DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES
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Medi-Cal Managed Care Physician Services 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 ayment 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 Proposition 56 (Prop 56) Physician Services Directed Payment Program implementation for CY 2021.

The Prop 56 Physician Services Directed Payment Program directs Medi-Cal managed care health plans (MCPs) to make uniform dollar add-on payments for specific outpatient services. This directed payment program supports network providers to provide critical services to Medi-Cal managed care members.

Evaluation Purpose and Questions

The Prop 56 Physician Services Directed Payment Program is expected to enhance the quality of care by improving encounter data submissions by providers 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 higher physician directed payments serve to maintain or improve the timeliness and completeness of encounter data when compared to the baseline?

2. Do higher physician directed payments serve to maintain or change utilization pattern of outpatient physician services for members when compared to the baseline?

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 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 outpatient 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)			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	85,880	803,309	11%	41,194	204,255	20%
16 to 30 Days	3,623	803,309	0%	31,734	204,255	16%
31to 60 Days	253,531	803,309	32%	8,521	204,255	4%
Greater Than 60 Days	460,275	803,309	57%	122,806	204,255	60%

- 20% of denied encounters were corrected and resubmitted within 15 days from denial notice for CY 2021 compared to 11% for Baseline Period.

- 16% of denied encounters were corrected and resubmitted between 16 to 30 days from denial notice for CY 2021 compared to 0% for Baseline Period.

- 4% of denied encounters were corrected and resubmitted between 31 to 60 days from denial notice for CY 2021 compared to 32% for Baseline Period.

- 60% of denied encounters were corrected and resubmitted in greater than 60 days from denial notice for CY 2021 compared to 57% for Baseline Period.

b. 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**
9,337,046	164,450,893	6%	2,188,231	177,163,036	1%

- The results showed that total denied encounters per month reported for CY 2021 was approximately 1%, compared to 6% for 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.

Lagtime	SFY 2016 – 2017 (Baseline)			CY 2021		
	Encounters per Lagtime Group	**Total Encounters**	**Percent of Encounters per Lagtime Group***	**Encounters per Lagtime Group**	**Total Encounters**	**Percent of Encounters per Lagtime Group**
0 to 90 days	96,722,659	164,450,893	59%	142,317,594	177,163,036	80%
91 to 180 days	23,971,896	164,450,893	15%	16,188,086	177,163,036	9%
181 to 365 days	16,543,314	164,450,893	10%	9,713,132	177,163,036	5%
More than 365 days	27,213,024	164,450,893	17%	8,944,224	177,163,036	5%

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

- Approximately 89% of encounters were submitted within 180 days from applicable dates of service for CY 2021, compared to 74% for Baseline Period.

Service Utilization

Outpatient Utilization: Physician Visits per 1,000 Member Months – DHCS calculated the number of MCP physician 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
Physician Visits per 1,000 member months	**Physician Visits per 1,000 member months**
176.41	197.86

- The number of outpatient visits was 197.86 per 1,000 member months for CY 2021 compared to 176.41 for Baseline Period.

- DHCS will continue to monitor this metric in future program years (PY).

Limitations of Evaluation:

The results presented here suggest that the directed payment programs may have had positive impacts on encounter data quality. Both percent denied claims and timeliness of claim submission showed positive improvements. Outpatient physcian visits also increased substantially during 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 the Baseline Period and CY 2021 encounter data quality and outpatient service utilization for the Prop 56 Physician Services Directed Payment Program indicates the following:

1. For approximately 36% of denied encounters, MCPs took within 30 days to review, correct and resubmit encounter data files for CY 2021, compared to 11% for Baseline Period.

2. The percentage of denied encounters per month was 1% for CY 2021, compared to 6% for Baseline Period.

3. Approximately 89% of encounter data files were submitted within 180 days or less of applicable dates of service for CY 2021, compared to 74% for Baseline Period.

4. Increased visits for physician services in the CY 2021 compared to the Baseline Period may be partially driven by payment enhancements.