HFS 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.

- Ensuring families have the *opportunities they deserve* by enforcing *child support obligations* throughout the state.
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 2015, for the tenth straight year, the Department achieved collections of more than $1 billion, with a total of $1.416 billion – most of it passed on to families

- FY 2017 budget assumes that only 14 cents of every child support services operational dollar comes from the General Revenue Fund
Providing Healthcare Coverage

• HFS is the largest insurer in Illinois

• Current Medical Assistance Enrollment (Nov. 2015): 3.17 million*
  – Children: 1.50 million
  – Seniors: 190,800
  – Adults with Disabilities: 235,100
  – Other Adults: 614,400
  – ACA Adults: 632,400

* Excludes enrollees in partial benefit programs
Medical Assistance Average Enrollment

Reflects average annual enrollees
Excludes enrollees in partial benefit programs
Medical Assistance Fiscal Year 2017 Budget Highlights

• Maintains eligibility and healthcare services for low income residents and individuals enrolled under the Affordable Care Act

• Assumes over 66% of clients enrolled in risk-based managed care
  – Begins Managed Care in Long Term Supports and Services (MLTSS) for Medicare/Medicaid dual eligibles

• Continues efforts to rebalance the long term care system
Medical Assistance Program Integrity Efforts

- Medical Assistance Redeterminations
  - Average of 3.3 million monthly Medical Assistance clients in FY 2017
  - FY 2017 budget includes resources for timely redeterminations
  - Requires cooperation with the Department of Human Services
  - FY 2017 General Revenue Fund estimated savings: $140 million
Inspector General – Fraud & Abuse Prevention

- In FY 2015, the Inspector General achieved $204 million in savings, cost avoidance and recoveries
- FY 2017 budget assumes resources for the Inspector General to combat waste, fraud and abuse in the Illinois Medical Assistance program
  - Quality control on Medical Assistance eligibility determinations and provider claims
  - Data analytics to identify outlier provider and client behavior
  - Provider payment audits
  - Client asset discovery
  - Provider and client investigations
Affordable Care Act (ACA) Enrollment

- 622,400 have enrolled under the ACA as of January 2016
- Costs offset by high federal match rate
  - Federal government will pay 100% for Medicaid clients who are newly eligible through December 31, 2016
  - Match rate declines to 95% on January 1, 2017
  - Continues phase down to 90% by January 1, 2020
- 629,000 estimated average monthly enrollment in FY 2016
- 641,600 projected average monthly enrollment in FY 2017
Affordable Care Act (ACA) Estimated Cost

- Fiscal Year 2016: $2.78 billion
  - General Revenue & Related Funds: $2.14 billion
  - Cook County: $0.64 billion
  - $0 net state cost (100% federally-funded)
- Fiscal Year 2017: $2.94 billion
  - General Revenue & Related Funds: $2.3 billion
    - $57.6 million net state cost
  - Cook County: $0.64 billion
    - $16.0 million net Cook County cost
  - Federal match rate declines to 95% on January 1, 2017
Historical Medical Assistance Liability
GRF and Related Funds

Total Liability in Billions

FY2009: $9.1
FY2010: $9.7
FY2011: $10.4
FY2012: $10.5
FY2013: $9.8
FY2014: $10.6
FY2015: $12.3
FY2016 est.: $12.5
FY2017 proj.: $13.4

Base Liability
Non-Discretionary Item Growth
Fiscal Year 2016 Medical Assistance Budget Management Actions

- HFS is limited in Medical Assistance budget reductions it can implement without legislative action - most eligibility, service and reimbursement requirements are in state statute

- Within these limitations, HFS continues to implement Medical Assistance cost savings measures
Fiscal Year 2016 Medical Assistance
Budget Management Actions

• Improve timeliness of Medical Assistance redeterminations: **$53 million savings** ($140 million annualized savings in FY17)

• Eliminate Accountable Care Entity/Coordinated Care Entity fees - transition to risk-based managed care: **$30 million savings** ($60 million annualized savings in FY17)

• Reduce managed care capitation rates: **$25 million savings**

• Discontinue certain hospital fixed payments: **$8 million**
Fiscal Year 2017 Medical Assistance Cost Growth Driven By Non-Discretionary Items

- MLTSS managed care - transfer other agency fee-for-service costs to HFS: $299 million

- Annualization of Heroin Bill (PA 99-480): $267.0 million ($335.9 million FY 2017 total gross cost)

- ACA liability growth: $160.5 million

- Annualization of ACA hospital presumptive eligibility: $95.4 million ($121.1 million FY 2017 total gross cost)
Fiscal Year 2017 Medical Assistance Cost Growth Driven By Non-Discretionary Items

- Annualization of federal Medicare Part B and Part D cost increases: **$72.6 million** ($127.7 million FY 2017 total gross cost)

- Other non-discretionary items: **$76.6 million**

- GRF and related fund Medical Assistance liability grows **1.9%** absent non-discretionary items
Medical Assistance 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 in FY 2016
- FY 2017 introduced budget will allow HFS to continue meeting the Section 25 caps
Transforming Medical Assistance

Paying for quality, value and outcomes
Maintaining healthcare coverage for **core low income beneficiaries** while driving **quality care** at **supportable costs**.

Actions include:
- Pay for Performance (P4P) measures for Managed Care Organizations (MCOs) to drive improvements in key quality measures for children and adults
- Assignment of beneficiaries to MCOs based on quality
- Ensure beneficiaries receive the right care, at the right place and at the right cost
Transforming Medical Assistance

Paying for quality, value and outcomes

• Continued shift to Care Coordination
  – Incorporating populations that are now mainly receiving fee for service care
• Uniformly administered Long Term Supports and Services (LTSS) assessment instrument
• Robust nursing home audits to ensure proper alignment of care and costs
• Expand community-based programs
• Integrate physical, behavioral and mental health care coordination
Transforming Care Coordination

Saving money while providing better care

- Collaboration between MCOs, ACEs and CCEs is leading to powerful alignments that mean improved coordination and quality
- Combining best of both worlds:
  - Managed Care Organizations offer superior risk and quality management, analytics and contracting expertise
  - ACEs/CCEs offer vital clinical, community and frontline experience
- Transforming approach from paying for quantity to paying for value and outcomes
Transforming Information Technology

Developing a state-of-the-art technology platform

- Replacing *decades old systems* that inhibit efficient and effective reporting, analytics and timely decision making
- New systems **increase efficiency** and **program integrity** while **reducing costs**
- Major system milestones:
  - Provider Enrollment System (IMPACT – Phase I)
  - Integrated Eligibility System – Phase II
  - Pharmacy Benefit Management System
  - Data Analytics Platform (MedInsight) Implementation
  - Medicaid Management Information System (IMPACT – Phase II)
  - Enterprise Resource Planning (ERP) System
# Program Area Appropriations Comparison

(Dollars in Millions)

<table>
<thead>
<tr>
<th>Total By Program</th>
<th>FY2016 Estimated Necessary Spending Authority</th>
<th>FY2017 Appropriation Request</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Assistance</td>
<td>$20,817.4</td>
<td>$21,600.6</td>
<td>$783.2</td>
</tr>
<tr>
<td>Child Support Services</td>
<td>215.4</td>
<td>217.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Program Operations</td>
<td>269.9</td>
<td>255.7</td>
<td>(14.3)</td>
</tr>
<tr>
<td>Cost Recoveries</td>
<td>29.0</td>
<td>28.9</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Inspector General</td>
<td>25.1</td>
<td>25.2</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21,356.8</strong></td>
<td><strong>$22,127.7</strong></td>
<td><strong>$770.9</strong></td>
</tr>
</tbody>
</table>

**General Revenue Fund***

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Assistance</td>
<td>$7,409.3</td>
<td>$8,091.9</td>
<td>$682.6</td>
</tr>
<tr>
<td>Child Support Services</td>
<td>24.1</td>
<td>27.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Program Operations</td>
<td>57.7</td>
<td>49.2</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Inspector General</td>
<td>5.2</td>
<td>5.2</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,496.2</strong></td>
<td><strong>$8,173.3</strong></td>
<td><strong>$677.0</strong></td>
</tr>
</tbody>
</table>

1. An FY 2016 budget has not been enacted for most items.
2. Numbers may not appear to add due to rounding.