

Illinois Department of Healthcare and Family Services
Medicaid Advisory Committee
June 17, 2011

401 S. Clinton Street, Chicago, Illinois
201 S. Grand Avenue East, Springfield, Illinois

Members Present

Eli Pick, Chairman
Susan Hayes Gordon, Children's Memorial
Kathy Chan, IMCHC
Jan Costello, Illinois Home Care & Hospice Council
Mary Driscoll, DPH
Linda Diamond-Shapiro, ACHN
Andrea Kovach, Shriver Center
Karen Moredock, DCFS
Edward Pont, ICAAP
Renee Poole, IAFP
John Shlofrock, Barton Mgt.
Melissa Vargas, AAPD Head Start DHI
Sue Vega, Alivio Medical Center

Members Absent

Alice Foss, Illinois Rural Health Association
Judy King
Glendean Sisk, DHS

HFS Staff

Julie Hamos
Jacqui Ellinger
Frank Kopel
Lora McCurdy
Ann Lattig
James Monk

Interested Parties

Cassie Ayres, IARF
Victoria Bigelow, Access to Care
Stacey Bonn, Delta Dental of Illinois
Elizabeth Brunsvold, MedImmune
John Bullard, Amgen
Kelly Carter, IPHCA
Sumita Chakrabarti, UIC-SPH
Gary Fitzgerald, Harmony
Pat Gallagher, ISMS
Rachel Gielau, Shriver Center
Dionne Haney, ISDS
Barbara Hay, FHN
Jill Hayden, IPHCA
Marvin Hazelwood, Consultant
George Hovanec, Consultant
Bill Jensen, ICARE – Wisconsin

Interested Parties

Keith Kudla, FHN
Michael Lafond, Abbott
Dawn Lease, J & J
Deb Mathews, DSCC
Susan Melzer, IMCHC
Diane Montañez, Alivio Medical Center
Heather O'Donnell, CJE Senior Life
Deneen Omer, CSG/EVE project
John Peller, AIDS FDN of Chicago
Matt Powers, HMA
Roy Pura, Glaxo Smith Kline
Cheryl Ramirez, ACMHAI
Mary Reis, DCFS
Camille Rodriguez, IARF
Heather Scalia, Meridian
Doug Schenkelberg, Heartland Alliance
Robin Scott, CDPH
Maria Shabanova, Maximus
Sharon Simon, Ceridian
Nelson Soltman, Legal Assistance Foundation
Susan Stewart, Abbott Diabetes Care
Jo Ann Spoor, IHA
Jessica Williams, CPS-CFBU
Martha Wright, Comprehensive Bleeding Disorders

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I. Call to Order

Chairman Pick called the meeting to order at 10:05 a.m.

II. Introductions

Attendees in Chicago and Springfield introduced themselves.

III. Review of the Minutes

The May 2011 minutes were approved.

IV. Director's Report

HFS director, Julie Hamos, gave the report.

Budget/Legislative Session Update: Participants were provided a handout, "Update on Final Budget Adopted by General Assembly – June 6, 2011", which showed an anticipated unfunded budget gap of \$1.4 billion in Fiscal Year 2012 (see Attachment 1). Director Hamos reviewed the four budget reductions and pressure items and the four cost savings adopted by the General Assembly. She noted that this FY 2012 budget will require the payment cycle to expand to about 120 days.

Director Hamos advised that she had convened a meeting with legislators to discuss the budget shortfall and how the department may plan for it. It was decided that as revenues come in the state will look at paying of bills.

Chairman Pick suggested that the department stretch out delaying payments by paying every other month. He advised that he had heard the department would defer payments to long term care entities for the period of July through September and resume payment in October 2011. Frank Kopel, Deputy Administrator for Finance, indicated that he hadn't heard of this strategy.

George Hovanec suggested that the department share cash flow statistics for expedited and non-expedited payments with providers. This will give providers a better understanding of how bills are being paid.

Integrated Care Program: An Integrated Care Program Update handout was provided (see Attachment 2). Director Hamos stated that while the program has a good design, there has been a problem recruiting providers; particularly in Lake County.

Members discussed reasons why providers have not signed up and made suggestions on ways the department might encourage providers to participate. Some comments and suggestions are summarized below.

- Participating hospitals will be paid on time and with an enhanced rate.
- In Joliet, Silver Cross hospital is participating, but physicians are not.
- Some physicians are reluctant to participate in managed care programs.
- Have physician champions reach out to provider groups. Initiate a dialogue with medical provider associations.
- Consider doing Webinars for providers.
- Is there any difference in perception of doctors in the expedited pay group and the non-expedited pay group?

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- There is concern by some enrollees as well. Some people can't advocate for themselves. Some disabled persons are feeling anxious as their own doctors aren't signing up.

Eligibility issues Long Term Care (LTC): Under the Deficit Reduction Act (DRA) of 2005, and effective February 8, 2006, every state was required to change asset transfer policy to look back five years for any non-allowable asset transfers. Illinois didn't implement the change. The current Illinois law rule states that a transfer of assets is non-allowable if it was made within three years of application for LTC benefits facility and the transfer was made to become eligible for state payment for LTC.

The penalty period for a non-allowable transfer is based on the cost of care and the amount of the non-allowable transfer. For example, if the non allowable transfer was for \$50,000 and the cost of care is \$5,000 per month, the penalty period is the non-allowable transfer amount divided by the monthly cost of care or 10 months. As of the federal law change in 2006, the penalty period begins when the individual applies for Medicaid.

The Joint Committee on Administrative Rules (JCAR) proposed that HFS apply the federal law prospectively and has voted to prohibit the Department's rule. The federal CMS will not accept this and the rule must be applied back to the effective date of the DRA, or federal matching funds could be at risk. Currently, there is \$1.5 billion in the budget for LTC. HFS hopes to work with JCAR to lift the prohibition as failing to implement the federal law would have serious consequences.

Provider Rate Reform: The department is proceeding on hospital rate reform. Next month the department will be providing cost specific data to look at and eventually impose the reforms.

The department is also launching nursing home rate reform. There is a new nursing home bed tax to allow for increased federal matching rates.

Health Benefits Exchange: SB 1555 passed which, when signed, will create the Illinois Health Benefits Exchange Law. There will be a 12 member legislative study committee appointed to work with agency staff. They must come back to the General Assembly with a report by September 30, 2011. The report will recommend a governing structure for the Health Benefits Exchange. This decision is needed before the federal government will invest. The report will provide a recommendation for a self-financing mechanism. This summer there will be some open hearings organized by the Illinois agency, Commission on Government Forecasting and Accountability (COGFA).

Eligibility Verification and Enrollment: Part of the national healthcare reform is the Eligibility Verification Enrollment (EVE) component. Kathy Chan and Andrea Kovach thought it would be helpful to gather written comments and recommendations for change. These have been collected and shared with Jane Longo of Health Management Associates and HFS. Since giving HFS the draft, there have been some additional comments. Agencies providing comments included Access, CPS, and DHS grantees through the Illinois Coalition for Immigration and Refugee Rights (ICIRR). When consultants finish their report come back with ideas and present to the MAC, it may be a good idea to set up an additional subcommittee to follow up and perhaps schedule a webinar.

Director Hamos stated that EVE, with federal dollars available, is an opportunity to completely modernize our information system. She advised the committee that she had a chance to visit a local FCRC recently to see the intake process. The system is antiquated. Employees are looking at DOS screens and creating paper files. The office was filled with boxes and file cabinets filled with paper showing a system as much as 30 years behind current technology.

Diane Montañez recommended, and Kathy Chan agreed, that there would be a role for the Public Education subcommittee to review recommendations for EVE changes.

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Eligibility Update: Ms. Ellinger gave an update on the status of changes required under the Medicaid reform law that was passed in January, 2011. The reform law requires expanded eligibility verification of income and residence. There is an income limit for All Kids effective July 1, 2011 and a one year extension of existing All Kids Premium Levels 3-8 cases. The department already sent a general notice about the changes to clients and is in the process of issuing a letter to families with countable income greater than 300% of the Federal Poverty Level (FPL). Minimal feedback was received in response to the general notice.

The department has had conference calls with CMS regarding increasing the verifications for income and residency. Informally, CMS has said that the changes would violate the Maintenance of Effort (MOE) requirements for enhanced Medicaid funding. The department has shifted focus to look at the passive redetermination change in the fall. HFS has made progress using the Secretary of State office's (SOS) data to establish residency. CMS has said informally that they will work with the department to ensure program integrity. CMS has a burdensome internal clearing process, but the department is planning to ask for documentation of their decision after July 1, 2011.

Ms. Chan requested the number of families that are denied as over-income. Ms. Ellinger will see if we can get this information.

Linda Diamond-Shapiro suggested that the department let employers know how to enroll in All Kids. The information should be put on the website so it is easy to see as applying for commercial insurance. The department should reach out to the human resource community and two to three large companies. Chairman Pick suggested that the department work with SEIU employers or Jewel Osco.

V. Coordinated Care Discussion Paper

Director Hamos stated that the department prepared a questionnaire, *The Coordinated Care Program Key Policy Issues June 2011*, which was sent out to interested parties to solicit input on planning for coordinated care required under Medicaid reform and posted to the department's Web site at: <http://hfs.illinois.gov/cc/> She encouraged participants to provide feedback by close of business, July 1, 2011. The department plans to review the findings and look for areas of consensus and areas of greater complexity in order to design new care coordination models.

VI. Subcommittee Reports

Care Coordination Subcommittee Report

Dr. Pont, chairman for the subcommittee, provided the report. He commended the department for bringing an excellent group together and noted that it was good to have Margaret Kirkegaard, of Illinois Health Connect, on the subcommittee. He stated that the meeting was well attended and that there was a good discussion of the issues. The group reviewed the subcommittee draft charge and talked about the document he had prepared. Chairman Pick noted that the charge was so vast that the subcommittee should use it as a guide, but its primary focus should be on the first task of identifying ways to enhance Illinois Health Connect to comply with the requirements of the Medicaid reform law [P.A. 96-1501]. There was discussion on the issue of specialty care communication and different care coordination agencies.

Chairman Pick and Susan Hayes Gordon read the draft charge prepared for the subcommittee. There was a motion to accept the draft charge, as written. The motion passed. The next meeting for the Care Coordination Subcommittee was set for July 19, 2011.

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VII. Open to Committee

There were no new items but the group had some discussion on access to care and enrollment.

Susan Hayes Gordon referred to an article in the New England Journal of Medicine regarding disparities in access to care. She recommended that this is something the department should look at.

As part of the Memisovski vs. Maram lawsuit, it was determined that there was not equal access to medical care for Medicaid patients as compared to the general public. As a result, the department had raised payment rates for some well child services. There was a recent study done to explore access to specialty care for Medicaid clients versus the general public using a “secret shopper” model. Persons called medical specialist offices identifying themselves as either having Medicaid coverage or commercial insurance coverage and asked for an appointment. The study found 66% of the Medicaid patients were denied an appointment, compared to 11% of the commercial insurance patients. Chairman Pick advised there is a need to look at a new system that can work with constraints of a smaller workforce. There is a need to comment on EVE and the activities at the local DHS offices.

Nelson Soltman advised that the Legal Assistance Foundation has experience with the DHS office and the electronic eligibility system. Director Hamos suggested that Mr. Soltman become involved with the Public Education subcommittee.

VIII. Adjournment

The meeting was adjourned at 12:10 p.m. The next MAC meeting is scheduled for September 16, 2011.

**DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES: FY12 BUDGET
Update on Final Budget Adopted by General Assembly*
June 6, 2011**

As a result of final General Assembly action, the unfunded budget gap for HFS Medical Assistance Programs will be \$1.4 billion in FY12, compared to the Governor's introduced budget. Some cost savings were identified and one program change was authorized (Illinois Cares Rx). This FY12 budget will require the payment cycle to expand to about 120 days for many providers, and the ending FY12 bills on hand will be \$2.1 billion. This continued pattern of deferring payment of bills means that the FY13 GRF appropriation for Medicaid will need to increase by almost \$2.8 billion just to maintain the payment cycle.

<u>BUDGET REDUCTIONS AND PRESSURES</u>	(\$s in millions)
Provider rate reductions assumed in Governor's budget, but not authorized or funded	(\$552.2)
5/13 additional budget reductions by House - but no program reductions	(\$537.4)
5/31 blocking of statutory transfers; tobacco settlement funds removed, not restored (gross spending impact with federal match)	(\$320.0)
50% restoration of IL Cares Rx from Governor's budget	(\$53.7)
TOTAL BUDGET REDUCTIONS AND PRESSURES	<hr/> (\$1,463.3)
 <u>COST SAVINGS ADOPTED BY GENERAL ASSEMBLY</u>	
Co-payments for non-emergency ER visits	\$9.2
RFP for enhanced third party liability claiming	\$10.0
RFP for bulk rate purchasing of specialty drugs	\$10.0
Discontinued coverage for select over-the-counter drugs	\$16.0
TOTAL COST SAVINGS	<hr/> \$45.2
 <u>TOTAL FY12 BUDGET GAP IN MEDICAL ASSISTANCE PROGRAMS</u>	 (\$1,418.1)

This means \$1.4 billion in additional unpaid bills are pushed into FY13 - \$2.1 billion in total unpaid bills.

* Assumes cash-flow in FY11 sufficient to pay down most bills to secure enhanced ARRA match.

Integrated Care Program Update MAC Meeting – Friday, June 17, 2011

General information

- The two finalized ICP contracts with Aetna Better Health and IlliniCare Health Plan were signed April 28, 2011.

Rolling out Enrollment Material

- The department began mailing enrollment packets during March, and the first enrollees to receive health care benefits through the program began May 1, 2011.
- As of June 13, 2011, there were **31,298** enrollees that have received ICP enrollment material. These enrollees reside in suburban Cook, DuPage, Kane, Will and Kankakee counties.
- The remaining **6,664** who have yet to receive enrollment packets reside in Lake County and in long term care facilities.
 - Lake County enrollees (**3,209**) have not been sent enrollment packets due to the inadequate hospital network set up in this county. Both health plans are working on improving network coverage in Lake County.
 - Residents of Long Term Care facilities (**3,455**) will receive onsite enrollment assistance through the department's client enrollment broker (Automated Health Systems). Over the next couple of months, AHS will bring enrollment material to the LTC facilities to provide educational sessions followed up with enrollment assistance.

Enrollment Data

- As of June 14, 2011, **12,874** people have enrolled in ICP.
 - **6,843** members (53%) have joined Aetna Better Health
 - **6,031** members (47%) have joined IlliniCare Health Plan
- Of those 12,874 enrollees,
 - **4,790** are voluntary enrollments: (37%)
 - **8,084** are auto-assigned enrollments: (63%)
- The begin date of coverage for these enrollees varies, depending on the date the members enrolled. Approximately 4,000 members began receiving services May 1st or June 1st. A majority of the 8,800 future members will begin receiving services July 1st. Some may begin August 1st, depending on the date they enrolled.

Network status

- Aetna Better Health has contracted with:
 - 659 Primary Care Physicians
 - 1,768 Specialists
 - 29 hospitals
- IlliniCare Health Plan has contracted with:
 - 708 Primary Care Physicians
 - 1,063 Specialists
 - 37 hospitals

List of the 29 participating hospitals – Aetna Better Health

- Adventist Bolingbrook Hospital
- Aurora Chicago Lakeshore Hospital
- Glenoaks Hospital
- Hinsdale Hospital
- Holy Family Medical Center
- LaGrange Memorial Hospital
- Loretto Hospital
- MacNeal Hospital
- Mercy Hospital Medical Center
- Methodist Hospital of Chicago
- Norwegian American Hospital
- Our Lady of Resurrection Medical Center
- Palos Community Hospital
- Resurrection Medical Center
- Riveredge Hospital
- Riverside Medical Center
- RML Health Providers LTD PTSHP
- Roseland Community Hospital
- Sacred Heart Hospital
- Saint Francis Hospital
- Saint James Hospital and Health Centers
- Saint Joseph Hospital
- Saint Mary of Nazareth Hospital
- Sherman Hospital
- South Shore Hospital
- Swedish Covenant Hospital
- Louis A. Weiss Memorial Hospital
- VHS Westlake Hospital
- VHS West Suburban Medical Center

List of the 37 participating hospitals – IlliniCare Health Plan

- Adventist Bolingbrook Hospital
- Aurora Chicago Lakeshore Hospital
- Evanston Hospital
- Glenbrook Hospital
- Glenoaks Hospital
- Highland Park Hospital
- Hinsdale Hospital
- Holy Cross Hospital
- Holy Family Medical Center
- J H Stroger Hospital of Cook County
- Kindred Chicago Central Hospital
- Kindred Hospital Chicago
- Kindred Hospital Sycamore
- LaGrange Memorial Hospital
- MacNeal Hospital
- Mercy Hospital Medical Center
- Metrosouth Medical Center
- Mt Sinai Hospital Medical Center Chicago
- Norwegian American Hospital
- Oak Forest Hospital
- Our Lady of Resurrection Medical Center
- Provena Mercy Center
- Provena Saint Joseph Hospital
- Provident Hospital of Cook County
- Resurrection Medical Center
- RML Health Providers LTD PTSHP
- Saint Francis Hospital
- Saint James Hospital and Health Centers
- Saint Joseph Hospital
- Saint Mary of Nazareth Hospital
- Sherman Hospital
- Skokie Hospital
- South Shore Hospital
- Swedish Covenant Hospital
- Louis A. Weiss Memorial Hospital
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- VHS West Suburban Medical Center