



**ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
and
ILLINOIS DEPARTMENT OF VETERANS' AFFAIRS**

**VETERANS HEALTH INSURANCE PROGRAM ACT OF 2008
330 ILCS 126/**

2016 ANNUAL REPORT

MESSAGE FROM THE DIRECTORS

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

We are pleased to present you with the 2016 Veterans Care Health Insurance Program Act of 2008 Annual Report as required in the *Veterans' Health Insurance Program Act of 2008* [330 ILCS 126/].

Healthcare and Family Services (HFS) and the Department of Veterans' Affairs (DVA) have worked together closely to implement the *Veterans' Health Insurance Program Act of 2008*. This report describes the program operations, enrollment numbers, outreach activities and progress on the program expansion as required in the 2009 revised statute.

DVA and HFS share the responsibilities for program implementation. DVA assumes primary responsibility for educating and informing Illinois Veterans about this program and other benefits available to Illinois Veterans. HFS assumes the responsibility for assessing eligibility and processing applications to assure that eligible Veterans receive needed healthcare coverage.

Over the past few years HFS has worked with the Center for Medicare and Medicaid Services (CMS) to have Veterans Care coverage considered to be Minimal Essential Coverage (MEC) under the Affordable Care Act. Without a designation that Veterans Care meets the MEC standard, Veterans covered by Veterans Care could be subject to possible federal penalties for not having qualifying coverage as defined by the Affordable Care Act.

In November, 2015 the Center for Consumer Information and Insurance Oversight (CCIIO) informed HFS that the Illinois Veterans Health Insurance Program does not fully comply with the requirements of Minimal Essential Coverage as defined in the Affordable Care Act (CFR 156.604). HFS continues to work with CCIIO to allow current enrollees to apply for the hardship exemption to avoid the federal penalties for CY 2016.

HFS informed currently enrolled Veterans of this decision in a letter issued December 30, 2015. (Attachment A). The letter encouraged Veterans to contact HFS with questions, and to help find other medical assistance. Additionally, based on budgetary considerations, HFS stopped taking

new applications in March of this year. Included in this report is a copy of the letter sent to new applicants explaining the decision (Attachment B). The letter also advises them of other healthcare options to meet the healthcare requirements under the Affordable Care Act(ACA). As the enclosed enrollment charts reveal, many Veterans have left the rolls, presumably based on the issue regarding ACA compliance (Attachment C). HFS staff assisted Veterans with their questions regarding this issue and reviewed their potential eligibility for other medical assistance programs.

HFS continues to maintain the cases of the Veterans who remain enrolled in the program.

.Sincerely,



Felicia Norwood
Director, Healthcare and Family Services



Erica L. Jeffries
Director, Department of Veterans' Affairs

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and
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[330 ILCS 126/]
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OVERVIEW

The United States Department of Veterans Affairs (USDVA) delivers healthcare to many United States Veterans through the Veterans Administration (VA) hospitals and clinics. However, in 2003 the federal budget eliminated healthcare funding for Veterans whose income exceeded a specified threshold (about \$26,000 annually). The Illinois Veterans Care Health Insurance Program Act [330 ILCS 125], signed into law on May 28, 2006, was developed to serve this group of Illinois Veterans and others who were denied federal healthcare benefits despite their military service. Generally referred to as Veterans Care, the program provided comprehensive health coverage to eligible Veterans. The original statute authorizing the Veterans Care program sunset on December 31, 2007.

To assure that Illinois Veterans continued to receive healthcare benefits, the General Assembly passed and the Governor signed the Veterans Health Insurance Program Act of 2008 (330 ILCS 126/). This program includes the same eligibility criteria and provides the same comprehensive healthcare benefits as the earlier program. In the summer of 2009, Governor Pat Quinn recommended statutory changes that expanded eligibility criteria for Veterans and included Veterans' spouses in the healthcare coverage. This expansion is more thoroughly explained in the section of this report entitled "Pending Veterans Care Program Expansion".

Section 45 of Illinois *Veterans' Health Insurance Program Act of 2008* requires the Department of Healthcare and Family Services (HFS) to submit an annual report to the General Assembly.

Sec. 45. Reporting. (a) The Department shall prepare an annual report for submission to the General Assembly. The report shall be due to the General Assembly by January 1 of each year beginning in 2009. This report shall include information regarding implementation of the Program, including the number of Veterans enrolled and any available information regarding other benefits derived from the Program, including screening for and acquisition of other Veterans' benefits through the Veterans' Service Officers and the Veterans' Assistance Commissions. This report may also include recommendations regarding improvements that may be made to the Program and regarding the extension of the repeal date set forth in Section 85 of this Act. (Source: P.A. 95-0755, eff. 7-25-08).

This report covers Veterans Care Program operations through November 30, 2016

PROGRAM OPERATION

The statute establishing Veterans Care designates the Department of Healthcare and Family Services (HFS) to administer the program in collaboration with the Department of Veterans' Affairs (DVA). HFS uses the same powers and authority to administer the program as are used in the administration of programs under the *Illinois Public Aid Code*.

Program responsibilities are divided between the two departments. DVA has primary responsibility for program outreach and education to Veterans about the program. Funding for program expenditures has been appropriated to DVA from the Illinois Veterans Assistance Fund. HFS has responsibility for application processing, eligibility determination, covered benefits, provider network, claims processing and case maintenance.

HFS developed a Veterans Care website providing eligibility criteria and outreach information, www.IllinoisVeteransCare.com. On August 1, 2008, HFS updated the website to allow Veterans to download an application to complete and send it to HFS for processing. The number of applications received increased due to the availability of the application online.

ELIGIBILITY

The statute for this Annual Report period defines a Veteran as someone who has served in a branch of the United States military for more than 180 days after initial training. The statute further specifies that Veterans who are eligible for Veterans Care benefits shall:

- Not have a dishonorable discharge;
- Be a resident of Illinois;
- Be at least 19 years old – and no older than 64;
- Be uninsured as defined by administrative rule for at least three months except under certain circumstances;
- Be ineligible for other state medical assistance programs; and
- Have income within the established income threshold

The statute bases Veterans Care income eligibility on the Geographic Means Test (GMT), a nationally developed tool that assesses the general cost of living based on housing costs on an area-specific basis. The GMT varies by county in Illinois. Effective January 2003, the federal Veterans Administration denied benefits to Veterans whose income and countable assets exceeded the GMT unless the Veterans qualified for benefits for other reasons such as having service related disabilities or having been exposed to toxic substances during military service, etc.

Per the statute, the Illinois Veterans Care income threshold is set at the GMT plus 50 percent of the federal poverty level. The poverty level for 2015 for a one-person household is \$11,772 per year. Unlike the federal program, HFS does not count assets when deciding whether a Veteran is income eligible.

Veterans are not eligible for Veterans Care if they are residents of nursing facilities or incarcerated. Veterans are also not eligible if they fail to pay premiums in a timely manner.

The law requires the Veteran to be without insurance for at least three months prior to applying to protect against individuals dropping private or employer-sponsored coverage to qualify for Veterans Care. Specific situations exempt Veterans from the three -month stipulation to be without insurance:

- **Loss of insurance because of loss of job or spouse's loss of job**
- **Lifetime insurance maximum benefit reached**
- **Insurance coverage purchased under COBRA**
- **Insurance coverage provided by another HFS medical program**
- **Unable to access spouse's insurance**
- **Insurance obtained from TRICARE**

Rules to allow the spouse of a Veteran to participate have been adopted and HFS is incorporating the change into the new Integrated Eligibility System (IES) as part of the massive overhaul of the state's medical eligibility processing system. These rules allow the spouse to participate if the Veteran is participating by paying an additional premium. The rules would also reduce the monthly premium to \$20 for the Veteran or \$40 for the Veteran and spouse. The change to a \$20 monthly premium for all Veterans (\$40 if the spouse is also covered) is planned to take effect in 2016 with the implementation of Phase 2 of IES.

APPLICATION PROCESS

Based on budgetary concerns HFS stopped accepting new application in March of this year.(Attachment B) HFS continues to maintain the cases of Veterans already enrolled.

HEALTHCARE BENEFITS

Upon enrollment in Veterans Care, Veterans are covered for services delivered by providers enrolled with HFS's medical programs. Covered medical services include doctor and clinic visits, hospital and outpatient care, lab tests, radiology services, prescription drugs, physical, occupational and speech therapies, mental health and substance abuse services, limited dental services, and emergency medical transportation.

Nursing facility services and non-emergency medical transportation are not covered services for Veterans Care.

COST SHARING

Co-Payments

Veterans Care enrollees are charged co-payments for services as follows.

- **Doctor Visit** **\$ 15**
- **Dentist Visit** **\$ 15**

Veterans Care Report

- **Inpatient Hospital Stay** \$150
- **Outpatient Hospital Visit** 10% of HFS rate
- **Emergency Room Visit** \$ 50
- **Generic Prescription** \$ 6
- **Brand Name Prescription** \$ 14

Premiums

HFS bills Veterans Care enrollees monthly for their premium payments.

Eligible Veterans whose income falls at or below the Geographic Means Test (GMT) plus 25 percent FPL, pay premiums of \$40 per month. Veterans whose income is above the GMT plus 25 percent FPL, but at or below the GMT plus 50 percent FPL, pay premiums of \$70 per month.

Veterans must pay their premiums by the end of the month to receive services for the subsequent month. HFS cancels the eligibility of Veterans who do not pay their premiums timely. They may re-apply after a three-month waiting period but must pay past due premium amounts before they may reenroll.

OUTREACH

DVA ceased outreach activities in March, 2016 since HFS was no longer accepting new applications.

OTHER DVA/HFS INTERDEPARTMENTAL INITIATIVE

Starting in 2014, DVA began using the Public Assistance Reporting Information System (PARIS) to identify Veterans who are receiving state medical benefits and may be entitled to coverage through the U.S. Veterans Administration healthcare system. By providing Veterans the opportunity to access medical coverage due to their military service, the Departments hope to increase quality healthcare choices for Veterans. During 2015, IDVA staff contacted Veterans and spouses identified on the PARIS computer match to connect them with USVA services and healthcare. HFS also began using the PARIS match to identify Veterans who are deceased, living out-of-state or have unidentified VA income as part of the Illinois Medicaid Redetermination Project (IMRP).

NEW DEVELOPMENTS

HFS has been working with the Center for Medicare and Medicaid Services (CMS) to have Veterans Care coverage considered to be Minimal Essential Coverage (MEC) under the Affordable Care Act. Without a designation that Veterans Care meets the MEC standard, Veterans covered by Veterans Care will be subject to possible federal penalties for not having qualifying coverage as defined by the Affordable Care Act.

In November, 2015 the Center for Consumer Information and Insurance Oversight (CCIIO) informed HFS that the Illinois Veterans Health Insurance Program does not fully comply with the requirements of Minimal Essential Coverage as defined in the Affordable Care Act (CFR 156.604). HFS continues to work with CCIIO to allow current enrollees to apply for the hardship exemption to avoid the federal penalties for 2015 and to seek alternative coverage in 2016 and beyond.

Based on budgetary considerations HFS stopped accepting new applications in March of this year. (Attachment B) HFS continues to maintain the cases of Veterans who are already enrolled.

Attachment A



Bruce Rauner, Governor
Felicia F. Norwood, Director

201 South Grand Avenue East
Springfield, Illinois 62763-0002

Telephone: (217) 782-1200
TTY: (800) 526-5812

December 30, 2015

Dear Veteran:

You are currently enrolled in the Illinois Veterans Care program for your healthcare coverage. This state funded program is for Illinois' uninsured Veterans who are not eligible for healthcare coverage through the U.S. Veterans Administration or other State-administered health benefits.

Under the Affordable Care Act, most people are required to have healthcare coverage for an entire year that meets certain Minimum Essential Coverage standards. Recently, Illinois was informed by the federal government that the Illinois Veterans Care Program does not qualify as "Minimal Essential Coverage" under the Federal Affordable Care Act (ACA). The Illinois Department of Healthcare and Family Services (HFS) is working with the Illinois Department of Veterans Affairs (DVA) and the US federal government to better understand what this means for you if you file federal taxes for 2015. We will send you more information as soon as possible.

In light of this federal decision, HFS recommends that you find new healthcare coverage for 2016 that meets the ACA requirements to keep you covered – and we can help!

- Call us as soon as you can at: 1-800-226-0768 (TTY: 1-877-204-1012).
- When you call, ask for Veterans Care.
- We can discuss your options for finding new healthcare coverage.
- We can help answer your questions.

Your current coverage under the Illinois Veterans Care Program will continue unless you cancel it or are told the program is ending. But, since it does not meet the federal requirements for Minimum Essential Coverage under ACA, you may be required to pay a penalty when you file your 2015 federal taxes if you do not have the coverage that meets ACA standards.

We look forward to talking to you as soon as possible. Call us at 1-800-226-0768 (TTY: 1-877-204-1012) and ask for Veterans Care.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Felicia F. Norwood'.

Felicia F. Norwood
Director

E-mail: hfs.webmaster@illinois.gov

Internet: <http://www.hfs.illinois.gov/>

Attachment B



Bruce Rauner, Governor
Felicia F. Norwood, Director

201 South Grand Avenue East
Springfield, Illinois 62763-0002

Telephone: (217) 782-1200
TTY: (800) 526-5812

12/5/2016

Dear ,

You recently submitted an application to the Illinois Veterans Health Insurance Program.

We are unable to process your application because there are no state funds appropriated to pay for the program for this state fiscal year.

The federal government recently informed us that the Veterans Care Program does not qualify as "Minimal Essential Coverage" (MEC) under the Affordable Care Act. This means that people covered under Veterans Care may be charged a penalty when they file their federal tax return. The federal law requires everyone to have insurance that meets Minimal Essential Coverage or pay a penalty. Because of this, we recommend that you enroll in other health insurance.

There may be other programs that can help you pay for health insurance. You may learn about them and how to apply for them at <https://abe.illinois.gov/abe/access/>

If you have questions about this information, you may contact us at 1-800-226-0768 and ask for Veterans Care.

Sincerely,

Pat Curtis, Chief
Bureau of Medical Eligibility and Special Programs

E-mail: hfs.webmaster@illinois.gov

Internet: <http://www.hfs.illinois.gov/>



