

# Illinois Department of Healthcare and Family Services Fiscal Year 2016 Budget Overview



**February 18, 2015**

**Bruce Rauner, Governor**  
**Felicia F. Norwood, Director**

# Healthcare and Family Services Mission

- Ensuring quality healthcare coverage at sustainable costs, empowering people to make sound decisions about their well-being and maintaining the highest standards of program integrity on behalf of the citizens of Illinois.
- Establishing and enforcing child support obligations to make sure children and their families have the opportunities they deserve.

# Providing Healthcare Coverage

- HFS is the largest insurer in Illinois
- Current Medical Programs Enrollment (Oct. 2014): 3.18 million\*
  - Children: 1.55 million
  - Seniors: 191,600
  - Adults with Disabilities: 254,100
  - Other Adults: 646,500
  - ACA Adults: 534,200 (including Cook County)

*\* Excludes enrollees in partial benefit programs*

# Medical Assistance Fiscal Year 2016 Budget Highlights

- Maintains healthcare coverage eligibility for core low income residents and individuals enrolled under the Affordable Care Act
- Assumes over 60% of clients enrolled in a coordinated care option
- Continues efforts to rebalance the long term care system
- Reinstates timely Medicaid eligibility redeterminations and provides resources to improve overall program integrity for Illinois taxpayers

# Status of Care Coordination Initiatives

- Met statutory goal of 50% of clients in Coordinated Care by January 2015, with 1.5 million enrolled in various plans
- Expect to complete rollout by June 2015, with over 60% of clients enrolled
- Focus on continuous improvement of delivery redesign, monitoring contract compliance, measuring health outcomes and evaluating program costs
- Goal to evaluate results of different care coordination models

# Expanding Program Integrity Efforts

- FY 2016 budget assumes reinstatement of aggressive Medicaid eligibility redeterminations and includes additional resources for the HFS Inspector General to root out waste, fraud and abuse
- Medicaid Redeterminations
  - Average of 3.3 million monthly Medicaid clients in FY 2015
  - FY 2016 budget includes resources for timely redeterminations
  - Requires cooperation with the Department of Human Services
  - FY 2016 General Revenue Fund Estimated Savings: \$53 million
    - Savings annualizes to an estimated \$140 million in FY 2017

# Inspector General – Fraud & Abuse Prevention

- In FY 2014, the Inspector General achieved \$94 million in collections and cost recoveries
- FY 2016 budget assumes additional resources for the Inspector General to combat waste, fraud and abuse in the Illinois Medicaid program
  - Quality control on Medicaid eligibility determinations and provider claims
  - Data analytics to identify outlier provider and client behavior
  - Provider payment audits
  - Client asset discovery
  - Provider and client investigations
  - FY 2016 General Revenue Fund Estimated Savings: \$21.5 million

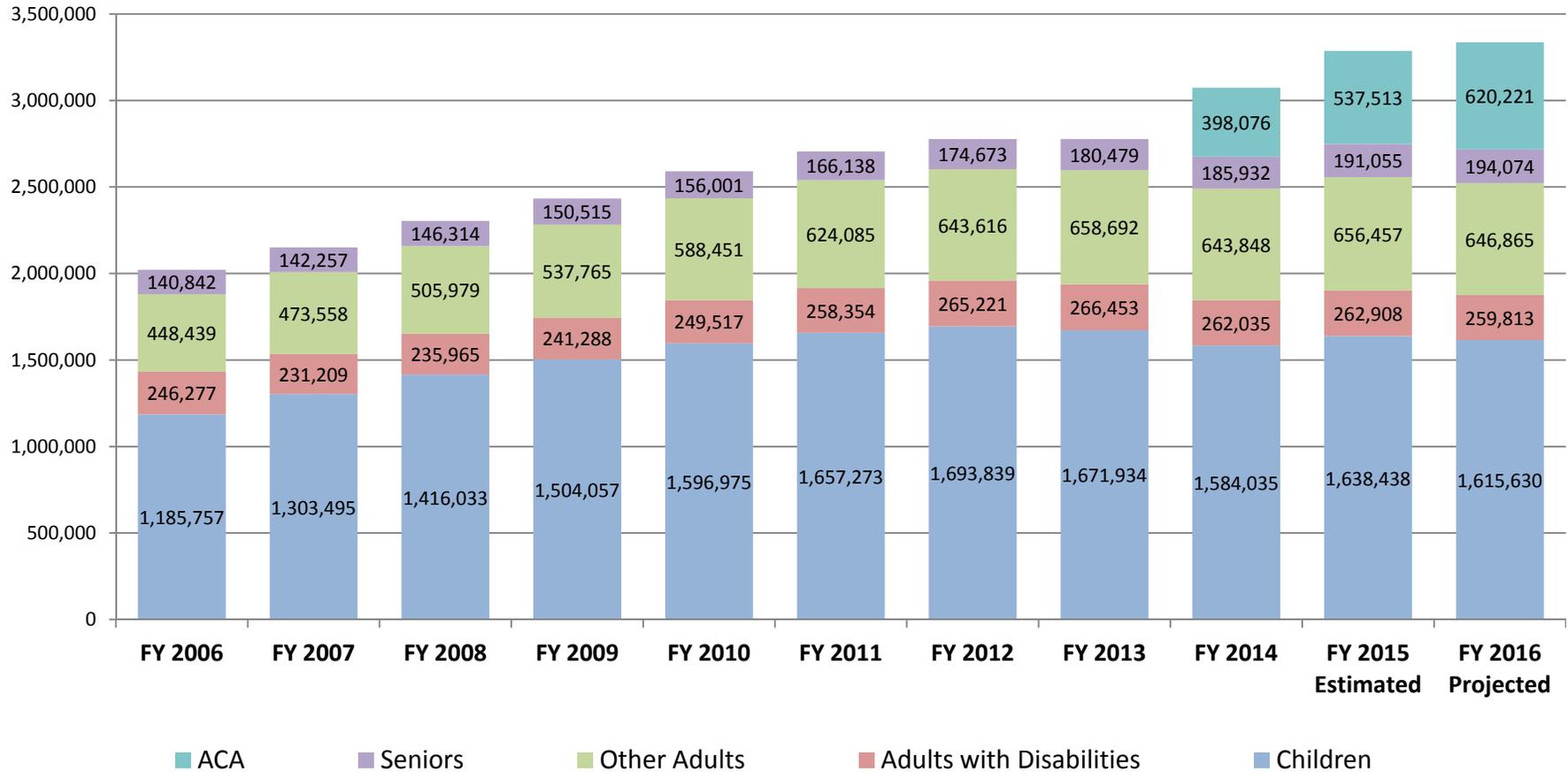
# Affordable Care Act (ACA) Enrollment

- 570,000 have enrolled under the ACA as of January 2015
- Federal government will pay 100% for Medicaid clients who are newly eligible for three years, then phase down to 90% by calendar year 2020
  - 586,000 estimated enrollment by the end of FY 2015
  - 650,000 projected enrollment by the end of FY 2016

# Affordable Care Act (ACA) Estimated Cost

- Fiscal Year 2015: \$2.2 billion
  - General Revenue & Related Funds: \$1.5 billion
  - Cook County: \$0.7 billion
  - \$0 net state cost (100% federally-funded)
- Fiscal Year 2016: \$2.6 billion
  - General Revenue & Related Funds: \$1.9 billion
  - Cook County: \$0.7 billion
  - \$0 net state cost (100% federally-funded)

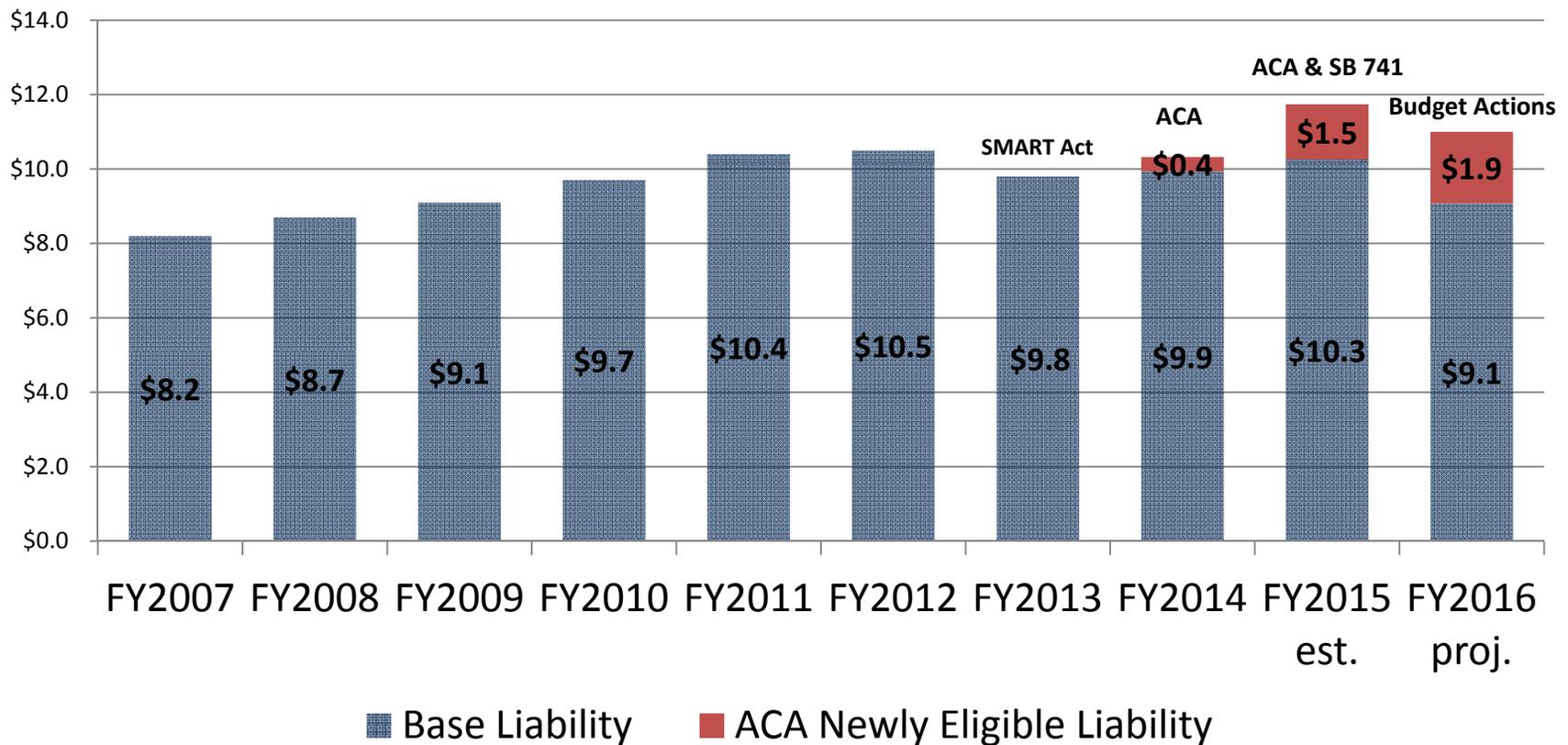
# Medical Programs Average Enrollment



Reflects average annual enrollees  
Excludes enrollees in partial benefit programs

# Historical Medical Programs Liability GRF and Related Funds

## Total Liability in Billions



# Medicaid Payment Processing

- Section 25 statutory caps
  - Require payment of GRF and related fund medical bills received by June 30th from current year appropriations
  - Eliminate long “budgeted” payment cycles – cannot push large amounts of unpaid medical bills into future fiscal years
- HFS is generally processing GRF-related bills to the Comptroller in less than 30 days
- FY 2016 introduced budget will allow HFS to continue meeting the Section 25 caps

# Child Support Services

- Division of Child Support Services (DCSS) serves almost 500,000 families who receive TANF and Medical Assistance or who are not receiving government assistance, but still need child support services
  - In FY 2014, for the tenth straight year, the Department achieved collections of more than \$1 billion, with a total of \$1.41 billion – most of it passed on to families
- FY 2016 budget assumes that only 12 cents of every child support services operational dollar comes from the General Revenue Fund

# Closing the Fiscal Year 2016 Budgetary Gap

- **Total FY 2016 General Revenue Fund Budget Reductions: \$1.47 billion**
  - Rates & Services Added Since SMART Act: \$320.8 million
  - Optional Services and Rates: \$290.6 million
  - Enhanced Program Integrity Initiatives: \$74.5 million
  - Non-Core Medical Eligibility: \$41.3 million
  - Fixed Hospital Payments (incl. some funded by the assessment): \$734.9 million
  - Child Support & Department Operations: \$12.5 million

Numbers may not appear to add due to rounding and represent cash-flow impact to the FY 2016 budget.

**DEPARTMENT OF HEALTHCARE & FAMILY SERVICES**  
**PROGRAM AREA APPROPRIATIONS COMPARISON**  
(Dollars in Millions)

<b>Total By Program</b>	<u><b>All Funds*</b></u>		<b>\$ Change</b>
	<u><b>FY 2015</b></u>	<u><b>FY 2016</b></u>	
<b>Medical Assistance</b>	<b>\$19,935.0</b>	<b>\$18,625.6</b>	<b>(\$1,309.4)</b>
<b>Child Support Services</b>	<b>257.4</b>	<b>209.1</b>	<b>(48.3)</b>
<b>Program Operations</b>	<b>267.5</b>	<b>293.0</b>	<b>25.5</b>
<b>Cost Recoveries</b>	<b>43.5</b>	<b>43.4</b>	<b>(0.2)</b>
<b>Inspector General</b>	<b>32.2</b>	<b>25.6</b>	<b>(6.6)</b>
<b>Total</b>	<b><u>\$20,535.6</u></b>	<b><u>\$19,196.6</u></b>	<b><u>(\$1,339.0)</u></b>

<u><b>General Revenue Fund*</b></u>			
<b>Medical Assistance</b>	<b>\$7,220.9</b>	<b>\$6,239.4</b>	<b>(\$981.4)</b>
<b>Child Support Services</b>	<b>29.9</b>	<b>0.0</b>	<b>(29.9)</b>
<b>Program Operations</b>	<b>56.0</b>	<b>80.7</b>	<b>24.8</b>
<b>Inspector General</b>	<b>6.4</b>	<b>0.0</b>	<b>(6.4)</b>
<b>Total</b>	<b><u>\$7,313.1</u></b>	<b><u>\$6,320.1</u></b>	<b><u>(\$993.0)</u></b>

\* HFS FY 2016 General Revenue Fund Medical Assistance and administrative budgets are appropriated as lump sums in the introduced budget. Therefore, FY 2016 Child Support and Inspector General GRF budgets are reflected in Program Operations.  
**Numbers may not appear to add due to rounding.**

(Dollars in thousands)

# Illinois Department of Healthcare and Family Services

## Appropriation Status Report

### FY2016 Introduced Budget

Program Group	FY 2015 Appropriation	FY 2016 Request	FY 16-FY 15 \$ Change
<b>Medical Distributive</b>			
<b>General Revenue Fund (GRF)</b>			
For Deposit into Healthcare Provider Relief Fund	\$64,232.9	\$664,232.9	\$600,000.0
Physicians	\$172,101.9	\$0.0	(\$172,101.9)
Dentists	\$143,967.6	\$0.0	(\$143,967.6)
Optometrists	\$17,342.9	\$0.0	(\$17,342.9)
Podiatrists	\$5,614.0	\$0.0	(\$5,614.0)
Chiropractors	\$78.6	\$0.0	(\$78.6)
Hospital Inpatient/Disp Share Hospitals	\$1,432,615.8	\$0.0	(\$1,432,615.8)
Institutions for Mental Disease	\$50,359.7	\$0.0	(\$50,359.7)
Supportive Living Facilities	\$138,927.1	\$0.0	(\$138,927.1)
Long Term Care	\$996,326.5	\$0.0	(\$996,326.5)
Community Health Centers	\$98,458.1	\$0.0	(\$98,458.1)
Hospice Care	\$76,247.3	\$0.0	(\$76,247.3)
Laboratories	\$25,959.5	\$0.0	(\$25,959.5)
Home Health Care	\$20,975.3	\$0.0	(\$20,975.3)
Appliances	\$36,691.8	\$0.0	(\$36,691.8)
Transportation	\$48,208.4	\$0.0	(\$48,208.4)
Medicare Premiums (A)	\$12,662.6	\$0.0	(\$12,662.6)
Federal Medicare Expansion (B)	\$28,278.9	\$0.0	(\$28,278.9)
Medicare Premiums (B)	\$387,164.5	\$0.0	(\$387,164.5)
Renal	\$183.3	\$0.0	(\$183.3)
Hemophilia	\$4,275.7	\$0.0	(\$4,275.7)
Sexual Assault	\$224.7	\$0.0	(\$224.7)
Altgeld Clinic	\$400.0	\$0.0	(\$400.0)
Medical Programs Lump Sum	\$0.0	\$5,575,191.8	\$5,575,191.8
Drugs	\$131,505.2	\$0.0	(\$131,505.2)
Other Related Medical Services	\$140,790.6	\$0.0	(\$140,790.6)
Coordinated Care	\$3,080,240.6	\$0.0	(\$3,080,240.6)
Division of Specialized Care for Children	\$107,036.5	\$0.0	(\$107,036.5)
<b>Total General Revenue Fund (GRF)</b>	<b>\$7,220,870.0</b>	<b>\$6,239,424.7</b>	<b>(\$981,445.3)</b>

(Dollars in thousands)

# Illinois Department of Healthcare and Family Services

## Appropriation Status Report

### FY2016 Introduced Budget

Program Group	FY 2015 Appropriation	FY 2016 Request	FY 16-FY 15 \$ Change
<b>Non-General Revenue Fund</b>			
Supportive Living Facility Fund	\$15,000.0	\$15,000.0	\$0.0
Medicaid Research and Education Support Fund	\$28,000.0	\$28,000.0	\$0.0
U of I Hospital Services Fund	\$375,000.0	\$375,000.0	\$0.0
County Provider Trust Fund	\$2,500,000.0	\$2,500,000.0	\$0.0
Long Term Care Provider Fund	\$700,000.0	\$550,000.0	(\$150,000.0)
Hospital Provider Fund	\$2,500,000.0	\$3,000,000.0	\$500,000.0
Hospital Provider Fund - Medical Assistance Providers	\$600,000.0	\$0.0	(\$600,000.0)
Special Education Medicaid Matching Fund	\$200,000.0	\$200,000.0	\$0.0
Trauma Center Fund	\$15,000.0	\$15,000.0	\$0.0
PARTF Deposit into Medical Special Purposes Trust Fund	\$500.0	\$0.0	(\$500.0)
Electronic Health Record Incentive Fund	\$200,000.0	\$200,000.0	\$0.0
Money Follows The Person Budget Transfer Fund	\$15,000.0	\$15,000.0	\$0.0
Juvenile Rehabilitation Services Medical Matching Fund	\$4,000.0	\$1,500.0	(\$2,500.0)
Medical Interagency Program Fund	\$70,000.0	\$70,000.0	\$0.0
Drug Rebate Fund	\$700,000.0	\$650,000.0	(\$50,000.0)
Tobacco Settlement Recovery Fund	\$200,600.0	\$200,600.0	\$0.0
Medicaid Buy-In Fund	\$550.0	\$550.0	\$0.0
Healthcare Provider Relief Fund	\$4,500,000.0	\$4,500,000.0	\$0.0
Medical Special Purposes Trust - Medical Demonstration Projects	\$30,500.0	\$30,500.0	\$0.0
Medical Special Purposes Trust - Eligibility Verification System	\$60,000.0	\$35,000.0	(\$25,000.0)
<b>Total Non-General Revenue Fund</b>	<b>\$12,714,150.0</b>	<b>\$12,386,150.0</b>	<b>(\$328,000.0)</b>
<b>Total Medical Distributive</b>	<b>\$19,935,020.0</b>	<b>\$18,625,574.7</b>	<b>(\$1,309,445.3)</b>
<b>Child Support Services</b>			
<b>General Revenue Fund (GRF)</b>			
GRF Deposit into Child Support Administrative Fund	\$29,938.8	\$0.0	(\$29,938.8)
<b>Total General Revenue Fund (GRF)</b>	<b>\$29,938.8</b>	<b>\$0.0</b>	<b>(\$29,938.8)</b>
<b>Child Support Administrative Fund (CSAF)</b>			
Personal Services	\$72,793.2	\$66,200.7	(\$6,592.5)

(Dollars in thousands)

# Illinois Department of Healthcare and Family Services

## Appropriation Status Report

### FY2016 Introduced Budget

Program Group	FY 2015 Appropriation	FY 2016 Request	FY 16-FY 15 \$ Change
Retirement - Pick Up	\$23.3	\$24.4	\$1.1
Retirement - Regular	\$30,819.9	\$30,186.1	(\$633.8)
Social Security	\$5,568.7	\$5,064.4	(\$504.3)
Group Insurance	\$20,435.2	\$17,729.2	(\$2,706.0)
Contractual Services	\$67,111.1	\$61,210.9	(\$5,900.2)
Travel	\$575.2	\$575.2	\$0.0
Commodities	\$290.8	\$290.8	\$0.0
Printing	\$229.6	\$229.6	\$0.0
Equipment	\$1,082.2	\$1,082.2	\$0.0
Telecommunications	\$3,944.4	\$3,944.4	\$0.0
For Child Support Enforcement Projects	\$900.0	\$900.0	\$0.0
For Administrative Costs Related to Enhanced Collection Efforts	\$10,800.0	\$10,800.0	\$0.0
State Disbursement Unit (SDU)	\$12,843.2	\$10,843.2	(\$2,000.0)
<b>Total Child Support Administrative Fund (CSAF)</b>	<b>\$227,416.8</b>	<b>\$209,081.1</b>	<b>(\$18,335.7)</b>
<b>Total Child Support Services</b>	<b>\$257,355.6</b>	<b>\$209,081.1</b>	<b>(\$48,274.5)</b>
<b>Cost Recoveries</b>			
<b>Public Aid Recoveries Trust Fund</b>			
Personal Services	\$9,702.0	\$9,505.9	(\$196.1)
Retirement - Regular	\$4,107.7	\$4,334.5	\$226.8
Social Security	\$742.2	\$727.2	(\$15.0)
Group Insurance	\$2,553.4	\$2,386.1	(\$167.3)
Contractual Services	\$24,845.8	\$24,845.8	\$0.0
Travel	\$100.0	\$100.0	\$0.0
Commodities	\$27.0	\$27.0	\$0.0
Printing	\$10.0	\$10.0	\$0.0
Equipment	\$1,259.5	\$1,259.5	\$0.0
Telecommunications	\$190.0	\$190.0	\$0.0
<b>Total Public Aid Recoveries Trust Fund</b>	<b>\$43,537.6</b>	<b>\$43,386.0</b>	<b>(\$151.6)</b>
<b>Total Cost Recoveries</b>	<b>\$43,537.6</b>	<b>\$43,386.0</b>	<b>(\$151.6)</b>

(Dollars in thousands)

# Illinois Department of Healthcare and Family Services

## Appropriation Status Report

### FY2016 Introduced Budget

Program Group	FY 2015 Appropriation	FY 2016 Request	FY 16-FY 15 \$ Change
<b>Office Of Inspector General</b>			
<b>General Revenue Fund (GRF)</b>			
Personal Services	\$5,879.9	\$0.0	(\$5,879.9)
Social Security	\$449.8	\$0.0	(\$449.8)
Travel	\$27.5	\$0.0	(\$27.5)
<b>Total General Revenue Fund (GRF)</b>	<b>\$6,357.2</b>	<b>\$0.0</b>	<b>(\$6,357.2)</b>
<b>Non-General Revenue Fund</b>			
Long Term Care Provider Fund - Administration	\$390.0	\$390.0	\$0.0
<b>Total Non-General Revenue Fund</b>	<b>\$390.0</b>	<b>\$390.0</b>	<b>\$0.0</b>
<b>Public Aid Recoveries Trust Fund</b>			
Personal Services	\$11,495.4	\$11,175.6	(\$319.8)
Retirement - Regular	\$4,867.0	\$5,095.8	\$228.8
Social Security	\$879.4	\$854.9	(\$24.5)
Group Insurance	\$2,667.4	\$2,503.0	(\$164.4)
Contractual Services	\$5,101.8	\$5,101.8	\$0.0
Travel	\$91.4	\$91.4	\$0.0
Equipment	\$345.7	\$345.7	\$0.0
<b>Total Public Aid Recoveries Trust Fund</b>	<b>\$25,448.1</b>	<b>\$25,168.2</b>	<b>(\$279.9)</b>
<b>Total Office Of Inspector General Operations</b>	<b>\$32,195.3</b>	<b>\$25,558.2</b>	<b>(\$6,637.1)</b>
<b>Program Administration</b>			
<b>General Revenue Fund (GRF)</b>			
Personal Services	\$20,937.9	\$0.0	(\$20,937.9)
Social Security	\$1,601.7	\$0.0	(\$1,601.7)
Contractual Services	\$7,392.3	\$0.0	(\$7,392.3)
Travel	\$140.0	\$0.0	(\$140.0)
Operation of Automotive Equipment	\$37.5	\$0.0	(\$37.5)

(Dollars in thousands)

# Illinois Department of Healthcare and Family Services

## Appropriation Status Report

### FY2016 Introduced Budget

Program Group	FY 2015 Appropriation	FY 2016 Request	FY 16-FY 15 \$ Change
Operational Expenses	\$0.0	\$80,709.1	\$80,709.1
GRF Deposit into Public Aid Recoveries Trust Fund	\$4,500.0	\$0.0	(\$4,500.0)
<b>Total General Revenue Fund (GRF)</b>	<b>\$34,609.4</b>	<b>\$80,709.1</b>	<b>\$46,099.7</b>
<b>Public Aid Recoveries Trust Fund</b>			
Personal Services	\$270.1	\$262.1	(\$8.0)
Retirement - Regular	\$114.4	\$119.5	\$5.1
Social Security	\$20.7	\$20.1	(\$0.6)
Group Insurance	\$83.5	\$85.4	\$1.9
Contractual Services	\$5,294.4	\$5,294.4	\$0.0
Commodities	\$320.4	\$320.4	\$0.0
Printing	\$538.4	\$538.4	\$0.0
Equipment	\$110.0	\$110.0	\$0.0
Telecommunications	\$1,300.5	\$1,300.5	\$0.0
Information Technology Infrastructure	\$44,055.2	\$44,055.2	\$0.0
<b>Total Public Aid Recoveries Trust Fund</b>	<b>\$52,107.6</b>	<b>\$52,106.0</b>	<b>(\$1.6)</b>
<b>Total Program Administration</b>	<b>\$86,717.0</b>	<b>\$132,815.1</b>	<b>\$46,098.1</b>
<b>Legal Representation</b>			
<b>General Revenue Fund (GRF)</b>			
Personal Services	\$1,518.2	\$0.0	(\$1,518.2)
Retirement - Pick Up	\$26.0	\$0.0	(\$26.0)
Social Security	\$116.1	\$0.0	(\$116.1)
Contractual Services	\$173.7	\$0.0	(\$173.7)
Travel	\$8.0	\$0.0	(\$8.0)
Equipment	\$3.5	\$0.0	(\$3.5)
<b>Total General Revenue Fund (GRF)</b>	<b>\$1,845.5</b>	<b>\$0.0</b>	<b>(\$1,845.5)</b>
<b>Total Legal Representation</b>	<b>\$1,845.5</b>	<b>\$0.0</b>	<b>(\$1,845.5)</b>
<b>Medical Programs</b>			

(Dollars in thousands)

# Illinois Department of Healthcare and Family Services

## Appropriation Status Report

### FY2016 Introduced Budget

Program Group	FY 2015 Appropriation	FY 2016 Request	FY 16-FY 15 \$ Change
<b>General Revenue Fund (GRF)</b>			
Community Transitions & LTC System Rebalancing-Balancing Incentive Program	\$19,500.0	\$0.0	(\$19,500.0)
<b>Total General Revenue Fund (GRF)</b>	<b>\$19,500.0</b>	<b>\$0.0</b>	<b>(\$19,500.0)</b>
<b>Healthcare Provider Relief Fund</b>			
Medical Operational Expenses	\$53,361.8	\$53,361.8	\$0.0
<b>Total Healthcare Provider Relief Fund</b>	<b>\$53,361.8</b>	<b>\$53,361.8</b>	<b>\$0.0</b>
<b>Non-General Revenue Fund</b>			
County Provider Trust Fund - Administration	\$25,000.0	\$25,000.0	\$0.0
Provider Inquiry Trust Fund	\$2,500.0	\$2,500.0	\$0.0
Care Provider Fund for Persons w/Develop. Disabilities-Administration	\$205.0	\$205.0	\$0.0
Long Term Care Provider Fund - Administration	\$1,700.0	\$1,700.0	\$0.0
<b>Total Non-General Revenue Fund</b>	<b>\$29,405.0</b>	<b>\$29,405.0</b>	<b>\$0.0</b>
<b>Public Aid Recoveries Trust Fund</b>			
Personal Services	\$8,674.5	\$9,101.0	\$426.5
Retirement - Regular	\$3,672.7	\$4,149.8	\$477.1
Social Security	\$663.6	\$696.2	\$32.6
Group Insurance	\$2,177.1	\$1,967.4	(\$209.7)
Contractual Services	\$45,299.0	\$45,299.0	\$0.0
Commodities	\$5.3	\$5.3	\$0.0
Printing	\$3.5	\$3.5	\$0.0
Equipment	\$136.8	\$136.8	\$0.0
Telecommunications	\$22.4	\$22.4	\$0.0
Data Warehouse	\$6,259.1	\$6,259.1	\$0.0
<b>Total Public Aid Recoveries Trust Fund</b>	<b>\$66,914.0</b>	<b>\$67,640.5</b>	<b>\$726.5</b>
<b>Total Medical Programs</b>	<b>\$169,180.8</b>	<b>\$150,407.3</b>	<b>(\$18,773.5)</b>
<b>Total Operations</b>	<b>\$257,743.3</b>	<b>\$283,222.4</b>	<b>\$25,479.1</b>
<b>Refunds</b>			

(Dollars in thousands)

# Illinois Department of Healthcare and Family Services

## Appropriation Status Report

### FY2016 Introduced Budget

Program Group	FY 2015 Appropriation	FY 2016 Request	FY 16-FY 15 \$ Change
<b>Non-General Revenue Fund</b>			
County Provider Trust Fund	\$1,000.0	\$1,000.0	\$0.0
Care Provider Fund for Persons w/Developmental Disabilities	\$1,000.0	\$1,000.0	\$0.0
Long Term Care Provider Fund	\$2,750.0	\$2,750.0	\$0.0
Hospital Provider Fund	\$5,000.0	\$5,000.0	\$0.0
<b>Total Non-General Revenue Fund</b>	<b>\$9,750.0</b>	<b>\$9,750.0</b>	<b>\$0.0</b>
<b>Total Refunds</b>	<b>\$9,750.0</b>	<b>\$9,750.0</b>	<b>\$0.0</b>
<b>Agency Total</b>			
General Revenue Fund	\$7,313,120.9	\$6,320,133.8	(\$992,987.1)
Non-General Revenue Fund	\$13,222,480.9	\$12,876,438.6	(\$346,042.3)
<b>All Funds Agency Total</b>	<b>\$20,535,601.8</b>	<b>\$19,196,572.4</b>	<b>(\$1,339,029.4)</b>