

February 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). These reports summarize the work that has been done and how it is trending. Included are:

- Report of activity in Quarter 4 of 2014—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

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 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 December 31, 2014. These results show:

- A continued high level of cancellations for cases without SNAP (42%) which is a bounce back to the level of previous quarters.
- Most of the cancellations (79% for the quarter) are because the client has failed to return information
- The percentage of cases cancelled for clients with SNAP is 20% 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 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 nine months, just under 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. 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 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 Q4, IMRP reviewed 178,563 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 89% of all clients are likely to be eligible for continuation. For another 5% 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 more than 40% of those subsequently provided information to verify they were eligible.

As shown in Attachment 2 for the most recent quarter, 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. Certainly at least some percentage of the clients who did not respond, did not respond because their circumstances were such that they were, indeed, not eligible. 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 eligible”) where the client provided information but the caseworkers found them ineligible. There was a much larger group (21% 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 94% of the time, 73% 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.

Attachment 1

Medicaid Redetermination Activity, 2014 for redeterminations finalized by Maximus and HFS/DHS during the calendar quarter (October-December 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>	October	November	December	4th Qtr	YTD¹	YTD² Percent
Continue	32,087	19,208	29,221	80,516	241,118	44%
Change	10,303	6,387	6,942	23,632	59,552	11%
Cancel	37,438	10,958	26,019	74,415	247,895	45%
<i>Reason for Cancellation</i>						
% Lack of Response	84%	76%	78%	79%	84%	
% Other	16%	24%	22%	21%	16%	
TOTAL	79,828	36,553	62,182	178,563	548,565	
II. Summary Case Level Activity for all Redeterminations						
	October	November	December	4thQtr	YTD³	
Total W/ Maximus Involvement ⁴	79,828	36,553	62,182	178,563	548,565	
Continuation/Change	42,390	25,595	36,163	104,498	300,670	
Initial Cancellations	37,438	10,958	26,019	74,415	247,895	
Total W/o Maximus Involvement ⁵	62,371	59,624	77,802	199,797	744,477	
Continuation/Change	49,228	48,579	62,813	160,620	610,919	
Initial Cancellations	13,143	11,045	14,989	39,177	133,558	
III. Individual Level Cancellation Data						
	October	November	December	4th Qtr	YTD⁶	
Total Initial Cancellations	88,877	39,350	71,883	200,110	686,331	
Return from Cancellation	27,374	12,196	13,176	52,746	288,903	
Net Cancellations	61,503	27,154	58,707	147,364	397,428	
% persistent after 1 month	83%	76%	82%			
% persistent after 2 months	75%	69%	---			
% persistent after 3 months	69%	---	---			

¹ Because of the processing change that occurred last year, YTD statistics exclude January and cover February 2014 onward.

² See above

³ Because of the processing change that occurred last year, YTD statistics exclude January and cover February 2014 onward.

⁴ Total W/Maximus Involvement - cases in IMRP receiving medical benefits without SNAP or cash benefits

⁵ Total W/o Maximus Involvement – medical cases handled by the DHS FCRCs because they also receive cash or SNAP benefits

⁶ Because of the processing change that occurred last year, YTD statistics exclude January and cover February 2014 onward.

Attachment 2

State Agreement with Max-IL Electronic Recommendations (October-December, 2014)

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

	LIKELY INELIGIBLE		CHANGE		LIKELY ELIGIBLE		Insufficient Information	Grand Total
	Count	Percent	Count	Percent	Count	Percent		
CANCELLED - Ineligible	5,726	57.82%	23	11.92%	5,616	5.83%	2,387	13,752
CHANGED	1,078	10.89%	62	32.12%	20,631	21.42%	1,074	22,845
CONTINUED	3,099	31.29%	108	55.96%	70,072	72.75%	5,275	78,554
Sub Total	9,903	100.00%	193	100.00%	96,319	100.00%	8,736	115,151
Cancelled - Non Response	0	0.00%	258	N/A	57,007	N/A	0	57,265
Grand Total	9,903	N/A	451	N/A	153,326	N/A	8,736	172,416

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	5,726	50.38%	1,078	4.95%	3,099	4.23%	9,903	-	9,903
CHANGE	23	0.20%	62	0.28%	108	0.15%	193	258	451
LIKELY ELIGIBLE	5,616	49.41%	20,631	94.76%	70,072	95.62%	96,319	57,007	153,326
Sub Total	11,365	100.00%	21,771	100.00%	73,279	100.00%			
Insufficient Information	2,387	N/A	1,074	N/A	5,275	N/A	8,736	-	8,736
	13,752	N/A	22,845	N/A	78,554	N/A	115,151	57,265	172,416

- The electronic matching by Maximus occurs each month after the cohort of cases subject to redetermination is selected. Approximately 60,000 medical-only cases were pulled for redetermination each month. Maximus runs electronic data matches to verify the continued eligibility of people in the household. The results are compiled and an electronic recommendation of the likelihood of continued eligibility is made.
- 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. During Q4-2014, 8,736 cases that were included in the data matching did not return sufficient information for Maximus to make a recommendation. When Maximus is unable to conduct any match of case information against electronic data, no recommendation is made and the case is marked unable to match. During Q4-2014, no match could be made for 6,147 out of the 178,563 cases sent for review. These cases are not included in the tables above. In either case, the state caseworkers follow-up to complete the redetermination.
- 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 scan the information provided into the case's electronic file.
- State caseworkers review the recommendation and documents provided by Maximus to make a final determination of on-going eligibility. Caseworkers use the state's eligibility system to process the redetermination and enter results in the state's system of record.
- Customers who fail to provide information about current eligibility are canceled 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 3

**Reasons for State Disagreement with Max-IL Electronic Recommendations
(October – December, 2014)**

Reporting Period: Q 4 - 2014	State Disagreements by Maximus Electronic Recommendation ⁷				
	Maximus Electronic Recommendation				
	Change	Likely Eligible	Likely Ineligible	Total	% of total
<u>HH Failed to Cooperate⁸</u>	<u>262</u>	<u>57,007</u>	<u>127</u>	<u>57,396</u>	<u>85%</u>
Oct	118	29,143	56	29,317	44%
Nov	27	7,888	27	7,942	12%
Dec	117	19,976	44	20,137	30%
<u>HH Composition Difference Identified</u>	<u>13</u>	<u>2,028</u>	<u>116</u>	<u>2,157</u>	<u>3%</u>
Oct	2	803	46	851	1%
Nov	5	406	22	433	1%
Dec	6	819	48	873	2%
<u>Income Difference Identified</u>	<u>72</u>	<u>3,305</u>	<u>2,650</u>	<u>6,027</u>	<u>9%</u>
Oct	26	1,339	1,177	2,542	4%
Nov	25	729	586	1,340	2%
Dec	21	1,237	887	2,145	4%
<u>IL Residency Information Difference</u>	<u>42</u>	<u>278</u>	<u>252</u>	<u>572</u>	<u>1%</u>
Oct	18	133	61	212	0%
Nov	10	60	51	121	0%
Dec	14	85	140	239	0%
<u>Citizenship, Immigration status Difference</u>		<u>5</u>	<u>5</u>	<u>10</u>	<u>0%</u>
Oct		0	3	3	0%
Nov		1	1	2	0%
Dec		4	1	5	0%
<u>Caseworker Did Not Enter a Reason</u>			<u>1,027</u>	<u>1,027</u>	<u>2%</u>
Oct			459	459	1%
Nov			271	271	0%
Dec			297	297	0%
Grand Total	389	62,623	4,177	67,189	100%

⁷ Data presented only for cases for which Maximus made a recommendation with which the state disagreed.

⁸ Maximus' recommendations are based on electronic data matches that occur at the outset of the process of redetermination while whether the customer cooperated can only be known after the deadline for responding has passed. As a result, many cases that would have been eligible per Maximus' electronic data matching were cancelled for failure to cooperate because they did not respond to the redetermination notice.