



**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE
AND FAMILY SERVICES**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2019

**Performed as Special Assistant Auditors
For the Auditor General, State of Illinois**



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STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

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DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
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Other Reports Issued Under a Separate Cover:

The Department of Healthcare and Family Services’ (Department) financial statements as of and for the year ended June 30, 2019, have been issued under a separate cover. Additionally, in accordance with *Government Auditing Standards*, we have issued the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* for the year ended June 30, 2019, on our consideration of the Department’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the results of that testing, and not to provide an opinion on the effectiveness of the Department’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

AGENCY OFFICIALS

Director	Felicia Norwood (through 6/15/2018) Teresa Hursey, Interim (6/16/2018 to 7/10/2018) Patricia Bellock (7/11/2018 to 1/18/2019) Vacant (1/19/2019 to 1/20/2019) Theresa Eagleson (1/21/2019 to current)
Assistant Director	Vacant
Chief of Staff	Ray Marchiori (through 8/18/2017) Vacant (8/17/2017 to 12/15/2017) Shawn McGady (12/16/2017 to 7/15/2018) Vacant (7/16/2018 to 5/19/2019) Benjamin Winick (5/20/2019 to current)
Deputy Directors	
Community Outreach	Vacant (through 4/15/2018) Kimberly McCullough-Starks (4/16/2018 to current)
Administrative Operations	Richard Foxman (through 12/18/2017) Vacant (12/19/2017 to 7/15/2018) Shawn McGady (7/16/2018 to 2/28/2019) Vacant (3/1/2019 to current)
Human Resources	Vacant
Strategic Planning	Douglas O'Brien (through 8/11/2017) Vacant (8/12/2017 to 6/16/2019) Robert (Andy) Allison (6/17/2019 to current)
New Initiatives	Vacant (through 2/18/2019) Jane Longo (2/19/2019 to current)
General Counsel	Mollie Zito (through 1/31/2018) Vacant (2/1/2018 to 2/22/2018) Christopher Gange, Acting (2/23/2018 to 10/31/2019) Steffanie Garrett (11/1/2019 to current)
Inspector General	Bradley Hart (through 11/18/2019) Vacant (11/19/2019 to current)
Administrators	
Division of Child Support Services	Pamela Lowry (through 6/29/2018) Mary Bartolomucci (7/1/2018 to current)
Division of Finance	Michael Casey

Division of Medical Programs

Teresa Hursey, Acting (through 12/31/2018)
Vacant (1/1/2019 to 2/18/2019)
Douglas Elwell (2/19/2019 to 2/14/2020)
Kelly Jacob, Acting (2/16/2020 to current)

Division of Personnel and
Administrative Services

Terri Shawgo (through 10/31/2018)
Vacant (11/1/2018 to current)

Chiefs

Office of Legislative Affairs

Shawn McGady (through 12/15/2017)
Vacant (12/16/2017 to 2/28/2019)
Shawn McGady (3/1/2019 to current)

Office of Fiscal Management

Jack Dodds (through 7/31/2018)
Vacant (8/1/2018 to 4/15/2019)
Gary Casper (4/16/2019 to current)

Office of Information Services

Graham Osmonson

Department administrative offices are located at:

201 South Grand Avenue East
Springfield, IL 62763

2200 Churchill Road
Springfield, IL 62702

401 South Clinton Street
Chicago, IL 60607

201 South Grand Avenue East
Springfield, Illinois 62763-0002

Telephone: (217) 782-1200
TTY: (800) 526-5812

June 25, 2020

Sikich LLP
132 South Water Street, Suite 300
Decatur, IL 62523

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Department of Healthcare and Family Services (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018 and June 30, 2019, the Department has materially complied with the specified requirements listed below.

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Other than what has been previously disclosed, the Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. Other than what has been previously disclosed, the Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Illinois Department of Healthcare and Family Services

Original signature on file
in confidential folder

Theresa A. Eagleson, Director

Original signature on file
in confidential folder

Michael P. Casey, Administrator Division of Finance

Original signature on file
in confidential folder

Steffanie Garrett, General Counsel

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and material weaknesses over internal control.

SUMMARY OF FINDINGS

	<u>Current</u>	<u>2018</u>	<u>2017</u>
GAS Findings	11	15	13
State Compliance Findings	15	N/A	13
Total Findings	<u>26</u>	<u>15</u>	<u>26</u>
GAS New Findings	2	6	10
GAS Repeated Findings	9*	9	3
GAS Not Repeated Findings	7*	4	1
State Compliance New Findings	7	N/A	9
State Compliance Repeated Findings	8	N/A	4
State Compliance Not Repeated Findings	5	N/A	4

* Prior year finding 2018-005 was partially not repeated and partially repeated as 2019-001.

SCHEDULE OF FINDINGS

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
2019-001	17	2018	Inadequate controls over eligibility determinations, redeterminations and mid-point reporting requirements	Material Weakness and Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
2019-002	22	2018	Lack of security controls over the Integrated Eligibility System (IES)	Material Weakness and Noncompliance
2019-003	25	2018	Untimely processing of applications for benefits and redeterminations of eligibility for benefits	Material Weakness and Noncompliance
2019-004	28	2018	Insufficient internal controls over changes to the Integrated Eligibility System (IES) and recipient data	Material Weakness and Noncompliance
2019-005	32	New	Inadequate disaster recovery controls over the Integrated Eligibility System (IES)	Significant Deficiency
2019-006	34	New	Lack of detailed agreement with the Department of Innovation and Technology (DoIT)	Material Weakness and Noncompliance
2019-007	36	2018	Financial statement preparation weaknesses	Material Weakness
2019-008	38	2018	Incorrect claim payments	Significant Deficiency
2019-009	40	2018	Insufficient review and documentation of provider enrollment determinations and failure to execute interagency agreements	Material Weakness and Noncompliance
2019-010	45	2018	Inadequate general information technology controls over IMPACT	Material Weakness and Noncompliance
2019-011	48	2018	Failure to review external service providers' internal controls	Material Weakness and Noncompliance
FINDINGS (STATE COMPLIANCE)				
2019-012	50	New	Insufficient controls over Managed Care Organization contracts	Material Weakness and Material Noncompliance
2019-013	51	2017	Noncompliance with the State of Illinois' Constitution	Material Weakness and Material Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
2019-014	53	New	Excess assets in the Health Information Exchange Fund	Significant Deficiency and Noncompliance
2019-015	54	2017	Inadequate controls over State vehicles	Significant Deficiency and Noncompliance
2019-016	56	2017	Inadequate controls over the collections of accounts receivable	Significant Deficiency and Noncompliance
2019-017	58	2017	Insufficient internal controls over expenditures	Significant Deficiency and Noncompliance
2019-018	61	2017	Inadequate controls over personal services	Significant Deficiency and Noncompliance
2019-019	64	2017	Insufficient controls over the University of Illinois Hospital Services Fund	Significant Deficiency and Noncompliance
2019-020	65	2017	Failure to maintain a voter information data transfer mechanism	Significant Deficiency and Noncompliance
2019-021	66	2017	Failure to establish rate methodology and file required reports for the Mammography Program	Significant Deficiency and Noncompliance
2019-022	67	New	Inadequate controls over preparing and submitting Agency Workforce Reports	Significant Deficiency and Noncompliance
2019-023	69	New	Failure to post required MCO information on the Department website	Significant Deficiency and Noncompliance
2019-024	70	New	Inadequate controls over publishing report on physician certification statements on Department website	Significant Deficiency and Noncompliance
2019-025	71	New	Lack of agreement to ensure compliance with information technology security requirements	Significant Deficiency and Noncompliance
2019-026	73	New	Lack of disaster recovery testing	Significant Deficiency and Noncompliance

In addition, the following findings which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
2019-001	17	2018	Inadequate controls over eligibility determinations, redeterminations and mid-point reporting requirements	Material Weakness and Material Noncompliance
2019-002	22	2018	Lack of security controls over the Integrated Eligibility System (IES)	Material Weakness and Material Noncompliance
2019-003	25	2018	Untimely processing of applications for benefits and redeterminations of eligibility for benefits	Material Weakness and Material Noncompliance
2019-004	28	2018	Insufficient internal controls over changes to the Integrated Eligibility System (IES) and recipient data	Material Weakness and Material Noncompliance
2019-005	32	New	Inadequate disaster recovery controls over the Integrated Eligibility System (IES)	Significant Deficiency and Noncompliance
2019-006	34	New	Lack of detailed agreement with the Department of Innovation and Technology (DoIT)	Material Weakness and Material Noncompliance
2019-007	36	2018	Financial statement preparation Weaknesses	Material Weakness and Material Noncompliance
2019-008	38	2018	Incorrect claim payments	Significant Deficiency and Noncompliance
2019-009	40	2018	Insufficient review and documentation of provider enrollment determinations and failure to execute interagency agreements	Material Weakness and Material Noncompliance
2019-010	45	2018	Inadequate general information Technology controls over IMPACT	Material Weakness and Material Noncompliance
2019-011	48	2018	Failure to review external service providers' internal controls	Material Weakness and Material Noncompliance

PRIOR FINDINGS NOT REPEATED

A	74	2018	Statewide failure to execute interagency agreements and perform essential project management functions over provider enrollment in the Medicaid program
B	74	2018	Failure to perform essential project management functions over the Integrated Eligibility System
C	74	2018	Deletion of four months of intake eligibility files and significant problems determining eligibility for Human Services programs
D	75	2018	Inadequate controls over fiscally monitoring Managed Care Organizations
E	75	2018	Duplicate payments to Medicaid Managed Care Organizations
F	75	2018	Inaccurate rates used to pay Managed Care Organizations
G	75	2018	Inadequate and untimely disclosures
H	75	2017	Applicant Social Security information in IES not sufficiently supported
I	76	2017	Inadequate control over Pharmacy Benefit Management System development
J	76	2017	Failure to publish required managed cared enrollment information
K	76	2017	Inaccurate payment of Cook County Disproportionate Share Hospital adjustments
L	76	2017	Noncompliance with the Illinois Public Aid Code – Task Force not formed

EXIT CONFERENCE

The Department waived an exit conference in correspondence from Jamie Nardulli, Chief Internal Auditor, on June 16, 2020.

The responses to the recommendations for items 2019-001 through 2019-011 were provided by Theresa Eagleson, Director, in correspondence dated April 2, 2020. The Department of Human Services' responses to the recommendation for items 2019-001 through 2019-006, 2019-009 and 2019-010 were provided by Amy DeWeese, Chief Internal Auditor, in correspondence dated April 9, 2020. The responses to the recommendations for items 2019-012 through 2017-016 through 2017-026 were provided by Theresa Eagleson, Director, in correspondence dated June 24, 2020.

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INDEPENDENT ACCOUNTANT’S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the compliance by the State of Illinois, Department of Healthcare and Family Services (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2019. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Department's compliance with specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Department during the two years ended June 30, 2019.

Specified Requirement A

As described in the accompanying Schedule of Findings as item 2019-001, the Department had not obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

Specified Requirement B

As described in the accompanying Schedule of Findings as items 2019-002, 2019-003, 2019-004, 2019-006, 2019-007, and 2019-009 through 2019-013, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material deviations from the specified requirements described in the preceding paragraph, the Department complied with the specified requirements during the two years ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2019-005, 2019-008, and 2019-014 through 2019-026.

We considered the effect of these circumstances on our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Department, as of and for the year ended June 30, 2019, and the related notes to the financial statements. This report on the Department's compliance with the specified requirements does not affect our audit report dated April 9, 2020.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with a specified requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2019-001 through 2019-004, 2019-006, 2019-007, and 2019-009 through 2019-013 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2019-005, 2018-008, and 2019-014 through 2019-026 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of

the Department as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated April 9, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to April 9, 2020. The accompanying supplementary information for the year ended June 30, 2019 in Schedules 1 and 3 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Department. Such information is the responsibility of Department management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2019 in Schedules 1 and 3 through 6 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2019 in Schedules 1 and 3 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Department's basic financial statements as of and for the years ended June 30, 2018 and June 30, 2017 (not presented herein), and have issued our reports thereon dated August 6, 2019 and March 6, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2017 in Schedules 2 through 6 is the responsibility of Department management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2018 and June 30, 2017 financial statements. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2017 in Schedules 2 through 6 has been subjected to the auditing procedures applied in the audits of the June 30, 2018 and June 30, 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the years ended June 30, 2018 and June 30, 2017 in Schedules 2 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2018 and June 30, 2017.

The accompanying supplementary information in the Analysis of Operations Section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
June 25, 2020

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Healthcare and Family Services (Department), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and we have issued our report thereon dated April 9, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2019-001 through 2019-004, 2019-006, and 2019-009 through 2019-011.

Internal Control Over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective internal controls over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Department's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2019-001 through 2019-004, 2019-006, 2019-007, and 2019-009 through 2019-011 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2019-005, and 2019-008 to be significant deficiencies.

Department's Responses to the Findings

The Department's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

State of Illinois, Department of Human Services' Responses to Findings

The State of Illinois, Department of Human Services' responses to items 2019-001 through 2019-006, 2019-009, and 2019-010 are described in the accompanying Schedule of Findings. The State of Illinois, Department of Human Services' responses were not subjected to the auditing procedures applied to the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
April 9, 2020

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF FINDINGS
CURRENT FINDINGS
(GOVERNMENT AUDITING STANDARDS)

2019-001 **FINDING** (Inadequate controls over eligibility determinations, redeterminations and mid-point reporting requirements)

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) lacked controls over eligibility determinations, redeterminations and Mid-Point Reporting requirements for Federal programs where such determination/requirement is documented using the Integrated Eligibility System.

Management of the Departments have shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ Integrated Eligibility System (IES) is the automated system used by the Departments which intakes, processes (with the assistance of caseworkers), and approves recipient applications, redeterminations, Mid-Point Reports and maintenance items in order to determine eligibility and make payments for the State’s human service programs.

In order to conclude if the determination of eligibility was proper, we selected a sample of 60 cases (29 new applications and 31 redeterminations) and tested whether the cases were properly certified (approved or denied) based on non-financial, financial and timeliness criteria. For SNAP cases we also tested whether the Mid-Point Report (MPR) was timely certified, where applicable. Our testing considered all the documentation contained within the case file, including the scanned documentation supporting caseworker overrides required prior to certification. In 13 of the 60 cases tested (21.7%) we noted 15 exceptions where either the case was not certified timely and/or the case file did not contain documentation supporting eligibility upon certification.

Specifically we noted:

- For 6 cases (10%) the application, redetermination or mid-point report was not approved or denied timely. For 6 SNAP cases, the approval or denial was between 4 and 264 days late. For 2 Medical cases, the approval or denial was 32 and 175 days late. (The 2 Medical cases were also SNAP cases.)
- For 1 case (1.7%) the file did not contain documentation of an application for benefits.
- For 1 case (1.7%) the file did not contain the redetermination form.
- For 6 cases (10%) the recipients reported income was not fully supported or not accurately supported.
- For 1 case (1.7%) the file did not include verification of non-citizen status.

Departments’ management indicated the above errors were due to caseworker error. Caseworkers did not complete eligibility determinations timely and did not sufficiently scan and upload all necessary eligibility documentation into the IES case file.

In order to understand the functions performed by the caseworkers more fully, we conducted on-site observations at three of the Department of Human Services' local offices. We noted the following types of issues the caseworkers encountered in their utilization of IES while working with recipients:

- IES timed out and sent the caseworker back to the login screen while entering recipients' information. Consequently, the caseworker had to reenter information.
- IES indicated a recipients' information contained errors; however, the caseworker's review of the information noted no errors.
- IES had technical errors while interfacing the other applications to conduct verification of the recipients' information.
- IES had errors in determining the benefits for recipients.
- IES had issues determining recipients' eligibility.
- IES was unable to produce correspondence to recipients.

Department management indicated the above errors and problems were due to IES technical defects.

Further, we noted insufficient communication between the Departments' internal operating units which administer IES and related systems and the Departments' financial reporting units, along with a lack of communication between the Departments and the auditors. We discovered that in September 2019, HFS' Bureau of Eligibility Integrity identified system defects which resulted in temporary eligibility status recipients, or presumptively eligible recipients, maintaining their eligibility status in error after the Departments had deemed them ineligible. However, this condition was not reported to HFS' financial reporting unit to determine the impact of this defect on the Departments' financial statements, and it was not made known to the auditors. In fact, it was not until February 2020, during testing for the Statewide Single Audit performed by other auditors, that exceptions in the other auditors' testing and further inquiries related thereto led to HFS' disclosure of the existence of these system defects. At our request, HFS performed an analysis of the impact of this defect on the Departments' financial statements and determined HFS paid benefits of \$4.7 million in error for recipients who had been determined ineligible and received \$217 thousand in federal financial participation (FFP) from those disbursements, pertaining to fiscal year 2019. The Departments concluded these errors were not material to the financial statements, and as such no changes to the financial statements resulted.

The lack of a formal process to communicate matters such as those identified above represents a significant weakness in internal control over the Departments' financial reporting. It is essential that financial-related consequences of system defects be communicated with appropriate fiscal personnel to determine the potential impact on the financial statements. Further, full and timely disclosure of potential or known problems to the auditors is essential to avoiding delays in the audits, including audits of the Departments' financial statements, the Statewide Single Audit, and the Statewide Comprehensive Annual Financial Report.

Also, in the Centers for Medicare and Medicaid Services (CMS) findings from its Payment Error Rate Measurement (PERM) reporting year 2019 report, we noted CMS reported an estimated payment error rate of 35.37% for Medicaid eligibility issues. CMS used its sample

results to project \$4.3 billion in federal benefits payment errors for the 2019 reporting year. It is important to note that CMS stated in its report that not all payment errors identified in the report are necessarily indicative that the expense should not have occurred. For instance, if missing information had been on the claim and/or the State complied with the enrollment requirements, then the claims may have been payable. Further, CMS did not impose eligibility recoveries or disallowances for reporting year 2019. The more significant eligibility errors identified in the PERM report were:

- Documentation to support eligibility determinations was not maintained.
- Verification/documentation not done/collected at the time eligibility was determined.
- Eligibility was not redetermined within timeliness criteria (See Finding 2019-003).

The Code of Federal Regulations (Code) (42 C.F.R. § 435) requires recipients of Medicaid to provide documentary evidence of their citizenship, residency, SSNs and income. Further, the Code (42 C.F.R. § 431.17) requires the Medicaid agency to maintain records of each applicant and beneficiary, including records which support the determination of eligibility.

The Code (7 C.F.R. § 273.2) requires that the application or reapplication form (form) for individuals requesting SNAP be signed to establish a filing date and to determine the State agency's deadline for acting on the form. The State agency shall not certify a household without a signed form. The application process includes filing and completing an application form, being interviewed, and having certain information verified. States must meet application processing timelines. All SNAP applications, regardless of whether they are joint applications or separate applications, must be processed for SNAP purposes in accordance with SNAP procedural, timeliness, notice and fair hearing requirements. State agencies shall verify the following information prior to certification for households initially applying" gross nonexempt income, alien eligibility, utility expenses, medical expenses, social security numbers, residency, identity, and disability.

The Code (7 C.F.R. § 273.10) requires that the household's eligibility be determined for the month of application by considering the household's circumstances for the entire calendar month in which the household filed its application. Eligibility for recertification shall be determined based on circumstances anticipated for the certification period starting the month following the expiration of the current certification period.

The Code (7 C.F.R. § 273.14) (SNAP recertification) requires that the State agency must establish procedures for notifying households of expiration dates, providing application forms, scheduling interviews, and recertifying eligible households prior to the expiration of certification periods.

The Code (7 C.F.R. § 274) indicates that each State agency is responsible for the timely and accurate issuance of SNAP benefits to certified eligible households, and that all newly certified households (except those given expedited service) shall be given the opportunity to participate no later than 30 calendar days following the date the application was filed.

The internal control requirements of the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) within the Code of Federal Regulations (2 C.F.R. § 200.303) requires the Departments to establish and maintain effective

internal control over the human services programs to provide reasonable assurance that the Departments are managing the human services programs in compliance with federal statutes, regulations, and the terms and conditions and comply with federal statutes, regulations, and terms and conditions of the human services programs.

Additionally, the Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires the Departments to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable laws.

Inadequate controls over eligibility determinations resulted in determinations of eligibility that were not demonstrated or documented prior to recipient certification, and the State expending Federal and State funds for recipients that may not have been eligible to receive benefits. Poor communication between internal operating unit personnel and financial reporting personnel could result in a misstatement of the Departments' financial statements. Noncompliance with federal laws and regulations could lead to sanctions and/or loss of future Federal funding, disallowance of costs, and the requirement to return Federal funds previously received. (Finding Code No. 2019-001, 2018-005, 2017-008, 2016-001, 2015-002)

RECOMMENDATION

We recommend the Departments work together to:

- provide adequate training and supervision of caseworkers;
- implement additional controls to ensure appropriate documentation of eligibility is obtained at the time of certification and retained in IES,
- complete certifications of applications and redeterminations timely,
- establish formal lines of communication between operating unit personnel and financial reporting personnel, and
- correct IES application errors.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS and DHS are working together to improve staff training materials and communication as well as better documentation through use of electronic case records. HFS submitted corrective action plans to Federal CMS to address the PERM report. HFS and DHS continue to address timeliness issues with both applications and redeterminations through staff hiring and process simplification. The HFS Division of Medical Programs and the Division of Finance will develop a formal process to communicate any system defects that may have financial impact. HFS continues to work with DoIT / DHS to prioritize defects and enhancements for release into IES to improve performance and accuracy.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) accepts the recommendation. Training of staff continues to be an important factor for the successful operation of IES. The Department continues to adjust and improve mandated IES training as needed.

DHS agrees to work with all staff, including Regional Administration and Policy experts in order to identify any potential additional controls that would assist in ensuring appropriate documentation of eligibility is obtained and retained in IES.

The timely certification of applications and redeterminations are a constant and continuous priority. DHS agrees to continue to communicate to staff the importance of timeliness. Since late in calendar year 2018, the SNAP timeliness rate has successfully climbed from below 65% to above 95% in early calendar year 2020.

The portion of this finding related to insufficient lines of communication from operating unit personnel and financial reporting personnel is specific to HFS. DHS has no comment.

DHS, HFS, and DoIT continue to work on system defects and enhancement requests to ensure that IES is running optimally and handles applications according to relevant policy.

2019-002 FINDING (Lack of security controls over the Integrated Eligibility System (IES))

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) failed to implement adequate security controls over the Integrated Eligibility System (IES).

Management of the Departments have shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ IES is the automated system used by the Departments which intakes, processes (with the assistance of caseworkers), and approves recipient applications, maintenance items, and redeterminations in order to determine eligibility and make payments for the State’s human service programs.

Environment Security

We requested the Departments provide the population of servers in which IES resided. In response, the Departments provided a population; however, our testing noted the population was incomplete.

Even though the population was incomplete we tested the population of servers the Departments provided noting 139 of 198 (70%) servers were running operating systems which were no longer supported by the vendor. In addition, 36 of 198 servers (18%) were not being backed up.

Furthermore, the Departments did not provide documentation demonstrating antivirus software had been installed on the servers hosting IES and its data.

Additionally, during the Departments’ internal security review completed as part of its Plan of Actions and Milestones (2019) report to the Centers for Medicare and Medicaid Services, the following significant security threats were identified:

- Protected health information and personal identifiable information was exposed to shared service areas,
- Audit logs were not generated,
- Inadequate access provisioning,
- Inadequate server configurations, and
- Multifactor authentication was not enabled.

The Code of Federal Regulations (Code) (45 C.F.R. § 95.621(f)(1)), *ADP System Security Requirement*, requires State agencies to be responsible for the security of all automated data processing system (ADP) projects under development and operational systems involved in the administration of the U.S. Department of Health and Human Services programs. State agencies are required to determine the appropriate security requirements based on recognized industry standards or standards governing security of federal ADP systems and information processing.

The Centers for Medicare and Medicaid Services, *MARS-E Document Suite* (minimum acceptable risk standards for exchanges), states that protecting and ensuring the confidentiality, integrity, and availability of state Marketplace information, common enrollment information, and associated information systems is the responsibility of the states.

The Departments indicated the lack of resources and oversight contributed to the weaknesses.

User Access Security

During our testing of the Departments' access provisioning policies, we noted the policies did not define the time period in which the Departments were required to disable a terminated individuals' system access. In our review of 26 terminated IES users, we noted 12 (46%) had their access terminated 2 to 90 days after termination of employment.

The Code of Federal Regulations (Code) (45 C.F.R. § 95.621(f)(1)), *ADP System Security Requirement*, requires State agencies to be responsible for the security of all automated data processing (ADP) projects under development, and operational systems involved in the administration of the U.S. Department of Health and Human Services programs. State agencies are required to determine the appropriate security requirements based on recognized industry standards or standards governing security of federal ADP systems and information processing.

The National Institute of Standards and Technology (NIST), Special Publication 800-53, *Security and Privacy Controls for Federal Information Systems and Organizations*, states an entity is to define within policies and procedures personal security transactions, establishment and termination of access, based on assessed risk of the entity's environment. Additionally, the U.S. Department of Health and Human Services' Security Rule adopted pursuant to the Health Information Portability and Accountability Act and published within the Code (45 C.F.R. § 164.308(a)(3)(ii)(C)) requires the Departments to implement "procedures for terminating access to electronic protected health information when the employment of, or other arrangement with, a workforce member ends."

The Departments' management indicated they believe their access provisioning activities were in accordance with Departments' policy, industry standards and the Code.

The Departments' failure to maintain adequate internal controls over the security of the IES application and data increases the risk IES may be exposed to malicious attacks, security breaches, and unauthorized access to recipients' personal and health information. (Finding Code No. 2019-002, 2018-008, 2017-010)

RECOMMENDATION

We recommend management of the Departments enhance security controls over the IES environment, application, and databases. Specifically, the Departments should enhance controls to address back-ups of all servers on a regular basis and update operating systems for servers which are running software no longer supported by the vendor. Further, the Departments should enhance policies governing termination of IES access rights. The policy should be specific in describing the maximum period of time allowed for terminating the access rights. Finally, the Departments should ensure a complete and accurate record of all servers on which IES resides is maintained.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will work with DoIT / DHS to ensure a complete and accurate record of all servers is maintained and servers are backed up. HFS will enhance its policy governing system access.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) accepts the recommendation. DHS and the Department of Healthcare and Family Services (HFS) continue to work with Department of Innovation and Technology (DoIT) on the acquisition and organization of servers and other infrastructure to support the Integrated Eligibility System (IES). The current focus of these efforts is to migrate IES system Databases from end-of-life servers, in order to resolve existing vulnerabilities and allow for backup of all active IES servers. A complete and accurate configuration listing of active IES servers is in development and will be maintained throughout this infrastructure reorganization.

The Application for Benefits Eligibility (ABE) web-facing portal Multi Factor Authentication (MFA) IBM Security Access Manager (ISAM) solution, which replaced the phased-out Fed Centers for Medicaid Medicare Services (CMS) MFA service, was implemented in March 2020. DoIT is working to expand MFA, using the ISAM solution, to all users accessing the IES application.

DoIT and DHS continue to work with the State's IES development vendor, toward resolution of outstanding Plan of Action and Milestones (POAM) items, which includes the addition of detailed audit logs in IES.

DoIT-DHS will assist DHS Family and Community Services (FCS) Division in documenting policies governing access provisioning, approving access, maintaining access, and deactivation of access to reduce the risk of unauthorized and/or inappropriate access to IES.

2019-003 FINDING (Untimely processing of applications for benefits and redeterminations of eligibility for benefits)

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) did not maintain adequate internal control to ensure applications for benefits and redeterminations of eligibility for benefits were completed timely.

Management of the Departments have shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ Integrated Eligibility System (IES) is the automated system used by the Departments which intakes, processes (with the assistance of caseworkers), and approves recipient applications, maintenance items, and redeterminations in order to determine eligibility and make payments for the State’s human service programs.

As part of our audit procedures, we tested the Departments’ compliance with the federal time requirements for approving or denying applications, conducting redeterminations, and working any changes communicated by recipients for the SNAP, TANF, and Medical programs.

Initial Applications

The Code of Federal Regulations (Code) (45 C.F.R § 435.912(c)(3)) requires the Departments to determine the eligibility of applicants for medical program benefits within 45 days of receipt of the application for benefits. Additionally, the Code (7 C.F.R § 273.2(g)) requires the Departments to determine the eligibility of applicants for SNAP benefits no later than 30 calendar days following the date the application was received. Furthermore, the Code (45 C.F.R §206.10) requires the Departments to determine the eligibility of applicants for TANF benefits within 45 days of receipt of the application.

At June 30, 2019, the Departments had a backlog of 107,242 Medical applications, 19,957 SNAP applications, and 6,476 TANF applications, for which the determination of eligibility to receive benefits was not complete. Of the 26,433 SNAP and TANF applications, there were 4,194 applications which had applied for both programs.

Additionally, there were 1,279 applications in which the applicant did not specify the program; therefore, we were unable to determine the timeliness of the application.

Redeterminations

The Code (42 C.F.R § 435.916(a)(1) and 7 C.F.R § 273.14) requires the Departments to redetermine eligibility for SNAP, TANF and medical programs every 12 months.

As of June 30, 2019, the Departments had a backlog of recipients for which eligibility redeterminations were required and redetermination information was provided by the recipients. The backlog at June 30, 2019 included at least 170,720 medical redeterminations, and 980 SNAP and TANF redeterminations.

In addition to the above known redetermination backlog, because of a defect within IES, the date information was received was not documented and we were unable to determine the timeliness of the redeterminations for 68,612 Medical recipients and 2,146 SNAP and TANF recipients.

The 239,332 individuals above (170,720 redeterminations that contained a date and 68,612 redeterminations which did not contain a date) were part of 152,425 cases with pending medical redeterminations that were incomplete. In addition, there were 863 recipients with pending medical redeterminations for which information was provided, however it did not document the receipt date.

Change Documentation

The Code (42 C.F.R § 435.916(d)(1) and 42 C.F.R § 435.952(a)) requires the Departments to promptly redetermine eligibility upon receipt of information affecting eligibility.

When a recipient encounters a change in their situation, which may have an impact on eligibility, the recipient is to notify the Departments of such change. As of June 30, 2019, the Departments had a backlog of 51,903 cases for which information had been received but not reviewed. Because the information had not been reviewed, the Departments did not know which program(s) might be impacted. As such, we were unable to determine the timeliness of processing the information.

Center for Medicare and Medicaid Services

In the Centers for Medicare and Medicaid Services (CMS) findings from its Payment Error Rate Measurement (PERM) reporting year 2019 report, it was projected that \$977 million of federal benefits were considered errors because the determination was not conducted timely. Specifically, the Departments could not provide evidence they conducted an eligibility determination or the eligibility determination was not in accordance with timeliness standards (does not apply to application timely processing) as defined in the federal regulations. However CMS did not impose eligibility recoveries or disallowances for reporting year 2019.

The Departments indicated lack of staff contributed to the delays in completing the applications, redeterminations and other information within the required timeline.

Untimely determination of eligibility, redetermination of eligibility and processing of change documentation is a violation of the Code of Federal Regulations. Failure to make timely determinations of eligibility could result in hardships for the applicants. Furthermore, failure to timely redetermine eligibility for benefits could result in the Departments paying benefits to ineligible individuals as well as then receiving federal financial participation in connection with those ineligible benefits paid. (Finding Code No. 2019-003, 2018-006, 2017-006)

RECOMMENDATION

We recommend management of the Departments work together to implement controls to comply with the requirement that applications are reviewed and approved or denied within 45 or 30 days, as applicable. Furthermore, the Departments should establish appropriate

controls to both monitor the progress of eligibility redeterminations and ensure those redeterminations occur timely along with any change documentation received.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will continue to cooperate with Federal CMS regarding corrective actions. All backlogs are being addressed through a combination of staff hiring, enhanced training, process simplifications, policy streamlining and system enhancements.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) accepts the recommendation. DHS agrees to work with the Department of Healthcare and Family Services (HFS) to implement controls to comply with the requirement that applications are reviewed and approved or denied timely.

DHS will continue the practice of assigning and training additional personnel so that initial applications are worked and redeterminations and maintenance of eligibility are performed within the timeframes required. DHS has recently implemented Statewide Processing Centers (SPCs) in order to handle work from larger offices with heavy caseloads, and effectively redistribute tasks to areas of the field that have the capacity to handle additional assignments. This has resulted in more timely performance of task completion within IES; a substantial increase in SNAP application timeliness; a reduction in the backlog of medical applications; lower wait times for customers who enter the FCRC; and improved customer service in the timely and accurate distribution of benefits.

2019-004 FINDING (Insufficient internal controls over changes to the Integrated Eligibility System (IES) and recipient data)

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) had insufficient internal controls over changes to the Integrated Eligibility System (IES) and recipient data.

Management of the Departments have shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ IES is the automated system used by the Departments which intakes, processes (with the assistance of caseworkers), and approves recipient applications, maintenance items, and redeterminations in order to determine eligibility and make payments for the State’s human service programs.

Change control is the systematic approach to managing changes to an IT environment, application, or data. The purpose is to prevent unnecessary and/or unauthorized changes, ensure all changes are documented, and minimize any disruptions due to system changes.

IES Application Changes Policies and Procedures

The Departments did not have documented internal controls over changes to IES during the audit period. However, on August 31, 2019, the Departments memorialized the change control process in writing. According to the Departments, this process was to have been followed during the audit period.

Our review of the August 31, 2019 Change Management Policy and Procedure, noted the Policy and Procedure did not:

- Define the various types of changes,
- Define the requirements for the prioritization or classification of changes,
- Define the information required to be entered into the tracking system for each change,
- Define the numerical grading for determining impact,
- Define the detailed documentation requirements for test scripts and results, impact analysis, design documentation, or other required documentation, and
- Define when changes were required to include a specific requirement, who was to review the various steps and when and by whom approvals were required.

Recipient Data Changes Policies and Procedures

The Department did not have documented internal controls over changes to recipient data residing in IES during the audit period.

Testing of IES Application Changes

As noted above, the Change Management Policy and Procedure did not document the specific requirements the various types of changes were required to comply with; however, we did note each IES change was required to include impact scores, requirements and design documents approved by the Departments, user acceptance testing, release notes, an associated Remedy Ticket, and approval from the IES Bureau Chief. Therefore, we selected a sample of 60 changes to IES to determine if they complied with the requirements described above, noting 53 (88%) did not have the Customer Impact, Caseworker Impact, Level of Urgency, and Regulatory Impact scores completed.

According to the Change Management Policy and Procedure, issues and the status of each change were to be communicated at the UAT Status Meeting twice weekly. Additionally, the UAT Status Meeting minutes were to be published on the Department of Healthcare and Family Services website.

Furthermore, we requested a sample of meeting minutes from the UAT Status Meetings, which were to be held twice a week. However, the Department stated UAT Status Meeting minutes were not maintained for the period of July through November 2018.

Testing of Recipient Data Changes

Due to the lack of documented internal controls we could not determine if fixes to recipients' data were properly approved. However, we selected a sample of 40 fixes to recipients' data to determine if there were documented approvals for the recipient data changes. Our testing noted, although verbal approval appeared to have been obtained prior to implementation, approvals for 7 (17.5%) recipient data changes were documented one to five days after implementation.

The internal control requirements of the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) within the Code of Federal Regulations (Code) (2 C.F.R. § 200.303) requires the Departments to establish and maintain effective internal control over the Medicaid Program to provide reasonable assurance that the Departments are managing the Medicaid Program in compliance with federal statutes, regulations, and the terms and conditions and comply with federal statutes, regulations and terms and conditions of the Medicaid Program. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* (otherwise commonly referred to as the Green Book) issued by the Comptroller General of the United States or the *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

The Code (45 C.F.R. § 95.621(f)(1)), *ADP System Security Requirement*, requires State agencies to be responsible for the security of all automated data processing (ADP) projects under development, and operational systems involved in the administration of the U.S. Department of Health and Human Services programs. State agencies are required to determine the appropriate security requirements based on recognized industry standards or standards governing security of federal ADP systems and information processing.

The National Institute of Standards and Technology (NIST), Special Publication 800-128, *Guide for Security-Focused Configuration Management of Information Systems*, states critical elements are to include:

- Developed and documented policies, plans, and procedures, and
- Properly authorized, tested, approved and tracking of all changes.

Furthermore, the National Institute of Standards and Technology (NIST), Special Publication 800-53, *Security and Privacy controls for Federal Information Systems and Organizations*, states policies and procedures should be in place detailing who can authorize modifications and how the authorizations are to be documented. Additionally, documentation of authorizations should be obtained prior to implementation.

The Departments' Change Management Policy and Procedure requires that each change to IES have impact scores completed, Departments' approval of the requirements and design

documents, Remedy ticket, release notes, and be approved by the IES Bureau Chief to move the change to the production environment.

The Departments' management indicated although they did not have a documented process during the audit period, they believed the process formalized in the August 31, 2019 Change Management Policy and Procedure was adequate. In addition, the Departments' indicated the weaknesses identified during detailed testing were the result of a lack of understanding of the Change Management Policy and Procedure.

Failure to establish and document internal controls over changes to IES and recipient data diminishes the Departments' ability to secure the IES system as well as the recipient data from unauthorized changes and accidental or intentional destruction or alteration. (Finding Code No. 2019-004, 2018-007, 2017-009)

RECOMMENDATION

We recommend management of both Departments work together to determine and document controls in the Change Management Policy and Procedure for the following:

- Definitions of the various types of changes,
- Specific requirements for the prioritization or classification of changes,
- Specific information required to be entered into the tracking system for each change,
- Definitions of the numerical grading for determining impact,
- Detailed documentation requirements for test scripts and results, impact analysis, design documentation, or other required documentation, and
- Definitions of when changes are required to include a specific requirement, who should review the various steps, and when, and by whom approvals are required.

The Departments should improve monitoring of established internal control to improve adherence to the control system by Department employees.

The Departments should also document internal controls over changes to recipient data residing in IES. This documentation should include the timing for required approvals for recipient data changes.

Finally, the Departments should prepare minutes for each UAT Status Meeting and publish them on the Department of Healthcare and Family Services website.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will work with DoIT / DHS to ensure controls over IES changes are adequate.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) accepts the recommendation. The current IES Change Control Document is under review by DHS, HFS, and DoIT. The IES system has moved from a project to a system in production and with that movement the departments are

determining, documenting, and implementing procedures that best fit maintaining a system of this size and importance; while being flexible enough to meet the fast pace changes needed by the business users and the clients. Each agency will strive to improve the internal controls of the Change Management Procedures as we move forward.

2019-005 FINDING (Inadequate disaster recovery controls over the Integrated Eligibility System (IES))

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) lacked adequate disaster recovery controls over the Integrated Eligibility System (IES).

Management of the Departments have shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ IES is the automated system used by the Departments which intakes, processes (with the assistance of caseworkers), and approves recipient applications, maintenance items, and redeterminations in order to determine eligibility and make payments for the State’s human service programs.

The Department of Human Services’ Disaster Recovery Plan (Plan) addresses the recovery and operation of IES. However, we noted the Plan did not include:

- Detailed recovery scripts,
- Support staff and vendor contact information,
- Responsibilities for the recovery of IES,
- Documentation on backups, and
- Was not updated to reflect changes to the current environment.

In addition, the Departments had not conducted disaster recovery testing during the audit period.

The Code of Federal Regulations (Code) (45 C.F.R § 95.621(f)(2)(ii)(F), *ADP System Security Requirements and Review Process*, requires State agencies’ automated data processing (ADP) Security requirements to include contingency plans to meet critical processing needs in the event of short or long-term interruption of service.

The National Institute of Standards and Technology (NIST), Special Publication 800-53, *Security and Privacy Controls for Federal Information Systems and Organizations*, includes disaster recovery plans and the testing of disaster recovery plans as baseline security controls integral to ensuring appropriate security requirements and controls are applied to information systems.

Department management indicated the Plan had not been updated and testing had not been completed due to the ongoing project of upgrading the environment in which IES resides.

The lack of an adequate disaster recovery plan and the failure to perform sufficient testing of such plan could result in the Departments’ inability to recover IES and data. (Finding Code No. 2019-005)

RECOMMENDATION

We recommend management of the Departments enhance the Disaster Recovery Plan to include:

- Detailed recovery scripts,
- Support staff and vendor contact information,
- Responsibilities for the recovery of IES,
- Documentation on backups, and
- Changes to the current environment.

Additionally, the Departments should perform disaster recovery testing on a regular basis as defined in the Plan.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will work with DoIT / DHS to ensure the Disaster Recovery Plan is enhanced and tested as soon as possible.

DEPARTMENT OF HUMAN SERVICES' RESPOSNE

The Department of Human Services (DHS) accepts the recommendation. The current IES Information System Contingency Plan v4.0 (10/2018) is under review at this time by the Acting DoIT – DHS Information Security Officer. Detailed scripts, State and the IES development vendor support / responsible contact information, system backup information are all to be updated on the v5.0 (04/2020) IES Contingency Plan.

DoIT / IES development vendor are not able to participate in Disaster Recovery (DR) exercises for the IES Application at this time. Disaster Recovery functionality is not available in the current Production IES Environment as it has outgrown the capacity of the Disaster Recovery hardware. DoIT / HFS is currently working on a multi-phase project to upgrade all IES hardware/software, these systems include a full DR component that will allow for an annual off-site DR test. At such time the IES Infrastructure is fully implemented and ready for DR testing, exercises will commence annually.

DR Planning Finalization and Execution, conducted by the IES development vendor / DoIT is Phase 7 of the IES Long Term System Security Plan (LTSSP) Technical Refresh. Phase 7 of IES Tech Refresh is scheduled to take place mid-2021. Currently, the DR configuration for Production Database Environment IES is in the 'build' and 'testing' phase at DoIT.

2019-006 FINDING (Lack of detailed agreement with the Department of Innovation and Technology (DoIT))

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) had not entered into a detailed agreement with the Department of Innovation and Technology (DoIT) to ensure roles and responsibilities for the Integrated Eligibility System (IES) were formally documented.

Management of the Departments have shared responsibility for various human service programs in the State and for internal controls over the manual and automated processes relating to eligibility for these programs. The Departments’ IES is the automated system used by the Departments which intakes, processes (with the assistance of caseworkers), and approves recipient applications, maintenance items, and redeterminations in order to determine eligibility and make payments for the State’s human service programs.

The Departments’ IES application and data resides on DoIT’s environment. In addition, DoIT’s staff is responsible for coordinating and making changes to the IES application and data. Furthermore, DoIT’s staff assists the Departments with user access security.

However, the Departments had not entered into an agreement with DoIT documenting roles and responsibilities for each function they perform on the Departments’ behalf.

The National Institute of Standards and Technology (NIST), Special Publication 800-35, Guide to Information Technology Security Services, states as part of the life cycle in making IT security decisions to outsource services, the organization should document specific attributes of an acceptable service arrangements and levels of service.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over State’s resources.

The Departments have the ultimate responsibility to ensure their critical and confidential data are adequately safeguarded.

The Departments’ management indicated they believed the existing general agreement regarding the relationship between the Departments and DoIT was sufficient.

The Departments’ failure to execute an agreement with DoIT increases the risk that IES functions won’t be performed by each party in accordance with their assigned responsibility. (Finding Code No. 2019-006)

RECOMMENDATION

We recommend management of the Departments execute a detailed agreement with the Department of Innovation and Technology (DoIT) to ensure the IES System roles and responsibilities required to be performed by each party, are formally documented.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will work with DHS to review the need to execute an agreement with DoIT regarding IES responsibilities.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) accepts the recommendation. DHS will work with HFS to review the need to execute an agreement with DoIT regarding IES responsibilities.

2019-007 FINDING (Financial statement preparation weaknesses)

The Department of Healthcare and Family Services' (Department) internal controls were not sufficient to ensure its annual financial statements were updated for known changes affecting account balances for the year ended June 30, 2019.

Annually, the Department reports a liability on its balance sheet for obligations for various medical claims incurred during the fiscal year. The Department refers to this liability as the medical accrual. One component of the calculation of the medical accrual liability at June 30, 2019, was an estimated amount owed related to changes in capitation rates. Although the Department received its 2019 calendar year rates in November of 2018, for various reasons it delayed implementing rate changes until an amendment of the 2019 rates was received. From January 2019 through June 2019 the Department had paid claims at the 2018 calendar year rates until such time as the 2019 calendar year rates amendment was approved and implemented. When the Department initially drafted its financial statements it estimated the amount payable for the difference of the amounts paid previously using the old rates compared to what would be owed and retroactively payable under new 2019 rates. However, on September 25, 2019, the Department received the final 2019 amended rates and therefore should have corrected its liability calculation using the final 2019 amended rates for its financial statements. The Department's failure to update its medical accrual calculation resulted in an overstatement of liabilities in its financial statements totaling \$70.2 million for this issue. The Department corrected its financial statements after the auditors made it aware of the misstatement.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001), the Department must establish and maintain a system or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, transfers, assets, resources, and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Further, the State Comptroller Act (15 ILCS 405/19.5(a)) requires the Department to provide all financial information deemed necessary by the Comptroller to compile and publish the State's CAFR by October 31st.

Generally accepted accounting principles require the Department to adjust its financial statements for information that becomes known prior to the issuance thereof (Governmental Accounting Standards Board Statement No. 56). Further, good internal controls over financial reporting and compliance require the Department to ensure its GAAP packages and other reported data is accurate and complete to enable the timely preparation and audit of the State's CAFR.

Department management stated the error was due to a lack of detailed communication between the managed care and financial reporting areas which resulted in the estimate not being updated for this change.

Failure to ensure financial transactions are reported properly in accordance with GAAP resulted in material errors within the Department's draft financial statements, negatively impacted the information compiled within the State's CAFR, and represents noncompliance with State law. (Finding Code No. 2019-007, 2018-009, 2017-003, 2016-004)

RECOMMENDATION

We recommend the Department strengthen its internal controls to ensure its financial statements are updated for known changes affecting year end account balances.

DEPARTMENT RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS will strengthen its controls to obtain monthly updates on significant estimates used in the calculation of the medical accrual liability.

2019-008 FINDING (Incorrect claim payments)

The Department of Healthcare and Family Services (Department) made incorrect payments to Managed Care Organizations (MCOs).

In order to administer the State's Medicaid Program, the Department's Medicaid Management Information System (MMIS) processes Medicaid claims submitted by medical providers and MCOs for services rendered to Medicaid-eligible recipients, and generates the related payments. During the fiscal year, the Department processed approximately 228,116,398 claims totaling \$16.1 billion.

We selected a sample of claim types (Capitation, Non-Institutional Providers (NIPs), and Pharmacy) from all claim types paid by the Department during fiscal year 2019 to ensure payments were consistent with the applicable rate tables.

The Department reimburses medical providers using two methods: fee-for-service and managed care payment methods. Under managed care, the Department makes fixed payments called capitation payments to MCOs for recipients enrolled in the program. NIPs payments are paid to medical providers for individuals on a fee-for-service basis. Pharmacy payments are paid to medical providers for medications that are medically necessary for Medicaid recipients, which includes both prescription and over the counter products.

Our testing identified 426,029 claims that were paid in error, resulting in an underpayment totaling \$1,678,019. Specifically, the auditors noted the following:

- Capitation Payments
 - 2,345 claims did not have accurate provider information and should not have been paid. As a result, the Department overpaid MCOs \$918,993.
 - 394,409 claims had a rate used to make the payment which was different from the defined rate (actuarially approved rate), resulting in the Department underpaying the MCOs \$3,264,370.
- Pharmacy
 - 26,846 claims had a net liability amount which did not agree to the auditor's calculated net liability based on information provided by the Department. The net error for these claims is an overpayment to providers of \$873,020.
 - 1,795 compound drug claims had a net liability amount which did not agree to the auditor's calculated net liability based on information provided by the Department. The net error for these claims is an overpayment to providers of \$15,404.
 - 634 Critical Care Provider claims had a net liability amount which did not agree to the auditor's calculated net liability based on information provided by the Department. The net error for these claims is an underpayment to providers of \$221,066.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable laws and obligations and costs are in compliance with applicable laws.

Department management indicated these errors were due to system issues and adjustments that had not been processed yet.

Failure to establish internal controls to ensure medical providers submit proper claims and the Department reimburses providers at the proper federally approved rate results in the State not paying medical providers the correct amounts, which could also lead to future misstatements of the Department's financial statements and the Statewide financial statements. (Finding Code No. 2019-008, 2018-013, 2017-005)

RECOMMENDATION

We recommend the Department implement controls to confirm claims are properly processed at the approved rate. Specifically, the Department should ensure all claims are paid at the correct rate and all required information is provided by the medical providers and the MCOs. In the event all information is not provided by the medical provider or the MCO, the claim should be voided.

DEPARTMENT RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation and has already implemented an additional layer of review of all rates being manually entered and the components of the calculation. All errors have been corrected in the Department's systems, and all overpayments or underpayments are being paid or recouped through adjustments to the payment records. It should be noted that the Department takes every error very seriously and routinely makes correction adjustments to MCOs.

2019-009 FINDING (Insufficient review and documentation of provider enrollment determinations and failure to execute interagency agreements)

The Department of Healthcare and Family Services (HFS), and the Department of Human Services (DHS) (collectively, the “Departments”) failed to design and implement adequate internal controls over the operation of the State of Illinois’ Illinois Medicaid Program Advanced Cloud Technology system (IMPACT). Specifically, we noted the Departments did not sufficiently review and document approval for provider enrollments and had not entered into interagency agreements (IA) defining each agency’s roles and responsibilities.

In July 2015, HFS implemented IMPACT’s Provider Enrollment module, which was designed by HFS to be the State of Illinois’ book of record for the enrollment of providers offering services for and on-the behalf of the State of Illinois’ Medicaid recipients.

HFS’ and DHS’ Roles

As set by the State of Illinois’ State Plan under Title XIX of the *Social Security Act* (State Plan) (Section 1.1), the State’s designated agency responsible for administering and supervising the administration of the Medicaid Program is HFS. However, Section 1.1 of the State Plan allows for HFS to delegate specific functions to other State agencies to assist with the administration of the Medicaid Program, pursuant to a written IA defining each agency’s roles and responsibilities. As such, DHS administers several human service programs under the Medicaid Program, including developmental disabilities support services, rehabilitation services, and substance abuse (prevention and recovery) services.

Auditor Testing and Results

Interagency Agreements

We noted the Departments did not have interagency agreements defining the specific roles and responsibilities.

Quality/Supervisory Reviews Not Conducted

We noted the Departments do not have a process for supervisors to perform, at least on a sample basis, quality reviews of the activities performed by staff to obtain independent evidence that staff members are acting within the scope of their authority and that transactions and events comport with management’s expectations.

Detail Sample Testing

Based on the population provided by HFS, during Fiscal Year 2019, 26,529 provider applications were approved. In order to determine if the providers’ applications were approved in accordance with federal and State laws/rules/regulations, a sample of 40 approved applications were selected for testing. Our testing of the 40 provider files noted:

- 38 approved provider applications included requests for the applicable Department to backdate their enrollment beginning dates. Of those 38 approved applications we noted:
 - 28 (74%) provider files were for providers who requested the applicable Department to backdate their eligibility beginning dates. However, the provider’s file did not contain documentation of the Department’s reason for allowing an exception and thereby backdating the provider’s enrollment. As a result, we could not determine if the backdating of

- enrollment, and the subsequent payments was proper.
- 4 (11%) provider files were backdated in excess of HFS' policy, ranging from 19 to 413 days past the 180 day limit.
- 8 (20%) provider files did not contain documentation the applicable Department reviewed the provider's required professional license or board certification to confirm the licenses/certifications were valid at the time the application was approved.
- 3 (8%) provider files did not have documentation the applicable Department confirmed the provider's national board certification end date. In fact the certifications were recorded with open ended expiration dates within IMPACT.
- 1 (3%) provider file noted a felony charge during the screening process. However, there was no documentation the application was sent to the Office of Inspector General (OIG) for detailed review and approval.

DHS Testing

DHS is responsible for the review and approval of the following providers:

- Division of Substance Use Prevention and Recovery (SUPR) – Various Block Grant Programs,
- Division of Developmental Disabilities (DD) – Community Integrated Living Arrangement (CILA) Program,
- Division of Developmental Disabilities (DD) – Home Based Services Program,
- Division of Rehabilitation Services (DR) – Home Services Program,
- Division of Mental Health (MH) – Community Mental Health Care (CMHC), and
- Division of Family and Community Services (FCS) – Early Intervention.

During our testing, we determined DHS did not utilize IMPACT as the book of record or rely on it to verify their providers met certain Medicaid requirements prior to approving them to provide services. In fact, DHS was performing procedures to determine if the providers met certain Medicaid eligibility requirements outside of IMPACT. Upon completion of those procedures, DHS entered the information into IMPACT and approved the provider in order to grant the approval for payment. However, DHS did not regularly follow-up on discrepancies identified upon IMPACT completing verification of information, background checks, and professional licensing.

Additionally, on a monthly basis IMPACT checks provider profiles against several databases to determine if the provider licenses are valid and current, and identifies suspected criminal activity. However, we determined DHS was not regularly following up on noted issues.

Although DHS performed various procedures in determining if providers met the Medicaid eligibility requirements, we noted there was no consistent process for reviewing issues identified and reporting to HFS to ensure only eligible providers were paid with federal and/or State funds.

Given IMPACT is the State's book of record for determining provider eligibility and subsequent approval of payment to Medicaid providers and the fact DHS is not utilizing

IMPACT as intended, the Departments cannot ensure the payments made to DHS' providers are appropriate and eligible for federal reimbursement.

The Code of Federal Regulations (2 C.F.R. § 200.303), *Internal Controls*, requires the Departments to: (1) establish and maintain effective internal control over the Medicaid Program to provide reasonable assurance that the Departments are managing the Medicaid Program in compliance with federal statutes, regulations, and the terms and conditions; and (2) comply with federal statutes, regulations and terms and conditions of the Medicaid Program. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" (otherwise commonly referred to as the Green Book) issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

The *Medicaid Provider Enrollment Compendium* notes it is incumbent on the Departments to mitigate the risk of an improper enrollment, as payments for the backdated period are improper unless an exception applies. HFS' *Individual Approval Process Checklist* states applications may be backdated up to 180 days, if requested by the applicant.

The Code of Federal Regulations (Code) (42 C.F.R. §455.412(a)) requires the Department to have a method for verifying that any provider claiming to be licensed in accordance with the laws of any State is licensed by such state. In addition, HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires Departments' staff reviewing licenses to document their review of ensuring the licenses were valid and current in the comments section in IMPACT.

The Code (42 C.F.R. §455.412(b)) requires the Departments to confirm the provider's license has not expired and there are no current limitations on the provider's license/certification. In addition, HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires the end date for required licenses/certifications to be current in IMPACT.

HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires Departments' staff to send applications with felonies to the OIG for review and determination of approval.

The Code (42 C.F.R. 431.17) requires the Departments to maintain records necessary for the proper and efficient operations of the State's Medicaid Plan.

In the prior audit, Departments' management indicated the control deficiencies were due to employee oversight. In the current audit, Departments' management indicated they had not had sufficient time to collect information and develop interagency agreements. Additionally, the Departments' management indicated the errors associated with the approved applications were due to employee oversight.

Inadequate controls over the operation of IMPACT, such as insufficient review and approval of provider enrollment information, may result in providers being inaccurately determined eligible, the State expending federal and State funds for which provider enrollment has not been adequately demonstrated or documented, and may result in future expenditures to providers who are ineligible to provide services to recipients of the State's Medicaid Program. Noncompliance with federal laws and regulations could lead to denied claims,

sanctions and/or loss of future federal funding and result in misstatement of agency financial statements. Additionally, failure to execute interagency agreements could expose the State to unnecessary and avoidable litigation. (Finding Code No. 2019-009, 2018-003)

RECOMMENDATION

We recommend management of the Departments improve controls to ensure each Departments' staff and supervisors are properly obtaining, reviewing, and retaining documentation in IMPACT to support Medicaid provider enrollment.

Additionally, we recommend the Departments execute detailed interagency agreements defining the roles and responsibilities of each agency regarding the Medicaid program. The interagency agreements should sufficiently address the necessary procedures to enforce monitoring and accountability provisions over IMPACT as required by the Code of Federal Regulations and the State Plan so the enrollment of providers offering services is carried out in an efficient and compliant manner.

Furthermore, we recommend DHS utilize IMPACT as their book of record for provider enrollment. DHS should also develop controls to review any noted issues and notify HFS of any issues affecting eligibility.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. The IMPACT Provider Enrollment Subsystem requires staff to review and update any information that cannot be systemically verified. Furthermore, the system retains an audit trail which indicates updates to the system and the corresponding date, time and employee making the update. Although on some occasions, HFS Provider Enrollment staff failed to properly comment regarding the action they took to manually verify information, the Department provided post audit documentation to substantiate that all providers were eligible at the time that they were approved. This should help to minimize the concern that providers were inaccurately determined to be eligible to provide Medicaid services. HFS has adopted a formal quality assurance process that has been memorialized in a new Standard Operating Procedure (SOP). In addition, HFS is updating existing SOPs, where appropriate, to clearly outline the comment requirements and providing sample comment suggestions to standardize the process amongst all staff. These updates will be shared with staff during future staff training sessions. All SOPs have also been incorporated into the sister agency Interagency Agreements that have been drafted.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) accepts the recommendation. DHS will provide written documentation in IMPACT of the documentation and databases that were used to manually verify eligibility. Documentation such as a provider's license or certification will be maintained on file with the Department. As the lead Medicaid Agency, HFS is coordinating with each state agency to define the roles and responsibilities regarding the Medicaid program. DHS will continue to cooperate and comply with the guidance provided by HFS during the interim while the Interagency Agreement is being developed. DHS will continue to collaborate with HFS to execute an interagency agreement that sufficiently addresses the necessary procedures to enforce monitoring and accountability provisions over

IMPACT as required by the Code of Federal Regulations so the providers offering services is carried out in an efficient and compliant manner.

Furthermore, DHS agrees that IMPACT is the book of record for determining Medicaid eligibility. DHS will cooperate with HFS to develop adequate controls to ensure applications are reviewed and a process is established for notifying HFS of any issues affecting eligibility. The process of notifying HFS of issues affecting eligibility and the roles and responsibilities for determining a provider's eligibility will be addressed in the Interagency Agreement.

2019-010 FINDING (Inadequate general information technology controls over IMPACT)

The Department of Healthcare and Family Services and the Department of Human Services (collectively, the “Departments”) failed to establish and maintain adequate general information technology internal controls (general IT controls) over the operation of the State of Illinois’ Illinois Medicaid Program Advanced Technology system (IMPACT).

In calendar year 2012, the Department of Healthcare and Family Services and the State of Michigan’s Department of Community Health entered into agreements for the State of Illinois (State) to utilize Michigan’s existing Medicaid Management Information System (MMIS) and its related infrastructure with the goal of replacing the State’s MMIS to accommodate the processing of the State’s Medicaid provider enrollment determinations and all Medicaid claim payments to such providers. Since 2012, the State has implemented two phases of IMPACT; Electronic Health Record Medicaid Incentive Payment Program (eMIPP) and Provider Enrollment (PE).

During our testing, we noted the Departments did not have access to or control over IMPACT and its infrastructure. As a result, we were unable to perform adequate procedures to satisfy ourselves that certain general IT controls (i.e. security over the environment, disaster recovery assurance, and change management procedures) over IMPACT were operating effectively during the audit period. The Third Party Service Provider (TSP) did not obtain or provide the Departments with a System and Organization Control (SOC) report, which would provide the State and the auditors information on the design and effectiveness of internal control over IMPACT.

Security over Illinois Users

As we noted in the prior year finding, due to 1) the lack of reporting functionality within IMPACT and 2) the Departments not requesting the TSP to develop and provide ad hoc reports, the Departments’ management did not perform access reviews. Although the Departments obtained the reporting functionality in March 2019, they still had not implemented a formalized review of user access rights during the audit period.

During our testing of the Departments’ access provisioning policies, we noted the policies did not define the time period in which the Departments were required to disable a terminated individuals’ IMPACT access. In our testing of 8 terminated IMPACT users, we noted 6 (75%) users had their access terminated 14 to 482 days after their termination of employment.

As a result of the Departments’ failure to establish appropriate security controls over IMPACT, we cannot determine if IMPACT and the State’s data are adequately protected from unauthorized access and accidental or intentional destruction or alteration.

Disaster Recovery and Backups

The Departments did not have a disaster recovery plan for IMPACT and had not conducted recovery testing of IMPACT during the audit period.

In addition, we requested documentation regarding the backup, including the Departments' due diligence in ensuring the backups were generated successfully, of the Departments' IMPACT data; however, they were unable to provide such documentation.

As a result, of the Departments' failure to implement disaster recovery controls, including the successful performance of backups, the Department has failed to adequately protect IMPACT and the State's data against the possibility of major disruptions of services and the loss of data.

Change Management

As a result of the Departments' failure to obtain a SOC report, as noted above, or conduct their own timely independent internal control reviews over how changes were made by the TSP to IMPACT and its environment, we are unable to determine if the changes made to IMPACT and the State's data during the audit period were proper and approved.

The internal control requirements of the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) within the Code of Federal Regulations (Code) (2 C.F.R. § 200.303) requires the Departments to: (1) establish and maintain effective internal control over the Medicaid Program to provide reasonable assurance that the Departments are managing the Medicaid Program in compliance with federal statutes, regulations, and the terms and conditions; and (2) comply with federal statutes, regulations and terms and conditions of the Medicaid Program. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* (otherwise commonly referred to as the Green Book) issued by the Comptroller General of the United States or the *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

The Code of Federal Regulations (42 C.F.R. §95.621(f)(1)), *ADP System Security Requirement*, requires State agencies to be responsible for the security of all automated data processing (ADP) projects under development, and operational systems involved in the administration of the U.S. Department of Health & Human Services programs. State agencies are required to determine the appropriate security requirements based on recognized industry standards or standards governing security of federal ADP systems and information processing.

Generally accepted information systems technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorses the development of well-designed and well-managed controls to protect computer systems and data, and endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe. Generally accepted information technology guidance also endorses the implementation of suitable change management procedures to control changes to computer systems.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation

of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The Departments' management indicated the above control deficiencies were due to limited reporting capabilities of IMPACT, employee oversight, and their belief the TSP was responsible for some of the internal controls.

The lack of an adequate disaster recovery plan, the failure to perform sufficient testing of such plan and the failure to successfully and routinely perform backups could result in the Departments' inability to recover IMPACT and data. Failure to understand and document internal controls over user access and changes to IMPACT diminishes the Departments' ability to protect the system and the data from unauthorized changes and accidental or intentional destruction or alteration. (Finding Code No. 2019-010, 2018-002)

RECOMMENDATION

We recommend management of the Departments implement adequate internal control over the implementation and design of IMPACT, including regular reviews of user access rights, disaster recovery activities, and change management procedures.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. HFS has implemented a user access review process for IMPACT. The Department has worked with Michigan to develop an IMPACT disaster recovery plan that is near completion, pending final signoff. With advisory consultation from Illinois technical resources, the Department will work with Michigan to ensure clearly defined change control measures are established.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) accepts the recommendation. DHS will work with HFS to ensure controls over the implementation and design of IMPACT are adequate.

2019-011 FINDING (Failure to review external service providers' internal controls)

The Department of Healthcare and Family Services (Department) did not obtain or conduct independent internal control reviews of its external service providers.

The Department utilized service providers to provide:

- Software used in the data matching and verification, process management, and reporting of client's eligibility redeterminations.
- Administration and payment of claims for the enrollees of the State's Dental Program.
- An externally developed and hosted application which processed the Medicaid Incentive Payment Program (eMIPP) and provider credentialing certifications.
- The software and infrastructure for the Department's Pharmacy Benefits Management System.
- Management and operations of the State's Disbursement Unit for the collection and disbursement of payments under child support orders.
- IT hosting, software, and data entry services, as well as the establishment of rates and review of information related to the State's Managed Care Program.

During testing of the 13 service providers, we noted:

- The Department did not obtain System and Organization Control (SOC) reports or conduct independent internal control reviews for 11 external service providers.
- Although the Department had received a SOC report from two of the external service providers, an analysis of the reports had not been conducted to determine the impact of the modified opinions or the noted deviations.
- The Department had not conducted an analysis of the complementary user entity controls (CUECs) documented in the SOC reports.

The Department is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Strong management controls, due diligence and fiduciary responsibility require adequate supervision of external service providers to provide assurance that personal information is properly recorded and accounted for.

Department management indicated, as it did in the prior years, that staff were unaware of the requirements to obtain and review SOC reports.

Without having obtained and reviewed a SOC report or another form of independent internal control review, the Department does not have assurance the external service provider's

internal controls are adequate to ensure program payments and claims are accurate and secure. (Finding Code No. 2019-011, 2018-014, 2017-011, 2016-003, 2015-004)

RECOMMENDATION

We recommend the Department:

- Obtain SOC reports or perform independent reviews of internal controls associated with outsourced systems at least annually.
- Monitor and document the operation of the CUECs relevant to the Department's operations.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Department, and any compensating controls.

DEPARTMENT RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. In August 2018, HFS staff implemented a process to review existing contracts and new procurements to determine whether SOC reports were required. Existing contracts requiring SOC reports were then examined to determine if contract deliverables mandated the production of those documents. The implementation of an internal compliance review process for provided SOC reports has been delayed due to development and implementation of the new SAP accounting system and a lack of subject matter experts within the Department. The Department is actively seeking to procure qualified resources to provide these unique skills and anticipates improvement within FY2021.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

SCHEDULE OF FINDINGS

CURRENT FINDINGS
(STATE COMPLIANCE)

2019-012 **FINDING** (Insufficient controls over Managed Care Organization contracts)

The Department of Healthcare and Family Services (Department) did not maintain complete information needed to adequately monitor Managed Care Organization (MCO) contracts to ensure compliance with all contractual provisions.

The Department awarded seven new HealthChoice of Illinois (HCI) MCO contracts, effective January 1, 2018, to provide managed care Statewide. During our testing of the HCI MCO contracts, we reviewed Attachment XIII: Required Deliverables, Submissions, and Reporting to identify the required deliverables for each of the seven MCOs. We noted one provider whose contract terminated with the State on December 31, 2019; however, the Department did not obtain all required deliverables from this provider for the months the provider had been providing managed care services to its members. The following reports were not available for this provider:

- Annual recipient verification procedures;
- Annual recipient verification results;
- Annual compliance certification; and
- Annual fraud and abuse compliance plan.

Department management stated the deliverables for the contract were not collected due to oversight.

Inadequate monitoring to ensure compliance with all contractual provisions of the HCI MCO contracts may lead the State to unnecessary legal risks and could result in unnecessary expenses and overreliance on contractors. Additionally, noncompliance with the contracts may result in the Department not meeting the needs of the individuals dependent on the State for medical services. (Finding Code No. 2019-012)

RECOMMENDATION

We recommend the Department obtain and maintain a copy of all required deliverables from each of the State's HCI MCOs as outlined in the contracts to ensure it is adequately monitoring the HCI MCOs in a timely and effective manner.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is working to correct future oversight through the development and implementation of a SharePoint Tracking and Monitoring Policy and Procedure, improvements to the SharePoint deliverables tracking spreadsheet and implementation of SharePoint training for the Bureau of Managed Care Account Management staff.

2019-013 FINDING (Noncompliance with the State of Illinois' Constitution)

The Department of Healthcare and Family Services (Department) entered into an interagency agreement which circumvented the agency reorganization provisions of the State of Illinois Constitution.

During the prior examination, we noted the Department, Office of the Governor, and the Illinois Health Information Exchange Authority (Authority) entered into an interagency agreement on September 23, 2016, for the “transitioning of management of duties from the Authority to [the Department].” This interagency agreement included the following terms:

- Section 2.03 noted all of the Authority’s remaining staff “shall ultimately report to, and be under the management control of, the [Department’s] Chief Operating Officer/Chief of Staff.”
- Section 3.02 required the Authority to designate the Department as its fiscal agent for the purposes of distributing moneys from the Health Information Exchange Fund and may, at the Department’s discretion, deposit future moneys received into the Health Information Exchange Fund.
- Section 3.03 required the Authority to designate the signature authority of its Executive Director “in its entirety” to the Department’s Director.

In practicality, this interagency agreement ended the Authority’s existence as an independent, standalone entity and reorganized the functions of the Authority into the Department. We noted this change would contravene the provisions of the Illinois Health Information Exchange and Technology Act (20 ILCS 3860/10), which created the Authority as “an instrumentality and an administrative agency of the State.”

The Constitution (Article V, Section 11) allows the Governor, by Executive Order, to reassign functions among or reorganize executive agencies directly responsible to the Governor. If the reassignment or reorganization contravenes a statute, the Executive Order must be delivered to the General Assembly. After the Governor complies with the delivery provisions of the Constitution, the General Assembly has 60 calendar days after the delivery of the Executive Order to have one house, by a record vote, disapprove of the reassignment or reorganization to prohibit the reassignment or reorganization from occurring.

During the prior examination, Department management stated it believed the interagency agreement was the precursor to development of an Executive Order to effectuate the transfer of Authority management duties from the Authority to the Department. During the current examination, Department management stated they drafted proposed legislation to provide certainty as to the legal status. While the General Assembly passed the proposed language in May 2020, it is pending gubernatorial action.

Entering into an intergovernmental agreement to reorganize and reassign the duties and functions of the Authority into the Department represents noncompliance with the State’s Constitution and limits the oversight functions of the General Assembly. Further, failure to properly perform this reorganization in accordance with the terms of the Constitution limited the General Assembly’s understanding of this event, as the reporting requirements to the General Assembly within the Executive Reorganization Implementation Act (15 ILCS 15/11) have not necessarily been triggered. (Finding Code No. 2019-013, 2017-014)

RECOMMENDATION

We recommend the Department continue to work with the Governor and the General Assembly to provide certainty as to the legal status of the Authority.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The General Assembly passed legislation (SB 1864, House Amendment #6) transferring the duties to the Department under an Office of Health Information Exchange within the Department. The change will become effective upon the Governor's signature.

2019-014 FINDING (Excess assets in the Health Information Exchange Fund)

The Department of Healthcare and Family Services (Department) had excess assets within the Health Information Exchange Fund – Fund 0606 (Fund).

As of September 30, 2017, the Illinois Health Information Exchange Authority (Authority) finalized its wind down process through processing its final transactions within the Fund as part of its transfer into the Department.

During testing, we noted the Fund had assets of \$310,245 as of June 30, 2019. This amount, which does not currently have an apparent disposition, represents excess cash from the Authority.

Good internal control includes monitoring fund balances to identify any excess cash balances and promptly seeking an appropriate disposition for any excess funds.

In the prior examination of the Authority, Department officials, on behalf of the Authority, stated the remaining cash balance was not addressed because the Department made a management decision to hold the Fund and its accounts open through, at a minimum, the close of Fiscal Year 2018's Lapse Period, to ensure no further transactions would need to be processed.

In the current examination, Department officials stated they have been unable to address the remaining cash balance due to State law not being clear about how to handle excess money within the Fund. However, the General Assembly passed proposed language in May 2020 transferring the Fund to the newly created Illinois Health Information Exchange Office within the Department. The proposed language is currently pending gubernatorial action.

Failure to timely address the remaining excess balance within the Fund represents poor cash management practices within the State Treasury. (Finding Code No. 2019-014)

RECOMMENDATION

We recommend the Department continue to work with the General Assembly and the Governor to determine the appropriate disposition of the Fund's remaining balance and then work with the Comptroller to dissolve the Fund.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The General Assembly passed legislation (SB 1864, House Amendment #6) which transfers the duties to the Department under an Office of Health Information Exchange within the Department and addresses the authority over the non-appropriated fund. The change will become effective upon the Governor's signature.

2019-015 FINDING (Inadequate controls over State vehicles)

The Department of Healthcare and Family Services (Department) did not have adequate controls over the maintenance of State vehicles.

During our testing of 22 State vehicles for proper vehicle maintenance, we noted the following:

- Twenty-one (95%) vehicles had one or more instances in which the required oil changes were not performed in accordance with the Department of Central Management Services (CMS) policy. Of the 21 vehicles not properly maintained, 2 had untimely oil changes based on the number of miles driven from the previous oil change; 5 were untimely based on the number of months passed; and 14 were untimely in regards to both miles driven and months passed. The number of miles oil changes were overdue ranged from 1,039 to 18,153 miles, while the number of months overdue ranged from 1 to 40.
- Twenty-one (95%) vehicles did not have regular tire rotations performed in accordance with CMS policy. Of the 21 vehicles not properly maintained, 2 had untimely tire rotations based on the number of miles driven from the previous tire rotation; 4 were untimely based on the number of months passed; and 15 were untimely in regards to both miles driven and months passed. The number of miles tire rotations were overdue ranged from 1,331 to 46,469 miles, while the number of months overdue ranged from 4 to 56.

The CMS Vehicle Usage Program, effective July 1, 2012, requires the Department to follow prescribed maintenance intervals to keep fleet costs down. Oil changes are required per CMS policy every 3,000 miles or 6 months on model 2002 and older passenger vehicles and 5,000 miles or 6 months on model year 2003 and newer passenger vehicles. Tire rotations are required every second oil change (12 months or 10,000 miles).

- Nineteen (86%) vehicles did not receive the required CMS annual inspection in one or both of the fiscal years tested in accordance with the Illinois Administrative Code.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.410) requires the Department to have vehicles inspected by CMS at least annually.

During the prior and current engagement, Department management indicated the maintenance lapses were due to oversight.

Failure to maintain vehicles in accordance with CMS policy could result in vehicles not being operable through its estimated useful life and could result in costly repairs. Further, it represents noncompliance with the CMS Vehicle Usage Program and the Code. (Finding Code No. 2019-015, 2017-018)

RECOMMENDATION

We recommend the Department improve internal controls over maintenance of State vehicles in accordance with the CMS Vehicle Usage Program and the Code.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Bureau of Administrative Services had identified these issues previously with the departure of the previous motor pool liaison and has been following the current guidelines set out by CMS regarding vehicle maintenance.

2019-016 FINDING (Insufficient controls over the collection of accounts receivable)

The Department of Healthcare and Family Services (Department) did not have adequate controls over the collections of accounts receivables. The Department failed to follow procedures regarding the referral of past due accounts to the Office of the State Comptroller's (Comptroller) Offset System, or when deemed necessary, to the Office of the Attorney General to be written off.

During the current examination, we selected a sample of all accounts receivables, over 90 days, from the Department's Summary Aging reports. As of June 30, 2019, we noted 49 of 91 (54%) accounts tested, totaling \$5,128,889, were not submitted to either the Comptroller's Offset System or sent to the Attorney General to be certified as uncollectible. For each of the 49 accounts, the Department did not provide documentation it had entered into a deferred payment plan or demonstrated to the Comptroller's satisfaction that referral for offset was not cost effective. The Department's financial statements did not require adjustments due to the accounts being considered uncollectible.

The Illinois State Collections Act of 1986 (30 ILCS 210/5(c-1)) states all debts that exceed \$250 and more than 90 days past due be placed in the Comptroller's Offset System, unless the Department has entered into a deferred payment plan or demonstrates to the Comptroller's satisfaction that referral for offset is not cost effective. The Statewide Accounting Management System (SAMS) (Procedure 26.40.20) requires accounts receivables to be placed in the Comptroller's Offset System in order for the Comptroller to deduct from warrants payable to any person the amount for which there exists a claim due and payable in favor of the State. Further, the Uncollected State Claims Act (30 ILCS 205/2) states when any State agency is unable to collect any claim or account receivable of \$1,000 or more due the agency after having pursued the procedure prescribed by law or applicable rules and regulations for the collection thereof or, if no procedure is so prescribed, then after having undertaken all reasonable and appropriate procedures available to the agency to effectuate collection, the State agency shall request the Attorney General to certify the claim or accounts receivable to be uncollectible. Claims or accounts receivable of less than \$1,000 may be certified as uncollectible by the agency when the agency determines that further collection efforts are not in the best economic interest of the state.

During the prior examination, Department management stated the errors noted were due to the overall complexity and circumstances surrounding the accounts which require considerable review before submittal for write-off to the Office of the Attorney General or submittal for offset to the Office of the State Comptroller. During the current examination, Department management stated the majority of the exceptions were due to system issues created from converting the Department's legacy system to the Integrated Eligibility System (IES) causing the Department to be unable to confirm the accuracy of the amount owed by some clients without manual intervention. The remaining exceptions were due to oversight.

Failure to submit accounts receivables over \$250 and more than 90 days past due to the Comptroller's Offset System or refer accounts receivables to the Attorney General results in noncompliance with State law and could result in the State not being able to recover amounts it is owed. (Finding Code No. 2019-016, 2017-019, 2015-006, 2013-006)

RECOMMENDATION

We recommend the Department submit past due accounts receivables to the Comptroller for placement in the Comptroller's Offset System in accordance with the Illinois State Collection Act of 1986, the Uncollected State Claims Act, and SAMS. Further, where applicable, we recommend the Department request the Attorney General to certify as uncollectible the accounts receivables the Department has been unable to collect.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Bureau of Fiscal Operations is working with the Division of Medical Programs to address billing issues as a result of the implementation of IES. The Department will also review existing procedures and will continue to communicate with staff on the requirements of submitting past due accounts receivable to the Office of the Comptroller for offset and where applicable to certify to the Attorney General certain accounts as uncollectible.

2019-017 FINDING (Insufficient internal controls over expenditures)

The Department of Healthcare and Family Services (Department) did not maintain adequate internal controls over its processing of expenditures.

During testing of 40 operation of auto vouchers, we noted the following:

- Twelve (30%) vouchers, totaling \$14,671, did not include all supporting documentation of the amount paid. The vouchers were missing 39 receipts totaling \$877. Upon notification, the Department provided 7 affidavits in lieu of receipts, however, these affidavits were dated in April 2020, after the notification of the missing receipts were sent.

During testing of 60 travel vouchers, we noted the following:

- Three (5%) vouchers, totaling \$1,218, were not completed accurately. The vouchers did not indicate lodging costs associated with the travel, totaling \$787, which were billed directly to the Department.

During testing of 132 travel vouchers for the Department's most frequent travelers and its executive staff, we noted the following:

- Fourteen (11%) vouchers, totaling \$6,295, were not completed accurately. Eleven of the vouchers did not indicate lodging costs associated with the travel, totaling \$1,570, which were billed directly to the Department. We were unable to determine the cost of lodging for the remaining three vouchers since the Department could not locate the vendor invoices for the travel.
- Two (2%) vouchers, totaling \$1,516, had mileage claimed for more than the allowable miles, resulting in \$45 over reimbursement.

During our testing of 40 refund vouchers, we noted the following:

- Seven of 40 (18%) vouchers tested, totaling \$7,615, were not signed or dated by the agency official who was responsible for the voucher approvals and certifications, or a designate representative.

The Illinois Administrative Code (80 Ill. Admin. Code 2800.260) requires the items directly billed to the Department to be indicated on the travel voucher along with all reimbursable items. The direct-billed items then must be deducted from the amount reimbursed to the employee.

The Illinois Administrative Code (80 Ill. Admin. Code 3000.310) states all travel shall be by the most direct route. Expenses due to deviations for convenience shall be borne by the employees.

The State Records Act (5 ILCS 160/8) requires the Department's Director to make and preserve records containing adequate and proper documentation of the essential transactions of the Department to protect both the legal and financial rights of the State and of persons directly affected by the Department's activities.

The Statewide Accounting Management System (SAMS) (Procedure 17.10.20) requires a signature from the agency official who is responsible for voucher approval and certification signature (or a designate representative) on the Agency File Balancing Report. The required signature authorizes the State's Comptroller to order payment if paperless vouchers are being

submitted in lieu of paper vouchers.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that (1) funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and (2) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

During the prior examination, Department management stated the issues related to the operation of auto vouchers were caused by staff turnover, inadequate procedures, and human errors. During the current examination, Department management indicated the issues related to the operation of auto vouchers were due to staff turnover and human error.

During the prior examination, Department management stated the issues regarding travel vouchers were caused by clerical errors and an incorrect interpretation of one of the regulations. During the current examination, Department management stated some of the issues related to travel were due to the incorrect interpretation of one of the regulations that was identified in the fiscal year 2017 compliance examination, but had not been implemented as of the date the vouchers were processed and some of the issues were the result of oversight.

During the prior year examination, Department management stated the issues related to the various other expenditure lines were caused by staff turnover, inadequate procedures, and human errors. During the current examination, Department management stated the refund voucher issues noted were due to an inadequate procedure that was identified during the fiscal year 2017 compliance examination, but had not been implemented as of the date the vouchers were processed.

Failure to retain supporting documentation of expenditures paid, and to prepare and submit vouchers accurately could lead to inappropriate use or misuse of State funds. Additionally, failure to maintain sufficient internal controls over expenditures represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2019-017, 2017-020)

RECOMMENDATION

We recommend the Department improve procedures and internal controls over its processing of expenditures. We further recommend Department management increase the level of supervisory review of the voucher process. Supervisors should allocate adequate resources to the area and direct staff to follow established policies so that supporting documentation of expenditures is maintained and vouchers are prepared accurately. Finally, we recommend the Department seek reimbursement for any overpayments of reimbursed mileage.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The exceptions related to the presentation of direct billed travel expenses involved vouchers processed prior to the implementation of corrective action following the previous audit period. The Department will review the proper procedures with all program area invoice processing staff, travelers and travel liaisons. The Department is also reviewing and updating procedures that will include uploading invoice documents into the new Enterprise Resource Planning system, SAP, which will make locating vouchers and invoices more efficient in the future.

2019-018 FINDING (Inadequate controls over personal services)

The Department of Healthcare and Family Services (Department) did not have adequate controls over personal services. Specifically, we noted weaknesses in the Department's internal controls governing the administration of performance evaluations, completion of annual training requirements, accurate completion of time records, and making payments of overtime.

Performance Evaluations

During testing of 60 personal service files, we noted the following:

- Fourteen (23%) employees' files were missing one or more performance evaluations during fiscal years 2018 and 2019.
- Forty-five (75%) employees' files had performance evaluations completed between 31 to 406 days after the last date in the period of performance.
- One (2%) employee's file had an Employment Eligibility Verification form (I-9) filed 2 days late.

The Illinois Administrative Code (80 Ill. Admin. Code 302.270 (d)) requires, for a certified employee, each agency to prepare an employee performance evaluation not less often than annually. In addition, the Illinois Administrative Code (80 Ill. Admin. Code 310.450 (c)) requires evaluations be completed prior to when annual merit increases are awarded. The Illinois Administrative Code (80 Ill. Admin. Code 302.270 (b)) also requires agencies to prepare two evaluations for employees serving a six-month probationary period, one at the end of the third month and one 15 days before the conclusion of the employee's six-month probationary period. Further, the Department's Employee Handbook (Section 115.2) requires a Performance Record (forms CMS-201R or CMS-201MD, Individual Development and Performance System) to be completed at least twice for employees serving a six-month or four-month probationary period and every employee should be evaluated annually.

Further, the Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) Part 274a: Control and Employment of Aliens (8 C.F.R. § 274a.2) states a person or entity that hires an individual for employment must ensure the individual properly completes Section 1 of Form I-9 at the time of hire and sign Section 2 of Form I-9 within three business days of the hire. Section 274a.2 further states a paper (with original handwritten signatures), electronic, original paper scanned into an electronic format, or a combination of paper and electronic, or microfilm or microfiche copy of the original signed version of the Form I-9 must be retained by an employer for three years after the date of hire or one year after the date of the individual's employment is terminated, whichever is later.

Annual Training Requirements

The Department was unable to provide support for the following trainings during fiscal year 2019, or the training was not completed timely:

- One (2%) of 60 employees tested did not have support for completing the annual ethics training.
- One (2%) of 60 employees tested completed the annual identity protection training for fiscal year 2019 during fiscal year 2020.
- One (2%) of 60 employees tested did not have support for completing the annual sexual harassment training.

- Two (3%) of 60 employees tested did not have support for completing the annual cybersecurity training.

The State Officials and Employees Ethics Act (5 ILCS 430/5-10) requires all new employees entering a position complete an initial ethics training course within 30 days after commencing employment. Additionally, the Act requires all officers, members and employees to complete, at least annually, an ethics training program.

Department management stated HIPAA Training is required annually at the time of each employee's evaluation.

The State Officials and Employees Ethics Act (5 ILCS 430/5-10.5(a)) requires each officer, member, and employee complete, at least annually beginning in 2018, a sexual harassment training program.

The Data Security on State Computers Act (20 ILCS 450/25) requires every employee to annually undergo training by the Department of Innovation and Technology concerning cybersecurity.

Employee Time Records

During testing of 60 timesheets, we noted the following:

- One (2%) employee tested had 10 instances of missing required supervisory signatures on their daily time logs.

The Department's Employee Daily Time Logs (form HFS 163), used by employees to record daily time worked, requires supervisory certification that the employees and periods of service shown on the log are correct. Additionally, good business practice dictates supervisory approval of time worked.

Overtime Payments

During our testing of 40 instances of overtime, we noted the following:

- One (3%) instance, totaling \$196, was worked after the overtime was denied.

The Department's Employee Handbook (Section 120.6) states overtime pay requires prior approval by the Division Administrator or a member of Executive Staff.

During the current and prior examination, Department management stated the evaluation process is the responsibility of immediate supervisors. The Division of Personnel sends out monthly reminders to all supervisors with an updated list of due and overdue evaluations. Additionally, Department management stated the issues related to the late filing of the I-9, documentation of training, timesheets, and overtime were due to oversight.

Failure to maintain complete and accurate personnel files, including evaluations to systematically and uniformly approach the development of employees and communicate expectations, and the failure to monitor and determine required training has been completed results in noncompliance with laws, rules, and internal policies and could also result in a workforce that is not adequately trained to fulfil required duties. Failure to maintain Form I-9 within personnel files results in noncompliance with the Immigration Reform and Control Act of 1986. Failure to properly approve and approve timesheets could result in

employees being compensated for time not spent at work or working denied overtime. (Finding Code No. 2019-018, 2017-021, 2015-011, 2013-005, 11-8, 09-5, 08-11, 07-11, 06-6, 05-1)

RECOMMENDATION

We recommend the Department increase its level of supervisory review to ensure its staff follows current procedures and complies with the Illinois Administrative Code, the Immigration Reform and Control Act of 1986, and Department policies. Supervisors should allocate adequate resources to ensure their staff are conducting employee performance evaluations in a timely manner, requiring completed I-9 forms in a timely manner, and ensuring all required trainings are completed by employees. Further, we recommend the Department supervisors document and provide appropriate review and approval of timesheets. Finally, we recommend the Department seek recoupment of the overtime that was denied but paid to the employee.

DEPARTMENT RESPONSE

The Department accepts the recommendation.

2019-019 FINDING (Insufficient controls over the University of Illinois Hospital Services Fund)

The Department of Healthcare and Family Services (Department) did not have adequate controls for the payments made in accordance with the Illinois Medicaid State Plan.

During our review of the University of Illinois Hospital Services Fund - Fund 0136, which included a review of the interagency agreement between the Board of Trustees of the University of Illinois (Board) and the Department, and our testing of reimbursement rates determined by the Department, we noted the Department did not make annual Disproportionate Share Hospital (DSH) payments in twelve monthly installments in accordance with the Illinois Medicaid State Plan.

Specifically, we noted in fiscal year 2018, no payments were made in the months of July 2017, October 2017, January 2018, and April 2018. In fiscal year 2019, we noted no payments were made in the months of July 2018, August 2018, October 2018, November 2018, and May 2019. It was noted the correct annual amounts were paid in both fiscal years 2018 and 2019 by the Department making multiple payments in other months.

With respect to DSH payments, the Illinois Medicaid State Plan states the annual amount shall be paid to the hospital in monthly installments.

During the prior engagement, Department management stated several factors contributed to the inconsistencies in payments. In fiscal year 2016, the State had not finalized a budget, causing an immediate delay in payments. Furthermore, in both fiscal year 2016 and 2017 the University of Illinois did not systematically deposit money monthly into the University of Illinois Fund causing uncertainties in the fund balance leading to delays in payments by the Department. During the current engagement, Department management stated there were concerns regarding the available fund cash balance due in large part to necessary revenue deposits from the cash-flow challenged General Revenue Fund (GRF) and newly created payments that were to be issued from the same fund leading to delays in processing DSH payments.

Failure to make monthly installments decreases the amount of monthly cash available to the University of Illinois Hospital and Clinics and is noncompliance with the Illinois Medicaid State Plan. (Finding Code No. 2019-019, 2017-022, 2015-010)

RECOMMENDATION

We recommend the Department make equal monthly Disproportionate Share Hospital payments as required by the Illinois Medicaid State Plan.

DEPARTMENT RESPONSE

The Department accepts the recommendation. Timing of required revenue deposits into the University of Illinois Hospital Services Fund (UIHSF) will likely continue to be an issue due to the State's cash-flow challenges. As such, the Department plans to submit a State Plan Amendment that will revise the current DSH payment requirement to be more consistent with the funding limitations of the UIHSF.

2019-020 FINDING (Failure to maintain a voter information data transfer mechanism)

The Department of Healthcare and Family Services (Department) failed to establish and operate a voter registration system capable of transmitting voter registration application information to the State Board of Elections' portal interfaced with its Online Voter Registration System by July 1, 2016, as required by the Election Code (Code).

During testing, we noted as of June 30, 2019, the Department had not established or operated a voter registration system as required.

The Code (10 ILCS 5/1A-16.6) required the State Board of Elections to establish and maintain by April 1, 2016, a portal for government agency registration that permitted an eligible person to electronically apply to register to vote or to update his or her existing voter registration whenever he or she conducts business, either online or in person, with a designated government agency. The portal was to interface with the State Board of Elections' Online Voter Registration System and was to be capable of receiving and processing voter registration application information, including electronic signatures, from designated governmental agencies. The Code further required each designated government agency to establish and operate, by July 1, 2016, a voter information data transfer mechanism capable of transmitting voter registration application information to the State Board of Elections' portal. The Department is one of the designated government agencies as specified in the Code (10 ILCS 5/1A-16.6(f)).

During the prior examinations, Department management stated this mechanism is intended to be included in the Integrated Eligibility System (IES) Phase 2 functionality. During the current examination, the Department indicated the failure was due to lack of resources.

Failure to maintain and operate a voter registration system capable of transmitting voter registration application information represents noncompliance with the Code and denies the public an avenue to register to vote or to update his or her existing voter registration information. (Finding Code No. 2019-020, 2017-025)

RECOMMENDATION

We recommend the Department establish and operate a voter registration system capable of transmitting voter registration application information as required by the Code.

DEPARTMENT RESPONSE

The Department accepts the recommendation. An IES enhancement to allow recipients to transmit information from their application or redetermination to the Illinois State Board of Elections webservice was tested in March. The enhancement did not pass testing; therefore, it will be implemented in a future release once testing is successful.

2019-021 FINDING (Failure to establish rate methodology and file required reports for the Mammography Program)

The Department of Healthcare and Family Services (Department) failed to establish a federally approved rate methodology and file a status report for the Mammography Program, as required by the Illinois Public Aid Code.

The Illinois Public Aid Code (Code) (305 ILCS 5/5-5) requires the Department to establish a rate methodology, subject to federal approval, for mammography at federally qualified health centers and other encounter-rate clinics. These clinics or centers may also collaborate with other hospital-based mammography facilities. By January 1, 2016, the Department was required to report to the General Assembly on the status of the rate methodology.

During testing, we noted the Department is reimbursing eligible providers as part of the all-inclusive rate established in March 2013 for the Breast Cancer Screening and Treatment Quality Improvement Program. However, the Department has not established a federally approved rate methodology for mammography at federally qualified health centers (FQHC) and other encounter-rate clinics in accordance with the Code. Additionally, as of the date of testing, the Department has not filed the status report.

During the prior and current year examinations, Department management stated it has not developed a separate rate methodology for mammography services delivered at a federally qualified health center (FQHC) due to lack of appropriations. These services are currently included in the FQHC's encounter rate.

Failure to establish a federally approved rate methodology and file the required status report represents noncompliance with the Illinois Public Aid Code and lessens governmental oversight of reimbursed rates for medical assistance programs which can impact financial decisions of the Department and the State as a whole. (Finding Code No. 2019-021, 2017-026)

RECOMMENDATION

We recommend the Department establish a federally approved rate methodology and file the status report on the Mammography Program as required by the Code.

DEPARTMENT RESPONSE

The Department accepts the recommendation. While the Department has not established a separate rate methodology, the encounter clinics are currently being reimbursed for mammography services as part of their all-inclusive rate.

2019-022 FINDING (Inadequate controls over preparing and submitting Agency Workforce Reports)

The Department of Healthcare and Family Services (Department) submitted inaccurate data in its Agency Workforce Reports and did not maintain adequate documentation of when the reports were submitted to the Governor's office.

During our testing of the Agency Workforce Report (report) submitted in fiscal year 2018, we noted 153 categories to be reported. The report contained 4 (3%) categories with incorrect reporting of the number of individuals and the Department was not able to provide documentation supporting the contractor information for 5 (3%) categories. These incorrect entries also caused the percentages in 3 (2%) categories to be inaccurately reported.

During our testing of the report submitted in fiscal year 2019, we noted 152 categories to be reported. The report contained 4 (3%) categories of incorrect reporting of the number of individuals. Additionally, the Department did not provide percentages of individuals for 44 (29%) categories.

For the reports filed in fiscal years 2018 and 2019, the Department was not able to provide supporting documentation of when it submitted the reports to the Governor's office.

The State Employment Records Act (Act) (5 ILCS 410/20) requires each State agency to collect, classify, maintain, and report accurate data regarding the number of State employees, as required by the Act, on a fiscal year basis. Each agency is also required to file a copy of all reports with the Office of the Secretary of State and submit a copy to the Governor by January 1 each year. Good internal controls require the reports to be filed with correct information.

Further, the State Records Act (5 ILCS 160/8) requires the Director to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department's activities

Department management stated the discrepancies were due to human error.

Failure to provide complete and accurate reports prevents fulfillment of the purpose of the State Employees Records Act, which is to provide information to help guide efforts to achieve a more diversified State work force. Failure to retain records supporting the Department's submission of the reports to the Governor's office represents noncompliance with the State Records Act. (Finding Code No. 2019-022)

RECOMMENDATION

We recommend the Department complete internal reviews to ensure accurate Agency Workforce Reports are prepared and adequate documentation is maintained for submitting the reports to all required parties. Additionally, we recommend the Department submit corrected reports for fiscal years 2018 and 2019 as required by the Illinois State Auditing Act (30 ILCS 5/3-2.2(b)).

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will review the information prior to submission to ensure the report is accurate. The fiscal year 2018 and 2019 reports will be corrected and resubmitted.

2019-023 FINDING (Failure to post required MCO information on the Department website)

The Department of Healthcare and Family Services (Department) failed to post, on its website, an analysis of its managed care organization (MCO) claims processing and payment performance or contracted claims reports, as required by the Illinois Public Aid Code (Code).

Specifically, the Code (305 ILCS 5/5-30.1(g-7)) requires the Department to post an analysis of MCO claims processing and payment performance on its website every 6 months. Such analysis shall include a review and evaluation of a representative sample of hospital claims that are rejected and denied for clean and unclean claims and the top 5 reasons for such actions and timeliness of claims adjudication, which identifies the percentage of claims adjudicated within 30, 60, 90, and over 90 days, and the dollar amounts associated with those claims. The Department is also required to post the contracted claims report on its website every 3 months.

During testing, we noted the Department posted an analysis on November 1, 2018, which contained the information necessary per the statute. However, the next analysis due May 2019 was not posted. Additionally, we noted the Department drafted the initial contracted claims report; however, as of March 2020, the report was pending review and approval.

Department management stated the reports have not been filed because a consistent format for the report had not yet been established.

Failure to post reports as required results in noncompliance with the Code. (Finding Code No. 2019-023)

RECOMMENDATION

We recommend the Department post, on its website, an analysis of MCO claims processing and payment performance every six months or contracted claims reports every three months, as required by the Code.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department anticipates the two reports will be posted by the end of July or early August. The Department is working to streamline the process to ensure future reports are posted timely.

2019-024 FINDING (Inadequate controls over publishing report on physician certification statements on Department website)

The Department of Healthcare and Family Services (Department) failed to publish, on its website, quarterly reports on physician certification statements in accordance with the Illinois Public Aid Code (Code).

The Code (305 ILCS 5/5-4.2(g)) requires the Department, beginning October 1, 2018, to publish quarterly results on physician certification statements on its website within 15 days following the end of each quarter.

During testing, we noted the Department did not publish on its website a quarterly report on physician certification statements for the time period of October-December 2018. Additionally, the report covering the time period of January-March 2019 was not published in a timely manner. The report covering January-March 2019 was published on August 2, 2019, 109 days after the due date of April 15, 2019.

Department management indicated the issue noted above was due to employee oversight.

Failure to publish quarterly reports, or not publishing them in a timely manner, results in noncompliance with the Code. (Finding Code No. 2019-024)

RECOMMENDATION

We recommend the Department timely publish, on its website, a quarterly report on physician certification statements in accordance with the Code.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department recognizes that while quarterly results are now being posted on the HFS website, at times, they are untimely. The Department is reliant upon its managed care plans to submit reports timely, which has occasionally proven problematic. The Department will send weekly reminders to its managed care plans regarding the need for timely submission in order to comply with legislatively required posting requirements and will continue to work with all participants in this process to ensure requirements are met.

2019-025 FINDING (Lack of agreement to ensure compliance with information technology security requirements)

The Department of Healthcare and Family Services (Department) had not entered into a detailed agreement with the Department of Innovation and Technology (DoIT) to ensure prescribed requirements and available security mechanisms were in place in order to protect the security, processing integrity, availability, and confidentiality of its systems and data.

On January 25, 2016, the Governor signed Executive Order 2016-01, which created DoIT. Under the Executive Order, DoIT assumed responsibilities for the State's information technology decisions and spending, including the Department's information technology infrastructure and functions. Commencing on July 1, 2016, DoIT and the Department were to work together in order to "transfer all relevant functions, employees, property, and funds" to DoIT.

The Department and DoIT entered into an Intergovernmental Agreement (Agreement), with terms of July 1, 2017 through June 30, 2018 and July 1, 2018 through June 30, 2019. The Agreements outlined the transfer of assets and staff; however, the Agreements did not address the security, processing integrity, availability, and confidentiality of the Department's systems and data.

The Department has the ultimate responsibility to ensure its critical and confidential systems and data are adequately secured. As such, this responsibility is not limited because the information technology functions were transferred to DoIT.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Department management indicated they believed the responsibilities were addressed in the Executive Order and a separate agreement was not necessary.

Without a formal agreement, the Department does not have assurance of the adequacy of controls to ensure the security, processing integrity, availability, and confidentiality of its systems and data. (Finding Code No. 2019-025)

RECOMMENDATION

We recommend the Department enter into a detailed agreement with DoIT to ensure prescribed requirements and available security mechanisms are in place to protect the security, processing integrity, availability, and confidentiality of its systems and data.

DEPARTMENT RESPONSE

The Department accepts the recommendation and is currently working on an agreement with DoIT that the Department believes will address necessary data security mechanisms.

2019-026 FINDING (Lack of disaster recovery testing)

The Department of Healthcare and Family Services (Department) had not conducted disaster recovery testing of its applications and data.

In order to carry out their mission, the Department utilizes a myriad of applications; Key Information Delivery System (KIDS), Medicaid Management Information System (MMIS), etc. However, the Department had not conducted disaster recovery testing of its applications and data during the examination period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recovery critical systems within the required timeframe.

Department management indicated testing was not performed due to a lack of resources.

Failure to adequately plan for the recovery of applications and data leaves the Department exposed to the possibility of major disruptions of services. (Finding Code 2019-026)

RECOMMENDATION

We recommend the Department ensure recovery capabilities meet its needs and perform and document tests of its applications and data at least once each year. In addition, the Department's various disaster recovery plans should be continuously updated to reflect environmental changes and improvements identified from tests.

DEPARTMENT RESPONSE

The Department, in concert with the consolidate data center, will ensure recovery capabilities are met and perform and document tests of its applications and data annually. In addition, the Department will plan to update its various disaster recovery plans to reflect environmental changes and improvements identified from the tests.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

PRIOR FINDINGS NOT REPEATED

- A. **FINDING** (Statewide failure to execute interagency agreements and perform essential project management functions over provider enrollment in the Medicaid program)

During the previous engagement, the Department of Healthcare and Family Services (HFS), the Department of Human Services (DHS), the Department of Children and Family Services (DCFS), and the Department on Aging (DoA) (collectively, the “Departments”) failed to execute adequate internal controls over the implementation and operation of the State of Illinois’ Illinois-Michigan Program Alliance for Core Technology system (IMPACT). Specifically, management of the Departments did not enter into interagency agreements (IA) defining each agency’s roles and responsibilities and did not perform essential project management functions over the implementation of IMPACT.

Phase 2 of the IMPACT implementation was completed in FY 2018 and there were no significant project management activities in FY 2019 at DHS or HFS during the audit period. Upon completion of the next significant project management activity, the auditors will review the applicable State agency’s development project. The financial audit of DCFS and the State compliance examination of DoA are biennial engagements, and therefore the prior year findings statuses will be followed up on for the reporting year ended June 30, 2020 and for the two years ended June 30, 2020, respectively. As a result of the aforementioned reasoning, this portion of the prior year finding is not repeated. The auditors have, however, reported in Finding 2019-009 that the Departments have not entered into IAs defining each agency’s roles and responsibilities over IMPACT. (Finding Code No. 2018-001)

- B. **FINDING** (Failure to perform essential project management functions over the Integrated Eligibility System)

During the previous engagement, the Department of Healthcare and Family Services and the Department of Human Services did not adequately execute internal controls over the implementation and operation of the State of Illinois’ Integrated Eligibility System (IES) Phase II. Specifically, management of the Departments did not perform adequate project management functions over the implementation of IES Phase II.

Phase II of the IES implementation was completed in FY 2018 and there were no significant project management activities in FY 2019. Upon completion of the next significant projection management activity, the auditors will review the applicable State agency’s development project. As a result, this finding is not repeated. (Finding Code No. 2018-004)

- C. **FINDING** (Deletion of four months of intake eligibility files and significant problems determining eligibility for Human Services programs)

During the previous engagement, the Department of Healthcare and Family Services and the Department of Human Services lacked controls over eligibility determinations and retention of intake documentation for the State of Illinois’ human service programs.

During the current engagement, we noted no instances of missing intake documentation for the IES System. However, we noted continuing issues with determinations of eligibility for human

service programs. For further details, see Finding No. 2019-001. (Finding Code No. 2018-005, 2017-008, 2016-001, 2015-002)

D. FINDING (Inadequate controls over fiscally monitoring Managed Care Organizations)

During the previous engagement, the Department of Healthcare and Family Services failed to implement adequate monitoring controls over its Managed Care Organizations (MCOs) in accordance with the Code of Federal Regulations and provisions outlined in the MCOs contracts.

During the current engagement, we noted various activities and efforts by the Department to adopt and meet federal monitoring suggested best practices and requirements. As a result, this finding is not repeated. (Finding Code No. 2018-010, 2017-001)

E. FINDING (Duplicate payments to Medicaid Managed Care Organizations)

During the previous engagement, the Department of Healthcare and Family Services lacked adequate controls over payments to Managed Care Organizations (MCOs), resulting in duplicate payments.

During the current engagement, we noted the Department's internal controls over payments to MCOs improved; however, we continued to note immaterial problems. As such, this matter is reported in the Department's State Compliance Examination *Report of Immaterial Findings*. (Finding Code No. 2018-011)

F. FINDING (Inaccurate rates used to pay Managed Care Organizations)

During the previous engagement, the Department of Healthcare and Family Services made inaccurate payments to Managed Care Organizations (MCOs) as a result of utilizing incorrect capitation rates.

During the current engagement, we noted the Department corrected and used the actuarially-determined rates. This finding is not repeated. (Finding Code No. 2018-012, 2017-004)

G. FINDING (Inadequate and untimely disclosures)

During the previous engagement, the Department of Healthcare and Family Services did not ensure its financial statement note disclosures were complete and appropriate and did not timely communicate significant matters to the auditors.

During the current engagement, we did not note similar instances of incomplete disclosures or communications. This finding is not repeated. (Finding Code No. 2018-015)

H. FINDING (Applicant Social Security information in IES not sufficiently supported)

During the prior engagement, the Department of Healthcare and Family Services and the Department of Human Services (Departments) did not have adequate controls to ensure the social security information of applicants for human services programs was sufficiently supported. Specifically, when comparing applicants' data in the Integrated Eligibility System (IES) to the Social Security Administration (SSA) Master Death Records, we noted applicants had applied for services after their associated dates of death, dates of death for applicants were

prior to their associated birth dates, and applicants' eligibility determinations were being overridden by caseworkers.

During the current engagement, when we performed our comparison of the IES data to the SSA Master Death Records, we noted minimal instances of the above errors. As such, we have determined the Departments significantly improved controls over the social security information of applicants for human services program. As a result, this finding is not repeated. (Finding Code No. 2017-015)

I. FINDING (Inadequate control over Pharmacy Benefit Management System development)

During the prior engagement, the Department of Healthcare and Family Services (Department) did not exercise adequate control over the development of the new Pharmacy Benefits Management System (PBMS).

During the current engagement, we noted the Department implemented controls to effectively receive and approve contractual obligations related to PBMS. As a result, this finding is not repeated. (Finding Code No. 2017-016)

J. FINDING (Failure to publish required managed care enrollment information)

During the prior engagement, the Department of Healthcare and Family Services (Department) failed to publish required managed care enrollment information in monthly reports as required by the Illinois Public Aid Code.

During the current engagement, we noted the Department published monthly reports with the required managed care enrollment information as required by the Illinois Public Aid Code. As a result, this finding is not repeated. (Finding Code No. 2017-017)

K. FINDING (Inaccurate payment of Cook County Disproportionate Share Hospital adjustments)

During the previous engagement, the Department of Healthcare and Family Services (Department) did not make accurate Disproportionate Share Hospital (DSH) adjustment payments to two Cook County eligible hospitals, resulting in an overpayment to one hospital and an underpayment to the other.

During the current engagement, we noted the Department made the correct monthly payments in the correct amount to the Cook County Hospitals during fiscal years 2018 and 2019. As a result, this finding is not repeated. (Finding Code No. 2017-023)

L. FINDING (Noncompliance with the Illinois Public Aid Code – Task Force not formed)

During the prior engagement, the Department of Healthcare and Family Services (Department) did not establish the Long- Term Services and Support Disparities Task Force (Task Force) as required by the Illinois Public Aid Code.

During the current engagement, the Department established the Task Force during fiscal year 2018. As a result, this finding is not repeated. (Finding Code No. 2017-024, 2015-012)

Status of Performance Audits

As part of the Illinois Department of Healthcare and Family Services’ (Department) financial statement audit as of and for the year ended June 30, 2018 and its State compliance examination for the two years ended June 30, 2019, the auditors followed up on the status of the following performance audit performed by the Office of the Auditor General (OAG):

- **Performance Audit of Managed Care Organizations** (released January 2018)
 - This is the first time follow-up has been conducted. The audit contained six recommendations directed to the Department. Four recommendations have been fully implemented and two recommendations have been partially implemented.

The exhibit below summarizes the current status of the recommendations. Recommendations that were followed up on during the applicable audit and/or examination are detailed in the following pages.

STATUS OF PAST PERFORMANCE AUDIT RECOMMENDATIONS				
As of June 30, 2019				
Audit	Total Number of Recommendations	Status		
		Implemented	Partially Implemented	Not Implemented
Managed Care Organizations	6	4	2	0

Source: Summary of current status of past performance audits.

Status of Performance Audits

Managed Care Organizations

The Illinois Office of the Auditor General conducted a performance audit of Managed Care Organizations (MCOs) by the Department pursuant to House Resolution Number 100. The audit was released in January 2018 and contained six recommendations to the Department. This is the first time follow-up has been conducted. The status of the six recommendations is shown in the table below.

STATUS OF PAST PERFORMANCE AUDIT RECOMMENDATIONS					
As of June 30, 2019					
Audit	Rec. No.	Recommendation Description	Status		
			Implemented	Partially Implemented	Not Implemented
Managed Care Organizations	1	Administrative Costs	X		
Managed Care Organizations	2	Medical Loss Ratio	X		
Managed Care Organizations	3	All Claims Paid to Medicaid Providers	X		
Managed Care Organizations	4	Required Denied Claims Data	X		
Managed Care Organizations	5	Payments for Duplicate Recipients		X	
Managed Care Organizations	6	Managed Care Contracts		X	

Source: Summary of current audit follow-up.

Recommendation 1 – Administrative Costs for Managed Care Organizations

The Illinois Department of Healthcare and Family Services should monitor the actual administrative costs incurred by its managed care organizations to ensure that the administrative costs do not exceed what is allowed by contract.

Current status: Implemented

As noted in the report, the auditors found that the Department did not adequately monitor the actual administrative costs, care coordination costs, or other non-benefit costs incurred by the MCOs during FY16. According to the 2016 Medicaid Managed Care Rate Setting Consultation Guides published by the federal CMS, the administrative costs for MCOs are contained within the “projected non-benefit costs.” Included in the non-benefit costs are the following cost categories:

- Administrative costs;
- Care coordination and care management;
- Provision for margin (includes profit margin, operating margin, risk margin, contingency margin, cost of capital, or underwriting gain);
- Taxes, fees, and assessments; and
- Other material non-benefit costs.

During the Department’s FY18 financial statement audit, the auditors noted the Department and its actuary provided additional documentation outlining that it receives administrative (non-benefit) and benefit cost data which is reconciled by each of the MCO’s independent audit firms during its applicable annual financial statement audit for all but three of the MCOs utilized by the Department during FY18. In the Department’s State compliance examination performed in FY19, the auditors noted the Department provided documentation that two of the three MCOs noted in the FY18 financial statement audit began completing the reconciliation identical to the other MCOs during its applicable annual financial statement audit. The third MCO’s contract was terminated as of December 31, 2017. As a result, we determined the Department and its actuary are adequately monitoring the actual administrative costs incurred by its MCO to ensure that the administrative costs do not exceed what is allowed by contract.

Recommendation 2 – Medical Loss Ratio

The Illinois Department of Healthcare and Family Services should:

- *calculate the Medical Loss Ratios since calendar year 2012 as required by the MCO contracts; and*
- *determine whether the State should be reimbursed by MCOs due to overpayment.*

Current status: Implemented

As noted in the report, the auditors found that according to Department officials, the Department had not calculated the required annual Medical Loss Ratio (MLR) since calendar year 2012. Had the Department calculated the MLR as required by its contracts with the MCOs, the Department would have had the administrative cost information in order to monitor the MCOs more effectively and efficiently. Without these MLR calculations, the Department did not reconcile the payments made to the MCOs for more than four years.

The MLR is defined in the contracts as total plan benefit expense divided by total capitation revenue (see MLR definition details in the adjacent text box). The Public Aid Code (305 ILCS 5/5-30(h)) required contracts with MCOs to have a minimum MLR of 85 percent.

During the current examination, it was noted that the Department is calculating the MLRs and is seeking recoupment for amounts due back to the Department for all subsequent and future years.

Recommendation 3 – All Claims Paid to Medicaid Providers by MCOs

The Illinois Department of Healthcare and Family Services should:

- *require all managed care organizations to submit all Medicaid provider payment data for all services (including DASA, LTC, and waiver services); and*
- *perform on-site reviews of the MCOs' financial data systems and test the completeness and accuracy of the data reported to HFS that is used to monitor the payments made to Medicaid providers.*

Current status: Implemented

As noted in the report, the auditors found the Department could not provide auditors with all paid claims to Medicaid providers by MCOs, medical loss ratio calculations, or MCO administrative denied claim data for FY16. This is information that is necessary to adequately monitor the billions of dollars paid to the MCOs and to answer the specific audit determinations.

The actuary noted that they were in the process of requesting complete encounter data from each of the 12 MCOs. It was discussed that encounters related to the Division of Alcoholism and Substance Abuse (DASA), long term care (LTC), waiver services (services that allow individuals to remain in their own homes or live in a community setting, instead of in an institution), and the Medicare-Medicaid Alignment Initiative (MMAI) were not received by the Department from the MCOs.

According to the various rate certification reports completed by the actuary for 2016, the Department did not have complete encounter data in its data warehouse, and as such, a combination of plan-reported claims information and fee-for-service claims information was used to develop the base data actuarial models. Thus, encounter data was not used to set FY16 capitation rates.

The Department also indicated that no on-site fiscal monitoring was done to ensure that complete and accurate data was available to determine the total paid claims to Medicaid providers by MCOs for the \$7.11 billion paid to the MCOs for FY16. Medicaid spend data was provided to the Department by the MCOs, but was self-reported and auditors found no actual reviews or testing of the MCOs' payment systems by the Department. Thus, the auditors had no assurance that the encounter data submitted to the Department included actual paid encounters.

During the Department's FY18 financial statement audit, the auditors noted the Department and its MCOs started submitting and receiving all required Medicaid provider payment data (including DASA, LTC, and waiver services) as of April 1, 2018.

During the Department's FY18/19 State compliance examination, the auditors noted various activities and efforts by the Department to adopt and meet federal monitoring suggested best practices and requirements. As a result, this recommendation is considered implemented.

Recommendation 4 – Required Denied Claim Data

The Illinois Department of Healthcare and Family Services should:

- *provide clear guidance to the MCOs for reporting denied claims; and*
- *ensure that the MCOs provide the denied claims to the Department as required by contract.*

Current status: Implemented

As noted in the report, the auditors found the Department could not provide auditors with any valid data to document encounters denied by the MCOs for FY16. Like the encounter data, MCOs are required to provide denial data to the Department at least monthly. Auditors requested denial data from the Department, and according to its July 13, 2017, written response, the Department indicated that some of the MCOs did not provide the denial data for FY16. Additionally, responding to further questions, the Department specifically noted in a written response, “Currently, the denial data is simply not valid nor reliable.” Department officials also noted the Department had never given MCOs clear guidance on how to report denied claims. Without complete and accurate denial data, the Department cannot determine whether the MCOs are appropriately denying claims submitted by Medicaid providers.

During the Department’s FY18 financial statement audit, the auditors noted the Department did not adequately review and monitor claims denied by the MCOs to determine whether the MCOs had appropriately denied claims submitted to them by Medicaid providers. As such, the Department could not demonstrate medical providers were paid for all eligible Medicaid services they provided to Medicaid recipients in accordance with the State Plan.

During the Department’s FY18/19 State compliance examination, the auditors noted the Department implemented a process for receiving the Denial Claims Data. The review of the data occurs through the MCO Performance Reporting (MPR) system. The MCOs submit monthly claims denial reports broken out by hospital and other (non-hospital) claims types and by non-behavioral health or behavioral health (mental health or substance abuse). MCOs also report the number of percentages of all denials broken out into 7 denial reasons. The reasons include timely filing, authorization, pre-certification, benefit/covered service, medical necessity, provider, and additional information is required. The MCOs and the Department conduct quarterly business reviews to discuss report submissions and findings, including innovative ways that the MCOs are applying to increase outcomes and reduce issues for members and providers. The MCO Encounter Utilization Management (EUM) process includes review of denials by the Department on a quarterly basis. To further increase reporting and consistency across plans, the Department was given legislative approval to procure a third party vendor to be used to require all plans to process their claim activity through a single entity, which will allow the Department to quickly and consistently assess claim rejections and denials for all providers across the plans. The vendor has been selected and the Department anticipates all MCO claims will be passed through the vendor in the spring of 2020. This information from the vendor will include MCO denial information for further review and analysis by the Department. The MCO Provider Complaint Portal also gives the Department insight into MCO claims denial activity through weekly review of complaints submitted by providers in the portal. This includes discussions between the MCOs and Department

account managers. The Department has also added bi-weekly all-day meetings with MCO leadership and provider organization to review and address denials.

Recommendation 5 – Payments for Duplicate Recipients

The Illinois Department of Healthcare and Family Services should:

- *ensure multiple monthly capitation payments are not being made for the same Medicaid recipients;*
- *immediately identify and remove all duplicative recipients from its eligibility data; and*
- *recoup any overpayment of duplicate capitation payments.*

Current status: Partially Implemented

During our review of FY16 capitation payments made to MCOs by the Department, auditors determined the Department made multiple monthly capitation payments for the same month for the same recipient. Auditors questioned a total of \$590,237 in duplicative capitation payments for 302 individual social security numbers in FY16. In each instance, two payments were made for the same social security number for the same eligibility period. Auditors could not determine which payment was the correct payment and which payment was the duplicate; therefore, all \$590,237 was questioned.

During the Department's FY18 financial statement audit, the auditors identified 3,999 duplicative capitation payments paid by the Department multiple times for recipients containing the same Social Security number and having the same dates of service. The total paid for these recipients was \$1,423,478; however, the auditors were unable to determine how much was proper.

During the Department's FY18/19 State compliance examination, the auditors noted the Department's internal controls over payments to MCOs improved; however, we continued to note immaterial problems. As such, this matter is reported in the Department's State Compliance Examination *Report of Immaterial Findings*.

Further, during the Department's FY18/19 State compliance examination, the auditors noted minimal instances of the Department assigning duplicate Recipient Identification Numbers (RINs) to individuals in the data analytics performed over the assignment of RINs in the Integrated Eligibility System. As such, it was determined that the Department significantly improved controls over the assignment of RINs to individuals to consider this recommendation to be implemented.

Recommendation 6 –Managed Care Contracts

The Illinois Department of Healthcare and Family Services should ensure that it effectively monitors the newly awarded MCO contracts to ensure compliance with all contractual provisions.

Current status: Partially Implemented

On August 11, 2017, the Department of Healthcare and Family Services awarded new contracts for the delivery of health care services in Illinois. According to the RFP, the new contracts are effective on January 1, 2018, and will assign 683,000 recipients into MCOs from the counties that currently do not have Medicaid managed care. The contracts are for an initial four year term and include an option to renew for up to an additional four years. The stated goal outlined in the RFP was to increase participation in managed care in Illinois to 80 percent.

The new contracts require extensive documentation be provided by the MCOs. Based on the lack of monitoring of payments made to and by the MCOs during FY16, as identified in this report, HFS should monitor the delivery of managed care health services provided through these new contracts as is necessary and is required. The RFP noted that Illinois is one of the largest funders of health and human services (HHS) in the country and reported that in FY15, \$32 billion (40% of the State’s total budget) was spent across all its HHS agencies. The development of a system of controls over the MCOs and the outcome of the services paid for through these MCOs is necessary due to the large dollar amount of these contracts and the significance and nature of the health services being provided to an estimated 2.7 million Medicaid recipients in Illinois.

During the Department’s FY18/19 State compliance examination, the auditors noted the Department has implemented controls to monitor MCO required submissions via established SharePoint and Customer Relationship (CRM) processes. The deliverables submitted in the SharePoint site are contractually required submissions related to compliance, such as attestations, data certifications, financial statements, policies and procedures, and program integrity plans and reports. The Departments’ protocol for intake and completeness review of the administrative and operational deliverables involved one Bureau of Managed Care staff member. This individual, referred to as the “gatekeeper,” reviews submissions to confirm receipt of the deliverables, checks documents for completeness, communicates with the MCOs regarding delinquent or incomplete reports, and assigns certain submissions to designated subject matter experts in other areas for a complete review and analysis. The subject matter experts use the MCO deliverables to satisfy the needs of their area and initiate written or telephonic follow-up with MCOs as necessary to obtain complete data and/or to further understand the data submitted.

Additionally, through collaboration with the Illinois Office of Medicaid Innovation (OMI), the Illinois Department of Innovation and Technology (DoIT) SharePoint team and Department leadership, a cloud-based business applications platform using Microsoft’s CRM software in which the MCOs could enter data directly was implemented for MCO Performance Reporting (MPR). The MPR data and reporting metrics were designed to hold the MCOs accountable for their outcomes and enable the Department to have better oversight and management of the MCOs’ performance, including both clinical and operational metrics measuring quality, value and outcomes. Department staff analyze data in the MPR, examine trends over time and compare the

performance of MCOs to each other, where applicable. The Department ensures a regular flow of information by inserting a list of required deliverables, along with frequency, into the MCO contracts.

However, while reviewing each of the 7 new HealthChoice of Illinois (HCI) MCOs' 13 required deliverables, the auditors noted one provider contract ended December 31, 2018, however, the Department did not obtain all required deliverables from this provider for the months the provider had members. The Department was unable to provide documentation for 5 of the 13 (38%) deliverables for this provider. As such, it was determined that the Department has partially implemented this recommendation. See Finding 2019-012.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
Special Testing Required by the Illinois Insurance Code
For the Two Years Ended June 30, 2019

In conjunction with the biennial compliance examination of the Department of Healthcare and Family Services (Department), the Auditor General is mandated by the Illinois Insurance Code (Code) (215 ILCS 5/370c.1(m)) to review the Department's compliance with Section 370c and Section 370c1. By performing our planned examination procedures as noted in the *Independent Accountant's Report on State Compliance, on Internal Control over Compliance, and on Supplementary Information for State Compliance Purposes*, we obtained evidence about whether the Department complied with these provisions. Our testing did not identify any findings of noncompliance to include within this report in accordance with the provisions of the Code (215 ILCS 5/370c.1(m)).

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

Sixteen Months Ended October 31, 2019
(Expressed in Thousands)

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed
Public Act 100-0586	\$ 75,319	\$ 51,545	\$ 12,825	\$ 64,370	\$ 10,949
Public Act 101-0007	75,319	51,545	12,825	64,370	10,949
APPROPRIATED FUNDS					
General Revenue Fund - 0001					
Administrative					
Program/Administrative Level					
Medical Assistance					
Medical Assistance Providers	\$ 40,931	\$ 36,881	\$ 4,033	\$ 40,914	\$ 17
Comp Study of LTC	400	-	-	-	400
Deposit to Health Provider Relief	1,157,055	1,157,055	-	1,157,055	-
Deposit to the MSPTF	4,000	3,000	1,000	4,000	-
Physicians	59	49	10	59	-
Hospital In-Patient & Disprop Share	803,532	795,716	7,816	803,532	-
Prescribed Drugs	12	8	4	12	-
Optometrists	18	18	-	18	-
Federally Defined Institutions for Mental Diseases	8,672	8,647	25	8,672	-
Supportive Living Facilities	80,347	79,739	608	80,347	-
Skilled and Intermediate Long-Term Care	418,983	417,433	1,550	418,983	-
ICG Mental Health Service	7,528	6,988	540	7,528	-
Dentists	3,418	3,405	13	3,418	-
Medically Complex Dev Disab Fac	1,192	1,087	105	1,192	-
Appliances	23,320	23,010	310	23,320	-
Transportation	17,474	17,046	428	17,474	-
Part B Premiums	285,100	-	-	-	285,100
Total Administrative	\$ 75,319	\$ 51,545	\$ 12,825	\$ 64,370	\$ 10,949

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

Sixteen Months Ended October 31, 2019
(Expressed in Thousands)

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed
Public Act 100-0586					
Public Act 101-0007					
Other Related Medical Services	72,913	67,481	5,396	72,877	36
Hospice Care	53,659	52,040	1,619	53,659	-
Home Health Care, Therapy and Nursing Services	1,399	1,399	-	1,399	-
Division of Special Care for Children	106,865	106,822	43	106,865	-
Renal Disease Medical Care	73	70	3	73	-
Sexual Assault Victims Medical Care	309	309	-	309	-
Health Maintenance Organizations & Managed Care	4,762,058	4,758,098	3,960	4,762,058	-
Community Transitions and LTC System Rebalancing	6,000	-	-	-	6,000
Critical Care Access Pharmacy	10,000	4,687	181	4,868	5,132
SASS/Mobile Crisis Response	3,174	-	-	-	3,174
Total Medical Assistance	\$ 7,868,491	\$ 7,540,988	\$ 27,644	\$ 7,568,632	\$ 299,859
Total General Revenue Fund - 0001	\$ 7,943,810	\$ 7,592,533	\$ 40,469	\$ 7,633,002	\$ 310,808
University of Illinois Hospital Services Fund - 0136	\$ 375,000	\$ 159,699	\$ 23,163	\$ 182,862	\$ 192,138
County Provider Trust Fund - 0329					
Administrative Expenses	\$ 25,000	\$ 3,022	\$ 109	\$ 3,131	\$ 21,869
Hospital Provider	2,500,000	2,022,782	83,362	2,106,144	393,856
Overpayment Assessment Refunds	1,000	-	-	-	1,000
Total County Provider Trust Fund - 0329	\$ 2,526,000	\$ 2,025,804	\$ 83,471	\$ 2,109,275	\$ 416,725
Provider Inquiry Trust Fund - 0341	\$ 1,700	\$ 1,372	\$ 70	\$ 1,442	\$ 258
Care Provider for Persons with Developmental Disabilities Fund - 0344					
Administrative Expenses	\$ 192	\$ 158	\$ 25	\$ 183	\$ 9
Overpayment Assessment Refunds	1,000	10	-	10	990
Total Care Provider for Persons with Developmental Disabilities Fund - 0344	\$ 1,192	\$ 168	\$ 25	\$ 193	\$ 999

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

Sixteen Months Ended October 31, 2019
(Expressed in Thousands)

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed
Public Act 100-0586					
Public Act 101-0007					
Long-Term Care Provider Fund - 0345					
Administrative Expenses	\$ 1,323	\$ 674	\$ 57	\$ 731	\$ 592
Long-Term Care Provider Services	550,000	312,481	33,432	345,913	204,087
Overpayment Assessment Refunds	2,750	8	3	11	2,739
Total Long-Term Care Provider Fund - 0345	\$ 554,073	\$ 313,163	\$ 33,492	\$ 346,655	\$ 207,418
Hospital Provider Fund - 0346					
Hospitals and Related Operating and Administrative Costs	\$ 3,350,000	2,981,626	15,644	2,997,270	352,730
Overpayment Assessment Refunds	5,000	-	-	-	5,000
Total Hospital Provider Fund - 0346	\$ 3,355,000	\$ 2,981,626	\$ 15,644	\$ 2,997,270	\$ 357,730
Special Education Medicaid Matching Fund - 0355					
	\$ 200,000	123,376	38,595	161,971	38,029
Trauma Center Fund - 0397					
	\$ 12,000	11,969	-	11,969	31
Public Aid Recoveries Trust Fund - 0421					
Personal Services	\$ 21,878	17,841	1,970	19,811	2,067
State Contribution to State Employees' Retirement System	11,291	9,222	1,017	10,239	1,052
Social Security	1,674	1,316	149	1,465	209
Group Insurance	5,686	4,297	192	4,489	1,197
Contractual Services	64,963	28,660	9,700	38,360	26,603
Travel	146	5	1	6	140
Commodities	228	120	11	131	97
Printing	351	146	22	168	183
Equipment	874	36	54	90	784
PARTF Electronic Data Processing	1,858	1,525	198	1,723	135
PARTF Telecom	1,155	662	218	880	275
Technical Infrastructure/Medical Data Warehouse	53,706	23,506	14,506	38,012	15,694
Total Public Aid Recoveries Trust Fund - 0421	\$ 163,810	\$ 87,336	\$ 28,038	\$ 115,374	\$ 48,436
Electronic Health Record Incentive Fund - 0503					
	\$ 100,000	18,076	1,408	19,484	80,516

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

Sixteen Months Ended October 31, 2019
(Expressed in Thousands)

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed
Public Act 100-0586					
Public Act 101-0007					
Money Follows the Person Budget Transfer Fund - 0522	\$ 11,000	\$ 318	\$ 76	\$ 394	\$ 10,606
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575	\$ 1,000	\$ 11	\$ -	\$ 11	\$ 989
Medical Interagency Program Fund - 0720	\$ 70,000	\$ 27,580	\$ 4,691	\$ 32,271	\$ 37,729
Drug Rebate Fund - 0728	\$ 1,100,000	\$ 1,044,446	\$ 5,107	\$ 1,049,553	\$ 50,447
Tobacco Settlement Recovery Fund - 0733	\$ 200,600	\$ 146,745	\$ 53,686	\$ 200,431	\$ 169
Medicaid Buy-in Program Revolving Fund - 0740	\$ 637	\$ 126	\$ 23	\$ 149	\$ 488
Child Support Administrative Fund - 0757					
Personal Services	\$ 50,133	\$ 42,269	\$ 4,726	\$ 46,995	\$ 3,138
Employee Retirement Contributions Paid by Employer	23	19	2	21	2
State Contribution to State Employees' Retirement System	25,876	21,841	2,441	24,282	1,594
Social Security	3,835	3,081	355	3,436	399
Group Insurance	17,426	13,276	596	13,872	3,554
Contractual Services	56,000	22,305	12,116	34,421	21,579
Travel	233	76	6	82	151
Commodities	292	30	1	31	261
Printing	180	79	1	80	100
Equipment	1,500	37	45	82	1,418
Electronic Data Processing	12,140	8,132	668	8,800	3,340
Telecommunications Services	1,900	993	331	1,324	576
Child Support Enforcement Demonstration Projects	500	280	43	323	177
Enhanced Collection Efforts & Paternity Adjudication Demo	7,000	4,972	1,617	6,589	411
State Disbursement Unit Costs	9,000	5,472	1,826	7,298	1,702
Total Child Support Administrative Fund - 0757	\$ 186,038	\$ 122,862	\$ 24,774	\$ 147,636	\$ 38,402

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

Sixteen Months Ended October 31, 2019
(Expressed in Thousands)

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed
Public Act 100-0586					
Public Act 101-0007					
Healthcare Provider Relief Fund - 0793					
Medical Assistance Providers	\$ 7,330,427	\$ 4,884,418	\$ 616,091	\$ 5,500,509	\$ 1,829,918
Operational Expenses	56,362	42,474	3,348	45,822	10,540
Total Healthcare Provider Relief Fund - 0793	\$ 7,386,789	\$ 4,926,892	\$ 619,439	\$ 5,546,331	\$ 1,840,458
Medical Special Purposes Trust Fund - 0808					
Medical Demonstration Projects	\$ 10,000	\$ 1,170	\$ 187	\$ 1,357	\$ 8,643
Eligible Verify and Enroll System	10,000	6,821	1,108	7,929	2,071
Total Medical Special Purposes Trust Fund - 0808	\$ 20,000	\$ 7,991	\$ 1,295	\$ 9,286	\$ 10,714
TOTAL APPROPRIATED FUNDS		\$ 19,592,093	\$ 973,466	\$ 20,565,559	
NON-APPROPRIATED FUNDS					
Public Aid Recoveries Trust Fund - 0421					
Payment to Local Government for Services to Recipients			\$ 1,273	\$ 19,236	
Federal Share Due to General Revenue Fund	\$ 17,963	603,245	-	603,245	
Refund of TPL Recoveries	446	446	-	446	
Refund of Non-TPL Recoveries	126,654	126,654	25	126,679	
Early Intervention - Due DHS	-	-	73	73	
Core Medicaid Administrative Expense - UIC	2,445	2,445	1,058	3,503	
Total Public Aid Recoveries Trust Fund - 0421	\$ 750,753	\$ 2,429	\$ 2,429	\$ 753,182	
Child Support Enforcement Trust Fund - 0957					
Redirects					
Illinois TANF Excess Child Support Clients	\$ 1,703	\$ 6,509	\$ (8)	\$ 1,695	
Out-of-State TANF Clients	6,509	76,984	(1)	6,508	
Illinois Non-TANF Clients	76,984	44,553	(79)	76,905	
Out-of-State Non-TANF Clients	44,553	129,749	4	44,557	
Total Redirects	\$ 129,749	\$ (84)	\$ (84)	\$ 129,665	

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

Sixteen Months Ended October 31, 2019
(Expressed in Thousands)

	Expenditure Authority (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed
Public Act 100-0586					
Public Act 101-0007					
Refunds/Payments to Other Agencies					
Refund Responsible Relative - IRS Offsets	\$	1,651	\$ (12)	\$	1,639
Refund Responsible Relative - State Offsets		963	(3)		960
Refund Responsible Relative - Court or Third Parties		1,030	(2)		1,028
Refunds/IRS Offset Nonpublic Aid Clients		13	-		13
Refund - Nonassistance Clients		5,528	26		5,554
Fund Transfer		1,877	187		2,064
Interest Penalty/State Refund		1	1		2
Interest Paid to Clients, DCFS, Other		6,485	61		6,546
Reimburse DCFS Title IV-E		3,390	299		3,689
DCSE Unclaimed Property		821	-		821
		21,759	557		22,316
Total Refunds/Payments to Other Agencies					
		\$ -	\$ 473	\$	151,981
Total Child Support Enforcement Trust Fund - 0957					
		\$ 902,261	\$ 2,902	\$	905,163
TOTAL NON-APPROPRIATED FUNDS					
ALL FUNDS					
Appropriated Funds		\$ 19,592,093	\$ 973,466	\$	20,565,559
Non-Appropriated Funds		902,261	2,902		905,163
TOTAL ALL FUNDS		\$ 20,494,354	\$ 976,368	\$	21,470,722

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Department's records as of October 31, 2019, and have been reconciled to the State Comptroller's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

Eighteen Months Ended December 31, 2018
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to December 31	Total	
				Expenditures 18 Months Ended December 31	Balances Lapsed
Public Act 100-0021	\$ 72,020	\$ 61,130	\$ 10,711	\$ 71,841	\$ 179
Public Act 100-0586	72,020	61,130	10,711	71,841	179
Total Administrative					
APPROPRIATED FUNDS					
General Revenue Fund - 0001					
Administrative					
Program/Administrative Level					
Medical Assistance					
Medical Assistance Providers	41,092	39,351	1,692	41,043	49
Deposit to Health Provider Relief	1,107,055	1,107,055	-	1,107,055	-
Physicians	190	119	25	144	46
Hospital In-Patient & Disprop Share	1,383,967	1,370,233	14,070	1,384,303	(336)
Prescribed Drugs	1,304	1,299	(1)	1,298	6
Optometrists	12	5	2	7	5
Podiatrists	2	-	-	-	2
Federally Defined Institutions for Mental Diseases	6,318	6,292	25	6,317	1
Supportive Living Facilities	55,412	55,079	333	55,412	-
Skilled and Intermediate Long-Term Care	292,987	285,294	7,633	292,927	60
ICG Mental Health Service	9,739	9,630	110	9,740	(1)
Dentists	4,153	3,871	267	4,138	15
Community Health Centers	2	-	2	2	-
Appliances	32,195	31,547	648	32,195	-
Transportation	27,302	26,977	322	27,299	3
Other Related Medical Services	78,107	71,664	6,112	77,776	331
Hospice Care	39,435	38,976	459	39,435	-
Home Health Care, Therapy, and Nursing Services	2,170	2,177	(7)	2,170	-
Division of Special Care for Children	93,951	93,796	155	93,951	-
Renal Disease Medical Care	50	49	1	50	-
Sexual Assault Victims Medical Care	75	75	-	75	-
Health Maintenance Organizations & Managed Care	4,353,672	4,351,778	1,894	4,353,672	-

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

Eighteen Months Ended December 31, 2018
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to December 31	Total	
				Expenditures 18 Months Ended December 31	Balances Lapsed
Public Act 100-0021					
Public Act 100-0586					
Community Transitions and LTC System Rebalancing	\$ 11,500 \$	- \$	- \$	- \$	11,500
Total Medical Assistance	7,540,690	7,495,267	33,742	7,529,009	11,681
Total General Revenue Fund - 0001	7,612,710 \$	7,556,397 \$	44,453 \$	7,600,850 \$	11,860
University of Illinois Hospital Services Fund - 0136	\$ 375,000 \$	99,029 \$	11,960 \$	110,989 \$	264,011
County Provider Trust Fund - 0329	\$ 25,000 \$	2,075 \$	1,659 \$	3,734 \$	21,266
Administrative Expenses	2,500,000	1,899,245	6,092	1,905,337	594,663
Hospital Provider	1,000	-	-	-	1,000
Overpayment Assessment Refunds	2,526,000	1,901,320	7,751	1,909,071	616,929
Total County Provider Trust Fund - 0329	\$ 1,700 \$	273 \$	138 \$	411 \$	1,289
Provider Inquiry Trust Fund - 0341					
Care Provider for Persons with Developmental Disabilities Fund - 0344					
Administrative Expenses	\$ 192 \$	176 \$	4 \$	180 \$	12
Overpayment Assessment Refunds	1,000	14	-	14	986
Total Care Provider for Persons with Developmental Disabilities Fund - 0344	\$ 1,192 \$	190 \$	4 \$	194 \$	998
Long-Term Care Provider Fund - 0345					
Administrative Expenses	\$ 1,323 \$	982 \$	15 \$	997 \$	326
Long-Term Care Provider Services	550,000	345,329	69,211	414,540	135,460
Overpayment Assessment Refunds	2,750	102	-	102	2,648
Total Long-Term Care Provider Fund - 0345	\$ 554,073 \$	346,413 \$	69,226 \$	415,639 \$	138,434
Hospital Provider Fund - 0346					
Hospitals	\$ 3,100,000 \$	2,818,496 \$	(84,152) \$	2,734,344 \$	365,656
Overpayment Assessment Refunds	5,000	-	-	-	5,000
Total Hospital Provider Fund - 0346	\$ 3,105,000 \$	2,818,496 \$	(84,152) \$	2,734,344 \$	370,656

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

Eighteen Months Ended December 31, 2018
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	Balances Lapsed
Public Act 100-0021	\$ 200,000	\$ 127,166	\$ 39,513	\$ 166,679	\$ 33,321
Public Act 100-0586	\$ 12,000	\$ 7,532	\$ 1,346	\$ 8,878	\$ 3,122
Special Education Medicaid Matching Fund - 0355	\$ 20,826	\$ 18,276	\$ 882	\$ 19,158	\$ 1,668
Trauma Center Fund - 0397	\$ 11,249	\$ 9,312	\$ (223)	\$ 9,089	\$ 2,160
Public Aid Recoveries Trust Fund - 0421	\$ 1,593	\$ 1,347	\$ 65	\$ 1,412	\$ 181
Personal Services	6,018	4,273	200	4,473	1,545
State Contribution to State Employees' Retirement System	64,963	28,832	5,814	34,646	30,317
Social Security	146	7	1	8	138
Group Insurance	228	105	2	107	121
Contractual Services	351	100	20	120	231
Travel	874	43	2	45	829
Commodities	2,432	1,679	39	1,718	714
Printing	1,155	500	107	607	548
Equipment	53,706	20,462	13,413	33,875	19,831
PARTF Electronic Data Processing	163,541	84,936	20,322	105,258	58,283
PARTF Telecom					
Technical Infrastructure/Medical Data Warehouse					
Total Public Aid Recoveries Trust Fund - 0421	\$ 163,541	\$ 84,936	\$ 20,322	\$ 105,258	\$ 58,283
Electronic Health Record Incentive Fund - 0503	\$ 100,000	\$ 60,687	\$ 499	\$ 61,186	\$ 38,814
Money Follows the Person Budget Transfer Fund - 0522	\$ 11,000	\$ 194	\$ 434	\$ 628	\$ 10,372
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575	\$ 1,000	\$ 30	\$ 10	\$ 40	\$ 960
Medical Interagency Program Fund - 0720	\$ 70,000	\$ 41,270	\$ 5,055	\$ 46,325	\$ 23,675
Drug Rebate Fund - 0728	\$ 980,000	\$ 974,910	\$ 4,905	\$ 979,815	\$ 185
Tobacco Settlement Recovery Fund - 0733	\$ 200,600	\$ 186,837	\$ 13,751	\$ 200,588	\$ 12
Medicaid Buy-in Program Revolving Fund - 0740	\$ 637	\$ 197	\$ (2)	\$ 195	\$ 442

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

Eighteen Months Ended December 31, 2018
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to December 31	Total	
				Expenditures 18 Months Ended December 31	Balances Lapsed
Public Act 100-0021					
Public Act 100-0586					
Child Support Administrative Fund - 0757					
Personal Services	\$ 51,111	\$ 43,262	\$ 1,837	\$ 45,099	\$ 6,012
Employee Retirement Contributions Paid by Employer	21	19	1	20	1
State Contribution to State Employees' Retirement System	27,607	22,030	(650)	21,380	6,227
Social Security	3,910	3,154	134	3,288	622
Group Insurance	18,470	12,910	618	13,528	4,942
Contractual Services	56,000	17,148	16,387	33,535	22,465
Travel	233	75	4	79	154
Commodities	292	25	3	28	264
Printing	180	55	40	95	85
Equipment	1,500	74	51	125	1,375
Electronic Data Processing	12,215	8,786	193	8,979	3,236
Telecommunications Services	1,900	498	559	1,057	843
Child Support Enforcement Demonstration Projects	500	294	29	323	177
Enhanced Collection Efforts & Paternity Adjudication Demo	7,000	5,017	1,650	6,667	333
State Disbursement Unit Costs	11,850	5,671	1,862	7,533	4,317
Total Child Support Administrative Fund - 0757	\$ 192,789	\$ 119,018	\$ 22,718	\$ 141,736	\$ 51,053
Healthcare Provider Relief Fund - 0793					
Medical Assistance Providers	\$ 6,370,000	\$ 5,149,099	\$ 338,453	\$ 5,487,552	\$ 882,448
Operational Lump Sum	56,362	32,813	5,164	37,977	18,385
Total Healthcare Provider Relief Fund - 0793	\$ 6,426,362	\$ 5,181,912	\$ 343,617	\$ 5,525,529	\$ 900,833
Medical Special Purposes Trust Fund - 0808					
Medical Demonstration Projects	\$ 10,000	\$ 957	\$ 379	\$ 1,336	\$ 8,664
Eligible Verify and Enroll System	50,000	47,299	607	47,906	2,094
Total Medical Special Purposes Trust Fund - 0808	\$ 60,000	\$ 48,256	\$ 986	\$ 49,242	\$ 10,758

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

Eighteen Months Ended December 31, 2018
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	Balances Lapsed
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TOTAL APPROPRIATED FUNDS	\$ 22,593,604	\$ 19,555,063	\$ 502,534	\$ 20,057,597	\$ 2,536,007
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NON-APPROPRIATED FUNDS

Public Aid Recoveries Trust Fund - 0421

Payment to Local Government for Services to Recipients	\$ 14,655		\$ 2,994	\$ 17,649	
Federal Share Due to General Revenue Fund	1,059,725		-	1,059,725	
Refund of TPL Recoveries	280		-	280	
Refund of Non-TPL Recoveries	6,124		23,194	29,318	
Early Intervention - Due DHS	-		35	35	
Core Medicaid Administrative Expense - UIC	917		13	930	

Total Public Aid Recoveries Trust Fund - 0421

	\$ 1,081,701		\$ 26,236	\$ 1,107,937	
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Child Support Enforcement Trust Fund - 0957

Redirections					
Illinois TANF Excess Child Support Clients	\$ 2,192		\$ 7	\$ 2,199	
Out-of-State TANF Clients	6,899		(16)	6,883	
Illinois Non-TANF Clients	82,073		(212)	81,861	
Out-of-State Non-TANF Clients	45,684		(54)	45,630	

Total Redirections

	136,848		(275)	136,573	
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Refunds/Payments to Other Agencies

Refund Responsible Relative - IRS Offsets	1,785		(10)	1,775	
Refund Responsible Relative - IRS pre N/A	2		-	2	
Refund Responsible Relative - State Offsets	867		(10)	857	
Refund Responsible Relative - Court or Third Parties	1,359		(11)	1,348	
Refunds/IRS Offset Nonpublic Aid Clients	23		-	23	
Refunds/State Offset Nonpublic Aid Clients	1		-	1	
Refund - Nonassistance Clients	7,291		56	7,347	
Fund Transfer	1,037		115	1,152	
Interest Penalty/State Refund	1		1	2	

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

Eighteen Months Ended December 31, 2018
(Expressed in Thousands)

	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	Balances Lapsed
Public Act 100-0021					
Public Act 100-0586					
Interest Paid to Clients, DCFS, Other	\$	6,578	\$ 92	\$ 6,670	
Reimburse DCFS Title IV-E		3,421	225	3,646	
DCSE Unclaimed Property		90	-	90	
		22,455	458	22,913	
Total Refunds/Payments to Other Agencies					
	\$	159,303	\$ 183	\$ 159,486	
Total Child Support Enforcement Trust Fund - 0957					
	\$	1,241,004	\$ 26,419	\$ 1,267,423	
TOTAL NON-APPROPRIATED FUNDS					
ALL FUNDS					
Appropriated Funds	\$	19,555,063	\$ 502,534	\$ 20,057,597	
Non-Appropriated Funds		1,241,004	26,419	1,267,423	
TOTAL ALL FUNDS	\$	20,796,067	\$ 528,953	\$ 21,325,020	

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Department's records as of December 31, 2018, and have been reconciled to State Comptroller's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either is fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the total dollar amount of invoices from fiscal year 2017 held by the Department which were submitted against fiscal year 2018 appropriations.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018 and 2017
(Expressed in Thousands)

Schedule 3

	Fiscal Year		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	P.A. 99-0524
	P.A. 101-0007	P.A. 100-0586	P.A. 100-0021
			Court-ordered Expenditures
<u>APPROPRIATED FUNDS</u>			
General Revenue Fund - 0001			
Appropriations (net of transfers)	\$ 7,943,810	\$ 7,612,710	\$ 25,000
Expenditures:			
Administrative:			
Operational Lump Sum	\$ -	\$ 71,841	\$ -
Personal Services	36,160	-	21,438
Employee Retirement Contribution Paid by Employer	-	-	1
Social Security	1,210	-	1,574
Deposit into Child Support Administrative Fund	27,000	-	25,000
Total Administrative	64,370	71,841	48,013
Medical Assistance	7,568,632	7,529,009	5,923,517
Total Expenditures	7,633,002	7,600,850	5,971,530
Lapsed Balances	\$ 310,808	\$ 11,860	\$ -
Supportive Living Facility Fund - 0062			
Appropriations (net after transfers)	\$ -	\$ -	\$ 15,000
Expenditures:			
Medicaid Research	-	-	-
Lapsed Balances	\$ -	\$ -	\$ 15,000
University of Illinois Hospital Services Fund - 0136			
Appropriations (net after transfers)	\$ 375,000	\$ 375,000	\$ 375,000
Expenditures:			
U of I Hospital Services	182,862	110,989	126,280
Lapsed Balances	\$ 192,138	\$ 264,011	\$ 248,720

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018 and 2017
(Expressed in Thousands)

Schedule 3

	Fiscal Year		
	2019	2018	2017
	P.A. 100-0586 P.A. 101-0007	P.A. 100-0021 P.A. 100-0586	P.A. 99-0524 P.A. 100-0021 Court-ordered Expenditures
County Provider Trust Fund - 0329			
Appropriations (net after transfers)	\$ 2,526,000	\$ 2,526,000	\$ 2,526,000
Expenditures:			
Administrative Expenses	3,131	3,734	4,807
Hospital Provider	2,106,144	1,905,337	2,005,174
Total Expenditures	<u>2,109,275</u>	<u>1,909,071</u>	<u>2,009,981</u>
Lapsed Balances	<u>\$ 416,725</u>	<u>\$ 616,929</u>	<u>\$ 516,019</u>
Provider Inquiry Trust Fund - 0341			
Appropriations (net after transfers)	\$ 1,700	\$ 1,700	\$ 2,500
Expenditures:			
Provider Inquiry Services	<u>1,442</u>	<u>411</u>	<u>789</u>
Lapsed Balances	<u>\$ 258</u>	<u>\$ 1,289</u>	<u>\$ 1,711</u>
Care Provider for Persons with Developmental Disabilities Fund - 0344			
Appropriations (net after transfers)	\$ 1,192	\$ 1,192	\$ 1,192
Expenditures:			
Administrative Expenses	183	180	179
Overpayment Assessment Refunds	10	14	-
Total Expenditures	<u>193</u>	<u>194</u>	<u>179</u>
Lapsed Balances	<u>\$ 999</u>	<u>\$ 998</u>	<u>\$ 1,013</u>
Long-Term Care Provider Fund - 0345			
Appropriations (net after transfers)	\$ 554,073	\$ 554,073	\$ 554,044
Expenditures:			
Administrative Expenses	731	997	857
Long-Term Care Provider Services	345,913	414,540	445,167
Overpayment Assessment Refunds	11	102	-
Total Expenditures	<u>346,655</u>	<u>415,639</u>	<u>446,024</u>
Lapsed Balances	<u>\$ 207,418</u>	<u>\$ 138,434</u>	<u>\$ 108,020</u>
Hospital Provider Fund - 0346			
Appropriations (net after transfers)	\$ 3,355,000	\$ 3,105,000	\$ 3,005,000
Expenditures:			
Hospitals and Related Operating and Administrative Costs	<u>2,997,270</u>	<u>2,734,344</u>	<u>2,902,896</u>
Lapsed Balances	<u>\$ 357,730</u>	<u>\$ 370,656</u>	<u>\$ 102,104</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018 and 2017
(Expressed in Thousands)

Schedule 3

	Fiscal Year		
	2019	2018	2017
	P.A. 100-0586 P.A. 101-0007	P.A. 100-0021 P.A. 100-0586	P.A. 99-0524 P.A. 100-0021 Court-ordered Expenditures
Special Education Medicaid Matching Fund - 0355			
Appropriations (net after transfers)	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures:			
Local Education Agencies for Medical Service	161,971	166,679	153,991
Lapsed Balances	<u>\$ 38,029</u>	<u>\$ 33,321</u>	<u>\$ 46,009</u>
Trauma Center Fund - 0397			
Appropriations (net after transfers)	\$ 12,000	\$ 12,000	\$ 15,000
Expenditures:			
Trauma Centers	11,969	8,878	8,433
Lapsed Balances	<u>\$ 31</u>	<u>\$ 3,122</u>	<u>\$ 6,567</u>
Public Aid Recoveries Trust Fund - 0421			
Appropriations (net after transfers)	\$ 163,810	\$ 163,541	\$ 163,220
Expenditures:			
Personal Services	19,811	19,158	21,335
State Contribution to State Employees' Retirement System	10,239	9,089	9,513
Social Security	1,465	1,412	1,568
Group Insurance	4,489	4,473	5,635
Contractual Services	38,360	34,646	36,775
Travel	6	8	28
Commodities	131	107	103
Printing	168	120	269
Equipment	90	45	28
PARTF Electronic Data Processing	1,723	1,718	
PARTF Telecom	880	607	
Telecommunications Services	-	-	826
Technical Infrastructure/Medical Data Warehouse	38,012	33,875	29,186
Total Expenditures	<u>115,374</u>	<u>105,258</u>	<u>105,266</u>
Lapsed Balances	<u>\$ 48,436</u>	<u>\$ 58,283</u>	<u>\$ 57,954</u>
Electronic Health Record Incentive Fund - 0503			
Appropriations (net after transfers)	\$ 100,000	\$ 100,000	\$ 100,000
Expenditures:			
Certified Electronic Health Record Technology	19,484	61,186	43,114
Lapsed Balances	<u>\$ 80,516</u>	<u>\$ 38,814</u>	<u>\$ 56,886</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018 and 2017
(Expressed in Thousands)

Schedule 3

	Fiscal Year		
	2019	2018	2017
	P.A. 100-0586 P.A. 101-0007	P.A. 100-0021 P.A. 100-0586	P.A. 99-0524 P.A. 100-0021 Court-ordered Expenditures
Money Follows the Person Budget Transfer Fund - 0522			
Appropriations (net after transfers)	\$ 11,000	\$ 11,000	\$ 11,000
Expenditures:			
Money Follows the Person Demonstration Project	394	628	1,127
Lapsed Balances	<u>\$ 10,606</u>	<u>\$ 10,372</u>	<u>\$ 9,873</u>
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575			
Appropriations (net after transfers)	\$ 1,000	\$ 1,000	\$ 1,500
Expenditures:			
Juvenile Behavioral Health Services	11	40	42
Lapsed Balances	<u>\$ 989</u>	<u>\$ 960</u>	<u>\$ 1,458</u>
Budget Stabilization Fund - 0686			
Appropriations (net after transfers)	\$ -	\$ -	\$ 18,000
Expenditures:			
Operational Lump Sum	-	-	18,000
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Medical Interagency Program Fund - 0720			
Appropriations (net after transfers)	\$ 70,000	\$ 70,000	\$ 70,000
Expenditures:			
Medical Assistance	32,271	46,325	39,497
Lapsed Balances	<u>\$ 37,729</u>	<u>\$ 23,675</u>	<u>\$ 30,503</u>
Drug Rebate Fund - 0728			
Appropriations (net after transfers)	\$ 1,100,000	\$ 980,000	\$ 1,440,000
Expenditures:			
Prescribed Drugs	1,049,553	979,815	1,440,000
Lapsed Balances	<u>\$ 50,447</u>	<u>\$ 185</u>	<u>\$ -</u>
Tobacco Settlement Recovery Fund - 0733			
Appropriations (net after transfers)	\$ 200,600	\$ 200,600	\$ 200,600
Expenditures:			
Prescribed Drugs	200,431	200,588	109,331
Lapsed Balances	<u>\$ 169</u>	<u>\$ 12</u>	<u>\$ 91,269</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018 and 2017
(Expressed in Thousands)

Schedule 3

	Fiscal Year		
	2019	2018	2017
	P.A. 100-0586 P.A. 101-0007	P.A. 100-0021 P.A. 100-0586	P.A. 99-0524 P.A. 100-0021 Court-ordered Expenditures
Medicaid Buy-in Program Revolving Fund - 0740			
Appropriations (net after transfers)	\$ 637	\$ 637	\$ 600
Expenditures:			
Medical Assistance	149	195	575
Lapsed Balances	<u>\$ 488</u>	<u>\$ 442</u>	<u>\$ 25</u>
Child Support Administrative Fund - 0757			
Appropriations (net after transfers)	\$ 186,038	\$ 192,789	\$ 190,441
Expenditures:			
Personal Services	46,995	45,099	53,567
Employee Retirement Contribution Paid by Employer	21	20	20
State Contribution to State Employees' Retirement System	24,282	21,380	23,877
Social Security	3,436	3,288	3,913
Group Insurance	13,872	13,528	17,017
Contractual Services	34,421	33,535	36,236
Travel	82	79	86
Commodities	31	28	28
Printing	80	95	121
Equipment	82	125	2
Electronic Data Processing	8,800	8,979	
Telecommunications Services	1,324	1,057	1,165
Child Support Enforcement Demonstration Projects	323	323	304
Enhanced Collection Efforts & Paternity Adjudication Demo	6,589	6,667	6,647
State Disbursement Unit Costs	7,298	7,533	7,920
Total Expenditures	<u>147,636</u>	<u>141,736</u>	<u>150,903</u>
Lapsed Balances	<u>\$ 38,402</u>	<u>\$ 51,053</u>	<u>\$ 39,538</u>
Healthcare Provider Relief Fund - 0793			
Appropriations (net after transfers)	\$ 7,386,789	\$ 6,426,362	\$ 6,206,362
Expenditures:			
Medical Assistance Providers	5,500,509	5,487,552	4,652,929
Operational Lump Sum	45,822	37,977	31,934
Total Expenditures	<u>5,546,331</u>	<u>5,525,529</u>	<u>4,684,863</u>
Lapsed Balances	<u>\$ 1,840,458</u>	<u>\$ 900,833</u>	<u>\$ 1,521,499</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018 and 2017
(Expressed in Thousands)

Schedule 3

	Fiscal Year		
	2019	2018	2017
	P.A. 100-0586 P.A. 101-0007	P.A. 100-0021 P.A. 100-0586	P.A. 99-0524 P.A. 100-0021 Court-ordered Expenditures
Medical Special Purposes Trust Fund - 0808			
Appropriations (net after transfers)	\$ 20,000	\$ 60,000	\$ 70,000
Expenditures:			
Medical Demonstration Projects	1,357	1,336	1,842
Eligible Verify and Enroll System	7,929	47,906	91
Total Expenditures	<u>9,286</u>	<u>49,242</u>	<u>1,933</u>
Lapsed Balances	<u>\$ 10,714</u>	<u>\$ 10,758</u>	<u>\$ 68,067</u>
TOTAL - ALL APPROPRIATED FUNDS			
Appropriations	\$ 24,208,649	\$ 22,593,604	\$ 15,190,459
Total Expenditures	<u>20,565,559</u>	<u>20,057,597</u>	<u>18,214,754</u>
Lapsed Balances	<u>\$ 3,643,090</u>	<u>\$ 2,536,007</u>	<u>\$ 2,922,235</u>
<u>NON-APPROPRIATED FUNDS</u>			
Public Aid Recoveries Trust Fund - 0421			
Payment to Local Government for Service to Recipients	\$ 19,236	\$ 17,649	\$ 23,514
Federal Share Due To General Revenue Fund	603,245	1,059,725	346,865
Refund of TPL Recoveries	446	280	31
Refund of Non-TPL Recoveries	126,679	29,318	918
Early Intervention - Due DHS	73	35	85
Core Medicaid Administration Expenses - UIC	3,503	930	2,258
Total Expenditures	<u>\$ 753,182</u>	<u>\$ 1,107,937</u>	<u>\$ 373,671</u>
Child Support Enforcement Trust Fund - 0957			
Redirect - Illinois TANF Excess Child Support Clients	\$ 1,695	\$ 2,199	\$ 2,320
Redirect - Out-of-State TANF Clients	6,508	6,883	7,424
Redirect - Illinois Non-TANF Clients	76,905	81,861	82,992
Redirect - Out-of-State Non-TANF Clients	44,557	45,630	46,729
Refund - IRS Offsets	1,639	1,775	1,816
Refund - IRS pre N/A	-	2	7
Refund - State Offsets	960	857	691
Refund - State pre N/A	-	-	1
Refund - Courts or Third Parties	1,028	1,348	793
Refund - IRS Offset Nonpublic Aid Clients	13	23	11
Refund - State Offset Nonpublic Aid Clients	-	1	13
Refund - Nonassistance Clients	5,554	7,347	3,219
Fund Transfer	2,064	1,152	492
Interest Penalty/State Refund	2	2	1

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018 and 2017
(Expressed in Thousands)

	Fiscal Year		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	P.A. 99-0524
	P.A. 101-0007	P.A. 100-0586	P.A. 100-0021
			Court-ordered Expenditures
Interest Paid to Clients, DCFS, Others	\$ 6,546	\$ 6,670	\$ 4,862
Reimburse DCFS Title IV-E	3,689	3,646	2,972
DCSE Unclaimed Property	821	90	109
Total Expenditures	<u>\$ 151,981</u>	<u>\$ 159,486</u>	<u>\$ 154,452</u>
TOTAL - ALL NON-APPROPRIATED FUNDS	<u>\$ 905,163</u>	<u>\$ 1,267,423</u>	<u>\$ 528,123</u>
ALL FUNDS	<u>\$ 21,470,722</u>	<u>\$ 21,325,020</u>	<u>\$ 18,742,877</u>
<u>STATE OFFICERS' SALARIES</u>			
General Revenue Fund - 0001			
Appropriations (net after transfers)	\$ 264	\$ 264	\$ 264
Expenditures:			
Director's salary (Note 6)	<u>142</u>	<u>142</u>	<u>142</u>
Lapsed Balances	<u>\$ 122</u>	<u>\$ 122</u>	<u>\$ 122</u>

Note 1: Fiscal year 2019 and 2018 appropriations, expenditures, and lapsed balances were obtained from the Department records as of October 31, 2019 and December 31, 2018, respectively, and have been reconciled to the State Comptroller's Records. Fiscal year 2017 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of October 31, 2017, and have been reconciled to Department records.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from fiscal year 2017 held by the Department to be submitted against fiscal year 2018 appropriations.

Note 4: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment wages [for all State employees] at their normal rates of pay." As the Department never received enacted personal services appropriations for fund 0001, the Department was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during fiscal year 2017.

Note 5: Public Act 99-0524 authorizes the Department to pay fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Department did not use its fiscal year 2017 appropriations for non-payroll expenditures, except those prescribed by Section 25 of the State Finance Act for medical assistance as is the normal course of business.

Note 6: State Officers' salaries are paid from the appropriation for the Office of the Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
LOCALLY HELD FUNDS
CASH BASIS SCHEDULE

Schedule 4

For the Fiscal Years Ended June 30, 2019 and 2018
(Expressed in Thousands)

	2019	2018
<u>Medical Assistance Dental Reimbursement Revolving Fund</u>		
Beginning balance	\$ 4,080	\$ 6,790
Receipts (including cash on hand and in-transit)	46,886	79,005
Disbursements	(48,160)	(81,715)
Ending balance	\$ 2,806	\$ 4,080
 <u>Public Assistance Emergency Revolving Fund</u>		
Beginning balance	\$ 338	\$ 328
Receipts (including cash on hand and in-transit)	1,033	812
Disbursements	(1,086)	(802)
Ending balance	\$ 285	\$ 338

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Fiscal Years Ended June 30, 2019 and 2018
(Expressed in Thousands)

Schedule 5

	Fiscal Year	
	2019	2018
Beginning Balance, July 1	\$ 11,811	\$ 12,203
Additions	225	1,820
Deletions	(209)	(1,974)
Net Transfers	<u>(203)</u>	<u>(238)</u>
Ending Balance, June 30	<u>\$ 11,624</u>	<u>\$ 11,811</u>

Note: This schedule was prepared from the Agency Report of State Property Quarterly Reports and reconciled to the Department's records. The Department's property consists of equipment only.

The summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2019, 2018, and 2017
(Expressed in Thousands)

Schedule 6

	2019	2018	2017
General Revenue Fund - 0001			
Federal government	\$ 3,335,514	\$ 4,775,338	\$ 2,288,474
Federal reimbursable portion due from the Public Aid Recoveries Trust Fund	-	210,000	-
Local Illinois governmental units	243,700	243,700	243,700
Recipient collections	33,521	28,060	31,617
Miscellaneous	-	2	26
Total cash receipts per Department	<u>3,612,735</u>	<u>5,257,100</u>	<u>2,563,817</u>
Less - in transit at end of year	(1,135)	(727)	(854)
Plus - in transit at beginning of year	727	854	716
Plus - prior year refunds/warrant voids on Comptroller's report	8	42	54
Total cash receipts per State Comptroller's records	<u>\$ 3,612,335</u>	<u>\$ 5,257,269</u>	<u>\$ 2,563,733</u>
Home Services Medicaid Trust Fund - 0120			
Federal government	\$ 232,927	\$ 236,882	\$ 245,140
Total cash receipts per Department	<u>232,927</u>	<u>236,882</u>	<u>245,140</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 232,927</u>	<u>\$ 236,882</u>	<u>\$ 245,140</u>
University of Illinois Hospital Services Fund - 0136			
Federal government	\$ 101,758	\$ 66,739	\$ 74,310
Other Illinois State agencies	24,950	6,809	22,806
Total cash receipts per Department	<u>126,708</u>	<u>73,548</u>	<u>97,116</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 126,708</u>	<u>\$ 73,548</u>	<u>\$ 97,116</u>
Community Developmental Disability Services Medicaid Trust Fund - 0142			
Federal government	\$ 77,582	\$ 62,987	\$ 72,424
Total cash receipts per Department	<u>77,582</u>	<u>62,987</u>	<u>72,424</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 77,582</u>	<u>\$ 62,987</u>	<u>\$ 72,424</u>
DHS Technology Initiative Fund - 0211			
Federal government	\$ 6,783	\$ 4,921	\$ 5,717
Total cash receipts per Department	<u>6,783</u>	<u>4,921</u>	<u>5,717</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 6,783</u>	<u>\$ 4,921</u>	<u>\$ 5,717</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Schedule 6

**COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(Expressed in Thousands)

	2019	2018	2017
DCFS Children's Services Fund - 0220			
Federal government	\$ 7,876	\$ 8,736	\$ 8,971
Total cash receipts per Department	7,876	8,736	8,971
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 7,876</u>	<u>\$ 8,736</u>	<u>\$ 8,971</u>
Illinois Veterans Assistance Fund - 0236			
Insurance premiums	\$ 6	\$ 8	\$ 14
Total cash receipts per Department	6	8	14
Less - in transit at end of year	(1)	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 5</u>	<u>\$ 8</u>	<u>\$ 14</u>
Long-Term Care Monitor/Receiver Fund - 0285			
Federal government	\$ 10,500	\$ 10,295	\$ 10,231
Total cash receipts per Department	10,500	10,295	10,231
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 10,500</u>	<u>\$ 10,295</u>	<u>\$ 10,231</u>
County Provider Trust Fund - 0329			
Federal government	\$ 1,274,989	\$ 1,221,139	\$ 1,336,281
Provider participation fees	780,061	745,703	710,395
Total cash receipts per Department	2,055,050	1,966,842	2,046,676
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	94
Total cash receipts per State Comptroller's records	<u>\$ 2,055,050</u>	<u>\$ 1,966,842</u>	<u>\$ 2,046,770</u>
Provider Inquiry Trust Fund - 0341			
User fees/private organizations or individuals	\$ 465	\$ 646	\$ 1,144
Total cash receipts per Department	465	646	1,144
Less - in transit at end of year	-	-	(39)
Plus - in transit at beginning of year	-	39	-
Total cash receipts per State Comptroller's records	<u>\$ 465</u>	<u>\$ 685</u>	<u>\$ 1,105</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2019, 2018, and 2017
(Expressed in Thousands)

Schedule 6

	2019	2018	2017
Care Provider For Persons with Developmental Disabilities Fund - 0344			
Federal government	\$ 23,847	\$ 12,693	\$ 17,481
Provider taxes	17,780	17,031	16,720
Total cash receipts per Department	<u>41,627</u>	<u>29,724</u>	<u>34,201</u>
Less - in transit at end of year	(80)	-	(1)
Plus - in transit at beginning of year	-	1	19
Total cash receipts per State Comptroller's records	<u>\$ 41,547</u>	<u>\$ 29,725</u>	<u>\$ 34,219</u>
Long-Term Care Provider Fund - 0345			
Federal government	\$ 172,351	\$ 211,035	\$ 212,583
Provider taxes	166,745	184,152	147,273
Federal monies via other State agencies	61	73	106
Other Taxes	-	1	-
Total cash receipts per Department	<u>339,157</u>	<u>395,261</u>	<u>359,962</u>
Less - in transit at end of year	(4,998)	(1,177)	(500)
Plus - in transit at beginning of year	1,177	500	328
Total cash receipts per State Comptroller's records	<u>\$ 335,336</u>	<u>\$ 394,584</u>	<u>\$ 359,790</u>
Hospital Provider Fund - 0346			
Federal government	\$ 1,957,226	\$ 1,707,974	\$ 2,059,287
Provider taxes	1,535,032	1,396,991	1,363,046
Total cash receipts per Department	<u>3,492,258</u>	<u>3,104,965</u>	<u>3,422,333</u>
Less - in transit at end of year	(545)	(562)	(37)
Plus - in transit at beginning of year	562	37	504
Plus - prior year refunds/warrant voids on Comptroller's report	(7)	-	-
Total cash receipts per State Comptroller's records	<u>\$ 3,492,268</u>	<u>\$ 3,104,440</u>	<u>\$ 3,422,800</u>
Special Education Medicaid Matching Fund - 0355			
Federal government	\$ 162,892	\$ 160,091	\$ 161,690
Total cash receipts per Department	<u>162,892</u>	<u>160,091</u>	<u>161,690</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - prior year refunds/warrant voids on Comptroller's report	-	19	-
Total cash receipts per State Comptroller's records	<u>\$ 162,892</u>	<u>\$ 160,110</u>	<u>\$ 161,690</u>
Lead Poisoning & Screening Fund - 0360			
Federal government	\$ 1,568	\$ 1,037	\$ 2,361
Total cash receipts per Department	<u>1,568</u>	<u>1,037</u>	<u>2,361</u>
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 1,568</u>	<u>\$ 1,037</u>	<u>\$ 2,361</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Schedule 6

**COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(Expressed in Thousands)

	2019	2018	2017
HHS Medicaid Trust Fund - 0365			
Federal government	\$ 9,076	\$ 3,814	\$ 6,708
Total cash receipts per Department	9,076	3,814	6,708
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 9,076</u>	<u>\$ 3,814</u>	<u>\$ 6,708</u>
Trauma Center Fund - 0397			
Federal government	\$ 8,536	\$ 5,003	\$ 4,376
Total cash receipts per Department	8,536	5,003	4,376
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 8,536</u>	<u>\$ 5,003</u>	<u>\$ 4,376</u>
Public Aid Recoveries Trust Fund - 0421			
Federal government	\$ 187,458	\$ 76,642	\$ 96,512
Recipient collections	27,787	26,664	26,241
Court and anti-trust distribution	154	2,695	-
Fund transfers	10,467	1,036	492
Private organizations or individuals	1,103,991	1,167,381	1,149,574
Total cash receipts per Department	1,329,857	1,274,418	1,272,819
Less - in transit at end of year	(27,476)	(22,040)	(47,367)
Plus - in transit at beginning of year	22,040	47,367	16,547
Plus - prior year refunds/warrant voids on Comptroller's report	3	-	1
Total cash receipts per State Comptroller's records	<u>\$ 1,324,424</u>	<u>\$ 1,299,745</u>	<u>\$ 1,242,000</u>
Early Intervention Services Revolving Fund - 0502			
Federal government	\$ 47,341	\$ 51,129	\$ 47,769
Total cash receipts per Department	47,341	51,129	47,769
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 47,341</u>	<u>\$ 51,129</u>	<u>\$ 47,769</u>
Electronic Health Record Incentive Fund - 0503			
Enhanced Federal Stimulus	\$ 18,549	\$ 60,607	\$ 43,116
Total cash receipts per Department	18,549	60,607	43,116
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - prior year refunds/warrant voids on Comptroller's report	51	63	-
Total cash receipts per State Comptroller's records	<u>\$ 18,600</u>	<u>\$ 60,670</u>	<u>\$ 43,116</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Schedule 6

**COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(Expressed in Thousands)

	2019	2018	2017
DHS Community Services Fund - 0509			
Federal government	\$ 16,888	\$ 13,718	\$ -
Total cash receipts per Department	16,888	13,718	-
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 16,888</u>	<u>\$ 13,718</u>	<u>\$ -</u>
Money Follows the Person Budget Transfer Fund - 0522			
Federal government	\$ -	\$ 717	\$ 3,284
Other Illinois State agencies	-	-	340
Total cash receipts per Department	-	717	3,624
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - prior year refunds/warrant voids on Comptroller's report	-	8	-
Total cash receipts per State Comptroller's records	<u>\$ -</u>	<u>\$ 725</u>	<u>\$ 3,624</u>
Department of Corrections Reimbursement and Education Fund - 0523			
Federal government	\$ 11,527	\$ 146	\$ 7,111
Total cash receipts per Department	11,527	146	7,111
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 11,527</u>	<u>\$ 146</u>	<u>\$ 7,111</u>
Juvenile Rehabilitation Services Medicaid Matching Fund - 0575			
Federal government	\$ 13	\$ 42	\$ 38
Total cash receipts per Department	13	42	38
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 13</u>	<u>\$ 42</u>	<u>\$ 38</u>
Healthy Smiles Fund - 0654			
Federal government	\$ 276	\$ 327	\$ 234
Total cash receipts per Department	276	327	234
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 276</u>	<u>\$ 327</u>	<u>\$ 234</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

Schedule 6

**COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER**

For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(Expressed in Thousands)

	2019	2018	2017
Community Mental Health Medicaid Trust Fund - 0718			
Federal government	\$ 43,820	\$ 68,253	\$ 56,028
Total cash receipts per Department	43,820	68,253	56,028
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 43,820</u>	<u>\$ 68,253</u>	<u>\$ 56,028</u>
Medical Interagency Program Fund - 0720			
Federal government	\$ 17,628	\$ 28,467	\$ 12,860
Other Illinois State agencies	12,259	17,338	7,161
Expenditure transfer	-	-	73
Reimbursements	5,684	8,957	3,222
Total cash receipts per Department	35,571	54,762	23,316
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Plus - prior year refunds/warrant voids on Comptroller's report	-	1	-
Total cash receipts per State Comptroller's records	<u>\$ 35,571</u>	<u>\$ 54,763</u>	<u>\$ 23,316</u>
Drug Rebate Fund - 0728			
Federal government	\$ -	\$ 379,598	\$ -
Federal reimbursable portion due from the Public Aid Recoveries Trust Fund	603,245	849,725	423,425
Total cash receipts per Department	603,245	1,229,323	423,425
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 603,245</u>	<u>\$ 1,229,323</u>	<u>\$ 423,425</u>
Tobacco Settlement Recovery Fund - 0733			
Federal government	\$ 43,295	\$ 27,124	\$ 142,700
Total cash receipts per Department	43,295	27,124	142,700
Less - in transit at end of year	-	-	-
Plus - in transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 43,295</u>	<u>\$ 27,124</u>	<u>\$ 142,700</u>
Medicaid Buy-In Program Revolving Fund - 0740			
Recipient collections	\$ 567	\$ 657	\$ 660
Total cash receipts per Department	567	657	660
Less - in transit at end of year	(16)	(24)	(10)
Plus - in transit at beginning of year	24	10	4
Total cash receipts per State Comptroller's records	<u>\$ 575</u>	<u>\$ 643</u>	<u>\$ 654</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS

Schedule 6

AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER

For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(Expressed in Thousands)

	2019	2018	2017
Child Support Administrative Fund - 0757			
Federal government	\$ 99,104	\$ 101,917	\$ 112,734
Fund transfers	33,713	36,500	43,000
Repayment to State pursuant to law	24	13	19
Total cash receipts per Department	<u>132,841</u>	<u>138,430</u>	<u>155,753</u>
Less - in transit at end of year	(6,500)	(9,482)	-
Plus - in transit at beginning of year	9,482	-	-
Plus - prior year refunds/warrant voids on Comptroller's report	-	3	6
Total cash receipts per State Comptroller's records	<u>\$ 135,823</u>	<u>\$ 128,951</u>	<u>\$ 155,759</u>
Healthcare Provider Relief Fund - 0793			
Federal government	\$ 4,006,862	\$ 3,908,414	\$ 3,649,261
Other Illinois State agencies	502	-	-
Fund transfers	1,584,110	430,000	-
Total cash receipts per Department	<u>5,591,474</u>	<u>4,338,414</u>	<u>3,649,261</u>
Less - in transit at end of year	(21,914)	(9,839)	(3,971)
Plus - in transit at beginning of year	9,839	3,971	13,425
Plus - Due from General Revenue Fund	-	234,233	-
Plus - prior year refunds/warrant voids on Comptroller's report	13	24	161
Total cash receipts per State Comptroller's records	<u>\$ 5,579,412</u>	<u>\$ 4,566,803</u>	<u>\$ 3,658,876</u>
Medical Special Purposes Trust Fund - 0808			
Federal government	\$ 34,345	\$ 1,806	\$ 495
Enhanced Federal Finance Part - ARRA	728	985	2,314
Contracts and grants - private organizations	-	-	100
Fund transfers	6,000	6,000	-
Total cash receipts per Department	<u>41,073</u>	<u>8,791</u>	<u>2,909</u>
Less - in transit at end of year	(3,000)	-	-
Plus - in transit at beginning of year	-	-	-
Plus - Due from General Revenue Fund	-	3,000	-
Plus - prior year refunds/warrant voids on Comptroller's report	-	82	-
Total cash receipts per State Comptroller's records	<u>\$ 38,073</u>	<u>\$ 11,873</u>	<u>\$ 2,909</u>
Child Support Enforcement Trust Fund - 0957			
Child support collections	\$ 163,925	\$ 170,713	\$ 174,085
Repayment to State pursuant to law	8,973	9,377	8,220
Total cash receipts per Department	<u>172,898</u>	<u>180,090</u>	<u>182,305</u>
Less - in transit at end of year	(101)	(792)	(1,062)
Plus - in transit at beginning of year	792	1,062	1,387
Plus - prior year refunds/warrant voids on Comptroller's report	232	79	170
Total cash receipts per State Comptroller's records	<u>\$ 173,821</u>	<u>\$ 180,439</u>	<u>\$ 182,800</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Fiscal Years Ended June 30, 2019, 2018, and 2017
(Expressed in Thousands)

	2019	2018	2017
	<u> </u>	<u> </u>	<u> </u>
GRAND TOTAL - ALL FUNDS	\$ 18,274,981	\$ 18,768,808	\$ 15,053,949
Less - in transit at end of year	(65,766)	(44,643)	(53,841)
Plus - in transit at beginning of year	44,643	53,841	33,024
Plus - due from General Revenue Fund	-	237,233	-
Plus - prior year refunds/warrant voids on Comptroller's report	300	321	392
Total cash receipts per State Comptroller's records - All funds	<u>\$ 18,254,158</u>	<u>\$ 19,015,560</u>	<u>\$ 15,033,524</u>

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019
(Unaudited)

The Illinois Department of Healthcare and Family Services (Department) is the state's single Medicaid agency and is responsible for providing health care coverage for adults, children, seniors and the disabled; helping to ensure that Illinois children receive financial support from both parents by establishing and enforcing child support obligations; and, effective management of healthcare purchasing for medical assistance programs.

The Department is organized into two major program areas: Division of Medical Programs (DMP) and Division of Child Support Services (DCSS). The Department has two additional areas: the Office of Inspector General (OIG) is maintained within the Department, but functions as a separate, independent entity reporting directly to the Governor's Office. The Office of Planning and Research manages the Department's overall strategic planning, performance measurement, and process improvement efforts within the Department.

Division of Medical Programs

The Division of Medical Programs is responsible for administering the Medical Assistance Programs under the Illinois Public Aid Code, the Children's Health Insurance Program Act, the Covering All Kids Health Insurance Act and other provisions of State law, Titles XIX and XXI of the federal Social Security Act.

Key objectives of the division include:

Transforming Medical Assistance

- Achieve Full Risk Managed Care for 80% of Medicaid beneficiaries
- Stabilize and improve the state's managed care program:
 - Improve claim processing accuracy and reduce denials
 - Develop integrated health homes to enhance engagement and care coordination for those with high behavioral and/or physical needs
 - Enhance focus on quality, outcomes and accountability
 - Emphasize prevention and managing chronic illnesses to reduce costly and dangerous complications

Eligibility

- Process some of the applications submitted state-wide for MAGI-based healthcare coverage
- Maintain active coverage for the CHIP, BCC and HBWD programs
- Monitor and report statistics related to medical eligibility processes
- Develop and maintain eligibility policy including the review and incorporation of federal and state laws and regulations
- Provide technical assistance to the Department of Human Services staff
- Assist in the development and maintenance of the state's Integrated Eligibility System (IES)

Hospital Rate Reform

- Hospital Assessment Transformation
 - Monitoring the claims-based rate changes that took effect July 1, 2018
 - Preparing for phase 2 of the assessment transformation to be effective July 1, 2020

Behavioral Health Transformation

- Develop comprehensive strategy for Behavioral Health
- Establish Integrated Health Home (IHH) program to enhance the fully-integrated care coordination available to Medicaid beneficiaries with complex needs.
- Establish an electronic portal for collecting data from the Illinois Medicaid Comprehensive Assessment of Needs and Strengths (IM+CANS) standardized assessment tool.
- Redesign the state's children's behavioral health program to better support children and families in the community while reducing overreliance on costly institutionalization
- Increase interagency collaboration between key traditional and non-traditional behavioral health service agencies to streamline service delivery, reduce duplication, improve outcomes and maximize Medicaid funding
- Invest in community-based mental health infrastructure

Systems Modernization

- Provider Enrollment System (enabling Uniform Credentialing)
- Integrated Eligibility System – Phases I & II
- Pharmacy Benefits Management System
- Long Term Care Billing
- Medicaid Management Information System
- Enterprise Resource Planning
- Enhanced Enterprise Data Warehouse

Division of Child Support Services

The DCSS establishes legal parentage and establishes and enforces child support payment obligations for children. DCSS enforces child support payment obligations for all custodial parents, regardless of whether the custodial parent receives other assistance. DCSS collects and disburses child support payments made via income withholding, whether or not the custodial parent also receives enforcement services.

In addition to its core functions, the division's key objective is:

Child Support Modernization

- Expanding Self Service Options for Child Support Customers
- Progressing toward a Paperless Child Support Program
- Balancing Statewide Child Support Performance
- Improving Efficiency in Child Support Business Processes

Office of Inspector General

The Inspector General is appointed by, and reports to, the Governor and is confirmed by the Senate. The mission of the OIG is to prevent, detect and eliminate fraud, waste, abuse, misconduct and mismanagement in the Illinois Medical Assistance Program. This includes programs administered by the Department of Healthcare and Family Services, the Department of Human Services, and the Community Care Program within the Department on Aging. The OIG also conducts investigations related to employees and contractors and acts as the chief liaison between all law enforcement and Medicaid.

Planning

The Office of Planning and Research is responsible for developing and monitoring the Department's strategic plan and assisting program and support areas in developing their individual strategic initiatives. The Strategic Planning Unit also manages the Department's performance reporting responsibilities, including updating the annual Public Accountability Report and annual key performance indicators in the Illinois Performance Reporting System for the Governor's Office of Management and Budget's Budgeting for Results program. The Department has hired a Deputy Director for Strategic Planning, Andy Allison, and will be kicking off a new planning process, including efforts to develop and pilot a new approach to identify program improvement opportunities through comprehensive empirical search and increased engagement of program staff with data analytic efforts.

Upper management hold an annual strategic planning retreat to develop goals and objectives for each program area with short term (one-year) and long-term (three-year) timeframes.

The Executive Management Team has a weekly meeting which includes the Director, Chief of Staff, Medicaid Administrator and Division Administrators, Child Support Administrator, and the respective heads of Legal, Finance, Human Resources, IT, Communications and Governmental Affairs.

Division Administrators and Bureau Chiefs monitor daily operations and communicate as needed with the Director, depending on the priority of the respective operational matter. Until November 2018, the Department utilized a monthly status reporting process whereby each strategic initiative's owner submits a project update to the Executive Project Steering Committee (EPSC). These updates used a color-coded scorecard system to report progress toward goals and identify any risks or issues which may require executive attention. The EPSC meetings were discontinued prior to the recent changes in administration and a new process will be implemented for future strategic plans, beginning in SFY20.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Fiscal Years Ended June 30, 2019 and 2018
(Unaudited)

The following is a summary of explanations for significant fluctuations in expenditures incurred by the Department for fiscal year ended June 30, 2017 as compared to the fiscal year ended June 30, 2018 and for fiscal year ended June 30, 2018 as compared to fiscal year ended June 30, 2019. Explanations were prepared by Department management and are presented for additional analysis purposes only. Included are explanations for variances to the General Funds (Major Fund) greater than \$1 million and 20%, and explanations for variances to Non-Major Governmental Funds and Fiduciary Funds greater than \$300 thousand and 20%. Dollar amounts are in thousands unless otherwise stated. The Department's total appropriated expenditures for fiscal years ended June 30, 2017, 2018 and 2019 are presented in the "Comparative Schedule of Net Appropriations, Expenditures, and Lapse Balances" of this report.

BETWEEN FISCAL YEARS 2017 AND 2018

General Revenue Fund – 0001

Medical Assistance

The increase in fiscal year 2018 was the result of the Department not receiving \$442 million in appropriations during fiscal year 2017 for transfers to the Healthcare Provider Relief Fund.

County Provider Trust Fund – 0329

Administrative Expenses

The decrease in fiscal year 2018 was the result of a reduction in Personal Services and Fringe benefits due to fewer employees on the payroll.

Provider Inquiry Trust Fund – 0341

Provider Inquiry Services

The decrease in fiscal year 2018 was the result of the lack of spending in the General Revenue Fund for computer services in fiscal year 2018. Other funds had to be utilized. Fiscal year 2019 had excess balance in the fund and the excess balance was spent down.

Public Aid Recoveries Trust Fund – 0421

Group Insurance

The decrease in fiscal year 2018 was the result of fewer employees in fiscal year 2018 than in fiscal year 2017.

PARTF Electronic Data Processing

The increase in fiscal year 2018 was the result of the lack of PARTF Electronic Data Processing appropriation in fiscal year 2017.

Electronic Health Record Incentive Fund – 0503

Certified Electronic Health Record Technology

The increase in fiscal year 2018 was the result of fiscal year 2017 vendor attestations that were submitted late in the year and were paid in fiscal year 2018. This made fiscal year 2018 artificially high as compared to the prior year and the proceeding year.

Money Follows the Person Demonstration Project – 0522

Money Follows the Person Demonstration Project

The decrease in fiscal year 2018 was the result of a \$1.1 million decrease in the contract with the University of Illinois. The spending on the contract decreased \$550 thousand.

Budget Stabilization Fund – 0686

Operational Lump Sum

The decrease in fiscal year 2018 was the result of fiscal year 2017 being the only year this was appropriated.

Drug Rebate Fund – 0728

Prescribed Drugs

The decrease in fiscal year 2018 was due to a one-time revenue catch-up of drug rebates due to the encounter data received from managed care providers.

Tobacco Settlement Recovery Fund – 0733

Prescribed Drugs

The increase in fiscal year 2018 was the result of the Tobacco Settlement revenues dropped by 50% for fiscal year 2017. For fiscal year 2018, the revenues returned to normal levels.

Medicaid Buy-in Program Revolving Fund – 0740

Medical Assistance

The decrease in fiscal year 2018 was the result of the significant decrease in the headcount in this fund between fiscal year 2017 and fiscal year 2018.

Child Support Administrative Fund – 0757

Group Insurance

The decrease in fiscal year 2018 was the result of the significant decrease in the headcount in this fund between fiscal year 2017 and fiscal year 2018.

Electronic Data Processing

The increase in fiscal year 2018 was the result of the lack of PARTF Electronic Data Processing appropriation in fiscal year 2017.

Medical Special Purposes Trust Fund – 0808

Eligible Verify and Enroll Systems

The increase in fiscal year 2018 was the result of a single expenditure in fiscal year 2017 consisting of a personal services contract. In fiscal year 2018, payments resumed on the development of the Integrated Eligibility System.

NON-APPROPRIATED FUNDS

Public Aid Recoveries Trust Fund – 0421

Payment to Local Government for Service to Recipients

The decrease is due to encounter data reconciliation adjustments made in fiscal year 2017, related to an increase in the MCO population, but not necessary in fiscal year 2018.

Federal Share Due to General Revenue Fund

The increase in fiscal year 2018 was the result of this fund being used to transfer the federal share of drug rebate receipts. In fiscal year 2017, the transfers decreased due to no budget. In fiscal year 2018, the Department resumed transfers of the federal share and transferred more than usual to make up for the decrease in fiscal year 2017 transfers.

Refund of Non-TPL Recoveries

The increase in fiscal year 2018 was the result of a principle and interest payment of \$23,175,953 made to the federal government for an audit disallowance.

Core Medicaid Administrative Expense - UIC

The decrease in fiscal year 2018 was the result of different amount of payments between the two years. In fiscal year 2017, 3 quarters of payments were made. In fiscal year 2018, only 2 quarters were made (one was made from General Revenue Fund).

Child Support Enforcement Trust Fund – 0957

Refund - Courts or Third Parties

The increase in fiscal year 2018 was the result of a programming change that was made in August 2017. Backlogged cases were caught-up in fiscal year 2018.

Refund - Nonassistance Clients

The increase in fiscal year 2018 was the result of a programming change that was made in August 2017. Backlogged cases were caught-up in fiscal year 2018.

Fund Transfer

The increase in fiscal year 2018 was the result of Child Support Division that transferred collections to Medical programs for funds collected by Child Support for Medical Orders. Medical collections have increased dramatically due to the income shares law that went into effect July 1, 2017.

Interest Paid to Clients, DCFS, Others

The increase in fiscal year 2018 was the result of DCFS making a programming change of payments they were receiving from Child Support so that it was treated as interest paid instead of treating it as a past due principle.

Reimburse DCFS Title IV-E

The increase in fiscal year 2018 was the result of a change in requirements. During fiscal year 2016, the Comptroller changed the requirements of the file the Department had to submit. The Department changed the file and it took approximately a year for the Comptroller to accept the new file. Between May 2016 and July 2017, Child Support could not send any new updates. In July 2017, the Comptroller started accepting the file.

BETWEEN FISCAL YEARS 2018 AND 2019

University of Illinois Hospital Services Fund – 0136

U of I Hospital Services

The increase in fiscal year 2019 was the result of an increase in fiscal year graduate medical Education payments that began during fiscal year 2019. The amount was \$55 million.

Provider Inquiry Trust Fund – 0341

Provider Inquiry Services

The increase in fiscal year 2019 was the result of an excess balance spent. Fiscal year 2019 had an excess balance in the fund and the excess balance was spent down.

Trauma Center Fund – 0397

Trauma Centers

The increase in fiscal year 2019 was the result of the State that received additional federal funding in the fund to be distributed to hospitals.

Electronic Health Record Incentive Fund – 0503

Certified Electronic Health Record Technology

The decrease in fiscal year 2019 was the result of Fiscal year 2017 vendor attestations that were submitted late in the year and were paid in fiscal year 2018. This made fiscal year 2018 artificially high as compared to the prior year and the proceeding year.

Medical Interagency Program Fund -0720

Medical Assistance

The decrease in fiscal year 2019 was the result of a reduction in users. From fiscal year 2018 to fiscal year 2019, distinct users dropped almost 30% which made claim volume decrease.

Healthcare Provider Relief Fund – 0793

Operational Lump Sum

The increase in fiscal year 2019 was the result of an increase in spending. The Department spent \$4.2 million more for computer services in fiscal year 2019 than in fiscal year 2018 and spent \$2.5 million more for computer software in fiscal year 2019 than in fiscal year 2018.

Medical Special Purposes Trust Fund – 0808

Eligibility Verify and Enroll System

The decrease in fiscal year 2019 was the result of the decrease in the Integrated Eligibility System development expenditures in fiscal year 2019. Maintenance expenditures increased. Development was paid from the 0808 fund. Maintenance was paid from the PARTF and the HPRF funds.

NON-APPROPRIATED FUNDS

Public Aid Recoveries Trust Fund – 0421

Federal Share Due to General Revenue Fund

The decrease in fiscal year 2019 was the result of this fund being used to transfer the federal share of drug rebate receipts. In fiscal year 2018, the Department resumed transfers of the federal share and transferred more than usual to make up for the decrease in fiscal year 2017 transfers. In fiscal year 2019, there was also less cash receipts for drug rebates compared to fiscal year 2018.

Refund of Non-TPL Recoveries

The increase in fiscal year 2019 was the result of four audit and disallowance principle and interest payments totaling \$125,130,621.

Core Medicaid Administrative Expense - UIC

The increase in fiscal year 2019 was the result of different amount of payments between the two years. In fiscal year 2018, only 2 quarters were made (one was made from General Revenue Fund) whereas in fiscal year 2019, 5 quarters were paid.

Child Support Administrative Fund – 0757

Redirect - Illinois TANF Excess Child Support Clients

The decrease in fiscal year 2019 was the result of the decrease in number of cases. The Department, as well as nationwide, the number of Temporary Assistance to Needy Families (TANF) cases are decreasing annually.

Refund - Courts or Third Parties

The decrease in fiscal year 2019 was the result of backlogged cases that were caught-up in fiscal year 2018. During fiscal year 2019, the Department returned to normal processing using the new program change.

Refund - Nonassistance Clients

The decrease in fiscal year 2019 was the result of backlogged cases that were caught-up in fiscal year 2018. During fiscal year 2019, the Department returned to normal processing using the new program change.

Fund Transfer

The increase in fiscal year 2019 was the result of the Child Support Division transferred collections to Medical programs for funds collected by Child Support for Medical Orders. Medical collections have increased dramatically due to the income shares law that went into effect July 1, 2017.

DCSE Unclaimed Property

The increase in fiscal year 2019 was the result of a law that was changed in 2019 and decreased the time frame from 7 years to 3 years. In fiscal year 2019, the Department had four years' worth of Unclaimed Property sent to the Treasury.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Fiscal Years Ended June 30, 2019, 2018 and 2017
(Unaudited)

The following is a summary of explanations for significant fluctuations in receipts received by the Department for the fiscal year ended June 30, 2018 as compared to the fiscal year ended June 30, 2017 and for the fiscal year ended June 30, 2019 as compared to the fiscal year ended June 30, 2018. Included are explanations for variances to the General Funds (Major Fund) greater than \$22.5 million and 20% and explanations to the Non-Major Governmental Funds and Fiduciary Funds greater than \$717 thousand and 20%. Dollar amounts are expressed in thousands unless otherwise stated. The Department's receipts are presented in the "Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller"

BETWEEN FISCAL YEARS 2018 AND 2017

GENERAL FUNDS

General Revenue Fund – 0001

Federal Government

The increase in fiscal year 2018 receipts was the result of an increase of expenditures due to backlog of medical bills paid with bond proceeds, resulting in more federal reimbursement.

Federal reimbursable portion due from the Public Aid Recoveries Trust Fund

The increase in fiscal year 2018 receipts was the result of a statutory transfer from the Public Aid Recoveries Trust Fund.

Long-Term Care Provider Fund – 0345

Provider Taxes

The increase in fiscal year 2018 receipts was the result of timing of collections in fiscal year 2018 compared to fiscal year 2017.

Drug Rebate Fund – 0728

Federal Government

The increase in fiscal year 2018 receipts was the result of a increase in rebate fund expenditures with federal funding, resulting in more federal reimbursement.

Federal reimbursable portion due from the Public Aid Recoveries Trust Fund

The increase in fiscal year 2018 receipts was due to budget approval allowing the Department to pay managed care claims from the Drug Rebate Fund 0728, which previously were limited to expenditures to fee for service pharmacy claims. The final fiscal year 2017 budget approved in June 2017 allowed the Department to pay managed care claims from the 0728 Drug Rebate Fund. The funds that had been held in the Public Aid Recoveries Trust Fund were transferred during fiscal year 2018.

Healthcare Provider Relief Fund – 0793

Fund Transfers

The increase in fiscal year 2018 receipts is the result of an appropriation for fiscal year 2018. There were no transfers in fiscal year 2017 due to the budget impasse.

NON-MAJOR FUNDS

Lead Poisoning & Screening Fund – 0360

Federal Government

The decrease in fiscal year 2018 receipts was the result of fiscal year 2017 receipts included prior period claims when program matching was initiated.

HHS Medicaid Trust Fund – 0365

Federal Government

The decrease in fiscal year 2018 receipts was the result of a decrease of Department of Human Services Development Disabilities expenditures, resulting in less federal reimbursement.

DHS Community Services Fund – 0509

Federal Government

The increase in fiscal year 2018 receipts was due to federal match spending starting in fiscal year 2018.

Money Follows the Person Budget Transfer Fund – 0522

Federal Government

The decrease in fiscal year 2018 receipts was the result of federal grant budget approval being delayed. There were no available grant funds for most of fiscal year 2018.

Department of Corrections Reimbursement Fund – 0523

Federal Government

The decrease in fiscal year 2018 receipts was the result of an decrease of inpatient hospital expenditures for the Department of Corrections inmates and parolees, resulting in more federal reimbursement.

Community Mental Health Medicaid Trust Fund – 0718

Federal Government

The increase in fiscal year 2018 receipts was the result of an increase of expenditures due to backlog of medical bills paid with bond proceeds, resulting in more federal reimbursement.

Tobacco Settlement Recovery Fund – 0733

Federal Government

The decrease in fiscal year 2018 receipts was the result of a decrease in federal operating grants.

BETWEEN FISCAL YEARS 2019 AND 2018

GENERAL FUNDS

General Revenue Fund – 0001

Federal Government

The decrease in fiscal year 2019 receipts was the result of an decrease of expenditures due to backlog of medical bills paid with bond proceeds during fiscal year 2018, resulting in less federal reimbursement.

Federal reimbursable portion due from the Public Aid Recoveries Trust Fund

The decrease in fiscal year 2019 receipts was the result of a statutory transfer from the Public Aid Recoveries Trust Fund only occurring during fiscal year 2018.

University of Illinois Hospital Services Fund – 0136

Federal Government

The increase in fiscal year 2019 receipts was the result of an increase of Graduate Medical Education (GME) expenditures, resulting in more federal reimbursement.

Long-Term Care Provider Fund – 0345

Federal Government

The decrease is due to additional recipients being covered under managed care plans, resulting in less federal reimbursement.

Public Aid Recoveries Trust Fund – 0421

Federal Government

The increase in fiscal year 2019 receipts was due to an increase of expenditures, resulting in more federal reimbursement.

Electronic Health Record Incentive Fund – 0503

Enhanced Federal Stimulus

The decrease in fiscal year 2019 receipts is due to decreased federal grants during the year as a result of fewer Department disbursement of grants for Health Information Technology to encourage the adoption and use of certified electronic health records by providers.

Drug Rebate Fund – 0728

Federal Government

The decrease in fiscal year 2019 receipts was the result of a statutory transfer from the Public Aid Recoveries Trust Fund only occurring during fiscal year 2018.

Federal Reimbursable Portion Due from the Public Aid Recoveries Trust Fund

The decrease in fiscal year 2019 receipts was due to less federal share of drug rebate funds transferred from the Public Aid Recoveries Trust Fund.

Healthcare Provider Relief Fund – 0793

Federal Government

The increase in fiscal year 2019 receipts is the result of increased fiscal year 2019 appropriations.

Medical Special Purpose Trust Fund – 0808

Federal Government

The increase in fiscal year 2019 receipts is the result of an increase in federal operating grants for the Medical Administration of Title XIX, CFDA 93.778, due to a large federal draw in fiscal year 2019 for consulting vouchers processed in the prior fiscal year.

NON-MAJOR FUNDS

Community Developmental Disability Services Medicaid Trust Fund – 0142

Federal Government

The increase in fiscal year 2019 receipts was the result of federal funds earned in fiscal year 2018 that were not deposited until fiscal year 2019 based on federal grant award availability.

DHS Technology Initiative Fund – 0211

Federal Government

The increase in fiscal year 2019 receipts was the result of HHSi2 technology project increased contractual spending in fiscal year 2019, resulting in more federal reimbursement.

HHS Medical Trust Fund – 0365

Federal Government

The increase in receipts is due to fiscal year 2018 earned federal financial participation funds that were deposited in fiscal year 2019 based on federal grant award availability.

DHS Community Services Fund – 0509

Federal Government

The increase in fiscal year 2019 receipts was the result of increased expenditures, resulting in more federal reimbursement.

Money Follows the Person Transfer Fund – 0522

Federal Government

The decrease is due to Federal grant budget approval being delayed, thus resulting in no available grant funds in fiscal year 2019.

Department of Corrections Reimbursement Fund – 0523

Federal Government

The increase in fiscal year 2019 receipts was the result of increased expenditures by the Department of Corrections and Department of Juvenile Justice for inpatient hospital expenditures for inmates and parolees, resulting in more federal reimbursement.

Community Mental Health Medical Trust Fund – 0718

Federal Government

The decrease in fiscal year 2019 is due to additional participation in managed care causing a decrease in fee for service claims federal reimbursement.

Tobacco Settlement Recovery Fund – 0733

Federal Government

The increase in fiscal year 2019 is the result of a prior year claw-back not eligible for federal financial participation funds, resulting in an increase in federal operating grant revenue.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Fiscal Years Ended June 30, 2019 and 2018
(Unaudited)

The following is a summary of explanations for significant lapse period expenditures incurred by the Department for fiscal years 2018 and 2019 and are presented for additional analysis purposes only. Included are lapse period expenditures for the General Funds (Major Fund) that are greater than \$1 million and 20% of the total fiscal year expenditures by fund and line item, as detailed below, and lapse period expenditures for Non-Major Governmental Funds and Fiduciary Funds that are greater than \$300 thousand as detailed below. Dollar amounts are in thousands unless otherwise stated. The Department's overall lapse period spending for fiscal year 2018 and fiscal year 2019 is presented in the "Schedule of Appropriations, Expenditures, and Lapsed Balances" of this report.

FISCAL YEAR 2018

County Provider Trust Fund – 0329

Administrative Expenses

The significant lapse period spending was due to timing of paying for one-time computer related costs occurring during fiscal year 2018.

Special Education Medicaid Matching Fund – 0355

The significant lapse period spending was due to local education agencies getting paid quarterly and the pass through occurred during the lapse period.

Public Aid Recoveries Trust Fund – 0421

Technical Infrastructure/Medical Data Warehouse

The significant lapse period spending was due to the Department negotiation of costs with the Integrated Eligibility System vendor for service provided through June 30. Many of those issues did not get resolved until the lapse period and payment was made for November 2017 through June 30, 2018.

Refund of Non-TPL Recoveries

The payment includes a principle and interest payment of \$23,175,953 made to the federal government for an audit disallowance paid in the lapse period.

Money Follows the Person Budget Transfer – 0522

The significant lapse period spending was due to the timing of the receipt of invoices for expenditures incurred during June 30 and the payment of those invoices.

Child Support Administrative Fund – 0757

Contractual Services, Telecommunication Services, Child Support Enforcement Demonstration Projects, State Disbursement Unit Costs

General Revenue Fund deposits into the Child Support Administrative Fund were delayed. This caused deficiencies in the fund and the Department had to wait for those deposits to make the payments.

FISCAL YEAR 2019

Special Education Medicaid Matching Fund – 0355

The significant lapse period spending was due to local education agencies getting paid quarterly and the pass through occurred during the lapse period.

Public Aid Recoveries Trust Fund – 0421

Contractual Services, Technical Infrastructure/Medical Data Warehouse, Core Medicaid Administrative Expense - UIC

The significant lapse period spending was due to the timing of the receipt of invoices for expenditures incurred during June 30 and the payment of those invoices.

Tobacco Settlement Recovery Fund – 0733

The significant lapse period spending was due to the timing of the receipt of invoices for expenditures incurred during June 30 and the payment of those invoices.

Child Support Administrative Fund – 0757

Contractual Services, Telecommunication Services, Enhanced Collection Efforts and Paternity Adjudication Demo, State Disbursement Unit Costs

General Revenue Fund deposits into the Child Support Administrative Fund were delayed. This caused deficiencies in the fund and the Department had to wait for those deposits to make the payments.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2019, 2018, and 2017
(Expressed in Thousands)
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Accounts Receivable (Net)			
General Funds	\$ 560,120	\$ 602,349	\$ 631,232
Special Revenue Funds	8,508	9,310	9,165
Fiduciary Funds	195,525	196,719	202,383
Total Accounts Receivable (Net)	<u>\$ 764,153</u>	<u>\$ 808,378</u>	<u>\$ 842,780</u>
 Accounts Receivable - All Funds			
At Gross	\$ 7,101,561	\$ 6,970,675	\$ 6,729,775
Less: Allowance for Uncollectible Accounts	<u>(6,337,408)</u>	<u>(6,162,297)</u>	<u>(5,886,995)</u>
Total Accounts Receivable (Net)	<u>\$ 764,153</u>	<u>\$ 808,378</u>	<u>\$ 842,780</u>

Aging of Gross Receivables

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receivables Not Past Due	\$ 701,714	\$ 556,820	\$ 566,540
 Past Due Receivables:			
1 - 30 Days	546,106	602,085	646,409
31 - 90 Days	13,980	10,707	21,135
91 - 180 Days	14,258	10,492	35,880
181 Days - 1 Year	38,252	35,473	39,158
Over 1 Year	5,787,251	5,755,098	5,420,653
Total	<u>\$ 7,101,561</u>	<u>\$ 6,970,675</u>	<u>\$ 6,729,775</u>

Receivable areas within the Department adhere to the guidelines set forth by the Illinois State Collections Act of 1986 along with policy and legislation relevant to their program. Included in those guidelines are: internal offsets against future claims for providers with outstanding debt, Comptroller's Offset system, cyclical billings, letters and telephone contacts, private collection agencies, liens and judgments, and notify credit reporting agencies. In addition, the Department has implemented other methods of collection such as: income withholding, unemployment insurance benefit intercept, federal income tax refund offsets, professional license revocations, judicial remedies, driver's license revocations, new hire reporting, financial institution data match, agency collectors, Department of Revenue initiative, and referral to Attorney General's office.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
INDIRECT COST REIMBURSEMENTS
For the Two Years Ended June 30, 2019
(Unaudited)

The Department uses a cost allocation methodology to allocate indirect costs associated with the federal programs it administers in accordance with the Federally Approved Public Assistance Cost Allocation Plan. For fiscal year 2019, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$50.597 million. For fiscal year 2018, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$60.144 million. For fiscal year 2017, the Department's indirect cost pool, which is comprised of personal services and overhead expenditures, aggregated \$82.992 million.

Illinois Department of Healthcare and Family Services

Schedule of Adjudication Patterns, Payment Patterns and Claims Paid

For SFY2018 - SFY2019 - Includes lapse period spending

(Unaudited)

SFY2018

HFS Payment Category	Claim Count	HFS Processing (PendDt - DCDDt)	Appr - Cash Management Lag (DCNDt - AdjudicatedDt)	HFS Adjud to IOC Claim Paid Dt (AdjudicatedDt - Claim Paid Dt)	Total Ave Days to Pay	Voucher Amt
Hospitals - Inpatient	231,672	14.8	22.0	42.6	79.4	\$1,236,729,959
Hospitals - Outpatient	3,371,014	6.0	10.9	31.1	48.0	\$430,940,360
Long Term Care	343,626	2.9	7.5	19.3	29.7	\$906,419,985
Non Institutional Providers	6,576,734	3.4	4.9	19.9	28.2	\$489,920,538
Physicians	10,593,742	3.8	8.5	5.9	18.2	\$358,091,886
Prescribed Drugs	8,075,312	1.9	6.8	4.1	12.8	\$545,780,176
Total	29,192,100	3.5	7.6	11.9	23.0	\$3,967,882,903

DHS Payment Category	Claim Count	HFS Processing (PendDt - DCDDt)	Appr - Cash Management Lag (DCNDt - AdjudicatedDt)	HFS Adjud to IOC Claim Paid Dt (AdjudicatedDt - Claim Paid Dt)	Total Ave Days to Pay	Voucher Amt
LTC Assessment Developmentally Disabled	11,710	2.7	6.3	2.4	11.4	\$29,095,653
LTC Developmentally Disabled	102,359	2.9	8.4	4.8	16.1	\$296,188,847
Total	114,069	2.8	8.2	4.5	15.5	\$325,284,500

SFY2019

HFS Payment Category	Claim Count	HFS Processing (PendDt - DCDDt)	Appr - Cash Management Lag (DCNDt - AdjudicatedDt)	HFS Adjud to IOC Claim Paid Dt (AdjudicatedDt - Claim Paid Dt)	Total Ave Days to Pay	Voucher Amt
Hospitals - Inpatient	195,259	18.1	21.0	55.7	94.8	\$1,052,832,274
Hospitals - Outpatient	1,725,581	5.4	8.1	53.8	67.3	\$290,594,975
Long Term Care	390,413	2.8	6.1	21.2	30.1	\$1,028,370,818
Non Institutional Providers	4,336,336	3.8	4.8	28.7	37.3	\$321,118,011
Physicians	7,301,585	3.2	7.5	4.3	15.0	\$209,571,966
Prescribed Drugs	3,462,076	1.9	6.8	4.1	12.8	\$252,551,815
Total	17,411,250	3.0	6.0	9.0	18.0	\$3,155,039,859

DHS Payment Category	Claim Count	HFS Processing (PendDt - DCDDt)	Appr - Cash Management Lag (DCNDt - AdjudicatedDt)	HFS Adjud to IOC Claim Paid Dt (AdjudicatedDt - Claim Paid Dt)	Total Ave Days to Pay	Voucher Amt
LTC Assessment Developmentally Disabled	12,936	2.9	5.3	2.6	10.8	\$29,392,056
LTC Developmentally Disabled	100,204	2.9	6.7	4.7	14.3	\$300,130,405
Total	113,140	2.9	6.5	4.5	13.9	\$329,522,461

This analysis presents average Medicaid adjudicated days, which are defined as the time elapsing in calendar days from the receipt date to the date the claims are vouchered. This schedule also presents average payment days, which are defined as the time elapsing in calendar days from the receipt date to the date a warrant is mailed by the State Comptroller.

The Long Term Care Developmentally Disabled (General Revenue Fund and Assessment Trust Fund) are Department of Human Services (DHS) appropriations, but the Department of Healthcare and Family Services manages payment of claims from these funds on behalf of DHS.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
BUDGET IMPASSE DISCLOSURES
For the Two Year Ended June 30, 2019
(Unaudited)

Payment of Prior Year Costs in Future Fiscal Years

Article 998 of Public Act 100-0021 authorized the Department of Healthcare and Family Services (Department) to pay fiscal year 2017 costs using the Department's fiscal year 2018 appropriations for non-payroll expenditures. During fiscal year 2018, excluding those exempt from the requirements of Section 25 of the State Finance Act, the Department processed expenditures totaling \$3,322,662 relating to prior year expenses.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
AVERAGE NUMBER OF EMPLOYEES
For the Years Ended June 30, 2019, 2018 and 2017
(Unaudited)

Below is a summary of the average number of personnel employed by the Department, by fund, for the fiscal years ended June 30, 2019, 2018 and 2017.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Revenue Fund			
Program Administration	173	184	198
Office of Inspector General	52	51	52
Attorney General	4	4	6
Medical	474	420	449
Managed Care**	0	10	9
KidCare – Look Alike**	0	46	63
Prescribed Drugs**	0	27	26
Medi Rev*	<u>0</u>	<u>1</u>	<u>2</u>
Total General Revenue Fund	<u>703</u>	<u>743</u>	<u>805</u>
Other Funds			
Care Provider for Persons with DD	0	0	1
Long-Term Care Provider	4	5	5
Child Support Administration	721	737	821
Public Aid Recoveries Trust	238	250	281
DoIT	<u>58</u>	<u>63</u>	<u>0</u>
Total Other Funds	<u>1,021</u>	<u>1,055</u>	<u>1,108</u>
Grand Total – All Funds	<u>1,724</u>	<u>1,798</u>	<u>1,913</u>

* Medical electronic interchange recipient eligibility verification

** Managed Care, KidCare, Prescribed Drugs have been combined with Medical

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
FISCAL YEAR STATISTICS – MEDICAID ENROLLMENT
For the Years Ended June 30, 2019, 2018 and 2017
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average Number of Enrollees (1)	2,967,217	3,109,550	3,157,678
Annual Expenditures (2)	\$14,080,153,840	\$14,040,348,367	\$13,182,883,841
Expenditure per Enrollee (3)	\$4,745.24	\$4,515.23	\$4,174.87

NOTES:

- (1) Full benefit enrollment. Reflects the annual average enrollees.
- (2) The 16-month total expenditure number represents HFS Medical Assistance spending only and excludes the Hospital Assessment payments, County Provider Trust Fund, University of Illinois Hospital Services Fund and other special purpose/federal pass-through funds. Medicare Premium payments were paid via Federal Aid Offset.
- (3) For illustration purposes only: Expenditure per enrollee is calculated by dividing expenditures against a given fiscal year's appropriations by the average number of enrollees for that fiscal year. The resulting figures do not represent actual cost per user.

STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
MEMORANDUMS OF UNDERSTANDING
For the Years Ended June 30, 2019 and 2018
(Unaudited)

Memorandum of Understanding

Establishes the parameters for interoperability of data between participating State health and human services programs and members of the Illinois Health and Human Services Leadership Transformation Committee.

Parties Involved Other Than the Department

Department of Human Services (DHS)
Department of Aging (DoA)
Department of Commerce and Economic Development (DCEO)
Department of Employment Security (DES)
Department of Public Health (DPH)
Department of Children and Family Services (DCFS)
Department of Corrections (DOC)
Department of Juvenile Justice (DJJ)
Department of Veterans Affairs (DVA)
Department of Central Management Services (CMS)
Department of Innovation & Technology (DoIT)
Illinois State Board of Education (ISBE)

Dates Involved

5/4/16 - present

Description of Memorandum Requirements

Establishes criteria for secure data exchange parameters between State agencies. The purpose of this agreement is to allow for secure exchange of data as permitted or required by applicable law in order to increase the efficiency and effectiveness of programs operated by participating State agencies.

Memorandum of Understanding

License to obtain a copy of the Texas Health and Human Services Commission “Your Texas Benefits” Mobile Application, including software and documentation for use for Illinois governmental purposes.

Parties Involved Other Than the Department

Texas Health and Human Services Commission (HHSC)
Illinois Department of Human Services (DHS)

Dates Involved

09/14/15-Indefinitely

Description of Memorandum Requirements

HHSC is sharing the Application “as is” and free of charge with no warranties of any kind, express or implied. HHSC will not be liable to the Department or DHS for damages resulting from use of the Application. The Department and DHS release and discharge HHSC of any such claims. The Department and DHS will hold HHSC harmless against any claims asserted by third parties arising out of or connected with the Departments or DHS’ use of the Application to the extent allowed by the Illinois Constitution and applicable Illinois law, without waiving Illinois’ sovereign immunity.

Memorandum of Understanding

Agreement to receive quarterly from DPH data in a mutually suitable form for storage in the Medical Data Warehouse (MDW) maintained by the Department.

Parties Involved Other Than the Department

Illinois Department of Public Health (DPH)

Dates Involved

03/16/11-Indefinitely

Description of Memorandum Requirements

- The Department shall provide adequately secure storage for the Data in the MDW maintained by the Department. Such storage shall be subject to inspection and approval of DPH.
- The Department shall use the Data internally to support its mission by studying the utilization of and charges for health care services available to Illinois residents. This includes but is not limited to the evaluation of the efficiency of the disease management program of the Department.
- The Department shall provide to the DPH Discharge Data program summary output of studies and analyses of Medicaid data and such comparison(s) of Data and Medicaid data as are releasable under the limitations of Medicaid data usage. These studies will be based on mutually agreed upon methods and criteria and will only be used internally within DPH for the purpose of Data quality improvement.

Memorandum of Understanding

Agreement to allow the Department direct input of obligations / purchase orders into the Statewide Accounting and Management System (SAMS).

Parties Involved Other Than the Department

Office of the Comptroller (Comptroller)

Dates Involved

04/01/98-Indefinitely

Description of Memorandum Requirements

- The Department will direct enter all POs (excluding IGPS transactions) into SAMS from remote sites.
- The Department will apply the first level, on-line approval on all POs (excluding Illinois Government Purchasing System (IGPS) transactions).
- After the first level approval is applied, the Department will forward the hard copy POs and associated contracts to the Comptroller. These documents will be submitted in obligation number order and be accompanied by a cover sheet.
- When received, the Comptroller will pre-audit the PO and the associated contract for legal compliance. The Comptroller agrees that POs entered by external Agencies will be given preferential processing during legal pre-audit steps. If the documents are in compliance, Comptroller will approve the PO on-line. If the documents are not in compliance, Comptroller will put the PO in a HOLD status and attach an electronic note with the reason it failed pre-audit review. The Department will have 5 working days to bring the documents into compliance. After 5 working days, Comptroller will delete the electronic record and return hard copy documents to the Department.

Memorandum of Understanding

Establishes the parameters around Integrated Care for Kids, which will utilize early identification and treatment of priority health concerns such as behavioral health conditions, substance use and physical health needs of children.

Parties Involved Other Than the Department

The Egyptian Public
Department of Human Services, Mental Health Department

Dates Involved

06/10/2019-12/31/2020

Description of Memorandum Requirements

The parties will partner to apply to the Federal government for a funding opportunity in the development of Integrated Care for Kids Model. The parties will initiate a formal contract in which the Department of Healthcare and Family Services will administer the grant by the end of the first year.

Memorandum of Understanding

Establishes the parameters around Integrated Care for Kids, which will utilize early identification and treatment of priority health concerns such as behavioral health conditions, substance use and physical health needs of children.

Parties Involved Other Than the Department

Ann and Robert Lurie Children’s Hospital of Chicago

Dates Involved

06/10/2019-12/31/2020

Description of Memorandum Requirements

The parties will partner to apply to the Federal government for a funding opportunity in the development of Integrated Care for Kids Model. The parties will initiate a formal contract in which the Department of Healthcare and Family Services will administer the grant by the end of the first year.