STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

PROGRAM AUDIT
OF THE

COVERING ALL KIDS HEALTH INSURANCE PROGRAM

MAY 2010

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

CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

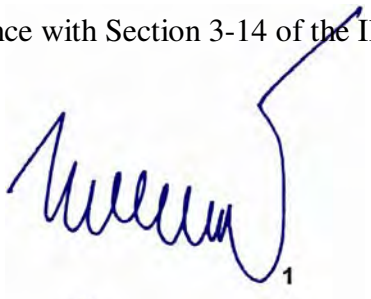
OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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 report of the program audit of the Covering ALL KIDS Health Insurance program.

The audit was conducted pursuant to Section 170/63 of the Covering ALL KIDS Health Insurance Act. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.



WILLIAM G. HOLLAND
Auditor General

Springfield, Illinois
May 2010

REPORT DIGEST

PROGRAM AUDIT OF

THE COVERING ALL KIDS HEALTH INSURANCE PROGRAM

Released: May 2010

State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

To obtain a copy of the report contact:
Office of the Auditor General
Iles Park Plaza
740 East Ash Street
Springfield, IL 62703
(217) 782-6046 or
TTY: (888) 261-2887

This report is also available on the worldwide web at:
http://www.auditor.illinois.gov

SYNOPSIS

Public Act 95-0985 amended the Covering ALL KIDS Health Insurance Act [215 ILCS 170/63] and directed the Auditor General to annually audit the ALL KIDS program. This first annual audit covers FY09. The focus of this audit is on "EXPANDED ALL KIDS," which is the portion of the ALL KIDS program that serves uninsured children not previously covered by KidCare (i.e., those children whose family income was greater than 200 percent of the federal poverty level or who were undocumented immigrants). Our audit found that:

- In FY09, 94,525 children whose family income was greater than 200 percent of the federal poverty level or were classified as undocumented immigrants were enrolled in the EXPANDED ALL KIDS program.
- Total claims paid in FY09 for the EXPANDED ALL KIDS enrollees were $79.1 million. HFS received approximately $8.9 million in premiums from enrollees, thus making the net cost of the ALL KIDS expansion approximately $70.2 million. The children added as a part of the expansion are not eligible for federal reimbursement and thus are funded entirely by the State.
- HFS and DHS misclassified documented immigrants who receive ALL KIDS services. In 9 of 48 (19%) "undocumented" immigrant files auditors reviewed, the enrollees were actually documented immigrants.
- Of the 98 cases sampled, 42 enrollees (43%) did not provide proof of birth (e.g., birth certificate). Auditors could not find documentation of identity in 6 cases reviewed (6%).
- HFS does not terminate ALL KIDS coverage when the enrollees fail to pay premiums as required by 89 Ill. Adm. Code 123.340(a).
- Annual reviews of ALL KIDS eligibility – also called redeterminations – required by the Illinois Administrative Code [89 Ill. Adm. Code 123.260] – were not being adequately implemented by HFS.
- DHS does not calculate family income for EXPANDED ALL KIDS eligibility as required by the Administrative Code. When determining family income when a stepparent is present, HFS counts the income of the stepparent; however, DHS does not.
- HFS had difficulty providing accurate data from its Data Warehouse in a timely manner for this audit.
- HFS utilized a pricing evaluation formula which was not published in the Request for Proposal (RFP), a formula which directly affected which bidder was awarded the contract.

REPORT CONCLUSIONS

Effective July 1, 2006, Illinois' KidCare program, which included Medicaid and Children's Health Insurance Program (SCHIP) populations, **was expanded** by the Covering ALL KIDS Health Insurance Act (Act) to include all uninsured children not previously covered. The expansion added children whose family income was greater than 200 percent of the federal poverty level and all undocumented immigrant children. At that time, the KidCare program was renamed ALL KIDS.

The expansion added children whose family income was greater than 200 percent of the federal poverty level and all undocumented immigrant children.

Throughout this audit, we will refer to the portion of the ALL KIDS program that serves the uninsured children not previously covered by KidCare as "EXPANDED ALL KIDS." Since the EXPANDED ALL KIDS program is a subset of the ALL KIDS program as a whole, many of the recommendations in this report may be relevant to the program as a whole.

The Department of Healthcare and Family Services' July 2008 ALL KIDS Preliminary Report noted that "two key changes occurred" with the July 1, 2006, expansion pursuant to the Covering ALL KIDS Health Insurance Act [215 ILCS 170]. "First, children at any income level became eligible for healthcare benefits as long as they had been uninsured for an extended period of time or met certain exceptions established in rule. Second, in the rules implementing the expansion, All Kids was made available to previously ineligible non-citizen children at any income level as authorized under the new law and the Public Aid Code." The Public Aid Code [305 ILCS 5/12-4.35], effective July 1, 1998, had authorized the Department of Healthcare and Family Services (HFS) to extend health care benefits to non-citizen children subject to the adoption of rules governing eligibility and other conditions of participation. No such rules were adopted until those establishing the Covering ALL KIDS Health Insurance program. Therefore, we included undocumented immigrants who first received health care benefits under these rules within the definition of the EXPANDED ALL KIDS program and within this audit.

Throughout FY09, a total of 94,525 children were enrolled in the program. On June 30, 2009, there were 71,665 enrollees as a result of the expansion. This is less than the FY09 total of 94,525 enrollees since children are added and removed from the program throughout the year. Digest Exhibit 1 shows that of the 71,665 enrollees as of June 30, 2009, 75 percent were classified as undocumented immigrants in data provided by HFS. However, due to HFS incorrectly categorizing some documented immigrants as undocumented immigrants, the number of undocumented immigrants, as well as the costs associated with them are overstated in data provided by HFS. Additionally, the number of documented immigrants, as

well as the costs associated with them, are similarly understated. Auditors recommended that HFS accurately classify documented and undocumented immigrants. By not correctly classifying them, not only is HFS reporting incorrect data, it is also losing out on federal matching funds it could be receiving for documented immigrants.

Digest Exhibit 1
EXPANDED ALL KIDS ENROLLMENT BY PLAN [1, 2]
As of June 30, 2009

EXPANDED ALL KIDS Plan	Citizens/ Documented Immigrants	Undocumented Immigrants
Assist	n/a	50,009
Share	n/a	1,931
Premium Level 1	n/a	1,604
Premium Level 2	14,514	429
Premium Level 3	2,558	76
Premium Level 4	406	19
Premium Level 5	70	3
Premium Level 6	19	2
Premium Level 7	10	0
Premium Level 8	15	0
Total	**17,592**	**54,073**

Notes:

[1] Enrollment is the total number of enrollees that were eligible on June 30, 2009. There were 94,525 enrollees eligible at some point during FY09.

[2] Due to HFS incorrectly categorizing some documented immigrants as undocumented immigrants, the enrollment for undocumented immigrants is overstated, while the enrollment for documented immigrants is understated.

Source: ALL KIDS enrollment data provided by HFS.

As part of the ALL KIDS expansion on July 1, 2006, seven new premium levels were added for children in families with income greater than 200 percent of the federal poverty level (Premium Levels 2 through 8). Families with higher income qualify for higher premium levels, and thus, contribute more toward their coverage.

The children that were added as a part of the expansion are not eligible for federal reimbursement and thus are funded entirely by the State.

Total claims paid in FY09 for the EXPANDED ALL KIDS enrollees were $79.1 million. The majority of the costs for services ($54.9 million or 69 percent) were for undocumented immigrants during FY09. Digest Exhibit 2 breaks out the payments for services by whether the child had documentation for citizenship/immigration status or whether the child was undocumented. The children that were added as a part of the expansion are not eligible for federal reimbursement and thus are funded entirely by the State.

Digest Exhibit 2
PAYMENTS FOR EXPANDED ALL KIDS SERVICES BY ALL KIDS PLAN [1]
Fiscal Year 2009

EXPANDED ALL KIDS Plan	Citizens/Documented Immigrants	Undocumented Immigrants	Totals
Assist	n/a	$50,799,921.39	**$50,799,921.39**
Share	n/a	$1,552,871.18	**$1,552,871.18**
Premium Level 1	n/a	$1,745,546.15	**$1,745,546.15**
Premium Level 2	$19,198,486.89	$649,572.88	**$19,848,059.77**
Premium Level 3	$3,814,369.50	$115,547.52	**$3,929,917.02**
Premium Level 4	$743,851.06	$46,287.84	**$790,138.90**
Premium Level 5	$287,784.54	$6,322.20	**$294,106.74**
Premium Level 6	$49,980.90	$2,135.09	**$52,115.99**
Premium Level 7	$14,979.49	$8.00	**$14,987.49**
Premium Level 8	$40,407.59	$262.89	**$40,670.48**
Totals	**$24,149,859.97**	**$54,918,475.14**	**$79,068,335.11**

Note: [1] Due to HFS incorrectly categorizing some documented immigrants as undocumented immigrants, the costs for undocumented immigrants are overstated, while the costs for documented immigrants are understated.

Source: ALL KIDS claim data provided by HFS.

In FY09, HFS received approximately $8.9 million in premiums from enrollees, thus making the net cost of the ALL KIDS expansion approximately $70.2 million. Digest Exhibit 3 shows both FY09 payments and premiums collected from the EXPANDED ALL KIDS program.

Digest Exhibit 3
EXPANDED ALL KIDS PAYMENTS VS. PREMIUMS
Fiscal Year 2009

EXPANDED ALL KIDS Plan	FY09 Payments	FY09 Premiums Collected	Net Cost
Assist	$50,799,921.39	n/a	**$50,799,921.39**
Share	$1,552,871.18	n/a	**$1,552,871.18**
Premium Level 1	$1,745,546.15	$383,405.00	**$1,362,141.15**
Premium Level 2	$19,848,059.77	$6,045,950.86	**$13,802,108.91**
Premium Level 3	$3,929,917.02	$1,825,569.10	**$2,104,347.92**
Premium Level 4	$790,138.90	$427,846.50	**$362,292.40**
Premium Level 5	$294,106.74	$108,513.00	**$185,593.74**
Premium Level 6	$52,115.99	$46,380.00	**$5,735.99**
Premium Level 7	$14,987.49	$12,960.00	**$2,027.49**
Premium Level 8	$40,670.48	$39,040.00	**$1,630.48**
Totals	**$79,068,335.11**	**$8,889,664.46**	**$70,178,670.65**

Source: ALL KIDS claim and premium collection data provided by HFS.

Eligibility Issues

Due to the way HFS has implemented the Covering ALL KIDS Health Insurance Act, HFS and the Department of Human Services (DHS) are not obtaining documentation to support eligibility in some instances. As a result, auditors could not determine whether eligibility was determined correctly by HFS and DHS. Many of the eligibility issues discussed below may be relevant to the ALL KIDS program as a whole.

Although the Covering ALL KIDS Health Insurance Act requires that children be residents of the State, the ALL KIDS application contains no requirement that residency be documented. Auditors could not identify any routine process used by HFS or DHS to verify residency in the 98 case files reviewed (2 other cases were sampled but the Departments were unable to locate 1 file and the other was inaccessible due to mold). According to an HFS official, HFS "must verify residence only if there is a reason to question the claim of Illinois residency."

Additionally, the ALL KIDS application does not require that any birth or identity documentation be provided by undocumented immigrants. According to HFS, children who do not meet citizenship/immigration requirements are not required to submit birth or identity documentation. Without such information, it is questionable how the Departments can verify that the child meets the Act's age requirements, as well as confirm the identity of the child.

During our review of the 98 cases sampled, 42 enrollees (43%) did not provide proof of birth (e.g., birth certificate). While most of the cases reviewed contained proof of identity (i.e., driver's license, State issued ID card, school ID, or a parent's signature if under age 16), we could not find documentation of identity in 6 cases reviewed (6%).

Auditors also determined that 1 of 98 files did not contain proof of income. Additionally, for the 98 files reviewed, auditors could not verify whether all sources of family income were provided by the applicant. Without documentation of income, it was not possible to determine whether eligibility was determined correctly. According to a policy provided by DHS, as of January 2004, **only one pay stub** was required to determine eligibility for all Family Health Plans, which includes ALL KIDS. This does not include individuals that are self employed. Self employed individuals are required to submit a month's worth of financial records.

Since many of the enrollees are eligible for "passive" redetermination (discussed below), the eligibility of children for up to 18 years of age may be based on a single pay stub. Auditors questioned the validity of using only one pay stub to determine 12-month eligibility.

Families that are paid hourly wages may have income that fluctuates weekly. Additionally, income, such as bonuses or commissions, may not be captured by one pay stub. As a result, eligibility based on a single pay stub may not be an accurate representation of actual income. This could result in a family paying a higher premium or co-pay, or could result in the State paying for a greater portion of a child's medical services than necessary.

Auditors found no control in place at HFS to verify the income reported by enrollees other than requiring the enrollee to provide a single pay stub. HFS receives reports from the Department of Employment Security (IDES) that would allow HFS to determine whether family income has increased. However, the analysis requires the working parent's social security number which is information that is not required. In 54 percent of the cases reviewed, social security numbers were not provided for one or both of the parents. According to HFS officials, the report provided by IDES **is not used to verify income** for the initial determination or annual redetermination.

EXPANDED ALL KIDS Policies and Procedures

Policies and procedures utilized by HFS and DHS for the administration of the EXPANDED ALL KIDS program are confusing and difficult to follow.

Policies and procedures utilized by HFS and DHS for the administration of the EXPANDED ALL KIDS program are confusing and difficult to follow. As a result, this could result in client eligibility being determined differently or incorrectly. We found policies with conflicting information and directions and others that were duplicative. We also found that the policies contained outdated case examples, which in these instances make the examples incorrect.

Auditors concluded that the annual reviews of ALL KIDS eligibility – also called redeterminations – required by the Illinois Administrative Code [89 Ill. Adm. Code 123.260] – were not being adequately implemented by HFS. For ALL KIDS enrollees that fall below 200 percent of the FPL, a "passive" redetermination is used by HFS. A "passive" redetermination only requires families to return the annual renewal form if there is a change in their information. According to HFS officials, no other eligibility check is conducted by HFS on an annual basis to ensure that eligibility criteria have not changed. As a result, enrollees could remain eligible for "passive" redetermination until they turned 19 years of age without ever having more than one actual eligibility determination.

Without some form of verification from the enrollee, auditors were unable to determine whether the enrollment criteria for these individuals continued to be met. HFS' use of "passive" redeterminations for its Medicaid and SCHIP programs was a finding in the Auditor General's 2008 Statewide Single Audit. In contrast, enrollees in Premium levels 2

through 8 are required to send an annual redetermination form, which includes updated eligibility information, back to HFS to continue coverage.

During the review of HFS and DHS policies, auditors determined that DHS does not calculate family income for EXPANDED ALL KIDS eligibility as required by the Administrative Code.

During the review of HFS and DHS policies, auditors determined that DHS **does not** calculate family income for EXPANDED ALL KIDS eligibility as required by the Administrative Code. When determining family income when a stepparent is present, HFS counts the income of the stepparent; however, DHS does not. As a result, families with stepparents that apply through DHS may pay lower co-pays or premiums in order to receive coverage. HFS' administrative rules [89 Ill. Adm. Code 123.110] require that stepparents' income be included in the eligibility determination. However, on HFS' application, families with a stepparent in the home are instructed "it may be better for you to apply at your DHS Family Community Resource Center." (See page 96 in Appendix D.) HFS, as the administrator of the ALL KIDS program, should not promote inconsistent treatment of stepparent income, or non-compliance with its own administrative rules.

HFS does not terminate ALL KIDS coverage when the enrollee fails to pay premiums as required by 89 Ill. Adm. Code 123.340(a).

HFS does not terminate ALL KIDS coverage when the enrollee fails to pay premiums as required by 89 Ill. Adm. Code 123.340(a). According to the Administrative Code, "Children enrolled in ALL KIDS Premium levels 2-8 will have a grace period through the end of the month of coverage to pay the premium." According to Section 123.340(b) of the Administrative Code, "failure to pay the full monthly premium by the last day of the grace period will result in termination of coverage." According to an HFS official, HFS uses a 90 day grace period before coverage is terminated.

Auditors judgmentally selected 20 families identified on the March 2009 cancellation report. The report contained 1,356 individuals. Our analysis shows that the State paid for 343 services totaling $10,995 for these 20 families during February and March 2009 after the required 30 day grace period had expired.

The Act, which became effective on July 1, 2006, also requires HFS, in collaboration with the Department of Financial and Professional Regulation, Division of Insurance (now the Department of Insurance), to adopt rules governing the exchange of information under this section. However, even though almost four years have passed since this requirement became effective, according to an HFS official, HFS has not adopted rules governing the exchange of health insurance information as required by the Act.

HFS Data Issues

HFS had difficulty providing accurate data from the Data Warehouse in a timely manner for this audit. Additionally, HFS had difficulty defining the population covered by the Covering ALL KIDS Health Insurance Act. During the first meeting with HFS on August 4, 2009, auditors discussed the population for the audit with HFS. HFS officials indicated that the population for this audit included both children above 200 percent of the federal poverty level (FPL), and some children at or below 200 percent of the federal poverty level that did not qualify for Medicaid or for the Children's Health Insurance Program. On August 25, 2009, HFS provided auditors with a database that did not include children under the 200 percent poverty level.

Since undocumented immigrants were never covered by the State in any of the KidCare programs prior to the Act, auditors concluded that the audit should include all children that were not covered prior to the effective date of the Covering ALL KIDS Health Insurance Act. On September 23, 2009, we requested data for the EXPANDED ALL KIDS population at or below 200 percent of the federal poverty level. After providing several data sets that contained problems, HFS provided the sixth and final data set on October 28, 2009.

Additionally, HFS also failed to provide other requested information timely for this audit, which also contributed to delays in conducting the audit. Examples of untimely submission of information by HFS include:

- More than six months to provide the administrative costs for the EXPANDED ALL KIDS program;
- 56 days to provide the premium amount paid by enrollees for ALL KIDS Premium during FY09;
- 48 days to respond to auditor questions related to why the eligibility data included children over the age of 19;
- 23 days to provide documentation in response to questions related to duplicate enrollees that were identified; and
- 11 days to respond to a yes or no question asking whether HFS submitted copies of contracts to the General Assembly as required by 215 ILCS 170/45(d).

HFS and DHS did not have adequate controls in place to ensure that individuals over the age of 18 were terminated from ALL KIDS eligibility as required by 89 Ill. Adm. Code 123.200(b).

HFS and DHS did not have adequate controls in place to ensure that individuals over the age of 18 were terminated from ALL KIDS eligibility as required by 89 Ill. Adm. Code 123.200(b). During our review of the FY09 EXPANDED ALL KIDS claims, auditors identified 530 individuals that received services after they reached the age of 19. Many of these individuals received services in the month of their birthday. According to HFS policy, enrollees have eligibility through the end of the month in which they reach 19 years of age. These instances were reported to HFS, and according to HFS officials, 128 of the recipients received services **after** the month of their 19th birthday during FY09 which is beyond the eligibility age specified by law. These 128 individuals received 1,035 services totaling $49,690 after the month in which they turned 19 years of age.

HFS and DHS did not have adequate controls in place to ensure that individuals are not enrolled in ALL KIDS more than once. During a review of the FY09 EXPANDED ALL KIDS eligibility data provided by HFS, auditors identified 740 enrollees that appeared to be enrolled with more than one recipient identification number in the data set. Duplicate enrollees would overstate the number of children served by the program as well as indicate a weakness in internal controls associated with enrolling the children. Auditors sampled 20 of the 740 potential duplicates and submitted them to HFS officials for their review. For the 20 potential duplicates:

- 15 recipients were enrolled more than once and were issued more than one recipient identification number during FY09;
- 6 of the 15 recipients had **overlapping** periods of coverage during FY09 (meaning they received two different eligibility cards each month); and
- 4 of the 6 recipients with overlapping coverage had claims during FY09 **for both** recipient identification numbers assigned to them.

HFS and DHS do not accurately classify documented immigrants that receive ALL KIDS services.

HFS and DHS do not accurately classify documented immigrants that receive ALL KIDS services. According to HFS officials, to ensure that federal matching funds were not requested for documented immigrants who are ineligible for matching funds (i.e., those documented immigrants who have not been in the country for five years), those documented immigrants were classified as undocumented immigrants.

We reviewed 48 claims from FY09 in which the enrollees were classified by HFS or DHS as undocumented immigrants. We found that 9 out of 48 (19%) undocumented immigrants **were incorrectly classified**. These nine individuals had documentation in the case file, such as

permanent resident cards, social security cards, or alien registration numbers, to support their documented immigrant status. However, these nine individuals were classified in the eligibility data as having undocumented immigrant status. Of these nine individuals:

- 2 had been in the country for more than five years when they enrolled in the ALL KIDS program, and therefore, were incorrectly classified as undocumented when they enrolled; and

- 1 had not been in the country for five years when he or she enrolled in the ALL KIDS program, but now has been and thus should have been recategorized to documented status but was not.

Because of these misclassifications, HFS did not submit and receive federal matching funds for these eligible enrollees. Furthermore, a recent change in federal law allows HFS to receive federal match for documented immigrants immediately (i.e., they do not have to be in the country for five years). As of January 4, 2010, the State's revised State Plan had not yet been approved to begin receiving these matching funds. The misclassification of documented immigrants as undocumented immigrants will have even greater financial significance once Illinois' State Plan is approved and it can start receiving matching federal funds for these documented immigrants.

Finally, the FY09 data provided by HFS had irregularities when comparing the claims data with the eligibility data. We found claims for services provided during FY09 for individuals that were not found in the FY09 eligibility data provided by HFS. The FY09 claims data contained 4,923 claims, totaling $176,426, for 1,158 recipients who were not included in the recipient eligibility data. As a result, either the total recipients reported in this audit are understated by 1,158 or the cost of the EXPANDED ALL KIDS program is overstated by $176,426 if the recipients were not eligible for coverage during FY09.

Contracting

The Covering ALL KIDS Health Insurance Act specifically requires the Office of the Auditor General, as part of this audit, to review contracts entered into by the Department of Healthcare and Family Services in relation to the ALL KIDS program. HFS officials identified two contracts related to ALL KIDS: a marketing contract with Greer Margolis Mitchell Burns, Inc./Fleishman-Hillard (GMMB) to increase ALL KIDS enrollment; and a contract with the Board of Trustees of the University of Illinois at Chicago to conduct a statutorily required survey. According to HFS, only the contract with the University of Illinois had expenditures during FY09.

However, HFS paid GMMB over $8 million for marketing activities under the ALL KIDS contract between FY06 and FY08.

HFS also identified eight other contracts which had expenditures related in part to the ALL KIDS program expansion, as well as to other programs administered by the Department. However, HFS was unable to provide auditors with an estimate of the dollar amounts from these contracts that were related to the ALL KIDS program expansion.

In the announcement posted in the Illinois Procurement Bulletin, HFS estimated the **total cost** of the ALL KIDS marketing strategy to be **$3 million** over three years (an initial term and two one-year renewals). While HFS increased the contractual obligation under the ALL KIDS marketing contract from a renewal amount of $250,000 to the **$5.3 million** HFS actually spent with GMMB on the contract in FY07, there was **no documentation** to show why such an increase was necessary or justified. HFS officials provided change order justifications signed by an HFS official and indicated these were necessary for pass through costs of media buys. These forms gave only generic reasons why the changes were being made, did not match up to the media buy figures, and presented conflicting figures.

In the Procurement Business Case, the economic justification states that the "expenditures for the ALL KIDS Outreach Activities, as described in this procurement business case, would be claimable for matching funds at the appropriate FFP rate." However, **over $2 million** in expenses for the *Health Portal Ad Campaign* **were not eligible** for matching funds yet were paid under the marketing strategy contract. In addition, the ALL KIDS expansion program is not eligible for federal reimbursement.

The procurement process for the ALL KIDS marketing strategy contained deficiencies. During our review we found that HFS:

- did not require the bidders to identify what staff would be working on the project; and

HFS utilized a pricing evaluation formula which was not published in the RFP.

- utilized a pricing evaluation formula which was not published in the Request for Proposal (RFP), a formula which directly affected which bidder was awarded the contract.

HFS lacked documented policies and procedures for evaluating billings submitted for the marketing strategy contract with GMMB. In January 2010, we asked HFS whether there were any formal policies and procedures for the review of billings sent by the vendors responsible for activities of the ALL KIDS marketing strategy. HFS failed to produce any

such procedures, even though **over $8 million** in State funds were expended under this contract between FY06 and FY08.

Our review of billings for the marketing strategy contract found a number of problems due to a lack of procedures for review and a lack of diligence by the monitoring staff. Specifically, we found:

- In 16 percent of the invoices paid to GMMB from FY06-FY08 (3 of 19), the contract monitor verified that goods were received on an HFS verification form **after** signing the payment invoice voucher.

- HFS did not require, nor did the contract require, GMMB to detail who worked on each task or how long each task took for the hours billed. Instead, GMMB invoices had total hours worked by five categories with bulleted listings of activities.

- HFS executed the contract with GMMB on March 20, 2006. The contract was filed with the Comptroller on April 4, 2006. An HFS official affirmed, on a Late Filing Affidavit dated March 20, 2006, that HFS and the vendor **had agreed to the services** in the contract but that the vendor commenced services before the contract was reduced to writing. The vendor had been working on the project **two months prior to execution**, which is evidenced by a GMMB billing invoice for the period January 20, 2006, through March 31, 2006, that included a billed service for "Worked with client to revise and scale back work plan and budget." We **questioned $278,698.53** approved by HFS and paid to GMMB for this invoice. Allowing the vendor to charge time prior to the execution of a contract puts State funds at risk of loss.

- Questionable billed hours, double billed expenses, and an invoice approved that did not contain supporting invoice/contract documentation.

- HFS made four payments totaling over $6 million in **advance payments** to GMMB for media buys over the life of the contract. Our review of HFS records showed **conflicting documentation** to support that it reconciled the charges that were paid in advance. Failure to properly reconcile the advance payments to ensure that television, radio and internet spots were actually purchased increases the likelihood that State funds were not used as intended.

Reporting to the General Assembly

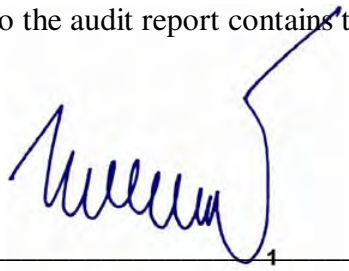
The Covering ALL KIDS Health Insurance Act mandates HFS to provide various types of information to the General Assembly. HFS did not meet all of the requirements found in the Act.

- The Preliminary Report contained information mandated by 215 ILCS 170/47 which requires specific program information to be provided to the General Assembly by September 1 of each year. HFS met this deadline in FY09. While HFS met the required deadline in 2008, the July 2008 report did not report individuals enrolled in the ALL KIDS program by income or premium level as required by 215 ILCS 170/47(c).

- Effective June 1, 2009, 215 ILCS 170/45(d) requires HFS to submit copies of all contracts awarded for the administration of the Covering ALL KIDS program to the Speaker and Minority Leader of the House of Representatives, and to the President and Minority Leader of the Senate. As of the end of fieldwork in January 2010, HFS had not submitted copies of any ALL KIDS contracts to the leaders in the General Assembly.

RECOMMENDATIONS

The audit report contains 13 recommendations. Eight recommendations were specifically for the Department of Healthcare and Family Services. Five recommendations were for both the Department of Healthcare and Family Services and the Department of Human Services. The Department of Healthcare and Family Services and the Department of Human Services generally agreed or partially agreed with all 13 recommendations. Appendix I to the audit report contains the agency responses.



WILLIAM G. HOLLAND
Auditor General

WGH\SAW

May 2010

TABLE OF CONTENTS

	Auditor General's Transmittal Letter Report Digest Table of Contents	i
Chapter One **INTRODUCTION AND BACKGROUND**	Report Conclusions Background ALL KIDS Program ALL KIDS Expansion EXPANDED ALL KIDS Programs Covered Services State Statutes Related to ALL KIDS The Covering ALL KIDS Health Insurance Act Exchange of Health Insurance Information • **Recommendation 1: Covering ALL KIDS Health Insurance Act Requirements** Illinois Administrative Code for ALL KIDS ALL KIDS Policies and Procedures Conflicting Policies Outdated Policies • **Recommendation 2: ALL KIDS Policies and Procedures** ALL KIDS Eligibility Requirements ALL KIDS Enrollment Annual Redetermination Process • **Recommendation 3: Redetermination of Eligibility** Income Calculation • **Recommendation 4: Income of Stepparent** Premium Payments Non Payment of Premiums • **Recommendation 5: Non Payment of Premiums** Scope and Methodology Report Organization	1 8 8 8 10 13 13 14 15 15 15 16 17 17 17 18 18 19 20 21 22 23 23 23 24 25
Chapter Two **ALL KIDS DATA**	Chapter Conclusions EXPANDED ALL KIDS Data EXPANDED ALL KIDS Population Timeliness of Providing Data • **Recommendation 6: ALL KIDS Data Reliability and Submission of Requested**	27 28 29 29 31

	Information	
	Problems with EXPANDED ALL KIDS Data Provided	31
	Individuals Older Than 18 Years of Age	32
	Duplicate Enrollees	32
	Inaccurate End Dates	33
	Irregularities Between FY09 Claims and Eligibility Data	34
	• **Recommendation 7: ALL KIDS Data Reliability**	34
	Classification of Documented Immigrants	34
	• **Recommendation 8: Classification of Documented Immigrants**	35
Chapter Three **ALL KIDS PAYMENTS AND ELIGIBILITY**	Chapter Conclusions	37
	Payments for ALL KIDS Services	38
	Payments by Category of Service	39
	Payment of Non-Emergency Transportation	40
	• **Recommendation 9: Payment of Non-Emergency Transportation**	41
	Payments vs. Premiums Collected	41
	Review of EXPANDED ALL KIDS Payments	42
	Duplicate Payment Sample	42
	Paid Claims Sample	42
	Lack of Eligibility Documentation	42
	Proof of Age, Identity, Residency, and Family Size	43
	Proof of Income	44
	Social Security Numbers	45
	• **Recommendation 10: Eligibility Documentation**	45
Chapter Four **CONTRACTS**	Chapter Conclusions	47
	ALL KIDS Contracts	48
	ALL KIDS Expansion Contract Allocation	49
	ALL KIDS Marketing Contract with GMMB	51
	Procurement Opportunity	51
	Contract Payments	52
	• **Recommendation 11: Increases in Contractual Obligation**	53
	Marketing Contract Procurement	54
	Procurement Evaluation – Experience	54
	Procurement Evaluation – Pricing	54
	• **Recommendation 12: Procurement Process**	57

	Marketing Contract Monitoring	57
	Policies and Procedures	57
	Lack of Detailed Billing Hours	58
	Work Billed Prior to Execution of Contract	59
	Questionable Billed Hours	59
	Double Billed Expenses	60
	Lack of Documentation	60
	Media Buy Reconciliation	61
	• **Recommendation 13: Monitoring Process ALL KIDS Marketing Contract**	61
	University of Illinois ALL KIDS Contract	62

EXHIBITS	TITLE	PAGE
Exhibit 1-1	HFS FY09 Compliance with Covering ALL KIDS Health Insurance Act Requirements	15
Exhibit 1-2	2009 Poverty Level Guidelines by Family Size	18
Exhibit 1-3	EXPANDED ALL KIDS Enrollment by Plan	19
Exhibit 2-1	Data Request Timeline	30
Exhibit 3-1	Payments for EXPANDED ALL KIDS Services by ALL KIDS Plan	39
Exhibit 3-2	Total Payments by Category of Service for EXPANDED ALL KIDS Program	40
Exhibit 3-3	EXPANDED ALL KIDS Payments vs. Premiums	41
Exhibit 3-4	Missing Documentation from Sample of 100 ALL KIDS Files	44
Exhibit 4-1	ALL KIDS Program Related Contracts with Expenditures in FY09	50
Exhibit 4-2	State Payments to GMMB	52
Exhibit 4-3	Pricing Proposals for ALL KIDS Marketing Contract	55
Exhibit 4-4	Evaluation Calculations Utilizing RFP Pricing Criteria for the ALL KIDS Marketing Contract	56
Exhibit 4-5	Evaluation Calculations Utilizing Evaluation Procedures Pricing Criteria for the ALL KIDS Marketing Contract	56
Exhibit 4-6	Breakdown of Hours by Category for the ALL KIDS Marketing Contract	59

APPENDICES	TITLE	PAGE
Appendix A	Covering ALL KIDS Health Insurance Act (215 ILCS 170)	65
Appendix B	Sampling & Analytical Methodology	77
Appendix C	Covering ALL KIDS Health Insurance Act Plans	83
Appendix D	ALL KIDS Application	87
Appendix E	Application Agents, Number of Approved Applications, and the Amount Paid	101
Appendix F	FY09 Total Payments by Category of Service	111
Appendix G	FY09 EXPANDED ALL KIDS Payments	115
Appendix H	Providers that Received more than $50,000 from the ALL KIDS Expansion	123
Appendix I	Agency Responses	131

Chapter One

INTRODUCTION AND BACKGROUND

REPORT CONCLUSIONS

Effective July 1, 2006, Illinois' KidCare program, which included Medicaid and Children's Health Insurance Program (SCHIP) populations, **was expanded** by the Covering ALL KIDS Health Insurance Act (Act) to include all uninsured children not previously covered. The expansion added children whose family income was greater than 200 percent of the federal poverty level and all undocumented immigrant children. At that time, the KidCare program was renamed ALL KIDS.

Throughout this audit, we will refer to the portion of the ALL KIDS program that serves the uninsured children not previously covered by KidCare as "EXPANDED ALL KIDS." Since the EXPANDED ALL KIDS program is a subset of the ALL KIDS program as a whole, many of the recommendations in this report may be relevant to the program as a whole.

The Department of Healthcare and Family Services' July 2008 ALL KIDS Preliminary Report noted that "two key changes occurred" with the July 1, 2006, expansion pursuant to the Covering ALL KIDS Health Insurance Act [215 ILCS 170]. "First, children at any income level became eligible for healthcare benefits as long as they had been uninsured for an extended period of time or met certain exceptions established in rule. Second, in the rules implementing the expansion, All Kids was made available to previously ineligible non-citizen children at any income level as authorized under the new law and the Public Aid Code." The Public Aid Code [305 ILCS 5/12-4.35], effective July 1, 1998, had authorized the Department of Healthcare and Family Services (HFS) to extend health care benefits to non-citizen children subject to the adoption of rules governing eligibility and other conditions of participation. No such rules were adopted until those establishing the Covering ALL KIDS Health Insurance program. Therefore, we included undocumented immigrants who first received health care benefits under these rules within the definition of the EXPANDED ALL KIDS program and within this audit.

Throughout FY09, a total of 94,525 children were enrolled in the program. Total claims paid in FY09 for the EXPANDED ALL KIDS enrollees were $79.1 million. In FY09, HFS received approximately $8.9 million in premiums from enrollees, thus making the net cost of the ALL KIDS expansion approximately $70.2 million. **The children that were added as a part of the expansion are not eligible for federal reimbursement and thus are funded entirely by the State**. Regarding FY07 and FY08 EXPANDED ALL KIDS enrollment and cost figures by program, HFS did not report this information in its 2008 report submitted to the General Assembly as required by the Covering ALL KIDS Health Insurance Act.

On June 30, 2009, there were 71,665 enrollees as a result of the expansion. This is less than the FY09 total of 94,525 enrollees since children are added and removed from the program throughout the year. Of the 71,665 enrollees as of June 30, 2009, 75 percent were classified as

undocumented immigrants in data provided by the Department of Healthcare and Family Services. However, due to HFS incorrectly categorizing some documented immigrants as undocumented immigrants, the number of undocumented immigrants, as well as the costs associated with them are overstated in data provided by HFS. Additionally, the number of documented immigrants, as well as the costs associated with them, are similarly understated. Auditors recommended that HFS accurately classify documented and undocumented immigrants. By not correctly classifying them, not only is HFS reporting incorrect data, it is also losing out on federal matching funds it could be receiving for documented immigrants.

Eligibility Issues

Due to the way HFS has implemented the Covering ALL KIDS Health Insurance Act, HFS and the Department of Human Services (DHS) are not obtaining documentation to support eligibility in some instances. As a result, auditors could not determine whether eligibility was determined correctly by HFS and DHS. Many of the eligibility issues discussed below may be relevant to the ALL KIDS program as a whole.

Although the Covering ALL KIDS Health Insurance Act requires that children be residents of the State, the ALL KIDS application contains no requirement that residency be documented. Auditors could not identify any routine process used by HFS or DHS to verify residency in the 98 case files reviewed (2 other cases were sampled but the Departments were unable to locate 1 file and the other was inaccessible due to mold). According to an HFS official, HFS "must verify residence only if there is a reason to question the claim of Illinois residency."

Additionally, the ALL KIDS application does not require that any birth or identity documentation be provided by undocumented immigrants. According to HFS, children who do not meet citizenship/immigration requirements are not required to submit birth or identity documentation. Without such information, it is questionable how the Departments can verify that the child meets the Act's age requirements, as well as confirm the identity of the child.

During our review of the 98 cases sampled, 42 enrollees (43%) did not provide proof of birth (e.g., birth certificate). While most of the cases reviewed contained proof of identity (i.e., driver's license, State issued ID card, school ID, or a parent's signature if under age 16), we could not find documentation of identity in 6 cases reviewed (6%).

Auditors also determined that 1 of 98 files did not contain proof of income. Additionally, for the 98 files reviewed, auditors could not verify whether all sources of family income were provided by the applicant. Without documentation of income, it was not possible to determine whether eligibility was determined correctly. According to a policy provided by DHS, as of January 2004, **only one pay stub** was required to determine eligibility for all Family Health Plans, which includes ALL KIDS. This does not include individuals that are self employed. Self employed individuals are required to submit a month's worth of financial records.

Since many of the enrollees are eligible for "passive" redetermination, the eligibility for children up to 18 years of age may be based on a single pay stub. Auditors questioned the validity of using only one pay stub to determine 12-month eligibility. Families that are paid

hourly wages may have income that fluctuates weekly. Additionally, income, such as bonuses or commissions, may not be captured by one pay stub. As a result, eligibility based on a single pay stub may not be an accurate representation of actual income. This could result in a family paying a higher premium or co-pay, or could result in the State paying for a greater portion of a child's medical services than necessary.

Auditors found no control in place at HFS to verify the income reported by enrollees other than requiring the enrollee to provide a single pay stub. HFS receives reports from the Department of Employment Security (IDES) that would allow HFS to determine whether family income has increased. However, the analysis requires the working parent's social security number which is information that is not required. In 54 percent of the cases reviewed, social security numbers were not provided for one or both of the parents. According to HFS officials, the report provided by IDES **is not used to verify income** for the initial determination or annual redetermination.

EXPANDED ALL KIDS Policies and Procedures

Policies and procedures utilized by HFS and DHS for the administration of the EXPANDED ALL KIDS program are confusing and difficult to follow. As a result, this could result in client eligibility being determined differently or incorrectly. We found policies with conflicting information and directions and others that were duplicative. We also found that the policies contained outdated case examples, which in these instances make the examples incorrect.

Auditors concluded that the annual reviews of ALL KIDS eligibility – also called redeterminations – required by the Illinois Administrative Code [89 Ill. Adm. Code 123.260] – were not being adequately implemented by HFS. For ALL KIDS enrollees that fall below 200 percent of the FPL, a "passive" redetermination is used by HFS. A "passive" redetermination only requires families to return the annual renewal form if there is a change in their information. According to HFS officials, no other eligibility check is conducted by HFS on an annual basis to ensure that eligibility criteria have not changed. As a result, enrollees could remain eligible for "passive" redetermination until they turned 19 years of age without ever having more than one actual eligibility determination.

Without some form of verification from the enrollee, auditors were unable to determine whether the enrollment criteria for these individuals continued to be met. HFS' use of "passive" redeterminations for its Medicaid and SCHIP programs was a finding in the Auditor General's 2008 Statewide Single Audit. In contrast, enrollees in Premium levels 2 through 8 are required to send an annual redetermination form, which includes updated eligibility information, back to HFS to continue coverage.

During the review of HFS and DHS policies, auditors determined that DHS **does not** calculate family income for EXPANDED ALL KIDS eligibility as required by the Administrative Code. When determining family income when a stepparent is present, HFS counts the income of the stepparent; however, DHS does not. As a result, families with stepparents that apply through DHS may pay lower co-pays or premiums in order to receive coverage. HFS' administrative rules [89 Ill. Adm. Code 123.110] require that stepparents'

income be included in the eligibility determination. However, on HFS' application, families with a stepparent in the home are instructed "it may be better for you to apply at your DHS Family Community Resource Center." (See page 96 in Appendix D.) HFS, as the administrator of the ALL KIDS program, should not promote inconsistent treatment of stepparent income, or non-compliance with its own administrative rules.

HFS does not terminate ALL KIDS coverage when the enrollee fails to pay premiums as required by 89 Ill. Adm. Code 123.340(a). According to the Administrative Code, "Children enrolled in ALL KIDS Premium levels 2-8 will have a grace period through the end of the month of coverage to pay the premium." According to Section 123.340(b) of the Administrative Code, "failure to pay the full monthly premium by the last day of the grace period will result in termination of coverage." According to an HFS official, HFS uses a 90 day grace period before coverage is terminated.

The Act, which became effective on July 1, 2006, also requires HFS, in collaboration with the Department of Financial and Professional Regulation, Division of Insurance (now the Department of Insurance), to adopt rules governing the exchange of information under this section. However, even though almost four years have passed since this requirement became effective, according to an HFS official, HFS has not adopted rules governing the exchange of health insurance information as required by the Act.

HFS Data Issues

The Department of Healthcare and Family Services had difficulty providing accurate data from its Data Warehouse in a timely manner for this audit. Beginning on August 4, 2009, auditors met with and had numerous contacts with HFS officials related to FY09 payment and eligibility data necessary to conduct this audit. On August 25, 2009, HFS provided the first data set of FY09 claim and eligibility data to the auditors. Auditors identified problems with this first data set, as well as four other data sets provided by HFS over the next two months. Finally, on October 28, 2009, almost three months after the original request, HFS provided a final data set. Auditors used this data set for analysis in this report, and as discussed below, identified additional limitations with the accuracy of this data. Since controls were not in place for the EXPANDED ALL KIDS program, it is likely that many of the following issues would also be relevant for the ALL KIDS program as a whole.

HFS and the DHS did not have adequate controls in place to ensure that individuals over the age of 18 were terminated from ALL KIDS eligibility as required by 89 Ill. Adm. Code 123.200(b). During our review of the FY09 EXPANDED ALL KIDS claims, auditors identified 530 individuals that received services after they reached the age of 19. Many of these individuals received services in the month of their birthday. According to HFS policy, enrollees have eligibility through the end of the month in which they reach 19 years of age. These instances were reported to HFS, and according to HFS officials, 128 of the recipients received services **after** the month of their 19th birthday during FY09 which is beyond the eligibility age specified by law.

HFS and DHS did not have adequate controls in place to ensure that individuals are not enrolled in ALL KIDS more than once. During a review of the FY09 EXPANDED ALL KIDS

eligibility data provided by HFS, auditors identified 740 enrollees that appeared to be enrolled with more than one recipient identification number in the data set. Duplicate enrollees would overstate the number of children served by the program as well as indicate a weakness in internal controls associated with enrolling the children. Auditors sampled 20 of the 740 potential duplicates and submitted them to HFS officials for their review. For the 20 potential duplicates:

- 15 recipients were enrolled more than once and were issued more than one recipient identification number during FY09;

- 6 of the 15 recipients had **overlapping** periods of coverage during FY09 (meaning they received two different eligibility cards each month); and

- 4 of the 6 recipients with overlapping coverage had claims during FY09 **for both** recipient identification numbers assigned to them.

HFS and DHS do not accurately classify documented immigrants that receive ALL KIDS services. According to HFS officials, to ensure that federal matching funds were not requested for documented immigrants who are ineligible for matching funds (i.e., those documented immigrants who have not been in the country for five years), those documented immigrants were classified as undocumented immigrants.

We reviewed 48 claims from FY09 in which the enrollees were classified by HFS or DHS as undocumented immigrants. We found that 9 out of 48 (19%) undocumented immigrants **were incorrectly classified**. These nine individuals had documentation in the case file, such as permanent resident cards, social security cards, or alien registration numbers, to support their documented immigrant status. However, these nine individuals were classified in the eligibility data as having undocumented immigrant status. Of these nine individuals:

- 2 had been in the country for more than five years when they enrolled in the ALL KIDS program, and therefore, were incorrectly classified as undocumented when they enrolled; and

- 1 had not been in the country for five years when he or she enrolled in the ALL KIDS program, but now has been and thus should have been recategorized to documented status but was not.

Because of these misclassifications, HFS did not submit and receive federal matching funds for these eligible enrollees. Furthermore, a recent change in federal law allows HFS to receive federal match for documented immigrants immediately (i.e., they do not have to be in the country for five years). As of January 4, 2010, the State's revised State Plan had not yet been approved to begin receiving these matching funds. The misclassification of documented immigrants as undocumented immigrants will have even greater financial significance once Illinois' State Plan is approved and it can start receiving matching federal funds for these documented immigrants.

Contracting

The Covering ALL KIDS Health Insurance Act specifically requires the Office of the Auditor General, as part of this audit, to review contracts entered into by the Department of Healthcare and Family Services in relation to the ALL KIDS program. HFS officials identified two contracts related to ALL KIDS: a marketing contract with Greer Margolis Mitchell Burns, Inc./Fleishman-Hillard (GMMB) to increase ALL KIDS enrollment; and a contract with the Board of Trustees of the University of Illinois at Chicago to conduct a statutorily required survey. According to HFS, only the contract with the University of Illinois had expenditures during FY09. However, HFS paid GMMB over $8 million for marketing activities under the ALL KIDS contract between FY06 and FY08.

HFS also identified eight other contracts which had expenditures related in part to the ALL KIDS program expansion, as well as to other programs administered by the Department. However, HFS was unable to provide auditors with an estimate of the dollar amounts from these contracts that were related to the ALL KIDS program expansion.

In the announcement posted in the Illinois Procurement Bulletin, HFS estimated the **total cost** of the ALL KIDS marketing strategy to be **$3 million** over three years (an initial term and two one-year renewals). While HFS increased the contractual obligation under the ALL KIDS marketing contract from a renewal amount of $250,000 to the **$5.3 million** HFS actually spent with GMMB on the contract in FY07, there was **no documentation** to show why such an increase was necessary or justified. HFS officials provided change order justifications signed by an HFS official and indicated these were necessary for pass through costs of media buys. However, these forms gave only generic reasons why the changes were being made, did not match up to the media buy figures, and presented conflicting figures.

In the Procurement Business Case, the economic justification states that the "expenditures for the ALL KIDS Outreach Activities, as described in this procurement business case, would be claimable for matching funds at the appropriate FFP rate." However, **over $2 million** in expenses for the *Health Portal Ad Campaign* **were not eligible** for matching funds yet paid under the marketing strategy contract. In addition, the ALL KIDS expansion program is not eligible for federal reimbursement.

The procurement process for the ALL KIDS marketing strategy contained deficiencies. During our review we found that HFS:

- did not require the bidders to identify what staff would be working on the project; and
- utilized a pricing evaluation formula which **was not published** in the Request for Proposal (RFP), a formula which directly affected which bidder was awarded the contract.

HFS lacked documented policies and procedures for evaluating billings submitted for the marketing strategy contract with GMMB. In January 2010, we asked HFS whether there were any formal policies and procedures for the review of billings sent by the vendors responsible for activities of the ALL KIDS marketing strategy. HFS failed to produce any such procedures,

even though **over $8 million** in State funds were expended under this contract between FY06 and FY08.

Our review of billings for the marketing strategy contract found a number of problems due to a lack of procedures for review and a lack of diligence by the monitoring staff. Specifically, we found:

- In 16 percent of the invoices paid to GMMB from FY06-FY08 (3 of 19), the contract monitor verified that goods were received on an HFS verification form **after** signing the payment invoice voucher.

- HFS did not require, nor did the contract require, GMMB to detail who worked on each task or how long each task took for the hours billed. Instead, GMMB invoices had total hours worked by five categories with bulleted listings of activities.

- HFS executed the contract with GMMB on March 20, 2006. The contract was filed with the Comptroller on April 4, 2006. An HFS official affirmed, on a Late Filing Affidavit dated March 20, 2006, that HFS and the vendor **had agreed to the services** in the contract but that the vendor commenced services before the contract was reduced to writing. The vendor had been working on the project **two months prior to execution**, which is evidenced by a GMMB billing invoice for the period January 20, 2006, through March 31, 2006, that included a billed service for "Worked with client to revise and scale back work plan and budget." We **questioned $278,698.53** approved by HFS and paid to GMMB for this invoice. Allowing the vendor to charge time prior to the execution of a contract puts State funds at risk of loss.

- Questionable billed hours, double billed expenses, and an invoice approved that did not contain supporting invoice/contract documentation.

- HFS made four payments totaling over $6 million in **advance payments** to GMMB for media buys over the life of the contract. Our review of HFS records showed **conflicting documentation** to support that it reconciled the charges that were paid in advance. Failure to properly reconcile the advance payments to ensure that television, radio and internet spots were actually purchased increases the likelihood that State funds were not used as intended.

Reporting to the General Assembly

The Covering ALL KIDS Health Insurance Act mandates HFS to provide various types of information to the General Assembly. HFS did not meet all of the requirements found in the Act.

- The Preliminary Report contained information mandated by 215 ILCS 170/47 which requires specific program information to be provided to the General Assembly by September 1 of each year. HFS met this deadline in FY09. While HFS met the required deadline in 2008, the July 2008 report did not report individuals enrolled in

the ALL KIDS program by income or Premium level as required by 215 ILCS 170/47(c).

- Effective June 1, 2009, 215 ILCS 170/45(d) requires HFS to submit copies of all contracts awarded for the administration of the Covering ALL KIDS program to the Speaker and Minority Leader of the House of Representatives, and to the President and Minority Leader of the Senate. As of the end of fieldwork in January 2010, HFS had not submitted copies of any ALL KIDS contracts to the leaders in the General Assembly.

BACKGROUND

Public Act 095-0985 amended the Covering ALL KIDS Health Insurance Act [215 ILCS 170/63] directing the Auditor General to annually audit the ALL KIDS program beginning June 30, 2008, and each June 30th thereafter (see Appendix A). The Public Act was effective June 1, 2009. This first annual audit covers FY09 beginning on July 1, 2008. The Act requires that the audit include:

- payments for health services covered by the program; and
- contracts entered into by HFS in relation to the program.

ALL KIDS PROGRAM

According to HFS' website, the ALL KIDS health insurance program provides Illinois families with affordable and comprehensive healthcare for children, regardless of family income, immigration status, or medical condition. Families with higher incomes have co-pays and premiums based on reported family income. ALL KIDS is administered by the Department of Healthcare and Family Services with assistance from the Department of Human Services. In FY09, the ALL KIDS program as a whole provided coverage for about 1.7 million children and paid almost $2.6 billion in claims.

ALL KIDS EXPANSION

Effective July 1, 2006, Illinois' KidCare program, which included Medicaid and Children's Health Insurance Program (SCHIP) populations, **was expanded** by the Covering ALL KIDS Health Insurance Act (Act) to include all uninsured children not previously covered. The expansion added children whose family income was greater than 200 percent of the federal poverty level and all undocumented immigrant children. At that time, the KidCare program was renamed ALL KIDS.

Throughout this audit, we will refer to the portion of the ALL KIDS program that serves the uninsured children not previously covered by KidCare as "EXPANDED ALL KIDS." Since

the EXPANDED ALL KIDS program is a subset of the ALL KIDS program as a whole, many of the recommendations in this report may be relevant to the program as a whole.

The Department of Healthcare and Family Services' July 2008 ALL KIDS Preliminary Report noted that "two key changes occurred" with the July 1, 2006, expansion pursuant to the Covering ALL KIDS Health Insurance Act [215 ILCS 170]. "First, children at any income level became eligible for healthcare benefits as long as they had been uninsured for an extended period of time or met certain exceptions established in rule. Second, in the rules implementing the expansion, All Kids was made available to previously ineligible non-citizen children at any income level as authorized under the new law and the Public Aid Code." The Public Aid Code [305 ILCS 5/12-4.35], effective July 1, 1998, had authorized HFS to extend health care benefits to non-citizen children subject to the adoption of rules governing eligibility and other conditions of participation. No such rules were adopted until those establishing the Covering ALL KIDS Health Insurance program. Therefore, we included undocumented immigrants who first received health care benefits under these rules within the definition of the EXPANDED ALL KIDS program and within this audit.

Throughout FY09, a total of 94,525 children were enrolled in the program. Total claims paid in FY09 for the EXPANDED ALL KIDS enrollees were $79.1 million. In FY09, HFS received approximately $8.9 million in premiums from enrollees, thus making the net cost of the ALL KIDS expansion approximately $70.2 million. In addition, HFS estimates the administrative costs for the EXPANDED ALL KIDS program to be almost $7.4 million for FY09.

The children that were added as a part of the expansion are not eligible for federal reimbursement and thus are funded entirely by the State. Regarding FY07 and FY08 EXPANDED ALL KIDS enrollment and cost figures by program, HFS did not report this information in its 2008 report submitted to the General Assembly as required by the Covering ALL KIDS Health Insurance Act.

HFS did not report EXPANDED ALL KIDS enrollment and cost figures by program for fiscal years 2007 and 2008 in the July 2008 Preliminary Report that was submitted to the General Assembly that was required by the Covering ALL KIDS Health Insurance Act. From data provided by HFS, we calculated and reported FY09 enrollment figures by program later in this chapter, and cost figures for FY09 are reported in Chapter Three.

Children who became eligible for ALL KIDS after the expansion include: children whose family income exceeded 200 percent of the federal poverty level (i.e., exceed the income requirements of Medicaid and the Children's Health Insurance Program), and all other children that were not covered prior to July 1, 2006. These other children consist of undocumented immigrants that did not receive KidCare prior to the expansion. **The children that were added as a part of the expansion are not eligible for federal reimbursement and thus are funded entirely by the State.**

EXPANDED ALL KIDS PROGRAMS

As part of the ALL KIDS expansion on July 1, 2006, seven new premium levels were added for children in families with income greater than 200 percent of the federal poverty level. In addition, Illinois expanded coverage to include undocumented immigrant children who were not covered by KidCare prior to the expansion on July 1, 2006. These children became eligible for ALL KIDS Assist, ALL KIDS Share, and ALL KIDS Premium level 1 plans in addition to the newly created Premium levels 2-8. A summary of the plans can be found in Appendix C. The following are detailed descriptions of the EXPANDED ALL KIDS plans.

ALL KIDS Assist

The EXPANDED ALL KIDS **Assist** program began providing coverage for undocumented children in families with countable **income at or below 133 percent of the FPL** on July 1, 2006. **(In FY09, 133 percent of the FPL for a family of four was $29,326.50.)** This coverage is provided at no cost to the enrollee.

ALL KIDS Share

The EXPANDED ALL KIDS **Share** program began providing coverage for undocumented children in families with **countable income that is more than 133 percent of the FPL but less than or equal to 150 percent of the FPL** on July 1, 2006. **(In FY09, 150 percent of the FPL for a family of four was $33,075.)** There are no premiums paid for Share services; however, co-pays are required as follows:

- ✓ $2 for each physician office visit;
- ✓ $2 for each emergency room visit;
- ✓ $2 for each generic or brand name prescription drug;
- ✓ $2 for each inpatient hospital admission;
- ✓ $2 for each outpatient hospital service; and
- ✓ $100 annual out-of-pocket maximum on co-pays for the family.

ALL KIDS Premium Level 1

The EXPANDED ALL KIDS **Premium level 1** program began providing coverage for undocumented children in families with countable **income that is more than 150 percent of the FPL but less than or equal to 200 percent of the FPL** on July 1, 2006. **(In FY09, 200 percent of the FPL for a family of four was $44,100.)** Premiums are as follows: $15 per month for one family member; $25 per month for two family members; $30 per month for three family members; $35 per month for four family members; and $40 per month for five or more family members. Co-pays are listed below:

- ✓ $5 for each physician office visit;
- ✓ $25 for each emergency room visit;
- ✓ $3 for each generic and $5 for brand name prescription drug;
- ✓ $5 for each inpatient hospital admission;
- ✓ $5 for each outpatient hospital service; and
- ✓ $100 annual out-of-pocket maximum on co-pays for the family.

ALL KIDS Premium Level 2 (New on July 1, 2006)

The EXPANDED ALL KIDS **Premium level 2** program was established to provide coverage for children in families with countable **income that is more than 200 percent of the FPL but less than or equal to 300 percent of the FPL**. **(In FY09, 300 percent of the FPL for a family of four was $66,150.)** Premiums are $40 per month for each child with a maximum monthly premium of $80 for two or more children. Co-pays are listed below:

- ✓ $10 for each physician office visit;
- ✓ $30 for each emergency room visit;
- ✓ $3 for each generic and $7 for brand name prescription drug;
- ✓ $100 for each inpatient hospital admission;
- ✓ 5% of the ALL KIDS payment rate for each outpatient hospital service; and
- ✓ $500 annual out-of-pocket maximum on co-pays for hospital inpatient and outpatient services per child each plan year.

ALL KIDS Premium Level 3 (New on July 1, 2006)

The EXPANDED ALL KIDS **Premium level 3** program was established to provide coverage for children in families with countable **income that is more than 300 percent of the FPL but less than or equal to 400 percent of the FPL**. **(In FY09, 400 percent of the FPL for a family of four was $88,200.)** Premiums are $70 per month for each child with a maximum monthly premium of $140 for two or more children. Co-pays are listed below:

- ✓ $15 for each physician office visit;
- ✓ $50 for each emergency room visit;
- ✓ $6 for each generic and $14 for brand name prescription drug;
- ✓ $150 for each inpatient hospital admission;
- ✓ 10% of the ALL KIDS payment rate for each outpatient hospital service; and
- ✓ $750 annual out-of-pocket maximum on co-pays for hospital inpatient and outpatient services per child each plan year.

ALL KIDS Premium Level 4 (New on July 1, 2006)

The EXPANDED ALL KIDS **Premium level 4** program was established to provide coverage for children in families with countable **income that is more than 400 percent of the FPL but less than or equal to 500 percent of the FPL**. **(In FY09, 500 percent of the FPL for a family of four was $110,250.)** Premiums are $100 per month for each child with a maximum monthly premium of $200 for two or more children. Co-pays are listed below:

- ✓ $20 for each physician office visit;
- ✓ $75 for each emergency room visit;
- ✓ $9 for each generic and $21 for brand name prescription drug;
- ✓ $200 for each inpatient hospital admission;
- ✓ 15% of the ALL KIDS payment rate for each outpatient hospital service; and
- ✓ $1,000 annual out-of-pocket maximum on co-pays for hospital inpatient and outpatient services per child each plan year.

ALL KIDS Premium Level 5 (New on July 1, 2006)

The EXPANDED ALL KIDS **Premium level 5** program was established to provide coverage for children in families with countable **income that is more than 500 percent of the FPL but less than or equal to 600 percent of the FPL**. **(In FY09, 600 percent of the FPL for a family of four was $132,300.)** Premiums are $150 per month for each child with no maximum monthly premium. Co-pays are listed below:

- ✓ $25 for each physician office visit;
- ✓ $100 for each emergency room visit;
- ✓ $12 for each generic and $28 for brand name prescription drug;
- ✓ 10% of ALL KIDS payment rate for each inpatient hospital admission;
- ✓ 20% of the ALL KIDS payment rate for each outpatient hospital service; and
- ✓ $5,000 annual out-of-pocket maximum on co-pays for hospital inpatient and outpatient services per child each plan year.

ALL KIDS Premium Level 6 (New on July 1, 2006)

The EXPANDED ALL KIDS **Premium level 6** program was established to provide coverage for children in families with countable **income that is more than 600 percent of the FPL but less than or equal to 700 percent of the FPL**. **(In FY09, 700 percent of the FPL for a family of four was $154,350.)** Premiums are $200 per month for each child with no maximum monthly premium. Co-pays are listed below:

- ✓ $25 for each physician office visit;
- ✓ $100 for each emergency room visit;
- ✓ $12 for each generic and $28 for brand name prescription drug;
- ✓ 10% of ALL KIDS payment rate for each inpatient hospital admission;
- ✓ 20% of the ALL KIDS payment rate for each outpatient hospital service; and
- ✓ $5,000 annual out-of-pocket maximum on co-pays for hospital inpatient and outpatient services per child each plan year.

ALL KIDS Premium Level 7 (New on July 1, 2006)

The EXPANDED ALL KIDS **Premium level 7** program was established to provide coverage for children in families with countable **income that is more than 700 percent of the FPL but less than or equal to 800 percent of the FPL**. **(In FY09, 800 percent of the FPL for a family of four was $176,400.)** Premiums are $250 per month for each child with no maximum monthly premium. Co-pays are listed below:

- ✓ $25 for each physician office visit;
- ✓ $100 for each emergency room visit;
- ✓ $12 for each generic and $28 for brand name prescription drug;
- ✓ 10% of ALL KIDS payment rate for each inpatient hospital admission;
- ✓ 20% of the ALL KIDS payment rate for each outpatient hospital service; and
- ✓ $5,000 annual out-of-pocket maximum on co-pays for hospital inpatient and outpatient services per child each plan year.

ALL KIDS Premium Level 8 (New on July 1, 2006)

The EXPANDED ALL KIDS **Premium level 8** program was established to provide coverage for children in families with countable **income that is more than 800 percent of the FPL**. **(In FY09, 800 percent of the FPL for a family of four was $176,400.)** Premiums are $300 per month for each child with no maximum monthly premium. Co-pays are listed below:

- ✓ $25 for each physician office visit;
- ✓ $100 for each emergency room visit;
- ✓ $12 for each generic and $28 for brand name prescription drug;
- ✓ 25% of ALL KIDS payment rate for each inpatient hospital admission;
- ✓ 25% of the ALL KIDS payment rate for each outpatient hospital service; and
- ✓ There is no annual out-of-pocket maximum per child each plan year.

Covered Services

ALL KIDS covers numerous services for children in Illinois. These services include:

-Inpatient/outpatient hospital services
-Physician services
-Inpatient/outpatient surgical services
-Clinic services
-Prescription drugs
-Laboratory and x-ray services
-Inpatient/outpatient mental health services
-Inpatient/outpatient substance abuse treatment services
-Early Intervention services including case management
-Medical supplies, equipment, prosthesis, and orthoses
-Nursing care services
-Physical therapy, occupational therapy, speech therapy
-Hospice care
-Transportation (emergency and non-emergency)
-Home health care services
-Audiology services
-Optical services and supplies
-Optometrist services
-Family planning services and supplies
-Podiatric services
-Chiropractic services
-Services for Intermediate Care Facilities
-Skilled pediatric nursing facilities
-Dental services
-Maternity care
-Hospital emergency room
-Long term care
-Healthy Kids services
-Renal dialysis services
-Respiratory equipment and supplies

STATE STATUTES RELATED TO ALL KIDS

The Covering ALL KIDS Health Insurance Act [215 ILCS 170] was effective July 1, 2006. The Act defines a child as a person under the age of 19. The Act has specific eligibility requirements for the program. In order to be eligible under this Act, a person:

1) must be a resident of the State of Illinois;

2) must be ineligible for medical assistance under the Illinois Public Aid Code or benefits under the Children's Health Insurance Program Act; and

3) must have been uninsured for an extended period of time as set forth by Department rule or meet certain exceptions such as losing insurance due to job loss.

The Act expanded program benefits to cover all uninsured children in families regardless of family income. This included adding children whose family income was greater than 200 percent of the federal poverty level and undocumented immigrant children at any income level. Throughout this audit, we will refer to this newly expanded population as "EXPANDED ALL KIDS."

The term "ALL KIDS" is an umbrella term that is used by HFS to include all health care provided to children whether it is through Medicaid, the Children's Health Insurance Program, or from the expansion as mandated by the Covering ALL KIDS Health Insurance Act. The ALL KIDS program, as defined by HFS, operates under the authority of three separate State laws. These laws are:

- the **Illinois Public Aid Code (Medicaid)** [305 ILCS 5/5 and 5/12] which provides benefits for children in families with income up to 133 percent of the federal poverty level and non-citizen children from families with income up to 200 percent of the federal poverty level. The Administrative Code (89 Ill. Adm. Code 120/310(b)) lists eligible non-citizens which include: refugees; asylees; permanent residents; and nationals of Haiti or Cuba. Federal reimbursement is received for the majority of these children under Title XIX of the Social Security Act (Medicaid).
- the **Children's Health Insurance Program Act (SCHIP)** [215 ILCS 106] which provides benefits for children from families with income above 133 percent of the federal poverty level up to and including 200 percent of the federal poverty level. Federal reimbursement is received for these children under Title XXI of the Social Security Act; and
- the **Covering ALL KIDS Health Insurance Act** [215 ILCS 170] which expands program benefits to cover all children in uninsured families with income above 200 percent of the federal poverty level, and children that are not covered by the Illinois Public Aid Code or by the Children's Health Insurance Program Act.

The Covering ALL KIDS Health Insurance Act

The Covering ALL KIDS Health Insurance Act mandates the Department of Healthcare and Family Services to provide various types of information to the General Assembly. HFS did not meet all of the requirements found in the Act. Exhibit 1-1 summarizes two requirements found in the Covering ALL KIDS Health Insurance Act that were not met by HFS during FY09.

HFS provided the ALL KIDS Preliminary Report to the General Assembly by July 1, 2008, as mandated by 215 ILCS 170/45(c). The report contained most of the information mandated by 215 ILCS 170/47; however, it did not report individuals enrolled in the ALL KIDS program by income or premium level as required by 215 ILCS 170/47(c). The September 2009 report contained the required information.

Exhibit 1-1
HFS FY09 COMPLIANCE WITH COVERING ALL KIDS HEALTH INSURANCE ACT REQUIREMENTS

Statutory Cite	Requirement	Requirement Met?
215 ILCS 170/45(d)	HFS shall submit copies of all contracts awarded for the administration of the program to the leaders of the General Assembly. This was effective June 1, 2009.	**No - copies not submitted to General Assembly**
215 ILCS 170/47(c)	Program information shall include the number of individuals enrolled in the Covering ALL KIDS Health Insurance Program by income or premium level.	**No - did not break down enrollment beyond 200 percent of the FPL.**

Source: HFS July 2008 Preliminary Report and Primary Care Case Management and Disease Management Report.

Effective June 1, 2009, 215 ILCS 170/45(d) requires HFS to submit copies of all contracts awarded for the administration of the Covering ALL KIDS program to the Speaker and Minority Leader of the House of Representatives, and to the President and Minority Leader of the Senate. As of the end of fieldwork in January 2010, HFS had not submitted copies of any ALL KIDS contracts to the leaders in the General Assembly.

Exchange of Health Insurance Information

The Act [215 ILCS 170/20(a)(3)], which became effective on July 1, 2006, also requires HFS in collaboration with the Department of Financial and Professional Regulation, Division of Insurance (now the Department of Insurance) to adopt rules governing the exchange of information under this section. However, according to an HFS official, HFS has not adopted rules governing the exchange of health insurance information as required by the Act.

COVERING ALL KIDS HEALTH INSURANCE ACT REQUIREMENTS	
RECOMMENDATION NUMBER **1**	***The Department of Healthcare and Family Services should comply with the reporting and rulemaking requirements found in the Covering ALL KIDS Health Insurance Act [215 ILCS 170].***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department accepts the recommendation. The Department has submitted the contracts to the General Assembly as required. The Department partially complied with 215 ILCS 170/47(c) in 2008. All of the detail required in the law was provided in the 2009 report.

ILLINOIS ADMINISTRATIVE CODE FOR ALL KIDS

The Illinois Administrative Code [89 Ill. Adm. Code 123] implements the Covering ALL KIDS Health Insurance Act that authorizes HFS to administer an insurance program that offers access to health insurance to all uninsured children in Illinois. The limits for the premium levels

and the cost for premiums that were discussed earlier in this chapter are set according to these rules.

The rules reiterate some of the eligibility criteria set forth by the Act and expand on some of the eligibility exclusions and reasons for termination of coverage. The rules note that covered services are those that are covered by the Children's Health Insurance Program, minus three service exclusions that include non-emergency medical transportation and over-the-counter drugs. The rules also have several important provisions that specifically relate to this audit. These include:

- Eligibility shall be reviewed annually;
- Premiums will not increase during the eligibility period, unless the family adds children to the coverage or there is a regulatory change in cost sharing;
- Family is defined as the child applying for the program and the following individuals who live with the child: the child's parents, the spouse of the child's parent, children under 19 years of age of the parents or the parent's spouse, the spouse of the child, the children of the child, and if any of the previously mentioned are pregnant, the unborn children;
- The family at any time may request a downward modification of the premium for any reason including a change in income or change in family size; and
- There is a one month grace period through the end of the month of coverage to pay premiums, and failure to pay the full monthly premium by the last day of the grace period will result in termination of coverage.

ALL KIDS POLICIES AND PROCEDURES

Policies and procedures utilized by HFS and DHS for the administration of the EXPANDED ALL KIDS program are confusing and difficult to follow. As a result, client eligibility could be determined differently or incorrectly. We found policies with conflicting information and directions and others that were duplicative. We also found that the policies contained outdated case examples, which in these instances make the examples incorrect.

Auditors requested policies and procedures from HFS. HFS provided links to policies that can be accessed through DHS' website. Not only were these policies hard to find, but it was difficult to determine which policies related to ALL KIDS. According to a DHS official, there is not one chapter that covers this, and that elements of policy are incorporated throughout the manual in numerous sections and in policy memoranda. Many of the policies related to ALL KIDS do not have ALL KIDS in the title making it difficult to search for information by topic area.

Conflicting Policies

In a section of the manual titled "All Kids Share, All Kids Premium, All Kids Rebate," there are three different subsections that discuss nonpayment of premiums. These three sections state that if a family that receives All Kids Premium fails to pay their premiums, the case is centrally canceled after **60 days**. However, HFS provided policies for the All Kids Expansion which state, "All Kids Premium level 1 through 8 cases will centrally cancel if the premiums are not paid for **30 days**." To further confuse the matter, HFS officials say they actually cancel cases due to nonpayment of premiums after **90 days**.

The Policy Manual and Workers' Action Guide also have conflicting information regarding the inclusion or exclusion of a stepparent's income. The Administrative Code 89 Ill. Adm. Code 123.110 (Covering ALL KIDS Health Insurance Program) requires the inclusion of the stepparent's income; however, there are various sections and examples in the Policy Manual and Workers' Action Guide which indicate a stepparent's income should not be included. This is discussed in greater detail later in this chapter.

Outdated Policies

We also found that the policies contained outdated and, therefore, incorrect, examples and information. Two different sections in the Workers' Action Guide discuss canceling a child's case if the family income is above 185 percent or 200 percent of the FPL. One example notes, " . . . the application will be denied due to excess income." Another section notes, "At renewal, if income is above 200% of the FPL, cancel the case . . .." However, since the ALL KIDS expansion, effective July 1, 2006, there is no maximum income limit for ALL KIDS. As a result, no child should be denied or canceled due to an income limit. These examples are outdated and provide incorrect information to caseworkers.

ALL KIDS POLICIES AND PROCEDURES	
RECOMMENDATION NUMBER **2**	***The Department of Healthcare and Family Services and the Department of Human Services should work together to organize the policies in one section that contains only policies relevant to ALL KIDS and the EXPANDED ALL KIDS program. Additionally, the agencies should ensure that policies are consistent with applicable laws and rules and are up to date.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE Continued on following page	The Department partially accepts the recommendation. We accept the recommendation that policies should be consistent with applicable laws and rules and should be up to date. The Department is in the process of updating the medical sections of the policy manual by incorporating policy memos. We agree that the memos need to be integrated into the manual in a more timely manner and are working to improve in this area. However, any reorganization must take into account how it would be integrated into the caseworker's responsibilities for enrolling clients into multiple programs. Without additional policy staff, this will continue to be a challenge.

DEPARTMENT OF HUMAN SERVICES' RESPONSE	We agree. The Department of Human Services will work with the Illinois Department of Healthcare and Family Services (HFS) to ensure that policies are up to date, organized in one section and are consistent with applicable laws and rules.

ALL KIDS ELIGIBILITY REQUIREMENTS

To be eligible for ALL KIDS services, children must live in Illinois and must be 18 years of age or younger. The type of ALL KIDS program level children qualify for depends on certain countable income guidelines. As required by rule, these countable income guidelines are based on Federal Poverty Level Guidelines. Exhibit 1-2 shows the 2009 Federal Poverty Level Guidelines. As a result of the expansion, in FY09, a family of four with income greater than $44,100 is eligible for coverage in EXPANDED ALL KIDS.

Exhibit 1-2
2009 POVERTY LEVEL GUIDELINES BY FAMILY SIZE
All States except Alaska, Hawaii, and Washington D.C.

Family Size	100%	133%	150%	200%	300%	400%	500%	600%	700%	800%
1	$10,830	$14,403.90	$16,245	$21,660	$32,490	$43,320	$54,150	$64,980	$75,810	$86,640
2	14,570	19,378.10	21,855	29,140	43,710	58,280	72,850	87,420	101,990	116,560
3	18,310	24,352.30	27,465	36,620	54,930	73,240	91,550	109,860	128,170	146,480
4	22,050	29,326.50	33,075	44,100	66,150	88,200	110,250	132,300	154,350	176,400
5	25,790	34,300.70	38,685	51,580	77,370	103,160	128,950	154,740	180,530	206,320
6	29,530	39,274.90	44,295	59,060	88,590	118,120	147,650	177,180	206,710	236,240
7	33,270	44,249.10	49,905	66,540	99,810	133,080	166,350	199,620	232,890	266,160
8	37,010	49,223.30	55,515	74,020	111,030	148,040	185,050	222,060	259,070	296,080

Source: Federal Register.

ALL KIDS Enrollment

Families interested in enrolling their children in the ALL KIDS program must fill out an application. See Appendix D for a copy of the ALL KIDS application. This can be done online, through the mail, by visiting a DHS local office, or by working with an ALL KIDS Application Agent. ALL KIDS Application Agents are paid $50 for each completed application that results in new coverage. Appendix E includes a list of Application Agents, the number of approved applications, and the amount each Application Agent was paid in FY09. ALL KIDS applications are processed by HFS or DHS, depending on which agency receives the application. If the family qualifies by meeting the eligibility requirements, the family is sent an ALL KIDS member handbook explaining the ALL KIDS program and an ALL KIDS member card.

In FY09, Illinois' ALL KIDS program had 1.7 million enrollees. In FY09, enrollees that were eligible at any point in the year as a result of the July 1, 2006 ALL KIDS expansion totaled 94,525. On June 30, 2009, there were 71,665 enrollees as a result of the expansion of which 75

percent were classified as undocumented immigrants in the HFS data. As discussed further in Chapter Two, due to incorrect categorization by HFS of some documented immigrants, the enrollment for undocumented immigrants is overstated, while the enrollment for documented immigrants is understated. Exhibit 1-3 breaks out enrollment by plan and by whether the child had documentation for citizenship/immigration status or whether the child was undocumented.

According to 89 Ill. Adm. Code 123.240(j), children eligible for ALL KIDS are guaranteed initial coverage for 12 months, unless the family experiences a change that renders them ineligible for the program. According to the ALL KIDS Policy Manual, an increase in income does not have to be reported until the annual renewal/redetermination. Prior to the end of the 12-month eligibility period, HFS is required to send the family an annual renewal notice.

Annual Redetermination Process

Auditors concluded that the annual reviews of ALL KIDS eligibility – also called redeterminations – required by the Illinois Administrative Code [89 Ill. Adm. Code 123.260] were not being adequately implemented by HFS. For ALL KIDS enrollees that fall in the Assist, Share, and Premium categories (i.e., at or below 200 percent of the FPL), an annual "passive" redetermination is used by HFS. Prior to the end of the eligibility period, HFS sends each family an annual renewal notice. The renewal notice lists the eligibility information for the family and instructs the family to return the form **only** if any of the information has changed. If there have been no changes, the family is instructed to do nothing. Therefore, a "passive" redetermination only requires families to return the annual renewal form if there is a change in their information. In contrast, enrollees in Premium levels 2 through 8 are required to send an annual redetermination form, which includes updated eligibility information, to HFS to continue coverage.

Exhibit 1-3
EXPANDED ALL KIDS ENROLLMENT BY PLAN [1, 2]
As of June 30, 2009

EXPANDED ALL KIDS Plan	Citizens/ Documented Immigrants	Undocumented Immigrants
Assist	n/a	50,009
Share	n/a	1,931
Premium Level 1	n/a	1,604
Premium Level 2	14,514	429
Premium Level 3	2,558	76
Premium Level 4	406	19
Premium Level 5	70	3
Premium Level 6	19	2
Premium Level 7	10	0
Premium Level 8	15	0
Total	**17,592**	**54,073**

Notes:

[1] Enrollment is the total number of enrollees that were eligible on June 30, 2009. There were 94,525 enrollees eligible at some point during FY09.

[2] Due to HFS incorrectly categorizing some documented immigrants as undocumented immigrants, the enrollment for undocumented immigrants is overstated, while the enrollment for documented immigrants is understated (see Recommendation #8).

Source: ALL KIDS enrollment data provided by HFS.

On June 30, 2009, there were 53,544 enrollees with family income at or below 200 percent of the federal poverty level out of the 71,665 total EXPANDED ALL KIDS enrollees. Therefore, at the end of FY09, 75 percent of the EXPANDED ALL KIDS enrollees were eligible for "passive" redetermination. These individuals were classified as undocumented immigrants, and therefore, payments for services do not qualify for matching federal funds. In FY09, $53,714,934 in net costs for services was paid by HFS for individuals with income at or below 200 percent of the federal poverty level for the EXPANDED ALL KIDS program. According to

HFS officials, no other eligibility check is conducted by HFS on an annual basis to ensure that eligibility criteria have not changed. HFS' use of "passive" redeterminations for its Medicaid and SCHIP programs was a finding in the Auditor General's 2008 Statewide Single Audit.

The Illinois Administrative Code [89 Ill. Adm. Code 123.260] requires HFS to annually review eligibility. Simply sending a renewal notice to a family, and not requiring them to submit updated eligibility information, or at minimum, a signed statement attesting or affirming that eligibility factors have not changed, neither appears to comply with the intent of the Code, nor provide an effective control to prevent families who are ineligible to receive State-funded health insurance from continuing to receive it. Auditors were unable to determine whether the enrollment criteria for these individuals continues to be met. **Without requiring enrollees to submit periodic eligibility documentation, enrollees could remain eligible based on "passive" redeterminations until they turn 19 years of age without ever having more than one actual eligibility determination.**

REDETERMINATION OF ELIGIBILITY	
RECOMMENDATION NUMBER **3**	***The Department of Healthcare and Family Services and the Department of Human Services should:*** • ***review the current process for performing eligibility redeterminations to ensure compliance with the Covering ALL KIDS Health Insurance Act and the Illinois Administrative Code;*** • ***at a minimum, require EXPANDED ALL KIDS enrollees with family income at or below 200 percent of the federal poverty level to return an annual redetermination to verify that there were no changes to their eligibility information; and*** • ***establish a maximum number of 12-month eligibility periods for which a child with family income at or below 200 percent of the federal poverty level can be eligible for coverage without providing updated eligibility documentation.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE Continued on following page	The Department partially accepts these recommendations. • The Department has reviewed the process for performing eligibility redeterminations and has found that they comply with the Covering All Kids Health Insurance Act. The Act covers children who are not eligible under the Public Aid Code or the Children's Health Insurance Program Act. Consequently, the Act currently only covers children in families with income above 200% FPL. The Department does not apply the passive redetermination (administrative renewal) process to these children. They are required to return the renewal form and verification of income in order to continue coverage.

	• The Department will review the legal, financial and operational issues associated with making changes in this area. Any policy or procedural changes that would be more restrictive for federal Medicaid or CHIP eligible children might endanger federal funds by affecting the state's Maintenance of Effort under ARRA and Patient Protection and Affordable Care Act. • The Department is in the process of developing a reporting structure to more closely monitor the results of the administrative or passive renewal process. ***AUDITOR COMMENT #1*** *The Public Aid Code [305 ILCS 5/12-4.35], effective July 1, 1998, authorized HFS to extend health care benefits to non-citizen children subject to the adoption of rules governing eligibility and other conditions of participation. No such rules were adopted until the emergency rules establishing the Covering ALL KIDS Health Insurance program that were effective on May 17, 2006. Therefore, we included undocumented immigrants, including those with income under 200% FPL, who first received health care benefits under these rules within the definition of the EXPANDED ALL KIDS program. In future audits, we will continue to include this group of recipients.*
DEPARTMENT OF HUMAN SERVICES' RESPONSE	We agree. The Department of Human Services will work with the Illinois Department of Healthcare and Family Services (HFS) to review current processes and administrative code to ensure that eligibility and redeterminations are conducted in accordance with applicable state and federal requirements.

Income Calculation

During the review of HFS and DHS policies, auditors determined that DHS **does not** calculate family income for EXPANDED ALL KIDS eligibility as required by the Administrative Code. The Administrative Code [89 Ill. Adm. Code 123.110] defines family as the child applying for the program and individuals who live with the child, which includes "the spouse of the child's parent" (i.e., the child's stepparent). Therefore, the income calculation for any child receiving services under the Covering ALL KIDS Health Insurance Act should include the income of the stepparent.

When determining family income when a stepparent is present, HFS counts the income of the stepparent; however, DHS does not. Policy regarding HFS' Central ALL KIDS Unit application processing states, "In addition, families who want to have eligibility determined without considering stepparent or children's income must also apply through their local DHS office." Also, on the application, families with a stepparent in the home are instructed "it may be better for you to apply at your DHS Family Community Resource Center." (See page 96 in Appendix D.) As a result, families with stepparents that apply through DHS may pay lower co-pays or premiums in order to receive coverage. HFS, as the administrator of the ALL KIDS program, should not promote inconsistent treatment of stepparent income, or non-compliance with its own administrative rules.

INCOME OF STEPPARENT	
RECOMMENDATION NUMBER **4**	***The Department of Healthcare and Family Services and the Department of Human Services should ensure that the income of the stepparent is included in the income calculation for the EXPANDED ALL KIDS program as required by 89 Ill. Adm. Code 123.110.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department acknowledges that the policies in question appear inconsistent. They were designed to assure the state is in compliance with federal Medicaid law while taking advantage of the flexibility offered in the federal CHIP statute. We anticipate that the variations in the federal law will be resolved as national health care reform is implemented over the next several years and we will work to promote that outcome. We wish to clarify that DHS and HFS both include stepparent income in the income calculation for families with income in excess of 133% of poverty. ***AUDITOR COMMENT #2*** *It is inconsistent to use two different methods to calculate income for State-funded (i.e., not Medicaid or federal CHIP) children.*
DEPARTMENT OF HUMAN SERVICES' RESPONSE	We agree. The Department of Human Services will work with the Illinois Department of Healthcare and Family Services (HFS) to ensure that all required elements are considered and documented in the eligibility determination as required by Administrative Code.

PREMIUM PAYMENTS

Families with individuals enrolled in ALL KIDS Premium levels must pay monthly premiums timely. The premium payment amount depends on family income and family size. The premiums are billed by and are payable to HFS, or its authorized agent, on a monthly basis. According to 89 Ill. Adm. Code 123.340(b), failure to pay the appropriate monthly premium will result in termination of coverage.

If an enrollee's membership is cancelled due to unpaid premiums, the family is ineligible for ALL KIDS coverage for three months. If a family reapplies for ALL KIDS coverage, the family must pay all premiums past due before they can be re-enrolled.

Non Payment of Premiums

HFS does not terminate ALL KIDS coverage when the enrollee fails to pay premiums as required by 89 Ill. Adm. Code 123.340(a). According to the Administrative Code, "Children enrolled in All Kids Premium levels 2-8 will have a grace period through the end of the month of coverage to pay the premium." According to Section 123.340(b) of the Administrative Code, "failure to pay the full monthly premium by the last day of the grace period will result in termination of coverage." According to an HFS official, in practice HFS uses a 90 day grace period before coverage is terminated.

We requested cancellation reports from HFS and judgmentally selected and reviewed 20 families identified on the March 2009 report. The March 2009 cancellation report contained 1,356 individuals. These individuals were in families that had not made a premium payment since November 2008 and were scheduled to be terminated on April 1, 2009. All 20 families reviewed received services during the three months in which premiums were not paid. Our analysis shows that the State paid for 343 services totaling $10,995 for these 20 families during February and March 2009 after the required 30 days grace period had expired.

NON PAYMENT OF PREMIUMS	
RECOMMENDATION NUMBER **5**	***The Department of Healthcare and Family Services should terminate ALL KIDS coverage to families that do not pay monthly premiums as required by 89 Ill. Adm. Code 123.340.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department accepts the recommendation. The discrepancy between the law and practice results from the difference between the rule for lower income families and the law governing higher income families. The Department will review the options for bringing the policies into sync without risking federal matching funds.

SCOPE AND METHODOLOGY

We conducted this program audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was also conducted in accordance with audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit's objectives are contained in the Covering ALL KIDS Health Insurance Act [215 ILCS 170/63] (see Appendix A). The Act directs the Office of the Auditor General to annually cause an audit of the program that includes payments for health services covered by the program and contracts entered into by the Department in relation to the program.

Fieldwork for this audit was conducted in November and December 2009 and January 2010. During the audit, we met with representatives from the Department of Human Services and from the Department of Healthcare and Family Services. We requested EXPANDED ALL KIDS data for FY09 and had difficulty obtaining the payment and enrollee data. We had numerous meetings and discussions and received numerous versions of the data before receiving a data set for analysis. Additionally, as discussed in Chapter Two, the data pulled by HFS for use in this audit had numerous problems. This appeared to be due to improper classification of enrollees by HFS within the eligibility data.

During the audit, we also requested the administrative costs associated with the EXPANDED ALL KIDS program. We began discussing this with HFS on August 4, 2009. After numerous discussions with HFS, on February 1, 2010, HFS provided the administrative costs for the population that was greater than 200 percent of the federal poverty level. On February 3, 2010, auditors questioned if the information included all EXPANDED ALL KIDS administrative costs including those below 200 percent of the federal poverty level. On February 23, 2010, HFS provided the administrative costs for the EXPANDED ALL KIDS program. Due to the Department's inability to provide the information timely, it was decided that a review of the administrative costs for the EXPANDED ALL KIDS program would be conducted during the 2010 ALL KIDS audit.

In conducting this audit we reviewed applicable State and federal laws and regulations as well as DHS and HFS policy manuals and action guides. Compliance requirements were reviewed and tested to the extent necessary to meet audit objectives. Any instances of non-compliance are included in this report. We also determined whether any issues with the data or identified by the data are a result of a lack of management controls. Additionally, we tested management controls over the premiums that are paid by enrollees.

During the audit, we performed sample testing on several areas. The main sample for the audit was a review of client files. Our sample was judgmentally selected to ensure inclusion of all program plan levels and a relatively equal number of citizens/documented immigrants versus undocumented immigrants.

We then randomly selected the number of claims to sample by program plan level to obtain our sample of 100 paid claims during FY09 to test. During testing, we compared electronic data to the hard copy file to check for reliability, and we reviewed the claim to ensure that it wasn't a duplicate payment. We also tested:

- whether the child was eligible at the time the service was provided;
- whether the child's premium was paid at the time of the service;
- whether the necessary documentation was obtained by HFS/DHS to determine eligibility;
- whether documentation in the case file matched what is found in the database;
- whether the child was placed in the appropriate ALL KIDS program; and
- whether addresses and names associated with the claims appeared to be valid.

We also conducted the following testing during fieldwork:

- A sample of 20 families enrolled in ALL KIDS that failed to pay their premiums during FY09 to determine whether HFS followed its rules related to discontinuing eligibility, and whether these individuals were receiving services during the months in which payment was not made to HFS; and

- A sample of 20 enrollees with more than one recipient identification number on file with HFS to determine whether the ALL KIDS Application Agent (AKAA) was reimbursed for more than one application.

We reviewed the procurement process utilized and payment/contract monitoring for the two ALL KIDS contracts from FY06-FY10 (marketing strategy with GMMB and survey of health insurance status with the University of Illinois).

We reviewed risk and internal controls related to the EXPANDED ALL KIDS program related to the audit objectives. Any weaknesses in internal controls are included as findings in this report. For a more detailed sampling and analytical methodology, see Appendix B.

REPORT ORGANIZATION

The remainder of this report is organized into the following chapters:

- Chapter Two – ALL KIDS Data;

- Chapter Three – ALL KIDS Payments and Eligibility; and

- Chapter Four – ALL KIDS Contracts.

Chapter Two

ALL KIDS DATA

CHAPTER CONCLUSIONS

The Department of Healthcare and Family Services (HFS) had difficulty providing accurate data from its Data Warehouse in a timely manner for this audit. Beginning on August 4, 2009, auditors met with and had numerous contacts with HFS officials related to FY09 payment and eligibility data necessary to conduct this audit. On August 25, 2009, HFS provided the first data set of FY09 claim and eligibility data to the auditors. Auditors identified problems with this first data set, as well as four other data sets provided by HFS over the next two months. Finally, on October 28, 2009, almost three months after the original request, HFS provided a final data set. Auditors used this data set for analysis in this report and, as discussed below, identified additional limitations with the accuracy of this data.

HFS did not have adequate controls in place to ensure that individuals over the age of 18 were terminated from ALL KIDS eligibility as required by 89 Ill. Adm. Code 123.200(b). During our review of the FY09 EXPANDED ALL KIDS claims, auditors identified 530 individuals that received services after they reached the age of 19. Many of these individuals received services in the month of their birthday. According to HFS policy, enrollees have eligibility through the end of the month in which they reach 19 years of age. These instances were reported to HFS, and according to HFS officials, 128 of the recipients received services **after** the month of their 19th birthday during FY09 which is beyond the eligibility age specified by law.

HFS and the Department of Human Services (DHS) did not have adequate controls in place to ensure that individuals are not enrolled in ALL KIDS more than once. Since controls were not in place for the EXPANDED ALL KIDS program, it is likely that this issue would also be relevant for the ALL KIDS program as a whole. During a review of the FY09 EXPANDED ALL KIDS eligibility data provided by HFS, auditors identified 740 enrollees that appeared to be enrolled with more than one recipient identification number in the data set. Duplicate enrollees would overstate the number of children served by the program as well as indicate a weakness in internal controls associated with enrolling the children. Auditors sampled 20 of the potential duplicates and submitted them to HFS officials for their review. For the 20 potential duplicates:

- 15 recipients were enrolled more than once and were issued more than one recipient identification number during FY09;
- 6 of the 15 recipients had **overlapping** periods of coverage during FY09 (meaning they received two different eligibility cards each month); and
- 4 of the 6 recipients with overlapping coverage had claims during FY09 **for both** recipient identification numbers assigned to them.

The data provided by HFS also contained 30 cases where an individual's end date was not until the first day of the month following the month in which the enrollee turned 19 years of age. The eligibility period ends on the last day of the month in which the enrollee turns 19 years of age. In these instances, eligibility should have ended on the last day of the month; however, services were provided and claims were submitted and accepted on the following day even though the enrollee was no longer eligible for coverage. Although the dollar amount may be insignificant, this demonstrates a weakness in internal controls. HFS noted that it is working to correct the problem.

HFS and DHS do not accurately classify documented immigrants that receive ALL KIDS services. We reviewed 48 claims from FY09 in which the enrollees were classified by HFS or DHS as undocumented immigrants. We found that 9 out of 48 undocumented immigrants **were incorrectly classified**. These nine individuals had documentation in the case file, such as permanent resident cards, social security cards, or alien registration numbers, to support their documented immigrant status. However, these nine individuals were classified in the eligibility data as having undocumented immigrant status. Of these nine individuals:

- 2 had been in the country for more than five years when they enrolled in the ALL KIDS program, and therefore, were incorrectly classified as undocumented when they enrolled; and

- 1 had not been in the country for five years when he or she enrolled in the ALL KIDS program, but now has been and thus should have been recategorized to documented status but was not.

Because of these misclassifications, HFS did not submit and receive federal matching funds for these eligible enrollees. Furthermore, a recent change in federal law allows HFS to receive federal match for documented immigrants immediately (i.e., they do not have to be in the country for five years). As of January 4, 2010, the State's revised State Plan had not yet been approved to begin receiving these matching funds. The misclassification of documented immigrants as undocumented immigrants will have even greater financial significance once Illinois' State Plan is approved and it can start receiving matching federal funds for these documented immigrants.

EXPANDED ALL KIDS DATA

The Department of Healthcare and Family Services had difficulty providing accurate data from the Data Warehouse in a timely manner for this audit. Additionally, HFS had difficulty defining the population covered by the Covering ALL KIDS Health Insurance Act. Once the final data was received by auditors in October 2009, after five previous attempts, auditors continued to find issues with the data. For example, auditors identified duplicate recipients, recipients that were older than 18 years of age, and documented immigrants that were incorrectly categorized as undocumented immigrants. To address these data limitations, auditors have recommended specific action HFS needs to take to make the data more accurate and reliable.

EXPANDED ALL KIDS Population

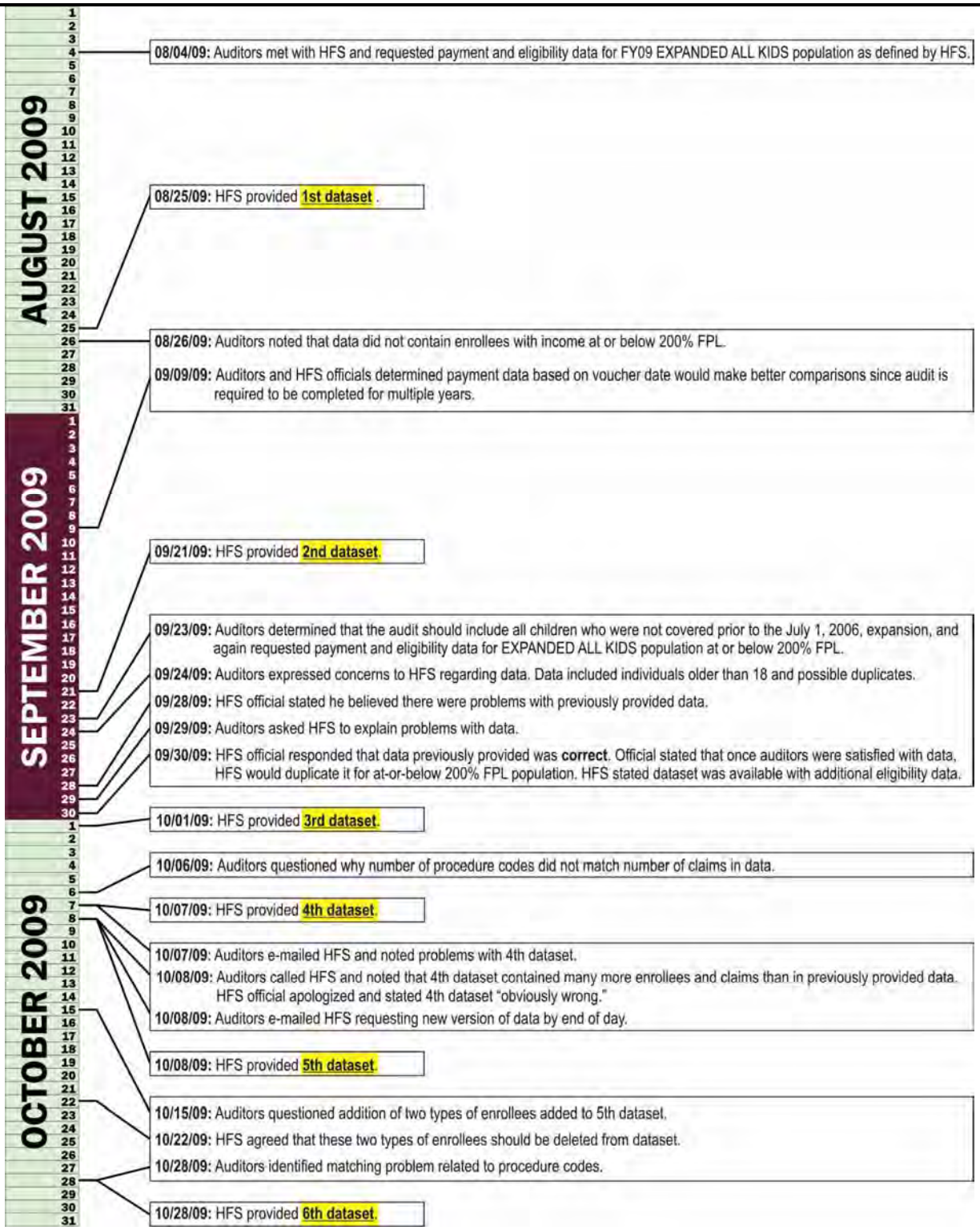
During the first meeting with HFS on August 4, 2009, auditors discussed the population for the audit with HFS. HFS officials indicated that the population for this audit included both children above 200 percent of the federal poverty level (FPL), and some children at or below 200 percent of the federal poverty level who did not qualify for Medicaid or for the Children's Health Insurance Program. On August 25, 2009, HFS provided auditors with a database that **did not** include children under the 200 percent poverty level.

Auditors asked HFS to cite the Department's position on what is covered by the Covering ALL KIDS Health Insurance Act. On August 26, 2009, HFS provided auditors with the following response: *"The Covering All Kids Health Insurance Act, 215 ILCS 170, authorizes HFS to provide healthcare benefits for children who are not eligible under either the P[ublic] A[id] Code or CHIPA [Children's Health Insurance Program Act]. Such children all live in families with income above 200% FPL. Consequently, the focus of the audit will be children in families with income in excess of 200% FPL."* Since undocumented immigrants were never covered by the State in any of the KidCare programs prior to the Act, which was effective July 1, 2006, on September 23, 2009, we concluded that the audit should include all children that were not covered prior to the effective date of the Covering ALL KIDS Health Insurance Act. Therefore, children included in the population for this audit are undocumented immigrant children from families with income under 200 percent of the FPL and all children whose family income was greater than 200 percent of the FPL.

Timeliness of Providing Data

The Department of Healthcare and Family Services had difficulty providing accurate data in a timely manner for this audit. Beginning on August 4, 2009, auditors met with and had numerous contacts with HFS officials related to FY09 payment and eligibility data necessary to conduct this audit. Auditors received six different data sets and after spending audit hours reviewing and analyzing each data set had questions and concerns. Questions about the data were submitted to HFS, and HFS would then provide another set of data. Almost three months after the original request, HFS provided the sixth and final data set on October 28, 2009. Exhibit 2-1 documents the timeline of data requests and issues identified by auditors. As noted throughout this chapter, auditors continued to find issues with the data. As a result, HFS' inability to provide accurate and timely data contributed to significant delays in the audit. The Office of the Auditor General should not be the internal control mechanism for HFS to determine whether information submitted for audit purposes is complete and accurate.

Exhibit 2-1
DATA REQUEST TIMELINE



Source: OAG summary of correspondence with HFS.

Additionally, HFS also failed to provide other requested information timely for this audit, which also contributed to delays in conducting the audit. Examples of untimely submission of information by HFS include:

- More than six months to provide the administrative costs for the EXPANDED ALL KIDS program;
- 56 days to provide the premium amount paid by enrollees for ALL KIDS Premium during FY09;
- 48 days to respond to auditor questions related to why the eligibility data included children over the age of 19;
- 23 days to provide documentation in response to questions related to duplicate enrollees that were identified; and
- 11 days to respond to a yes or no question asking whether HFS submitted copies of contracts to the General Assembly as required by 215 ILCS 170/45(d).

ALL KIDS DATA RELIABILITY AND SUBMISSION OF REQUESTED INFORMATION	
RECOMMENDATION NUMBER **6**	***The Department of Healthcare and Family Services should ensure that data provided to the Office of the Auditor General is complete, accurate, and timely. Additionally, HFS should promptly comply with requests for information by the Office of the Auditor General as required by the Illinois Auditing Act [30 ILCS 5/3-12].***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department accepts the recommendation that it should provide complete, accurate and timely data, as well as its obligations pursuant to 30 ILCS 5/3-12. We believe that delays in providing data during this audit were due to misunderstanding and miscommunication. The Department now has a clear understanding of the auditors' data needs concerning this program and will be able to provide such data promptly in future All Kids audits.

Problems with EXPANDED ALL KIDS Data Provided

Auditors identified five specific issues associated with the October 28, 2009 data provided by HFS. These five areas were: 1) FY09 eligibility data included individuals that were older than 18 years of age; 2) FY09 eligibility data included duplicate enrollees with two different recipient identification numbers, and/or different birth dates or addresses; 3) FY09 eligibility data included end dates that were not accurate; 4) some documented immigrants were categorized as undocumented immigrants; and 5) irregularities between FY09 claims and eligibility data. Due to these issues, the eligibility figures for the EXPANDED ALL KIDS program are misstated. Additionally, due to the eligibility data including individuals over 18 years of age, the data provided by HFS overstates the enrollee and payment figures for the EXPANDED ALL KIDS program. Finally, the number of undocumented immigrants covered

by the EXPANDED ALL KIDS program is overstated due to the incorrect categorizing of documented immigrants.

Individuals Older Than 18 Years of Age

HFS and DHS did not have adequate controls in place to ensure that individuals over the age of 18 were terminated from ALL KIDS eligibility as required by 89 Ill. Adm. Code 123.200(b). During FY09, there were 3,027 individuals in the EXPANDED ALL KIDS program that reached 19 years of age. During our review of the FY09 EXPANDED ALL KIDS claims, auditors identified 530 individuals that received services after they reached the age of 19. Many of these individuals received services in the month of their birthday. According to HFS policy, enrollees have eligibility through the end of the month in which they reach 19 years of age. These instances were reported to HFS, and according to HFS officials, 128 of the recipients received services **after** the month of their 19th birthday during FY09. These 128 individuals received 1,035 services totaling $49,690 after the month in which they turned 19 years of age. HFS provided reasons for providing services after the eligibility expired. These include:

- Received coverage for one month too long;
- Undocumented parent - continues receiving coverage - should have deleted effective 06/09;
- Auto canceled one month too late;
- Received six additional months - auto deletion occurred effective 07/09; and
- Auto deletion occurred too late.

Duplicate Enrollees

HFS and DHS did not have adequate controls in place to ensure that individuals are not enrolled in ALL KIDS more than once. Since controls were not in place for the EXPANDED ALL KIDS program, it is likely that this issue would also be relevant for the ALL KIDS program as a whole. During a review of the FY09 EXPANDED ALL KIDS eligibility data provided by HFS, auditors identified 740 enrollees that appeared to be enrolled with more than one recipient identification number in the data set. Duplicate enrollees would overstate the number of children served by the program as well as indicate a weakness in internal controls associated with enrolling the children. Auditors sampled 20 of the potential duplicates and submitted them to HFS officials for their review. For the 20 potential duplicates:

- 15 recipients were enrolled more than once and were issued more than one recipient identification number during FY09;
- 6 of the 15 recipients had **overlapping** periods of coverage during FY09 (meaning they received two different eligibility cards each month); and
- 4 of the 6 recipients with overlapping coverage had claims during FY09 **for both** recipient identification numbers assigned to them.

Auditors selected one enrollee with two different recipient identification numbers in the data to review as a case example. Auditors determined that during FY09, services were being provided for this one enrollee under each of the two recipient identification numbers. In each of the eligibility entries in the data, the enrollee's name, birth date, and address were the same. However, one recipient identification number listed the enrollee as an undocumented immigrant in the Assist program while the other recipient identification number listed the enrollee as an undocumented immigrant in the Share program.

According to documentation provided by HFS, the enrollee's mother contacted DHS in March 2007 and noted that she was receiving two ALL KIDS eligibility cards. However, DHS did not take corrective action and the enrollee continued to receive services during FY09 with eligibility from each of the two recipient identification numbers. Our review of the services also showed that each month, two separate providers received a $2 Coordinated Care Fee (monthly care management fee), one for each separate recipient identification number. During FY09, $622.80 was billed for one recipient identification number (Assist undocumented) and $62.84 was billed for the other (Share undocumented).

Auditors reported this case to HFS. HFS noted that there was a "passive" redetermination in February 2009 and no corrective action was taken because the redetermination form was not returned. According to documentation provided by HFS, the Assist case would be canceled effective March 1, 2010.

Inaccurate End Dates

The FY09 eligibility data provided by HFS contained end dates that were not accurate. Documentation provided by HFS defined the end date as "the last date the recipient was eligible for benefits for this time frame." During our review, auditors determined there were 53,288 of 94,507 enrollees with an eligibility end date of "10/3/2010." According to HFS officials, the enrollees with a "10/3/2010" end date were incorrect since these enrollees had open end dates for eligibility in the HFS Data Warehouse, which is stored as "12/31/9999." As a result, the data set provided to the auditors had inaccurate eligibility end dates for approximately 53,288 enrollees.

The data provided by HFS also contained 30 cases where an individual's end date was not until the first day of the month following the month in which the enrollee turned 19 years of age. The eligibility period ends on the last day of the month in which the enrollee turns 19 years of age. In these instances, eligibility should have ended on the last day of the month; however, services were provided and claims were submitted and accepted on the following day even though the enrollee was no longer eligible for coverage. Although the dollar amount may be insignificant, this demonstrates a weakness in internal controls.

This was brought to HFS' attention and HFS noted that "This occurs when an action is taken on a case earlier in the processing month that is effecting the same month that the child who turned 19 is to be deleted. The first action puts eligibility on MMIS [Medicaid Management Information System]. The deletion action doesn't completely override the first action. The Department is drafting a system request to correct the problem."

Irregularities Between FY09 Claims and Eligibility Data

The FY09 data provided by HFS had irregularities when comparing the claims data with the eligibility data. We found claims for services provided during FY09 for individuals that were not found in the FY09 eligibility data provided by HFS. The FY09 claims data contained 4,923 claims, totaling $176,426, for 1,158 recipients who were not included in the recipient eligibility data. As a result, either the total recipients reported in this audit are understated by 1,158 or the cost of the EXPANDED ALL KIDS program is overstated by $176,426 if the recipients were not eligible for coverage during FY09.

ALL KIDS DATA RELIABILITY	
RECOMMENDATION NUMBER **7**	***The Department of Healthcare and Family Services should have controls in place to ensure that its ALL KIDS eligibility and claim data is accurate and reliable. This includes ensuring that enrollees over 18 years of age are identified as no longer eligible, ensuring that enrollees are not enrolled in ALL KIDS more than once, and ensuring that enrollees are no longer eligible for services after their end date.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department accepts the recommendation. • Aside from the program issues noted below, the Department believes it has adequate controls in place to ensure the accuracy and reliability of its data and will work closely with auditors in the future to demonstrate that the data is sound. • The Department has identified the system error that permitted payment of bills for individuals after the month of their 19th birthday and is working to reprogram the system to correct it. • The Department has participated and will continue to participate with DHS in ongoing efforts to minimize the incidence of duplicate RINs.

Classification of Documented Immigrants

HFS and DHS do not accurately classify documented immigrants that receive ALL KIDS services. According to HFS officials, to ensure that federal matching funds were not requested for documented immigrants who are ineligible for matching funds (i.e., those documented immigrants that have not been in the country for five years), those documented immigrants were classified as undocumented immigrants.

We reviewed 48 claims from FY09 in which the enrollees were classified by HFS or DHS as undocumented immigrants. We found that 9 out of 48 undocumented immigrants **were incorrectly classified**. These nine individuals had documentation in the case file, such as permanent resident cards, social security cards, or alien registration numbers, to support their

documented immigrant status. However, these nine individuals were classified in the eligibility data as having undocumented immigrant status. Of these nine individuals:

- 2 had been in the country for more than five years when they enrolled in the ALL KIDS program, and therefore, were incorrectly classified as undocumented when they enrolled; and

- 1 had not been in the country for five years when he or she enrolled in the ALL KIDS program, but now has been and thus should have been recategorized to documented status but was not.

Because of these misclassifications, HFS did not submit and receive federal matching funds for these eligible enrollees. According to HFS officials, prior to February 2009, claims for documented immigrants were not eligible for federal matching funds until the documented immigrant had been in the country for five years. In February 2009, the Children's Health Insurance Program Reauthorization Act of 2009 eliminated the five year waiting period and states could receive federal match for documented immigrants immediately. As of January 4, 2010, the State's revised State Plan had not been approved to allow Illinois to begin receiving matching funds for the individuals. The misclassification of documented immigrants as undocumented immigrants will have even greater financial significance once Illinois' State Plan is approved and it can start receiving matching federal funds for these documented immigrants.

As a result of HFS' incorrect classification of documented and undocumented immigrants, the enrollee figures in this report overstate the number of undocumented immigrants and understate the number of documented immigrants. Additionally, as a result of the incorrect classification, HFS was not submitting and receiving federal matching funds for eligible enrollees.

CLASSIFICATION OF DOCUMENTED IMMIGRANTS	
RECOMMENDATION NUMBER **8**	***The Department of Healthcare and Family Services and the Department of Human Services should ensure that documented immigrants are classified correctly to ensure that the State receives federal matching funds for all eligible claims.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE Continued of following page	The Department of Healthcare Family Services accepts the recommendation and recognizes the need for staff training to assure individuals are classified correctly. A system request has been submitted to automatically change the classification and permit federal claiming once a qualified alien has been in the country 5 years and is no longer barred from federal means-tested public benefit programs.

DEPARTMENT OF HUMAN SERVICES' RESPONSE	We agree. The Department understands the importance of correct classification of immigrants and citizenship status, in order to maximize federal financial participation. The Department will reiterate the importance of proper classification coding to staff.

Chapter Three

ALL KIDS PAYMENTS AND ELIGIBILITY

CHAPTER CONCLUSIONS

According to claim data provided by the Department of Healthcare and Family Services (HFS), in FY09 the cost for services that were added as a result of the July 1, 2006 expansion totaled $79,068,335. In FY09, HFS received approximately $8.9 million in premiums from enrollees, thus making the net cost of the ALL KIDS expansion approximately $70.2 million. The majority of the costs for services were for undocumented immigrants during FY09. Costs for undocumented immigrants totaled $54.9 million or 69 percent of the total costs for the EXPANDED ALL KIDS program. However, as discussed in Chapter Two, these costs are likely overstated due to the incorrect categorizing of documented immigrants.

During our review of FY09 claims paid, auditors determined that HFS paid $27,393 for non-emergency medical transportation for enrollees in Premium levels 2 through 8. Non-emergency transportation services are specifically excluded from coverage by Illinois Administrative Code [89 Ill. Adm. Code 123.310].

Due to the way HFS has implemented the Covering ALL KIDS Health Insurance Act, HFS and the Department of Human Services (DHS) are not obtaining documentation to support eligibility in some instances. As a result, auditors could not determine whether eligibility was determined correctly by HFS and DHS.

Although the Covering ALL KIDS Health Insurance Act requires that children be residents of the State, the ALL KIDS application contains no requirement that residency be documented. Auditors could not identify any routine process used by HFS or DHS to verify residency in the 98 case files reviewed (2 other cases were sampled but the Departments were unable to locate 1 file and the other was inaccessible due to mold). According to an HFS official, HFS "must verify residence only if there is a reason to question the claim of Illinois residency."

Additionally, the ALL KIDS application does not require that any birth or identity documentation be provided by undocumented immigrants. According to HFS, children who do not meet citizenship/immigration requirements are not required to submit birth or identity documentation. Without such information, it is questionable how the Departments can verify that the child meets the Act's age requirements, as well as confirm the identity of the child.

During our review of the 98 cases sampled, 42 enrollees (43%) did not provide proof of birth (e.g., birth certificate). While most of the cases reviewed contained proof of identity (i.e., driver's license, State issued ID card, school ID, or a parents signature if under age 16), we could not find documentation of identity for 6 (6%). Auditors also determined that 1 of 98 files did not contain proof of income. Additionally, for the 98 files reviewed, auditors could not verify

whether all sources of family income were provided by the applicant. Without documentation of income, it was not possible to determine whether eligibility was determined correctly.

According to a policy provided by DHS, as of January 2004, only one pay stub was required to determine eligibility for all Family Health Plans which includes ALL KIDS. This does not include individuals who are self employed. Self employed individuals are required to submit a month's worth of financial records.

Since many of the enrollees are eligible for "passive" redetermination, the eligibility of children for up to 18 years of age may be based on a single pay stub. Auditors questioned the validity of using only one pay stub to determine 12-month eligibility. Families that are paid hourly wages may have income that fluctuates weekly. Additionally, income, such as bonuses or commissions, may not be captured by one pay stub. As a result, eligibility based on a single pay stub may not be an accurate representation of actual income. This could result in a family paying a higher premium or co-pay, or could result in the State paying for a greater portion of a child's medical services than necessary.

Auditors found no control in place at HFS to verify the income reported by enrollees other than requiring the enrollee to provide a single pay stub. HFS receives reports from the Department of Employment Security (IDES) that would allow HFS to determine whether family income has increased. However, the analysis requires the working parent's social security number which is information that is not required. In 54 percent of the cases reviewed, social security numbers were not provided for one or both of the parents. According to HFS officials, the report provided by IDES **is not used to verify income** for the initial determination or annual redetermination.

PAYMENTS FOR ALL KIDS SERVICES

According to claim data provided by HFS, in FY09 the cost for services that were added as a result of the July 1, 2006 expansion totaled $79,068,335. The majority of the costs for services were for undocumented immigrants during FY09. Costs for undocumented immigrants totaled $54.9 million or 69 percent of the total costs for the EXPANDED ALL KIDS program. Exhibit 3-1 breaks out the payments for services by whether the child had documentation for citizenship/immigration status or whether the child was undocumented. However, due to HFS incorrectly categorizing some documented immigrants as undocumented immigrants, the costs for undocumented immigrants are overstated, while the costs for documented immigrants are understated.

Exhibit 3-1
PAYMENTS FOR EXPANDED ALL KIDS SERVICES BY ALL KIDS PLAN [1]
Fiscal Year 2009

EXPANDED ALL KIDS Plan	Citizens/Documented Immigrants	Undocumented Immigrants	Totals
Assist	n/a	$50,799,921.39	**$50,799,921.39**
Share	n/a	$1,552,871.18	**$1,552,871.18**
Premium Level 1	n/a	$1,745,546.15	**$1,745,546.15**
Premium Level 2	$19,198,486.89	$649,572.88	**$19,848,059.77**
Premium Level 3	$3,814,369.50	$115,547.52	**$3,929,917.02**
Premium Level 4	$743,851.06	$46,287.84	**$790,138.90**
Premium Level 5	$287,784.54	$6,322.20	**$294,106.74**
Premium Level 6	$49,980.90	$2,135.09	**$52,115.99**
Premium Level 7	$14,979.49	$8.00	**$14,987.49**
Premium Level 8	$40,407.59	$262.89	**$40,670.48**
Totals	**$24,149,859.97**	**$54,918,475.14**	**$79,068,335.11**

Note: [1] Due to HFS incorrectly categorizing some documented immigrants as undocumented immigrants, the costs for undocumented immigrants are overstated, while the costs for documented immigrants are understated (see Recommendation #8).

Source: ALL KIDS claim data provided by HFS.

Payments by Category of Service

According to data provided by HFS, 90 percent of the payments during FY09 for EXPANDED ALL KIDS services were paid for 10 categories of services. Exhibit 3-2 shows that $71.5 million of the $79.1 million in total EXPANDED ALL KIDS payments were for the following services: dental; pharmacy; inpatient hospital (general); physician; general clinic; outpatient (general); healthy kids; inpatient hospital (psychiatric); capitation services; or mental health rehab option. The two categories with the highest percentage of payments were dental and pharmacy, both at 16 percent of the overall total. Appendix F shows the total payments by category of service. Additionally, Appendix G shows the FY09 EXPANDED ALL KIDS payments by plan and by category of service.

Exhibit 3-2
TOTAL PAYMENTS BY CATEGORY OF SERVICE FOR EXPANDED ALL KIDS PROGRAM
Totaling more than $1 million during FY09

Category of Service	Total FY09 Payments	Percent of Total FY09 Payments
Dental Services	$13,031,148	16%
Pharmacy (Drug and OTC)	$12,963,253	16%
Inpatient Hospital Services (General)	$11,296,756	14%
Physician Services	$10,405,224	13%
General Clinic Services	$ 7,494,225	9%
Outpatient Services (General)	$ 5,354,840	7%
Healthy Kids Services	$ 3,416,512	4%
Inpatient Hospital Services (Psychiatric)	$ 3,364,470	4%
Capitation Services	$ 2,843,780	4%
Mental Health Rehab Option Services	$ 1,372,009	2%
Total for categories with payments > than $1 million	**$71,542,217**	**90%**
Other categories totaling < than $1 million	$ 7,526,118	10%
Total Payments for All Service Categories	**$79,068,335**	**100%**

Source: FY09 ALL KIDS data provided by HFS.

Payment of Non-Emergency Transportation

During our review of FY09 claims paid, auditors determined that HFS paid for services that were excluded by Illinois Administrative Code [89 Ill. Adm. Code 123.310]. The Administrative Code specifically excludes coverage for non-emergency medical transportation for enrollees in Premium levels 2 through 8. However, auditors found 1,159 payments totaling $27,393 for non-emergency transportation services in FY09. The following three categories of services were paid for individuals in Premium levels 2 through 8:

- Non-Emergency Ambulance Transportation ($19,701);
- Service Car ($7,225); and
- Auto Transportation (Private) ($467).

HFS officials indicated that they reviewed the exceptions and "discovered an error in the programming that caused some claims to pay improperly." HFS officials noted that they were reprogramming to fix the problem.

PAYMENT OF NON-EMERGENCY TRANSPORTATION	
RECOMMENDATION NUMBER **9**	***The Department of Healthcare and Family Services should have controls in place to ensure that no payments are made for non-emergency transportation services that are excluded from coverage by 89 Ill. Adm. Code 123.310.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department accepts the recommendation. We have initiated a programming change to prevent such payments in the future.

Payments vs. Premiums Collected

In FY09, HFS received approximately $8.9 million in premiums from enrollees, thus making the net cost of the ALL KIDS expansion approximately $70.2 million. Exhibit 3-3 shows both FY09 payments and premiums collected from the EXPANDED ALL KIDS program. In FY09, the largest recipient of expansion dollars was Children's Memorial Hospital in Chicago with payments totaling $3,150,720. There were 236 providers that had more than $50,000 in payments in FY09 as a result of the expansion. Appendix H lists the 236 providers and the total amounts they were paid in FY09.

Exhibit 3-3
EXPANDED ALL KIDS PAYMENTS VS. PREMIUMS
Fiscal Year 2009

EXPANDED ALL KIDS Plan	FY09 Payments	FY09 Premiums Collected	Net Cost
Assist	$50,799,921.39	n/a	**$50,799,921.39**
Share	$1,552,871.18	n/a	**$1,552,871.18**
Premium Level 1	$1,745,546.15	$383,405.00	**$1,362,141.15**
Premium Level 2	$19,848,059.77	$6,045,950.86	**$13,802,108.91**
Premium Level 3	$3,929,917.02	$1,825,569.10	**$2,104,347.92**
Premium Level 4	$790,138.90	$427,846.50	**$362,292.40**
Premium Level 5	$294,106.74	$108,513.00	**$185,593.74**
Premium Level 6	$52,115.99	$46,380.00	**$5,735.99**
Premium Level 7	$14,987.49	$12,960.00	**$2,027.49**
Premium Level 8	$40,670.48	$39,040.00	**$1,630.48**
Totals	**$79,068,335.11**	**$8,889,664.46**	**$70,178,670.65**

Source: ALL KIDS claim and premium collection data provided by HFS.

REVIEW OF EXPANDED ALL KIDS PAYMENTS

As part of this audit, auditors sampled payments from the FY09 claim data that appeared to be duplicates and conducted an additional sample of 100 paid claims from FY09. The FY09 claim data provided by HFS for the EXPANDED ALL KIDS program included 2,122,187 services totaling just over $79 million.

Duplicate Payment Sample

As part of our review of EXPANDED ALL KIDS payments, auditors analyzed FY09 claim data and identified all potential duplicate payments. A judgmental sample of 20 possible duplicate claims was tested. In each of the 20, one recipient received two procedures with the same description for the same amount on the same date. Auditors reviewed billing and payment information for these 20, and determined that these payments were within the allowable payment amount for the services. In most cases, the two payments were split between two providers and the total of the two bills was equal to the allowable billable amount for the service. As a result, none of the 20 duplicates tested were duplicate payments.

Paid Claims Sample

Auditors judgmentally selected a sample of 100 paid claims during FY09 to test. The methodology used to judgmentally select the sample was to select 100 claims to ensure a sampling of all programs that contain a relatively equal number of citizens/documented immigrants versus undocumented immigrants. During testing, auditors compared electronic data to the hard copy file to check for reliability, and reviewed the claim to ensure that it wasn't a duplicate payment. Auditors also tested:

- whether the child was eligible at the time the service was provided;
- whether the child's premiums were paid at the time of the service;
- whether the necessary documentation was obtained by HFS/DHS to determine eligibility;
- whether documentation in the case file matched what is found in the database;
- whether the child was placed in the appropriate ALL KIDS program; and
- whether addresses and names associated with the claims appeared to be valid.

During the review, auditors did not note any exceptions related to premiums paid at the time of service, with documentation in the case file matching what was found in the database, or with addresses or names associated with the claims. Auditors did note exceptions related to documentation being obtained used to determine eligibility, which is discussed in the following sections.

Lack of Eligibility Documentation

Due to the way HFS has implemented the Covering ALL KIDS Health Insurance Act, HFS and DHS are not obtaining documentation to support eligibility in some instances. As a result, auditors could not determine whether eligibility was determined correctly by HFS and DHS.

Proof of Age, Identity, Residency, and Family Size

To be eligible for the ALL KIDS program, a child must be under 19 years of age and must be a resident of the State of Illinois. Neither the Covering ALL KIDS Health Insurance Act nor the Administrative Code provides any guidance on how proof of age, identity, or residency is to be verified. The ALL KIDS application asks U.S. citizens to provide documentation to support place of birth (such as a birth certificate) and identity (such as driver's license, State ID card, or school ID card). Identity for children under age 16 can be documented with a school or day care records, report card, or with a parent or guardian's signature. If the child is not a citizen, the application asks applicants to provide a valid alien registration number and to provide proof. Proof of immigration status includes: alien registration card, green card, permanent resident card, passport, or court-ordered notice for asylees.

Additionally, the ALL KIDS application does not require that any birth or identity documentation be provided by undocumented immigrants. According to HFS, children who do not meet citizenship/immigration requirements are not required to submit birth or identity documentation. Without such information, it is questionable how the Departments can verify that the child meets the Act's age requirements, as well as confirm the identity of the child.

During our review of the 98 cases sampled (2 other cases were sampled but the Departments were unable to locate 1 file and the other was inaccessible due to mold), 42 enrollees (43%) did not provide proof of birth (e.g., birth certificate). While most of the cases reviewed contained proof of identity (i.e., driver's license, State issued ID card, school ID, or a parent's signature if under age 16), we could not find documentation of identity for 6 (6%). Auditors also determined that 1 of 98 files did not contain proof of income. Additionally, for the 98 files reviewed, auditors could not verify whether all sources of family income were provided by the applicant. Without documentation of income, it was not possible to determine whether eligibility was determined correctly.

Exhibit 3-4 breaks out the missing documents by whether the enrollee was a citizen/documented immigrant or was an undocumented immigrant.

Although the Covering ALL KIDS Health Insurance Act requires that children be residents of the State, the ALL KIDS application contains no requirement that residency be documented. Auditors could not identify any routine process used by HFS or DHS to verify residency in the 98 case files reviewed. According to an HFS official, HFS "must verify residence only if there is a reason to question the claim of Illinois residency."

The determination used for placing enrollees into an ALL KIDS program is based on income and on family size. Auditors attempted to identify family size in order to determine who had countable income. The family size is also used to determine which federal poverty level category a family qualifies for. Auditors did not identify any routine process used by either HFS or DHS to verify family size. Additionally, auditors found it difficult to determine which family members identified on the application to include in the income and family size calculations.

Exhibit 3-4
MISSING DOCUMENTATION FROM SAMPLE OF 100 ALL KIDS FILES
Fiscal Year 2009

	Number of Sample Cases Missing Documentation			Total Sample Cases
	Birth	Identity	Income	
Citizen/Documented Immigrant	12	2	1	59
Undocumented Immigrant	30	4	0	39 [1]
Totals	**42**	**6**	**1**	**98**

Note:

[1] Two of the sample cases were not provided by HFS or DHS (one was not found and one was inaccessible due to mold).

Source: Summary of a sample of 100 FY09 EXPANDED ALL KIDS claims.

Proof of Income

During our review, auditors determined that 1 of 98 files did not contain proof of income. The file was for a child enrolled in Premium level 2. Additionally, for the 98 files reviewed, auditors could not verify whether all sources of family income were provided by the applicant. Without documentation of income, it was not possible to determine whether eligibility was determined correctly. Enrollees are required to submit a copy of one pay stub received in the last 30 days from each job. Eligibility determinations are based on household income and the amount of income determines the amount of cost sharing by the enrollee. Cost sharing includes the co-pays and premium payments by enrollees to offset the cost of the services provided.

According to a policy provided by DHS, as of January 2004, only one pay stub was required to determine eligibility for all Family Health Plans which includes ALL KIDS. This does not include individuals who are self employed. Self employed individuals are required to submit a month's worth of financial records. During our review, auditors questioned the validity of using only one pay stub to determine 12-month eligibility. Also, the Illinois Administrative Code [89 Ill. Adm. Code 123.230] requires HFS to take "the total gross monthly income of a family" when calculating eligibility. Since one pay stub typically covers less than one full month, collecting documentation of a full month's income would help ensure compliance with the Administrative Code. Additionally, since many of the enrollees are eligible for "passive" re-determination, a single pay stub may be used to determine eligibility for multiple years.

Eligibility based on a single pay stub may not be an accurate representation of actual income. Families that are paid hourly wages may have income that fluctuates weekly. Additionally, income such as bonuses or commissions may not be captured by one pay stub. This could result in a family paying a higher premium or co-pay, or could result in the State paying for a greater portion of a child's medical services than necessary.

For example, one family in our sample had annual income calculated by HFS of $78,300 and was enrolled Premium level 3. HFS' calculation of the $78,300 income was based on a calculation found in the case file reviewed at HFS. Auditors determined that the family had purchased a home almost nine years ago for more than $450,000. Furthermore, one of the parents was a partner in a law firm. Given these factors, there is at least a possibility that not all income earned by the family was captured by the HFS eligibility determination process.

Social Security Numbers

According to HFS officials, enrollees are not required to submit social security numbers to be eligible for ALL KIDS. HFS cited Public Law 93-579 as the federal law that requires that the disclosure of a social security number be optional in order to receive benefits. During the review, auditors determined that 39 of 98 enrollees did not provide social security numbers for either of the enrollee's parents. Of these 39 enrollees, 31 were undocumented immigrants. In 14 of 98 files reviewed, a social security number was provided for only one parent. Of these 14 applicants, 4 were undocumented immigrants.

Auditors found no control in place at HFS to verify the income reported by enrollees other than requiring the enrollee to provide a single pay stub. HFS receives reports from the Department of Employment Security (IDES) that would allow HFS to determine whether family income has increased. However, the analysis is based on the working parent's social security number which is information that is not required. In 54 percent of the cases reviewed, social security numbers were not provided for one or both of the parents. According to HFS officials, the report provided by IDES **is not used to verify income** for the initial determination or annual re-determination. As a result, there is no income verification process in place to determine whether all family income was reported on the ALL KIDS application.

ELIGIBILITY DOCUMENTATION	
RECOMMENDATION NUMBER **10**	***The Department of Healthcare and Family Services and the Department of Human Services should:*** • ***ensure that all necessary eligibility documentation to support birth, identity, and residency is received in order to ensure that eligibility is determined accurately; and*** • ***develop a system to verify eligibility criteria such as family size and family income to ensure that complete and accurate information was provided by the applicant.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE Continued on following page	The Department partially accepts the recommendation. • The Department is working to implement the new federal option under CHIPRA to use Social Security records to verify birth and identity. • The Department will review the legal, financial and operational issues associated with adding verification requirements to those already in policy.

DEPARTMENT OF HUMAN SERVICES' RESPONSE	The Department agrees with the recommendation. The Department follows current policy and procedure as created by HFS regarding eligibility documentation supporting birth, residency and identity. The Department agrees to work with HFS in a review of the operational issues associated with adding verification requirement documentation to those already contained in the manual. The Department maintains that the application process is a system of verification of eligibility criteria. The application asks for household composition information as well as information regarding income from all household members, and requires the submission of at least one pay stub for each job. The applicant is later required to sign the application, under penalty of perjury that the applicant has given true, correct, and complete information. ***AUDITOR COMMENT #3*** *Auditors acknowledge that family size and family income information is collected from the application; however, the focus of the recommendation is that HFS and DHS should implement a system for independently verifying eligibility criteria.*

Chapter Four

ALL KIDS CONTRACTS

CHAPTER CONCLUSIONS

The Covering ALL KIDS Health Insurance Act specifically requires the Office of the Auditor General, as part of this audit, to review contracts entered into by the Department of Healthcare and Family Services (HFS) in relation to the ALL KIDS program. HFS officials identified two contracts related to ALL KIDS: a marketing contract with Greer Margolis Mitchell Burns, Inc./Fleishman-Hillard (GMMB) to increase ALL KIDS enrollment; and a contract with the Board of Trustees of the University of Illinois at Chicago to conduct a statutorily required survey. According to HFS, only the contract with the University of Illinois had expenditures during FY09. However, HFS paid GMMB over $8 million for marketing activities under the ALL KIDS contract between FY06 and FY08.

HFS also identified eight other contracts which had expenditures related in part to the ALL KIDS program expansion, as well as to other programs administered by the Department. However, HFS was unable to provide auditors with an estimate of the dollar amounts from these contracts that were related to the ALL KIDS program expansion.

In the announcement posted in the Illinois Procurement Bulletin, HFS estimated the **total cost** of the ALL KIDS marketing strategy to be **$3 million** over three years (an initial term and two one-year renewals). While HFS increased the contractual obligation under the ALL KIDS marketing contract from a renewal amount of $250,000 to the **$5.3 million** HFS actually spent with GMMB on the contract in FY07, there was **no documentation** to show why such an increase was necessary or justified. HFS officials provided change order justifications signed by an HFS official and indicated these were necessary for pass through costs of media buys. However, these forms gave only generic reasons why the changes were being made, did not match up to the media buy figures, and presented conflicting figures.

In the Procurement Business Case, the economic justification states that the "expenditures for the ALL KIDS Outreach Activities, as described in this procurement business case, would be claimable for matching funds at the appropriate FFP rate." However, **over $2 million** in expenses for the *Health Portal Ad Campaign* **were not eligible** for matching funds yet were paid under the marketing strategy contract. In addition, the ALL KIDS expansion program is not eligible for federal reimbursement.

The procurement process for the ALL KIDS marketing strategy contained deficiencies. During our review we found that HFS:

- did not require the bidders to identify what staff would be working on the project; and
- utilized a pricing evaluation formula which **was not published** in the Request for Proposal (RFP), a formula which directly affected which bidder was awarded the contract.

HFS lacked documented policies and procedures for evaluating billings submitted for the marketing strategy contract with GMMB. In January 2010, we asked HFS whether there were any formal policies and procedures for the review of billings sent by the vendors responsible for activities of the ALL KIDS marketing strategy. HFS failed to produce any such procedures, even though **over $8 million** in State funds were expended under this contract between FY06 and FY08.

Our review of billings for the marketing strategy contract found a number of problems due to a lack of procedures for review and a lack of diligence by the monitoring staff. Specifically, we found:

- In 16 percent of the invoices paid to GMMB from FY06-FY08 (3 of 19), the contract monitor verified that goods were received on an HFS verification form **after** signing the payment invoice voucher.

- HFS did not require, nor did the contract require, GMMB to detail who worked on each task or how long each task took for the hours billed. Instead, GMMB invoices had total hours worked by five categories with bulleted listings of activities.

- HFS executed the contract with GMMB on March 20, 2006. The contract was filed with the Comptroller on April 4, 2006. An HFS official affirmed, on a Late Filing Affidavit dated March 20, 2006, that HFS and the vendor **had agreed to the services** in the contract but that the vendor commenced services before the contract was reduced to writing. The vendor had been working on the project **two months prior to execution**, which is evidenced by a GMMB billing invoice for the period January 20, 2006, through March 31, 2006, that included a billed service for "Worked with client to revise and scale back work plan and budget." We **questioned $278,698.53** approved by HFS and paid to GMMB for this invoice. Allowing the vendor to charge time prior to the execution of a contract puts State funds at risk of loss.

- Questionable billed hours, double billed expenses, and an invoice approved that did not contain supporting invoice/contract documentation.

- HFS made four payments totaling over $6 million in **advance payments** to GMMB for media buys over the life of the contract. Our review of HFS records showed **conflicting documentation** to support that it reconciled the charges that were paid in advance. Failure to properly reconcile the advance payments to ensure that television, radio and internet spots were actually purchased increases the likelihood that State funds were not used as intended.

ALL KIDS CONTRACTS

The Covering ALL KIDS Health Insurance Act specifically requires the Office of the Auditor General, as part of this audit, to review contracts entered into by HFS in relation to the ALL KIDS program. HFS officials identified two contracts related to ALL KIDS: a marketing contract with Greer Margolis Mitchell Burns, Inc./Fleishman-Hillard (GMMB) to increase ALL

KIDS enrollment; and a contract with the Board of Trustees of the University of Illinois at Chicago to conduct a statutorily required survey. According to HFS, only the contract with the University of Illinois had expenditures during FY09. HFS also identified eight other contracts which had expenditures related in part to the ALL KIDS program expansion, as well as to other programs administered by the Department. However, HFS was unable to provide auditors with an estimate of the dollar amounts from these contracts that were related to the ALL KIDS program expansion.

ALL KIDS Expansion Contract Allocation

HFS had difficulty determining the allocation amounts for each contract attributable to the ALL KIDS Expansion. During a meeting with HFS officials on August 4, 2009, it was determined that while there were two contracts related to the ALL KIDS program, there were also other administrative expenses attributable to the ALL KIDS program that are included within other contracts. The two contracts identified by HFS were:

1. The Board of Trustees of the University of Illinois at Chicago to conduct several surveys of families enrolled in the ALL KIDS program and report its finding to the Department. The agreement was effective on April 23, 2009, and the FY09 contract payments totaled $709,451.

2. GMMB to develop a multi-pronged strategy to promote and increase enrollment in the ALL KIDS program that targets the uninsured population in Illinois. This was a one year contract beginning in January 2006 and ending January 2007 with the option for two one-year renewals. Exhibit 4-1 shows that no payments were made in FY09 in regard to this contract.

Examples of ALL KIDS program expenses in other outreach contracts include printing and payments to application agents. On September 16, 2009, auditors requested a listing of all FY09 contracts associated with the entire ALL KIDS program. During two phone calls with auditors in late September, an HFS official expressed concern with isolating ALL KIDS expansion contracts because the ALL KIDS expansion is a very small part of many contracts.

On October 6, 2009, auditors received a listing of 10 contracts (including the 2 previously provided to auditors). See Exhibit 4-1 for a list of the contracts. While HFS included the total contract amounts and FY09 payments, it was unable to break out the amounts of the contracts attributable to the ALL KIDS expansion.

Exhibit 4-1
ALL KIDS PROGRAM RELATED CONTRACTS WITH EXPENDITURES IN FY09

Contractor Name	Contract Term	Contract Amount	FY09 Contract Payment	Amount Allocable to ALL KIDS	Purpose
Doral Dental Services of Illinois LLC	3/1/2007 – 2/28/2010	$603,671,056	$205,060,214	–[2]	Dental Claims Processing
Harmony Health Plan of Illinois Inc.	8/1/2006 – 9/30/2009	$476,144,683	$196,843,437	–[2]	Managed Care Organization
Family Health Network	8/1/2006 – 9/30/2009	$167,535,754	$68,474,034	–[2]	Managed Care Organization
McKesson Health Solutions	7/1/2006 – 6/30/2009	$88,040,588	$31,975,444	–[2]	Primary Care Coordination
Automated Health Systems	7/1/2006 – 6/30/2009	$48,989,054	$21,784,365	–[2]	Primary Care Case Management
Automated Health Systems	9/1/2006 – 6/30/2009	$10,703,880	$2,810,223	–[2]	Client Enrollment Broker Administrator
University of Illinois at Chicago[1]	***4/23/2009 – 12/31/2010***	***$800,000***	***$709,451***	***$709,451***	***ALL KIDS Participant Survey***
Meridian Health Plan Inc.	12/1/2008 – 9/30/2009	$348,191	$150,610	–[2]	Managed Care Organization
Illinois Maternal Child Health	5/24/2007 – 6/30/2010	$145,000	$105,000	–[2]	Outreach
Greer Margolis Mitchell Burns, Inc./Fleishman-Hillard (GMMB)	1/20/2006 – 1/19/2009	$250,000	$0	$0	Outreach

Notes:

[1] The contract between HFS and UIC was performed in accordance with 215 ILCS 170/45(d). All other contracts are related to the implementation of medical programs and/or the delivery of medical services.

[2] HFS was unable to break out the amount of the contract applicable to the EXPANDED ALL KIDS program.

Source: Contract information provided by HFS.

ALL KIDS MARKETING CONTRACT WITH GMMB

HFS paid GMMB over $8 million for marketing activities under the ALL KIDS contract between FY06 and FY08. Over $2 million of the amount paid under the ALL KIDS marketing contract in FY07 appears to have been for a **project that was not** ALL KIDS.

Procurement Opportunity

On December 1, 2005, HFS issued a RFP to procure one or more marketing and advertising firms that could develop a multi-pronged strategy to promote and increase enrollment in State healthcare programs that target the uninsured population of Illinois, especially children, as well as the senior population without adequate pharmaceutical coverage. Vendors could bid on the ALL KIDS component, the Pharmaceutical component, or both.

Proposals were due to HFS on December 15, 2005. A non-mandatory vendor conference was held in Chicago on December 7, 2005. Documentation published in the Illinois Procurement Bulletin by HFS showed that 47 firms attended the conference. Forty-six of those firms had Illinois based identification information (i.e., addresses, phone numbers).

A little over a month after issuing the RFP, on January 9, 2006, HFS announced that GMMB had been awarded the contracts for **both** the ALL KIDS and Pharmaceutical marketing contracts. GMMB was the one firm that did not have Illinois based identification information from the bidders conference. In the announcement posted in the Illinois Procurement Bulletin, HFS estimated the total cost of the **entire project** to be **$5.7 million** over three years (an initial term and two one-year renewals). The breakdown announced to the public by HFS, by component, is shown below:

ALL KIDS Component

- Initial Term: $2,466,534.40 (estimated)
- Renewal Option 1: $ 250,000.00 (estimated)
- Renewal Option 2: $ 250,000.00 (estimated)

Total ALL KIDS $2,966,534.40 (estimated)

Pharmaceutical Component

- Initial Term: $2,220,424.00 (estimated)
- Renewal Option 1: $ 250,000.00 (estimated)
- Renewal Option 2: $ 250,000.00 (estimated)

Total Pharmaceutical $2,720,424.00 (estimated)

Contract Payments

From FY06 through FY08, HFS made over $9.6 million in payments to GMMB under the two contracts awarded in January 2006. Eighty-three percent of the total payments were for the contract we reviewed as part of this audit, ALL KIDS. Exhibit 4-2 breaks out the payments under each fiscal year by component.

Exhibit 4-2
STATE PAYMENTS TO GMMB
ALL KIDS & Pharmaceutical Marketing Contracts
Fiscal Year 2006 – Fiscal Year 2008

Component	FY06	FY07	FY08	Total
ALL KIDS	$2,665,215.25	$5,259,115.98	$126,586.29	$8,050,917.52
Pharmaceutical	$1,300,279.84	$ 206,924.95	$104,571.21	$1,611,776.00
Total	**$3,965,495.09**	**$5,466,040.93**	**$231,157.50**	**$9,662,693.52**

Source: OAG summary of Comptroller information.

While HFS increased the contractual obligation under the ALL KIDS marketing contract from a renewal amount of $250,000 to the $5.3 million HFS actually spent with GMMB on the contract in FY07, there was **no documentation** to explain why such an increase was necessary or justified. HFS officials provided change order justifications signed by an HFS official and indicated these were necessary for pass through costs of media buys. However, these forms gave only generic reasons why the changes were being made, did not match up to the media buy figures, and presented conflicting figures.

An examination of billing invoices showed that GMMB was paid $4.1 million for advanced media buys during FY07. However, one of the buys, totaling over $1.9 million, was identified as the *Health Portal Ad Campaign* on the GMMB invoices. Another $190,000 was paid for the development of radio and television spots under the *Health Portal Ad Campaign* in February 2007. HFS paid these billings under the ALL KIDS marketing strategy contract. We could find no evidence in the RFP for the ALL KIDS marketing strategy that the *Health Portal Ad Campaign* was a service to be included by the vendor.

HFS officials stated that the Health Portal is a website designed as an outreach tool featuring information for clients regarding various medical programs and is not limited to ALL KIDS. We question the appropriateness of paying for services covering various medical programs from a contract which was procured by an RFP related solely to the ALL KIDS program.

In the Procurement Business Case signed by the Director of HFS on January 11, 2007, the economic justification states that the "expenditures for the ALL KIDS Outreach Activities, as described in this procurement business case, would be claimable for matching funds at the appropriate FFP rate." The marketing strategies submitted pursuant to the RFP under ALL KIDS would include children under the existing KidCare program. However, expenses

attributable to the Pharmaceutical component of the procurement **were not eligible** for matching funds. In addition, the ALL KIDS expansion program is not eligible for federal reimbursement.

HFS officials indicated payments under the Pharmaceutical component were not submitted for federal reimbursement. They also noted that a portion of the ALL KIDS outreach payments were federally claimed pursuant to a cost allocation plan based on enrollment applications.

INCREASES IN CONTRACTUAL OBLIGATION	
RECOMMENDATION NUMBER 11	***The Department of Healthcare and Family Services should maintain appropriate justification documentation when increasing an awarded contract amount. Also, HFS should only pay for activities that are outlined in the marketing contract for ALL KIDS. Finally, HFS should ensure it does not request federal matching funds for programs, or portions of programs, that do not qualify for matching funds.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department partially accepts the recommendation. We do agree that contract justifications should be well documented and will develop clearer policy standards. We do not agree with the conclusions regarding federal matching funds. Contracts reviewed by the auditors included expenditures attributable to both non-claimable and claimable activities. These contracts were correctly allocated and claimed in the proportion to which they benefited federal and non-federal programs, pursuant to OMB Circular A-87. ***AUDITOR COMMENT #4*** *As the report indicates, the Procurement Business Case signed by the Director of HFS stated that "expenditures for the ALL KIDS Outreach Activities, as described in this procurement business case, would be claimable for matching funds at the appropriate FFP rate." Expenditures associated with the ALL KIDS expansion are not eligible for federal reimbursement. Consequently, given the language in the Procurement Business Case did not exclude the State-funded expansion population from the federal claiming language, auditors recommended that HFS not include expansion-related expenditures when seeking federal reimbursement.*

MARKETING CONTRACT PROCUREMENT

The procurement process for the ALL KIDS marketing strategy contained deficiencies. HFS did not require the bidders to identify what staff would be working on the project. Additionally, HFS utilized a pricing evaluation formula which was not published in the RFP.

Procurement Evaluation – Experience

The RFP for the ALL KIDS marketing strategy, issued in December 2005, included a section on how HFS would evaluate the offers. Points for responsiveness totaled 700, with 36 percent (250) of the total being awarded for **Experience of Vender & Subcontractors and References**.

HFS' Evaluation Procedures for the ALL KIDS marketing RFP outlined the process to follow in completing reference checks, including that a minimum of two calls would be made to references. The Evaluation Procedures we reviewed in the procurement files had a date of June 13, 2006, on each page. This date was five months **after** the decision to award was signed by the Division Administrator/Deputy Director on January 9, 2006.

In order to **evaluate the experience** of the bidders for this project, it would appear that HFS would need to know who the vendors were going to utilize for the work under the scope of the project. Knowing the individuals the vendor would use for the work should also help HFS evaluate pricing submitted by the vendors. For example, one vendor may have a low hourly rate for the services utilizing less experienced staff, while another vendor may have a higher price utilizing more experienced staff.

The RFP included a section under Instructions for Preparing and Submitting Offers that discussed personnel. It stated that:

> *"The Vendor must provide resumes for all key personnel, including the project manager, who will be involved in providing the services contemplated by this RFP. Resumes must include the full name, education background, and years of experience and employment history particularly as it relates to the scope of services specific herein."*

However, **HFS struck through this language** in the RFP and did not require proposers to identify who would work on the project. HFS officials indicated that the evaluation was based on the experience of the vendor and not individual staff. They noted that the RFP document was standard boiler plate maintained by the Department of Central Management Services and that the staffing specification section is only required in specialized contracts where specific licenses or qualifications may be necessary for the contract to be met. While a vendor's past track record is important, the actual experience of those individuals carrying out the vendor's proposed services is also important. If staff with no prior experience in the services being proposed are designated to work on the project, the effectiveness of the vendor's services may be diminished.

Procurement Evaluation – Pricing

The Evaluation Procedures indicated that evaluations "may only be based on the criteria published in the RFP. . . ." Our review of the procurement file found that a two-stage evaluation was completed on the pricing component. **This approach was not how price was to be calculated/evaluated based on the RFP.** The resulting winner of the marketing contract would have been different had the RFP criteria been utilized by HFS.

The RFP (section 6.3.3.5) informed proposers that the total number of points for price would be 300. The RFP went on to describe how price points would be determined. HFS was to base the price points on the following formula:

Vendor's Total Price Points = 300 Maximum Price Points x (Lowest Price / Offeror's Price)

The RFP directed the proposers to provide a proposed number of total hours it anticipated to accomplish the goals set forth in the RFP. The vendors were also to propose a firm hourly rate. The RFP also contained a statement that "The Department will not guarantee that the total number of hours proposed. [sic]"

Five vendors obtained the requisite number of technical points to have their price opened and considered for the contract. Exhibit 4-3 provides the hours and prices bid by the vendors and a total cost calculation for the five vendors.

Exhibit 4-3
PRICING PROPOSALS FOR ALL KIDS MARKETING CONTRACT

Vendor	Proposed Hours	Firm Hourly Rate	Total Cost
GMMB	8,688	$168.80	$1,466,534.40
Vendor A	75,000	$133.00	$9,975,000.00
Vendor B	16,332	$130.00	$2,123,160.00
Vendor C	25,000	$205.00	$5,125,000.00
Vendor D	300	$250.00	$75,000.00

Source: HFS documentation and OAG calculation.

Exhibit 4-3 also shows hours proposed and firm hourly rates proposed varied considerably. However, HFS did not have documentation to show it clarified any of the pricing information. Such a clarification could have ensured that HFS was comparing like services.

Utilizing the **RFP method for awarding price points** would have resulted in a different vendor winning the procurement. Vendor B from Exhibit 4-3 would have been the winner if HFS had applied the price formula from the RFP.

HFS' Evaluation Procedures, however, directed the evaluation committee to analyze price **in a manner not laid out in the RFP**. The committee was to break price into two different

elements: per hourly rate (250 points); and per proposed hours (50 points). Each element would be calculated using the following formula:

Element Price Points = (Lowest Rate/Bidder's Rate) x Maximum Points per Element

Utilizing the Evaluation Procedures method for awarding price points, by pricing elements, resulted in GMMB winning the procurement. Vendor B would have been the winner if HFS had applied the price formula from the RFP. After utilizing HFS' **revised criteria** for points, Vendor B finished 2nd. Exhibits 4-4 and 4-5 show the calculations using the two different pricing methods.

Exhibit 4-4
EVALUATION CALCULATIONS UTILIZING RFP PRICING CRITERIA FOR THE ALL KIDS MARKETING CONTRACT

Vendor	Hourly Rate	Price Points	Technical Points	Final Total Points
GMMB	$168.80	231.04	574.70	805.74
Vendor A	$133.00	293.23	468.00	761.23
Vendor B	**$130.00**	**300.00**	**507.70**	**807.70**
Vendor C	$205.00	190.24	569.00	759.24
Vendor D	$250.00	156.00	535.30	691.30

Source: HFS documentation and OAG calculation.

Exhibit 4-5
EVALUATION CALCULATIONS UTILIZING EVALUATION PROCEDURES PRICING CRITERIA FOR THE ALL KIDS MARKETING CONTRACT

Vendor	Hourly Cost Points	Rate Points	Technical Points	Final Total Points
GMMB	**1.73**	**192.54**	**574.70**	**768.97**
Vendor A	0.20	244.36	468.00	712.56
Vendor B	0.92	250.00	507.70	758.62
Vendor C	0.60	158.54	569.00	728.14
Vendor D	50.00	130.00	535.30	715.30

Source: HFS documentation and OAG calculation.

When questioned, HFS officials stated that the scoring was done as delineated in Section 6.3.3.5 of the RFP. However, as discussed above, Section 6.3.3.5 of the RFP **does not** delineate the method used by HFS in scoring the price proposals.

The Procurement Code states that the public policy of the State is that "the principles of competitive bidding and economical procurement practices shall be applicable to **all** purchases and contracts by or for **any** State agency (emphasis added)." [30 ILCS 500/1-5]

PROCUREMENT PROCESS	
RECOMMENDATION NUMBER 12	***The Department of Healthcare and Family Services should only evaluate bids based on documented criteria which are published in its RFP.***
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department accepts the recommendation that the evaluation criteria should be clearly described in the RFP. The RFP was evaluated in accordance with the Department's approved evaluation guidelines. These guidelines were approved prior to the opening of the bids. The Department will ensure all approved evaluation methods are published in the RFP.

MARKETING CONTRACT MONITORING

HFS lacked documented policies and procedures for evaluating billings submitted for the marketing strategy contract with GMMB. Additionally, a lack of diligence by the monitoring staff resulted in State monies being expended inappropriately.

Billing invoices from GMMB were sent to the attention of HFS' former chief of staff and then apparently processed by a contract monitor assigned to the ALL KIDS area. Invoices were broken down by hourly charges and expenses, or advanced media buys. During the period FY06 through FY08, GMMB billed:

- $6,284,165.00 for advanced media buys:
  - $2,166,905.00 approved on 4/26/06,
  - $799,000.00 approved on 8/18/06,
  - $1,395,360.00 approved on 10/4/06,
  - $1,922,900.00 approved on 3/14/07;
- $1,063,995.92 for contractual expenses, including subcontractors; and
- $702,756.60 for hours charged by GMMB.

Policies and Procedures

In January 2010, we asked HFS whether there were any formal policies and procedures for the review of billings sent by the vendors responsible for activities of the ALL KIDS

marketing strategy. HFS failed to produce any such procedures, even though over $8 million in State funds were expended under this contract between FY06 and FY08.

HFS officials did say that the "contract monitor is responsible for assuring that what is received is consistent with what was required in the contract." Officials added that prior "to payment, a Deliverable Verification Memorandum (HFS 3305, Revised 9-06) must be completed for all contracts in excess of $250,000 or for an advance payment. Completion of that form includes a certification that the deliverables provided are consistent with the requirements of the contract."

Auditors did find evidence of these verification memos with the payment documentation for the 19 billing invoices paid to GMMB from FY06-FY08. However, in 16 percent of the invoices (3 of 19), the contract monitor verified that goods were received on the verification form after signing the payment invoice voucher. For instance:

- The last invoice submitted by GMMB, on March 13, 2008, did indeed have a certification by the contract monitor, on April 10, 2008. However, that same monitor signed the invoice payment voucher certifying the goods to be received **15 days earlier**, on March 26, 2008; and

- The first payment, an advance payment for media buys, was certified by the contract monitor on May 5, 2006. The same monitor signed the payment invoice voucher on April 26, 2006, **9 days earlier**.

While the process is a good control, it would appear that the Verification Memorandum should be completed prior to the same official signing the payment voucher.

Lack of Detailed Billing Hours

HFS did not require, nor did the contract require, GMMB to detail who worked on each task or how long each task took for the hours billed. Instead, GMMB invoices had total hours worked by five categories with bulleted listings of activities. Over the life of the contract GMMB billed 4,163.25 hours at a rate of $168.80 per hour. Exhibit 4-6 provides a breakdown of the hours billed by category by fiscal year.

The lack of detailed billings, coupled with a lack of formal review procedures, resulted in auditors questioning some of the charges made by GMMB and approved by HFS over the life of the contract. Due to the lack of detailed hours per activity, we could not always put a dollar amount on the questionable activity. The results of our review are summarized below.

Exhibit 4-6
BREAKDOWN OF HOURS BY CATEGORY FOR THE ALL KIDS MARKETING CONTRACT
Fiscal Year 2006 – Fiscal Year 2008

Service	FY06 Hours	FY07 Hours	FY08 Hours
General Consulting	901.25	918.75	101.50
Creative	116.25	1,276.75	0.00
Media	223.00	184.25	2.00
Production	183.25	252.25	2.00
All Access Logo Development	0.00	2.00	0.00
Total	1,423.75	2,634.00	105.50

Source: HFS documentation and OAG calculation.

Work Billed Prior to Execution of Contract

HFS executed the contract with GMMB on March 20, 2006. The contract was filed with the Comptroller on April 4, 2006. An HFS official affirmed, on a Late Filing Affidavit dated March 20, 2006, that HFS and the vendor **had agreed to the services** in the contract but that the vendor commenced services before the contract was reduced to writing because "The ALL KIDS program is scheduled to be effective July 1, 2006. Therefore, the marketing and advertising strategy needs to be started immediately in order to reach the most vulnerable citizens of Illinois."

The HFS official failed to affirm that the vendor had been working on the project **two months prior to execution**. Additionally, a GMMB billing invoice (#1016239) for the period January 20, 2006, through March 31, 2006, included a billed service for **"Worked with client to revise and scale back work plan and budget** (emphasis added)." Scaling back the budget and work plan does not sound like the services were "agreed to" as stated in the affidavit.

Allowing the vendor to charge time prior to the execution of a contract puts State funds at risk of loss. Additionally, this invoice (#1016239) lacked detail for subcontractor work charged during the period**.** This lack of detail, given that no dollar figures for subcontractor work were included in the contract, makes a review for adequacy of charges difficult.

We **questioned $278,698.53** approved by HFS and paid to GMMB for this invoice.

Questionable Billed Hours

GMMB billed for professional hours at a rate of $168.80. Given the lack of detail as to how long each activity took, we question how the Department could ensure that time charged to any of the activities billed were reasonable. Some examples of services billed include:

- Wrote a thank you letter to a foundation for the use of its advertisements (invoice #1016642);

- Monitored news coverage of ALL KIDS launch (invoices #1016655, #1016941, #1017571, #1018307, #1018905, #1020427, #1020948, #1021156, #1022872, and #1024107);

- Conducted calls with the State on contract renewal (invoice #1018905). HFS noted that the contractor should not have been paid for its time on contract renewal activities; and

- Account oversight and invoicing (invoices #1019995 and #1020304).

Also, certain invoices had the same service billed twice under different categories. HFS officials stated that these were not duplicative billings. However, given the general nature of the billings, auditors could not ascertain that from the billings. For example, the vendor:

- Billed the State under **both** General Consulting and Creative Service categories for brainstorming names and taglines for direct mail program (invoice #1016642); and

- Billed the State under **both** General Consulting and Media Services for figuring the best way for the State to use the remainder of the budget (invoice #1016642).

Finally, on the GMMB billing for the period April 1, 2006, through May 31, 2006 (#1016642), the State was charged for one of the subcontractor's expenses through July 31, 2006. Not only was this an advance payment (since the subcontractor submitted its bill to GMMB on July 31, 2006, and GMMB's bill was submitted to the State on July 25, 2006),which was not authorized in the contract for the subcontractor, it also was HFS using one year's funds to pay expenses for a subsequent fiscal year. We questioned $21,111.

Double Billed Expenses

We found five instances where GMMB submitted the same invoices for television voice over production work on different billings invoices. HFS, whether due to lack of procedures for reviewing the invoices or lack of diligence in the review, authorized the payment of these double billings. We questioned $2,912 for these double billings.

Lack of Documentation

We found an instance, in February 2007, where GMMB billed for a television and radio spot called "I Got It" through a production company. The total billed by GMMB to the State was $190,000. Even though there was no supporting invoice/contract with the production company submitted with the GMMB billing, HFS officials approved the expenditure and payment was processed. As discussed earlier, this was one of the *Health Portal Ad Campaign* expenditures.

Media Buy Reconciliation

HFS made four payments totaling over $6 million in advance payments to GMMB for media buys over the life of the contract. Our review of HFS records showed conflicting documentation to support that it reconciled the charges that were paid in advance. Failure to properly reconcile the advance payments to ensure that television, radio and internet spots were actually purchased increases the likelihood that State funds were not used as intended.

In the procurement file, we found correspondence dated November 1, 2007 from GMMB stating that they were enclosing "the remaining station affidavits and station reconciliation summaries from the Illinois ALL KIDS and Health Portal advertising campaigns. Both campaigns are now 100% reconciled." The affidavits and invoices from media outlets totaled just over $257,000.

However, other documentation from GMMB dated June 9, 2009, 19 months after this 100% reconciliation and more than three years after the first advance payment for media buys, showed the State received a refund check from GMMB for almost $98,000 that had remained in the State account. HFS did not have documentation to show it had performed any analysis on what was prepaid. Given that over $6 million was paid in advance, which was allowable under the contract, there exists the possibility that GMMB could have earned interest on the State funds.

The Fiscal Control and Internal Auditing Act [30 ILCS 10/3001] requires all State agencies, including HFS, to establish and maintain a system, or systems, of internal fiscal and administrative controls. Good internal controls require billings, including the marketing billings, be properly evaluated before payment is made to ensure that the State received quality services and only services for which it was contractually obligated.

MONITORING PROCESS ALL KIDS MARKETING CONTRACT	
RECOMMENDATION NUMBER **13**	***The Department of Healthcare and Family Services should develop policies and procedures for staff to follow when monitoring the work of contracted outside vendors for marketing of its ALL KIDS program. The procedures should include:*** • ***not allowing vendors to charge for work prior to the execution of a formal contract by HFS;*** • ***requiring the vendor to provide specifics as to who performed the work and how long the tasks took to complete;*** • ***an examination of expense documentation to ensure that the vendor does not bill for previously submitted expenses; and*** • ***proper reconciliation of advance media purchases to ensure that buys were indeed made and that State funds***
Continued on following page	

	were not held for extensive periods of time, earning interest for the vendor.
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE	The Department partially accepts the recommendation. We do not agree that vendors must specify the particular individuals who performed the work for which the contractor is billing and being paid. The Department did provide documentation in support of the payments made to the vendor; however, we do agree that such documentation should track more closely with specific payments.
	AUDITOR COMMENT #5 *HFS does not agree that vendor billings should specify who performed the work. Auditors concluded that it would be useful monitoring information to know who or what level of staff were being used, and how much time was used, to perform services that appeared on bills to the State (such as write a "thank you letter from the state to the Robert Wood Johnson Foundation", "account oversight and invoicing", and "monitor news coverage of All Kids").*

UNIVERSITY OF ILLINOIS ALL KIDS CONTRACT

On April 23, 2009, HFS executed a contract with the University of Illinois (University) to assist HFS by conducting a survey of the health insurance status of Illinois children as required by the Covering ALL KIDS Health Insurance Act (Act) [215 ILCS 170/45]. The contract, with a maximum payout of $800,000, is on-going with a term ending December 31, 2010. The report required by the Act is due to the General Assembly and Governor by July 1, 2010.

The contract with the University is exempt from competitive bidding procedures pursuant to the Procurement Code [30 ILCS 500/1-10 (b) (1)]. HFS utilized the University because a researcher from the University had worked with HFS on prior engagements and had expertise in the area.

Contractually, HFS was to pay the University $400,000 upon execution of the contract and another $309,451 upon approval by HFS of the survey instrument the University would use to complete the survey. On June 11, 2009, the University delivered the draft of the survey instrument to HFS. An HFS official approved the survey on June 29, 2009, and the contractual payment was processed. We reviewed the contractual agreement between the parties, applicable statutes, and documentation maintained by HFS for this procurement and had no testing exceptions.

APPENDICES

APPENDIX A

COVERING ALL KIDS HEALTH INSURANCE ACT [215 ILCS 170]

Note: The requirement to audit the Covering ALL KIDS Health Insurance Program is found at 215 ILCS 170/63 on page 75 of this appendix.

Appendix A

THE COVERING ALL KIDS HEALTH INSURANCE ACT [215 ILCS 170]

(215 ILCS 170/1)
(Section scheduled to be repealed on July 1, 2011)
Sec. 1. Short title. This Act may be cited as the Covering ALL KIDS Health Insurance Act.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/5)
(Section scheduled to be repealed on July 1, 2011)
Sec. 5. Legislative intent. The General Assembly finds that, for the economic and social benefit of all residents of the State, it is important to enable all children of this State to access affordable health insurance that offers comprehensive coverage and emphasizes preventive healthcare. Many children in working families, including many families whose family income ranges between $40,000 and $80,000, are uninsured. Numerous studies, including the Institute of Medicine's report, "Health Insurance Matters", demonstrate that lack of insurance negatively affects health status. The General Assembly further finds that access to healthcare is a key component for children's healthy development and successful education. The effects of lack of insurance also negatively impact those who are insured because the cost of paying for care to the uninsured is often shifted to those who have insurance in the form of higher health insurance premiums. A Families USA 2005 report indicates that family premiums in Illinois are increased by $1,059 due to cost-shifting from the uninsured. It is, therefore, the intent of this legislation to provide access to affordable health insurance to all uninsured children in Illinois.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/10)
(Section scheduled to be repealed on July 1, 2011)
Sec. 10. Definitions. In this Act:
"Application agent" means an organization or individual, such as a licensed health care provider, school, youth service agency, employer, labor union, local chamber of commerce, community-based organization, or other organization, approved by the Department to assist in enrolling children in the Program.
"Child" means a person under the age of 19.
"Department" means the Department of Healthcare and Family Services.
"Medical assistance" means health care benefits provided under Article V of the Illinois Public Aid Code.
"Program" means the Covering ALL KIDS Health Insurance Program.

"Resident" means an individual (i) who is in the State for other than a temporary or transitory purpose during the taxable year or (ii) who is domiciled in this State but is absent from the State for a temporary or transitory purpose during the taxable year.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/15)
(Section scheduled to be repealed on July 1, 2011)
Sec. 15. Operation of Program. The Covering ALL KIDS Health Insurance Program is created. The Program shall be administered by the Department of Healthcare and Family Services. The Department shall have the same powers and authority to administer the Program as are provided to the Department in connection with the Department's administration of the Illinois Public Aid Code and the Children's Health Insurance Program Act. The Department shall coordinate the Program with the existing children's health programs operated by the Department and other State agencies.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/20)
(Section scheduled to be repealed on July 1, 2011)
Sec. 20. Eligibility.
(a) To be eligible for the Program, a person must be a child:
(1) who is a resident of the State of Illinois; and
(2) who is ineligible for medical assistance under the Illinois Public Aid Code or benefits under the Children's Health Insurance Program Act; and
(3) either (i) who has been without health insurance coverage for a period set forth by the Department in rules, but not less than 6 months during the first month of operation of the Program, 7 months during the second month of operation, 8 months during the third month of operation, 9 months during the fourth month of operation, 10 months during the fifth month of operation, 11 months during the sixth month of operation, and 12 months thereafter, (ii) whose parent has lost employment that made available affordable dependent health insurance coverage, until such time as affordable employer-sponsored dependent health insurance coverage is again available for the child as set forth by the Department in rules, (iii) who is a newborn whose responsible relative does not have available affordable private or employer-sponsored health insurance, or (iv) who, within one year of applying for coverage under this Act, lost medical benefits under the Illinois Public Aid Code or the Children's Health Insurance Program Act.
An entity that provides health insurance coverage (as defined in Section 2 of the Comprehensive Health Insurance Plan Act) to Illinois residents shall provide health insurance data match to the Department of Healthcare and Family Services for the purpose of determining eligibility for the Program under this Act.
The Department of Healthcare and Family Services, in collaboration with the Department of Financial and

Professional Regulation, Division of Insurance, shall adopt rules governing the exchange of information under this Section. The rules shall be consistent with all laws relating to the confidentiality or privacy of personal information or medical records, including provisions under the Federal Health Insurance Portability and Accountability Act (HIPAA).

(b) The Department shall monitor the availability and retention of employer-sponsored dependent health insurance coverage and shall modify the period described in subdivision (a)(3) if necessary to promote retention of private or employer-sponsored health insurance and timely access to healthcare services, but at no time shall the period described in subdivision (a)(3) be less than 6 months.

(c) The Department, at its discretion, may take into account the affordability of dependent health insurance when determining whether employer-sponsored dependent health insurance coverage is available upon reemployment of a child's parent as provided in subdivision (a)(3).

(d) A child who is determined to be eligible for the Program shall remain eligible for 12 months, provided that the child maintains his or her residence in this State, has not yet attained 19 years of age, and is not excluded under subsection (e).

(e) A child is not eligible for coverage under the Program if:

(1) the premium required under Section 40 has not been timely paid; if the required premiums are not paid, the liability of the Program shall be limited to benefits incurred under the Program for the time period for which premiums have been paid; if the required monthly premium is not paid, the child is ineligible for re-enrollment for a minimum period of 3 months; re-enrollment shall be completed before the next covered medical visit, and the first month's required premium shall be paid in advance of the next covered medical visit; or

(2) the child is an inmate of a public institution or an institution for mental diseases.

(f) The Department shall adopt eligibility rules, including, but not limited to: rules regarding annual renewals of eligibility for the Program; rules providing for re-enrollment, grace periods, notice requirements, and hearing procedures under subdivision (e)(1) of this Section; and rules regarding what constitutes availability and affordability of private or employer-sponsored health insurance, with consideration of such factors as the percentage of income needed to purchase children or family health insurance, the availability of employer subsidies, and other relevant factors.

(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/25)

(Section scheduled to be repealed on July 1, 2011)

Sec. 25. Enrollment in Program. The Department shall develop procedures to allow application agents to assist in enrolling children in the Program or other children's health programs operated by the Department. At the Department's

discretion, technical assistance payments may be made available for approved applications facilitated by an application agent. The Department shall permit day and temporary labor service agencies, as defined in the Day and Temporary Labor Services Act and doing business in Illinois, to enroll as unpaid application agents. As established in the Free Healthcare Benefits Application Assistance Act, it shall be unlawful for any person to charge another person or family for assisting in completing and submitting an application for enrollment in this Program.
(Source: P.A. 96-326, eff. 8-11-09.)

(215 ILCS 170/30)
(Text of Section before amendment by P.A. 95-985)
(Section scheduled to be repealed on July 1, 2011)
Sec. 30. Program outreach and marketing. The Department may provide grants to application agents and other community-based organizations to educate the public about the availability of the Program. The Department shall adopt rules regarding performance standards and outcomes measures expected of organizations that are awarded grants under this Section, including penalties for nonperformance of contract standards.
(Source: P.A. 94-693, eff. 7-1-06.)

(Text of Section after amendment by P.A. 95-985)
(Section scheduled to be repealed on July 1, 2011)
Sec. 30. Program outreach and marketing. The Department may provide grants to application agents and other community-based organizations to educate the public about the availability of the Program. The Department shall adopt rules regarding performance standards and outcomes measures expected of organizations that are awarded grants under this Section, including penalties for nonperformance of contract standards.
The Department shall annually publish electronically on a State website and in no less than 2 newspapers in the State the premiums or other cost sharing requirements of the Program.
(Source: P.A. 94-693, eff. 7-1-06; 95-985, eff. 6-1-09.)

(215 ILCS 170/35)
(Section scheduled to be repealed on July 1, 2011)
Sec. 35. Health care benefits for children.
(a) The Department shall purchase or provide health care benefits for eligible children that are identical to the benefits provided for children under the Illinois Children's Health Insurance Program Act, except for non-emergency transportation.
(b) As an alternative to the benefits set forth in subsection (a), and when cost-effective, the Department may offer families subsidies toward the cost of privately sponsored health insurance, including employer-sponsored health insurance.
(c) Notwithstanding clause (i) of subdivision (a)(3) of Section 20, the Department may consider offering, as an alternative to the benefits set forth in subsection (a), partial coverage to children who are enrolled in a high-deductible private health insurance plan.

(d) Notwithstanding clause (i) of subdivision (a)(3) of Section 20, the Department may consider offering, as an alternative to the benefits set forth in subsection (a), a limited package of benefits to children in families who have private or employer-sponsored health insurance that does not cover certain benefits such as dental or vision benefits.

(e) The content and availability of benefits described in subsections (b), (c), and (d), and the terms of eligibility for those benefits, shall be at the Department's discretion and the Department's determination of efficacy and cost-effectiveness as a means of promoting retention of private or employer-sponsored health insurance.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/40)
(Section scheduled to be repealed on July 1, 2011)
Sec. 40. Cost-sharing.

(a) Children enrolled in the Program under subsection (a) of Section 35 are subject to the following cost-sharing requirements:

(1) The Department, by rule, shall set forth requirements concerning co-payments and coinsurance for health care services and monthly premiums. This cost-sharing shall be on a sliding scale based on family income. The Department may periodically modify such cost-sharing.

(2) Notwithstanding paragraph (1), there shall be no co-payment required for well-baby or well-child health care, including, but not limited to, age-appropriate immunizations as required under State or federal law.

(b) Children enrolled in a privately sponsored health insurance plan under subsection (b) of Section 35 are subject to the cost-sharing provisions stated in the privately sponsored health insurance plan.

(c) Notwithstanding any other provision of law, rates paid by the Department shall not be used in any way to determine the usual and customary or reasonable charge, which is the charge for health care that is consistent with the average rate or charge for similar services furnished by similar providers in a certain geographic area.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/45)
(Text of Section before amendment by P.A. 95-985)
(Section scheduled to be repealed on July 1, 2011)
Sec. 45. Study.

(a) The Department shall conduct a study that includes, but is not limited to, the following:

(1) Establishing estimates, broken down by regions of the State, of the number of children with and without health insurance coverage; the number of children who are eligible for Medicaid or the Children's Health Insurance Program, and, of that number, the number who are enrolled in Medicaid or the Children's Health Insurance Program; and the number of children with access to dependent coverage through an employer, and, of that number, the number who are enrolled in dependent coverage through an

employer.

(2) Surveying those families whose children have access to employer-sponsored dependent coverage but who decline such coverage as to the reasons for declining coverage.

(3) Ascertaining, for the population of children accessing employer-sponsored dependent coverage or who have access to such coverage, the comprehensiveness of dependent coverage available, the amount of cost-sharing currently paid by the employees, and the cost-sharing associated with such coverage.

(4) Measuring the health outcomes or other benefits for children utilizing the Covering ALL KIDS Health Insurance Program and analyzing the effects on utilization of healthcare services for children after enrollment in the Program compared to the preceding period of uninsured status.

(b) The studies described in subsection (a) shall be conducted in a manner that compares a time period preceding or at the initiation of the program with a later period.

(c) The Department shall submit the preliminary results of the study to the Governor and the General Assembly no later than July 1, 2008 and shall submit the final results to the Governor and the General Assembly no later than July 1, 2010. (Source: P.A. 94-693, eff. 7-1-06.)

(Text of Section after amendment by P.A. 95-985)

(Section scheduled to be repealed on July 1, 2011)

Sec. 45. Study; contracts.

(a) The Department shall conduct a study that includes, but is not limited to, the following:

(1) Establishing estimates, broken down by regions of the State, of the number of children with and without health insurance coverage; the number of children who are eligible for Medicaid or the Children's Health Insurance Program, and, of that number, the number who are enrolled in Medicaid or the Children's Health Insurance Program; and the number of children with access to dependent coverage through an employer, and, of that number, the number who are enrolled in dependent coverage through an employer.

(2) Surveying those families whose children have access to employer-sponsored dependent coverage but who decline such coverage as to the reasons for declining coverage.

(3) Ascertaining, for the population of children accessing employer-sponsored dependent coverage or who have access to such coverage, the comprehensiveness of dependent coverage available, the amount of cost-sharing currently paid by the employees, and the cost-sharing associated with such coverage.

(4) Measuring the health outcomes or other benefits for children utilizing the Covering ALL KIDS Health Insurance Program and analyzing the effects on utilization of healthcare services for children after enrollment in the Program compared to the preceding period of uninsured status.

(b) The studies described in subsection (a) shall be conducted in a manner that compares a time period preceding or at the initiation of the program with a later period.

(c) The Department shall submit the preliminary results of the study to the Governor and the General Assembly no later than July 1, 2008 and shall submit the final results to the Governor and the General Assembly no later than July 1, 2010.

(d) The Department shall submit copies of all contracts awarded for the administration of the Program to the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the President of the Senate, and the Minority Leader of the Senate.

(Source: P.A. 94-693, eff. 7-1-06; 95-985, eff. 6-1-09.)

(215 ILCS 170/47)

(Section scheduled to be repealed on July 1, 2011)

Sec. 47. Program Information. The Department shall report to the General Assembly no later than September 1 of each year beginning in 2007, all of the following information:

(a) The number of professionals serving in the primary care case management program, by licensed profession and by county, and, for counties with a population of 100,000 or greater, by geo zip code.

(b) The number of non-primary care providers accepting referrals, by specialty designation, by licensed profession and by county, and, for counties with a population of 100,000 or greater, by geo zip code.

(c) The number of individuals enrolled in the Covering ALL KIDS Health Insurance Program by income or premium level and by county, and, for counties with a population of 100,000 or greater, by geo zip code.

(Source: P.A. 95-650, eff. 6-1-08.)

(215 ILCS 170/50)

(Section scheduled to be repealed on July 1, 2011)

Sec. 50. Consultation with stakeholders. The Department shall present details regarding implementation of the Program to the Medicaid Advisory Committee, and the Committee shall serve as the forum for healthcare providers, advocates, consumers, and other interested parties to advise the Department with respect to the Program. The Department shall consult with stakeholders on the rules for healthcare professional participation in the Program pursuant to Sections 52 and 53 of this Act.

(Source: P.A. 94-693, eff. 7-1-06; 95-650, eff. 6-1-08.)

(215 ILCS 170/52)

(Section scheduled to be repealed on July 1, 2011)

Sec. 52. Adequate access to specialty care.

(a) The Department shall ensure adequate access to specialty physician care for Program participants by allowing referrals to be accomplished without undue delay.

(b) The Department shall allow a primary care provider to make appropriate referrals to specialist physicians or other healthcare providers for an enrollee who has a condition that requires care from a specialist physician or other healthcare provider. The Department may specify the necessary criteria

and conditions that must be met in order for an enrollee to obtain a standing referral. A referral shall be effective for the period necessary to provide the referred services or one year, whichever is less. A primary care provider may renew and re-renew a referral.

(c) The enrollee's primary care provider shall remain responsible for coordinating the care of an enrollee who has received a standing referral to a specialist physician or other healthcare provider. If a secondary referral is necessary, the specialist physician or other healthcare provider shall advise the primary care physician. The primary care physician or specialist physician shall be responsible for making the secondary referral. In addition, the Department shall require the specialist physician or other healthcare provider to provide regular updates to the enrollee's primary care provider.

(Source: P.A. 95-650, eff. 6-1-08.)

(215 ILCS 170/53)

(Section scheduled to be repealed on July 1, 2011)

Sec. 53. Program standards.

(a) Any disease management program implemented by the Department must be or must have been developed in consultation with physician organizations, such as State, national, and specialty medical societies, and any available standards or guidelines of these organizations. These programs must be based on evidence-based, scientifically sound principles that are accepted by the medical community. An enrollee must be excused from participation in a disease management program if the enrollee's physician licensed to practice medicine in all its branches, in his or her professional judgment, determines that participation is not beneficial to the enrollee.

(b) Any performance measures, such as primary care provider monitoring, implemented by the Department must be or must have been developed on consultation with physician organizations, such as State, national, and specialty medical societies, and any available standards or guidelines of these organizations. These measures must be based on evidence-based, scientifically sound principles that are accepted by the medical community.

(c) The Department shall adopt variance procedures for the application of any disease management program or any performance measures to an individual enrollee.

(Source: P.A. 95-650, eff. 6-1-08.)

(215 ILCS 170/55)

(Section scheduled to be repealed on July 1, 2011)

Sec. 55. Charge upon claims and causes of action; right of subrogation; recoveries. Sections 11-22, 11-22a, 11-22b, and 11-22c of the Illinois Public Aid Code apply to health care benefits provided to children under this Act, as provided in those Sections.

(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/60)

(Section scheduled to be repealed on July 1, 2011)

Sec. 60. Federal financial participation. The Department

shall request any necessary state plan amendments or waivers of federal requirements in order to allow receipt of federal funds for implementing any or all of the provisions of the Program. The failure of the responsible federal agency to approve a waiver or other State plan amendment shall not prevent the implementation of any provision of this Act.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/63)
(This Section may contain text from a Public Act with a delayed effective date)
Sec. 63. Audits by the Auditor General. The Auditor General shall annually cause an audit to be made of the Program, beginning June 30, 2008 and each June 30th thereafter. The audit shall include payments for health services covered by the Program and contracts entered into by the Department in relation to the Program.
(Source: P.A. 95-985, eff. 6-1-09.)

(215 ILCS 170/65)
Sec. 65. (Repealed).
(Source: P.A. 94-693, eff. 7-1-06. Repealed internally, eff. 7-1-08.)

(215 ILCS 170/90)
(Section scheduled to be repealed on July 1, 2011)
Sec. 90. (Amendatory provisions; text omitted).
(Source: P.A. 94-693, eff. 7-1-06; text omitted.)

(215 ILCS 170/97)
(Section scheduled to be repealed on July 1, 2011)
Sec. 97. Severability. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/98)
(Section scheduled to be repealed on July 1, 2011)
Sec. 98. Repealer. This Act is repealed on July 1, 2011.
(Source: P.A. 94-693, eff. 7-1-06.)

(215 ILCS 170/99)
(Section scheduled to be repealed on July 1, 2011)
Sec. 99. Effective date. This Act takes effect July 1, 2006.
(Source: P.A. 94-693, eff. 7-1-06.)

APPENDIX B

Sampling & Analytical Methodology

Appendix B

SAMPLING & ANALYTICAL METHODOLOGY

We conducted this program audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was also conducted in accordance with audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit's objectives are contained in the Covering ALL KIDS Health Insurance Act [215 ILCS 170/63] (see Appendix A). The Act directs the Office of the Auditor General to annually cause an audit of the program that includes payments for health services covered by the program and contracts entered into by the Department in relation to the program.

Fieldwork for this audit was conducted in November and December 2009 and January 2010. During the audit, we met with representatives from the Department of Human Services and the Department of Healthcare and Family Services. We requested EXPANDED ALL KIDS data for FY09 and had difficulty obtaining the payment and enrollee data. We had numerous meetings and discussions and received numerous versions of the data before receiving a dataset for analysis. Additionally, as discussed in Chapter Two, the data pulled by HFS for use in this audit had various problems. This appeared to be due to improper classification of enrollees by HFS within the eligibility data.

During the audit, we also requested the administrative costs associated with the EXPANDED ALL KIDS program. We began discussing this with HFS on August 4, 2009. After numerous discussions with HFS, on February 1, 2010, HFS provided the administrative costs for the population that was greater than 200 percent of the federal poverty level. On February 3, 2010, auditors questioned if the information included all EXPANDED ALL KIDS administrative costs including those below 200 percent of the federal poverty level. On February 23, 2010, HFS provided the administrative costs for the EXPANDED ALL KIDS program. Due to the Department's inability to provide the information timely, it was decided that a review of the administrative costs for the EXPANDED ALL KIDS program would be conducted during the 2010 ALL KIDS audit.

In conducting this audit, we reviewed applicable State and federal laws and regulations as well as DHS and HFS policy manuals and action guides. Compliance requirements were reviewed and tested to the extent necessary to meet audit objectives. Any instances of non-compliance are included in this report. We also determined whether issues with the data or identified by the data are a result of a lack of management controls. Additionally, we tested management controls over the premiums that are paid by enrollees.

During the audit, we performed sample testing on several areas. It should be noted that the results of all judgmental samples conducted as part of this audit cannot be projected to the entire population. The main sample for the audit was a review of client files. The sample was judgmentally selected to ensure inclusion of all program plan levels and a relatively equal number of citizens/documented immigrants verses undocumented immigrants. Then, we randomly selected claims to sample by program plan level to obtain our sample of 100 paid claims during FY09 to test. See exhibit for the specific number of claims tested within each plan.

CLAIMS TESTED BY PLAN
Fiscal Year 2009

ALL KIDS Plan	Citizens/ Documented Immigrants Sample Size	Undocumented Immigrants Sample Size
Assist	n/a	20
Share	n/a	10
Premium	n/a	10
Premium Level 2	25	2
Premium Level 3	7	2
Premium Level 4	5	2
Premium Level 5	4	1
Premium Level 6	3	1
Premium Level 7	3	1
Premium Level 8	3	1
Total	**50**	**50**

During testing, we compared electronic data to the hard copy file to check for reliability, and we reviewed the claim to ensure that it wasn't a duplicate payment. We also tested:

- whether the child was eligible at the time the service was provided;
- whether the child's premium was paid at the time of the service;
- whether the necessary documentation was obtained by HFS/DHS to determine eligibility;
- whether documentation in the case file matched what is found in the database; and
- whether the child was placed in the appropriate ALL KIDS program.

For the 100 recipients, additional analysis was performed which consisted of searching public web based data for addresses and names associated with the claim. We also looked at property records to determine property value. This analysis was performed to identify enrollees that may have not met eligibility requirements for the ALL KIDS program.

We also conducted the following testing during fieldwork:

- A judgmental sample of 20 families enrolled in ALL KIDS that failed to pay their premiums during FY09 to determine whether HFS followed its rules related to discontinuing eligibility, and whether these individuals were receiving services during the months in which payment was not made to HFS; and

- A random sample of 20 enrollees with more than one recipient ID on file with HFS to determine whether the ALL KIDS Application Agent (AKAA) was reimbursed for more than one application.

We reviewed the procurement process utilized and payment/contract monitoring for the two ALL KIDS contracts from FY06-FY10 (marketing strategy with GMMB and survey of health insurance status with the University of Illinois).

We reviewed risk and internal controls related to the EXPANDED ALL KIDS program related to the audit objectives. Any weaknesses in internal controls are included as findings in this report.

APPENDIX C

Covering ALL KIDS Health Insurance Act Plans

Appendix C
COVERING ALL KIDS HEALTH INSURANCE ACT PLANS

	Premium	Max Monthly Premium	Physician Visit	Emergency Room Visit	Generic/ Brand Name Drug	Inpatient Admission	Outpatient Service	Annual Out-of-Pocket Max.
Assist	None	n/a	None	None	None	None	None	None
Share	None	n/a	$2	$2	$2	$2	$2	$100 per family
Premium Level 1	$15 (1) $25 (2) $30 (3) $35 (4) $40 (5+)	$40	$5	$25	$3/$5	$5	$5	$100 per family
Premium Level 2	$40 per child	$80	$10	$30	$3/$7	$100	5% of ALL KIDS payment rate	$500 per child
Premium Level 3	$70 per child	$140	$15	$50	$6/$14	$150	10% of ALL KIDS payment rate	$750 per child
Premium Level 4	$100 per child	$200	$20	$75	$9/$21	$200	15% of ALL KIDS payment rate	$1,000 per child
Premium Level 5	$150 per child	None	$25	$100	$12/$28	10% of ALL KIDS payment rate	20% of ALL KIDS payment rate	$5,000 per child
Premium Level 6	$200 per child	None	$25	$100	$12/$28	10% of ALL KIDS payment rate	20% of ALL KIDS payment rate	$5,000 per child
Premium Level 7	$250 per child	None	$25	$100	$12/$28	10% of ALL KIDS payment rate	20% of ALL KIDS payment rate	$5,000 per child
Premium Level 8	$300 per child	None	$25	$100	$12/$28	25% of ALL KIDS payment rate	25% of ALL KIDS payment rate	None

Source: ALL KIDS Preliminary Report –July 2008

APPENDIX D
ALL KIDS Application

State of Illinois
Illinois Department of Healthcare and Family Services

All Kids Healthcare for All Kids
FamilyCare
Moms & Babies

Application

for All Kids, FamilyCare, and Moms & Babies Health Insurance

Nothing is more important than making sure your family has access to healthcare. Programs like these make that possible. Thank you for taking the time to complete this application. You can also apply online at www.allkids.com.

- **All Kids** covers children who need health insurance. Some families who pay for private health insurance for their children may qualify for help to pay their premiums.
- **FamilyCare** covers parents living with their children age 18 or younger. FamilyCare also covers grandparents or other relatives who are raising children in place of their parents. Some families who pay for private health insurance may qualify for help to pay their premiums.
- **Moms & Babies** covers pregnant women and their babies.

Apply now! Print in ink. Answer all the questions. If you need more space use an extra sheet of paper. If someone in your family already gets All Kids, FamilyCare or Moms & Babies, you do not need to file a new application. Call your customer service representative or caseworker.

Tell us about the applicant.

The applicant is usually the person filling out this form. The applicant should be the parent, guardian, or relative a child lives with, or a pregnant woman.

Applicant's name _____
Last First

Birth date __ __ / __ __ / __ __ __ __ (m m / d d / y y y y) **Social Security Number** __ __ __ - __ __ - __ __ __ __ Optional

Address _____ **Apt. #** _____

City _____ **State** _____ **Zip** _____ **County** _____

Phone (_____) _____ Home , (_____) _____ Work

If you do not have a phone and we can reach you by calling someone else, tell us who.

Name _____, Phone ( ) _____

How many people live with you? _____ **How many of them want health insurance or help paying premiums?** _____

What language do you use the most? ☐ English ☐ Spanish ☐ Other _____

You can help us by answering the next two questions, but you do not have to tell us.

Are you of Hispanic or Latino origin? ☐ Yes ☐ No

Race: ☐ American Indian or Alaska Native ☐ Asian ☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander ☐ White ☐ Unknown (Mark **all** that apply.)

Need help? Visit www.allkids.com or call toll-free: 1-866-All-Kids (1-866-255-5437).
If you use a TTY, call 1-877-204-1012.

Tell us about the people who want health insurance or want help to pay premiums.

Be sure to list yourself if you want health insurance or want help to pay premiums.

Person #1	Person #2	Person #3
1. Name		
(Last, First)	(Last, First)	(Last, First)
2. Sex		
☐ Male ☐ Female	☐ Male ☐ Female	☐ Male ☐ Female
3. Birth date		
__ __/__ __/__ __ __ __ (mm/dd/yyyy)	__ __/__ __/__ __ __ __ (mm/dd/yyyy)	__ __/__ __/__ __ __ __ (mm/dd/yyyy)
4. Tell us the Social Security Number, if the person has one. If they applied for one, tell us the date. ✔ Send proof they applied. **For anyone else, write N/A.**		
__ __ __-__ __-__ __ __ __ ☐ This person applied for a number on _____. (mm/dd/yyyy)	__ __ __-__ __-__ __ __ __ ☐ This person applied for a number on _____. (mm/dd/yyyy)	__ __ __-__ __-__ __ __ __ ☐ This person applied for a number on _____. (mm/dd/yyyy)
5. How is this person related to the applicant?		
☐ Son ☐ Daughter ☐ Self ☐ Spouse ☐ Other: _____	☐ Son ☐ Daughter ☐ Self ☐ Spouse ☐ Other: _____	☐ Son ☐ Daughter ☐ Self ☐ Spouse ☐ Other: _____
6. Is this person an American Indian or Alaska Native?		
☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
7. Has this person received medical care in the past 3 months that you want us to pay for? If yes, tell us which months. ✔ Send proof of income for each month, if different from your current income.		
☐ Yes ☐ No 1. _____ 2. _____ 3. _____	☐ Yes ☐ No 1. _____ 2. _____ 3. _____	☐ Yes ☐ No 1. _____ 2. _____ 3. _____
8. Is this person pregnant or has this person been pregnant in the last 3 months? ✔ If yes, send a signed statement from a doctor or health clinic with the expected date of delivery and the number of the babies expected.		
☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No

Need help? Visit www.allkids.com or call toll-free: 1-866-All-Kids (1-866-255-5437).
If you use a TTY, call 1-877-204-1012.

Person #1	Person #2	Person #3
9. Is this person a U.S. citizen? If yes, tell us where they were born.		
☐ Yes City:_____ State:_____ ☐ No	☐ Yes City:_____ State:_____ ☐ No	☐ Yes City:_____ State:_____ ☐ No

✔ If yes, provide one of the following documents: U.S. Passport, Certificate of Naturalization (N-550 or N-570) or Certificate of Citizenship (N-560 or N-561).
If these are not available, provide one item from each column:

Place of birth –
- Certified copy of a birth certificate from the state or county where the person was born;
- Final Adoption Decree;
- Official military record that shows a place of birth;
- Papers showing the person was employed by the U.S. government before 1976.

Identity –
- Driver's license;
- State issued ID card;
- School ID;
- U.S. military ID;
- U.S. military dependent card; or
- Other government ID (city, county or U.S. state issued).
- For children under age 16:
  - School or day care records or a report card, OR
  - A parent or guardian's signature on page 7 of this application

Read page 9 for more information on how to get your birth certificate.

10. If this person has a valid Alien Registration Number, write it below and provide proof. Pregnant women and children who do not have an Alien Registration Number may still get health insurance.

✔ Send a copy of one of the items listed below as proof for each Alien Registration Number you list on this form.
- Alien Registration Receipt Card, Permanent Resident Card or Green Card
- Passport with the following stamps or attachments: Arrival-Departure Record (I-94) including the stamp showing status, Resident Alien Form (I-551) or Temporary Resident Card (I-688)
- A court-ordered notice for asylees
- Other proof of lawful immigration status

Receiving most public health benefits should not affect a person's immigration status. The U.S. Citizenship and Immigration Service may consider someone to be a public charge if they live in long-term care, like a nursing home or mental health facility that the government pays for.

Person #1	Person #2	Person #3
11. Has this person had health insurance or Medicare any time in the last 12 months? If yes, complete all of the following.		
☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Month, Day and Year Coverage Began __ __ / __ __ / __ __ __ __	__ __ / __ __ / __ __ __ __	__ __ / __ __ / __ __ __ __
If the insurance ended, tell us the month, day and year it ended and why. __ __ / __ __ / __ __ __ __ ☐ Someone's job ended ☐ Met lifetime limit ☐ Other: _____	__ __ / __ __ / __ __ __ __ ☐ Someone's job ended ☐ Met lifetime limit ☐ Other: _____	__ __ / __ __ / __ __ __ __ ☐ Someone's job ended ☐ Met lifetime limit ☐ Other: _____
Insurance Company		
Name of Policyholder		
Policyholder's SSN (optional) __ __ __ - __ __ - __ __ __ __	__ __ __ - __ __ - __ __ __ __	__ __ __ - __ __ - __ __ __ __
Employer Name		
Phone Number ( )	( )	( )
Policy Number		
Group Number		
Are both physician and hospital services covered? ☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Is this COBRA insurance? COBRA is group insurance you buy from a former job. ☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Relationship to policyholder		
If this person cannot use the insurance, tell us why.		
12. For anyone 18 or younger, we need their parents' names. You can help us by answering the other questions, but you do not have to tell us. **For anyone without this information, write N/A.**		
Mother's full name: SSN: __ __ __ - __ __ - __ __ __ __ Employer: ☐ Full-time ☐ Part-time	**Mother's** full name: SSN: __ __ __ - __ __ - __ __ __ __ Employer: ☐ Full-time ☐ Part-time	**Mother's** full name: SSN: __ __ __ - __ __ - __ __ __ __ Employer: ☐ Full-time ☐ Part-time
Father's full name: SSN: __ __ __ - __ __ - __ __ __ __ Employer: ☐ Full-time ☐ Part-time	**Father's** full name: SSN: __ __ __ - __ __ - __ __ __ __ Employer: ☐ Full-time ☐ Part-time	**Father's** full name: SSN: __ __ __ - __ __ - __ __ __ __ Employer: ☐ Full-time ☐ Part-time

Person #1	Person #2	Person #3

13. For anyone who is married, tell us about their spouse. You can help us by answering these questions, but you do not have to tell us. **For anyone without this information, write N/A.**

Spouse's full name:	**Spouse's** full name:	**Spouse's** full name:
SSN: __ __ __-__ __-__ __ __ __	SSN: __ __ __-__ __-__ __ __ __	SSN: __ __ __-__ __-__ __ __ __
Employer:	Employer:	Employer:
☐ Full-time ☐ Part-time	☐ Full-time ☐ Part-time	☐ Full-time ☐ Part-time

Tell us about other people in your family and your income.

14. We need to know about your family group to decide if you can get health insurance.
Family group means people in your family who live with you. You, your spouse, any children 18 or younger and their parents, if they also live with you, make up your family group.
Tell us about anyone in your family group who is NOT asking for health insurance.

Name _____ SSN (optional) __ __ __-__ __-__ __ __ __
Birth date __ __/__ __/__ __ __ __ Relationship to applicant _____

Name _____ SSN (optional) __ __ __-__ __-__ __ __ __
Birth date __ __/__ __/__ __ __ __ Relationship to applicant _____

Name _____ SSN (optional) __ __ __-__ __-__ __ __ __
Birth date __ __/__ __/__ __ __ __ Relationship to applicant _____

15. Is any adult, parent, stepparent, spouse or pregnant woman named on this form currently employed? ☐ Yes ☐ No
Is anyone named on this form self-employed or own their own business? ☐ Yes ☐ No
If yes, complete the following. If you own your own business or are self-employed, enter "self" for employer.

✔ Send a copy of one pay stub (including tips) received in the last 30 days from each job.
If anyone is self-employed, provide 30 days of detailed business records that include income and expenses. For a sample form, visit www.allkids.com.

Name _____ Employer _____
Employer address _____ Phone (____) _____
Number of hours worked weekly _____ Amount paid before taxes (include tips, bonuses, commissions) _____ How often paid _____

Name _____ Employer _____
Employer address _____ Phone (____) _____
Number of hours worked weekly _____ Amount paid before taxes (include tips, bonuses, commissions) _____ How often paid _____

Name _____ Employer _____
Employer address _____ Phone (____) _____
Number of hours worked weekly _____ Amount paid before taxes (include tips, bonuses, commissions) _____ How often paid _____

16. Is anyone named on this form GETTING money from any source other than employment (such as Social Security, child support, spousal support, rental property, unemployment benefits, pensions, trusts)? ☐ Yes ☐ No **If yes, tell us about them.**

✔ Send proof of one payment received in the last 30 days for each source of income you list.

Name _____ Source _____

Payment amount _____ How often paid _____

If this is rental property income, does the person receiving the income manage the property? ☐ Yes ☐ No

Name _____ Source _____

Payment amount _____ How often paid _____

If this is rental property income, does the person receiving the income manage the property? ☐ Yes ☐ No

Name _____ Source _____

Payment amount: _____ How often paid _____

If this is rental property income, does the person receiving the income manage the property? ☐ Yes ☐ No

17. Is anyone named on this form PAYING child support or spousal support? ☐ Yes ☐ No **If yes, tell us how much they paid in the last month.**

✔ Send proof of one payment made to each person in the last 30 days.

Name _____ Amount _____ How often paid _____

Name _____ Amount _____ How often paid _____

18. Is anyone named on this form PAYING for child care so they can work? ☐ Yes ☐ No **If yes, tell us how much they paid in the last month for each child.**

Name of child in child care _____ **Name** of care giver _____

Person paying for care _____ Payment amount _____

Relationship of care giver to child (if any) _____ How often paid _____

Name of child in child care _____ **Name** of care giver _____

Person paying for care _____ Payment amount _____

Relationship of care giver to child (if any) _____ How often paid _____

Name of child in child care _____ **Name** of care giver _____

Person paying for care _____ Payment amount _____

Relationship of care giver to child (if any) _____ How often paid _____

19. Please tell us how you heard about All Kids.

Check all the boxes that apply.

- ☐ Radio ad
- ☐ TV ad
- ☐ Billboard
- ☐ Newspaper ad or story
- ☐ Mail sent to my home
- ☐ Internet or Website
- ☐ Doctor's office
- ☐ Clinic
- ☐ Hospital
- ☐ Friend or relative
- ☐ Employer
- ☐ School
- ☐ Government office or agency
- ☐ W.I.C. site
- ☐ Labor union
- ☐ Other: _____

Read and sign.

Read carefully, then sign and date the application below.

1. We will keep what you tell us private as required by law.
2. Some families have to make a payment each month for this health insurance. This payment is called a premium. The amount of the premium depends on the family's income.
3. Some families have to pay part of the bill when they visit the doctor, go into the hospital or get a prescription filled. These payments are called co-payments. The amount of co-payment depends on the family's income.
4. You agree the state may seek reimbursement for services the state covered for your family if those services should have been paid for by any other health coverage your family may have.
5. Be sure to answer the questions correctly. We may check all information on this form. You must help us if we ask you to prove that your information is right.
6. We will **not** share any information about immigration of any person who does not have an Alien Registration Number. We **will** verify the immigration status of any person if you gave us their Alien Registration Number. To do that, we will check the number with the U.S. Citizenship and Immigration Service (USCIS). We may send other information to USCIS, such as copies of proof you sent of an Alien Registration Number and the person's Social Security Number, if they have one.
7. You must tell your All Kids or FamilyCare representative within 10 days if any of the following happens:
   - Your income changes.
   - The number of people in your family who live with you changes.
   - Your address or phone number changes.
   - Someone who gets health benefits moves out of Illinois, dies, or goes to jail or prison.
8. If we pay medical bills for you, you give your right to collect medical support payments to the State of Illinois. You must help us if we ask you to establish paternity or obtain medical support payments for members of your family. You may not have to do this if you have a good reason not to. Your children can get health insurance even if you do not help us when we ask you to help.
9. Anyone who misuses our health insurance card may be committing a crime.

I declare under penalty of perjury that I have read all statements on this form and the information I give is true, correct and complete to the best of my knowledge. I understand that I could be penalized if I knowingly give false information.

Applicant's signature _____ Date _____
(Make a mark and have another adult sign next to your mark if you cannot sign your name.)

If you completed this application on behalf of the Applicant, sign and complete the following.

Signature _____ Date _____ Phone (____)_____

Name (print) _____ Relationship to applicant _____

Need help? Visit www.allkids.com or call toll-free: 1-866-All-Kids (1-866-255-5437).
If you use a TTY, call 1-877-204-1012.

Final checklist

- Did you answer all the questions on the application?
- Did you sign and date the application?
- Do you have copies of all the proofs we said you would need? All the information that needs proof is marked with a ✔ .
- If you want to apply for rebates, did you get both sides of the Rebate Form completed and signed?

Mail your application along with copies of any proof to:

All Kids Unit
P. O. Box 19122
Springfield, IL 62794-9122

If you use the envelope that came with this application, you do not need to use a stamp.

Next steps

- If any information changes after you send the application, call toll-free 1-866-All-Kids (1-866-255-5437) to tell us what changed. If you use a TTY, call 1-877-204-1012.
- We will review your application as quickly as possible.
- If we find something is missing, we will send you a letter telling you what else to send.
- Please allow 45 days for us to make a decision.
- We will send you a notice to tell you if you can get All Kids, FamilyCare or Moms & Babies. If you do not qualify, we will also send a notice and tell you why.

Other important information

- If your children already have an All Kids card, do not apply again. If you want to add someone to your All Kids, FamilyCare or Moms & Babies health plan, you do not have to send a new application. Call your caseworker at the Illinois Department of Human Services (DHS) or call your All Kids customer service representative to add another family member.

- If your family has child support or Social Security income, a stepparent in the home, high medical bills, or you are applying for a disabled family member or one who is 65 or older, it may be better for you to apply at your DHS Family Community Resource Center. For more information, call toll-free 1-866-All-Kids (1-866-255-5437). If you use a TTY, call 1-877-204-1012.

- If you are not satisfied with the actions taken on your application, you have the right to a fair hearing. You can ask for a fair hearing by writing your local office, or by writing the Department at Bureau of Administrative Hearings, 401 South Clinton Street, Sixth Floor, Chicago, Illinois 60607 or by calling 1-800-435-0774. If you use a TTY, call 1-877-734-7429. **Use these numbers only to file an appeal.** All other calls and inquiries should be directed to 1-866-All-Kids (1-866-255-5437). If you use a TTY, call 1-877-204-1012.

- All Kids, FamilyCare and Moms & Babies are open and accessible without regard to sex, race, disability, national origin, religion or age. The State of Illinois is an equal opportunity employer that practices affirmative action. The State of Illinois provides reasonable accommodations according to Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

U.S. citizenship documents

Because of a new federal law, we must ask people who are United States citizens to send us documents that prove they are citizens. This new law affects all children and adults who apply for medical benefits if they are U.S. citizens.

If you do not have these documents for anyone in your family who is a U.S. citizen, you must try to get them.

You can get birth certificates from the state or county where the person was born. You may have to pay for official copies of birth certificates. Usually, you need to know the person's name, date of birth and parents' names to order their birth certificate.

- Persons who were born in Illinois can get their birth certificate from the county where they were born. Here are a few county phone numbers and websites:

County	Phone	Website
Champaign	1-217-384-3720	www.champaigncountyclerk.com/vitals
Cook	1-312-603-7799	www.cookctyclerk.com
DuPage	1-630-682-7035	www.co.dupage.il.us
Jackson	1-618-687-7360	www.co.jackson.il.us/elected/co_clerk.htm
Kane	1-630-232-5950	www.co.kane.il.us/coc
Lake	1-847-377-2411	www.co.lake.il.us/cntyclk/vital
Peoria	1-309-672-6059	www.co.peoria.il.us (Select "Get Vital Records")
Rock Island	1-309-786-4451	www.co.rock-island.il.us
St. Clair	1-618-277-6600	www.co.st-clair.il.us (Select "B")
Will	1-815-740-4615	www.willclrk.com/vitalrecords.htm

You can get a complete list of where to go for a birth certificate for any county in Illinois on the Internet at **www.idph.state.il.us/vitalrecords/countylisting.htm**. The Illinois Department of Public Health can help you find a county office if you call **1-217-782-6553**. If you use a TTY, call 1-800-547-0466. The call is free.

- Persons who were born in Illinois can also get birth certificates from the Illinois Department of Public Health by calling **1-217-782-6553**. You can order your birth certificate over the Internet at **www.idph.state.il.us/vitalrecords** if you use a credit card.
- The National Center for Health Statistics can help you find out where to get birth certificates for people who were born in a state other than Illinois. Call **1-866-441-6247**. The call is free. If you can use a computer, visit **www.cdc.gov/nchs**.

If you cannot get these documents, call 1-866-All-Kids to tell us why. If you use a TTY, call 1-877-204-1012. The call is free. There may be other documents that you can use to show that you or your family member is a U.S. citizen.

Other benefit programs offered by the State of Illinois

Veterans Care offers access to affordable, comprehensive healthcare to veterans across Illinois. Veterans pay an affordable monthly premium of $40 or $70 and receive medical, dental and vision coverage. For additional information, please visit www.illinoisveteranscare.com or call 1-877-4VETS-RX. If you use a TTY, call 1-877-204-1012.

Illinois Cares Rx provides a safety net for seniors and persons with disabilities so they won't have to pay more out of pocket under the Medicare drug plan. To find out more, visit www.illinoiscaresrx.com or call the Illinois Health Benefits hotline at 1-800-226-0768. If you use a TTY, call 1-877-204-1012.

The **Illinois Rx Buying Club** provides an average discount of 24% at many Illinois pharmacies. To get more information or to enroll visit www.illinoisrxbuyingclub.com or call 1-866-215-3462. If you use a TTY, call 1-866-215-3479.

Health Benefits for Workers with Disabilities is a comprehensive healthcare program for employed persons with disabilities. Working individuals between the ages of 16 and 64 may be eligible. To download an application, visit www.hbwdillinois.com or call 1-800-226-0768. If you use a TTY, call 1-866-675-8440.

HFS Medical Benefits provides comprehensive healthcare for low-income seniors and persons of any age with disabilities. To apply, visit a local Department of Human Services office. To find an office nearby, call 1-800-843-6154. If you use a TTY, call 1-800-447-6404. You can download a mail-in application by visiting www.health.illinois.gov.

The **Low Income Home Energy Assistance Program (LIHEAP)** helps qualified households pay for winter energy services. The amount of the benefit depends on income, household size, fuel type and geographic location. Visit www.liheapillinois.com/community.html.

The **Illinois Department of Human Services' Child Care Program** provides low-income, working families with access to quality, affordable child care. Parents can learn about child care in their community and see if they qualify for a subsidy by contacting their local Child Care Resource and Referral agency (CCR&R). Visit www.ilchildcare.org or call 1-800-649-1884 to find your local CCR&R.

The **HFS Division of Child Support Enforcement (DCSE)** will help anyone who needs support for a child. DCSE helps parents and caretakers locate the parent who does not live with the child, legally establish the child's father, get child support or medical coverage and change the amount a parent has to pay for child support. Services are free. You can apply for services by visiting www.ilchildsupport.com, by calling 1-800-447-4278 or by visiting a DCSE office. If you use a TTY, call 1-800-526-5812. The call is free.

If you are interested in registering to vote, please go to www.elections.il.gov/ or call the Department of Human Services Helpline at 1-800-843-6154 or 1-800-447-6404 (for TTY). If you would like assistance or need translation services, please contact your DHS Family Community Resource Center.

Rebate Form for All Kids and FamilyCare

Use this form if you want All Kids or FamilyCare Rebate.

A rebate is a monthly amount we will pay you if you already pay for health insurance for yourself, your spouse or your children. If you choose to get rebates, you will use your current insurance card to get healthcare.

Only families who have health insurance can get rebate payments. Also, only families with a certain amount of income can get rebates. You may be able to get rebates for your children if your family is like one in the list below. The income amounts for adults are lower.

- ☐ You are the **only** person in your family → You may qualify for rebates if the income you get each month is between $1,201 and $1,805.
- ☐ You have **two** people in your family → You may qualify for rebates if the income you get each month is between $1,616 and $2,428.
- ☐ You have **three** people in your family → You may qualify for rebates if the income you get each month is between $2,030 and $3,052.
- ☐ You have **four** people in your family → You may qualify for rebates if the income you get each month is between $2,445 and $3,675.

Add $623.00 for each additional person.

To ask for rebates, you must send this form **with** the rest of your application.

Part A

The main person whose name is on the insurance must sign this part of the form. Often this person is called the policyholder. This person may get the health insurance from a job.

Policyholder's name _____
Last First

Home Address _____ **Apt. #** _____

City _____ **State** _____ **Zip** _____

SSN __ __ __ - __ __ - __ __ __ __ **Phone** (_____) _____

We must have the SSN (Social Security Number) so we can pay the rebate to this person.

Policy Number _____ **Group Number** _____

Tell us the names of the family members you want rebates for.

_____

_____

I agree to call All Kids/FamilyCare right away if this health insurance ends, someone is added or taken off the health insurance, the amount paid for the insurance changes, covered benefits change or someone else becomes the policyholder.

I authorize my employer, plan administrator and insurance company to provide the information requested in Part B on the next page for the purpose of determining whether I qualify for All Kids/FamilyCare. I also authorize my employer, plan administrator and insurance company to verify my coverage and any of the information below for any time when I get All Kids/ FamilyCare Rebate.

Signature of Employee/Policyholder _____

Need help? Visit www.allkids.com or call toll-free: 1-866-All-Kids (1-866-255-5437).
If you use a TTY, call 1-877-204-1012.

Part B

This part of the form must be completed by the employer providing the health insurance or the insurance agent.

Note to Employer/Insurance Agent: The employee/policyholder named on the front of this form is applying for help to cover the cost of their family's health insurance premiums. Please assist them by completing the information below and returning the form to the employee/policyholder as soon as possible. (As used below, "employee" applies to an employee or private policyholder.) For help in completing this form, call toll-free 1-877-805-5312.

Employer (if employer policy) _____

Employer address _____

City _____ **State** _____ **Zip** _____

Person completing this form _____

Phone (_____) _____ **Fax** (_____) _____

Insurance company _____ **Policy Number** _____ **Group Number** _____

What benefits are covered? ☐ Physician Services ☐ Hospital Inpatient Services
Check all that apply.

Amount of premium paid by employee $_____
Include amounts paid for dental, vision and prescription coverage.

Premiums are paid ☐ weekly ☐ every 2 weeks ☐ twice a month ☐ monthly
☐ every 2 months ☐ quarterly ☐ semi-annually ☐ annually

Persons covered by the employee premium contribution:

_____

_____

Does the employer pay 100% of the cost of the employee's coverage? ☐ Yes ☐ No
If no, how much of the amount listed above is for coverage of the employee only (single rate)?

$_____ Include amounts for dental, vision and prescription coverage.

Enrollment period for policy _____

Date the premium listed above began or begins _____

Date of next scheduled change in premium _____

Authorized signature of employer/agent _____ **Date** _____

Return the completed rebate form to the employee for submission with the All Kids / FamilyCare application.

Need help? Visit www.allkids.com or call toll-free: 1-866-All-Kids (1-866-255-5437).
If you use a TTY, call 1-877-204-1012.

State of Illinois
Printed in-house by authority of the State of Illinois KC 2378KCC (R-4-09) IL478-2437
20,000 copies 4-09

APPENDIX E

Application Agents, Number of Approved Applications, and the Amount Paid

Appendix E
TOTAL PAYMENTS TO ALL KIDS APPLICATION AGENTS
Fiscal Year 2009

Name	City	Number of Payments	Total Amount Paid
Lake Co H D Waukegan Clinic	Waukegan	1,299	$64,950
WCHD WIC Program	Joliet	965	$48,250
Uptown Neighborhood H Center	Chicago	935	$46,750
Greater Elgin Family Care Ctr	Elgin	820	$41,000
Polish American Assn Nrth Side	Chicago	641	$32,050
VNA Health Center	Aurora	609	$30,450
BHS Fantus Health Center	Chicago	568	$28,400
Aurora Public Health Center	Aurora	548	$27,400
Alivio Medical Center	Chicago	518	$25,900
Midlakes Clinic	Round Lake Bch	489	$24,450
DuPage Mental Hlth North PHC	Addison	480	$24,000
DuPage Cty Health Dept	Wheaton	479	$23,950
Champaign Urbana Public Hlth	Champaign	457	$22,850
Erie Family Health Center	Chicago	439	$21,950
Gilead Outreach and Referral C	Chicago	432	$21,600
Winnebago Hlth Dept Millennium	Rockford	412	$20,600
McHenry County Dept of Health	Woodstock	401	$20,050
Aunt Marthas Youth Srvc Center	Chicago Heights	399	$19,950
Infant Welfare Society of Chgo	Chicago	395	$19,750
Elgin Public Health Center	Elgin	377	$18,850
Rock Island County Hlth Dept	Rock Island	362	$18,100
DuPage Mental Health East PHC	Lombard	345	$17,250
DuPage Mntl Hlth Westmont PHC	Westmont	314	$15,700
West Town Neighborhood H Ctr	Chicago	294	$14,700
Pregnancy Testing Center	Cicero	274	$13,700
McLean County Health Dept	Bloomington	259	$12,950
Erie Family Health Center	Chicago	256	$12,800
Chicago Fam Hlth Ctr So Chi	Chicago	255	$12,750
Programa Cielo	Chicago	234	$11,700
DeKalb County Hlth Dept	DeKalb	225	$11,250
Korean American Comm Services	Chicago	225	$11,250
CDHP Southwest District Office	Bridgeview	217	$10,850
So Chicago MCH Health Clinic	Chicago	215	$10,750
North Chicago Comm Health Ctr	North Chicago	214	$10,700
Polish American Assn South Side	Chicago	210	$10,500
Servicios Medicos La Villita	Chicago	207	$10,350
Knox County Health Dept	Galesburg	193	$9,650
Norwegian American Hosp	Chicago	187	$9,350
Whiteside County Health Dept	Morrison	180	$9,000
Resurrection Medical Center	Des Plaines	179	$8,950
Melrose Park Family Health Ctr	Melrose Park	176	$8,800
Dr Jorge Prieto Health Center	Chicago	173	$8,650
Macon County Health Dept	Decatur	173	$8,650
Asian Human Services Family	Chicago	170	$8,500
New Life Education Center	Kankakee	168	$8,400
SIHF Mother and Child Ctr	Centreville	168	$8,400
Salud Family Health Center	Chicago	151	$7,550
Arab American Family Services	Bridgeview	148	$7,400

Name	City	Number of Payments	Total Amount Paid
PrimeCare West Town	Chicago	141	$7,050
Kedzie Family Health Center	Chicago	139	$6,950
Frances Nelson Health Center	Champaign	137	$6,850
Swedish Covenant Hospital	Chicago	135	$6,750
Peoria City County Hlth Dept	Peoria	131	$6,550
Aunt Marthas Youth Service Ctr	Chicago Heights	130	$6,500
Erie Helping Hands Health Ctr	Chicago	130	$6,500
Jackson County Health Department	Murphysboro	129	$6,450
Westlake Hospital	Melrose Park	126	$6,300
DuPage County Health Dept	West Chicago	124	$6,200
Lower West Side Health Center	Chicago	121	$6,050
CCDPH North District Office	Rolling Meadows	120	$6,000
Grudzinski Anna	Chicago	120	$6,000
Coordinated Youth WIC Program	Alton	119	$5,950
Henry Booth House	Chicago	116	$5,800
Centro de Salud Esperanza	Chicago	114	$5,700
Mile Square Health Center	Chicago	112	$5,600
St Joseph Hosp Lakeview Clinic	Chicago	111	$5,550
Community Health Care Inc	Davenport, IA	110	$5,500
Oak Forest Hospital	Oak Forest	109	$5,450
Evanston Rogers Park Fam Hlth	Chicago	108	$5,400
Circle Family Care	Chicago	107	$5,350
North Shore Health Center	Highland Park	106	$5,300
Family Health Society	Chicago Heights	105	$5,250
Chinese American Serv League	Chicago	104	$5,200
BHS John Sengstacke Prof Bldg	Chicago	101	$5,050
Coordinated Youth Services	Granite City	100	$5,000
Cicero Health Center	Cicero	98	$4,900
Kankakee County Health Dept	Kankakee	98	$4,900
Chicago Department of Health	Chicago	96	$4,800
Erie Family Health Center	Chicago	95	$4,750
Mano a Mano Family Resource	Round Lake Bch	91	$4,550
Hanul Family Alliance Suburban	Mt. Prospect	90	$4,500
Alivio Medical Center	Chicago	87	$4,350
Englewood Neighborhood H Ctr	Chicago	86	$4,300
South Lawndale MCH Center	Chicago	86	$4,300
Aunt Martha Yth Serv Hlthy Kid	Aurora	85	$4,250
Des Plaines Valley Health Ctr	Summit	85	$4,250
Aunt Marthas Youth Service Ctr	Hazelcrest	84	$4,200
Franklin Williamson Hlth Dept	Marion	84	$4,200
University of IL at Chic Hosp	Chicago	79	$3,950
Evanston Health Dept	Evanston	78	$3,900
CCDPH West District Office	Maywood	76	$3,800
Chicago Hlth Outreach Homeless	Chicago	76	$3,800
The Clinic in Altgeld Inc	Chicago	74	$3,700
Will Co Health Dept Northern B	Bolingbrook	74	$3,700
Hawthorne Family Health Center	Cicero	72	$3,600
Humbolt Park Fam Hlth Ctr	Chicago	72	$3,600
Mercy Diagnostic Treatment Ctr	Chicago	72	$3,600
Aunt Marthas Carpentersville	Carpentersville	70	$3,500
Friend Family Health Center	Chicago	70	$3,500
Kling Professional Center	Chicago	70	$3,500

Name	City	Number of Payments	Total Amount Paid
Suwada Maria	Elk Grove Village	70	$3,500
Community Alternatives Unltd	Chicago	69	$3,450
Edgar County Health Dept	Paris	69	$3,450
Shahbaz Akhtar	Chicago	65	$3,250
SIHF W Belleville Health Ctr	Belleville	65	$3,250
Martin T Russo Family Hlth Ctr	Bloomingdale	64	$3,200
West Chicago Family Health Ctr	West Chicago	63	$3,150
Peterson Family Health Center	Chicago	61	$3,050
Streamwood Behavioral Hlth Ctr	Streamwood	60	$3,000
Advocate Northside	Chicago	59	$2,950
Lee County Health Dept	Dixon	58	$2,900
Livingston Co Public Hlth Dept	Pontiac	58	$2,900
Ronald McDonald Care Mobile	Rockford	57	$2,850
CCDPH South District Office	Markham	56	$2,800
San Rafael	Chicago	55	$2,750
Grundy County Health Dept	Morris	54	$2,700
Sowinska Malgorzata	Chicago	54	$2,700
Winfield Moody Health Center	Chicago	54	$2,700
Access Cabrini Health Center	Chicago	53	$2,650
Centro de Informacion	Elgin	53	$2,650
Tazewell County Hlth Dept	Tremont	53	$2,650
Lake Co H D Zion Clinic	Zion	52	$2,600
Christian County Health Dept	Taylorville	51	$2,550
Chinese Mutual Aid Association	Chicago	50	$2,500
Child and Family Connections	Lombard	48	$2,400
Claridad Leticia	Chicago	48	$2,400
Care Center of Springfield Inc	Springfield	47	$2,350
SIHF Fairmont City Health Ctr	Fairmont City	47	$2,350
Aunt Martha Yth Serv Ctr Inc	Harvey	46	$2,300
Logan Square Health Ctr Cook Co	Chicago	46	$2,300
Southeastern Hlth Ctr Cook Cnt	South Holland	46	$2,300
St Clair County Health Dept	Belleville	45	$2,250
Centro Medico	Chicago	44	$2,200
Christian Community Hlth Ctr	Chicago	43	$2,150
Muslim Women Resource Ctr	Chicago	42	$2,100
Riveredge Hospital	Forest Park	42	$2,100
Family Focus Aurora	Aurora	41	$2,050
Womens Health Services	Oaklawn	41	$2,050
South Suburban Hospital	Hazel Crest	40	$2,000
Fayette County Hlth Dept	Vandalia	39	$1,950
Jersey County Health Dept	Jerseyville	39	$1,950
Ogle County Health Dept	Oregon	39	$1,950
Central Counties Health Ctr	Springfield	37	$1,850
Rush Adolescent Family Center	Chicago	37	$1,850
SIHF State Street Ctr	East St. Louis	37	$1,850
Advanced Medical Group	Buffalo Grove	35	$1,750
Bond Co Hlth Dept	Greenville	35	$1,750
Community Nurse Health Assn	La Grange	35	$1,750
PrimeCare Northwest	Chicago	35	$1,750
Greene County Health Dept	Carrollton	33	$1,650
Macoupin County Health Department	Carlinville	33	$1,650
Stickney Public Health Dist	Burbank	33	$1,650

Name	City	Number of Payments	Total Amount Paid
Heartland Health Outreach	Chicago	32	$1,600
Women and Family Hlth Pilsen	Chicago	32	$1,600
Near North Health Serv Komed	Chicago	31	$1,550
The Genesis Center	Des Plaines	31	$1,550
Vermilion County Health Dept	Danville	31	$1,550
Clay County Health Dept	Flora	30	$1,500
Evanston School Based Hlth Ctr	Evanston	30	$1,500
PrimeCare Fullerton	Chicago	30	$1,500
SIHF Alton Womens Health Ctr	Alton	30	$1,500
Clinton County Health Dept	Carlyle	29	$1,450
Service of Will Grundy Kankakee	Joliet	28	$1,400
Southwest Family Health Center	Chicago	28	$1,400
Wayne County Health Dept	Fairfield	28	$1,400
Ashland Family Health Center	Chicago	27	$1,350
SIHF Belleville FP Health Ctr	Belleville	27	$1,350
Spanish Ctr Lyrp Outreach Proj	Joliet	27	$1,350
Henderson Co Hlth Dept	Monmouth	26	$1,300
Infant Welfare Clinic	Oak Park	26	$1,300
Jo Daviess Co Health Dept	Galena	26	$1,300
Kaszowska Elzbieta	Naperville	26	$1,300
Monroe Randolph Bi Co Hlth	Chester	26	$1,300
Ford Iroquois Pub Hlth Dept	Watseka	25	$1,250
Hancock County Health Dept	Carthage	25	$1,250
HR Studio Inc	Chicago	25	$1,250
Birute Paulauskaite	Mundelein	24	$1,200
Brandon Family Health Center	Chicago	23	$1,150
Coles County Public Hlth Dept	Charleston	23	$1,150
Decatur Ob Gyn Associates	Decatur	23	$1,150
Lake County KidCare App	Waukegan	23	$1,150
Plaza Medical Center	Chicago	23	$1,150
South East Asia Center	Chicago	23	$1,150
Carroll County Health Dept	Mt Carroll	22	$1,100
Hamilton County Health Dept	McLeansboro	22	$1,100
Omni Youth Services Wheeling	Wheeling	22	$1,100
Padowski Bogumila	Des Plaines	22	$1,100
Pantiru Mihaela	Chicago	22	$1,100
Saints Mary and Eliz Med Cen N	Chicago	22	$1,100
SIHF Koch Health Ctr	Granite City	22	$1,100
SIHF Washington Park Ctr	Washington Park	21	$1,050
Alivio Medical Center	Chicago	20	$1,000
Dr Wu Women Health Center	Chicago	20	$1,000
Effingham County Health Dept	Effingham	20	$1,000
PCC Community Wellness Center	Oak Park	20	$1,000
Tkacz Joanna	Chicago	20	$1,000
Child and Family Connections	Crystal Lake	19	$950
MacNeal Health Network	Berwyn	19	$950
Omni Youth Services Pros Hghts	Prospect Heights	19	$950
Child and Family Connection 1	Loves Park	18	$900
Henry County Health Dept	Kewanee	18	$900
Alexian Center for Mental Hlth	Arlington Heights	17	$850
Art of Insurance	Wheeling	17	$850
District 62 SPARK	Des Plaines	17	$850

Name	City	Number of Payments	Total Amount Paid
WCHD Eastern Branch Office	University Park	17	$850
Advocate Christ Medical Center	Oak Lawn	16	$800
City of Rolling Meadows	Rolling Meadows	16	$800
One Thousand One Ins and Finan	Chicago	16	$800
SIHF Windsor Health Ctr	East St. Louis	16	$800
Southern Seven Health Dept	Vienna	16	$800
Zabierowski Ursula	Hoffman Estates	16	$800
Bobrowska Izabella	Chicago	15	$750
Egyptian Health Dept	Carmi	15	$750
Hanul Family Alliance Chicago	Chicago	15	$750
Easter Seals Child Fam Conn 12	Tinley Park	14	$700
Horb Nadia	Chicago	14	$700
Church of the Holy Spirit	Schaumburg	13	$650
Hanover Township	Hanover Park	13	$650
Kulpa Anna	Lake in the Hills	13	$650
Madison Medical Center	Chicago	13	$650
Maliszewski Marzena	Algonquin	13	$650
Marion County Health Dept	Salem	13	$650
Mercer County Health Dept	Aledo	13	$650
Oak Park Health Dept	Oak Park	13	$650
Pediatrics Clinic	Des Plaines	13	$650
A G Family Care Ltd	Buffalo Grove	12	$600
Albany Park Community Center	Chicago	12	$600
Christian Community Hlth Ctr	South Holland	12	$600
Jasper Co Health Dept	Newton	12	$600
KCAS Enterprises Inc	Marengo	12	$600
Ozdrovska Nadia	Chicago	12	$600
Adolescent Health Center	Carbondale	11	$550
Pilsen Family Health Center	Chicago	11	$550
Uplift School Health Center	Chicago	11	$550
Drozd Beata	Niles	10	$500
Menard Co Health Dept	Petersburg	10	$500
Pui Tak Center	Chicago	10	$500
Roseland Altgeld Adol Parent	Chicago	10	$500
Sinai Health System	Chicago	10	$500
Suburban Access Inc	Hillside	10	$500
Carterville Family Practice	Carterville	9	$450
Moultrie County Health Dept	Sullivan	9	$450
Sangamon Co Dept Public Health	Springfield	9	$450
The Pavilion Foundation	Champaign	9	$450
Erie Court Health Center	Oak Park	8	$400
Howard Area Community Center	Chicago	8	$400
SEIU Local 4 Health Fund	Chicago	8	$400
Vietnamese Assoc of Illinois	Chicago	8	$400
Village of Hoffman Estates	Hoffman Estates	8	$400
Alma Medical Center	Maywood	7	$350
Bondarowicz Renata	Schaumburg	7	$350
Bridgeport Child Development	Chicago	7	$350
Child and Family Connections	Freeport	7	$350
Comm Health Improvement Ctr	Decatur	7	$350
Eduardo V Barriuso MD	Chicago	7	$350
Follis Teresa	Channahon	7	$350

Name	City	Number of Payments	Total Amount Paid
Hudson Bernard	Belleville	7	$350
Kendall Co Hlth and Human Serv	Yorkville	7	$350
Murphysboro Health Center	Murphysboro	7	$350
Rural Health Inc	Anna	7	$350
Shif Madison Health Ctr	Madison	7	$350
Cass Co Health Dept Virginia	Virginia	6	$300
CGH Medical Center	Sterling	6	$300
Family Svc CMHC of McHenry County	McHenry	6	$300
Lincoln Memorial Health Center	Robbins	6	$300
Lutheran General Hospital	Park Ridge	6	$300
Peoria Cnty Brd Care Dev Disbl	Peoria	6	$300
South State Medical Center	Chicago	6	$300
Aunt Marthas CEDA WIC Program	Chicago Heights	5	$250
Bureau County Dept of Health	Princeton	5	$250
Chicago Fam Case Mgmnt South	Chicago	5	$250
DeWitt Piatt Bi Co Hlth Dept	Clinton	5	$250
Erie Teen Health Center	Chicago	5	$250
Henderson Co Health Dept	Gladstone	5	$250
Madison County Health Dept	Wood River	5	$250
Montgomery Co Hlth Dept	Hillsboro	5	$250
Planned Parenthood	Champaign	5	$250
Prairieland Svcs Coordination	Decatur	5	$250
Rea Clinic	Christopher	5	$250
Southern Seven Health Dept	Jonesboro	5	$250
Tricity Family Services	Geneva	5	$250
YWCA Child Care Resource Refrl	Glen Ellyn	5	$250
Day One Network Inc	Geneva	4	$200
Douglas County Health Dept	Tuscola	4	$200
Egyptian Health Dept	Eldorado	4	$200
Good Samaritan Hospital	Oak Brook	4	$200
Irena Pantelemoniuk	Chicago	4	$200
Lauper Robert	Oswego	4	$200
Macoupin Co Comm Care Health	Gillespie	4	$200
Perry Co Hlth Dept	Pinckneyville	4	$200
Pinkney Harvey	Alsip	4	$200
Research and Education Found	Blue Island	4	$200
Rock Island Outreach	Rock Island	4	$200
Rogers Park Community Council	Chicago	4	$200
Sherman Hospital	Elgin	4	$200
SIHF Alton Health Ctr	Alton	4	$200
St Anthony Hospital	Chicago	4	$200
St Anthonys Memorial Hospital	Effingham	4	$200
Suburban Access CFC 7	Homewood	4	$200
Triple Care	Chicago	4	$200
Womens Health Services	Clinton, IA	4	$200
Association House of Chicago	Chicago	3	$150
Berwyn Public Health Dist	Berwyn	3	$150
Bethany Christian Srvcs of MO	Columbia	3	$150
Catholic Charities Aurora	Aurora	3	$150
Central Ill Service Access	Lincoln	3	$150
Child and Family Connections	Centralia	3	$150
Clearbrook CFC 6	Arlington Heights	3	$150

Name	City	Number of Payments	Total Amount Paid
Com Hlth Partnership Hoopeston	Hoopeston	3	$150
Comm Couns Ctr Chgo Broadway	Chicago	3	$150
Comm Couns Ctr Chgo Clark	Chicago	3	$150
Community Service Options Inc	Chicago	3	$150
DD Services of Metro East	Belleville	3	$150
DuPage Trans Services Center	Wheaton	3	$150
Erie Westside Family Health Center	Chicago	3	$150
Good Shepherd Hospital	Barrington	3	$150
Grand Boulevard Health Center	Chicago	3	$150
Long Tim	Woodridge	3	$150
School Health Link Inc	Silvis	3	$150
SIHF Bethalto Health Ctr	East Alton	3	$150
SIHF Cahokia Health Ctr	Cahokia	3	$150
Southern IL Case Coordination	Centralia	3	$150
Adventist Bolingbrook Hospital	Bolingbrook	2	$100
Auburn Gresham Family Hlth Ctr	Chicago	2	$100
Bochenek Beata	Chicago	2	$100
Boone Co Health Dept	Belvidere	2	$100
Cardinal Glennon Med Ctr	St. Louis, MO	2	$100
CCRPC Urbana	Urbana	2	$100
Chicago Center for Torah and Ches	Chicago	2	$100
Child and Family Connections	Chicago	2	$100
Comm Service Options for Rim	East Moline	2	$100
Divine Mercy Polish Mission	Lombard	2	$100
DuPage County Human Resources	Wheaton	2	$100
Eduardo V Barriuso MD	Cicero	2	$100
Erie Henson Health Center	Chicago	2	$100
Family Medicine Specialists	Wauconda	2	$100
Janice Fridh	Poplar Grove	2	$100
Kankakee School Based Hlth Ctr	Kankakee	2	$100
Project for Austin Teen Health	Chicago	2	$100
School Health Link Inc	Rock Island	2	$100
Schuyler Co Public Hlth Dept	Rushville	2	$100
Southern Seven Health Dept	Rosiclare	2	$100
Southern Seven Health Dept	Ullin	2	$100
Sultan Sheikh	Chicago	2	$100
Susan A Peters	Machesney Park	2	$100
The Success Center	Lansing	2	$100
The Woodlawn Organization	Chicago	2	$100
Access Jackson Park Fmly Hlth	Chicago	1	$50
Access Sullivan High School HC	Chicago	1	$50
Advocate Medical Group	Park Ridge	1	$50
Albany Child Care Center	Chicago	1	$50
Argo Insurance Agency Inc	Rosemont	1	$50
Armitage Family Health Center	Chicago	1	$50
Austin Cook County Comm HC	Chicago	1	$50
Austin Family Health Center	Chicago	1	$50
Beloved Comm Fmly Wellness Ctr	Chicago	1	$50
Blue Island Medical Center	Blue Island	1	$50
C H Smith Insurance Agency Inc	Danville	1	$50
Calhoun Co Health Dept	Hardin	1	$50
Caring Hands Inc	Chicago	1	$50

Name	City	Number of Payments	Total Amount Paid
Center for Economic Progress	Chicago	1	$50
CFC 19	Decatur	1	$50
Charles Hayes Center	Chicago	1	$50
Chicago Fam Hlth Ctr Homeless	Chicago	1	$50
Christian Community Hlth Ctr	Calumet City	1	$50
Com Hlth Partnership Aurora	Aurora	1	$50
Comm Couns Ctr Chgo ABLA	Chicago	1	$50
Doctors Medical Center	Chicago	1	$50
Elgin Dundee	Elgin	1	$50
Family Christian Health Center	Harvey	1	$50
Farmworker Health Center	Murphysboro	1	$50
Gateway Regional Medical Ctr	Granite City	1	$50
Healthcare Consortium of IL	Dolton	1	$50
Jose de Diego School Based Hlth	Chicago	1	$50
Leyden Family Svcs and MH Ctr	Franklin Park	1	$50
Living Alternatives CPC	Bolingbrook	1	$50
Mason County Health Department	Havana	1	$50
McHenry County Youth Service	Woodstock	1	$50
Meadows Community Services	Rolling Meadows	1	$50
Odom Gerald	Flossmoor	1	$50
Raiz Debbie	Aurora	1	$50
Research and Education Found	Chicago	1	$50
Robbins Hlth Ctr of Cook Cnty	Robbins	1	$50
Roseland Community Hospital	Chicago	1	$50
Service of Will Grundy Kankakee	Kankakee	1	$50
SIHF Family Care Ctr	Sauget	1	$50
SIHF Salem Medical Center	Salem	1	$50
Southern Seven Health Dept	Cairo	1	$50
St Mary of Nazareth Hospital	Chicago	1	$50
Trinity Services Inc	Joliet	1	$50
Westside Family Health Center	Chicago	1	$50
Widawski Bozena	Schaumburg	1	$50
Woodridge Community Pantry	Woodridge	1	$50
Zielinksi Adolphe	Glenview	1	$50
		Total	**$1,392,850**

Source: HFS data.

APPENDIX F

FY09 Total Payments by Category of Service

Appendix F
TOTAL PAYMENTS BY CATEGORY OF SERVICE
During FY09

Category of Service	FY09 Payment Amount	Percent of Total Payments
Dental Services	$13,031,148	16.48%
Pharmacy Services (Drug and OTC)	12,963,253	16.39%
Inpatient Hospital Services (General)	11,296,756	14.29%
Physician Services	10,405,224	13.16%
General Clinic Services	7,494,225	9.48%
Outpatient Services (General)	5,354,840	6.77%
Healthy Kids Services	3,416,512	4.32%
Inpatient Hospital Services (Psychiatric)	3,364,470	4.26%
Capitation Services	2,843,780	3.60%
Mental Health Rehab Option Services	1,372,009	1.74%
Alcohol and Substance Abuse Rehab. Services	844,884	1.07%
Medical Equipment/Prosthetic Devices	838,419	1.06%
Medical Supplies	657,081	0.83%
Optical Supplies	538,133	0.68%
Clinical Laboratory Services	531,725	0.67%
Anesthesia Services	443,774	0.56%
Speech Therapy/Pathology Services	380,537	0.48%
Outpatient Services (ESRD)	331,927	0.42%
Psychiatric Clinic Services (Type 'A')	321,043	0.41%
Home Health Services	263,366	0.33%
Inpatient Hospital Services (Physical Rehabilitation)	244,490	0.31%
Targeted case management for early intervention	236,096	0.30%
Physical Therapy Services	185,832	0.24%
Occupational Therapy Services	181,033	0.23%
Development Therapy, Orientation and Mobility Services (Waivers)	167,518	0.21%
Emergency Ambulance Transportation	150,771	0.19%
Maternal & Child Health Application (Valid on Provider File only)	149,400	0.19%
Mental Health Targeted Case Management Services	141,768	0.18%
Optometric Services	139,163	0.18%
Clinic Services (Physical Rehabilitation)	128,569	0.16%

Category of Service	FY09 Payment Amount	Percent of Total Payments
Podiatric Services	108,966	0.14%
Psychiatric Clinic Services (Type 'B')	91,309	0.12%
Nurse Practitioners Services	77,891	0.10%
Early Intervention Services	59,165	0.07%
Non-Emergency Ambulance Transportation	57,282	0.07%
Service Car	44,036	0.06%
LTC - MI Recipient under 22	43,771	0.06%
Taxicab Services	40,874	0.05%
Audiology Services	31,547	0.04%
Social Work Encounter	23,903	0.03%
LTC - Intermediate MR	18,454	0.02%
Medicar Transportation	15,259	0.02%
Midwife Services	12,050	0.02%
Psychologist Encounter	8,617	0.01%
Chiropractic Services	8,384	0.01%
Home Care	7,074	0.01%
LTC - Intermediate	886	0.00%
Auto Transportation (Private)	467	0.00%
Fluoride Varnish for Children under 36 Months	286	0.00%
LTC - MR Recipient between ages 21-65	284	0.00%
Other Transportation	49	0.00%
Nursing Services	17	0.00%
Portable X-Ray Services	15	0.00%
Total FY09 Payments	**$79,068,335**	**100.00%**

Note: Totals may not add due to rounding.

Source: Summary of FY09 ALL KIDS data provided by HFS.

APPENDIX G
FY09 EXPANDED ALL KIDS Payments

Appendix G

FY09 EXPANDED ALL KIDS PAYMENTS BY PLAN AND BY CATEGORY OF SERVICE

ALL KIDS Plan	Alcohol and Substance Abuse Rehab Services	Anesthesia Services	Audiology Services	Auto Transportation (Private)	Capitation Services	Chiropractic Services	Clinic Services (Physical Rehabilitation)	Clinical Laboratory Services	Dental Services
Assist Undocumented	$319,362	$278,595	$15,496	$0	$2,658,852	$6,957	$75,530	$403,384	$9,978,943
Share Undocumented	732	6,094	209	0	59,071	790	9,480	13,995	355,841
Level 1 Undocumented	4,619	8,734	778	0	56,845	107	4,979	15,407	415,287
Level 2	420,563	109,095	12,329	467	64,335	531	18,079	77,908	1,817,413
Level 2 Undocumented	901	4,697	304	0	2,381	0	9,106	3,806	117,917
Level 3	41,283	27,574	2,068	0	1,987	0	1,412	11,619	260,864
Level 3 Undocumented	0	368	37	0	0	0	4,680	484	20,102
Level 4	56,161	5,695	268	0	113	0	1,403	3,633	48,792
Level 4 Undocumented	0	123	0	0	0	0	1,040	322	2,464
Level 5	762	2,015	57	0	0	0	0	417	6,020
Level 5 Undocumented	0	0	0	0	0	0	0	111	2,910
Level 6	502	184	0	0	0	0	2,860	597	1,955
Level 6 Undocumented	0	184	0	0	0	0	0	0	789
Level 7	0	246	0	0	196	0	0	0	331
Level 7 Undocumented	0	0	0	0	0	0	0	0	0
Level 8	0	169	0	0	0	0	0	41	1,414
Level 8 Undocumented	0	0	0	0	0	0	0	0	107
Totals by Category	**$844,884**	**$443,774**	**$31,547**	**$467**	**$2,843,780**	**$8,384**	**$128,569**	**$531,725**	**$13,031,148**

Note: Totals may not add due to rounding.

Source: Summary of FY09 ALL KIDS data provided by HFS.

Appendix G

FY09 EXPANDED ALL KIDS PAYMENTS BY PLAN AND BY CATEGORY OF SERVICE

ALL KIDS Plan	Development Therapy, Orientation and Mobility Services (Waivers)	Early Intervention Services	Emergency Ambulance Transportation	Fluoride Varnish for Children under 36 Months	General Clinic Services	Healthy Kids Services	Home Care	Home Health Services	Inpatient Hospital Services (General)
Assist Undocumented	$28,952	$17,287	$85,922	$52	$6,116,518	$2,105,709	$0	$109,605	$7,226,660
Share Undocumented	4,509	209	2,690	26	157,496	83,955	0	184	96,936
Level 1 Undocumented	1,231	2,600	4,022	0	152,964	107,717	0	184	151,695
Level 2	106,984	30,636	41,627	156	867,459	869,636	7,074	137,241	2,891,351
Level 2 Undocumented	1,798	1,354	818	26	29,953	26,930	0	613	133,818
Level 3	17,720	4,454	13,834	0	142,318	172,903	0	15,232	702,212
Level 3 Undocumented	167	0	0	0	4,435	5,956	0	0	5,357
Level 4	2,201	56	1,214	26	19,180	32,908	0	307	84,315
Level 4 Undocumented	0	0	0	0	534	1,694	0	0	0
Level 5	1,873	893	282	0	2,027	6,292	0	0	2,995
Level 5 Undocumented	0	0	0	0	489	285	0	0	0
Level 6	133	57	0	0	598	154	0	0	1,418
Level 6 Undocumented	0	0	0	0	0	155	0	0	0
Level 7	1,397	632	0	0	20	493	0	0	0
Level 7 Undocumented	0	0	0	0	4	0	0	0	0
Level 8	553	989	363	0	229	1,626	0	0	0
Level 8 Undocumented	0	0	0	0	0	100	0	0	0
Totals by Category	**$167,518**	**$59,165**	**$150,771**	**$286**	**$7,494,225**	**$3,416,512**	**$7,074**	**$263,366**	**$11,296,756**

Note: Totals may not add due to rounding.

Source: Summary of FY09 ALL KIDS data provided by HFS.

Appendix G

FY09 EXPANDED ALL KIDS PAYMENTS BY PLAN AND BY CATEGORY OF SERVICE

ALL KIDS Plan	Inpatient Hospital Services (Physical Rehabilitation)	Inpatient Hospital Services (Psychiatric)	LTC - Intermediate	LTC - Intermediate MR	LTC - MI Recipient under 22	LTC - MR Recipient between ages 21-65	Maternal & Child Health Application (Valid on Provider File only	Medical Equipment/Prosthetic Devices	Medical Supplies
Assist Undocumented	$168,668	$2,036,319	$886	$0	$20,457	$149	$91,650	$457,395	$343,999
Share Undocumented	0	47,086	0	0	0	0	4,650	10,653	11,137
Level 1 Undocumented	1,813	26,737	0	0	0	0	8,950	10,751	12,976
Level 2	60,189	878,423	0	0	23,314	0	31,650	276,984	226,389
Level 2 Undocumented	0	27,510	0	0	0	0	2,650	12,322	4,709
Level 3	13,819	220,336	0	0	0	135	6,600	41,911	36,385
Level 3 Undocumented	0	1,261	0	0	0	0	700	0	1,739
Level 4	0	56,007	0	18,454	0	0	1,500	11,171	5,256
Level 4 Undocumented	0	27,059	0	0	0	0	200	37	0
Level 5	0	43,733	0	0	0	0	500	1,431	2,217
Level 5 Undocumented	0	0	0	0	0	0	50	0	0
Level 6	0	0	0	0	0	0	150	14,810	11,268
Level 6 Undocumented	0	0	0	0	0	0	0	0	0
Level 7	0	0	0	0	0	0	50	0	832
Level 7 Undocumented	0	0	0	0	0	0	0	0	0
Level 8	0	0	0	0	0	0	50	954	175
Level 8 Undocumented	0	0	0	0	0	0	50	0	0
Totals by Category	**$244,490**	**$3,364,470**	**$886**	**$18,454**	**$43,771**	**$284**	**$149,400**	**$838,419**	**$657,081**

Note: Totals may not add due to rounding.

Source: Summary of FY09 ALL KIDS data provided by HFS.

Appendix G

FY09 EXPANDED ALL KIDS PAYMENTS BY PLAN AND BY CATEGORY OF SERVICE

ALL KIDS Plan	Medicar Transportation	Mental Health Rehab Option Services	Mental Health Targeted Case Management Services	Midwife Services	Non-Emergency Ambulance Transportation	Nurse Practitioners Services	Nursing Services	Occupational Therapy Services	Optical Supplies
Assist Undocumented	$14,721	$739,626	$79,334	$11,897	$36,010	$36,683	$17	$48,618	$403,041
Share Undocumented	255	7,100	1,337	70	779	1,565	0	6,969	13,243
Level 1 Undocumented	283	22,587	1,140	0	791	1,696	0	4,246	13,235
Level 2	0	443,085	45,830	83	14,228	31,323	0	86,005	89,393
Level 2 Undocumented	0	5,167	1,395	0	550	391	0	4,089	4,494
Level 3	0	127,321	9,428	0	4,592	5,148	0	18,055	12,489
Level 3 Undocumented	0	1,988	139	0	0	120	0	0	673
Level 4	0	17,759	2,123	0	0	647	0	4,976	1,390
Level 4 Undocumented	0	2,053	100	0	0	0	0	427	0
Level 5	0	4,501	593	0	331	93	0	4,254	0
Level 5 Undocumented	0	0	0	0	0	0	0	0	52
Level 6	0	626	17	0	0	184	0	854	0
Level 6 Undocumented	0	0	0	0	0	0	0	0	0
Level 7	0	0	0	0	0	0	0	1,128	0
Level 7 Undocumented	0	0	0	0	0	0	0	0	0
Level 8	0	195	333	0	0	43	0	1,411	124
Level 8 Undocumented	0	0	0	0	0	0	0	0	0
Totals by Category	**$15,259**	**$1,372,009**	**$141,768**	**$12,050**	**$57,282**	**$77,891**	**$17**	**$181,033**	**$538,133**

Note: Totals may not add due to rounding.

Source: Summary of FY09 ALL KIDS data provided by HFS.

Appendix G

FY09 EXPANDED ALL KIDS PAYMENTS BY PLAN AND BY CATEGORY OF SERVICE

ALL KIDS Plan	Optometric Services	Other Transportation	Outpatient Services (ESRD)	Outpatient Services (General)	Pharmacy Services (Drug and OTC)	Physical Therapy Services	Physician Services	Podiatric Services	Portable X-Ray Services
Assist Undocumented	$95,532	$49	$315,773	$3,537,566	$5,828,886	$37,632	$6,554,272	$75,477	$0
Share Undocumented	4,032	0	0	133,996	240,872	3,500	246,894	4,262	0
Level 1 Undocumented	4,262	0	5,401	123,967	265,030	6,362	290,533	4,343	0
Level 2	29,119	0	10,754	1,223,146	5,088,527	101,435	2,554,542	18,526	0
Level 2 Undocumented	1,453	0	0	37,596	113,864	3,140	87,234	1,056	0
Level 3	4,114	0	0	234,763	1,016,292	20,503	508,969	4,917	0
Level 3 Undocumented	49	0	0	17,862	31,313	40	15,242	0	0
Level 4	511	0	0	34,275	178,661	3,685	115,135	263	0
Level 4 Undocumented	18	0	0	244	3,846	0	6,126	0	0
Level 5	55	0	0	6,619	167,126	6,221	15,732	123	0
Level 5 Undocumented	0	0	0	107	71	0	2,247	0	0
Level 6	0	0	0	704	6,928	0	3,058	0	15
Level 6 Undocumented	0	0	0	172	333	0	502	0	0
Level 7	0	0	0	845	2,601	2,362	1,954	0	0
Level 7 Undocumented	0	0	0	0	0	0	4	0	0
Level 8	18	0	0	2,979	18,902	951	2,772	0	0
Level 8 Undocumented	0	0	0	0	0	0	6	0	0
Totals by Category	**$139,163**	**$49**	**$331,927**	**$5,354,840**	**$12,963,253**	**$185,832**	**$10,405,224**	**$108,966**	**$15**

Note: Totals may not add due to rounding.

Source: Summary of FY09 ALL KIDS data provided by HFS.

Appendix G

FY09 EXPANDED ALL KIDS PAYMENTS BY PLAN AND BY CATEGORY OF SERVICE

ALL KIDS Plan	Psychiatric Clinic Services (Type 'A')	Psychiatric Clinic Services (Type 'B')	Psychologist Encounter	Service Car	Social Work Encounter	Speech Therapy/Pathology Services	Targeted case management for early intervention	Taxicab Services	Total Payments
Assist Undocumented	$178,198	$60,297	$8,169	$35,933	$17,503	$64,855	$34,852	$37,634	**$50,799,921**
Share Undocumented	8,942	3,333	48	14	486	3,588	2,606	3,240	**$1,552,871**
Level 1 Undocumented	5,610	808	48	865	454	4,345	1,145	0	**$1,745,546**
Level 2	86,722	21,114	203	6,320	4,349	221,085	152,863	0	**$19,198,487**
Level 2 Undocumented	3,774	0	0	0	254	2,307	1,196	0	**$649,573**
Level 3	28,515	5,050	149	905	857	49,711	27,924	0	**$3,814,370**
Level 3 Undocumented	2,244	101	0	0	0	13	478	0	**$115,548**
Level 4	5,508	606	0	0	0	19,440	10,214	0	**$743,851**
Level 4 Undocumented	0	0	0	0	0	0	0	0	**$46,288**
Level 5	1,088	0	0	0	0	7,082	2,453	0	**$287,785**
Level 5 Undocumented	0	0	0	0	0	0	0	0	**$6,322**
Level 6	340	0	0	0	0	2,350	217	0	**$49,981**
Level 6 Undocumented	0	0	0	0	0	0	0	0	**$2,135**
Level 7	0	0	0	0	0	900	994	0	**$14,979**
Level 7 Undocumented	0	0	0	0	0	0	0	0	**$8**
Level 8	102	0	0	0	0	4,861	1,153	0	**$40,408**
Level 8 Undocumented	0	0	0	0	0	0	0	0	**$263**
Totals by Category	**$321,043**	**$91,309**	**$8,617**	**$44,036**	**$23,903**	**$380,537**	**$236,096**	**$40,874**	**$79,068,335**

Note: Totals may not add due to rounding.

Source: Summary of FY09 ALL KIDS data provided by HFS.

APPENDIX H

Providers that Received more than $50,000 from the ALL KIDS Expansion During FY09

Note:

The list of providers was summarized by the Provider ID number provided by the Department of Healthcare and Family Services. As a result, some providers with more than one location may have more than one Provider ID number. Therefore, there are some providers that appear more than once in this Appendix.

Source: FY09 paid claim data provided by HFS.

Appendix H

PROVIDERS RECEIVING TOTAL ALL KIDS EXPANSION PAYMENTS OF $50,000

Fiscal Year 2009

Provider Name	City	State	Total Amount Paid
Childrens Memorial Hospital	Chicago	IL	$3,150,719.64
J H Stroger Hosp Of Cook Cty	Chicago	IL	$1,878,337.49
Hope Childrens Hospital	Oak Lawn	IL	$984,613.32
Fantus Health Center	Chicago	IL	$864,274.75
University Of Illinois Hosp	Chicago	IL	$741,841.78
BHC Streamwood Hospital Inc	Streamwood	IL	$738,013.74
Comprehensive Bleeding	Peoria	IL	$687,857.12
Hartgrove Hospital	Chicago	IL	$610,191.39
Childrens Hospital Of Illinois	Peoria	IL	$609,224.02
Riveredge Hospital	Forest Park	IL	$588,633.49
Lutheran General Childrens Hos	Park Ridge	IL	$524,460.54
Accredo Health Group Inc	Memphis	TN	$504,701.72
St Mary Of Nazareth Hospital	Chicago	IL	$401,986.20
Comer Childrens Hospital	Darien	IL	$391,764.27
Ronald Mcdonalds Childrens Hsp	Maywood	IL	$376,341.00
Cardinal Glennon Childrens Hsp	Saint Louis	MO	$370,203.41
St Anthony Hospital	Chicago	IL	$354,802.86
Greater Elgin Family Care Ctr	Elgin	IL	$309,079.89
Caremark Inc	Mt Prospect	IL	$309,065.81
Central Dupage Hospital	Winfield	IL	$302,773.79
Childrens Hosp Of Wisconsin	Milwaukee	WI	$285,590.51
Sinai Childrens Hospital	Chicago	IL	$279,666.87
Rush Childrens Services	Chicago	IL	$274,019.39
Aunt Marthas Health Center	Aurora	IL	$267,788.64
Ill Correctional Industries	Springfield	IL	$265,520.50
Lawndale Christian Hlth Ctr	Chicago	IL	$262,651.32
Visiting Nurse Assn Fox Valley	Aurora	IL	$253,434.36
Evanston Hospital	Evanston	IL	$247,455.86
Northwest Community Hospital	Arlington Hgts	IL	$245,327.37
Rehabtech Inc	Naperville	IL	$245,086.53
Paruchuri Ajitha	West Chicago	IL	$239,148.10
The Genesis Center	Des Plaines	IL	$233,691.94
Lawndale Christian Hlth	Chicago	IL	$233,552.59
Amber Pharmacy	Chicago	IL	$225,141.49
Infant Welfare Society Of Chgo	Chicago	IL	$221,567.00
Advocate Northside	Chicago	IL	$212,239.31
Servicios Medicos La Villita	Chicago	IL	$204,661.24
Lake Co H D Waukegan Clinic	Waukegan	IL	$195,981.77
Aqel Fadi	Chicago	IL	$195,237.45
St Alexius Medical Center	Hoffman Estates	IL	$194,032.29
Perfect Managed Care	Chicago	IL	$192,853.67
Erie Dental Health Center	Chicago	IL	$190,903.22
St Louis Childrens Hospital	Saint Louis	MO	$187,267.68
Rosecrance Center	Rockford	IL	$186,511.95

Provider Name	City	State	Total Amount Paid
Rehabilitation Institute	Chicago	IL	$186,290.60
Provena Mercy Center	Aurora	IL	$183,523.62
Humboldt Park Family Hlth Ctr	Chicago	IL	$183,414.74
Vista Medical Center East	Waukegan	IL	$181,629.79
Alexian Bros Behavioral Hlth	Hoffman Estates	IL	$180,021.40
Rockford Memorial Hospital	Rockford	IL	$179,675.79
Carle Foundation Hospital	Urbana	IL	$177,419.78
Mt Sinai Hosp Med Ctr Chicago	Chicago	IL	$176,460.74
Maryville Scott Nolan Center	Des Plaines	IL	$176,137.40
Alivio Medical Center	Chicago	IL	$162,615.51
Hawthorne Family Health Center	Cicero	IL	$161,223.30
Swedish Covenant Hospital	Chicago	IL	$157,812.80
Midlakes Clinic	Round Lake Bch	IL	$157,053.45
Sherman Hospital	Elgin	IL	$156,976.11
Theracom Llc	Rockville	MD	$156,321.15
Macneal Hospital	Berwyn	IL	$155,781.90
Kedzie Family Health Center	Chicago	IL	$155,243.35
North Shore Health Center	Highland Park	IL	$151,445.94
Aunt Marthas Youth Service Ctr	Hanover Park	IL	$148,061.24
NDO	Chicago	IL	$145,786.67
Biopartners In Care	Lenexa	KS	$143,690.59
Comm Counsel Ctrs C4 North	Chicago	IL	$143,189.18
Lincoln Prairie Behavioral Hc	Springfield	IL	$142,982.12
Aunt Marthas Carpentersville	Carpentersville	IL	$142,276.58
Childrens Memorial Hospital	Chicago	IL	$141,337.09
Norwegian American Hosp Group	Chicago	IL	$141,012.50
Option Care Enterprises Inc	Wood Dale	IL	$137,738.44
Lutheran General Hospital	Park Ridge	IL	$136,701.30
Alivio Medical Center	Chicago	IL	$133,821.95
Greater Chicago Medical Assoc	Chicago	IL	$131,429.25
Chicago Fam Hlth Ctr So Chi	Chicago	IL	$130,594.88
Vista Clinic Of Cook County	Palatine	IL	$130,355.35
South Lawndale Mch Center	Chicago	IL	$125,349.78
Copley Memorial Hospital	Aurora	IL	$124,598.27
Crusader Clinic Broadway	Rockford	IL	$123,506.24
TRC Childrens Dialysis Center	Chicago	IL	$123,185.03
Norwegian American Hosp	Chicago	IL	$123,013.90
West Chicago Family Health Ctr	West Chicago	IL	$121,600.65
Vista Medical Center West	Waukegan	IL	$120,248.52
PCC Comm Wellness Center	Oak Park	IL	$119,859.90
C And M Pharmacy LLC	Glenview	IL	$118,659.12
Quest Diagnostics LLC Il	Wood Dale	IL	$118,648.94
Erie Family Health Center	Chicago	IL	$118,394.65
Crusader Clinic	Rockford	IL	$114,558.91
Will Co Comm Health Ctr	Joliet	IL	$114,430.20
Ostomy Center	Chicago	IL	$113,265.38
Apogee Health Partners Inc	Chicago	IL	$112,110.10
Evanston Rogers Park Fam Hlth	Chicago	IL	$111,909.61

Provider Name	City	State	Total Amount Paid
Tandez Cornelia	Elgin	IL	$111,679.98
Northwestern Memorial Hosp	Chicago	IL	$111,005.98
Swedishamerican Hospital	Rockford	IL	$110,221.96
Lake Villa Gateway Foundation	Lake Villa	IL	$110,020.08
Kedzie Family Health Center	Chicago	IL	$108,162.36
Bond Drug Company Of Illinois	Chicago	IL	$107,994.44
Clark David	Chicago	IL	$107,601.70
Servicios Medicos La Villita	Chicago	IL	$107,283.58
Cicero Health Center	Cicero	IL	$106,812.84
Alexian Brothers Med Ctr	Elk Grove Vlge	IL	$106,776.36
Erie Helping Hands Health Ctr	Chicago	IL	$106,593.78
Century Pho Inc	Chicago	IL	$106,343.56
MS Lawndale Christian Hlth Ctr	Chicago	IL	$106,132.88
Silver Cross Hospital	Joliet	IL	$105,835.46
The Kenneth W Young Centers	Elk Grove Vlge	IL	$105,054.30
Lake Forest Hospital	Lake Forest	IL	$103,720.27
Mercy Hospital Medical Center	Chicago	IL	$103,000.12
Sukavachana Orawan	Elk Grove Vill	IL	$99,494.09
La Rabida Childrens Hosp	Chicago	IL	$98,948.07
Forty Seventh Street Pharmacy	Chicago	IL	$97,700.76
Unified Physicians Network	Skokie	IL	$97,448.35
Adventist Bolingbrook Hospital	Bolingbrook	IL	$95,881.19
Maryville Academy Scott Nolan	Des Plaines	IL	$95,224.02
Bioscrip Pharmacy Services	Columbus	OH	$95,108.04
North Chicago Comm Health Ctr	North Chicago	IL	$93,890.89
Edward Hospital	Naperville	IL	$91,089.57
Cornell Interventions Contact	Wauconda	IL	$90,391.84
Crusader Clinic Belvidere	Belvidere	IL	$88,226.35
Rush University Medical Center	Chicago	IL	$87,783.74
Aurora Chicago Lakeshore Hosp	Chicago	IL	$87,392.76
Orsini Pharmaceutical Srvc Inc	Elk Grove Vlge	IL	$86,212.46
Provena St Joseph Med Cnt	Joliet	IL	$85,348.71
Lamberghini Flavia	Chicago	IL	$85,064.53
Glenoaks Hospital	Glendale Hgts	IL	$85,003.10
Laboratory Corporation America	Dublin	OH	$84,899.83
Leyden Family Service and MHC	Franklin Park	IL	$84,810.27
Our Lady Res Med Ctr	Chicago	IL	$84,633.40
Patel Rina	Arlington Hts	IL	$84,497.12
Chiemmongkoltip Panita	East Dundee	IL	$84,306.79
Saints Mary and Elizabeth Hp	Chicago	IL	$83,914.14
Nasreen Taiba	Addison	IL	$83,873.75
Bond Drug Company Of Il 03078	Waukegan	IL	$83,837.70
FMC Chicago Westside	Chicago	IL	$83,725.25
Bond Drug Company Of Il 03729	Hanover Park	IL	$83,710.16
Caremark Therapeutic Services	Redlands	CA	$83,679.83
Metro Rehab Service Inc	Alsip	IL	$83,358.36
Mangahas Susan	Carpentersville	IL	$83,177.34
Walgreen Co 0089	Bridgeview	IL	$83,053.74

Provider Name	City	State	Total Amount Paid
Anumula Saila	Joliet	IL	$81,855.88
Riverside Med Ctr	Kankakee	IL	$81,313.22
Aldallal Nada	Chicago	IL	$81,146.02
Elmhurst Memorial Hospital	Elmhurst	IL	$80,954.74
Advocate Condell Medical Ctr	Libertyville	IL	$80,001.00
University Of Illinois Hosp	Chicago	IL	$79,231.70
Aunt Marthas Youth Service Ctr	Chicago Heights	IL	$78,502.22
Hawthorne Family Health Center	Chicago	IL	$78,064.57
Shaltooni Abdelkarim	Hoffman Estates	IL	$77,032.16
Condell Medical Center	Libertyville	IL	$76,827.66
Gateway Foundation L Star	Chicago	IL	$76,100.20
Centro De Salud Esperanza	Chicago	IL	$75,556.35
Bond Drug Company Of Il 05103	Cicero	IL	$75,373.94
Westlake Hospital	Melrose Park	IL	$74,620.85
OSF Home Infusion Pharmacy	Peoria	IL	$74,129.46
DuPage Mental Health West Phc	Wheaton	IL	$73,763.79
Pinto Juan	Joliet	IL	$73,480.26
Pillars Community Services	Oak Park	IL	$71,913.61
A Med Health Care	Huntington Bch	CA	$71,193.20
Chhikara Sonia	Hanover Park	IL	$70,836.09
Midwest Healthcare Associates	Aurora	IL	$70,764.38
Ektera Ali	Chicago	IL	$69,528.33
Walgreen Co Store 215	Chicago	IL	$69,167.40
Sheikh Dilmubarak	Melrose Park	IL	$69,058.10
Mahairi Amjad	Elgin	IL	$68,938.54
Access Northwest Fmly Hlth Ctr	Arlington Hgts	IL	$68,461.16
Siddiqui Zaki	Chicago	IL	$68,272.62
Aliaga Federico	Chicago	IL	$67,980.55
The Pavilion Foundation	Champaign	IL	$67,850.48
Salud Family Health Center	Chicago	IL	$67,740.43
Pallam Sandhya	Aurora	IL	$67,287.91
CVS Pharmacy 5829	Elgin	IL	$67,224.20
Coram Alternate Site Svcs Inc	St Louis	MO	$67,056.97
Provena St Joseph Hosp	Elgin	IL	$67,005.64
Brunelle Jorge	Aurora	IL	$66,062.39
Curascript Pharmacy Inc	Orlando	FL	$65,511.17
Ishaya Edison	Chicago	IL	$65,179.74
Uptown Neighborhood H Center	Chicago	IL	$64,965.29
Family Medical Network	Chicago	IL	$64,517.37
Walgreen Co	Cicero	IL	$64,204.59
St Francis Hospital	Evanston	IL	$62,912.99
Shahin Anita	Chicago	IL	$61,821.89
Krasyuk Zhana	Buffalo Grove	IL	$61,766.53
Dulce Hugo	Addison	IL	$61,438.67
Pharmacy Solutions	Deerfield	IL	$61,316.79
Rincon Grisel	Chicago	IL	$60,689.28
Bond Drug Company Of Illinois	Chicago	IL	$60,468.81
Chang Randolph	Chicago	IL	$60,407.60

Provider Name	City	State	Total Amount Paid
Urrutia Potter Irma	Bensenville	IL	$59,198.30
Walgreen Co 7100	Elgin	IL	$58,800.09
Stec Paul	Chicago	IL	$58,767.48
St Johns Childrens Hospital	Springfield	IL	$58,671.64
Razzak Sinan	Cicero	IL	$58,637.57
Resurrection Medical Center	Chicago	IL	$58,389.75
Ada S McKinley Community Svcs	Chicago	IL	$58,026.76
Bellucci Jackson Jennifer	Wauconda	IL	$57,574.17
Chun Hall Sheila	Chicago	IL	$57,538.88
Perez Walter	Chicago	IL	$57,271.82
Bond Drug Company Of Il 04940	Round Lake Bch	IL	$56,947.56
Chehaiber Manheir	Chicago	IL	$56,656.71
Nguyen Khanh	Chicago	IL	$56,397.43
Advantage Nursing Svcs Inc	Oak Forest	IL	$56,212.00
Han Joon	Aurora	IL	$56,096.42
Alexandre Michelle	Melrose Park	IL	$55,815.47
Cornell Intervention Woodridge	Woodridge	IL	$55,802.73
Sharma Pooja	Bartlett	IL	$55,790.72
Walgreen Co 09600	Melrose Park	IL	$55,450.75
Lake Jacob S	Chicago	IL	$55,258.47
Yu Songchin	Carpentersville	IL	$55,199.51
St James Hosp And Hlth Ctrs	Olympia Fields	IL	$55,088.21
Bond Drug Company Of Il 4233	Chicago	IL	$54,783.67
Allendale Association Bradley	Lake Villa	IL	$54,616.62
Central DuPage Hospital	Winfield	IL	$54,612.85
Melrose Park Family Health Ctr	Melrose Park	IL	$54,454.04
Walgreen Co 926	Chicago	IL	$54,203.57
LSSI Add Nachusa	Nachusa	IL	$54,040.30
Mt Sinai Hosp Med Ctr Chicago	Chicago	IL	$53,920.73
Saint Joseph Hospital	Chicago	IL	$53,906.84
Walgreen Co 09439	Elgin	IL	$53,781.57
Williams Jilada	Maywood	IL	$53,615.99
Allendale Association Bradley	Highland Park	IL	$53,469.04
Lower West Side Health Center	Chicago	IL	$53,316.38
Holy Family Medical Center	Des Plaines	IL	$53,055.36
Weitzman Lauren	Chicago	IL	$52,935.82
Abtahi Mohammad	Des Plaines	IL	$52,932.14
Aniol Halina	Chicago	IL	$52,750.68
Shield Denver Hlt Care Ctr Inc	Elmhurst	IL	$52,714.64
Memorial Medical Center	Woodstock	IL	$52,401.40
Family Health Society	Chicago Heights	IL	$52,266.18
West Town Neighborhood H Ctr	Chicago	IL	$51,630.98
Metrosouth Medical Center	Blue Island	IL	$51,396.08
Walgreen Co Store 4941	Wheeling	IL	$51,361.40
Holy Cross Hospital	Chicago	IL	$50,613.58
San Rafael	Chicago	IL	$50,439.22
Dewaard David D	Chicago	IL	$50,311.95
Schwarzbrott Brian	Orland Park	IL	$50,226.00

APPENDIX I
Agency Responses

ILLINOIS DEPARTMENT OF
Healthcare and
Family Services

Pat Quinn, Governor
Julie Hamos, Acting Director

201 South Grand Avenue East
Springfield, Illinois 62763-0002

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

April 23, 2010

Honorable William G. Holland
Auditor General
740 East Ash Street
Springfield, IL 62703-3154

Dear Auditor General Holland:

The Department of Healthcare and Family Services (HFS) appreciates the work performed by the Illinois Office of the Auditor General auditors in conducting the "ALL KIDS Health Insurance Program report".

The department agrees with many of the report's recommendations and the report will assist us to better serve those clients for whom the state pays for healthcare benefits. I am committed to carefully reviewing the ways in which HFS can tighten up eligibility policy and procedures to assure accountability while at the same time assuring our beneficiaries are treated fairly and preserving our federal funding. Enclosed with this letter are detailed responses that address each of the recommendations.

I look forward to working with you and your staff in the future. If at any time issues arise that you wish to discuss with me personally, I trust that you will not hesitate to call.

Sincerely,

Julie Hamos/s

Julie Hamos
Acting Director

E-mail: hfs.webmaster@illinois.gov

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

Attachment Response
Report: ALL KIDS Health Insurance Program

Recommendation Number 1: Covering All Kids Health Insurance Act Requirements

The Department of Healthcare and Family Services should comply with the reporting and rulemaking requirements found in the Covering ALL KIDS Health Insurance Act (215 ILCS 170).

Response:

The Department accepts the recommendation. The Department has submitted the contracts to the General Assembly as required. The Department partially complied with 215 ILCS 170/47(c) in 2008. All of the detail required in the law was provided in the 2009 report.

Recommendation Number 2: All Kids Policies and Procedures

The Department of Healthcare and Family Services and the Department of Human Services should work together to organize all policies in one section that contains only policies relevant to ALL KIDS and the EXPANDED ALL KIDS program. Additionally, the agencies should ensure that policies are consistent with applicable laws and rules and are up to date.

Response:

The Department partially accepts the recommendation. We accept the recommendation that policies should be consistent with applicable laws and rules and should be up to date. The Department is in the process of updating the medical sections of the policy manual by incorporating policy memos. We agree that the memos need to be integrated into the manual in a more timely manner and are working to improve in this area. However, any reorganization must take into account how it would be integrated into the caseworker's responsibilities for enrolling clients into multiple programs. Without additional policy staff, this will continue to be a challenge.

Recommendation Number 3: Redetermination of Eligibility

The Department of Healthcare and Family Services and the Department of Human Services should:

- review the current process for performing eligibility redeterminations to ensure compliance with the Covering ALL KIDS Health Insurance Act and the Illinois Administrative Code;

- at a minimum, require EXPANDED ALL KIDS enrollees with family income at or below 200 percent of the federal poverty level to return an annual redetermination to verify that there were no changes to their eligibility information; and establish a maximum number of 12-month eligibility periods for which a child with family income at or below 200 percent of the federal poverty level can be eligible for coverage without providing updated eligibility documentation.

Response:

The Department partially accepts these recommendations.

- The Department has reviewed the process for performing eligibility redeterminations and has found that they comply with the Covering All Kids Health Insurance Act. The Act covers children who are not eligible under the Public Aid Code or the Children's Health Insurance Program Act. Consequently, the Act currently only covers children in families with income above 200% FPL. The Department does not apply the passive redetermination (administrative renewal) process to these children. They are required to return the renewal form and verification of income in order to continue coverage.
- The Department will review the legal, financial and operational issues associated with making changes in this area. Any policy or procedural changes that would be more restrictive for federal Medicaid or CHIP eligible children might endanger federal funds by affecting the state's Maintenance of Effort under ARRA and Patient Protection and Affordable Care Act.
- The Department is in the process of developing a reporting structure to more closely monitor the results of the administrative or passive renewal process.

AUDITOR COMMENT #1

The Public Aid Code [305 ILCS 5/12-4.35], effective July 1, 1998, authorized HFS to extend health care benefits to non-citizen children subject to the adoption of rules governing eligibility and other conditions of participation. No such rules were adopted until the emergency rules establishing the Covering ALL KIDS Health Insurance program that were effective on May 17, 2006. Therefore, we included undocumented immigrants, including those with income under 200% FPL, who first received health care benefits under these rules within the definition of the EXPANDED ALL KIDS program. In future audits, we will continue to include this group of recipients.

Recommendation Number 4: Income of Stepparent

The Department of Human Services should ensure that the income of the stepparent is included in the income calculation for the EXPANDED ALL KIDS program as required by 89 Ill. Adm. Code 123.110.

Response:

The Department acknowledges that the policies in question appear inconsistent. They were designed to assure the state is in compliance with federal Medicaid law while taking advantage of the flexibility offered in the federal CHIP statute. We anticipate that the variations in the federal law will be resolved as national health care reform is implemented over the next several years and we will work to promote that outcome.

We wish to clarify that DHS and HFS both include stepparent income in the income calculation for families with income in excess of 133% of poverty.

AUDITOR COMMENT #2

It is inconsistent to use two different methods to calculate income for State-funded (i.e., not Medicaid or federal CHIP) children.

Recommendation Number 5: Non Payment of Premiums

The Department of Healthcare and Family Services should terminate ALL KIDS coverage to families that do not pay monthly premiums as required by 89 Ill. Adm. Code 123.340.

Response:

The Department accepts the recommendation. The discrepancy between the law and practice results from the difference between the rule for lower income families and the law governing higher income families. The Department will review the options for bringing the policies into sync without risking federal matching funds.

Recommendation Number 6: All Kids Data Reliability and Submission of Requested Information

The Department of Healthcare and Family Services should ensure that data provided to the Office of the Auditor General is complete, accurate, and timely. Additionally, HFS should promptly comply with requests for information by the Office of the Auditor General as required by the Illinois Auditing Act (30 ILCS 5/3-12).

Response:

The Department accepts the recommendation that it should provide complete, accurate and timely data, as well as its obligations pursuant to 30 ILCS 5/3-12. We believe that delays in providing data during this audit were due to

misunderstanding and miscommunication. The Department now has a clear understanding of the auditors' data needs concerning this program and will be able to provide such data promptly in future All Kids audits.

Recommendation Number 7: All Kids Data Reliability

The Department of Healthcare and Family Services should have controls in place to ensure that its ALL KIDS eligibility and claim data is accurate and reliable. This includes ensuring that enrollees over 18 years of age are identified as no longer eligible, ensuring that enrollees are not enrolled in ALL KIDS more than once, and ensuring that enrollees are no longer eligible for services after their end date.

Response:

The Department accepts the recommendation.

- Aside from the program issues noted below, the Department believes it has adequate controls in place to ensure the accuracy and reliability of its data and will work closely with auditors in the future to demonstrate that the data is sound.
- The Department has identified the system error that permitted payment of bills for individuals after the month of their 19th birthday and is working to reprogram the system to correct it.
- The Department has participated and will continue to participate with DHS in ongoing efforts to minimize the incidence of duplicate RINs.

Recommendation Number 8: Classification of Documented Immigrants

The Department of Healthcare and Family Services and the Department of Human Services should ensure that documented immigrants are classified correctly to ensure that the State receives federal matching funds for all eligible claims.

Response:

The Department of Healthcare Family Services accepts the recommendation and recognizes the need for staff training to assure individuals are classified correctly.

A system request has been submitted to automatically change the classification and permit federal claiming once a qualified alien has been in the country 5 years and is no longer barred from federal means-tested public benefit programs.

Recommendation Number 9: Payment of Non-Emergency Transportation

The Department of Healthcare and Family Services should have controls in place to ensure that no payments are made for non-emergency transportation services that are excluded from coverage by 89 Ill. Adm. Code 123.310.

Response:

The Department accepts the recommendation. We have initiated a programming change to prevent such payments in the future.

Recommendation Number 10: Eligibility Documentation

The Department of Healthcare and Family Services and the Department of Human Services should:

- ensure that all necessary eligibility documentation to support birth, identity, and residency is received in order to ensure that eligibility is determined accurately; and
- develop a system to verify eligibility criteria such as family size and family income to ensure that complete and accurate information was provided by the applicant.

Response:

The Department partially accepts the recommendation.

- The Department is working to implement the new federal option under CHIPRA to use Social Security records to verify birth and identity.
- The Department will review the legal, financial and operational issues associated with adding verification requirements to those already in policy.

Recommendation Number 11: Increases in Contractual Obligation

The Department of Healthcare and Family Services should maintain appropriate justification documentation when increasing an awarded contract amount. Also, HFS should only pay for activities that are outlined in the marketing contract for ALL KIDS. Finally, HFS should ensure it does not request federal matching funds for programs, or portions of programs, that do not qualify for matching funds.

Response:

The Department partially accepts the recommendation. We do agree that contract justifications should be well documented and will develop clearer policy standards. We do not agree with the conclusions regarding federal matching funds. Contracts reviewed by the auditors included expenditures attributable to both non-claimable and claimable activities. These contracts

were correctly allocated and claimed in the proportion to which they benefited federal and non-federal programs, pursuant to OMB Circular A-87.

AUDITOR COMMENT #4

As the report indicates, the Procurement Business Case signed by the Director of HFS stated that "expenditures for the ALL KIDS Outreach Activities, as described in this procurement business case, would be claimable for matching funds at the appropriate FFP rate." Expenditures associated with the ALL KIDS expansion are not eligible for federal reimbursement. Consequently, given the language in the Procurement Business Case did not exclude the State-funded expansion population from the federal claiming language, auditors recommended that HFS not include expansion-related expenditures when seeking federal reimbursement.

Recommendation Number 12: Procurement Process

The Department of Healthcare and Family Services should only evaluate bids based on documented criteria which are published in its RFP.

Response:

The Department accepts the recommendation that the evaluation criteria should be clearly described in the RFP. The RFP was evaluated in accordance with the Department's approved evaluation guidelines. These guidelines were approved prior to the opening of the bids. The Department will ensure all approved evaluation methods are published in the RFP.

Recommendation Number 13: Monitoring Process All Kids Marketing Contract

The Department of Healthcare and Family Services should develop policies and procedures for staff to follow when monitoring the work of contracted outside vendors for marketing of its ALL KIDS program. The procedures should include:

- not allowing vendors to charge for work prior to the execution of a formal contract by HFS;
- requiring the vendor to provide specifics as to who performed the work and how long the tasks took to complete;
- an examination of expense documentation to ensure that the vendor does not bill for previously submitted expenses; and proper reconciliation of advance media purchases to ensure that buys were indeed made and that State funds were not held for extensive periods of time, earning interest for the vendor.

Response:

The Department partially accepts the recommendation. We do not agree that vendors must specify the particular individuals who performed the work for which the contractor is billing and being paid. The Department did provide documentation in support of the payments made to the vendor; however, we do agree that such documentation should track more closely with specific payments.

AUDITOR COMMENT #5

HFS does not agree that vendor billings should specify who performed the work. Auditors concluded that it would be useful monitoring information to know who or what level of staff were being used, and how much time was used, to perform services that appeared on bills to the State (such as write a "thank you letter from the state to the Robert Wood Johnson Foundation", "account oversight and invoicing", and "monitor news coverage of All Kids").

Pat Quinn, *Governor*

Illinois Department of Human Services

Michelle R.B. Saddler, *Secretary*

100 South Grand Avenue, East • Springfield, Illinois 62762
401 South Clinton Street • Chicago, Illinois 60607

April 29, 2010

Mr. Scott Wahlbrink
Performance Audit Manager
Office of the Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mr. Wahlbrink:

Following is the response for the draft report of the recommendations assigned to the Department of Human Services as a result of the SFY2009, Office of the Auditor General audit of the All Kids Health Insurance program:

Recommendation #2: The Department of Healthcare and Family Services and the Department of Human Services should work together to organize the policies in one section that contains only policies relevant to ALL KIDS and the EXPANDED ALL KIDS program. Additionally, the agencies should ensure that policies are consistent with applicable laws and rules and are up to date.

Department Response: We agree. The Department of Human Services will work with the Illinois Department of Healthcare and Family Services (HFS) to ensure that policies are up to date, organized in one section and are consistent with applicable laws and rules.

Recommendation #3: The Department of Healthcare and Family Services and the Department of Human Services should:

- review the current process for performing eligibility redeterminations to ensure compliance with the Covering Administrative Code;
- at a minimum, require EXPANDED ALL KIDS enrollees with family income at or below 200 percent of the federal poverty level to return an annual redetermination to verify that there were no changes to their eligibility information; and
- establish a maximum number of 12-month eligibility periods for which a child with family income at or below 200 percent of the federal poverty level can be eligible for coverage without providing updated eligibility documentation.

Department Response: We agree. The Department of Human Services will work with the Illinois Department of Healthcare and Family Services (HFS) to review current processes and administrative code to ensure that eligibility and redeterminations are conducted in accordance with applicable state and federal requirements.

Recommendation #4: The Department of Healthcare and Family Services and the Department of Human services should ensure that the income of the stepparent is included in the income calculation for the EXPANDED ALL KIDS program as required by 89 Ill. Adm. Code 123.110.

Department Response: We agree. The Department of Human Services will work with the Illinois Department of Healthcare and Family Services (HFS) to ensure that all required elements are considered and documented in the eligibility determination as required by Administrative Code.

Recommendation #8: The Department of Healthcare and Family Services and the Department of Human Services should ensure that documented immigrants are classified correctly to ensure that the State receives federal matching funds for all eligible claims.

Department Response: We agree. The Department understands the importance of correct classification of immigrants and citizenship status, in order to maximize federal financial participation. The Department will reiterate the importance of proper classification coding to staff.

Recommendation #10: The Department of Healthcare and Family Services and the Department of Human Services should ensure that all necessary eligibility documentation to support birth, identity, and residency is received in order to ensure that eligibility is determined acurately; and develop a system to verify eligibility criteria such as family size and family income to ensure that complete and accurate information was provided by the applicant.

Department Response: The Department agrees with the recommendation.
The Department follows current policy and procedure as created by HFS regarding eligibility documentation supporting birth, residency and identity. The Department agrees to work with HFS in a review of the operational issues associated with adding verification requirement documentation to those already contained in the manual.

The Department maintains that the application process is a system of verification of eligibility criteria. The application asks for household composition information as well as information regarding income from all household members, and requires the submission of at least one pay stub for each job. The applicant is later required to sign the application, under penalty of perjury that the applicant has given true, correct, and complete information.

AUDITOR COMMENT #3

Auditors acknowledge that family size and family income information is collected from the application; however, the focus of the recommendation is that HFS and DHS should implement a system for independently verifying eligibility criteria.

If you have any questions, please feel free to contact Albert Okwuegbunam, Bureau Chief, Audit Liaisons at 217/785-7797.

Sincerely,

Michelle R.B. Saddler

Michelle R.B. Saddler
Secretary

cc: Grace Hou, Assistant Secretary
Linda Saterfield, Acting Director, Human Capital Development
Carol Kraus, Chief Financial Officer
Solomon Oriaikhi, Director, Office of Fiscal Services
Joseph Mason, Associate Director, Human Capital Development
Sharon Dyer-Nelson, Manger, Human Capital Development
Paul Thelen, Human Capital Development
Albert Okwuegbunam, Bureau Chief, Audit Liaisons