

# What's the Matter with Encounter Data?

*Common Issues and Actionable State Strategies for  
Improving a Critical Data Resource*

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**National Association of Health Data Organizations**

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# Project Team



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- David Koenig, VP, Govt Relations, Public Affairs and Community Investments
- Stephanie Landrum-Hall, Manager, Community Grants
- Carol Kim, VP, Strategic Alliances and Business Development

- **Encounter Data 101**
- **What's the Matter with Encounter Data?**
- **Encounter Data Reporting Roadblocks**
- **Project Overview: Solution Development**
- **Recommendation Overview**

Encounter data are critical to measuring health and health system performance, but the quality and timeliness of their submission lack claims' direct payment incentive.



## What are encounter data?

Encounter data are records of services rendered by capitated healthcare providers (or plans) and submitted to delegating provider organizations or managed care plans.

- Information **requirements are similar to those for healthcare claims**, though the value proposition for accurately collecting and completely transmitting this information is differs.
- Market delegation varies considerably by state and line-of-business.



## Why are encounter data important?

Encounter data allow states, plans, providers, and care managers to:

- Assess and monitor changes in population health
- Track service utilization and measure service quality
- Inform rate-setting, risk adjustment, and expenditure forecasting
- Oversee program integrity
- Identify and respond to health system failures

Recent (pre-COVID) federal rules and actions represent renewed commitment to enforcement of the submission of complete, accurate and timely encounter data.

### CMS Medicaid and CHIP Managed Care Final Rule



States must, under potential penalty of federal matching funds:

- Require that Medicaid managed care plans (MCPs) submit accurate and complete encounter data using specified industry standard formats
- Review and validate that MCP monthly encounter data submissions are complete and accurate
- Implement an encounter quality rating system, produce annual program reports on plan performance, and audit encounter data every three years

### CMS and ONC “Interoperability Rules”

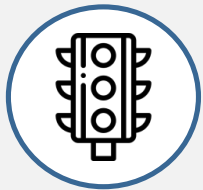


HHS aims for patient health information to be liquid and complete, where patients have access to their full claims and encounter histories through common technologies. To comply, MCPs must:

- By July 2021\*, make data accessible through secure, standards-based application programming interfaces (APIs), that would allow third-party applications to retrieve approved and denied claims, encounter data, and clinical data maintained by the payer
- Claims/encounter data - since 2016 - must include information on services rendered (and when) and payment info, and must be available no later than one business day after receiving the claim/encounter..

*\* On April 21<sup>st</sup>, DHHS announced a delay in enforcement of the interoperability rules due to COVID-19*

Encounter data is playing an increasing role in California's Medi-Cal managed care plan rate setting, provider payment distribution, and quality scoring.



### Rate Setting & Encounter Data Stoplight Reporting

- DHCS will increase encounter data use in **rate development** with encounter data expected to eventually serve as the primary base data for rate development
- DHCS is producing **Encounter Data Stoplight Reports** that will measure discrepancies between an MCP's Rate Development Template and its submitted encounter data. MCPs with major discrepancies may be placed under a Corrective Action Plan and sanctioned.



**Directed Payments** will utilize encounter data to direct provider payments, including Physician Directed Payments (Prop 56) and Hospital Directed Payments programs, such as the Designated Public Hospital (DPH) Quality Incentive Program; DPH Enhanced Payment Program; and Private Hospital Directed Payment Program.



**Improving HEDIS Scores:** Health plans must meet the 50<sup>th</sup> national percentile for HEDIS measures, calculated in part using encounter data. Performance below the 25<sup>th</sup> percentile will trigger an "improvement plan" by DHCS.

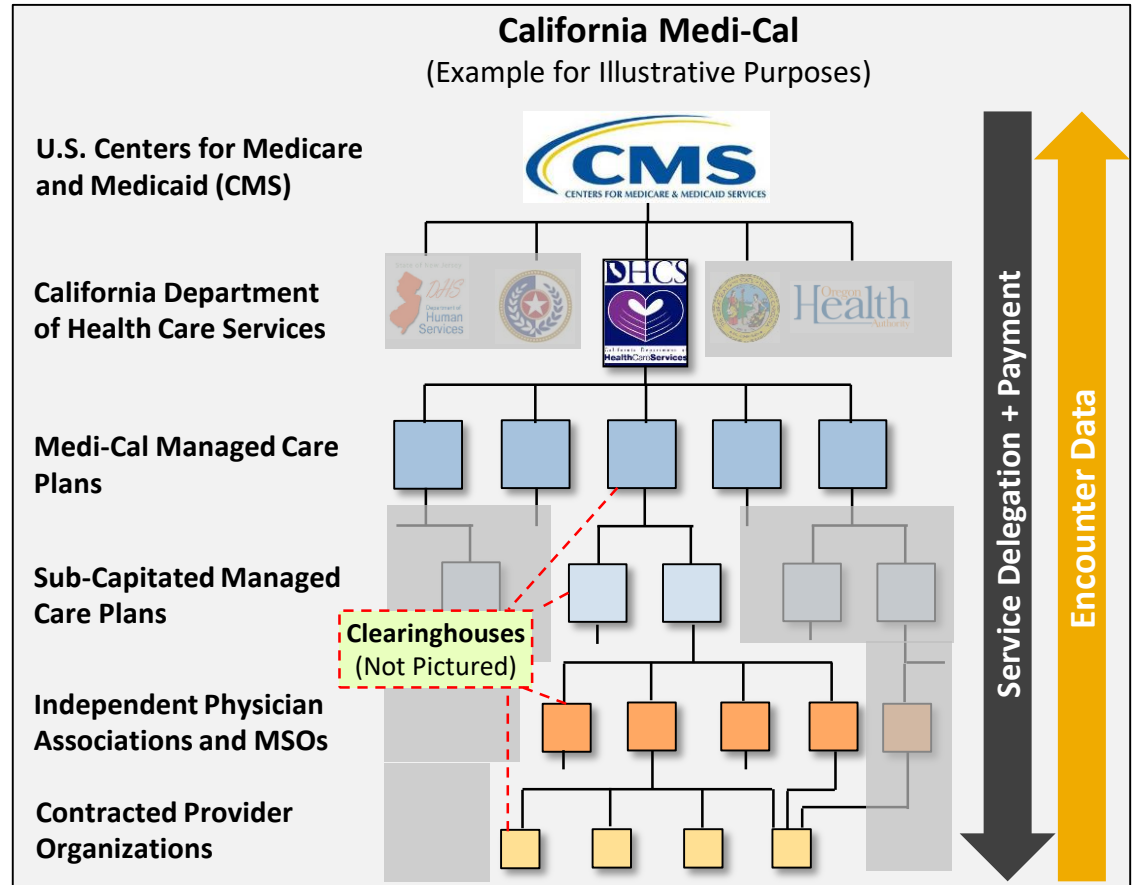
# What's the Matter with Encounter Data?

**Especially in complex managed care environments, encounter data integrity can suffer as it passes through multiple gateways.**

## Why is data quality an issue?

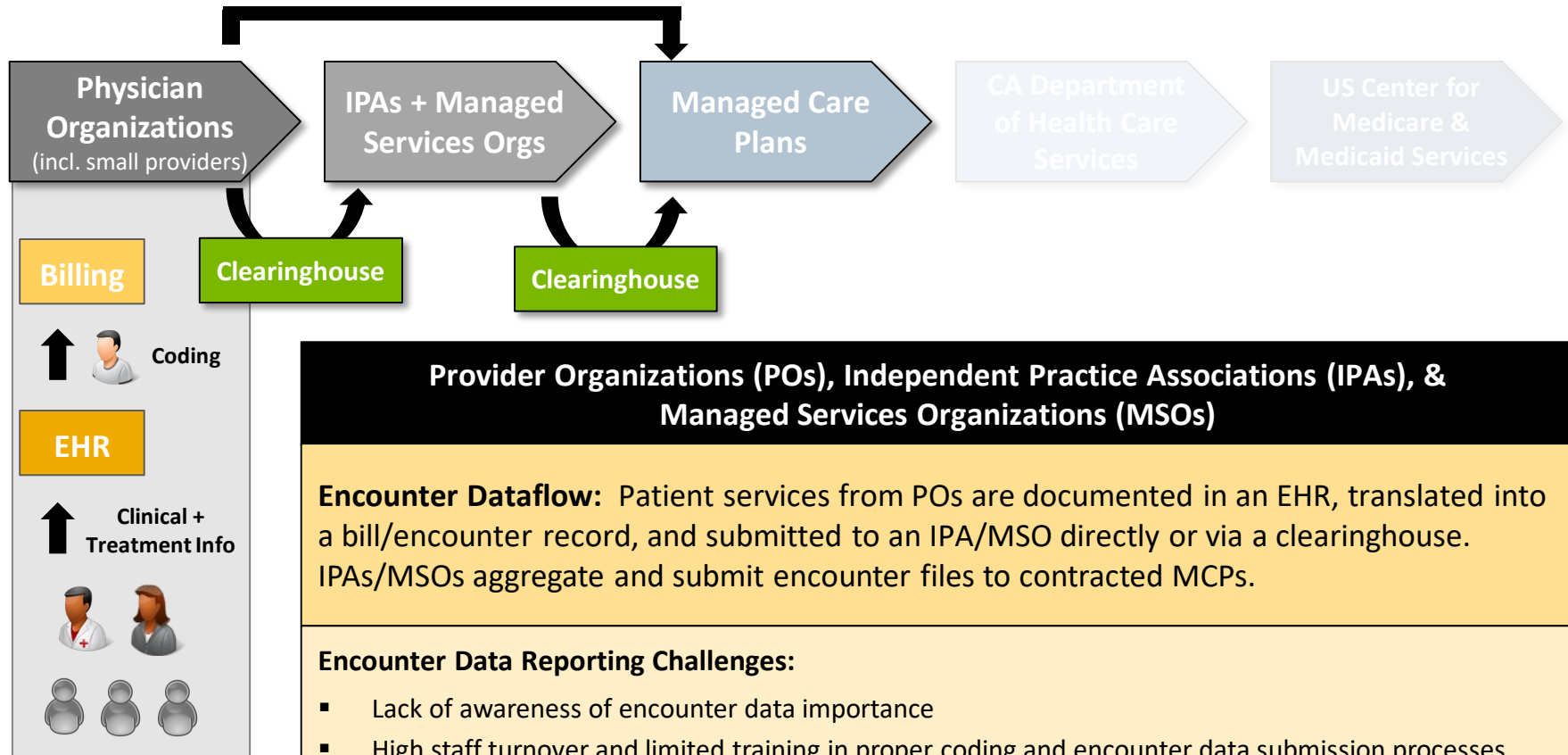
Numerous challenges exist to the complete, accurate, and timely collection and reporting of encounter data, especially in highly delegated markets, including:

- Varied data definitions and submission standards among trading partners;
- A lack of consistent training on the value of submitting complete and accurate data and the proper methods to do so; and
- Limited systemic governance and oversight for stakeholder communication and coordination.



# Encounter Data Reporting Roadblocks

## Provider Collection and Provider-to-Plan Submission Changes



**Provider Organizations (POs), Independent Practice Associations (IPAs), & Managed Services Organizations (MSOs)**

**Encounter Dataflow:** Patient services from POs are documented in an EHR, translated into a bill/encounter record, and submitted to an IPA/MSO directly or via a clearinghouse. IPAs/MSOs aggregate and submit encounter files to contracted MCPs.

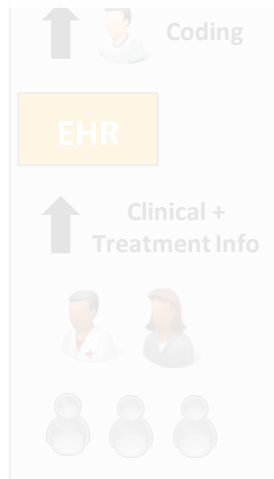
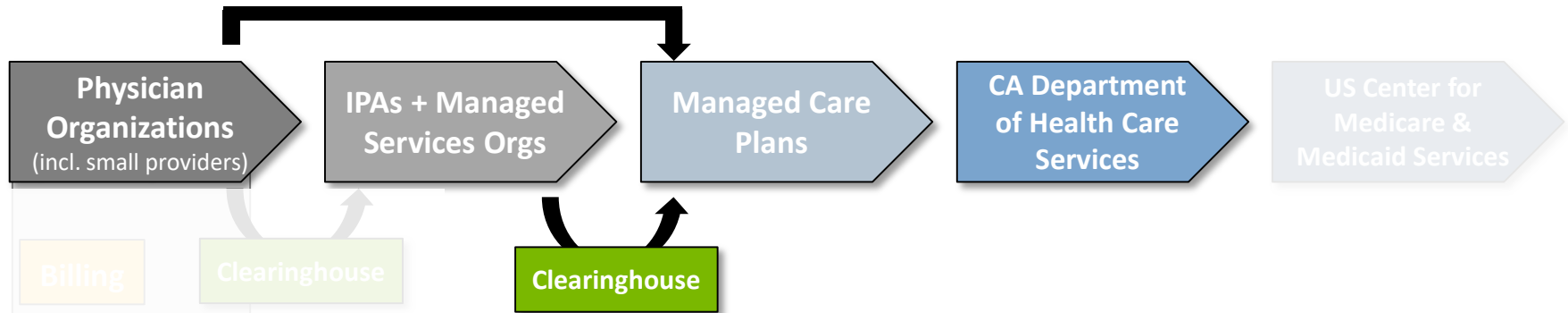
**Encounter Data Reporting Challenges:**

- Lack of awareness of encounter data importance
- High staff turnover and limited training in proper coding and encounter data submission processes
- Reliance on antiquated or rigid EHR systems, or paper-based submissions
- Lack of timely or actionable feedback on rejection reports at each submission level
- Uneven data standards, requirements and communication among clearinghouses and MCPs
- EHR, billing and transaction system migrations often result in significant encounter data issues



# Encounter Data Reporting Roadblocks

## Provider-to-Plan and Plan-to-DHCS Submission Changes



### Managed Care Plans (MCPs)

**Encounter Dataflow:** MCPs\* receive claims and encounters from providers, IPAs/MSOs and other sub-capitated plans, and use it to calculate HEDIS/quality and performance metrics, P4P payments, and to manage population health; some plans may use it to calculate capitation payments. MCPs are required to submit complete, accurate, and timely encounter data to DHCS for services provided to enrolled beneficiaries in national standard formats (837I, 837P, NCPDP) and in accordance with most recent DHCS Companion Guides and in accordance with APL14-019 and subsequent updates.

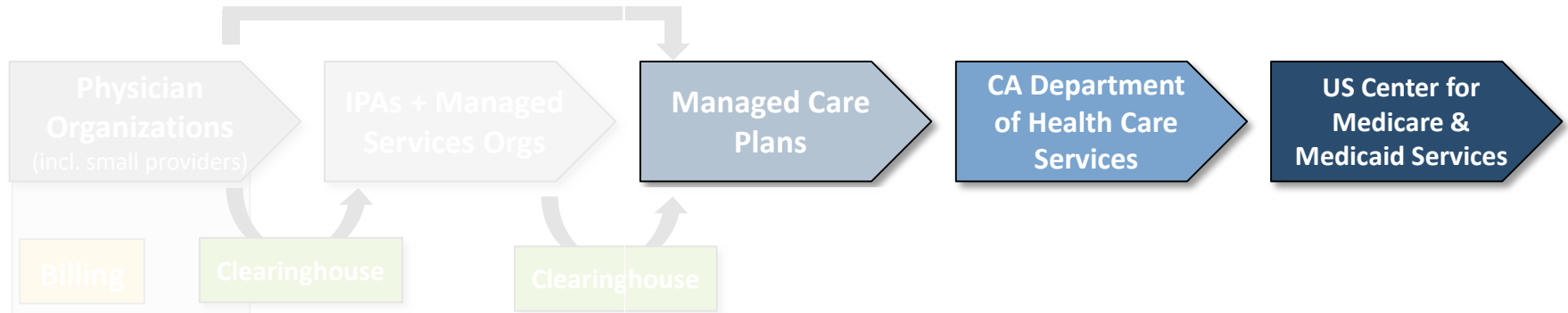
**Encounter Data Reporting Challenges:**

- Incomplete submissions from contracted IPAs and providers
- Divergent requirements for standards adoption (i.e., new code versions may be required by CMS but not yet accepted by DHCS)
- Unclear DHCS submission standards (e.g. local codes) and inaccurate coding cross-walks
- Lack of DHCS transparency/feedback on edits/rejections

\*Includes medical groups functioning as licensed health plans

# Encounter Data Reporting Roadblocks

## DHCS to CMS Submission Changes



↑ Coding

EHR

↑ Clinical + Treatment Info

### Department of Health Care Services (DHCS) & Centers for Medicare & Medicaid Services (CMS)

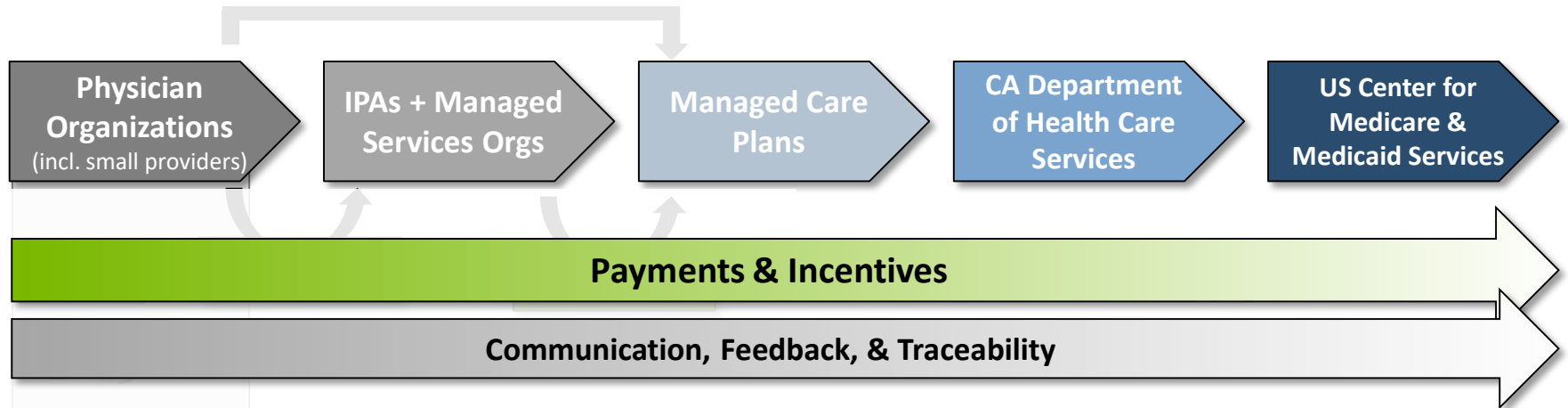
**Encounter Dataflow:** DHCS receives MCP encounter data, and reviews for accuracy and completeness to meet federal Transformed Medicaid Statistical Information System (T-MSIS) submission requirements; uses data to calculate Stop Light Reports, inform rate setting, and distribute provider directed payments; submits encounter files to CMS. CMS uses encounter data to monitor state Medicaid performance and predict future costs.

- Encounter Data Reporting Challenges:**
- Lack of CMS guidance leads to incomplete and unclear standards and state requirements (per GAO review)
  - CMS rules and guidance do not typically account for California’s complex, delegated care model
  - Long lag times for encounter completeness/quality feedback from CMS to DHCS and DHCS to MCPs
  - Limited understanding of downstream technical challenges associated with submitting encounter data
  - Governing a tremendously complex encounter data ecosystem without complete visibility, especially into intermediaries

# Encounter Data Reporting Roadblocks

## DHCS to CMS Submission Changes

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### Cross-Cutting Challenges

- **Poor Communication:** Lack of guidance on encounter reporting expectations, rules, code changes and lack of feedback on submissions up and down the encounter data reporting chain
- **Limited Incentives:** Lack of incentives for reporting complete, accurate and timely encounter data, especially for delegated provider entities; where incentives exist, enhanced payments can be difficult for submitters to reconcile with specific “point-of-submission” actions
- **Lack of Traceability:** Inability to trace problems with data loss, incompleteness and quality to the source of the issue restricts ability to resolve problems



## Governance

Establish data and program governance to coordinate and prioritize improvement initiatives, oversee changes to standards, policies and processes, and support communication and collaboration



## Data Standardization

Update and harmonize encounter data code sets, specifications, submission processes and edits among all trading partners and lines-of-business to improve data quality, completeness and timeliness

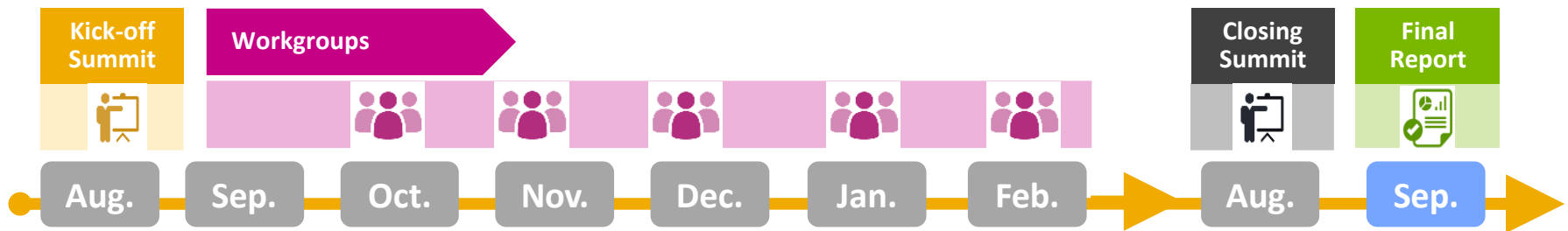


## Technology, Training and Technical Assistance

Adopt and better utilize technological infrastructure, deploy technical assistance programs, and develop processes to improve encounter data reporting; educate providers on the importance of encounter data

# Project Overview

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## Completed

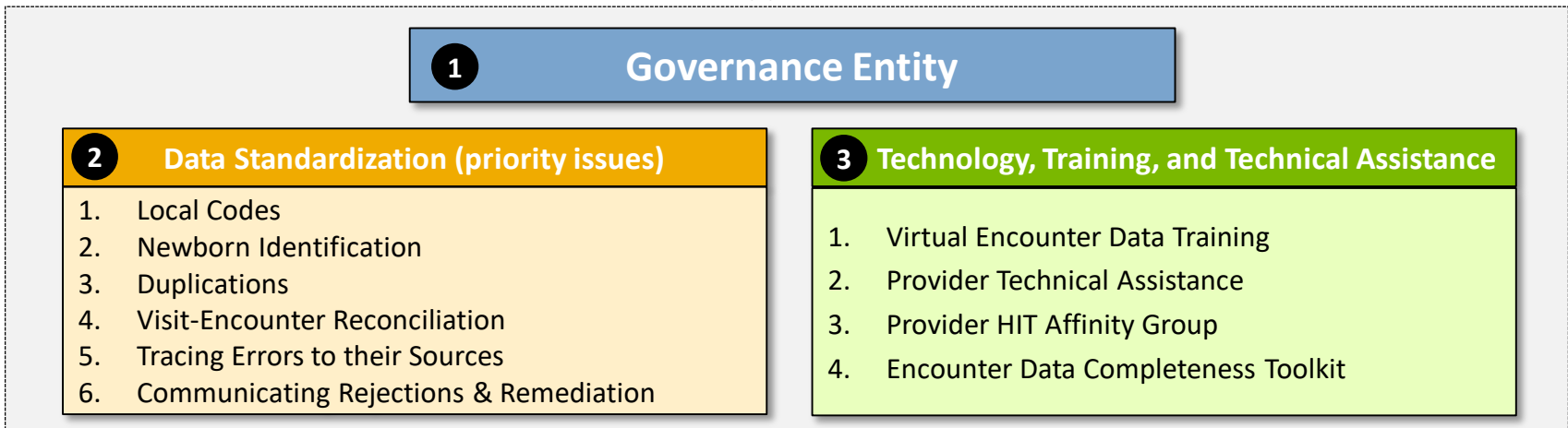
- ✓ **Landscape Assessment**, informed by two dozen encounter data stakeholder interviews and research
- ✓ **Encounter Data Summit**, convened nearly 100 stakeholders from across California to discuss their most pressing and intractable Medi-Cal encounter data reporting challenges for resolution
- ✓ **Three stakeholder workgroups**, focusing on Governance, Data Standardization, and Technology + technical assistance, facilitating discussions and solicits feedback to develop resolution strategies
- ✓ **Detailed actionable strategies and recommendations** to resolve Medi-Cal encounter data reporting issues
- ✓ **Closing Summit** to present proposed recommendations and planned implementation actions

## On Deck

- **Final Report**, detailing proposed strategies and recommendations

## The workgroups recommended the following:

- 1 Establish a Governance Entity**  
Select a non-profit governance entity charged with prioritizing, overseeing, coordinating, and monitoring encounter data improvement initiatives and program in California.
- 2 Overcome Critical Data Standardization Challenges**  
DHCS, health plans, providers and other impacted stakeholders together rectify high priority issue and challenges that result in errors, incomplete and untimely encounter data.
- 3 Equip Providers with Training and Technical Assistance**
  - (1) Develop and make provider-focused, plan-agnostic encounter data trainings freely available on a virtual training platform.
  - (2) Develop a technical assistance program, where targeted, high-needs providers receive workflow and dataflow improvement support.



### Problem Statement

Encounter data errors and incomplete information originating at the provider level propagate through the system and are compounded by multiple, varying rules and interpretations as they make their way through claims clearinghouses, IPAs, MSOs, Managed Care Plans, DHCS and CMS.

### Workgroup Recommendations

**The workgroup recommends that DHCS, health plans, and providers together address identified high priority reporting challenges where alignment will significantly improve encounter data integrity.** Specifically, they should zero in on root causes of processing errors, identify and define standards, processes, or communication changes and harmonize and institutionalize changes required to improve reporting. High priority reporting challenges include:

- 1. Use of Local Codes:** Use of Medi-Cal FFS local codes in managed care result in downstream errors and rejections.
- 2. Newborn Identification:** Providers typically use combinations of a mother's identifier and modifiers to indicate a newborn-specific claim, resulting in MCP rejections.
- 3. Duplications:** Duplicate provider encounters and variations in processing logic to identify and address duplicates result in the most prevalent encounter processing error.
- 4. Visit-Encounter Reconciliation:** Encounters are "lost" throughout the reporting process due to a variety of factors (e.g., a provider EHR may not generate an encounter; or providers may not resubmit rejected encounters, etc.).
- 5. Tracing Errors to their Sources:** Lack of a consistent encounter identifier makes it difficult to trace and target the origin of a reporting discrepancies.
- 6. Communicating Rejections & Remediation:** Managed care plan billing companion guides can differ significantly, creating confusion for providers and adding administrative burden.

# Recommendations

### Problem Statement

Many California providers and delegated organizations are not fully versed in the nuances and details encompassing complete and accurate encounter data, and lack resources, tools or systems to optimize and satisfy submission requirements.

### Workgroup Recommendations

The workgroup recommends that a series of programs be established to equip providers with information they need to improve encounter data submission; resources to improve workflows; and technical support including technology to overcome challenges. These programs include:

1. **Virtual Encounter Data Training** to improve encounter reporting knowledge and made freely available on a virtual platform.
2. **Provider Technical Assistance** for targeted high-needs providers who may qualify to receive workflow and dataflow assessments and related improvement support including initiatives and technology that assess and identify gaps in completeness and coherence.
3. **Provider HIT Affinity Group Pilot** for providers on common platforms to facilitate information sharing and engage vendors around system improvements.
4. **Encounter Data Completeness Toolkit** including a study to identify fundable, scalable best practices articulating how plans and providers may leverage technology to assess completeness, and consistency.



# Recommendations

## Problem Statement

California has not been successful in prioritizing, organizing, and communicating encounter reporting improvement initiatives, overseeing changes to standards, policies or processes, and supporting communication and collaboration up and down the reporting chain and across lines of business.

## Workgroup Recommendations

**The workgroup recommends that a governance entity should be identified or created that would be responsible for prioritizing, overseeing, coordinating, and monitoring encounter data improvement efforts in California and seek longer-term sustainable funding.** The governance entity's core activities would include:

- Overseeing encounter data training, technical assistance and data standardization activities to ensure industry alignment, promote mutually reinforcing actions, and maximize impact
- Stakeholder communications, engagement and dissemination activities
- Managing budget processes, business planning and sustainable funding efforts necessary to support encounter data improvement initiatives
- Data management, including measuring and monitoring encounter data improvement progress and impact
- Regulatory and industry alignment, including supporting regulatory and business analysis and compliance, proposing incentive frameworks, and advocating for encounter data improvement efforts
- Core operations, including project management oversight, and workgroup and board management

**Questions?**

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