



**MEDICAID MANAGED CARE
OVERSIGHT COMMISSION
REPORT:
DECEMBER 31, 2025**



HFS

Illinois Department of
Healthcare and Family Services

The Authority and Purpose of the Medicaid Managed Care Oversight (MCO) Commission

As required under [305 ILCS 5/5-30.17](#), the Medicaid Managed Care Oversight Commission was created within the Department of Healthcare and Family Services to evaluate the effectiveness of Illinois' managed care program by reviewing 13 specific topics enumerated in statute.

Mandates For the Medicaid MCO Commission:

- The Commission shall meet quarterly beginning as soon as is practicable after the effective date of this amendatory act of the 102nd General Assembly.
- “The Commission shall:
 - (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 collaborations with Chief Procurement Officer for General Services and 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;
 - (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.”

- **Written Report:** Beginning January 1, 2022, and for each year thereafter, the Commission shall submit a report of its findings and recommendations to the General Assembly. The report to the General Assembly shall be filed with the Clerk of the House of Representatives and the Secretary of the Senate in electronic form only, in the manner that the Clerk and the Secretary shall direct.

The Medicaid MCO Commission Shall Consist of the Following Members:

(1) One member of the Senate, appointed by the Senate President, who shall serve as co-chair;

(2) One member of the House of Representatives, appointed by the Speaker of the House of Representatives, who shall serve as co-chair;

(3) One member of the House of Representatives, appointed by the Minority Leader of the House of Representatives;

(4) One member of the Senate, appointed by the Senate Minority Leader;

(5) One member representing the Department of Healthcare and Family Services, appointed by the Governor;

(6) One member representing the Department of Public Health, appointed by the Governor;

(7) One member representing the Department of Human Services, appointed by the Governor;

(8) One member representing the Department of Children and Family Services, appointed by the Governor;

(9) One member of a statewide association representing Medicaid managed care plans, appointed by the Governor;

(10) One member of a statewide association representing a majority of hospitals, appointed by the Governor;

- (11) Two academic experts on Medicaid managed care programs, appointed by the Governor;
- (12) One member of a statewide association representing primary care providers, appointed by the Governor;
- (13) One member of a statewide association representing behavioral health providers, appointed by the Governor;
- (14) Members representing Federally Qualified Health Centers, a long-term care association, a dental association, pharmacies, pharmacists, a developmental disability association, a Medicaid consumer advocate, a Medicaid consumer, an association representing physicians, a behavioral health association, and an association representing pediatricians, appointed by the Governor; and
- (15) One member of a statewide association representing only safety-net hospitals, appointed by the Governor.

Introduction

The MCO Oversight Commission first convened on April 26, 2024. During this meeting, the Illinois Department of Healthcare and Family Services (HFS), presented background information to the Commission on Points 1, 2, 7. The July 25, 2024, and September 13, 2024, meetings were subsequently cancelled due to lack of in-person quorum, limiting the time the Commission had to review the remaining topics identified in statute. During the December 12, 2024, meeting, the commission adopted bylaws and the Department presented on Point 12. The Commission did not, however, issue formal recommendations based on the findings presented by the Department and decided not to issue a formal report to the General Assembly in CY2024. The Commission agreed to continue its review of the statutorily identified topics in CY2025.

2025 Progress To Date and Recommendations

- **Meeting 1: July 24, 2025**

The first MCO Oversight Commission in 2025 covered the following point from statute:

- Point 8: Review value-based and other alternative payment methodologies;

The review of the first topic was presented by Helena Lefkow, HFS Deputy Administrator, Medical Programs, who shared that the application period for Managed Care Community (MCCN) Certification, a designation granted to Provider-led entities meeting certain requirements, would be open through August 4, 2025. A MCCN is an entity that is owned,

operated, or governed by providers of health care services within Illinois and is certified by the Department as risk-bearing entity solely for the purpose of meeting the requirements of an MCO. MCCN certification does not guarantee or imply an MCO contract for the next HealthChoice Illinois contract period; certified MCCNs would still be required to go through the state procurement process to bid on a contract.

Helena Lefkow, HFS Deputy Administrator, subsequently provided an update on the HCI Procurement timeline. The current HealthChoice Illinois (HCI) contracts expire December 2026; new contracts will launch January 2027.

The Department's work on Point 8 was presented by its contracted actuary, Milliman, which supports the Department on its MCO Value-based Payment (VBP) Spending. Libby Bunzli, a consultant with Milliman, explained that by shifting reimbursement away from volume of services and instead basing payment on value, quality and outcomes, VBP has the potential to improve health and lower costs. HFS requires MCOs to submit an annual VBP Plan that describes its plan for "the adoption, evolution, and growth" of VBPs in its provider network. MCOs must follow the Health Care Payment Learning and Action Network (HCP-LAN) framework, which includes four categories for service: (1) fee for service (FFS) with no link to quality and value, (2) FFS with links to quality and value, (3) VBPs built on FFS architecture and (4) population-based payments. HFS encourages plans to increase more advanced VBPs, including those in categories 3 and 4.

With limited time remaining, the Commission decided to defer discussion of Points 5 and 12 to a future meeting. HFS staff encouraged the Commission to review the emergency rules on prior authorization policies, which were effective July 1, 2025, in advance of a discussion of Point 4.

Following the presentations, Commission members offered the following comments:

- Request to review and discuss point 9 (review of MCO contract compliance) in a future meeting;

Deeper discussion of quality measures from the April 25, 2024 meeting;

- **Meeting 2: October 8, 2025**

- Points 6: Review data on the effectiveness of processing to medical providers;

The second MCO Oversight Commission Meeting covered point 6 from statute, reviewing data on the effectiveness of processing to medical providers. The meeting began with remarks from Dana Kelly, HFS Chief of Staff, providing an update on the HCI procurement.

Keshonna Lones, HFS Bureau Chief, Bureau of Managed Care opened the claims processing discussion with an overview of the contractual requirements and the current oversight process.

Representatives from the Illinois Advanced Communication Engine (ACE), Marcela Reyes and Ajai Balakrishnan, provided an overview of the ACE system.

Developed by Optum, ACE is a program that was created to support Illinois in managing its Medicaid claims more efficiently by reducing errors and delays in processing claims. This ultimately reduces claim rejections and denials. The Commission received an overview of current pilot programs, including targeted initiatives to improve Medicaid claims processing, accuracy and efficiency. The Commission also reviewed ACE analytics dashboards, which highlight the number of total paid, denied, rejected and pending claims by each MCO.

Following the presentations, Commission members offered the following comments:

- Request for the dashboard to be available publicly;
 - Continued updates on RFP for MCOs;
 - Future discussion about MCO credentialing;
 - Suggestion to review Medicaid MCO performance; and
 - Suggestion to change the format of future meetings, such as holding 1 hour of each meeting for committee work time.
- **Meeting 3: December 10, 2025**

The third meeting included an HCI procurement update, provided by Keshonna Lones, HFS Bureau Chief, Bureau of Managed Care. The HCI procurement contracts will be effective January 1, 2027. The new model contract will prioritize population health and enrollee-centric care; strong access to covered benefits and services delivery; quality management and incentives; and robust oversight and operations.

The committee then discussed a review of all points presented thus far, as well as remaining points to be discussed in 2026.

Following the presentations, Commission members offered the following suggestions for discussion in CY2026:

- HFS should provide an update on the State's Rural Health Transformation Program (RHTP) application and highlight how the RHTP may overlap or work within the MCO framework.

Conclusion

In CY2026, the Department plans to finish its review of the statutory points that have not yet been discussed and reviewed by the MCO Oversight Commission. The Commission will then synthesize the information presented on these topics to provide formal findings on, and proposed recommendations to improve, the State's managed care program.

Medicaid Managed Care Oversight Commission Members

- **Arti Barnes** – Department of Public Health
- **Caprice Carthans** – Medicaid Consumer
- **Mark Corey** – Department of Human Services
- **Nina Davis** – Department of Children and Family Services
- **Gerald DeLoss** – Representative of a behavioral health association
- **Raul Garza** – Member of statewide association representing primary care providers
- **Joshua Gottlieb** – Academic expert on Medicaid managed care program
- **Charles Hartman** – Representative of a long-term care association
- **Senator Mattie Hunter** – State Senator
- **Olumide Idowu** – Representative of Federally Qualified Health Centers
- **Nadeen Israel** – Medicaid consumer advocate
- **Cornetta Levi** – Representative of a pharmacy
- **Camille Lilly** – State Representative
- **Keshonna Lones** – Department of Healthcare and Family Services
- **Anthony LoSasso** – Academic expert on Medicaid managed care program
- **Jennie Pinkwater** – Representative of an association representing pediatricians
- **Jordan Powell** – Member of a statewide association representing a majority of hospitals
- **Garth Reynolds** – Representative of pharmacists
- **Marie Rucker** – Representative of a development disability association
- **David Sharar** – Member of statewide association representing behavioral health providers
- **William Simon** – Representative of a dental association
- **Senator Dave Syverson** – State Senator
- **Audrey Tanksley** – Representative of an association representing physicians

For printed copies, additional information, or to submit comments and questions about this report, please contact:



HFS

Illinois Department of Healthcare and Family Services

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Attention: Boards and Commissions

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