

201 South Grand Avenue East
Springfield, Illinois 62763-0002

Telephone: (217) 782-1200
TTY: (800) 526-5812

February 28, 2012

The Honorable State Senator Jeffrey Schoenberg
The Honorable State Representative Patricia Bellock
Mr. Daniel R. Long
Commission on Government Forecasting
And Accountability
703 Stratton Office Building
Springfield, IL 62706

Re: Waiver of 30 day contract review period, 5 ILCS 375/5

Dear Senator Schoenberg, Representative Bellock, and Executive Director Long:

Pursuant to any provisions set forth in 5 ILCS 375/5 that may apply to the self insured OAP contracts that are the subject of the lawsuit, Health Alliance Medical Plans v. State of Illinois Department of Healthcare and Family Services et. al, 2011-MR-250, the Director of the Department of Healthcare and Family Services (Department) requests that the Commission or its staff waive in writing any required 30 day contract review period. This request is being made so that the Department and the Chief Procurement Officer may enter into OAP contracts as expeditiously as possible with PersonalCare Insurance of Illinois n/k/a/ Coventry Health Care of Illinois, Inc. and HealthLink HMO, Inc.

Sincerely,



Julie Hamos
Director

ATTACHMENT A

- a. The counties included in the Supplemental RFP shall be those counties outside Cook, Kane, Lake, DuPage, Kendall and McHenry.
- b. The resulting contract(s), if any, shall have an anticipated effective date of July 1, 2012;
- c. The resulting contract(s), if any, will consist of an initial four-year term with up to 5 years of renewal options for a maximum of nine years (which will have the same cycle as the fully-insured managed-care contracts currently in place with BlueCross/Blue Shield ("BCBS"));
- d. Anti-competitive contractual clauses such as exclusivity agreements and most-favored nation clauses are prohibited;
- e. Incentives or authorizing the waiver of co-payments, co-insurance, or any other form of member cost-sharing without the express permission of the employee benefits healthcare programs, including but not limited to the Local Government Health Plan, College Insurance Program, Teachers' Retirement Insurance Program, and the State Employee Group Insurance Program shall be prohibited;
- f. No Offeror will be guaranteed an award;
- g. No award will be guaranteed;
- h. Any award to a single Offeror or combination of Offerors in some or all of the counties included in the Supplemental RFP shall be at the discretion of the State in the State's best interest;
- j. The Supplemental RFP and any award must be in compliance with the Illinois Procurement Code; and
- j. Any award will be subject to changes in benefits due to collective bargaining negotiations or State or federal law.

Settlement Outline

Health Alliance Medical Plans Inc. v. State of Illinois Department of Healthcare and Family Services *et. al*, 2011-MR-250

1. In order for the settlement agreement to be executed, the following steps were achieved:
 - a. The Department of Healthcare and Family Services (HFS) posted, on January 13, 2012, draft excerpts of a potential supplemental fully insured HMO RFP to the procurement bulletin for public comment on a proposed scope. The RFP is supplemental because the fully insured contracts awarded under the FY 2011 fully insured HMO RFP currently in place with Blue Cross Blue Shield (BCBS) will remain in effect.
 - b. HFS, the Department of Central Management Services (CMS), and the Office of the Chief Procurement Officer (CPO) (collectively "State Parties") reviewed the comment received and unilaterally determined the scope. The scope was presented to Health Alliance, Personal Care, BCBS, HealthLink, and Humana ("Non-State Parties"). The scope was neither negotiated nor discussed by the Non-State Parties. The Non-State Parties merely had the option of accepting or not accepting the scope. The Non-State Parties accepted the scope. See attachment for description of the scope.
 - c. After acceptance of the scope, the Parties signed the settlement agreement.

2. In order for the lawsuit to be dismissed, the following steps must be achieved:
 - a. HFS must request from the Commission on Government Forecasting and Accountability (COGFA) approval to operate a program of self insurance. Such approval will remove any bar to execution of the self insured OAP contracts that were awarded as a result of the FY 2011 self insured OAP RFP. This meeting is set for February 28, 2012.
 - b. If COGFA provides the necessary approval, then within 60 days, the appropriate State Party(ies) shall post the supplemental fully insured HMO RFP. This is an open, competitive RFP subject to the Procurement Code. Thus, any entity, including all Non-State Parties, may submit a bid.
 - c. Within five business days after the posting of the supplemental fully insured HMO RFP:
 - i. the Parties shall jointly request that the Circuit Court

- ii. vacate its June 10, 2011, Order barring execution of the self insured OAP contracts; and
 - iii. dismiss the litigation.
 - d. If COGFA does not provide the necessary approval, then this settlement agreement is void.
- 3. Upon dismissal of the litigation, the necessary party(ies) shall immediately execute the self insured OAP contracts with PersonalCare and HealthLink and terminate the emergency self-insured OAP contracts with PersonalCare and HealthLink. The emergency HMO contracts with Health Alliance (full and self insured) and the fully insured HMO emergency contract with PersonalCare will remain in effect through June 30, 2012. The BCBS contracts shall not be affected.