

Medi-Cal Managed Care Designated Private Hospital Directed Payment Program Evaluation for Calendar Year (CY) 2021

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 that measures the degree to which the directed payment arrangement advances at least one of the goals and objectives in the DHCS Quality Strategy. This evaluation will assess the performance and results of the Designated Private Hospital (DPH) Private Hospital Directed Payment (PHDP) program implementation during CY 2021.

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,¹ 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 by first improving 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 The approved PHDP Preprint is available at:
https://www.dhcs.ca.gov/Documents/Capitated_Rates/private%20hospitals/Bridge-Period-Private-Hospital-Directed-Payment-Preprint.pdf.

1. Do increased CY 2021 PHDP directed payments serve to maintain or improve the timeliness of encounter data when compared to PHDP Baseline Period?
2. Do increased CY 2021 PHDP directed payments serve to maintain or change utilization patterns for members when compared to PHDP 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 in State Fiscal Year (SFY) 2016-2017 (Baseline), and the CY 2021. 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 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)			CY 2021		
	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%	25,830	239,126	11%
16 to 30 Days	1,803	162,751	1%	27,790	239,126	12%
31 to 60 Days	12,153	162,751	7%	10,044	239,126	4%
Greater Than 60 Days	131,428	162,751	81%	175,462	239,126	73%

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

- 11% of denied encounters have been corrected and resubmitted within 15 days of denial notice for CY 2021, which is same as 11% for the Baseline period.
- 12% of denied encounters were corrected and resubmitted between 16 to 30 days of denial notice for CY 2021, compared to 1% for the Baseline period. The percentage of resubmitted encounters increased in CY 2021, partly due to higher total denied encounters than in the Baseline.
- 4% of denied encounters were corrected and resubmitted between 31 to 60 days of denial notice for CY 2021, compared to 7% for the Baseline period.
- 73% of denied encounters were corrected and resubmitted in greater than 60 days of denial notice for CY 2021, compared to 81% for the Baseline period.
- Overall, the total and denied encounter numbers were higher in CY 2021 compared to the Baseline denied encounters, which may have adversely affected turnaround performance.

a. Total Denied Encounters

SFY 2016 – 2017 (Baseline)			CY 2021		
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%	748,264	22,152,362	3%

- The results showed that, the total denied encounters per month reported for CY 2021 is 3%, compared to 6% for the Baseline period. Total encounters were higher, but Percent of Denied Encounters per Month in CY 2021 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)			CY 2021		
	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%	14,808,693	22,152,366	67%
91 to 180 days	2,677,427	21,070,535	13%	2,054,947	22,152,366	9%
181 to 365 days	2,391,170	21,070,535	11%	1,846,925	22,152,366	8%
More than 365 days	3,301,074	21,070,535	16%	3,441,801	22,152,366	16%

- About 76% of encounters were submitted within 180 days of date of services for CY 2021 (with the higher number of Total Encounters), compared to 73% for the Baseline period. Submission timeliness during the CY 2021 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)	CY 2021
Inpatient Admissions per 1,000 member months	Inpatient Admissions per 1,000 member months
2.59	2.74

- The number of Inpatient admissions is 2.74 per 1,000 member months for CY 2021, compared to 2.59 for the Baseline period.
 - DHCS will continue to monitor this metric in future program year (PY).
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)	CY 2021
Outpatient Visits per 1,000 member months	Outpatient Visits per 1,000 member months
58.40	59.44

- The number of outpatient visits is 59.44 per 1,000 member months for CY 2021, compared to 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)	CY 2021
Emergency Room Visits per 1,000 member months	Emergency Room Visits per 1,000 member months
25.78	21.65

- The number of ER visits is 21.65 per 1,000 member months for CY 2021, compared to 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. Both denied claim turnaround time (within 60 days of denial), percent denied claims, and timeliness of claim submission showed positive improvements during the CY 2021.

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.

Conclusions:

DHCS’ examination of baseline period and CY 2021 encounter data quality and outpatient, inpatient and ER visits service utilization for PHDP provider groups indicates the following:

1. For about 73% of denied encounters, MCPs took longer than 60 days for CY 2021 to review, correct, and resubmit encounter data files. This compares with 81% for the Baseline period.
2. The percent of denied encounters per month is 3% for CY 2021, compared to 6% for the Baseline period.
3. About 76% of encounter data files were submitted within 180 days or less of date of services for CY 2021, compared to 73% for the Baseline period.

4. The increased volume of encounter and denied encounter data for the CY 2021 may have adversely impacted data quality measures related to submission and turnaround timeliness.
5. Outpatient and Inpatient visits increased during the CY 2021 when compared to baseline period, whereas, emergency room visits decreased in CY 2021 compared to the baseline period.