Medi-Cal Managed Care Physician Services Directed Payment Program Evaluation for Calendar Year (CY) 2022

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 Proposition 56 (Prop 56) Physician Services Directed Payment Program implementation for CY 2022.

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) through CY 2022. 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.

The evaluation is focused on MCPs being directed to pay to all eligible individual rendering network providers qualified to provide the services, but excluding provider

types that are subject to distinct reimbursement methodologies such as: Federally Qualified Health Centers (FQHC), Rural Health Clinics (RHC), Tribal Health Clinics (IHS/MOA), and Cost-Based Reimbursement Clinics (CBRC), a uniform and fixed dollar add-on payment for every adjudicated claim (contracted services only) for specific physician services.

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, the 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 resubmission date to DHCS. This measure reports on the deduplicated number of encounters that were initially denied and then accepted in the specified time frame.

Turnaround Time	SFY 2016 – 2017 (Baseline Period)			CY 2022		
	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%	27,642	62,269	44%
16 to 30 Days	3,623	803,309	0%	14,059	62,269	23%
31 to 60 Days	253,531	803,309	32%	7,593	62,269	12%
Greater than 60 Days	460,275	803,309	57%	12,975	62,269	21%

- 21% of denied encounters were corrected and resubmitted in greater than 60 days from denial notice in CY 2022 compared to 57% for the Baseline Period.

b. Total Denied Encounters - This measure sums the total times an encounter is denied. For example, for an encounter (ParentEncounterID) that is denied three times and then accepted over the period, will represent three denials for the encounter.

SFY 2016 – 2017 (Baseline Period)			CY 2022		
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%	752,430	178,859,871	0.4%

- The results showed that total denied encounters per month reported for CY 2022 was 0.4% compared to 6% for the Baseline Period.

c. 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 applicable Date of Services and the Submission date to DHCS.

Lag Time	SFY 2016 – 2017 (Baseline Period)			CY 2022		
	Encounters per Lag Time Group	Total Encounters	Percent of Encounters per Lag Time Group [1]	Encounters per Lag Time Group	Total Encounters	Percent of Encounters per Lag Time Group
0 to 90 Days	96,722,659	164,450,893	59%	151,409,209	178,859,871	85%
91 to 180 Days	23,971,896	164,450,893	15%	16,833,066	178,859,871	9%
181 to 365 Days	16,543,314	164,450,893	10%	7,358,850	178,859,871	4%
More than 365 Days	27,213,024	164,450,893	17%	3,258,746	178,859,871	2%

- In CY 2022, 94% of encounters were submitted within 180 days from the date of services compared to 74% for the Baseline Period.

Service Utilization

Outpatient Utilization: Physician Visits per 1,000 Member Months – DHCS calculated the number of physician visits per 1,000 member months at a statewide level from encounter data. A "visit" refers to a unique combination of provider, member, and the date of services.

Visits per 1,000 member months	SFY 2016-2017 (Baseline Period)	CY 2022	Percent Change	Fisher's Exact Test p-value
Outpatient	176.41	201.89	14.44%	<0.0001

$$\text{Percent Change} = \frac{\text{(CY 2022 rate – Baseline Period rate)}}{\text{Baseline Period rate}} \times 100$$

[1] Total percentages may not sum up to 100% due to rounding in each group.

- There was a 14.44% increase for the number of outpatient physician visits per 1,000 member months in CY 2022 compared to Baseline Period.
- Fisher's exact test was used to determine if there were a significant association between time and utilization rates (comparing CY 2022 to the Baseline Period). There were statistically significant associations over time for outpatient visits in CY 2022 compared to the Baseline Period (two-tailed p = < .0001).
- 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. Denied claim turnaround time (within 60 days of denial), percent denied claims, and timeliness of claim submission showed positive improvements during the CY 2022.

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 2022 encounter data quality and outpatient service utilization for the Prop 56 Physician Services Directed Payment Program indicates the following:

1. Data quality increased during CY 2022 when compared to the Baseline Period:
    a. About 21% of denied encounters were corrected and resubmitted in greater than 60 days from denial notice for CY 2022, compared to 57% for the Baseline Period.
    b. The percentage of denied encounters per month for CY 2022 was 0.4%, compared to 6% for Baseline Period.
    c. Approximately 94% of encounter data files were submitted within 180 days or less of the date of services for CY 2022, compared to 74% for Baseline Period.
2. Utilization for outpatient physician services increased:
    a. There was a 14.44% increase for the number of outpatient physician visits per 1,000 member months in CY 2022 compared to Baseline Period.