



July 2016

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 4 of Fiscal Year (FY) 2016. Included are:

- A report of overall activity in Quarter 4 of Fiscal Year 2016;
- A report of agreement of the State with Maximus recommendations during Quarter 4 of Fiscal Year 2016; and
- A report on the reason for State disagreement with Maximus recommendations during Quarter 4 of Fiscal Year 2016.

Summary

- Since beginning in February 2013, IMRP has reviewed almost 2.03M cases for redeterminations of eligibility.
- For Quarter 4 Fiscal Year 2016, IMRP initiated reviews on about 65,000 cases each month.
- About 43% 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 fewer/more 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, between 25% and 30% 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 60% 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 immediate 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 transitions more clients into managed care, providing regular monthly capitation payments based

on enrollment as opposed to paying 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 backlog in annual redeterminations, HFS and DHS prioritized identification of cases with clients that had the greatest likelihood of being ineligible for the Medicaid program or enrolled in the wrong medical benefit program. 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 FY16 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.

Additionally, DHS maintains two redetermination centers with over 300 caseworkers and managers focused on redeterminations for Medicaid clients who do not participate in the Supplemental

Nutritional Assistance Program or receive cash assistance. Medicaid redetermination for clients participating in SNAP or cash assistance will continue to be conducted as part of their SNAP or cash redeterminations.

Attachment 1 contains a report on Phase Two of the IMRP during Fiscal Year 2016, with particular focus on the quarter ending June 30, 2016. These results show:

- A continued high level of cancellations for cases without SNAP (47%), a level consistent with previous quarters;
- Most of the cancellations (79% 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 4 of Fiscal Year 2016.

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. A comparison of medical use rates for those clients who cooperate and are reinstated supports this finding. Clients who cooperate within three months used, on average, \$2,458 in medical services in the prior six months; whereas, clients who remain canceled after three months averaged less than half the same usage, only \$1,176 in medical services over the prior six months.

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 the last twelve months, between 25% and 30% 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 avoiding the unnecessary administrative churn. HFS has also developed a procedure to identify individuals residing in long-term care facilities and enrolled in managed care who are coming up for redetermination. By working with the facilities and managed care organizations to assist recipients with completing the redetermination process, HFS hopes to further reduce churning. The urgency of preventing unnecessary disruption gets greater as an increasingly large number of clients are enrolled in coordinated care.

It should also be noted that the rate of cases reviewed in Phase Two continues at a high level. In Quarter 4 of Fiscal Year 2016, IMRP reviewed 195,703 cases. Maximus currently initiates reviews on approximately 65,000 cases per month.

Reasons for Disagreement

Agreement with Maximus recommendations remain 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 most of

the cases being reviewed (99.9%). 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. Current electronic information and matching logic in the Maximus system is insufficient to ensure eligibility without caseworker review and client confirmation of current circumstances.

For Quarter 4 of Fiscal Year 2016, the ultimate outcome agreed with the Maximus recommendation for cancellation 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 17% 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

While HFS will continue to report regularly on the progress of the IMRP, 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
(April – June, 2016)**

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

<i>State Decision</i>	April	May	June	Quarterly Total	FY16	FY16 Percent
Continue	27,424	33,575	26,680	87,679	317,779	43%
Change	6,603	6,907	5,770	19,280	74,846	10%
Cancel	33,064	27,419	28,261	88,744	348,487	47%
<i>Reason for Cancellation</i>						
% Lack of Response	77%	74%	77%		79%	
% Other	23%	26%	23%		21%	
TOTAL	67,091	67,901	60,711	195,703	741,112	

II. Summary Case Level Activity for all Redeterminations

	April	May	June	Quarterly Total	FY16	FY16 Percent
Total W/ Maximus Involvement	67,091	67,901	60,711	195,703	741,112	
Continuation/Change	34,027	40,482	32,450	106,959	392,625	53%
Initial Cancellations	33,064	27,419	28,261	88,744	348,487	47%
Total W/o Maximus Involvement	113,753	92,985	92,427	299,165	1,264,454	
Continuation/Change	98,606	77,976	72,841	249,423	1,044,464	83%
Initial Cancellations	15,147	15,009	19,586	49,742	219,990	17%

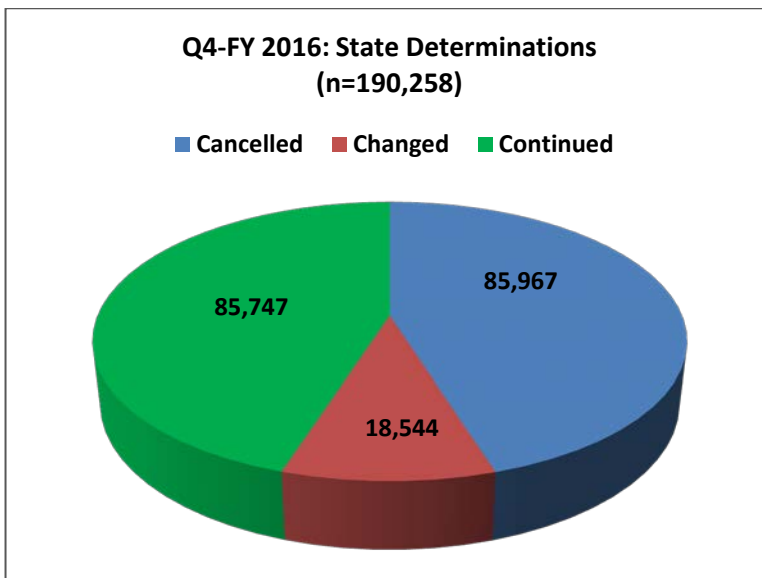
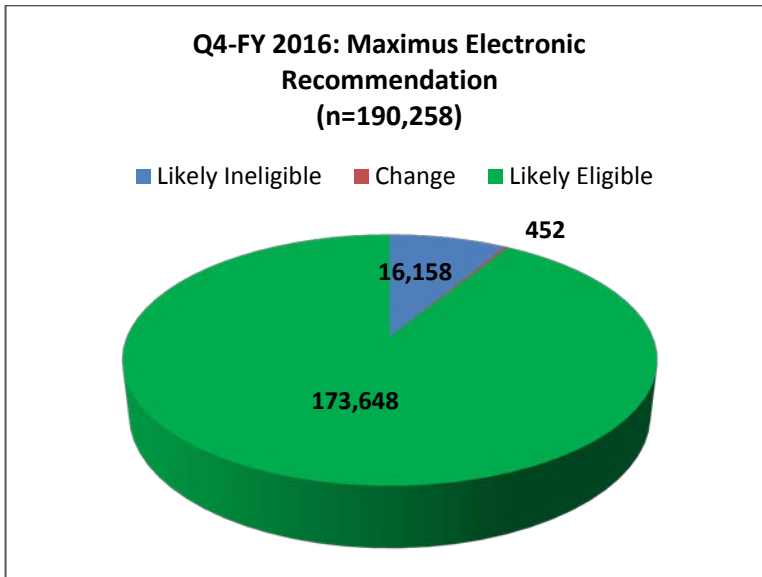
III. Individual Level Cancellation Data

	April	May	June	FY16
Total Initial Cancellations	75,332	65,533	73,894	879,861
Return from Cancellation	15,481	11,065	8,397	259,844
Net Cancellations	59,851	54,468	65,497	620,017
% persistent after 1 month	84%	83%	89%	
% persistent after 2 months	80%	83%	---	
% persistent after 3 months	79%	---	---	

Attachment 2
State Agreement with Max-IL Electronic Recommendations
(April - June, 2016)

State Determination Agreement with Maximus Electronic Recommendation

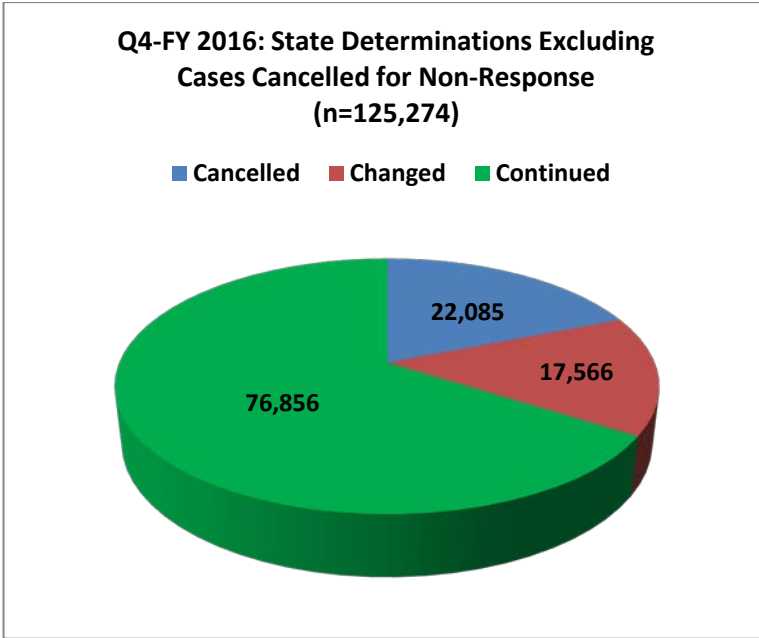
Reporting Period: Q4-FY 2016						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	11,885	219	73,863	85,967	13.83%	86.17%
CHANGED	874	72	17,598	18,544	95.29%	4.71%
CONTINUED	3,399	161	82,187	85,747	95.85%	4.15%
Grand Total	16,158	452	173,648	190,258		



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 4 cases with insufficient data in Q4-FY 2016. 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
(April – June, 2016)



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 two-thirds (68%) of total determinations, compared to Maximus' electronic recommendations of 'Likely Eligible' for 91% of cases (Attachment 2).

7. This difference is most striking when examining cases the State cancels; only 9% (n=16,158) 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 increases to 17% (n=20,983) versus nearly half of all State actions when including cancellations where the client does not return information (Attachment 2.1).

Reporting Period: Q4-FY16	# State Determinations	Percent of State Determinations
CANCELLED	20,983	16.8%
CHANGED	18,544	14.8%
CONTINUED	85,747	68.4%
Grand Total	125,274	100.0%

Attachment 3
Reasons for State Disagreement with Max-IL Electronic Recommendations
(April - June, 2016)

MAXIMUS Electronic Recommendation						
Reporting Period: 2Q-2016		CHANGE	LIKELY ELIGIBLE	LIKELY INELIGIBLE	Grand Total	% of Total
HOH Failed to Cooperate		211	64,785	198	65,194	84%
	Apr	117	24,339	64	24,520	32%
	May	63	19,389	77	19,529	25%
	Jun	31	21,057	57	21,145	27%
Income Not Correctly Applied		75	5,004	2,363	7,442	10%
	Apr	30	1,640	827	2,497	3%
	May	29	1,895	929	2,853	4%
	Jun	16	1,469	607	2,092	3%
Post Recommendation Information on Income Presented		15	1,376	475	1,866	2%
	Apr	6	468	156	630	1%
	May	5	504	188	697	1%
	Jun	4	404	131	539	1%
Post Recommendation Member Change		7	1,333	84	1,424	2%
	Apr	1	414	24	439	1%
	May	3	451	36	490	1%
	Jun	3	468	24	495	1%
Household Composition Not Correctly Included		9	1,068	78	1,155	1%
	Apr	2	303	21	326	0%
	May	4	345	28	377	0%
	Jun	3	420	29	452	1%
Post Recommendation Change in Residency Verification		63	290	280	633	1%
	Apr	25	99	88	212	0%
	May	23	83	110	216	0%
	Jun	15	108	82	205	0%
Post Recommendation Citizenship, Immigration Proof			7	4	11	0%
	Apr		1	1	2	0%
	May		4	2	6	0%
	Jun		2	1	3	0%
Grand Total		380	73,863	3,482	77,725	100%