

Medi-Cal Fee-For-Service Access Analysis: *Hospital Outpatient & Hospital Inpatient Services*

The California Department of Health Care Services (DHCS) developed this paper in conjunction with the Department's State Plan Amendments to reduce hospital outpatient and certain hospital inpatient provider payments.

Overview of Approach

DHCS's assessment of the state of access to these hospital outpatient and hospital inpatient services in Medi-Cal FFS is based on evaluating available data for the and focuses on the two key areas of utilization and provider availability. Specifically our analysis includes looking at three measures

1. 3-Year trends in enrollment
2. 3-year trends in utilization per 1,000 eligible member months
3. Trends in provider participation rate

Our assessment includes analyzing the identified data elements both statewide and by two county-based geographic groupings (metropolitan and non-metropolitan). This enabled DHCS to analyze the availability of services both statewide and in similar county regions.

In addition to the above measures, DHCS has also included in this analysis information on the contracting status of the hospitals statewide as it relates to inpatient hospital services, as well as information on the concentration of inpatient hospital services in contracting facilities.

Methodology

Data Sources

For this assessment, DHCS used the best data currently available. The data for the analyses were from three state sources. For utilization information, we utilized data from DHCS administered Medi-Cal '35' paid claims files for calendar years 2007-2009. The Medi-Cal claim files consist of detailed records reflecting payments and services rendered to beneficiaries. We utilized data for 2007 to 2009 to enable a three-year trend analysis using the most complete data available.

We pulled the data on eligible member months from the Medi-Cal MEDS Eligibility System for the same three-year period of 2007 to 2009. A Monthly Medi-Cal Eligibility File (MMEF) is created from this MEDS data system, which contains observations reflecting the benefit history for anyone who received Medi-Cal or other state program benefits in the current and previous twelve months.

Finally, the data on the participating providers were obtained from the OSHPD Hospital Annual Financial Disclosure reports. Additionally, the information on the number of

contracting facilities and the concentration of inpatient care in contracting facilities was obtained from the California Medical Assistance Commission.

Geographic Grouping

In our analysis, we looked at utilization and provider availability statewide, as well as by two separate geographic groups: Metropolitan and Non-Metropolitan Counties. These county groups are defined in the same manner as in the other access analyses. DHCS developed the Metropolitan and Non-Metropolitan county groups by using the ERS Rural-Urban Continuum Codes. The Rural-Urban Continuum Codes are calculated by examining the size of a county and its proximity to a metropolitan area. Rural-Urban Continuum Codes form a classification scheme that distinguishes metropolitan counties by the population size of their metro area, and nonmetropolitan counties by degree of urbanization and adjacency to a metro area or areas.

Description of Measures

DHCS chose the three measures included in this analysis based on available data and because they provided the best means of creating a picture of provider availability and Medi-Cal utilization.

1. **3-Year Trends in Enrollment:** An important factor in understanding the other measures and what they represent is considering how enrollment has changed over time. We examined the total number of eligible member months by different Medi-Cal subgroups during the 2007 to 2009 period.
2. **3-Year Trends in Utilization per 1,000 Member Months:** We examined the volume of care received by Medi-Cal beneficiaries in a 3-year time period, as well as compared various types of service used by different Medi-Cal eligibility subgroups. Data for examining Medi-Cal utilization come from two sources: program enrollment data and claims data. DHCS compiled three years of claims data (calendar years 2007 through 2009) reflecting Medi-Cal beneficiaries' service use. For each of the service areas, healthcare utilization rates were calculated per 1,000 beneficiaries overall as well as using broad age groupings (adult vs. child) and aid codes as a proxy for health and disability status.
3. **Trends in Total Participating Providers:** We analyzed how many providers the FFS Medi-Cal only population had access to by utilizing information on how many hospital providers reported providing services in Medi-Cal FFS.

State of Access in Medi-Cal FFS

Enrollment Trends

An important component of an analysis of access must include an understanding of the population in question. The tables below contain information on the enrollment trends by geographic area and sub-population over the three-year time period used in our analysis. Overall, California experienced a 6.4% increase for adults and a 2.8% increase for children in Medi-Cal enrollment from 2007 to

2009, with the largest increases for both being in the Families sub-population (14.0% and 9.6%, respectively).

Table 1: 3 - Year Trend in Enrollment (Eligible Member Months) by Sub-Population: Statewide

	Total Eligible Member Months			% Change 2007 to 2009
	2007	2008	2009	
<i>Adults</i>				
Aged	677,952	706,188	715,116	5.5%
Blind/Disabled	4,242,264	4,239,648	4,278,480	0.9%
Families	2,684,952	2,811,096	3,060,036	14.0%
Other	626,376	616,536	631,512	0.8%
Undocumented	6,591,072	6,691,524	7,080,348	7.4%
All Adults	14,822,616	15,064,992	15,765,492	6.4%
<i>Children</i>				
Blind/Disabled	998,280	1,013,580	1,024,092	2.6%
Families	6,193,248	6,426,888	6,786,252	9.6%
Foster Care	1,460,220	1,426,404	1,384,116	-5.2%
Other	2,741,064	2,705,412	2,777,184	1.3%
Undocumented	2,730,348	2,621,304	2,541,576	-6.9%
All Children	14,123,160	14,193,588	14,513,220	2.8%

Table 2: 3 - Year Trend in Enrollment (Eligible Member Months) by Sub-Population: Metropolitan Counties

	Total Eligible Member Months			% Change 2007 to 2009
	2007	2008	2009	
<u>Adults</u>				
Aged	674,940	702,840	711,360	5.4%
Blind/Disabled	4,033,896	4,025,232	4,058,568	0.6%
Families	2,385,864	2,506,080	2,729,256	14.4%
Other	604,164	595,044	608,988	0.8%
Undocumented	6,541,236	6,638,028	7,019,340	7.3%
All Adults	14,240,100	14,467,224	15,127,512	6.2%
<u>Children</u>				
Blind/Disabled	957,156	971,868	982,584	2.7%
Families	5,588,088	5,808,780	6,125,748	9.6%
Foster Care	1,411,152	1,378,560	1,336,152	-5.3%
Other	2,626,488	2,583,396	2,645,988	0.7%
Undocumented	2,704,068	2,593,020	2,511,996	-7.1%
All Children	13,286,952	13,335,624	13,602,468	2.4%

Table 3: 3 - Year Trend in Enrollment (Eligible Member Months) by Sub-Population: Non-Metropolitan Counties

	Total Eligible Member Months			% Change 2007 to 2009
	2007	2008	2009	
<u>Adults</u>				
Aged	3,012	3,348	3,768	25.1%
Blind/Disabled	208,368	214,416	219,912	5.5%
Families	299,100	305,004	330,768	10.6%
Other	22,200	21,492	22,524	1.5%
Undocumented	49,836	53,496	61,008	22.4%
All Adults	582,516	597,756	637,980	9.5%
<u>Children</u>				
Blind/Disabled	41,124	41,700	41,520	1.0%
Families	605,160	618,108	660,504	9.1%
Foster Care	49,068	47,844	47,964	-2.2%
Other	114,564	122,016	131,196	14.5%
Undocumented	26,280	28,296	29,580	12.6%
All Children	836,196	857,964	910,764	8.9%

The remainder of the analysis will refer back to the information above as it helps to illuminate further the results of the utilization and provider trend analyses.

Hospital Outpatient Services

We analyzed the use of hospital outpatient services over a three-year period by looking at utilization of services per 1000 member months by geographic area and sub-population.

Table 5 includes the results of our analysis. The utilization per 1000 of hospital outpatient services for both adults and children and in all geographic areas has remained relatively constant over the 3-year period. It is important to note that as the prior section demonstrated, the Medi-Cal enrollment over the same period increased and therefore a relatively flat utilization rate per 1000 member months actually indicates an increase in overall utilization. Therefore, access to hospital outpatient services remained constant despite an increase in enrollment.

Additionally, it is important to note that based on this analysis, access and utilization were clearly not impacted by the 10% provider payment reduction in effect from July 2008 through February 2009 nor was access impacted by the 1% payment reduction in effect for March and a portion of April 2009.

Table 4: Total Hospital Outpatient Services Utilization per 1,000 Beneficiary Months (2007-2009)

	Statewide			Metropolitan Counties			Non-Metropolitan Counties		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Adults									
Aged	143.4	144.6	148.5	142.9	143.9	147.9	239.4	297.8	277.9
Blind/Disabled	249.9	255.9	262.5	244.4	250.1	256.7	355.5	364.2	369.1
Families	172.9	169.4	172.4	164.0	160.0	163.2	244.4	246.3	248.2
Other	291.1	303.3	311.5	283.9	295.9	304.5	487.7	509.2	500.0
Undocumented	61.4	59.4	59.3	60.8	58.9	58.8	134.3	125.7	117.7
All Adults	149.0	149.2	150.6	143.5	143.5	144.8	284.0	287.6	286.5
Children									
Blind/Disabled	165.7	170.1	179.0	164.3	168.9	178.0	199.5	196.7	203.5
Families	82.4	82.4	88.7	80.2	80.2	86.4	102.4	102.6	109.7
Foster Care	69.2	69.4	73.0	68.1	68.6	72.1	101.8	92.9	96.8
Other	94.7	97.2	98.7	92.8	95.3	96.9	139.3	136.0	134.9
Undocumented	62.8	66.5	66.9	62.6	66.3	66.7	86.2	83.6	80.8
All Children	85.5	87.2	91.6	83.9	85.7	90.0	111.7	110.8	116.0

The second part of our analysis includes analyzing whether the percentage of hospitals providing outpatient hospital services to Medi-Cal FFS beneficiaries has been impacted over time. Table 5 provides information on the percentage of all hospitals in California that provided outpatient hospital services to the Medi-Cal FFS population. As the table below demonstrates, the rate of participation among hospital providers has remained constant of the 3-year period, even during the period of the provider payment reductions, and that the vast majority of hospitals provide these services to the FFS population.

Table 5: Percent of Hospitals Providing Hospital Outpatient Services in Medi-Cal FFS (2007-2009)

	2007	2008	2009
Percent of Hospitals Providing Medi-Cal FFS Inpatient Services	81%	81%	80%

It is also important to note that for the public owned hospital providers, those owned by a city, county, hospital district or operated by the University of California, that California operates a CPE-based supplemental payment program that enables those hospital providers to receive supplemental payments up to cost for the hospital outpatient services they provide to Medi-Cal FFS patients. Therefore, any provider payment reduction to hospital outpatient services is mitigated by those providers ability to still receive total reimbursement up to cost through the supplemental payment program.

Hospital Inpatient Services

We analyzed the use of hospital inpatient services over a three-year period by looking at utilization of services per 1000 member months by geographic area and sub-population.

Table 6 includes the results of our analysis. The utilization per 1000 of hospital outpatient services for both adults and children and in all geographic areas has fluctuated somewhat during the 3-year period, with slight increases in several adult categories between 2007 and 2008 and slight decreases for both adults and children between 2008 and 2009. However, as noted above, enrollment increased over the 3-year time period and therefore total utilization was not decreasing, but the rate per 1000 decreased slightly. It is important to note that although the slight increases and decreases in utilization occurred during the same time period as the provider payment reductions to certain non-contract hospitals, that the changes in utilization rates were not significant. There is no indication, particularly when combined with the provider analysis below, that those reductions therefore had a negative impact on access.

Table 6: Total Hospital Inpatient Services Utilization per 1,000 Beneficiary Months (2007-2009)

	Statewide			Metropolitan Counties			Non-Metropolitan Counties		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
<i>Adults</i>									
Aged	111.7	110.7	104.8	111.7	110.6	104.7	112.2	126.9	109.3
Blind/Disabled	190.3	199.1	192.3	194.1	203.3	195.8	116.7	119.4	127.2
Families	67.4	66.3	63.8	70.9	69.3	66.8	39.6	41.9	39.2
Other	223.6	232.0	221.1	226.4	234.3	223.2	147.4	168.1	163.9
Undocumented	56.7	56.3	49.2	56.7	56.4	49.2	49.0	46.9	42.5
All Adults	106.5	108.1	100.3	107.8	109.5	101.3	72.5	75.2	74.6
<i>Children</i>									
Blind/Disabled	93.1	101.2	105.8	94.8	103.4	107.8	53.3	49.7	57.9
Families	41.4	39.8	39.1	43.9	42.1	41.4	18.1	18.6	17.3
Foster Care	17.6	17.5	16.5	17.7	17.7	16.8	14.4	11.9	9.3
Other	61.4	61.5	55.5	62.2	62.4	56.7	44.5	42.7	30.3
Undocumented	57.9	55.0	50.9	58.1	55.2	51.1	40.0	37.0	34.9
All Children	49.7	48.9	46.8	51.3	50.5	48.6	23.9	23.8	21.2

The second part of our analysis includes analyzing whether the percentage of hospitals providing inpatient hospital services to Medi-Cal FFS beneficiaries has been impacted over time. Table 7 provides information on the percentage of all hospitals in California that provided inpatient hospital services in Medi-Cal FFS. We see that nearly all hospitals in California provide inpatient services to Medi-Cal FFS patients and that the percentage of hospitals that provided inpatient services to Medi-Cal FFS beneficiaries has remained constant over the 3-year period. Therefore, there is no indication that the provider payment reductions implemented to non-contract hospitals in 2008 had a negative impact on access to inpatient hospital services.

Table 7: Percent of Hospitals Providing Hospital Inpatient Services in Medi-Cal FFS (2007-2009)

	2007	2008	2009
Percent of Hospitals Providing Medi-Cal FFS Outpatient Services	92%	92%	92%

Finally, the provider payment reductions implemented by California in 2008 for inpatient hospital services were limited to non-contracting hospitals. Therefore, it is important to understand the number of hospitals those reductions impact as well as the amount of care to FFS beneficiaries provided in those facilities. In 2009, of the 437 hospitals in California, there were 203 contracting hospitals (including 21 designated public hospitals that are reimbursed using the CPE methodology). Based on information from CMAC, 86% of the inpatient hospital days for Medi-Cal FFS patients in 2009 were provided in contracting hospitals, meaning only about 14% of the care was provided in facilities that were subject to the payment reductions. We see a similar breakdown of the high concentration of FFS days in contracting hospitals over the 3-year period as demonstrated in Table 8 below.

Table 8: Medi-Cal FFS Days by Contracting Hospital Status (2007-2009)

	2007	2008	2009
% of FFS Days in Contract Hospitals	10.8%	12.2%	13.9%
% of FFS Days in Non-Contract Hospitals	89.2%	87.8%	86.1%

Based on the overall analysis when we look at the changes in utilization rates coupled with the changes in enrollment, the constant and high level of hospital participation and the high concentration of Medi-Cal FFS care in contract facilities, we conclude that the payment reductions implemented for non-contract facilities did not negatively impact access.