



Michelle Saddler, Secretary
100 South Grand Avenue East
Springfield, Illinois 62702

Julie Hamos, Director
201 South Grand Avenue East
Springfield, Illinois 62763-0002

October 31, 2014

To: The Honorable Pat Quinn, 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 for activity in Quarter 3 of 2014—and a summary of all activity in Phase Two of the IMRP
- Agreement of State with Maximus recommendation during the last quarter
- Reason for State disagreement with vendor recommendation during the last quarter

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 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 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 with AFSCME. 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 resulted in the review by State caseworkers of 351,517 cases that Maximus had previously reviewed and the cancellation of 143,589 of these cases - However, about 20% (27,769), were reinstated within three months.

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 average of \$1.7M 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, with particular focus on the quarter ending September 30, 2014. These results show:

- A continued high level of cancellations for cases without SNAP (38%) but the this quarter's level is slightly lower than previous quarters
- Most of the cancellations (80%) are because the client has failed to return information
- The percentage of cases cancelled for clients with SNAP is 21% 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 from 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 first nine months of Phase Two, about 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 to find ways of getting more clients to return information in a timely way to avoid the unnecessary administrative churn. 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 Q3, IMRP reviewed 169,418 cases. We will need to increase the number of reviews as we get into 2015 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 they are working. 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 83% of all clients are likely to be eligible for continuation. For another 10% of the cases, the electronic sources did not provide sufficient information for a recommendation. In only 6% of the cases did the electronic source files suggest a client was likely to be ineligible, and roughly half of those subsequently provided information to verify they were eligible.

As shown in Attachment 2, the ultimate outcome agrees with the Maximus recommendation for cancellation a little more than half the time. As can be seen from Attachment 3, when this recommendation is not implemented, it is almost always because the client brings in additional information. There is the suspicion that at least some percentage of the clients who did not respond, did not respond because their circumstances were in fact no longer as reflected in the electronic

sources. 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 there are some cases (about 6% of all cases recommended “likely to continue”) where the client provided information but the caseworkers found them ineligible. There was a much larger group (18% of “likely to continue 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 94% of the time, 76% of the time with no changes.

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.

Michael Koetting
HFS Deputy Director Planning & Reform Implementation

Attachment 1

Medicaid Redetermination Activity, 2014

(July-September and Phase Two of IMRP since February, 2014)

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

<i>State Decision</i>	July	August	September	YTD*	YTD* Percent
Continue	29,879	28,453	25,557	160,579	43%
Change	5,795	7,113	7,517	35,909	10%
Cancel	20,578	28,745	15,781	173,469	47%
Reason for Cancellation					
% Lack of Response	80%	83%	76%	84%	
% Other	20%	17%	24%	16%	
TOTAL	56,252	64,311	48,855	369,957	

II. Summary Case Level Activity for all Redeterminations

	July	August	September	YTD*
Total W/ Maximus Involvement	56,252	64,311	48,855	369,957
Continuation/Change	35,674	35,566	33,074	196,488
Initial Cancellations	20,578	28,745	15,781	173,469
Total W/o Maximus Involvement	61,543	61,353	65,241	534,646
Continuation/Change	49,544	46,807	51,978	439,909
Initial Cancellations	11,999	14,546	13,263	94,737

III. Individual Level Cancellation Data

	July	August	September	YTD*
Total Initial Cancellations	58,257	77,752	53,189	486,762
Return from Cancellation	20,691	19,145	12,607	201,675
Net Cancellations	37,566	58,607	40,582	285,087
% persistent after 1 month	80%	76%	76%	
% persistent after 2 months	65%	75%	---	
% persistent after 3 months	64%	---	---	

*YTD is from February 2014 onward

Attachment 2

**State Agreement with Max-IL Electronic Recommendations
(July-September, 2014)**

**Extent to Which Case Decision (Vertical Axis) was
Consistent with Maximus Electronic Recommendation (Horizontal Axis)**

	LIKELY INELIGIBLE		CHANGE		LIKELY ELIGIBLE		INSUFFICIENT DATA	Grand Total
	Count	Percent	Count	Percent	Count	Percent		
CANCELLED - Ineligible	5,152	51.42%	24	8.54%	5,260	5.89%	1,257	11,693
CHANGED	871	8.69%	70	24.91%	16,189	18.14%	2,683	19,813
CONTINUED	3,996	39.88%	187	66.55%	67,792	75.97%	9,895	81,870
Sub Total	10,019	100.00%	281	100.00%	89,241	100.00%	13,835	113,376
Cancelled - Non Response	7	N/A	267	N/A	47,270	N/A	2,925	47,544
Grand Total	10,026	N/A	548	N/A	136,511	N/A	16,760	160,920

Extent to Which Maximus Electronic Recommendation (Vertical Axis) was Reflected in Case Decision (Horizontal Axis)

	CANCELLED - Ineligible		CHANGED		CONTINUED		Sub- Total	CANCELLED - NON RESPONSE	Grand Total
	Count	Percent	Count	Percent	Count	Percent			
LIKELY INELIGIBLE	5,152	49.37%	871	5.08%	3,996	5.55%	10,019	7	10,026
CHANGE	24	0.23%	70	0.41%	187	0.26%	281	267	548
LIKELY ELIGIBLE	5,260	50.40%	16,189	94.51%	67,792	94.19%	89,241	47,270	136,511
INSUFFICIENT DATA	1,257	N/A	2,683	N/A	9,895	N/A	13,835	2,925	16,760
Grand Total	11,693	N/A	19,813	N/A	81,870	N/A	113,376	50,469	163,845

Attachment 3

Reasons for State Disagreement with Max-IL Electronic Recommendations (July – September, 2014)

Reporting Period: Q3-2014		State Disagreements by MAXIMUS Electronic Recommendation				
State Reason for Disagreement	CHANGE	MAXIMUS Electronic Recommendation		Grand Total	% of Total	
		LIKELY ELIGIBLE	LIKELY INELIGIBLE			
<input type="checkbox"/> HOH Failed to Cooperate	273	47,270	111	47,654	82%	
Jul	90	13,778	33	13,901	24%	
Aug	118	22,840	32	22,990	40%	
Sep	65	10,652	46	10,763	19%	
<input type="checkbox"/> Household Composition Not Correctly Included	9	1,218	81	1,308	2%	
Jul	3	432	31	466	1%	
Aug	3	430	29	462	1%	
Sep	3	356	21	380	1%	
<input type="checkbox"/> Income Not Correctly Applied	105	2,310	3,114	5,529	10%	
Jul	34	714	1,039	1,787	3%	
Aug	40	826	1,035	1,901	3%	
Sep	31	770	1,040	1,841	3%	
<input type="checkbox"/> Post Recommendation Change in Residency Verification	62	366	313	741	1%	
Jul	21	114	150	285	0%	
Aug	18	118	84	220	0%	
Sep	23	134	79	236	0%	
<input type="checkbox"/> Post Recommendation Change of Household Compositior	8	762	28	798	1%	
Jul	1	234	16	251	0%	
Aug	2	282	8	292	1%	
Sep	5	246	4	255	0%	
<input type="checkbox"/> Post Recommendation Citizenship, Immigration Proof	1	1	5	7	0%	
Jul		1	2	3	0%	
Aug	1		1	2	0%	
Sep			2	2	0%	
<input type="checkbox"/> Post Recommendation Information on Income Presented	20	602	395	1,017	2%	
Jul	5	182	125	312	1%	
Aug	9	224	143	376	1%	
Sep	6	196	127	329	1%	
<input type="checkbox"/> Unknown		1	820	821	1%	
Jul		1	242	243	0%	
Aug			245	245	0%	
Sep			333	333	1%	
Grand Total	478	52,530	4,867	57,875	100%	