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**To: The Honorable Pat Quinn, Governor and Members of the General Assembly**

Attached are two reports concerning the Illinois Medicaid Redetermination Project (IMRP) that was 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 help understand the work that has been done and how it is trending.

1. YTD Activity Report – through December 31
2. Reason for State disagreement with vendor recommendation

**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 eligibility for Medicaid coverage 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 dis-enrolled. 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 bill on specific services actually used.

This goal could not be achieved without additional resources to assist the case workers in DHS (who perform most of the eligibility activities for Medicaid). Over several years prior to 2013, the complement of DHS case workers had been allowed to decrease substantially while the number of cases continued to rise substantially. This year, that trend has started to reverse with the addition of case workers, both for redetermination and other needs. Nonetheless DHS is still not at the full complement of case workers necessary to meet all demands regarding eligibility.

The IMRP has been implemented by retaining, under the guidance of the State's Chief Procurement Officer, the services of Maximus, a national vendor that assists other states in making eligibility determinations. The role of Maximus is to provide backup resources to the State caseworkers by making recommendations regarding the client's continued eligibility; pursuant to federal requirements, caseworkers are then required to make the final determination. The contract with Maximus does not come close to addressing the entire need for additional caseworkers, but without this contract, progress against the backlog would have been completely impossible.

The contract with Maximus was signed in September 2012—on the schedule specified by the SMART Act—which specifically allowed for contracting with an outside vendor. Over the following three months, Maximus leased space, created a state-of-the-art call center and mail room, hired more than 500 new employees and reassigned about 50 employees to work on Illinois redeterminations. However, the development of the computer systems necessary to work cases did not go as smoothly. Although Maximus started reviewing cases in January 2013, progress in the early months was much slower than anticipated. The vendor has continued to make substantive improvements to the computer system, including a major upgrade in the first week of May that coupled with retraining, contributed to improvement in Maximus productivity. Also, DHS began the process of bringing on additional case workers focused solely on 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 have the greatest likelihood of being ineligible or in the wrong program. Accordingly, Maximus runs the entire data base and applies high level filters to identify and prioritize working those cases requiring immediate attention, regardless of the client’s annual redetermination date. Maximus works a case by reviewing the evidence from the high level filters and assessing what issues must be resolved before the case’s eligibility can be determined. It then attempts to use additional data bases to obtain other information and, in some cases, contacts clients when more information is necessary. Per the SMART Act, clients can have only 10 business days to respond to Maximus. At the end of that period, Maximus pulls together all the available data—including documentation from the client—and posts a recommendation on a secure internet site for State caseworkers. The assigned caseworkers review the assembled information and make the final determination about whether the client is eligible or ineligible and enter the redetermination accordingly in the State system.

## **Results**

Attachment 1 shows results from beginning of operation through December 31, 2013. It shows that since its beginning almost 138,000 cases (about 235,000 individuals) were removed from the rolls following this review.

These numbers can be misleading without appropriate attention to the context of the overall process. In particular, while about 41% of the cases redetermined through this project so far were found ineligible, this is not indicative of the rate of ineligibility in the total population. Since cases have been reviewed in the order of the probability of the case being ineligible, most of the work Maximus did over the past year has focused on high priority cases (where there was a particular suggestion that the case was over income limits, did not meet residency requirements or the case had not been reviewed in a long time). For most of the operating period, Maximus was making recommendations on high priority cases. Also, toward the end of the calendar year, caseworkers were asked to give priority to cases recommended for cancellation. As previously pointed out, the Medicaid Redetermination Project has posted the results from the previous week each Tuesday on the HFS website at:

<http://www2.illinois.gov/hfs/SiteCollectionDocuments/IMRPReport.pdf>

Attachment 2 shows the reasons that the State workers have disagreed with the Maximus recommendation. In general, agreement is high. For cases where Maximus recommended cancellation, it stands at 71% agreement since the beginning of operation, 72% in the most recent quarter. This data also shows that there has been a substantial improvement in agreement with recommendations for changing a case (changing the level of eligibility or changing the eligibility of individual case members), even though this category remains somewhat problematic. This improvement is largely attributed to investment in training. This is the most complicated portion of Medicaid policy, but the number of these cases is not particularly large.

Attachment 2 also shows the reasons for State disagreement with Maximus. Generally speaking, particularly in the case of recommendations to cancel, the largest single reason is that clients who did not get information submitted in time for the Maximus recommendation, bring that information to DHS caseworkers subsequently.

### **Changes and Moving Forward**

As we noted in the two previous quarterly reports, an external arbitrator responding to a grievance filed by AFSCME ruled that the contract with Maximus was in violation of the State's Collective Bargaining Agreement with AFSCME. In December HFS amended the agreement with Maximus to streamline the redetermination process while maintaining some of the most positive aspects of the Maximus performance. This amendment was accepted by the arbitrator as an acceptable alternative to his initial ruling that the contract be ended no later than December 31, 2013.

Under this agreement, Maximus continues to provide electronic review of all cases and uses that review 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 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 average monthly charge of \$1.7M. 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 will become operational in February. Maximus also continues to provide their call center and mail room capabilities until such time at the State's new eligibility system is fully implemented (in summer of 2015) when these capabilities will be available directly to the State.

Additionally, DHS has hired a number of new caseworkers and established two substantial redeterminations centers that will be connected to the Maximus systems. These centers will have more than 200 workers solely focused on redeterminations. We will continue to report regularly on our progress with a new, more comprehensive report that will be launched in March. We remain fully committed to achieving integrity in the Medicaid program, continuing the work of aggressively cleaning up backlogs and assuring we have in place systems that will keep us from falling behind in the future. We believe this revised process will more effectively help us meet our goals.

Michael Koetting  
HFS Deputy Director Planning & Reform Implementation

ATTACHMENT 1

# IMRP Activity Through December 31, 2013

Maximus Year to Date, (January 1, 2014)	Year to Date Total
<b>MAXIMUS</b>	
Ready for Detailed Review	224,037
Review in Progress	9,552
<b>TOTAL</b>	<b>233,589</b>

Maximus Recommendations to State, Year to Date (January 1, 2014)	Year to Date Total
<b>REVIEWS COMPLETED by Maximus</b>	
Recommend to Continue	227,788
Recommend to Change	59,914
Recommend to Cancel	249,412
<b>TOTAL</b>	<b>537,114</b>

State Actions, Year to Date (January 1, 2014)	Year to Date Total
<b>RECOMMENDATIONS RECEIVED*</b>	
Determinations Needed	200,991
In Progress	1,157
<b>SUB TOTAL</b>	<b>202,148</b>

		State Action by Recommendation		
		% Continue	% Change	% Cancel
<b>DETERMINATIONS COMPLETED</b>				
Determination - Continue	151,547	<b>84%</b>	10%	6%
Determination - Change	44,385	37%	<b>52%</b>	11%
Determination - Cancel	138,480	22%	7%	<b>71%</b>
<b>SUB TOTAL</b>	<b>334,412</b>			
<b>STATE TOTAL*</b>	<b>536,560</b>			

**ATTACHMENT 2:**

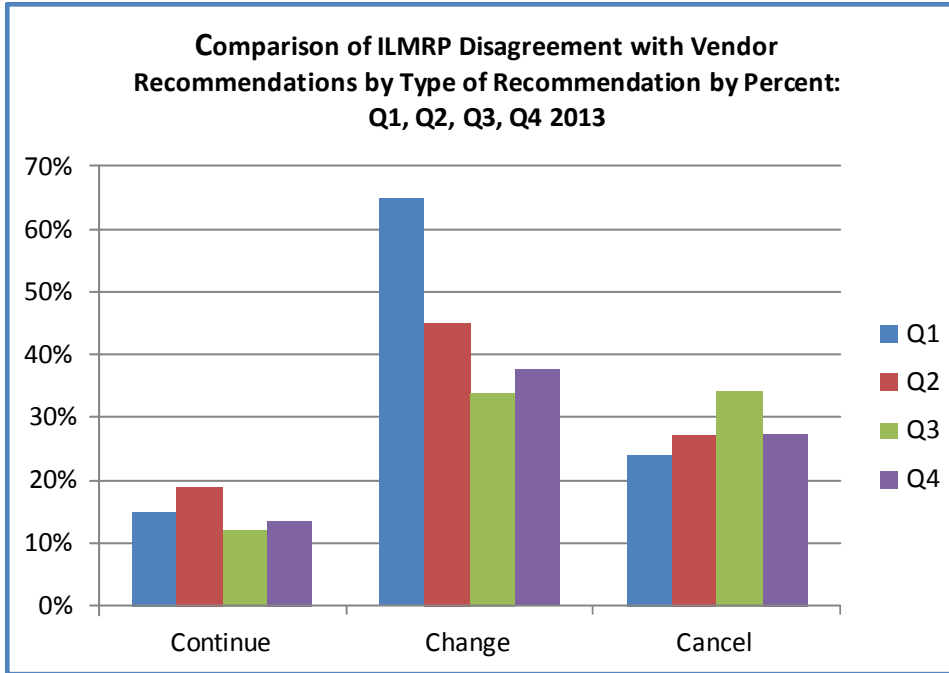
**Reasons for Disagreement with Maximus Recommendation  
October - December, 2013**

**111,869 Total Determinations Made by State**

84,583 State Agreed with Recommendation  
27,286 State Disagreed

**100%**

76%  
24%



**RECOMMENDATION TO CONTINUE CASE Q4**

**33,216 Total Recommendations to Continue Case for Decided Cases**

28,717 State Agrees  
4,499 State Disagrees

**100%**

86%  
14%

***Reasons for Disagreement with Recommendation to Continue Case***

State Disagreed	Reason	% Disagreed
-	NONE SELECTED	0%
5	INCLUDED NON-COUNTABLE ASSETS	0%
218	DID NOT INCLUDE ALL COUNTABLE ASSETS	5%
149	INCORRECT ASSET REVIEW AND CALCULATION FOR THIS CASE	3%
15	CLIENT PROVIDED ADDITIONAL INFORMATION	0%
-	AGREE WITH RECOMMENDATION	0%
307	ADDITIONAL INFO AVAILABLE FROM COMPANION CASE	7%
221	CE COVERAGE CONTINUES FOR CHILD	5%
80	COUNTED HOUSEHOLD MEMBERS NOT INCLUDED IN THE CASE	2%
54	DID NOT INCLUDE ALL HOUSEHOLD MEMBERS IN THE CASE	1%
328	POST RECOMMENDATION:HOUSEHOLD MEMBER CHANGE I.E. BIRTH,DEATH	7%
544	POST RECOMMENDATION: INCOME CHANGE	12%
20	INCLUDED INCOME THAT SHOULD NOT HAVE BEEN COUNTED	0%
829	INCOME INFORMATION PROVIDED TO FCRC AFTER RECOMMENDATION	18%
920	INCORRECT BUDGETING APPLIED	20%
124	POST RECOMMENDATION: RESIDENCY PROOF	3%
20	POST RECOMMENDATION: CITIZENSHIP,IMMIGRATION PROOF	0%
665	CLIENT FAILED TO COOPERATE WITH MEU REDE	15%
<b>4,499</b>		<b>100%</b>

**RECOMMENDATION TO CHANGE AN ASPECT OF CASE BUT NOT ENTIRE CASE Q4**

<b>11,303</b>	<b>Total Recommendations to Change Case for Decided Cases</b>	<b>100%</b>
7,061	State Agrees	62%
4,242	State Disagrees	38%

**Reasons for Disagreement with Recommendation to Change Case**

State Disagreed	Reason	% Disagreed
-	NONE SELECTED	0%
1	INCLUDED NON-COUNTABLE ASSETS	0%
29	DID NOT INCLUDE ALL COUNTABLE ASSETS	1%
66	INCORRECT ASSET REVIEW AND CALCULATION FOR THIS CASE	2%
43	CLIENT PROVIDED ADDITIONAL INFORMATION	1%
-	AGREE WITH RECOMMENDATION	0%
449	ADDITIONAL INFO AVAILABLE FROM COMPANION CASE	11%
796	CE COVERAGE CONTINUES FOR CHILD	19%
44	COUNTED HOUSEHOLD MEMBERS NOT INCLUDED IN THE CASE	1%
72	DID NOT INCLUDE ALL HOUSEHOLD MEMBERS IN THE CASE	2%
191	POST RECOMMENDATION:HOUSEHOLD MEMBER CHANGE I.E. BIRTH,DEATH	5%
587	POST RECOMMENDATION: INCOME CHANGE	14%
55	INCLUDED INCOME THAT SHOULD NOT HAVE BEEN COUNTED	1%
735	INCOME INFORMATION PROVIDED TO FCRC AFTER RECOMMENDATION	17%
553	INCORRECT BUDGETING APPLIED	13%
67	POST RECOMMENDATION: RESIDENCY PROOF	2%
24	POST RECOMMENDATION: CITIZENSHIP,IMMIGRATION PROOF	1%
530	CLIENT FAILED TO COOPERATE WITH MEU REDE	12%
<b>4,242</b>		<b>100%</b>

**RECOMMENDATION TO CANCEL CASE Q4**

<b>67,350</b>	<b>Total Recommendations to Cancel Case for Decided Cases</b>	<b>100%</b>
48,805	State Agrees	72%
18,545	State Disagrees	28%

**Reasons for Disagreement with Recommendation to Cancel Case**

State Disagreed	Reason	% Disagreed
-	NONE SELECTED	0%
11	INCLUDED NON-COUNTABLE ASSETS	0%
18	DID NOT INCLUDE ALL COUNTABLE ASSETS	0%
365	INCORRECT ASSET REVIEW AND CALCULATION FOR THIS CASE	2%
602	CLIENT PROVIDED ADDITIONAL INFORMATION	3%
-	AGREE WITH RECOMMENDATION	0%
1,797	ADDITIONAL INFO AVAILABLE FROM COMPANION CASE	10%
2,657	CE COVERAGE CONTINUES FOR CHILD	14%
94	COUNTED HOUSEHOLD MEMBERS NOT INCLUDED IN THE CASE	1%
86	DID NOT INCLUDE ALL HOUSEHOLD MEMBERS IN THE CASE	0%
234	POST RECOMMENDATION:HOUSEHOLD MEMBER CHANGE I.E. BIRTH,DEATH	1%
2,967	POST RECOMMENDATION: INCOME CHANGE	16%
69	INCLUDED INCOME THAT SHOULD NOT HAVE BEEN COUNTED	0%
8,367	INCOME INFORMATION PROVIDED TO FCRC AFTER RECOMMENDATION	45%
941	INCORRECT BUDGETING APPLIED	5%
255	POST RECOMMENDATION: RESIDENCY PROOF	1%
14	POST RECOMMENDATION: CITIZENSHIP,IMMIGRATION PROOF	0%
68	CLIENT FAILED TO COOPERATE WITH MEU REDE	0%
<b>18,545</b>		<b>100%</b>