OFFICE OF THE AUDITOR GENERAL

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Performance Audit
Report Highlights

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Performance Audit of

Medicaid Eligibility Determinations for Long-Term Care

Background:

On August 25, 2017, the Governor signed into law Public Act 100-380 which amended the Illinois Public Aid Code.

This amendment to the Illinois Public Aid Code requires that beginning July 1, 2017, the Auditor General is to report every three years to the General Assembly 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 (DoA) in meeting the requirements placed upon them by Section 11-5.4 of the Illinois Public Aid Code and federal requirements concerning eligibility determinations for Medicaid long-term care services and supports (see Appendix A).

This is the second audit (CY18-CY20) on their performance and compliance related to Medicaid eligibility determinations for long-term care. The first audit (CY15-CY17) was released in March 2019 and contained eight recommendations.

Key Findings:

- During this audit, issues related to the Integrated Eligibility System (IES) continued to be identified. These issues surrounded the system's internal controls as well as the completeness of the data provided. Due to these issues, we determined reviewing the entire population of the applications data would not provide accurate results for the purposes of this audit and instead performed sample testing.

- For the 50 applications tested, we found that only 15 applications (**30%**) had an eligibility determination completed within the required timelines. On average, the 50 applications were **72 days overdue**. We found cases with an HFS Office of the Inspector General (OIG) referral were an average of **125 days overdue** while cases without an HFS OIG referral were **47 days overdue**.

- In addition, despite differences between the various reports produced by HFS, all three reports reviewed indicated applicants were not receiving their determinations of eligibility in a timely manner. Consequently, the status of the prior recommendation on the timeliness of eligibility determinations was determined to be **not implemented**.

- DHS and HFS noted that an IES system enhancement was established to address the processing delays related to OIG asset investigations. However, applications involving HFS OIG asset discovery investigations continued to be overdue during this audit period. The prior audit found that applications involving asset discovery investigations were an average of 114 days overdue. For this audit, we tested 16 cases referred to the HFS OIG in fiscal year 2020 to follow up on this recommendation. During this testing, we found that applications involving asset discovery referrals were an average of **125 days overdue**.

- In addition, multiple issues were identified for these HFS OIG cases during our review. These issues included incorrect information in IES and a lack of controls in IES. As a result, the status of the recommendation on processing delays related to HFS OIG asset discovery investigations was determined to be **partially implemented**.

- DHS and HFS continued to not adequately track extensions in IES during this audit period. For the 13 extension cases reviewed, 10 cases **(77%)** contained issues such as inaccurate IES data, a lack of extension information in IES, or more than two extensions. According to HFS, a defect was discovered during the audit that affected the accuracy of the data in IES. As a result, the status of the recommendation on extension tracking was determined to be **not implemented**.

- The prior audit found the LTC monthly reports did not contain all elements as required by statute. We reviewed the LTC monthly reports for calendar years 2018 to 2020 and found HFS had added missing elements to the reports but

was not providing all the information as required. As a result, the status of this recommendation on the LTC monthly report completeness was determined to be **partially implemented**.

- During the prior audit, we found the LTC monthly 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. During this audit, we reviewed the monthly reports for calendar years 2018 to 2020 and found similar issues with accuracy that were identified during the prior audit. We also found 11 of 50 applicants tested (**22%**) had a reported disability which would allow 60 days for processing those applications.
- We also requested LTC data on the total number of redeterminations completed during the audit and found the redeterminations data in the monthly reports contained multiple issues. Therefore, the status of the recommendation on the LTC monthly report accuracy was determined to be **not implemented**.
- Public Act 100-380 requests the Auditor General to review and evaluate the efficacy and efficiency of the task-based process used for making eligibility determinations in the centralized offices of DHS for LTC services. During this audit period, DHS made the decision to move away from the task-based system to a new facility-based system. According to DHS, there were significantly more pros and less cons for the facility-based approach. Although the decision to switch to the facility-based approach appeared to be reasonable, additional follow-up will need to be conducted during the next audit period. In addition, the agencies need to address the issue of IES not fully supporting the facility-based model before the required review of this during the next audit period.

Key Recommendations:

The audit report contains five recommendations directed to HFS and DHS including:

- HFS, including the HFS OIG, and DHS should work together to implement controls to improve the timeliness of long-term care eligibility determinations to comply with timelines contained in federal regulations and the Illinois Administrative Code.
- HFS, including the HFS OIG, and DHS should, in order to decrease the opportunity for application processing delays, work together to implement changes to improve the process of: referring applications to the HFS OIG to ensure referrals are received by the HFS OIG, and receiving and acting upon recommendations from the HFS OIG upon completion of its asset investigations.
- HFS, including the HFS OIG, and DHS should ensure extensions are tracked so processing times can be tolled, as required by the Illinois Public Aid Code, for extension days granted. Specifically, the agencies should ensure: extensions are captured in a usable manner; extensions are captured accurately; and only the allowable number of extensions are granted per application.
- HFS and DHS should ensure monthly reports contain all elements required by the Illinois Public Aid Code.
- HFS and DHS should develop controls to ensure monthly reports required by the Illinois Public Aid Code are accurate.

This performance audit was conducted by the staff of the Office of the Auditor General. HFS and DHS agreed with the recommendations.

Report Digest

On August 25, 2017, the Governor signed into law Public Act 100-380 which amended the Illinois Public Aid Code. This amendment to the Illinois Public Aid Code requires that beginning July 1, 2017, the Auditor General is to report every three years to the General Assembly 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 (DoA) in meeting the requirements placed upon them by Section 11-5.4 of the Illinois Public Aid Code and federal requirements concerning eligibility determinations for Medicaid long-term care services and supports (**see Appendix A**). This is the second audit (CY18-CY20) of their performance and compliance. Our assessment of the audit determinations is shown below in **Digest Exhibit 1**. (page 1)

Digest Exhibit 1
ASSESSMENT OF AUDIT DETERMINATIONS

Audit Determination	Auditor Assessment
Compliance with federal regulations on furnishing services as related to Medicaid long-term care services and supports as provided under 42 CFR 435.930. *Compliance with federal regulations on the timely determination of eligibility as provided under 42 CFR 435.912.*	• We determined calculating timeliness using the data provided would not provide accurate results. Therefore, a sample of 50 was selected. Only 15 applications (30%) had an eligibility determination within the required timelines. On average, the 50 applications were 72 days overdue. All three reports prepared by HFS indicated applicants were not receiving their determinations of eligibility in a timely manner. (pages 20-29)
The accuracy and completeness of the report required under paragraph (9) of subsection (e).	• Although some required elements were added to the reports, all elements were still not included. The monthly reports potentially overstated the number of days pending for applications and the data used in the redeterminations table contained duplicate entries. We were unable to determine the accuracy of the data in the reports, due to numbers not matching. (pages 43-47)
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 these central offices have converted.	• The implementation of the task-based approach was completed in October 2018. However, DHS decided to transition to a new facility-based approach during the audit period. We did not fully assess the efficacy and efficiency of the approaches since a decision was made to switch from the task-based process to the facility-based process during the audit period. (pages 50-52)
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.	• No apparent issues affecting eligibility determinations were identified related to DHS staff completing these determinations instead of HFS, the single State Medicaid agency. (pages 16-17)

Source: OAG assessment of the audit determinations contained in Public Act 100-380.

Background

The U.S. Department of Health and Human Services defines long-term care services as services that include medical and non-medical care for people with a chronic illness or disability. Long-term care helps individuals meet health and personal needs. Long-term care can be provided at home, in the community, or in a facility. For purposes of Medicaid eligibility and payment, long-term care services are those provided to an individual who requires a level of care equivalent to that received in a nursing facility.

In order for Medicaid to pay for long-term care services, an applicant must meet general Medicaid eligibility requirements as well as financial and functional eligibility criteria. Eligibility requirements are established by federal regulations and State law.

- **Financial eligibility** requires an assessment of a person's available **income** and **assets**.
- **Functional eligibility** is defined as an assessment of a **person's care needs,** which may include a person's ability to perform activities of daily living (bathing, dressing, using the toilet, eating, etc.) or the need for skilled care.

If either financial or functional eligibility requirements are not met, Medicaid will not pay for long-term care services. However, over time, individuals may deplete their resources or income and become financially eligible, or their functioning may deteriorate to the point where they do meet functional eligibility criteria. (page 3)

Issues Impacting the Audit

During the audit, issues related to the Integrated Eligibility System (IES) continued to be identified. These issues surrounded the system's internal controls as well as the completeness of the data provided. Due to these issues, we determined reviewing the entire population of the applications data would not provide accurate results for the purposes of this audit and instead performed sample testing.

In addition, the COVID-19 Public Health Emergency allowed for significant changes to the Medicaid LTC eligibility determination process. These changes affected the approval of applications, referrals to the HFS Office of Inspector General (OIG), and redeterminations. Consequently, additional follow up should be completed related to the required review for this audit when the Public Health Emergency and related changes have ended. The changes suspended most of the previous eligibility determination requirements. (page 5)

Agencies Involved With LTC Eligibility Determinations

There are three State agencies involved in determining long-term care (LTC) eligibility: DHS, DoA, and HFS. Each of these agencies has responsibilities in the LTC eligibility process:

- **DHS** has the responsibility of determining an applicant's medical eligibility.

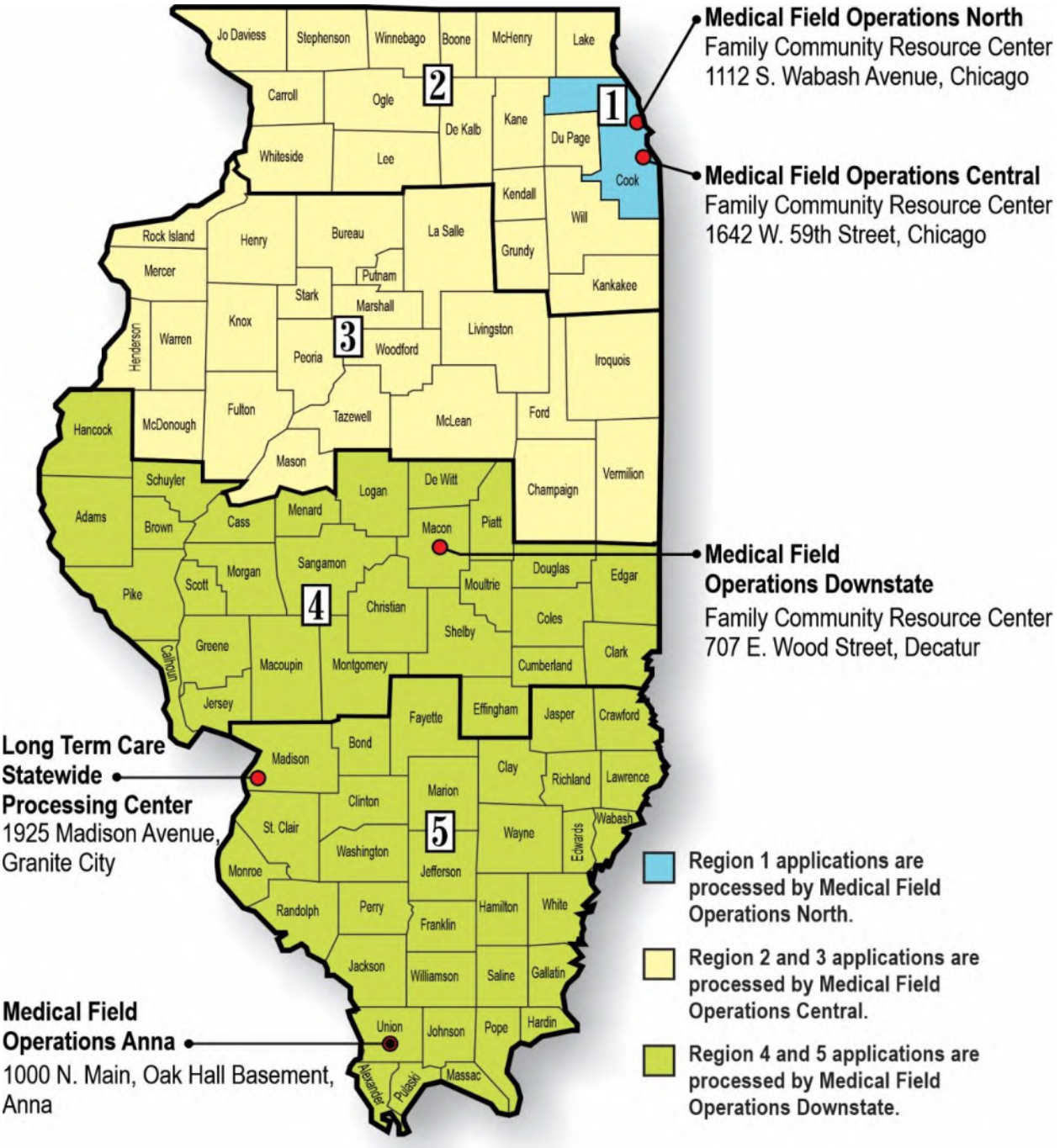
- **DoA** has the responsibility to conduct level of care determinations for nursing home facilities/institutional care (functional eligibility).
- **HFS** has the responsibility to develop policy related to LTC eligibility, investigate assets (if needed) to assist in determining an applicant's financial eligibility, and ensure payment is made to the LTC provider.

Digest Exhibit 2 shows the locations of the LTC hubs as well as the regions covered by each hub. Prior to March 2017, there were only two hubs: Medical Field Operations North and Medical Field Operations Downstate. Medical Field Operations Central opened in April 2017.

Medical Field Operations Anna was established in late 2020 becoming operational on January 16, 2021. A new LTC Statewide Processing Center was also established in 2020 becoming operational on March 16, 2020. Each LTC Office processes applications. However, these three Medical Field Operations offices process applications and maintain cases for a particular geographical area based on DHS Regions: Medical Field Operations North, Medical Field Operations Central, and Medical Field Operations Downstate.

- **Medical Field Operations North** processes LTC applications for **Region 1**.
- **Medical Field Operations Central** processes LTC applications for **Regions 2 and 3.**
- **Medical Field Operations Downstate** processes LTC applications for **Regions 4** and **5**.
- **LTC Statewide Processing Center** is designed to handle specific work assigned from the other four Medical Field Operations offices. Assignments are based on priority or urgency needs, special projects, and backlog.
- **Medical Field Operations Anna** has been implemented to be a functional field office housing cases to alleviate the workload of the other three Medical Field Operations offices. This office was designed to handle cases for a specific area but has been unable to do so due to the current low head count of caseworkers. Once efficiently staffed, cases will be assigned and maintained by this office. (pages 5-7)

Digest Exhibit 2
DHS LONG-TERM CARE MEDICAL OPERATIONS OFFICES AND REGIONS
Calendar Year 2020



Note: The locations in Granite City and Anna began hiring staff in March 2020 and January 2021 respectively.

Source: OAG prepared based on DHS information.

LTC Eligibility Determination Process

In Illinois, for Medicaid to pay for nursing facility care, an individual must: 1) apply for medical benefits through DHS, and 2) obtain a needs prescreening through DHS or DoA.

Processing of LTC Applications

LTC eligibility is primarily determined by staff at one of the LTC offices in Illinois as discussed previously. An application moves through IES, a public benefits eligibility and case management system, which has been in various stages of implementation since October 2013.

Most LTC applications are received electronically through the Application for Benefits Eligibility (ABE) online portal, where new clients can apply for benefits. Nursing facility and supportive living facility providers submit applications on behalf of clients and are required to complete and submit the applications electronically through the ABE online portal. Once submitted through the ABE online portal, applications are entered into IES.

Additionally, some paper applications are received at either Family Community Resource Centers or LTC offices. When a paper application is received at a Family Community Resource Center, it is forwarded to the appropriate LTC office for processing. Since providers are required to submit applications through the ABE online portal, paper applications are usually received from the client or family members of the client.

Digest Exhibit 3 is a general overview of the process of determining LTC eligibility, but is not intended to cover all iterations of the process. (pages 12-13)

Delegated Authority to Determine Eligibility

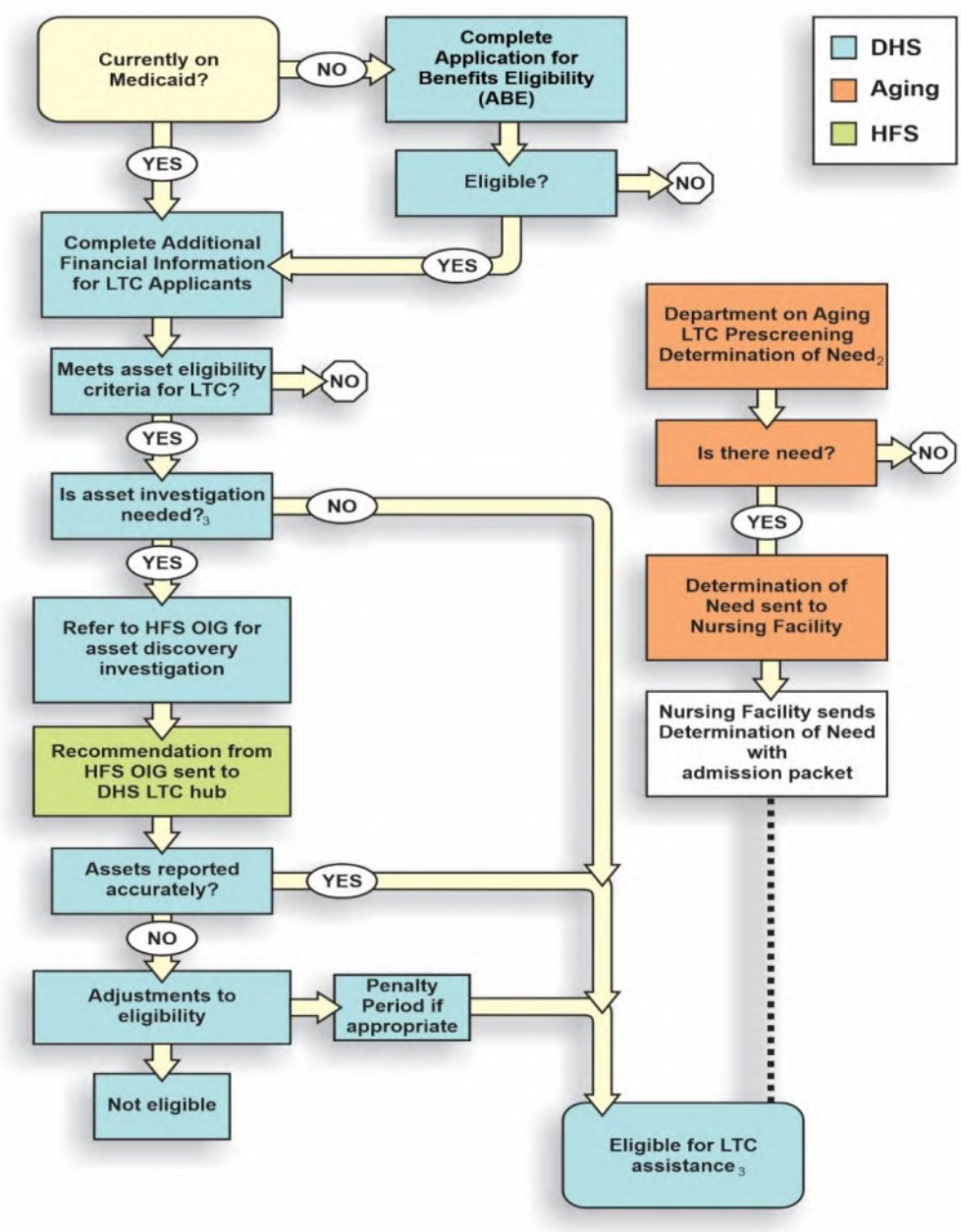
Public Act 100-380 requests the Auditor General to determine if there are any issues affecting eligibility determinations related to DHS' staff completing Medicaid eligibility determinations instead of HFS, the designated single State Medicaid agency in Illinois.

We determined that no apparent issues affecting eligibility determinations were identified related to DHS staff completing these determinations instead of HFS, the single State Medicaid agency. (pages 16-17)

Updates to LTC Policy Manual

During the prior audit, policy manual documents were discovered that needed updates and additional clarification to avoid confusion for caseworkers. Since HFS has the responsibility to develop and update the policy related to LTC eligibility, we recommended HFS update the policy manual as appropriate. During this audit, we found that HFS updated the policy manual in both areas addressed in the prior audit and this recommendation was determined to be **implemented**. (pages 18-19)

Digest Exhibit 3
LONG-TERM CARE ELIGIBILITY DETERMINATION PROCESS[1]
Calendar Year 2020



Notes:
[1] This exhibit presents the basic framework of the long-term care eligibility determination process and agency responsibilities and is not intended to cover all iterations of the process. As of 4/2/20, COVID-19 emergency rules affected the eligibility determination process by ensuring applications were reviewed quickly and certain requirements were not required to be reviewed by DHS caseworkers during this time.

[2] The Department on Aging does not complete a prescreening when a Determination of Need was completed within 90 days, a transition occurred from a psychiatric hospital, or a transition occurred from another nursing facility.

[3] As of 1/30/20, HFS OIG referrals can occur during initial processing or after a case has been determined eligible.

Source: OAG prepared based on information provided on LTC eligibility determination process.

Timeliness of Eligibility Determinations

Public Act 100-380 requested the Auditor General determine if the agencies are in compliance with the following federal regulations:

- **42 CFR 435.930** – Was Medicaid (related to Medicaid LTC services) furnished promptly to beneficiaries without any delay caused by the agencies' administrative procedures; and
- **42 CFR 435.912** – Was the determination of eligibility for all applicants determined within 90 days for applicants who apply for Medicaid on the basis of disability or within 45 days for all other applicants.

Federal regulations require determinations of eligibility for any Medicaid applicant cannot exceed 90 days for applicants who apply for Medicaid on the basis of a disability and 45 days for all other applicants. Illinois imposes more strict timelines for Medicaid eligibility determinations for individuals applying on the basis of a disability. According to the Administrative Code sections for HFS and DHS (89 Ill. Adm. Code 110.20 and 10.420), determination of eligibility for LTC must be completed within 60 days for all persons seeking to qualify on the basis of a disability, and 45 days for all other applicants.

Eligibility Determination Timelines

- ***Determination Based on Disability:***
  - 90 days – Federal Regulations
  - 60 days – Illinois Administrative Code
- ***Determination For All Others:***
  - 45 days – Federal Regulations and Illinois Administrative Code

In order to analyze if applicants were receiving their determinations of eligibility within the required timelines, we reviewed the following three reports: LTC monthly reports, reports prepared for the federal Centers for Medicare and Medicaid Services, and internal weekly reports. Since the source data for all three reports was IES, there were multiple issues affecting the data for these reports. However, we still wanted to review whether the reports supported if applicants were receiving their determinations of eligibility in a timely manner. We found that all three reports indicated applicants were **not** receiving their determinations of eligibility in a timely manner.

Changes due to the COVID-19 Public Health Emergency

The COVID-19 Public Health Emergency allowed for significant changes to the Medicaid LTC eligibility determination process. These changes affected the approval of applications, referrals to the HFS Office of Inspector General (OIG), and redeterminations.

On April 2, 2020, DHS and HFS issued a policy memo (effective immediately) stating that self-attestation would be accepted for all new and pending medical applications for certain eligibility criteria factors including income and Illinois residency. Self-attestation means a person's written, verbal, or electronic declaration of his or her income in the application is considered to be truthful and correct. Additionally, there would be no resource tests for medical applications during the time period the COVID-19 emergency rules were effective. On April 7, 2020, DHS and HFS issued a policy memo (effective immediately) stating that

medical cases would no longer be closed due to failing to respond to a redetermination or due to a certification period ending.

In addition to the policy memos issued in April 2020, Public Act 101-649 (effective July 7, 2020) also amended the Illinois Public Aid Code and addressed the Public Health Emergency. Public Act 101-649 allowed the State to take necessary actions to address the emergency rules and those actions may continue for up to 12 months after the emergency rules end. Those actions included the following:

- accepting an applicant's or recipient's attestation of income, incurred medical expenses, residency, and insured status when electronic verification is not available;
- eliminating resource tests for some eligibility determinations; and
- suspending redeterminations.

Therefore, most of the previous eligibility requirements were suspended during the Public Health Emergency. According to HFS officials, the State was also unable to process any penalties or resource spenddowns during the time period the emergency rules were effective. However, the OIG continued to perform investigations on cases referred to them during the Public Health Emergency. Recommendations have been prepared for those investigations and the information will be sent to DHS for implementation at the end of the Public Health Emergency.

Issues Affecting the Data

We reviewed data consisting of **56,864** LTC applications received in calendar years 2018 through 2020. Upon review of the data, which was pulled from IES, we determined calculating timeliness for the population of applications using the data provided would not provide accurate results for the purposes of this audit. More specifically, we found:

- **6,300 of 56,864** applications (**11%**) did not have a decision date; and
- **28,026 of 56,864** applications (**49%**) had multiple entries based on the same name, date of birth, and application date. HFS pulled the data in such a manner that if an application had multiple assistance types, the application was listed more than once in the data.

In addition, the data contained duplicate records and identifiers. For these reasons, an accurate calculation of timeliness required testing individual applications as opposed to being able to test the timeliness of all applications in the population. We also focused on the timeliness of the eligibility determinations and did not assess if the eligibility was determined correctly.

After reviewing the query data pull for this audit, HFS officials became aware of some issues in the system and provided the following details:

- A defect was found with the extension tracker. The extension tracker was not consistently applying the number of extensions and the allowable number of extension days provided may be incorrect. A defect was logged for this issue.
- There may be duplicate applications because of how the data was pulled. HFS pulled the information by edge level not by case level. Cases can have multiple medical edges built which is why a case number may appear multiple times.
- The extension tracker was implemented in IES production on April 15, 2019. Any allowed requested extensions entered prior to that date were entered by caseworkers.

Timeliness Testing Results

According to the data, **18,019** LTC applications were submitted during fiscal year 2020. We selected a sample of 50 applications for testing due to the problems noted above.

Digest Exhibit 4
DAYS OVERDUE FOR APPLICATION TESTING
Sample of 50 Applications Tested

Days Overdue	# of Applications
0	15
1-30	5
31-45	6
46-60	0
61-90	5
91-120	8
121+	11

Source: OAG analysis of LTC applications testing.

For the applications tested, we found that 15 applications (**30%**) had an eligibility determination within the required timelines. An additional 11 applications (**22%**) were completed within 45 days (between 4 and 45 days) beyond the required timeline. The remaining 24 applications **(48%**) were overdue by more than 45 days, ranging from 61 to 315 days. **Digest Exhibit 4** provides a detailed breakdown of the days overdue for the 50 applications sampled.

On average, the 50 applications were **72 days overdue**. The applications were evaluated against the State requirement of 60 days for an application on the basis of a disability and the federal/State requirement of 45 days for all other applications. For the cases without an OIG referral, the 34 applications were **47 days overdue**, on average.

For the 50 applications sampled, it took on average, **125 days** from receipt of application to disposition. In addition, of the 50 applications sampled, 16 applications were referred to the HFS OIG for an asset discovery investigation. LTC Medicaid eligibility was determined solely by a DHS LTC hub (without a referral to the HFS OIG) in 34 of the applications tested. The average days to determine eligibility (from receipt to final disposition) by Medical Field Operations was **98 days**, on average.

During testing, we found cases spent extended time at OIG for an average of 98 days. For cases with an OIG referral, they were an average of 125 days overdue. In comparison, cases without an OIG referral were 47 days overdue, on average. Additionally, when a case was referred to HFS OIG, it remained at the HFS OIG

for an average of **52 days** before the OIG made a decision to accept or reject the referral.

Due to these testing and reporting results, this recommendation on eligibility timeliness was determined to be **not implemented** during this audit period. (pages 20-29)

Applications with HFS OIG Asset Discovery Referrals

The HFS OIG reviews complex financial and legal documents as part of an asset discovery investigation; as a result, processing an application referred for an asset investigation requires additional time. Prior to August 2, 2018 (the effective date of Public Act 100-665), the Illinois Public Aid Code (305 ILCS 5/11-5.4(a)) allowed an extension of up to 90 days (i.e., a 135 day total processing time limit) when the HFS OIG determined there is a likelihood of non-allowable transfers of assets. However, the additional extensions for the HFS OIG application referrals were not applicable during the fieldwork testing for this audit because the sample was from FY19 or after the Act's effective date.

Testing Results

We reviewed a total of **16 cases** referred to the OIG for investigation during fieldwork testing. DHS worked on these applications from **0** days to **161** days before referring them to the HFS OIG. For the 16 HFS OIG applications in our sample, the average number of days from receipt of application to referral to HFS OIG was 60 days.

We found the 16 applications in the sample involving an asset discovery referral were overdue by **125 days**, on average, in fiscal year 2020. However, we found that the delay was not solely due to the time the application was being worked at the HFS OIG. In addition, multiple issues were identified for these HFS OIG cases during our review. These issues included timeliness issues, incorrect information in IES, issues related to COVID-19, and a lack of controls in IES. More specifically, we identified the following:

- All 16 of the HFS OIG cases reviewed (**100%**) were not completed in a timely manner, ranging from **37** to **260** days overdue. The time spent at the HFS OIG for these cases ranged from **47** to **182** days.
- In addition, the OIG referral date in IES was incorrect for 4 of the 16 cases (**25%**).
- For at least 5 of the 16 HFS OIG cases (**31%**), COVID-19 was referenced during the HFS OIG review – including referrals being withdrawn due to COVID-19.
- Finally, for the 15 HFS OIG cases where supporting screenshots were provided (screenshots were not provided for one case), all 15 (**100%**) indicated a lack of IES controls. More specifically, according to DHS officials, "*Note that the field for the 'Has the OIG Referral been Initiated' question states 'No' – which appears to be an error on IES's part, as IES should not accept dates for referral unless the question is marked 'Yes.*'"

However, these HFS OIG cases did not contain a "yes" answer for this question and yet referral dates were still allowed to be entered in IES.

The status of this recommendation was determined to be **partially implemented**. DHS and HFS noted that an IES system enhancement was established to address the processing delays related to OIG asset investigations. However, during the testing of FY20 cases, we found the cases with OIG investigations were still an average **of 125 days overdue**. In addition, multiple other issues were identified for these HFS OIG cases during our review. These issues included incorrect information in IES and a lack of controls in IES. (pages 30-34)

Extension Tracking

During the prior audit, DHS and HFS did not adequately track extensions. DHS and HFS did not track extensions in a manner that made it easy to identify the dates of the extensions or the number of extensions granted for each case.

The Illinois Public Aid Code (305 ILCS 5/11-5.4(e)) requires DHS and the HFS OIG to allow LTC applicants additional time to submit information and documents needed as part of the resources review. The agencies may grant a total of two extensions.

- The first extension shall not exceed 30 days; and
- A second extension of 30 days may be granted upon request for a maximum of 60 days.

During fieldwork, we followed up on cases with extensions, in order to follow up on the prior audit recommendation regarding extension tracking.

Testing Results

We included a sample of 10 extension cases in our sample of 50 cases reviewed from IES during fieldwork. Three additional extension cases were included in the other sampled cases for **a total of 13 extension cases reviewed**. In total, 22 extensions were granted for the 13 applications reviewed.

For the extension cases reviewed, we found ten cases (**77%**) with inaccurate IES data, a lack of extension information in IES, or cases with more than two extensions. We also found that eight cases with extensions (**62%**) were not completed in a timely manner.

Extensions upon request by applicant:

- ***1st Extension:*** Up to 30 days
- ***2nd Extension:*** 30 days

Although the Statute only allow for two extensions per application and a maximum of 30 days per extension, we found exceptions to this during testing. For example, one case had extensions granted more than two times.

HFS noted that a system enhancement was implemented in IES to address this prior audit recommendation. However, the testing results showed the enhancement was not effective. In addition, during the audit, HFS discovered a defect that affected the accuracy of the data in IES. Therefore, the status of this recommendation on the status of extensions was determined to be **not implemented**. (pages 35-37)

LTC Monthly Reporting

Public Act 100-380 requested the Auditor General to evaluate the accuracy and completeness of the monthly report required by the Illinois Public Aid Code to be posted on both the DHS and HFS websites for the purpose of monitoring LTC eligibility processing (prior to Public Act 100-665, 305 ILCS 5/11-5.4(e)(9); following, 305 ILCS 5/11-5.4(f)). These monthly reports are to specify the number of applications and redeterminations pending LTC Medicaid eligibility determination and admission, and the number of appeals and denials in the following categories:

- Length of time applications, redeterminations, and appeals are pending: 0 to 45 days, 46 days to 90 days, 91 days to 180 days, 181 days to 12 months, over 12 months to 18 months, over 18 months to 24 months, and over 24 months.
- Percentage of applications and redeterminations pending in DHS' Family Community Resource Centers, in DHS' LTC hubs, with HFS' Office of Inspector General, and those applications which are being tolled due to requests for extension of time for additional information.
- Status of pending applications, denials, appeals, and redeterminations.

Required Posting of LTC Monthly Report

HFS and DHS are posting the LTC reports on a monthly basis as required by the Illinois Public Aid Code. These reports are required to be posted on "each Department's website for the purposes of monitoring LTC eligibility processing" (prior to Public Act 100-665, 305 ILCS 5/11-5.4(e)(9); following, 305 ILCS 5/11-5.4(f)).

During the prior audit, HFS and DHS did not post all LTC reports as required by the Illinois Public Aid Code on a monthly basis. The prior audit found the LTC monthly reports were created by HFS and posted somewhat regularly to HFS' website; however, these reports were not posted to DHS' website as required by the Illinois Public Aid Code.

According to DHS, in August 2019, a link was added on its website linking to the HFS webpage where the LTC monthly report is posted. We confirmed this link on the DHS website was present and the link connected to the HFS webpage, as noted by DHS. We also confirmed the link was still active.

Review of CY20 LTC Monthly Reports

We requested documentation to support the posting of all monthly reports for calendar year 2020 (January to December 2020) from HFS. HFS provided both a web request confirmation email and a website posting approval form for 10 of the 12 months requested in CY20 (**83%**). The two months missing documentation were only missing a web request confirmation email (May 2020 and July 2020). Therefore, we determined HFS was in compliance with the Illinois Public Aid Code's monthly report posting requirement during this review of CY20.

DHS added a link to the HFS webpage and HFS provided support for all postings of LTC monthly reports in calendar year 2020, so this recommendation on LTC monthly reports was determined to be **implemented** during the audit period. (pages 38-39)

LTC Monthly Report Completeness

According to the prior audit, the LTC monthly reports did not contain all elements as required by statute. We followed up with HFS and reviewed the LTC monthly reports for these elements during this audit period. According to HFS, extensions began being tracked in IES during this audit period in April 2019. However, the monthly reports were still missing required elements during this audit period.

- The percentage of applications pending which are being tolled, or paused, due to requests for extension of time for additional information should be included. We reviewed the 36 monthly reports for calendar years 2018 to 2020, and all **36 (100%)** did not contain information on extensions.
- Information not only on the length of time applications are pending, but also the length of time redeterminations and appeals are pending should be included. The reports for calendar years 2018 through 2020 contained this information, with the exception of one month (September 2018).
- The monthly reports only provided the **number** of redeterminations pending by location, not the **percentages** as required by statute. Also, the reports did not contain this information for part of the audit period.

Although HFS was providing more information in the LTC monthly reports as required by 305 ILCS 5/11-5.4(f), there were some remaining issues with the completeness of the reports. Therefore, the status of this recommendation was determined to be **partially implemented**. (pages 40-41)

LTC Monthly Report Accuracy

The monthly reports posted on HFS' website pursuant to statute (prior to Public Act 100-665, 305 ILCS 5/11-5.4(e)(9); following, 305 ILCS 5/11-5.4(f)) were not accurate. We reviewed the monthly reports for calendar years 2018 to 2020 and found the same issues with accuracy that were identified during the prior audit:

- the monthly reports potentially overstated the number of days pending for applications; and
- the data used to create tables in the reports contained duplicate entries.

Lack of Tracking Extensions and Disability Status

For this audit, we tested 50 applications and found evidence of a request for an extension by the applicant in 13 applications (**26%**). Eight of the applications had more than one extension.

The reports also did not identify applications on the basis of a disability. Because the Illinois Administrative Code allows 60 days for processing applications on the

basis of a disability, some of the applications in the 46 to 60 day category might not be overdue if the applicant applied on the basis of a disability.

Source Data Accuracy

The accuracy of the LTC monthly reports was previously reliant on the data in the tracking database, and the data in the tracking database was reliant on the caseworker accurately entering the data and identifying and removing duplicates. We were unable to make a determination regarding the accuracy of pending LTC applications data.

We requested LTC applications data for calendar years 2018 through 2020. Although both the data provided and monthly reports were from IES, we could not confirm the accuracy of the various reports during this audit. The data provided had multiple issues including applications with no decision dates and applications with multiple entries.

Testing Related to Source Data Accuracy

We compared the data provided by HFS to the monthly reports, internal weekly reports, and reports prepared for the federal Centers for Medicare and Medicaid Services. We were unable to determine the accuracy of the data for the various reports due to the numbers not matching between any of the reports. None of the reports or data matched for any of the months reviewed. Because the numbers presented in the LTC monthly report did not match the other two reports or the LTC applications data provided by HFS, we were unable to confirm the accuracy of the applications tables in the LTC monthly reports.

Redeterminations Data

We requested LTC data on the total number of redeterminations completed for calendar years 2018 through 2020 at the beginning of the audit. According to HFS, the following redeterminations were completed during the audit period:

- **59,070** redeterminations were completed during CY18.
- **49,303** redeterminations were completed during CY19.
- **38,160** redeterminations were completed during CY20.

Therefore, the number of redeterminations completed decreased from CY18 to CY20. In addition, the redeterminations data in the LTC monthly reports contained multiple issues. We reviewed the data and found case numbers and individual IDs with multiple entries. Of the 34 months reviewed, all **34** (**100%)** contained case numbers and individuals with multiple entries.

We reviewed the LTC application data in the LTC monthly reports and attempted to ensure the data matched the data in IES as indicated by the agencies. However, we could not determine the accuracy of the LTC monthly reports due to the numbers not matching between any of the reports. In addition, we reviewed the redetermination data and attempted to compare it to the redetermination data in the LTC monthly reports but identified multiple issues. The review found inaccuracies in the redetermination data used to create the LTC monthly reports

and the monthly reports did not match the provided redetermination data. Therefore, the status of this recommendation on LTC Report Accuracy was determined to be **not implemented**. (pages 42-47)

Consistency in LTC Pending Application Reporting

During the prior audit, discrepancies were identified in the LTC pending application numbers reported by HFS. More specifically, the reports used for the check-in calls for the federal Centers for Medicare and Medicaid Services usually reported a lower number of LTC applications pending greater than 45 days than HFS' LTC monthly reports. The two reports differed because the reports prepared for the check-in calls used application numbers from IES while the reports posted to the HFS website used numbers from the LTC application tracking database.

According to HFS officials, in October 2018, HFS started using IES as the source for both the LTC application data reported to the federal Centers for Medicare and Medicaid Services during bi-weekly check-in calls and the LTC monthly reports posted to the HFS website. Since both reports were pulled from IES source data, we attempted to compare them. Unfortunately, the data was unable to be fully confirmed between the reports due to reporting timing issues.

These reports were not required and were used for internal purposes only during the remainder of the audit because HFS was not sharing this data with the federal Centers for Medicare and Medicaid Services as was done during the prior audit. Therefore, the status of this recommendation was determined to be **not repeated**. (pages 48-49)

Application Processing Approaches

Caseworker-based: A caseworker is assigned after intake and then serves as a primary contact for the client from that time forward. A single caseworker is seen for all aspects of a client's case.

Task-based: Clients no longer see a single caseworker for all aspects of their cases but instead work with different workers for different tasks. A supervisor assigns tasks to a worker based on what needs to be done in a given day or week and the assignment can change each day given what the supervisor determines to be the most urgent tasks.

Facility-based: A team of caseworkers is assigned to a specific group of nursing homes. The team is responsible for processing all applications and ongoing case maintenance from those nursing homes.

Application Processing Approaches

Public Act 100-380 requests the Auditor General to review and evaluate the efficacy and efficiency of the task-based process used for making eligibility determinations in the centralized offices of DHS for LTC services, including the role of IES, as opposed to the traditional caseworker-specific process from which the central offices converted. See the **text box** for an overview of the approaches.

Decision to Switch Approaches

During this audit period, DHS completed the implementation of the task-based approach in October 2018. However, DHS officials stated that the task-based approach was not effective for processing. Therefore, DHS made the decision to move away from the task-based system to a new facility-based system. According to DHS, there were several reasons for this decision:

- Staff accountability was hard to track;

- Many staff were involved in correcting errors;
- Barriers were created in looking at the case holistically and processing all work needing to be completed;
- Staff would rotate throughout the year to different tasks and would need retraining. After a time of not processing certain work, staff lost the knowledge and skills needed; and
- Nursing homes did not know who to contact when they had inquiries. Staff who had no knowledge of the case would have to research and recreate the case to provide answers to the nursing homes and families.

Comparison of Approaches

We did not fully assess the efficacy and efficiency of the facility-based approach since the process was implemented after the audit period. According to DHS, there were significantly more pros and less cons for the facility-based approach when compared to the other two approaches. The decision to switch to the facility-based approach appeared to be based upon reasonable assumptions. However, additional follow-up will need to be conducted on this decision to switch approaches during the next audit period when the facility-based approach was fully implemented. In addition, the agencies need to address the issue of IES not fully supporting the facility-based model before the required review of this during the next audit period. (pages 50-52)

Audit Recommendations

The audit report contains five recommendations directed to DHS and HFS. DHS and HFS agreed with the recommendations. The complete responses for DHS and HFS are included in this report as **Appendix D**.

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

SIGNED ORIGINAL ON FILE

JOE BUTCHER
Division 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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