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Filed: 2/7/2018

10000SB1773ham006

LRB100 09919 KTG 35731 a

1 AMENDMENT TO SENATE BILL 1773

2 AMENDMENT NO. _____. Amend Senate Bill 1773, AS AMENDED,
3 with reference to page and line numbers of House Amendment No.
4 4 as follows:

5 on page 52, line 15, after "5-30.7" by inserting ", 5-30.8";
6 and

7 on page 76, immediately below line 2, by inserting the
8 following:

9 "(305 ILCS 5/5-30.8 new)

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

11 (a) For the annual establishment of Managed Care
12 Organization (MCO) capitated rate payments from the State,
13 including, but not limited to, (i) hospital fee schedule
14 reforms and updates, (ii) rates related to a single
15 State-mandated preferred drug list, (iii) rate updates related

1 to the State's preferred drug list, (iv) inclusion of coverage
2 for children with special needs, (v) inclusion of coverage for
3 children within the child welfare system, (vi) annual MCO
4 capitated rates, and (vii) any retroactive provider fee
5 schedule adjustments or other changes required by legislation
6 or other actions, the Department of Healthcare and Family
7 Services shall implement a base rate setting process beginning
8 on the effective date of this amendatory Act of the 100th
9 General Assembly which shall include all of the following
10 elements of transparency:

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

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

23 (3) The Department and its contracted actuary shall
24 meet with all participating MCOs simultaneously and
25 together along with consulting actuaries contracted with
26 statewide trade association representing a majority of

1 Medicaid health plans at the request of the plans.
2 Participating MCOs shall additionally, at their request,
3 be granted individual rate development meetings with the
4 Department.

5 (4) When a dispute remains between the MCOs and the
6 State's actuaries about the actuarial soundness of the base
7 capitation rates, an MCO or MCOs shall have the ability to
8 seek an arbitration by a third party actuary to settle the
9 dispute. The third party actuary shall be selected by the
10 Department from a list of 3 actuary firms produced by the
11 participating and complaining MCOs to the Department, and
12 the arbitration costs shall be funded by the participating
13 and complaining MCOs. The decision of the third party
14 actuary shall be binding and shall apply to the base rates
15 of the entire program retroactively.

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

23 (6) The Department shall provide written responses to
24 questions regarding MCO base rates, the rate development
25 methodology, MCO rate data and all other requests regarding
26 rates from MCOs in no more than 7 business days following

1 any inquiry.

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

3 (1) the Department shall take into account emerging
4 experience in development of the annual MCO base rates,
5 including, but not limited to, current-year cost and
6 utilization trends observed by MCOs;

7 (2) no less than 10 months prior to the effective date
8 of a new rate year (calendar year or fiscal year), the
9 Department shall meet with the MCOs regarding the initial
10 data collection needed to establish base rates for the
11 following year;

12 (3) no less than 6 months prior to the effective date
13 of a new rate year (calendar year or fiscal year), the
14 Department shall meet with MCOs to review data and the
15 Department's written draft assumptions to be used in
16 development of base rates for the following year, and shall
17 provide opportunities for questions to be asked and
18 answered;

19 (4) no less than 2 months prior to the effective date
20 of a new rate year (calendar year or fiscal year), the
21 Department shall provide the MCOs with draft capitated base
22 rates and shall also conduct a draft rate meeting with MCOs
23 to discuss, review, and seek feedback regarding the draft
24 rates; and

25 (5) no less than one month prior to the effective date
26 of a new rate year (calendar year or fiscal year), and

1 prior to the submission of final rates to the Centers for
2 Medicare and Medicaid Services, the Department shall
3 provide the MCOs with a final actuarial report regarding
4 the final base rates for the following year and
5 subsequently conduct a final rate review meeting; final
6 rates shall be marked final.

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

8 (1) the Department must provide advance notice to MCOs
9 of any significant policy change no later than 90 days
10 prior to the effective date of the policy change. A
11 significant policy change is defined as a change to covered
12 benefits, payment methodology, new member population, or
13 new service area made at the discretion of the Department
14 and not required by legislation with a retroactive
15 effective date;

16 (2) prior to the effective date of the policy change or
17 program implementation, the Department shall meet with the
18 MCOs regarding the initial data collection needed to
19 establish base rates for the policy change. Additionally,
20 the Department shall share with the participating MCOs what
21 other data and the processes for collection shall be
22 utilized to develop base rates;

23 (3) prior to the effective date of policy change or
24 program implementation, the Department shall meet with
25 MCOs to review data and the Department's written draft
26 assumptions to be used in development of rates for the

1 following year, and shall provide opportunities for
2 questions to be asked and answered; and

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

8 (d) For the development of rates for retroactive policy or
9 rate changes:

10 (1) the Department shall meet with the MCOs regarding
11 the initial data collection needed to establish rates for
12 the policy change. Additionally, the Department shall
13 share with the participating MCOs what other data and the
14 processes for collection shall be utilized to develop
15 rates;

16 (2) the Department shall meet with MCOs to review data
17 and the Department's written draft assumptions to be used
18 in development of rates for the following year; and shall
19 provide opportunities for questions to be asked and
20 answered; and

21 (3) the Department shall provide the MCOs with draft
22 capitated rates and shall also conduct a draft rate meeting
23 with MCOs to discuss, review, and seek feedback regarding
24 the draft rates."