

The background of the slide is a blurred medical scene, possibly a patient in a hospital bed, overlaid with a semi-transparent green filter. Various medical icons are scattered across the green area, including a syringe, a pill, a stethoscope, a group of people, and a large white cross. A dark grey diagonal band runs from the top right towards the bottom left, serving as a background for the title and subtitle.

Louisiana Department of Health

**Comparison of
Health Plan Encounter Data to
Cash Disbursements for
Magellan Health Services, Inc.
September 1, 2021 – August 31, 2023**

November 30, 2023



Table of Contents

| | |
|---|----|
| ■ Study Purpose | 3 |
| ■ Summary | 4 |
| • Entire Plan | 4 |
| • Encounter Data Analysis..... | 5 |
| • Summary Charts | 6 |
| • Data Issues and Recommendations | 7 |
| ■ Magellan Health Monthly Table..... | 8 |
| ■ Appendix A: Definitions and Acronyms | 9 |
| ■ Appendix B: Analysis | 11 |
| ■ Appendix C: Data Analysis Assumptions | 12 |

Study Purpose

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.

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 LDH and should not be used for any other purpose.



Summary

Entire Plan

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 cash disbursement journal (CDJ) files that are submitted by the PIHP. The encounters and CDJ file utilized in this study met the following criteria:

- Encounter and CDJ transactions were paid within the reporting period of **September 1, 2021 through August 31, 2023**.
- Encounters were received and accepted by the FAC and transmitted to Myers and Stauffer LC through **September 26, 2023**.

| Table A — Magellan Health Cumulative Completion Totals and Percentages | |
|--|---------------------|
| Description | Entire Plan |
| Encounter Total (FAC reported) | \$84,540,937 |
| Total Encounter Adjustments (\$) | (\$6,458,060) |
| Total Encounter Adjustments (%) | -7.63% |
| Net Encounter Total | \$78,082,878 |
| CDJ Total | \$83,136,924 |
| Variance | (\$5,054,046) |
| Completion (%) | 93.92% |
| Contract Minimum Completeness Requirement (%) | 95.00% |
| Non-Compliant (%) | -1.08% |



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 Medicaid Management Information System (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, 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) | 1,317,938 | \$84,540,937 | 100.00% |
| Adjustment Type | | | |
| State System Denied | (64,598) | (\$5,755,802) | -6.80% |
| Health Plan Denied | (323,882) | (\$700,151) | -0.82% |
| Calculated Void | (23) | (\$1,692) | 0.00% |
| Duplicate | (4) | (\$415) | 0.00% |
| Total Adjustments Made | (388,507) | (\$6,458,060) | -7.63% |
| Net Encounter Amounts | 929,431 | \$78,082,878 | 92.37% |

* Due to rounding, the sum of the displayed percentages in this report may not add up to the total.



Summary Charts

Chart 1. PIHP CDJ and Encounter Totals by Paid Month

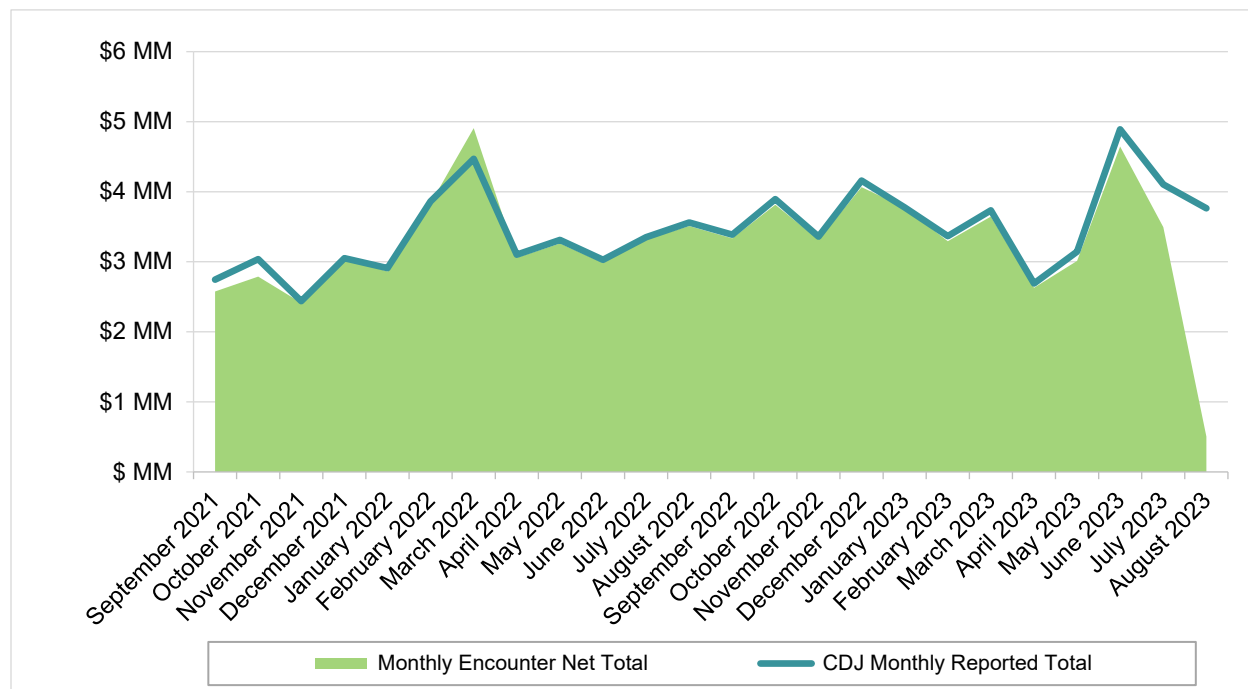
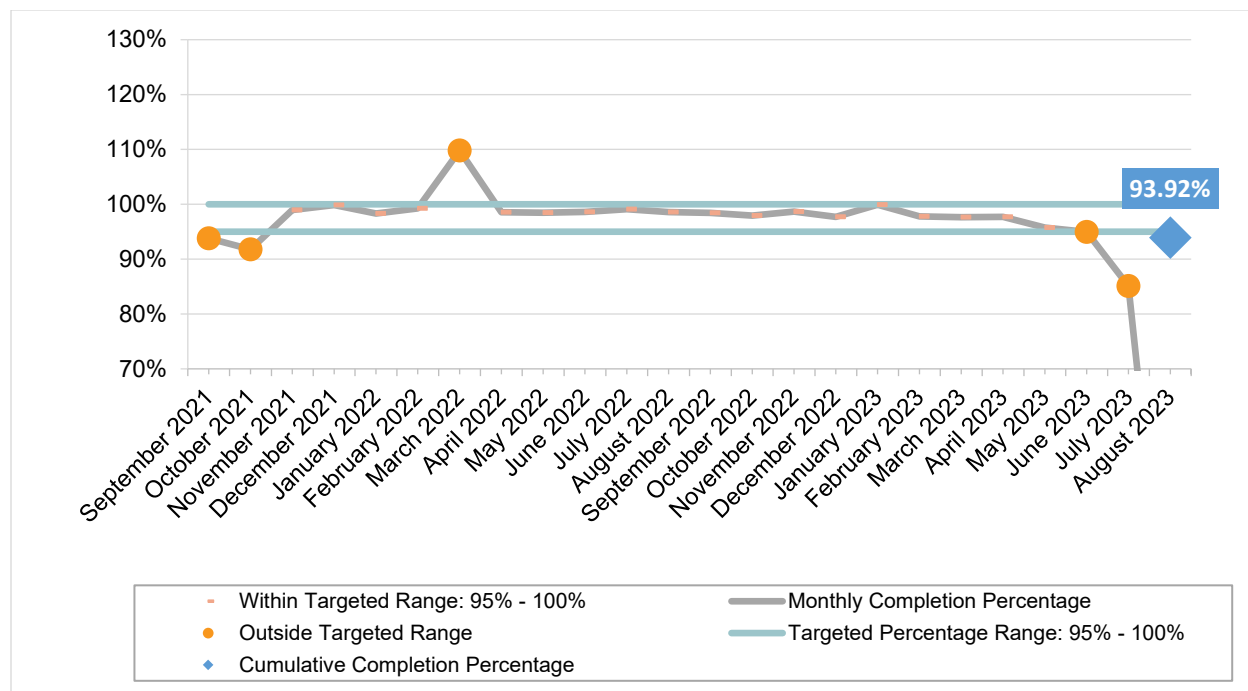


Chart 2. PIHP Completion Percentage by Paid Month





Data Issues and Recommendations

During this analysis, Myers and Stauffer identified potential data issues that may impact the completion percentages for MHS. Please reference Table C for MHS reconciliation period tables. These tables contain detailed reconciliation totals, completion percentages, and encounter analysis adjustments.

1. March 2022 has monthly completion percentage over 100 percent as follows:

- March 2022 appears to be due to encounter transaction amounts not matching with the corresponding CDJ transaction amounts.

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

2. September 2021, October 2021, July 2023 and August 2023 have monthly completion percentages below 95 percent as follows:

- September 2021 appears to be due to encounters appearing in a later month than the corresponding CDJ transactions.
- October 2021 appears to be due to a combination of encounters appearing in a later month than the corresponding CDJ transactions and state system denied encounters.
- July 2023 appears to be due to plan denied encounters when compared to corresponding CDJ transactions.
- The low completion percentage of 13.42 percent for August 2023 appears to be due to a combination of missing encounters and plan denied encounters.

We recommend Magellan Health work with Myers and Stauffer 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 2021 | \$3,026,399 | (\$450,732) | -14.89% | \$2,575,666 | \$2,745,646 | (\$169,979) | 93.80% |
| October 2021 | \$3,193,656 | (\$406,121) | -12.71% | \$2,787,534 | \$3,037,401 | (\$249,867) | 91.77% |
| November 2021 | \$2,722,875 | (\$309,922) | -11.38% | \$2,412,953 | \$2,438,379 | (\$25,426) | 98.95% |
| December 2021 | \$3,318,786 | (\$272,046) | -8.19% | \$3,046,740 | \$3,050,769 | (\$4,029) | 99.86% |
| January 2022 | \$3,128,945 | (\$268,273) | -8.57% | \$2,860,672 | \$2,909,211 | (\$48,540) | 98.33% |
| February 2022 | \$3,930,005 | (\$97,140) | -2.47% | \$3,832,864 | \$3,861,308 | (\$28,444) | 99.26% |
| March 2022 | \$5,005,433 | (\$97,377) | -1.94% | \$4,908,056 | \$4,469,689 | \$438,367 | 109.80% |
| April 2022 | \$3,131,372 | (\$74,152) | -2.36% | \$3,057,220 | \$3,102,430 | (\$45,209) | 98.54% |
| May 2022 | \$3,341,568 | (\$80,455) | -2.40% | \$3,261,113 | \$3,311,893 | (\$50,780) | 98.46% |
| June 2022 | \$3,045,156 | (\$59,192) | -1.94% | \$2,985,964 | \$3,028,222 | (\$42,258) | 98.60% |
| July 2022 | \$3,395,204 | (\$73,731) | -2.17% | \$3,321,473 | \$3,350,981 | (\$29,508) | 99.11% |
| August 2022 | \$3,570,453 | (\$59,915) | -1.67% | \$3,510,538 | \$3,560,509 | (\$49,971) | 98.59% |
| September 2022 | \$3,432,417 | (\$98,333) | -2.86% | \$3,334,084 | \$3,387,099 | (\$53,015) | 98.43% |
| October 2022 | \$4,024,429 | (\$209,958) | -5.21% | \$3,814,471 | \$3,894,857 | (\$80,386) | 97.93% |
| November 2022 | \$3,462,589 | (\$147,406) | -4.25% | \$3,315,183 | \$3,359,420 | (\$44,237) | 98.68% |
| December 2022 | \$5,147,252 | (\$1,082,784) | -21.03% | \$4,064,468 | \$4,160,211 | (\$95,743) | 97.69% |
| January 2023 | \$3,858,813 | (\$86,317) | -2.23% | \$3,772,496 | \$3,775,407 | (\$2,911) | 99.92% |
| February 2023 | \$4,072,799 | (\$780,295) | -19.15% | \$3,292,504 | \$3,367,017 | (\$74,512) | 97.78% |
| March 2023 | \$4,498,764 | (\$853,351) | -18.96% | \$3,645,413 | \$3,733,511 | (\$88,098) | 97.64% |
| April 2023 | \$2,727,196 | (\$99,443) | -3.64% | \$2,627,754 | \$2,689,330 | (\$61,576) | 97.71% |
| May 2023 | \$3,254,061 | (\$241,837) | -7.43% | \$3,012,224 | \$3,145,507 | (\$133,284) | 95.76% |
| June 2023 | \$4,953,429 | (\$308,814) | -6.23% | \$4,644,615 | \$4,890,740 | (\$246,125) | 94.96% |
| July 2023 | \$3,710,038 | (\$216,467) | -5.83% | \$3,493,571 | \$4,104,069 | (\$610,497) | 85.12% |
| August 2023 | \$589,298 | (\$83,998) | -14.25% | \$505,300 | \$3,763,318 | (\$3,258,019) | 13.42% |
| | | | | | | | |
| Cumulative Totals | \$84,540,937 | -\$6,458,060 | -7.63% | \$78,082,878 | \$83,136,924 | -\$5,054,046 | 93.92% |
| | | | | | Minimum Completeness (%) | | 95.00% |
| | | | | | Non-Compliant | | -1.08% |



Appendix A: Definitions and Acronyms

The following terms are used throughout this document:

- **Cash Disbursement Journal (CDJ)** – A record of payments from a PIHP to service providers for a given month as reported by the PIHP to the Louisiana Department of Health (LDH).
- **DXC Technology (DXC)** – State fiscal agent contractor prior to October 1, 2020. In 2020, DXC was sold to Veritas Capital and ultimately formed a new company, Gainwell Technologies.
- **Fiscal Agent Contractor (FAC)** – A contractor selected to design, develop and maintain the Medicaid Management Information System (MMIS); Gainwell is the current FAC.
- **Gainwell Technologies (Gainwell)** – Current State fiscal agent contractor. Formerly known as DXC Technology.
- **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.
 - **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.
- **Medicaid Management Information System (MMIS)** – The claims and encounter processing system used by the FAC. PIHP submitted encounters are loaded into this system and assigned a unique claim identifier.
- **Prepaid Inpatient Health Plan (PIHP)** – A private organization operating the Louisiana Coordinated System of Care (CSoC). Magellan Health Services, Inc. (MHS) is the current PIHP for CSoC.



The following terms are used in the monthly tables throughout this document:

- **CDJ Monthly Reported Total** – The sum of all payments from a PIHP to service providers for the reconciliation period reported in the Cash Disbursement Journal (CDJ).
- **Monthly Completion Percentage** – The “Monthly Encounter Net Total” divided by “CDJ Monthly Reported Total.”
- **Monthly Encounter Net Total** – The difference between the “Monthly Encounter Total (FAC Reported)” and “Monthly Encounter Total (Adjustments).”
- **Monthly Encounter Total (Adjustments)** – Total paid amount of encounters identified as denied, calculated void or potential duplicate.
 - State System Denied Encounter – A submitted encounter that is paid by the plan but is denied by the Fiscal Agent Contractor (FAC) due to MMIS Claims Subsystem edits.
 - Health Plan Denied Encounter – A submitted encounter that is denied by the plan. This denied encounter is indicated by a value of ‘D’ in the second position of the PIHP ICN submitted by the plan.
 - Calculated Voids – A pair of paid encounters having the same base patient account number or plan internal control number (ICN) if applicable. One of the encounters may appear to be a replacement of the other without a corresponding void encounter transaction being present. In this case, an adjustment is made to account for the missing void transaction. The magnitude of this adjustment depends upon the plans’ response to a listing of potential calculated void encounters.
 - Duplicate Encounters – A pair of paid encounters having identically-billed fields that appear to be duplicates of one another. One of these encounters may be excluded from the analysis depending upon the plans’ response to a listing of potential duplicate encounters.
- **Monthly Encounter Total (FAC Reported)** – The sum of all paid amounts on encounters submitted to the MMIS.
- **Monthly Variance** – The difference between the “Monthly Encounter Net Total” and the “CDJ Monthly Reported Total.”
- **Percentage of Encounters Adjusted** – The “Monthly Encounter Total (Adjustments)” divided by “Monthly Encounter Total (FAC Reported).”

Appendix B: Analysis

Encounters from behavioral health services were combined on like data fields. We analyzed the line 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. Submitted cash disbursements were summarized by the PIHP transaction date to create a matching table. These data sources were then combined to produce the results.



Appendix C: Data Analysis Assumptions

1. This analysis is performed on encounter data that was submitted by the PIHP to the FAC and loaded into the FAC MMIS. Encounters submitted by any PIHP that were rejected by the FAC for errors in submission or other reasons are not transmitted to Myers and Stauffer LC.
2. For the purposes of this study, 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.
3. A voiding encounter has the same paid date as the original/voided encounter, which may differ from when the void or adjustment occurred. Therefore, the voiding encounters were coded to match the adjustment claim's paid date to allow for the proper matching of cash disbursements that occurred due to these void transactions. However, we were unable to reallocate the void encounters in which there was not an associated adjustment claim.
4. CDJ and encounter payments are analyzed to ensure that positive and negative payments correspond to the record's transaction type. For example, a void should have a negative amount. Additionally, the payment's amount on void and back-out encounters should match the amount on the encounter being adjusted. If detected, the payment is adjusted to the appropriate sign or amount.
5. 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.
6. 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 transactions.
7. Due to rounding, the sum of the displayed percentages in this report may not add up to the total.
8. The short run-out period for encounter submissions may not allow sufficient time for the PIHP to resolve encounter submission issues noted in previous reconciliation reports. This may result in lower completion percentages when reconciling the encounters to CDJ totals.
9. Opportunities for improving the encounter reconciliation process have been identified during analysis of the encounter data and cash disbursement journals, as well as frequent interactions with the PIHP, LDH, 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 a report or modify reconciliation processes in the future.