



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

REVIEW OF

DEPARTMENT OF

HEALTHCARE AND FAMILY SERVICES'

SMART ACT IMPLEMENTATION REPORT

APRIL 2013

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AUDITOR GENERAL

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

*To the Legislative Audit Commission, the
Speaker and Minority Leader of the House
of Representatives, the President and
Minority Leader of the Senate, the members
of the General Assembly, and
the Governor:*

This is our Review of the Department of Healthcare and Family Services' SMART Act Implementation Report.

The review was conducted pursuant to Public Act 97-0689 which amended the Illinois State Auditing Act by adding a requirement for the Auditor General to review evidence submitted by the Department of Healthcare and Family Services and determine whether the Department has taken the actions to implement SMART Act provisions contained in its August 1, 2012 SMART Act Implementation Report.

The report for this review is transmitted in conformance with Section 5/2-20(c) of the Illinois State Auditing Act.

A handwritten signature in blue ink, appearing to read "William G. Holland".

WILLIAM G. HOLLAND
Auditor General

Springfield, Illinois
April 2013



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

**REVIEW OF THE DEPARTMENT OF HEALTHCARE AND FAMILY
SERVICES' SMART ACT IMPLEMENTATION REPORT**

REVIEW

Release Date: April 25, 2013

SYNOPSIS

The Save Medicaid Access and Resources Together (SMART) Act required the Department of Healthcare and Family Services (HFS) to file a report with the Auditor General, the Governor, and leaders of the General Assembly by August 1, 2012 that listed any necessary amendments to the Illinois Title XIX State plan, federal waiver request, or State administrative rules necessary to implement the SMART Act. HFS was further required to provide evidence to the Auditor General by March 1, 2013 documenting the actions HFS had taken to implement the SMART Act provisions that were delineated in its August 1, 2012 Report. Finally, the Auditor General was required to review the evidence submitted by HFS and issue a report by May 1, 2013 which determined whether HFS had undertaken the actions contained in its August 1, 2012 report.

HFS submitted its SMART Act Implementation Report to the Office of the Auditor General (OAG) on August 1, 2012. The August 1 report identified 58 provisions of the SMART Act for which a State administrative rule change or federal action may be needed for implementation: 54 pertained to HFS and the remaining 4 pertained to other State agencies.

On March 1, 2013, HFS submitted to the Auditor General an updated SMART Act Implementation Report. The Report cited specific emergency and proposed rules, as well as proposed amendments to the State plan, filed by HFS to implement provisions of the SMART Act. The OAG reviewed the evidence submitted by HFS and followed up with HFS with questions concerning the evidence provided. While our review identified a few inaccuracies in the two Implementation Reports, the OAG concluded that the evidence submitted by HFS generally supported the actions reported by the Department.

This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

CONCLUSIONS

BACKGROUND

The SMART Act required the Department of Healthcare and Family Services to file a report with the Auditor General, the Governor, and leaders of the General Assembly by August 1, 2012 that listed any necessary amendments to the Illinois Title XIX State plan, federal waiver request, or State administrative rules required to implement the SMART Act.

On May 24, 2012, the General Assembly passed Senate Bill 2840 – the Save Medicaid Access and Resources Together (SMART) Act. On June 14, 2012, the Governor signed it into law as Public Act 97-0689. The purpose of the SMART Act was to save approximately \$1.6 billion in Medicaid spending through the enactment of spending reductions, utilization controls, and provider rate cuts.

The SMART Act required the Department of Healthcare and Family Services (HFS) to file a report with the Auditor General, the Governor, and leaders of the General Assembly by August 1, 2012 that listed any necessary amendments to the Illinois Title XIX State plan, federal waiver request, or State administrative rules required to implement the SMART Act.

The Act further required HFS to provide evidence to the Auditor General by March 1, 2013 that it has undertaken the required actions listed in its August 1, 2012 report. Finally, the Act required the Auditor General to submit a report to the Governor and legislative leaders by May 1, 2013 as to whether the Department took the actions listed in its August 1, 2012 report. (pages 1-3)

HFS’ AUGUST 1, 2012 SMART ACT IMPLEMENTATION REPORT

HFS submitted its SMART Act Implementation Report to the Office of the Auditor General on August 1, 2012.

HFS submitted its SMART Act Implementation Report to the Office of the Auditor General (OAG) on August 1, 2012. The August 1 Report identified provisions of the SMART Act that HFS determined required a State administrative rule or federal action for implementation. The August 1 Implementation Report listed 58 provisions in the SMART Act where action may need to be taken: 54 pertained to HFS and the remaining 4 required action by other State agencies, including the following Departments: Aging, Employment Security, Human Services, and Public Health.

Of the 54 provisions pertaining to HFS, HFS reported that 52 required a State administrative rule change to implement. In addition, HFS reported that 24 required federal action to implement (i.e., a State plan amendment or federal waiver). For 8 other provisions, HFS reported that it had not yet determined whether federal action was required. (page 3)

OAG REVIEW OF HFS’ MARCH 1, 2013 SUBMISSION

On March 1, 2013, HFS submitted a revised SMART Act Implementation Report to the Auditor General summarizing the actions taken by HFS to implement the 54 SMART Act provisions for which HFS determined State rulemaking and/or federal action may need to be taken by HFS.

On March 1, 2013, HFS submitted a revised SMART Act Implementation Report to the Auditor General summarizing the actions taken by HFS to implement the 54 SMART Act provisions for which HFS determined State rulemaking and/or federal action may need to be taken by HFS. In addition to the Implementation Report, HFS provided links to administrative rulemakings in the Illinois Register, as well as State plan amendments submitted to the federal Centers for Medicare & Medicaid Services (CMS) and other correspondence to document the actions referenced in the Report.

To determine “whether the Department has undertaken the required actions listed” in its August 1, 2012 Report, the OAG: 1) examined the March 1, 2013 Implementation Report to determine whether HFS made significant changes in the “required actions” from those that were delineated in HFS’ August 1, 2012 Implementation Report; 2) verified that the administrative rules and State plan amendments (SPA) referenced in HFS’ March 1 documentation were actually filed; and 3) reviewed the specific evidence cited (i.e., administrative rules and submissions to the federal government) to determine whether they were related to the SMART Act provision to which they were referenced. When questions from our review arose, the OAG followed up with HFS for clarification. The OAG review focused on the 54 provisions for which HFS had responsibility. (pages 3-4)

Items Requiring Administrative Rules

Our review found that, in most instances, HFS filed rules to address provisions identified by HFS in its August 2012 Implementation Report as requiring an administrative rule change to implement.

Our review found that, in most instances, HFS filed rules to address provisions identified by HFS in its August 2012 Implementation Report as requiring an administrative rule change to implement. In its August 2012 Report, HFS reported that 52 of the 54 SMART Act provisions required a State administrative rule change by HFS.

In reviewing the evidence submitted by HFS on March 1, 2013, HFS filed rules for 50 of these 52 SMART Act provisions. Also, there was one SMART Act provision that in its August Report HFS said no rule was necessary; however, in the March 2013 Report, HFS stated a rule was now necessary. HFS provided explanations for the differences between the August and March Reports. Finally, there was a SMART Act provision that HFS noted that both the August and March Reports incorrectly stated that no administrative rule was required, when, in fact, rules had been filed.

The OAG reviewed the administrative rules cited by HFS to determine that they were filed and that they were related to the

SMART Act provision to which it was referenced. The emergency and proposed rules cited by HFS were related to the SMART Act provision to which they were referenced. (pages 4-5)

Items Requiring Federal Action

Regarding whether federal action was necessary to implement the 54 SMART Act provisions, HFS’ August 2012 Report noted that: a State plan amendment (SPA) was required for 24 of the provisions; a SPA was not required for 22 provisions; and for the remaining 8 provisions, the necessity of a SPA was “to be determined”.

Regarding whether federal action was necessary to implement the 54 SMART Act provisions, HFS’ August 2012 Report noted that: a State plan amendment (SPA) was required for 24 of the provisions; a SPA was not required for 22 provisions; and for the remaining 8 provisions, the necessity of a SPA was “to be determined”.

For 39 of the 54 items, HFS’ determination made in the August 2012 Implementation Report as to whether or not federal action was necessary to implement the SMART Act was consistent with what was reported in the March 2013 Report. Of the 15 differences, 8 were attributable to items in the August 2012 Report for which HFS noted that it had not yet determined whether federal action was required. For the eight “to be determined” items on the August 2012 Report, HFS’ March report identified what action, if any, had been taken.

The remaining seven differences between the August 2012 and March 2013 Reports as to whether federal action was necessary were for the following reasons:

- For three items, HFS reported on the August 2012 Report that a SPA was not necessary. However, on the March 2013 Report, HFS noted that either a SPA had been submitted to the federal government or that one was required.
- For three items, HFS reported on the August 2012 Report that a SPA was required. However, on the March 2013 Report, HFS stated that federal action was not required.
- For one item, HFS reported on the August 2012 Report that a SPA was not necessary. However, on the March Report, HFS noted it was in discussions with the federal CMS as to whether a SPA is necessary. In April 2013, HFS informed the OAG that HFS did not believe a SPA was necessary to implement this SMART Act provision.

There were three SMART Act provisions for which HFS noted on its March 1, 2013 Implementation Report that SPAs had yet to be filed. For two of the provisions, HFS determined that no SPA was required. For the third, HFS noted that a SPA was filed on March 29, 2013.

On the March 1, 2013 Implementation Report, HFS reported that a federal waiver amendment had been approved for one of the SMART Act provisions. However, in responding to OAG follow-up questions in April 2013, HFS noted that a correction needed to be made to their March 1, 2013 Report. The waivers cited by HFS in the March 2013 Report were related to Public Act 96-1501, not the SMART Act. However, HFS noted that a State plan amendment was required to implement this SMART Act provision and that one had been filed.

Most of the federal SPAs were filed in August and September 2012. As of March 1, 2013, HFS reported that only two SPAs had been approved by the federal government.

Most of the federal SPAs were filed in August and September 2012. As of March 1, 2013, HFS reported that only two SPAs had been approved by the federal government. According to HFS officials, for other SPAs, the federal CMS has reviewed the SPA and has submitted requests for additional information to HFS concerning the changes proposed in the SPA.

The OAG reviewed the federal State plan amendments HFS cited in the March 2013 Implementation Report to determine whether they were filed and that each was related to the SMART Act provision to which it was referenced. The State plan amendments cited by HFS addressed in some manner issues related to the SMART Act provision to which they were referenced. (pages 5-8)

SCOPE OF REVIEW

The Office of the Auditor General conducted this review of evidence submitted by the Department of Healthcare and Family Services on March 1, 2013 pursuant to the Illinois State Auditing Act (30 ILCS 5/2-20). This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

Our review of the evidence submitted by HFS in conjunction with its March 1, 2013 Report concluded that, in most instances, the evidence adequately supported the stated actions (e.g., filing of rules or State plan amendments).

Our review of the evidence submitted by HFS in conjunction with its March 1, 2013 Report concluded that, in most instances, the evidence adequately supported the stated actions (e.g., filing of rules or State plan amendments). There were a few isolated instances where incorrect cites to administrative rules were provided or where the Reports contained other errors. HFS clarified the administrative rule cites and submitted documentation supporting the corrected required SMART Act actions.

We did not make a determination as to whether there were additional provisions in the SMART Act that required changes to the State plan or administrative rules that were not identified by the Department. Also, our review was limited to the rules or SPAs submitted by HFS. We did not conduct tests to determine whether HFS was actually implementing the actions delineated in the proposed rules or State plan amendments.

HFS was provided a draft of this report for their review.
(pages 8-9)



WILLIAM G. HOLLAND
Auditor General

WGH:JS

This Review was conducted by OAG staff.

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Review

Department of Healthcare and Family Services' SMART Act Implementation Report

REPORT CONCLUSIONS

The Save Medicaid Access and Resources Together (SMART) Act required the Department of Healthcare and Family Services (HFS) to file a report with the Auditor General, the Governor, and leaders of the General Assembly by August 1, 2012 that listed any necessary amendments to the Illinois Title XIX State plan, federal waiver request, or State administrative rules necessary to implement the SMART Act. HFS was further required to provide evidence to the Auditor General by March 1, 2013 documenting the actions HFS had taken to implement the SMART Act provisions that were delineated in its August 1, 2012 Report. Finally, the Auditor General was required to review the evidence submitted by HFS and issue a report by May 1, 2013 which determined whether HFS had undertaken the actions contained in its August 1, 2012 Report.

HFS submitted its SMART Act Implementation Report to the Office of the Auditor General (OAG) on August 1, 2012. The August 1 Report identified 58 provisions of the SMART Act for which a State administrative rule change or federal action may be needed for implementation: 54 pertained to HFS and the remaining 4 pertained to other State agencies.

On March 1, 2013, HFS submitted to the Auditor General an updated SMART Act Implementation Report. The Report cited specific emergency and proposed rules, as well as proposed amendments to the State plan, filed by HFS to implement provisions of the SMART Act. The OAG reviewed the evidence submitted by HFS and followed up with HFS with questions concerning the evidence provided. While our review identified a few inaccuracies in the two Implementation Reports, the OAG concluded that the evidence submitted by HFS generally supported the actions reported by the Department. This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

BACKGROUND

On May 24, 2012, the General Assembly passed Senate Bill 2840 – the Save Medicaid Access and Resources Together (SMART) Act. On June 14, 2012, the Governor signed it into law as Public Act 97-0689. The purpose of the SMART Act was

to save approximately \$1.6 billion in Medicaid spending through the enactment of spending reductions, utilization controls, and provider rate cuts. Some of the SMART Act changes included:

- Reduction in eligibility for adults in the FamilyCare program to 133 percent of the federal poverty level;
- Elimination of certain optional services, such as group psychotherapy for nursing home residents and adult chiropractic services;
- Implementation of utilization controls on certain optional services, including adult eyeglasses (limited to one pair every two years), adult podiatry (restricted to diabetics), and adult dental (restricted to emergencies);
- Adoption of Medicare standards for certain services, such as for weight-loss surgery and home health services;
- Implementation of a 2.7 percent cut in provider rates with certain exceptions, such as doctors, dentists, Federally Qualified Health Centers (FHQCs), safety-net hospitals, and critical access rural hospitals. Hospitals, other than safety-net and critical access hospitals, received a rate cut of 3.5 percent; and
- New integrity measures to target client and provider fraud through enhanced eligibility verification of income and residency, as well as expansion of the HFS Inspector General’s authority to deny, suspend, and recover overpayments and to conduct pre- and post-payment provider audits.

The SMART Act required the Department of Healthcare and Family Services (HFS) to file a report with the Auditor General, the Governor, and leaders of the General Assembly by August 1, 2012 that listed any necessary amendments to the Illinois Title XIX State plan, federal waiver request, or State administrative rules required to implement the SMART Act (see inset). HFS filed its SMART Act Implementation Report with the

SMART ACT REVISION TO THE ILLINOIS STATE AUDITING ACT
<p>Section 14. The Illinois State Auditing Act is amended by adding Section 2-20 as follows:</p> <p style="padding-left: 40px;">Sec. 2-20. Certification of federal waivers and amendments to the Illinois Title XIX State plan.</p> <p>(a) No later than August 1, 2012, the Department shall file a report with the Auditor General, the Governor, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Senate President, and the Senate Minority Leader listing any necessary amendment to the Illinois Title XIX State plan, federal waiver request, or State administrative rule required to implement this amendatory Act of the 97th General Assembly.</p> <p>(b) No later than March 1, 2013, the Department shall provide evidence to the Auditor General that it has undertaken the required actions listed in the report required by subsection (a).</p> <p>(c) No later than May 1, 2013, the Auditor General shall submit a report to the Governor, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Senate President, and the Senate Minority Leader as to whether the Department has undertaken the required actions listed in the report required by subsection (a).</p>
<p>Source: Illinois State Auditing Act (30 ILCS 5/2-20)</p>

Auditor General on August 1, 2012, as required by the Act. The Act further required HFS to provide evidence to the Auditor General by March 1, 2013 that it has undertaken the required actions listed in its August 1, 2012 report. HFS submitted evidence to the Auditor General on March 1. Finally, the Act required the Auditor General to submit a report to the Governor and legislative leaders by May 1, 2013 as to whether the Department took the actions listed in its August 1, 2012 report.

HFS’ AUGUST 1, 2012 SMART ACT IMPLEMENTATION REPORT

HFS submitted its SMART Act Implementation Report to the Office of the Auditor General on August 1, 2012 (see Appendix B). The August 1 Report identified provisions of the SMART Act that HFS determined required a State administrative rule or federal action for implementation. The August 1 Implementation Report listed 58 provisions in the SMART Act where action may need to be taken: 54 pertained to HFS and the remaining 4 required action by other State agencies, including the following Departments: Aging, Employment Security, Human Services, and Public Health.

Of the 54 provisions pertaining to HFS, HFS reported that 52 required a State administrative rule change to implement. In addition, HFS reported that 24 required federal action to implement (i.e., a State plan amendment or federal waiver). For 8 other provisions, HFS reported that it had not yet determined whether federal action was required.

OAG REVIEW OF HFS’ MARCH 1, 2013 SUBMISSION

On March 1, 2013, HFS submitted a revised SMART Act Implementation Report (see Appendix C) to the Auditor General summarizing the actions taken by HFS to implement the 54 SMART Act provisions for which HFS determined State rulemaking and/or federal action may need to be taken by HFS. In addition to the Implementation Report, HFS provided links to administrative rulemakings in the Illinois Register, as well as State plan amendments submitted to the federal Centers for Medicare & Medicaid Services (CMS) and other correspondence to document the actions referenced in the Report.

To determine “whether the Department has undertaken the required actions listed” in its August 1, 2012 Report, the OAG: 1) examined the March 1, 2013 Implementation Report to determine whether HFS made significant changes in the “required actions” from those that were delineated in HFS’ August 1, 2012 Implementation Report; 2) verified that the administrative rules and State plan amendments (SPA) referenced in HFS’ March 1 documentation were actually filed; and 3) reviewed the specific evidence cited (i.e., administrative rules and submissions to the federal government) to determine whether they were related to the SMART Act provision to which they were referenced. When questions from our review arose, the OAG followed up with HFS for clarification.

HFS’ August 2012 and March 2013 Reports contained the same 58 provisions of the SMART Act for which HFS determined that State rulemaking or federal action was required. HFS action was required on 54 of the 58 provisions; other State agencies were required to take action on the remaining 4. The OAG review focused on the 54 provisions for which HFS had responsibility.

Items Requiring Administrative Rules

Our review found that, in most instances, HFS filed rules to address provisions identified by HFS in its August 2012 Implementation Report as requiring an administrative rule change to implement. In its August 2012 Report, HFS reported that 52 of the 54 SMART Act provisions required a State administrative rule change by HFS. In reviewing the evidence submitted by HFS on March 1, 2013, HFS filed rules for 50 of these 52 SMART Act provisions. Also, there was one SMART Act provision that in its August Report HFS said no rule was necessary; however, in the March 2013 Report, HFS stated a rule was now necessary. The three items where there were differences between the August 2012 and March 2013 Reports were as follows:

- “Pharmaceuticals medication therapy management” – HFS’ August 2012 Report stated that a rule was necessary; however, their March 2013 Report said a rule was not applicable. We followed up with HFS officials regarding this difference. HFS officials stated that, after further consideration, HFS determined that a rule was not necessary because the statute did not require the implementation of medication therapy management. Rather, the statute simply required that medication therapy management cannot be contrary to the provisions of the Pharmacy Practice Act.
- “Children receiving home services such as in the Medically Fragile/Technology Dependent (MFTD) Medicaid Waiver” – HFS’ August 2012 Report stated that a rule was necessary. However, on the March 2013 Report HFS noted that pending litigation (T.B. v. Hamos) prevented the filing of a rule.
- “Power wheelchair rates” – HFS’ August 2012 Report stated that no rule was necessary. However, on the March 2013 Report, HFS noted that a rule was to be filed no later than April 2013. We followed up with HFS officials regarding this difference. HFS officials stated originally they did not believe a rule change was necessary. However, upon negotiations with stakeholders, HFS determined it needed to revise the rule to clarify the definition of “wholesale price”.

In responding to OAG follow-up inquiries concerning the implementation of SMART Act provisions, HFS noted that for the “expand care coordination initiatives” provision, both the August and March Implementation Reports incorrectly stated that no administrative rule was required. HFS noted that, in fact, a rule was required to implement 305 ILCS 5/5-30(f) and referenced applicable provisions in the emergency rule filed June 30, 2012 and proposed rule filed on January 22, 2013.

There were two SMART Act provisions for which HFS noted on its March 1, 2013 Implementation Report that proposed rules had yet to be filed. The first dealt with “co-pays”, the second with “power wheelchair rates”. In follow-up responses, HFS reported that the “co-pay” rule was published in the April 12 issue of the Illinois Register and that the “power wheelchair rates” emergency rule will be published in the April 19 issue of the Illinois Register and the proposed rule will be published in the April 26 issue of the Illinois Register.

For SMART Act provisions requiring administrative rule changes, HFS filed emergency rules with the Joint Committee on Administrative Rules (JCAR). Typically emergency rules are effective for no longer than a period of 150 days. However, “In order to provide for the expeditious and timely implementation”, the SMART Act amended the Illinois Administrative Procedure Act (5 ILCS 100/5-45(p)) to allow emergency rules implementing the SMART Act to be effective through June 30, 2013. In addition, HFS has filed proposed rules with JCAR. According to the HFS March Implementation Report, none of the HFS proposed rules were adopted as of March 1, 2013.

The SMART Act required HFS to provide “evidence” to the Auditor General that it had taken the actions delineated in its August 1, 2012 Report. In the March 1, 2013 Report, HFS listed the dates when emergency and proposed rules were filed to address the relevant SMART Act requirement. The Auditor General’s Office worked with HFS to get more specific cites that identified which specific provisions in the rules addressed the SMART Act provision. The OAG reviewed the administrative rules cited by HFS to determine that they were filed and that they were related to the SMART Act provision to which it was referenced. The emergency and proposed rules cited by HFS were related to the SMART Act provision to which they were referenced.

Several of the emergency rules proposed by HFS were suspended by JCAR during the rulemaking process. An HFS official noted that HFS worked with the medical community and JCAR to address the issues and ultimately JCAR lifted its suspensions.

Items Requiring Federal Action

Regarding whether federal action was necessary to implement the 54 SMART Act provisions, HFS’ August 2012 Report noted that: a State plan amendment (SPA) was required for 24 of the provisions; a SPA was not required for 22 provisions; and for the remaining 8 provisions, the necessity of a SPA was “to be determined”.

For 39 of the 54 items, HFS’ determination made in the August 2012 Implementation Report as to whether or not federal action was necessary to implement the SMART Act was consistent with what was reported in the March 2013 Report. Of the 15 differences, 8 were attributable to items in the August 2012 Report for which HFS had noted that it had not yet determined as to whether federal action was required. For the eight “to be determined” items on the August 2012 Report, HFS reported in March 2013 that:

- For six items, HFS determined it was not necessary to file a SPA;
- For one item, a federal waiver was approved; and
- For one item, a federal waiver was denied.

The remaining seven differences between the August 2012 and March 2013 Reports as to whether federal action was necessary were for the following reasons:

- For three items, HFS reported on the August 2012 Report that a SPA was not necessary. However, on the March 2013 Report, HFS noted that either a SPA had been submitted to the federal government or that one was required. We followed up with HFS officials regarding why they determined that a SPA was necessary. HFS officials provided the following explanations:
 - For “long-term care asset testing: farmland property exemption”, HFS officials noted that the “N/A” on the August 2012 Report was an error and that a SPA was required and one was filed in September 2012.
 - For “adult physical therapy services”, HFS officials noted that the original rule developed by HFS did not require an amendment to the State plan. However, on August 14, 2012 (after the filing of the August 1, 2012 Implementation Report with the OAG), JCAR suspended the rule. HFS said that to implement the SMART Act’s physical therapy limitations through rulemaking, modified language was required. This modified language required an amendment to the State plan.
 - For “extend hospital inpatient assessment and payments”, HFS officials stated that errors were made in both the August 2012 and March 2013 Implementation Reports. The March Report corrected the August Report’s SMART Act item description (changed to “extend hospital inpatient assessment; repeals 5A-14”); however, the March Report indicated that a SPA was necessary and would be provided to the OAG no later than April 2013. However, when the OAG followed up with HFS, HFS noted that no SPA was required for extending the hospital inpatient assessments or the repeal of section 5A-14.
- For three items, HFS reported on the August 2012 Report that a SPA was required. However, on the March 2013 Report, HFS stated that federal action was not required. We followed up with HFS officials regarding why they determined that a SPA was not necessary. HFS officials provided the following explanations:
 - For “pharmaceuticals medication therapy management”, as noted earlier in the administrative rule section of this report, HFS officials stated that since

the statute did not require implementation of medication therapy management, HFS determined that no SPA was required.

- For “hospital rate reform”, officials stated that there were errors on both the August and March Implementation Reports for this item. They noted that the March Report correctly changed the SMART Act provision to “Hospital rate reform; extension of hospital payments in 89 Ill.Admin.Code 148.” HFS officials noted that while the March Report is correct in that no SPA is required for hospital rate reform (because the SMART Act does not authorize implementation of rate reform in FY 2013), the March Report’s N/A for extension of hospital payments is not correct. HFS officials stated that two SPAs are necessary, and have been filed, for the extension of hospital payments; and
- For “upper payment limit (UPL)”, HFS officials stated that they reported on the August 2012 Report that a SPA would be necessary, since federal approval would be required if HFS needed to adjust payments because the upper payment limit was exceeded. However, in completing the March 2013 Report, since payment adjustments had not yet occurred, a SPA had not yet been necessary, HFS marked that a SPA was not applicable.
- For one item, “pharmaceuticals monthly prescription limit”, HFS reported on the August 2012 Report that a SPA was not necessary. However, on the March Report, HFS noted it was in discussions with the federal CMS as to whether a SPA is necessary. In April 2013, HFS informed the OAG that HFS did not believe a SPA was necessary to implement this SMART Act provision.

There were three SMART Act provisions for which HFS noted on its March 1, 2013 Implementation Report that SPAs had yet to be filed. For two of the provisions (“pharmaceuticals monthly prescription limit” and “extend hospital inpatient assessment”), HFS determined that no SPA was required. For “hospitals: potentially preventable readmissions”, HFS noted that a SPA was filed on March 29, 2013.

On the March 1, 2013 Implementation Report, for the “expand care coordination initiatives”, HFS reported that a waiver amendment related to this SMART provision had been approved. However, in responding to OAG follow-up questions in April 2013, HFS noted that a correction needed to be made to their March 1, 2013 Report. The waivers cited by HFS in the March 2013 Report were related to Public Act 96-1501, not the SMART Act. HFS noted that a State plan amendment was required to implement the expansion of care coordination in the SMART Act (305 ILCS 5/5-30(f)) and that a SPA was filed on the matter.

HFS’ March 2013 Implementation Report shows that the federal government denied proposed language for one SMART Act provisions. The federal government denied HFS’ request to change the minimum Determination of Need (DON) score from 29 to 37.

The OAG reviewed the federal State plan amendments HFS cited in the March 2013 Implementation Report to determine whether they were filed and that each was related to the SMART Act provision to which it was referenced. The State plan amendments cited by HFS addressed in some manner issues related to the SMART Act provision to which they were referenced.

Most of the federal SPAs were filed in August and September 2012. As of March 1, 2013, only two SPAs had been approved by the federal government. The first was the reduction in eligibility for parents and caretaker relatives from 185 percent of the federal poverty level (FPL) to 133 percent of FPL (referred to on the HFS Implementation Report as “FamilyCare adults”) which was approved October 30, 2012. The second was the elimination of payments for bed reserves for individuals residing in a nursing facility and for adult individuals residing in an intermediate care facility for the developmentally disabled, which was approved on November 20, 2012. According to HFS officials, for other SPAs, the federal CMS has reviewed the SPA and has submitted “requests for additional information” (RAI) to HFS concerning the changes proposed in the SPA.

SCOPE OF REVIEW

The Office of the Auditor General conducted this review of evidence submitted by the Department of Healthcare and Family Services on March 1, 2013 pursuant to the Illinois State Auditing Act (30 ILCS 5/2-20). This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

Our review of the information provided by HFS on March 1, 2013 consisted of the following:

- Verified that the items HFS identified as requiring action in its August 1, 2012 Implementation Report were addressed on its March 1, 2013 Report;
- Verified that the administrative rules and State plan amendments referenced in HFS’ March 1 documentation were actually filed; and
- Determined whether the evidence provided by HFS appeared to be related to the SMART Act provision to which it was referenced.

As directed by Section 2-20 of the Illinois State Auditing Act, our review focused on whether the Department had taken the action reported on its August 1, 2012 Report. Evidence of actions taken generally consisted of emergency and proposed rules to JCAR, and requesting approval from the federal government to amend its State plan to accommodate the requirements of the SMART Act.

The administrative rule cites contained in HFS’ March 1, 2013 Implementation Report were very general. We followed-up with HFS to obtain more specific cites. In

addition, when questions arose regarding the Implementation Reports or the rules or SPAs cited, we obtained clarification from HFS.

Our review of the evidence submitted by HFS in conjunction with its March 1, 2013 Report concluded that, in most instances, the evidence adequately supported the stated actions (e.g., filing of rules or State plan amendments). There were a few isolated instances where incorrect cites to administrative rules were provided or where the Reports contained other errors (which are discussed in this report). HFS clarified the administrative rule cites and submitted documentation supporting the corrected required SMART Act actions.

We reviewed the emergency and/or proposed rules cited by HFS and generally concluded that the rules contained language which was relevant to the specific SMART Act item noted in HFS’ Implementation Report. For example, if the SMART Act item concerned pharmaceutical prescriptions in a long term care setting, we verified that the emergency rule or proposed rule cited addressed some provision of the SMART Act for this item. If significant deviations were identified, we followed up with HFS. The scope of our review, however, was not to determine whether the rule made all changes necessary to implement the SMART Act provision.

We did not make a determination as to whether there were additional provisions in the SMART Act that required changes to the State plan or administrative rules that were not identified by the Department. Also, our review was limited to the rules or SPAs submitted by HFS. We did not conduct tests to determine whether HFS was actually implementing the actions delineated in the proposed rules or State plan amendments.

While HFS provided the Auditor General with copies of State plan amendments and related documentation, they requested that the OAG maintain that documentation as confidential, citing Section 7(1)(f) of the Freedom of Information Act which exempts from release “[p]reliminary drafts, notes, recommendations, memoranda and other records in which opinions are expressed, or policies or actions are formulated, except that a specific record or relevant portion of a record shall not be exempt when the record is publicly cited and identified by the head of the public body.” In support of its assertion that materials related to unapproved State plan amendments need to be maintained as confidential, HFS provided a determination from the Office of the Attorney General’s Public Access Bureau affirming the Department’s position. As such, the OAG is treating this documentation submitted by HFS as confidential (and specific SPA information has been redacted from the March 1, 2013 Report (Appendix C)).

HFS was provided a draft of this report for their review.

APPENDIX A
Statutory Authority

ILLINOIS STATE AUDITING ACT

30 ILCS 5/2-20

Sec. 2-20. Certification of federal waivers and amendments to the Illinois Title XIX State plan.

(a) No later than August 1, 2012, the Department shall file a report with the Auditor General, the Governor, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Senate President, and the Senate Minority Leader listing any necessary amendment to the Illinois Title XIX State plan, federal waiver request, or State administrative rule required to implement this amendatory Act of the 97th General Assembly.

(b) No later than March 1, 2013, the Department shall provide evidence to the Auditor General that it has undertaken the required actions listed in the report required by subsection (a).

(c) No later than May 1, 2013, the Auditor General shall submit a report to the Governor, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Senate President, and the Senate Minority Leader as to whether the Department has undertaken the required actions listed in the report required by subsection (a).

(Source: P.A. 97-689, eff. 6-14-12.)

APPENDIX B
HFS’ August 1, 2012
Implementation Report

201 South Grand Avenue East
Springfield, Illinois 62763-0002

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

August 1, 2012

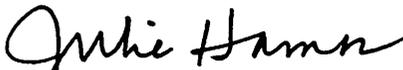
The Honorable William Holland
Auditor General
740 East Ash Street
Springfield, Illinois 62703

Dear Auditor General Holland:

In accordance with 30 ILCS 5/2-20 and Public Act 97-0689 (Save Medicaid and Resources Together Act) , the Department of Healthcare and Family Services (HFS) is required to file, no later than August 1, 2012, a report listing any necessary amendments to the Illinois Title XIX State plan, State administrative rules or federal waiver requests . Enclosed please find our report, which lists the changes that have to be implemented, and whether a change in the administrative rule or state plan amendment is necessary to achieve implementation.

Please let me know if you have any questions.

Sincerely,



Julie Hamos
Director

2012 AUG - 1 P 2:55

AUDITOR GENERAL
SPRINGFIELD, ILLINOIS

CC: Pat Quinn, Governor
Michael J. Madigan, Speaker of the House
Tom Cross, Minority Leader of the House
John J. Cullerton, Senate President
Christine Radogno, Senate Minority Leader

**Illinois Department of Healthcare and Family Services
 SMART Act Implementation Report
 to the Office of the Auditor General
 August 1, 2012**

This report is submitted in compliance with Section 2-20(a) of the State Auditing Act. In the listing that follows, HFS has identified the provisions of the Saving Medicaid Access and Resources Together Act that require state rule or federal approval for implementation.

Item Name	SMART Citations	Rules Required to Implement SMART Act	Federal Action Required to Implement SMART Act
Family Care adults	305 ILCS 5/5-2(15), 215 ILCS 106/40, 305 ILCS 5/12-4.38	Rule	SPA
General Assistance Adults	305 ILCS 5/6-11	Rule (HFS), Rule (DHS)	N/A
Illinois Cares Rx	320 ILCS 25/1.5 et seq.	Rule	N/A
Long-term care asset testing		Rule listed below	SPA listed below
a. Farmland property exemption	305 ILCS 5/3-1.2	Rule	N/A
b. Prepaid funeral/burial contract exemptions	305 ILCS 5/3-1.2	Rule	N/A
c. Pooled Trust Exemption for persons with disabilities	305 ILCS 5/3-1.2	Rule	TBD
d. Homestead equity exemption	305 ILCS 5/3-1.2	Rule	SPA
e. Homestead property transferred to trust exemption	305 ILCS 5/3-1.2	Rule	TBD
f. Spousal refusal	305 ILCS 5/5-4(a)	Rule	N/A
g. Community spouse income and resource allowance	305 ILCS 5/5-4(a)	Rule	SPA
h. Spousal support enforcement	305 ILCS 5/5-4(b)	Rule	N/A
i. Retroactive eligibility	305 ILCS 5/5-2.1d	Rule	N/A
Adult dental	305 ILCS 5/5-5f(b)(v)	Rule	SPA
Adult chiropractic	305 ILCS 5/5-5f(f)	Rule	SPA
Adult podiatry	305 ILCS 5/5-5f(b)(iii)	Rule	SPA
Adult eyeglasses	305 ILCS 5/5-5f(b)(i)	Rule	SPA
Group psychotherapy for NH residents (and related transportation)	305 ILCS 5/5-5f(a)	Rule	N/A
Adult speech, hearing and language therapy services	305 ILCS 5/5-5f(b)(ii)	Rule	SPA
Adult occupational therapy services	305 ILCS 5/5-5f(b)(ii)	Rule	N/A

**Illinois Department of Healthcare and Family Services
 SMART Act Implementation Report
 to the Office of the Auditor General
 August 1, 2012**

Item Name	SMART Citations	Rules Required to Implement SMART Act	Federal Action Required to Implement SMART Act
Adult physical therapy services	305 ILCS 5/5-5f(b)(ii)	Rule	N/A
Hospice	305 ILCS 5/5-5f(e)	Rule	N/A
Home health	305 ILCS 5/5-5f(f)	Rule	SPA
Adult detox services in hospitals	305 ILCS 5/5-5f(b)(vi)	Rule	SPA
Baby deliveries-caesarian section	305 ILCS 5/5-5f(b)(iv)	Rule	N/A
Hospitals: potentially preventable readmissions	305 ILCS 5/5-5f(d)	Rule	SPA
Hospitals: preventable conditions (never events)	305 ILCS 5/5-5f(h)	Rule	SPA
Bariatric (weight loss) surgery	305 ILCS 5/5-5f (c)	Rule	N/A
Coronary artery by-pass grafts	305 ILCS 5/5-5f (c)	Rule	N/A
Change minimum Determination of Need (DON) score from 29 to 37	305 ILCS 5/5-5	Rule (IHFS), Rule (IDHS), Rule (IDoA)	TBD
Non emergency ambulance services transportation	305 ILCS 5/5-4.2(f), 305 ILCS 5/5-4.2(g)	Rule	N/A
Pharmaceuticals prescriptions in Long Term Care settings	305 ILCS 5/5-5.12 (g-5)	Rule	SPA
Pharmaceuticals monthly prescription limit	305 ILCS 5/5-5.12(j)	Rule	N/A
Pharmaceuticals medication therapy management	305 ILCS 5/5-5.12(k)	Rule	SPA
Pharmaceuticals hemophilia protocols/clotting factor reimbursement	305 ILCS 5/5-5.12(h-5)	Rule	N/A
Pharmaceuticals AIDS medications	305 ILCS 5/5-5.12(h-5)	Rule	N/A
Pharmaceuticals cancer - biological	305 ILCS 5/5-5.12(h-5)	Rule	N/A
Wheelchair repairs	305 ILCS 5/5-5f (c)	Rule	N/A
Co-pays	305 ILCS 5/5-4.1	Rule	SPA
Children receiving home services such as in the Medically Fragile/Technology Dependent (MFTD) Medicaid Waiver	305 ILCS 5/5-2b, 305 ILCS 5/5-2(7)	Rule	Waiver or SPA

**Illinois Department of Healthcare and Family Services
SMART Act Implementation Report
to the Office of the Auditor General
August 1, 2012**

Item Name	SMART Citations	Rules Required to Implement SMART Act	Federal Action Required to Implement SMART Act
Long term acute hospital (LTAC) rates and moratorium	210 ILCS 155/35, 210 ILCS 155/40	Rule	SPA
Excellence in Academic Medicine	30 ILCS 775, 30 ILCS 105/5.441, 30 ILCS 105/5.442, and 30 ILCS 105/5.549 - REPEALED	Rule	SPA
Nursing Facility - nursing DD rate add-on	305 ILCS 5/5-5e	Rule	SPA
Institutional bed holds	305 ILCS 5/5-5e, 305 ILCS 5/5-5.4a REPEAL; 305 ILCS 5/5-5.4c REPEAL	Rule	SPA
Supportive Living Facility rates	305 ILCS 5/5-5e	Rule	TBD
Power wheelchair rates	305 ILCS 5/5-5f	N/A	SPA
Pharmaceuticals - 340 B	305 ILCS 5/5-5.12(l)	Rule	TBD
Sexual Assault Survivors Emergency Treatment Program rates	410 ILCS 70/7	Rule	N/A
Expand care coordination initiatives	305 ILCS 5/5-30	N/A	TBD
General medical provider rate reductions	305 ILCS 5/5-5e	Rule	SPA
Change to 180 days for providers to submit claims	305 ILCS 5/5-5	Rule	TBD
Hospital rate reform	305 ILCS 5/14-11	Rule	SPA
Extend hospital inpatient assessment and payments	305 ILCS 5/5A-1 et seq.	Rule	N/A
Program Integrity Enforcement - Inspector General	305 ILCS 5/12-13.1; 305 ILCS 5/5-5, 305 ILCS 5/11-13; 305 ILCS 5/11-26, 305 ILCS 5/12-4.25.	Rule	TBD
Staffing Ratios for specialized mental health rehabilitation facilities	210 ILCS 45/3-202.05	Rule (IDPH)	N/A
Stretcher Van Guidelines	210 ILCS 50/3.86	Rule (IDPH)	N/A
Electronic service verification, Home Services Program	305 ILCS 5/5-5f(g)	Rule TBD (IDHS), Rule (IDoA)	TBD
UPL	305 ILCS 5/5A-15	Rule	SPA
More frequent wage reporting through unemployment Insurance Act modifications	820 ILCS 405/1400.2 et seq.	Rule (IDES)	N/A

APPENDIX C

HFS' March 1, 2013

Implementation Report

(Note: SPA-related information redacted)

201 South Grand Avenue East
Springfield, Illinois 62763-0002

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

3/1/2013

The Honorable William Holland
Auditor General
740 East Ash Street
Springfield, Illinois 62703

Re: SMART Act

Dear Auditor General Holland:

In accordance with 30 ILCS 5/2-20 promulgated under Public Act 97-0689 (Save Medicaid Access and Resources Together (SMART) Act), the Department of Healthcare and Family Services (HFS) is required to file, no later than March 1, 2013, a report providing evidence that it has undertaken the required actions listed in the report provided pursuant to 30 ILCS 5/2-20(a). Enclosed please find HFS' report, which lists the SMART changes that have been implemented, whether a change in any administrative rule or federal action is necessary to achieve implementation, and supporting evidence for any Illinois Title XIX state plan amendments, State administrative rule filings, and federal waiver modifications.

Please let me know if you have any questions.

Sincerely,



Julie Hamos
Director

Illinois Department of Healthcare and Family Services
 SMART Act Implementation Report
 to the Office of the Auditor General
 March 1, 2013

This report is submitted in compliance with Section 2-20(a) of the State Auditing Act. In the listing that follows, HFS has identified the provisions of the Saving Medicaid Access and Resources Together Act that require state rule or federal approval for implementation.

Item Name	SMART Citations	Rules Required to Implement SMART Act	Federal Action Required to Implement SMART Act
Family Care adults	305 ILCS 5/5-2(15), 215 ILCS 106/40, 305 ILCS 5/12-4.38	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	State Plan Amendment (SPA) 12-008 approved by Federal CMS 10/30/12
General Assistance Adults	305 ILCS 5/6-11	Emergency and Proposed Rules filed 6/30/12, additional Proposed Rule filed 1/28/13. Proposed DHS Rules adopted 2/4/13. HFS rules pending second notice filing.	N/A
Illinois Cares Rx	320 ILCS 25/1.5 et seq.	Emergency Rule and Proposed Rule filed 6/30/12.	N/A
Long-term care asset testing		Rule listed below	SPA listed below
a. Farmland property exemption	305 ILCS 5/3-1.2	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA [redacted] filed 9/25/12
b. Prepaid funeral/burial contract exemptions	305 ILCS 5/3-1.2	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A
c. Pooled Trust Exemption for persons with disabilities	305 ILCS 5/3-1.2	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A
d. Homestead equity exemption	305 ILCS 5/3-1.2	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA [redacted] filed 9/25/12
e. Homestead property transferred to trust exemption	305 ILCS 5/3-1.2	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A
f. Spousal refusal	305 ILCS 5/5-4(a)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A
g. Community spouse income and resource allowance	305 ILCS 5/5-4(a)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA [redacted] filed 9/25/12
h. Spousal support enforcement	305 ILCS 5/5-4(b)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A
i. Retroactive eligibility	305 ILCS 5/5-2.1d	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A
Adult dental	305 ILCS 5/5-5(b)(v)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA [redacted] filed 8/24/12

Illinois Department of Healthcare and Family Services
 SMART Act Implementation Report
 to the Office of the Auditor General
 March 1, 2013

Item Name	SMART Citations	Rules Required to Implement SMART Act	Federal Action Required to Implement SMART Act
Adult chiropractic	305 ILCS 5/5-5(f)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12
Adult podiatry	305 ILCS 5/5-5(b)(iii)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12
Adult eyeglasses	305 ILCS 5/5-5(b)(i)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12
Group psychotherapy for NH residents (and related transportation)	305 ILCS 5/5-5(a)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13, and additional Proposed Rule filed 1/28/13.	N/A
Adult speech, hearing and language therapy services	305 ILCS 5/5-5(b)(ii)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12
Adult occupational therapy services	305 ILCS 5/5-5(b)(ii)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A
Adult physical therapy services	305 ILCS 5/5-5(b)(ii)	Emergency Rule filed 6/30/12 and 9/21/12. Proposed Rule filed 1/22/13, and additional Proposed Rule filed 1/28/13.	SPA filed 9/28/12
Hospice	305 ILCS 5/5-5(e)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A
Home health	305 ILCS 5/5-5(f)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 9/28/12
Adult detox services in hospitals	305 ILCS 5/5-5(b)(vi)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA filed 8/24/12
Baby deliveries-caesarian section	305 ILCS 5/5-5(b)(iv)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A
Hospitals: potentially preventable readmissions	305 ILCS 5/5-5(d)	Emergency Rule filed 12/21/12. Proposed Rule filed 1/22/13	SPA to be filed by 3/31/13
Hospitals: preventable conditions (never events)	305 ILCS 5/5-5(h)	Emergency Rule filed 6/30/12 and 12/12/12. Proposed Rule filed 1/22/13	SPA filed 9/28/12
Bariatric (weight loss) surgery	305 ILCS 5/5-5f (c)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A
Coronary artery by-pass grafts	305 ILCS 5/5-5f (c)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A

Illinois Department of Healthcare and Family Services
 SMART Act Implementation Report
 to the Office of the Auditor General
 March 1, 2013

Item Name	SMART Citations	Rules Required to Implement SMART Act	Federal Action Required to Implement SMART Act
Change minimum Determination of Need (DON) score from 29 to 37	305 ILCS 5/5-5	N/A. Proposed Rule filed but cannot be adopted due to federal denial.	Federal approval denied
Non emergency ambulance services transportation	305 ILCS 5/5-4.2(f), 305 ILCS 5/5-4.2(g)	Emergency Rules filed 6/30/12, 1/9/2013 and 1/15/13, Proposed Rule filed 10/22/12 and 12/14/12	N/A
Pharmaceuticals prescriptions in Long Term Care settings	305 ILCS 5/5-5.12 (g-5)	Emergency Rule filed 6/30/12 and 9/21/12. Proposed Rule filed 1/28/13	SPA [redacted] filed 9/28/12
Pharmaceuticals monthly prescription limit	305 ILCS 5/5-5.12(i)	Emergency Rule filed 6/30/12 and 9/21/12. Proposed Rule filed 1/28/13	Discussions with CMS whether SPA necessary, if necessary, HFS to supplement evidence to OAG no later than April 2013.
Pharmaceuticals medication therapy management	305 ILCS 5/5-5.12(k)	N/A	N/A
Pharmaceuticals hemophilia protocols/clotting factor reimbursement	305 ILCS 5/5-5.12(h-5)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A
Pharmaceuticals AIDS medications	305 ILCS 5/5-5.12(h-5)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A
Pharmaceuticals cancer - biological	305 ILCS 5/5-5.12(h-5)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A
Wheelchair repairs	305 ILCS 5/5-5f (c)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A
Co-pays	305 ILCS 5/5-4.1	Emergency Rule filed 6/30/12 and 10/5/12. [redacted]	SPA [redacted] filed 9/27/12. SPA [redacted] filed 9/28/12
Children receiving home services such as in the Medically Fragile/Technology Dependent (MFTD) Medicaid Waiver	305 ILCS 5/5-2b, 305 ILCS 5/5-2(7)	Pending litigation, T.B. v. Hamos, 1:12 - cv05356, N.D. Illinois, preventing filing rule.	SPA [redacted] filed 8/29/12

Illinois Department of Healthcare and Family Services
 SMART Act Implementation Report
 to the Office of the Auditor General
 March 1, 2013

Item Name	SMART Citations	Rules Required to Implement SMART Act	Federal Action Required to Implement SMART Act
Long term acute hospital (LTAC) rates and moratorium	210 ILCS 155/35, 210 ILCS 155/40	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA [REDACTED] filed 8/24/12
Excellence in Academic Medicine	30 ILCS 775, 30 ILCS 105/5.441, 30 ILCS 105/5.442, and 30 ILCS 105/5.549 REPEALED	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA [REDACTED] filed 8/24/12
Nursing Facility - nursing DD rate add-on	305 ILCS 5/5-5e	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA [REDACTED] filed 8/24/12
Institutional bed holds	305 ILCS 5/5-5e, 305 ILCS 5/5-5.4a REPEAL; 305 ILCS 5/5-5.4c REPEAL	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13, and additional Proposed Rule filed 1/28/13.	SPA 12-021 approved by Federal CMS 11/20/12
Supportive Living Facility rates	305 ILCS 5/5-5e	Emergency Rule and Proposed Rule filed 4/13/12	N/A
Power wheelchair rates	305 ILCS 5/5-5f	Rule to be filed no later than April 2013, HFS to supplement evidence to OAG in April 2013 upon filing of rule.	SPA [REDACTED] filed 9/28/12
Pharmaceuticals - 340 B	305 ILCS 5/5-5.12(i)	Emergency Rule filed 6/30/12, 12/21/12, 1/28/13, and 2/1/13. Proposed Rule filed 1/28/13	N/A
Sexual Assault Survivors Emergency Treatment Program rates	410 ILCS 707	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A
Expand care coordination initiatives	305 ILCS 5/5-30	N/A	Waiver Amendment for Integrated Care Program Phase II approved 2/1/13
General medical provider rate reductions	305 ILCS 5/5-5e	Emergency Rule filed 6/30/12 and 10/5/12. Proposed Rule filed 1/22/13, and additional Proposed Rule filed 1/28/13.	SPA [REDACTED] for Hospital and SPA [REDACTED] for LTC Rate Reductions filed 8/24/12. SPA [REDACTED] for non-institutional rates filed 9/28/12.
Change to 180 days for providers to submit claims	305 ILCS 5/5-5	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A

Illinois Department of Healthcare and Family Services
SMART Act Implementation Report
to the Office of the Auditor General
March 1, 2013

Item Name	SMART Citations	Rules Required to Implement SMART Act	Federal Action Required to Implement SMART Act
Hospital rate reform; extension of hospital payments in 89 Ill.Admin. Code 148	305 ILCS 5/14-11	SMART does not authorize implementation of rate reform in FY 2013, no rules for rate reform; rules to extend HFS payments to hospitals in 89 Ill.Admin. Code 148 filed as emergency 6/30/12 and proposed rules filed 1/22/13	SMART does not authorize implementation of rate reform in FY 2013, no spa.
Extend hospital inpatient assessment; repeals 5A-14	305 ILCS 5/5A-1 et seq.	Extension of hospital inpatient assessment rules filed as emergency 6/30/12 and proposed rules filed 1/28/13.	n/a; SPA to be filed no later than April 2013, HFS will supplement evidence to OAG.
Program Integrity Enforcement - Inspector General	305 ILCS 5/12-13.1; 305 ILCS 5/5-5, 305 ILCS 5/11-13; 305 ILCS 5/11-26, 305 ILCS 5/12-4.25.	Emergency Rule filed 6/30/12 and 12/3/12; Proposed Rule filed 1/28/13	N/A
Staffing Ratios for specialized mental health rehabilitation facilities	210 ILCS 45/3-202.05	IDPH rule, IDPH Rule filing pending	N/A
Stretcher Van Guidelines	210 ILCS 50/3.86	IDPH Rule, IDPH rule filing pending	N/A
Electronic service verification, Home Services Program	305 ILCS 5/5-5(f)(g)	S/DoA rules. IDHS and IDoA rule filing pending	N/A
UPL	305 ILCS 5/5A-15	Emergency rule filed 6/30/12, proposed rules filed 1/22/13	N/A
More frequent wage reporting through unemployment Insurance Act modifications	820 ILCS 405/1400.2 et seq.	IDES Emergency and Proposed rule to institute monthly reporting requirement published in IL Register 12/28/12. IDES Proposed rule to waive late filing penalty for the January 2013 report was published in IL Register 2/22/13.	N/A