

May 31, 2018

Chuck Beeman
State President/CEO
Harmony Health Plan, Inc.
29 North Wacker Drive, Suite 300
Chicago, IL 60606-3203

RE: Sanction of Harmony Health Plan due to provider capacity non-compliance under the Contract for Furnishing Health Services by a Managed Care Organization

Dear Mr. Beeman:

This letter serves as formal notice to Harmony Health Plan (Harmony) of sanctions pursuant to the Contract for Furnishing Health Services by a Managed Care Organization (2018-24-001). This formal notice follows the letter sent to you on March 14, 2018, indicating a cure for network inadequacy was required.

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: the anticipated number of Enrollees; the expected utilization of services, in light of the characteristics and healthcare needs of Contractor's Enrollees; the number and types of Providers required to furnish the Covered Services; the number of Network Providers who are not accepting new patients; and 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."*

Through analysis of provider network submissions by Harmony to the Department's External Quality Review Organization, the Department has determined that Harmony does not have a sufficient provider network to provide adequate access to all Covered Services statewide, including network adequacy issues with hospitals in some areas within the Northwest and Central regions of the state.

Pursuant to Section 7.16.17, Other Failures, the Department is imposing an enrollment hold on Harmony by placing Harmony 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 June 1, 2018. Based on discussions with Harmony Medicaid executives and provider network leadership, Harmony has failed to cure the network adequacy noncompliance.


Page 2
Harmony Sanction

Harmony will have the enrollment sanction lifted upon showing necessary improvements and by acquiring an adequate statewide provider network including, but not necessarily limited to enhancing hospital and hospital system representation in the [REDACTED]

[REDACTED] 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 Harmony 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: Amy Harris-Roberts
Laura Ray
Bill McAndrew
Matthew Seliger