I. Call To Order

We improve lives.

▶ We address social and structural determinants of health.

▶ We empower customers to maximize their health and well being.

▶ We provide consistent, responive service to our colleagues and customers.

▶ We make equity the foundation of everything we do.

This is possible because:

▶ **We value our staff as our greatest asset.**

We do this by:

Fully staffing a diverse workforce whose skills and experiences strengthen HFS.

Ensuring all staff and systems work together.

Maintaining a positive workplace where strong teams contribute, grow and stay.

Providing exceptional training programs that develop and support all employees.

▶ **We are always improving.**

We do this by:

Having specific and measurable goals and using analytics to improve outcomes.

Using technology and interagency collaboration to maximize efficiency and impact.

Learning from successes and failures.

▶ **We inspire public confidence.**

We do this by:

Using research and analytics to drive policy and shape legislative initiatives.

Clearly communicating the impacts of our work.

Being responsible stewards of public resources.

Staying focused on our goals.

HFS

Illinois Department of
Healthcare and Family Services

Summary of Agenda

I. Call to Order

II. Roll Call of Members

III. Introduction to HFS Staff

IV. Review of Meeting Minutes

V. Healthcare and Family Services Executive Presentations

VI. Discussion

VII. Public Comments

VIII. Additional Business Old & New

IX. Adjournment

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Facilitator: Co-Chairs

General Meeting Operations and Communications

Meeting basics

- Please note, this meeting is being recorded.

  To ensure accurate records, please type your name and organization into the chat.

- If possible, members are asked to attend meetings with their camera's turned on, however, if you call in & need materials, please email HFS.Boards.and.Commissions@illinois.gov as soon as safely possible.

- Please be sure to mute your audio except when speaking.

- Please note that HFS staff may mute participants to minimize any type of disruptive noise or feedback.

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General Meeting Operations and Communications

Comments or questions during the meeting

- If you are a Commission member and wish to make a comment or ask a question during the meeting, please use the WebEx feature to raise your hand, contact the host/co-host, or unmute yourself during QA sections facilitated by the Co-Chairs.

- Please state your full name when asking a question or passing a motion.

- If you are a member of the general public and wish to make a comment, please register to make a public comment prior to the meeting. Instructions to make public comments have been provided for you in the public meeting posting located on the MCO Oversight Boards and Commissions webpage.

- If you have a question during the meeting, please utilize the Webex chat feature to send your question directly to the meeting host.

Presenter: Melishia Bansa, Deputy Director of Community Outreach

# General Meeting Operations and Communications

— Meeting basics Cont.

- The Co-Chairs will try to address as many questions as possible during designated sections of the meeting. We recognize that due to the limited allotted time, your questions may not be answered during the meeting, therefore be sure to visit the HFS Webpage for a list of helpful resources. Your questions are important to us and will help inform the development of future presentations and informational materials.

- HFS is committed to hosting meetings that are accessible and ADA compliant. Closed captioning has been made available to you today via the WebEx Platform. Please email HFS.Boards.and.Commissions@illinois.gov in advance to report any requests or accommodations you may require or use the chat to alert me of challenges you may have encountered during the meeting. Patience, please – many meeting attendees may be new to these proceedings.

- Meeting minutes of the prior meeting have been circulated to commission members in advance of today's session. Once approved, they will be posted to the website along with today's MCO Oversight Commission presentation deck.

II. Roll Call of MCO Commission Members

Presenter: Melishia Bansa
Deputy Director of Community Outreach – Boards & Commissions
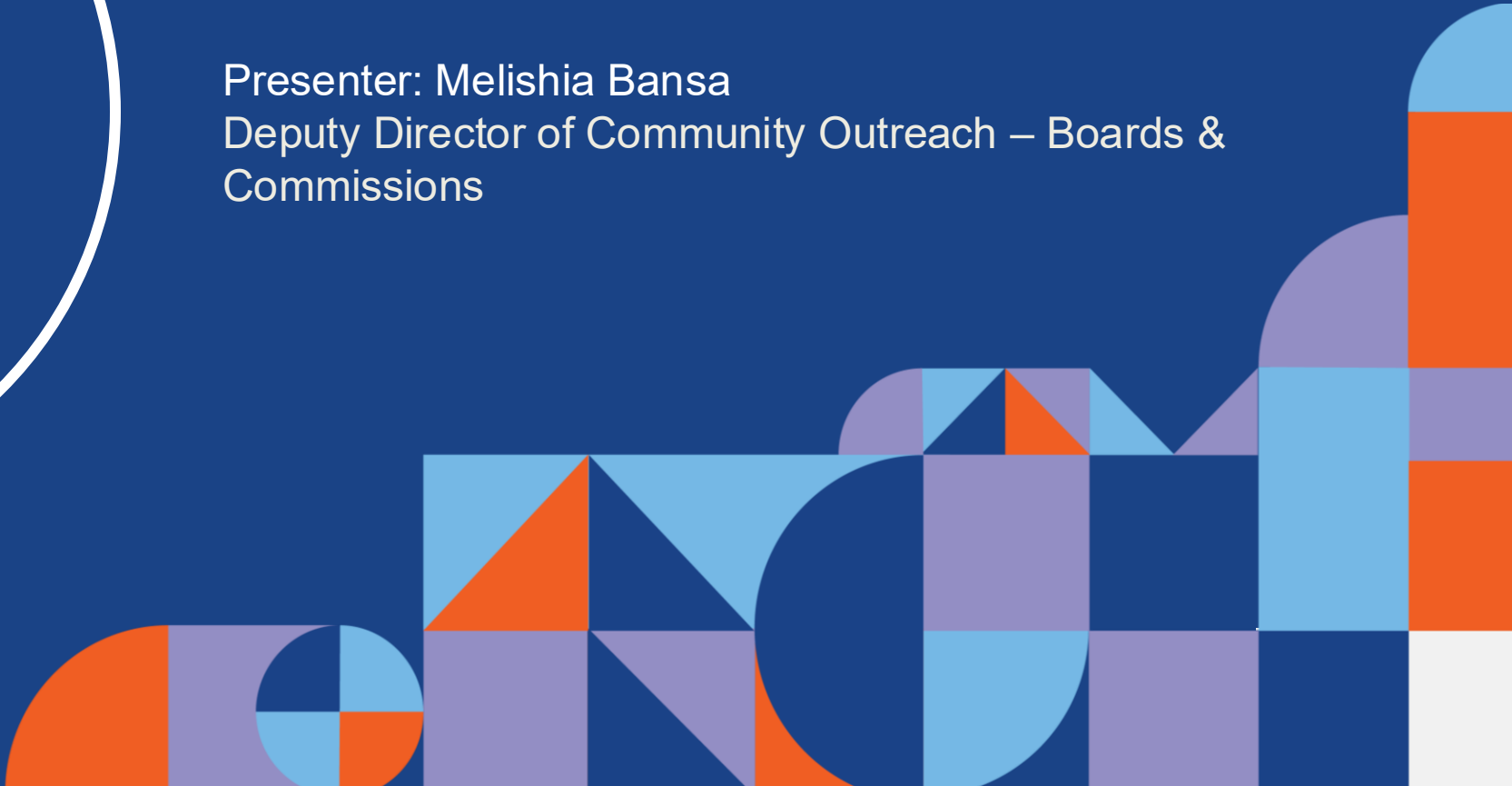
Roll Call of MCO Commission Members

Senator Mattie Hunter	Co-Chair
State Representative Camille Lilly	Co-Chair

Anthony (Tony) LoSasso	Joshua Gottlieb
Audrey Tanksley	**Jordan Powell***
Caprice Carthans	**Mark Corey**
Charles (Matt)Hartman	**Marie Rucker**
Cornetta Levi*	**Matthew Wolf**
David Sharar*	**Nadeen Israel**
Garth Reynolds	Olumide Idowu
Gerald (Jud) DeLoss*	Raul Garza
Jennie Pinkwater*	**Sen. Dave Syverson***
Nina Davis*	**Keshonna Lones**
	William Simon

III. Introduction of HFS Staff

Presenter: Melishia Bansa
Deputy Director of Community Outreach – Boards & Commissions

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Introduction of HFS Staff

A. **Elizabeth Whitehorn**

Director, HFS

B. **Melishia Bansa**

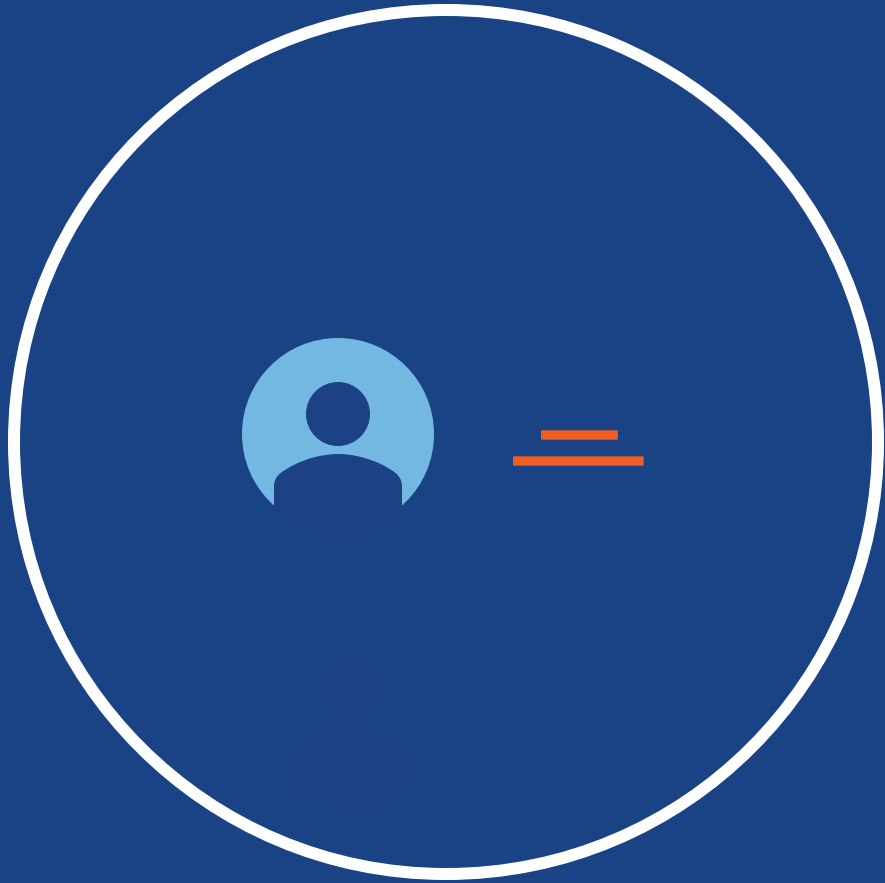Deputy Director of Community Engagement

C. **Helena Lefkow**

Deputy Administrator, Managed Care Performance

D. **Keshonna Lones**

Bureau Chief, Bureau of Managed Care

E. **Aileen Kim**

Deputy Chief of Staff

Managed Care Community Network (MCCN) Certification

What is an MCCN?

- An MCCN is an entity, other than a Health Maintenance Organization (HMO) that is owned, operated, or governed by providers of health care services within Illinois. MCCNs provide or arrange primary, secondary, and tertiary managed health care under contract with HFS to persons participating in programs administered by the Department.

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Managed Care Community Network (MCCN) Certification

- HFS is accepting applications from provider-led entities seeking certification as MCCNs in Cook County.

- Applications are available on the HFS website: https://hfs.illinois.gov/medicalproviders/cc/mccn.html.

- Applications are due by 11:59 PM on Monday, August 4, 2025. Applications received after the deadline will not be considered.

- Please note that applying for and being awarded MCCN certification does not guarantee or imply selection for any future Medicaid managed care contract opportunities.

- For information on MCCN eligibility criteria, standards, and requirements, please refer to 89 Ill. Adm. Code 143.

- Questions regarding the application should be directed to HFS.MCCN.Certification@Illinois.gov.

Point 8

Review value-based and other alternative payment methodologies to make recommendations to enhance program efficiency and improve health outcomes

MCO Value-Based Payment Spending

Illinois Department of Health & Family Services

July 2025

Medicaid Managed Care Oversight Commission

Milliman

Agenda

- Managed Care VBP Strategy Background
- Reported VBP Expenditures Across MCOs
- 2025 VBP Plan Observations
- Questions

Managed Care VBP Strategy Background

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Value-Based Payments (VBP) Overview

Over the past two decades, commercial, Medicare, Medicaid, and multi-payer coalitions have introduced VBP contracts to reward providers for improving health care quality while reducing spending[1]

What is VBP?

VBP describes an array of healthcare payment models that link financial incentives to performance[2]

Why does HFS promote VBP?

To address the Triple Aim[3] of healthcare

- Better care for individuals
- Better health for populations
- Lower costs

How does VBP work?

VBP models achieve the Triple Aim by reimbursing healthcare providers based on the *value* that they provide rather than the *volume* of services they provide

Key Definitions

- **Risk-based arrangement** means an agreement where a participant is financially accountable for the quality or cost of care

- **Upside risk** means a provider may see financial gains under a payment arrangement

- **Downside risk** means a provider may see financial losses under a payment arrangement

Evidence

- Some outcomes-based models are shown to improve quality of care and reduced healthcare cost growth[4]

- Models with downside risk have been associated with lower rates of hospitalization and ED visits[5]

Sources: 1) Value-based purchasing design and effect: a systematic review and analysis - PMC ; 2) HCP-LAN APM Framework; 3) The Triple Aim: Care, Health, And Cost | Health Affairs; 4) Design and effects of outcome-based payment models in healthcare: a systematic review - PMC ; 5) Analysis of Value-Based Payment and Acute Care Use Among Medicare Advantage Beneficiaries | Health Policy | JAMA Network Open | JAMA Network

Managed Care VBP Plan Requirements

Beginning in 2021, the Milliman team supported the Healthcare and Family Services (HFS) in drafting managed care contract requirements to advance value-based payment (VBP)

MCOs must submit an annual VBP Plan that describes its plan for "the adoption, evolution, and growth of APMs in its Provider Network."	The VBP Plan must report using the HCP-LAN Alternate Payment Model (APM) framework with an emphasis on models in categories three and four.	Effective 2023, each MCO "*must realize annual improvement in the level of VBP penetration as a percentage of its relevant spending for medical services governed under VBP arrangements with Providers.*"	The current MCO contract allows HFS to establish VBP targets for MCOs in future years, with adequate written notice.

HCP-LAN Alternative Payment Model (APM) Framework

CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4
FEE FOR SERVICE – NO LINK TO QUALITY & VALUE	FEE FOR SERVICE – LINK TO QUALITY & VALUE	APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE	POPULATION – BASED PAYMENT
	A	**A**	**A**
	Foundational Payments for Infrastructure & Operations (e.g., care coordination fees and payments for HIT investments)	**APMs with Shared Savings** (e.g., shared savings with upside risk only)	**Condition-Specific Population-Based Payment** (e.g., per member per month payments, payments for specialty services, such as oncology or mental health)
	B	**B**	**B**
	Pay for Reporting (e.g., bonuses for reporting data or penalties for not reporting data)	**APMs with Shared Savings and Downside Risk** (e.g., episode-based payments for procedures and comprehensive payments with upside and downside risk)	**Comprehensive Population-Based Payment** (e.g., global budgets or full/percent of premium payments)
	C		**C**
	Pay-for-Performance (e.g., bonuses for quality performance)		**Integrated Finance & Delivery System** (e.g., global budgets or full/percent of premium payments in integrated systems)

In 2016, the Healthcare Payment Learning and Action Network (HCP-LAN) established a framework for transition to alternative payment models (APMs).

The goal is to accelerate the percentage of U.S. health care payments tied to quality and value through the adoption of two-sided risk alternative payment models, known as Categories 3B and 4.

HCP-LAN set the following national targets for adoption of two-sided risk:

	Medicaid	Commercial	Medicare Advantage	Traditional Medicare
2024	25%	25%	55%	50%
2025	30%	30%	65%	60%
2030	50%	50%	100%	100%

Source: HCP-LAN APM Framework

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VBP Expenditures Across MCOs

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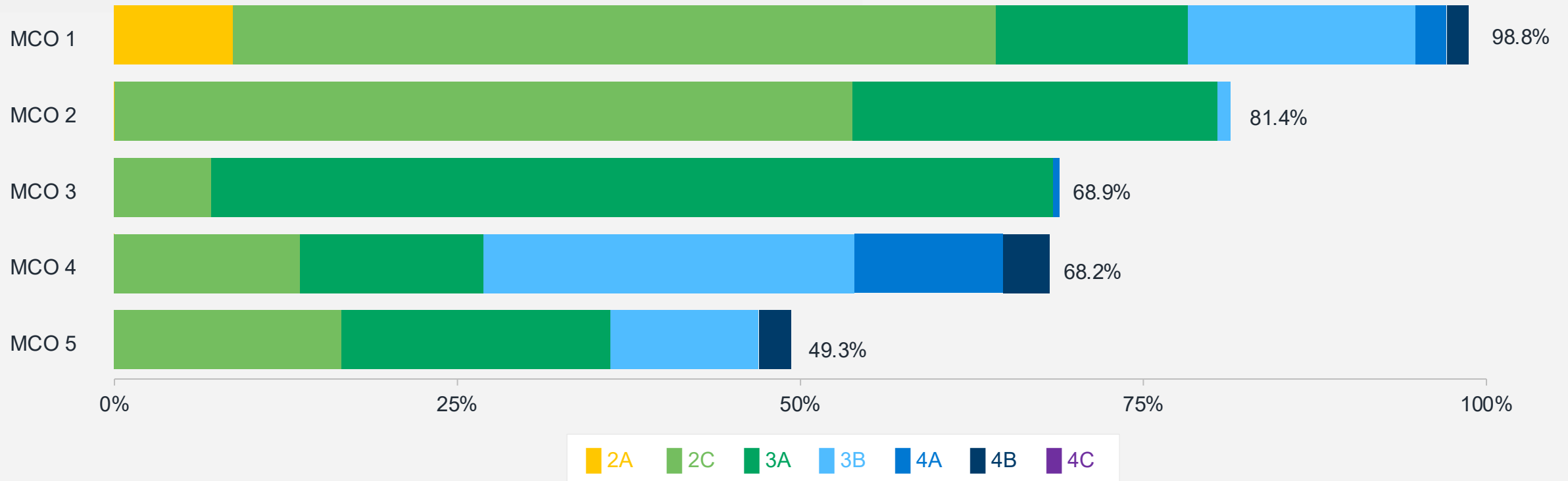# Distribution of Expenditures by HCP-LAN Category

Spending by HealthChoice Illinois MCOs relative to nationwide Medicaid spending across VBP categories

HCP-LAN 2024 National Measurement Effort - Medicaid Payments 2023*

Medicaid 52.8%

*69.3% of the market represented in the national survey, excluding dual eligibles

Blinded HealthChoice Illinois MCO VBP Plan Reporting – Calendar Year 2024

MCO 1 98.8%

MCO 2 81.4%

MCO 3 68.9%

MCO 4 68.2%

MCO 5 49.3%

0% 25% 50% 75% 100%

Legend: 2A 2C 3A 3B 4A 4B 4C

Source: 2024 MCO Reported VBP Quality Measure Data submitted May 2025; 2024-APM-Infographic-11-15.pdf

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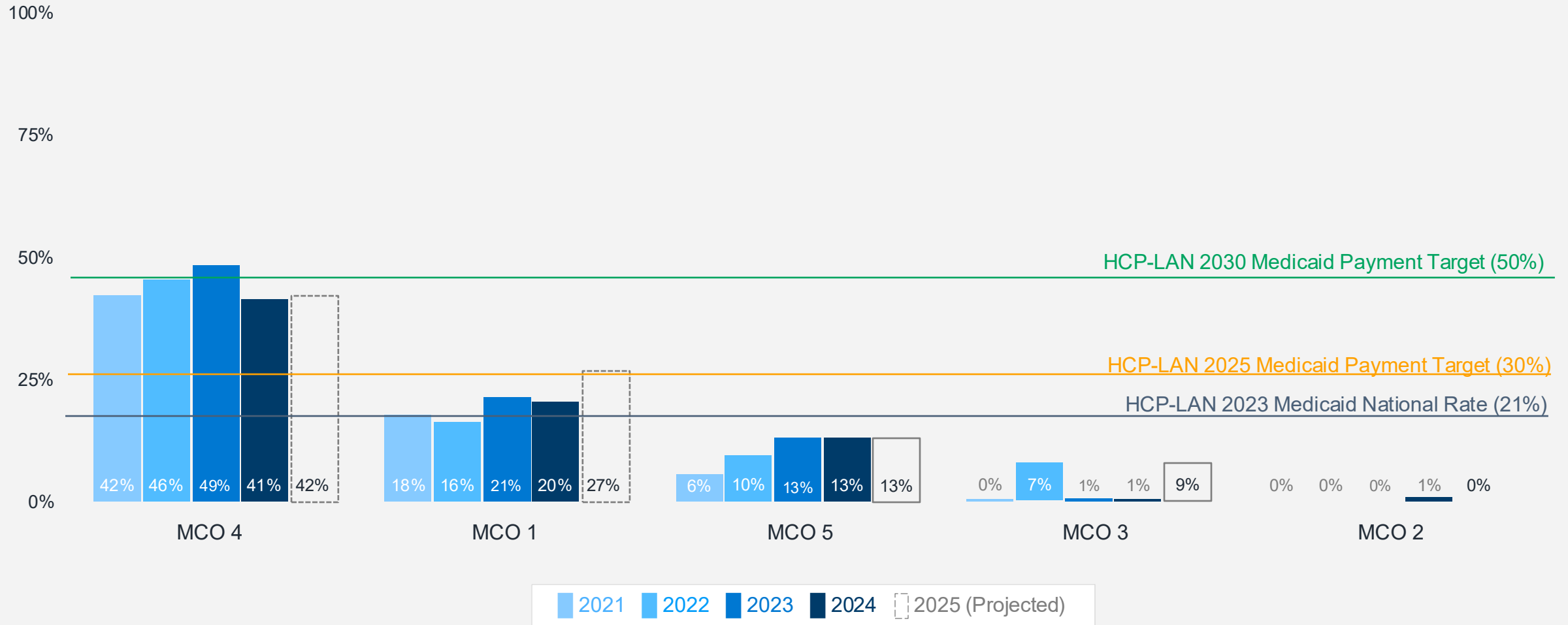# Year Over Year Comparison: All APMs

Total Spend in all APMs by MCO 2021-2025 (blinded)
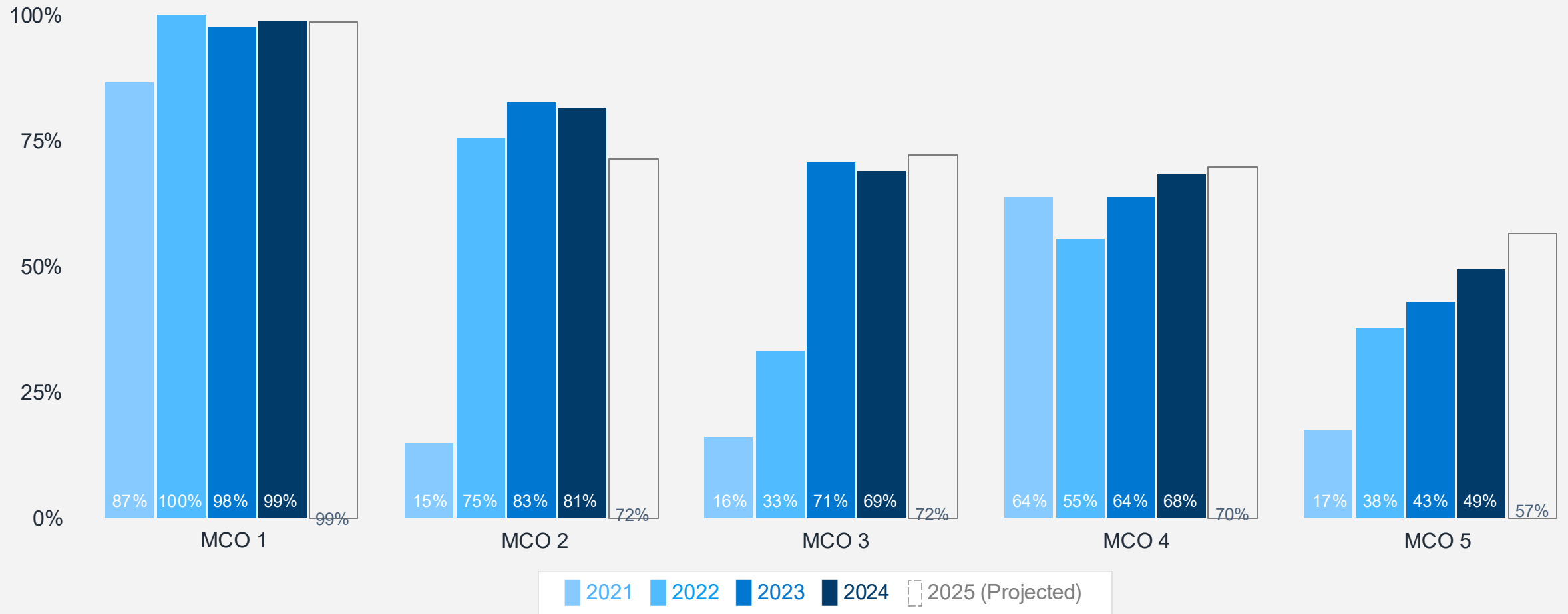
Source: MCO Reported VBP Quality Measure Data submitted from 2022-2025

Year Over Year Comparison: Category 3B+ APMs

Total Spend in Category 3B+ APMs by MCO 2021-2025 (blinded)

HCP-LAN 2030 Medicaid Payment Target (50%)

HCP-LAN 2025 Medicaid Payment Target (30%)

HCP-LAN 2023 Medicaid National Rate (21%)

	MCO 4	MCO 1	MCO 5	MCO 3	MCO 2
2021	42%	18%	6%	0%	0%
2022	46%	16%	10%	7%	0%
2023	49%	21%	13%	1%	0%
2024	41%	20%	13%	1%	1%
2025 (Projected)	42%	27%	13%	9%	0%

Legend: 2021 2022 2023 2024 2025 (Projected)

Source: MCO Reported VBP Quality Measure Data submitted from 2022-2025

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2025 VBP Plan Observations

2025 VBP Plan Observations

There is variation among MCOs in movement along the HCP-LAN APM continuum

Overall VBP Adoption

- All MCOs implement category 2C pay-for-performance programs broadly

- Two MCOs reported a decrease in VBP spend in 2024

- MCOs noted the time and effort needed to support movement along the HCP-LAN continuum

Adoption of APMs with Provider Downside Risk

- One MCO is currently meeting the HCP-LAN target for downside risk

- Two MCOs reported <1% spend in APMs with provider downside risk

- MCOs highlighted the hesitance of providers to engage in provider downside-risk, especially in the current climate

Quality Measurement

- Quality measures used in VBP are aligned with HFS managed care quality goals

- All 11 HFS P4P measures are used by at least one MCO with 6 adopted across all MCOs in 2025

- There are at least 51 unique measures in use across MCOs

- Methods for setting quality measure targets varies across MCOs and by VBP program

Questions

Milliman

Limitations

The information contained in this presentation is prepared solely for the internal business use of the Illinois Department of Healthcare and Family Services and their advisors, to support work related to value-based purchasing and may not be appropriate for any other purpose.

Milliman makes no representations or warranties regarding the contents of this document to third parties. Similarly, third parties are instructed that they are to place no reliance upon this information prepared for HFS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this presentation must rely upon their own experts in drawing conclusions about the content of this material. Third-party recipients who are receiving this information at the request of HFS may not use this information for any purpose except in direct support of HFS.

Milliman has relied upon certain information provided by HFS and its vendors. The values presented in this document are dependent upon this reliance. To the extent that the information was not complete or was inaccurate, the analysis presented will need to be reviewed for consistency and revised to meet any revised assumptions.

The recommendations or analysis in this presentation do not constitute legal advice. We recommend that users of this material consult with their own legal counsel regarding interpretation of applicable laws, regulations, and requirements.

V. B
Update on HCI Procurement Timeline

Presenter: Helena Lefkow

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Medicaid Managed Care Oversight Commission:
13 Goals

The Medicaid Managed Care Oversight Commission is created within the Department of Healthcare and Family Services to evaluate the effectiveness of Illinois' managed care program (305 ILCS 5/5-30.17)

1. Review data on health outcomes of Medicaid managed care members;
2. Review current care coordination and case management efforts and make recommendations on expanding care coordination to additional populations with a focus on the social determinants of health;
3. Review and assess the appropriateness of metrics used in the Pay-for-Performance programs;
4. Review the Department's prior authorization and utilization management requirements and recommend adaptations for the Medicaid population;
5. **Review managed care performance in meeting diversity contracting goals and the use of funds dedicated to meeting such goals, including, but not limited to, contracting requirements set forth in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act; recommend strategies to increase compliance with diversity contracting goals in collaboration with the Chief Procurement Officer for General Services and the Business Enterprise Council for Minorities, Women, and Persons with Disabilities; and recoup any misappropriated funds for diversity contracting;**
6. Review data on the effectiveness of processing to medical providers;

Medicaid Managed Care Oversight Commission:
13 Goals

7. Review member access to health care services in the Medicaid Program, including specialty care services;

8. **Review value-based and other alternative payment methodologies to make recommendations to enhance program efficiency and improve health outcomes;**

9. Review the compliance of all managed care entities in State contracts and recommend reasonable financial penalties for any noncompliance;

10. Produce an annual report detailing the Commission's findings based upon its review of research conducted under this Section, including specific recommendations, if any, and any other information the Commission may deem proper in furtherance of its duties under this Section;

11. Review provider availability and make recommendations to increase providers where needed, including reviewing the regulatory environment and making recommendations for reforms;

12. **Review capacity for culturally competent services, including translation services among providers; and**

13. Review and recommend changes to the safety-net hospital definition to create different classifications of safety-net hospitals.

Point 12

Review capacity for culturally competent services, including translation services among providers

Point 5

Review managed care performance in meeting diversity in contracting goals, including BEP

Public Comments

Name	Title	Org	Comment
None Reported			

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Additional Business: Old & New

Items for future discussion?

HFS announcements?

For Future Meetings:	• 2025 Meetings will meet quarterly
	• [MCO Oversight Commission Meeting Schedule (illinois.gov)](#)
Next Meeting Date & Times	• October 8 (tentative)
	• December 10, 2025
HFS Announcements	• Please complete your mandatory training

Mandatory Ethics Trainings Reminder Email

All appointees must complete the following trainings on OneNet:

1. Security Awareness Training 2025

2. Diversity, Equity, Inclusion and Accessibility Training 2025

3. LGBTQIA+ Equity and Inclusion 2025

4. Ethics Training Program for State Employees and Appointees 2025

5. Harassment and Discrimination Prevention Training 2025

6. HIPAA & Privacy Training 2025

You can access the trainings at the following link: http://onenet.Illinois.gov/mytraining

Please see attached memo for additional details. Please complete the trainings through OneNet no later than December 23, 2025. If anyone has any issues logging into OneNet, please email HFS.BureauofTraining@Illinois.gov

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MCO Oversight Commission Member Resources

Website and resources

- [Medicaid Managed Care Oversight Commission (illinois.gov)](illinois.gov)

Commission Resources

The Illinois Department of Healthcare and Family Services (HFS) utilizes a range of social media accounts to better reach our customers and stakeholders. We encourage you to follow us on:

1. Twitter: https://twitter.com/ILDHFS
2. Facebook: https://www.facebook.com/ILDHFS
3. LinkedIn: https://www.linkedin.com/company/ildhfs/

for important news, announcements and alerts. And please spread the word to your own followers.

Together, let's keep those we serve well informed, educated and empowered!

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X. Adjournment

Presenter: Melishia Bansa
Deputy Director of Community Outreach –
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