



**DEPARTMENT OF COMMUNITY HEALTH  
GEORGIA FAMILIES**

**REPORT # 11  
CARE MANAGEMENT ORGANIZATIONS  
CASH DISBURSEMENT JOURNAL  
SAMPLE VALIDATION**

**October 29, 2009**

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## REPORT GLOSSARY

The following listing of terms and references are used throughout this report:

- **Affiliated Computer Services, Inc. (ACS)** – State fiscal agent claims processor.
- **AMERIGROUP Community Care (AMGP)** – One of three care management organizations that operate in the State of Georgia.
- **Care Management Organization (CMO)** – A private organization that has entered into a risk-based contractual arrangement with DCH to obtain and finance care for enrolled Medicaid or PeachCare for Kids™ members. CMOs receive a per capita or capitation claim payment from DCH for each enrolled member.
- **Cash Disbursement Journal (CDJ)** – A listing of payments made to providers by a CMO or by a CMO's subcontractor for a given month, as reported by a CMO. Cash in this case refers to amounts paid via cash, check, or electronic funds transfer.
- **Department of Community Health (DCH or Department)** – The Department within the state of Georgia that oversees and administers the Medicaid and PeachCare for Kids™ programs.
- **Encounter Claim (Encounter)** – An encounter claim may be a fee-for-service claim payment made to a provider by the CMO or by a subcontractor on behalf of the CMO.
- **Fiscal Agent Contractor (FAC)** – The entity contracted with the Department to process Medicaid and PeachCare for Kids™ claim and other non-claim specific payments. With the exception of pharmacy claims, Affiliated Computer Services, Inc. is the FAC for the Department.
- **Georgia Families (GF)** – The risk-based managed care delivery program for Medicaid and PeachCare for Kids™ where the Department contracts with Care Management Organizations to manage and finance the care of eligible members.
- **Participating Provider** – As used in this report, this term refers to providers that have signed a contract with CMOs to provide services to Georgia Families members.

- ***PeachCare for Kids™ Program (PeachCare)*** – Georgia’s State Children’s Health Insurance Program (SCHIP) funded by Title XXI of the Social Security Act, as amended.
- ***Peach State Health Plan (PSHP)*** – One of three care management organizations that operate in the State of Georgia.
- ***Provider Number (or Provider Billing Number)*** – An alphanumeric code utilized by health care payors to identify providers for billing, payment, and reporting purposes.
- ***Subcontractor*** – An entity that contracts with a CMO to administer the provision of some or all of the health care services for which that CMO is responsible.
- ***WellCare of Georgia (WellCare)*** – One of three care management organizations that operate in the State of Georgia.

## BACKGROUND

Myers and Stauffer LC was engaged to assist the Department of Community Health (DCH or the Department) in its efforts to assess the policies and procedures of the Georgia Families program, including studying and reporting on certain issues presented by providers, selected claims paid or denied by Care Management Organizations (CMOs), and selected GF policies and procedures. Previously issued reports are available online at <http://dch.georgia.gov>. These reports assessed payment and denial trends of hospital, physician, and dental claims, the payment accuracy of selected claims, and certain CMO policies and procedures.

Because of the Department's reliance on CMO encounters and cash disbursement journals (CDJs), which may be used to assess medical loss ratios, completion rates for encounter claims, and CMO encounter policies and procedures, the Department authorized a study to confirm the accuracy and completeness of CDJ information submitted to the fiscal agent contractor (FAC) by each of the CMOs, which is required to reconcile the CDJ to the encounter claims.

Analysis of encounter claims and the accuracy rate of CDJs are important to the Department because this information may impact rate setting, management reports, quality of care monitoring, and accounting related initiatives. The Department requested that Myers and Stauffer LC (M&S) perform certain analyses to test the assertions 1) that CMOs have submitted accurate and complete encounter information to the FAC; and 2) that the CMOs have submitted accurate and complete CDJ data to the Department. Item #2, testing the accuracy and completeness of the cash disbursement journals, is the subject of this report. Item #1, testing the encounter information, will be addressed under separate cover. See Exhibit A for additional detail regarding these studies.

## METHODOLOGY

In December 2008, the CMOs were actively submitting encounter claims to the FAC. To assist the Department in the analysis of the encounter data completeness, each CMO was required to provide CDJs that reflected the actual payments made to providers. The aggregate encounter claim payments submitted by a CMO are expected to approximate the CDJ totals. This CDJ study analyzed a sample of CDJ entries submitted to the Department and confirmed with health care providers that they received the disbursement and that the amount corresponds to the amount reported by the CMO in the CDJ.

Using CDJ's supplied by the CMOs, we randomly selected 375 entries per CMO. The population from which the sample was selected included cash disbursements issued between June 1, 2006 and April 30, 2009. CDJ entries from dental, pharmacy and vision vendors were also eligible for selection and confirmation. In order to encourage provider participation, the Department sent notification of the study to numerous provider associations in May, 2009. The target response rate for the survey was 80 percent.

Information from a sample of CDJ entries was used to pre-fill a survey form that was then sent via facsimile to the provider listed on the CDJ as receiving the disbursement. See Exhibit B for a copy of the survey form sent to providers. The following data fields from each sampled unit were confirmed with the health care provider:

- Date of cash disbursement
- Amount of cash disbursement
- Check number
- Tax identification number

The survey form was designed so that as a provider researched their records and made the determination that the information on the survey agreed with their records, they could simply write the word "Yes" to indicate their agreement. In the event a provider was not able to confirm a particular data element, the survey form included an area where the provider could explain the difference and provide supporting detail.

The survey form that the providers received contained at least one CDJ entry, depending on the sample selection. Once the provider confirmed or explained all conflicting information (if any), they were then instructed to fax or e-mail the response to M&S.

As provider responses were received, their confirmations were recorded in a database. Negative responses, or those sampled CDJ entries for which a provider could not confirm that they had received the payment or for which the provider indicated one or

more data elements did not match their internal records, were sent to the respective CMO to obtain documentation and other clarification to support the CDJ entry. As a final step, providers were asked to confirm or dispute the CMO responses and to sign an attestation form regarding the information provided if the provider still disputed the CDJ entry.

## ASSUMPTIONS AND LIMITATIONS

The assumptions and limitations summarized below should be noted when reviewing this report.

- In consultation with DCH, we analyzed the data and documentation received from the CMOs. Unless otherwise specified, we did not independently validate or verify the information. Each CMO attested and warranted that the information they provided was “accurate, complete, and truthful, and consistent with the ethics statements and policies of DCH”.
- The CDJ universes for each CMO were known to be less than 100 percent complete at the time of the sample selection. In a separate initiative, DCH and Myers and Stauffer are working with each of the CMOs and the CMO subcontracted vendors to attain completion goals for encounter claims.
- Providers who disputed the information submitted by the CMO were required to submit a signed attestation form indicating the data, documentation, reports or other information submitted by them were true and accurate to the best of their knowledge. Only disputed CDJs that were accompanied by an attestation statement were used.
- The data elements included on the CDJ submissions from the CMOs do not include patient information and therefore, the CDJ samples sent to providers for confirmation also did not include patient information. A large number of providers indicated that this missing information prevented them from being able to provide confirmation of the CDJ entry. Additional findings may have resulted if this information had been available.
- The CDJ amounts reported by the CMOs and their subcontracted vendors were to include only those amounts paid on behalf of Georgia Families (GF) members. However, the provider may also have received payments for *non*-GF members on the same check or electronic funds transfer. This situation caused it to be difficult for the provider to locate the payment for the GF members in their bank account or financial records.

## FINDINGS AND OBSERVATIONS

The final results regarding response rates and CDJ accuracy within each of the CMO samples were tabulated and are presented below.

**Table 1: Summary of CDJ Sample Validation**

CMO	Totals								Total All
	(Y) Confirmed CDJ	% of Sample	(U) Provider Could Not Confirm or Dispute CDJ	% of Sample	(N) Did Not Receive Payment	% of Sample	No Response to Survey From Provider	% of Sample	
AMGP	277	73.87%	12	3.20%	0	0.00%	86	22.93%	375
PSHP	276	73.60%	19	5.07%	0	0.00%	80	21.33%	375
WellCare	285	76.00%	16	4.27%	2	0.53%	72	19.20%	375
<b>Totals</b>	<b>838</b>	<b>74.49%</b>	<b>47</b>	<b>4.18%</b>	<b>2</b>	<b>0.18%</b>	<b>238</b>	<b>21.16%</b>	<b>1,125</b>

In the table above, the first column, “(Y) Confirmed,” includes the responses received where the provider indicated all information on the CDJ sample was correct. As shown, approximately 75 percent of the sampled entries were confirmed by the providers.

The third column, “(U) Provider Could not Confirm or Dispute CDJ,” includes those responses, 4 percent of the sampled entries, where the provider could neither confirm nor dispute the information on the CDJ sample. Because the provider could not provide information regarding these CDJ entries, we have not considered these entries to be errors. The following reasons were cited by providers regarding the reasons that they could not confirm or dispute the CDJ entry due:

- Provider requires more current patient information to locate payment,
- Records have been moved offsite or they are difficult to retrieve,
- Billing/financial system changes resulting in inability to research payment, and
- Unable to confirm CDJ payment amount because total payment received included non-CMO members and remittance advice did not provide breakdown between CMO and non-CMO members.

In the fifth column, “(N) Did Not Receive Payment,” the responses included those providers who attested that the payment was not received as indicated on the CDJ (i.e., the CDJ entry from the sample is in error). The detail regarding these negative confirmations is provided in Table 2 below. The seventh column, “No Response to

Survey from Provider,” includes the remaining balance of the 1,125 CDJ sample surveys, or approximately 21 percent where “no response” was received from the provider.

**Table 2: Detail of Negative Confirmations**

Provider Name	City	State	CMO/Vendor	Description of Error
H & M Drugs	Milledgeville	GA	WellCare / WHI	Provider attested that this check was not received. Potential change of address issue.
West GA Cardiology	Carrollton	GA	WellCare	Provider set up incorrectly in WellCare system. West GA Cardiology was not the correct payee as indicated on the WellCare CDJ. Referred to DCH legal.

We did not identify any CDJ entry errors in the sample for AMGP and PSHP. There were two confirmed CDJ entry errors for WellCare. In particular, there was one CDJ error confirmed for WellCare itself, and another for WellCare’s pharmacy vendor, WHI. For the WellCare / WHI CDJ error, H & M Drugs indicated that their physical address changed in September 2006 and that WellCare / WHI did not change the provider’s address for several pay cycles. The provider attested that they did not receive the check dated 10/24/06 reported on the CDJ submitted by WellCare. The documentation submitted by WellCare / WHI did not support the check number or payment amount indicated on the CDJ.

For the second WellCare CDJ error, the issue identified appears to indicate that a change of ownership occurred with West GA Cardiology and that corresponding changes to WellCare’s provider file to reflect this change of ownership were not accurately made.

The documentation submitted by WellCare included the remittance advice sent to the provider. However, the provider indicated that although the remittance advice included West GA Cardiology’s name and mailing address, the tax identification number, rendering physician information and member information included on the document were not for a physician who was a part of their practice or for a member who was one of their patients.

The provider submitted copies of documentation that they indicated had been previously submitted to WellCare to notify the plan of the change and attested that they had attempted to resolve the issue on more than one occasion with WellCare. Because the remittance advice included detailed member information, diagnoses and treatment information that appears to have been inappropriately disclosed, the issue was referred to DCH legal counsel for follow-up with WellCare.

The CDJ error rates by CMO are presented in Table 3 below.

**Table 3: Error Rate and Margin of Error**

	AMGP	PSHP	WellCare
Population of CDJ Entries	862,941	527,407	1,112,194
Adjusted Sample Size <sup>1</sup>	277	276	287
Number of Errors in Sample	0	0	2
Sample Error Rate	0.00%	0.00%	0.70%
Margin of Error	N/A	N/A	0.96%
Upper Bound of 95% Confidence Interval	N/A	N/A	1.66%
Lower Bound of 95% Confidence Interval	N/A	N/A	0.00%

*Note<sup>1</sup>: Selected sample was 375. Sample size for statistical purposes is reduced to the number of responses, positive or negative, received from providers. If a provider did not respond to the survey or indicated that they were unable to confirm the sample without additional information, the sample entry was excluded when determining the final sample size.*

The sample error rate for WellCare is 0.7 percent  $\pm$  0.96 percent. The confidence interval implies that we are 95 percent confident that the true value of the WellCare CDJ error rate is between 0.0 percent and 1.66 percent. The margin of error is dependent on the sample error rate of 0.70 percent. As the sample error rate increases, the margin of error will also increase.

## RECOMMENDATIONS

### **Recommendations Applicable to the CMOs**

- 1) The CMOs and their subcontracted vendors should develop procedures that ensure that changes in provider addresses or in ownership are promptly and accurately reflected in their claims processing systems when notification is received from the provider.
- 2) The CMOs and their subcontracted vendors should develop follow-up procedures to identify and document the reason why a payment made to a provider via a paper check is not promptly cashed or deposited by that provider. These procedures should include a resolution process to ensure that providers receive all reimbursement to which they are entitled and a process to ensure that the CDJ accurately reflects only those payments appropriately credited to the provider's account.
- 3) WellCare should ensure that appropriate reimbursement was made to the provider that confirmed that they did not receive the check amount included in WellCare's CDJ.

## EXHIBITS

## Exhibit A

### Georgia Department of Community Health Georgia Families Assessment Encounter Claim and Cash Disbursement Journal Entry Validation Study April 22, 2009

**Objective:** To confirm 1) that AMERIGROUP Community Care, Peach State Health Plan, and WellCare of Georgia (the Care Management Organizations (CMOs)) have submitted accurate and complete encounter information to the Fiscal Agent Contractor (FAC); and, 2) confirm that the CMOs have submitted accurate and complete cash disbursement journal (CDJ) data to the Department of Community Health ("Department").

The encounter study will analyze a sample of encounter claims on file with the FAC and confirm selected data elements on the claim with the health care provider. The disbursement study will analyze a sample of CDJ entries submitted to the Department and confirm with the health care provider that they received the disbursement and that the amount corresponds to the amount in the CDJ.

#### **Part I: Encounter Validation Study**

**Service Types Included:** All types of service (ToS) as described below will be included. Claims will be stratified according to their ToS and sampling unit, as follows:

Description of ToS	Sample Unit	Stratum
Inpatient Hospital	Claim	1
Outpatient and Practitioners	Claim	2
Outpatient and Practitioners	Line	3
Home and Community Based Services	Line	4
Other Ambulatory Services	Claim	5
Other Ambulatory Services	Line	6
Pharmacy	Line	7
Consolidated Services	Claim	8
Dental Services	Line	9
Behavioral / Mental Health Services	Line	10

All ToS, claims, and providers within the encounter claim files will be eligible for selection. The probability of selecting a given claim will be proportionate to the provider's representation within a given stratum. A stratified, random sample will be selected for each CMO.

**Sampling Unit:** Encounter claims paid at the header level will be sampled and confirmed at the header level of the claim. Claims paid at the detail line level will be sampled and confirmed at the detail line level.

**Encounter Claim Population:** The population of claims from which the sample will be selected is encounter claims paid or denied in State Fiscal Year (SFY) 2008. Only claims that have not been rejected or permanently returned to the CMOs will be eligible for selection.

## Exhibit A

**Data Elements to Confirm:** The following data fields on the sampling unit will be confirmed with the health care provider.

Data Elements to Confirm	UB04 Claims	Medical Claims
Member identification number	√	√
Provider identification number	√	√
ICD-9-CM diagnosis code(s)	√	
ICD-9-CM procedure code(s)	√	
Revenue code(s)	√	
HCPCS/CPT procedure code(s)		√
National Drug Code	√	√
Procedure modifier(s)		√
Units of service	√	√
Service dates	√	√
Amount paid	√	√
Date paid	√	√

Additional claim data elements may be supplied to the providers to assist them with the review of their claim sample. Examples of additional claim data elements include items such as the CMO claim number or patient account number, if available.

**Sample Sizes:** We proposed to sample 100 claims from each stratum, per CMO. Therefore, 1,000 claims per CMO will be sampled with the objective of confirming 800 claims per CMO. We anticipate that approximately 20 percent of the sample will be removed for provider non-response or for other provider related issues (e.g., cannot locate a provider), thus we are sampling 100 observations with the goal of receiving 80 responses (i.e., 80 percent response rate) per stratum, and 800 observations per CMO. We will follow-up with providers, as necessary, in an effort to achieve an 80 percent response rate. No effort will be made to limit the number of providers selected.

There are two justifications for using 80 responses per stratum irrespective of population size (i.e., number of claims within each stratum). The first is that the margin of error will likely be only slightly larger for this scheme as opposed to sampling proportionate to the population. Second, we do not have information to suggest that the error rates are the same across strata. Therefore, selecting 80 responses per stratum is a way of insuring that we obtain enough observations on any strata that happens to have a very large error rate.

Upon receipt of responses and compilation of information from providers, we will provide each CMO with a listing of claims for which providers have indicated that the data in the survey does not match their records. We may incorporate CMO response and additional information from providers in the deliverable, if the information leads us to conclude that the provider response is not accurate.

**Deliverable:** For each CMO, we will prepare an encounter claim error rate equal to the following:

## Exhibit A

Number of Missing or Incorrect Claims



Number of Claims in the Sample

A 95 percent confidence interval will be prepared for each CMO. The corresponding margin of error depends upon the claim error rate within each specialty. Under the assumption of 80 claims per stratum and a 5 percent claim error rate within each stratum, the target margin of error would be approximately  $\pm 1.5$  percent. If the claim error rate is 10 percent across all strata, the target margin of error would be approximately  $\pm 2.1$  percent. Please note that the margin of error rises as the claim error rate within any specialty increases and will therefore be a function of the estimated error rates. Because this study has not been completed previously, there is no source data available to use to determine the minimum sample size necessary to achieve the desired margin of error.

### **Part II: Disbursement Validation Study**

**Provider Selection:** Using the CDJs supplied by the CMOs, we will randomly select and attempt to confirm 375 entries per CMO. The CDJs will include both electronic fund transfers (EFTs) and manual checks. When applicable, entries from behavioral / mental health, dental, and vision vendors will be eligible for selection and confirmation. Similar to Part I, above, we anticipate that approximately 20 percent of the sample will be removed for provider non-responses or when providers cannot be located, thus we are sampling 375 observations with the goal of receiving 300 responses per CMO. We will follow-up with providers, as necessary, in an effort to achieve an 80percent response rate.

**Sampling Unit:** Each CDJ entry will be considered a sampling unit.

**CDJ Entry Population:** The population from which the sample will be selected is cash disbursements issued during State Fiscal Year (SFY) 2008<sup>1</sup>.

**Data Elements to Confirm:** The following data fields on the sampling unit will be confirmed with the health care provider.

- Date of cash disbursement
- Amount of cash disbursement
- Check number / EFT number
- Tax identification number

Upon receipt of responses and compilation of information from providers, we will provide each CMO with a listing of CDJ entries for which providers have indicated that the data in the survey does not match their records. We may incorporate CMO response and

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<sup>1</sup> The population from which the CDJ sample was selected was cash disbursements issued between June 1, 2006 and April 30, 2009.

## Exhibit A

additional information from providers in the deliverable, if the information leads us to conclude that the provider response is not accurate.

**Deliverable:** For each CMO, we will prepare a CDJ entry error rate equal to the following:

Number of Missing or Incorrect CDJ Entries



Number of CDJ Entries in the Sample

A 95 percent confidence interval will be prepared for each CMO. The corresponding margin of error depends upon the CDJ entry error rate. Please note that the margin of error rises as the error rate increases and will therefore be a function of the estimated error rates.

**Sample Sizes:** Three hundred seventy-five (375) CDJ entries will be selected per CMO.

### **Procedures for Encounter Claim and CDJ Confirmation:**

- 1) Send notices to CMOs and provider association(s).
- 2) Prepare universe counts and random sample for each CMO.
- 3) Construct database for claims and confirmation steps.
- 4) Telephone calls will be made to each provider to obtain the fax#, confirm address, timelines, contacts, and information needs. We will use this call as an opportunity to introduce ourselves and the project we are conducting on DCH's behalf to the providers. We will answer any questions that the providers have or direct them to DCH as appropriate.
- 5) Complete confirmation:
  - a. Fax list of claims/CDJ entries to provider. List will include pre-filled data elements from claims/CDJ entries selected for confirmation. (Note that, for providers that are part of a retail chain or large corporation, we may submit their sample information to their headquarters instead of the individual provider.)
  - b. Provider researches their records and determines if their records agree to the information on the list.
  - c. If provider confirms the data elements, provider checks a box to indicate agreement. If provider cannot confirm data element, or has conflicting information, provider must explain differences and provide supporting detail.

## Exhibit A

- d. Provider returns completed list, via fax, and attestation statement (see #8 below).
  - e. Follow-up meetings will be held with providers, as necessary, in order to ascertain that we have an adequate understanding of the providers responses
- 6) Providers will be given 15 calendar days to complete the confirmation and return completed list. In order to achieve the desired response rate, we will contact providers for which no response has been received in order to answer any questions they might have and determine what barriers they might be facing in providing a response.
- 7) Claims/CDJ entries where any data element could not be confirmed will be considered errors. Note, it may be necessary to make adjustments to findings for providers that do not respond or that cannot be located. In most situations, these cases will be dropped. However, a decision to make such changes will be made on a case by case basis, depending on the unique circumstances. It may be necessary to consult the Department on certain situations. In the event that potential fraud or abuse is discovered, we will work closely with the Department to determine the appropriate course of action. At the request of the Department, we will provide to the Department the list of providers that do not respond or that cannot be located.

In the event that the response rate is less than the projected response rate (i.e., 80 percent), or to minimize the final margin of error on the estimate, it may be necessary to select boost sample of claims or CDJ entries.

- 8) Ethics and attestation statements will be required for each provider included in the sample<sup>2</sup>.

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<sup>2</sup> To minimize the time required of providers, we required attestation statements from only those providers who disputed the C DJ entry.

**Exhibit B**

May 20, 2009

«Provider\_Name»  
 «Provider\_Name\_2»  
 «Address1»  
 «City», «State» «Zip»

**GEORGIA FAMILIES PROGRAM**

**Myers and Stauffer on Behalf of the Georgia Department of Community Health**  
 Survey of Payments Received from Care Management Organizations

**Instructions:** THIS SURVEY APPLIES ONLY TO PAYMENTS (DISBURSEMENTS) FROM GEORGIA FAMILIES CMOs AND DOES NOT INCLUDE PAYMENTS RECEIVED FROM ACS FOR TRADITIONAL FEE-FOR-SERVICE MEDICAID. Please review the following data elements related to payments from the Care Management Organization(s) listed below and verify whether the information below is correct. If correct, please indicate "YES" in the "Correct" field. If any data element is incorrect or the payment was not received, please circle the incorrect information, indicate "NO" in the "Correct" field, and provide the correct information. If additional space is needed, indicate "see attached" and attach the correct information on a separate sheet. When attaching additional information, please include a reference to the specific disbursement number. Once the information below has been verified as correct or incorrect and the correct information has been provided, please return the form to Myers and Stauffer via facsimile at (317) 571-8481, via e-mail at bkelly@mslc.com, or by mailing to Myers and Stauffer - Georgia CDJ Survey; 9265 Counselors Row, Suite 200; Indianapolis, IN 46240-6419. *If you have any questions regarding the survey, please contact Beverly Kelly at 800-877-6927.*

<b>Provider Name:</b>	«Provider_Name»
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	<b>Disbursement 1</b>	<b>Disbursement 2</b>	<b>Disbursement 3</b>	<b>Disbursement 4</b>
	«Sample_ID_1»	«Sample_ID_2»	«Sample_ID_3»	«Sample_ID_4»
<b>CMO:</b>				
<b>Provider ID:</b>				
<b>Check Number:</b>				
<b>Tax ID Number:</b>				
<b>Date of Cash Disbursement:</b>				
<b>Amount. of Cash Disbursement:</b>				
<b>Correct (Yes/No):</b>				
<b>If incorrect, please circle incorrect data, above, and place correct information here:</b>				