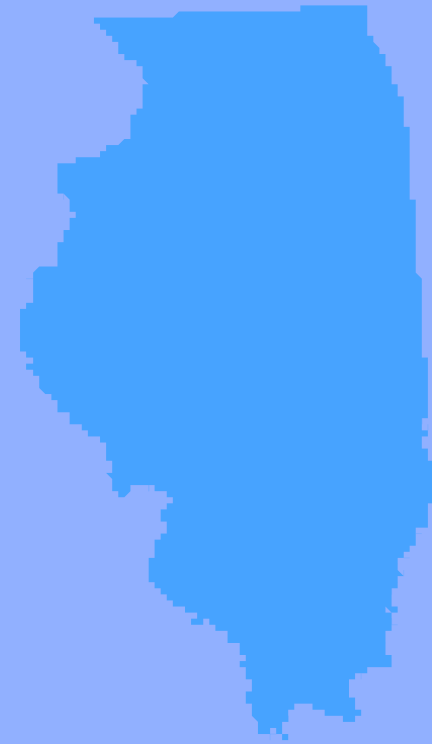# Illinois Department of Healthcare and Family Services

Fiscal Year 2018 Budget

Bruce Rauner, Governor

Felicia F. Norwood, Director

Michael Casey, Finance Administrator

HFS Mission

The Department of Healthcare and Family Services is committed to:

- **Ensuring** quality healthcare coverage at sustainable costs;

- **Empowering** people to make sound decisions about their well-being;

- **Maintaining** the highest standards of program integrity on behalf of the citizens of Illinois; and,

- **Ensuring** that families have the opportunities they deserve by establishing and enforcing child support obligations
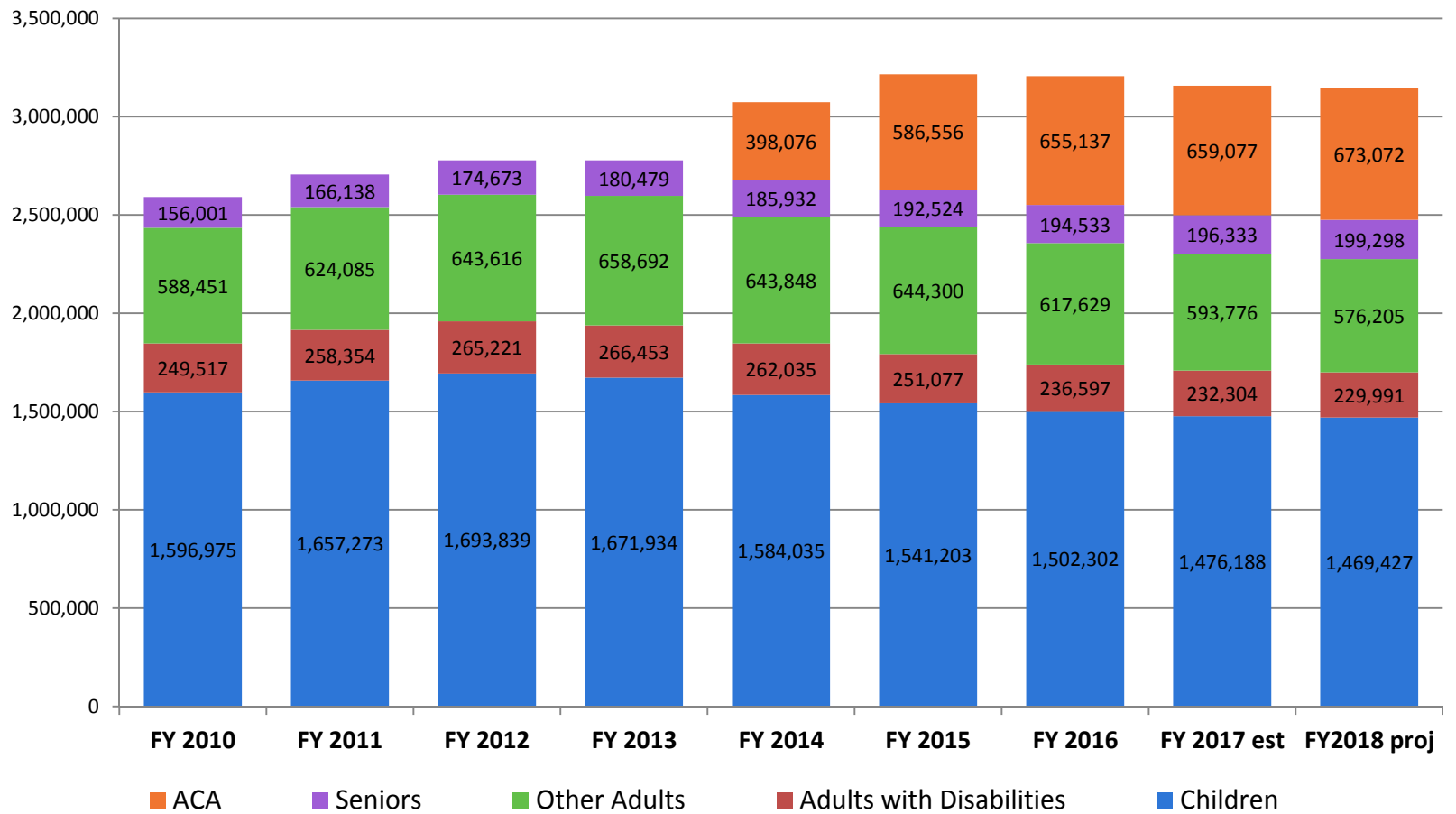
Child Support Services

- Division of Child Support Services (DCSS) serves about 500,000 families who receive TANF and Medical Assistance or do not receive government assistance, but still need child support services

    - In FY 2016, for the twelfth straight year, the Department achieved collections of more than $1 billion, with a total of $1.429 billion – most of it passed on to families

    - HFS expects to collect $1.45 billion in child support during FY 2017 and $1.46 billion in FY 2018

- FY 2018 budget assumes that only 14 cents of every child support services operational dollar comes from the General Revenue Fund

Providing Healthcare Coverage

- HFS is the largest insurer in Illinois

- Current Medical Assistance Enrollment (January 2017): 3.14 million*

  - Children: 1.47 million

  - Seniors: 196,703

  - Adults with Disabilities: 230,996

  - Other Adults: 594,688

  - ACA Adults: 649,346

Excludes enrollees in partial benefit programs

Medical Assistance Average Enrollment

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 est	FY2018 proj
ACA					398,076	586,556	655,137	659,077	673,072
Seniors	156,001	166,138	174,673	180,479	185,932	192,524	194,533	196,333	199,298
Other Adults	588,451	624,085	643,616	658,692	643,848	644,300	617,629	593,776	576,205
Adults with Disabilities	249,517	258,354	265,221	266,453	262,035	251,077	236,597	232,304	229,991
Children	1,596,975	1,657,273	1,693,839	1,671,934	1,584,035	1,541,203	1,502,302	1,476,188	1,469,427

Legend: ACA, Seniors, Other Adults, Adults with Disabilities, Children

Reflects average annual enrollees
Excludes enrollees in partial benefit programs

Medical Assistance
Fiscal Year 2018 Budget Highlights

- Maintains current Medical Assistance eligibility, services and provider reimbursement

  – Including coverage for low income individuals under the Affordable Care Act (ACA)

- Includes initial costs of 1115 Demonstration Waiver

- Assumes over 66% of clients enrolled in risk-based managed care

Medical Assistance
Fiscal Year 2018 Budget Highlights

- Continues efforts to rebalance the long term care system

- Includes appropriation levels sufficient to allow HFS to continue processing Medical Assistance bills to the Comptroller on a timely basis

Affordable Care Act (ACA) Enrollment

- 649,346 have enrolled under the ACA as of January 2017

- Costs offset by high federal match rate for newly eligibles

  - Federal government paid 100% of costs through December 31, 2016

  - Match rate declined to 95% on January 1, 2017; reduces to 94% effective January 1, 2018

  - Continues phase down to 90% by January 1, 2020

- 659,100 estimated average monthly enrollment in FY 2017

- 673,100 projected average monthly enrollment in FY 2018

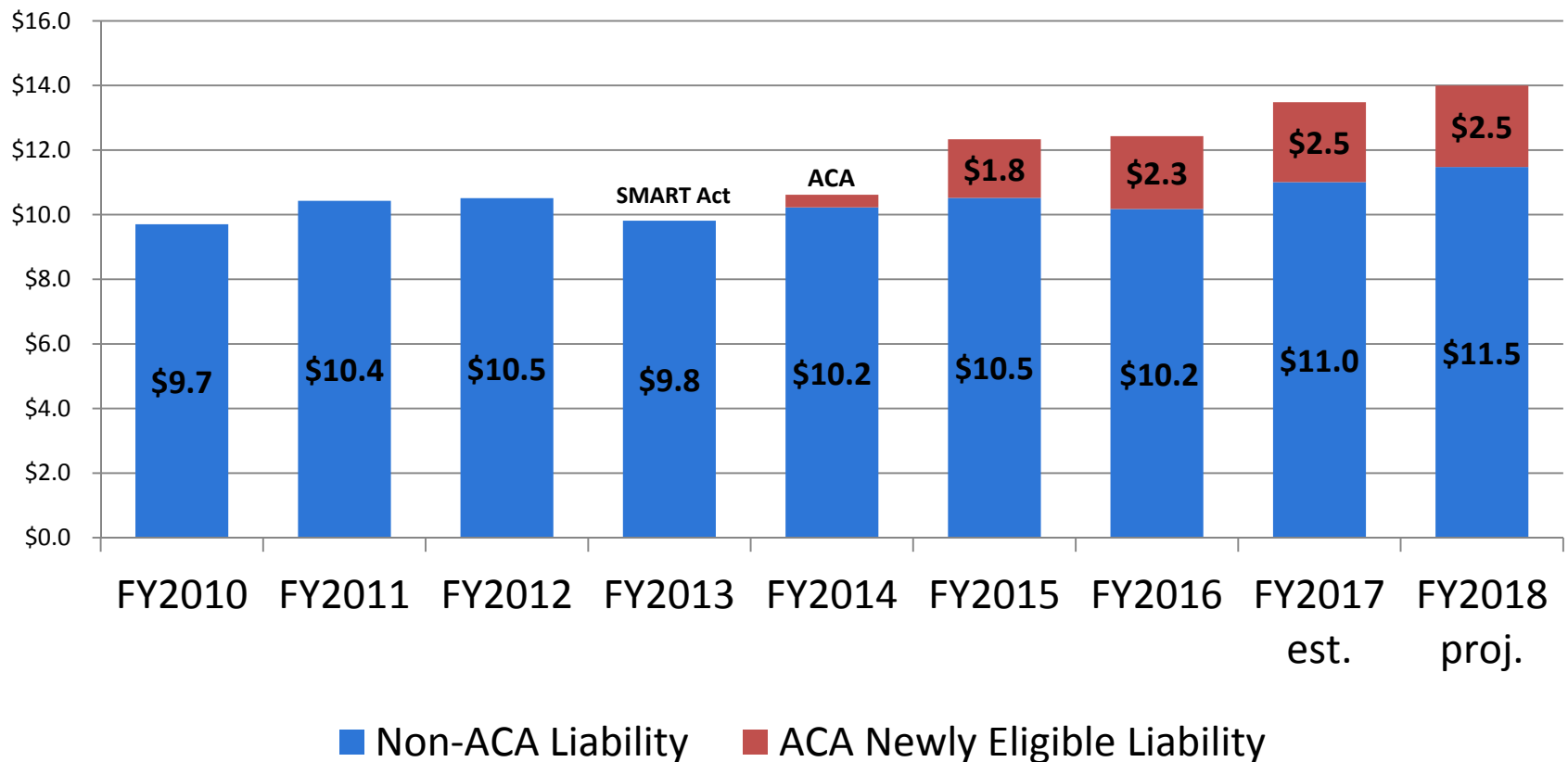# Affordable Care Act (ACA) Estimated Cost

- Fiscal Year 2017: $3.05 billion

  - General Revenue & Related Funds: $2.47 billion
    - $61.8 million net state cost
  - Cook County: $0.58 billion
    - $14.4 million net Cook County cost

- Fiscal Year 2018: $3.11 billion

  - General Revenue & Related Funds: $2.52 billion
    - $138.6 million net state cost
  - Cook County: $0.59 billion
    - $32.4 million net Cook County cost

Significant increase in FY 2018 net state/Cook cost is mainly due to state match being only required for half of FY 2017

Historical Medical Assistance Liability GRF and Related Funds

Total Liability in Billions

Chart data — Non-ACA Liability (blue) and ACA Newly Eligible Liability (red):

Fiscal Year	Non-ACA Liability	ACA Newly Eligible Liability
FY2010	$9.7	
FY2011	$10.4	
FY2012	$10.5	
FY2013 (SMART Act)	$9.8	
FY2014 (ACA)	$10.2	
FY2015	$10.5	$1.8
FY2016	$10.2	$2.3
FY2017 est.	$11.0	$2.5
FY2018 proj.	$11.5	$2.5

Legend: ■ Non-ACA Liability ■ ACA Newly Eligible Liability

Medical Assistance Program Integrity Fraud & Abuse Prevention

- In FY 2016, the Inspector General achieved over $220 million in savings, cost avoidance and recoveries

- FY 2018 budget assumes resources for the Inspector General to combat waste, fraud and abuse in the Illinois Medical Assistance program

  - Quality control on Medical Assistance eligibility determinations and provider claims

  - Data analytics to identify outlier provider and client behavior

  - Provider payment audits

  - Client asset discovery

  - Provider and client investigations

Fiscal Year 2018 Medical Assistance Cost Growth Driven By Non-Discretionary Items

- Annualization of ACA hospital presumptive eligibility: **$100.9 million** ($121.1 million FY 2018 total gross cost)

- Growth in Heroin Bill (PA 99-480) costs: **$91.9 million** ($147.3 million FY 2018 total gross cost)

- Increases in federal Medicare Part B and Part D costs: **$75.8 million**

Fiscal Year 2018 Medical Assistance Cost Growth Driven By Non-Discretionary Items

- ACA liability growth: **$47.3 million**

- MLTSS managed care – annualization of transfer other agency fee-for-service costs to HFS: **$43.6 million** ($161.7 million in FY 2018 total gross cost)

- GRF and related fund Medical Assistance liability grows about **1.5%** absent non-discretionary items

Transforming Information Technology

Developing a state-of-the-art technology platform

- Replacing *decades old systems* that inhibit efficient and effective reporting, analytics and timely decision making

- New systems <u>increase efficiency</u> and <u>program integrity</u> while *reducing costs*

- Major system milestones:
  - Provider Enrollment System (IMPACT – Phase I)
  - Integrated Eligibility System – Phase II
  - Pharmacy Benefit Management System
  - Data Analytics Platform (MedInsight) Implementation
  - Medicaid Management Information System (IMPACT – Phase II)
  - Enterprise Resource Planning (ERP) System

- Strong cooperation with the Department of Innovation & Technology (DoIT)

Transforming Medical Assistance

Managed Care Quality & Oversight Initiatives

- HFS focusing on strengthening managed care oversight and quality with the goal of controlling costs and improving outcomes

- Current initiatives include:
  - Uniform Credentialing
  - Tools to improve operational performance:
    - Provider Complaint Portal
    - Performance Dashboard
    - Quality Report Cards

Transforming Medical Assistance

1115 Demonstration Waiver

- Building a nation-leading behavioral health system
  - Rebalance the behavioral health eco-system, reducing over-reliance on institutional care and shifting to community-based care, where appropriate

  - Promote integrated delivery of behavioral and physical health care for behavioral health members with high needs

  - Promote integration of behavioral health and primary care for behavioral health members with lower needs

Transforming Medical Assistance

1115 Demonstration Waiver

- Building a nation-leading behavioral health system
  - Support development of robust and sustainable behavioral health services that provide both core and preventative care to ensure that members receive the full complement of high-quality treatment they need

  - Invest in support services to address the larger needs of behavioral health members, such as housing and employment services

  - Create an enabling environment to move behavioral health providers towards outcomes and value-based payments

Transforming Medical Assistance

State Plan Amendments

- Integrated Physical and Behavioral Health Homes (3/17)

- Crisis stabilization and mobile crisis response (9/30/16)

- Medication-assisted treatment (MAT) (9/30/16)

- Uniform Child and Adolescent Needs and Strengths (CANS) and Adult Needs and Strengths Assessment (ANSA) (9/30/16)

Advance Planning Documents (12/16)

- Data interoperability through 360-degree view of members
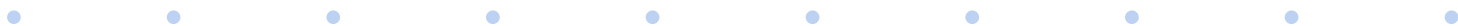
Program Area Appropriations Comparison
(Dollars in Millions)

All Funds

Total By Program	FY2017 Enacted and Requested Appropriations[1,2]	FY2018 Appropriation Request	$ Change
Medical Assistance	$21,820.7	$21,400.4	($420.3)
Child Support Services	217.4	219.8	2.3
Program Operations	276.7	267.3	(9.4)
Cost Recoveries	28.9	27.1	(1.8)
Inspector General	25.2	24.9	(0.3)
Total	$22,368.8	$21,939.5	($429.4)

General Revenue Fund

Medical Assistance	$7,122.0	$7,045.2	($76.8)
Child Support Services	27.0	27.0	0.0
Program Operations	49.2	56.8	7.6
Inspector General	5.2	4.6	(0.6)
Total	$7,203.4	$7,133.6	($69.8)

1. A FY 2017 budget has not been enacted for most GRF items.
2. FY 2017 figures include possible supplemental appropriations where necessary.
3. Numbers may not appear to add due to rounding.