



Performance Audit of the Health Benefits for Immigrant Seniors and Adults

Background:

On November 7, 2023, the Legislative Audit Commission adopted Resolution Number 165, which directed the Office of the Auditor General to conduct a performance audit of the Illinois Department of Healthcare and Family Services' (HFS) administration of the program of Medicaid services and coverage provided to undocumented immigrants (see Appendix A). In 2020, Illinois began to expand healthcare coverage to noncitizen immigrants. The first expansion, the Health Benefits for Immigrant Seniors program (HBIS), began in December 2020, and covered adult seniors 65 years of age and older. The second expansion began in May 2022 and covered immigrant adults between the ages of 55 and 64. The most recent expansion began in July 2022 and covered immigrant adults between the ages of 42 and 54. These two expansions are both part of the Health Benefits for Immigrant Adults program (HBIA).

Key Findings:

- Actual enrollment and actual costs **exceeded** the initial program estimates for both the HBIS and HBIA programs. Regarding estimated number of enrollees, in FY23:
 - for HBIS (65+), the initial estimated number of enrollees was 6,700, while the actual number enrolled was 15,831;
 - for HBIA (55-64), the initial estimated number of enrollees was 8,000, while the actual number enrolled was 17,024; and
 - for HBIA (42-54), the initial estimated number of enrollees was 18,800, while the actual number enrolled was 36,912.
- Regarding the initial cost estimates for all three fiscal years 2021, 2022, and 2023:
 - for HBIS (65+) the total estimate was \$224.0 million, while the actual total cost was \$412.3 million or **84 percent higher**;
 - for HBIA (55-64) the total estimate was \$58.4 million, while the actual total cost was \$223.1 million or **282 percent higher**; and
 - for HBIA (42-54) the total estimate was \$68.0 million, while the actual total cost was \$262.2 million or **286 percent higher**.
- In FY21, 6,884 individuals were enrolled in HBIS (65+). HBIS (65+) enrollment increased to 11,362 in FY22, 15,831 in FY23, and decreased to 11,464 in FY24. The HBIA (55-64) enrollment increased from 6,675 in FY22, to 17,024 in FY23, before decreasing to 13,596 in FY24. The HBIA (42-54) enrollment increased from 5,823 in FY22, to 36,912 in FY23, before decreasing to 27,941 in FY24. According to HFS officials, the FY24 numbers exclude those who have been removed from the program due to redetermination or due to the change in eligibility that removed legal permanent residents from the program.
- **In total from FY21 through FY23, the expanded programs for immigrant seniors and adults cost just under \$898 million.** The cost for all three levels increased greatly in FY23. The HBIA (42-54) level was the largest and most costly in FY23 at \$244 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$189 million in FY23. The cost for FY24 increased from FY23. In FY24, the HBIA (42-54) level was the most costly at almost \$312 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$196 million in FY24.
- For fiscal years 2021, 2022, and 2023, the three largest costs were for outpatient services, inpatient hospital services, and pharmacy services. Beginning in FY24 with the conversion to managed care, capitation payments became the largest cost at \$265 million. Outpatient services (\$145 million), inpatient hospital services (\$94 million), and pharmacy services (\$106.8 million) were the next highest costs. **The total cost for the HBIS and HBIA programs since inception was just over \$1.6 billion.**

- According to HFS, the redetermination process reviewed 64,244 HBIS and HBIA enrollees. HFS removed a total of 21,362 HBIS and HBIA enrollees as of January 2025. In total, 19,872 were removed from HBIS and HBIA for eligibility or procedural reasons, which involved not responding to redetermination requests. Additionally, another 1,490 were removed and were enrolled in another program.
- Inpatient reimbursement through fee-for-service payments for services provided within the Cook County Health and Hospital System or the University of Illinois hospital system are subject to enhanced rates established by HFS by rule. According to HFS, the rates paid for HBIS and HBIA to enhanced rate hospitals are the same as is paid for Medicaid.
- Auditors reviewed the eligibility data as of June 30, 2023, and identified 478 enrollees with two or more Recipient Identification Numbers. This was due to poor data entry and a lack of internal controls or system edits over the entry of this information.
- During a review of the enrollment data, auditors identified 6,098 enrollees designated as “undocumented” who also had a Social Security Number. Auditors provided the 6,098 enrollees to HFS asking whether enrollees classified as undocumented enrollees should also have a Social Security Number. HFS officials reviewed and provided responses for a sample of 94 enrollees. Auditors determined that 19 of the 94 should have been recorded in the system as lawfully present or as being a legal permanent resident, not undocumented. This is an important distinction as after five years in the country, legal permanent residents become eligible for Medicaid and thus the State would receive federal matching dollars.
- Auditors identified 688 enrollees who were enrolled in the HBIS (65+) program who were not 65 years of age or above. These 688 exceptions were provided to HFS for comment. After HFS’s review of 151, it was determined that 79 were signed up in error. Many of the errors occurred from incorrect birthdates provided by the enrollee, which were later corrected when documentation was provided.
- During a review of the enrollment data, auditors identified 394 enrollees who appeared to have been enrolled in HBIS or HBIA after they had been in the country legally for over five years. These individuals are eligible for Medicaid, thus the State would receive federal matching dollars. These exceptions were provided to HFS for review and comment. HFS reviewed a sample of 17 and determined that 13 were approved incorrectly. Allowing ineligible enrollees in State-only funded programs should be avoided when possible.

Key Recommendations:

The audit report contains two recommendations:

- HFS should review its eligibility data and the analysis conducted by auditors and should work with the Illinois Department of Human Services to remove any unnecessary duplicate enrollees to ensure fraudulent or duplicate payments are not made on their behalf.
- HFS should work with the Illinois Department of Human Services to develop controls over eligibility determinations for the HBIS and HBIA programs to ensure ineligible individuals are not enrolled in violation of 305 ILCS 5/12-4.35. Additionally, HFS should seek federal reimbursement for any federal match lost due to the miscategorization of HBIS and HBIA enrollees who were otherwise eligible for federally funded programs.

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

Report Digest

On November 7, 2023, the Legislative Audit Commission adopted Resolution Number 165, which directed the Office of the Auditor General to conduct a performance audit of the Illinois Department of Healthcare and Family Services’ (HFS) administration of the program of Medicaid services and coverage provided to undocumented immigrants (see Appendix A). Our assessment of the audit determinations is shown in **Digest Exhibit 1**. (page 1)

Digest Exhibit 1 ASSESSMENT OF AUDIT DETERMINATIONS

Determination from Audit Resolution	Auditor Assessment
<i>A review of HFS’ initial program enrollment and cost estimates for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants.</i>	<ul style="list-style-type: none"> Actual enrollment and actual costs exceeded the initial program estimates for both the HBIS and HBIA programs. For the most recent enrollment year for each program, enrollment estimates were lower than the actual enrollment figures. In FY23 for HBIS (65+), the initial estimated number of enrollees was 6,700, while the actual number enrolled was 15,831. In FY23 for HBIA (55-64), the initial estimated number of enrollees was 8,000, while the actual number enrolled was 17,024. In FY23 for HBIA (42-54), the initial estimated number of enrollees was 18,800, while the actual number enrolled was 36,912. The initial cost estimates for HBIS (65+) for fiscal years 2021, 2022, and 2023 totaled \$224.0 million, while the actual total cost was \$412.3 million or 84 percent higher. The initial cost estimates for HBIA (55-64) for fiscal years 2021, 2022, and 2023 totaled \$58.4 million, while the actual total cost was \$223.1 million or 282 percent higher. The initial cost estimates for HBIA (42-54) for fiscal years 2021, 2022, and 2023 totaled \$68.0 million, while the actual total cost was \$262.2 million or 286 percent higher. (pages 8-10)
<i>A review of the actual program enrollment numbers and amount of money expended for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants.</i>	<ul style="list-style-type: none"> In FY21, 6,884 individuals were enrolled in HBIS (65+). HBIS (65+) enrollment increased to 11,362 in FY22, 15,831 in FY23, and decreased to 11,464 in FY24. The HBIA (55-64) enrollment increased from 6,675 in FY22, to 17,024 in FY23, before decreasing to 13,596 in FY24. The HBIA (42-54) enrollment increased from 5,823 in FY22, to 36,912 in FY23, before decreasing to 27,941 in FY24. According to HFS officials, the FY24 numbers exclude those who have been removed from the program due to redetermination or due to the change in eligibility that removed legal permanent residents from the program. (pages 11-13)
<i>The cost for each level of expansion of Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023.</i>	<ul style="list-style-type: none"> In total from FY21 through FY23, the expanded programs for immigrant seniors and adults cost just under \$898 million. The cost for all three levels increased greatly in FY23. The HBIA (42-54) level was the largest and most costly in FY23 at \$244 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$189 million in

FY23. The cost for FY24 increased from FY23. In FY24, the HBIA (42-54) level was the most costly at almost \$312 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$196 million in FY24. (pages 13-14)

The cost by category of service for Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023.

- For fiscal years 2021, 2022, and 2023, the three largest costs were for outpatient services, inpatient hospital services, and pharmacy services. Beginning in FY24 with the conversion to managed care, capitation services became the largest cost at \$265 million. Outpatient services (\$145 million), inpatient hospital services (\$94 million), and pharmacy services (\$106.8 million) were the next highest costs. The total cost for the HBIS and HBIA programs since inception was just over \$1.6 billion. (pages 14-15)

An examination of inpatient reimbursement through fee-for-service payments for undocumented immigrants using enhanced rates.

- Inpatient reimbursement through fee-for-service payments for services provided within the Cook County Health and Hospital System or the University of Illinois hospital system are subject to enhanced rates established by HFS by rule (see 89 IL Adm. Code 148.160 and 148.170). According to HFS, the rates paid for HBIS and HBIA to enhanced rate hospitals are the same as is paid for Medicaid.
- According to HFS, claims for these enhanced rates come in with a diagnosis-related groups (DRG) code. Software is used to pick the DRG based diagnosis code, and the claim is put into a related group. Each group is assigned a relative weight assigned to the DRG code. This DRG weight is multiplied by the base rate for each hospital to determine the payment. HFS also noted if the costs skyrocket for a patient, there are additional outlier payments. **In FY23, there were 77,659 admissions to the enhanced rate hospitals for HBIS and HBIA with claims totaling \$247.9 million.** (pages 16-17)

Source: OAG assessment of the audit determinations contained in Legislative Audit Commission Resolution Number 165.

Background

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Recent Changes to the HBIS and HBIA Programs

Temporary Enrollment Pause

To ensure program costs did not exceed the funds available for fiscal year 2024, HFS paused enrollment for both the HBIS and HBIA programs. The HBIA program enrollment was paused effective July 1, 2023, and the HBIS program was paused effective November 6, 2023. Individuals already enrolled in the programs remained eligible and will continue to be covered.

Redetermination Process for HBIS and HBIA

The majority of the redeterminations began for HBIS and HBIA enrollees on April 1, 2024; however, there were some enrollees redetermined as early as May 1, 2023. Effective May 1, 2024, HFS began to close ineligible cases for enrollees who no longer met eligibility requirements. According to HFS officials, these actions were also taken to ensure program costs did not exceed funds.

According to HFS, redeterminations ensure that enrollee eligibility for these healthcare programs is consistently evaluated, and the agency is committed to ensuring that individuals who remain eligible for coverage stay covered through the redetermination process. HFS noted it was also committed to ensuring that individuals who are no longer eligible for benefits, whether those are Medicaid or HBIA/HBIS benefits, receive helpful information about their options, so they can connect to alternative coverage.

Referring Legal Permanent Residents to Other Programs

During these redetermination reviews, HFS also changed the eligibility standards for the HBIS/HBIA programs and referred all legal permanent residents to other programs for which they were eligible. According to HFS, this measure was taken to contain costs in the programs leading into FY25. Legal Permanent Residents were referred to the following:

- **Medicaid** – Legal Permanent Residents who have been in the United States for over five years may qualify for Medicaid coverage and were to transition to Medicaid in May 2024, as long as eligibility requirements were met. Customer services will remain consistent and will be eligible for federal matching funds.

- **Affordable Care Act** – Legal Permanent Residents who have been in the United States for less than five years will be removed from the programs and referred to the Affordable Care Act (ACA) Health Insurance Marketplace, which provides subsidies to noncitizens who are lawfully present in the country. HFS will encourage and assist affected HBIA/HBIS members with enrolling in an ACA Health Insurance Marketplace plan and is working with the Illinois Department of Insurance to ensure that Navigators can assist individuals with enrolling in coverage.

Administrative Rule Change for HBIS and HBIA Program Eligibility

Effective March 8, 2024, and refiled on August 5, 2024, 89 Ill. Adm. Code 118.710 and 118.810 related to eligibility for health benefits for immigrant seniors and adults were amended by emergency rules. The emergency rules specifically made the following individuals **ineligible** for HBIS and HBIA:

- a person lawfully admitted for permanent residence under the Immigration and Nationality Act who lawfully resided in the United States for five years or more; and
- effective May 1, 2024, a person lawfully admitted for permanent residence under the Immigration and Nationality Act, regardless of length of residency. (pages 5-6)

Initial HBIS and HBIA Program Enrollment and Cost Estimates

Actual enrollment and actual costs exceeded the initial program estimates for both the HBIS and HBIA programs. For the most recent enrollment year for each program, enrollment estimates were lower than the actual enrollment figures. In FY23 for HBIS (65+), the initial estimated number of enrollees was 6,700, while the actual number enrolled was 15,831. In FY23 for HBIA (55-64), the initial estimated number of enrollees was 8,000, while the actual number enrolled was 17,024. In FY23 for HBIA (42-54), the initial estimated number of enrollees was 18,800, while the actual number enrolled was 36,912.

Actual enrollment and actual costs exceeded the initial program estimates for both the HBIS and HBIA programs.

The initial cost estimates for HBIS (65+) for fiscal years 2021, 2022, and 2023 totaled \$224.0 million, while the actual total cost was \$412.3 million or 84 percent higher. The initial cost estimates for HBIA (55-64) for fiscal years 2021, 2022, and 2023 totaled \$58.4 million, while the actual total cost was \$223.1 million or 282 percent higher. The initial cost estimates for HBIA (42-54) for fiscal years 2021, 2022, and 2023 totaled \$68.0 million, while the actual total cost was \$262.2 million or 286 percent higher. (pages 8-10)

HBIS and HBIA Program Enrollment and Cost

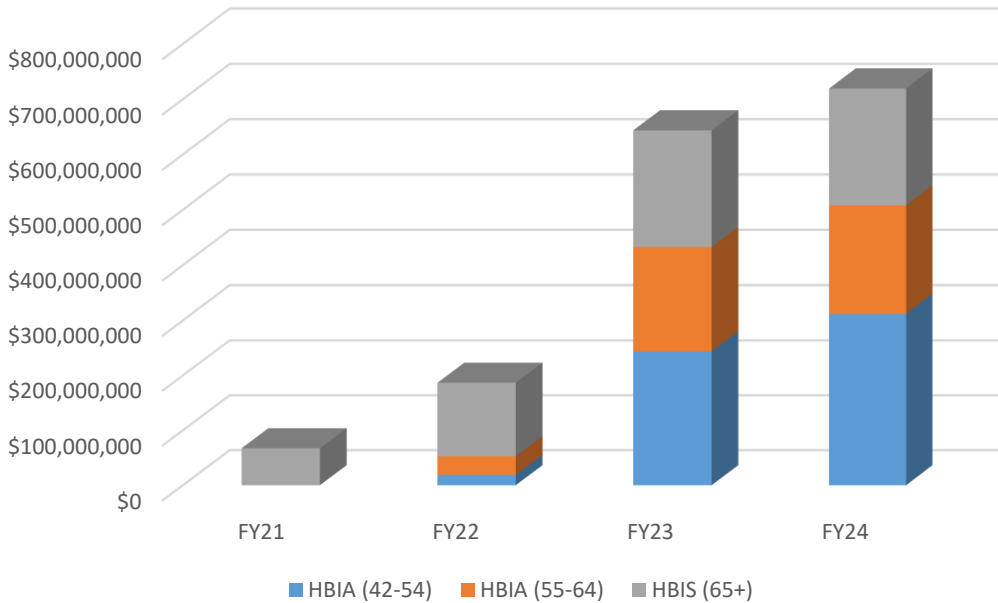
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from 5,823 in FY22, to 36,912 in FY23, before decreasing to 27,941 in FY24. According to HFS officials, the FY24 numbers exclude those who have been removed from the programs due to redetermination or due to the change in eligibility that removed legal permanent residents from the programs.

In total from FY21 through FY23, the expanded programs for immigrant seniors and adults cost just under \$898 million.

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Digest Exhibit 2
COSTS FOR SERVICES PROVIDED BY EXPANSION LEVEL
 By Fiscal Year



Expansion Level	FY21	FY22	FY23	FY24 ⁴	Totals
HBIS (65+) ¹	\$67,315,847	\$134,191,976	\$210,783,631	\$211,299,068	\$623,590,522
HBIA (55-64) ²	n/a	\$33,875,008	\$189,184,491	\$196,000,229	\$419,059,728
HBIA (42-54) ³	n/a	\$18,655,030	\$243,581,692	\$311,955,925	\$574,192,647
Totals⁵	\$67,315,847	\$186,722,013	\$643,549,815	\$719,255,222	\$1,616,842,897

¹ Effective December 1, 2020.

² Effective May 1, 2022.

³ Effective July 1, 2022.

⁴ The FY24 numbers exclude those who have been removed from the program due to redetermination or due to the change in eligibility that removed Legal Permanent Residents from the program.

⁵ Totals may not add due to rounding.

Source: Illinois Department of Healthcare and Family Services.

HBIS and HBIA Program Costs by Category of Service

Auditors looked at costs by the category of services. As shown in **Digest Exhibit 3**, for fiscal years 2021, 2022, and 2023, the three largest costs were for outpatient services, inpatient hospital services, and pharmacy services. Beginning in FY24 with the conversion to managed care, capitation payments became the largest cost at \$265 million. Outpatient services (\$145 million), inpatient hospital services (\$94 million), and pharmacy services (\$106.8 million) were the next highest costs. For fiscal years 2021 through 2024, the total cost for

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According to HFS, capitation payments are paid to Managed Care Organizations to provide services that include costs for all services provided, such as outpatient services, inpatient hospital, and pharmacy services. It is paid as capitation rather than as fee-for-service. The FY24 costs other than for capitation payments in **Digest Exhibit 3** are for the fee-for-service program. Capitation payments are Per Member Per Month (PMPM) payments to the Managed Care Organizations to cover services and administration, including care coordination.

Digest Exhibit 3
HBIS AND HBIA PROGRAM TOP 10 COSTS BY CATEGORY OF SERVICE BY FISCAL YEAR
 In Millions

Category of Service	FY21	FY22	FY23	FY24	Totals
Outpatient Services (General)	\$20.5	\$47.3	\$225.9	\$145.0	\$438.7
Inpatient Hospital Services (General)	27.6	70.7	185.7	94.0	377.9
Capitation Payments (Managed Care)	0.6	1.3	0.5	265.0	267.4
Pharmacy Services (Drug and OTC)	5.8	27.0	97.8	106.8	237.3
General Clinic Services	4.6	12.5	39.2	27.5	83.7
Physician Services	2.6	9.0	34.5	27.2	73.3
Homemaker	2.1	5.8	8.9	9.0	25.7
Outpatient Services (End Stage Renal Disease)	0.8	2.8	10.2	10.3	24.0
Emergency Ambulance Transportation	0.7	2.9	10.2	9.3	23.0
Dental Services	0.1	0.5	5.7	5.3	11.6
All Others	2.1	7.0	25.0	20.0	54.1
Totals¹	\$67.3	\$186.7	\$643.5	\$719.3	\$1,616.8

Note: Totals do not add due to rounding.

Source: Illinois Department of Healthcare and Family Services.

Impact of Redeterminations on Enrollment for FY24

According to HFS, the redetermination process reviewed 64,244 HBIS and HBIA enrollees. HFS removed a total of 21,362 HBIS and HBIA enrollees as of January 2025. In total, 19,872 were removed from HBIS and HBIA for eligibility or procedural reasons, which involved not responding to redetermination requests. Additionally, another 1,490 were removed and were enrolled in another program. (pages 11-15)

Enhanced Rates for Inpatient Reimbursement

Inpatient reimbursement through fee-for-service payments for services provided within the Cook County Health and Hospital System or the University of Illinois hospital system are subject to enhanced rates established by HFS by rule (see 89 IL Adm. Code 148.160 and 148.170). According to HFS, enhanced rates for inpatient reimbursement are used to leverage federal resources to reduce the tax burden for Cook County and the State of Illinois, who operate the hospitals receiving enhanced rates. Ultimately this reduces the potential burden on tax payers in funding

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According to HFS, claims for these enhanced rates come in with a diagnosis-related groups (DRG) code. Software is used to pick the DRG based diagnosis code, and the claim is put into a related group. Each group is assigned a relative weight assigned to the DRG code. This DRG weight is multiplied by the base rate for each hospital to determine the payment. HFS also noted if the costs skyrocket for a patient, there are additional outlier payments. **In FY23, there were 77,659 admissions to the enhanced rate hospitals for HBIS and HBIA with claims totaling \$247.9 million.** (pages 16-17)

Transition to Managed Care

As the HBIS and HBIA programs transitioned from fee-for service charges to managed care, enrollees in HBIS and HBIA were expected to be fully integrated into managed care by April 2024. Digest **Exhibit 4** shows the number of HBIS and HBIA program members enrolled in Managed Care Organizations (MCOs) by month. As of April 2024, 14,753 had been enrolled in HBIS and 47,064 have been enrolled for HBIA. These numbers decreased in each of the following two months as HFS performed redeterminations, which removed ineligible enrollees and moved legal permanent residents into Medicaid and the ACA. (pages 18-19)

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Digest Exhibit 4

MANAGED CARE ENROLLMENT BY MONTH BY EXPANSION LEVEL

Expansion Level	Jan 24	Feb 24	March 24	April 24	May 24	June 24
HBIA (All)	13,350	26,856	38,045	47,064	41,845	39,924
HBIS	3,257	5,916	10,506	14,753	11,120	10,829
Totals	16,607	32,772	48,551	61,817	52,965	50,753

Note: Per HFS, “reported enrollment declines from April to May 2024 reflect closures of ineligible customers and the movement of legal permanent residents over five years to Medicaid enrollment as reflected in the FY24-FY25 HBIA/HBIS budget plan.”

Source: Illinois Department of Healthcare and Family Services.

Review of HBIS and HBIA Program Eligibility Data

Auditors reviewed the eligibility data as of June 30, 2023, and identified 478 enrollees with two or more Recipient Identification Numbers. This was due to poor data entry and a lack of internal controls or system edits over the entry of this information. **Auditors recommended HFS should review its eligibility data and the analysis conducted by auditors and should work with the Illinois Department of Human Services to remove any unnecessary duplicate enrollees to ensure fraudulent or duplicate payments are not made on their behalf.**

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Audit Recommendations

The audit report contains two recommendations directed to the Department of Healthcare and Family Services. The Department agreed with both recommendations. The complete response from the Department is included in this report as Appendix C.

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

SIGNED ORIGINAL ON FILE

JOE BUTCHER
Division Director

This report is transmitted in accordance with Sections 3-14 and 3-15 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:SAW