
GEORGIA FAMILIES PROGRAM

REPORT 17
HOSPITAL CLAIMS
GLOBAL ANALYSIS

**ANALYSES OF CLAIMS SUBMITTED BY HOSPITAL
PROVIDERS TO GEORGIA CARE MANAGEMENT
ORGANIZATIONS**

MARCH 1, 2011

EXECUTIVE SUMMARY

Objective of Initiative

To perform analyses of hospital claims that were paid or denied by the care management organizations (CMOs), with claim paid or denied dates between June 1, 2006 and June 30, 2010, to identify trends, progression or issues that might be of concern to the Georgia Department of Community Health (DCH or Department). These analyses include adjudication and denial trends, evaluation of the payment of triage rates versus emergency rates on emergency services, and provider retention. At the direction of the Department, the results for Children's Healthcare of Atlanta (CHOA) are presented separately from other hospital providers.

Methodology

Utilizing encounter data extracted from the Myers and Stauffer data warehouse, as well as data requested from the CMOs to supplement the data when necessary, we performed the following analyses:

- Analysis I:*** Claims Adjudication Trends – Determine the average number of days required to adjudicate claims.
- Analysis II:*** Denied Claims Analysis – Identify claim denial rates and reasons.
- Analysis III:*** Emergency Room Services – Identify the frequency at which hospital emergency room claims were reimbursed at the triage rate, by level of care. Identify the number of claims originally paid at the triage rate and later reprocessed at a higher rate after appeal.
- Analysis IV:*** Georgia Families Program Provider Retention – Identify any trends or potential provider retention concerns within the Georgia Families program.

Table 1(a): Paid and Denied Claims by CMO, Based on Final Payment Status, CHOA

	AMERIGROUP	Peach State Health Plan	WellCare	Total
Number of Paid Claims	126,044	186,334	85,261	397,639
Percent of Total Claims	95.4%	97.4%	89.8%	95.1%
Number of Denied Claims	6,090	4,934	9,642	20,666
Percent of Total Claims	4.6%	2.6%	10.2%	4.9%
Total Claims	132,134	191,268	94,903	418,305
Percent	100.0%	100.0%	100.0%	100.0%

Table 1(b): Paid and Denied Claims by CMO, Based on Final Payment Status, Non-CHOA

	AMERIGROUP	Peach State Health Plan	WellCare	Total
Number of Paid Claims	1,029,159	1,450,135	1,638,374	4,117,668
Percent of Total Claims	93.3%	96.2%	88.0%	92.1%
Number of Denied Claims	74,080	57,667	222,833	354,580
Percent of Total Claims	6.7%	3.8%	12.0%	7.9%
Total Claims	1,103,239	1,507,802	1,861,207	4,472,248
Percent	100.0%	100.0%	100.0%	100.0%

Limitations

The following data limitations should be considered when evaluating the findings:

- 1) Monthly reconciliation reports indicate that the encounter data provided by the CMOs is less than 100 percent complete. As of August 2010, the completion rate for the encounter claims was 99 percent for both Peach State Health Plan (PSHP) and WellCare. The completion rate for AMERIGROUP (AMGP) was 100 percent. Although the rates indicate the encounter data is nearly complete, because the analyses were performed on a less than 100 percent complete set of encounter claims, there is a potential that the findings resulting from these analyses may reflect slightly inaccurate results.
- 2) WellCare has stated that the denied/paid dates reported on the encounters they submit may not reflect the actual date the claim was paid or denied. This discrepancy limits the usefulness of trending analyses that utilize the denied/paid

date. **Recommendation:** DCH may wish to require that the encounter data submitted by the CMOs contain complete and accurate data, including the actual dates the claims were paid or denied.

- 3) Certain claims may be rejected prior to entering the adjudication process with a CMO. Encounter claims submitted by the CMOs to the Department do not include these claims and thus our analyses do not consider these claims.
- 4) Changes to provider contracts from paying for emergency services at triage and emergency rates to instead include terms for reimbursement of emergency services at a negotiated rate based on level of care will impact any trending analyses related to frequency of triage payments.
- 5) In attempting to identify instances where a CMO paid a provider a triage payment for an ER visit, certain claims may potentially not be identified due to reduced reimbursement due to the deduction of co-payments or increased reimbursement due to the addition of interest or a combination of the two.

Summary of Findings and Recommendations

Analysis I: Claims Adjudication – Key Findings

- AMGP, on average, adjudicated 99.8 percent of CHOA hospitals claims and 99.2 percent of non-CHOA hospital claims in 19 days or less. Based on the encounter data, during State Fiscal Year (SFY) 2010, AMGP adjudicated 100 percent of all hospital claims in less than 20 days. **Recommendation:** DCH may wish to have AMGP confirm the validity of the data submitted by AMGP which indicates that 100 percent of the hospital claims submitted were adjudicated in 19 days or less during SFY 2010. During our analysis we determined that the submitted and paid dates were identical on the AMGP hospital claims adjudicated during SFY 2010.
- PSHP, on average, adjudicated 95.3 percent of CHOA hospital claims and 89.1 percent of all other hospital claims in 19 days or less across the period analyzed.
- WellCare, on average, adjudicated 73.1 percent of CHOA hospital claims and 73.4 percent of all other hospital claims in 19 days or less across the period analyzed.

Analysis II: Denied Claims Analysis – Key Findings

- AMGP denied approximately 4.6 percent of CHOA claims and 6.7 percent of all other hospital claims between June 1, 2006 and June 30, 2010. Of these denials, AMGP reversed approximately 22.1 percent of the CHOA denials and 13.1 percent of the non-CHOA denials. AMGP paid interest of \$16,021 for CHOA hospital claims and \$125,918 for non-CHOA hospital claims.

- PSHP denied approximately 2.6 percent of CHOA claims and 3.8 percent of all other hospital claims between June 1, 2006 and June 30, 2010. Of these denials, PSHP reversed approximately 8.9 percent of the CHOA denials and 5.9 percent of the non-CHOA denials. PSHP paid interest of \$8,209 for CHOA hospital claims and \$67,390 for non-CHOA hospital claims.
- WellCare denied approximately 10.2 percent of CHOA claims and 12.0 percent of all other hospital claims between June 1, 2006 and June 30, 2010. Of these denials, WellCare reversed approximately 38.7 percent of the CHOA denials and 28.8 percent of the non-CHOA denials. WellCare paid interest of \$12,719 for CHOA hospital claims and \$25,034 for non-CHOA hospital claims.

Recommendation: DCH may wish to request an explanation from AMGP and WellCare regarding their denials and high overturn percentages. This practice appears to be resource-intensive for providers.

Analysis III: Emergency Room Visits – Key Findings

- The contracts between the CMOs and the hospital do not always contain provisions for triage payments, sometime referred to as administrative fees, for services provided in the emergency room that are deemed non-emergency. An increasing number of contracts have been amended to include negotiated rates for the various levels of care and no longer include language allowing for the determination of an emergency status on the claims. For purposes of this analysis, a claim payment is classified as a triage payment if the amount paid was specifically referred to as such in the contract between the CMO and the provider or if the payment made for a claim included a level of care of 99283 or higher but was paid at the negotiated rate for procedure codes 99281 or 99282.
 - AMGP paid 4 CHOA emergency room claims at the triage rate. All of the CHOA claims paid at triage were classified as level three emergencies or higher. AMGP paid 5 percent of non-CHOA emergency room claims at the triage rate. 99.0 percent of non-CHOA emergency room claims paid at the triage rate were classified as level 3 emergencies or higher.
 - PSHP paid 6.9 percent of CHOA emergency room claims at the triage rate. Approximately 66 percent of the CHOA claims paid at triage were classified as level 3 emergencies or higher. The PSHP encounter data indicates that no CHOA emergency room claims were paid a triage rate in SFY 2008 but there are CHOA emergency room claims paid a triage rate in subsequent years.
- Recommendation:** DCH may wish to require PSHP to provide additional information regarding the payment of triage payments during the first post-implementation period.

- PSHP paid 37.3 percent of non-CHOA emergency room claims at the triage rate. Of these claims, 47.6 percent were classified as level 3 emergencies or higher. The percentage of PSHP non-CHOA emergency room claims paid at the triage rate has increased from 31.3 percent at implementation to 52.5 percent during SFY 2010.
- WellCare paid 58.3 percent of CHOA emergency room claims and 31.7 percent of non-CHOA emergency room claims at the triage rate. WellCare did not provide the procedure code/level of care for 70.9 percent of CHOA emergency room visits and 53.1 percent of non-CHOA emergency room visits. **Recommendation:** DCH may wish to require WellCare to submit level of care information for emergency service claims in order to thoroughly evaluate triage payment trends.

Recommendation: DCH may wish to inquire to the CMOs concerning the apparent trend upward on the percentage of claims paid at the triage rate.

Analysis IV: Provider Retention – Key Findings

- Twenty-eight (28) of the 133 hospitals contracted with AMGP have terminated their contract. In addition, six of the remaining 105 hospitals have no reported claim activity. **Recommendation:** DCH may wish to ask AMGP to provide an explanation regarding the number of facilities which have terminated their contract with AMGP.
- Three (3) hospitals terminated their contract with PSHP between February 2008 and June 2009.
- Two of the 146 hospitals contracted with WellCare terminated their contract. Seventeen of the remaining 144 hospitals had no claim activity. **Recommendation:** DCH may wish to request WellCare to provide an explanation regarding the number of hospitals not submitting claims.