



Illinois Department of Insurance

JB PRITZKER
Governor

DANA POPISH SEVERINGHAUS
Acting Director

July 22, 2021

Laura Minzer, President
Illinois Life and Health Insurance Council
600 South Second Street, Suite 401
Springfield, IL 62704

RE: HMO Referral Requirements

Dear Ms. Minzer:

Thank you for your memo dated June 16, 2021 to Acting Director Dana Popish Severinghaus. The Department appreciates the arguments of the memo related to HMO referrals.

From the licensure perspective, an HMO is organized to arrange for basic health care services and other health care services to manage the care of its HMO enrollees. The Primary Care Provider ("PCP") is responsible for coordinating and managing the care of their HMO patients/enrollees. Referrals from the PCP to other health care providers and specialists is a central component of the internal operational structure of licensed HMOs in Illinois. Through the referral system, the PCP is able to coordinate, document, monitor and arrange for the enrollee's care throughout the HMO plan. This HMO referral structure is a benefit to the HMO enrollee, to have their care overseen closely by and in consultation with their own PCP and such referral arrangement does not limit the HMO enrollee's access to health care providers and specialists. Referrals from the PCP to other health care providers are also a key component of the HMO's ability to track and manage costs, and for the PCP to have the information needed to determine the most appropriate care continuum for the HMO enrollee through the HMO plan. The referral structure is the very mechanism which the HMO utilizes, through its contracted PCP, to *arrange for* the basic health care services and other health care services of the HMO enrollee. See 215 ILCS 125/1-2(7).

The Illinois Department of Insurance and the Illinois Department of Public Health work in tandem to review and determine that an organization applying for an HMO Certificate of Authority is actually *arranging for* basic health care services for HMO enrollees. A complete review process does not exist at this time to assure quality of care without a referral system in place. If an HMO is operating without referrals, then the HMO is transacting business more resembling PPO insurance business, which would be viewed as outside the HMO Certificate of Authority and as unauthorized insurance.

Sincerely,

A handwritten signature in blue ink that reads "Amy L. Stuart".

Amy Stuart
Supervisor, LAH Corporate Regulation
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