

Summary of Adjustments and Findings

Background

This document presents an overview of findings and adjustments reported during the performance of the Medical Loss Ratio (MLR) Examination for the calendar year (CY) 2022 and Encounter Data Validation (EDV) engagements for the state fiscal year (SFY) 2022. These engagements were conducted on 16 managed care entities (MCE), operating as a managed care organization, accountable care organization, or managed behavioral health vendor, under contract with MassHealth during the reporting periods. Myers and Stauffer LC is contracted by the Executive Office of Health and Human Services (EOHHS) to perform the engagement.

Report on Adjusted Medical Loss Ratio:

Centers for Medicare & Medicaid Services federal guidance is utilized for this examination engagement. Guidance specific to the MLR, 42 Code of Federal Regulations (CFR) § 438.8, is included below:

https://www.ecfr.gov/cgi-bin/text-idx?SID=e45ec878432b9e3203ccbeab7b5084b5&mc=true&node=se42.4.438_18&rpn=div8

Report on Encounter Data Validation:

The Encounter Data Validation evaluated the accuracy, truthfulness, and completeness of the data contained within the EOHHS MassHealth Data Warehouse.

Contract Year 1 MCEs Reviewed:

- *Boston Medical Center Health Plan, Inc.*
- *Tufts Health Public Plans, Inc.*
- *Massachusetts Behavioral Health Partnership*
- *Health New England, Inc.*
- *Always Health Partners, Inc.*
- *Health Collaborative of the Berkshires in partnership with Fallon Community Health Plan*
- *Reliant Medical Group in partnership with Fallon Community Health Plan*
- *Wellforce in partnership with Fallon Community Health Plan*
- *Atrius Health in partnership with Tufts Health Public Plans*
- *Beth Israel Deaconess Care Organization in partnership with Tufts Health Public Plans*
- *Cambridge Health Alliance in partnership with Tufts Health Public Plans*
- *Boston Children's Health Accountable Care Organization in partnership with Tufts Health Public Plans*
- *Boston Accountable Care Organization in partnership with Boston Medical Center Health Plan*

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- *Mercy Health Accountable Care Organization in partnership with Boston Medical Center Health Plan*
- *Signature Healthcare Corporation in partnership with Boston Medical Center Health Plan*
- *Southcoast Health Network in partnership with Boston Medical Center Health Plan*

Report on Adjusted Medical Loss Ratio

■ *Incurred Claims Component*

The adjustments listed below were frequently required for the MCEs examined during the engagement.

1. Adjust to the final stop loss calculation and properly report the total amount in premium revenue rather than incurred claims per state and MCE supporting documentation.
2. Adjust to include the expense associated with state directed payment revenue per state data.
3. Adjust pharmacy incurred claims to agree to expenses incurred by the pharmacy benefit manager (PBM) including claims paid to pharmacies, rebates, transaction fees, and effective rate reimbursement guarantees per PBM supporting documentation.
4. Adjust to remove abortion expenses, covered under a separate contract, from incurred claims per MCE supporting documentation.
5. Adjust to remove long-term Institution for Mental Disease expenses, covered through a state only program, from incurred claims per MCE supporting documentation.
6. Adjust provider incentive payments related to the final risk share settlement to reflect the final amount per state and MCE supporting documentation.

The adjustments listed below were infrequently required for the MCEs examined during the engagement.

7. Adjust to remove management fees and infrastructure payments that do not meet the definition of incurred claims or health care quality improvement activities per MCE supporting documentation.
8. Adjust incurred claims, including coordination of benefits reduction amounts, to reconcile per MCE supporting documentation.
9. Adjust to remove Health Safety Net expenses duplicated within incurred claims and tax expenses per MCE supporting documentation.
10. Adjust vendor incurred claims to the amount incurred by the vendor per vendor supporting documentation.

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11. Adjust to remove incurred but not reported margin and loss adjustment expenses per MCE supporting documentation.

Health Care Quality Improvement (HCQI)/Health Information Technology (HIT) Activities Component

The adjustments listed below were frequently required for the MCEs examined during the engagement.

There were no frequent adjustments to the HCQI/HIT component.

The adjustments listed below were infrequently required for the MCEs examined during the engagement and are informational only.

1. Adjust to remove non-qualifying HCQI/HIT expenses per MCE supporting documentation.
2. Adjust HCQI/HIT expenses to reconcile per MCE supporting documentation.

Revenue and Revenue Deductions Component

The adjustments listed below were frequently required for the MCEs examined during the engagement.

1. Adjust premium revenue and maternity kick payments to reconcile per state data.
2. Adjust to include state directed payment revenue per state data.
3. Adjust to the final stop loss calculation and properly report the total amount in premium revenue rather than incurred claims per state and MCE supporting documentation.
4. Adjust revenues to reflect the final risk share settlement per state data.

The adjustments listed below were infrequently required for the MCEs examined during the engagement.

5. Adjust tax expenses to reconcile the Health Safety Net surcharge per state data.
6. Adjust to remove non-qualifying tax expenses per MCE supporting documentation.
7. Adjust to include federal and state income tax expenses per MCE supporting documentation.

Encounter Data Validation

The findings listed below were frequently identified for the MCEs reviewed during the engagement.

1. The MCE did not meet the 60 day requirement of 99 percent for the payment of claims.
2. Encounter completion percentages exceeded 100 percent when compared to MCE-submitted cash disbursement paid amounts.

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3. Encounter completion percentages exceeded 100 percent when compared to MCE-submitted MLR claims lag paid amounts for January 2022 through June 2022.

The findings listed below were infrequently identified for the MCEs reviewed during the engagement.

4. The MCE did not meet the 30 day requirement of 90 percent for the payment of claims.
5. Encounter data element values did not agree with the MCE-submitted sample claim values (i.e., Service/Rendering Provider Taxonomy, former Internal Control Numbers (ICNs), and MCE Paid Date).
6. Encounter completion percentages were below the 95 percent threshold when compared to MCE-submitted sample claim counts.
7. Encounter completion percentages were below the 95 percent threshold when compared to MCE-submitted sample claim paid amounts.
8. Encounter completion percentages were below the 95 percent threshold when compared to MCE-submitted cash disbursement paid amounts.
9. Encounter completion percentages were below the 95 percent threshold when compared to MCE-submitted MLR claims lag paid amounts for January 2022 through June 2022.