

Delays in Medicaid Claims Processing

Second Follow-up Report
November 2012

Office of Performance Evaluations
Idaho Legislature



Report 12-09F

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Acknowledgements

We appreciate the cooperation and assistance of the Department of Health and Welfare and Molina Healthcare, Inc. Bryon Welch and Amy Lorenzo of the Office of Performance Evaluations conducted the follow-up review, and Margaret Campbell was the copyeditor.

Delays in Medicaid Claims Processing

Second Follow-up Report

Executive Summary

The development and implementation of new IT systems are often plagued with challenges; Idaho's transition to a new Medicaid claims processing system in 2010 was no exception. Over the past two years, the Department of Health and Welfare and Molina Healthcare, Inc. have made significant progress to improve system performance and work with providers to resolve ongoing concerns.

Despite these efforts, a number of providers continue to be dissatisfied with the claims processing system, the department, and Molina. However, through a survey of more than 1,000 providers, we found that providers were most likely to express concerns with reimbursement rates/service limits—an issue completely out of Molina's control. Aside from these concerns, many elements of the claims processing system have improved since we released our initial report. We found fewer claims are pending and for less time, call wait times have dramatically reduced, and most claims are processed within five days of submission. We commend the department and Molina for their work in improving the timeliness and accuracy of claims processing and encourage them to continue their customer service efforts.

Overview

In March 2011 we released our report *Delays in Medicaid Claims Processing*. Our report highlighted the challenges associated with the Department of Health and Welfare's transition to a new Medicaid claims processing system operated by Molina Healthcare, Inc. We made eight recommendations for the department and Molina in three categories:

- Improve measures of system performance
- Work more effectively with providers
- Increase accountability through additional quality assurance measures

In January 2012 we released our first follow-up report. We found that both the department and Molina had made measureable progress in addressing our recommendations. As part of our first follow-up, we conducted a brief survey of

providers to gauge whether improvements to the system had raised levels of satisfaction. Our survey of providers indicated that a third of those who responded continued to be unsatisfied with the new system. Legislators directed us to conduct a second follow-up to identify reasons associated with the lack of provider satisfaction.

This second follow-up report provides an update on the overall claims processing system, the status of the outstanding interim payments, federal certification results, and the findings of our second survey of providers.

Claims Processing

From January 2012 to August 2012, Molina paid an average of 148,286 claims per week. During that same time, the number of pending claims averaged 7,845 per week. When we looked at the total number of pending claims each week compared with the total number of claims accepted by the system, the number of pending claims continues to make up a relatively small portion of the total claims. During the first week of August 2012, providers submitted 131,000 claims. During that same week, 4,998 claims were pending, which is less than 4 percent of the total claims. As shown in exhibit 1, the number of pending claims each week has consistently been below 6,000 since May 2012. This total is significantly lower than the peak of nearly 95,000 pending claims in June 2011.

As also noted in the exhibit, Molina implemented a system upgrade in March 2012. According to Molina staff, the upgrade was extensive and took the system down for four days, which included relocating the data center. Although a brief spike in the number of pending claims immediately followed the upgrade, the changes did not result in a greater number of claims pending for a longer time.

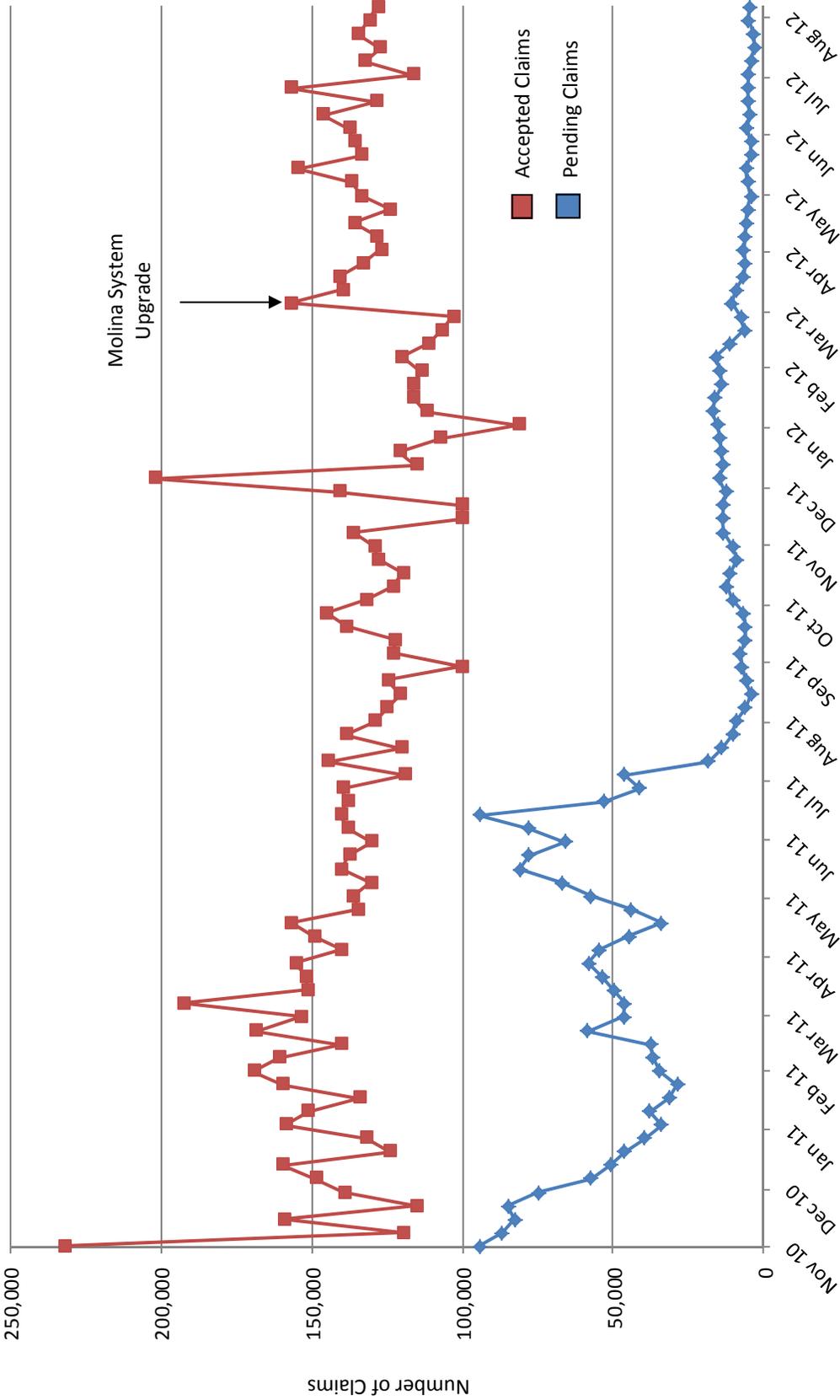
The number of pending claims is less important than the length of time a claim pends. By design, the new system pends more claims than the old system to better protect against Medicaid fraud and waste. Appendix A shows that the number of claims pending and the average length of time those claims pend in the system have decreased over the past year; the vast majority of claims now pend for less than 15 days.¹

Outstanding Interim Payments

The Department of Health and Welfare issued \$117 million in interim payments in July and August 2010 to assist providers who were having difficulty getting claims processed correctly in the new system. Since that time, the department

¹ Pending claims, which make up the system's backlog, are those claims that require additional processing to finalize.

EXHIBIT 1 COMPARISON OF THE NUMBER OF CLAIMS ACCEPTED AND THE NUMBER OF CLAIMS PENDING BY WEEK, NOVEMBER 2010–AUGUST 2012



Source: Analysis of data from Molina Healthcare, Inc.

has been actively pursuing the collection of any outstanding payments. As of October 31, 2012, Molina reported that the outstanding balance was \$1,532,127, which means that 1 percent of the original distribution has not yet been recouped.

According to the department, the following collection efforts are occurring:

- \$951,627 is currently in collections through a collection agency for providers who are no longer submitting Medicaid claims and who have either refused or defaulted on their repayment agreement.² According to the department, there is no cost to the state for using a collection agency. As part of the collection efforts, a 33 percent fee is passed on to the provider.
- \$580,500 is being actively collected by Molina, primarily from small providers who are still submitting claims.

In May 2012 Molina Healthcare, Inc. filed a claim against the Unisys Corporation for breach of contract for Molina's purchase of Idaho's claims processing system. Molina claims that Unisys, who was the original developer of the system, intentionally misled Molina about the functionality of the system. As part of its claim against Unisys, Molina notes that the Department of Health and Welfare plans to hold Molina accountable for any unrecovered interim payments. However, as of September 2012 department officials told us that no final decision had been made.

Federal Certification

In our January 2012 follow-up report, we noted that the department was still waiting for federal certification from the Centers for Medicare and Medicaid Services (CMS). On July 13, 2012, the department received federal certification retroactive to June 1, 2010.³ The retroactive certification allowed the department to request an additional \$450,000 from CMS for each month the new system was certified. According to the department, it plans to request these funds, which total \$9,946,942, when the next federal claim is submitted in October 2012.

As part of the certification process, the CMS review team made several recommendations to Idaho regarding the system. According to the certification document, Idaho is not required to implement any of the recommendations to

² Of this total, approximately \$400,000 is considered unrecoverable because providers are deceased or in bankruptcy.

³ CMS certified the pharmacy system retroactive to February 1, 2010 and the data warehouse retroactive to July 15, 2010.

remain certified; however, department officials have indicated that they have developed implementation options and timelines for several recommendations.

Survey Results

As part of our first follow-up study, we conducted a survey of Medicaid providers throughout the state. We received responses from 1,445 providers (a response rate of 28.5 percent) representing a wide range of provider specialties. According to those survey results, 33 percent of respondents were unsatisfied with system performance.⁴ Although both the department and Molina had addressed our recommendations, legislators expressed concerns about such a large number of providers who continued to be unsatisfied. To address those concerns, this follow-up study focused primarily on a second, more detailed survey of providers. The complete survey results can be found in appendix B.

Overall Satisfaction Levels

We surveyed 4,262 individual providers with a valid e-mail address and received 1,317 responses (a response rate of 30.9 percent).⁵ We found that overall satisfaction with the Medicaid claims processing system has improved, with 25 percent of respondents now indicating they are unsatisfied or very unsatisfied. When we asked about individual satisfaction levels with Molina and the Department of Health and Welfare, respondents are less satisfied with Molina (29 percent unsatisfied) than the department (21 percent unsatisfied).

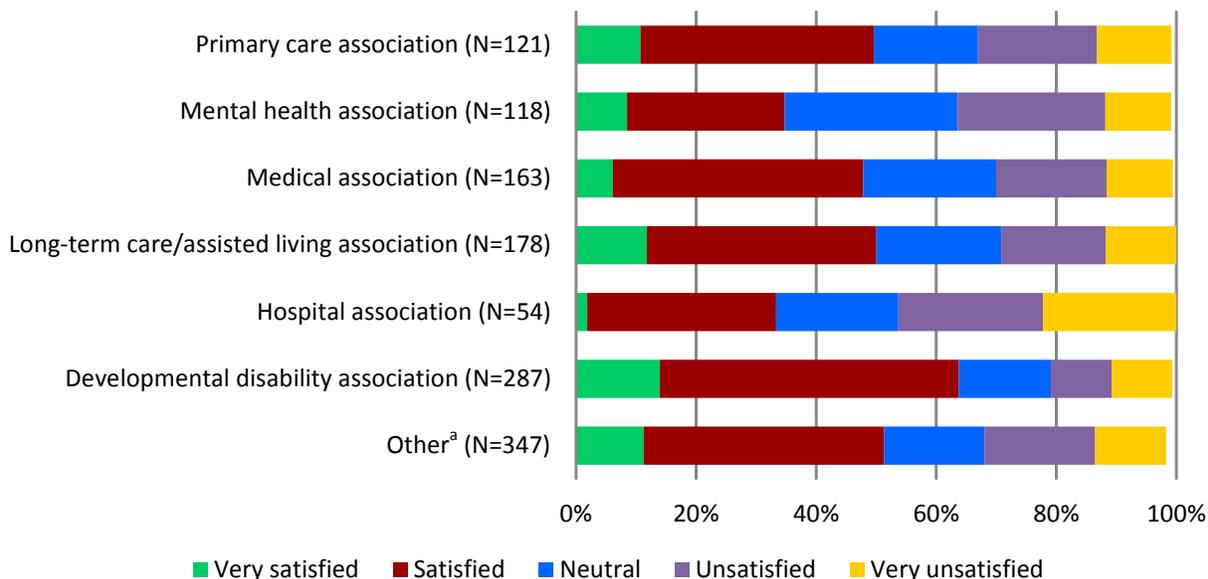
We asked respondents to select which provider association they most closely identify with to help determine whether certain types of providers were more likely to be unsatisfied. When broken down by provider type, we found those providers associated with a hospital association are the least satisfied (46 percent unsatisfied or very unsatisfied), and those associated with developmental disabilities are the most satisfied (64 percent satisfied or very satisfied). As shown in exhibit 2, levels of satisfaction are generally very similar across most provider types.

We also compared levels of satisfaction with the number of claims that respondents reported submitting each week. As shown in exhibit 3, we found that providers who submit the fewest claims (1–10 per week) are the most satisfied with the system (64 percent satisfied or very satisfied) and represent the largest group of respondents (671).

⁴ Of those who responded to our first survey, 72 percent indicated they were unsatisfied or very unsatisfied when they first began submitting claims.

⁵ We surveyed only providers who are listed as “pay to”—providers who directly receive payments for processed claims.

EXHIBIT 2 PROVIDER SATISFACTION BY PROVIDER ASSOCIATION TYPE

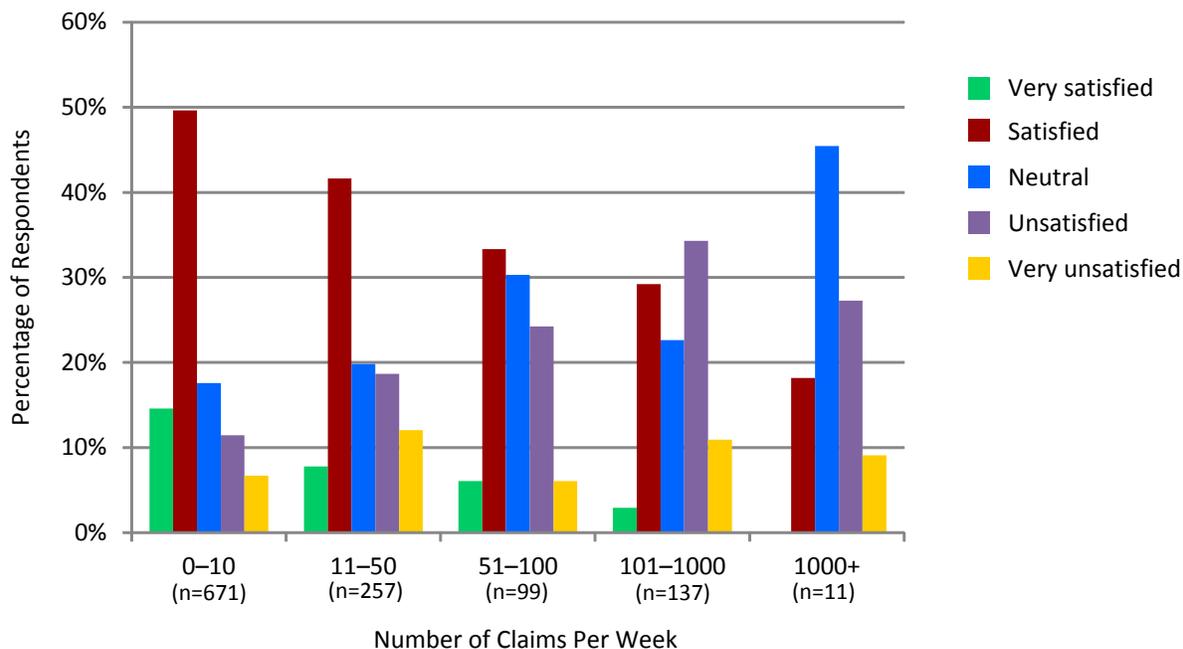


Source: Office of Performance Evaluations’ survey of Medicaid providers, July 2012.

Note: Percentages may not sum to 100 because some respondents indicated *don’t know*.

^a Includes 84 certified family home or home care providers, 20 ambulance and transportation providers, 18 pharmacy providers, 16 chiropractic providers, and 209 providers that identified themselves as other provider types.

EXHIBIT 3 PROVIDER SATISFACTION BY NUMBER OF CLAIMS SUBMITTED EACH WEEK



Source: Office of Performance Evaluations’ survey of Medicaid providers, July 2012.

Note: Respondents self-selected the number of claims they submit each week.

Ongoing System Issues

To better understand the reasons for a lack of provider satisfaction, we asked providers to select their most pressing system issues. As shown in exhibit 4, the top three issues were reimbursement rates/service limits, accuracy of claims processing, and communication with Molina. Reimbursement rates/service limits—the most frequent response—is an issue that is outside the control of Molina or the claims processing system. In our initial report, we identified accuracy of claims and communication as concerns; Molina continues to work to address those concerns, both through the implementation of our recommendations and its own customer service strategies.

In March 2012 Molina implemented a comprehensive system upgrade to improve system performance and claims processing. We asked providers what type of impact the system upgrade had on their claims processing. Nearly 50 percent of respondents indicated that the upgrade had no impact and an additional 25 percent were not aware of the upgrade. These responses suggest that although some issues continue to affect some providers (approximately 13 percent), the recent system upgrade had very little or no negative impact on most providers who are currently submitting claims.⁶

EXHIBIT 4 MOST PRESSING CURRENT MEDICAID SYSTEM ISSUES

What is your most pressing Medicaid system issue today? (N=1,304)		
	Responses	Percentage of Respondents ^a
Reimbursement rates/service limits	353	27
Accuracy of claims processing	313	24
I have no pressing issue	312	24
Communication with Molina	241	18
Communication with the Department of Health and Welfare	201	15
Eligibility accuracy	181	14
Timeliness of claims processing	168	13
Share of cost: information and accuracy	157	12
System availability/performance	151	12
Molina call center wait times	117	9
Co-payments	101	8
Other	220	17

Source: Office of Performance Evaluations' survey of Medicaid providers, July 2012.

^a Percentages do not sum to 100 because providers could select up to three issues.

⁶ Of the 170 respondents who experienced a negative impact, 71 respondents indicated they had experienced new system problems that did not exist before the upgrade.

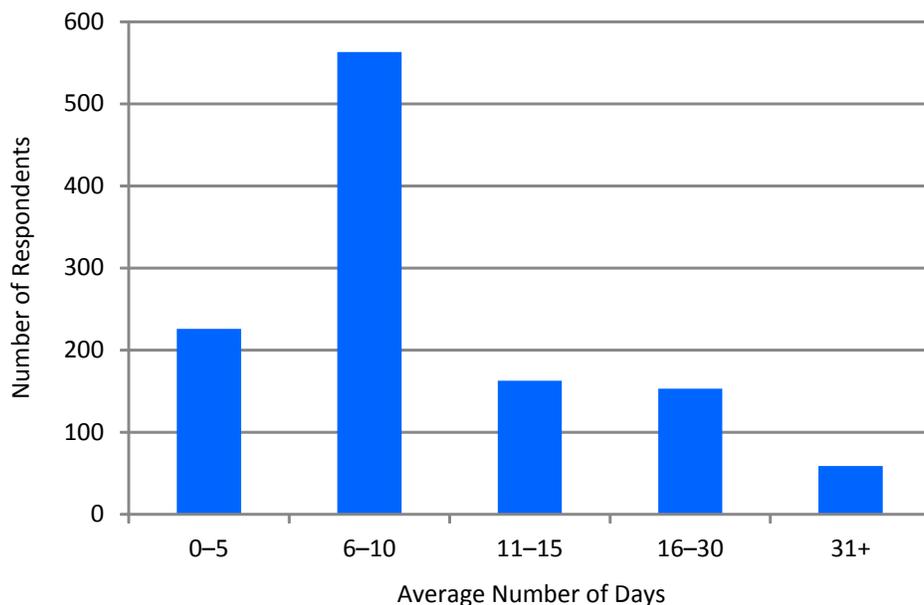
Customer Service

We found in our initial report that although call wait times to Molina were very high when the system began processing claims (averaging more than 35 minutes), wait times dropped off relatively quickly. In our survey of providers, we found that wait times continue to be low, with 67 percent of respondents who use the call center indicating they are connected with a customer service representative within five minutes.⁷ Of providers who use the call center, the majority of respondents indicated that representatives answered their questions somewhat well or very well.

In terms of claims processing time, two-thirds of respondents indicated that their claims are processed within ten days of submission. Exhibit 5 shows that respondents indicated nearly all claims are processed within 30 days of submission.⁸

EXHIBIT 5 AVERAGE LENGTH OF TIME FOR CLAIMS PROCESSING

What is the average length of time (in days) from your initial submission of a claim to the payment or denial of that claim? (N=1,164)



Source: Office of Performance Evaluations' survey of Medicaid providers, July 2012.

⁷ According to Molina data, the average wait time is currently just over one minute.

⁸ According to information provided by Molina, more than 95 percent of claims are finalized within five days.

We asked respondents to provide any additional comments or feedback about the system and its performance. We received 327 comments (22.6 percent of total respondents), of which 80 percent were negative.⁹ The majority of comments focused on communication with Molina, accuracy of claims processing, and system availability or performance. Of the positive comments providers submitted, several acknowledged Molina's hard work in improving system performance and recognized that the system is now functioning well.

To help facilitate resolution to any of the negative comments respondents provided, we asked providers if they wanted to be contacted by the department or Molina. A number of providers requested additional follow up. In September 2012 we shared contact information with the department and Molina so they could follow up directly with individual providers.

Next Steps

We are encouraged by both the federal system certification and the fact that the Department of Health and Welfare and Molina have recouped nearly all of the interim payments. The department and Molina have made considerable strides in implementing our recommendations and improving system performance. In addition, Molina's recent system upgrade went relatively unnoticed by providers, suggesting that system fixes are having very little negative impact on providers.

Despite improvements to the system and numerous customer service strategies, a number of providers continue to be unsatisfied with the overall system performance, Molina, and the department. The most frequently reported issue in our survey was reimbursement rates/service limits, which are set by the Department of Health and Welfare and the Legislature. Molina staff does not have the authority or ability to resolve this issue. In addition, our survey results indicated that levels of provider satisfaction were not clearly linked to provider type or the number of claims filed each week, which limits our ability to identify specific outstanding issues.

The timely and accurate processing of Medicaid claims is part of a complex system that requires a close working relationship among the providers, the Department of Health and Welfare, and Molina. Each of these groups has worked to help improve system performance. We encourage the department and Molina to review our survey results and continue to focus their efforts on customer service.

⁹ Thirty comments could not be categorized as positive or negative.

Appendix A

Pending Claims

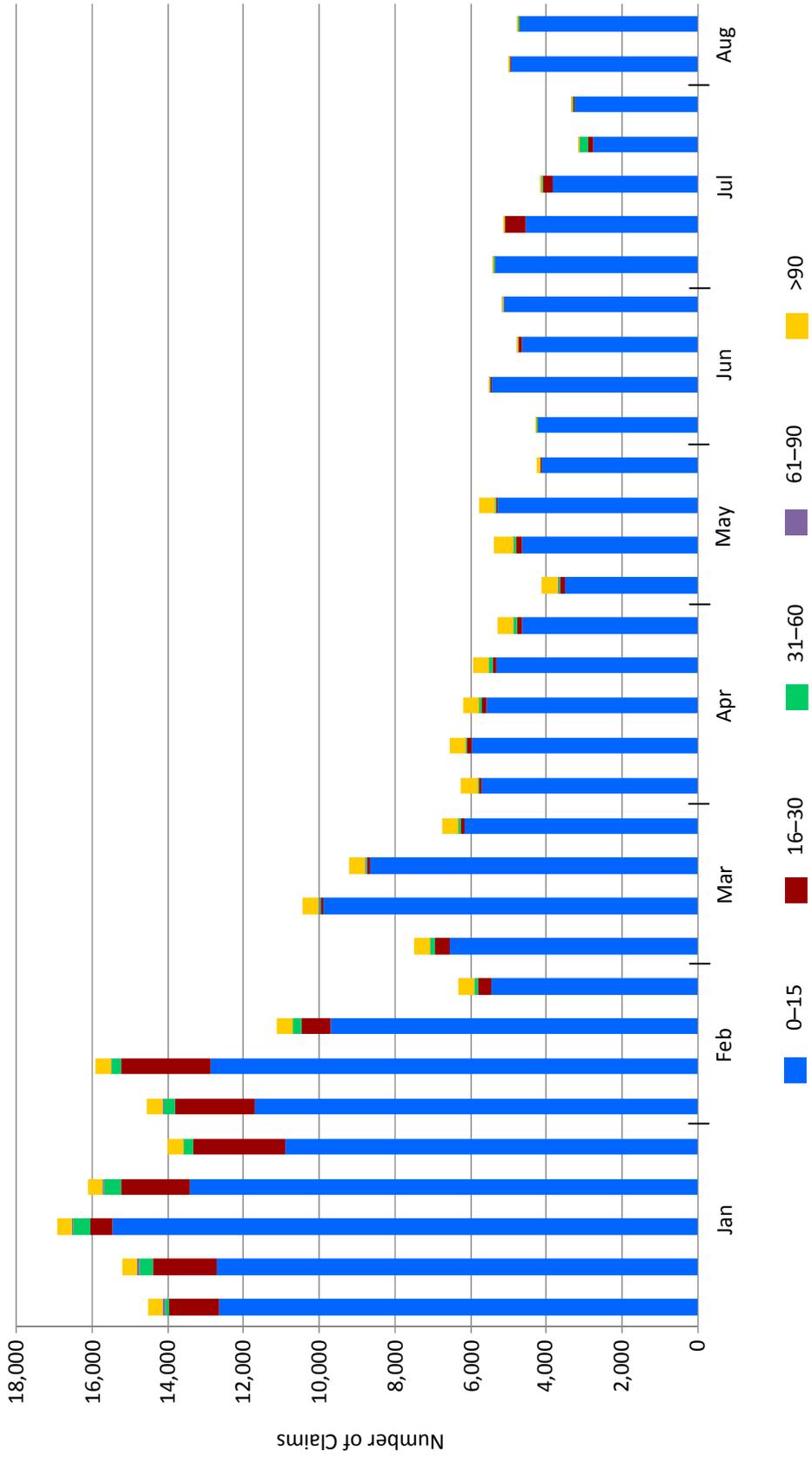
Since the new system began processing claims in 2010, the number of claims and length of time that claims have been pending have declined. As shown in the table and in the chart on the next page, pending claims have been steadily declining throughout 2012—just a fraction of claims are pending for more than 15 days.

Week Ending	Number of Days Pending					Total Pending Claims
	0–15	16–30	31–60	61–90	>90	
1/1/2012	12,636	1,347	75	64	388	14,510
1/8/2012	12,701	1,690	352	65	389	15,197
1/15/2012	15,468	585	445	48	378	16,924
1/22/2012	13,428	1,810	457	20	410	16,125
1/29/2012	10,892	2,442	246	15	416	14,011
2/5/2012	11,718	2,080	309	16	421	14,544
2/12/2012	12,860	2,383	239	19	424	15,925
2/19/2012	9,707	771	212	16	429	11,135
2/26/2012	5,435	372	103	0	407	6,317
3/4/2012	6,554	387	128	2	407	7,478
3/11/2012	9,907	64	33	5	439	10,448
3/18/2012	8,661	73	39	1	437	9,211
3/25/2012	6,155	105	52	6	437	6,755
4/1/2012	5,720	71	25	3	435	6,254
4/8/2012	5,964	129	25	3	435	6,556
4/15/2012	5,577	144	42	4	435	6,202
4/22/2012	5,314	91	102	4	436	5,947
4/29/2012	4,637	138	82	3	437	5,297
5/6/2012	3,494	150	40	3	437	4,124
5/13/2012	4,625	174	55	9	509	5,372
5/20/2012	5,283	41	15	9	440	5,788
5/27/2012	4,121	21	7	10	98	4,257
6/3/2012	4,219	9	8	11	7	4,254
6/10/2012	5,460	10	5	5	13	5,493
6/17/2012	4,655	89	4	5	13	4,766
6/24/2012	5,111	9	5	5	14	5,144

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Week Ending	Number of Days Pending					Total Pending Claims
	0-15	16-30	31-60	61-90	>90	
7/1/2012	5,355	14	3	5	14	5,391
7/8/2012	4,553	539	6	4	16	5,118
7/15/2012	3,822	275	13	4	17	4,131
7/22/2012	2,757	126	222	5	18	3,128
7/29/2012	3,263	17	18	3	19	3,320
8/5/2012	4,946	8	21	3	20	4,998
8/12/2012	4,717	3	18	12	21	4,771

NUMBER OF CLAIMS PENDING BY WEEK, JANUARY 2012–AUGUST 2012



Source: Analysis of data from Molina Healthcare, Inc.

Appendix B

Survey Results

Overall, what is your current satisfaction level with Idaho's Medicaid claims processing system? (N=1,307)

	Responses	Percentage of Respondents
Very satisfied	135	10
Satisfied	572	44
Neutral	257	20
Unsatisfied	220	17
Very unsatisfied	106	8
Don't know	17	1

What is your current satisfaction level with Molina about claims processing? (N=1,305)

	Responses	Percentage of Respondents
Very satisfied	135	10
Satisfied	531	41
Neutral	249	19
Unsatisfied	227	17
Very unsatisfied	152	12
Don't know	11	1

What is your current satisfaction level with the Department of Health and Welfare about claims processing? (N=1,301)

	Responses	Percentage of Respondents
Very satisfied	111	9
Satisfied	512	39
Neutral	358	28
Unsatisfied	181	14
Very unsatisfied	87	7
Don't know	52	4

Note: Percentages do not sum to 100 because of rounding.

What is your most pressing Medicaid system issue today? (Select up to three issues.)
(N=1,304)

	Responses	Percentage of Respondents
Reimbursement rates/service limits	353	27
Accuracy of claims processing	313	24
I have no pressing issue	312	24
Communication with Molina	241	18
Communication with the Department of Health and Welfare	201	15
Eligibility accuracy	181	14
Timeliness of claims processing	168	13
Share of cost: information and accuracy	157	12
System availability/performance	151	12
Molina call center wait times	117	9
Co-payments	101	8
Other	220	17

Note: Percentages do not sum to 100 because respondents could select more than one response.

What type of overall impact did the most recent Molina system upgrade (March 2012) have on your claims processing? (N=1,314)

	Responses	Percentage of Respondents
Positive	169	13
Negative	170	13
No impact	651	50
I was not aware of the system upgrade	324	25

Note: Percentages do not sum to 100 because of rounding.

Overall, how do you feel Molina communicated about the upgrade? (N=222)

	Responses	Percentage of Respondents
Very effectively	7	3
Effectively	40	18
Neutral	59	27
Ineffectively	59	27
Very ineffectively	45	20
Don't know	12	5

Which of the following do you think best represents the cause of the negative impact you experienced with the Molina system upgrade? (N=209)

	Responses	Percentage of Respondents
New system problems that did not exist before the upgrade	71	34
Delays in payment of claims	52	25
Insufficient communication before the upgrade	21	10
System downtime	17	8
Difficulty accessing trading partner account after the upgrade	13	6
Changes in claim submission deadlines	3	1
Other	32	15

Note: Percentages do not sum to 100 because of rounding.

On a scale from 1 to 5, how significant was the negative impact on your claims processing? (N=218)

	Responses	Percentage of Respondents
1 (Not at all significant)	20	9
2	27	12
3	72	33
4	47	22
5 (Very significant)	52	24

Which of the following best applies to your positive experience with the recent Molina system upgrade? (N=345)

	Responses	Percentage of Respondents
The function of the system was as good or better than before the upgrade	81	23
I appreciated how Molina communicated about the system downtime, schedule, and changes	79	23
The system came back online when it was supposed to	77	22
I noticed improved speed of the system	55	16
Other	53	15

Note: Percentages do not sum to 100 because of rounding.

Overall, how do you feel Molina communicated about the upgrade? (N=365)

	Responses	Percentage of Respondents
Very effectively	38	10
Effectively	130	36
Neutral	121	33
Ineffectively	55	15
Very ineffectively	21	6

If you use the Molina call center, how long does it usually take you to be connected with a provider services representative? (N=1,239)

	Responses	Percentage of Respondents
1–3 minutes	296	24
4–5 minutes	278	22
6–10 minutes	155	13
11–20 minutes	86	7
21+ minutes	38	3
I do not use the call center	386	31

If you use the Molina call center, how well do the provider services representatives answer your questions? (N=1,232)

	Responses	Percentage of Respondents
Very well	265	22
Somewhat well	328	27
Neutral	178	14
Not very well	156	13
Not well at all	75	6
Not applicable	230	19

Note: Percentages do not sum to 100 because of rounding.

About how many Medicaid claims do you submit each week? (N=1,195)

	Responses	Percentage of Respondents
0–10 claims	689	58
11–50 claims	259	22
51–100 claims	99	8
101–1000 claims	137	11
1,000 claims	11	1

What is the average length of time (in days) from your initial submission of a claim to the payment or denial of that claim? (N=1,164)

	Responses	Percentage of Respondents
0-5	226	19
6-10	563	48
11-15	163	14
16-30	153	13
31+	59	5

How do you most often submit claims? (N=1,295)

	Responses	Percentage of Respondents
Online portal entry	569	44
Clearinghouse or billing company	334	26
Self-submission of electronic file	287	22
Paper claims	65	5
Don't know	40	3

Do you have an online trading partner account with Molina? (N=1,292)

	Responses	Percentage of Respondents
Yes	975	75
No	141	11
Don't know	176	14

How do you usually access Medicaid claims processing information and updates? (N=1,299)

	Responses	Percentage of Respondents
Molina online portal	838	65
Monthly MedicAide newsletter	160	12
Molina call center	76	6
Provider handbook	50	4
Department of Health and Welfare Medicaid personnel	39	3
Molina regional provider consultant	32	2
Provider association	28	2
Other Medicaid providers	20	2
Other	56	4

Which type of provider association do you primarily work with? If you are not part of an association, which type would most likely represent you? (N=1,275)

	Responses	Percentage of Respondents
Developmental disability association	290	23
Long-term care/assisted living association	178	14
Medical association	164	13
Primary care association	121	9
Mental health association	119	9
Hospital association	54	4
Other ^a	349	27

Note: Percentages do not sum to 100 because of rounding.

^a Includes 84 certified family home or home care providers, 20 ambulance and transportation providers, 18 pharmacy providers, 16 chiropractic providers, and 211 providers that identified themselves as other provider types.

I would like a representative from Molina or the Department of Health and Welfare to follow up with me on my survey responses. (N=1,313)

	Responses	Percentage of Respondents
Department of Health and Welfare	35	3
Molina	45	3
I do not wish to have someone contact me	1,167	89
Both Molina and the Department of Health and Welfare	66	5

Subject of open-ended comments (N=327)

	Negative	Positive
Communication with Molina	54	9
Timeliness of claims processing	49	3
System availability/performance	46	3
Accuracy of claims processing	43	1
Reimbursement rates/service limits	20	0
Communication with the Department of Health and Welfare	18	1
Share of cost: information and accuracy	7	0
Molina call center wait times	4	1
Co-payments	4	0
Eligibility accuracy	2	0
Other	54	44

Note: Some comments included both negative and positive feedback; 30 comments could not be categorized as positive or negative.

Totals do not sum because comments could be placed into as many as three categories.

Office of Performance Evaluations Reports, 2010–Present

Publication numbers ending with “F” are follow-up reports of previous evaluations. Publication numbers ending with three letters are federal mandate reviews—the letters indicate the legislative committee that requested the report.

Pub. #	Report Title	Date Released
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10-02	Increasing Efficiencies in Idaho's Parole Process	February 2010
10-03F	Use of Average Daily Attendance in Public Education	March 2010
10-04	Governance of EMS Agencies in Idaho	November 2010
10-05F	Governance of Information Technology and Public Safety Communications	November 2010
11-01	Distribution and Sale of Liquor in Idaho	January 2011
11-02	Coordination and Delivery of Senior Services in Idaho	February 2011
11-03F	Increasing Efficiencies in Idaho’s Parole Process	February 2011
11-04F	Idaho Transportation Department Performance Audit	March 2011
11-05	Delays in Medicaid Claims Processing	March 2011
11-06	Equity in Higher Education Funding	November 2011
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