
4 accrediting body, or have initiated the accreditation  
5 process, within one year after the contract is  
6 executed.

7 (6) Program integrity: Each managed care plan shall  
8 establish program integrity functions and activities to  
9 reduce the incidence of fraud and abuse, including, at a  
10 minimum, all of the following:

11 (A) A provider credentialing system and ongoing  
12 provider monitoring.

13 (B) Procedures for reporting instances of fraud  
14 and abuse.

15 (C) Designation of a program integrity compliance  
16 officer.

17 (7) Grievance resolution: Consistent with federal law,  
18 each managed care plan shall establish and the Department  
19 shall approve an internal process for reviewing and  
20 responding to grievances from enrollees. Each plan shall  
21 submit quarterly reports on the number, description, and  
22 outcome of grievances filed by enrollees.

23 (8) Penalties: Managed care plans shall incur  
24 penalties for withdrawal and enrollment reductions;  
25 failure to comply with encounter data reporting  
26 requirements; or termination of a regional contract due to

1 noncompliance.

2 (9) Prompt payment: Managed care plans shall comply  
3 with the prompt payment requirements of the Illinois  
4 Insurance Code.

5 (10) Electronic claims: Managed care plans, and their  
6 fiscal agents or intermediaries, shall accept electronic  
7 claims in compliance with federal standards.

8 (11) Itemized payment: Any claims payment to a provider  
9 by a managed care plan or by a fiscal agent or intermediary  
10 of the plan must be accompanied by an itemized accounting  
11 of the individual claims included in the payment,  
12 including, but not limited to, the enrollee's name, the  
13 date of service, the procedure code, the amount of  
14 reimbursement, and the identification of the plan on whose  
15 behalf the payment is made.

16 (c) The Department shall be responsible for verifying the  
17 achieved savings rebate for all Medicaid prepaid plans. The  
18 achieved savings rebate shall be established by determining  
19 pretax income as a percentage of revenues and applying the  
20 following income-sharing ratios:

21 (1) 100% of income, up to and including 5% of revenue,  
22 shall be retained by the plan.

23 (2) 50% of income above 5% and up to and including 10%  
24 of revenue shall be retained by the plan, and the other 50%  
25 refunded to the State.

26 (3) 100% of income above 10% of revenue shall be

1           refunded to the State.

2           (d) Each managed care plan must accept any medically needy  
3 recipient eligible for medical assistance under paragraph 2 of  
4 Section 5-2 of the Illinois Public Aid Code who selects or is  
5 assigned to the plan and must provide that medically needy  
6 recipient with continuous enrollment for 12 months. After the  
7 first month of qualifying as a medically needy recipient and  
8 enrolling in a plan, and contingent upon federal approval, the  
9 medically needy recipient shall pay the plan a portion of the  
10 monthly premium equal to the medically needy recipient's share  
11 of the cost as determined by the Department. The Department  
12 shall pay any remaining portion of the monthly premium. A plan  
13 is not obligated to pay claims for medically needy recipients  
14 for services provided before enrollment in the plan. Medically  
15 needy recipients are responsible for payment of incurred claims  
16 that are used to determine eligibility. A plan must provide a  
17 grace period of at least 90 days before disenrolling medically  
18 needy recipients who fail to pay their shares of the premium.

19           Section 30. Managed care payments.

20           (a) Prepaid plans shall receive per-member, per-month  
21 payments negotiated pursuant to the procurements described in  
22 this Act. Payments shall be risk-adjusted rates based on  
23 historical utilization and spending data, and shall be  
24 projected forward and adjusted to reflect the eligibility  
25 category, geographic area, and clinical risk profile of the

1 recipients. In negotiating rates with the plans, the Department  
2 shall consider any adjustments necessary to encourage plans to  
3 use the most cost-effective modalities for treatment of chronic  
4 disease.

5 (b) Provider service networks may be prepaid plans and  
6 receive per-member, per-month payments. The fee-for-service  
7 option shall be available to a provider service network only  
8 for the first 2 years of its operation.

9 (c) The Department may not approve any plan request for a  
10 rate increase unless sufficient funds to support the increase  
11 have been authorized by appropriations made to the Department  
12 for the purposes of this Act.

13 Section 35. Enrollment, choice counseling, and opt-out.

14 (a) All Medicaid recipients shall be enrolled in a managed  
15 care plan unless specifically exempted under this Act. Each  
16 recipient shall have a choice of plans and may select any  
17 available plan unless that plan is restricted by contract to a  
18 specific population that does not include the recipient.  
19 Recipients shall have 30 days in which to make a choice of  
20 plans.

21 (b) The Department shall implement a choice counseling  
22 system to ensure that recipients have timely access to accurate  
23 information on the available plans. The counseling system shall  
24 include plan-to-plan comparative information on benefits,  
25 provider networks, drug formularies, quality measures, and

1 other data points as determined by the Department. Choice  
2 counseling must be made available through face-to-face  
3 interaction, through the Internet, by telephone, in writing,  
4 and through other forms of relevant media. Materials must be  
5 provided in a culturally relevant manner, consistent with  
6 federal requirements. The Department shall contract for any or  
7 all choice counseling functions.

8 (c) After a recipient has enrolled in a managed care plan,  
9 the recipient shall have 90 days to voluntarily disenroll and  
10 select another plan. After 90 days, no further changes may be  
11 made except for good cause.

12 (d) The Department shall automatically enroll into a  
13 managed care plan those Medicaid recipients who do not  
14 voluntarily choose a plan. Except as otherwise outlined in this  
15 Act, the Department may not engage in practices that are  
16 designed to favor one managed care plan over another.

17 (1) The Department shall automatically enroll  
18 recipients in plans that meet or exceed the performance or  
19 quality standards established in this Act, and may not  
20 automatically enroll recipients in a plan that is deficient  
21 in those performance or quality standards.

22 (2) If a specialty plan is available to accommodate a  
23 specific condition or diagnosis of a recipient, the  
24 Department shall assign the recipient to that plan.

25 (3) In the first year of the first contract term only,  
26 if a recipient was previously enrolled in a plan that is

1 still available in the region, the Department shall  
2 automatically enroll the recipient in that plan unless an  
3 applicable specialty plan is available.

4 (4) A newborn of a mother enrolled in a plan at the  
5 time of the child's birth shall be enrolled in the mother's  
6 plan. Upon birth, such a newborn is deemed enrolled in the  
7 managed care plan, regardless of the administrative  
8 enrollment procedures, and the managed care plan is  
9 responsible for providing services to the newborn. The  
10 mother may choose another plan for the newborn within 90  
11 days after the child's birth.

12 (5) Otherwise, the Department shall automatically  
13 enroll recipients based on the following criteria:

14 (A) Whether the plan has sufficient network  
15 capacity to meet the needs of the recipient.

16 (B) Whether the recipient has previously received  
17 services from one of the plan's primary care providers.

18 (C) Whether primary care providers in one plan are  
19 more geographically accessible to the recipient's  
20 residence than those in other plans.

21 (e) A recipient with access to private health care coverage  
22 shall opt out of all managed care plans and use Medicaid  
23 financial assistance to pay for his or her share of the cost in  
24 such coverage. The amount of financial assistance provided for  
25 each recipient may not exceed the amount of the Medicaid  
26 premium that would have been paid to a managed care plan for

1 that recipient. The Department shall seek federal approval to  
2 require Medicaid recipients with access to employer-sponsored  
3 health care coverage to enroll in that coverage and use  
4 Medicaid financial assistance to pay for the recipient's share  
5 of the cost for such coverage. The amount of financial  
6 assistance provided for each recipient may not exceed the  
7 amount of the Medicaid premium that would have been paid to a  
8 managed care plan for that recipient.

9 Section 40. Mandatory, exempt, and voluntary populations.

10 (a) All Medicaid recipients shall receive covered services  
11 through the Medicaid Managed Care Program. The following  
12 Medicaid recipients are exempt from participation in the  
13 Medicaid Managed Care program:

14 (1) Recipients who are eligible for both Medicaid and  
15 Medicare and who reside in a facility licensed under the  
16 Nursing Home Care Act.

17 (2) Medicaid recipients residing in a facility  
18 licensed under the ID/DD Community Care Act.

19 (3) Medicaid recipients enrolled in a home and  
20 community-based waiver services program administered by  
21 the Department of Healthcare and Family Services.

22 (4) SSI-eligible or other children with special needs.

23 (5) Children in foster care or subsidized adoption.

24 (6) Populations who receive only limited services,  
25 including women eligible only for family planning services



1 and women who are eligible only for breast and cervical  
2 cancer services.

3 (b) The following persons eligible for Medicaid are exempt  
4 from mandatory managed care enrollment required by this Act,  
5 and may voluntarily choose to participate in the managed  
6 medical assistance program:

7 (1) Recipients who are eligible for both Medicaid and  
8 Medicare.

9 (2) Medicaid recipients residing in residential  
10 commitment facilities operated by the Department of  
11 Juvenile Justice or residing in State-owned or  
12 State-operated residential mental health treatment  
13 facilities.

14 (3) Persons eligible for refugee assistance.

15 (4) Medicaid recipients who are residents of a State  
16 developmental disability center.

17 (5) Medicaid recipients enrolled in the State's Home  
18 and Community-Based Services Waiver Program for persons  
19 with disabilities.

20 (c) Medically needy recipients eligible for medical  
21 assistance under paragraph 2 of Section 5-2 of the Illinois  
22 Public Aid Code shall enroll in managed care plans. Such  
23 recipients shall meet their share of the cost by paying the  
24 plan premium, up to the share of the cost amount.

25 Section 45. Benefits.

1           (a) Managed care plans shall cover, at a minimum, those  
2 mandatory and optional services provided under the State's  
3 medical assistance program pursuant to Article V of the  
4 Illinois Public Aid Code.

5           (b) Managed care plans may customize benefit packages for  
6 non-pregnant adults, vary cost-sharing provisions, and provide  
7 coverage for additional services. The Department shall  
8 evaluate the proposed benefit packages to ensure that services  
9 are sufficient to meet the needs of the plan's enrollees and to  
10 verify actuarial equivalence.

11           (c) Each plan operating in the Medicaid Managed Care  
12 Program shall establish a program to encourage and reward  
13 healthy behaviors. At a minimum, each plan must establish a  
14 medically approved smoking cessation program, a medically  
15 directed weight loss program, and a medically approved alcohol  
16 or substance abuse recovery program. Each plan must identify  
17 enrollees who smoke, who are morbidly obese, or who are  
18 diagnosed with alcohol or substance abuse in order to establish  
19 written agreements to secure the enrollees' commitment to  
20 participation in these programs.

21           Section 50. Medicaid Long-Term Care Managed Care Program.

22           (a) The Department shall make payments for long-term care  
23 home and community-based and residential services, and for  
24 primary and acute medical assistance and related services for  
25 recipients eligible for long-term care, using a managed care

1 model. By June 30, 2014, the Department shall begin  
2 implementation of the Medicaid Long-Term Care Managed Care  
3 Program, with full implementation in all regions by June 30,  
4 2015.

5 (b) The Department on Aging shall: (i) assist the  
6 Department in developing specifications for the invitation to  
7 negotiate and the model contract; (ii) determine clinical  
8 eligibility for enrollment in managed long-term care plans;  
9 (iii) monitor plan performance and measure quality of service  
10 delivery; (iv) assist clients and families to address  
11 complaints with the plans; (v) facilitate working  
12 relationships between plans and providers serving elders and  
13 disabled adults; and (vi) perform other functions specified in  
14 a memorandum of agreement.

15 Section 55. Eligibility criteria for the Medicaid  
16 Long-Term Care Managed Care Program.

17 (a) Medicaid recipients who meet all of the following  
18 criteria are eligible to receive long-term care services and  
19 must receive long-term care services by participating in the  
20 Medicaid Long-Term Care Managed Care Program. The recipient  
21 must be:

22 (1) 65 years of age or older, or age 18 or older and  
23 eligible for Medicaid by reason of a disability; or

24 (2) determined to require nursing facility care.

25 (b) Medicaid recipients who, on the date long-term care

1 managed care plans become available in their region, reside in  
2 a facility licensed under the Nursing Home Care Act or the  
3 ID/DD Community Care Act or who are enrolled in an existing  
4 State long-term care Medicaid waiver program are eligible to  
5 participate in the Medicaid Long-Term Care Managed Care Program  
6 for up to 12 months without being reevaluated for their need  
7 for nursing facility care.

8 (c) The Department shall make offers for enrollment to  
9 eligible individuals based on a wait-list prioritization and  
10 subject to the availability of funds. Before enrollment offers,  
11 the Department shall determine that sufficient funds exist to  
12 support additional enrollment into plans.

13 Section 60. Long-Term Care Plan Benefits. Long-term care  
14 managed care plans shall, at a minimum, cover those mandatory  
15 and optional services provided under the State's medical  
16 assistance program pursuant to Article V of the Illinois Public  
17 Aid Code.

18 Section 65. Selection of long-term care managed care plans.

19 (a) Provider service networks must be long-term care  
20 provider service networks. Other eligible plans may be  
21 long-term care plans or comprehensive long-term care plans.

22 (b) The Department shall select managed care plans through  
23 the procurement process described in this Act. The Department  
24 shall notice invitations to negotiate no later than June 30,

1 2014. The Department shall procure at least 3 plans and no more  
2 than 11 plans for each region. At least one plan in each region  
3 must be a provider service network.

4 (c) In addition to the criteria established in this Act,  
5 the Department shall consider all of the following factors in  
6 the selection of long-term care managed care plans:

7 (1) Evidence of the employment of executive managers  
8 with expertise and experience in serving aged and disabled  
9 persons who require long-term care.

10 (2) Whether a plan has established a network of service  
11 providers dispersed throughout the region and in  
12 sufficient numbers to meet specific service standards  
13 established by the Department for specialty services for  
14 persons receiving home and community-based care.

15 (3) Whether a plan is proposing to establish a  
16 comprehensive long-term care plan and whether the plan has  
17 a contract to provide managed medical assistance services  
18 in the same region.

19 (4) Whether a plan offers consumer-directed care  
20 services to enrollees.

21 (5) Whether a plan is proposing to provide home and  
22 community-based services in addition to the minimum  
23 benefits required by this Act.

24 (d) Participation by a Medicare Advantage Special Needs  
25 Plan is not subject to the procurement requirements if the  
26 plan's Medicaid enrollees consist exclusively of recipients

1 eligible for both Medicaid and Medicare services who are  
2 enrolled in the plan in order to receive Medicare services.

3 Section 70. Long-term care managed care plan  
4 accountability. In addition to the requirements enumerated  
5 elsewhere in this Act, managed care plans and providers  
6 participating in the Medicaid Long-Term Care Managed Care  
7 Program must comply with the requirements of this Section.

8 (a) Managed care plans may limit the providers in their  
9 networks based on credentials, quality indicators, and price.  
10 For the period between June 30, 2014 and June 30, 2015, each  
11 selected plan must offer a network contract to all the  
12 following providers in the region:

13 (1) Nursing homes.

14 (2) Hospices.

15 (3) Aging network service providers that have  
16 previously participated in the State's home and  
17 community-based waiver programs serving seniors, or that  
18 have previously participated in community-service programs  
19 administered by the Department on Aging.

20 (b) Except as provided in this Section, providers may limit  
21 the managed care plans they join. Nursing homes and hospices  
22 that are enrolled Medicaid providers must participate in all  
23 managed care plans selected by the Department in the region in  
24 which the provider is located.

25 (c) Each managed care plan shall monitor the quality and

1 performance of each participating provider using measures  
2 adopted by and collected by the Department and any additional  
3 measures mutually agreed upon by the provider and the plan.

4 (d) The Department shall establish, and each managed care  
5 plan must comply with, specific standards for the number, type,  
6 and regional distribution of providers in the plan's network.

7 (e) Managed care plans and providers shall negotiate  
8 mutually acceptable rates, methods, and terms of payment. Plans  
9 shall pay nursing homes an amount equal to the nursing  
10 facility-specific payment rates set by the Department.  
11 However, mutually acceptable higher rates may be negotiated for  
12 medically complex care. Plans must ensure that electronic  
13 nursing home and hospice claims that contain sufficient  
14 information for processing are paid within 10 business days  
15 after receipt.

16 Section 75. Long-term care managed care plan payment. In  
17 addition to the payment provisions enumerated elsewhere in this  
18 Act, the Department shall provide payment to plans in the  
19 Medicaid Long-Term Care Managed Care Program pursuant to this  
20 Section.

21 (a) Payment rates to plans shall be blended for some  
22 long-term care services.

23 (b) Payment rates for plans must reflect historic  
24 utilization and spending for covered services projected  
25 forward and adjusted to reflect the level of care profile for

1 enrollees in each plan. The Department shall periodically  
2 adjust payment rates to account for changes in the level of  
3 care profile for each managed care plan based on encounter  
4 data.

5 (1) Level 1 Care consists of recipients residing in or  
6 who must be placed in a nursing home.

7 (2) Level 2 Care consists of recipients at imminent  
8 risk of nursing home placement, as evidenced by the need  
9 for the constant availability of routine medical and  
10 nursing treatment and care, and require extensive  
11 health-related care and services because of mental or  
12 physical incapacitation.

13 (3) Level 3 Care consists of recipients at imminent  
14 risk of nursing home placement, as evidenced by the need  
15 for the constant availability of routine medical and  
16 nursing treatment and care, who have a limited need for  
17 health-related care and services and are mildly,  
18 medically, or physically incapacitated.

19 (c) The Department shall make an incentive adjustment in  
20 payment rates to encourage the increased utilization of home  
21 and community-based services and a commensurate reduction of  
22 institutional placement. The incentive adjustment shall  
23 continue until no more than 35% of the plan's enrollees are  
24 placed in institutional settings. The Department shall  
25 annually report to the General Assembly the actual change in  
26 the utilization mix of home and community-based services



1 compared to institutional placements and provide a  
2 recommendation for utilization mix requirements for future  
3 contracts.

4 Section 80. Enrollment in a long-term care managed care  
5 plan.

6 (a) The Department shall automatically enroll into a  
7 long-term care managed care plan those Medicaid recipients who  
8 do not voluntarily choose a plan. Except as otherwise provided  
9 in this Act, the Department may not engage in practices  
10 designed to favor one managed care plan over another.

11 (b) The Department shall automatically enroll Medicaid  
12 recipients in plans that meet or exceed the performance or  
13 quality standards established in this Act, or by the Department  
14 through contract, and may not automatically enroll recipients  
15 in a plan that is deficient in those performance or quality  
16 standards.

17 (1) If a Medicaid recipient is deemed eligible for both  
18 Medicaid and Medicare services and is currently receiving  
19 Medicare services from a Medicare Advantage Preferred  
20 Provider Organization, a Medicare Advantage  
21 Provider-Sponsored Organization, or a Medicare Advantage  
22 Special Needs Plan, the Department shall automatically  
23 enroll the recipient in such plan for Medicaid services if  
24 the plan is currently participating in the Medicaid  
25 Long-Term Care Managed Care Program.

1           (2) Otherwise, the Department shall automatically  
2 enroll Medicaid recipients based on all of the following  
3 criteria:

4           (a) Whether the plan has sufficient network  
5 capacity to meet the needs of the recipient.

6           (b) Whether the recipient has previously received  
7 services from one of the plan's home and  
8 community-based service providers.

9           (c) Whether the home and community-based providers  
10 in one plan are more geographically accessible to the  
11 recipient's residence than those in other plans.

12           (c) If a recipient is referred for hospice services, the  
13 recipient has 30 days during which the recipient may select to  
14 enroll in another managed care plan to access the hospice  
15 provider of the recipient's choice.

16           (d) If a recipient is referred for placement in a nursing  
17 home or assisted living facility, the plan must inform the  
18 recipient of any facilities within the plan that have specific  
19 cultural or religious affiliations and, if requested by the  
20 recipient, make a reasonable effort to place the recipient in  
21 the facility of the recipient's choice.

22           Section 97. Severability. The provisions of this Act are  
23 severable under Section 1.31 of the Statute on Statutes.

24           Section 999. Effective date. This Act takes effect upon  
25 becoming law.