



July 31, 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) for the fourth quarter of state Fiscal Year 2015. These reports summarize the work that has been done and how it is trending. Included are:

- Report of activity in Quarter 4 of FY 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 1.65M cases.
- For Q4 FY 2015, IMRP reviewed about 70,000 cases each month.
- For FY '15:
  - About 44% of clients responded and were found eligible for the same medical coverage.
  - About 12% of clients responded and were found eligible for a different medical program or for fewer/more people in the household.
  - About 44% of clients were cancelled, most for failing to respond to the redetermination request.
  - Of the 44% who were cancelled, about one-third cooperated within three months and were reinstated. Two-thirds did not cooperate, leaving an overall cancellation rate of about 30% of all cases reviewed.
  - The state decision agreed with the Maximus electronic determination about 88% 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, that affected 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 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 (currently scheduled for late 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 June 30, 2015. These results show:

- A continued high level of cancellations for cases without SNAP (44%) in FY '15.
- Most of the cancellations (79% for the quarter) were because the client failed to return information.
- The percentage of cases cancelled for clients with SNAP is 22% in the 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 twelve 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 grows 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 Q2-2015, IMRP reviewed 206,847 cases. In the second quarter of 2015, Maximus was initiating reviews on approximately 70,000 cases per month. Due to increased efficiencies in the system and increased productivity by state staff, the state requested to increase this to between 70,000 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 (99.9%). However, if the client does not return the required information, the client is cancelled regardless of the electronic recommendation from Maximus. As noted above, a very large percentage of cancellations are because the client did not respond. However, the electronic matches suggest that—save for responding to the redetermination—about 92% of all clients are likely to be eligible for continuation. Maximus initiated reviews on 202,191 cases and was able to obtain enough information from electronic sources to make a recommendation on all but 86 cases. This resulted in electronic recommendations for 202,105 cases (99.96%). In only 8% of the cases did the electronic source files suggest a client was likely to be ineligible, and 23% of those subsequently provided information to verify on-going eligibility.

For the most recent quarter, the ultimate outcome agrees with the Maximus recommendation for cancellation 88% 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, not available to Maximus, that affects the client's eligibility. Certainly at least some clients did not respond because their circumstances were such that they were, indeed, not eligible. The people that are 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 many of the clients who do not respond were eligible but, for a variety of reasons, were late returning the required information. It is also interesting to note that only about 16% 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 (11% 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 97% 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 (April – June, 2015 and FY 2015 Summary)

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

<i>State Decision</i>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Q2-2015</b>	<b>FY15</b>	<b>FY15 Percent</b>
Continue	28,963	25,185	27,707	81,855	316,454	44%
Change	7,508	6,731	7,658	21,897	87,916	12%
Cancel	44,553	25,278	33,264	103,095	322,185	44%
<b>Reason for Cancellation</b>						
% Lack of Response	83%	77%	76%	79%	80%	
% Other	17%	23%	24%	21%	20%	
<b>TOTAL</b>	<b>81,024</b>	<b>57,194</b>	<b>68,629</b>	<b>206,847</b>	<b>726,555</b>	

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

	<b>April</b>	<b>May</b>	<b>June</b>	<b>Q2-2015</b>	<b>FY15</b>
Total W/ Maximus Involvement <sup>1</sup>	81,024	57,194	68,629	206,847	726,555
Continuation/Change	36,471	31,916	35,365	103,752	404,370
Initial Cancellations	44,553	25,278	33,264	103,095	322,185
Total W/o Maximus Involvement <sup>2</sup>	111,160	96,337	93,190	300,687	927,786
Continuation/Change	89,972	73,496	71,097	234,565	743,842
Initial Cancellations	21,188	22,841	22,093	66,122	183,944

#### III. Individual Level Cancellation Data

	<b>April</b>	<b>May</b>	<b>June</b>	<b>Q2-2015</b>	<b>FY15</b>
Total Initial Cancellations	98,594	71,678	86,440	256,712	849,745
Return from Cancellation	25,156	16,782	11,826	53,764	297,543
Net Cancellations	73,438	54,896	74,614	202,948	552,202
% persistent after 1 month	89%	77%	86%		
% persistent after 2 months	75%	77%	---		
% persistent after 3 months	74%	---	---		

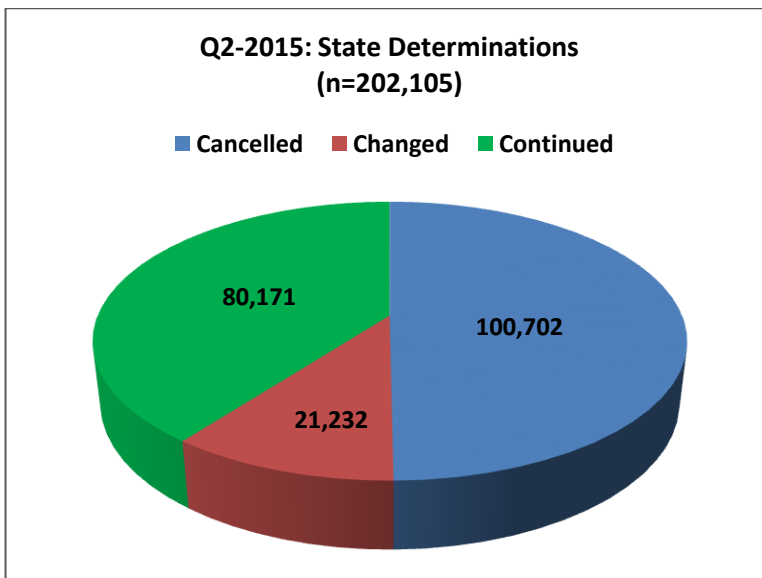
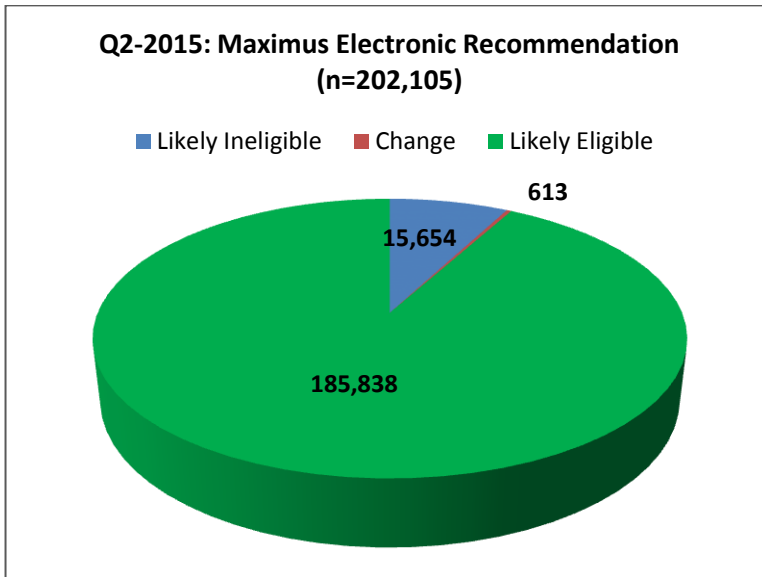
<sup>1</sup> Total W/Maximus Involvement - cases in IMRP receiving medical benefits without SNAP or cash benefits

<sup>2</sup> 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**  
**(April – June, 2015)**

**State Determination Agreement with Maximus Electronic Recommendation**

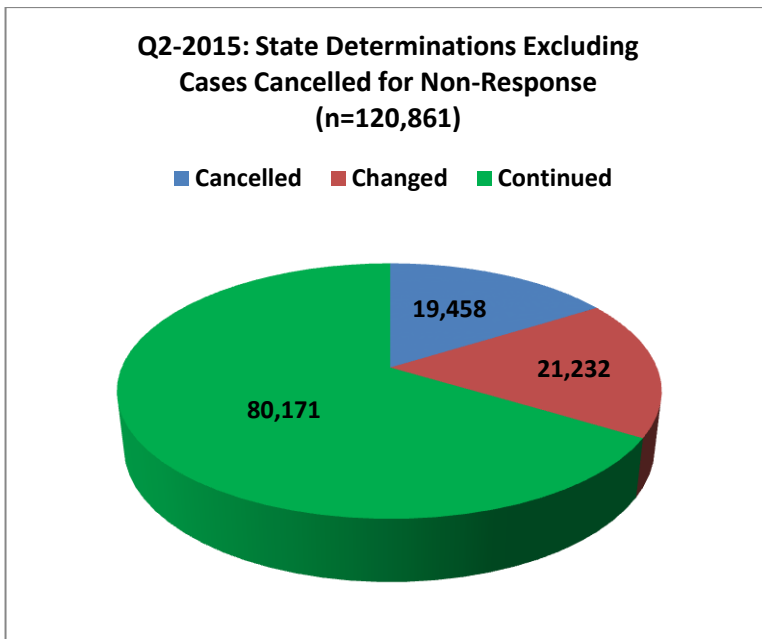
Reporting Period: Q2-2015						
State Agreements by MAXIMUS Electronic Recommendation						
State Determination	LIKELY INELIGIBLE	CHANGE	LIKELY ELIGIBLE	Grand Total	% AGREE	% DISAGREE
CANCELLED	12,119	309	88,274	100,702	12.03%	87.99%
CHANGED	962	128	20,142	21,232	95.47%	4.53%
CONTINUED	2,573	176	77,422	80,171	96.57%	3.43%
<b>Grand Total</b>	<b>15,654</b>	<b>613</b>	<b>185,838</b>	<b>202,105</b>		



**NOTES:**

1. The electronic matching by Maximus occurs each month after the cohort of cases subject to redetermination is selected, 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 only 86 cases with insufficient data in Q4-FY 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.
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 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**  
**(April – June, 2015)**



**NOTES:**

6. State actions are more congruent with Maximus electronic recommendations when cases where the client failed to cooperate with redetermination efforts are excluded from analysis (Att. 2.1). The percentage of cases with continued eligibility comprises nearly two-thirds (66%) of total determinations, compared to 97% of electronic recommendations of 'Likely Eligible.'

7. Only 8% (n=15,654) of Maximus electronic recommendations are for cases deemed 'Likely Ineligible' (Att 2). When removing those cancelled for failure to comply, the percentage of cases actually determined ineligible for Q4 2015 was 16% (n=19,458 – Att 2.1)..

Reporting Period: Q2-2015	# State Determinations	Percent of State Determinations
CANCELLED	19,458	16.1%
CHANGED	21,232	17.6%
CONTINUED	80,171	66.3%
<b>Grand Total</b>	<b>120,861</b>	<b>100.0%</b>

**Attachment 3**  
**Reasons for State Disagreement with Max-IL Electronic Recommendations<sup>3</sup>**  
**(April – June, 2015)**

MAXIMUS Electronic Recommendation					
Q2-2015	CHANGE	LIKELY ELIGIBLE	LIKELY INELIGIBLE	Total	% OF TOTAL
<input checked="" type="checkbox"/> HOH Failed To Cooperate	290	80,939	184	81,413	88%
Apr	144	36,603	56	36,803	40%
May	64	19,166	57	19,287	21%
Jun	82	25,170	71	25,323	27%
<input checked="" type="checkbox"/> Income Not Correctly Applied	87	4,181	1,683	5,951	6%
Apr	36	1,346	536	1,918	2%
May	27	1,284	532	1,843	2%
Jun	24	1,551	615	2,190	2%
Post Recommendation Information					
<input checked="" type="checkbox"/> on Income Presented	24	1,203	339	1,566	2%
Apr	9	408	103	520	1%
May	7	309	105	421	0%
Jun	8	486	131	625	1%
Household Composition Not					
<input checked="" type="checkbox"/> Correctly Included	19	855	66	940	1%
Apr	7	325	20	352	0%
May	5	207	23	235	0%
Jun	7	323	23	353	0%
Post Recommendation Change of					
<input checked="" type="checkbox"/> Household Composition	6	784	32	822	1%
Apr	2	273	11	286	0%
May	3	197	9	209	0%
Jun	1	314	12	327	0%
Post Recommendation Change in					
<input checked="" type="checkbox"/> Residency Verification	59	287	354	700	1%
Apr	20	99	112	231	0%
May	19	88	116	223	0%
Jun	20	100	126	246	0%
Post Recommendation Citizenship,					
<input checked="" type="checkbox"/> Immigration Proof	-	10	1	11	0%
Apr	-	5	-	5	0%
May	-	2	-	2	0%
Jun	-	3	1	4	0%
<input checked="" type="checkbox"/> Caseworker Did Not Enter A Reason	-	15	876	891	1%
Apr	-	-	250	250	0%
May	-	15	277	292	0%
Jun	-	-	349	349	0%
<b>Total</b>	<b>485</b>	<b>88,274</b>	<b>3,535</b>	<b>92,294</b>	<b>100%</b>

<sup>3</sup> Data presented only for cases for which Maximus made a recommendation.