



February 2016

To: The Honorable Bruce Rauner, Governor and Members of the General Assembly

Please find attached three reports concerning the Illinois Medicaid Redetermination Project (IMRP) undertaken by the Department of Healthcare and Family Services (HFS) and the Department of Human Services (DHS) pursuant to PA 97-0689 (also known as the SMART Act). These reports summarize the work that has been done in Quarter 2 of Fiscal Year (FY) 2016. Included are:

- A report of overall activity in Quarter 2 of Fiscal Year 2016;
- A report of agreement of the State with Maximus recommendations during Quarter 2 of Fiscal Year 2016; and
- A report on the reason for State disagreement with Maximus recommendations during Quarter 2 of Fiscal Year 2016.

Summary

- Since beginning in February 2013, IMRP has reviewed over 1.65M cases for redeterminations of eligibility.
- For Quarter 2 Fiscal Year 2016, IMRP currently initiates reviews on about 65,000 cases each month.
- About 43% of clients respond and are found eligible for the same medical coverage.
- About 11% of clients respond and are found eligible for a different medical program or for fewer/more people in the household.
- About 47% of clients are cancelled, mostly for failing to respond to the redetermination request.
- Of the total clients initially cancelled, between 25% and 30% cooperate within three months and are reinstated. This equates to an overall cancellation rate of approximately 30% for all cases reviewed.
- The State decision agrees with the Maximus electronic determination about 85% of the time for cases that cooperate with the review.
- When clients responded, about 56% of disagreements with the Maximus recommendation were due to the State verifying other income, not available to Maximus, that affected the client's eligibility.

Background

The goal of the IMRP is to process the backlog of cases that under federal law require immediate redeterminations of eligibility and to ensure that redeterminations will be processed in a timely manner so that Medicaid eligibility is verified on an annual basis. The IMRP is improving Medicaid program integrity by validating that clients who qualify for medical benefits receive them, while those who do not qualify are disenrolled. This is particularly important as the State of Illinois

moves toward enrolling more clients into managed care, providing regular monthly capitation payments based on enrollment as opposed to paying claims for specific services used by each client.

Phase One

The contract with Maximus was signed in September 2012. Implementation, while experiencing some start-up difficulties, proceeded and Maximus was conducting case reviews in early 2013, the same time DHS began bringing on additional caseworkers to focus solely on Medicaid redeterminations.

Due to backlog in annual redeterminations, HFS and DHS prioritized identification of cases with clients that had the greatest likelihood of being ineligible for the Medicaid program or enrolled in the wrong medical benefit program. Accordingly, Maximus ran the entire database and applied high-level filters to identify and prioritize those cases requiring immediate attention, regardless of the client's annual redetermination date.

Maximus would review a case using evidence from high-level filters and assess what issues needed to be resolved before the client's eligibility could be determined. It then attempted to use additional databases to obtain other information and, in some cases, would contact clients when more information was necessary. At the end of the response period, Maximus would pull together all the available data, including documentation from the client, and post a recommendation on a secure Internet site for State caseworkers. The assigned caseworkers would then review the assembled information and make a final determination as to whether the client was eligible or ineligible for the Medicaid program and enter the redetermination accordingly into the State system.

In 2013, an external arbitrator, responding to an AFSCME-filed grievance, ruled that the contract with Maximus violated the State's Collective Bargaining Agreement. To avoid disruption, HFS amended the contract with Maximus in December 2013 to conform to the ruling and streamline the redetermination process while maintaining some of Maximus' most positive performance aspects.

Altogether, Phase One of the IMRP resulted in the review of 360,741 cases by State caseworkers that Maximus had previously reviewed and the cancellation of 148,283 (41%) of these cases. However, about 20% (27,769) were reinstated within three months leaving a net cancellation rate of 33% of all cases reviewed.

Phase Two

Under the amended contract and in conformance with the SMART Act, Maximus continues to provide electronic review of all cases to make a preliminary recommendation on the likelihood of a client's eligibility. The amended contract has resulted in a substantial reduction in the monthly cost of the contract, dropping from an average of \$3.2M per month under the original contract, to an estimated FY 16 average of \$1.2M per month. Maximus continues to provide the underlying software used for data matching, process management and reporting. Maximus will also continue to provide call center and mail room capabilities until the State's new eligibility system is fully implemented and staffed.

Additionally, DHS maintains two redetermination centers with over 300 caseworkers and managers focused on redeterminations for Medicaid clients who do not participate in the Supplemental Nutritional Assistance Program or receive cash assistance. Medicaid redetermination for clients participating in SNAP or cash assistance will continue to be conducted as part of their SNAP or cash redeterminations.

Attachment 1 contains a report on Phase Two of the IMRP during Fiscal Year 2016, with particular focus on the quarter ending December 31, 2015. These results show:

- A continued high level of cancellations for cases without SNAP (47%), a level consistent with previous quarters;
- Most of the cancellations (80% for the quarter) are because the client has failed to return information; and
- The percentage of cases cancelled for clients with SNAP is 19% in in Quarter 2 of Fiscal Year 2016.

HFS believes the reason for the difference in the two cancellation rates is that clients receiving SNAP have a stronger incentive to timely return information, as failure to do so results in immediate termination of a benefit needed for day-to-day survival. A comparison of medical use rates for those clients who cooperate and are reinstated supports this finding. Clients who cooperate within three months, use on average, \$2,458 in medical services in the prior six months; whereas clients who remain canceled after three months average less than half the same usage, only \$1,176 in medical services over the prior six months.

Data has shown that the effective cancellation rate will be lower than the initial cancellation rate reported because as clients realize they have been cancelled, many will return required information. During the last twelve months, between 25% and 30% of the clients who were initially cancelled following review returned within three months after cancellation. HFS continues to work with Maximus and community advocates to find ways of getting more clients to return information in a timely way avoiding the unnecessary administrative churn. HFS has also developed a procedure to identify individuals residing in long-term care facilities and enrolled in managed care who are coming up for redetermination. By working with the facilities and managed care organizations to assist recipients to complete the redetermination process, HFS hopes to further reduce churning. The urgency of preventing unnecessary disruption gets greater as an increasingly larger share of clients are being enrolled in coordinated care.

It should also be noted that the rate of cases reviewed in Phase Two continues at a high level. In Quarter 2 of Fiscal Year 2016, IMRP reviewed 165,690 cases. Maximus currently initiates reviews on approximately 65,000 cases per month.

Reasons for Disagreement

Agreement with Maximus recommendations remains relatively high for those cases where the client

actually responds to the redetermination form. The recommendation by Maximus is developed entirely from electronic sources and does not take into account whether the client will return necessary information. As HFS has improved the number of electronic sources available to Maximus, the number of cases for which Maximus makes an electronic recommendation has increased to encompass most of the cases being reviewed (99.9%). If the client does not return the required information, however, the client is cancelled for non-cooperation. A very large percentage of cancellations are due to client non-response. Current electronic information and matching logic in the Maximus system is insufficient to ensure eligibility without caseworker review and client confirmation of current circumstances.

For Quarter 2 of Fiscal Year 2016, the ultimate outcome agrees with the Maximus recommendation for cancellation 85% of the time when cases cancelled for non-response are excluded. Attachment 3 illustrates that when this recommendation is not implemented, it is usually because income has not been applied correctly. This is due to the State verifying other income, from the client or other sources not available to Maximus, that affects the client's eligibility. Certainly at least some percentage of the clients who did not respond did so because their circumstances were such that they were indeed not eligible. The people who are more likely to respond are those who are eligible.

HFS also knows from the high level of reinstatements, that many of the clients who do not respond are eligible but for a variety of reasons are late to return the required information. In only about 18% of cases where the client responds, are the individuals found to be ineligible (Attachment 2.1). In 8% of cases disagreeing with the Maximus recommendation (Attachment 3), the State caseworker was able to identify other income not available to Maximus. In total, where Maximus recommended continuation and the client responded, the State caseworker confirmed this and the case was continued 96% of the time.

In the fall of 2015, the Max-IL system began having serious slowdowns that eventually led to full-time outages. After extensive work, Maximus programmers and State staff identified an issue with the telecom transmission lines used to send the information between the State and Maximus. The situation was resolved but resulted in an approximate eight day slowdown in State redetermination productivity.

Conclusion

While HFS will continue to report regularly on the progress of the IMRP, a rolling summary of redeterminations for the three previous months can be found at <http://www.illinois.gov/hfs/MedicalClients/medrede/Pages/default.aspx>. Other information on IMRP can also be found on the HFS website.

Attachment 1
Medicaid Redetermination Activity, Redeterminations finalized by Maximus and HFS/DHS
(October – December, 2015)

I. Case Level Maximus Related Redetermination Activity Summary
(reflects month in which action was taken)

<i>State Decision</i>	October	November	December	Q2-FY 2016	FY16	FY16 Percent
Continue	20,047	23,547	26,550	70,144	151,335	43%
Change	4,513	6,181	6,871	17,565	37,278	11%
Cancel	22,570	27,961	27,445	77,976	165,007	47%
Reason for Cancellation						
% Lack of Response	81%	78%	80%	80%	78%	
% Other	19%	22%	20%	20%	22%	
TOTAL	47,130	57,689	60,866	165,685	353,620	

II. Summary Case Level Activity for all Redeterminations

	October	November	December	Q2-FY 2016	FY16
Total W/ Maximus Involvement	47,130	57,689	60,866	165,685	353,620
Continuation/Change	24,560	29,728	33,421	87,709	188,613
Initial Cancellations	22,570	27,961	27,445	77,976	165,007
Total W/O Maximus Involvement	97,431	89,588	109,271	296,290	585,259
Continuation/Change	76,616	72,935	90,907	240,458	464,168
Initial Cancellations	20,815	16,653	18,364	55,832	121,091

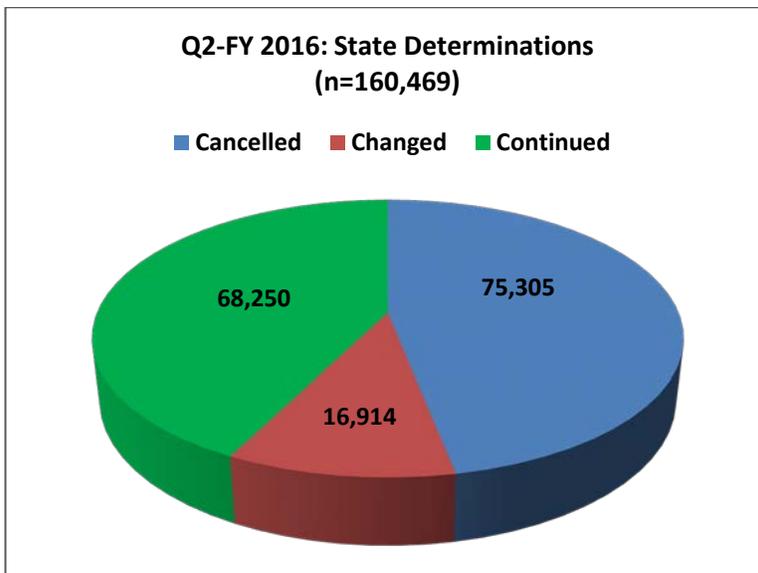
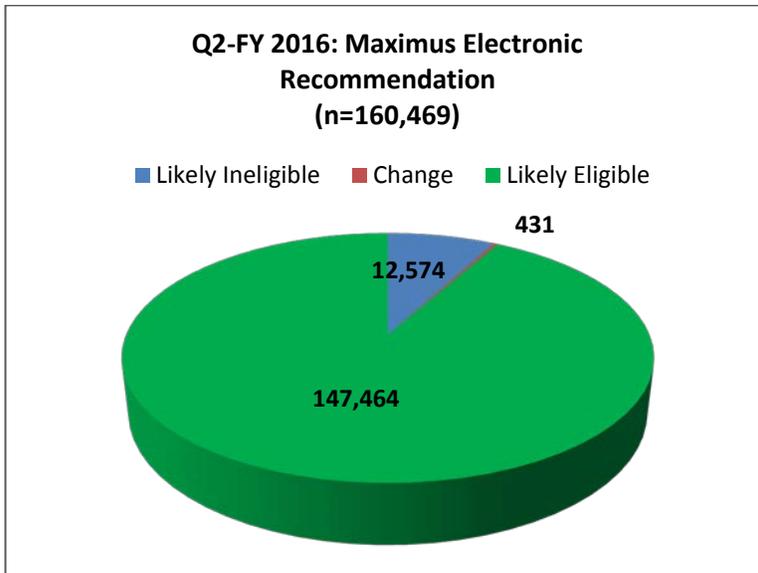
III. Individual Level Cancellation Data

	October	November	December	Q2-FY 2016	FY16
Total Initial Cancellations	68,802	72,294	72,340	213,436	452,298
Return from Cancellation	17,489	12,852	8,513	38,854	117,828
Net Cancellations	51,313	59,442	63,827	174,582	334,470
% persistent after 1 month	84%	87%	88%		
% persistent after 2 months	79%	82%	---		
% persistent after 3 months	75%	---	---		

Attachment 2
State Agreement with Max-IL Electronic Recommendations
(October – December, 2015)

State Determination Agreement with Maximus Electronic Recommendation

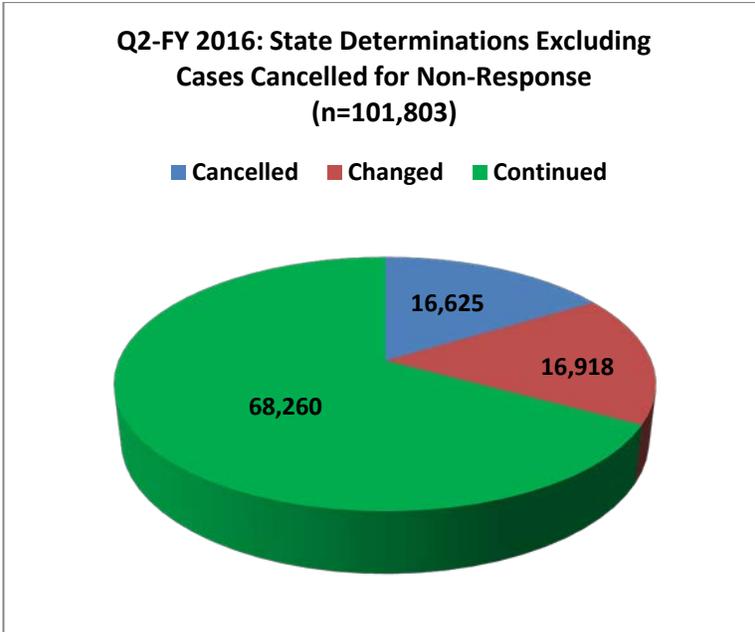
Reporting Period: Q2-FY 2016						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	9,275	230	65,800	75,305	12.32%	87.68%
CHANGED	771	71	16,072	16,914	95.44%	4.56%
CONTINUED	2,528	130	65,592	68,250	96.11%	3.89%
Grand Total	12,574	431	147,464	160,469		



NOTES:

- The electronic matching by Maximus occurs each month after the cohort of cases subject to redetermination is selected. Approximately 65,000 medical only cases are pulled for redetermination each month. Maximus runs electronic data matches to verify the continued eligibility of clients in the household. The results are compiled and an electronic recommendation of the likelihood of continued eligibility is made.
- Most cases receive a recommendation of eligible, ineligible or change in some key eligibility factor on the case. When Maximus can find no electronic information sufficient to verify income, the case receives an electronic recommendation of insufficient information. There were 30 cases with insufficient data in Q2-FY 2016. When Maximus is unable to conduct any match of case information against any electronic data, no recommendation is made and the case is marked unable to match.
- At approximately the same time that Maximus runs data matching, the vendor mails redetermination forms to each household in the monthly cohort. Upon receiving a response from the customer, Maximus' mail room staff scans the information provided into the case's electronic file.
- State caseworkers review the recommendation and documents provided by Maximus to make a final determination of ongoing eligibility. Caseworkers use the State's eligibility system to process the redetermination and enter results in the State's system of record.
- Customers who fail to provide information about current eligibility are cancelled for non-cooperation and have three months to provide the information to be reinstated, as required by federal law. After three months, the customer must reapply to begin medical assistance.

Attachment 2.1
State Action Excluding Cases Where Client Fails to Respond
(July – September, 2015)



NOTES:

6. State actions are more congruent with Maximus electronic recommendations when excluding cases where the client failed to cooperate with redetermination efforts. The percentage of cases with continued eligibility comprises two-thirds (67%) of total determinations, compared to 96% of electronic recommendations of 'Likely Eligible' (Attachment 2).

7. This difference is most striking when examining cases with a cancelled determination; only 8% (n=12,574) of Maximus electronic recommendations are deemed 'Likely Ineligible' (Attachment 2). When removing those cancelled for failure to comply, this percentage of State action increases to 16% (n=16,625) versus nearly half of all state actions when including cancellations where the client does not return information (Attachment 2.1).

Reporting Period: Q2-FY16	# State Determinations	Percent of State Determinations
CANCELLED	16,625	16.3%
CHANGED	16,918	16.6%
CONTINUED	68,260	67.1%
Grand Total	101,803	100.0%

Attachment 3
Reasons for State Disagreement with Max-IL Electronic Recommendations
(October - December, 2015)

MAXIMUS Electronic Recommendation					
Reporting Period: 2Q-FY2016	CHANGE	LIKELY ELIGIBLE	LIKELY INELIGIBLE	Grand Total	% of Total
Head of Household Failed to Cooperate	223	58,463	163	58,849	86%
Oct	39	17000	39	17078	25%
Nov	76	20755	54	20885	30%
Dec	108	20708	70	20886	30%
Income Not Correctly Applied	72	3,931	1,585	5,588	8%
Oct	26	1052	505	1583	2%
Nov	18	1241	526	1785	3%
Dec	28	1638	554	2220	3%
Post Recommendation Information on Income Presented	13	965	407	1,385	2%
Oct	1	287	114	402	1%
Nov	6	351	130	487	1%
Dec	6	327	163	496	1%
Post Recommendation Change of Household Composition	4	1,265	90	1,359	2%
Oct	1	313	40	354	1%
Nov	2	573	28	603	1%
Dec	1	379	22	402	1%
Household Composition Not Correctly Included	7	846	53	906	1%
Oct	2	238	16	256	0%
Nov	3	319	21	343	0%
Dec	2	289	16	307	0%
Post Recommendation Change in Residency Verification	41	324	295	660	1%
Oct	8	68	73	149	0%
Nov	13	154	119	286	0%
Dec	20	102	103	225	0%
Post Recommendation Citizenship, Immigration Proof	0	6	3	9	0%
Oct	0	2	1	3	0%
Nov	0	1	0	1	0%
Dec	0	3	2	5	0%
Grand Total	360	65,800	2,596	68,756	100%