

March 21, 2018

Nancy Wohlhart
VP, IL Medicaid Operations
Blue Cross and Blue Shield of Illinois
300 East Randolph Street
Chicago, IL 60601

RE: Sanction of Blue Cross Blue Shield of Illinois due to provider capacity non-compliance under the Contract for Furnishing Health Services by a Managed Care Organization

Dear Ms. Wohlhart:

This letter serves as formal notice to Blue Cross Blue Shield of Illinois (BCBS) of sanctions pursuant to the Contract for Furnishing Health Services by a Managed Care Organization (2018-24-001). This formal notice follows the e-mail correspondence on January 3, 2018 notifying BCBS that the Department would implement a statewide auto-assignment enrollment sanction for coverage effective dates beginning April 1, 2018.

Pursuant to Section 5.7.1.1, the provider network shall, *“be sufficient to provide adequate access to all Covered Services under the Contract, taking into consideration: 5.7.1.1.1 the anticipated number of Enrollees; 5.7.1.1.2 the expected utilization of services, in light of the characteristics and healthcare needs of Contractor’s Enrollees; 5.7.1.1.3 the number and types of Providers required to furnish the Covered Services; 5.7.1.1.4 the number of Network Providers who are not accepting new patients; and 5.7.1.1.5 the geographic location of Providers and Enrollees, taking into account distance, travel time, the means of transportation, and whether the location provides physical access for Enrollees with disabilities.”*

Additionally, pursuant to Section 5.8.1, Network adequacy standards, *“Contractor’s Provider Network must include all necessary Provider types, including primary care Providers, Behavioral Health Providers, OB/GYNs, dental care Providers, hospitals, other specialists, and pharmacies, with sufficient capacity to provide timely Covered Services to Enrollees in accordance with the standards outlined herein. For each Provider type, Contractor must provide access to at least ninety percent (90%) of Enrollees within each county of the Contracting Area within the prescribed time and distance standard required by this section 5.8.1, with the exception of pharmacy services, which must provide one-hundred percent (100%) coverage to Enrollees as required in section 5.8.1.1.7.”*

The Department has analyzed BCBS's ongoing provider network submissions to the Department's External Quality Review Organization and, beginning November 9, 2017, has had recurrent discussions with BCBS Medicaid executives and provider network leadership about BCBS's progress on building an adequate, statewide provider network. Based on this, the Department has determined that BCBS does not have a sufficient provider network to provide adequate access to all Covered Services statewide, including network adequacy issues with hospitals, specialists, and primary care Providers within some areas in the Northwest, Central, and Southern regions of the state.

Pursuant to Section 7.16.17, Other Failures, the Department is imposing an enrollment hold on BCBS by placing BCBS in Band 4 within the HealthChoice Illinois auto-assignment algorithm, as the Department has determined that the Contractor is in substantial noncompliance with the network adequacy requirements of the contract. This statewide auto-assignment enrollment sanction is for coverage effective dates beginning April 1, 2018. Based on discussions with BCBS Medicaid executives and provider network leadership, the statewide network adequacy noncompliance is incapable of being cured prior to April 1, 2018 and, as a result, pursuant to Section 7.16, the Department is not allowing a cure period.

BCBS will have the enrollment sanction lifted upon showing necessary improvements and by acquiring an adequate statewide provider network. Furthermore, pursuant to Article VII, Section 7.16.17, Other failures, the Department may impose a performance penalty in the amount of \$20,000 to \$50,000 without notice if BCBS does not show necessary improvements and continues to be in substantial noncompliance with the material terms of this Contract regarding network adequacy.

Please let your Account Manager know if you have any questions.

Sincerely,



Robert Mendonsa
Deputy Administrator, Division of Medical Programs
Illinois Department of Healthcare and Family Services

cc:

Michelle Maher
Laura Ray
Laura Phelan
Amy Harris-Roberts
Matthew Seliger