DHCS
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
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State of California Medi-Cal Managed Care Designated Public Hospital Enhanced 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 designated public hospital (DPH) Enhanced Payment Program (EPP) implementation during the Bridge Period (July 1, 2019 through December 31, 2020).

EPP directs Medi-Cal managed care health plans (MCPs) to make fixed dollar amount add-on payments to contracted DPHs reimbursed either on a fee-for-service (FFS) and capitated payment basis. This directed payment structure applies to contracted DPHs that provide critical inpatient (including long-term care) and non-inpatient services to Medi-Cal managed care members.

Specifically, uniform increases in payments are directed in the form of uniform percent increases to payments for capitated contractual arrangements and uniform dollar amount payments for FFS contractual arrangements for inpatient (including long-term care) and non-inpatient services. This directed payment program supports DPH systems' delivery of critical services to Medi-Cal managed care members.

EVALUATION PURPOSE AND QUESTIONS

The EPP directed payment program aims to enhance the quality of care and improve encounter data submissions by public 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 EPP directed payments serve to maintain or improve the timeliness of encounter data when compared to EPP Baseline Period?

2. Do increased Bridge Period EPP directed payments serve to maintain or change utilization patterns for members when compared to EPP 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) 2016-2017 (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 pattern, 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 Claims and 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 – 2017 (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	7,334	76,456	10%	46,273	123,255	38%
16 to 30 Days	1,487	76,456	2%	3,209	123,255	3%
31 to 60 Days	1,311	76,456	2%	10,793	123,255	9%
Greater Than 60 Days	66,324	76,456	87%	62,980	123,255	50%

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

- 38% of denied encounters were corrected and resubmitted within 15 days of denial notice for the Bridge Period, compared to 10% for the Baseline Period.

- 3% of denied encounters were corrected and resubmitted between 16 to 30 days of denial notice for the Bridge Period, compared to 2% for the Baseline Period.

- 9% of denied encounters were corrected and resubmitted between 31 to 60 days of denial notice for the Bridge Period, compared to 2% for the Baseline Period.

- 50% of denied encounters were corrected and resubmitted in greater than 60 days of denial notice for the Bridge Period, compared to 87% for the Baseline Period.

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**
350,259	6,456,733	5%	254,955	10,351,391	2%

- The results showed that, the total denied encounters per month reported for the Bridge Period is about 2%, compared to 5% for the Baseline Period.

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	3,804,914	6,456,733	59%	6,881,686	10,351,391	66%
91 to 180 days	999,492	6,456,733	15%	1,419,420	10,351,391	14%
181 to 365 days	690,909	6,456,733	11%	991,504	10,351,391	10%
More than 365 days	961,418	6,456,733	15%	1,058,781	10,351,391	10%

- Approximately 80% of encounters were submitted within 180 days of date of services for the Bridge Period, compared to 74% for the Baseline Period.

<u>Service Utilization</u>

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**
0.49	0.63

- The number of Inpatient admissions is 0.63 per 1,000 member months for the Bridge Period, compared to 0.49 for the Baseline Period.
- 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 (Baseline)	Jul 1, 2019 – Dec 31, 2020 (Bridge Period)
Outpatient Visits per 1,000 member months	**Outpatient Visits per 1,000 member months**
20.53	24.89

- The number of outpatient visits is 24.89 per 1,000 member months for the Bridge Period, compared to 20.53 for the Baseline Period.
- DHCS will continue to monitor this metric in future PYs.

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
2.88	3.17

- The number of ER visits is 3.17 per 1,000 member months for the Bridge Period, compared to 2.88 for the Baseline Period.
- DHCS will continue to monitor this metric in future PYs.

LIMITATIONS OF EVALUATION:

The results presented here suggest that the EPP program may have had positive impacts on encounter data quality. Both data quality and utilization metrics warrant further monitoring in future program years.

However, we cannot separate changes attributable to the EPP from other significant factors that may have impacted results including technology advancements occurring across the health systems, provider supply, changing regulatory environments, the COVID-19 Public Health Emergency, or other factors.

CONCLUSIONS:

DHCS' examination of the Baseline Period and the Bridge Period encounter data quality and outpatient, inpatient, and ER visits service utilization for EPP provider groups 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 50 percent of denied encounters, relative to 87 percent for the Baseline period.

2. The percent of denied encounters declined to 2 percent per month in the Bridge Period from 5 percent during the Baseline period.

3. The percent of encounter files that were submitted within 180 days of the date of service increased to approximately 80 percent relative to 74 percent in the Baseline period.

4. Service utilization and delivery, inpatient admissions, outpatient visits, and ER visits increased during the Bridge Period when compared 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.