Mercer

welcome to brighter

HealthChoices Physical Health Managed Care Program
Calendar Year 2019 Encounter and Financial Data Triennial Audit

Summary of Results

Mercer Government
Ready for next. Together.

Commonwealth of Pennsylvania
Department of Human Services

Introduction

The 2016 Medicaid and Children's Health Insurance Program Managed Care Final Rule (42 Code of Federal Regulation § 438.602[e]) requires state Medicaid programs to conduct an encounter and financial data audit no less frequently than once every three years. The purpose of this audit is to confirm the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of, each managed care organization (MCO).

In order to comply with this requirement, the Department of Human Services (DHS) contracted with Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, to conduct an audit to verify the accuracy, truthfulness, and completeness of the encounter and financial data submitted by each managed care organization to the HealthChoices Physical Health (PH) program for Calendar Year (CY) 2019. Mercer worked with DHS' Office of Medical Assistance Programs (OMAP) staff to perform the audit. An overview of the encounter data and financial audit approach and results are provided below.

Approach

Mercer's approach to this audit was based on Centers for Medicare & Medicaid Services' (CMS') External Quality Review (EQR) Protocol 5 for encounter data validation (EDV).[1] The CMS EDV protocol includes five activities, which guided Mercer's methodology and audit procedures. Specific tasks conducted under these activities are listed below, along with the financial audit activities conducted.

CMS EDV Protocol Activity	Mercer Tasks
Activity 1: Review State Encounter Data Requirements	Review the Commonwealth's encounter data regulations, physical health-managed care organization (PH-MCO) encounter data contractual requirements, DHS' encounter data specifications, DHS' request for information (RFI) responses, and conduct interviews for further clarification
Activity 2: Audit PH-MCO Encounter Data Capability	Review PH-MCO's completed RFI responses, supporting information, and conduct virtual on-site meetings that include in-depth review of sample claims and encounters
Financial Audit Incorporated Into Activity 2	Compare Financial Reporting Requirement (FRR) paid amounts from Report 4 and Report 5 against Provider Reimbursement and Operations Management Information System (PROMISe™) encounter extract paid amounts
Activity 3: Analyze Electronic Encounter Data	Conduct macro- and micro-analyses of encounter data extract using the 2019 encounter files from DHS PROMISe system and the PH-MCO's claims extracts with 2019 dates of service provided in accordance with Mercer's data request
Activity 4: Medical Record Review (at state's discretion)	Not applicable for this audit
Activity 5: Submit Findings	Draft report to outline audit methodology, summarize observations, and make recommendations

[1] https://www.medicaid.gov/medicaid/quality-of-care/downloads/2019-eqr-protocols.pdf.

Audit Observations

A summary of the overall observations by audit activity is contained in the table below.

Activity	Overall Observations
Activity 1: Review State Encounter Data Requirements	With the exception of minor opportunities to enhance DHS processes, DHS' systems capabilities and encounter data oversight and monitoring aligns with, and in some cases exceeds, the standards currently outlined in federal regulations and related CMS guidance, including: the CMS EDV Toolkit[2], 42 CFR § 438.242[b][2], 42 CFR § 438.242[b][3][iii], 42 CFR § 242[c][1-4], 42 CFR § 438.242[d], 42 CFR § 438.604[a][1], 42 CFR § 438.606[a], 42 CFR § 438.818[a][1], and T-MSIS requirements[3]
Activity 2: Audit PH-MCO Encounter Data Capability	While opportunities for improvement have been noted for all PH-MCOs participating in the HealthChoices program, the PH-MCOs largely possess the systems, processes, and staff needed to enable successful encounter submission. During the course of this audit, Mercer identified one instance where a PH-MCO was deemed to have Not Met a review criteria. In a handful of cases, PH-MCOs were deemed to have partially met one of the review criteria. Recommendations were provided to DHS for sharing with the PH-MCOs. Financial Audit Incorporated Into Activity 2: Variances and inconsistencies in financial schedules identified from the financial audit testing procedures conducted as part of this audit activity were within tolerable ranges.

[2] State Toolkit for Validating Medicaid Managed Care Encounter Data. August 2019. Available at: State Toolkit for Validating Medicaid Managed Care Encounter Data. Last accessed on September 2, 2021.
[3] Medicaid.gov website pages for T-MSIS. Available at: Transformed Medicaid Statistical Information System (T-MSIS) | Medicaid. Last accessed on September 21, 2021.

Activity	Overall Observations
Activity 3: Analyze Electronic Encounter Data	While Mercer's quantitative analysis of PROMISe encounter paid amounts against FRR paid amounts did not identify any material variances, the macro-analytics processes, which compare PROMISe encounter extracts against the PH-MCO claims extracts provided as part of this audit, did identify areas where PROMISe data as provided to Mercer by DHS did not uniformly agree to the PH-MCO claims system extracts obtained. There are a variety of reasons this could occur. Should DHS and/or the PH-MCOs desire deeper understanding of these differences, a focused examination of impacted claims and encounters could be conducted to determine whether any of these discrepancies have a material impact on DHS processes reliant on PROMISe encounter data. It should be noted that while this audit included an examination of the degree to which the DHS-provided PROMISe encounter data extract files agree with the PH-MCO-provided claims data extracts, the fact that this audit did not actually compare the two source systems should not be understated. The logistical impossibilities associated with independently auditing seven unique and independent claims systems is likely recognized by CMS, as EQR Protocol 5 assumes the use of extract files in the performance of this activity. It should be noted that any findings, observations, or recommendations arising from Activity 3 represent the results of comparing two snapshots of underlying data sources, and could result from issues in the snapshots rather than the systems themselves.
Activity 4: Medical Record Review (at state's discretion)	Not applicable for this audit. The inclusion of medical record review activities in future triennial encounter data and financial audits would likely enhance the degree to which more substantive conclusions can be reached as a result of preliminary observations made in Activity 3.
Activity 5: Submit Findings	This report represents DHS' satisfactory completion of Activity 5.

Conclusion

Mercer's qualitative findings from the HealthChoices PH encounter and financial data audit suggest that on the whole, the HealthChoices PH encounter data displays levels of accuracy, completeness, and truthfulness, which align with, and in some cases exceed, the standards currently outlined in federal regulations and related CMS guidance, including: the CMS EDV Toolkit[4], 42 CFR § 438.242[b][2], 42 CFR § 438.242[b][3][iii], 42 CFR § 242[c][1-4], 42 CFR § 438.242[d], 42 CFR § 438.604[a][1], 42 CFR § 438.606[a], 42 CFR § 438.818[a][1], and T-MSIS requirements[5]. That said, there remain areas for improvement, as DHS and the PH-MCOs continue to develop their processes to ensure continued compliance with Federal regulations and any subsequent Federal

[4] State Toolkit for Validating Medicaid Managed Care Encounter Data. August 2019. Available at: State Toolkit for Validating Medicaid Managed Care Encounter Data. Last accessed on September 2, 2021.
[5] Medicaid.gov website pages for T-MSIS. Available at: Transformed Medicaid Statistical Information System (T-MSIS) | Medicaid. Last accessed on September 21, 2021.

guidance. Additionally, while quantitative analysis of PROMISe encounter paid amounts against FRR paid amounts did not identify any material variances, the macro-analytics processes, which compare PROMISe encounter extracts against the PH-MCO claims extracts, did identify areas where PROMISe data do not uniformly agree to the PH-MCO claims system extracts obtained. There are a variety of reasons this could occur, such as unfamiliarity with the new process on the PH-MCOs' part, extracts being pulled from disparate data systems, and possible misunderstandings by the analysts pulling the claims data. Should DHS and/or the PH-MCOs desire deeper understanding of these differences, a focused examination of impacted claims and encounters could be conducted.

This report is prepared on behalf of DHS and is intended to be relied upon by DHS. To the best of Mercer's knowledge, there are no conflicts of interest in performing this work.

The suppliers of data are solely responsible for its validity and completeness. Mercer has reviewed the data and information for internal consistency and reasonableness utilizing CMS EDV protocols and guidance, but validation of each encounter and data element against source systems and medical records was not within the scope and timing of the audit objectives. All estimates are based upon the information and data available at a point in time and are subject to unforeseen and random events, and actual experience will vary from estimates.

Mercer expressly disclaims responsibility, liability, or both for any reliance on this communication by third parties or the consequences of any unauthorized use.