



May 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 3 of Fiscal Year (FY) 2017. Included are:

- A report of overall activity in Quarter 3 of Fiscal Year 2017;
- A report of agreement of the State with Maximus recommendations during Quarter 3 of Fiscal Year 2017; and
- A report on the reason for State disagreement with Maximus recommendations during Quarter 3 of Fiscal Year 2017.

Summary

- Since beginning in February 2013, IMRP has reviewed almost 2.53M cases for redeterminations of eligibility.
- For Quarter 3 Fiscal Year 2017, IMRP initiated reviews on about 65,000 cases each month.
- About 40% 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 50% of clients were cancelled, mostly for failing to respond to the redetermination request.
- Of the total clients initially cancelled, approximately 24% 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 50% 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 FY17 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 2017, with particular focus on the quarter ending March 31, 2017. These results show:

- A continued high level of cancellations for cases without SNAP (50%), a level consistent with previous quarters;
- Most of the cancellations (87% for the quarter) are because the client failed to return information; and
- The percentage of cases cancelled for clients with SNAP is 17% in Quarter 3 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.

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 FY17, 24% 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 3 of Fiscal Year 2017, IMRP reviewed 162,537 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 3 of Fiscal Year 2017, the ultimate outcome agreed with the Maximus recommendation for

cancellation about 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 8% of cases where the client responds, are the individuals found to be ineligible (Attachment 2.1). In 7% 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
(January - March, 2017)**

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

<i>State Decision</i>	January	February	March	3 Month Total	FY17	FY17 Percent
Continue	20,242	14,770	24,920	35,012	199,224	40%
Change	5,277	4,469	6,249	9,746	51,274	10%
Cancel	29,240	24,956	32,401	54,196	250,444	50%
Reason for Cancellation						
% Lack of Response	83%	83%	82%		81%	
% Other	17%	17%	18%		19%	
TOTAL	54,759	44,195	63,570	98,954	500,942	

II. Summary Case Level Activity for all Redeterminations

	January	February	March	3 Month Total	FY17
Total W/ Maximus Involvement	54,759	44,195	63,570	162,524	500,942
Continuation/Change	25,519	19,239	31,169	75,927	250,498
Initial Cancellations	29,240	24,956	32,401	86,597	250,444
Total W/o Maximus Involvement	101,282	80,200	103,004	284,486	826,726
Continuation/Change	85,796	67,656	82,126	235,578	678,015
Initial Cancellations	15,486	12,544	20,878	48,908	148,711
Continuation/Change Language Preference	January	February	March	3 Month Total	FY17
English	95,580	74,654	98,083	268,317	805,516
Spanish	12,630	9,568	12,318	34,516	96,727
Unknown	3,105	2,673	2,894	8,672	26,270
TOTAL	111,315	86,895	113,295	311,505	928,513
Cancellation Language Preference	January	February	March	3 Month Total	FY17
English	40,639	34,404	48,637	123,680	362,890
Spanish	3,498	2,474	3,899	9,871	30,111
Unknown	589	622	743	1,954	6,154
TOTAL	44,726	37,500	53,279	135,505	399,155

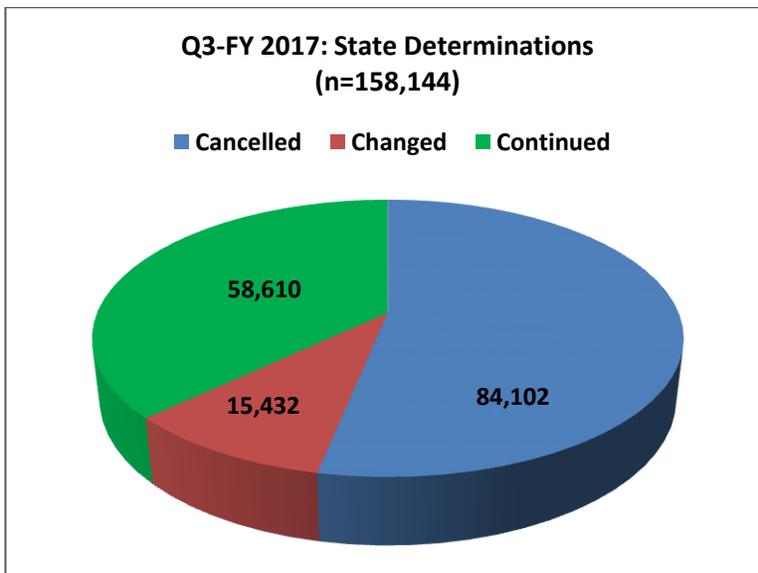
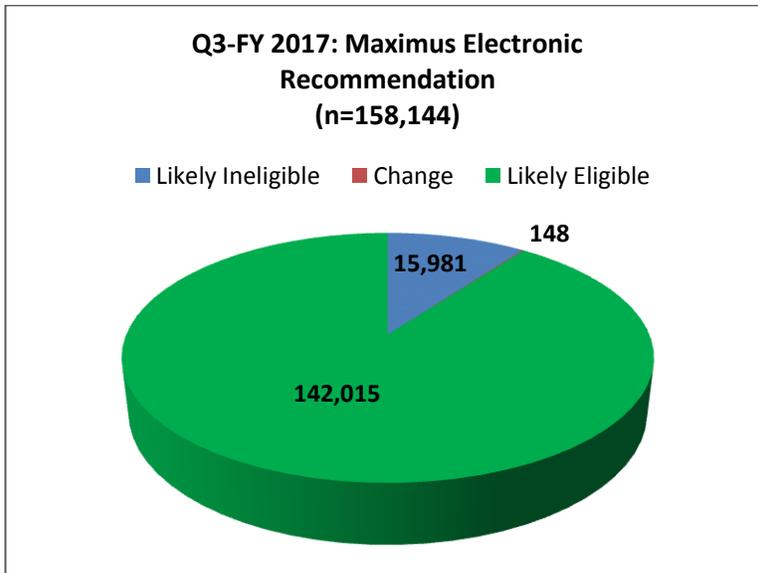
III. Individual Level Cancellation Data

	January	February	March	FY17
Total Initial Cancellations	68,894	57,636	78,920	623,530
Return from Cancellation	13,791	9,275	7,973	147,892
Net Cancellations	55,103	48,361	70,947	475,638
% persistent after 1 month	91%	90%	90%	
% persistent after 2 months	83%	84%		
% persistent after 3 months	80%	---	---	

Attachment 2
State Agreement with Max-IL Electronic Recommendations
(January - March, 2017)

State Determination Agreement with Maximus Electronic Recommendation

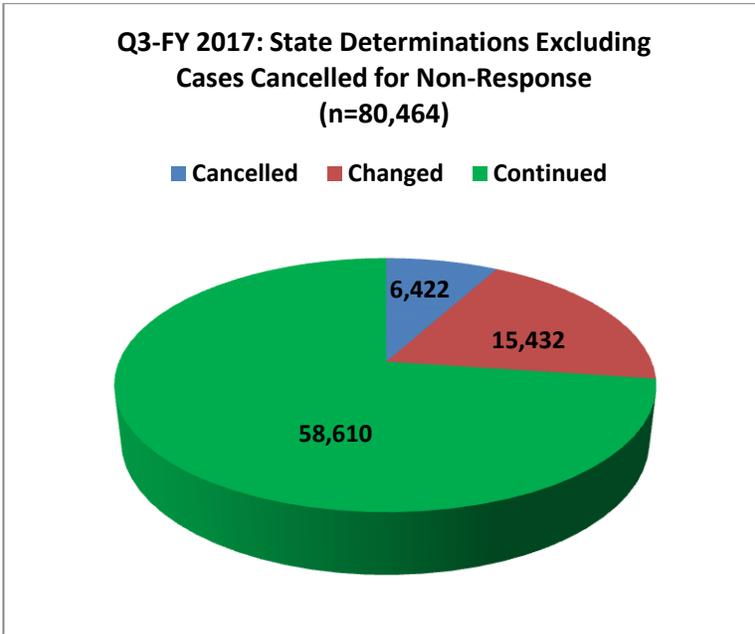
Reporting Period: Q3-FY 2017						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	12,998	86	71,017	84,102	15.46%	84.54%
CHANGED	737	26	14,669	15,432	95.22%	4.78%
CONTINUED	2,246	36	56,328	58,610	96.11%	3.89%
Grand Total	15,981	148	142,015	158,144		



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 Q3-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
(January - March, 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 eligibility comprises over two-thirds (73%) 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 15% (n=12,98) 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 decreases to 8% (n=6,422) versus nearly half of all State actions when including cancellations where the client does not return information (Attachment 2.1).

Reporting Period: Q3-FY17	# State Determinations	Percent of State Determinations
CANCELLED	6,422	8.0%
CHANGED	15,432	19.2%
CONTINUED	58,610	72.8%
Grand Total	80,464	100.0%

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

Reporting Period: 3Q-2017		State Disagreements by MAXIMUS Electronic Recommendation			
State Reason for Disagreement	CHANGE	MAXIMUS Electronic Recommendation		Grand Total	% of Total
		LIKELY ELIGIBLE	LIKELY INELIGIBLE		
F. HOH Failed to Cooperate	84	64,604	147	64,835	87%
Jan	28	22,139	38	22,205	30%
Feb	24	18,609	26	18,659	25%
Mar	32	23,856	83	23,971	32%
A. Income Not Correctly Applied	17	3,318	1,508	4,843	7%
Jan	6	1,188	490	1,684	2%
Feb	6	836	359	1,201	2%
Mar	5	1,294	659	1,958	3%
B. Post Recommendation Information on Income Presented	7	1,228	357	1,592	2%
Jan	3	402	137	542	1%
Feb	2	370	82	454	1%
Mar	2	456	138	596	1%
D. Post Recommendation Member Change	3	854	76	933	1%
Jan	1	252	16	269	0%
Feb	2	253	25	280	0%
Mar		349	35	384	1%
C. Household Composition Not Correctly Included	3	751	55	809	1%
Jan	1	246	12	259	0%
Feb		208	16	224	0%
Mar	2	297	27	326	0%
(blank)			678	678	1%
Jan			177	177	0%
Feb			181	181	0%
Mar			320	320	0%
E. Post Recommendation Change in Residency Verification	7	259	161	427	1%
Jan	3	81	77	161	0%
Feb	2	64	31	97	0%
Mar	2	114	53	169	0%
G. Post Recommendation Citizenship, Immigration Proof	1	4	1	6	0%
Feb	1	2	1	4	0%
Mar		2		2	0%
Grand Total	122	71,018	2,983	74,123	100%