



November 6, 2015

**To: The Honorable Bruce Rauner, Governor and Members of the General Assembly**

Attached are three reports concerning the Illinois Medicaid Redetermination Project (IMRP) undertaken by the Departments of Healthcare and Family Services (HFS) and Human Services (DHS) pursuant to PA 97-0689 (also known as the SMART Act). These reports summarize the work that has been done and how it is trending. Included are:

- Report of activity in Quarter 1 of Fiscal Year 2016—and a summary of all activity in Phase Two of the IMRP.
- Agreement of the State with Maximus recommendations during the most recent quarter.
- Reason for State disagreement with vendor recommendation during the most recent quarter.

**Summary**

- Since beginning in February 2013, IMRP has reviewed almost 1.65M cases.
- For Q1-FY 2016, IMRP currently reviews about 65,000 cases each month
- About 43% of clients respond and are found eligible for the same medical coverage.
- About 10% of clients respond and are found eligible for a different medical program or for fewer/more people in the household.
- About 46% of clients are cancelled, most for failing to respond to the redetermination request.
- Of the total clients initially cancelled, between 25% and 30% cooperate within three months and are reinstated. This equates to an overall cancellation rate of approximately 33% for all cases reviewed.
- The state decision agrees with the Maximus electronic determination about 86% of the time for cases that cooperate with the review.
- When clients responded, about 45% of disagreements with the Maximus recommendation were due to the state verifying other income, not available to Maximus, that affects the client's eligibility.

**Background**

The goal of the IMRP is to process the backlog of cases that require immediate redeterminations of eligibility and to ensure that, going forward, redeterminations will be 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 are not qualified are disenrolled. This is particularly important as HFS moves toward enrolling more clients in some form of managed care, which will entail regular monthly capitation payments based on enrollment as opposed to bills for specific services actually used.

The contract with Maximus was signed in September 2012—on the schedule specified by the SMART Act. Implementation, while experiencing some start-up difficulties, proceeded and Maximus was conducting reviews early in 2013. At the same time, DHS began bringing on additional case workers focused solely on Medicaid redeterminations.

Because of the persistent backlog in annual redeterminations – including cases that had been previously “passively redetermined” – we prioritized identification of those clients and cases that had the greatest likelihood of being ineligible or in the wrong program. Accordingly, Maximus ran the entire data base and applied high-level filters to identify and prioritize working those cases requiring immediate attention, regardless of the client’s annual redetermination date. Maximus worked a case by reviewing the evidence from the high-level filters and assessing what issues had to be resolved before the case’s eligibility could be determined. It then attempted to use additional data bases to obtain other information and, in some cases, contact clients when more information was necessary. At the end of the response period, Maximus pulled together all the available data—including documentation from the client—and posted a recommendation on a secure Internet site for State caseworkers. The assigned caseworkers reviewed the assembled information and made the final determination about whether the client was eligible or ineligible and entered the redetermination accordingly in the State system.

However, as noted in previous quarterly reports, an external arbitrator responding to an AFSCME-filed grievance ruled that the contract with Maximus violated the State’s Collective Bargaining Agreement. The arbitrator’s ruling would have ended the contract by December 31, 2013. To avoid disruption, HFS amended the agreement with Maximus in December 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 (2/13 – 2/14) resulted in the review by State caseworkers of 360,741 cases 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.

Under the amended agreement 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 case's eligibility. This eliminates the step of Maximus eligibility workers also reviewing the data before going to the State caseworker. This, in turn, results 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 FY 16 average of \$1.2M per month. Maximus continues to provide the underlying software used for data matching, process management and reporting. In fact, the system has been completely updated and the new version became operational in February 2015. Maximus also continues to provide their call center and mail room capabilities until such time as the State’s new eligibility system is fully implemented and staffed when these capabilities will be available directly to the State.

Additionally, DHS has hired a number of new caseworkers and established two substantial redetermination centers with about 200 workers solely focused on redeterminations for Medicaid clients who do not also participate in the Supplemental Nutritional Assistance Program (SNAP, originally known as Food Stamps) 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.

## **Phase Two**

Attachment 1 contains a report on Phase Two of the IMRP during Fiscal Year 2016, with particular focus on the quarter ending September 30, 2015. These results show:

- A continued high level of cancellations for cases without SNAP (46%), which is a return to the level of previous quarters.
- Most of the cancellations (77% for the quarter) are because the client has failed to return information.
- The percentage of cases cancelled for clients with SNAP is 23% in the most recent quarter.

We believe the reason for the difference in the two cancellation rates is that clients receiving SNAP have a stronger incentive to return information in a timely way, as failure to do so results in immediate termination of a benefit needed for day-to-day survival. Medicaid by itself is less compelling in the short term. This is supported by the fact that the people disenrolled have had much lower Medicaid use rates than the people who stay enrolled.

We know the effective cancellation rate will be lower than the initial cancellation rate reported here because as clients realize they have been cancelled, many will return required information. In fact, for the last twelve months, between 25% and 30% of the clients who were initially cancelled following review returned within three months after cancellation. We continue to work with Maximus and community advocates to find ways of getting more clients to return information in a timely way to avoid the unnecessary administrative churn. We have also developed a procedure to identify the 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 to complete the redetermination process, we hope to further reduce churning. The urgency of preventing unnecessary disruption gets greater as an increasingly larger share of clients are being enrolled in various forms of coordinated care.

We also note that the rate of cases reviewed in Phase Two continues at a high level. In Q1-FY 2016, IMRP reviewed 187,908 cases. Currently, Maximus is initiating 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 is developed entirely from electronic sources, and does not take into account whether the client will actually return necessary information. As we have improved the number of electronic sources, the number of cases for which Maximus makes an electronic recommendation has increased to encompass most of the cases being reviewed (99.9%). However, if the client does not return the required information, the client is cancelled for non-cooperation. A very large percentage of cancellations are because the client did not respond. 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 the most recent quarter, the ultimate outcome agrees with the Maximus recommendation for cancellation 86% 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 related 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 the 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. On the other hand, we also know from the high level of reinstatements, that many of the clients who do not respond were eligible but, for a variety of reasons, are late to return the required information. It is also interesting to note that only about 18% of cases where the client responded were found ineligible (Attachment 2.1). In 6% of cases disagreeing with the Maximus recommendation (Attachment 3), the state worker was able to identify other income not available to Maximus. There was a much larger group (10% of "likely eligible" recommendations) who responded but, based on that information, some aspect of their case was changed. In total, where Maximus recommended continuation and the client responded, the state caseworker confirmed this and the case was continued 97% of the time.

At the end of September and the beginning of October, the Max-IL system began having serious slowdowns and eventually full-time outages. Extensive work by Maximus programmers and DHS, HFS and Department of Central Management Services staff eventually identified an issue with the telecom transmission lines used to send the information between the state and Maximus. After working with the telecom vendor, the situation was resolved but resulted in about an eight day slowdown in state redetermination productivity.

## **Conclusion**

We will continue to report regularly on our progress. We also note, around the 10th of each month, we post a rolling summary of the three previous months and the entire data for Phase Two of the IMRP. It can be found at <http://www2.illinois.gov/hfs/SiteCollectionDocuments/IMRPReport.pdf>. 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, 2015)**

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

<i>State Decision</i>	<b>July</b>	<b>August</b>	<b>September</b>	<b>Q1-FY 2016</b>	<b>FY16</b>	<b>FY16 Percent</b>
Continue	29,719	26,643	24,814	81,176	81,176	43%
Change	7,557	6,614	5,539	19,710	19,710	10%
Cancel	25,421	34,429	27,172	87,022	87,022	46%
<b>Reason for Cancellation</b>						
% Lack of Response	69%	81%	79%	77%	77%	
% Other	31%	19%	21%	23%	23%	
<b>TOTAL</b>	<b>62,697</b>	<b>67,686</b>	<b>57,525</b>	<b>187,908</b>	<b>187,908</b>	

**II. Summary Case Level Activity for all Redeterminations**

	<b>July</b>	<b>August</b>	<b>September</b>	<b>Q1-FY 2016</b>	<b>FY16</b>
Total W/ Maximus Involvement	62,697	67,686	57,525	187,908	187,908
Continuation/Change	37,276	33,257	30,353	100,886	100,886
Initial Cancellations	25,421	34,429	27,172	87,022	87,022
Total W/O Maximus Involvement	97,863	90,042	91,854	279,759	279,759
Continuation/Change	73,644	70,068	70,405	214,117	214,117
Initial Cancellations	24,219	19,974	21,449	65,642	65,642

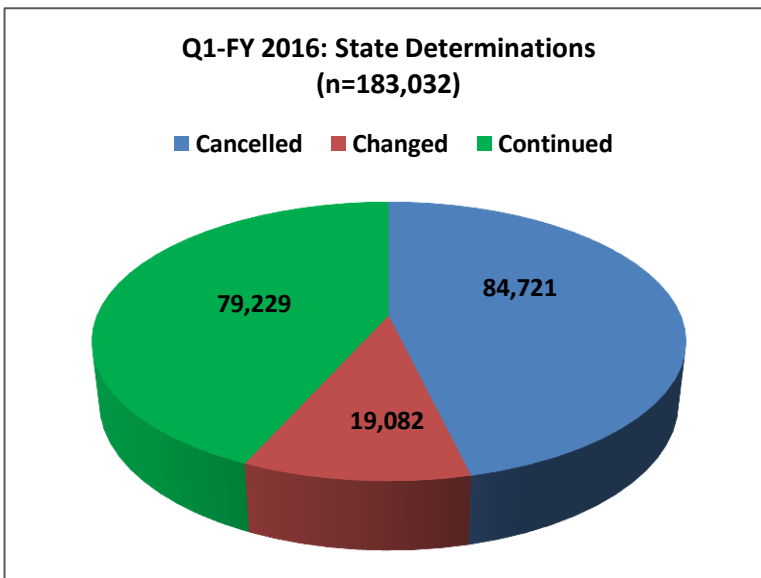
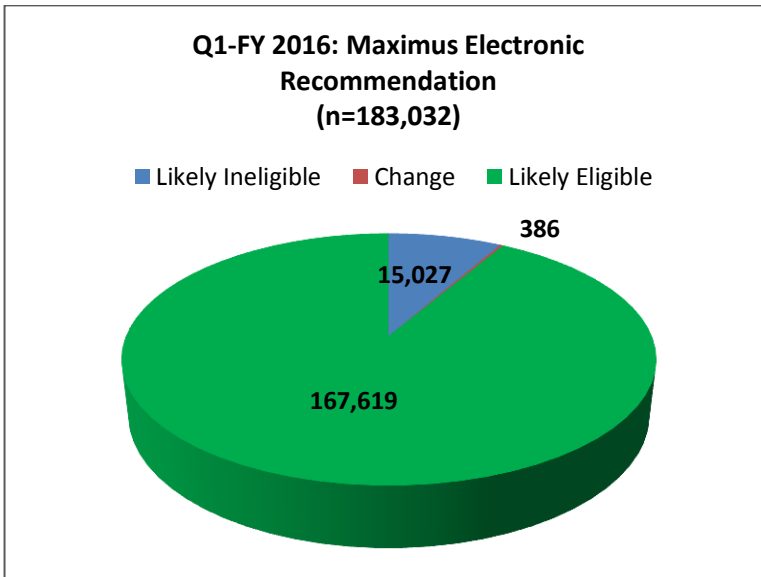
**III. Individual Level Cancellation Data**

	<b>July</b>	<b>August</b>	<b>September</b>	<b>Q1-FY 2016</b>	<b>FY16</b>
Total Initial Cancellations	80,705	83,172	75,624	239,501	239,501
Return from Cancellation	24,074	17,318	10,440	51,832	51,832
Net Cancellations	56,631	65,854	65,184	187,669	187,669
% persistent after 1 month	76%	85%	86%		
% persistent after 2 months	76%	79%	---		
% persistent after 3 months	70%	---	---		

**Attachment 2**  
**State Agreement with Max-IL Electronic Recommendations**  
**(July – September, 2015)**

**State Determination Agreement with Maximus Electronic Recommendation**

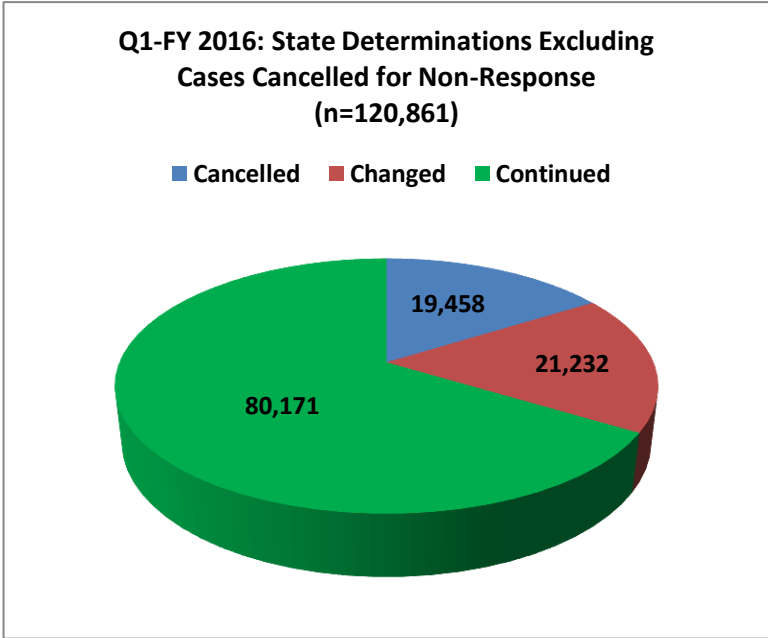
Reporting Period: Q1-FY 2016						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	11,489	135	73,097	84,721	13.56%	86.44%
CHANGED	813	94	18,175	19,082	95.74%	4.26%
CONTINUED	2,725	157	76,347	79,229	96.36%	3.64%
<b>Grand Total</b>	<b>15,027</b>	<b>386</b>	<b>167,619</b>	<b>183,032</b>		



**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 27 cases with insufficient data in Q1-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**  
**(July – September, 2015)**



**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 cases with continued eligibility comprises two-thirds (67%) of total determinations, compared to 97% of electronic recommendations of 'Likely Eligible' (Attachment 2.1).

7. This difference is most striking when examining cases with a cancelled determination; only 8% (n=15,027) of Maximus electronic recommendations are deemed 'Likely Ineligible' (Attachment 2). When removing those cancelled for failure to comply, this percentage of state action increases to 18% (n=20,881) versus nearly half of all state actions when including cancellations where the client does not return information (Attachment 2.1).

Reporting Period: Q3-2015	# State Determinations	Percent of State Determinations
CANCELLED	20,881	17.5%
CHANGED	19,082	16.0%
CONTINUED	79,229	66.5%
<b>Grand Total</b>	<b>119,192</b>	<b>100.0%</b>

**Attachment 3**  
**Reasons for State Disagreement with Max-IL Electronic Recommendations<sup>1</sup>**  
**(July - September, 2015)**

MAXIMUS Electronic Recommendation					
Reporting Period: 3Q-2015	CHANGE	LIKELY ELIGIBLE	LIKELY INELIGIBLE	Grand Total	% of Total
<b>HOH Failed To Cooperate</b>	<b>128</b>	<b>63,718</b>	<b>147</b>	<b>63,993</b>	<b>83%</b>
Jul	49	18,340	44	18,433	24%
Aug	43	25,755	51	25,849	34%
Sep	36	19,623	52	19,711	26%
<b>Income Not Correctly Applied</b>	<b>73</b>	<b>5,426</b>	<b>1,842</b>	<b>7,341</b>	<b>10%</b>
Jul	27	1,907	669	2,603	3%
Aug	26	1,799	587	2,412	3%
Sep	20	1,720	586	2,326	3%
<b>Post Recommendation Information on Income Presented</b>	<b>17</b>	<b>1,539</b>	<b>357</b>	<b>1,913</b>	<b>2%</b>
Jul	11	571	130	712	1%
Aug	3	537	120	660	1%
Sep	3	431	107	541	1%
<b>Household Composition Not Correctly Included</b>	<b>10</b>	<b>954</b>	<b>65</b>	<b>1,029</b>	<b>1%</b>
Jul	3	368	23	394	1%
Aug	4	350	20	374	0%
Sep	3	236	22	261	0%
<b>Post Recommendation Change of Household Composition</b>	<b>17</b>	<b>1,219</b>	<b>60</b>	<b>1,296</b>	<b>2%</b>
Jul	4	442	15	461	1%
Aug	8	407	18	433	1%
Sep	5	370	27	402	1%
<b>Post Recommendation Change in Residency Verification</b>	<b>46</b>	<b>228</b>	<b>310</b>	<b>584</b>	<b>1%</b>
Jul	20	79	125	224	0%
Aug	13	76	100	189	0%
Sep	13	73	85	171	0%
<b>Post Recommendation Citizenship, Immigration Proof</b>	<b>1</b>	<b>13</b>	<b>3</b>	<b>17</b>	<b>0%</b>
Jul	1	4	2	7	0%
Aug		5		5	0%
Sep		4	1	5	0%
<b>Caseworker Did Not Enter A Reason</b>			<b>754</b>	<b>754</b>	<b>1%</b>
Jul			292	292	0%
Aug			224	224	0%
Sep			238	238	0%
<b>Grand Total</b>	<b>292</b>	<b>73,097</b>	<b>3,538</b>	<b>76,927</b>	<b>100%</b>

<sup>1</sup> Data presented only for cases for which Maximus made a recommendation and a state decision was recorded.