



## Performance Audit of Medicaid Eligibility Determinations for Long-Term Care

### Background:

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

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

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

a lack of controls in IES. As a result, the status of the recommendation on processing delays related to HFS OIG asset discovery investigations was determined to be **partially implemented**.

- DHS and HFS continued to not adequately track extensions in IES during this audit period. For the 13 extension cases reviewed, 10 cases (77%) contained issues such as inaccurate IES data, a lack of extension information in IES, or more than two extensions. According to HFS, a defect was discovered during the audit that affected the accuracy of the data in IES. As a result, the status of the recommendation on extension tracking was determined to be **not implemented**.
- The prior audit found the LTC monthly reports did not contain all elements as required by statute. We reviewed the LTC monthly reports for calendar years 2018 to 2020 and found HFS had added missing elements to the reports but

### Key Findings:

- During this audit, issues related to the Integrated Eligibility System (IES) continued to be identified. These issues surrounded the system's internal controls as well as the completeness of the data provided. Due to these issues, we determined reviewing the entire population of the applications data would not provide accurate results for the purposes of this audit and instead performed sample testing.
- For the 50 applications tested, we found that only 15 applications (30%) had an eligibility determination completed within the required timelines. On average, the 50 applications were **72 days overdue**. We found cases with an HFS Office of the Inspector General (OIG) referral were an average of **125 days overdue** while cases without an HFS OIG referral were **47 days overdue**.
- In addition, despite differences between the various reports produced by HFS, all three reports reviewed indicated applicants were not receiving their determinations of eligibility in a timely manner. Consequently, the status of the prior recommendation on the timeliness of eligibility determinations was determined to be **not implemented**.
- DHS and HFS noted that an IES system enhancement was established to address the processing delays related to OIG asset investigations. However, applications involving HFS OIG asset discovery investigations continued to be overdue during this audit period. The prior audit found that applications involving asset discovery investigations were an average of 114 days overdue. For this audit, we tested 16 cases referred to the HFS OIG in fiscal year 2020 to follow up on this recommendation. During this testing, we found that applications involving asset discovery referrals were an average of **125 days overdue**.
- In addition, multiple issues were identified for these HFS OIG cases during our review. These issues included incorrect information in IES and

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

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

***Key Recommendations:***

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

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

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