PUBLIC HEALTH, WELFARE & SAFETY
Exhibit No. 3
Date 2/9/2015
Bill No. SB 148

- **"In December 2013, the State of Illinois decided to shift eligibility determination work back to state employees after determining that state employees did the work more accurately, efficiently, and for less money."**
  - Not true, the state never made this determination. The final eligibility determination was never removed from state workers as it is required by federal law for the Medicaid program.
  - However, the state employees' unions filed a grievance arguing that the contract violated the state's collective bargaining agreement with the union. An arbitrator agreed that the state should have negotiated with the union before entering the contract with a private vendor, because the statute did not require the contact, unlike SB 148.
  - After the arbitrator's ruling, the state renegotiated its contract with the vendor so that the vendor took a smaller role, while still maintaining an active level of involvement. Gov. Patt Quinn (D) promised to appeal the ruling, but withdrew his appeal during the election season.
  - The union that had filed the grievance donated $2.4 million to Gov. Quinn's re-election efforts (directly to his campaign or to an independent PAC focused on Quinn's re-election) in the 2014 election cycle.
  - Given the difference in how SB 148 is drafted from the Illinois bill, and the integrity of the Governor here in Montana, we are confident the current Administration will not run into the same issues.

- **"Illinois' own official reports show the state had to hire an additional 200 eligibility workers to deal with the errors in the contractor's eligibility recommendations."**
  - False, workers were not hired to "deal with the errors in the contractor's eligibility recommendations." There was a significant backlog (some cases had not been re-determined in 5 years) and caseworkers were redirected to help reduce that backlog.
  - The Illinois Department of Healthcare and Family Services (HFS) headcounts have been on the decline. In FY01, HFS had 2,925 employees. By FY12, when the state passed the verification project, that had dropped to 2,100 employees. In FY14, the number of HFS employees had barely budged at 2,104.
  - In addition, the Illinois Department of Human Services (DHS) headcounts were on the decline. In FY01, DHS had 19,284 employees. By FY11, those had dropped to 13,213. By FY14, they had slightly increased to 13,405.
  - It should be noted, the state hired somewhere around 600+ new caseworkers to handle the administrative increase from Medicaid expansion, which account for any modest increase, not the eligibility verification project.

"The third party contractor in Illinois removed people from Medicaid primarily by terminating eligibility for people who didn't respond to mail – whether the client was still eligible or even received the mail or not—rather than by identifying fraud and abuse or identifying ineligible enrolled citizens."

- Illinois has removed more than 685,000 individuals from their Medicaid program as of January 2015[i], roughly 289,000 people had returned at some point during the year, including those who became eligible again after changes in eligibility information after being

removed from the program. Altogether, this has left a net cancellation of more than 396,000 enrollees.

- Ineligible enrollees were not removed solely due to a non-response to a mailing, but because the state was provided information that led them to believe that these individuals were no longer eligible. In time, 400,000 enrollees failed to show that they were still eligible for the program. Without such proof, states should not be enrolling them in safety net programs.
- Individuals are able to rejoin the program anytime they become eligible again. In the meantime, taxpayers should not be exposed to additional costs by paying for ineligible enrollees.

"Savings from such a method would not be the same in Montana because Illinois is a managed care state, and Montana is not."

- The department staff has performed incomplete research. While Illinois has moved toward managed care (roughly 50% of the program currently), at the time of the verification project only 250,000 out of roughly 3 million enrollees were on managed care in June 2013. The rest of the Medicaid program was fee-for-service.
- There were only about 700,000 enrolled in managed care by October 2014. And managed care enrollment in Illinois didn't hit 1.4 million until January 2015.
- The verification vendor was finding ineligible individuals both in the fee-for-service and managed care population.

"Finally, it is important to clarify that the model outlined in HB 148 is unlikely to bring new data to the table to help determine eligibility."

- As the most recent Magi-based eligibility verification plan submitted to the federal government makes clear[ii], the process is not as robust as vendors in the space.
- For example, the state accepts self-attestment for some eligibility information which is notoriously inconsistent.
- In addition, the status quo process ignores the value and savings that come from ongoing monitoring of enrollees year round, a tool that is not currently available within the department. Hiring a third-party vendor would be worthwhile if only for this purpose.
- In addition, SB 148 makes it clear the bill does not intend to end or replace current eligibility activities in the department, just simplify, enhance, and automate. It is an additional tool to provide an ongoing enhanced eligibility verification process to the state of Montana.

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[i] Division of Medical Programs, "Medicaid redetermination data: Report updated January 8, 2015," Illinois Department of Healthcare and Family Services (2015), https://www.dropbox.com/s/gdrp79u4te7c13o/IMRPReport-1-8-2015.PDF.

[ii] http://www.medicaid.gov/medicaid-chip-program-information/program-information/eligibility-verification-policies/downloads/montana-verification-plan-template-final.pdf