



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

REVIEW OF THE

EXPEDITED LONG TERM CARE

ELIGIBILITY DETERMINATION AND

ENROLLMENT SYSTEM

JULY 2014

WILLIAM G. HOLLAND

AUDITOR GENERAL

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE 5-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000

FAX: 312/814-4006
FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

*To the Legislative Audit Commission, the Speaker
and Minority Leader of the House of Representatives,
the President and Minority Leader of the Senate, the
members of the General Assembly, and the Governor:*

This is our Review of the Expedited Long Term Care Eligibility Determination and Enrollment System.

This review was conducted pursuant to Public Act 98-104 which amended the Illinois Public Aid Code to require an expedited long term care eligibility determination and enrollment system. The Act requires that no later than August 1, 2014, the Auditor General shall report to the General Assembly concerning the extent to which the timeframes specified in 305 ILCS 5/11-5.4 have been met and the extent to which State staffing levels are adequate to meet those requirements.

The report for this review is transmitted in conformance with Section 5/11-5.4(d) of the Illinois Public Aid Code.

A handwritten signature in blue ink, appearing to read "William G. Holland".

WILLIAM G. HOLLAND
Auditor General

Springfield, Illinois
July 2014



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

**REVIEW OF THE EXPEDITED LONG TERM CARE ELIGIBILITY
DETERMINATION AND ENROLLMENT SYSTEM**

REVIEW

Release Date: July 31, 2014

SYNOPSIS

On July 22, 2013, the Governor signed into law Public Act 98-104 (Act). The Act amended the Public Aid Code to require an expedited long term care (LTC) eligibility determination and enrollment system be established to reduce long term care eligibility determinations to 90 days or fewer by July 1, 2014. Public Act 98-104 also required that no later than August 1, 2014, the Auditor General shall report to the General Assembly concerning the extent to which the timeframes specified in 305 ILCS 5/11-5.4 have been met and the extent to which State staffing levels are adequate to meet the requirements of the section.

Our review concluded that:

- Public Act 98-104 required that the lead agency, the Department of Healthcare and Family Services (HFS), file interim reports with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees no later than September 1, 2013, and February 1, 2014. HFS complied with this requirement by filing two interim reports dated September 1, 2013, and January 31, 2014, that reported on the status of implementing the expedited long term care eligibility determination and enrollment system.
- Although a new eligibility system has been implemented, LTC eligibility determinations are not always being made within 90 days. As of July 1, 2014, based on information extracted from the tracking system set up by DHS for long term care cases, there were 4,226 LTC applications pending. Of those cases pending, 2,141 (51%) were over 90 days old.
- According to information provided by HFS in June 2014, as required by Public Act 98-104, the State has been actively reviewing the feasibility of incorporating data relevant to transfers of assets and spousal impoverishment into the new Integrated Eligibility System (IES). HFS has determined that it is feasible to incorporate this data into IES for eligibility determinations and, according to HFS officials, the resources are in place to accomplish this by September 2015.
- The number of DHS caseworkers increased by approximately 900 between January 2013 and June 2014. However, these staff have duties that are spread out over many different programs offered by DHS. Assessing whether staffing was adequate was complicated by the fact that the eligibility system, processes, and organizational structures at both DHS and HFS were in flux at the time of our review. According to agency officials at DHS, they could not tell at this point whether staffing will be adequate to handle all long term care functions timely and efficiently. According to HFS OIG officials, ongoing attempts to expedite and streamline the workflow process may require additional resources because this is a transitional time period for all parties.

(This page intentionally left blank)

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

BACKGROUND

The Act amended the Public Aid Code to require an expedited long term care eligibility determination and enrollment system be established to reduce long term care eligibility determinations to 90 days or fewer by July 1, 2014.

On May 28, 2013, the General Assembly passed Senate Bill 0026 which was signed into law by the Governor on July 22, 2013, as Public Act 98-104 (Act). The Act amended the Public Aid Code to require an expedited long term care eligibility determination and enrollment system be established to reduce long term care eligibility determinations to 90 days or fewer by July 1, 2014. The Act established other time frames for reporting and implementing the expedited system of long term care eligibility determinations.

Public Act 98-104 also required that no later than August 1, 2014, the Auditor General shall report to the General Assembly concerning the extent to which the timeframes specified in 305 ILCS 5/11-5.4 have been met and the extent to which State staffing levels are adequate to meet the requirements of the section. (pages 1-3)

FILING INTERIM REPORTS

HFS complied with this requirement by filing two interim reports dated September 1, 2013, and January 31, 2014, that reported on the status of implementing the expedited long term care eligibility determination and enrollment system.

Public Act 98-104 required that the lead agency, the Department of Healthcare and Family Services (HFS), file interim reports with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees no later than September 1, 2013, and February 1, 2014. HFS complied with this requirement by filing two interim reports dated September 1, 2013, and January 31, 2014, that reported on the status of implementing the expedited long term care eligibility determination and enrollment system. (pages 6-8)

INCORPORATING INFORMATION INTO THE INTEGRATED ELIGIBILITY SYSTEM

Public Act 98-104 required that HFS “...shall, on or before July 1, 2014, assess the feasibility of incorporating all information needed to determine eligibility for long term care services, including asset transfer and spousal impoverishment financials, into the State's integrated eligibility system identifying all resources needed and reasonable timeframes for achieving the specified integration.” According to information provided by HFS in June 2014, the State has been actively reviewing the feasibility of incorporating data relevant to transfers of assets and spousal impoverishment into the new Integrated Eligibility System (IES). HFS has determined that it is feasible to incorporate this data into IES for eligibility determinations and, according to HFS officials, the resources are in place to accomplish this by September 2015. (page 11)

TIMELINESS OF ELIGIBILITY DETERMINATIONS

Public Act 98-104 required that an expedited long term care eligibility determination and enrollment system shall be established to reduce long term care determinations to 90 days or fewer by July 1, 2014, and streamline the long term care enrollment process. DHS implemented IES in October 2013. According to DHS officials, IES was able to process and certify LTC cases beginning in April 2014. DHS and HFS OIG have also reorganized the way LTC eligibility applications and cases referred for investigation are reviewed in order to streamline the process. Some organizational changes were still in transition as of July 1, 2014, such as the DHS Macon County LTC hub.

As of July 1, 2014, based on information extracted from the tracking system set up by DHS for long term care cases, there were 4,226 LTC applications pending. Of those cases pending, 2,141 (51%) were over 90 days old.

Although a new eligibility system has been implemented, LTC eligibility determinations are not always being made within 90 days. As of July 1, 2014, based on information extracted from the tracking system set up by DHS for long term care cases, there were 4,226 LTC applications pending. Of those cases pending, 2,141 (51%) were over 90 days old.

As of July 1, 2014, the backlog of LTC eligibility cases referred to HFS' Office of Inspector General's Long Term Care Asset Discovery Investigations (LTC-ADI) unit for further investigation had been significantly reduced. The January 31, 2014 interim report showed a backlog of 3,575 cases as of October 1, 2013. On June 16, 2014, the Governor signed into law Public Act 98-651 requiring that HFS OIG and DHS immediately forgo resource reviews and reviews of transfers during the relevant look-back period for LTC applications that were submitted prior to September 1, 2013. This significantly reduced the backlog of cases for asset investigations by no longer requiring it for those pending backlog cases. According to HFS OIG officials, 1,307 cases in their internal database would be impacted by the legislation. As of July 1, 2014, after implementation of Public Act 98-651, the number of cases pending investigation with HFS OIG totaled 412 cases, of which 84 cases (20%) were over 90 days old. (pages 8-12)

STAFFING

Public Act 98-104 asks the Auditor General to determine the extent to which State staffing levels are adequate to meet the requirements of 305 ILCS 5/11-5.4. The number of DHS caseworkers increased by approximately 900 between January 2013 and June 2014. However, these staff have duties that are spread out over many different programs offered by DHS. As the DHS caseload includes the administration of programs such as the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Temporary Assistance for Needy Families (TANF), and Aid to the Aged, Blind or Disabled, staff were needed to fill gaps in each. Assessing whether staffing was adequate was complicated by the fact that the eligibility

Assessing whether staffing was adequate was complicated by the fact that the eligibility system, processes, and organizational structures at both DHS and HFS were in flux at the time of our review.

system, processes, and organizational structures at both DHS and HFS were in flux at the time of our review. These included:

- DHS has substantially reorganized its process for approaching LTC case processing by centralizing LTC processing into two hubs (one in Cook County and one in Macon County) with dedicated LTC caseworkers. In early 2014, DHS began transitioning LTC eligibility cases to the new hub in Cook County (serving Cook and collar counties). According to DHS officials, beginning July 1, 2014, all LTC applications for Regions 3 through 5 (roughly counties south of I-80) were shifted to the LTC hub in Macon County.
- In October 2013, DHS implemented a new Integrated Eligibility System (IES). According to DHS officials, IES was able to process and certify LTC cases beginning in April 2014.
- In late 2013, the HFS Office of Inspector General (OIG) Long Term Care Asset Discovery Investigations (LTC-ADI) unit implemented new procedures to review LTC asset discovery investigations. According to OIG officials, three coordinators were being hired (two in June 2014 and one in July 2014). These 3 employees will replace 15 temporary employees that would no longer be with the OIG after July 1, 2014. HFS OIG provided information that showed that on July 1, 2014, there were a total of 18 employees in the LTC-ADI (11 analysts, 3 supervisors, 3 coordinators, and 1 administrative assistant).

According to agency officials at DHS, they could not tell at this point whether staffing will be adequate to handle all long term care functions timely and efficiently.

According to HFS OIG officials, ongoing attempts to expedite and streamline the workflow process may require additional resources because this is a transitional time period for all parties.

According to agency officials at DHS, they could not tell at this point whether staffing will be adequate to handle all long term care functions timely and efficiently. According to HFS OIG officials, ongoing attempts to expedite and streamline the workflow process may require additional resources because this is a transitional time period for all parties. (pages 8-12)

SCOPE OF REVIEW

The Office of the Auditor General conducted this review pursuant to Public Act 98-104. This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

In accordance with Public Act 98-104 our review focused on the following:

- Whether timeframes specified in 305 ILCS 5/11-5.4 have been met; and
- The extent to which State staffing levels are adequate to meet the requirements of 305 ILCS 5/11-5.4.

The scope of our review focused on reviewing information provided by the relevant agencies involved and not conducting direct audit tests of such information. The Department of Healthcare and Family Services, the Department of Human Services, and the Department on Aging were provided a draft of this report for their review. (page 12)

A handwritten signature in blue ink, appearing to read 'William G. Holland', is positioned above a horizontal line. The signature is stylized and cursive.

WILLIAM G. HOLLAND
· Auditor General

WGH:MSP

This Review was conducted by OAG staff.

TABLE OF CONTENTS		
	Auditor General's Transmittal Letter	
	Report Digest	i
REPORT	Report Conclusions	1
	Introduction	3
	Background	3
	Long Term Care Program Overview	4
	2012 Changes In Medicaid Rules and Eligibility	4
	Long Term Care Eligibility Determination and Enrollment System	4
	Review of Reporting Requirements	6
	First Interim Report (September 1, 2013)	6
	Second Interim Report (January 31, 2014)	7
	Review of Eligibility Determinations and Staffing	8
	DHS LTC Eligibility Determinations	8
	DHS Staffing and Organization	8
	HFS OIG Long Term Care Asset Discovery Investigations	10
	LTC-ADI Backlog	10
	LTC-ADI Staffing	11
	Feasibility Of Incorporating All Information Into IES	11
	Review of Timeliness of Eligibility Determinations	11
	Scope Of Review	12

<u>EXHIBITS</u>	<u>TITLE</u>	<u>PAGE</u>
Exhibit One	HFS Expenditures - Long Term Care (FY12-FY13)	4
Exhibit Two	Long Term Care Eligibility Determination Process	5
Exhibit Three	DHS Caseworker Staffing and Caseloads	9
Exhibit Four	HFS OIG Long Term Care Backlog	11

<u>APPENDICES</u>		
Appendix A	305 ILCS 5/11-5.4	13
Appendix B	First Interim Report – September 1, 2013	17
Appendix C	Second Interim Report – January 31, 2014	25

Review

EXPEDITED LONG TERM CARE ELIGIBILITY DETERMINATION AND ENROLLMENT SYSTEM

REPORT CONCLUSIONS

On May 28, 2013, the General Assembly passed Senate Bill 0026 which was signed into law by the Governor on July 22, 2013, as Public Act 98-104 (Act). The Act amended the Public Aid Code to require an expedited long term care eligibility determination and enrollment system be established to reduce long term care eligibility determinations to 90 days or fewer by July 1, 2014. The Act established other time frames for reporting and implementing the expedited system of long term care eligibility determinations.

Public Act 98-104 also required that no later than August 1, 2014, the Auditor General shall report to the General Assembly concerning the extent to which the timeframes specified in 305 ILCS 5/11-5.4 have been met and the extent to which State staffing levels are adequate to meet the requirements of the section.

Public Act 98-104 required that the lead agency, the Department of Healthcare and Family Services (HFS), file interim reports with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees no later than September 1, 2013, and February 1, 2014. HFS complied with this requirement by filing two interim reports dated September 1, 2013, and January 31, 2014, that reported on the status of implementing the expedited long term care eligibility determination and enrollment system.

Public Act 98-104 required that HFS "...shall, on or before July 1, 2014, assess the feasibility of incorporating all information needed to determine eligibility for long term care services, including asset transfer and spousal impoverishment financials, into the State's integrated eligibility system identifying all resources needed and reasonable timeframes for achieving the specified integration." According to information provided by HFS in June 2014, the State has been actively reviewing the feasibility of incorporating data relevant to transfers of assets and spousal impoverishment into the new Integrated Eligibility System (IES). HFS has determined that it is feasible to incorporate this data into IES for eligibility determinations and, according to HFS officials, the resources are in place to accomplish this by September 2015.

Public Act 98-104 required that an expedited long term care eligibility determination and enrollment system shall be established to reduce long term care determinations to 90 days or fewer by July 1, 2014, and streamline the long term care enrollment process. DHS implemented the new IES in October 2013. According to DHS officials, IES was able to process and certify LTC cases beginning in April 2014. DHS and HFS OIG have also reorganized the way LTC eligibility applications and cases referred for investigation are reviewed in order to streamline the process. Some organizational changes were still in transition as of July 1, 2014, such as the DHS Macon County LTC hub.

Although a new eligibility system has been implemented, LTC eligibility determinations are not always being made within 90 days. As of July 1, 2014, based on information extracted from the tracking system set up by DHS for Long Term Care cases, there were 4,226 LTC applications pending. Of those cases pending, 2,141 (51%) were over 90 days old.

As of July 1, 2014, the backlog of LTC eligibility cases referred to HFS' Office of Inspector General's Long Term Care Asset Discovery Investigations (LTC-ADI) unit for further investigation had been significantly reduced. The January 31, 2014 interim report showed a backlog of 3,575 cases as of October 1, 2013. On June 16, 2014, the Governor signed into law Public Act 98-651 requiring that HFS OIG and DHS immediately forgo resource reviews and reviews of transfers during the relevant look-back period for LTC applications that were submitted prior to September 1, 2013. This significantly reduced the backlog of cases for asset determination by no longer requiring it for those pending backlog cases. According to HFS OIG officials, 1,307 cases in their internal database would be impacted by the legislation. As of July 1, 2014, after implementation of Public Act 98-651, the number of cases pending investigation with HFS OIG totaled 412 cases, of which 84 cases (20%) were over 90 days old.

Public Act 98-104 asks the Auditor General to determine the extent to which State staffing levels are adequate to meet the requirements of 305 ILCS 5/11-5.4. Although the number of DHS caseworkers increased by approximately 900 between January 2013 and June 2014, these staff have duties that are spread out over many different programs offered by DHS. As the DHS caseload includes the administration of programs such as the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Temporary Assistance for Needy Families (TANF), and Aid to the Aged, Blind or Disabled, staff were needed to fill gaps in each. Assessing whether staffing was adequate was also complicated by the fact that the eligibility system, processes, and organizational structures at both DHS and HFS were in flux at the time of our review. These included:

- DHS has substantially reorganized its process for approaching LTC case processing by centralizing LTC processing into two hubs (one in Cook County and one in Macon County) with dedicated LTC caseworkers. In early 2014, DHS began transitioning LTC eligibility cases to the new hub in Cook County (serving Cook and collar counties). According to DHS officials, beginning July 1, 2014, all LTC applications for Regions 3 through 5 (roughly counties south of I-80) were shifted to the LTC hub in Macon County.
- In October 2013, DHS implemented a new Integrated Eligibility System (IES). According to DHS officials, IES was able to process and certify LTC cases beginning in April 2014.
- In late 2013, the HFS Office of Inspector General (OIG) Long Term Care Asset Discovery Investigations (LTC-ADI) unit implemented new procedures to review LTC asset discovery investigations. According to OIG officials, three coordinators were being hired (two in June 2014 and one in July 2014). These 3 employees will replace 15 temporary employees that would no longer be with the OIG after July 1, 2014. HFS OIG provided information that showed that on July 1, 2014, there were a total of 18 employees in the LTC-ADI (11 analysts, 3 supervisors, 3 coordinators, and 1 administrative assistant).

According to agency officials at DHS, they could not tell at this point whether staffing will be adequate to handle all long term care functions timely and efficiently. According to HFS OIG officials, ongoing attempts to expedite and streamline the workflow process may require additional resources because this is a transitional time period for all parties.

The Office of the Auditor General conducted this review pursuant to Public Act 98-104. This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

INTRODUCTION

On May 28, 2013, the General Assembly passed Senate Bill 0026 which was signed into law by the Governor on July 22, 2013, as Public Act 98-104 (Act). The Act amended the Public Aid Code to require an expedited long term care eligibility determination and enrollment system be established. Public Act 98-104 also required that, no later than August 1, 2014, the Auditor General shall report to the General Assembly concerning the extent to which the timeframes specified in 305 ILCS 5/11-5.4 have been met and the extent to which State staffing levels are adequate to meet the requirements of the section.

BACKGROUND

Public Act 98-104 (Act) amended the Public Aid Code to require an expedited long term care eligibility determination and enrollment system be established. The Act also established time frames for reporting and implementing the expedited system of long term care eligibility determinations. These timeframe requirements include:

- The lead agency (the Department of Healthcare and Family Services) shall **file interim reports** with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees no later than **September 1, 2013, and February 1, 2014;**
- The Department shall, **on or before July 1, 2014, assess the feasibility of incorporating all information needed to determine eligibility for long term care services**, including asset transfer and spousal impoverishment financials, **into the State's integrated eligibility system** identifying all resources needed and reasonable timeframes for achieving the specified integration; and
- An expedited long term care eligibility determination and enrollment system shall be established to **reduce long term care determinations to 90 days or fewer by July 1, 2014.**

On August 21, 2013, the Governor named the Department of Healthcare and Family Services (HFS) as the lead agency responsible for implementing and maintaining the long term care eligibility determination and enrollment system.

LONG TERM CARE PROGRAM OVERVIEW

The Department of Healthcare and Family Services (HFS) is responsible for the Medicaid Long Term Care (LTC) program for approximately 55,000 eligible residents in over 700 nursing facilities. The mission of the program is to ensure that the LTC services for which HFS pays are appropriate for and meet the needs of recipients, meet standards of quality, and are in compliance with federal and State regulations. According to information provided by HFS, expenditures for LTC increased from \$1.5 billion in FY12 to \$1.8 billion in FY13.

Exhibit One HFS EXPENDITURES LONG TERM CARE FY12-FY13	
Fiscal Year	Expenditures
FY12	\$1,519,135,196
FY13	\$1,805,288,710
Source: Healthcare and Family Services.	

2012 Changes in Medicaid Rules and Eligibility

The federal Deficit Reduction Act of 2005, made significant changes to the eligibility rules for Aid to the Aged, Blind, or Disabled (AABD) Medicaid long term care coverage. These changes included:

- Increasing the look-back period for asset transfers to five years;
- Stricter asset transfer penalties;
- Restrictions on annuities; and
- A homestead equity cap.

These changes became effective in 2012 in Illinois. In addition, in June 2012, the “SMART Act” was signed into law which further restricted Medicaid eligibility.

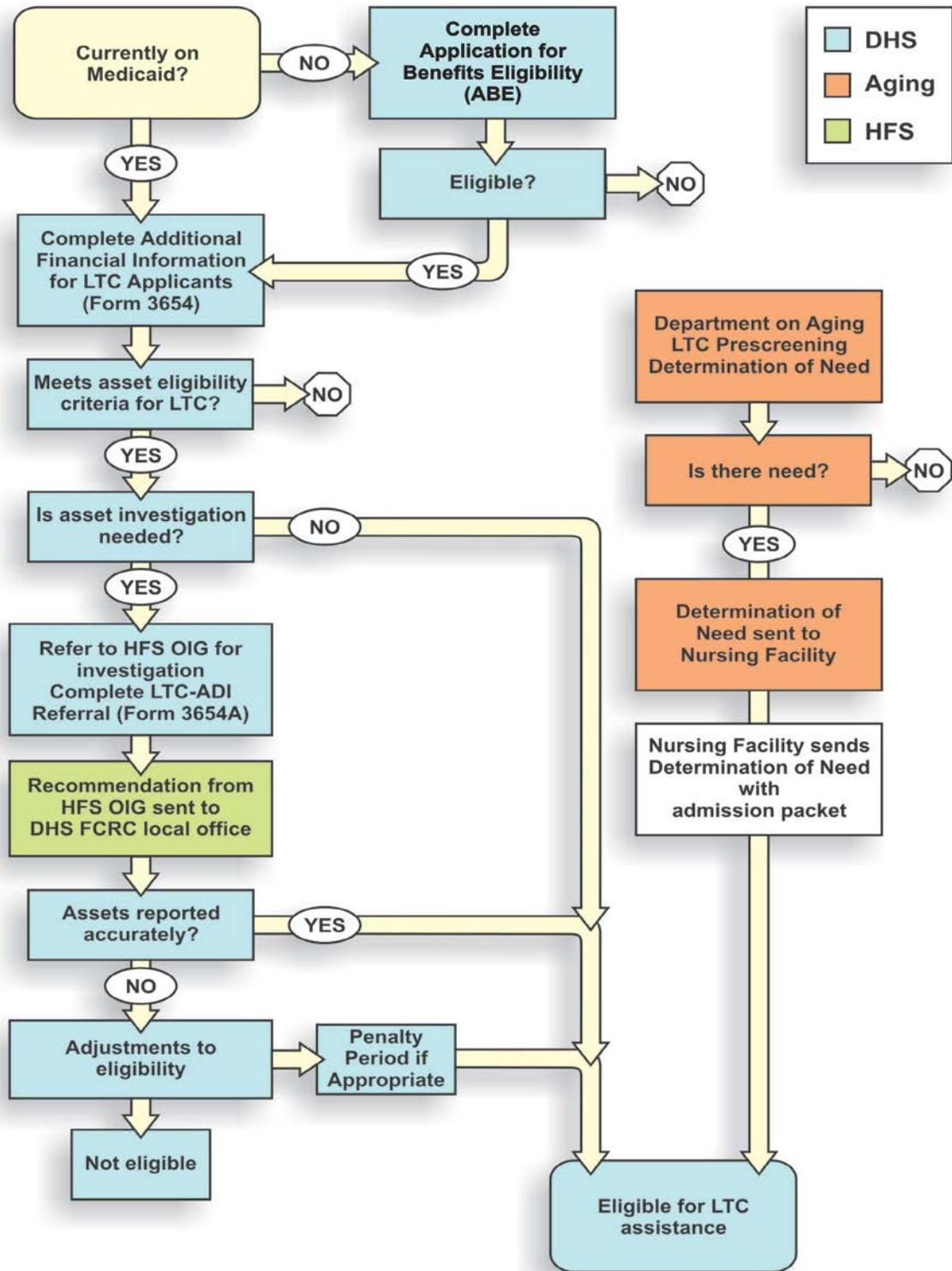
LONG TERM CARE ELIGIBILITY DETERMINATION AND ENROLLMENT SYSTEM

Payment for long term care and nursing home services is available from the State for eligible individuals. Obtaining eligibility is a two-step process. For individuals to become eligible for the State to pay for their care, they must:

- **Apply for medical benefits** through the **Department of Human Services (DHS)**; and
- **Obtain a needs prescreening** through the **Department on Aging (Aging)** or the **Department of Human Services (DHS)**.

The process of determining LTC eligibility involves three State agencies. The Department of Human Services has the responsibility for the actual determination of eligibility. The Department of Healthcare and Family Services (HFS) has the responsibility for investigating assets if needed and insuring that payment is made to the LTC provider. The Department on Aging has the responsibility for prescreening and the determination of need. A prescreening is required for all individuals whether they are Medicaid eligible or not. Exhibit Two is a general overview of the process of determining LTC eligibility. Its purpose is to present a basic

Exhibit Two
LONG TERM CARE ELIGIBILITY DETERMINATION PROCESS



Note: This exhibit presents a basic framework of the LTC eligibility determination process and agency responsibilities and is not intended to cover all iterations of the process.

Source: OAG analysis of LTC eligibility determination process.

framework of the process and agency responsibilities. It is not intended to cover all iterations of the eligibility process.

If individuals want to become eligible for Aid to the Aged, Blind, or Disabled (AABD), they can apply by going to their local DHS Family Community Resource Center (FCRC) office or apply on-line, through the Application for Benefits Eligibility (ABE) website. In many cases, this application is facilitated by the nursing facility. In addition to other information and forms for general AABD eligibility, LTC applicants are required to complete the Additional Financial Information for Long Term Care Applicants Form (Form 3654). This form is used to obtain additional financial information and assess financial resources.

If the applicant meets certain criteria (for example, having asset transfers), an HFS - Long Term Care - Asset Discovery Investigation (LTC-ADI) Referral Form (Form 3654A) is completed and the case is referred to the HFS Office of Inspector General (OIG) Long Term Care Asset Discovery Investigation (LTC-ADI) unit for further investigation. If the HFS OIG reviews or investigates the case for additional resources and resource transfers, a report is sent with a directive to the local DHS office.

The Department on Aging (Aging) or DHS is required to conduct preadmission screenings for individuals seeking admission to a nursing facility. This includes those seeking Medicaid to cover the nursing home costs, persons using Medicare coverage for skilled nursing or rehabilitation, or those with private insurance or self pay. Entities under contract with Aging and DHS perform case management services and are responsible for the hospital and community-based screenings. After the prescreening and determination of need have been completed, it is sent to the nursing facility. Proof of the prescreening and determination of need are sent by the nursing facility to DHS with the admission packet, which includes other financial information, to start the payment process.

REVIEW OF REPORTING REQUIREMENTS

Public Act 98-104 requires that the lead agency (HFS) file interim reports with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees no later than September 1, 2013, and February 1, 2014. HFS complied with this requirement by filing two interim reports dated September 1, 2013, and January 31, 2014, that reported on the status of implementing the expedited long term care eligibility determination and enrollment system.

First Interim Report (September 1, 2013)

The first interim report from HFS addressed the overall approach and status of specific outcomes in Public Act 98-104. According to the report, many of the requirements established for the long term care eligibility determination and enrollment system would be achieved by taking advantage of other projects currently underway. This included:

- Development and deployment of a new Integrated Eligibility System (IES) and its online self-service portal, Application for Benefits Eligibility (ABE) this year with the second phase of the system implementation scheduled for the summer of 2015;
- Design and deployment of a new Medicaid Management Information System over the next several years; and

- Development of integrated systems and processes designed under the Balancing Incentive Program to support the delivery of long term support services.

According to the report, ABE would be available in the fall of 2013. However, detailed application tracking will not be available until 2015.

The September 2013 report acknowledged that there was a serious backlog in long term care eligibility processing and that DHS was moving to centralize long term care cases into two hubs, one in Cook County and one downstate. The report stated that DHS is also working to hire a significant number of additional caseworkers to process the backlog of applications for long term care and other programs. The IES system is also being designed to automate components of the long term care eligibility processing that currently require manual calculations by caseworkers.

According to the first interim report, the HFS Office of Inspector General (OIG) expanded its Long Term Care Asset Discovery Investigation (LTC-ADI) unit and implemented new procedures to ensure timely review and disposition of cases involving asset transfers. HFS OIG created an internal task force which evaluated the efficiency of all business operations associated with review of applications for long term care. The task force implemented new screening and evaluation policies that streamline case flow assessments and expedite case evaluations. Additionally, HFS OIG formed a separate team of OIG professionals with specialized technical skills and subject matter expertise to address all prior long term asset backlogged cases. These OIG professionals were reassigned to ensure full resolution of the prior backlog of LTC asset cases.

Second Interim Report (January 31, 2014)

The second interim report from HFS addressed the three basic requirements contained in Public Act 98-104 with regard to LTC eligibility determination and enrollment. These three requirements include:

- Complete LTC eligibility determinations in a timely manner (90 days or less);
- Develop and implement a streamlined LTC application process; and
- Assess the feasibility of incorporating all information needed to determine eligibility for LTC services, including asset transfers and spousal impoverishment, into the State's integrated eligibility system.

According to the report, DHS has substantially reorganized its process for approaching LTC case processing. Due to the specialized nature of LTC eligibility determination and enrollment, DHS has determined it would be more efficient to handle these cases in specific units using caseworkers who specialize in LTC to ensure that they become experts and are better able to keep up with changes in policy. As was also stated in the first interim report, DHS is working to centralize LTC processing into two hubs with dedicated LTC caseworkers.

The second interim report contained statistics regarding the number of pending LTC eligibility applications. DHS and HFS created a database of pending LTC applications. As of mid January 2014, there were 10,272 cases in the LTC admissions queue. Of the 10,272 eligibility cases, about a quarter (2,459 or 24%) had been referred to the HFS OIG for long term care asset discovery investigation. According to the January 2014 report, based on the current

OIG action plan, the HFS OIG expected full resolution of the backlog (applications more than 90 days old) by May of 2014, prior to the July 1, 2014 deadline established in Public Act 98-104.

Regarding streamlining the application process, the report states that work continues to improve the State’s new online application for medical, Supplemental Nutrition Assistance Program (SNAP), and cash assistance Application for Benefits (ABE).

REVIEW OF ELIGIBILITY DETERMINATIONS AND STAFFING

Public Act 98-104 asks the Auditor General to determine the extent to which State staffing levels are adequate to meet the requirements of 305 ILCS 5/11-5.4. We analyzed staffing and organizational information obtained from DHS, HFS, and Aging. DHS staffing has increased significantly during 2013 and 2014. In addition, there have also been changes to the organizational structure and work flows at DHS and HFS related to LTC application processing and asset investigation.

Although the number of DHS caseworkers increased by approximately 900 between January 2013 and June 2014, these staff have duties that are spread out over many different programs offered by DHS. As the DHS caseload includes the administration of programs such as the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Temporary Assistance for Needy Families (TANF), and Aid to the Aged, Blind or Disabled, staff were needed to fill gaps in each. Assessing whether staffing was adequate was also complicated by the fact that the eligibility system, processes, and organizational structures at both DHS and HFS were in flux at the time of our review. According to agency officials at DHS, they could not tell at this point whether staffing will be adequate to handle all long term care functions timely and efficiently. According to HFS OIG officials, ongoing attempts to expedite and streamline the workflow process may require additional resources because this is a transitional time period for all parties.

DHS LTC Eligibility Determinations

LTC eligibility determinations are different and more complicated than other Medicaid eligibility determinations for several reasons. First, a general determination of Medicaid eligibility must be made. After a general determination of eligibility has been made, other information must be collected related to assets/resources, transfers of assets/resources, diversion of income to avoid spousal impoverishment, use of monthly income toward the cost of care, and determination of the functional need for LTC services. Although some of the applicants for Medicaid LTC coverage have already been enrolled for Medicaid coverage before needing LTC, some have not previously been on Medicaid. An additional challenge cited by DHS officials is that LTC eligibility cases may involve a third party because the client is not able to file the application on their own behalf. Furthermore, unlike other programs administered by DHS, the long term care application process frequently involves gathering information from other people and entities, such as family members, pension administrators, estate planners, family attorneys, power of attorneys, and others who may have involvement in the financial condition of the applicant.

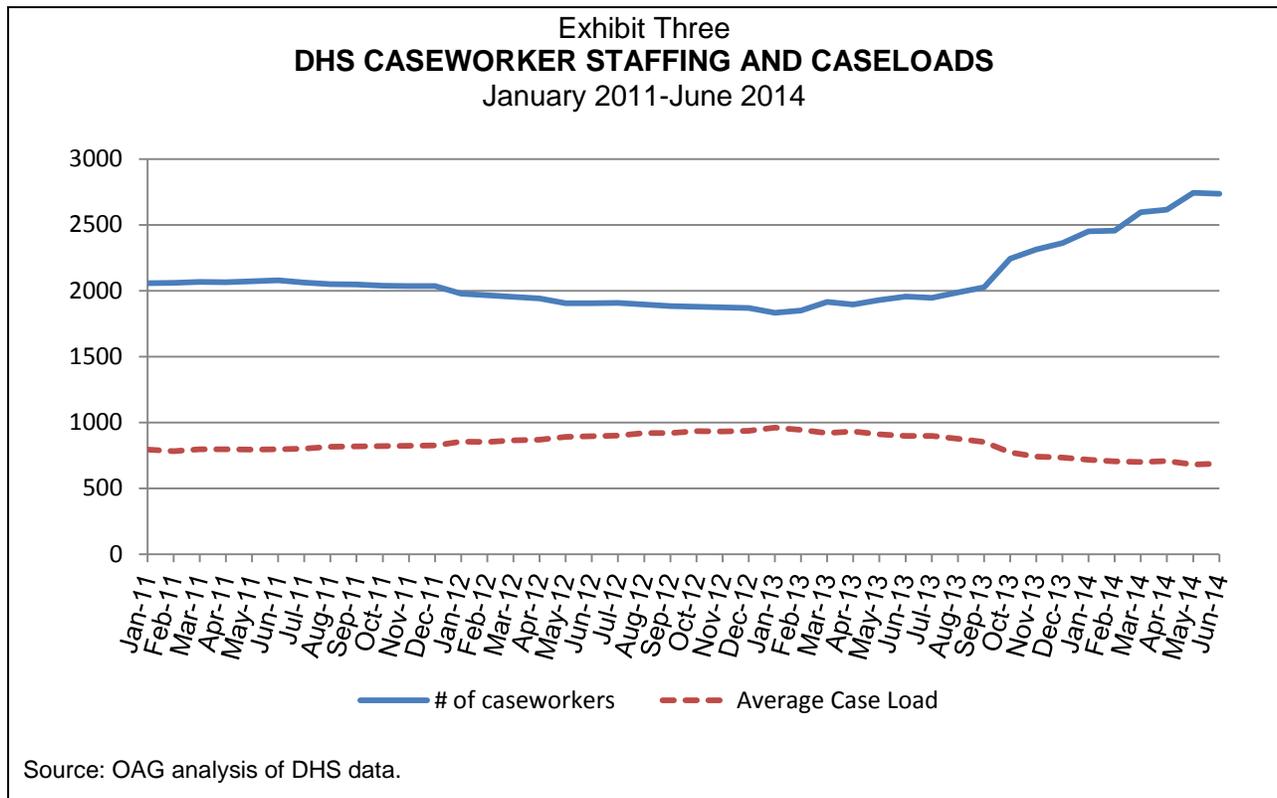
DHS Staffing and Organization

An April 8, 2013 DHS “Crisis Memo” stated that the Family Community Resource Centers (FCRCs) around the State that administer medical, cash, and food assistance were on the brink of collapse without additional resources. The DHS “Crisis Memo” showed that the

number of DHS caseworkers had declined from 2,317 in October 2006 to 1,878 in October 2012. Also, average caseloads had increased from 515 in October 2006 to 935 in October 2012. The memo stated that providing an additional 600 headcount would significantly improve DHS’ ability to administer cash, SNAP, and medical assistance, including decreased processing timeframes for medical applications.

DHS provided auditors with monthly staffing data for DHS caseworkers for the period January 2011 through June 2014 (see Exhibit Three). DHS staffing data showed that staffing decreased to a low of 1,834 caseworkers in January 2013 with an average caseload of 961. However, **between January 2013 and June 2014, DHS added 903 caseworkers.** In June 2014, there were 2,737 caseworkers at DHS. With these additional staff, the average caseload decreased to 689 cases.

With the passage of Public Act 98-104, DHS made the decision that it would be more efficient to handle LTC eligibility cases in specific units using caseworkers who specialize in LTC. DHS decided to establish two hubs (one in Cook County and one in Macon County) with dedicated LTC caseworkers in order to allow for development of LTC expertise and better management ability to focus on LTC processing issues.



LTC cases involving Cook County nursing facilities were previously handled by Medical Field Operations (MFO) in a single local office that worked only on medical applications from nursing homes and hospitals (as distinct from applications also requesting Supplemental Nutrition Assistance or Cash Assistance benefits). In late 2013, DHS shifted hospital applications out of MFO to other offices throughout the county, freeing up additional resources in MFO to focus exclusively on LTC cases. In early 2014, the collar counties began

transitioning their LTC cases from the regional offices to MFO. According to HFS' second interim report there were **71 caseworkers** in the Cook County MFO. DHS has also formed a LTC hub in Macon County to process cases for counties south of I-80. According to DHS officials, beginning July 1, 2014, all LTC applications for Regions 3 through 5 (roughly counties south of I-80) were shifted to the LTC hub in Macon County. The hub will have approximately **32 new caseworkers** processing cases. According to DHS officials, two caseworkers were brought on effective July 1, 2014, however two were also promoted into management positions. DHS expects to bring on approximately 20 more caseworkers to the Macon County Long Term Care hub by August 1, 2014. As of June 2014, there were a total of 2,737 DHS local caseworkers.

HFS OIG Long Term Care Asset Discovery Investigations

The Long Term Care Asset Discovery Investigations (LTC-ADI) initiative began in 1996 when the HFS OIG (then known as the Illinois Department of Public Aid) began conducting investigations of long term care medical assistance applications meeting certain error-prone criteria as identified by Family Community Resource Centers in Cook and DuPage counties. The program was subsequently expanded Statewide in 2005. In 2012, the LTC-ADI program was selected to act as a central unit of the State to receive and review LTC Medicaid applications that met certain criteria.

LTC-ADI Backlog

According to information in HFS' second interim report (dated January 31, 2014), an increase in the number of referrals to the Long Term Care Asset Discovery Investigation (LTC-ADI) unit resulted in a backlog. In calendar year 2011, the LTC-ADI completed 419 investigations with unallowable asset transfers and penalty periods imposed in 117 cases or 28 percent of investigations. According to the interim report, when Illinois changed its policies in 2011 and 2012 to conform to previous federal mandates, this changed the role of the LTC-ADI unit and dramatically increased the number of monthly referrals by more than 600 percent. By October 1, 2013, there was a substantial backlog of 3,575 cases for investigation. The interim report states that an action plan was implemented and in the first three months, the OIG action plan for LTC-ADI resulted in the completion of more than 1,000 investigations reducing the backlog to 2,153 cases. According to the report, LTC-ADI expected full resolution of the backlog by May 2014. There were also 3,383 non-ADI referral cases pending at DHS over 90 days old.

As of June 2014, there were still a significant number of eligibility cases that had been referred to HFS' OIG LTC-ADI for further investigation that were pending. According to HFS OIG officials, as of June 2014, there were 1,382 cases pending investigation that were over 90 days old. According to HFS OIG officials, the majority of these cases were referred for investigation prior to September 1, 2013. This was down from the backlog reported on October 1, 2013, of 3,575 cases.

On June 16, 2014, the Governor signed Senate Bill 741 into law (Public Act 98-651) requiring that HFS OIG and DHS to immediately forgo resource reviews and reviews of transfers during the relevant look-back period for applications that were submitted prior to September 1, 2013. This significantly reduced the backlog of cases for asset determination by no longer requiring it for those pending backlog cases. According to HFS OIG officials, 1,307 cases in their internal database would be impacted by the legislation. As of July 1, 2014, after implementation of P.A. 98-0651, the number of cases pending investigation with HFS OIG totaled 412 cases, of which 84 cases (20%) were over 90 days old (see Exhibit Four).

Exhibit Four HFS OIG LONG TERM CARE BACKLOG (Over 90 Days Old)	
Date	Backlog
October 2013	3,575
January 2014	2,153
June 2014	1,382
July 2014	84
Source: Healthcare and Family Services.	

LTC-ADI Staffing

According to the HFS OIG’s 2012 annual report, through the LTC-ADI, the OIG completed 938 investigations during 2012, incurring penalty periods on 182 of those cases resulting in \$16 million in savings. **HFS OIG staffing increased from 150 employees in FY12 to 178 in FY13.** As of January 2014, the OIG had a total staff of 179.

In late 2013, HFS OIG implemented new procedures to review LTC Asset Discovery Investigations. This included using clerical staff to initially review cases and request information. According to OIG officials, three coordinators were being hired (two in June 2014, and one in July 2014). These 3 employees will replace 15 temporary employees that would no longer be with the OIG after July 1, 2014. HFS OIG provided information that showed that on July 1, 2014, there were a total of 18 employees in the LTC-ADI (11 analysts, 3 supervisors, 3 coordinators, and 1 administrative assistant).

FEASIBILITY OF INCORPORATING ALL INFORMATION INTO IES

Public Act 98-104 requires that HFS “...shall, on or before July 1, 2014, assess the feasibility of incorporating all information needed to determine eligibility for long term care services, including asset transfer and spousal impoverishment financials, into the State's integrated eligibility system identifying all resources needed and reasonable timeframes for achieving the specified integration." According to information provided by HFS in June 2014, the State has been actively reviewing the feasibility of incorporating data relevant to transfers of assets and spousal impoverishment into the new Integrated Eligibility System (IES). HFS has determined that it is feasible to incorporate this data into IES for determination eligibility. HFS stated that the resources are in place to accomplish this by September 2015.

REVIEW OF TIMELINESS OF ELIGIBILITY DETERMINATIONS

Public Act 98-104 requires that an expedited long term care eligibility determination and enrollment system shall be established to reduce long term care determinations to 90 days or fewer by July 1, 2014, and streamline the long term care enrollment process. DHS implemented a new Integrated Eligibility System (IES) in October 2013. According to DHS officials, IES was

able to process and certify LTC cases beginning in April 2014. DHS and HFS OIG have also reorganized the way LTC eligibility applications and cases referred for investigation are reviewed in order to streamline the process. Some organizational changes were still in transition as of July 1, 2014, such as the DHS Macon County LTC hub.

Although a new eligibility system has been implemented, LTC eligibility determinations are not always being made within 90 days. As of July 1, 2014, based on information extracted from the tracking system set up by DHS for Long Term Care cases, there were 4,226 LTC applications pending. Of those cases pending, 2,141 (51%) were over 90 days.

SCOPE OF REVIEW

The Office of the Auditor General conducted this review pursuant to Public Act 98-104. This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

Public Act 98-104 required that no later than August 1, 2014, the Auditor General shall report to the General Assembly concerning the extent to which the timeframes specified in 305 ILCS 5/11-5.4 have been met and the extent to which State staffing levels are adequate to meet the requirements of the section. Our review focused on the following:

- Whether timeframes specified in 305 ILCS 5/11-5.4 have been met; and
- The extent to which State staffing levels are adequate to meet the requirements of 305 ILCS 5/11-5.4.

As part of our review, we reviewed interim reports filed with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees. We also requested staffing and other information related to the implementation of the expedited long term care eligibility determination and enrollment system from the Department of Healthcare and Family Services, the Department of Human Services, and the Department on Aging. We also met with and interviewed officials from HFS, DHS, and Aging.

The scope of our review focused on reviewing information provided by the relevant agencies involved and not conducting direct audit tests of such information. The Department of Healthcare and Family Services, the Department of Human Services, and the Department on Aging were provided a draft of this report for their review.

APPENDIX A
305 ILCS 5/11-5.4

(305 ILCS 5/11-5.4)

Sec. 11-5.4. Expedited long-term care eligibility determination and enrollment.

(a) An expedited long-term care eligibility determination and enrollment system shall be established to reduce long-term care determinations to 90 days or fewer by July 1, 2014 and streamline the long-term care enrollment process. Establishment of the system shall be a joint venture of the Department of Human Services and Healthcare and Family Services and the Department on Aging. The Governor shall name a lead agency no later than 30 days after the effective date of this amendatory Act of the 98th General Assembly to assume responsibility for the full implementation of the establishment and maintenance of the system. Project outcomes shall include an enhanced eligibility determination tracking system accessible to providers and a centralized application review and eligibility determination with all applicants reviewed within 90 days of receipt by the State of a complete application. If the Department of Healthcare and Family Services' Office of the Inspector General determines that there is a likelihood that a non-allowable transfer of assets has occurred, and the facility in which the applicant resides is notified, an extension of up to 90 days shall be permissible. On or before December 31, 2015, a streamlined application and enrollment process shall be put in place based on the following principles:

- (1) Minimize the burden on applicants by collecting only the data necessary to determine eligibility for medical services, long-term care services, and spousal impoverishment offset.
- (2) Integrate online data sources to simplify the application process by reducing the amount of information needed to be entered and to expedite eligibility verification.
- (3) Provide online prompts to alert the applicant that information is missing or not complete.

(b) The Department shall, on or before July 1, 2014, assess the feasibility of incorporating all information needed to determine eligibility for long-term care services, including asset transfer and spousal impoverishment financials, into the State's integrated eligibility system identifying all resources needed and reasonable timeframes for achieving the specified integration.

(c) The lead agency shall file interim reports with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees no later than September 1, 2013 and on February 1, 2014. The Department of Healthcare and Family Services shall include in the annual Medicaid report for State Fiscal Year 2014 and every fiscal year thereafter information concerning implementation of the provisions of this Section.

(d) No later than August 1, 2014, the Auditor General shall report to the General Assembly concerning the extent to which the timeframes specified in this Section have been met and the extent to which State staffing levels are adequate to meet the requirements of this Section.

APPENDIX B
FIRST INTERIM REPORT
SEPTEMBER 1, 2013



Pat Quinn, Governor
Julie Hamos, Director

201 South Grand Avenue East
Springfield, Illinois 62763-0002

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

Honorable Senator Mattie Hunter, Chairperson
Honorable Senator Michael Connelly, Minority Spokesperson
Honorable Representative Robyn Gable, Chairperson
Honorable Representative JoAnne D. Osmond, Republican Spokesperson

Dear Honorable Members of the House and Human Services Committee:

Enclosed please find the first interim report on the expedited long term care eligibility determination and enrollment system required in changes to the Illinois Public Aid Code by PA 98-104.

The next interim report is due to you no later than February 1, 2014. Subsequent updates will be included in this Department's annual Medicaid report beginning with the Fiscal Year 2014 report.

I look forward to working with you, Department of Human Services Secretary Michelle Saddler and Department on Aging Director John Holton to assure our three agencies establish procedures and secure the resources necessary to fulfill the requirements of the new law.

Sincerely,

Julie Hamos

cc: Michelle R.B. Saddler, Secretary, DHS
John K. Holton, Director, DoA
Bradley K. Hart, Inspector General, HFS

E-mail: hfswebmaster@illinois.gov

Internet: <http://www.hfs.illinois.gov/>



**Status Report on Expedited Long Term Care Eligibility Determination and Enrollment
Pursuant to 305 ILCS 5/11-5.4**

September 1, 2013

Statutory Basis

PA 98-104 added a new section, 305 ILCS 5/11-5.4, to the Public Aid Code setting forth requirements for a system to support expedited determination of eligibility for and enrollment in Medicaid covered long term care.

The new law provides that the expedited long-term care eligibility determination and enrollment system shall reduce long-term care eligibility determinations to 90 days or fewer by July 1, 2014 and shall streamline the long-term care enrollment process. The law further provides that establishment of the system shall be a joint venture of the Department of Human Services (DHS), Healthcare and Family Services (HFS) and the Department on Aging (DoA).

Governor Quinn signed the new law on July 22, 2013. As the law also required that a lead agency be named within 30 days of its effective date, on August 21, 2013 the Governor named HFS as the lead agency for the full implementation of the establishment and maintenance of the long-term care eligibility determination and enrollment system. HFS will work in close collaboration with DHS and DoA to fulfill the requirements of the law.

Overall Approach

Many of the requirements established for the long-term care eligibility determination and enrollment system will be achieved most effectively by taking advantage of other projects currently underway. In particular, these include:

- Development and deployment of a new Integrated Eligibility System and its online self-service portal, ABE (Application for Benefits Eligibility) this year with the second phase of the system implementation scheduled for the summer of 2015;
- Design and deployment of a new Medicaid Management Information System over the next several years; and
- Development of integrated systems and processes designed under the Balancing Incentive Program to support the delivery of long term support services.

Current Status of the Outcomes Established in the Law

1. *The system shall include an enhanced eligibility determination tracking system accessible to providers.*

Status: ABE is being designed to support online submission of applications for benefits and to allow necessary documents to be uploaded electronically with the application. Providers, including nursing facilities and other providers of long term support services, will have the opportunity to create their own organizational accounts through which they can assist individuals to submit applications for Medicaid and long term care services.

Basic provider account functionality will be available later this fall. Detailed application tracking ability will be available when the second phase of IES is implemented in 2015.

2. *The system will include a centralized application review and eligibility determination with all applicants reviewed within 90 days of receipt by the State of a complete application.*

Status: The state acknowledges that a serious backlog in long term care eligibility processing exists. Several actions currently underway will begin to address the problem this year.

Long term care eligibility determinations are currently dispersed among many DHS offices across the state. Long term care cases in Cook County are handled in one centralized office. DHS is moving to centralize long term care cases in two hubs, one in Cook County and one downstate. This will increase accuracy and efficiency by dedicating workers to develop long term care expertise and to focus exclusively on long term care cases. DHS is also working to hire a significant number of additional caseworkers to process the backlog of applications for long term care and other programs.

IES is being designed to automate components of long term care eligibility processing that currently require manual calculations by caseworkers. This new component of the system will be implemented later this year.

As described in #3 below, during 2011-12, the HFS OIG expanded its Long Term Care-Asset Discovery Investigation Unit to be able to receive referrals from DHS that involve assets and therefore require enhanced investigation and review. Special processes currently are being put in place to eliminate past backlogs to be able to comply with the new law.

3. *If the Department of Healthcare and Family Services' Office of the Inspector General determines that there is a likelihood that a non-allowable transfer of assets has occurred, and the facility in which the applicant resides is notified, an extension of up to 90 days shall be permissible.*

believes this is a major step toward ensuring the timely and accurate submission of eligibility, financial and demographic information necessary to support payment.

6. *The lead agency shall file interim reports with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees no later than September 1, 2013 and on February 1, 2014. The Department of Healthcare and Family Services shall include in the annual Medicaid report for State Fiscal Year 2014 and every fiscal year thereafter information concerning implementation of the provisions of this Section.*

Status: This report satisfies the first reporting requirement of PA 98-104.

Conclusion

HFS and its partner agencies are committed to improving the services provided to our clients who need long term support services and the providers and plan who serve them.

APPENDIX C
SECOND INTERIM REPORT
JANUARY 31, 2014



Pat Quinn, Governor
Julie Hamos, Director

201 South Grand Avenue East
Springfield, Illinois 62763-0002

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

January 31, 2014

Honorable Senator Mattie Hunter, Chairperson
Honorable Senator Michael Connelly, Minority Spokesperson
Honorable Representative Robyn Gable, Chairperson
Honorable Representative JoAnne D. Osmond, Republican Spokesperson

Dear Honorable Members of the House and Human Services Committee:

Enclosed please find the second interim report on the expedited long term care eligibility determination and enrollment system required in changes to the Illinois Public Aid Code by PA 98-104.

Subsequent updates will be included in this Department's annual Medicaid report beginning with the Fiscal Year 2014 report and an intermediate reporting that will be available on the HFS website.

I look forward to working with you, Department of Human Services Secretary Michelle Saddler and Department on Aging Director John Holton to assure our three agencies establish procedures and secure the resources necessary to fulfill the requirements of PA 98-104.

Sincerely,

A handwritten signature in cursive script that reads 'Julie Hamos'.

Julie Hamos

cc: Michelle R.B. Saddler, Secretary, DHS
John K. Holton, Director, DoA
Bradley K. Hart, Inspector General, HFS

E-mail: hfs.webmaster@illinois.gov

Internet: <http://www.hfs.illinois.gov/>

Second Status Report on Expedited Long Term Care Eligibility Determination and Enrollment Pursuant to 305 ILCS 5/11-5.4

January 31, 2014

This is the second of two reports mandated by 305 ILCS 5/11-5.4 (PA 98-0104) regarding processing applications for long term care (LTC). The first report is available online at <http://www2.illinois.gov/hfs/SiteCollectionDocuments/SB26LTC2012.pdf>.

PA98-0104, the relevant sections of which are included in Attachment 1, has three basic requirements with regard to Long Term Care (LTC) eligibility determination and enrollment:

- Complete LTC eligibility determinations in a timely manner
- Develop and implement a stream-lined LTC application process
- Assess feasibility of incorporating all information needed to determine eligibility for long-term care services, including asset transfer and spousal impoverishment, into the State's integrated eligibility system.

This report addresses these three areas.

I. Complete LTC Eligibility Determination Processes in a Timely Manner

Progress has been made in this area, but mostly with regard to creating an appropriate infrastructure and improving the asset verification process in the HFS Office of Inspector General (OIG).

Infrastructure

Two major accomplishments in this area.

First, the Department of Human Services (DHS) has substantially reorganized its process for approaching Long Term Care (LTC) case processing.

Long Term Care (LTC) case processing is different from the regular Medicaid eligibility determination. It is a two stage process involving, first, general determination of Medicaid eligibility, and, second, special policy around assets/resources, transfers of assets/resources, diversion of income to avoid spousal impoverishment, use of monthly income toward the cost of care and determination of the functional need for LTC services. Some of the applicants for Medicaid LTC coverage have already been enrolled for Medicaid coverage before needing LTC and some have not previously been on Medicaid.

Because of the specialized nature of LTC eligibility determination and enrollment, DHS has determined it would be more efficient to handle these cases in specific units using caseworkers who specialize in LTC to ensure that they become expert and are better able to keep up with changes in policy. To that end, DHS is working to centralize LTC processing in two hubs with dedicated LTC caseworkers. This will allow for development of LTC expertise and better management ability to focus on LTC processing issues.

Part of this was already done in Cook County. For many years, all LTC cases in Cook County nursing facilities have been handled by Medical Field Operations (MFO), a single local office that worked only on medical applications from nursing homes and hospitals (as distinct from applications also requesting Supplemental Nutrition Assistance Program or Cash Assistance benefits.) Late last year, DHS shifted hospital applications out of MFO to other offices throughout the county, freeing up additional resources in MFO to focus exclusively on LTC cases. There are currently 71 caseworkers in MFO.

In addition to Cook County cases, offices in Region 2 (the collar counties, which contain a relatively large number of LTC clients) will begin transitioning their LTC cases from the regional offices to MFO beginning in February.

Furthermore, DHS also formed an LTC hub in Macon County, which will have about 32 new caseworkers processing cases for Regions 3 – 5 (roughly counties south of I-80) and will be transitioning LTC cases from these regions in February through April to the new hub. This will ensure that LTC cases in these regions can be handled by specially trained and dedicated LTC workers. These specific cases transitioning from Regions 3 and 5 to the Macon County LTC hub will include Supportive Living Program and Department of Aging Community Care Program cases.

Second, DHS and HFS have created a data base of pending LTC applications (that will include subsequent applications).

Prior to the current effort, there has been no statewide, centralized repository of applications for LTC eligibility but control was left to each office as applications were largely submitted on paper.

Attachment 2 summarizes the status of all LTC applications in mid January 2014. It shows how much work remains to be done to achieve the time frames mandated in the amended law. HFS intends to post updates to this report on its website on a monthly basis so that will be possible to track progress as DHS brings on more caseworkers and realize the efficiencies of DHS's hubs.

Asset Discovery Process

Over the last several years, federal changes have placed significant new demands on states and applicants for LTC services. In Illinois, the HFS Office of Inspector General has shouldered the largest share of work to investigate and evaluate whether individuals have failed to disclose or have transferred their assets/resources in a manner that is not permitted to insure appropriate use of scarce state tax dollars.

The HFS Inspector General's Long Term Care-Asset Discovery Investigations (LTC-ADI) initiative is charged with insuring that asset/resource disclosure and transfer policies are appropriately enforced. Execution of this effort is a partnership between HFS OIG and DHS local offices. After initial review by DHS caseworkers—a review that will happen more accurately and efficiently in the new DHS structure—LTC-ADI evaluates LTC applications meeting special criteria for investigations. The initiative's goal is to prevent ineligible persons from receiving long term care benefits and to deter improper sheltering of assets/resources. The investigations uncover undisclosed asset/resources and unallowable asset/resource transfers, thereby saving tax dollars and making funds available to qualified applicants who truly have no ability to pay for their own care.

In calendar year 2011, the LTC-ADI initiative completed 419 investigations. Of the investigations completed, unallowable asset transfers were identified and penalty periods imposed in 117 of these investigations. The gross savings realized in 2011, based on the identified penalty periods of the 117 cases was about \$12.3M. For every \$1 spent on administration costs relevant to the LTC-ADI initiative, \$8.83 of savings was realized.

However, in 2011 and 2012 Illinois changed its policies to conform to previous Federal mandates. These changes expanded the role of the LTC-ADI initiative and increased the number of monthly referrals to the LTC-ADI unit by more than 600 percent. Following this dramatic increase in referrals, a substantial backlog of LTC-ADI cases developed. On October 1, 2013, the backlog of cases numbered 3,575 and an action plan was implemented. Following the plan, LTC-ADI has stayed current with applications arriving since then and begun to make progress on the backlog. In the first three months, the OIG action plan resulted in the completion of more than 1,000 LTC-ADI investigations, reducing the backlog to 2,153. The number of investigations that LTC-ADI completed during the three-month period is more than double the 419 total investigations completed during all of calendar year 2011. Based on the current OIG action plan, the LTC-ADI initiative expects full resolution of the backlog by May of 2014, prior to the July 1, 2014 deadline established in PA 98-104.

The OIG action plan includes conducting outreach to stakeholders impacted by the LTC-ADI backlog. This includes members of the National Association of Elder Law Attorneys (NAELA) and LTC providers.

2. Develop and Implement a Streamlined Application Process

PA98-0104 includes three areas for consideration to be accomplished on or before December 31, 2015:

- (1) Minimize the burden on applicants by collecting only the data necessary to determine eligibility for medical services, long-term care services, and spousal impoverishment offset.
- (2) Integrate online data sources to simplify the application process by reducing the amount of information needed to be entered and to expedite eligibility verification.
- (3) Provide online prompts to alert the applicant that information is missing or not complete.

With regard to the first and third items, work continues to improve the state's new online application for medical, SNAP and cash assistance ABE (Application for Benefits Eligibility). Over the next two years, work will continue to make improvements to both minimize information required and make the ABE application more user friendly such as considering the addition of prompts when information is incomplete. The State is currently reviewing Form 3654, the data collection instrument used to support the LTC-ADI initiative, to determine if there are items that can be removed. A related improvement that the State is considering is adding more "dynamism" into the application process so that the only questions a person sees are those that need to be completed by that person as determined by answers to previous questions.

The second item poses a greater challenge because the information available from online data sources remains limited. At this time, there are no data bases that could provide all the information needed.

- Banks and other financial institutions in Illinois are not mandated to electronically provide the information required by to the State to conduct LTC-ADI and have explicitly refused to do so on a voluntary basis.
- Even with a change in state law to mandate such cooperation from state chartered banks and other financial institutions, it is likely that federal chartered entities could still refuse to cooperate and applicants would still be required to produce the information themselves..
- Not all required information (for instance real estate transfers) would necessarily be available from banks.

Beyond addressing the specific principles established in the law, it is critical to understanding the purpose and structure currently in place. The solution to achieving a streamlined process for determining eligibility and effecting enrollment for LTC services in the Integrated Eligibility System (IES) is a multi-faceted issue because these processes involve several unique evaluations including:

- a) Functional assessment of the need for LTC and the amount and type of care required;
- b) Determination of eligibility for Medicaid on the basis of the same financial and non-financial criteria as those used for determining the eligibility of persons who do not need LTC, including the amount of income or resources in excess of Medicaid standards which the applicant must “spenddown” to qualify for Medicaid;
- c) Additional review of whether, within the five years prior to applying for Medicaid coverage of LTC services, the applicant transferred assets/resources in a manner that is not allowed. If an improper transfer occurred, the start date of state coverage of LTC is delayed for a period of time equal to the number of days of care the improperly transferred resources would have covered. (Note, everyone assessed a penalty period has a right to request, and if approved, be granted a waiver of the penalty period); and
- d) Calculation of the amount of his or her monthly income that a client must pay the facility toward the cost of LTC care. This amount reduces the state’s payment to the facility and must be adjusted continually as circumstances change for as long as the client needs LTC coverage. It is generally referred to as the patient credit or group care credit. This is one of the most complex processes to explain.
 - i. First, married people are permitted to divert income to a spouse living in the community. Federal regulations set maximum and minimum deductions, state law sets a cap within the allowable range. This adjustment is usually made once annually for an entire year.
 - ii. Next, there are other allowable deductions, see below, but after those, people in nursing facilities are permitted to keep \$30/month of their income.
 - iii. Federal and state law and regulations permit LTC residents to first use their income on allowable medical or rehabilitation expenses that Medicaid does not cover. Today, because of the recent budget cuts, adult dental services are likely to be a prime example of needed services for which a resident may use their income before using it to pay for LTC. Generally, such expenses vary by month and residents must supply proof of them and submit them to DHS caseworkers for processing.

Item (a) on this list is completed in various ways. For example, the Department on Aging supports a statewide network of care coordination units that complete assessments of seniors who need LTC services. These results are communicated directly or through the LTC facility to DHS caseworkers who must enter them into a special subsystem of MMIS that is used to generate payments to LTC providers.

Item (b) is completed by DHS caseworkers using the eligibility data system.

Item (c) is completed by OIG and DHS caseworkers in collaboration and the caseworkers enter the results into the eligibility data system.

Item (d) is completed by DHS caseworkers who enter the results into the special subsystem of MMIS (the Medicaid Management Information System, the primary system for paying Medicaid claims).

These various steps have been designed in part to support a decision made long ago that the state would generate all payments to LTC facilities. That means that nursing facilities, for example, do not bill HFS for the Medicaid covered residents in their care. Rather, facilities report their residents when they are admitted and discharged. Many make these reports through the online MEDI system as the HFS Bureau of Long Term Care (BLTC) has worked to allow nursing facilities to electronically enter much of the enrollment information they must provide. (MEDI is the Medical Electronic Data Interchange, which is a way that providers can communicate with the MMIS.)

The current state of affairs is something HFS, DHS and DoA are all committed to streamlining through several major initiatives that are currently underway. These include, in addition to IES, deployment of a new MMIS as well as the Balancing Incentive Program (BIP).

BIP presents another important opportunity for simplification of LTC eligibility determination and enrollment. Illinois is committed, as part of the terms of this substantial federal incentive program, to improving the coordination of functional and financial eligibility determinations for consumers seeking Long Term Services and Supports (LTSS). Additionally, included in the BIP requirements is the development of a Core Standardized Assessment. Illinois is in the process of procuring a vendor to develop a uniform assessment tool (UAT) for all forms of LTSS. The implementation of the UAT and the coordination of functional and financial determinations is being developed in cooperation with the IES development team and the BIP Steering Committee and is targeted for deployment in the fall of 2015. Among other things, it will coordinate the determination of functional eligibility among various agencies with the financial eligibility determinations addressed above.

In the meantime, as HFS and DHS continue to deploy additional features of the Integrated Eligibility System some automation is currently in place. IES is already able to receive online Medicaid applications--item (b) above--including those of persons in need of long term care. Additional functionality will be implemented shortly to automate calculation of some values that caseworkers handle manually today. These include calculating penalty periods - based on the caseworker's review of non-allowable transfers and the results of OIG-ADI; tallying group care credits; and building an interface to transmit these results to MMIS.

Nonetheless, change will not come easily as it must be done in a way that assures appropriate care is delivered to eligible people and paid correctly by the state. Moreover, all of this must be taken into account as the state moves away from a system where it generates LTC claims to one where claims are submitted by the LTC facilities themselves as PA 98-104 also requires.

3. Assess Feasibility of Incorporating Additional Information in the Application

The law requires that HFS, on or before July 1, 2014, assess the feasibility of incorporating all information needed to determine eligibility for long-term care services, including asset transfer and spousal impoverishment financials, into the State's integrated eligibility system. Given the complexities described previously, it is clear that IES, MMIS and BIP will all play a critical part in improving administration of LTC services and the initiatives will have to be closely coordinated if the state is to be successful in accomplishing the goals of the law. HFS, DHS, DoA and other partners are all committed to this effort.

Conclusion

In the last several months, the HFS and DHS have made substantial progress in addressing the issues of improved eligibility determination for LTC. But it is equally clear there is a great deal of work to be done in order to achieve compliance with the mandate that eligibility determination and enrollment be accomplished in a timely manner.

We will continue to take appropriate steps to reach this goal and report on our progress.

Attachment 1: Applicable Provisions of PA 98-0104

Sec. 11-5.4. Expedited long-term care eligibility determination and enrollment.

(a) An expedited long-term care eligibility determination and enrollment system shall be established to reduce long-term care determinations to 90 days or fewer by July 1, 2014 and streamline the long-term care enrollment process.

Establishment of the system shall be a joint venture of the Department of Human Services and Healthcare and Family Services and the Department on Aging. The Governor shall name a lead agency no later than 30 days after the effective date of this amendatory Act of the 98th General Assembly to assume responsibility for the full implementation of the establishment and maintenance of the system. Project outcomes shall include an enhanced eligibility determination tracking system accessible to providers and a centralized application review and eligibility determination with all applicants reviewed within 90 days of receipt by the State of a complete application. If the Department of Healthcare and Family Services' Office of the Inspector General determines that there is a likelihood that a non-allowable transfer of assets has occurred, and the facility in which the applicant resides is notified, an extension of up to 90 days shall be permissible.

On or before December 31, 2015, a streamlined application and enrollment process shall be put in place based on the following principles:

- (1) Minimize the burden on applicants by collecting only the data necessary to determine eligibility for medical services, long-term care services, and spousal impoverishment offset.
- (2) Integrate online data sources to simplify the application process by reducing the amount of information needed to be entered and to expedite eligibility verification.
- (3) Provide online prompts to alert the applicant that information is missing or not complete.

(b) The Department shall, on or before July 1, 2014, assess the feasibility of incorporating all information needed to determine eligibility for long-term care services, including asset transfer and spousal impoverishment financials, into the State's integrated eligibility system identifying all resources needed and reasonable timeframes for achieving the specified integration.

(c) The lead agency shall file interim reports with the Chairs and Minority Spokespersons of the House and Senate Human Services Committees no later than September 1, 2013 and on February 1, 2014. The Department of Healthcare and Family Services shall include in the annual Medicaid report for State Fiscal Year 2014 and every fiscal year thereafter information concerning implementation of the provisions of this Section.

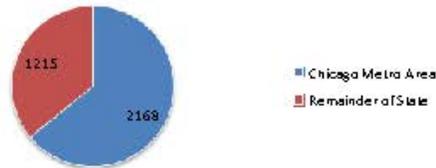
(d) No later than August 1, 2014, the Auditor General shall report to the General Assembly concerning the extent to which the timeframes specified in this Section have been met and the extent to which State staffing levels are adequate to meet the requirements of this Section.

Attachment 2: Overview of LTC Admission Eligibility

Total number of LTC Admission Cases in Queue	10,272
Total number of current cases with referral to OIG LTC-ADI (Either pending with ADI or returned to DHS Caseworkers)	2,459
Percent of all pending cases	24%
Total number of non-ADI referral cases pending over 90 days	3,383
Percent of all pending cases	33%
Percent of cases that have not been referred to ADI	43%
Total number of cases pending with ADI more than 90 days	2,153
Percent of all pending cases	21%
Percent of all cases referred for ADI	88%
Total number of cases with ADI referral pending more than 180 days	1,627
Percent of all pending cases	16%
Percent of call cases with ADI referral	66%

NOTE: ADI is Asset Discovery Investigation unit in HFS OIG

Non-referral LTC Cases Pending Over 90 Days



Referred LTC Cases Over 180 Days

