

**Illinois Continuity of Care & Administrative Simplification 1115 Waiver
Annual Monitoring Report
DY2**

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, improve health, and lower health care costs. Shortly after this 1115 demonstration request was submitted 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 many eligibility flexibilities the state has implemented with federal approval during the PHE.

The PHE also has resulted in the demonstration's proposed performance metrics, which were developed prior to the PHE, 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 MOE. In other cases, the PHE MOE and PHE eligibility flexibilities 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 continues to operate under the COVID-19 PHE MOE and approved PHE eligibility flexibilities.

Operational Update

Extending Coverage to 12 Months Postpartum:

National and Illinois data demonstrated alarming health disparities for Medicaid customers and people of color, especially Black women, for maternal mortality. The state identified five issues that indicated the need to take systemic action and extend Medicaid coverage for 12 months postpartum, including full Medicaid benefits and continuous eligibility:

1. A significant portion of maternal deaths occur 61-364 days postpartum,
2. Women need continuity of care for medical and behavioral health services during the postpartum period,
3. Women need care coordination and support addressing Social Determinants of Health during the postpartum period,
4. The mother's health directly impacts the health of children covered by CHIP, and
5. Systemic change is needed in Illinois to improve health outcomes during the postpartum period.

Due to the PHE MOE's continuous coverage requirement, no individuals were enrolled in the Benefits for Postpartum Women demonstration group. As a result, the state also does not have a budget neutrality report for this provision and is unable to report on quality, access, or beneficiary satisfaction due to the demonstration. There have been no audit findings, investigations, or lawsuits associated with this demonstration proposal.

There has not been new state legislation impacting this demonstration proposal, however, there has been new federal legislation. Since the initial request, Congress passed legislation that provides a new Medicaid state plan option for postpartum coverage. As outlined in CMS Guidance, "Sections 9812 and 9822 of the American Rescue Plan Act of 2021 (ARP) (Pub. L. 117-2) provide states with the new option of providing 12 months of extended postpartum coverage to pregnant individuals enrolled in Medicaid and CHIP beginning April 1, 2022."

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, so the state did not experience any issues with the transition from 1115 to SPA authority.

Additionally, due to the PHE MOE preventing the implementation of this provision within the demonstration, the state did not hold a post-award forum. However, stakeholders were aware of the state's plans to transition authority from an 1115 waiver to a SPA through discussions in multiple public forums, including Medicaid Advisory Committee meetings.

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 two issues:

1. Care disruptions within the Medicaid managed care system, and
2. Churning between Medicaid FFS and managed care prevents more complete HEDIS quality.

The PHE MOE provision directly impacted this component of the demonstration due to its continuous coverage requirement. Under the PHE MOE, HFS did not require timely submission of renewal paperwork to maintain coverage and, as a result, has not needed to reinstate individuals due to late submission of redetermination paperwork.

The PHE MOE also prevented the state from being able to report on other metrics that could measure the impact of this proposal, such as quality, access, or customer satisfaction. Additionally, there have been no audit findings, investigations, or lawsuits associated with this demonstration proposal and there has been no state legislation related to this proposal.

Due to the PHE MOE preventing the implementation of this provision within the demonstration, the state has not yet held a post-award forum.

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 COVID-19 PHE ultimately impacted the ability to evaluate Illinois' HPE waiver request. Application processing has been positively impacted by the COVID-19 PHE MOE. For example, caseworkers are not spending significant amounts of time processing redeterminations due to the PHE MOE, resulting in caseworkers having more time to process Medicaid eligibility applications. This has resulted in a significant reduction in the state's application backlog. Approval and denial rates could have changed as well; however, additional PHE-related application flexibilities such as accepting customer income attestation and removing asset tests would have far more impact on those rates than the state's HPE waiver. As a result, the PHE MOE combined with the eligibility flexibilities implemented during the PHE prevent the state from being able to accurately report on metrics that reflect the impact of this demonstration proposal. This includes alternate metrics around quality, access, or customer satisfaction.

Due to the PHE MOE and PHE eligibility flexibilities preventing the ability to accurately evaluate the impact of this demonstration provision, the state has not yet held a post-award forum. The state has reached out to CMS to seek guidance on how this requirement should be addressed.

There have been no audit findings, investigations, or lawsuits associated with this demonstration proposal. The General Assembly also has not passed any state legislation related to this proposal.

Performance Metrics

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

Extending Coverage to 12 Months Postpartum: Due to the PHE MOE's continuous coverage requirement, no individuals were enrolled in the postpartum demonstration group. This is because individuals are eligible for continued coverage without needing eligibility for coverage under the demonstration. As an alternate metric during the PHE, to approximate the potential impact of the postpartum extension, the state agreed to estimate the number of women who would have likely been moved into the demonstration group if not for the PHE MOE provisions. The estimated group includes women between 61 and 365 days postpartum whose income would put them over the threshold for Medicaid coverage without the 1115 postpartum extension waiver. The state converted this coverage to SPA authority effective July 1, 2022.

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 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 prevents the state from needing to reinstate individuals due to late submission of redetermination paperwork. As an alternate metric during the PHE, 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 months prior to the PHE.

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 more than the impact of the 1115 demonstration. As an alternate metric during the PHE, to estimate the impact of waiving HPE requirements on application metrics, the state has added its estimated number of incoming monthly HPE applications to its current backlogs.

Budget Neutrality and Financial Reporting

The only demonstration proposal with a budget neutrality requirement is the extension of coverage for 12 months postpartum. However, because of the PHE MOE, the Benefits for Postpartum Women demonstration group cannot have any enrollees until the COVID-19 Public Health Emergency (PHE) Maintenance of Effort (MOE) provision ends.

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 provided to CMS. It is still under review at CMS.

Quarterly Monitoring Report & Quarterly Budget Neutrality Report

DY2Q4

The COVID-19 Public Health Emergency (PHE) prevents Illinois from accurately measuring the impact of the provisions in its Continuity of Care 1115 Waiver. This quarter's monitoring and budget neutrality report describes the implications of the PHE on each of the three waiver components. The report describes alternate metrics which the state agreed to include in quarterly monitoring reports during the PHE.

State staff are working to report on the metrics below. Quarterly metrics for past quarters will be submitted to CMS when they are available for reporting.

Extending Postpartum Coverage to 12 Months:

- *DY2Q4 ends on 12/31/22. The state transitioned it 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 HEDIS 12-month continuous enrollment standard. However, the COVID-19 PHE MOE has impacted these metrics. HFS currently is not taking adverse actions on late redetermination paperwork due to the PHE MOE and Medicaid enrollees are generally staying enrolled continuously due to the PHE MOE. As a result, HFS believes reporting on these metrics would reflect the impact of the PHE MOE more than the impact of the 1115 demonstration change.
- *Approved PHE 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.
 - *The average number of monthly reinstatements that happened between 61 and 90 days after cancellation in months prior to the PHE was 1,149.*
- *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 and application processing backlog and turnaround time. However, the COVID-19 PHE MOE has impacted application processing at HFS. For example, the reduced amount of time caseworkers are spending on processing redeterminations due to the PHE MOE has resulted in caseworkers having more time to process Medicaid eligibility applications. The number of pending applications is currently much lower than when the state submitted the 1115 waiver, but reporting on these metrics would reflect the impact of the PHE MOE more than the impact of the 1115 demonstration. Approval and denial rates could have changed as well; however,

additional PHE-related application flexibilities such as accepting customer income attestation and removing asset tests would have far more impact on those rates than the state’s HPE waiver.

- *Approved PHE Metric:* To estimate the impact of waiving HPE requirements on application metrics, the state will add its estimated number of incoming monthly HPE applications to its current backlogs.
 - *DY2Q4 ends on 12/31/22. As of 12/31/22, adding the state’s estimated number of incoming monthly HPE applications to its current backlog equals 12,816 applications.*
- *Budget Neutrality:* N/A

DY2 Continuity of Care and Administrative Simplification 1115 Waiver Reporting Periods

Demo Year	Quarter	Reporting period	Postpartum Extension	MCO Reinstatement	HPE
2	1	1/1/22 – 3/31/22	596	1,149	8,584
2	2	4/1/22 – 6/30/22	632	1,149	8,288
2	3	7/1/22 – 9/30/22	N/A	1,149	9,513
2	4	10/1/22 – 12/31/22	N/A	1,149	12,816