



October 2017

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) 2018. Included are:

- A report of overall activity in Quarter 1 of Fiscal Year 2018;
- A report of agreement of the State with Maximus recommendations during Quarter 1 of Fiscal Year 2018; and
- A report on the reason for State disagreement with Maximus recommendations during Quarter 1 of Fiscal Year 2018.

Summary

- Since beginning in February 2013, IMRP has reviewed almost 2.9M cases for redeterminations of eligibility.
- For Quarter 1 Fiscal Year 2018, 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 10% of clients responded and were found eligible for a different medical program or for a different number of 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 in FY18, approximately 15% 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 88% of the time for cases that cooperated with the review.
- When clients responded, about 57% 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 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 the backlog in annual redeterminations, HFS and DHS prioritized identification of cases with clients who had the greatest likelihood of being ineligible for the Medicaid program or enrolled in the wrong medical benefit group. 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 FY18 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. HFS also has casework units that process redeterminations for specified medical benefit groups.

Attachment 1 contains a report on Phase Two of the IMRP during Fiscal Year 2018, with particular focus on the quarter ending September 30, 2017. These results show:

- A continued high level of cancellations for cases without SNAP (47%), a level consistent with previous quarters;
- Most of the cancellations (59% for the quarter) are because the client failed to return information; and
- The percentage of cases cancelled for clients with SNAP is 14% in Quarter 1 of Fiscal Year 2018.

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.

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 FY18, 15% 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 to avoid unnecessary churn. HFS has also developed a procedure to identify individuals residing in long-term care facilities, enrolled in managed care and receiving Department of Aging (DoA) services who are coming up for redetermination. By working with the facilities, managed care organizations and DoA 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 2018, IMRP reviewed 159,187 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 the cases being reviewed (100%). 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 2018, the ultimate outcome agreed with the Maximus recommendation for

cancellation about 88% 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 9% of cases where the client responds, are the individuals found to be ineligible (Attachment 2.1). In 10% 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

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, 2017)

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

<i>State Decision</i>	July	August	September	3 Month Total	FY18	FY18 Percent
Continue	24,494	21,459	21,447	67,400	67,400	42%
Change	5,520	5,893	4,885	16,298	16,298	10%
Cancel	21,081	32,704	21,711	75,496	75,496	47%
Reason for Cancellation						
% Lack of Response	73%	49%	62%		59%	
% Other	27%	51%	38%		41%	
TOTAL	51,095	60,056	48,043	159,194	159,194	

II. Summary Case Level Activity for all Redeterminations

	July	August	September	3 Month Total	FY18
Total W/ Maximus Involvement	51,095	60,056	48,043	159,194	159,194
Continuation/Change	30,014	27,352	26,332	83,698	83,698
Initial Cancellations	21,081	32,704	21,711	75,496	75,496
Total W/o Maximus Involvement	78,967	67,299	77,179	223,445	223,445
Continuation/Change	63,133	64,500	63,924	191,557	191,557
Initial Cancellations	15,834	2,799	13,255	31,888	31,888
Continuation/Change Language Preference	July	August	September	3 Month Total	FY18
English	82,135	80,377	79,717	242,229	242,229
Spanish	8,713	8,122	8,196	25,031	25,031
Unknown	2,299	3,353	2,343	7,995	7,995
TOTAL	93,147	91,852	90,256	275,255	275,255
Cancellation Language Preference	July	August	September	3 Month Total	FY18
English	34,121	33,098	32,123	99,342	99,342
Spanish	2,294	2,038	2,348	6,680	6,680
Unknown	500	367	495	1,362	1,362
TOTAL	36,915	35,503	34,966	107,384	107,384

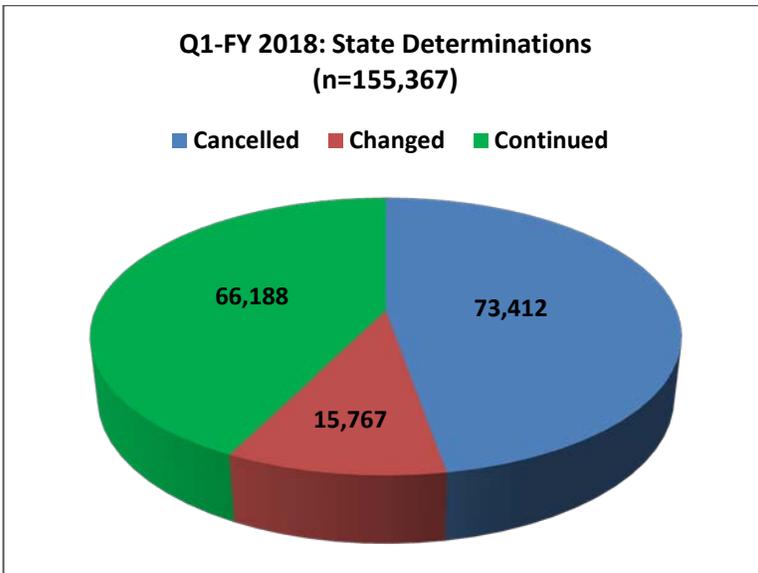
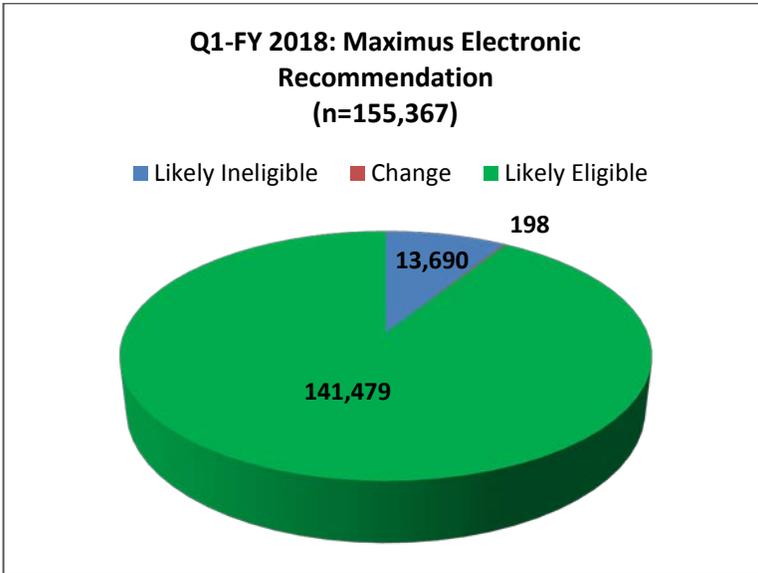
III. Individual Level Cancellation Data

	July	August	September	FY18
Total Initial Cancellations	56,598	53,376	55,260	165,234
Return from Cancellation	11,446	8,411	6,532	26,389
Net Cancellations	45,152	44,965	48,728	138,845
% persistent after 1 month	83%	87%	88%	
% persistent after 2 months	83%	84%		
% persistent after 3 months	80%	---	---	

Attachment 2
State Agreement with Max-IL Electronic Recommendations
(July-September, 2017)

State Determination Agreement with Maximus Electronic Recommendation

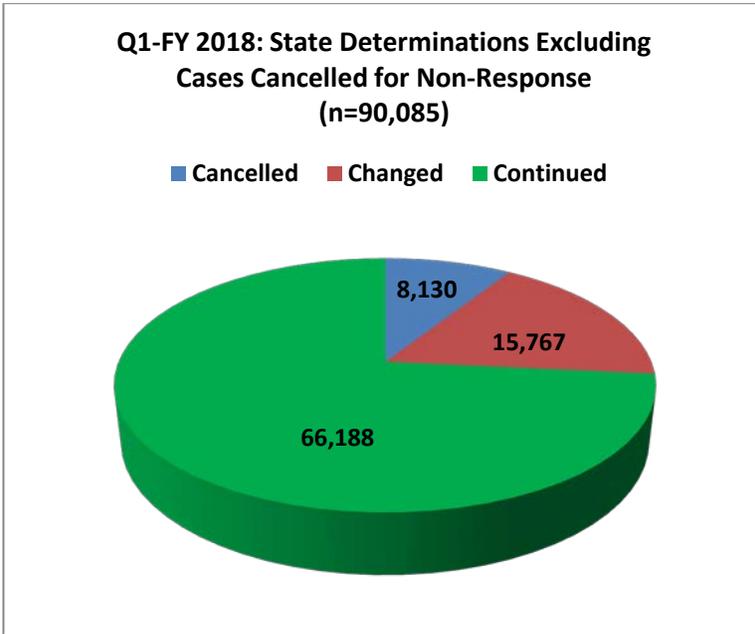
Reporting Period:						
Q1-FY 2018						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	10,151	107	63,154	73,412	13.83%	86.17%
CHANGED	874	30	14,863	15,767	94.46%	5.54%
CONTINUED	2,665	61	63,462	66,188	95.88%	4.12%
Grand Total	13,690	198	141,479	155,367		



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 2018. 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, 2017)



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 or changed eligibility comprises 92.3% 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 9% (n=13,690) 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 is also 9% (n=8,130) versus nearly half of all State actions when including cancellations where the client does not return information (Attachment 2.1).

Reporting Period: Q1-FY18	# State Determinations	Percent of State Determinations
CANCELLED	8,130	9.0%
CHANGED	15,767	17.5%
CONTINUED	66,188	73.5%
Grand Total	90,085	100.0%

Attachment 3
Reasons for State Disagreement with Max-IL Electronic Recommendations
(July-September, 2017)

Reporting Period: 1Q-FY2018		State Disagreements by MAXIMUS Electronic Recommendation				
		MAXIMUS Electronic Recommendation				
State Reason for Disagreement		CHANGE	LIKELY ELIGIBLE	LIKELY INELIGIBLE	Grand Total	% of Total
F. HOH Failed to Cooperate		106	55,031	171	55,308	83%
Jul		36	14,972	55	15,063	23%
Aug		45	24,494	60	24,599	37%
Sep		25	15,565	56	15,646	23%
A. Income Not Correctly Applied		27	4,587	1,877	6,491	10%
Jul		12	1,552	646	2,210	3%
Aug		9	1,677	631	2,317	3%
Sep		6	1,358	600	1,964	3%
B. Post Recommendation Information on Income Presented		5	1,238	381	1,624	2%
Jul			398	129	527	1%
Aug		3	414	131	548	1%
Sep		2	426	121	549	1%
D. Post Recommendation Member Change		5	1,234	104	1,343	2%
Jul		3	458	35	496	1%
Aug			376	35	411	1%
Sep		2	400	34	436	1%
C. Household Composition Not Correctly Included		6	827	57	890	1%
Jul		2	285	26	313	0%
Aug		3	264	14	281	0%
Sep		1	278	17	296	0%
(blank)				788	788	1%
Jul				256	256	0%
Aug				258	258	0%
Sep				274	274	0%
E. Post Recommendation Change in Residency Verification		19	230	159	408	1%
Jul		5	78	41	124	0%
Aug		8	86	57	151	0%
Sep		6	66	61	133	0%
G. Post Recommendation Citizenship, Immigration Proof			7	2	9	0%
Jul			1	1	2	0%
Aug			2		2	0%
Sep			4	1	5	0%
Grand Total		168	63,154	3,539	66,861	100%