

July 1, 2011

Ms. Julie Hamos
Director
Illinois Department of Healthcare and Family Services
201 South Grand Avenue East
Springfield, IL 62763

Re: Comments Regarding Coordinated Care Program

Dear Director Hamos:

Children's Memorial Hospital, Comer Children's Hospital of Chicago, Health & Disability Advocates, Illinois Chapter of the American Academy of Pediatrics, Illinois State Medical Society, Illinois Academy of Family Physicians and Shriver Center National Center on Poverty Law appreciate the opportunity to submit this letter in connection with the Coordinated Care Program questionnaire circulated by the Illinois Department of Healthcare and Family Services (HFS). It should be noted that several of these organizations intend to submit separate responses to the questionnaire. The purpose of this letter to memorialize our shared perspective with respect to the development of a comprehensive Coordinated Care Program in Illinois as it relates to children insured by the All Kids program.

1. Preserve the Primary Care Case Management (PCCM) Program

In repeated testimony and public comments in connection with Medicaid reform, HFS affirmed the importance and central role of the PCCM system known as *Illinois Health Connect*. As we have stated previously, HFS has touted the PCCM program as a model program for both addressing the problems noted in the Memisovski consent decree and saving costs.

The Illinois Medicaid reform law mandates that 50 percent of all Medicaid recipients be enrolled in coordinated care by January, 2015. It specifically disallows the PCCM in its current form from participation in the 50% requirement. Within the framework of the federally mandated Medicaid Advisory Committee (MAC), the provider community has been working in concert to enhance the PCCM's care coordination aspects. We urge HFS to accept the modifications put forward by the MAC so the PCCM may be included as part of this stated mandate. Virtually all data provided at the MAC show that Illinois

Health Connect consistently outperforms the State's Medicaid managed care organizations on various quality measurements. To that end, we urge HFS to modify the Medicaid reform law so that the PCCM is considered under the law's mandate.

2. Implement Quality Accountable Care Organizations

The State is in the process of considering various Accountable Care Organizations (ACOs) to provide care coordination for HFS patients. We believe these organizations should be held to the highest quality standards as specified by the National Committee for Quality Assurance (NCQA). To this end, we believe NCQA outcomes data should be publicly available so patients can compare how the various ACOs perform and make informed decisions on which ACO would best suit their needs. We also note a recent Commonwealth study that demonstrates publicly traded health plans underperform—both in terms of care quality and administrative expense—when compared to both non-publicly traded ones and provider-sponsored plans.¹

3. Improve Access to Pediatric Specialty Care

We wish to take to the opportunity to reiterate our joint concern regarding the implementation of the proposed MCO rule. Children comprise 61.7 % of the Medicaid program but consume only 30.3 % of its financial resources. Pediatric specialists are paid as low as 30 cents on the dollar of their cost, whereas physicians overall are paid on average 41 cents on the dollar. The Memisovski consent decree did increase payments for primary care pediatricians and the hospital-funded assessment system allowed an increase for these payments. Despite this increase in funding for primary care doctors, Illinois Medicaid's expenditures that are targeted to children are not adequate. A study published in the June 16, 2011 *New England Journal of Medicine* and authored by researchers at the University of Pennsylvania, found that children in Cook County, Illinois covered by Medicaid are far more likely than those with private insurance to be turned away by pediatric specialists or experience wait times of more than a month for an appointment. Specifically the study found that 66% of Medicaid-CHIP callers were denied an appointment as compared with 11% of privately insured callers.

It is absolutely essential that a coordinated care program not decrease the already low funding that Medicaid provides for pediatric specialists. The State should not return to the days of the Medicaid program only paying half of legitimate providers' hospital costs, while MCO's made substantial profits at the expense of quality of care and increased medical providers' losses. In addition, if large numbers of Medicaid beneficiaries are moved into capitated HMO managed care, it could jeopardize not only the Hospital Assessment Program, with the State losing many hundreds of millions of dollars in federal matching funds annually, but also the intergovernmental transfer and certified public expenditures provided by the Cook County Health System.

¹ M. J. McCue and M. H. Bailit, *Assessing the Financial Health of Medicaid Managed Care Plans and the Quality of Patient Care They Provide*, The Commonwealth Fund, June 2011.

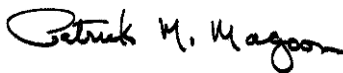
The issue of underpaid pediatric specialists was raised in the House debate concerning Public Act 96-501. State Representative Susana Mendoza asked the following question: "In the Senate, Senator Righter, who co-sponsored this legislation with Senator Steans, stated that the primary problem facing Medicaid is the lack of access to necessary care for those who are truly in need, and in particular he identified the frightening lack of access for sick children. This legislation does not appear to address the lack of access for sick children. This legislation does not appear to address the lack of access to pediatric specialists for children insured by Medicaid. As we move into the future, Representative, it will be very important for us to ensure that the legislature and HFS work to address this problem. In your view, will this problem be part of our longer-term plan to improve Medicaid." [Page 9 and 10, lines 21 to 25 and lines 1 to 7].

Representative Currie's answer was "I do hope so, and while this bill does not deal directly with rates, I think it does with the underlying issue, and that we have been so rate-driven and so fee-for-service driven, that we have driven some providers out of their willingness to provide services to people on the Medicaid program. But through networks, through coordinated care, I think we can bring those specialists back into the Medicaid program, and that is really the hope of this kind of approach, which would mean really redoing the way we've done business in Medicaid, but would do so in a way that I think will provide more access to quality specialists than we are able to do today." [Page 10, lines 8 to 19].

MCO's, which have been in operation in Illinois for almost three decades, have not solved the problem of access to pediatric specialist care. It is our hope that a coordinated care program developed by the State would improve access to pediatric specialty care to our most vulnerable children.

We thank you for consideration and the opportunity for input.

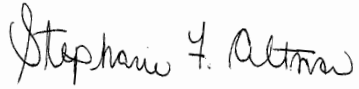
Sincerely,



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