

February 23, 2018

#### Medicaid MCO Update – HFS Consulting and Audit Contract

This memo provides an update on the Department of Healthcare and Family Services' (HFS) current activities with the independent consulting and audit firm, Myers & Stauffer, LLC and its ongoing audit.

Myers & Stauffer is currently requesting information from managed care organizations (MCOs) to determine the full amount of liabilities that may be owed by MCOs to a wide range of providers. HFS has initiated the audit to determine the extent of outstanding claims that MCOs have with providers. This audit does not apply to the 2018 HealthChoice Illinois contracts. While we do not yet know the methodology that the auditors will use to reconcile outstanding balances, be aware that the audit process will not resolve all open claims issues. Continue to use the provider complaint portal to report claims that have not been satisfactorily resolved by the MCOs.

#### Key points:

- The audit process is not the appropriate channel to resolve ongoing hospital reimbursement issues with MCOs;
- Hospitals are strongly encouraged to work directly with MCOs to resolve claims payment issues;
- If your organization has been unable to resolve payment issues with an MCO after repeated attempts, members are strongly encouraged to report these unresolved issues through the HFS Provider Complaint Portal. HFS reviews all complaints and follows up with MCOs to seek resolution within 15 business days; and
- Myers & Stauffer also has access to the HFS Provider Complaint Portal. Complaints housed in the portal serve as an additional source of information as Myers & Stauffer validates open MCO receivables.

[Click here for access to the HFS Provider Complaint Portal.](#)

The audit project consists of three phases:

- Phase I – data collection and analysis of MCO supplied documentation; this will include review of information from both current MCOs as well as those terminated from the program as of December 31, 2017. Data analysis will be simultaneously completed.
- Phase II – identification of sample provider types and analysis. All Illinois hospitals will not be selected for inclusion. The audit will be conducted by using a sampling of hospitals. We currently do not know the methodology the auditors will use to resolve differences in outstanding claims between the MCOs and hospitals. Given that only a sample of hospitals will be asked to submit data, we have asked HFS to keep us apprised of how the audit findings may be applied to all other hospitals with unresolved denials. We have also asked HFS to share timelines and the list of hospitals that will be asked to submit data so that there is sufficient time to prepare data to be submitted in a uniform format.
- Phase III – Myers & Stauffer will develop both informal and formal findings by provider type and provide recommendations to the Department.

The overall audit process is expected be completed by the end of October 2018.

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