

**HFS****Illinois Department of
Healthcare and Family Services****JB Pritzker, Governor**
Elizabeth M. Whitehorn, Director**201 South Grand Avenue East, Springfield, Illinois 62763**
Telephone: +1 217-782-1200, TTY: +1 800-526-5812

October 9, 2025

Stephen Harris, CEO
Blue Cross Blue Shield MMAI Health Plans

RE: BCBS MMAI CY2024 GAAP Financial Audit Sanction

Dear Mr. Harris:

This letter serves as written notification to Blue Cross Blue Shield MMAI Health Plan ("Blue Cross") of sanction pursuant to Section 5.3.14.1.11 of the Contract for the Medicare and Medicaid Alignment Initiative between the Department of Health and Human Services, acting by and through the Centers for Medicare & Medicaid Services (CMS), the State of Illinois, acting by and through the Department of Healthcare and Family Services (Department) and Blue Cross.

The Department reviewed Blue Cross's CY2024 Medicaid Contract Annual Financial Audit report, required by 42 CFR 438.3(m), and has determined that the audit did not comply with GAAP reporting principles and standards. On January 10, 2023, Blue Cross was notified via an email titled "ACCOUNT MANAGER: MCO 42 CFR 438.3(m) Illinois Medicaid Program Audit Requirement - CY2022 Report Due No Later Than July 31, 2023" of the program's GAAP audit requirements and future report due dates. On December 9, 2024, Blue Cross Blue Shield was notified that their 2023 GAAP reports did not follow the GAAP audit reporting principles and standards. In this notice, the Department required future reports to comply with the GAAP auditing principles and standards. On January 31, 2025, Blue Cross was notified via an email titled "Update - MCO ACCT MANAGER: MCO GAAP 438.3(m) Update for July 2025 Reporting". The email clarified GAAP requirements for the CY2024 report. On May 6, 2025, Blue Cross was notified that the CY2024 GAAP report due date was extended to August 29, 2025. BCBS did not effectively communicate with the Department to express concerns or delays with meeting the CY2024 GAAP reporting criterion or extended due date. Instead BCBS submitted a report that did not meet the criterion to meet the deadline. As such, Department is sanctioning Blue Cross \$15,000 for reporting non-compliance. Blue Cross is to issue an electronic payment to the Department, by either ACH or Wire Transfer, no later than Friday, November 7, 2025. The electronic payment shall include the following fields for payment identification and tracking purposes by the Department:

ORIG CO NAME: **Health Care Service Corp**

ORIG ID: **[REDACTED]**

ENTRY DESCR: this is to be left blank

ENTRY CLASS: *CCD*

TRACE NO: *Bank Information*

ENTRY DATE: *yymmdd*

IND ID NO: *Bank Information*

IND NAME: Health Care Service Corp

REMARK: MMAI CY24 GAAP

ORIG BANK: *Bank Name*

*The information highlighted in yellow is specific to the Department and payment detail requirements, and shall not be changed or modified by the MCO.

*The information in gray is the banking information.

If you have any questions regarding this notification, please contact your HFS Account Management team Keshonna Lones at Keshonna.Lones@illinois.gov, or Stephanie Hunter at Stephanie.Hunter2@illinois.gov.

Sincerely,

Helena Lefkow, Deputy Administrator, Managed Care Performance
Division of Medical Programs

cc: Dana Mott, Adam Eifler, Tamara Valdez, Amy Roberts, Keshonna Lones, Rich Allen, Leigh Anne Ochs, Stephanie Hunter, Adam Lewis, and Joe Merwin