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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 understand the work that has been done and how it is trending.

1. YTD Activity Report – through September 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 bill on specific services actually used.

This goal could not be achieved without additional resources to assist the case workers in DHS (who perform most of the eligibility activities for Medicaid). Over several years prior to 2013, the complement of DHS case workers had been allowed to decrease substantially while the number of cases continued to rise substantially. This year, that trend has started to reverse with the addition of case workers, both for redetermination and other needs. Nonetheless DHS is still not at the full complement of case workers necessary to meet all demands regarding eligibility.

The IMRP has been implemented by retaining, under the guidance of the State's Chief Procurement Officer, 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 regarding the client's continued eligibility; pursuant to federal requirements, 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 following three

months, Maximus leased space, created a state-of-the-art call center and mail room, 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. The vendor has continued to make substantive improvements to the computer system, including a major upgrade in the first week of May that coupled with retraining, contributed to improvement in Maximus's productivity. Similarly, DHS brought on additional case workers who were initially focused solely on redeterminations. Thus, during most of the summer Maximus and State productivity was high.

Because of the persistent backlog in annual redeterminations – including cases that had been previously “passively redetermined” – we prioritize identification of those clients and cases that have the greatest likelihood of being ineligible or in the wrong program. Accordingly, Maximus runs the entire data base and applies high level filters to identify and prioritize working those cases requiring immediate attention, regardless of the client's annual redetermination date. 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 nine months. It reflects the slowness of the start-up, but it shows that in the first three quarters nearly 87,000 cases (about 150,000 individuals) 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 39% of the cases redetermined through this project in the first nine months were found ineligible, this is not indicative of the rate of ineligibility in the total population. Indeed, the proportion of cancel recommendations has dropped 9% since June. Since cases were reviewed in the order of the probability of the case being ineligible, most of the work Maximus did over the past year has focused on high priority cases (where there was a particular suggestion that the case was over income limits or the case had not been reviewed in a long time). By the end of the calendar year, Maximus will have made recommendations on virtually all the high priority cases. Still, even with this category, as Maximus moved from the very highest priority, the rate of cancel recommendations declined. Note the Medicaid Redetermination Project posts the results from the previous week each Tuesday on the HFS website 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, agreement is high. For cases where Maximus recommended cancellation, it stands at 66% agreement, but it has declined slightly each quarter. This seems primarily attributable to greater client awareness and willingness to get additional information to caseworkers after the Maximus recommendation. It is also impacted by the underlying rate of true ineligibility as Maximus moves away from the most likely to be ineligible. This data also shows that there has been a substantial improvement in agreement with recommendations for changing a case (changing the level of eligibility or changing the eligibility of individual case members), even though this category remains somewhat problematic. This improvement is largely attributed to investment in training. This is the most complicated portion of Medicaid policy, but the number of these cases is not particularly large.

Attachment 2 also shows the reasons for State disagreement with Maximus. Generally speaking, particularly in the case of recommendations to cancel, the largest single reason is that clients who did not get information submitted in time for the Maximus recommendation, bring that information to DHS caseworkers.

Complications and the Future

As we noted in our previous quarterly report, 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 have filed an appeal to that decision, but in the meantime have determined that the more sustainable course of action is to amend the agreement with Maximus to streamline the redetermination process while maintaining some of the most positive aspects of the Maximus performance.

Specifically, HFS and DHS have determined that it is possible to make the process more efficient by eliminating the step of Maximus eligibility workers making a recommendation, so that the case goes directly to a State caseworker. On the other hand, to maintain the rigor of the process, Maximus would continue to provide the underlying software used for data matching, process management and reporting. It would also continue to provide their call center and mail room capabilities until such time at the State's new eligibility system is fully implemented (in summer of 2015) when these capabilities will be available directly to the State.

To pursue this solution, DHS is reinforcing the additional caseworkers. It is establishing two substantial redeterminations centers that will be connected to the Maximus systems and will have more than 200 workers solely focused on redeterminations. We are also pursuing the legal means necessary to insure the new arrangement is consistent with the State's Collective Bargaining Agreement so that this work can proceed without further interruption. 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. We believe this revised process will effectively meet our goals.

Michael Koetting
HFS Deputy Director Planning & Reform Implementation

ATTACHMENT 1:

IMRP Activity Through September 30, 2013

Maximus Year to Date, (October 1, 2013)	Year to Date Total
MAXIMUS	
Ready for Detailed Review	259,969
Review in Progress	78,487
TOTAL	338,456

Maximus Recommendations to State, Year to Date (October 1, 2013)	Year to Date Total
REVIEWS COMPLETED by Maximus	
Recommend to Continue	127,392
Recommend to Change	36,374
Recommend to Cancel	167,241
TOTAL	331,007

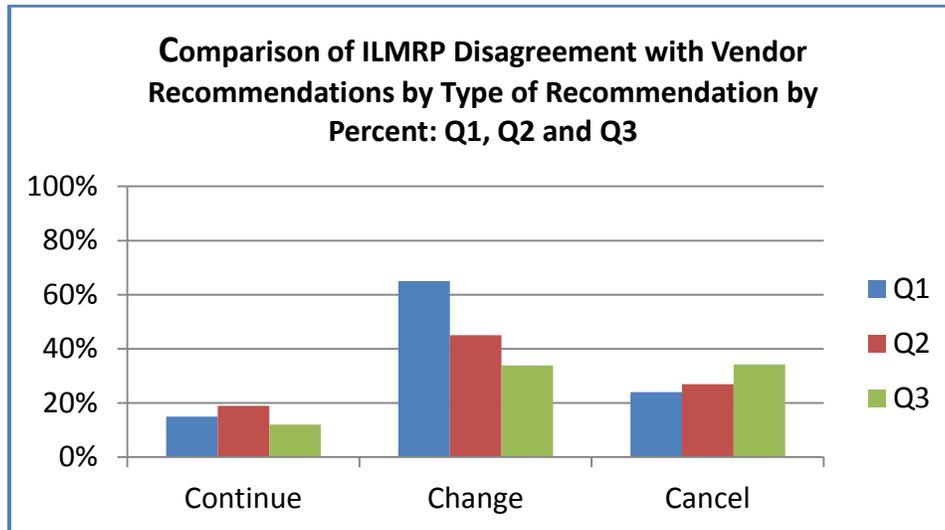
State Actions, Year to Date (October 1, 2013)	Year to Date Total
RECOMMENDATIONS RECEIVED*	
Determinations Needed	107,512
In Progress	509
SUB TOTAL	108,021

		State Action by Recommendation		
		% Continue	% Change	% Cancel
DETERMINATIONS COMPLETED				
Determination - Continue	104,357	84%	9%	6%
Determination - Change	31,263	37%	54%	9%
Determination - Cancel	86,696	22%	9%	69%
SUB TOTAL	222,316			
STATE TOTAL	330,337			

Attachment 2:

**Reasons for Disagreement with Maximus Recommendation
Through September, 2013**

119,220	Total Determinations Made by State	100%
89,733	State Agreed with Recommendation	75%
29,487	State Disagreed	25%



RECOMMENDATION TO CONTINUE CASE (Q3)

50,170	Total Recommendations to Continue Case for Decided Cases	100%
44,111	State Agreed with Recommendation	88%
6,059	State Disagrees	12%

Reason for Disagreement with Recommendation to Continue Case

0	None Selected	0%
4	Included Non-Countable Assets	0%
85	Did Not Include All Countable Assets	1%
272	Incorrect Asset Review And Calculation For This Case	4%
334	Additional Information Available From Companion Case	6%
284	CE Coverage Continues For Child	5%
210	Counted Household Members Not Included In the Case	3%
130	Did Not Include All Household Members In The Case	2%
351	Post Recommendation: Household Member Change I.E. Birth, Death	6%
604	Post Recommendation: Income Change	10%
49	Included Income That Should Not Have Been Counted	1%
1,328	Additional Income Identified	22%
1,692	Incorrect Budgeting Applied	28%
200	Post Recommendations: Residency Proof	3%
34	Post Recommendation: Citizenship, Immigration Proof	1%
482	Client Failed To Cooperate with MEU REDE	8%
6,059		100%

RECOMMENDATION TO CHANGE SOME ASPECT OF CASE-BUT NOT CANCEL ENTIRE CASE (Q3)

14,846	Total Recommendations to Make Change for Decided Cases	100%
9,764	State Agreed with Recommendation	66%
5,082	State Disagrees	34%

Reason for Disagreement with Recommendation to Change Case

0	None Selected	0%
1	Included Non-Countable Assets	0%
24	Did Not Include All Countable Assets	0%
130	Incorrect Asset Review And Calculation For This Case	3%
327	Additional Information Available From Companion Case	6%
1,243	CE Coverage Continues For Child	24%
96	Counted Household Members Not Included In the Case	2%
145	Did Not Include All Household Members In The Case	3%
196	Post Recommendation: Household Member Change I.E. Birth, Death	4%
551	Post Recommendation: Income Change	11%
131	Included Income That Should Not Have Been Counted	3%
763	Client Provided Additional Information	15%
1,082	Incorrect Budgeting Applied	21%
57	Post Recommendations: Residency Proof	1%
40	Post Recommendation: Citizenship, Immigration Proof	1%
296	Client Failed To Cooperate with MEU REDE	6%
5,082		100%

RECOMMENDATION TO CANCEL CASE (Q3)

54,204	Total Recommendations to Cancel for Decided Cases	100%
35,858	State Agreed with Recommendation	66%
18,346	State Disagrees	34%

Reason for Disagreement with Recommendation to Cancel Case

0	None Selected	0%
23	Included Non-Countable Assets	0%
55	Did Not Include All Countable Assets	0%
475	Incorrect Asset Review And Calculation For This Case	3%
1,024	Additional Information Available From Companion Case	6%
2,971	CE Coverage Continues For Child	16%
184	Counted Household Members Not Included In the Case	1%
274	Did Not Include All Household Members In The Case	1%
267	Post Recommendation: Household Member Change I.E. Birth, Death	1%
2,615	Post Recommendation: Income Change	14%
137	Included Income That Should Not Have Been Counted	1%
8,613	Client Provided Additional Information	47%
1,384	Incorrect Budgeting Applied	8%
260	Post Recommendations: Residency Proof	1%
32	Post Recommendation: Citizenship, Immigration Proof	0%
32	Client Failed To Cooperate with MEU REDE	0%
18,346		100%