

April 6, 2018

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

RE: Sanction of Blue Cross Blue Shield of Illinois due to non-compliance related to appeals and grievances 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) ("contract"). The Department of Healthcare and Family Services ("Department") is issuing enrollment and monetary sanctions for substantial noncompliance and failure to demonstrate improvement in appeals and grievances contract requirements, as outlined below.

Pursuant to Section 7.16.3 of the contract, Failure to Submit Ad Hoc Reports, BCBS failed to submit an "ad hoc report in an accurate, complete, and timely manner" and is sanctioned \$50,000.

Section 5.28.1.3 of the contract, Ad hoc information requests, states, "Contractor shall submit to the Department an accurate and complete response to any ad hoc request received from the Department by the due date given by the Department. If Contractor cannot meet the due date, Contractor shall request an extension no later than forty-eight (48) hours before such due date. The Department may approve, deny, or allow for such shorter extension within its sole discretion." Furthermore, Section 7.16.3 of the contract, Failure to submit ad hoc reports, states "If Contractor fails to submit any ad hoc report in an accurate, complete, and timely manner, as provided in section 5.28.1.3, then the Department may, at its sole discretion and without notice, impose a monetary sanction of up to US \$50,000. The Department may also, without further notice, impose an additional monetary sanction until an accurate and complete response is submitted."

On Friday, March 23, 2018, the Department and its External Quality Review Organization (EQRO) sent BCBS a template requesting detailed information on BCBS's processing of current and aged grievances and appeals. A due date of March 27, 2018 was provided. BCBS did not request an extension. BCBS missed the March 27, 2018 deadline and submitted an incomplete template on March 29. BCBS submitted an updated report on April 2, 2018, however, it included unexplained variances compared to the March 29, 2018 submission, leading to questions about the accuracy of the data in the reports. As a result, BCBS failed to submit an "ad hoc report in an accurate, complete, and timely manner."

Pursuant to Section 7.16.9 of the contract, Failure to Demonstrate Improvement in Areas of Deficiencies, BCBS failed to work through its appeals and grievances backlog in the time specified in the Corrective Action Plan (CAP) and is sanctioned \$50,000.

Through the CAP review process, the Department informed BCBS on February 2, 2018 that BCBS's appeals and grievances backlog in all categories needed to be completed by March 15, 2018. BCBS informed the Department that it could not be completed its work on the backlog by March 15, 2018, but that it would be completed by March 30, 2018. In BCBS's March 29, 2018 and April 2, 2018 submissions to the Department's External Quality Review Organization (EQRO), Health Services Advisory Group (HSAG), BCBS not only continued to show a backlog of old appeals and grievances, but is operating with continued and substantial noncompliance for both standard and expedited appeals and grievances received in calendar year 2018.

Pursuant to Section 7.16.17 of the contract, Other Failures, BCBS has exhibited continued and substantial noncompliance with the appeals and grievances standards in Section 5.30 of the contract and is sanctioned \$50,000. Additionally, the Department is imposing an enrollment hold on the Contractor effective Wednesday, April 11, 2018.

BCBS is operating with continued and substantial noncompliance for both standard and expedited appeals and grievances received in calendar year 2018, according to data submitted by BCBS on March 29, 2018 and April 2, 2018 to HSAG. Due to this noncompliance being persistent and part of a pattern of noncompliance, the Department is disallowing a cure period, pursuant to Section 17.16.1 of the contract. Additionally, pursuant to Section 17.16.1 of the contract, at the end of each subsequent period of thirty (30) days in which no demonstrated progress is made toward compliance, the Department may, without further notice, impose additional performance penalties of equal amount.

In total, the Department is sanctioning BCBS in the amount of \$150,000. BCBS is required to remit a check to the Department within 30 days of receipt of this letter. Payment should be sent to:

HFS Bureau of Fiscal Operations
Attn: Matthew Duff
2200 Churchill Road
Building A2
Springfield, IL, 62702

Additionally, pursuant to Section 7.16.9 of the contract, Failure to Demonstrate Improvement in Areas of Deficiencies, if BCBS does not show necessary improvements, the Department may impose a performance penalty in the amount of \$50,000 for every 30 day period thereafter, without notice, and require BCBS to submit another CAP. Further, BCBS's enrollment hold will remain in place until it comes into compliance with Section 5.30 of the contract.

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: Laura Ray
Laura Phelan
Sylvia Riperton-Lewin
Matthew Seliger
Sherri Sadala
Mary Doran
Kim Cox