

A Performance Audit of Utah Medicaid
External Quality Review Process



Report Number 2014-19

January 22, 2015



STATE OF UTAH

Utah Office of Inspector General

January 22, 2015

To: Utah Department of Health

Please see the attached report, **A Performance Audit of Utah Medicaid External Quality Review Process**, (Report 2014-19). An Executive Summary is included at the inception of this report. The objectives and scope of the audit are explained on page 3 of this report.

Sincerely,

A handwritten signature in blue ink that reads "Gene Cottrell".

Gene Cottrell
Interim Manager
Utah Office of Inspector General

cc: David Patton, Michael Hales, Shari Watkins, Emma Chacon, Nathan Checketts, Julie Ewing, Travis Lansing, Darin Dennis

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EXECUTIVE SUMMARY

Background:

As part of Medicaid Quality of Care standards, Medicaid contracts with External Quality Review Organizations (EQRO). The EQRO performs External Quality Reviews (EQR) annually on Medicaid Managed Care Plan Providers. The two annual requirements are Performance Improvement Project reports (PIP) and Performance Measures reports. Medicaid and the EQRO compile the Annual External Quality Review Technical report. Medicaid and the EQRO submit the report to Centers for Medicare & Medicaid Services (CMS) and the Public yearly.

Audit Objectives:

1. Determine if Medicaid contracts with a qualified External Quality Review Organization.
2. Determine the Medicaid process for ACOs and PMHPs issuance of corrective action plans.
3. Determine if Medicaid follows-up with ACOs and PMHPs to ensure completion of corrective action plans.
4. Review Medicaid's process of dealing with EQROs and corrective action plans to identify possible improvements to make the process more efficient and effective.

Audit Scope:

The scope of the audit covered the reporting years of 2013 and 2014, which includes calendar year data from 2012 and 2013 respectively. The scope of the audit covers only the annual reporting requirements of the EQR, which are the Performance Improvement Projects (PIP) reports and the Performance Measures reports.

Audit Finding & Observation:

Finding 1: Medicaid did not issue a corrective action plan for the lack of PIP reporting by Molina Health Care of Utah. The missing report covers CY2012 data for reporting year 2013.

Observation: Medicaid/EQRO has not completed the reporting year 2013 final Annual External Quality Review Report, which is a compilation and analysis of CY2012 data.

State Agency Comments:

In written comments on our draft report, the State agency agreed with all our findings and recommendations.

INTRODUCTION

BACKGROUND

The Utah Department of Health (DOH) Division of Health Care Financing (Medicaid), contracts with an External Quality Review Organization (EQRO) to comply with the annual external quality review (EQR) requirements of Medicaid Managed Care, 42 CFR 438.240. Medicaid contracts with an EQRO, outside of the Medicaid organization to perform the functions. The EQR requirements fall under the Quality of Care Assessment and Performance Improvement for Medicaid recipients care delivery. Medicaid uses “Managed Care” or “Accountable Care” as a way to control costs and expenditures for the program.

In 2013, Medicaid Contracted with the Office of Health Care Statistics (OHCS) to perform the two annual requirements, Performance Improvement Projects (PIP) and Performance Measures. In 2014, Medicaid contracted with an out of state EQRO to perform the 3-year requirement.

Medicaid PIP and Performance Measures reporting covers data generated in year one (calendar year) collected and compiled into reports in year two (reporting year). Medicaid submits the Annual External Quality Review technical report in year three (submission year).

In 2012, Medicaid Contracted with one Managed Care Organization (MCO), Molina Health Care of Utah. Medicaid also contracted with two Prepaid Ambulatory Health Plan (PAHP) providers and ten Prepaid Mental Health Plan (PMHP) providers.

In 2013, Medicaid issued new contracts for Accountable Care Organizations (ACO). These contracts include four ACOs, one Managed Care Organization (MCO), and ten Prepaid Mental Health Plan (PMHP) Providers.

Medicaid Managed Care, plan providers are required to submit Performance Improvement Project (PIP) reports and Performance Measure reports annually, to the EQRO. Plan Providers submit PIP reports containing information on improvement projects both clinical and nonclinical. Performance Measure reports provide information using objective quality indicators reported through information supplied by audited Healthcare Effectiveness Data and Information Set (HEDIS) data.

Medicaid Plan Provider Compliance, reviewing to standards established by the state, makes up the third EQRO requirement. The EQRO performs this requirement every three years. An EQRO completed the last review in 2011.

Medicaid and the EQRO compose the Annual External Quality Review technical report. Medicaid submits the report to Centers for Medicare & Medicaid Services (CMS) and the public upon completion. CMS strongly encourages States to have final EQR Technical Reports submitted by April of each year.

OBJECTIVES AND SCOPE

Audit Objectives:

1. Determine if Medicaid contracts with a qualified External Quality Review Organization.
2. Determine the Medicaid process for ACOs and PMHPs issuance of corrective action plans.
3. Determine if Medicaid follows-up with ACOs and PMHPs to ensure completion of corrective action plans.
4. Review Medicaid's process of dealing with EQROs reporting and corrective action plans to identify possible improvements to make the process more efficient and effective.

Audit Scope:

- The scope of the audit covered the reporting years of 2013 and 2014, which includes calendar year data from 2012 and 2013 respectively.
- The audit covered only the annual requirements of the EQR, Performance Improvement Projects and Performance Measures. The 3-year requirement will not be included in the scope of this audit.
- The audit covered Medicaid's process of determination and issuing of corrective action plans pertaining to Managed Care or Accountable care plan providers.

METHODOLOGY

To determine the Medicaid External Quality Review (EQR) provider and processes, the Utah Office of Inspector General (Utah OIG) interviewed relevant Medicaid personnel and Office of Health Care Statistics (OHCS) current and former personnel. The Utah OIG reviewed regulations, websites and prior reports issued to determine EQRO requirements.

To determine the use of corrective action plans by Medicaid, the Utah OIG interviewed relevant personnel, reviewed copies of complaints on plan providers and reviewed corrective action plans (CAP) issued and regulations on CAPs by Medicaid and CMS.

To determine contracted plan providers with Medicaid and the contract period the Utah OIG reviewed signed contracts of Plan Providers, websites and lists of plan providers.

To determine plan provider reporting requirements the Utah OIG reviewed Performance Improvement Project (PIP) reports and Performance Measures reports submitted to the EQRO by plan providers. The Utah OIG compiled a summary of all reports submitted and compared reports to regulations.

To evaluate the production of the Annual External Quality Review report the Utah OIG reviewed final and draft copies of the technical reports for reporting years 2012 and 2013 respectively.

FINDING 1**Medicaid did not issue a corrective action plan for lack of PIP reporting by Molina Healthcare of Utah**

Medicaid Managed Care External Quality Review regulations require annual Performance Improvement Project (PIP) reports from each Managed Care Organization (MCO) or Accountable Care Organization (ACO), Prepaid Inpatient Health Plan (PIHP) or Prepaid Mental Health Plan (PMHP) provider.¹ The State must review the reports annually.²

Molina Health Care of Utah did not submit the PIP report for calendar year 2012 data during reporting year 2013 as required by their contract.³ The EQRO reviewed and noted the lack of reporting but did not issue a corrective action plan.

The Office of Health Care Statistics (OHCS) became the External Quality Review Organization for Medicaid on January 1, 2013 with a signed memorandum of agreement (MOA) inter-agency agreement. Medicaid issued contracts replacing Managed Care Organizations (MCO) with Accountable Care Organizations (ACO) contracts effective January 1, 2013. Molina Healthcare of Utah had a MCO contract in 2012; then became a contracted ACO in 2013. Molina Healthcare of Utah's prior MCO contract had an effective date until June of 2014 or until replaced by the ACO contract. Molina Healthcare of Utah's lack of reporting is unjustified, as both contracts have the annual requirement of EQR reporting.

The PIP report submitted by Molina Healthcare of Utah for the current reporting year 2014 contains only data from 2012. The PIP report should contain two years of data (2012 & 2013) to catch up with reporting requirements. As of the audit date, Medicaid had issued no formal notice of corrective action.

Recommendation

1.1 Medicaid should issue a formal corrective action plan to Molina Healthcare of Utah for the prior lack of PIP reporting, and catch-up PIP reporting for reporting year 2014. The use of a penalty is available under the current ACO and former MCO signed contract.

¹ 42 CFR 438.240 (c) and 42 CFR 438.240 (d) (2)

² 42 CFR 438.240 (e) (1)

³ Molina Healthcare of Utah contract with Utah Department of Health, Contract number 106055, Article XIV-Compliance Monitoring (C) Quality Monitoring by the department (1) At least annually.

OBSERVATION**Medicaid/EQRO has not completed the reporting year 2013 final Annual External Quality Review Report containing CY2012 data**

The Centers for Medicare & Medicaid Services “(CMS) strongly encourage States to have final Technical Reports available to CMS and the public by April of each year, for data collected within the prior 15 months. This submission timeframe will align with the collection and annual reporting of managed care by the Secretary [of Health and Human Services] each September 30, which is also required under the Affordable Care Act⁴. In 2010, the Secretary began an analysis and publication of information obtained from the annual data.”⁵ “If a state does not submit their EQR technical report before that date, they will not have their information reflected in reports issued by the Secretary of Health and Human Services.” The public will not have access to the reported data until the next submission cycle in one year, decreasing the overall relevance of the data.

The Annual External Quality Review report contains information on quality of care services to Medicaid enrollees. Plan Providers submit Performance Improvement Project (PIP) reports and Performance Measures reports. The EQRO collects data for analysis and compilation. Medicaid performs edits of the report before publication by the EQRO.

Medicaid has not completed edits of the 2013 Annual External Quality Review report. The EQRO cannot complete and publish the report without Medicaid approval. Medicaid has not completed and submitted the Annual External Quality Review report for calendar year 2012, for reporting year 2013 and submission in 2014 by the April date strongly encouraged by CMS.

Reports issued in 2014 by the Secretary of Health and Human Services did not include information on Utah Medicaid enrollee quality of care data from 2012. Public access to the data will not take place until the next submission cycle. Medicaid has not finished error detection or issued corrective action plans on PIP and Performance Measure reporting because they have not completed their report.

Recommendation

2.1 Medicaid should submit future reports by the April date. The data should be available for timely analysis by all users including the public. Medicaid should issue corrective action plans for errors by plan providers before the submission date.

⁴ Sec .2701(d) (2) the due date from CMS is the same due date under the Affordable Care Act.

⁵ EQR Protocols introduction, Version 1.0 dated September 2012, P4.

GLOSSARY OF TERMS

The first use of each term is described in the report. The glossary is included to help ensure easier reading.

Term Description

ACO Accountable Care Organization

CY Calendar Year

CMS Centers for Medicare & Medicaid Services

DOH Utah Department of Health

EQR External Quality Review

EQRO External Quality Review Organization

HEDIS Healthcare Effectiveness Data and Information Set

MCO Managed Care Organization

OHCS Office of Health Care Statistics

OIG Utah Office of Inspector General

PIP Performance Improvement Project

PAHP Prepaid Ambulatory Health Plan

PIHP Prepaid Inpatient Health Plan

PMHP Prepaid Mental Health Plan

MANAGEMENT RESPONSE



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Utah Department of Health

W. David Patton, Ph.D.
Executive Director

Division of Medicaid and Health Financing

Michael Hales
Deputy Director, Utah Department of Health
Director, Division of Medicaid and Health Financing

January 20, 2015

Gene Cottrell
Interim Manager
Utah Office of the Inspector General
P.O. Box 14103
Salt Lake City, Utah 84114

Dear Mr. Cottrell:

Thank you for the opportunity to respond to the audit entitled "A Performance Audit of Utah Medicaid External Quality Review Process" (Report Number 2014-19). We appreciate the effort and professionalism of you and your staff in this review. Likewise, our staff has spent time collecting information for your review, answering questions, and planning changes to improve the program. We believe that the results of our combined efforts will make a better, more efficient program.

We concur with the recommendations in this report. Our response describes the actions the Department plans to take to implement the recommendations.

The Department of Health is committed to the efficient and effective use of taxpayer funds and values the insight this report provides on areas that need to be improved.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Hales".

Michael Hales
Deputy Director, Department of Health
Division Director, Medicaid and Health Financing



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Response to Recommendations

Recommendation 1.1

Medicaid should issue a formal corrective action plan to Molina Healthcare of Utah for the prior lack of PIP reporting and catch-up PIP reporting for reporting year 2014. The use of a penalty is available under the current ACO and former MCO signed contract.

Department response:

We concur with this recommendation.

The Bureau of Managed Health Care will issue a corrective action plan to Molina to request the missing PIP information. This corrective action will be sent to Molina by February 6, 2015.

*Contact: Julie Ewing, Acting Director, Bureau of Managed Health Care, 801-538-9125
Anticipated Implementation Date: February 6, 2015*

Recommendation 2.1

Medicaid should submit future reports by the April date. The data should be available for timely analysis by all users including the public. Medicaid should issue corrective action plans for errors by plan providers before the submission date.

Department response:

We concur with this recommendation.

The Department has contracted with Health Services Advisory Group (HSAG), an External Quality Review Organization, to complete the annual report. HSAG is on target to meet the April deadline.

*Contact: Julie Ewing, Acting Director, Bureau of Managed Health Care, 801-538-9125
Anticipated Implementation Date: April 2015*

EVALUATION OF MANAGEMENT RESPONSE

Management concurs with the findings and recommendations of this report. Management has designated a responsible person to implement changes within a reasonable deadline. Management's response is adequate. We will review the adequacy of Management's corrective action following the dates indicated in the response.

UTAH OIG CONTACTS AND STAFF ACKNOWLEDGEMENT

UTAH OIG CONTACT



Dennis Hooper
Lead Auditor

Kevin Anderson
Audit Manager

UTAH OIG AUDIT SERVICES MISSION

We conduct audits to reduce or eliminate waste, abuse, and fraud in the Utah Medicaid Programs for the benefit of taxpayers, Medicaid providers and recipients.

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