



March 2018

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) 2018. Included are:

- A report of overall activity in Quarter 2 of Fiscal Year 2018;
- A report of agreement of the State with Maximus recommendations during Quarter 2 of Fiscal Year 2018; and
- A report on the reason for State disagreement with Maximus recommendations during Quarter 2 of Fiscal Year 2018.

Summary

- Since beginning in February 2013, IMRP has reviewed almost 3.0M cases for redeterminations of eligibility.
- For Quarter 2 Fiscal Year 2018, IMRP initiated reviews on about 65,000 cases for October before entering a contract wind down period.
- About 47% of clients responded and were found eligible for the same medical coverage.
- About 14% of clients responded and were found eligible for a different medical program or for a different number of people in the household.
- About 40% 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 76% of the time for cases that cooperated with the review.
- When clients responded, about 54% of disagreements with the Maximus recommendation were due to the State verifying other income, not available to Maximus, which affected the client's eligibility.
- The Illinois Medicaid Redetermination Project ended January 31, 2018.

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 maintained two redetermination centers that handled redeterminations for Medicaid clients who did not participate in the Supplemental Nutritional Assistance Program (SNAP) or received cash assistance. Medicaid redeterminations for clients participating in SNAP or cash assistance continued to be conducted as part of their SNAP or cash redeterminations. HFS also had casework units that processed 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 December 31, 2017. These results show:

- A continued high level of cancellations for cases without SNAP (40%), a level consistent with previous quarters;
- Most of the cancellations (61% for the quarter) are because the client failed to return information; and
- The percentage of cases cancelled for clients with SNAP is 14% in in Quarter 2 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. Throughout the project, HFS continued 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 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 hoped to reduce churning.

Reasons for Disagreement

Agreement with Maximus recommendations remained relatively high for those cases where the client actually responded to the redetermination form. The recommendation by Maximus was developed entirely from electronic sources and did not take into account whether the client would return necessary information. As HFS improved the number of electronic sources available to Maximus, the number of cases for which Maximus made an electronic recommendation increased to encompass the cases being reviewed (100%). If the client did not return the required information, however, the client was cancelled for non-cooperation. A very large percentage of cancellations were due to client non-response.

For Quarter 2 of Fiscal Year 2018, the ultimate outcome agreed with the Maximus recommendation for cancellation about 76% of the time when cases cancelled for non-response were excluded. Attachment 3 illustrates that when this recommendation was not implemented, it was usually because income had

not been applied correctly. This was due to the State verifying other income, from the client or other sources not available to Maximus, which affected 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 were more likely to respond were those who were eligible.

HFS also knows, from the high level of reinstatements, that many clients who did not respond were eligible but were late to return the required information. In only about 7% of cases where the client responds, are the individuals found to be ineligible (Attachment 2.1). In 20% 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 Illinois Medicaid Redetermination Project ended January 31, 2018. The last client mailings were sent in October of 2017 prior to a three month wind down period. The State launched Phase 2 of its Integrated Eligibility System (IES) in October 2017 as well. Client redeterminations are now a part of the functionality of IES.

This will be the final IMRP report produced by HFS and will be posted at the link below. Other information on IMRP can also be found on the HFS website.

<http://www.illinois.gov/hfs/MedicalClients/medrede/Pages/default.aspx>

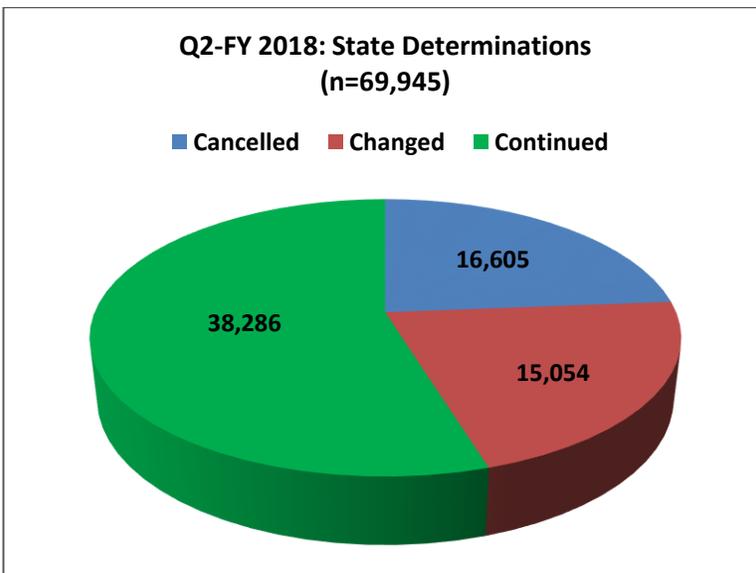
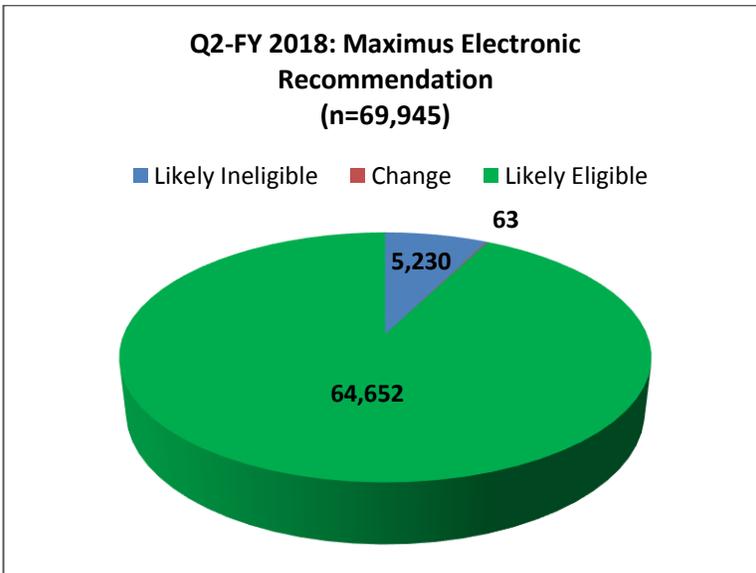
Attachment 1
Medicaid Redetermination Activity, Redeterminations finalized by Maximus and HFS/DHS
(October-December, 2017)

I. Case Level Maximus Related Redetermination Activity Summary (reflects month in which action was taken)							
<i>State Decision</i>	October	November	December	3 Month Total	FY18	FY18 Percent	
Continue	15,518	13,516	8,252	37,286	104,689	47%	
Change	3,513	6,652	4,346	14,511	30,815	14%	
Cancel	7,454	3,453	2,988	13,895	89,398	40%	
Reason for Cancellation							
% Lack of Response	42%	-	-	-	-	-	
% Other	58%	-	-	-	-	-	
TOTAL	26,485	23,621	15,586	65,692	224,902		
II. Summary Case Level Activity for all Redeterminations							
	October	November	December	3 Month Total	FY18		
Total W/ Maximus Involvement	26,485	23,621	15,586	65,692	224,902		
Continuation/Change	19,031	20,168	12,598	51,797	135,504		
Initial Cancellations	7,454	3,453	2,988	13,895	89,398		
Total W/o Maximus Involvement	-	-	-	-	223,445		
Continuation/Change	-	-	-	-	191,557		
Initial Cancellations	-	-	-	-	31,888		
Continuation/Change Language Preference	October	November	December	3 Month Total	FY18		
English	-	-	-	-	242,229		
Spanish	-	-	-	-	25,031		
Unknown	-	-	-	-	7,995		
TOTAL	-	-	-	-	275,255		
Cancellation Language Preference	October	November	December	3 Month Total	FY18		
English	-	-	-	-	99,342		
Spanish	-	-	-	-	6,680		
Unknown	-	-	-	-	1,362		
TOTAL	-	-	-	-	107,384		
III. Individual Level Cancellation Data							
	October	November	December	FY18			
Total Initial Cancellations	7,454	3,453	2,988	179,129			
Return from Cancellation	-	-	-	26,389			
Net Cancellations	-	-	-	152,740			
% persistent after 1 month	-	-	-				
% persistent after 2 months	-	-	-				
% persistent after 3 months	-	-	-				
NOTES:							
*Phase 2 of the Integrated Eligibility System was implemented on October 24, 2017. Due to this change, complete data as reported previously, is not available due to system and reporting limitations. The data not available is indicated with dashes in the report. Updated redetermination reporting out of the new system beginning with January 2018 will be available going forward.							
*Maximus system data is based on the January 22, 2018 data extract; Enterprise Data Warehouse (EDW) data is based on the January 22, 2018 extract.							
*Data covers fiscal year 2018 of IMRP, which started in July 2017.							
*Attribution to a month reflects the month in which a decision was made, not necessarily the month in which the decision was effective.							
*Section I includes case level data from the Maximus system. There are small fluctuations in determinations completed for previous months due to determinations being completed retroactively.							
*Section II includes case level data from both the Maximus system for those cases in which Maximus was involved. These are primarily cases without benefits in addition to Medicaid. It also includes cases from the EDW for those in which Maximus was not involved. These are cases with other benefits in addition to Medicaid. Lower cancellation rates for clients who have additional benefits (primarily SNAP) reflect the fact that these clients return information more promptly because the loss of food support is much more immediate. Medicaid tends to be regarded as a benefit accessed when needed. For the same reason, the more a client uses Medicaid, the more likely information will be returned promptly.							
*Section III includes data at individual level from the EDW. The table shows that a significant number of clients return to the rolls, some of them fairly immediately when they present the required information.							

Attachment 2
State Agreement with Max-IL Electronic Recommendations
(October-December, 2017)

State Determination Agreement with Maximus Electronic Recommendation

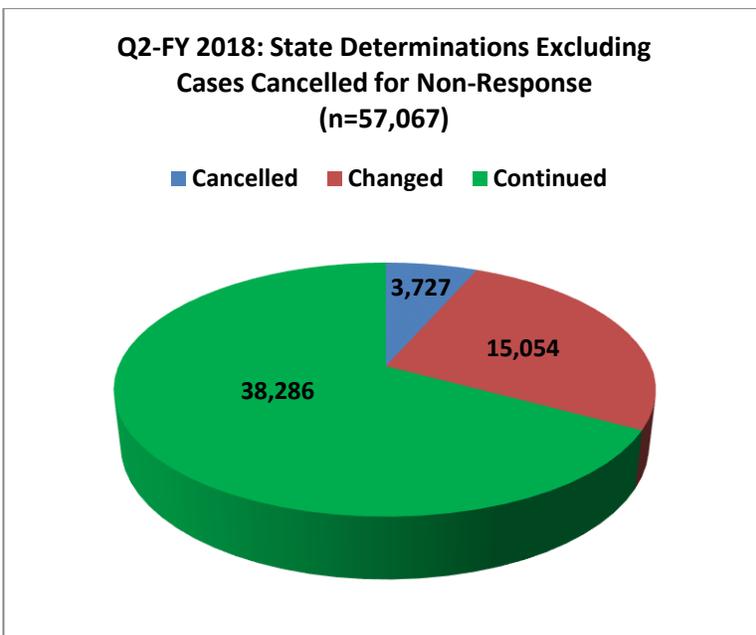
Reporting Period: Q2-FY 2018						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	2,748	19	13,838	16,605	16.55%	83.45%
CHANGED	935	26	14,093	15,054	93.79%	6.21%
CONTINUED	1,547	18	36,721	38,286	95.91%	4.09%
Grand Total	5,230	63	64,652	69,945		



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 no cases with insufficient data in Q2-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.
- 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
(October-December, 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 72% of total determinations, compared to Maximus' electronic recommendations of 'Likely Eligible' for 92% of cases (Attachment 2).

7. This difference is most striking when examining cases the State cancels; only 7.5% (n=5,230) 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 6.5% (n=3,727) versus nearly half of all State actions when including cancellations where the client does not return information (Attachment 2.1).

Reporting Period: Q2-FY18	# State Determinations	Percent of State Determinations
CANCELLED	3,727	6.5%
CHANGED	15,054	26.4%
CONTINUED	38,286	67.1%
Grand Total	57,067	100.0%

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

Reporting Period: 2Q-2018		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	20	10,112	63	10,195	62%	
Oct	8	4,320	28	4,356	27%	
Nov	1	1,666	13	1,680	10%	
Dec	11	4,126	22	4,159	25%	
A. Income Not Correctly Applied	8	2,179	1,115	3,302	20%	
Oct	4	1,015	392	1,411	9%	
Nov	1	657	411	1,069	7%	
Dec	3	507	312	822	5%	
(blank)			856	856	5%	
Oct			170	170	1%	
Nov			365	365	2%	
Dec			321	321	2%	
B. Post Recommendation Information on Income Presented	1	488	210	699	4%	
Oct		264	78	342	2%	
Nov	1	145	70	216	1%	
Dec		79	62	141	1%	
D. Post Recommendation Member Change	2	499	86	587	4%	
Oct		290	55	345	2%	
Nov		107	15	122	1%	
Dec	2	102	16	120	1%	
C. Household Composition Not Correctly Included		455	32	487	3%	
Oct		255	8	263	2%	
Nov		124	19	143	1%	
Dec		76	5	81	0%	
E. Post Recommendation Change in Residency Verification	6	104	119	229	1%	
Oct	3	38	39	80	0%	
Nov	1	29	44	74	0%	
Dec	2	37	36	75	0%	
G. Post Recommendation Citizenship, Immigration Proof		1	1	2	0%	
Oct			1	1	0%	
Nov		1		1	0%	
Grand Total	37	13,838	2,482	16,357	100%	