



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

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

2015 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 2015 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.

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 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 2015.

This recent decision also warrants a review of the continued healthcare options for Illinois Veterans.

We are honored to be a part of providing healthcare benefits to the most deserving among us,
our Illinois Veterans.

Sincerely,



Felicia Norwood
Director, Healthcare and Family Services



Erica L. Jeffries
Director, Department of Veterans' Affairs

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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, 2014

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 consecutive 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 six 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 six 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 six-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

Veterans may apply for the program by downloading an application from the Veterans Care web site at www.IllinoisVeteransCare.com or by visiting one of the DVA local offices found throughout Illinois. A list of the DVA offices can be found on the website (<http://www2.illinois.gov/veterans/Pages/ServiceOffices.aspx>). At the local offices, a Veterans Service Officer will assist the Veteran in completing the application.

Veterans who download the application, as well as the Veterans Services Officers who may assist the Veteran in completing the application, send the completed application to HFS. HFS processing staff registers the application in the eligibility data system. This enables HFS to confirm that the Veteran is not already enrolled in another medical benefits program.

HFS eligibility staff reviews the Veterans Care applications to determine whether the Veteran may be eligible for other medical programs. In these situations, HFS staff contact the Veteran to explain potential eligibility for the other program and how to apply.

If the Veteran is not already enrolled in or eligible for another medical assistance program, HFS staff review the application to determine if all the necessary information has been submitted. If more information is needed, the HFS caseworker will contact the Veteran. Once all the necessary information is included, the HFS caseworker will determine eligibility. HFS sends qualifying Veterans a notice of approval explaining when benefits may begin. Veterans may receive retroactive coverage for medical expenses incurred up to three months prior to the date of application, provided they pay a premium for those months.

Veterans lose eligibility if they become eligible for federal VA health benefits, fail to pay premiums timely, enter a nursing home, turn 65, become incarcerated or move out of Illinois.

HFS denies eligibility for Veterans Care if the application fails to meet any of the eligibility criteria. These reasons may include not meeting the military service criteria, income exceeding the threshold, or failing to provide essential information timely. HFS sends a notice stating the denial reason and an explanation of appeal rights as established in the rule to each Veteran whose application is denied.

See **Attachment 1** for details on enrollment, cancellations and denials.

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
- 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.

Attachment 2 lists the county thresholds for several Illinois counties for each of these premium levels. The chart showing the income thresholds for all Illinois counties is located on the Veterans Care web site at www.IllinoisVeteransCare.com.

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

As part of their job duties, the 72 geographically disbursed Veteran Services Officers (VSOs) from the Illinois Department of Veterans' Affairs build awareness about the Veterans' Care program. When the VSOs meet with Veterans they ask specifically about access to health insurance. The VSOs (and other agency staff) also distribute materials about the program at events throughout the state and host open houses for Veterans interested in state benefits. Posters and materials about the Veterans' Care program are distributed to all Veteran organizations throughout the state as well as social service agencies and who serve the Veteran population. The program is also included in the public relations pushes by the Director and other staff (letters to the editors, always mentioned in interviews, statewide events and press releases) statewide.

The HFS outreach unit included information about Veterans Care as part of the *Keeping Illinois Healthy Training Tour* which is conducted annually. Outreach representatives spoke at 11 locations throughout the state to community-based organizations and healthcare providers.

Veteran's Care was also featured at the Illinois and DuQuoin State Fairs as well as many county fairs around the state.

PENDING VETERANS CARE PROGRAM EXPANSION

Over the past few years, Veterans have made recommendations to add eligibility for spouses, decrease the premium amount, and change other eligibility requirements to allow Veterans who are unable to receive healthcare from US Veterans Affairs to receive help from the Illinois Veterans Care program. The General Assembly and the Governor responded to these recommendations by enacting Public Act 096-0045 in July 2009. This expansion allows: 1) enrollment of an eligible Veteran's spouse; (2) changes in the eligibility requirement for the number of days of service to 180 days (formerly 180 *consecutive* days of service); (3) reduces the monthly premium to \$20.00 for each person enrolled (previously \$40 or \$70 based on income); and (4) reduces the period of time Veterans have to be uninsured from six months to three months.

The Department has revised rules (89 II Admin Code 128.100), but HFS has been unable to implement the change due to resources required for implementation of the Affordable Care Act. However, these legislatively mandated changes will be put in place in 2016 with the implementation of Phase 2 of HFS' Integrated Eligibility System (IES).

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.

Attachment 1

Current Veterans Care Status Report 11/30/2015

This data is for the duration of the program – November 2007 through November 2015.

Total Pending, Approvals and Denials (with Reason)

Total Active and Canceled (with Reason)

<i>Total Applications</i>	1948	<i>Percent of Totals</i>	<i>Active/Canceled Count</i>	
<i>Pending</i>	3	0.15%	<i>Total Active</i>	107
<i>Approved</i>	1190	61.09%	<i>Total Canceled</i>	1088
<i>Denied</i>	752	38.60%	<i>Percent Canceled</i>	91.43%

<i>Denial/Cancel by Reason</i>	<i># Denied</i>	<i>Percent of Denials</i>	<i># Canceled</i>	<i>Percent of Canceled</i>
<i>Age</i>	59	7.85%	67	6.16%
<i>Has Insurance</i>	67	8.91%	66	6.07%
<i>Residence</i>	0	0.00%	12	1.10%
<i>Over Income</i>	112	14.89%	27	2.48%
<i>Under 180 days Service</i>	73	9.71%	<i>N/A</i>	<i>N/A</i>
<i>Eligible for VA</i>	192	25.53%	107	9.83%
<i>Failed to Provide</i>	158	21.01%	54	4.96%
<i>Dishonorable Discharge</i>	1	0.13%	<i>N/A</i>	<i>N/A</i>
<i>Has Other State Programs</i>	32	4.26%	<i>N/A</i>	<i>N/A</i>
<i>Failed to Pay Premium</i>	<i>N/A</i>	<i>N/A</i>	665	61.12%
<i>Other</i>	60	7.98%	90	8.27%