

Legislative Audit Commission

RESOLUTION NO. 142

Presented by Representatives Brauer and Mautino

WHEREAS, the Department of Healthcare and Family Services (the "Department") announced in April the selection of health insurance vendors to provide benefits to government employees, dependents and retirees effective July 1, 2011; and

WHEREAS, according to the Department, the contracts will result in savings to the State of approximately \$102 million in FY12 and over \$1 billion over the life of the contracts; and

WHEREAS, as a result of the procurement process, Health Alliance and Humana HMOs that currently insure about 115,000 people will be eliminated; and

WHEREAS, protests filed by Health Alliance and Humana are currently pending before the Executive Ethics Commission; and

WHEREAS, legislators and others have expressed concerns about the procurement process and results; therefore,

BE IT RESOLVED, BY THE LEGISLATIVE AUDIT COMMISSION that the Auditor General is directed to conduct a management audit of the State's procurement of health insurance vendors for the State's group health insurance program; and be it further

RESOLVED, that the audit include, but not be limited to, the following determinations:

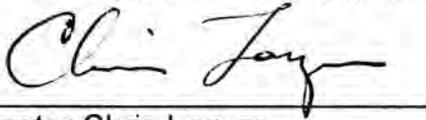
- Whether all aspects of the procurement process were conducted in accordance with applicable laws, rules, regulations and policies;
- Whether the evaluative criteria guiding the Department's selection of vendors were adequate and uniformly applied to competing vendors;
- Whether decisions concerning the selection of vendors and resolution of protests are adequately supported and documented;
- Whether the vendors selected by the Department demonstrated the capacity to provide quality, adequate and timely health care services for State employees, dependants and retirees at the time of the award;
- Whether the vendors selected by the Department demonstrated the capacity to provide quality, adequate and timely health care services for State employees, dependants and retirees no later than at the beginning of the contract period (July 1, 2011);
- Whether estimates of cost savings to the State are reasonable and fully supported;

- Whether, in the course of the procurement process or resolution of protests, the potential cost impact on participants in the group health insurance program was taken into consideration; and be it further

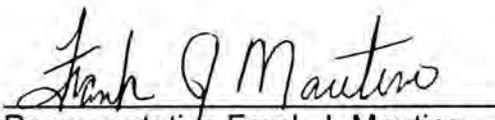
RESOLVED, that the Department of Healthcare and Family Services, the Executive Ethics Commission and any other State agency or other entity that may have relevant information pertaining to this audit cooperate fully and promptly with the Auditor General's Office in the conduct of this audit; and be it 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.

Adopted this 10th day of May, 2011.



Senator Chris Lauzen
Co-Chair



Representative Frank J. Mautino
Co-Chair