

State of California Medi-Cal Managed Care Private Hospital Directed Payment Program Evaluation for the Bridge Period (July 1, 2019 – December 31, 2020)

Background

In accordance with Title 42 of the Code of Federal Regulations (CFR), Section 438.6(c)(2)(ii)(D), the California Department of Health Care Services (DHCS) is required to submit an evaluation plan that measures the degree to which the directed payment arrangement advances at least one of the goals and objectives in the quality strategy. This evaluation plan will assess the performance and results of the Private Hospital Directed Payment (PHDP) program implementation during the Bridge Period (July 1, 2019 through December 31, 2020).

PHDP directs Medi-Cal managed care health plans (MCPs) to make fixed dollar amount add-on payments to contracted Private Hospitals based on actual utilization. This directed payment structure applies to contracted Private Hospitals that provide critical inpatient and non-inpatient services to Medi-Cal managed care members.

Specifically, uniform increases in payments are directed in the form of uniform dollar amount payments for FFS contractual arrangements for inpatient and non-inpatient services. This directed payment program supports Private Hospitals' delivery of critical services to Medi-Cal managed care members. It is critical to evaluate the PHDP program to meet the objectives designed and included in the CMS-approved Bridge Period Preprint, which includes improving the timeliness and completeness of reported encounter data, and encouraging changes in utilization pattern for inpatient, outpatient, and emergency services for MCP members.

Evaluation Purpose and Questions

The PHDP directed payment program is designed to enhance the quality of care and improve encounter data submissions by Private Hospitals to better target those areas where improved performance will have the greatest effect on health outcomes. The CMS-approved evaluation design features two evaluation questions:

1. Do increased Bridge Period PHDP directed payments serve to maintain or improve the timeliness and completeness of encounter data when compared to the Baseline period?
2. Do increased Bridge Period PHDP directed payments serve to maintain or change utilization patterns for members when compared to the Baseline period?

EVALUATION DATA SOURCES AND MEASURES

This evaluation addresses these questions mainly through quantitative analyses of encounter data extracted from the DHCS Management Information System/Decision Support System (MIS/DSS), spanning service dates State Fiscal Year (SFY) 2016-17 (Baseline), and the Bridge Period. Previous evaluations utilized SFY 2017-18 as the baseline, however CMS recommended that baselines for evaluations be prior to the start of the program if possible. Therefore the baseline for this evaluation will be SFY 2016-17.

To measure data quality improvement in encounter claim submission, denied encounters, denied encounter turnaround time, and timeliness in submission were assessed using the Post-Adjudicated Claims and Encounters System (PACES) data extracted via MIS/DSS.

To measure changes in utilization patterns, number of inpatient admissions, outpatient visits, and emergency room visits per 1,000 member months were assessed using encounter claims extracted from MIS/DSS.

Evaluation Results

Encounter Data Quality

1. Denied Encounters Turnaround Time:
 - a. Denied Encounters Turnaround Time –This measure addresses how quickly denied encounter data files are corrected and resubmitted by MCPs. Turnaround time is the time, in days, between an encounter data file denial date and the date of resubmission to DHCS.

Turnaround Time	SFY 2016 – 17 (Baseline)			Jul 1, 2019 – Dec 31, 2020 (Bridge Period)		
	Corrected Encounters	Total Denied Encounters	Percentage of Corrected Encounters per Group	Corrected Encounters	Total Denied Encounters	Percentage of Corrected Encounters per Group*
0 to 15 Days	17,367	162,751	11%	23,662	394,840	6%
16 to 30 Days	1,803	162,751	1%	9,493	394,840	2%
31 to 60 Days	12,153	162,751	7%	72,073	394,840	18%
Greater Than 60 Days	131,428	162,751	81%	289,612	394,840	73%

* Total percentages may not equal to 100% due to rounding in each group

- 6% of denied encounters have been corrected and resubmitted within 15 days of denial notice for the Bridge Period, compared to 11% for the Baseline period. This turnaround differential in the Bridge Period may be due to a higher number of encounters and denied encounters than in the Baseline period.
- 2% of denied encounters were corrected and resubmitted between 16 to 30 days of denial notice for the Bridge Period, compared to 1% for the Baseline period. The percentage of resubmitted encounters increased in the Bridge Period, partly due to higher total denied encounters than in the Baseline.
- 18% of denied encounters were corrected and resubmitted between 31 to 60 days of denial notice for the Bridge Period, compared to 7% for the Baseline period.
- 73% of denied encounters were corrected and resubmitted in greater than 60 days of denial notice for the Bridge Period, compared to 81% for the Baseline period.

- Overall, the total and denied encounter numbers were higher in the Bridge Period compared to the Baseline denied encounters, which may have adversely affected turnaround performance.

b. Total Denied Encounters

SFY 2016 – 2017 (Baseline)			Jul 1, 2019 – Dec 31, 2020 (Bridge Period)		
Total Denied Encounters	Total Encounters	Percent of Denied Encounters per Month	Total Denied Encounters	Total Encounters	Percent of Denied Encounters per Month
1,234,124	21,070,535	6%	972,429	29,031,431	3%

- The results showed that, the share of encounters denied per month for the Bridge Period is 3%, compared to 6% for the Baseline period. Total encounters were higher, but Percent of Denied Encounters per Month in the Bridge Period was lower, suggesting improved encounter data quality.

2. Timeliness (lag time): This measure reports the time it takes for MCPs to submit encounter data files. Lag time is the time, in days, between the Date of Services and the Submission date to DHCS.

Lag time	SFY 2016 – 2017 Baseline)			Jul 1, 2019 – Dec 31, 2020 (Bridge Period)		
	Encounters per Lag time Group	Total Encounters	Percent of Encounters per Lag time Group	Encounters per Lag time Group	Total Encounters	Percent of Encounters per Lag time Group
0 to 90 days	12,700,864	21,070,535	60%	17,467,406	29,031,431	60%
91 to 180 days	2,677,427	21,070,535	13%	3,154,926	29,031,431	11%
181 to 365 days	2,391,170	21,070,535	11%	2,024,005	29,031,431	7%
More than 365 days	3,301,074	21,070,535	16%	6,385,094	29,031,431	22%

- About 71% of encounters were submitted within 180 days of date of services for the Bridge Period (with the higher number of Total Encounters), compared to 73% for the Baseline period. Submission timeliness during the Bridge Period was possibly affected by the increased volume of encounters compared to the Baseline period.

Service Utilization

1. Inpatient Utilization: Inpatient Admissions per 1,000 Member Months – DHCS calculated the number of MCP inpatient admissions per 1,000 member months at a statewide level from MCP encounter data. An “admission” refers to a unique combination of member and date of admission to a facility.

SFY 2016 – 2017 (Baseline)	Jul 1, 2019 – Dec 31, 2020 (Bridge Period)
Inpatient Admissions per 1,000 member months	Inpatient Admissions per 1,000 member months
2.59	2.95

- The number of Inpatient admissions is 2.95 per 1,000 member months for the Bridge Period, compared to 2.59 for the Baseline period.
 - As noted below, this slight increase in inpatient utilization corresponds with a larger decrease in emergency room utilization, which may suggest more appropriate utilization patterns.
 - DHCS will continue to monitor this metric in future program years (PYs).
2. Outpatient Utilization: Outpatient Visits per 1,000 Member Months – DHCS calculated the number of MCP outpatient visits per 1,000 member months at a statewide level from MCP encounter data. A “visit” refers to a unique combination of provider, member, and date of service.

SFY 2016 - 2017	Jul 1, 2019 – Dec 31, 2020 (Bridge Period)
Outpatient Visits per 1,000 member months	Outpatient Visits per 1,000 member months
58.40	57.33

- The number of outpatient visits declined to 57.33 per 1,000 member months for the Bridge Period from 58.40 for the Baseline period.
- DHCS will continue to monitor this metric in future PY(s).

3. Emergency Room (ER) Utilization: Emergency Room Visits per 1,000 Member Months – DHCS calculated the number of MCP emergency room visits per 1,000 member months at a statewide level from the MCP encounter data. A “visit” refers to a unique combination of provider, member, and date of service.

SFY 2016 – 2017 (Baseline)	Jul 1, 2019 – Dec 31, 2020 (Bridge Period)
Emergency Room Visits per 1,000 member months	Emergency Room Visits per 1,000 member months
25.78	23.02

- The number of ER visits declined to 23.02 per 1,000 member months for the Bridge Period from 25.78 for the Baseline period.
- DHCS will continue to monitor this metric in future PY(s).

Limitations of Evaluation:

The results presented here suggest that the directed payment programs may have had positive impacts on encounter data quality. Despite a higher number of encounters submitted in the Bridge Period compared to the Baseline, both denied claim turnaround time (within 60 days of denial) and percent denied claims showed positive improvements. Timeliness of claim submission showed little improvement among providers during the Bridge Period, possibly due to submission volume increase observed during the Bridge Period when compared to the Baseline.

However, we cannot separate changes attributable to the directed payment programs from other secular changes such as technology advancements occurring across the health system, provider supply, or other factors. We are also unable to determine the effect that the COVID-19 public health emergency (PHE) may have had on the Bridge Period service provision. Reporting may have been severely impacted by the PHE.

Conclusions:

DHCS’ examination of Baseline period and Bridge Period encounter data quality and outpatient, inpatient, and ER visits service utilization for providers eligible for PHDP indicates the following:

1. The percent of denied encounters that took longer than 60 days to review, correct and resubmit during the Bridge Period declined to 73 percent of denied encounters, relative to 81 percent for the Baseline period.
2. The percent of denied encounters declined to 3 percent per month in the Bridge Period from to 6 percent during the Baseline period.
3. The percent of encounter files that were submitted within 180 days of the date of service declined to approximately 71 percent relative to 73 percent in the Baseline period.
4. The increased volume of encounter and denied encounter data for the Bridge Period may have adversely impacted data quality measures related to submission and turnaround timeliness.
5. Utilization patterns in the Bridge Period show a decline in ER visits and a increase in inpatient utilization relative to the Baseline period. The utilization is likely skewed by the COVID-19 pandemic and, thus, DHCS will continue to monitor utilization in future PYs.