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## **MEDICAID REFORM LEGISLATION**

### **Public Act 96-1501 [HB 5420, Senate Amendment #2]**

This landmark legislation was the initiative of bipartisan Senate and House Special Committees on Medicaid Reform, with the support of Governor Quinn's administration. It includes numerous provisions that will improve the integrity of the Medicaid program, enhance healthcare for Illinois' children and families, and result in cost savings and cost avoidance of \$624 million – \$774 million over 5 years.

Among other initiatives, the legislation:

- Tightens verification of the eligibility for the Medicaid and All Kids programs by requiring proof of one month's income, proof of Illinois residency, and annual redeterminations of eligibility, subject to federal approval.
- Places an income limit on the All Kids program to children from families with incomes less than 300% of the Federal Poverty Level (about \$66,000 for a family of 4); the legislation also extends the All Kids program that was due to expire to 2016.
- Requires that the State enroll 50% of medical program assistance clients in "coordinated care" by 2015 — defining "coordinated care" to include a full range of health care and support services around the needs of the client, using care models other than just traditional managed care organizations.
- Reforms the prescription drug program by reducing prompt payment interest rates for pharmacy bills (from 2% to 1% per month), increasing co-payments, and promoting 90-day maintenance prescriptions and utilization controls.
- Requires HFS and Department of Human Services (DHS) to create a state plan for improving existing management systems, with more data matches for eligibility verifications and increased efficiency of enrollment procedures.
- Requires HFS, DHS and Department on Aging (DOA) to create a "unified budget" for long term care that will facilitate transitioning clients from institutional to community-based settings.
- Enhances restrictions and civil penalties for recipients who abuse the system.
- Establishes a 2-year moratorium on Medicaid and All Kids eligibility expansions.
- Reforms the budget process by phasing out the practice of allowing unpaid bills from one year to be paid in the next fiscal year.