The Madness of Medicaid in Illinois
A.K.A. Matt & Matt in the Afternoon
Tuesday Sept. 12, 2017
1:30pm

Plan of Attack

✓ FIRST – please feel free to ask questions throughout the presentation
✓ Budget Basics –
✓ FY 2018 – What happened? - Revenue & Spending
✓ Statewide Managed Care Expansion – Medicaid Managed Care 2.0
✓ Managed Care Resources
✓ The Crisis of Pending Applications/Admissions
✓ Q & A
✓ Beer?

If you are interested in a detailed budget review - Commission on Government Forecasting and Accountability’s ("COGFA") FY 2018 Budget Summary. Some of the tables in this presentation are from that report. If you'd like all the details the link is: http://cgfa.ilga.gov/Upload/FY2018BudgetSummary.pdf
IL Budget Terms

• GRF – General Revenue Fund – Main State fund (actually 4) from which most discretionary spending occurs.
• Appropriation – Amount legally authorized to be spent for a specified purpose.
• Statutory transfer – Amount specified in law that is moved from one fund to another fund without an appropriation. Effectively the same as spending from appropriation.
• ATB – Across-the board – used to express policy applied equally for all providers
• Gross – In terms of Medicaid this is used to describe total spending which is funded by both State revenues and federal Medicaid matching revenues.
• Net – Related to gross – refers to Medicaid spending less federal match.
• Gross vs. Net example - $100 payment to Medicaid provider is the gross amount but the Net cost to the State is $50 since federal gov’t reimburses 50% of payment.

Alphabet Soup

• BOH – Bills on hand – bills for a prior year that are not paid at the end of the fiscal year they are incurred and thus paid out of a future year’s resources.
• COGFA – Commission on Government Forecasting and Accountability. General Assembly watchdog group on fiscal issues.
• DCN – Document Control Number – assigned to a claim when received by HFS. Used to describe when liability is incurred by state.
• DoA – Illinois Department on Aging
• DOS – Date of Service
• HFS – Illinois Department of Healthcare and Family Services
• FFP – Federal financial participation a.k.a. federal Medicaid matching dollars
• FOIA – Freedom of Information Act
• GOMB – Governor’s Office of Management and Budget
• SFY – State Fiscal Year (July 1 - June 30) i.e. SFY 2018 is 7-1-2017 to 6-30-2018
The State’s General Revenue Fund (actually 4 funds) a.k.a GRF budget is what is commonly referred to when discussing budget issues since most of the State’s discretionary spending occurs from this portion of the budget.

**TOTAL vs. GRF**

FY 2018 BUDGET BY FUNDING SOURCE

**What is Medicaid?**

When most people talk Medicaid they are only referring to HFS’ GRF budget/spending which is really less than half of true Medicaid!

Most budget numbers however, count all HFS GRF & Other funds as Medicaid. A more accurate but still incomplete picture.
An example: Nursing Homes

Illinois Medicaid is generally paid for with 50% federal money (FFP) and 50% state funds. In the case of nursing homes the state only uses general tax funds to cover @ 35% of nursing home expenses.

79% of this amount comes from the 2 NH bed taxes, while 13% is funded from the hospital provider tax. ($30 million annually).

The remaining amount is cigarette taxes. This amount can vary.

In brief, the state only funds 35¢ of every $1 of nursing home care!

Who covers the cost?

State tax dollars doesn't even cover a quarter of the cost of providing care!!!
Federal Funding Refresher

**STEP 1**
State pays healthcare providers $100 – State funds

**STEP 2**
After State makes payment – Federal government reimburses State for 50% of spending

- Starting Funds: $100
  - Step 1: ($100)
  - After Step 1: $0
  - Step 2: $50
- End of process: $50

Net State Cost: $50
Provider Benefit: $100

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Income Tax Decrease

- **Total Net Revenues Generated from Higher Income Tax Rates** (FY 2011 to FY 2015): $7.4 trillion

- **COGFA FY 2018 Budget Summary**

*The adjustments calculated in this slide do not include the impacts from base changes, tax amnesty, offsetting revenue changes, and the cost of the new tax expenditures implemented by C.A. 74-96 and C.A. 90-902.*
Path to FY 2018 budget

- We meet with legislators and leaders continuously during session to emphasize the need for a budget that preserves Medicaid.
- During the Spring session from January to May there were many discussions and several attempts to find compromise to end the budget impasse in Illinois.
- Once the legislature went into overtime starting June 1st, the pressure to avoid a continued impasse increased.
- Finally between July 2nd and July 6th, the General Assembly passed, the Governor vetoed, and the Generally Assembly override the Governor’s veto. Illinois had a budget.

### FY 2018 budget - Revenue

- SB 9 became Public Act 100-0022 on July 6th with the override of the Governor’s veto.
- $5.5 billion in new revenue:
  - $4.5 billion – individual income tax increase from 3.75% to 4.95%
  - $0.5 billion – corporate tax increase from 5.25% to 7%
  - $0.5 billion – various other tax changes
- Although not new revenue, in the other budget bills the G.A. authorized $6 billion in borrowing to help pay down old bills. The hopes is because of federal matching for Medicaid this $6 billion can stretch to pay down almost $8 billion in old bills.
- G.A. only provided support for about $3 billion of borrowing much less than the $6 billion authorized so it is unclear how bonds can be issued for the $3 billion unsupported by revenue.
FY 2018 budget - Spending

- FY 2018 - $36 billion in spending supported by $36.4 billion in revenue
- No Medicaid cuts
- Medicaid increases
  - 2.8% rate increase for Supportive Living & SMHRFs
  - DD increase $0.75 / hour for staff
  - CCP - $0.72 /hour, HSP $0.48/hour
  - Mental health and Substance abuse providers 3% increase
  - Dialysis rate-on re-established (previously cut)
  - Personal needs allowance increased to $60/month

FY 2018 budget – Old Bills

- At the end of FY 2017 the bill backlog was $14.6 billion.
  - $4.2 billion of that is Medicaid.
  - Since the end of the year that number is down to @$3.5 billion
  - State employee insurance is $5.10 billion
- Most of the old bill catch-up for Medicaid has gone to MCO’s
- Payment cycle will likely be an ongoing issue i.e. tax increase isn’t a solution
FY 2018 budget – Other Issues

- Although payment issues will still persist, the federal courts have taken an interest in Illinois’ Medicaid budget. The current order will maintain a base level of payment.
  - $586 million per month for claims after July 1, 2017.
  - State must pay down $2 billion of old bills by the end of FY 2018.
  - Payments must, “prioritize appropriate preference to ‘Safety Net Hospitals’ and other providers crucial to affording the plaintiff class members’ access to federally mandated healthcare services.”
- Order was modified on Aug. 23rd to allow the Comptroller to included old claims in the $586 million if done to satisfy the Safety net/crucial providers
- Unless this order is rescinded, Medicaid payment should at least stabilize.

Proactive Engagement – Rate Reform

- FY 2019 will be a challenge. Current & new revenues are not enough to handle any inflationary program growth. Medicaid cuts will be discussed yet again.
- IHCA rate proposal ties actual staffing to the nursing rate effectively increasing rates for providers doing properly staffing, paying less for understaffing, and at some time reducing state funding need.

<table>
<thead>
<tr>
<th>CURRENT $85.25</th>
<th>Static Wage Adjuster (4-1-2012)</th>
<th>RUG-IV Case Mix Index</th>
<th>Final Nursing Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROPOSED $85.25</td>
<td>Staff Wage Adjuster</td>
<td>RUG-IV Case Mix Index</td>
<td>Acuity Staffing Ratio</td>
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Medicaid Managed Care Reboot

- After payment issues the major issue in Medicaid this coming year is Managed Care expansion
- HFS has announced RFP bid winners.
- Starting January 1, 2018 there will only be 2 managed care programs – MMAI and everyone else.
- In effect 100% of Medicaid clients will be covered by managed care -30 counties now will expand to all 102 counties.
- Unless someone sues or a protest to the RFP is successful then implementation will begin January 1, 2018.

Managed Care 2.0

As of July 1, 2017, there will be two managed care programs –
1) MMAI which only cover Medicaid-Medicare dually enrolled who chose to be in the program, and
2) Everyone else including duals who opt out of MMAI.

State wide all but a few Medicaid enrollees will be in one of the two programs. CountyCare does not have an MLTSS program now but will cover those individuals under the new program. Basically, CountyCare will cover all groups except those who choose MMAI.

<table>
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<tr>
<th>Programs as of January 1, 2018</th>
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<tr>
<td><strong>MMAI</strong></td>
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<tr>
<td>Aetna</td>
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<td>BCBS</td>
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<td>Cigna-HealthSpring</td>
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<td>Humana</td>
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<td>Illinicare</td>
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<td>Meridian</td>
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<td>Molina</td>
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Populations – Effectively 100%

From HFS’ presentation to potential bidders. This is posted on HFS’ website i.e. public document!

1. Includes all dual-eligible adults who are receiving long-term services and supports, S.Y.S.S. or in an institutional care setting or through an HCBS waiver, excluding those receiving partial benefits, and who are enrolled in the Illinois Medicaid-Medicaid Alignment Initiative (WMA), or are subject to other exclusions.
2. Children of Specialized Care for Children (S.O.C.), adopted, and 60 Waiver children; includes 1,999 children currently enrolled in managed care, 9,330 children for inclusion in managed care, and 8,000 children with other exclusions (e.g., episodes, high TPL, etc.).
3. Children aligned to Department of Children and Family Services (DCFS), including youth in care, guardianship, and adoption; includes less than 60 children currently enrolled in managed care, 9,000 for inclusion in managed care, and 2,999 with other exclusions.
4. WMA program is currently under substantial contract changes but in draft scope of this RFP.
5. Includes state TPL, plans, benefits, etc.

Populations – Effectively 100%

From HFS’ presentation to potential bidders. This is posted on HFS’ website i.e. public document!
MMAI Review

✓ NO changes for MMAI – except CIGNA will exit the market 12-31-2017
Managed Care 2.0 - Services

Service packages

<table>
<thead>
<tr>
<th>Service Package I</th>
<th>Included at program launch</th>
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<tbody>
<tr>
<td>Includes all Medicaid-eligible services unless otherwise excluded in the Model Contract (Appendix I) or included in Service Packages II or III.</td>
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<tr>
<th>Service Package II</th>
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<tr>
<td>Includes nursing facility services and the care provided through all of the home and community-based services (HCBS) waivers operating in Illinois, with the exception of those waivers designed for individuals with developmental disabilities.</td>
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<tr>
<th>Service Package III</th>
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<tr>
<td>Includes the developmental disability waiver services and intermediate care facility providers for developmental disabilities (ICF/DD) services.</td>
<td>✗ While the Department does not intend to include Service Package III in the scope of the Contract initially, the Offeror shall be capable of assuming responsibility for Service Package III with 180 days advance notice from the Department</td>
</tr>
</tbody>
</table>

From HFS’ presentation to potential bidders. This is posted on HFS’ website i.e. public document!

Managed Care 2.0 - Transitions

✔ TWO ENROLLMENT PHASES
✔ PHASE ONE – Those in MCOs now
✔ First, everyone in MCOs will get a letter beginning in October
  ✔ Tell them if their MCO continues or ends
  ✔ If in an winning MCO then person can stay or pick new MCO within 90 days
  ✔ If in loser MCO must choose a new MCO or be automatically assigned.
✔ Goal is to complete this process by January 1, 2018
Managed Care 2.0 - Transitions

- PHASE TWO – Those in FFS now, non-MCO counties
- Everyone in expanded counties will receive letters Jan. / Feb. 2018
  - 30 days to make a choice
  - No choice then auto-assigned by HFS
  - 90 days to change MCOs
- Goal is to complete this process by April 1, 2018
- Fingers crossed - Very aggressive timeframe

HFS has stated publicly that they have hired a third party auditing firm.
- Firm will audit MCOs back to 2014 to address old claims and make sure paid properly.
- Losing MCOs will still be liable for all services prior to midnight December 31, 2017
- HFS with the auditor will ensure providers are paid for all services.
- HFS intends to have a uniform drug formulary for all MCOs – details to come
- HFS will do all credentialing to make it consistent
- HFS will issue provider notices on credentialing, MC 2.0 implementation, and examples of letters Medicaid enrollees will receive.
IAMHP maintains a website with information for providers http://iamhp.net/ is the home page.

http://iamhp.net/info-for-providers has links to various topics.

The key contact area has more topics not shown in the screen shot. Just scroll down.
Resources – HFS website

HFS’s main provider notice is a good start.
https://www.illinois.gov/hfs/MedicalProviders/notices/Pages/prn160701b.aspx

HFS also has a manual on managed care for providers -

Resources – HFS website

HFS’s information for clients is useful. This is for MMAI
https://www.illinois.gov/hfs/MedicalClients/ManagedCare/Pages/MedicareMedicaidAlignmentFAQ.aspx
Resources – HFS website

HFS’ client enrollment site has information also
http://enrollhfs.illinois.gov/

Resources – HFS website

HFS’ now has added a Managed Care Provider Complaint Portal
https://www.illinois.gov/hfs/MedicalProviders/cc/Pages/ManagedCareComplaints.aspx

Key Point: A provider **MUST** first made contact with the MCO before filing a complaint for HFS to review!
CRISIS! - Pendings

- In the past we have referred to this as a problem but crisis is a better word.
- We have had more conversations than we can count on this issue.
- Small steps forward usually followed by big steps backward.
- HB 2814 is about future accountability and forces regulars audits.
- We continue to work with the state to simplify process.
- HFS is working on finalizing policy change to allow less bank statements for people on Medicaid in community for 2 years.
- Several lawsuits including class action Koss v. Norwood.
- HFS failing to determine cases timely per federal law.
- Judges have agreed the suit can move forward even though HFS moved to dismiss.
CRISIS! - Pendings

- Apps over 90
- Admits over 90
- Admit Constant
- App Constant

Baseline 2014
CRISIS! - Pendings

After many conversations, the State in December 2016 agreed to put greater effort into a solution.
Agreed to open a third hub and hired 98 new staff
Re-deploy @40 staff in local offices with expertise in LTC applications to work on hub cases (Down to 23 now)
Continue to work on streamlining process
Review policies

Filing of several individual and 1 class-action lawsuit also occurred and increased pressured.
There has been some improvement but not enough.
CRISIS! - Pendings

LTC admissions over 90 days have decreased by 52%. LTC applications over 90 days have increased 48%.

LTC Redeterminations have increased 51%, and LTC Redeterminations over 90 days have increased 120%, but dropped dramatically since last month.

Baseline # of 90 day + admissions when reporting began 8-31-2014

Baseline # of 90 day + applications when reporting began 8-31-2014
CRISIS! - Pendings

- During session we pressed for some compromise to get HFS to begin payment on services while the determination of the resident’s share was ongoing.
- HFS has agreed to decrease the financial documentation for people who apply for long term care benefits and have been on Medicaid for the last 24 months in the community. HFS should be announcing this policy soon.
- HB 2814 (IHCA bill) became law Aug. 25, 2017 – although this doesn’t provide immediate change it does have long term benefit.
- Requires a full audit of the process every 3 years to hold the State accountable and hopefully prevent the situation from worsening especially once we get it “fixed”.
- Audit will force State to find solutions to problems identified. Aids IHCA in talking to legislators and bring pressure.

CRISIS! - Pendings

- DHS informed us on Aug. 31, 2017 that the numbers in the tracking reports are wrong.
- The Chicago Hub has not been logging applications into the tracking system until the caseworker begins working on it.
- Unsure of the impact but DHS believes most of these are less than 90 days old.
- They are hand counting to fix the problem...
Thank you
Questions?