

SEPTEMBER 1, 2019 THROUGH AUGUST 31, 2021

**COMPARISON OF LOUISIANA COORDINATED
SYSTEM OF CARE ENCOUNTER DATA TO
CASH DISBURSEMENTS FOR
MAGELLAN HEALTH SERVICES, INC.**



NOVEMBER 18, 2021





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The Louisiana Department of Health (LDH) – Office of Behavioral Health (LDH-OBH) engaged Myers and Stauffer LC to analyze behavioral health encounter data that has been submitted by the prepaid inpatient health plan (PIHP), Magellan Health Services, Inc. (Magellan Health), to Louisiana’s fiscal agent contractor (FAC), Gainwell Technologies, and complete a comparison of the encounters to cash disbursement journals (CDJ) provided by the PIHP. For purposes of this analysis, “encounter data” are claims that have been paid by the PIHP to health care providers that have rendered behavioral health care services to members enrolled with the plan.

Myers and Stauffer LC receives encounter data on a monthly basis from the FAC in a standardized data extract. This data extract contains paid and denied PIHP medical (behavioral health services) encounters that were submitted by the PIHP to the FAC and were subsequently loaded into the Medicaid Management Information System (MMIS).

Myers and Stauffer LC analyzes the information of each paid encounter in the MMIS to capture the amount paid on each line of an entire claim. In certain instances, we identify potential duplicate and calculated void encounters and conclude that some of these potential duplicates appear to be partial payments, some are actual duplicate submissions and some are replacement encounters without a matching void when the encounter data is compared to the CDJ submissions.

Once the potential duplicate and calculated void encounters have been identified, we adjust the encounter totals to reflect the actual payment made (i.e. removing the duplicate payment amounts from our analysis). The net encounter total is then used for the reconciliation analysis and compared to the PIHP submitted CDJs based on common fields, such as PIHP identification number (ID) and PIHP paid date.

Our work was performed in accordance with American Institute of Certified Public Accountants (AICPA) professional standards for consulting engagements. We were not engaged to, nor did we perform, an audit, examination, or review services; accordingly, we express no opinion or conclusion related to the procedures performed or the information and documentation we reviewed. In addition, our engagement was not specifically designed for, and should not be relied on, to disclose errors, fraud, or other illegal acts that may exist.

The results of our engagement and this report are intended only for the internal use of the Louisiana Department of Health (LDH) and should not be used for any other purpose.





LDH-OBH requested that, for this study, we review the plan's paid encounters to determine if the paid encounters meet the state contract minimum completeness requirement of **95 percent** when compared to the CDJ files that are submitted by the PIHP. The encounters and CDJ file utilized in this study met the following criteria:

- Encounters were paid within the reporting period of September 1, 2019 through August 31, 2021
- CDJ transactions had payment dates within the reporting period of September 1, 2019 through August 31, 2021
- Encounters were received and accepted by the FAC and transmitted to Myers and Stauffer LC through September 28, 2021

Table A — Magellan Health Cumulative Completion Totals and Percentages	
Description	Entire Plan
Encounter Total (FAC reported)	\$93,377,592
<i>Total Encounter Adjustments (\$)</i>	<i>(\$6,023,015)</i>
<i>Total Encounter Adjustments (%)</i>	<i>-6.45%</i>
Net Encounter Total	\$87,354,576
CDJ Total	\$86,318,299
Variance	\$1,036,278
Completion (%)	101.20%
100% Limited Completion (%)	100.00%
Contract Minimum Completeness Requirement (%)	95.00%
Non-Compliant (%)	1.20%





ENCOUNTER DATA ANALYSIS

For this study, Myers and Stauffer analyzes the encounter data that is submitted by the PIHP to the FAC and loaded into the FAC MMIS. Encounters submitted by the PIHP that were rejected by the FAC for errors in submission or other reasons are not transmitted to Myers and Stauffer.

Furthermore, Myers and Stauffer analyzes the encounter data from the FAC MMIS and makes the following adjustments. Table B below outlines the impact of applying these encounter analysis adjustments to the encounter paid amounts, when compared to the raw data received.

1. The payment amounts associated with denied encounters are identified as zero dollars in the encounter reconciliation analysis since they bear no impact on cash disbursements.
2. We identified potential duplicate encounters using our encounter review logic. Based on a comparison to the CDJ files, we noted some of these potential duplicates appear to be partial payments, some are actual duplicate submissions, and some are replacement encounters without a matching void. At the direction of LDH-OBH, we have attempted to adjust our totals to reflect the actual payment made and have removed duplicate payment amounts from our analysis.

Table B — Myers and Stauffer LC's Adjustments to Magellan Health Encounters			
Description	Encounter Count	Paid Amount	Paid Amount (% of Total*)
Total Encounter Amount (FAC Reported)	1,132,112	\$93,377,592	100.00%
<i>Adjustment Type</i>			
<i>Denied</i>	(254,600)	(\$5,919,721)	-6.33%
<i>Calculated Void</i>	(637)	(\$48,474)	-0.05%
<i>Duplicate</i>	(500)	(\$54,821)	-0.05%
<i>Total Adjustments Made</i>	(255,737)	(\$6,023,015)	-6.45%
Net Encounter Amounts	876,375	\$87,354,576	93.55%

* Percentage ratios are rounded down for each adjustment type and may not add up to the total percentage of adjustments made for this reporting period. Please see data analysis assumption number 6 on page 12 for further explanation.





During this analysis, Myers and Stauffer identified potential data issues that may impact the completion percentages for Magellan Health.

Please reference Table C on page 7 for Magellan Health's reconciliation period table. This table contains detailed reconciliation totals, completion percentages, and encounter analysis adjustments.

Data issues that may cause completion percentages outside the targeted range (below 95 percent or above 100 percent):

1. Numerous months in the reporting period have monthly completion percentages over 100 percent. These appear to be due to several reasons. The notable months are as follows:
 - December 2019, July 2020 and June 2021 through August 2021 appear to have a combination of two reasons for their high completion percentages. There appear to be non-matching paid amounts between the CDJ transactions and their corresponding encounters. There also appear to be missing CDJ transactions when compared to the encounter data.
 - February 2020 and March 2021 appear to have non-matching paid amounts between the CDJ transactions and their corresponding encounters.

We recommend Magellan Health work with LDH-OBH and Gainwell to identify and correct any CDJ file and/or encounter data submission issues.





MAGELLAN HEALTH MONTHLY TABLE

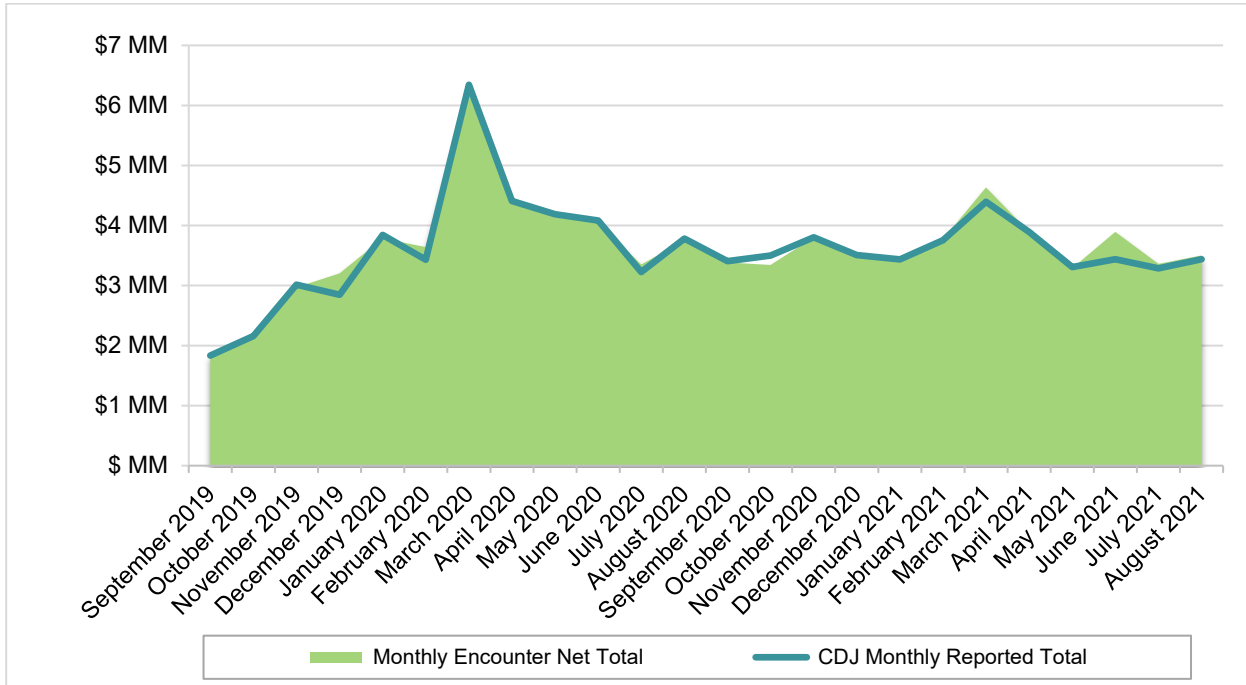
Table C — Magellan Health

Paid Month	Monthly Encounter Total (FAC Reported)	Monthly Encounter Total (Adjustments)	Percentage of Encounters Adjusted	Monthly Encounter Net Total	CDJ Monthly Reported Total	Monthly Variance	Monthly Completion Percentage
September 2019	\$2,065,521	(\$219,561)	-11%	\$1,845,960	\$1,834,324	\$11,636	100.63%
October 2019	\$2,353,217	(\$197,734)	-8%	\$2,155,483	\$2,160,331	(\$4,848)	99.77%
November 2019	\$3,544,620	(\$576,411)	-16%	\$2,968,208	\$3,014,456	(\$46,248)	98.46%
December 2019	\$3,312,752	(\$108,496)	-3%	\$3,204,256	\$2,846,834	\$357,422	112.55%
January 2020	\$4,324,976	(\$540,798)	-13%	\$3,784,178	\$3,842,942	(\$58,764)	98.47%
February 2020	\$4,198,214	(\$557,204)	-13%	\$3,641,010	\$3,429,269	\$211,741	106.17%
March 2020	\$6,391,734	(\$151,639)	-2%	\$6,240,094	\$6,344,075	(\$103,980)	98.36%
April 2020	\$4,529,726	(\$129,024)	-3%	\$4,400,703	\$4,408,683	(\$7,980)	99.81%
May 2020	\$4,288,155	(\$154,376)	-4%	\$4,133,779	\$4,187,157	(\$53,378)	98.72%
June 2020	\$4,147,317	(\$92,719)	-2%	\$4,054,598	\$4,081,908	(\$27,310)	99.33%
July 2020	\$3,579,705	(\$228,476)	-6%	\$3,351,229	\$3,224,579	\$126,651	103.92%
August 2020	\$3,860,133	(\$110,071)	-3%	\$3,750,062	\$3,782,840	(\$32,778)	99.13%
September 2020	\$3,446,076	(\$59,835)	-2%	\$3,386,241	\$3,406,482	(\$20,241)	99.40%
October 2020	\$3,435,020	(\$92,192)	-3%	\$3,342,828	\$3,499,494	(\$156,666)	95.52%
November 2020	\$3,870,956	(\$69,661)	-2%	\$3,801,295	\$3,803,268	(\$1,973)	99.94%
December 2020	\$3,543,480	(\$42,519)	-1%	\$3,500,961	\$3,506,846	(\$5,885)	99.83%
January 2021	\$3,484,588	(\$33,608)	-1%	\$3,450,980	\$3,435,287	\$15,692	100.45%
February 2021	\$3,791,016	(\$21,761)	-1%	\$3,769,255	\$3,755,680	\$13,575	100.36%
March 2021	\$4,689,881	(\$54,627)	-1%	\$4,635,254	\$4,393,937	\$241,317	105.49%
April 2021	\$3,996,291	(\$104,596)	-3%	\$3,891,694	\$3,890,730	\$965	100.02%
May 2021	\$3,470,713	(\$181,002)	-5%	\$3,289,711	\$3,306,440	(\$16,729)	99.49%
June 2021	\$4,030,780	(\$136,769)	-3%	\$3,894,011	\$3,438,459	\$455,553	113.24%
July 2021	\$3,524,087	(\$162,848)	-5%	\$3,361,239	\$3,287,306	\$73,933	102.24%
August 2021	\$5,498,636	(\$1,997,090)	-36%	\$3,501,546	\$3,436,974	\$64,572	101.87%
Cumulative Totals	\$93,377,592	-\$6,023,015	-6.45%	\$87,354,576	\$86,318,299	\$1,036,278	101.20%
100% Limited Cumulative Total				\$86,318,299	\$86,318,299	\$0	100.00%
State Contract Minimum Completeness Percentage Requirement							95.00%
							Non-Compliant 1.20%



MAGELLAN HEALTH SUMMARY REPORTING CHARTS

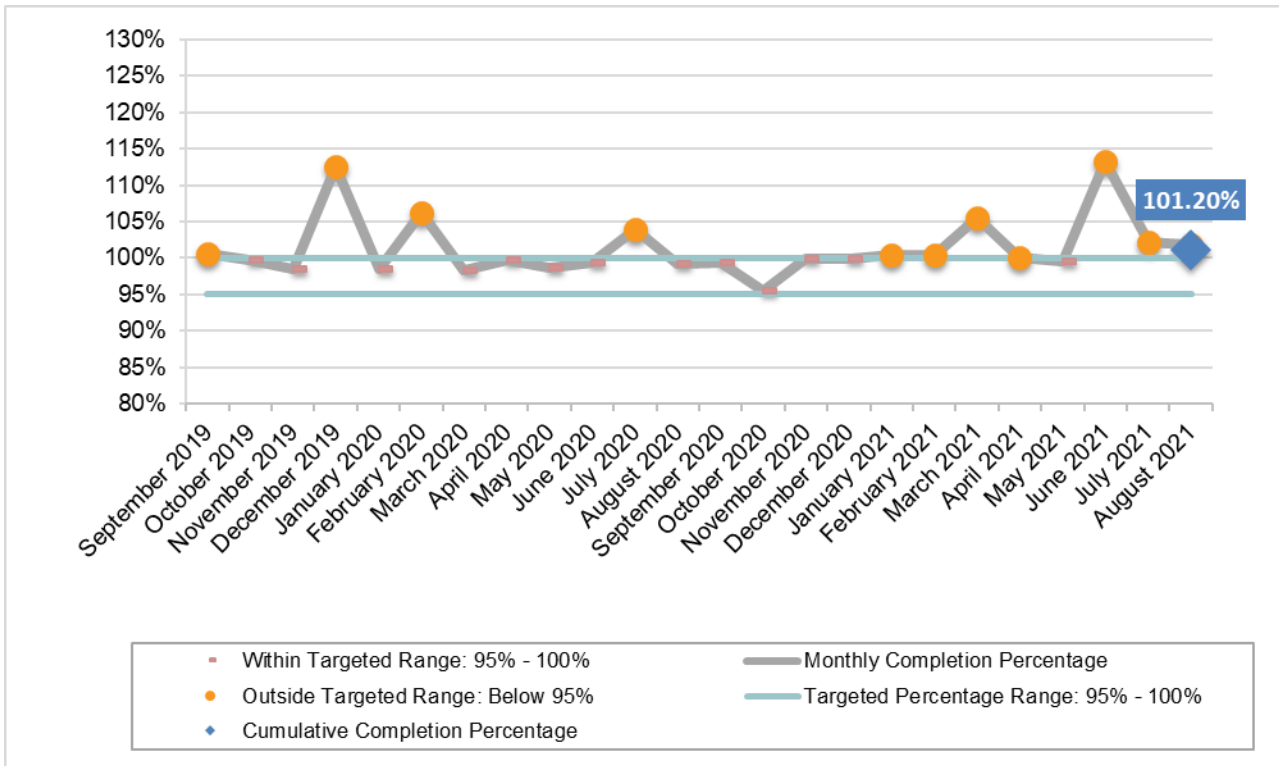
Chart 1. Monthly CDJ totals and encounter submission for Magellan Health





MAGELLAN HEALTH SUMMARY REPORTING CHARTS

Chart 2. Magellan Health's monthly encounter submissions expressed as a percentage of payments submitted to the FAC to reported PIHP monthly CDJ payment





APPENDIX A – DEFINITIONS AND ACRONYMS

The following terms are used throughout this document:

- **Cash Disbursement Journal (CDJ) Monthly Reported Total** – The sum of all payments from the PIHP to service providers for a given month as reported by the PIHP to DOH.
- **Fiscal Agent Contractor (FAC)** – A contractor selected to design, develop and maintain the claims processing system (Medicaid Management Information System); Gainwell Technologies is the current FAC.
- **Gainwell Technologies (Gainwell)** – State fiscal agent contractor, known as DXC Technology prior to October 1, 2020
- **Louisiana Coordinated System of Care (CSoC)** – The current statewide behavioral health managed care program in Louisiana, which became effective as a risk-based program on November 1, 2018. The Louisiana Department of Health (LDH) has designated the Office of Behavioral Health (LDH-OBH) for the oversight of the CSoC.
- **Louisiana Department of Health (LDH)** - The agency in charge of overseeing the health services for the citizens of the state of Louisiana.
- **Medicaid Management Information System (MMIS)** – The claims processing system used by the FAC to adjudicate Louisiana Medicaid and LaCHIP claims. PIHP submitted encounters are loaded into this system and assigned a unique claim identifier.
- **Monthly Completion Percentage** – The percentage of the monthly encounter net total in relation to the CDJ monthly reported total.
- **Monthly Encounter Net Total** – The sum of the encounter submissions for a given month incorporating the Myers and Stauffer LC encounter data adjustments made to the encounter submissions stored in the FAC’s encounter data warehouse.
- **Monthly Encounter Total (Adjustments)** – The sum of all Myers and Stauffer LC adjustments for a given month that were removed from the encounter submissions stored in the FAC’s encounter data warehouse.
- **Monthly Encounter Total (FAC Reported)** – The sum of all encounter submissions for a given month stored in the FAC’s encounter data warehouse.
- **Monthly Variance** – The difference between the monthly encounter net total and the CDJ monthly reported total.
- **Office of Behavioral Health (LDH-OBH)** – This office has the oversight of the Louisiana Coordinated System of Care (CSoC) program. Its mission is to promote recovery and resiliency in the community through services and supports that are preventive, accessible, comprehensive and dynamic.
- **Prepaid Inpatient Health Plan (PIHP)** – A private organization operating the Louisiana Coordinated System of Care (CSoC). Magellan Health Services, Inc. (Magellan Health) is the current PIHP for CSoC.





Encounters from medical service types were combined on like data fields. We analyzed the reported information of each encounter to capture the amount paid on the entire claim. Encounter totals were calculated by summarizing the data by the PIHP paid date and PIHP identification number (ID). The PIHP's submitted cash disbursements were summarized by paid date to create a matching table. These matching tables were combined using common fields and were used to produce the results.





APPENDIX C – DATA ANALYSIS ASSUMPTIONS

1. There are instances where the monthly completion percentages in the entire plan completion tables exceeded 100 percent during some months of the reporting period. These overstated monthly completion rates may be due to certain claim voids and replacements that were absent from the encounter data, but were accounted for in the CDJ. Also, duplicate records may have existed in the encounter data that we were unable to identify and remove. Additionally, CDJ payment dates may not have matched the payment dates that were reported in the encounter data.
2. When the PIHP submits an adjustment encounter, the FAC's encounter processing system automatically creates a void for the original (replaced) encounter. These system-generated voids bear the same paid date as the original encounter. In order to more accurately reconcile to the cash payments, we have attempted to match these voids' paid dates to the adjustment dates. However, we were unable to reallocate void encounters for which there was not an associated adjustment encounter.
3. Instances were noted where a record's transaction type implied a specific sign valuation for the PIHP paid amount (e.g., a void implied that the amount should be negative). However, the data submitted for these records did not accurately reflect the correct sign valuation. Where possible, these CDJ and/or encounter payment amounts were adjusted to reflect the expected sign of the payment in accordance with the transaction type.
4. We instructed the PIHP to exclude referral fees, management fees and other non-encounter related fees from the CDJ data that is submitted to Myers and Stauffer LC. We reviewed the CDJs for these payments and removed them from the analysis when they were identified.
5. Separately itemized interest expenses are excluded from the CDJ and encounter totals when the interest amounts are included in the PIHP paid amounts on the encounters and/or CDJ transaction amounts.
6. Percentage ratios noted in this report are rounded down. The sum of the percentages may not add up to the percentage sum total (Tables A and B).
7. Opportunities for improving the encounter reconciliation process have been identified during the analysis of the encounter data and cash disbursement journals, as well as frequent interactions with the PIHP, LDH-OBH, and the FAC. While we have attempted to account for these situations, other potential issues within the data may exist that have not yet been identified which may require us to restate prior reports or modify reconciliation processes in the future.

