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State of Illinois  
Office of the Auditor General

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Performance Audit of the

**COVERING ALL KIDS HEALTH  
INSURANCE PROGRAM**

June 21, 2023

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**Frank J. Mautino**  
*Auditor General*

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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

*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 the Covering ALL KIDS Health Insurance Act, 215 ILCS 170/63. 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 Sections 3-14 and 3-15 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

Springfield, Illinois  
June 2023





## Program Audit of the Covering ALL KIDS Health Insurance Program

### Background:

The Covering ALL KIDS Health Insurance Act (Act) (215 ILCS 170/63) directs the Auditor General to audit the EXPANDED ALL KIDS program every three years beginning on or before June 30, 2022 (prior to this date, audits were required annually). The Act requires that the audit include: payments for health services covered by the program; and contracts entered into by the Department of Healthcare and Family Services (HFS) in relation to the program.

The ALL KIDS program is administered by both HFS and the Department of Human Services (DHS). We have released audits annually as required from the first audit covering FY09 to the tenth and last audit covering FY18.

Four of the five recommendations from our FY18 audit are being repeated during this audit period. These four recommendations have been repeated since the first EXPANDED ALL KIDS audit, which covered FY09. (digest iv)

### Key Findings:

- Redeterminations of eligibility were completed late or not completed during July 2018 through March 2020. During FY19, 12,315 of the 25,907 (48%) annual redeterminations due were completed timely, and 6,466 of 25,907 (25%) annual redeterminations due were not completed. During FY20, 14,783 of the 18,841 (78%) annual redeterminations due were completed timely, and 3,559 of 18,841 (19%) annual redeterminations due were not completed. Redeterminations were suspended beginning in March 2020 due to COVID-19. (digest vii)
- Auditors identified 1,328 enrollees that were over the allowable age for enrollment in the ALL KIDS program from July 2018 through March 2020. These enrollees received 11,011 services totaling \$1,192,008 after the month of their 19<sup>th</sup> birthday. Beginning in March 2020, enrollees that were over the allowable age were allowed to maintain coverage because of COVID-19. Auditors also identified duplicate enrollees during FY19 through FY22. (digest viii)
- Auditors determined that there were enrollees that were potentially misclassified as undocumented during FY19 through FY22. For this four year audit period, we identified a total of 5,513 of 111,722 (5%) undocumented enrollees that are potentially misclassified. If these enrollees were classified as undocumented in error, the State did not receive the eligible matching federal rate funds for FY19 through FY22. At a minimum, the State did not collect \$8.2 million in federal reimbursement for this time period. (digest viii)
- Supporting documentation for determinations of eligibility has been an issue identified by auditors in each of the previous 10 EXPANDED ALL KIDS audits, going back to FY09. However, during this audit period we were unable to conduct fieldwork testing in order to follow up on this recommendation because of the allowances made to address COVID-19. This recommendation will be followed up on as part of future State Compliance Examinations. (digest ix)

### Key Recommendations:

The audit report contains four recommendations; one is directed at the Department of Healthcare and Family Services, and three are directed to both the Department of Human Services and the Department of Healthcare and Family Services:

- The Department of Healthcare and Family Services and the Department of Human Services should annually redetermine ALL KIDS eligibility as required by the Covering ALL KIDS Health Insurance Act. (report p. 22)

- The Department of Healthcare and Family Services should have controls in place to ensure that its ALL KIDS eligibility data is accurate and reliable. This includes ensuring that enrollees over 18 years of age are identified as no longer eligible and ensuring that enrollees are not enrolled in ALL KIDS more than once. (report p.24)
- The Department of Healthcare and Family Services and the Department of Human Services should:
  - ensure policies and procedures used to classify enrollees as a documented immigrant or undocumented immigrant contain specific instructions for caseworkers to make accurate eligibility decisions;
  - consider implementing an electronic edit within the Integrated Eligibility System (IES) that prevents enrollees with citizenship or immigration documentation from being classified as undocumented;
  - ensure documented immigrants are classified correctly in its database; and
  - ensure the State receives federal matching funds for all eligible enrollees and ensure that federal matching funds are not received for ineligible enrollees. (report p. 27)
- The Department of Healthcare and Family Services and the Department of Human Services should:
  - ensure all necessary eligibility documentation to support residency and birth/age is received in order to ensure eligibility is determined accurately; and
  - ensure one month’s worth of income verification is reviewed for determining eligibility. (report p.29)

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

## Report Digest

On June 1, 2009, Public Act 95-0985 amended the Covering ALL KIDS Health Insurance Act (Act) (215 ILCS 170/63) directing the Auditor General to annually audit the EXPANDED ALL KIDS program beginning June 30, 2008, and each June 30<sup>th</sup> thereafter. However, Public Act 101-0272, effective on August 9, 2019, amended the Covering ALL KIDS Health Insurance Act and now requires the Auditor General to perform an audit of the Program on or before June 30, 2022, and every 3 years thereafter (rather than annually) (see Appendix A). Because of the timing of when the Public Act was passed, this audit covers a four year period from July 1, 2018, through June 30, 2022. The FY18 EXPANDED ALL KIDS audit contained five recommendations. The fifth recommendation from the FY18 audit, Policies Covering Orthodontic Treatment, was not repeated. Our follow-up for these recommendations is shown in Digest Exhibit 1. (pages 1-2)

### Digest Exhibit 1 ASSESSMENT OF AUDIT ISSUES

Audit Issue Identified	Auditor Assessment
<i>Review timeliness of redeterminations of eligibility.</i>	<ul style="list-style-type: none"> <li>Redeterminations of eligibility were completed late or not completed during July 2018 through March 2020. Redeterminations were suspended beginning in March 2020 due to COVID-19. (pages 21-22)</li> </ul>
<i>Review eligibility data in order to determine if only qualified enrollees were approved for coverage.</i>	<ul style="list-style-type: none"> <li>Auditors identified enrollees that were over the allowable age for enrollment in the ALL KIDS program from July 2018 through March 2020. Beginning in March 2020, enrollees that were over the allowable age were allowed to maintain coverage because of COVID-19. Auditors also identified duplicate enrollees during FY19 through FY22. (pages 23-24)</li> </ul>
<i>Review the data for enrollees classified as undocumented in order to ensure that they are not misclassified.</i>	<ul style="list-style-type: none"> <li>Auditors determined that there were enrollees that were potentially misclassified as undocumented during FY19 through FY22. (pages 25-27)</li> </ul>
<i>Review the supporting documentation required for determining eligibility in order to ensure that all requirements are being met before determining eligibility.</i>	<ul style="list-style-type: none"> <li>Fieldwork testing for this area could not be completed because of the allowances made to address COVID-19. This recommendation will be followed up on as part of future State Compliance Examinations. (pages 28-30)</li> </ul>

Source: OAG assessment of issues within the Covering ALL KIDS Health Insurance Program audit, pursuant to 215 ILCS 170/63.

**Background**

The Covering ALL KIDS Health Insurance Act (Act) (215 ILCS 170/63) directs the Auditor General to audit the EXPANDED ALL KIDS program every three years beginning on or before June 30, 2022 (prior to this date, audits were required annually). The Act requires that the audit include:

- payments for health services covered by the program; and
- contracts entered into by the Department of Healthcare and Family Services (HFS) in relation to the program.

The ALL KIDS program is administered by both HFS and the Department of Human Services (DHS). We have released audits annually as required from the first audit covering FY09 to the tenth and last audit covering FY18. The audits have had as many as 14 recommendations (FY10) and as few as 5 recommendations (FY14 through FY18).

Four of the five recommendations from our FY18 audit are being repeated during this audit period. These four recommendations have been repeated since the first EXPANDED ALL KIDS audit, which covered FY09 (see Digest Exhibit 2). The third audit recommendation, which includes the miscoding of undocumented immigrants, results in the State annually losing federal matching dollars. We estimated that the total reimbursement lost for the FY19 through FY22 audit period was, at a minimum, \$8.2 million dollars. (pages 1-2)

Digest Exhibit 2

**STATUS OF PREVIOUS AUDIT RECOMMENDATIONS**

Recommendation Area	Audits Recommended	Status of the Recommendation as Reported in the FY19-FY22 Audit	Follow-up Conducted
1. Redetermination of ALL KIDS Eligibility	FY09-FY18	Repeated	See note <sup>1</sup>
2. ALL KIDS Data Reliability	FY09-FY18	Repeated	Yes
3. Classification of Documented Immigrants	FY09-FY18	Repeated	Yes
4. Eligibility Documentation	FY09-FY18	Repeated	See note <sup>1</sup>
5. Policies Covering Orthodontic Treatment <sup>1</sup>	FY14-FY18	Implemented	Yes

Note:

<sup>1</sup> Due to the public health emergency, eligibility and redetermination of eligibility criteria were broadened with both State and federal approval. Therefore, testing was not completed in these areas because results would not have been meaningful in comparison to previous audits, or audits performed after an end to the public health emergency has been declared.

Source: FY09-FY18 Program Audit of the Covering ALL KIDS Health Insurance Program.

**Public Health Emergency (State Plan Amendment 20-0004; Public Act 101-0649)**

On March 13, 2020, the President of the United States issued a proclamation that the COVID-19 outbreak in the United States constituted a national emergency. Additionally, on March 13, 2020, the Secretary of the United States Department of Health and Human Services used his authority to waive or modify certain



requirements for programs within the Centers for Medicare and Medicaid Services in order to ensure that sufficient healthcare and services not be interrupted as a result of the COVID-19 outbreak.

On April 24, 2020, HFS received an approval letter from the federal Centers for Medicare and Medicaid Services for State Plan Amendment 20-0004. The letter

**Public Act 101-0649**

Public Act 101-0649 made several allowances for approving coverage, including eliminating resource tests for some eligibility determinations, and suspending redeterminations.

also allowed for a retroactive effective date for the State Plan Amendment beginning on March 1, 2020. The approved State Plan Amendment allowed for less restrictive eligibility requirements in order to address the COVID-19 outbreak.

On July 7, 2020, Public Act 101-0649 was enacted by the Illinois General Assembly. The Public Act allowed HFS to take necessary measures in order to

allow for coverage during the COVID-19 public health emergency, and extend those measures for up to 12 months after the period ends.

Both State Plan Amendment 20-0004 and Public Act 101-0649 provide a wide range of allowances for changing the way ALL KIDS is administered and for approving coverage as a result of the COVID-19 public health emergency. These allowances include, but are not limited to:

- accepting an applicant’s or recipient’s attestation of income, incurred medical expenses, residency, and insured status **when electronic verification is not available**;
- elimination of resource tests for some eligibility determinations;
- suspending redeterminations;
- suspending changes that would adversely affect an applicant’s or recipient’s eligibility;
- phone or verbal approval by an applicant to submit an application in lieu of applicant signature;
- allowing adult presumptive eligibility;
- allowing presumptive eligibility for children, pregnant women, and adults as often as twice per calendar year;
- paying for additional services delivered by telehealth; and
- suspending premium and co-payment requirements. (pages 4-5)

## ALL KIDS Program Inoperative as of July 1, 2022 (Public Act 102-0043)

On June 6, 2021, Public Act 102-0043 was enacted to amend the Covering ALL KIDS Health Insurance Act by adding 215 ILCS 170/6. This section stated the Covering ALL KIDS Health Insurance Act was to be **inoperative** if HFS:

- received federal approval to make children younger than 19 who had countable income at or below 313% of the federal poverty level eligible for medical assistance under Article V of the Illinois Public Aid Code; and
- transitioned the children eligible for health care benefits under the Covering ALL KIDS Health Insurance Act into the Medical Assistance Program established under Article V of the Illinois Public Aid Code, making the ALL KIDS program a “**Medicaid Expansion Program.**”

### Public Act 102-0043

Public Act 102-0043, effective July 1, 2022, renders the Covering ALL KIDS Health Insurance Act inoperative when:

- HFS received federal approval to make children with countable income at or below 313% of the federal poverty level eligible for medical assistance, and
- HFS transitioned ALL KIDS enrollees into the Medical Assistance Program after receiving federal approval for the transfer.

On September 9, 2021, HFS submitted to the Centers for Medicare and Medicaid Services a package for amending the State’s Medicaid Plan. The updated State Medicaid Plan established the income standard for the Optional Targeted Low Income Children eligibility group as 313% of the federal poverty level with the explicit goal of implementing Illinois Public Act 102-0043. The effect of the new federal poverty level threshold is the All Kids Share and All Kids Premium Level 1 enrollees now have the same income threshold as the All Kids Assist enrollees. All Kids Premium Level 2 enrollees were to be moved into managed care. **This amendment was federally approved on June 24, 2022, and effective on July 1, 2022.** (pages 5-6)

## Public Aid Code Does Not Contain Statutory Audit Authority for this Population

As of July 1, 2022, the Covering ALL KIDS Health Insurance Act was made inoperative and the children that were currently enrolled were transitioned into the Medical Assistance Program under Article V of the Public Aid Code. The Public Aid Code does not contain a section comparable to 215 ILCS 170/63 in the Covering ALL KIDS Health Insurance Act, which requires the Auditor General to conduct a performance audit of the program. Because these enrollees are now covered by the existing Medical Assistance Program under Article V of the Public Aid Code, testing on these populations will occur during future State Compliance Examinations. (page 7)

## Impact of Public Health Emergency Changes on Fieldwork Testing

For audit periods that span multiple fiscal years, the typical process is to report on the data from each year, and conduct fieldwork testing on the most recent fiscal year in order to provide the most current and relevant data to the end users of the audit. However, during the most recent fiscal year during the audit period, FY22, several allowances had been made in order to determine eligibility and redeterminations. Because of these changes, the results of fieldwork testing

would not be comparable to previous audits. If fieldwork testing was conducted on the fiscal years prior to the allowances granted by Public Act 101-0649, July 2018 through March 2020, the results would be anywhere from three to approximately five years old, and likely not a reflection of the current state of the processes in place. (pages 6-7)

**Potential Data Integrity Issues**

The Integrated Eligibility System (IES) is a web-based eligibility system that caseworkers have been using since October 2013 to determine initial eligibility at intake for programs offered through DHS including the ALL KIDS program. The Office of the Auditor General has had several findings within the FY19, FY20, and FY21 Financial Audits and Compliance Examinations related to data integrity issues with IES. In all three fiscal years, there is a finding related to inadequate internal controls over changes to IES. Additionally, inadequate controls over the eligibility and redetermination process were identified in the FY19 and FY20 audits. There were other findings as well, such as inadequate disaster recovery controls over IES, and an insufficient and inadequate agreement with the Department of Innovation and Technology for IES. (pages 9-11)

**Redetermination of Eligibility**

Timely completion of annual redeterminations has been an issue identified in each of the previous 10 EXPANDED ALL KIDS audits, going back to FY09. As shown in Digest Exhibit 3, during FY19, 12,315 of the 25,907 (48%) annual redeterminations due were completed timely, and an additional 3,455 (13%) were completed within three to six months of the due date. There were 3,671 (14%) that were completed more than six months after the due date and 6,466 (25%) that were not completed. During FY20, 14,783 of the 18,841 (78%) annual redeterminations due were completed timely, and an additional 452 (2%) were completed within three to six months of the due date. There were 47 (0.2%) that were completed more than six months after the due date and 3,559 (19%) that were not completed. As part of the response to COVID-19, DHS and HFS suspended redeterminations as of March 1, 2020. Therefore, we were only able to review the redeterminations that were due between July1, 2018, and April 30, 2020. (pages 21-22)

Digest Exhibit 3  
**ANNUAL ELIGIBILITY REDETERMINATION TIMELINESS**  
 For FY19 and FY20

Fiscal Year	On Time	3-6 Months of Due Date	>6 Months of Due Date	Not Completed	Total Due <sup>1</sup>
2019	12,315 (48%)	3,455 (13%)	3,671 (14%)	6,466 (25%)	25,907 (100%)
2020	14,783 (78%)	452 (2%)	47 (0.2%)	3,559 (19%)	18,841 (100%)

Note:  
<sup>1</sup> Percent totals may not add due to rounding.

Source: OAG analysis of DHS and HFS data.

## ALL KIDS Eligibility Data

Enrollees receiving services after the month of their 19<sup>th</sup> birthday and enrollees that have multiple unique identification numbers have been issues identified in each of the previous 10 EXPANDED ALL KIDS audits, going back to FY09.

During our review of the FY19 through FY20 EXPANDED ALL KIDS eligibility data, we continued to find eligibility data contained individuals who were over the age of 18 and who were enrolled in ALL KIDS more than once.

We identified:

- In FY19 – 702 enrollees that received 4,904 services totaling \$528,553 after the month of their 19<sup>th</sup> birthday.
- In FY20 – 626 enrollees that received 6,107 services totaling \$663,455 after the month of their 19<sup>th</sup> birthday.

We also identified:

- In FY19 – 191 enrollees with duplicate entries.
- In FY20 – 202 enrollees with duplicate entries.
- In FY21 – 112 enrollees with duplicate entries.
- In FY22 – 116 enrollees with duplicate entries.

If enrollees maintain eligibility after reaching the age of 19, or if enrollees have eligibility under more than one recipient identification number, the State may provide services for non-eligible enrollees. Additionally, having enrollees that are enrolled more than once shows a lack of internal controls, and increases the risk for inaccurate reporting and claims processing. (pages 23-24)

## Classification of Documented Immigrants

The misclassification of the immigrant status of EXPANDED ALL KIDS

### Loss of Federal Matching Funds

We found in past audits, and continue to find, EXPANDED ALL KIDS recipients coded as undocumented that should not be coded as undocumented. As a result, the State has lost federal matching Medicaid funds.

enrollees has been an issue in all 10 of the previous EXPANDED ALL KIDS audits, going back to FY09. In each of these audits, and in this audit, which covers FY19 through FY22, we have found documented immigrants, or citizens, have been incorrectly classified as undocumented. For this four year audit period, we identified a total of 5,513 of 111,722 (5%) undocumented enrollees that are potentially misclassified. If these enrollees were classified as undocumented in error, the State did not receive the

eligible matching federal rate funds for FY19 through FY22. At a minimum, the State did not collect \$8.2 million in federal reimbursement for this time period. Digest Exhibit 4 displays the results of our analysis by fiscal year. (pages 25-27)

Digest Exhibit 4  
**ENROLLEES CLASSIFIED AS UNDOCUMENTED AND ALSO CLASSIFIED AS A U.S. CITIZEN OR ASSIGNED AN ALIEN REGISTRATION NUMBER**  
 For FY19 – FY22

	FY19	FY20	FY21	FY22
Enrollees at any point during FY	100,711	109,884	96,727	108,642
Undocumented Enrollees	27,269	25,547	25,317	33,589
- Classified as U.S. Citizen or had an Alien Registration Number	1,778	1,327	1,117	1,291
- % Classified as U.S. Citizen or had an Alien Registration Number	6.5%	5.2%	4.4%	3.8%

Source: ALL KIDS enrollee data provided by HFS.

**Eligibility Documentation**

Supporting documentation for determinations of eligibility has been an issue identified by auditors in each of the previous 10 EXPANDED ALL KIDS audits, going back to FY09. However, during this audit period we were unable to conduct fieldwork testing in order to follow up on this recommendation.

On July 7, 2020, Illinois Public Act 101-0649 was passed, effective immediately (retroactive to March 1, 2020), that permitted HFS to take necessary actions to address the COVID-19 public health emergency. Several allowances were made in order to ensure adequate coverage during the public health emergency, resulting in less stringent requirements for eligibility. Additionally, HFS received federal approval to delay redeterminations in order to be compliant with the Families First Coronavirus Response Act. If fieldwork testing for eligibility or redeterminations was conducted on the fiscal years prior to the allowances granted by Public Act 101-0649, July 2018 through March 2020, the results would be anywhere from three to approximately five years old, and likely not a reflection of the current state of the processes in place. Because we were unable to follow up on this recommendation, this finding is repeated, and will be followed up on as part of future State Compliance Examinations. (pages 28-30)

**Policies Covering Orthodontic Treatment**

During the FY17 EXPANDED ALL KIDS audit, we found that the Dental Policy Review Committee membership requirements were not met and there was an unbalanced representation of committee members. We also found that HFS was not effectively monitoring the EXPANDED ALL KIDS enrollees receiving care under the MCO part of the program and ensuring the State’s dental administrator subcontractors were following the same requirements in the new Administrative Code and using the scoring tool for these enrollees. HFS did not have sufficient time to address this updated recommendation in FY18 and the updates made by HFS were not made until FY19; therefore, we followed up on the FY17 recommendation during this audit period.

During this audit period, FY19 through FY22, we found that the Dental Policy Review Committee membership requirements were met, and every meeting held

also had a quorum. The committee failed to meet quarterly as required during Calendar Years 2019 and 2020; however, for Calendar Years 2021 and 2022, the committee held quarterly meetings and met this requirement.

During the FY17 audit, we determined HFS was not effectively monitoring the EXPANDED ALL KIDS enrollees receiving orthodontia care under the MCO part of the program. As a result, we recommended that HFS needed to more effectively monitor the EXPANDED ALL KIDS orthodontic enrollees receiving care under the MCO part of the program and ensure that these enrollees were receiving the same access to services as the enrollees receiving care under the fee-for-service (FFS) part of the program. During this audit period, we found the ratio of initial placements compared to current enrollees is consistent for both the MCO and FFS portions of the program. This illustrates that the MCOs and FFS both appear to be utilizing the scoring tool used for orthodontics similarly. Therefore, the recommendation to ensure the enrollees under the MCO portion of the program are receiving the same access to orthodontic services as the enrollees under the FFS portion of the program is not repeated. (pages 31-33)

## Audit Recommendations

The audit report contains four recommendations; one is directed at the Department of Healthcare and Family Services and three are directed to both the Department of Human Services and the Department of Healthcare and Family Services. The Departments agreed with the recommendations. The complete responses from the Departments are included in this report as Appendix E.

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

**SIGNED ORIGINAL ON FILE**

JOE BUTCHER  
Division Director

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

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:PMR

## Contents

Report Highlights	
Report Digest	iii
Introduction	1
Recent Changes Affecting the Audit	4
Federal Reimbursement for ALL KIDS	7
Initial Eligibility and Annual Eligibility Renewal	8
Potential Data Integrity Issues	9
ALL KIDS Program	11
Follow-Up on FY18 Recommendations	20
Redetermination of Eligibility	21
ALL KIDS Eligibility Data	23
Classification of Documented Immigrants	25
Eligibility Documentation	28
Policies Covering Orthodontic Treatment	31
Appendix A – Covering ALL KIDS Health Insurance Act	35
Appendix B – Scope and Methodology	36
Appendix C – 215 ILCS 270/8 (Public Act 101-0649) COVID-19 Public Health Emergency	40
Appendix D – Total Cost of Service by Category of Service FY19 – FY22	41
Appendix E – Agency Responses	45
<b>Recommendations</b>	
Recommendation 1 – Redetermination of Eligibility	22
Recommendation 2 – ALL KIDS Eligibility Data	24
Recommendation 3 – Classification of Documented Immigrants	27
Recommendation 4 – Eligibility Documentation	29





## Introduction

On June 1, 2009, Public Act 95-0985 amended the Covering ALL KIDS Health Insurance Act (Act) (215 ILCS 170/63) directing the Auditor General to annually audit the EXPANDED ALL KIDS program beginning June 30, 2008, and each June 30<sup>th</sup> thereafter . However, Public Act 101-0272, effective on August 9, 2019, amended the Covering ALL KIDS Health Insurance Act and now requires the Auditor General to perform an audit of the program on or before June 30, 2022, and every 3 years thereafter (rather than annually) (see Appendix A). Public Act 101-0272 also changed the repeal date for the Covering ALL KIDS Health Insurance Act from October 1, 2019, to October 1, 2024. Because of the timing of when the Public Act was passed, this audit covers a four year period from July 1, 2018, through June 30, 2022.

The Act requires that the audit include:

- payments for health services covered by the program; and
- contracts entered into by the Department of Healthcare and Family Services (HFS) in relation to the program.

The ALL KIDS program is administered by both HFS and the Department of Human Services (DHS). We have released audits annually as required from the first audit covering FY09 to the tenth and last audit covering FY18. The audits have had as many as 14 recommendations (FY10) and as few as 5 recommendations (FY14 through FY18). The last five annual audits contained the same five audit recommendations. As shown in Exhibit 1, the five recommendation areas were related to redeterminations, data reliability, classification of documented immigrants, eligibility documentation, and policies covering orthodontic treatment.

## Exhibit 1

**STATUS OF PREVIOUS AUDIT RECOMMENDATIONS**

Recommendation Area	Audits Recommended	Status of the Recommendation as Reported in the FY19-FY22 Audit	Follow-up Conducted
1. Redetermination of ALL KIDS Eligibility	FY09-FY18	Repeated	See note <sup>1</sup>
2. ALL KIDS Data Reliability	FY09-FY18	Repeated	Yes
3. Classification of Documented Immigrants	FY09-FY18	Repeated	Yes
4. Eligibility Documentation	FY09-FY18	Repeated	See note <sup>1</sup>
5. Policies Covering Orthodontic Treatment <sup>1</sup>	FY14-FY18	Implemented	Yes

Note:<sup>1</sup> Due to the public health emergency, eligibility and redetermination of eligibility criteria were broadened with both State and federal approval. Therefore, testing was not completed in these areas because results would not have been meaningful in comparison to previous audits, or audits performed after an end to the public health emergency has been declared.

Source: FY09-FY18 Program Audits of the Covering ALL KIDS Health Insurance Program.

**FY19 through FY22 Findings and Recommendations**

Four of the five recommendations from our FY18 audit are being repeated during this audit period. These four recommendations have been repeated since the first EXPANDED ALL KIDS audit, which covered FY09. The third audit recommendation, which includes the miscoding of undocumented immigrants, results in the State annually losing federal matching dollars. We estimated that the total reimbursement lost for the FY19 through FY22 audit period was, at a minimum, \$8.2 million dollars.

**History of the ALL KIDS Audits Conducted by the OAG**

Effective July 1, 2006, Illinois' KidCare program, which included Medicaid and State 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 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, SCHIP, or from the expansion as mandated by the Covering ALL KIDS Health Insurance Act.

Throughout our audits, we 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 are relevant to the program as a whole.

HFS' July 2008 ALL KIDS Preliminary Report noted "two key changes occurred" with the July 1, 2006 expansion pursuant to the Covering ALL KIDS Health Insurance Act (215 ILCS 170). The report stated:

*“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, 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 rules were established for 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 our audits.

### **State Statutes Related to ALL KIDS**

The Covering ALL KIDS Health Insurance Act (215 ILCS 170) (Act) was effective July 1, 2006. The Act defined a child as a person under the age of 19. Initially, the eligibility requirements for the program were as follows:

- 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 original Act expanded program benefits to cover all uninsured children in families regardless of family income. As of July 1, 2006, children whose family income was greater than 200 percent of the federal poverty level and undocumented immigrant children at any income level were eligible.

### **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 administrative 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 SCHIP, minus service exclusions that include non-emergency medical transportation and over-the-counter drugs. The rules also have important provisions relating 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 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.

## Recent Changes Affecting the Audit

There have been several recent changes that have affected the program and also our audit.

### Income Verification

Effective August 5, 2019 (FY20), Public Act 101-0209 reduced the income verification requirement. More specifically, the requirement for verifying income for one month was reduced to one pay stub beginning in FY20. The previous requirement was to provide one month's income from all sources in order to determine eligibility for the program. This updated requirement was the same requirement in place prior to July 1, 2011. Additionally, income verification information required for annual redeterminations may be obtained from a recipient's application for non-health care benefits, if it is sufficient to make a determination for continued eligibility for medical assistance.

### Public Health Emergency (State Plan Amendment 20-0004; Public Act 101-0649)

On March 13, 2020, the President of the United States issued a proclamation that the COVID-19 outbreak in the United States constituted a national emergency. Additionally, on March 13, 2020, the Secretary of the United States Department of Health and Human Services used his authority to waive or modify certain requirements for programs within the Centers for Medicare and Medicaid Services in order to ensure that sufficient healthcare and services not be interrupted as a result of the COVID-19 outbreak.

On April 24, 2020, HFS received an approval letter from the federal Centers for Medicare and Medicaid Services for State Plan Amendment 20-0004. The letter also allowed for a retroactive effective date for the State Plan Amendment beginning on March 1, 2020. The approved State Plan Amendment allowed for less restrictive eligibility requirements in order to address the COVID-19 outbreak.

On July 7, 2020, Public Act 101-0649 was enacted by the Illinois General Assembly. The Public Act allowed HFS to take necessary measures in order to allow for coverage during the COVID-19 public health emergency, and extend those measures for up to 12 months after the period ends.

**Public Act 101-0649**

Public Act 101-0649 made several allowances for approving coverage, including eliminating resource tests for some eligibility determinations, and suspending redeterminations.

Both State Plan Amendment 20-0004 and Public Act 101-0649 provide a wide range of allowances for

changing the way ALL KIDS is administered and for approving coverage as a result of the COVID-19 public health emergency. These allowances include, but are not limited to:

- accepting an applicant’s or recipient’s attestation of income, incurred medical expenses, residency, and insured status **when electronic verification is not available**;
- elimination of resource tests for some eligibility determinations;
- suspending redeterminations;
- suspending changes that would adversely affect an applicant’s or recipient’s eligibility;
- phone or verbal approval by an applicant to submit an application in lieu of applicant signature;
- allowing adult presumptive eligibility;
- allowing presumptive eligibility for children, pregnant women, and adults as often as twice per calendar year;
- paying for additional services delivered by telehealth; and
- suspending premium and co-payment requirements.

**ALL KIDS Program Inoperative as of July 1, 2022 (Public Act 102-0043)**

On June 6, 2021, Public Act 102-0043 was enacted to amend the Covering ALL KIDS Health Insurance Act by adding 215 ILCS 170/6. This section stated the Covering ALL KIDS Health Insurance Act was to be **inoperative** if HFS:

- received federal approval to make children younger than 19 who had countable income at or below 313% of the federal poverty level (FPL) eligible for medical assistance under Article V of the Illinois Public Aid Code; and
- transitioned the children eligible for health care benefits under the Covering ALL KIDS Health Insurance Act into the Medical Assistance Program established under Article V of the Illinois Public Aid Code, making the ALL KIDS program a “**Medicaid Expansion Program.**”

**Public Act 102-0043**

Public Act 102-0043, effective July 1, 2022, renders the Covering ALL KIDS Health Insurance Act inoperative when:

- HFS received federal approval to make children with countable income at or below 313% of the federal poverty level eligible for medical assistance, and
- HFS transitioned ALL KIDS enrollees into the Medical Assistance Program after receiving federal approval for the transfer.

ALL KIDS has different category levels depending on the income status of the family of potential enrollees. These categories are All Kids Assist, All Kids Share, All Kids Premium Level 1, and All Kids Premium Level 2. On September 9, 2021, HFS submitted to the Centers for Medicare and Medicaid Services a package for amending the State's Medicaid Plan. The updated State Medicaid Plan established the income standard for the Optional Targeted Low Income Children eligibility group as 313% of the FPL with the explicit goal of implementing Illinois Public Act 102-0043. The effect of the new FPL threshold is the All Kids Share and All Kids Premium Level 1 enrollees now have the same income threshold as the All Kids Assist enrollees. All Kids Premium Level 2 enrollees were to be moved into managed care. **This amendment was federally approved on June 24, 2022, and effective on July 1, 2022.**

the same income threshold as the All Kids Assist enrollees. All Kids Premium Level 2 enrollees were to be moved into managed care. **This amendment was federally approved on June 24, 2022, and effective on July 1, 2022.**

On July 22, 2022, DHS issued a memo stating All Kids Share, Premium Level 1, and Premium Level 2 programs were obsolete as of July 1, 2022. Additionally, HFS issued a memo to providers dated August 9, 2022, which stated that all children enrolled in All Kids Share, Premium Level 1, and Premium Level 2 programs have been moved into the State's All Kids Assist Medicaid Program, and the All Kids program is now a "**Medicaid Expansion Program**" effective July 1, 2022.

Since these changes were effective July 1, 2022, the Covering ALL KIDS Health Insurance Act was in effect and operable during the audit period which is July 1, 2018, through June 30, 2022.

### Coverage for Undocumented Children

The Illinois Public Aid Code, 305 ILCS 5/12-4.35, states: "...the Department of Healthcare and Family Services may provide medical services to noncitizens who have not yet attained 19 years of age and who are not eligible for assistance under Article V of this Code or under the Children's Health Insurance Program..." Because of this provision in the Public Aid Code, the undocumented children that were previously covered under the Covering ALL KIDS Health Insurance Act (215 ILCS 170) will continue to be eligible to receive coverage.

### Impact of Public Health Emergency Changes on Fieldwork Testing

For audit periods that span multiple fiscal years, the typical process is to report on the data from each year, and conduct fieldwork testing on the most recent fiscal year in order to provide the most current and relevant data to the end users of the audit. However, during the most recent fiscal year during the audit period, FY22, several allowances had been made in order to determine eligibility and redeterminations. Because of these changes, the results of fieldwork testing would not be comparable to previous audits. If fieldwork testing was conducted on the fiscal years prior to the allowances granted by Public Act 101-0649, July

2018 through March 2020, the results would be anywhere from three to approximately five years old, and likely not a reflection of the current state of the processes in place.

### **Public Aid Code Does Not Contain Statutory Audit Authority for this Population**

As of July 1, 2022, the Covering ALL KIDS Health Insurance Act was made inoperative and the children that were currently enrolled were transitioned into the Medical Assistance Program under Article V of the Public Aid Code. The Public Aid Code does not contain a section comparable to 215 ILCS 170/63 in the Covering ALL KIDS Health Insurance Act, which requires the Auditor General to conduct a performance audit of the program. Because these enrollees are now covered by the existing Medical Assistance Program under Article V of the Public Aid Code, testing on these populations will occur during future State Compliance Examinations.

### **Federal Reimbursement for ALL KIDS**

Illinois was approved to receive federal reimbursement for citizens and documented immigrant children in a family with income up to 300 percent (prior to Public Act 102-0043) of the federal poverty level under Title XXI of the Social Security Act, as reauthorized under the Children's Health Insurance Program Reauthorization Act of 2008 (CHIPRA). With this change, the federal government reimbursed 65 percent of eligible costs for this population (children from families with income between 200 and 300 percent of FPL). The reimbursement rate was 88.22 percent in FY19, 80.94 percent in FY20, 70.01 percent in FY21, and 70.1 percent in FY22. According to HFS officials, HFS had recouped a total of **\$281.88 million** from the U.S. Department of Health and Human Services (HHS) for FY19 through FY22.

HFS was also given retroactive reimbursement for documented immigrants back to April 1, 2009. This allowed federal reimbursement for documented immigrants regardless of their time in the country. HFS officials estimate **\$35.07 million** was recouped from HHS for fiscal years 2019 through 2022. Exhibit 2 provides a summary of the federal reimbursement recoupments for the ALL KIDS program for FY19 through FY22. This information was provided by HFS as of June 30<sup>th</sup> for the fiscal years being reported.

We report on all costs for services that occurred during the fiscal year regardless of when those services were paid. The primary focus is on services provided during the fiscal year because payments are impacted by cash flow issues and do not accurately depict program activity when there are payment cycle delays.

Exhibit 2  
**ALL KIDS FEDERAL REIMBURSEMENT RECOUPMENTS (IN MILLIONS)**  
 FY19 – FY22

Fiscal Year <sup>1</sup>	Reimbursement % <sup>2</sup>	Children at or below 250-318% of FPL		Documented Immigrants	
		FY Total	FY19 – FY22 Cumulative Total	FY Total	FY19 – FY22 Cumulative Total
FY19	88.22%	\$65.72	-	\$8.53	-
FY20	80.94%	\$73.76	\$139.48	\$8.46	\$16.99
FY21	70.01%	\$68.64	\$208.12	\$8.25	\$25.24
FY22	70.10%	\$73.76	\$281.88	\$9.83	\$35.07

Notes:

<sup>1</sup> This information was provided by HFS as of June 30<sup>th</sup> of the fiscal year being reported.

<sup>2</sup> The federal fiscal year runs from October 1 until September 30 so the reimbursement percentage listed is the percentage that covered most of the State fiscal year being reported.

Source: ALL KIDS federal reimbursement recoupment data provided by HFS.

## Initial Eligibility and Annual Eligibility Renewal

The Integrated Eligibility System (IES) is the case management used by DHS for the ALL KIDS program. IES automatically calculates the income and other eligibility factors from a series of matches and from information entered by the caseworker. Both the initial eligibility process and the annual redetermination of eligibility process rely on IES for determining eligibility status of potential or current enrollees.

### Initial Eligibility Determination

Applications for ALL KIDS may be submitted online, via telephone, by mail, or in person at a local DHS office. Supporting documentation can be uploaded into IES by enrollees or State staff. IES also uses electronic data matches or clearances to verify eligibility from several sources. The following sources are examples of where information can be extracted:

- **Federal Data Hub** – used to verify U.S. citizenship and immigration status;
- **State Online Query (SOLQ)** – used to verify the social security number, date of birth, date of death, and current federal benefits from Social Security Administration information;
- **Automated Wage Verification System** – used to verify income and unemployment benefits from the Illinois Department of Employment Security; and
- **Secretary of State** – used to verify State residency.

### Annual Eligibility Redetermination

IES gathers electronic clearance data and other available case information approximately two months before the medical benefit period ends. Cases qualify



for an automatic redetermination when income and other nonfinancial criteria can be verified electronically. When an enrollee is eligible for an automatic redetermination, IES generates a pre-populated form with electronic income information and other case information. A response is not needed if there are no changes to report and information on the form is correct. If there are changes, the recipient has 30 days to report them. The new information is applied to the case to determine the outcome of the medical coverage redetermination. According to DHS officials, only documented immigrants or U.S. citizens qualify for the automatic redetermination process.

Enrollees that do not qualify for an automatic redetermination are sent a redetermination form with a due date. The form is pre-populated with known income and case information. The enrollee has 30 days to respond. If the enrollee does not respond within the 30 day time period the medical benefit ends automatically. If a response is received medical coverage continues until a review is completed. The enrollee is sent a notice informing them of the outcome. A 90 day reinstatement period may be utilized if medical coverage is cancelled due to the non-receipt of the form. If the form is returned within 90 days of the date coverage ends and the enrollee is still eligible for any medical programs, coverage is reinstated without a break in coverage.

### **Public Health Emergency Impact on the Eligibility and Redetermination Process**

As discussed previously, beginning in March 2020, several allowances were made in order to ensure adequate coverage during COVID-19. Amongst these allowances were accepting attestation of income and other required criteria if it was not available electronically, presumptive eligibility, and the suspension of redeterminations until the end of the public health emergency was declared. As of the end of the audit period, June 30, 2022, the public health emergency was still in effect. Because of the allowances made for ensuring adequate coverage, testing these populations would not provide meaningful results. Furthermore, based on discussions with DHS and HFS officials, redeterminations were suspended beginning in March 2020 in order to ensure continued coverage.

### **Potential Data Integrity Issues**

IES is a web-based eligibility system that caseworkers have been using since October 2013 to determine initial eligibility at intake for programs offered through DHS including the ALL KIDS program. Phase 2 of IES was implemented in October 2017, and all eligibility caseworkers in DHS and HFS transitioned to using IES exclusively to process initial and ongoing eligibility determinations, as well as all tasks associated with the maintenance of approved cases.

The Office of the Auditor General has had several findings within the FY19, FY20, and FY21 Financial Audits and Compliance Examinations related to data integrity issues with IES. In all three fiscal years, there is a finding related to inadequate internal controls over changes to IES. Additionally, inadequate controls over the eligibility and redetermination process were identified in the

FY19 and FY20 audits. There were other findings as well, such as inadequate disaster recovery controls over IES, and an insufficient and inadequate agreement with the Department of Innovation and Technology for IES. Below are examples of the findings as well as the finding number from each year's audit.

FY19 Findings:

- **DHS Finding 2019-005, HFS Finding 2019-001:** Inadequate controls over eligibility determinations, redeterminations, and mid-point reporting requirements.
- **DHS Finding 2019-006, HFS Finding 2019-002:** Lack of security controls over the Integrated Eligibility System.
- **DHS Finding 2019-007, HFS Finding 2019-003:** Untimely processing of applications for benefits, redeterminations of eligibility for benefits, and eligibility change documentation.
- **DHS Finding 2019-008, HFS Finding 2019-004:** Insufficient internal controls over changes to the Integrated Eligibility System and recipient data.

FY20 Findings:

- **DHS Finding 2020-005, HFS Finding 2020-001:** Inadequate controls over eligibility determinations and redeterminations.
- **DHS Finding 2020-006, HFS Finding 2020-002:** Untimely processing of applications for benefits, redeterminations of eligibility for benefits, and eligibility change documentation.
- **DHS Finding 2020-007, HFS Finding 2020-003:** Insufficient internal controls over changes to the Integrated Eligibility System and recipient data.
- **DHS Finding 2020-009, HFS Finding 2020-005:** Inadequate disaster recovery controls over the Integrated Eligibility System.

FY21 Findings:

- **DHS Finding 2021-005, HFS Finding 2021-001:** Insufficient internal controls over changes to the Integrated Eligibility System and recipient data.
- **DHS Finding 2021-006, HFS Finding 2021-002:** Inadequate access review procedures for the Integrated Eligibility System.
- **DHS Finding 2021-007, HFS Finding 2021-003:** Inadequate disaster recovery controls over the Integrated Eligibility System.
- **DHS Finding 2021-008, HFS Finding 2021-004:** Detailed agreement with the Department of Innovation and Technology is not sufficient and inadequate interagency agreement for the Integrated Eligibility System.

We have conducted data validity and reliability analysis on the data sets we have received for this audit. While we are not attesting to the completeness and overall accuracy of the IES data, the results of our analysis from the data sets received are

in line with prior EXPANDED ALL KIDS audits and are reasonable for us to use for the purposes of reporting within the scope of this audit.

## ALL KIDS Program

According to HFS, in FY22, Illinois' ALL KIDS program as a whole had a total of approximately 2.5 million enrollees and HFS paid \$3.9 billion in claims. Of those totals, 834,518 enrollees were for COVID-19 only coverage, and had a net liability amount of \$18.0 million. On June 30, 2022, there were 102,935 enrollees as a result of the expansion, of which 32,738 (32%) were classified as undocumented immigrants in the HFS data. Overall, there were 108,642 EXPANDED ALL KIDS enrollees at any point during FY22, which is an increase of approximately 16 percent (an increase of 14,698 enrollees) when compared to the 93,944 enrollees at any point during FY18.

### EXPANDED ALL KIDS Enrollment

As shown in Exhibit 3, the total enrollment sharply increased from 63,255 in FY18, to 102,935 in FY22 (39,680 enrollees, or 63%). Increases by year were:

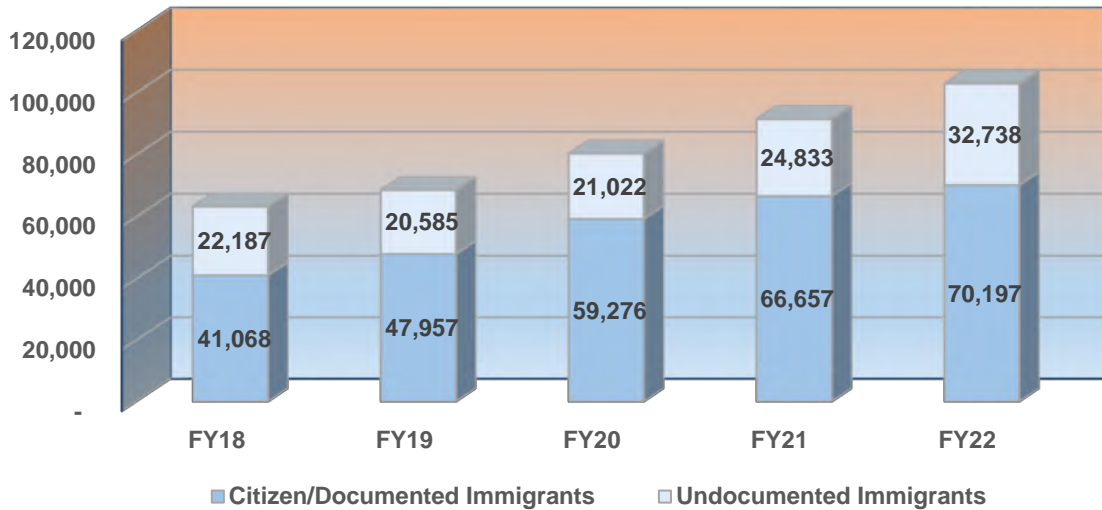
- From FY18 to FY19 there was a moderate increase of 5,287 enrollees (8%);
- From FY19 to FY20 there was an increase of 11,756 enrollees (17%);
- From FY20 to FY21 there was an increase of 11,192 enrollees (14%); and
- From FY21 to FY22 there was an increase of 11,445 enrollees (13%).

According to DHS and HFS officials, the primary reason for the increase was “the effect of the continuous coverage from the Maintenance of Effort provision of the Families First Coronavirus Response Act,” which increases the “Federal Medical Assistance Percentage” reimbursement rate by 6.2 percent, and requires that the State:

- Not implement “eligibility standards, methodologies, or procedures” that are more restrictive than those the State had in effect January 1, 2020;
- With very limited exceptions, treat anyone “enrolled for benefits” or enrolled for benefits during the public health emergency “as eligible for such benefits through the end of the month which” the public health emergency ends;
- Cover – without cost sharing – testing services and treatments for COVID-19 for Medicaid enrollees; and
- Not impose premiums higher than the State had in effect on January 1, 2020.

Additionally, states were encouraged to suspend redetermination processes and to suspend periodic data matching, which is used to identify potential changes, such as fluctuation in income between renewals. Eliminating copays for all services was also encouraged.

**Exhibit 3**  
**ENROLLEES AS OF JUNE 30**  
 For EXPANDED ALL KIDS during FY18 - FY22



Fiscal Year	Citizens/ Documented Immigrants	Undocumented Immigrants	Total Enrollees
FY18	41,068	22,187	63,255
FY19	47,957	20,585	68,542
FY20	59,276	21,022	80,298
FY21	66,657	24,833	91,490
FY22	70,197	32,738	102,935

Source: ALL KIDS data provided by HFS.

In previous EXPANDED ALL KIDS audits, we reported the number of undocumented immigrants enrolled as of June declined each year from FY09 through FY18. From FY18 to FY19 there was also a decrease of undocumented immigrants, going from 22,187 during FY18 to 20,585 during FY19 (a decrease of 1,602 enrollees, or 7%). However, for the time period FY19 through FY22, there was an increase in the number of undocumented immigrants. Exhibit 3 shows there was an overall increase of 12,153 (59%) enrollees classified as undocumented immigrants from FY19 (20,585 enrollees) through FY22 (32,738 enrollees). We have conducted data analysis on the undocumented enrollee information for FY19 through FY22, and it appears enrollees are still being misclassified. This is discussed in more detail later in the audit report.

For FY19 through FY22, the number of enrollees classified as citizens/ documented immigrants also increased substantially. During FY18, there were 41,068 enrollees classified as citizens/documented immigrants compared to 70,197 in FY22, an increase of 29,129, or 71 percent. From FY19 to FY20 there was an increase of 11,319 (24%) enrollees classified as citizens/documented immigrants, which is the largest year over year increase during the audit period.

**Enrollment by ALL KIDS Plan**

Exhibit 4 shows the enrollment by plan, fiscal year, and whether the child was classified as a citizen/documenting immigrant or as undocumented for FY18 and FY22. As mentioned previously, the overall enrollment climbed sharply since the last audit period, going from 63,255 in FY18, to 102,935 in FY22 (39,680 enrollees, or 63%). This trend can also be seen when broken down by enrollees classified as citizens/documenting immigrants, and undocumented immigrants across every category of the EXPANDED ALL KIDS program.

Exhibit 4 <b>ENROLLMENT BY PLAN<sup>2</sup></b> For EXPANDED ALL KIDS as of June 30						
EXPANDED ALL KIDS Plan	Citizens/ Documented Immigrants		Undocumented Immigrants		Totals	
	FY18	FY22	FY18	FY22	FY18	FY22
<b>Assist</b> \$40,793 <sup>1</sup>	Part of Medicaid and not part of EXPANDED ALL KIDS		19,781	28,630	19,781	28,630
<b>Share</b> \$43,568 <sup>1</sup>			507	762	507	762
<b>Premium Level 1</b> \$57,998 <sup>1</sup>			1,297	2,251	1,297	2,251
<b>Premium Level 2</b> \$88,245 <sup>1</sup>	41,068	70,197	602	1,095	41,670	71,292
<b>Totals</b>	<b>41,068</b>	<b>70,197</b>	<b>22,187</b>	<b>32,738</b>	<b>63,255</b>	<b>102,935</b>

Notes:

<sup>1</sup> Denotes the Modified Adjusted Gross Income (MAGI) equivalent income standard for the plan level and the maximum income for a family of four for that plan through 7/1/2022.

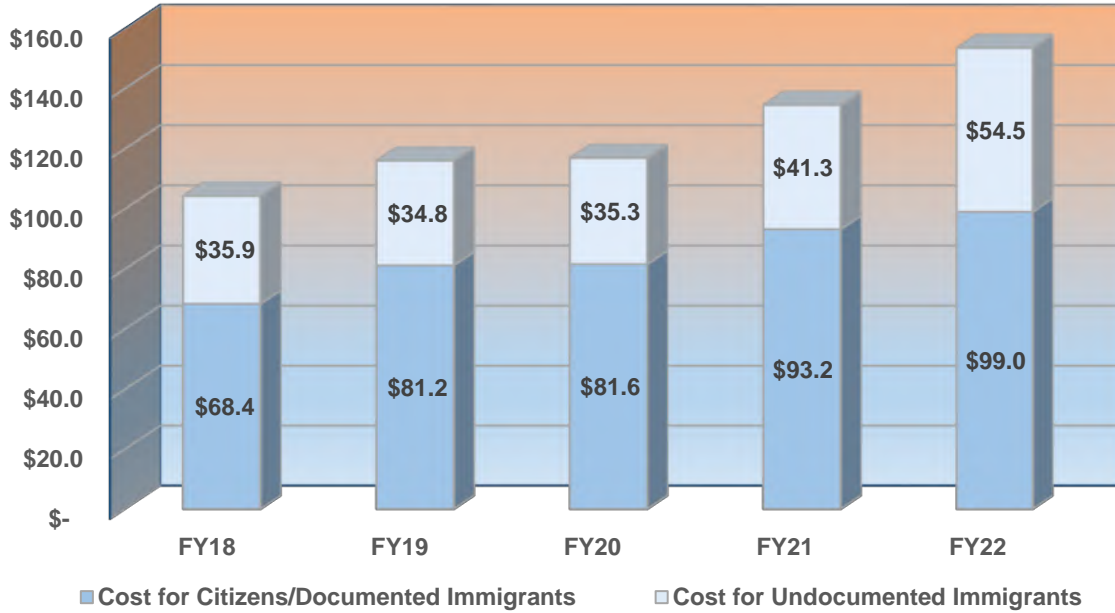
<sup>2</sup> Enrollment is the total number of enrollees that were eligible on June 30 of 2018 and 2022. There were 93,944 enrollees eligible at some point during FY18 and 108,642 enrollees eligible at some point during FY22.

Source: ALL KIDS enrollment data provided by HFS.

**Cost of Services Provided by Fiscal Year**

According to claim data provided by HFS, the cost of services for EXPANDED ALL KIDS has increased by 47 percent from FY18 to FY22, going from \$104.3 million in FY18 to \$153.6 million in FY22. Exhibit 5 shows the total cost of services for each year as well as the cost broken down between two categories: 1) citizens and documented immigrants; and 2) undocumented immigrants. As shown by Exhibit 5, the biggest increase was from FY21 to FY22, going from \$134.5 million to \$153.6 million, or 14 percent. According to HFS the reason for the increase was primarily due the effect of the continuous coverage from the Maintenance of Effort provision of the Families First Coronavirus Response Act. More enrollees were retaining benefits, which led to increased costs.

**Exhibit 5**  
**COST OF SERVICES PROVIDED**  
 For EXPANDED ALL KIDS during FY18 - FY22

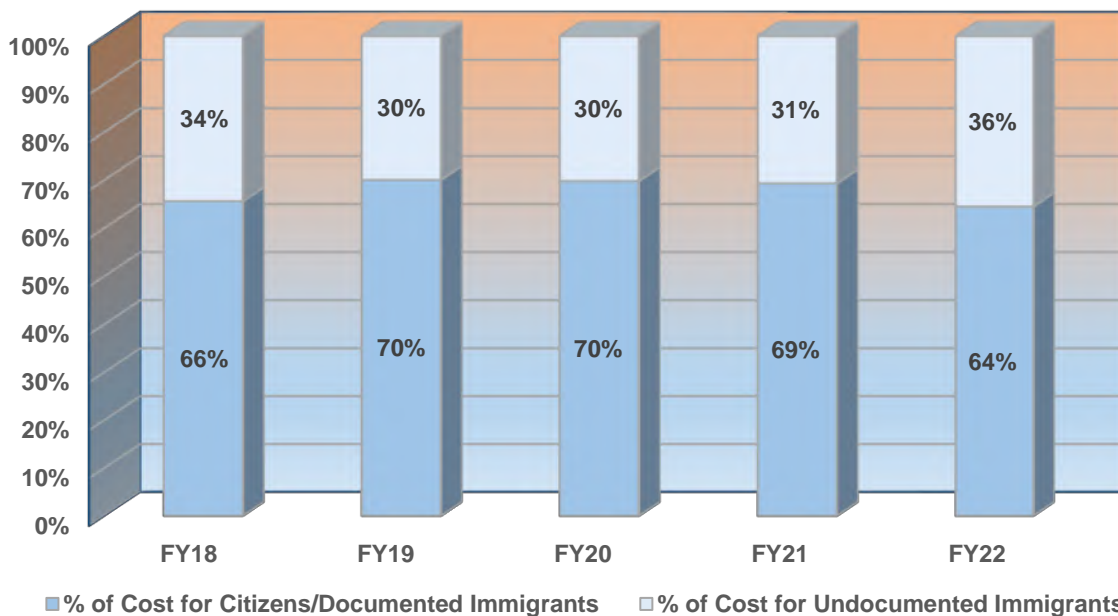


Fiscal Year	Citizens/ Documented Immigrants	Undocumented Immigrants	Total Cost
FY18	\$68,396,589	\$35,923,548	\$104,320,137
FY19	\$81,210,642	\$34,750,656	\$115,961,298
FY20	\$81,576,127	\$35,319,589	\$116,895,716
FY21	\$93,183,865	\$41,280,591	\$134,464,456
FY22	\$99,025,836	\$54,544,784	\$153,570,620

Source: ALL KIDS data provided by HFS.

As shown in Exhibit 6, when viewed as a percentage, the ratio of payments for citizens/documented immigrants to undocumented immigrants has remained relatively steady from FY18 through FY22. During FY18, 34 percent of the cost of administering EXPANDED ALL KIDS was for undocumented immigrants, and during FY22, 36 percent of the cost of administering EXPANDED ALL KIDS was for undocumented immigrants. For FY19 through FY21 the percentage of the cost for covering undocumented immigrants ranged from 30 percent to 31 percent.

**Exhibit 6**  
**PERCENTAGE OF COST OF SERVICES**  
 For EXPANDED ALL KIDS during FY18 – FY22



Source: ALL KIDS data provided by HFS.

Exhibit 7 shows the payments for services for children who had documentation for citizenship/immigration status or children who were classified as undocumented immigrants for FY18 and FY22. As discussed previously, there was a drastic increase in the cost of services from FY18 through FY22, from \$104.3 million in FY18 to \$153.6 million in FY22 (an increase of 47%).

**Exhibit 7**  
**COST OF SERVICES PROVIDED BY PLAN**  
 For EXPANDED ALL KIDS as of June 30

EXPANDED ALL KIDS Plan	Citizens/ Documented Immigrants		Undocumented Immigrants		Totals	
	FY18	FY22	FY18	FY22	FY18	FY22
<b>Assist</b> \$40,793 <sup>1</sup>	Part of Medicaid and not part of EXPANDED ALL KIDS		\$32,145,283	\$47,835,685	\$32,145,283	\$47,835,685
<b>Share</b> \$43,568 <sup>1</sup>			\$876,331	\$1,637,988	\$876,331	\$1,637,988
<b>Premium Level 1</b> \$57,998 <sup>1</sup>			\$2,255,529	\$3,992,747	\$2,255,529	\$3,992,747
<b>Premium Level 2</b> \$88,245 <sup>1</sup>			\$68,396,589	\$99,025,836	\$646,404	\$1,078,364
<b>Totals<sup>2</sup></b>	<b>\$68,396,589</b>	<b>\$99,025,836</b>	<b>\$35,923,548</b>	<b>\$54,544,784</b>	<b>\$104,320,137</b>	<b>\$153,570,620</b>

Notes:

<sup>1</sup> Denotes the Modified Adjusted Gross Income (MAGI) equivalent income standard for the plan level and the maximum income for a family of four for that plan through 7/1/2022.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> The federal matching rate was 88.52% in FY18 and 70.1% in FY22; therefore, the State's share for services was \$7.9 million in FY18 and \$29.6 million in FY22.

Source: ALL KIDS enrollment data provided by HFS.

**Cost of Services Provided by Category of Service**

According to data provided by HFS, 95 percent of the cost of services provided during FY22 for EXPANDED ALL KIDS was paid for 16 categories of service which totaled \$145.7 million of the \$153.6 million in total EXPANDED ALL KIDS payments.

As in previous years, the highest percentage of payments was for Capitation Services at 31 percent. Capitation Services are the payments made to Managed Care Organizations (MCOs) in order to administer health services to EXPANDED ALL KIDS enrollees. Capitation payments as a percentage of total cost have remained steady since FY18.

Exhibit 8 shows the cost by categories of service for the EXPANDED ALL KIDS program totaling \$1 million or greater. There were 16 categories of service during FY22, which represents an increase of three categories of service when compared to the 13 categories of service during the FY18 audit totaling \$1 million or greater. The three new categories are: Emergency Ambulance Transportation,



Clinical Laboratory Services, and Nurse Practitioners Services. Appendix D shows categories of service totaling more than \$1 million for FY19 through FY22.

## Exhibit 8

**TOTAL COST OF SERVICES PROVIDED BY CATEGORY OF SERVICE**

Totaling more than \$1 million during FY22 for the EXPANDED ALL KIDS Program

Category of Service	Total FY22 Cost	Percent of Total FY22 Cost
1. Capitation Services	\$45,649,561	30%
2. Pharmacy Services (Drug and OTC)	\$28,694,730	19%
3. Outpatient Services (General)	\$17,884,543	12%
4. Inpatient Hospital Services (General)	\$11,782,634	8%
5. Physician Services	\$9,835,033	6%
6. General Clinic Services	\$6,313,189	4%
7. Dental Services	\$5,935,635	4%
8. Inpatient Hospital Services (Psychiatric)	\$2,853,442	2%
9. Emergency Ambulance Transportation	\$2,648,116	2%
10. Clinical Laboratory Services	\$2,553,500	2%
11. Healthy Kids Services	\$2,472,437	2%
12. Mental Health Rehab Option Services	\$2,328,590	2%
13. Nursing Service	\$2,104,678	1%
14. Speech Therapy/Pathology Services	\$1,894,001	1%
15. Nurse Practitioners Services	\$1,470,806	1%
16. Medical Supplies	\$1,271,328	1%
<b>Total for categories costing &gt; than \$1 million<sup>1</sup></b>	<b>\$145,692,223</b>	<b>95%</b>
Other categories totaling < than \$1 million	\$7,878,396	5%
<b>Total Cost for all Categories of Service<sup>1</sup></b>	<b>\$153,570,620<sup>2</sup></b>	<b>100%</b>

Note:

<sup>1</sup> Totals may not add due to rounding.

Source: FY22 ALL KIDS data provided by HFS.

### Cost of Services and Premiums Collected

HFS received \$18.7 million in premiums from enrollees during FY19, and \$15.9 million during FY20. As a result, the net cost of EXPANDED ALL KIDS after premium payments was approximately \$97.3 million during FY19, and \$101 million through March of FY20, as shown in Exhibit 9. Beginning on March 1, 2020, premium payments were suspended as a result of the public health emergency created by COVID-19. Public Act 101-0649 (see Appendix C) and State Plan Amendment 20-0004 allow for several actions to be taken in order to address the COVID-19 public health emergency, including the suspension of premium payments. Because premiums have not been collected during FY21 and FY22, we cannot present the data for that time period.

Exhibit 9

#### **COST OF SERVICES AND PREMIUM AMOUNTS COLLECTED<sup>1</sup>**

For the EXPANDED ALL KIDS Program during FY19 and FY20<sup>2</sup>

EXPANDED ALL KIDS PLAN	FY19			FY20		
	Services Provided	Premiums Collected	Net Cost <sup>4</sup>	Services Provided	Premiums Collected	Net Cost <sup>4</sup>
<b>Assist</b> \$38,514 <sup>3</sup>	\$30,245,606	n/a	\$30,245,606	\$29,168,298	n/a	\$29,168,298
<b>Share</b> \$41,134 <sup>3</sup>	\$1,255,267	\$77,379	\$1,177,889	\$1,981,683	\$55,177	\$1,926,506
<b>Premium Level 1</b> \$54,758 <sup>3</sup>	\$2,438,478	\$211,841	\$2,226,637	\$3,082,014	\$186,800	\$2,895,215
<b>Premium Level 2</b> \$83,316 <sup>3</sup>	\$82,021,947	\$18,404,222	\$63,617,725	\$82,663,719	\$15,651,228	\$67,012,491
<b>Totals<sup>4</sup></b>	<b>\$115,961,298</b>	<b>\$18,693,442</b>	<b>\$97,267,857</b>	<b>\$116,895,715</b>	<b>\$15,893,205</b>	<b>\$101,002,511</b>

Notes:

<sup>1</sup> This exhibit includes the cost of services before any federal reimbursement for Level 2 enrollees.

<sup>2</sup> Premiums were only collected until March of 2020 because of the public health emergency due to COVID-19.

<sup>3</sup> Denotes the Modified Adjusted Gross Income equivalent income standard for the plan level and the maximum income for a family of four for that plan effective during FY20.

<sup>4</sup> Totals may not add due to rounding.

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

**Estimated Total Cost of ALL KIDS Services to the State for FY19 and FY20**

To estimate the total cost of the EXPANDED ALL KIDS program to the State, we subtracted the allowable federal reimbursement for Level 2 enrollees (88.22% for FY19 and 80.94% for FY20) and the premium payment amounts HFS received during FY19 and FY20 from the total cost for services provided during the same time period. Exhibit 10 shows an estimated cost to the State for EXPANDED ALL KIDS of \$60.6 million for FY19 and FY20. As discussed previously, beginning at approximately the start of FY21 and continuing through the end of the audit period, FY22, premium payments were suspended as allowed by Public Act 101-0649 in order to address the public health emergency due to COVID-19.

## Exhibit 10

**ESTIMATED TOTAL STATE COST**For EXPANDED ALL KIDS Services Provided FY19 – FY22<sup>1</sup>

	FY19	FY20	FY21	FY22	Total
Actual Cost of Services Provided	\$115,961,298	\$116,895,715	\$134,464,456	\$153,570,620	\$520,892,090
- Federal Funds for Level 2 Enrollees	(\$71,644,029)	(\$66,027,717)	(\$65,238,024)	(\$69,417,111)	(\$272,326,881)
- Premium Payments Received	(\$18,693,442)	(\$15,893,205)	-	-	(\$34,586,647)
<b>Total Cost to State</b>	<b>\$25,623,828</b>	<b>\$34,974,794</b>	<b>\$69,226,432</b>	<b>\$84,153,509</b>	<b>\$213,978,563</b>

## Notes:

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Premiums were only collected until March of 2020 because of the public health emergency due to COVID-19.

<sup>3</sup> The federal matching rate for FY19 through FY22 was 88.22%, 80.94%, 70.01% and 70.10% respectively.

Source: ALL KIDS enrollment and reimbursement data provided by HFS.

## Follow-Up on FY18 Recommendations

This audit of the EXPANDED ALL KIDS program followed up on DHS and HFS actions to address prior audit findings to the extent possible. Four of the five issues from the prior audit were repeated during this audit. The next several sections of this report discuss these recommendations.

Compared to prior audits, part of fieldwork testing was not conducted during this audit period because of the public health emergency due to COVID-19. As discussed previously, beginning in March 2020, several allowances were made in order to ensure adequate coverage during COVID-19. Among these allowances were accepting attestation of income and other required criteria if it was not available electronically, presumptive eligibility, and the suspension of redeterminations until the end of the public health emergency was declared. As of the end of this audit period, June 30, 2022, the public health emergency was still in effect. Because of the allowances made for ensuring adequate coverage, testing these populations would not provide meaningful results. Furthermore, based on discussions with DHS and HFS officials, redeterminations were suspended beginning in March 2020 in order to ensure continued coverage. If fieldwork testing for eligibility or redeterminations was conducted on the fiscal years prior to the allowances granted by Public Act 101-0649, specifically, July 2018 through March 2020, the results would be anywhere from three to approximately five years old, and likely not a reflection of the current state of the processes in place.

We requested and reviewed the relevant data, and other documentation, in order to follow up on the prior audit's recommendations to the extent possible. For findings related to initial eligibility and annual redeterminations of eligibility, we limited our review to the time period July 2018 through March 2020 in order to have results that would be congruent with the parameters of prior EXPANDED ALL KIDS audits. Eligibility and annual redeterminations data for the time period March 2020 through June 30, 2022, was not reviewed as a part of this audit for the reasons outlined previously.

## Redetermination of Eligibility

Timely completion of annual redeterminations has been an issue identified in each of the previous 10 EXPANDED ALL KIDS audits, going back to FY09. During FY19, 12,315 of the 25,907 (48%) annual redeterminations due were completed timely, and an additional 3,455 (13%) were completed within three to six months of the due date. There were 3,671 (14%) that were completed more than six months after the due date and 6,466 (25%) that were not completed. During FY20, 14,783 of the 18,841 (78%) annual redeterminations due were completed timely, and an additional 452 (2%) were completed within three to six months of the due date. There were 47 (0.2%) that were completed more than six months after the due date and 3,559 (19%) that were not completed. As part of the response to COVID-19, DHS and HFS suspended redeterminations as of March 1, 2020. Therefore, we were only able to review the redeterminations that were due between July 2018 and March 2020.

### FY19 and FY20 Redetermination Timeliness Review

Annual reviews of ALL KIDS eligibility – also called redeterminations – are required by the Illinois Administrative Code (89 Ill. Adm. Code 123.260). Our FY17 audit found 2,411 of 33,531 enrollees (7%) were not redetermined annually as required. In FY18, HFS was unable to provide data we could use to test the redeterminations, and therefore, because we could not conduct additional testing, we stated the status of the recommendation was repeated in the FY18 audit report.

Illinois Public Act 101-0649 was passed, effective July 7, 2020, retroactive to March 1, 2020, which permitted HFS to take necessary actions to address the COVID-19 public health emergency, including suspending redeterminations during the period and for up to 12 months following the public health emergency's end. Additionally, HFS received federal approval to delay redeterminations in order to be compliant with the Families First Coronavirus Response Act. **HFS put redeterminations on hold as of March 2020.** Redeterminations will remain on hold until the public health emergency ends and HFS receives guidance on how to proceed (note: the public health emergency ended on May 11, 2023, after the end of fieldwork).

We conducted analysis on the population of enrollees that were required to have an annual redetermination of eligibility for FY19 and FY20 (see Exhibit 11). During FY19:

- 12,315 of the 25,907 (48%) annual redeterminations due were completed timely, and an additional 3,455 (13%) were completed within three to six months of the due date. There were 3,671 (14%) that were completed more than six months after the due date and 6,466 (25%) that were not completed.

During FY20:

- 14,783 of the 18,841 (78%) annual redeterminations due were completed timely, and an additional 452 (2%) were completed within three to six months of the due date. There were 47 (0.2%) that were completed more than six months after the due date and 3,559 (19%) that were not completed.

Exhibit 11  
**ANNUAL ELIGIBILITY REDETERMINATION TIMELINESS**  
 For FY19 and FY20

Fiscal Year	On Time	3-6 Months of Due Date	>6 Months of Due Date	Not Completed	Total Due <sup>1</sup>
2019	12,315 (48%)	3,455 (13%)	3,671 (14%)	6,466 (25%)	25,907 (100%)
2020	14,783 (78%)	452 (2%)	47 (0.2%)	3,559 (19%)	18,841 (100%)

Note:

<sup>1</sup> Percent totals may not add due to rounding.

Source: OAG analysis of DHS and HFS data.

If annual redeterminations of eligibility are not conducted, the State may provide services for non-eligible enrollees. Because **redeterminations were not conducted for 25 percent** of the population of enrollees with a redetermination of eligibility due during FY19, and **19 percent** of the population of enrollees with a redetermination of eligibility due during FY20, this recommendation is repeated. Because these enrollees are now covered by the existing Medical Assistance Program under Article V of the Public Aid Code, testing on these populations will occur during future State Compliance Examinations.

**REDETERMINATION OF ELIGIBILITY**

**RECOMMENDATION NUMBER**

**1**

*The Department of Healthcare and Family Services and the Department of Human Services should annually redetermine ALL KIDS eligibility as required by the Covering ALL KIDS Health Insurance Act.*

**HFS Response:**

The Department accepts the recommendation. The Department of Healthcare and Family Services will create a redetermination disposition report to help track and monitor required redeterminations. In addition, an automated extension will be implemented when a customer is deemed eligible for ex parte redetermination.

**DHS Response:**

The agency accepts the recommendation. While the Public Health Emergency (PHE) policies included the suspension of redeterminations, the agency has sought to continue efforts started previously to ensure that all redeterminations are completed in a timely manner. This has included increased head count of front-line workers, the creation of statewide processing centers, including one center focused specifically on redeterminations, and the creation of a new call center. Maintaining staffing levels will remain a management priority. With the unwinding of the PHE, medical redeterminations will recommence. Casework staff will receive refresher training specific to redetermination processing. In addition, the agency will work with HFS in the creation of a redetermination disposition report to assist in the tracking of medical redeterminations.

## ALL KIDS Eligibility Data

Enrollees receiving services after the month of their 19<sup>th</sup> birthday and enrollees that have multiple unique identification numbers have been issues identified in each of the previous 10 EXPANDED ALL KIDS audits, going back to FY09.

We identified 702 enrollees during FY19 that received services totaling \$528,553 after the month of their 19<sup>th</sup> birthday. For FY20 we identified 626 enrollees that received services totaling \$663,455 after the month of their 19<sup>th</sup> birthday. As part of the response to the public health emergency caused by COVID-19, enrollees exceeding the typical age limit were allowed to have continued coverage beginning on March 1, 2020. Therefore we could only conduct this analysis for the population of enrollees in the program from July 2018 through March 2020.

For all four fiscal years covered in this audit, FY19 through FY22, we identified enrollees that had multiple unique identification numbers. The number of duplicates ranged from a low of 112 identified during FY21, to a high of 202 identified during FY20.

### Eligibility Data Review

Due to a lack of internal controls to identify duplicate enrollees or enrollees that aged out of the program, auditors have identified issues associated with the eligibility data provided by HFS dating back to FY09. These issues included individuals who were older than 18 years of age and who are no longer eligible, and eligibility data which included duplicate enrollees with two different recipient identification numbers and/or different birth dates or addresses.

During our review of the FY19 through FY20 EXPANDED ALL KIDS eligibility data, we continued to find eligibility data contained individuals who were over the age of 18 and who were enrolled in ALL KIDS more than once.

We identified:

- In FY19 – 702 enrollees that received 4,904 services totaling \$528,553 after the month of their 19<sup>th</sup> birthday.
- In FY20 – 626 enrollees that received 6,107 services totaling \$663,455 after the month of their 19<sup>th</sup> birthday.

In the FY18 EXPANDED ALL KIDS audit, 689 enrollees were identified that received 3,638 services totaling \$475,813 after the month of their 19<sup>th</sup> birthday. The FY17 audit reported 134 enrollees. According to HFS, the reason for the increase during the FY18 audit was due to the changes taking place with fully converting to IES. However, the FY19 and FY20 numbers of enrollees that have received services after the month of their 19<sup>th</sup> birthday are in line with the 689 reported during the FY18 audit, which is drastically higher than the 134 enrollees found during the FY17 audit.

On July 7, 2020, Public Act 101-0649 was passed, effective immediately (retroactive to March 1, 2020), that permitted HFS to take necessary actions to address the COVID-19 public health emergency, including suspending changes that would adversely affect an applicant's or enrollee's eligibility, during the

period and for up to 12 months following the public health emergency’s end. **Therefore, enrollees that exceeded the typical age limit were permitted to remain covered under the ALL KIDS program beginning on March 1, 2020.** Because of these allowances, we did not review the relevant data from March 2020 through June 30, 2022.

We also identified:

- In FY19 – 191 enrollees with duplicate entries.
- In FY20 – 202 enrollees with duplicate entries.
- In FY21 – 112 enrollees with duplicate entries.
- In FY22 – 116 enrollees with duplicate entries.

If enrollees maintain eligibility after reaching the age of 19, or if enrollees have eligibility under more than one recipient identification number, the State may provide services for non-eligible enrollees.

Additionally, having enrollees that are enrolled more than once shows a lack of internal controls, and increases the risk for inaccurate reporting and claims processing. Therefore, this recommendation is repeated. Because these enrollees are now covered by the existing Medical Assistance Program under Article V of the Public Aid Code, testing on these populations will occur during future State Compliance Examinations.

ALL KIDS ELIGIBILITY DATA	
<b>RECOMMENDATION NUMBER</b>  <b>2</b>	<i>The Department of Healthcare and Family Services should have controls in place to ensure that its ALL KIDS eligibility data is accurate and reliable. This includes ensuring that enrollees over 18 years of age are identified as no longer eligible and ensuring that enrollees are not enrolled in ALL KIDS more than once.</i>
<b>HFS Response:</b> The Department accepts the recommendation. The Bureau of Eligibility Integrity will send a report to both DHS and HFS staff to address cases until programming in IES can be implemented.	



## Classification of Documented Immigrants

The misclassification of the immigrant status of EXPANDED ALL KIDS enrollees has been an issue in all 10 of the previous EXPANDED ALL KIDS audits, going back to FY09. In each of these audits, and in this audit, which covers FY19 through FY22, we have found documented immigrants, or citizens, have been incorrectly classified as undocumented. For this four year audit period, we identified a total of 5,513 of 111,722 (5%) undocumented enrollees that are potentially misclassified. If these enrollees were classified as undocumented in error, the State did not receive the eligible matching federal rate funds for FY19 through FY22. At a minimum, the State did not collect \$8.2 million in federal reimbursement for this time period.

FY19 had the highest number of undocumented enrollees potentially misclassified, 1,778 of 27,269 (6.5%), and FY21 had the lowest number of undocumented enrollees potentially misclassified, 1,117 of 25,317 (4.4%). This shows an improvement over prior audits. The FY18 EXPANDED ALL KIDS audit identified 4,204 potentially misclassified enrollees. However, because the misclassification of undocumented enrollees continues to be an issue, this recommendation is repeated.

### Potential Misclassification of Enrollees

The proper classification of immigration status has been an issue since the first EXPANDED ALL KIDS audit, which was for FY09 and was released in May 2010. Although HFS reported the miscoding of documented immigrants had been corrected in both FY12 and FY13, we found the EXPANDED ALL KIDS data continued to have enrollees who are incorrectly coded as “undocumented.” Although some of the inaccurate coding may have occurred due to incorrect electronic matching of social security numbers as was previously reported by HFS, we determined a lack of specific policies and procedures for caseworkers was also causing miscoding.

#### Loss of Federal Matching Funds

We found in past audits, and continue to find, EXPANDED ALL KIDS recipients coded as undocumented that should not be coded as undocumented. As a result, the State has lost federal matching Medicaid funds.

During testing of eligibility determinations for the FY18 audit, we determined HFS and DHS did not identify the correct citizenship status for enrollees, and as a result, the State was losing federal matching Medicaid funds. We found in past audits, and continue to find, EXPANDED ALL KIDS enrollees coded as undocumented that should not have been coded as undocumented. Many enrollees were coded as being U.S. citizens with verified social security numbers, alien registration numbers, or a combination of both.

According to DHS, “verified” means the social security number has been verified through an electronic match with the Social Security Administration. Enrollees coded as U.S. citizens with verified social security numbers and/or alien registration numbers appear to be citizens or documented immigrants and would, therefore, be eligible for federal matching funds.

For enrollees categorized by HFS and DHS as “undocumented,” we determined the FY18 eligibility data contained:

- 4,204 enrollees coded as undocumented who had social security numbers that were verified, of which 229 also had alien registration numbers; and
- 22 enrollees coded as undocumented who had alien registration numbers, but did not have verified social security numbers.

Exhibit 12 shows the total number of EXPANDED ALL KIDS enrollees at any point during FY19 through FY22, the total number of those enrollees classified as undocumented, and also the total number of the enrollees classified as undocumented that were also classified as U.S. citizens or had alien registration numbers. The total number of enrollees classified as undocumented remained relatively unchanged during the audit period, with a low of 25,317 during FY21, and a high of 33,589 during FY22. Similarly, the number of enrollees classified as undocumented that were also classified as U.S. citizens or had alien registration numbers remained steady, with a low of 1,117 during FY21, and a high of 1,778 during FY19.

If these enrollees were classified as undocumented in error, the State did not receive the eligible matching federal funds for FY19 through FY22. At a minimum, the State did not collect \$8.2 million in federal reimbursement for this time period. The FY18 EXPANDED ALL KIDS audit identified 4,204 enrollees classified as undocumented that also had a verified social security number. This shows there has been a significant improvement in the misclassification of enrollees since the last audit period. However, because the misclassification of enrollees continues to be an issue, this recommendation is repeated. Because these enrollees are now covered by the existing Medical Assistance Program under Article V of the Public Aid Code, testing on these populations will occur during future State Compliance Examinations.

**Exhibit 12**  
**ENROLLEES CLASSIFIED AS UNDOCUMENTED AND ALSO CLASSIFIED AS U.S. CITIZENS OR ASSIGNED ALIEN REGISTRATION NUMBERS**  
 For FY19 – FY22

	FY19	FY20	FY21	FY22
Enrollees at any point during FY	100,711	109,884	96,727	108,642
Undocumented Enrollees	27,269	25,547	25,317	33,589
- Classified as U.S. Citizen or had an Alien Registration Number	1,778	1,327	1,117	1,291
- % Classified as U.S. Citizen or had an Alien Registration Number	6.5%	5.2%	4.4%	3.8%

Source: ALL KIDS enrollee data provided by HFS.

## CLASSIFICATION OF DOCUMENTED IMMIGRANTS

### RECOMMENDATION NUMBER

# 3

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

- *ensure policies and procedures used to classify enrollees as documented immigrants or undocumented immigrants contain specific instructions for caseworkers to make accurate eligibility decisions;*
- *consider implementing an electronic edit within the Integrated Eligibility System (IES) that prevents enrollees with citizenship or immigration documentation from being classified as undocumented;*
- *ensure documented immigrants are classified correctly in the database; and*
- *ensure the State receives federal matching funds for all eligible enrollees and ensure that federal matching funds are not received for ineligible enrollees.*

#### HFS Response:

The Department accepts the recommendation. The Department of Healthcare and Family Services, Bureau of Eligibility Integrity, will create a report that identifies discrepancies between citizenship or immigration documentation and MANG P codes to be worked by DHS and HFS offices statewide.

#### DHS Response:

The agency accepts the recommendation. Through previous efforts, the overall number of potentially misclassified enrollees has been reduced substantially. The agency will continue to work to ensure that all enrollees are properly classified. Current policies and procedures will be reviewed to ensure that they contain specific instructions for caseworkers on how to apply the policy and make accurate eligibility determinations.

The agency will review with HFS the feasibility of future electronic edits within the Integrated Eligibility System (IES) to prevent enrollees with citizenship or immigration documentation from being classified as undocumented. As the unwinding of the Public Health Emergency progresses, a review will be made to ensure that immigrants are classified correctly.

## Eligibility Documentation

Supporting documentation for determinations of eligibility has been an issue identified by auditors in each of the previous 10 EXPANDED ALL KIDS audits, going back to FY09. However, during this audit period we were unable to conduct fieldwork testing in order to follow up on this recommendation.

On July 7, 2020, Illinois Public Act 101-0649 was passed, effective immediately (retroactive to March 1, 2020), that permitted HFS to take necessary actions to address the COVID-19 public health emergency. Several allowances were made in order to ensure adequate coverage during the public health emergency, resulting in less stringent requirements for eligibility. Additionally, HFS received federal approval to delay redeterminations in order to be compliant with the Families First Coronavirus Response Act. If fieldwork testing for eligibility or redeterminations was conducted on the fiscal years prior to the allowances granted by Public Act 101-0649, July 2018 through March 2020, the results would be anywhere from three to approximately five years old, and likely not a reflection of the current state of the processes in place. Because we were unable to follow up on this recommendation, this finding is repeated, and will be followed up on as part of future State Compliance Examinations.

### Initial Eligibility and Annual Redetermination of Eligibility

All 10 of the previous EXPANDED ALL KIDS audits found that, due to the way HFS implemented the Covering ALL KIDS Health Insurance Act, HFS and DHS did not obtain documentation to support eligibility in some instances. This included documentation for residency, birth, and income. As a result, auditors could not determine whether eligibility was determined correctly by HFS and DHS.

On July 7, 2020, Illinois Public Act 101-0649 was passed, effective immediately (retroactive to March 1, 2020), that permitted HFS to take necessary actions to address COVID-19, including:

- suspending redeterminations,
- allowing presumptive eligibility,
- accepting an applicant's or recipient's attestation of income when electronic verification is unavailable,
- accepting an applicant's or recipient's attestation of incurred medical expenses when electronic verification is unavailable,
- accepting an applicant's or recipient's attestation of residency when electronic verification is unavailable,
- accepting an applicant's or recipient's attestation of insured status when electronic verification is unavailable, and
- eliminating resource tests for some eligibility determinations during the period and for up to 12 months following the public health emergency's end.

Additionally, HFS received federal approval to delay redeterminations in order to be compliant with the Families First Coronavirus Response Act. HFS put redeterminations on hold as of March 2020 and has truncated verification procedures by only requiring one paystub for income verification; previously one month's worth of income from all income sources was required.

HFS and DHS attempt to determine eligibility for undocumented immigrants using various data matching techniques to determine residency, income, and citizenship/immigration status. Because by definition these children and their parents are undocumented, IES cannot be used to determine eligibility. If these enrollees had the social security numbers needed for the electronic matching component, these enrollees would not be eligible for the EXPANDED ALL KIDS program unless they are eligible for Premium Level 2. Undocumented enrollees in Assist, Share, or Premium Level 1 with verified social security numbers would be eligible for Title XIX (Medicaid) and would not be included as part of this audit. Therefore, electronic data matches and searches based on social security numbers are ineffective for the undocumented segment of this population. In past audits, auditors along with DHS officials would search through scanned documentation in order to determine residency, birth/age, income, and citizenship/immigration status for this population.

However, meaningful fieldwork testing cannot be conducted for initial eligibility or annual redetermination of eligibility on the most current fiscal year because of allowances made to address the public health emergency due to COVID-19. If fieldwork testing for eligibility or redeterminations was conducted on the fiscal years prior to the allowances granted by Public Act 101-0649, July 2018 through March 2020, the results would be anywhere from three to approximately five years old, and likely not a reflection of the current state of the processes in place. Because these enrollees are now covered by the existing Medical Assistance Program under Article V of the Public Aid Code, testing on these populations will occur during future State Compliance Examinations.

#### ELIGIBILITY DOCUMENTATION

#### RECOMMENDATION NUMBER

**4**

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

- *ensure all necessary eligibility documentation to support residency and birth/age is received in order to ensure eligibility is determined accurately; and*
- *ensure one month's worth of income verification is reviewed for determining eligibility.*

#### HFS Response:

The Department accepts the recommendation. The Department of Healthcare and Family Services will reinstate all verification documentation required twelve months following the end of the Public Health Emergency. Currently attestation is accepted when electronic verification is not available.

**DHS Response:**

The agency accepts the recommendation. While the Public Health Emergency policies (PHE) prevented the auditors from being able to do current testing of exceptions previously found in this area, the agency will continue to make it a priority to ensure that all appropriate eligibility documentation is being retained.

In the current unwinding of the Public Health Emergency (PHE), specific income verification policies and procedures are in place and the agency will work cooperatively with HFS to ensure that the current policies and procedures are adequately communicated, and that all future changes, as the unwinding progresses, are made available for processing staff. The agency will work with HFS in updating medical worker training to incorporate future policy changes as the PHE ends.

## Policies Covering Orthodontic Treatment

During the FY17 EXPANDED ALL KIDS audit, we found that the Dental Policy Review Committee membership requirements were not met and there was an unbalanced representation of committee members. We also found that HFS was not effectively monitoring the EXPANDED ALL KIDS enrollees receiving care under the MCO part of the program and ensuring the State's dental administrator subcontractors were following the same requirements in the new Administrative Code and using the scoring tool for these enrollees. HFS did not have sufficient time to address this updated recommendation in FY18 and the updates made by HFS were not made until FY19; therefore, we followed up on the FY17 recommendation during this audit period.

During this audit period, FY19 through FY22, we found that the Dental Policy Review Committee membership requirements were met, and every meeting held also had a quorum. The committee failed to meet quarterly as required during Calendar Years 2019 and 2020; however, for Calendar Years 2021 and 2022, the committee held quarterly meetings and met this requirement.

During the FY17 audit, we determined HFS was not effectively monitoring the EXPANDED ALL KIDS enrollees receiving orthodontia care under the MCO part of the program. As a result, we recommended that HFS needed to more effectively monitor the EXPANDED ALL KIDS orthodontic enrollees receiving care under the MCO part of the program and ensure that these enrollees were receiving the same access to services as the enrollees receiving care under the fee-for-service (FFS) part of the program. During this audit period, we found the ratio of initial placements compared to current enrollees is consistent for both the MCO and FFS portions of the program. This illustrates that the MCOs and FFS both appear to be utilizing the scoring tool used for orthodontics similarly. Therefore, the recommendation to ensure the enrollees under the MCO portion of the program are receiving the same access to orthodontic services as the enrollees under the FFS portion of the program is not repeated.

### EXPANDED ALL KIDS FY17 Orthodontics Findings

In FY17, HFS updated the Administrative Code (89 Ill. Adm. Code 140.421) and scoring tool related to orthodontics. HFS officials noted the new Administrative Code and scoring tool addressed problems identified in the previous audit recommendation. Effective January 19, 2017, medically necessary orthodontic treatment became approved only for patients under the age of 21 and defined as:

- Treatment necessary to correct a condition that scores 28 points or more on the Handicapping Labio-Lingual Deviation Index; or
- Treatment necessary to correct the following conditions: (i) cleft palate, (ii) deep impinging bite with signs of tissue damage (not just touching palate), (iii) anterior crossbite with gingival recession, (iv) severe traumatic deviation (i.e. accidents, tumors, etc.), and (v) impacted maxillary incisor.

During the FY17 audit, we determined HFS was not effectively monitoring the EXPANDED ALL KIDS enrollees receiving orthodontia care under the MCO part of the program and ensuring that the State's dental administrator subcontractors were following the same requirements in the new Administrative

Code and using the scoring tool for these enrollees. As a result, we recommended that HFS needs to more effectively monitor the EXPANDED ALL KIDS orthodontic enrollees receiving care under the MCO part of the program and ensure that these enrollees are receiving the same access to services as the orthodontic enrollees receiving care under the FFS part of the program.

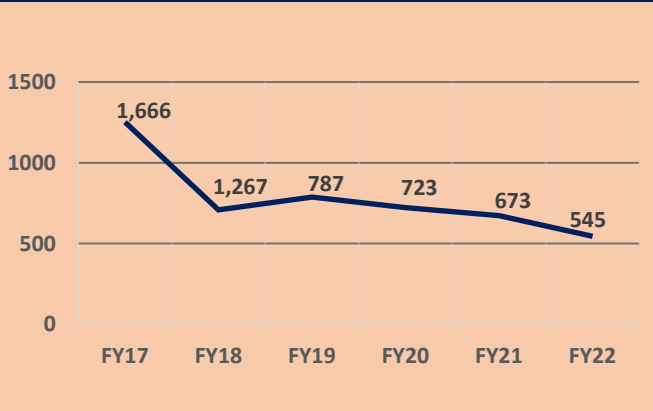
For the other part of the updated FY17 orthodontics recommendation, we found that the Dental Policy Review Committee membership requirements were not met and there was an unbalanced representation of committee members. According to the Dental Policy Review Committee bylaws, about half of the members should have been represented by dentists/hygienists and about half of the members should have been represented by appointments from HFS. Since four of the seven appointed members were missing, we determined there was an unbalance of representation for those being appointed by HFS. Therefore, we recommended that HFS review the membership requirements for the Dental Policy Review Committee and update the bylaws accordingly.

HFS did not have sufficient time to address this updated recommendation in FY18 and the updates made by HFS were not made until FY19; therefore, we followed up on the FY17 recommendation during this audit period.

**Dental Policy Review Committee**

We reviewed the updated Dental Policy Review Committee bylaws, which included updated membership requirements. We found the membership requirements were met for FY19 through FY22, and every meeting held also had a quorum. The committee failed to meet quarterly as required during Calendar Years 2019 and 2020; however, for Calendar Years 2021 and 2022, the committee held quarterly meetings and met this requirement.

Exhibit 13  
**TOTAL NUMBER OF EXPANDED ALL KIDS INITIAL ORTHODONTIC PLACEMENTS**  
 For FY17 – FY22



Note: This includes the total number of EXPANDED ALL KIDS initial orthodontic placements for FFS and MCO programs. The data used for this exhibit is unaudited.

Source: ALL KIDS orthodontic data provided by HFS.

**Initial Orthodontic Placements**

We reviewed the FY19 through FY22 orthodontia data from HFS. As shown in Exhibit 13, the total number of initial orthodontic placements has continued to decline. During FY17, the number of initial orthodontic placements was 1,666. During FY22 the number of initial orthodontic placements dropped to 545, or a decrease of 67 percent. The chart includes the total number initial orthodontic placements for both the MCO program and the FFS part of the program.



The ratio of initial placements compared to current enrollees is consistent for both the MCO and FFS portions of the program for each fiscal year, as shown in Exhibit 14. This illustrates that the MCOs and FFS both appear to be utilizing the scoring tool used for orthodontics similarly. Therefore, the recommendation to

ensure the enrollees under the MCO portion of the program are receiving the same access to orthodontic services as the enrollees under the FFS portion of the program is not repeated.

**Exhibit 14**  
**ENROLLEES RECEIVING ORTHODONTIC SERVICES**  
 For FY17 - FY22

		Initial Placements	%	Current Enrollees	%
<b>FY17</b>	FFS	858	52%	6,579	51%
	MCO	808	48%	6,273	49%
<b>FY18</b>	FFS	585	46%	5,275	46%
	MCO	682	54%	6,268	54%
<b>FY19</b>	FFS	270	34%	3,501	34%
	MCO	517	66%	6,671	66%
<b>FY20</b>	FFS	214	30%	2,773	32%
	MCO	509	70%	5,890	68%
<b>FY21</b>	FFS	191	28%	2,320	30%
	MCO	482	72%	5,359	70%
<b>FY22</b>	FFS	134	25%	1,587	28%
	MCO	411	75%	4,147	72%

**Current Orthodontic Enrollees**

Exhibit 14 shows the majority of enrollees receiving orthodontic care are now enrolled under the MCO portion of the program. During FY17, 51 percent of the enrollees were enrolled under the FFS portion of the program, and 49 percent of the enrollees were enrolled under the MCO portion. During FY22, 28 percent of the enrollees were under the FFS portion of the program, and 72 percent of the enrollees were enrolled under the MCO portion of the program.

Note: The data used for this exhibit is unaudited.  
 Source: ALL KIDS orthodontic data provided by HFS.



## Appendix A

# Covering ALL KIDS Health Insurance Act

(215 ILCS 170/63)

Sec. 63. Audits by the Auditor General. The Auditor General shall cause an audit to be made of the Program on or before June 30, 2022 and every three years 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. 101-272, eff. 8-9-19.)

(215 ILCS 170/6) Public Act 102-0043

Sec. 6. Act inoperative. This Act is inoperative if (i) the Department of Healthcare and Family Services receives federal approval to make children younger than 19 who have countable income at or below 313% of the federal poverty level eligible for medical assistance under Article V of the Illinois Public Aid Code and (ii) the Department, upon federal approval, transitions children eligible for health care benefits under this Act into the medical assistance program established under Article V of the Illinois Public Aid Code.

(Source: P.A. 102-0043, eff. 7-6-21.)

## Appendix B

# 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 directed the Office of the Auditor General to annually conduct 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. This is the eleventh audit directed by the Covering ALL KIDS Health Insurance Act.

Public Act 101-0272, effective on August 9, 2019, amended the Covering ALL KIDS Health Insurance Act and now requires the Auditor General to perform an audit of the program on or before June 30, 2022, and every 3 years thereafter (rather than annually). Public Act 101-0272 also changed the repeal date for the Covering ALL KIDS Health Insurance Act from October 1, 2019, to October 1, 2024. Because of the timing of when the Public Act was passed, this audit covers a four year period from July 1, 2018, through June 30, 2022.

On April 24, 2020, the Department of Healthcare and Family Services (HFS) received an approval letter from the federal Centers for Medicare and Medicaid Services for State Plan Amendment 20-0004. The letter also allowed for a retroactive effective date for the State Plan Amendment beginning on March 1, 2020. The approved State Plan Amendment allowed for less restrictive eligibility requirements in order to address the COVID-19 outbreak. On July 7, 2020, Public Act 101-0649 was enacted by the Illinois General Assembly. The Public Act allowed HFS to take necessary measures in order to allow for coverage during the COVID-19 public health emergency, and extend those measures for up to 12 months after the period ends.

Compared to prior audits, part of fieldwork testing was not conducted during this audit period because of the public health emergency due to COVID-19. As discussed previously, beginning in March 2020, several allowances were made in order to ensure adequate coverage during the COVID-19 outbreak. Amongst these allowances were accepting attestation of income and other required criteria if it was not available electronically, presumptive eligibility, and the suspension of redeterminations until the end of the public health emergency was declared. As of the end of this audit period, June 30, 2022, the public health emergency was still in effect. Because of the allowances made for ensuring adequate coverage,

testing these populations would not provide meaningful results. Furthermore, based on discussions with DHS and HFS officials, redeterminations were suspended beginning in March 2020 in order to ensure continued coverage. If fieldwork testing for eligibility or redeterminations was conducted on the fiscal years prior to the allowances granted by Public Act 101-0649, specifically, July 2018 through March 2020, the results would be anywhere from three to approximately five years old, and likely not a reflection of the current state of the processes in place. Auditors determined that detailed case testing would not provide useful information and would not be an efficient use of State resources.

We requested and reviewed the relevant data, and other documentation, in order to follow up on the prior audits' recommendations to the extent possible. For findings related to initial eligibility and annual redeterminations of eligibility, we limited our review to the time period of July 2018 through March 2020 in order to have results that would be congruent with the parameters of prior EXPANDED ALL KIDS audits. Eligibility and annual redeterminations data for the time period March 2020 through June 30, 2022, was not reviewed as a part of this audit for the reasons outlined previously.

Auditors conducted analysis of data provided by the Department of Human Services and the Department of Healthcare and Family Services, including data regarding federal reimbursement, total enrollees, costs of services, enrollee redeterminations, and applicant eligibility. Auditors calculated the differences between fiscal periods in terms of federal monetary reimbursement, total enrollment and enrollment by plan, total cost of services and cost of services by plan and service category, and cost of services versus premiums collected in order to arrive at the estimated total cost to the state.

In regards to prior-year audit recommendation follow-up, auditors analyzed the eligibility redetermination data for the audit period prior to the effective date of Illinois Public Act 101-0649 (March 1, 2020). Auditors received the population of EXPANDED ALL KIDS enrollees during that time and compared when the last redetermination of eligibility was conducted, when the subsequent redetermination was due, and whether the redetermination was conducted or, in cases where the redetermination was conducted but conducted late, how late the redetermination was compared to the due date. Any issues identified are contained within the audit report.

Auditors also received EXPANDED ALL KIDS eligibility data and utilized the birthdate data therein to assess the number of enrollees that received services after the month of their 19<sup>th</sup> birthday prior to the effective date of Illinois Public Act 101-0649 (March 1, 2020), along with the number of services and the cost of those services. Using the data overall, auditors also checked for enrollees that had duplicate entries within the data. In addition auditors received data regarding the documentation and citizenship status of enrollees and compared the citizenship classification of enrollees to the United States citizen verification information, and immigration status information associated with the enrollee. Any issues identified are contained within the audit report.

Auditors also received data for the orthodontia portion of the program. Auditors reviewed the relevant bylaws and also analyzed the number of initial placements and current enrollees, sorted by whether they were enrolled under the MCO or FFS portion of the program, and compared the numbers between fiscal years.

**Exit Conference**

HFS and DHS were provided the confidential draft report. An exit conference was held with each agency on May 25, 2023. The attendees and their respective agencies and job titles are listed on the following page.

Exit Conference		May 25, 2023
Agency	Name and Title	
<b>Department of Healthcare and Family Services</b>	<ul style="list-style-type: none"> <li>• Jamie Nardulli, Chief Internal Auditor</li> <li>• Amy Lyons, External Audit Liaison</li> <li>• Jacqueline Myers, Bureau Chief of Eligibility and Integrity</li> <li>• Tracy Keen, Acting Administrator, Division of Eligibility</li> <li>• George Jacaway, All Kids, Chief/Acting Deputy Administrator</li> <li>• Angela Defenbaugh, Bureau of All Kids Enrollment Supervisor</li> <li>• Phronsie Spaulding, Audit Coordinator</li> </ul>	
<b>Illinois Office of the Auditor General</b>	<ul style="list-style-type: none"> <li>• Patrick Rynders, Audit Manager</li> <li>• Geoffrey Piehl, Audit Supervisor</li> <li>• Angela Coleman, Audit Staff</li> <li>• Michael Haskins, Audit Staff</li> <li>• Kody Freeman, Audit Staff</li> </ul>	

Exit Conference		May 25, 2023
Agency	Name and Title	
<b>Department of Human Services</b>	<ul style="list-style-type: none"> <li>• Grace Hou, DHS Secretary</li> <li>• John Schomberg, DHS General Counsel</li> <li>• Timothy Gehant, Deputy General Counsel</li> <li>• Amy Macklin, Chief Internal Auditor</li> <li>• Albert Okwuegbunam, Audit Liaison</li> <li>• Christopher Finley, Audit Liaison</li> <li>• Dulce Quintero, Assistant Secretary of Operations</li> <li>• Jamie Severino, Bureau Chief, Performance Management</li> <li>• Leslie Cully, Associate Director, FCS</li> <li>• Barrett Sheeley, Social Services Program Planner (Audit Liaison FCS)</li> <li>• Katherine Fromme, Social Services Program Planner (Audit Liaison FCS)</li> <li>• Elizabeth Lusk, Social Services Program Planner (Audit Liaison FCS)</li> </ul>	
<b>Illinois Office of the Auditor General</b>	<ul style="list-style-type: none"> <li>• Patrick Rynders, Audit Manager</li> <li>• Geoffrey Piehl, Audit Supervisor</li> <li>• Angela Coleman, Audit Staff</li> <li>• Michael Haskins, Audit Staff</li> <li>• Kody Freeman, Audit Staff</li> </ul>	

**Appendix C****215 ILCS 170/8 (Public Act 101-0649)  
COVID-19 Public Health Emergency**

(215 ILCS 170/8)

Sec. 8. COVID-19 public health emergency. Notwithstanding any other provision of this Act, the Department may take necessary actions to address the COVID-19 public health emergency to the extent such actions are required, approved, or authorized by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services. Such actions may continue throughout the public health emergency and for up to 12 months after the period ends, and may include, but are not limited to: accepting an applicant's or recipient's attestation of income, incurred medical expenses, residency, and insured status when electronic verification is not available; eliminating resource tests for some eligibility determinations; suspending redeterminations; suspending changes that would adversely affect an applicant's or recipient's eligibility; phone or verbal approval by an applicant to submit an application in lieu of applicant signature; allowing adult presumptive eligibility; allowing presumptive eligibility for children, pregnant women, and adults as often as twice per calendar year; paying for additional services delivered by telehealth; and suspending premium and co-payment requirements.

The Department's authority under this Section shall only extend to encompass, incorporate, or effectuate the terms, items, conditions, and other provisions approved, authorized, or required by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, and shall not extend beyond the time of the COVID-19 public health emergency and up to 12 months after the period expires.

(Source: P.A. 101-0649, eff. 7-7-20.)



## Appendix D

## Total Cost of Service by Category of Service FY19 – FY22

FY22 EXPANDED ALL KIDS Program

**TOTAL COST OF SERVICES PROVIDED BY CATEGORY OF SERVICE**

Totaling more than \$1 million

Category of Service	Total FY22 Cost	Percent of Total FY22 Cost
1. Capitation Services	\$45,649,561	30%
2. Pharmacy Services (Drug and OTC)	\$28,694,730	19%
3. Outpatient Services (General)	\$17,884,543	12%
4. Inpatient Hospital Services (General)	\$11,782,634	8%
5. Physician Services	\$9,835,033	6%
6. General Clinic Services	\$6,313,189	4%
7. Dental Services	\$5,935,635	4%
8. Inpatient Hospital Services (Psychiatric)	\$2,853,442	2%
9. Emergency Ambulance Transportation	\$2,648,116	2%
10. Clinical Laboratory Services	\$2,553,500	2%
11. Healthy Kids Services	\$2,472,437	2%
12. Mental Health Rehab Option Services	\$2,328,590	2%
13. Nursing Service	\$2,104,678	1%
14. Speech Therapy/Pathology Services	\$1,894,001	1%
15. Nurse Practitioners Services	\$1,470,806	1%
16. Medical Supplies	\$1,271,328	1%
<b>Total for categories costing &gt; than \$1 million<sup>1</sup></b>	<b>\$145,692,223</b>	<b>95%</b>
Other categories totaling < than \$1 million	\$7,878,396	5%
<b>Total Cost for all Categories of Service<sup>1</sup></b>	<b>\$153,570,620</b>	<b>100%</b>

Notes:

<sup>1</sup> Totals may not add due to rounding.

Source: FY22 ALL KIDS data provided by HFS.

FY21 EXPANDED ALL KIDS Program  
**TOTAL COST OF SERVICES PROVIDED BY CATEGORY OF SERVICE**  
 Totaling more than \$1 million

Category of Service	Total FY21 Cost	Percent of Total FY21 Cost
1. Capitation Services	\$36,526,166	27%
2. Pharmacy Services (Drug and OTC)	\$24,907,146	19%
3. Outpatient Services (General)	\$15,622,296	12%
4. Inpatient Hospital Services (General)	\$11,156,613	8%
5. Physician Services	\$7,810,270	6%
6. Dental Services	\$6,976,999	5%
7. General Clinic Services	\$5,123,854	4%
8. Inpatient Hospital Services (Psychiatric)	\$3,273,496	2%
9. Healthy Kids Services	\$2,690,303	2%
10. Mental Health Rehab Option Services	\$2,683,072	2%
11. Nursing Service	\$2,186,668	2%
12. Speech Therapy/Pathology Services	\$2,108,744	2%
13. Clinical Laboratory Services	\$1,520,788	1%
14. Medical Supplies	\$1,465,143	1%
15. Emergency Ambulance Transportation	\$1,175,872	1%
<b>Total for categories costing &gt; than \$1 million<sup>1</sup></b>	<b>\$125,227,431</b>	<b>93%</b>
Other categories totaling < than \$1 million	\$9,237,025	7%
<b>Total Cost for all Categories of Service<sup>1</sup></b>	<b>\$134,464,456</b>	<b>100%</b>

## Notes:

<sup>1</sup>Totals may not add due to rounding.

Source: FY21 ALL KIDS data provided by HFS.

FY20 EXPANDED ALL KIDS Program  
**TOTAL COST OF SERVICES PROVIDED BY CATEGORY OF SERVICE**  
 Totaling more than \$1 million

Category of Service	Total FY20 Cost	Percent of Total FY20 Cost
1. Capitation Services	\$29,817,543	26%
2. Pharmacy Services (Drug and OTC)	\$22,640,901	19%
3. Inpatient Hospital Services (General)	\$10,434,428	9%
4. Outpatient Services (General)	\$9,174,188	8%
5. Physician Services	\$7,531,828	6%
6. Dental Services	\$6,101,092	5%
7. General Clinic Services	\$4,897,120	4%
8. Healthy Kids Services	\$3,409,742	3%
9. Inpatient Hospital Services (Psychiatric)	\$2,717,571	2%
10. Mental Health Rehab Option Services	\$2,478,739	2%
11. Speech Therapy/Pathology Services	\$2,366,338	2%
12. Nursing Service	\$1,895,773	2%
13. Medical Supplies	\$1,365,935	1%
14. Physical Therapy Services	\$1,117,720	1%
15. Medical Equipment/Prosthetic Devices	\$1,020,643	1%
<b>Total for categories costing &gt; than \$1 million<sup>1</sup></b>	<b>\$106,969,560</b>	<b>92%</b>
Other categories totaling < than \$1 million	\$9,926,156	8%
<b>Total Cost for all Categories of Service<sup>1</sup></b>	<b>\$116,895,715</b>	<b>100%</b>

## Notes:

<sup>1</sup>Totals may not add due to rounding.

Source: FY20 ALL KIDS data provided by HFS.

FY19 EXPANDED ALL KIDS Program  
**TOTAL COST OF SERVICES PROVIDED BY CATEGORY OF SERVICE**  
 Totaling more than \$1 million

Category of Service	Total FY19 Cost	Percent of Total FY19 Cost <sup>1</sup>
1. Capitation Services	\$31,139,710	27%
2. Pharmacy Services (Drug and OTC)	\$20,392,999	18%
3. Inpatient Hospital Services (General)	\$11,091,276	10%
4. Outpatient Services (General)	\$9,024,324	8%
5. Physician Services	\$7,154,381	6%
6. Dental Services	\$7,095,609	6%
7. Healthy Kids Services	\$5,454,537	5%
8. General Clinic Services	\$4,338,995	4%
9. Speech Therapy/Pathology Services	\$2,707,455	2%
10. Inpatient Hospital Services (Psychiatric)	\$2,564,905	2%
11. Mental Health Rehab Option Services	\$1,707,560	1%
12. Nursing Service	\$1,287,218	1%
13. Medical Supplies	\$1,148,701	1%
14. Waiver Service	\$1,121,248	1%
15. Physical Therapy Services	\$1,030,581	1%
<b>Total for categories costing &gt; than \$1 million<sup>1</sup></b>	<b>\$107,259,499</b>	<b>93%</b>
Other categories totaling < than \$1 million	\$8,701,799	8%
<b>Total Cost for all Categories of Service<sup>1</sup></b>	<b>\$115,961,298</b>	<b>100%</b>

## Notes:

<sup>1</sup> Totals may not add due to rounding.

Source: FY19 ALL KIDS data provided by HFS.

## Appendix E

# Agency Responses



**JB Pritzker, Governor**  
**Theresa Eagleson, Director**

201 South Grand Avenue East  
Springfield, Illinois 62763-0002

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

June 1, 2023

Honorable Frank J. Mautino  
Auditor General  
740 East Ash  
Springfield, IL 62703

Dear Auditor General Mautino:

The Department of Healthcare and Family Services (HFS) appreciates the work performed by your office in conducting the audit of the "Covering ALL KIDS Health Insurance Program".

Enclosed with this letter are detailed responses that address each of the recommendations.

If you have any questions or comments about our responses to the recommendations, please contact Amy Lyons, External Audit Liaison, at (217) 558-4347 or through email at [amy.lyons@illinois.gov](mailto:amy.lyons@illinois.gov).

Sincerely,

**SIGNED ORIGINAL ON FILE**

Theresa Eagleson  
Director

Enclosure

**Attachment Responses****Report: Covering ALL KIDS Health Insurance Program****Recommendation Number 1: Redetermination of Eligibility**

The Department of Healthcare and Family Services and the Department of Human Services should annually redetermine ALL KIDS eligibility as required by the Covering ALL KIDS Health Insurance Act.

**Response:**

The Department accepts the recommendation. The Department of Healthcare and Family Services will create a redetermination disposition report to help track and monitor required redeterminations. In addition, an automated extension will be implemented when a customer is deemed eligible for ex parte redetermination.

**Recommendation Number 2: All Kids Eligibility Data**

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

**Response:**

The Department accepts the recommendation. The Bureau of Eligibility Integrity will send a report to both DHS and HFS staff to address cases until programming in IES can be implemented.

**Recommendation Number 3: Classification of Documented Immigrants**

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

- ensure policies and procedures used to classify enrollees as a documented immigrant or undocumented immigrant contain specific instructions for caseworkers to make accurate eligibility decisions.
- consider implementing an electronic edit within the Integrated Eligibility System (IES) that prevents enrollees with citizenship or immigration documentation from being classified as undocumented.
- ensure documented immigrants are classified correctly in its database.
- ensure the State receives federal matching funds for all eligible enrollees and ensure that federal matching funds are not received for ineligible enrollees.

**Response:** The Department accepts the recommendation. The Department of Healthcare and Family Services, Bureau of Eligibility Integrity, will create a report that identifies discrepancies between citizenship or immigration documentation and MANG P codes to be worked by DHS and HFS offices statewide.

**Recommendation Number 4: Eligibility Documentation**

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

- ensure all necessary eligibility documentation to support residency and birth/age is received in order to ensure eligibility is determined accurately; and
- ensure one month's worth of income verification is reviewed for determining eligibility.

**Response:**

The Department accepts the recommendation. The Department of Healthcare and Family Services will reinstate all verification documentation required twelve months following the end of the Public Health Emergency. Currently attestation is accepted when electronic verification is not available.



**JB Pritzker**, Governor

**Grace B. Hou**, Secretary

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

May 26, 2023

Patrick Rynders, Audit Manager  
Office of The Auditor General  
Iles Park Plaza  
740 East Ash  
Springfield, Illinois 62703-3154

Dear Mr. Rynders:

Attached, please find the Department's official responses to the findings identified during the tenth annual audit of the Covering ALL KIDS Health Insurance program.

Please review the attached Departmental responses and let me know if you have any questions or concerns.

You can reach me at [Amy.Macklin@Illinois.gov](mailto:Amy.Macklin@Illinois.gov) or (217) 720-9370.

Sincerely,

**SIGNED ORIGINAL ON FILE**

Amy Macklin, CPA  
Chief Internal Auditor

cc: Tim Verry, Director Division of Family and Community Services  
Grace Hou, Secretary



**RECOMMENDATION-1: REDETERMINATION OF ELIGIBILITY.****AUDIT RECOMMENDATION:**

The Department of Healthcare and Family Services and the Department of Human Services should annually redetermine ALL KIDS eligibility as required by the Covering ALL KIDS Health Insurance Act.

**DEPARTMENT RESPONSE:**

The agency accepts the recommendation. While the Public Health Emergency (PHE) policies included the suspension of redeterminations, the agency has sought to continue efforts started previously to ensure that all redeterminations are completed in a timely manner. This has included increased head count of front-line workers, the creation of statewide processing centers, including one center focused specifically on redeterminations, and the creation of a new call center. Maintaining staffing levels will remain a management priority. With the unwinding of the PHE, medical redeterminations will recommence. Casework staff will receive refresher training specific to redetermination processing. In addition, the agency will work with HFS in the creation of a redetermination disposition report to assist in the tracking of medical redeterminations.

**RECOMMENDATION-3: CLASSIFICATION OF DOCUMENTED IMMIGRANTS****AUDIT RECOMMENDATION**

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

- ensure policies and procedures used to classify enrollees as a documented immigrant or undocumented immigrant contain specific instructions for caseworkers to make accurate eligibility decisions;
- consider implementing an electronic edit within the Integrated Eligibility System (IES) that prevents enrollees with citizenship or immigration documentation from being classified as undocumented;
- ensure documented immigrants are classified correctly in its database; and
- ensure the State receives federal matching funds for all eligible enrollees and ensure that federal matching funds are not received for ineligible enrollees.

**DEPARTMENT RESPONSE:**

The agency accepts the recommendation. Through previous efforts, the overall number of potentially misclassified enrollees has been reduced substantially. The agency will continue to work to ensure that all enrollees are properly classified. Current policies and procedures will be reviewed to ensure that they contain specific instructions for caseworkers on how to apply the policy and make accurate eligibility determinations.

The agency will review with HFS the feasibility of future electronic edits within the Integrated Eligibility System (IES) to prevent enrollees with citizenship or immigration documentation from being classified as undocumented. As the unwinding of the Public Health Emergency progresses, a review will be made to ensure that immigrants are classified correctly.

#### **RECOMMENDATION-4: ELIGIBILITY DOCUMENTATION**

##### **AUDIT RECOMMENDATION**

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

- ensure all necessary eligibility documentation to support residency and birth/age is received in order to ensure eligibility is determined accurately; and
- ensure one month's worth of income verification is reviewed for determining eligibility.

##### **DEPARTMENT RESPONSE:**

The agency accepts the recommendation. While the Public Health Emergency policies (PHE) prevented the auditors from being able to do current testing of exceptions previously found in this area, the agency will continue to make it a priority to ensure that all appropriate eligibility documentation is being retained.

In the current unwinding of the Public Health Emergency (PHE), specific income verification policies and procedures are in place and the agency will work cooperatively with HFS to ensure that the current policies and procedures are adequately communicated, and that all future changes, as the unwinding progresses, are made available for processing staff. The agency will work with HFS in updating medical worker training to incorporate future policy changes as the PHE ends.



