STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL
Frank J. Mautino, Auditor General

REPORT DIGEST

PERFORMANCE AUDIT

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Audit performed in accordance with **Public Act 100-380**

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EXECUTIVE SUMMARY

Medicaid Eligibility Determinations for Long-Term Care

The Illinois Public Aid Code at 305 ILCS 5/11-5.4 (enacted by Public Act 100-380 and amended by Public Act 100-665) required the Office of the Auditor General to conduct a performance audit of Medicaid eligibility determinations for long-term care (LTC). The audit was to review and evaluate:

- Compliance with federal regulations on timeliness of eligibility determinations;
- The accuracy and completeness of the monthly report required by the Illinois Public Aid Code;
- The efficacy and efficiency of the application processing approach used for making eligibility determinations, including the role of the Integrated Eligibility System, compared to the prior application processing approach; and
- Any issues affecting eligibility determinations related to the Department of Human Services (DHS) completing Medicaid eligibility determinations instead of the designated single State Medicaid agency in Illinois, the Department of Healthcare and Family Services (HFS).

Key findings of the audit include the following:

- Auditors reviewed data consisting of 39,146 long-term care applications received in calendar years 2015 through 2017. However, due to issues with the data, calculating timeliness for the population of applications was not possible. Therefore auditors selected a sample of applications for testing.
- For the 61 applications tested, the applications were, on average, 69 days overdue. Twelve of 61 applications (20%) had an eligibility determination within the required timeline, 14 applications (23%) were between 2 and 26 days overdue, and the remaining 35 applications (57%) were overdue by more than 30 days.
- HFS and DHS do not track extensions in a manner that makes it easy to identify the dates of the extensions or the number of extensions that have been granted for each case. As a result, the timeliness of pending applications will appear worse than it actually is. Testing showed that processing times for 28 of 61 applications (46%) could have been shortened by up to 60 days by subtracting extension days from eligibility determination processing time.
- LTC reports were not being posted on both the DHS and HFS websites on a monthly basis as required, did not always contain all elements required by statute, and were not accurate due to issues with the source data and a potential overstatement of the number of days applications are pending.
- While it is difficult to ascertain the efficiency and efficacy of the task-based process compared to the caseworker-based process, the decision to switch to the task-based approach appeared to be based upon business process research and reasonable assumptions. The switch was complicated by the concurrent implementation of the Integrated Eligibility System.

The audit contains a total of 8 recommendations to HFS, HFS Office of the Inspector General, and DHS.

AUDIT SUMMARY AND RESULTS

On August 25, 2017, the Governor signed into law Public Act 100-380, which amended the Illinois Public Aid Code and required the Auditor General to report on the performance and compliance of the Department of Healthcare and Family Services (HFS), the Department of Human Services (DHS), and the Department on Aging concerning eligibility determinations for Medicaid long-term care services and supports. Specifically, the audit was to review and evaluate:

- compliance with federal regulations on furnishing long-term care services promptly to beneficiaries under 42 CFR 435.930;
- compliance with federal regulations on the timely determination of eligibility as provided under 42 CFR 435.912;
- the accuracy and completeness of the monthly monitoring report of long-term care eligibility processing required by Section 11-5.4(e)(9) of the Illinois Public Aid Code (Section 11-5.4(f) after amendment by Public Act 100-665 effective August 2, 2018);
- the efficacy and efficiency of the task-based process used for making eligibility determinations in the centralized offices of the Department of Human Services for long-term care services, including the role of the State's Integrated Eligibility System, as opposed to the traditional caseworker-specific process from which the central offices converted; and
- any issues affecting eligibility determinations related to the Department of Human Services' staff completing Medicaid eligibility determinations instead of the designated single State Medicaid agency in Illinois, the Department of Healthcare and Family Services (prior to Public Act 100-665, 305 ILCS 5/11-5.4(f); following, 305 ILCS 5/11-5.4(g)).

During the course of the audit, Section 11-5.4 of the Public Aid Code was amended by Public Act 100-665, effective August 2, 2018. In instances in which the Public Aid Code citations changed as a result of Public Act 100-665, auditors provided both the Public Aid Code citation prior to the change and the citation following the change.

Timeliness of Eligibility Determinations

Auditors reviewed data consisting of 39,146 long-term care (LTC) applications received in calendar years 2015 through 2017. Upon review of the data, which was pulled from the LTC application tracking database utilized by HFS and DHS, auditors determined calculating timeliness for the population of applications using the data provided was not possible. The data did not capture all dates necessary to accurately determine the timeliness of each application's eligibility determination. In addition, the data contained duplicate entries and a co-mingling of information among records for applicants who had submitted multiple applications. For these reasons, an accurate calculation of timeliness required testing individual applications as opposed to being able to test and report on the timeliness of all applications in the population. Auditors focused on the timeliness of the

eligibility determinations; auditors did not assess if eligibility was determined correctly.

According to HFS data, 12,787 LTC applications were submitted for Medicaid eligibility determinations in calendar year 2017. Auditors selected a sample of 55 individuals, which consisted of 61 total applications.

Twelve of 61 applications tested (20%) had an eligibility determination within the required timeline.

Auditors found that 12 applications (20%) had an eligibility determination within the required timeline (45 days, 60 days for applications on the basis of a disability, or 135 days if referred for asset investigation). An additional 14 applications (23%) were completed between 2 and 26 days beyond the required timeline. The remaining 35 applications (57%) were overdue by more than 30 days, ranging from 36 to 381 days. Digest Exhibit 1 provides a breakdown of the days overdue for the 61 applications tested. When calculating days overdue, auditors subtracted extensions requested by the applicants. On average, the 61 applications were 69 days overdue. Auditors made a recommendation in this area.

For the 61 applications tested, the applications were, on average, 69 days overdue.

Digest Exhibit 1
DAYS OVERDUE FOR APPLICATION TESTING
Sample of Applications Tested

Days Overdue	# of Applications
0	12
1-30	14
31-45	5
46-60	5
61-90	6
91-120	10
121+	9

Source: OAG analysis of application testing.

Ten of the 61 applications tested were referred to the HFS OIG for asset discovery investigations. Prior to August 2, 2018 (the effective date of Public Act 100-665), the Public Aid Code (305 ILCS 5/11-5.4(a)) allowed an extension of up to 90 days (i.e., 135 day total processing time limit). Applications involving asset discovery investigations were overdue (beyond the 135 day time limit) by 114 days on average. However, auditors found that the delay is a combination of time the application is being worked at the HFS OIG and at DHS. On average, the 10 applications in our sample were at the HFS OIG for 127 days after extension days were subtracted. For four of the applications (40%), completion of the asset investigation took less than the 90 days allowed by the Public Aid Code. The asset investigation for the remaining six (one of which was ongoing at the time of our testing in August 2018) took between 118 and 253 days.

Auditors found that in 5 of 10 asset investigation cases (50%), once an asset investigation was concluded and the HFS OIG notified DHS of the recommendation on the application, DHS implemented the recommendation from the HFS OIG promptly within 5 days. In 4 cases (40%), DHS did not take action on the case (implement the recommendation from the HFS OIG) for between 19 and 88 days. The remaining asset investigation was ongoing at the time of our testing, and therefore, the HFS OIG had not yet made a recommendation to DHS. Auditors made a recommendation in this area.

HFS and DHS do not adequately track extensions. As a result, the timeliness of pending applications will appear worse than it actually is.

HFS and DHS do not adequately track extensions. HFS and DHS do not track extensions in a manner that makes it easy to identify the dates of the extensions or the number of extensions that have been granted for each case. The Public Aid Code requires the time limits for processing an application to be tolled, or paused, during the period of an applicant-requested extension, essentially subtracting time granted through these extensions from the application processing times (prior to Public Act 100-665, 305 ILCS 5/11-5.4(e)(8); following, 305 ILCS 5/11-5.4(e)). However, if extensions or extension dates are not easy to identify or not captured at all, then the extension processing times cannot be subtracted from the eligibility determination processing time as required. As a result, the timeliness of pending applications will appear worse than it actually is. Additionally, when extensions are not tracked adequately, it is difficult to ensure that DHS and HFS are limiting applications to two extensions.

Processing times for 28 of 61 applications (46%) could have been shortened by up to 60 days by subtracting extension days from eligibility determination processing time as required by statute.

Auditors tested 61 applications and found evidence of a request for an extension by the applicant in 28 of these 61 applications (46%). In total, 38 extensions were granted for the 28 applications. Auditors found that the processing time for these 28 applications could have been shortened by up to 60 days (12 to 60 days). Also, one application received three extensions in violation of the Public Aid Code and Administrative Code. Auditors made a recommendation in this area. (pages 21-27)

Although discrepancies exist due to different data sources, the reports on HFS' website and the reports to the federal Centers for Medicare and Medicaid Services both showed that not all applicants are receiving their determination of eligibility within the timelines established by federal regulations and the Illinois Administrative Code (42 CFR 435.912 and 89 Ill. Adm. Code 110.20 and 10.420). (pages 19-21)

LTC Monthly Reporting

Auditors found various issues with LTC monthly reports required by the Public Aid Code.

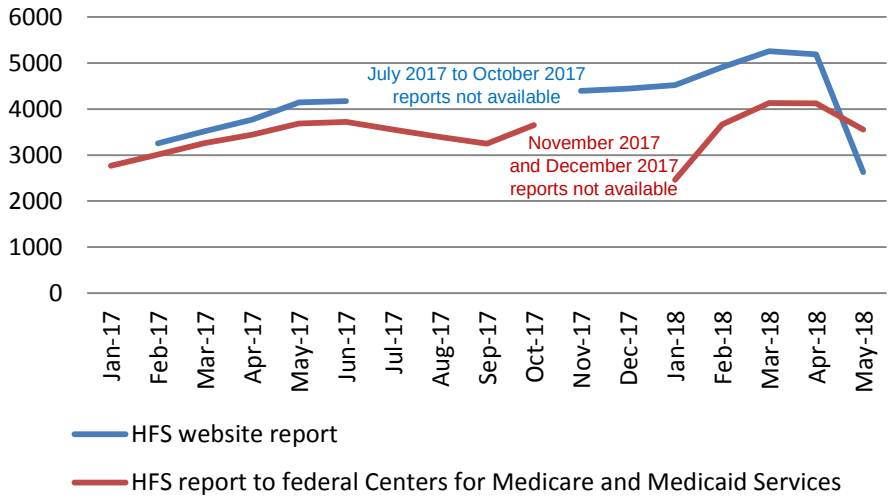
Auditors found various issues with the LTC monthly reports required by the Public Aid Code including:

- Reports were not being posted on both the DHS and HFS websites on a monthly basis as required;
- Reports did not always contain all elements required by statute (some elements were not included for a period and others were not included in any of the monthly reports tested); and
- Reports were not accurate due to duplicate entries and other issues with the source data and a potential overstatement of the number of days applications are pending.

Auditors also found discrepancies in LTC pending application numbers reported by HFS. Auditors compared numbers posted to the HFS website to reports submitted to the federal Centers for Medicare and Medicaid Services and found various discrepancies. According to HFS officials, these differences occurred because the reports had two different data sources, an application tracking database and the Integrated Eligibility System; however, beginning in September 2018, both reports will be produced using data from the Integrated Eligibility System. Digest Exhibit 2 shows the pending applications reported in the LTC monthly reports and to the federal Centers

for Medicare and Medicaid Services for January 2017 through May 2018. Auditors made recommendations in this area. (pages 30-38)

Digest Exhibit 2
REPORTED PENDING LONG-TERM CARE APPLICATIONS GREATER THAN 45 DAYS
January 2017 to May 2018



Note: Prior to the February 2017 report, the HFS website reports did not provide a breakdown of the 0 to 90 day category.

Source: HFS Long-Term Care Report for Nursing Facilities/Supportive Living Facilities and HFS Long-Term Care reporting to the federal Centers for Medicare and Medicaid Services.

Application Processing Approaches

By November 2014, DHS moved from a caseworker-based approach to application processing to a Statewide task-based approach. This change to task-based processing was implemented at both Family Community Resource Centers (local offices) and Long-Term Care hubs.

Auditors were asked to evaluate the efficacy and the efficiency of the task-based process used for making eligibility determinations, including the role of the State's Integrated Eligibility System, as opposed to the caseworker-based process. Assessing the efficiency and efficacy of the task-based process was complicated by the fact that the switch to the task-based approach happened concurrently with the implementation of the Integrated Eligibility System. While it is difficult to ascertain the efficiency and efficacy of the task-based process compared to the caseworker-based process, the decision to switch to the task-based approach appeared to be based upon business process research and reasonable assumptions. (pages 39-43)

The switch to the task-based approach to case processing appeared to be based upon business process research and reasonable assumptions.

Delegation of Medicaid Eligibility Determination

Auditors found it is not unusual for the designated single State Medicaid agency to delegate authority to determine eligibility. Illinois' State Plan for Medicaid delegated authority to DHS effective July 1, 1997. This delegation of authority was approved by the federal Centers for Medicare and Medicaid Services on August 30, 1999. Additionally, to determine if other states were delegating the Medicaid eligibility function, auditors reviewed State Plan documents for 26 other states. Auditors found that 14 of the 26 states reviewed delegate Medicaid eligibility determinations in varying degrees, similar to Illinois.

Although HFS develops the policies DHS utilizes, HFS is not directly involved in the determination of eligibility for Medicaid. DHS caseworkers review the application, request additional information from the applicant, if necessary, and determine eligibility. Auditors found no apparent issues affecting eligibility determinations related to DHS staff completing these determinations instead of HFS, the single State Medicaid agency. (pages 15-16)

RECOMMENDATIONS

The audit report contains eight recommendations: two recommendations directed to HFS, three directed to HFS and DHS, and three directed to HFS, DHS, and the HFS OIG. The agencies agreed with the recommendations. Appendix E to the audit report contains the agency responses.

This performance audit was conducted by staff of the Office of the Auditor General.

SIGNED ORIGINAL ON FILE

JOE BUTCHER
Division Assistant Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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