



**Testimony of  
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**Submitted to the Illinois House of Representatives  
Medicaid Reform, Family & Children Services Committee  
HB 5241 Medicaid Transparency Program  
March 4, 2010**

Chairperson Bellock, thank you for the opportunity to testify today. My name is Kristina Rasmussen, and I am Executive Vice President with the Illinois Policy Institute. We are a nonpartisan research organization dedicated to supporting free market principles and liberty-based public policy initiatives. The Institute conducts research and analysis on a variety of matters, including fiscal policy, education, government reform, health care, and transportation issues. You can learn more about our organization by visiting [www.IllinoisPolicy.org](http://www.IllinoisPolicy.org).

I'm here today to support HB 5241, which would create an online transparency database of Medicaid claims that can be accessed by program administrators and the public. The claims data would be stripped of all identifying characteristics in order to protect individual privacy. The purpose of the online database would be to offer government administrators better information on how Medicaid resources are utilized in order to improve health outcomes. Taxpayers would also be offered greater insight into how their resources are spent by state government.

Medicaid spending accounts for 30 percent of Illinois's budget, and the program is growing. During the last 10 years, Medicaid liabilities have grown at a rate of 6.9 percent a year and program administrators projected a 7 percent spending increase for 2010. Between 2003 and 2008, Medicaid enrollment grew at an average rate of 7.8 percent a year while Illinois's population grew 0.5 percent.

What are we getting from this spending? It's not clear. Illinois lacks an information resource that details how Medicaid dollars are spent and what outcomes are achieved. Taxpayers can't see if their dollars are being used wisely. In its June 2009 report to Governor Pat Quinn, the Taxpayer Action Board recommended that Illinois "use technology to ensure that Medicaid claims data can be used by the state and the public to drive cost savings and better health outcomes." In particular, the Taxpayer Action Board recommended that the state "provide privacy-protected access to the public regarding State Medicaid claims information, with all unique, identifying information removed."

HB 5241 aims to put this Taxpayer Action Board recommendation into practice.

Why put Medicaid claims data in the public sphere? In a June 2009 article, Jim Frogue of the Center for Health Transformation noted:


Claims data contain all the answers on how health care dollars are spent. This data show in details where the dollars go, what hospitals and facilities perform which procedures in what volume and with what success rate.

Program administrators – as well as Illinois residents – would benefit from having access to claims information. The online website outlined in HB 5241 could be utilized for a number of purposes, ranging from identifying irregular billing patterns to improving the quality of health care provided. Illinois is home to many people with many talents and specialties; opening up information to residents could result in valuable insights and recommendations.

Patient privacy must be protected, and that’s why HB 5241 explicitly states that the information must be “de-identified in accordance with regulations promulgated pursuant to the Illinois Health Insurance Portability and Accountability Act.”

Sharing privacy-protected public health claims data isn’t a new concept. According to Frogue, “there is long precedent for that as the [Centers for Medicare and Medicaid Services] has released Medicare claims data to university researchers for decades with patient identities safely scrambled by multiple algorithms.” In an age where “information wants to be free,” we should make data available beyond the Ivory Tower.

South Carolina’s Department of Health and Human Services recently took administrative action to create a Medicaid spending transparency database, which you can visit at <http://www.scdhhs.org>. I’ve included a screen-shot of the transparency online database below. The website’s information is based on Medicaid payments made to providers. Providers that served less than five beneficiaries are grouped together to protect the patients’ identities under HIPAA. The website offers the location of the provider, information on patient visits, payments for billed claims, average cost for billed claim, adjustments, and total amount paid.



The SC Department of Health and Human Services  
Mark Sanford, Governor  
Emma Forkner, Director

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**Providers**

These reports are based on Medicaid payments made to providers from July 2008 through June 2009.

Providers that served less than five beneficiaries have been grouped together to protect the patients' identities under HIPAA.

Links for groups serving less than five beneficiaries direct you to the details that group which served three or more beneficiaries.

This report represents services rendered to beneficiaries by providers. The provider's group is responsible for billing.

### Transparency Reporting of Medicaid Provider Payments for State Fiscal Year 2009

Provider Type	# of Providers	Payment for Billed Claims	Adjustments	Total Paid
<a href="#">Select</a> Clinics Total	814	\$585,688,079.57	\$23,029,453.90	\$608,717,533.47
<a href="#">Select</a> Clinics Serving <5 Beneficiaries Total	96	\$176,036.36	\$40,494.07	\$216,530.43
<a href="#">Select</a> CLTC Services Total	442	\$173,327,248.08	\$61,764.20	\$173,389,012.28
<a href="#">Select</a> CLTC Serving <5 Beneficiaries Total	1,992	\$18,139,063.13	\$207,545.00	\$18,346,608.13
<a href="#">Select</a> Coordinated Care Providers Total	13	\$738,415,465.40	\$88,537,512.00	\$826,952,977.40
<a href="#">Select</a> Coordinated Care Serving <5 Beneficiaries Total	8	\$168,031,417.86	\$82,160,391.61	\$250,191,809.47
<a href="#">Select</a> Dentists Total	967	\$112,115,531.20	\$61,020.35	\$112,176,551.55
<a href="#">Select</a> Dentists Serving <5 Beneficiaries Total	72	(\$351,867.10)	\$16,058.57	(\$335,808.53)
<a href="#">Select</a> Durable Medical Equipment Total	961	\$65,169,956.52	(\$45,212.29)	\$65,124,744.23

On the database homepage, South Carolina’s Department of Health and Human Services notes: “This information is designed to give the public an overview of how tax dollars are spent in support of the Medicaid program... We hope information presented here will prompt discussions and lead to a better understanding of our agency’s mission.”

The Illinois Transparency & Accountability Portal already provides residents with information about

state employee pay, state agency expenditures, state agency contracts, corporate accountability and professional licenses. Privacy-protected Medicaid claims data should be added to this list.

In conclusion, promoting Medicaid spending transparency with HB 5241 would:

1. Offer government administrators a valuable tool to help drive cost savings and better health care outcomes;
2. Allow taxpayers greater insight into how their dollars are spent by state government;
3. Fulfill a recommendation of the Taxpayer Action Board; and
4. Promote an open and transparent state government.

Thank you for the opportunity to testify today.