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To: The Honorable Pat Quinn, Governor and Members of the General Assembly

Attached are two reports concerning the Illinois Medicaid Redetermination Project (IMRP) that was undertaken by the Departments of Healthcare and Family Services (HFS) and Human Services (DHS) pursuant to PA 97-0689 (also known as the SMART Act). These reports help us understand the work that has been done and how it is trending.

1. YTD Activity Report – through June 30
2. Reason for State disagreement with vendor recommendation

Background

The goal of the IMRP is to process the backlog of cases that require immediate redeterminations of eligibility and to ensure that going forward redeterminations will be processed in a timely manner so that eligibility for Medicaid coverage 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 are not qualified are dis-enrolled. This is particularly important as HFS moves toward enrolling more clients in some form of managed care, which will entail regular monthly capitation payments based on enrollment as opposed to use of services.

This goal cannot be achieved without additional resources to assist the case workers in DHS (who perform most of the eligibility activities for Medicaid). Over the past several years, the complement of DHS case workers has been allowed to decrease substantially while the number of cases continued to rise substantially. Over the last 12 years, the average caseload per DHS caseworker has increased by 280%.

To implement the IMRP, under the guidance of the State's Chief Procurement Officer, HFS and DHS retained the services of Maximus, a national vendor that assists other states in making eligibility determinations. The role of Maximus is to provide backup resources to the State caseworkers by making recommendations as to the client's continued eligibility; pursuant to federal requirements, the caseworkers are then required to make the final determination. The contract with Maximus does not come close to addressing the entire need for additional caseworkers, but without this contract progress against the backlog would have been completely impossible.

The contract with Maximus was signed in September 2012—on the schedule specified by the SMART Act—which specifically allowed for contracting with an outside vendor. Over the next three months, Maximus leased space, created a state-of-the-art call center and mail room, and hired more than 500 new employees and reassigned about 50 employees to work on Illinois redeterminations. However, the

development of the computer systems necessary to work cases did not go as smoothly. Although Maximus started reviewing cases in January, progress in the early months was much slower than anticipated. They have continued to make substantive improvements to the computer system, including a major upgrade in the first week of May that, after some retraining in May, contributed to improvement in Maximus productivity. The current rate of Maximus productivity is adequate and sustainable. This is creating pressure on DHS capacity to keep up with Maximus recommendations.

Because of the persistent backlog in annual redeterminations – including cases that had been previously “passively redetermined” – we wanted to identify those clients and cases that had the greatest likelihood of being ineligible or in the wrong program. Accordingly, the process is that Maximus runs the entire data base and applies high level filters to identify those cases requiring immediate attention, even before the client’s annual redetermination date; those cases are worked first. Maximus works a case by reviewing the evidence from the high level filters and assessing what issues must to be resolved before the case’s eligibility can be determined. It then attempts to use additional data bases to obtain other information and, in some cases, contacts clients when more information is necessary. Per the SMART Act, clients can have only 10 business days to respond to Maximus. At the end of that period, Maximus pulls together all the available data—including documentation from the client—and posts a recommendation on a secure internet site for State caseworkers. The assigned caseworkers review the assembled information and make the final determination about whether the client is eligible or ineligible and enter the redetermination accordingly in the State system.

Results

Attachment 1 shows results through the first six months. It reflects the slowness of the start-up, but it also shows that a number of clients have been identified as most likely ineligible and in the first two quarters almost 48,000 cases were removed from the rolls following this review.

These numbers can be misleading without appropriate attention to the context of the overall process. In particular, while about 46% of the cases redetermined through this project in the first six months were found ineligible, this is in no way indicative of the rate of ineligibility in the total population. The first cases reviewed were specifically selected **because** they were more likely to be ineligible. Note the Medicaid Redetermination Project posts the results from the previous week on the HFS website each Tuesday. It can be found at <http://www2.illinois.gov/hfs/SiteCollectionDocuments/IMRPRReport.pdf>

Attachment 2 shows the reasons that the State workers have disagreed with the Maximus recommendation. In general, as can be seen in the two previous attachments, agreement is high for cases where Maximus recommended cancellation (73%) and continuation (81%). As seen in the first attachment, there is still some difficulty in reconciling recommendations for changing a case (changing the level of eligibility or changing the eligibility of individual case members). This is the most complicated portion of Medicaid policy, and is proving hard to get fully reconciled even despite some additional training of Maximus staff. (However, the number of these cases is not as large as for cases with recommendations of cancel or continue.)

As in the last report, Attachment 2 shows a large number of cases (a little more than a third) where the case worker disagreed but showed no reason. About half-way through the quarter, we added an edit to the system that required the case worker to include a reason for disagreeing with the Maximus recommendation. Consequently, we are now getting reasons listed for all disagreements. That will be fully reflected in the next quarterly report.

As a final point, we note that an external arbitrator responding to a grievance filed by AFSCME has ruled that the contract with Maximus is in violation of the State's Collective Bargaining Agreement with AFSCME. HFS and DHS are weighing the best course of action. We will communicate our response to the arbitrator's decision, informed by all the information we have collected so far in the conduct of the IMRP, as soon as we have chosen a course of action. We remain fully committed to achieving integrity in the Medicaid program, continuing the work of aggressively cleaning up any backlogs and assuring we have in place systems that will keep us from falling behind in the future. The only issue is determining the most cost effective manner of achieving this essential goal.

Sincerely,

Michael Koetting
Deputy-Director for Planning & Reform Implementation
Department of Healthcare and Family Services

**Attachment 1:
IMRP Activity (Start-up Through June 30, 2013)**

Maximus Recommendations to State, Year to Date (June 30, 2013)	Year to Date Total
REVIEWS COMPLETED by Maximus	
Recommend to Continue	47,252
Recommend to Change	15,269
Recommend to Cancel	69,987
TOTAL	132,508

State Actions, Year to Date (June 30, 2013)	Year to Date Total	State Action by Recommendation		
RECOMMENDATIONS RECEIVED*				
Determinations Needed	27,672			
In Progress	509			
SUB TOTAL	28,181			
		% Continue	% Change	% Cancel
DETERMINATIONS COMPLETED				
Determination - Continue	42,380	82%	11%	7%
Determination - Change	13,396	40%	51%	8%
Determination - Cancel	47,945	19%	7%	74%
SUB TOTAL	103,721			
STATE TOTAL*	131,902			

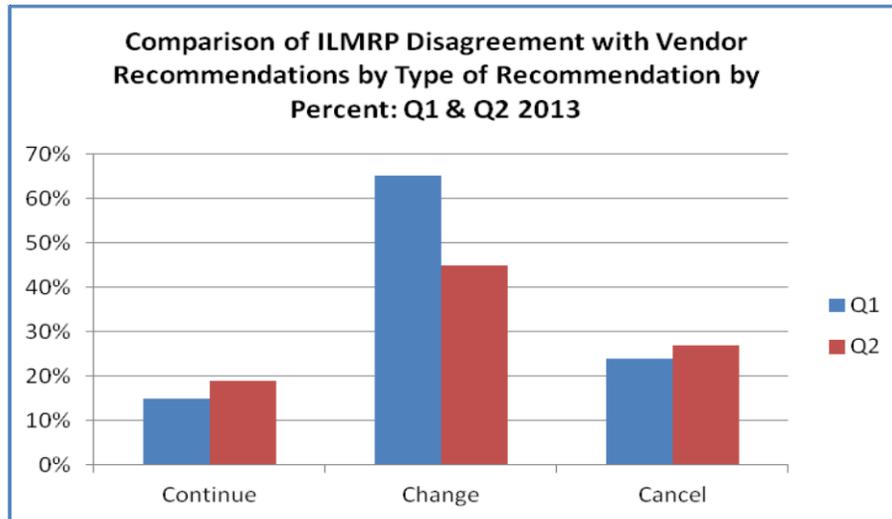
* State total includes an additional 600 cases that are hung-up due to interface issues with case-management system and case workers. The problem should be rectified soon and bring State totals in closer alignment with Maximus total number of recommendations.

ATTACHMENT 2:

Reasons for Disagreement with Maximus Recommendation

April-June, 2013

84,370 Total Determinations Made by State	100%
62,521 State Agreed with Recommendation	74%
21,849 State Disagreed	26%



RECOMMENDATION TO CONTINUE CASE

27,398 Total Recommendations to Continue Case for Decided Cases	100%
22,315 State Agrees	81%
5,083 State Disagrees	19%

Reasons for Disagreement with Recommendation to Continue Case

1	INCLUDED NON-COUNTABLE ASSETS	0.0%
51	DID NOT INCLUDE ALL COUNTABLE ASSETS	1.0%
85	INCORRECT ASSET REVIEW & CALC FOR CASE	1.7%
211	CE COVERAGE CONTINUES FOR CHILD	4.2%
132	INCL HH MEMBERS NOT INCLUDED IN CASE	2.6%
163	DIDN'T INCLUDE ALL HOUSEHOLD MEMBERS	3.2%
169	POST REC.: HH MBR CHANGE I.E. BIRTH/DEATH	3.3%
261	POST RECOMMENDATION: INCOME CHANGE	5.1%
34	INCL INCOME THAT SHOULDN'T BE COUNTED	0.7%
881	ADDITIONAL INCOME IDENTIFIED	17.3%
1,065	INCORRECT BUDGETING APPLIED	21.0%
120	POST RECOMMENDATION: RESIDENCY PROOF	2.4%
17	POST RECOMM: CITIZENSHIP, IMMIG. PROOF	0.3%
1,893	NONE SELECTED	37.2%

**RECOMMENDATION TO CHANGE SOME ASPECT OF CASE STATUS (BUT NOT
CANCEL ENTIRE CASE)**

9,065	Total Recommendations to Make a Change for Decided Cases	100%
5,029	State Agrees	55%
4,036	State Disagrees	45%

Reasons for Disagreement with Recommendation to Change Case

2	INCLUDED NON-COUNTABLE ASSETS	0.0%
17	DID NOT INCLUDE ALL COUNTABLE ASSETS	0.4%
66	INCORRECT ASSET REVIEW & CALC FOR CASE	1.6%
883	CE COVERAGE CONTINUES FOR CHILD	21.9%
67	INCL HH MEMBERS NOT INCLUDED IN CASE	1.7%
98	DIDN'T INCLUDE ALL HOUSEHOLD MEMBERS	2.4%
127	POST REC.: HH MBR CHANGE I.E. BIRTH/DEATH	3.1%
232	POST RECOMMENDATION: INCOME CHANGE	5.7%
99	INCL INCOME THAT SHOULDN'T BE COUNTED	2.5%
300	ADDITIONAL INCOME IDENTIFIED	7.4%
696	INCORRECT BUDGETING APPLIED	17.2%
34	POST RECOMMENDATION: RESIDENCY PROOF	0.8%
11	POST RECOMM: CITIZENSHIP, IMMIG. PROOF	0.3%
1,404	NONE SELECTED	34.8%

RECOMMENDATION TO CANCEL CASE

47,907	Total Recommendations to Cancel Case on Decided Cases	100%
35,177	State Agrees	73%
12,730	State Disagrees	27%

Reasons for Disagreement with Recommendation to Cancel Case

7	INCLUDED NON-COUNTABLE ASSETS	0.1%
76	DID NOT INCLUDE ALL COUNTABLE ASSETS	0.6%
237	INCORRECT ASSET REVIEW & CALC FOR CASE	1.9%
1,999	CE COVERAGE CONTINUES FOR CHILD	15.7%
167	INCL HH MEMBERS NOT INCLUDED IN CASE	1.3%
186	DIDN'T INCLUDE ALL HOUSEHOLD MEMBERS	1.5%
246	POST REC.: HH MBR CHANGE I.E. BIRTH/DEATH	1.9%
908	POST RECOMMENDATION: INCOME CHANGE	7.1%
151	INCL INCOME THAT SHOULDN'T BE COUNTED	1.2%
3,537	ADDITIONAL INCOME IDENTIFIED	27.8%
903	INCORRECT BUDGETING APPLIED	7.1%
102	POST RECOMMENDATION: RESIDENCY PROOF	0.8%
30	POST RECOMM: CITIZENSHIP, IMMIG. PROOF	0.2%
4,181	NONE SELECTED	32.8%