

State Demonstrations Group

November 4, 2025

Laura Phelan
State Medicaid Director
Illinois Department of Healthcare and Family Services
201 South Grand Ave. East
Springfield, IL 62763-0001

Dear Director Phelan:

The Centers for Medicare & Medicaid Services (CMS) is approving Illinois' health related social needs (HRSN) *Provider Payment Rate Increase Attestation Table*, submitted per section 10 of the special terms and conditions (STCs) of the demonstration entitled, "Illinois Healthcare Transformation" (Project Number 11-W-00316/5). CMS rescinded the November 2023 and December 2024 Center for Medicaid and CHIP Services (CMCS) Center Information Bulletins (CIB) related to coverage of certain services and supports to address "health-related social needs" while CMS evaluates policy options consistent with Medicaid and CHIP program requirements and objectives. Additional information is available on Medicaid.gov.

On September 30, 2024 and July 23, 2025, Illinois provided CMS documentation of the methodology used to calculate the average ratio of Medicaid to Medicare provider payment rates for each of the primary care, obstetric care, and behavioral health service categories in both the fee-for-service and managed care delivery systems.

The state has attested that it exceeds 80 percent of the Medicare rates for the primary care, obstetric care, and behavioral health service categories across both the fee-for-service and managed care delivery systems. CMS accepts the state's submitted documentation indicating that its average provider payment levels in the three service categories exceed 80 percent of Medicare rates. The state's attestation table is included in the enclosure and will be incorporated into the STCs as Attachment I.

If you have any questions, please contact your CMS project officer, Jonathan Morancy, at Jonathan.Morancy@cms.hhs.gov.

Sincerely,

/s/

Angela D. Garner
Division of System Reform Demonstrations
State Demonstrations Group

Enclosure

cc: Courtenay Savage, State Monitoring Lead, Medicaid and CHIP Operations Group

ILLINOIS HRSN RELATED PROVIDER PAYMENT INCREASE ASSESSMENT – ATTESTATION TABLE

The reported data and attestations pertain to HRSN related provider payment increase requirements for the demonstration period of performance DY 7 through DY 11 (July 1, 2024 to June 30, 2029).

Category of Service	Medicaid Fee-for-Service to Medicare Fee-for-service Ratio	Medicaid Managed Care to Medicare Fee-for-service Ratio
Primary Care Services	86.49% STC 10.5(b). HFS extracted claims and encounters for dates of service from January 1, 2024 – December 31, 2024 for primary care. We then multiplied those number of services by the Medicare rates to evaluate how our payments compare to what Medicare would have paid. We used the primary care codes including all E/M codes, well visit codes, select ED codes, and FQHC encounter rates that had indications for a primary care encounter for each Medicare region of Illinois per 10.5(b). These codes represent all of the professional codes that HFS identified for primary care payable under Illinois Medicaid.	89.37% STC 10.6(b). HFS extracted claims and encounters for dates of service from January 1, 2024 – December 31, 2024 for primary care. We then multiplied those number of services by the Medicare rates to evaluate how our payments compare to what Medicare would have paid. We used the primary care codes including all E/M codes, well visit codes, select ED codes, and FQHC encounter rates that had indications for a primary care encounter for each Medicare region of Illinois per 10.5(b). These codes represent all of the professional codes that HFS identified for primary care payable under Illinois Medicaid.
Obstetric Care Services	87% STC 10.5(a)	87% STC 10.6(a)
Behavioral Health Care Services	82% STC 10.5(a)	82% STC 10.6(a)

In accordance with STCs 10.1 through 10.12, including that the Medicaid provider payment rates used to establish the ratios do not reflect fee-for-service supplemental payments or Medicaid managed care pass-through payments under 42 CFR 438.6(a) and 438.6(d), I attest that at least a two percentage point payment rate increase will be applied to each of the services in each of the three categories with a ratio below 80 percent in both fee-for-service and managed care delivery systems as applicable to the state's Medicaid or demonstration service delivery model. Such provider payment increases for each service will be effective beginning on *[insert date]* and will not be lower than the highest rate for that service code in DY 7 plus a two-percentage point increase relative to the rate for the same or similar Medicare billing code through at least *[insert date]*.

For the purpose of deriving the Medicaid to Medicare provider payment rate ratio, and to apply the rate increase as may be required under a fee-for-service delivery system or under managed care delivery system, as applicable, the state agrees to define primary care, behavioral health and obstetric care, and to identify applicable service codes and providers types for each of these service categories in a manner consistent with other state and federal Medicaid program requirements, except that inpatient behavioral health services may be excluded from the state's definition.

The services that comprise each service category to which the rate increase must be applied will include all service codes that fit under the state's definition of the category, except the behavioral health codes do not have to include inpatient care services.

For provider payment rates paid under managed care delivery system, the data and methodology for any one of the service categories as provided in STC 10.6 will be based on Medicaid

managed care provider payment rate and utilization data.

[Select the applicable effective date, must check either a., b., or c. below]

- a. Illinois is not subject to the provider payment rate increase because the Medicaid to Medicare provider payment rate ratio in each service category and delivery system is equal to or greater than 80 percent prior to the first day of DY 9 (July 1, 2026).
- b. The effective date of the rate increases is the first day of DY 9 (July 1, 2026) and will be at least sustained, if not higher, through DY 11 (June 30, 2029).
- c. Illinois has a biennial legislative session that requires provider payment approval, and the timing of that session precludes the state from implementing the payment increase on the first day of DY 9 (July 1, 2026). Illinois will effectuate the rate increases no later than the CMS approved date of *[insert date]*, and will sustain these rates, if not made higher, through DY 11 (June 30, 2029).

Illinois **does make** Medicaid state plan fee-for-service payments for the following categories of service for at least some populations: primary care, behavioral health, and / or obstetric care.

[Select the applicable requirement, must check either a. or b. below]

- a. For any such payments, as necessary to comply with the HRSN STC, I agree to submit by no later than *[insert date]* for CMS review and approval the Medicaid state plan fee-for-service payment increase methodology, including the Medicaid code set to which the payment rate increases are to be applied, code level Medicaid utilization, Medicaid and Medicare rates for the same or similar Medicare billing codes, and other data used to calculate the ratio, and the methodology, as well as other documents and supporting information (e.g., state responses to Medicaid financing questions) as required by applicable statutes, regulations and CMS policy, through the submission of a new state plan amendment, following the normal SPA process including publishing timely tribal and public notice and submitting to CMS all required SPA forms (e.g., SPA transmittal letter, CMS-179, Attachment 4.19-B pages from the state), by no later than *[insert date]*.
- b. Illinois is not subject to the provider payment rate increase.

Illinois **does** include the following service categories within a Medicaid managed care delivery system for which the managed care plans make payments to applicable providers for at least some populations: primary care, behavioral health, and or obstetric care.

[Select the applicable requirement, must check either a. or b. below]

- a. For any such payments, as necessary to comply with the HRSN STC, I agree to submit the Medicaid managed care plans' provider payment increase methodology, including the information listed in STC 10.7 through the state directed payments submission process and in accordance with 42 CFR 438.6(c), as applicable, by no later than *[insert date]*.
- b. Illinois is not subject to the provider payment rate increase.

[Select the applicable requirement, must check either a. or b. below]

- a. If the state utilizes a managed care delivery system for the applicable service categories, then in accordance with STC 10.8, I attest that necessary arrangements will be made to assure that 100 percent of the two percentage point managed care plans' provider payment increase will be paid to the providers of those service categories and none of this payment rate increase is retained by the managed care plans.
- b. Illinois is not subject to the provider payment rate increase.

Illinois further agrees not to decrease provider payment rates for other Medicaid- or demonstration-covered services to make state funds available to finance provider rate increases required under this STC Section 10.

I, *Laura Phelan, State Medicaid Director*, attest that the above information is complete and accurate.

Provide signature



Provide date 8/10/25

Laura Phelan