

# LEGISLATIVE REPORT

**BOMA/SUBURBAN CHICAGO**

March 1, 2019

The House was the only chamber in Session this week as Senate members spent the week in their districts. Both the House and Senate will resume Session on Tuesday, March 5.

Most of the work was conducted in House Committee hearings. It's still early in the legislative session and only a handful of proposals have been approved by committees.

A total of 2,335 bills have been introduced in the Senate and 3,796 in the House this year. About 2,500 of these bills were introduced in the past two weeks.

## ADDED TO BILL REPORT THIS WEEK

➤ **HB3708**

➤ **HB3711**

## UPCOMING DATES

- March 22 – Senate Bills out of Senate Committee Deadline
- March 29 – House Bills out of House Committee Deadline
- April 2 – Consolidated Election
- May 10 – House & Senate Bills Out of Committee Deadline

## HOSPITALS SEEK REFORM OF MEDICAID MANAGED CARE SYSTEM

[State Journal-Register](#)

Hospitals in Illinois are complaining that slow payments and unnecessary denial of claims from the state's privatized Medicaid system are putting both hospitals and their patients at risk, and they are asking state lawmakers to do something about it.

At issue is the state's privatized Medicaid system known as HealthChoice Illinois, which uses private insurance companies known as managed care organizations, or MCOs, to coordinate each patient's care by making sure they receive regular exams, follow-up treatment and specialist care when needed. The companies also process claims from health care providers for reimbursement.

The idea behind the system, which was expanded statewide in 2015 and now covers about two-thirds of all Medicaid patients in Illinois, was that by hiring private companies to manage and coordinate each patient's care, patients would receive better, more comprehensive care. In addition, the state would ultimately save money – and the companies would earn their profit – by reducing unnecessary expenses for things like emergency room visits and hospital readmissions.

Instead, the hospital association argues, the new system has produced only bureaucratic delays that make it more difficult for hospitals to get paid, and for patients to access the care they need.

IHHA spokesman Danny Chun said in an interview that the problem is especially hard on small, rural hospitals, known as “critical access” facilities, where Medicaid payments often make up half or more of the hospitals' entire revenue.

Since the change to the managed care model, Chun said, about 26 percent of all hospital claims have been denied after the initial submission. Before managed care, and for the limited group of patients who still have traditional fee-for-service Medicaid coverage, the denial rate is typically around 5 percent.

That difference, Chun said, adds up to hundreds of millions of dollars in revenue for some hospitals. And while there are processes in place that allow hospitals to appeal a denial, that process can drag on for months, and the process is different for each of the six MCOs participating in the program.

Often, he said, claims are denied because of administrative paperwork delays, such as when a new provider is added to an MCO's network, but the MCO is slow to update its own roster, resulting in bills from that provider initially being denied.

Other times, he said, MCOs will withhold payments, but they will take weeks, or even months, to send follow-up questions to clear up the delay.

In response to concerns raised by hospitals and other health care providers in the Illinois Medicaid system, lawmakers have introduced three pairs of bills, with identical versions in both the House and Senate.

One pair of bills, Senate Bill 1697 and House Bill 2715, would require all MCOs to use standardized processes for a number of different functions, such as determining whether a service is medically necessary. It would also put a time limit on how long MCOs have to request additional information, and it would further require them to update their rosters more promptly and to reimburse providers under contract, regardless of whether their roster has been updated. Those bills are sponsored by Sen. Heather Steans, D-Chicago, and Rep. Robyn Gabel, D-Evanston.

Another pair, Senate Bill 1703 and House Bill 2814, would allow providers to appeal claim denials to an independent, third-party reviewer. Those bills are sponsored by Sen. Don Harmon, D-Oak Park, and Rep. Bob Morgan, D-Deerfield.

And a third pair, Senate Bill 1807 and House Bill 2814, would require, among other things, that MCOs reimburse critical access hospitals and safety net clinics on an expedited schedule, similar to the schedule the state uses for non-managed-care patients at those facilities. Those bills are sponsored by Sen. Kimberly Lightford, D-Maywood, and Rep. Camille Lilly, D-Chicago.

None of the bills have been referred to a committee, although Senate President John Cullerton recently established a Special Committee on Oversight of Medicaid Managed Care, which will likely have jurisdiction over the Senate bills.

## PROGRESSIVE INCOME TAX DISCUSSIONS COULD BEGIN NEXT WEEK

### [Capitol News Connection](#)

Just three months removed from the most expensive gubernatorial campaign in the nation's history, divisive political ads could soon begin populating Illinois residents' screens once again, this time relating to a "fair tax" — or a "jobs tax" — depending on whose ad is being seen.

At issue is Illinois' income tax structure. The state Constitution allows lawmakers to set only a single, flat income tax rate regardless of income. It currently sits at 4.95 percent.

But Democratic Gov. J.B. Pritzker wants to adopt a "graduated" income tax structure which charges higher rates to higher income earners, an effort staunchly opposed by Republican lawmakers.

This change would require a constitutional amendment, a process in which the governor plays no formal role. Instead, three-fifths of both the Illinois Senate (36 votes) and House (71 votes) would have to approve the placement of the constitutional amendment on the 2020 general election ballot, and voters would have to approve it for ratification.

At this point, however, the constitutional amendment would give the Legislature the ability to change only the income tax structure — it wouldn't set the actual income tax rate.

No specific rate structure has been proposed, and Pritzker spokeswoman Jordan Abudayyeh did not give a timeline as to when it could be expected.

Despite a lack of details, politicians and interest groups are rushing to define the measure in the minds of the voters who will have the ultimate say as to whether it becomes law.

Some supporters, including Pritzker, Harmon and Democratic House Speaker Michael Madigan of Chicago, are calling the amendment a "fair tax" proposal.

Detractors, including a handful of Republicans and one Democrat who have signed onto a non-binding resolution opposing the amendment, are calling it a “jobs tax.”

Two dark money organizations structured to keep their donors private appear to be adopting these terms in their messaging efforts as well.

In a recently launched digital ad, Ideas Illinois – a conservative 501(c)(4) group – has positioned itself as “on a mission” to put Illinois on a “sustainable” path through job creation, spending cuts and economic growth.

Greg Baise, the group’s chairman and former CEO of the Illinois Manufacturing Association, editorialized against a graduated tax in a Chicago Tribune op-ed last week.

“Let’s call it the ‘jobs tax’ — because it will accelerate the push of already-struggling job creators out of Illinois,” Baise wrote. “Raise your hand if you think it’s a good idea to give Springfield politicians, through a state constitutional amendment, an unfettered ability to raise taxes year after year.”

On the other side of the spectrum is Think Big Illinois, a left-leaning 501(c)(4) group which includes Pritzker on its list of donors, according to CEO Quentin Fulks, a former deputy manager of the Pritzker campaign.

Think Big’s recently launched digital ad touts a “fair tax” and equates Ideas Illinois’ “mission” with former Republican Gov. Bruce Rauner’s “stubborn” leadership. Fulks said Think Big will be closely monitoring the fight for a graduated tax.

“I think we’re going to do whatever it takes to get the job done and to make sure that we’re getting the word out there that the graduated income tax is the best way to solve the problems in Illinois,” he said. “At this moment, we don’t have plans like a TV ad ready to go, but it is something that is in our arsenal if we need to use it. ... As long as we’re able to sustain it, we’ll stay up on TV and on digital doing everything we can.”

The Illinois Policy Institute, a conservative think tank and 501(c)(3), has also launched social media ads opposing a graduated income tax. Its website calls the proposal “2019’s worst policy idea for Illinois’ middle class.”

## LIGHTFOOT, PRECKWINKLE POISED FOR MAYORAL RUNOFF

[\*Chicago Sun-Times\*](#)

Lori Lightfoot and Toni Preckwinkle will face off against each other in the April 2 runoff with the winner becoming the first African-American woman to serve as mayor of Chicago.

Lightfoot finished first, with 17.5 percent of the vote with 96 percent of the precincts reporting. Preckwinkle was second with 15.9 percent to Bill Daley's 14.7 percent. Although 31,000 mail-in ballots were still outstanding, Daley conceded the race shortly before 10 p.m.

The runoff pits a new reformer against an old one who has since become Chair of the Cook County Democratic Party. Whatever happens, assuming the two indeed face each other in a runoff, Chicago will make history with its first African-American woman as mayor.

Willie Wilson, with 10.5 percent of the vote, and Amara Enyia, with 7.9 percent, appeared to be carving into Preckwinkle's base. She carried only five of the city's 50 wards, four of them in her south lakefront base.

Jerry Joyce, son of a legendary political operative, appeared to have undercut Daley with 7.4 percent of the vote, including walloping Daley in Joyce's home 19th Ward. Gery Chico, at 6.3 percent, and Paul Vallas, at 5.5 percent, also siphoned votes from Daley.

By early Tuesday evening, the Chicago Board of Elections was reporting that the millennial vote was a lot lower than it was in the governor's race.

"In the 25-34 age group last fall we had 189,000. We have more than 100,000 fewer than that. We are at 74,605. In the 35-44 [age group], another key group, we had 163,000 last fall, and we only have 85,000 now. Those two groups account for the biggest declines," said Jim Allen, a spokesman for the Chicago Board of Elections.

Perhaps driven by the mayoral candidates that included familiar names — Bill Daley and Toni Preckwinkle, for instance — it was the middle-aged and senior citizen turnout that closely aligned with the statewide election.

"The millennials flexed their electoral muscle last time around, but this time, the 55-64 [age] group were at 160,000, and so far it is 110,000 now," Allen said, citing numbers available about a half-hour before the polls closed.

"The age group 65-74 was 118,000 in the fall, and they are 90,000 so far today," he said.