Fiscal Year 2018 Budget

Bruce Rauner, Governor
Felicia F. Norwood, Director
Michael Casey, Finance Administrator
HFS Mission

The Department of Healthcare and Family Services is committed to:

- **Ensuring** quality healthcare coverage at sustainable costs;
- **Empowering** people to make sound decisions about their well-being;
- **Maintaining** the highest standards of program integrity on behalf of the citizens of Illinois; and,
- **Ensuring** that families have the opportunities they deserve by establishing and enforcing child support obligations.
Child Support Services

• Division of Child Support Services (DCSS) serves about 500,000 families who receive TANF and Medical Assistance or do not receive government assistance, but still need child support services
  – In FY 2016, for the twelfth straight year, the Department achieved collections of more than $1 billion, with a total of $1.429 billion – most of it passed on to families
  – HFS expects to collect $1.45 billion in child support during FY 2017 and $1.46 billion in FY 2018

• FY 2018 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 (January 2017): 3.14 million*
  - Children: 1.47 million
  - Seniors: 196,703
  - Adults with Disabilities: 230,996
  - Other Adults: 594,688
  - ACA Adults: 649,346

* Excludes enrollees in partial benefit programs
Medical Assistance Average Enrollment

Reflects average annual enrollees
Excludes enrollees in partial benefit programs
Medical Assistance
Fiscal Year 2018 Budget Highlights

• Maintains current Medical Assistance eligibility, services and provider reimbursement
  – Including coverage for low income individuals under the Affordable Care Act (ACA)
• Includes initial costs of 1115 Demonstration Waiver
• Assumes over 66% of clients enrolled in risk-based managed care
Medical Assistance
Fiscal Year 2018 Budget Highlights

• Continues efforts to rebalance the long term care system

• Includes appropriation levels sufficient to allow HFS to continue processing Medical Assistance bills to the Comptroller on a timely basis
Affordable Care Act (ACA) Enrollment

- 649,346 have enrolled under the ACA as of January 2017
- Costs offset by high federal match rate for newly eligibles
  - Federal government paid 100% of costs through December 31, 2016
  - Match rate declined to 95% on January 1, 2017; reduces to 94% effective January 1, 2018
  - Continues phase down to 90% by January 1, 2020
- 659,100 estimated average monthly enrollment in FY 2017
- 673,100 projected average monthly enrollment in FY 2018
Affordable Care Act (ACA) Estimated Cost

- Fiscal Year 2017: $3.05 billion
  - General Revenue & Related Funds: $2.47 billion
    - $61.8 million net state cost
  - Cook County: $0.58 billion
    - $14.4 million net Cook County cost
- Fiscal Year 2018: $3.11 billion
  - General Revenue & Related Funds: $2.52 billion
    - $138.6 million net state cost
  - Cook County: $0.59 billion
    - $32.4 million net Cook County cost

Significant increase in FY 2018 net state/Cook cost is mainly due to state match being only required for half of FY 2017
## Historical Medical Assistance Liability

**GRF and Related Funds**

### Total Liability in Billions

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-ACA Liability</th>
<th>ACA Newly Eligible Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010</td>
<td>$9.7</td>
<td></td>
</tr>
<tr>
<td>FY2011</td>
<td>$10.4</td>
<td></td>
</tr>
<tr>
<td>FY2012</td>
<td>$10.5</td>
<td>$2.5</td>
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<tr>
<td>FY2013</td>
<td>$9.8</td>
<td>$1.8</td>
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<tr>
<td>FY2014</td>
<td>$10.2</td>
<td>$2.3</td>
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<tr>
<td>FY2015</td>
<td>$10.5</td>
<td>$2.3</td>
</tr>
<tr>
<td>FY2016</td>
<td>$10.2</td>
<td>$2.3</td>
</tr>
<tr>
<td>FY2017 est.</td>
<td>$11.0</td>
<td></td>
</tr>
<tr>
<td>FY2018 proj.</td>
<td>$11.5</td>
<td></td>
</tr>
</tbody>
</table>

**FY2018 proj.** $11.5 billion

**FY2018 est.** $11.0 billion

**Smart Act** $2.5 billion

**ACA** $2.3 billion

**ACA Newly Eligible Liability** $2.5 billion

**Non-ACA Liability** $9.7 billion

**Historical Medical Assistance Liability**

**GRF and Related Funds**
Medical Assistance Program Integrity
Fraud & Abuse Prevention

• In FY 2016, the Inspector General achieved over $220 million in savings, cost avoidance and recoveries

• FY 2018 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
Fiscal Year 2018 Medical Assistance Cost Growth Driven By Non-Discretionary Items

- Annualization of ACA hospital presumptive eligibility: **$100.9 million** ($121.1 million FY 2018 total gross cost)
- Growth in Heroin Bill (PA 99-480) costs: **$91.9 million** ($147.3 million FY 2018 total gross cost)
- Increases in federal Medicare Part B and Part D costs: **$75.8 million**
Fiscal Year 2018 Medical Assistance Cost Growth Driven By Non-Discretionary Items

- ACA liability growth: $47.3 million

- MLTSS managed care – annualization of transfer other agency fee-for-service costs to HFS: $43.6 million ($161.7 million in FY 2018 total gross cost)

- GRF and related fund Medical Assistance liability grows about 1.5% absent non-discretionary items
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
- Strong cooperation with the Department of Innovation & Technology (DoIT)
Transforming Medical Assistance

Managed Care Quality & Oversight Initiatives

• HFS focusing on strengthening managed care oversight and quality with the goal of controlling costs and improving outcomes

• Current initiatives include:
  – Uniform Credentialing
  – Tools to improve operational performance:
    • Provider Complaint Portal
    • Performance Dashboard
    • Quality Report Cards
Transforming Medical Assistance

1115 Demonstration Waiver

- Building a nation-leading behavioral health system
  - Rebalance the behavioral health eco-system, reducing over-reliance on institutional care and shifting to community-based care, where appropriate
  - Promote integrated delivery of behavioral and physical health care for behavioral health members with high needs
  - Promote integration of behavioral health and primary care for behavioral health members with lower needs
Transforming Medical Assistance

1115 Demonstration Waiver

• Building a nation-leading behavioral health system
  – Support development of robust and sustainable behavioral health services that provide both core and preventative care to ensure that members receive the full complement of high-quality treatment they need
  – Invest in support services to address the larger needs of behavioral health members, such as housing and employment services
  – Create an enabling environment to move behavioral health providers towards outcomes and value-based payments
Transforming Medical Assistance

State Plan Amendments
• Integrated Physical and Behavioral Health Homes (3/17)
• Crisis stabilization and mobile crisis response (9/30/16)
• Medication-assisted treatment (MAT) (9/30/16)
• Uniform Child and Adolescent Needs and Strengths (CANS) and Adult Needs and Strengths Assessment (ANSA) (9/30/16)

Advance Planning Documents (12/16)
• Data interoperability through 360-degree view of members
## Program Area Appropriations Comparison

(Dollars in Millions)

### All Funds

<table>
<thead>
<tr>
<th>Total By Program</th>
<th>FY2017 Enacted and Requested Appropriations</th>
<th>FY2018 Appropriation Request</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Assistance</td>
<td>$21,820.7</td>
<td>$21,400.4</td>
<td>($420.3)</td>
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<tr>
<td>Child Support Services</td>
<td>217.4</td>
<td>219.8</td>
<td>2.3</td>
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<tr>
<td>Program Operations</td>
<td>276.7</td>
<td>267.3</td>
<td>(9.4)</td>
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<tr>
<td>Cost Recoveries</td>
<td>28.9</td>
<td>27.1</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Inspector General</td>
<td>25.2</td>
<td>24.9</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Total</td>
<td>$22,368.8</td>
<td>$21,939.5</td>
<td>($429.4)</td>
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</table>

#### General Revenue Fund

<table>
<thead>
<tr>
<th>Total By Program</th>
<th>FY2017 Enacted and Requested Appropriations</th>
<th>FY2018 Appropriation Request</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Assistance</td>
<td>$7,122.0</td>
<td>$7,045.2</td>
<td>($76.8)</td>
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<tr>
<td>Child Support Services</td>
<td>27.0</td>
<td>27.0</td>
<td>0.0</td>
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<tr>
<td>Program Operations</td>
<td>49.2</td>
<td>56.8</td>
<td>7.6</td>
</tr>
<tr>
<td>Inspector General</td>
<td>5.2</td>
<td>4.6</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Total</td>
<td>$7,203.4</td>
<td>$7,133.6</td>
<td>($69.8)</td>
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</tbody>
</table>

1. A FY 2017 budget has not been enacted for most GRF items.
2. FY 2017 figures include possible supplemental appropriations where necessary.
3. Numbers may not appear to add due to rounding.