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

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

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

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

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

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

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

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

(2) Whether encounter data is used by the Department of Healthcare and Family Services (DHFS) to set capitation rates;
3 Calculate the aggregate amount of MCO capitation payments made by DHFS during SFY2015 (exclude Hospital Assessment pass-through payments from this calculation);

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

5 The amount of payments made by DHFS to reimburse for-profit MCOs for "gross-up" related to the HIP payment; determine the purpose of the "gross-up" payments;

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

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

8 What is the overall average medical loss ratio
(MLR) for all MCOs in aggregate and for each MCO individually; for the purposes of this audit, MLR is defined as all paid claims made by MCOs as reported to HFS for state fiscal year 2015 divided by aggregate MCO capitation payments made by DHFS during the fiscal year;

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

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

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

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