



May 28, 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 2015—and a summary of all activity in Phase Two of the IMRP
- Agreement of State with Maximus recommendations during the last quarter
- Reason for State disagreement with vendor recommendation during the last quarter

Summary

- Since beginning in February 2013, IMRP has reviewed almost 1.1M cases.
- IMRP currently reviews about 65,000 cases each month.
- About 45% of clients respond and are found eligible for the same medical coverage.
- About 13% of clients respond and are found eligible for a different medical program or for fewer/more people in the household.
- About 42% of clients are canceled, most for failing to respond to the redetermination request.
- Of the 42% who are canceled, about one-third cooperate within three months and are reinstated. Two-thirds do not cooperate, leaving an overall cancelation rate of about 30% of all cases reviewed.
- The state decision agrees with the Maximus electronic determination about 96% of the time for cases that cooperate with the review.
- When clients responded, about 43% 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 15 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. 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 (currently scheduled for September, 2015) 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). Medicaid redetermination for clients participating in SNAP (or cash assistance) will continue to be conducted as part of their SNAP redetermination, which is done annually or in some

cases every six months.

Phase Two

Attachment 1 contains a report on Phase Two of the IMRP during Fiscal Year 2015, with particular focus on the quarter ending March 31, 2015. These results show:

- A continued high level of cancellations for cases without SNAP (42%) which is a return to the level of previous quarters.
- Most of the cancellations (79% for the quarter) are because the client has failed to return information.
- The percentage of cases cancelled for clients with SNAP is 20% 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 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, they will return required information. In fact, for the last nine months, just over one-third of the clients who were initially cancelled following the Maximus 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 in long-term care facilities and coordinated care entities who are coming up for redetermination. By working with the facilities and coordinated care entities 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 Q1-2015, IMRP reviewed 171,597 cases. In the first quarter of 2015, Maximus was initiating reviews on approximately 65,000 cases per month. Due to increased efficiencies in the system and increased productivity by state staff, the state requested to increase this to 75,000 cases per month. The need to increase the number of reviews as we get into 2015 is required to accommodate the increase in total case volume due to Illinois' Medicaid expansion under the Affordable Care Act, a material number of whom will need to be reviewed outside the SNAP review cycle.

Reasons for Disagreement

Agreement with Maximus recommendations remain 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 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 (96%). However, if the client does not return the required information, the client is cancelled regardless of the electronic recommendation from Maximus. (This is because the ACA requires additional information on households that cannot be obtained electronically. This will not be an ongoing requirement and once this is completely incorporated into the IES process, we will be able to redetermine a much larger share of clients without requiring additional information.) As noted above, a very large percentage of cancellations are because the client did not return the form. However, the electronic matches suggest that—save for returning the required form—about 92% of all clients are likely to be eligible for continuation. For another 4% of the cases, the electronic sources did not provide sufficient information for a recommendation. In only 7% of the cases did the electronic source files suggest a client was likely to be ineligible, and nearly half (48%) of those subsequently provided information to verify on-going eligibility.

As shown in Attachment 2 for the most recent quarter, the ultimate outcome agrees with the Maximus recommendation for cancellation more than two-thirds (73%). As can be seen from Attachment 3, when this recommendation is not implemented, it is almost always because the client brings in additional information. Certainly at least some percentage of the clients who did not respond, did not respond because their circumstances were such that they were, indeed, not eligible. The ones more likely to respond are the ones who can provide information to confirm their eligibility. On the other hand, we also know from the high level of reinstatements, that very many of the clients who do not respond were eligible but, for a variety of reasons, are late in responding. It is also interesting to note that only about 14% of cases where the client responded were found ineligible (Attachment 2.1). In 8% of cases (Attachment 3), the state worker was able to identify other income and disagreed with the Maximus recommendation. There was a much larger group (31% 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 case was continued 96% of the time.

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
(January – March, 2015)**

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

<i>State Decision</i>	January	February	March	Q1-2015	FY15	FY15 Percent
Continue	23,658	17,280	29,172	70,110	234,576	45%
Change	6,894	5,673	9,373	21,940	66,018	13%
Cancel	26,881	19,418	33,248	79,547	219,086	42%
Reason for Cancellation						
% Lack of Response	80%	75%	83%	79%	81%	
% Other	20%	25%	17%	21%	19%	
TOTAL	57,433	42,371	71,793	171,597	519,680	

II. Summary Case Level Activity for all Redeterminations

	January	February	March	Q1-2015	FY15
Total W/ Maximus Involvement ¹	57,433	42,371	71,793	171,597	519,680
Continuation/Change	30,552	22,953	38,545	92,050	300,594
Initial Cancellations	26,881	19,418	33,248	79,547	219,086
Total W/o Maximus Involvement ²	70,001	59,868	77,447	207,316	613,312
Continuation/Change	57,078	47,163	62,903	167,144	494,959
Initial Cancellations	12,923	12,705	14,544	40,172	118,353

III. Individual Level Cancellation Data

	January	February	March	Q1-2015	FY15
Total Initial Cancellations	66,878	57,928	80,826	205,632	593,713
Return from Cancellation	20,239	14,947	11,847	47,033	212,304
Net Cancellations	46,639	42,981	68,979	158,599	381,409
% persistent after 1 month	83%	83%	85%		
% persistent after 2 months	77%	74%	---		
% persistent after 3 months	70%	---	---		

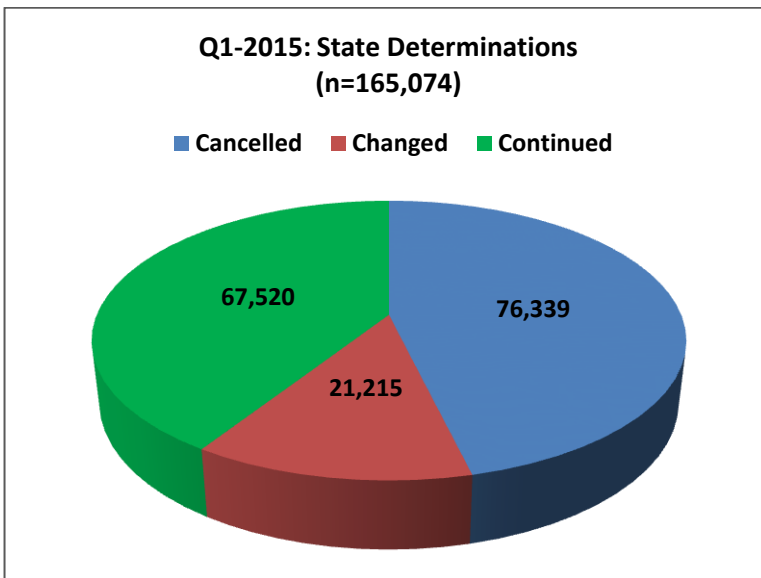
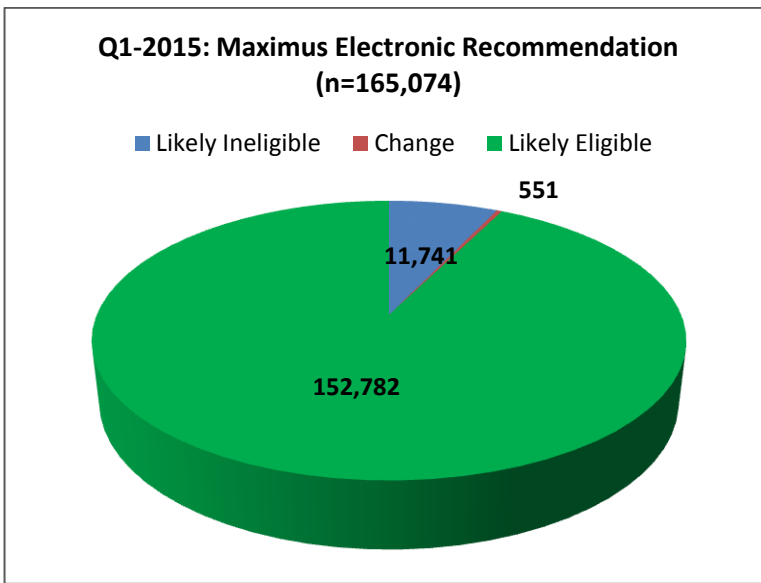
¹ Total W/Maximus Involvement - cases in IMRP receiving medical benefits without SNAP or cash benefits

² Total W/o Maximus Involvement – medical cases handled by the DHS FCRCs because they also receive cash or SNAP benefits

Attachment 2
State Agreement with Max-IL Electronic Recommendations
(January - March, 2015)

State Determination Agreement with Maximus Electronic Recommendation

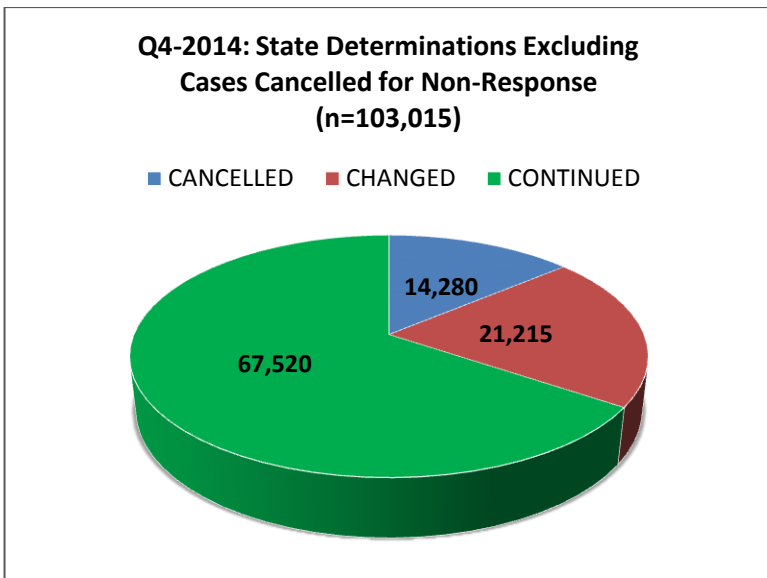
Reporting Period: Q1-2015						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	8,582	331	67,426	76,339	11.24%	88.76%
CHANGED	927	70	20,218	21,215	95.63%	4.37%
CONTINUED	2,232	150	65,138	67,520	96.47%	3.53%
Grand Total	11,741	551	152,782	165,074		



NOTES:

1. The electronic matching by Maximus occurs each month after the cohort of cases subject to redetermination is selected. Approximately 60,000 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 1,548 cases with insufficient data in Q1-2015. 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. There were 4,975 cases unable to match in Q1-2015.
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 scan 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 on-going 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 canceled for non-cooperation and have three months to provide the information and 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, 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 nearly two-thirds (65%) of total determinations, compared to 96% of electronic recommendations of 'Likely Eligible.'

7. This difference is most striking when examining cases with a cancelled determination; only 7% (n=11,741) of Maximus electronic recommendations are deemed 'Likely Ineligible.' When removing those cancelled for failure to comply, this percentage of state action falls to 14% (n=14,280) versus nearly half of all state actions when including cancelations where the client does not return information.

Reporting Period: Q1-2015	# State Determinations	Percent of State Determinations
CANCELED	14,280	13.9%
CHANGED	21,215	20.6%
CONTINUED	67,520	65.5%
Grand Total	103,015	100.0%

Attachment 3
Reasons for State Disagreement with Max-IL Electronic Recommendations³
(January – March, 2015)

Q1-2015	Maximus Electronic Recommendation					% of Total
	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Total		
HH Failed To Cooperate	107	330	61,741	62,178	87.5%	
Jan	38	94	20,359	20,491	28.8%	
Feb	24	83	15,085	15,192	21.4%	
Mar	45	153	26,297	26,495	37.3%	
HH Composition Difference Identified	88	18	1,666	1,772	2.5%	
Jan	35	2	574	611	0.9%	
Feb	20	7	459	486	0.7%	
Mar	33	9	633	675	0.9%	
Income Difference Identified	1,844	92	3,743	5,679	8.0%	
Jan	688	31	1,127	1,846	2.6%	
Feb	544	23	922	1,489	2.1%	
Mar	612	38	1,694	2,344	3.3%	
IL Residency Information Difference	236	40	271	547	0.8%	
Jan	95	12	103	210	0.3%	
Feb	43	8	67	118	0.2%	
Mar	98	20	101	219	0.3%	
Citizenship, Immigration Status Difference	7	1	5	13	0.0%	
Jan	6	-	-	6	0.0%	
Feb		1	-	1	0.0%	
Mar	1	-	5	6	0.0%	
Caseworker Did Not Enter a Reason	877	-	-	877	1.2%	
Jan	348	-	-	348	0.5%	
Feb	203	-	-	203	0.3%	
Mar	326	-	-	326	0.5%	
Grand Total	3,159	481	67,426	71,066	100.0%	

³ Data presented only for cases for which Maximus made a recommendation.