

**Illinois Continuity of Care & Administrative Simplification 1115 Waiver
Annual Monitoring Report
DY3**

Introduction

In December 2019, the State of Illinois requested an 1115 waiver to address three administrative barriers:

1. Coverage for pregnant women ending 60 days postpartum,
2. Churning between Medicaid Fee-for-Service (FFS) and Medicaid managed care due to late redetermination paperwork, and
3. Implementing hospital presumptive eligibility (HPE).

Illinois sought this waiver to engage in specific strategies to improve access to care, enhance health outcomes, and reduce healthcare costs. Shortly after submitting this 1115 demonstration request to the Centers for Medicare & Medicaid Services (CMS), the COVID-19 Public Health Emergency (PHE) was declared in March 2020. The PHE significantly impacted the operational context of the planned demonstration due to its Maintenance of Effort (MOE) provision requiring continuous coverage for enrollees and the numerous eligibility flexibilities the state implemented with federal approval during the PHE.

During the third year of the demonstration, on March 31, 2023, the Consolidated Appropriations Act (CAA) ended the continuous coverage requirement, and the state began the unwinding process for the PHE MOE. As part of this unwinding, the state began conducting redeterminations. Due to the PHE MOE and continuous eligibility requirement, the state did not conduct redeterminations for about three years, resulting in an unprecedented number of redeterminations that needed to be processed.

The PHE and the PHE unwinding have affected the demonstration's proposed performance metrics, which were developed prior to the PHE, preventing them from accurately reflecting the impact of the demonstration. In some cases, performance metrics could not be collected as initially proposed because they were not applicable during the PHE. In other cases, the eligibility flexibilities during the PHE and its unwinding provided new opportunities that changed the scope of the barriers originally identified in the demonstration project plan.

This annual report provides a status update of the demonstration, which continued to operate under the COVID-19 PHE and PHE unwinding during the annual reporting period.

Operational Update

Extending Coverage to 12 Months Postpartum:

The State of Illinois transitioned the 12-month postpartum coverage extension to State Plan Amendment (SPA) authority effective July 1, 2022. The structure for eligibility and coverage under the 1115 waiver aligned with the SPA option and the transition occurred prior to the end of the COVID-19

PHE and prior to any enrollees being enrolled in the 1115 demonstration group. As a result, the state did not experience any issues with the transition from 1115 to SPA authority.

Managed Care Reinstatement when a Medicaid Beneficiary Submits Late Paperwork within 90 Days:

The second barrier Illinois planned to address through the Continuity of Care & Administrative Simplification waiver was related to the churn between Medicaid Fee-for-Service (FFS) and Medicaid managed care due to late redetermination paperwork. While 42 CFR 435.916(a)(3)(iii) allows for reconsideration without a new Medicaid application if the individual submits their renewal form within 90 days of the termination date, 42 CFR 438.56(g) limits reinstatement into the prior Medicaid MCO to 60 days. The state's 1115 waiver creates alignment between these two federal regulations and allows managed care reinstatements when a Medicaid beneficiary submits late redetermination paperwork within 90 days. This proposal intended to address care disruptions within the Medicaid managed care system and churning between Medicaid FFS and managed care.

The PHE MOE and continuous eligibility requirements directly impacted components of the demonstration by preventing the state from being able to report on metrics that could measure the impact of this proposal specifically during quarters 1, 2, and 3 of demonstration year 3. Under the PHE MOE and continuous eligibility requirement, HFS did not require timely submission of renewal paperwork to maintain coverage and, as a result, did not need to reinstate individuals due to late submission of redetermination paperwork between 61-90 days until quarter 4. Beginning in quarter 4, aligning retro-enrollment for late renewal submissions has improved care coordination by reducing the churn of customers having breaks in MCO coverage.

Waiver of Hospital Presumptive Eligibility (HPE):

Illinois requested a waiver of Hospital Presumptive Eligibility (HPE) for several reasons, including the practice of promoting the continuity of care provided with full Medicaid applications and more quickly connecting Medicaid customers to care coordination services through managed care after full Medicaid applications. The proposal also addressed three administrative burdens of implementing HPE: increased application volumes including temporary and full applications for the same individuals, time-consuming manual casework, and hospital monitoring and enforcement.

The ending of the COVID-19 PHE MOE and continuous eligibility requirement continued to impact the ability to evaluate Illinois' HPE waiver request. Due to the resumption of processing large renewal cohorts, caseworkers have spent a significant amount of time processing redeterminations along with the normal flow of new applications, resulting in an increase in the state's application backlog. HFS waived the implementation of HPE to allow the state to focus on processing full Medicaid applications and avoid duplicative applications. If the state had implemented the HPE provision, it would have only increased the current application backlog, as HPE would have led to increased processing times and application duplications. Additionally, waiving HPE has resulted in more efficient determination of Medicaid eligibility, which can be demonstrated through Medicaid approval and denial rates.

Performance Metrics

The COVID-19 Public Health Emergency (PHE) and end of PHE has prevented Illinois from accurately measuring the impact of the provisions in its 1115 waiver and reporting some metrics. As a result, the state and CMS agreed to alternate metrics that will be reported in federal quarterly monitoring reports.

Extending Coverage to 12 Months Postpartum:

The state converted this coverage to SPA authority effective July 1, 2022. This transition occurred before there were any enrollees in the demonstration group due to the PHE MOE.

Managed Care Reinstatement when a Medicaid Beneficiary Submits Late Paperwork within 90 Days:

HFS proposed to report on the number of reinstatements into MCOs as well as MCO enrollees meeting the HEDIS 12-month continuous enrollment standard. However, the COVID-19 PHE MOE impacted the ability to collect these metrics because the MOE continuous coverage requirement prevented the state from needing to reinstate individuals due to late submission of redetermination paperwork. As an alternate metric during the PHE, which was still in effect in Quarters 1, 2, and 3, the state agreed to estimate the potential impact of the 90-day reinstatement period into the same MCO by calculating the average number of monthly reinstatements that happened between 61 and 90 days after cancellation in the months prior to the PHE.

In Illinois, the Medicaid continuous enrollment condition ended March 31, 2023. Redeterminations began on April 1, 2023 and the first redetermination cohort was mailed redetermination letters on May 1, 2023. In June 2023, HFS implemented the redetermination 30-day grace period, a PHE unwinding flexibility.

As a result, those who would have procedurally lost coverage at the end of June for not returning redetermination paperwork had their coverage extended until the end of July 2023, with cancellation effective August 1. Their 90-day reconsideration period was August, September, and October 2023. The 61 - 90 day reconsideration period, which is the period applicable to 1115 waiver reporting, was October 2023.

- The cohort who would have lost coverage September 1, 2023 received second 30-day grace period, with CMS Concurrence, due to state system issues. Thus, there were no procedural cancellations in September and both the July and August Cohorts were both procedurally canceled effective October 1, and the reconsideration period was October, November, and December 2023. The 61-90 day timeframe was December 2023 for the July and August Cohorts. As a result, the first time the state is reporting the metrics in its proposal for this demonstration is Demonstration year 3, Quarter 4, and reporting is for the months of October (June cohort) and December (July and August cohorts).

| Month | Reinstatements into MCOs with Late Redetermination Paperwork Submitted Between 61-90 Days |
|----------|---|
| October | 1,092 |
| November | N/A |
| December | 3,051* |

*1,671 reinstatements for the July cohort and 1,380 reinstatements for the August cohort

- The state is not reporting on the HEDIS metric, which contemplated retroactive enrollment into MCOs, as prior to implementation of this metric the state determined to implement the reinstatement prospectively, which does not impact the HEDIS 12 months continuous enrollment requirement prospectively. CMS was notified of this change prior to implementation, and HFS and CMS confirmed that this approach is allowable under the Special Terms and Conditions (STCs) of this waiver.

Waiver of Hospital Presumptive Eligibility (HPE): In its waiver application, HFS proposed to report on Medicaid approval and denial rates and application processing backlog and turnaround time. However, reporting on these metrics would reflect the impact of the PHE MOE and the PHE eligibility flexibilities that have been implemented to a greater degree than the impact of the 1115 demonstration. To estimate the impact of waiving HPE requirements on application metrics (as an alternative metric), the state has added its estimated number of incoming monthly HPE applications to its current backlogs.

Budget Neutrality and Financial Reporting

The extension of postpartum coverage for 12 months is the only demonstration proposal with a budget neutrality requirement. However, the state converted this coverage to SPA authority effective July 1, 2022, prior to the end of the COVID-19 PHE. As a result, there was no budget impact due to the demonstration.

Evaluation Activities and Interim Findings

The state is working with the University of Illinois on an independent evaluation of the demonstration. A draft evaluation design from the University of Illinois was submitted to CMS, and CMS has provided feedback. The University is currently working on incorporating the feedback from CMS.

DY3 Continuity of Care and Administrative Simplification 1115 Waiver Reporting Periods

| Demo Year | Quarter | Reporting period | Postpartum Extension /1 | MCO Reinstatements due to late rede paperwork between 61-90 days /2 | Estimated Backlog without HPE waiver /3 | Apps Approval Rate /4 | Apps Denial Rates /4 |
|-----------|---------|------------------|-------------------------|---|---|-----------------------|----------------------|
| 3 | 1 | 1/1/23 – 3/31/23 | N/A | 1,149 estimated monthly | 8,584 estimated number | N/A (using alternate | N/A (using alterna |

| | | | | number (PHE alternate reporting metric) | (PHE alternate reporting metric) | PHE reporting metric) | te PHE reporti ng metric) |
|---|---|-----------------------|-----|--|---|---|--|
| 3 | 2 | 4/1/23 – 6/30/23 | N/A | 1,149 estimated monthly number (PHE alternate reporting metric) | 8,288 estimated number (PHE alternate reporting metric) | N/A (using alternate PHE reporting metric) | N/A (using alterna te PHE reporti ng metric) |
| 3 | 3 | 7/1/23 – 9/30/23 | N/A | 1,149 estimated monthly number (PHE alternate reporting metric) | N/A (switched to non- PHE metrics) | 47% | 53% |
| 3 | 4 | 10/1/23 – 12/31/23 | N/A | See tables below | N/A (switched to non- PHE metrics) | 45% | 55% |

- /1 No data are available for the postpartum extension because the provision transitioned to SPA authority effective 7/1/22.
- /2 For quarter 1 during the PHE MOE, the state provided estimated monthly reinstatements. For the end of the PHE MOE, the state agreed to provide actual numbers. However, the state did not provide actual numbers for Quarters 1, 2, or 3 because individuals had not yet experienced the 90-day reconsideration period.
- /3 This metric is an alternate HPE metric being reported during the PHE. It is reported during Quarters 1 and 2 of this demonstration year.
- /4 The state did not report Medicaid approval and denial rates in Quarters 1 and 2. It reported an alternate reporting metric for the HPE waiver proposal during this time due to the PHE.
- Percentages of Medicaid approval and denial rates over the three-month period.

Application Backlog and Turnaround Time:

| Application Processing by Month | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Apps On Hand (end of month) | 38,972 | 23,523 | 16,697 | 16,184 | 20,449 | 25,689 | 32,368 | 43,768 | 49,900 | 58,669 | 87,997 | 115,538 |
| <i>0-7 days</i> | 5,597 | 4,167 | 3,917 | 3,935 | 4,905 | 6,356 | 6,758 | 7,700 | 7,617 | 9,229 | 15,058 | 7,670 |
| <i>8-20 days</i> | 8,344 | 3,419 | 3,813 | 3,929 | 5,490 | 6,509 | 7,478 | 9,714 | 10,770 | 10,524 | 21,351 | 28,667 |
| <i>21-30 days</i> | 5,906 | 1,931 | 1,153 | 1,229 | 1,910 | 2,454 | 3,233 | 6,126 | 3,982 | 6,748 | 13,173 | 16,134 |
| <i>31-45 days</i> | 3,796 | 2,339 | 1,105 | 1,413 | 1,605 | 2,305 | 3,751 | 4,999 | 6,878 | 6,169 | 8,165 | 16,238 |
| <i>46-90 days</i> | 12,223 | 7,649 | 2,220 | 1,649 | 2,009 | 2,878 | 4,656 | 7,282 | 10,343 | 12,468 | 13,357 | 26,228 |
| <i>91-180 days</i> | 1,915 | 2,587 | 2,732 | 2,234 | 2,157 | 2,238 | 2,813 | 4,197 | 6,058 | 8,199 | 10,798 | 12,947 |
| <i>181+ days</i> | 1,191 | 1,431 | 1,757 | 1,795 | 2,373 | 2,949 | 3,679 | 3,750 | 4,252 | 5,332 | 6,135 | 7,654 |
| Apps On Hand over 45 days (end of month) | 15,329 | 11,667 | 6,709 | 5,678 | 6,539 | 8,065 | 11,148 | 15,229 | 20,653 | 25,999 | 30,250 | 46,829 |

Quarterly Monitoring Report & Quarterly Budget Neutrality Report

DY3Q4

The unwinding of the COVID-19 Public Health Emergency (PHE) and the PHE unwinding has impacted the provisions in the Continuity of Care 1115 Waiver. This quarter's monitoring and budget neutrality report describes the implications of the PHE unwinding on each of the three waiver components.

Extending Postpartum Coverage to 12 Months:

- *The state transitioned its 12-month postpartum extension from 1115 waiver to SPA authority effective 7/1/22.*

Managed Care Reinstatement when a Medicaid Beneficiary Submits Late Paperwork within 90 Days:

- *Narrative:* In its waiver application, HFS proposed to report on the number of reinstatements into MCOs as well as MCO enrollees meeting the HEDIS 12-month continuous enrollment standard. This quarter is the first quarter under the demonstration that the state is reporting on these metrics due to the PHE MOE and continuous eligibility requirement and the PHE unwinding.

In Illinois, the Medicaid continuous enrollment condition ended March 31, 2023. Redeterminations began on April 1, 2023 and the first redetermination cohort was mailed redetermination letters on May 1, 2023. In June 2023, HFS implemented the redetermination 30-day grace period, a PHE unwinding flexibility.

As a result, those who would have procedurally lost coverage at the end of June for not returning redetermination paperwork had their coverage extended until the end of July 2023, with cancellation effective August 1. Their 90-day reconsideration period was August, September, and October 2023. The 61 - 90 day reconsideration period, which is the period applicable to 1115 waiver reporting, was October 2023.

The cohort who would have lost coverage September 1, 2023 received second 30-day grace period, with CMS Concurrence, due to state system issues. Thus, there were no procedural cancellations in September and both the July and August Cohorts were both procedurally canceled effective October 1, and the reconsideration period was October, November, and December 2023. The 61-90 day timeframe was December 2023 for the July and August Cohorts.

As a result, the first time the state is reporting the metrics in its proposal for this demonstration is Demonstration year 3, Quarter 4, and reporting is for the months of October (June cohort) and December (July and August cohorts).

1115 Waiver Application Metric: To estimate the potential impact of the 90-day reinstatement period into the same MCO, the state will calculate the average number of monthly reinstatements that happened between 61 and 90 days after cancellation in months prior to the PHE.

| Month | Reinstatements into MCOs with Late Redetermination Paperwork Submitted Between 61-90 Days |
|----------|---|
| October | 1,092 |
| November | N/A |
| December | 3,051* |

*1,671 reinstatements for the July cohort and 1,380 reinstatements for the August cohort

1115 Waiver Application Metric: MCO enrollees meeting HEDIS 12 month continuous enrollment standard.

- The state is not reporting on the HEDIS metric, which contemplated retroactive enrollment into MCOs, as prior to implementation of this metric the state determined to implement the reinstatement prospectively, which does not impact the HEDIS 12 months continuous enrollment requirement prospectively. CMS was notified of this change prior to implementation, and HFS and CMS confirmed that this approach is allowable under the Special Terms and Conditions (STCs) of this waiver.
- *Budget Neutrality:* N/A

Waiver of Hospital Presumptive Eligibility (HPE):

- *Narrative:* In its waiver application, HFS proposed to report on Medicaid approval and denial rates, as well as application processing backlog and turnaround time. However, the COVID-19 PHE unwinding has significantly impacted application processing at HFS. For example, the increase in processing redeterminations and the normal flow of new applications have resulted in an application processing backlog. New HPE applications would have further increased the already substantial backlog. Therefore, waiving HPE requirements has been beneficial for the state by keeping the application backlog from worsening.

Additionally, waiving HPE has allowed the state to focus on processing full benefit applications, which has prevented the duplication of application processes, reduced administrative burden, and improved the timeliness and appropriateness of Medicaid eligibility determinations and denials. By waiving HPE, the state has been able to reduce eligibility backlogs, thus allowing Medicaid applicants to gain access to health coverage sooner.

Medicaid Approval and Denial Rates:

| | Medicaid Approvals | Medicaid Denials |
|----------------------------|--------------------|------------------|
| 23-Oct | 29,385 | 33,875 |
| 23-Nov | 25,844 | 31,797 |
| 23-Dec | 26,017 | 31,656 |
| Total | 81,246 | 97,328 |
| Total Application received | 178,574 | 178,574 |
| Rate | 45% | 55% |

Application Backlog and Turnaround Time:

| Application Processing by Month | Oct-23 | Nov-23 | Dec-23 |
|---|---------------|---------------|----------------|
| Apps On Hand (end of month) | 58,669 | 87,997 | 115,538 |
| <i>0-7 days</i> | 9,229 | 15,058 | 7,670 |
| <i>8-20 days</i> | 10,524 | 21,351 | 28,667 |
| <i>21-30 days</i> | 6,748 | 13,173 | 16,134 |
| <i>31-45 days</i> | 6,169 | 8,165 | 16,238 |
| <i>46-90 days</i> | 12,468 | 13,357 | 26,228 |
| <i>91-180 days</i> | 8,199 | 10,758 | 12,947 |
| <i>181+ days</i> | 5,332 | 6,135 | 7,654 |
| Apps On Hand over 45 days (end of month) | 25,999 | 30,250 | 46,829 |

- Budget Neutrality: N/A