



October 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 1 of Fiscal Year (FY) 2017. Included are:

- A report of overall activity in Quarter 1 of Fiscal Year 2017;
- A report of agreement of the State with Maximus recommendations during Quarter 1 of Fiscal Year 2017; and
- A report on the reason for State disagreement with Maximus recommendations during Quarter 1 of Fiscal Year 2017.

**Summary**

- Since beginning in February 2013, IMRP has reviewed almost 2.21M cases for redeterminations of eligibility.
- For Quarter 1 Fiscal Year 2017, IMRP initiated reviews on about 65,000 cases each month.
- About 42% of clients responded and were found eligible for the same medical coverage.
- About 11% of clients responded and were found eligible for a different medical program or for fewer/more people in the household.
- About 47% of clients were cancelled, mostly for failing to respond to the redetermination request.
- Of the total clients initially cancelled, between 25% and 30% cooperated within three months and were reinstated. This equated to an overall cancellation rate of approximately 30% for all cases reviewed.
- The State decision agreed with the Maximus electronic determination about 85% of the time for cases that cooperated with the review.
- When clients responded, about 55% of disagreements with the Maximus recommendation were due to the State verifying other income, not available to Maximus, which 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 are 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 has transitioned most clients into managed care and generates monthly capitation payments based on

enrollment as opposed to processing payment for 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 FY16 average of \$1.2M per month. Maximus provides the underlying software used for data matching, process management and reporting. Maximus also continues to provide call center and mail room capabilities until the State's new eligibility system is fully implemented and staffed.

DHS maintains two redetermination centers that handle redeterminations for Medicaid clients who do not participate in the Supplemental Nutritional Assistance Program (SNAP) or receive cash assistance.

Medicaid redeterminations 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 2017, with particular focus on the quarter ending September 30, 2016. These results show:

- A continued high level of cancellations for cases without SNAP (47%), a level consistent with previous quarters;
- Most of the cancellations (85% for the quarter) are because the client failed to return information; and
- The percentage of cases cancelled for clients with SNAP is 21% in in Quarter 1 of Fiscal Year 2017.

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 used, on average, \$2,458 in medical services in the prior six months; whereas, clients who remain canceled after three months averaged 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 clients 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 with completing the redetermination process, HFS hopes to reduce churning.

It should also be noted that the rate of cases reviewed in Phase Two continues at a high level. In Quarter 1 of Fiscal Year 2017, IMRP reviewed 183,652 cases. Maximus currently initiates reviews on approximately 65,000 cases per month.

Redetermination productivity suffered for the quarter as the state moved to implement the second phase of the Integrated Eligibility System (IES) in September. For two days in late September, eligibility processing was suspended in preparation for the move to IES. Unforeseen technical issues, however, delayed the Phase 2 implementation. Additionally, the largest redetermination hub at the DHS Broadway Office was relocated to new quarters in Homewood. The move of about 35 miles created a large disruption in staffing as workers transferred to other offices rather than move to the new location. Redetermination processing was also interrupted for about three days when the actual move occurred. No similar delays are anticipated for the next quarter.

## **Reasons for Disagreement**

Agreement with Maximus recommendations remain 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.

For Quarter 1 of Fiscal Year 2017, the ultimate outcome agreed 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 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 clients who do not respond are eligible but for a variety of reasons are late to return the required information. In only about 17% 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.

## **Conclusion**

Aside from the unavoidable disruptions described above, the volume of redeterminations of Medicaid eligibility is stable. Processing capacity is driven by the capacity of state caseworkers and is expected to remain stable as long as support from Maximus continues until Phase 2 of IES is deployed.

HFS will continue to report regularly on the progress of the IMRP and 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  
(July - September, 2016)**

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

<i>State Decision</i>	<b>July</b>	<b>August</b>	<b>September</b>	<b>Quarterly Total</b>	<b>FY17</b>	<b>FY17 Percent</b>
Continue	21,316	27,919	23,798	73,033	73,033	42%
Change	6,096	7,734	5,448	19,278	19,278	11%
Cancel	29,219	31,149	22,504	82,872	82,872	47%
<hr/>						
<b><i>Reason for Cancellation</i></b>						
% Lack of Response	82%	79%	77%		80%	
% Other	18%	21%	23%		20%	
<b>TOTAL</b>	<b>56,631</b>	<b>66,802</b>	<b>51,750</b>	<b>175,183</b>	<b>175,183</b>	

**II. Summary Case Level Activity for all Redeterminations**

	<b>July</b>	<b>August</b>	<b>September</b>	<b>Quarterly Total</b>	<b>FY17</b>
Total W/ Maximus Involvement	56,631	66,802	51,750	175,183	175,183
Continuation/Change	27,412	35,653	29,246	92,311	92,311
Initial Cancellations	29,219	31,149	22,504	82,872	82,872
Total W/o Maximus Involvement	80,770	92,122	89,216	262,108	262,108
Continuation/Change	64,389	70,535	71,133	206,057	206,057
Initial Cancellations	16,381	21,587	18,083	56,051	56,051

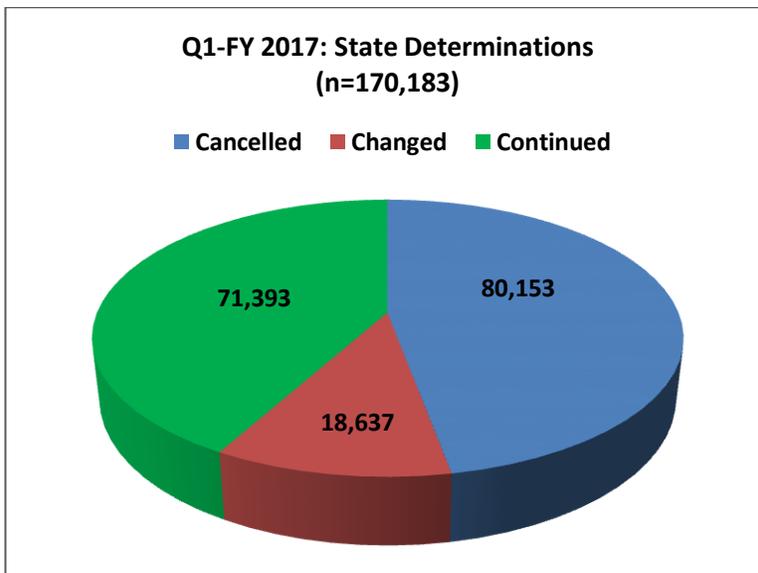
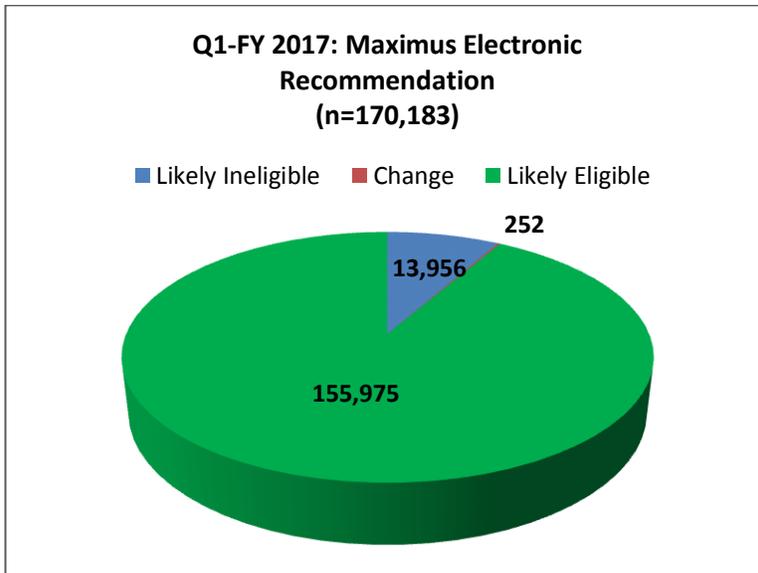
**III. Individual Level Cancellation Data**

	<b>July</b>	<b>August</b>	<b>September</b>	<b>FY17</b>
Total Initial Cancellations	71,416	83,796	64,505	219,717
Return from Cancellation	15,400	13,435	8,371	37,206
Net Cancellations	56,016	70,361	56,134	182,511
% persistent after 1 month	83%	89%	87%	
% persistent after 2 months	83%	84%	---	
% persistent after 3 months	78%	---	---	

**Attachment 2**  
**State Agreement with Max-IL Electronic Recommendations**  
**(July - September, 2016)**

**State Determination Agreement with Maximus Electronic Recommendation**

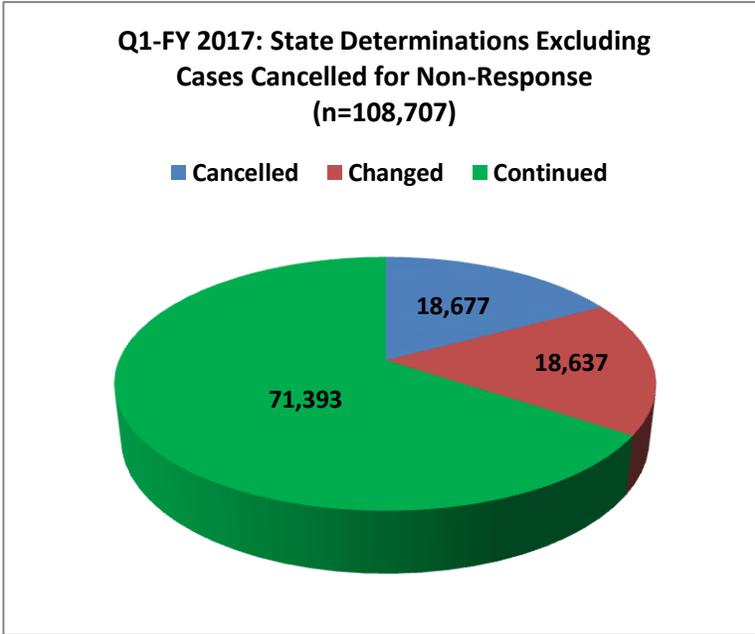
Reporting Period: Q1-FY 2017						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	10,792	144	69,217	80,153	13.46%	86.54%
CHANGED	716	50	17,871	18,637	96.16%	4.71%
CONTINUED	2,448	58	68,887	71,393	96.49%	4.15%
<b>Grand Total</b>	<b>13,956</b>	<b>252</b>	<b>155,975</b>	<b>170,183</b>		



**NOTES:**

1. 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.
2. 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 no cases with insufficient data in Q1-FY 2017. 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.
3. 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.
4. 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.
5. 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, 2016)**



**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 remaining cases determined by the State to have continued eligibility comprises two-thirds (66%) of total determinations, compared to Maximus' electronic recommendations of 'Likely Eligible' for 96% of cases (Attachment 2).

7. This difference is most striking when examining cases the State cancels; only 13% (n=10,792) of Maximus electronic recommendations are deemed 'Likely Ineligible' (Attachment 2). When removing those cancelled for failure to comply, the percentage of cases cancelled by State action increases to 17% (n=18,677) versus nearly half of all State actions when including cancellations where the client does not return information (Attachment 2.1).

Reporting Period: Q1-FY17	# State Determinations	Percent of State Determinations
CANCELLED	18,677	17.2%
CHANGED	18,637	17.1%
CONTINUED	71,393	65.7%
<b>Grand Total</b>	<b>108,707</b>	<b>100.0%</b>

**Attachment 3**  
**Reasons for State Disagreement with Max-IL Electronic Recommendations**  
**(July - September, 2016)**

<b>MAXIMUS Electronic Recommendation</b>						
<b>Reporting Period: 1Q-2017</b>		<b>CHANGE</b>	<b>LIKELY ELIGIBLE</b>	<b>LIKELY INELIGIBLE</b>	<b>Grand Total</b>	<b>% of Total</b>
<b>HOH Failed to Cooperate</b>		<b>129</b>	<b>61349</b>	<b>150</b>	<b>61628</b>	<b>86%</b>
	Jul	45	22283	45	22373	31%
	Aug	50	22870	54	22974	32%
	Sep	34	16196	51	16281	23%
<b>Income Not Correctly Applied</b>		<b>27</b>	<b>4239</b>	<b>1631</b>	<b>5897</b>	<b>8%</b>
	Jul	9	1191	458	1658	2%
	Aug	8	1706	618	2332	3%
	Sep	10	1342	555	1907	3%
<b>Post Recommendation Information on Income Presented</b>		<b>7</b>	<b>1354</b>	<b>410</b>	<b>1771</b>	<b>2%</b>
	Jul	2	395	123	520	1%
	Aug	3	527	137	667	1%
	Sep	2	432	150	584	1%
<b>Post Recommendation Member Change</b>		<b>8</b>	<b>1078</b>	<b>67</b>	<b>1153</b>	<b>2%</b>
	Jul	3	346	27	376	1%
	Aug	3	419	15	437	1%
	Sep	2	313	25	340	0%
<b>Household Composition Not Correctly Included</b>		<b>6</b>	<b>862</b>	<b>52</b>	<b>920</b>	<b>1%</b>
	Jul	3	294	18	315	0%
	Aug	1	317	16	334	0%
	Sep	2	251	18	271	0%
<b>Post Recommendation Change in Residency Verification</b>		<b>25</b>	<b>331</b>	<b>207</b>	<b>563</b>	<b>1%</b>
	Jul	3	94	58	155	0%
	Aug	10	139	80	229	0%
	Sep	12	98	69	179	0%
<b>Post Recommendation Citizenship, Immigration Proof</b>			<b>4</b>	<b>3</b>	<b>7</b>	<b>0%</b>
	Jul		1	1	2	0%
	Aug		2	2	4	0%
	Sep		1		1	0%
<b>Grand Total</b>		<b>202</b>	<b>69217</b>	<b>2520</b>	<b>71939</b>	<b>100%</b>