
Memo

To: Michigan Prepaid Inpatient Health Plans (MI PIHPs)

From: Casey Deacon, MS

Auditor I, Data Science & Advanced Analytics

Date: May 2, 2024

Re: State Fiscal Year (SFY) 2024 MI PIHP Network Adequacy Validation (NAV) Audit

Title 42 of the Code of Federal Regulations (CFR) §438.350(a) requires states that contract with managed care organizations (MCOs), prepaid inpatient health plans (PIHPs), prepaid ambulatory health plans (PAHPs), or a primary care case manager (PCCM) entity to have a qualified external quality review organization (EQRO) perform an annual external quality review (EQR) for each contracting MCO, PIHP, PAHP, or PCCM entity. In accordance with 42 CFR §438.358(b)(1)(iv), the EQR must include validation of MCO, PIHP, or PAHP network adequacy to comply with requirements set forth in §438.68 and, if the State enrolls Indians in the MCO, PIHP, or PAHP, §438.14(b)(1). As the EQRO for the Michigan Department of Health and Human Services (MDHHS), Health Services Advisory Group, Inc. (HSAG) is responsible for conducting the annual network adequacy validation (NAV) for all PIHPs contracted with MDHHS.

The purpose of NAV is two-fold:

1. The EQRO reviews the data, systems, and methods used to calculate results for each network adequacy indicator, as defined by the state's standards.
2. The EQRO provides a validation rating for each indicator that reflects the overall confidence HSAG has that the methodology used throughout all phases of the calculation of network indicators is sound, ensuring its accuracy, completeness, and consistency.

A NAV audit will be conducted in SFY 2024 in accordance with the Centers for Medicare & Medicaid Services (CMS) publication, *CMS External Quality Review (EQR) Protocols, February 2023*.¹ The SFY 2024 NAV activity will focus on network adequacy data collection, integration, calculation, accuracy, and reporting of indicators for each required standard.

¹ Department of Health and Human Services, Centers for Medicare & Medicaid Services. *CMS External Quality Review (EQR) Protocols, February 2023*. Available at: [CMS External Quality Review \(EQR\) Protocols \(medicaid.gov\)](https://www.cms.gov/medicaid-coverage-innovation/external-quality-review/external-quality-review-protocols). Accessed on: February 27, 2024.

The information in this document request packet describes the key activities included in the SFY 2024 NAV audit:

- Scope of the Audit
- NAV Audit Timeline (**Attachment 1**)
- Information Systems Capabilities Assessment Tool (ISCAT) (**Attachment 2**)
- ISCAT Completion Tips (**Attachment 3**)
- Where to Submit Documentation (**Attachment 4**)
- Network Adequacy Indicator Logic Review
- Primary Source Verification
- Virtual Audit
- Next Steps and Who to Contact

Scope of the Audit

HSAG will validate PIHP data as it applies to Network Adequacy indicators set by MDHHS for the SFY 2024 reporting period, measuring SFY 2023 network adequacy. MDHHS will provide HSAG with the SFY 2023 PIHP network adequacy results submitted to MDHHS on May 31, 2024. Appendix A displays the network adequacy standards and indicators.

Audit Timeline

Attachment 1 contains the audit timeline and lists key NAV tasks and their associated due dates. HSAG recommends that PIHPs use this timeline as a guide to prioritize NAV audit activities and deliverables.

ISCAT Submission

To perform an assessment and validation of the data used for calculating and reporting the required network adequacy indicators, PIHPs are required to submit a completed ISCAT (**Attachment 2**). The ISCAT contains questions and requests for descriptions of PIHP member enrollment and provider system(s), data elements, and processing steps related to network adequacy reporting. Please ensure all attachments are clearly labeled according to the Requested Documentation table located at the end of the ISCAT. The ISCAT and all supporting documentation are due to HSAG **by close of business (COB) June 14, 2024**. Also enclosed is a document with tips for completing the ISCAT sections (**Attachment 3**).

Network Adequacy Indicator Logic Review

As part of the validation process, HSAG will review the logic used to extract data from source systems and prepare data files for GeoAccess software, queries, and/or other logic used to integrate data and calculate the required indicators. HSAG will review the logic used to ensure compliance with the applicable state required standards and associated indicators. The purpose of reviewing this logic is to identify any potential issues in data preparation and calculation of the indicator results. Each PIHP will be provided with preliminary findings and will have the

opportunity to submit responses and/or corrected logic for review, if needed. If your PIHP does not use programming logic to generate the required indicator results (e.g., if GeoAccess software is used for time/distance calculations), please submit documentation showing each step that was taken for indicator calculation. All network adequacy indicator logic (or description of the indicator calculation process) is due to HSAG **COB June 14, 2024**.

Primary Source Verification

To further assess the data and accuracy of PIHP reported indicators, HSAG will conduct primary source verification (PSV) activities across key source data used to inform network adequacy calculation and reporting. HSAG will work with PIHPs to pre-select cases and provider types, in alignment with MDHHS defined standards and indicators, to provide live system demonstrations and system-level queries. A combination of desk review and a live demonstration of records in source systems during the virtual audit will be used to validate source data (e.g., member and provider data) used for the indicator calculation and reporting process.

Virtual Audit

HSAG will conduct a virtual audit to collect additional information related to the validation of network adequacy indicators using several methods including interviews, system demonstrations, review of data output files, observation of data processing, and review of data reports. To minimize administrative burden on each PIHP, the virtual audit will be coordinated with the PIHP annual Performance Measure Validation (PMV) Audit. The virtual audits will occur **between July 22, 2024, and August 2, 2024**.

Where to Submit Documentation

Please submit all documentation to your PIHP-specific folder on HSAG's secure FTP site (i.e., Secure Access File Exchange (SAFE)) (**Attachment 4**). Please note that HSAG cannot accept any documentation containing Protected Health Information (PHI) or Personal Identifiable Information (PII) via email (e.g., member first name and last name, member date of birth, etc.). For assistance with SAFE, feel free to contact Brittani Alley at BAley@hsag.com and Lee Ann Dougherty at LDougherty@hsag.com.

Next Steps and Who to Contact

Your PIHP will be assigned a lead auditor who will contact you for introductions and will communicate with your PIHP throughout the duration of the NAV audit. Once your completed documentation has been uploaded to SAFE, HSAG's Audits Department will review and identify any missing items or areas that require further clarification.

Please direct any questions you have during the NAV audit process to your assigned auditor and copy NAV_Audits@hsag.com. We look forward to working with you on the SFY 2024 NAV audit activities.

Enclosures [4]

Appendix A. Detailed Listing of Network Standards

PIHP Network Standards and Indicators

Table A-1— MI PIHP Time/Distance Standards

Adults

Service	Frontier	Rural	Urban
Adult Inpatient Psychiatric	150 minutes/125 miles	90 minutes/60 miles	30 minutes/30 miles
All Other Select Services	90 minutes/90 miles	60 minutes/60 miles	30 minutes/30 miles
1. Adult Assertive Community Treatment			
2. Adult Crisis Residential Programs			
3. Adult Opioid Treatment Programs			
4. Adult Psychosocial Rehabilitation Programs (Clubhouses)			

Pediatrics

Service	Frontier	Rural	Urban
Pediatric Inpatient Psychiatric	330 minutes/355 miles	120 minutes/125 miles	60 minutes/60 miles
All Other Select Services	90 minutes/90 miles	60 minutes/60 miles	30 minutes/30 miles
1. Pediatric Crisis Residential Programs			
2. Pediatric Home-Based Services			
3. Pediatric Wraparound Services			