Plan Vital Managed Care Program
Encounter and Financial Data Triennial Audit

Summary of Results

Government of Puerto Rico
Administración de Seguros de Salud de Puerto Rico

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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).

To comply with this requirement, the Administración de Seguros de Salud de Puerto Rico (ASES) 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 MCO to the Plan Vital program. Mercer worked with ASES 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 the encounter data audit was based on Centers for Medicare & Medicaid Services' (CMS') *External Quality Review Protocol 5. Validation of Encounter Data Reported by the Medicaid and CHIP*[1] for encounter data validation (EDV). For the Financial portion of the audit, Mercer focused on financial data used by actuaries as a critical part of the capitation rate development process.

The CMS EDV protocol includes five activities, which guided Mercer's methodology and audit procedures for encounter review. Specific tasks conducted under these activities are listed below, along with the financial audit activities conducted.

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

CMS EDV Protocol Activity	Objective	Tasks
Activity 1: Review State Requirements	This Activity is intended to ensure the auditor has a complete understanding of a state's requirements for each MCO's encounter data. This Activity includes evaluation of the activities recommended in CMS's State Toolkit for Validating Medicaid Managed Care Encounter Data[2] such as: • Assessment of the encounter data management staff • Review of the contractual requirements • Encounter submission standards and guidance given to the MCOs • Application of financial incentives and penalties • Validation and feedback provided to the MCOs.	Review the federal encounter data regulations, MCO encounter data contractual requirements, ASES' encounter data specifications, ASES' request for information (RFI) responses, and conduct interviews for further clarification
Activity 2: Review the MCO's Encounter Data Capability Financial Audit Incorporated into Activity 2	This Activity is intended to evaluate an MCO's ability to collect complete and accurate encounter data. This Activity includes: • Review of the MCO's Information Systems Capabilities Assessment (ISCA) • Interview MCO's personnel This Activity's objective is to assess the accuracy, completeness, and truthfulness of submitted financial schedules used in the capitation rate setting process.	Review MCOs' completed RFI responses, supporting information, and conduct virtual on-site meetings Conduct analysis of financial data used by Mercer actuaries as a critical part of the FFY24 capitation rate development process. Specifically, the audit is designed to ensure the data are appropriate for rate setting and are consistent with the encounter data reported

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[2] https://www.medicaid.gov/medicaid/downloads/ed-validation-toolkit.pdf

CMS EDV Protocol Activity	Objective	Tasks
Activity 3: Analyze Electronic Encounter Data	This Activity is the core function used to determine the validity of the encounter data and includes: • Development of data quality plans • Encounter data macro-analysis of data integrity verification • Encounter data micro-analysis and review of analytic reports • Assessment of benchmarks	Conduct analyses of encounter data extract using the encounter files from MedInsight system and the MCOs' claims extracts (CLM files)
Activity 4: Review Medical Record	The purpose of this Activity is to confirm the findings from the analysis of encounter data performed in Activity 3, using retrospective reviews of patient medical records.	Not applicable for this audit
Activity 5: Submit Findings	For this Activity the auditor should create data tables that display summary statistics for the information obtained from each MCO.	Draft report to outline audit methodology, summarize observations, and make recommendations

Audit Observations

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

Activity	Overall Observation
Activity 1: Review State Encounter Data Requirements	The capabilities and day-to-day encounter data oversight and monitoring ASES performs on behalf of the Vital program aligns with the standards currently outlined in federal regulations and related CMS guidance, including: the CMS EDV Toolkit[3], 42 CFR § 438.242[b][2], 42 CFR § 438.242[b][3][iii], 42 CFR § 438.242[c][1-4], 42 CFR § 438.242[d], and 42 CFR § 438.606[a].

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[3] https://www.medicaid.gov/medicaid/downloads/ed-validation-toolkit.pdf

Activity	Overall Observations
Activity 2: Audit MCO Encounter Data Capability	All MCOs have mostly sufficient systems, processes, policies, and personnel to monitor encounter data submission and ensure accurate and timely encounter data are available to use for capitation rates, quality measurement, program integrity, and policy development. However, several opportunities for improvement were identified that could strengthen individual MCO practices. • The audit identified instances where the MCOs were deemed to have Not Met review criteria on the timeliness to submit encounter files. • In a handful of cases, MCOs were deemed to have Partially Met some of the review criteria. Recommendations were provided to ASES for review and sharing with the MCOs. Financial Audit Incorporated Into Activity 2: Mercer's analysis shows individual MCO results are reasonably consistent on average, ranging from 97.74% to 100.93% as compared to encounter data.
Activity 3: Analyze Electronic Encounter Data	Although the program displays an expected degree of encounter data quality and no material concerns were identified during the review, several opportunities for enhancement were proposed to better align MCO process with the expected standards. These standards include but are not limited to collection and use of the taxonomy codes, the Ordering, Prescribing or Referring (OPR) Providers National Provider Identifier (NPI) application, Present on Admission (POA) indicators, procedure codes and modifiers and lastly, collection and use of third-party liability information. It should be noted that although this audit included an examination of the degree to which the MedInsight-provided encounter data extract files agree with the MCO-provided claims data extracts, the fact that this audit did not actually compare the two source systems should not be understated. 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 ASES' satisfactory completion of Activity 5.

Conclusion

Mercer's qualitative and quantitative review from the Plan Vital encounter and financial data audit suggest that the Vital program (ASES and MCOs) displays adequate processes and the MCOs are equipped with the systems to receive, process, and adjudicate encounter claims as well as submit the encounters with an expected degree of encounter data quality. In most cases, the Plan Vital encounter data display levels of accuracy, completeness, and truthfulness based on the standards currently outlined in federal regulations and related CMS guidance, including: the CMS EDV Toolkit, 42 CFR § 438.242[b][2], 42 CFR § 438.242[b][3][iii], 42 CFR § 438.242[c][1-4], 42 CFR § 438.242[d], and 42 CFR § 438.606[a]. That said there remain areas for improvement, as ASES and the MCOs continue to develop their processes to ensure continued compliance with Federal regulations and any subsequent Federal guidance. MCOs should review their processes and strategies to timely submission of the encounter data to ASES and should consider a more comprehensive and cohesive approach for vendor and sub-capitated provider oversight, including processed claims audits and system configuration audits.

This report is prepared on behalf of ASES and is intended to be relied upon by ASES.

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.

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