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MMCD All Plan Letter No. 03015

TO: County-Organized Health Systems (COHS)
Geographic Managed Care (GMC) Plans
Prepaid Health Plans (PHP)
Primary Care Case Management (PCCM) Plans
Two-Plan Model Plans
Office of Long Term Care

FROM: Luis R. Rico, Acting Chief
Medi-Cal Managed Care Division

SUBJECT: Use of Services Measures

Background

Contracted Medi-Cal managed care plans are required to monitor for under- and overutilization of services (Medi-Cal Managed Care Division Policy Letter No 03-01). However, no standardized approach to this monitoring has previously been required. In response to concerns about variable implementation of this contract requirement by plans, and by the Department of Health Services (DHS) Audits and Investigations Branch, the Local Initiatives and County Organized Health Systems proposed that a set of standardized measures for use of services be adopted – a subset of the National Committee for Quality Assurance (NCQA) Health Plan Employer Data and Information Set (HEDIS) Use of Services measures. MMCD staff subsequently discussed the proposal with the Quality Improvement Work Group and with plan Medical Directors.

Benefits of this approach include:

- 1) Uniformity among Medi-Cal plans for monitoring of under and over-utilization of health care services;
- 2) Use of independently audited and industry-standard HEDIS measurements;

- 3) Consistency in the application of audit criteria used to assess plans' efforts to monitor under and over-utilization;
- 4) Availability and use of comparative data for Medi-Cal populations with demographical differences and similarities that can be analyzed and understood.

The proposal also suggested that DHS would include auditing of these measures into its routine External Accountability Set audit strategy, and that provision of these measures would satisfy the contract requirement for purposes of DHS plan audits. Unfortunately, due to delays in the External Quality Review Organization contract procurement, we will not be able to amend the contract to include the audit of Use of Services measures in time for HEDIS 2004.

Policy

Plans shall submit rates for the measures listed below as part of their HEDIS submissions to MMCD. Rates shall be calculated in accordance with applicable HEDIS methodology. Plans shall indicate whether the measures are audited or un-audited. MMCD will consider HEDIS 2004 as a "pilot" year and, consistent with past policy on pilot measures, will not publish individual plan results.

- 1) "Frequency of Selected Procedures" – Summarizes the number and rate of various frequently performed procedures. These procedures often show significant regional variation and have generated concerns about potentially inappropriate utilization. For Medicaid members, Managed Care Organizations report the absolute number of procedures and the number of procedures per 1,000 member months by age and sex. The following indicators are reported for Medicaid:
 - a) Myringotomy
 - b) Tonsillectomy
 - c) Non-obstetric dilation and curettage
 - d) Hysterectomy, abdominal
 - e) Hysterectomy, vaginal
- 2) "Inpatient Utilization – General Hospital/Acute Care" - This measure summarizes utilization of acute inpatient services in the following categories: total services, medicine, surgery, and maternity. Reporting by category facilitates comparisons between ambulatory surgery utilization and inpatient surgery utilization. The following indicators are reported:
 - a) Discharges
 - b) Discharges/1000 member months
 - c) Days
 - d) Days/1000 member months
 - e) Average length of stay

- 3) "Ambulatory Care" - Summarizes utilization of ambulatory services for the following indicators, all expressed per 1000 member months by ages:
 - a) Outpatient visits
 - b) Emergency Department visits
 - c) Ambulatory surgery/procedures performed in hospital outpatient facilities or freestanding surgical centers.

- 4) "Outpatient Drug Utilization" - Summarizes data on outpatient utilization of drug prescriptions during the measurement year, stratified by age.
 - a) Total Cost of Prescriptions
 - b) Average Cost of Prescriptions per Member per Month
 - c) Total Number of Prescriptions
 - d) Average Number of Prescriptions per Member per Year

If you have any questions, please feel free to contact Ms. Julie Cheung, Chief, Performance Measurement Unit, at (916) 449-5137.