



January 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 2 of Fiscal Year (FY) 2017. Included are:

- A report of overall activity in Quarter 2 of Fiscal Year 2017;
- A report of agreement of the State with Maximus recommendations during Quarter 2 of Fiscal Year 2017; and
- A report on the reason for State disagreement with Maximus recommendations during Quarter 2 of Fiscal Year 2017.

Summary

- Since beginning in February 2013, IMRP has reviewed almost 2.37M cases for redeterminations of eligibility.
- For Quarter 2 Fiscal Year 2017, IMRP initiated reviews on about 65,000 cases each month.
- About 41% 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 48% of clients were cancelled, mostly for failing to respond to the redetermination request.
- Of the total clients initially cancelled, 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 85% of the time for cases that cooperated with the review.
- When clients responded, about 55% 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 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.

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 December 30, 2016. These results show:

- A continued high level of cancellations for cases without SNAP (48%), 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 2 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. 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 FY17, 20% 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 2 of Fiscal Year 2017, IMRP reviewed 163,207 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 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.

For Quarter 2 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 18% 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
(October - December, 2016)

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	FY17	FY17 Percent
Continue	23,723	20,477	22,046	66,246	139,292	41%
Change	5,814	5,112	5,068	15,994	35,279	10%
Cancel	27,013	23,999	29,955	80,967	163,847	48%
Reason for Cancellation						
% Lack of Response	80%	79%	80%		80%	
% Other	20%	21%	20%		20%	
TOTAL	56,550	49,588	57,069	163,207	338,418	

II. Summary Case Level Activity for all Redeterminations

	October	November	December	3 Month Total	FY17
Total W/ Maximus Involvement	56,550	49,588	57,069	163,207	338,418
Continuation/Change	29,537	25,589	27,114	82,240	174,571
Initial Cancellations	27,013	23,999	29,955	80,967	163,847
Total W/o Maximus Involvement	80,444	81,884	93,425	255,753	523,349
Continuation/Change	65,797	67,480	78,043	211,320	423,129
Initial Cancellations	14,647	14,404	15,382	44,433	100,220
Continuation/Change Language Preference	October	November	December	3 Month Total	FY17
English	83,071	80,888	91,943	255,902	429,793
Spanish	9,725	9,681	11,111	30,517	60,214
Unknown	2,538	2,500	2,103	7,141	16,202
TOTAL	95,334	93,069	105,157	293,560	506,209
Cancellation Language Preference	October	November	December	3 Month Total	FY17
English	38,138	34,753	40,883	113,774	239,563
Spanish	2,968	3,042	3,472	9,482	20,280
Unknown	554	608	982	2,144	4,224
TOTAL	41,660	38,403	45,337	125,400	264,067

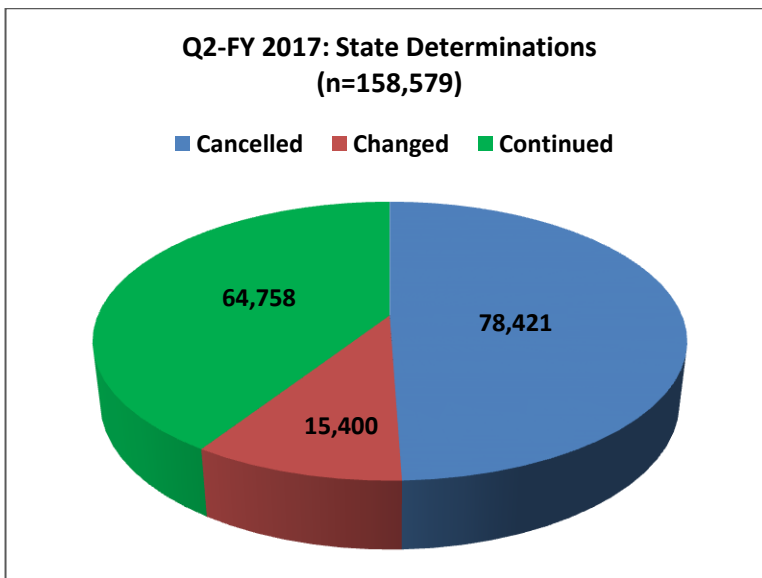
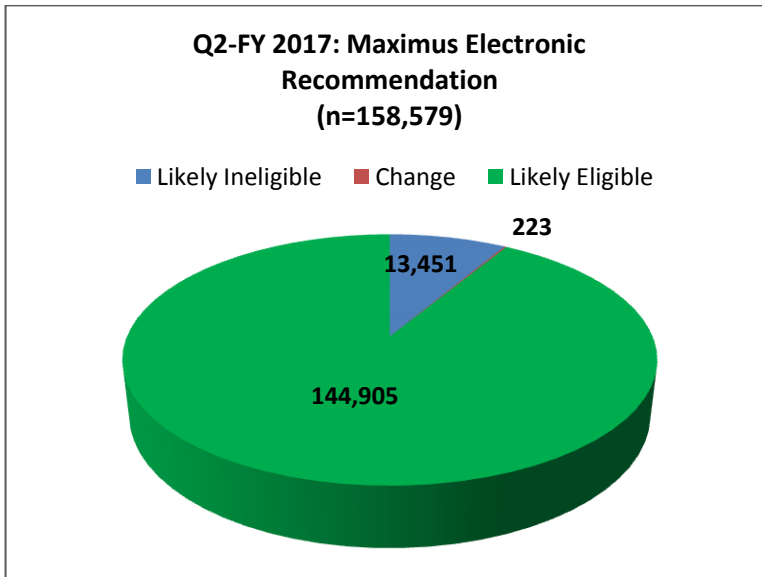
III. Individual Level Cancellation Data

	October	November	December	FY17
Total Initial Cancellations	66,709	61,890	70,876	418,693
Return from Cancellation	12,606	9,409	6,372	83,680
Net Cancellations	54,103	52,481	64,504	335,013
% persistent after 1 month	88%	90%	91%	
% persistent after 2 months	85%	85%	---	
% persistent after 3 months	81%	---	---	

Attachment 2
State Agreement with Max-IL Electronic Recommendations
(October - December, 2016)

State Determination Agreement with Maximus Electronic Recommendation

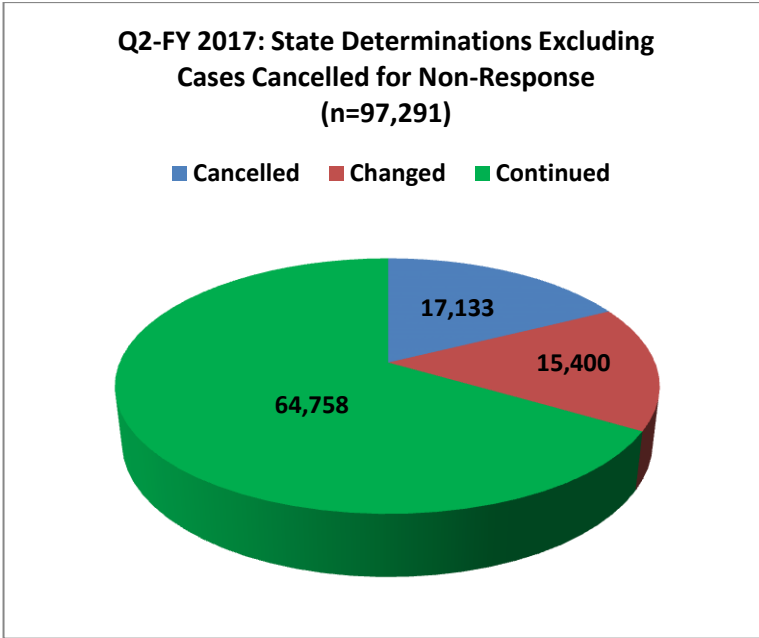
Reporting Period: Q2-FY 2017						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	10,517	133	67,771	78,421	13.41%	86.59%
CHANGED	583	33	14,784	15,400	96.21%	3.79%
CONTINUED	2,351	57	62,350	64,758	96.28%	3.72%
Grand Total	13,451	223	144,905	158,579		



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 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.
- 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, 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 (67%) 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 13% (n=10,517) 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 18% (n=17,133) versus nearly half of all State actions when including cancellations where the client does not return information (Attachment 2.1).

Reporting Period: Q2-FY17	# State Determinations	Percent of State Determinations
CANCELLED	17,133	17.6%
CHANGED	15,400	15.8%
CONTINUED	64,758	66.6%
Grand Total	97,291	100.0%

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

MAXIMUS Electronic Recommendation						
Reporting Period: 2Q-2017		CHANGE	LIKELY ELIGIBLE	LIKELY INELIGIBLE	Grand Total	% of Total
HOH Failed to Cooperate		124	61165	161	61450	87%
	Oct	50	20258	47	20355	29%
	Nov	36	18258	52	18346	26%
	Dec	38	22649	62	22749	32%
Income Not Correctly Applied		31	3441	1495	4967	7%
	Oct	10	1209	512	1731	2%
	Nov	6	1018	412	1436	2%
	Dec	15	1214	571	1800	3%
Post Recommendation Information on Income Presented		5	1309	361	1675	2%
	Oct	4	489	135	628	1%
	Nov	0	419	99	518	1%
	Dec	1	401	127	529	1%
Post Recommendation Member Change		9	824	130	963	1%
	Oct	5	376	78	459	1%
	Nov	2	233	23	258	0%
	Dec	2	215	29	246	0%
Household Composition Not Correctly Included		3	768	57	828	1%
	Oct	0	274	22	296	0%
	Nov	0	250	14	264	0%
	Dec	3	244	21	268	0%
Post Recommendation Change in Residency Verification		18	257	206	481	1%
	Oct	3	88	81	172	0%
	Nov	7	62	64	133	0%
	Dec	8	107	61	176	0%
Post Recommendation Citizenship, Immigration Proof		0	7	0	7	0%
	Oct	0	1	0	1	0%
	Nov	0	1	0	1	0%
	Dec	0	5	0	5	0%
Grand Total		190	67771	2407	70371	100%