REPORT BY THE

AUDITOR GENERAL

OF CALIFORNIA

REVIEW OF COMPUTER SCIENCES CORPORATION'S COMPLIANCE WITH MEDI-CAL CLAIMS PROCESSING TIME STANDARDS

P-021.1

California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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WALTER M. INGALLS
CHAIRMAN

January 8, 1981

021.1

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits Coopers and Lybrand's report detailing Computer Sciences Corporation's compliance with Medi-Cal claims processing time standards. The work was performed under contract with the Auditor General's office.

Richard C. Mahan was the Auditor General's project coordinator.

Respectfully submitted,

WALTER M. INGALLS
Chairman, Joint Legislative
Audit Committee

REPORT TO
OFFICE OF THE AUDITOR GENERAL
JOINT LEGISLATIVE AUDIT COMMITTEE
STATE OF CALIFORNIA

REVIEW OF COMPUTER SCIENCES CORPORATION'S COMPLIANCE WITH MEDI-CAL CLAIMS PROCESSING TIME STANDARDS

January 1981

Coopers
&Lybrand

COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

A MEMBER FIRM OF

COOPERS & LYBRAND (INTERNATIONAL)

Mr. Thomas W. Hayes
Auditor General
State of California
925 "L" Street, Suite 750
Sacramento, California 95814

Dear Mr. Hayes:

Enclosed is our report on the Review of Computer Sciences Corporation's Compliance with Medi-Cal Claims Processing Time Standards for the months of June through October 1980.

We appreciate the opportunity to assist your office in its ongoing and independent monitoring of Computer Sciences Corporation's performance of the Medi-Cal contract.

We would be pleased to meet with you and your staff to discuss the report, if you desire.

Coopers & Lybrand

Sacramento, California
December 10, 1980

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SUMMARY

Since the beginning of the Medi-Cal program in 1966, the State has contracted with a fiscal intermediary to provide for processing and payment of medical billings for services to Medi-Cal recipients. In 1978, the State Department of Health Services (Department) awarded the contract to a new fiscal intermediary, Computer Sciences Corporation (CSC).

The contract with CSC specifies time standards to be met by CSC for processing each type of claim, claims requiring CSC medical review, the average time for all claims, and the percentage of total claims in inventory that can be held for processing over 30 days. However, the contract is not explicit in describing how performance, time and claims inventory are to be calculated. As a result, even after the contract has been in effect more than two years, CSC and the Department of Health Services still have not agreed on how CSC's actual performance should be calculated for monitoring compliance with contract standards.

We independently reviewed CSC's conformance to the contract performance standards, as evidenced by CSC's computer records for the five-month period June through October 1980, based on the interpretation used by CSC and Health Services and on a literal reading of the contract wording. We found that CSC has not fully conformed to the contract standards, but its performance is improving and is significantly better than disclosed during a prior Auditor General review. The following summarizes the results of our study.

Timeliness of Processing Claims -- Claims volume has tripled (from 1.7 million claims per month to 5.7 million per month) and the final two types of claims have been added to the system since the Auditor General's previous study covering the period June 1979 through February 1980. At the same time, CSC timeliness in adjudicating claims has generally improved but still does not meet all contract

performance standards under any of the three contract interpretations. We found (see page 9):

- Generally the Health Services and literal interpretations show longer processing times and noncompliance with processing standards for more claim types during more months than the CSC interpretation

- CSC met the processing time performance standard for total claims processed during each of the five months reviewed under all three interpretations

- CSC did not meet the processing standards for medical review claims at all during the five months under any of the three interpretations

- Depending on the interpretation used, CSC did not meet the various processing standards for two or three claim types besides medical review claims for one to three of the five months reviewed

- During September and October, CSC met the processing standards for total claims and for all claim types except medical review claims under all three interpretations

Claims in Process More Than 30 Days -- The total claims in inventory and the number of claims in process more than 30 days increased from June through October under all three interpretations. Our analysis of CSC's claims in inventory more than 30 days related to total claims in inventory disclosed (see page 16):

- Using CSC's interpretation, CSC conformed to the contract standard for total claims for all months reviewed

- Using the Health Services interpretation, CSC conformed to the contract standard for total claims for the last three of the five months reviewed

- Using the literal interpretation, CSC did not conform to the contract standard at all during the five-month period reviewed

Other Pertinent Information -- As part of our analysis of CSC's claim processing data, we also examined the time it takes CSC to enter claims into the system after they are received and the time it takes to process RTDs. This analysis disclosed (see page 24):

- From 11.5 to 55.7 percent of the claims received each month required more than seven days to be entered into CSC's claim system

- From 39.0 to 72.1 percent of the RTDs required more than 18 days to be sent to the provider and from 18.4 to 53.7 percent required more than 30 days

INTRODUCTION

In response to Chapter 1129, Statutes of 1980 and a request of the Joint Legislative Audit Committee, the Office of the Auditor General (Auditor General) independently computed and compared Computer Sciences Corporation's (CSC) actual Medi-Cal claims processing performance to contract standards. This analysis was conducted by the international auditing and consulting firm of Coopers & Lybrand under contract with the Auditor General. This study was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code. Our study covered CSC performance during the months of June through October 1980. November 1980 performance data will be reported to the Auditor General separately. All work was directed and closely monitored by the Auditor General.

Because of the frequent references in this report to certain Medi-Cal claims processing system and other specialized terms and abbreviations, we have included a list of these terms and abbreviations and their definitions in Appendix A. We suggest that the reader review this list before reading the remainder of the report.

BACKGROUND

In July 1965, two major amendments to the Social Security Act greatly expanded the scope of medical coverage available to various segments of the population. Title XVIII established the Medicare program, and Title XIX established the state-option medical assistance program known as Medicaid, providing Federal matching funds to states implementing a single comprehensive medical care program.

State legislation implementing the Title XIX program was signed in November 1965. Medi-Cal, the California Medical Assistance Medicaid program, became effective in March 1966 and is jointly

funded by the State and Federal governments. For fiscal year 1979-80, the program cost approximately $3.8 billion with the State's share being 56% and the Federal share being 44%.

Medi-Cal beneficiaries are entitled to a variety of services rendered by professional health care providers. These services include outpatient visits to physicians' offices, dental services, drugs, inpatient and outpatient hospital services, nursing home care, and other health-related services.

Department of Health Services' Role

The California Department of Health Services (Health Services) administers Medi-Cal through an agreement with the Federal Department of Health and Human Services. Among its responsibilities, Health Services procures and manages the State's contract with a fiscal intermediary (a nongovernmental agency) for reviewing and paying provider claims.

Since 1966 when the Medi-Cal program was implemented, the State has had its claims payment activities performed under contract by a fiscal intermediary. The State does not directly handle claims from pharmacies, hospitals, nursing homes, and other providers for the services rendered to Medi-Cal beneficiaries. Prior to 1978, the State obtained these fiscal intermediary services from Blue Cross North, Blue Cross South, and Blue Shield Services Corporation, operating under joint contract as Medi-Cal Intermediary Operations.

Fiscal Intermediary

After a lengthy competitive bidding process, the State signed a five and one-half year fiscal intermediary contract with CSC, effective September 1, 1978, to process billings which providers of health services submit for payment under the Medi-Cal program. Since that date, CSC has been involved in the design, implementation, and phased-in operation of the claims processing system.

CSC began processing claims from various types of providers of services on the following dates:

Pharmacy	June 1, 1979
Nursing home (Long-Term Care)	September 1, 1979
Hospital (Inpatient and Out-patient)	December 1, 1979
Medicare crossovers	January 1, 1980
Medical (Physician, vision, and medical supplies)	June 1, 1980

Previous Study

The Auditor General was directed by the State Legislature to audit CSC's performance under the fiscal intermediary contract. The Auditor General contracted with another consultant to assist in evaluating the effectiveness and efficiency of CSC in processing Medi-Cal claims according to its contract. The Auditor General issued his Report P-005, "A Review of Computer Sciences Corporation and the Department of Health Services Medi-Cal Fiscal Intermediary Operations," on May 12, 1980.

Among numerous findings included in the Auditor General's report were:

- CSC did not meet the average monthly processing cycle time standards specified in its contract for all claims and for individual claim types

- CSC did not meet the contractual standard specifying the maximum percentage of its total claims inventory per month that could be in process (suspense) over 30 days

SCOPE AND METHODOLOGY

The objective of this study, as stated in the Auditor General's "Request for Proposal 021" and Coopers & Lybrand's proposal dated

August 20, 1980, is to provide the Legislature with an independent determination of compliance with certain claim processing time and suspended claim performance standards required in the State's Medi-Cal fiscal intermediary contract with CSC.

To accomplish this objective, we used appropriate computer auditing techniques whereby, among other procedures, we:

- Reviewed the reports and supporting working papers prepared for the prior study by the Auditor General and his consultant

- Interviewed officials and support staff of CSC, Health Services, and the Auditor General

- Observed CSC's claims processing system in operation (see Appendix L for a brief description of this system)

- Reduced to written form and obtained concurrence on the interpretations of relevant contract terms made by CSC and Health Services, and on a literal reading of contract wording as requested by the Auditor General

- Developed custom-designed software to analyze actual claim processing time and suspended claim performance for the months of June through October 1980, based on the three interpretations, for data contained in CSC's computer records

- Applied this tailored software to copies of CSC computer tapes at the Stephen P. Teale Consolidated Data Processing Center to produce the required information

Study Limitations

During our study, CSC personnel responsible for computer operation orally advised us as to the appropriate CSC data and files required to calculate:

- CSC's actual monthly average claim processing time, by claim type and in total
- The total claims in process each day during the period covered by our study and those each day that had been in process more than 30 days
- The total claims received each day and those received each day that remained in process more than 30 days

Accordingly, we requested copies of the applicable CSC files based on this advice. However, CSC officials declined to provide us with written representation that the files provided us were the appropriate ones from which to make the calculations listed above.

The claim processing data we analyzed was copied onto blank computer tapes from CSC's computer records by CSC personnel; the tapes were then delivered by a representative of the Auditor General directly to the Teale Data Processing Center. At Teale, the customized programs we developed were applied by Teale personnel to the tapes provided by CSC. We did not independently verify or validate the accuracy or reliability of the data on the tapes provided by CSC.

Health Services had not formalized in writing its interpretation of the various contract terms as of October 1, 1980. Therefore, due to the time constraints imposed on our study, it was necessary to use the proposed verbal interpretation as determined through our interviews with Health Services' personnel. This interpretation was submitted to Health Services on October 6, 1980, with a request for them to advise us promptly if they found any inaccuracies in our understanding; Health Services has not notified us of any inaccuracies as of the date of this report.

AGREEMENT HAS NOT BEEN REACHED BETWEEN CSC AND HEALTH SERVICES ON HOW TO CALCULATE CLAIM PROCESSING TIMES FOR CONTRACT COMPLIANCE

The fiscal intermediary contract with CSC clearly specifies claim processing performance standards for each claim type, for claims requiring CSC medical review, the average time for all claims, and the percentage of total claims in inventory that can be held for processing over 30 days (see Appendix B). However, the contract is not explicit in describing how performance time and claims inventory are to be calculated. As a result, even after the contract has been in effect more than two years, CSC and Health Services still have not agreed on how CSC's actual performance should be calculated for monitoring compliance with contract standards.

Key elements of the various interpretations used to calculate individual claim processing times for each claim type and an average time for all claims are:

- CSC includes only original claims that remain entirely under CSC control and that do not go to Medical Review.

- Health Services includes all claims, whether originals or adjustments, but excludes the actual number of days any claims are outside CSC control and does not begin calculating processing time for claims in RTD status until they have been received back from the provider. The Health Services interpretation includes about 2.5 million claims for June through October 1980 that are excluded by CSC's interpretation; inclusion of these claims increases the monthly average processing time over CSC's interpretation by as much as 3.1 days for

individual claim types (except for Long-Term Care claims in June, which was reduced by 4.9 days) and by 1.2 to 2.0 days for all claims processed.

- According to the Auditor General, a literal reading of the contract wording, without interpretation, can also be made of the contract requirements for claims processing.* This literal reading (hereafter referred to as the "literal interpretation") includes all claims for the entire period from the date they are received by CSC to the final adjudication date. The literal interpretation includes the same number of claims as the Health Services interpretation but further increases the average processing time over the Health Services interpretation by up to 4.8 days for individual claim types and by 0.8 to 1.3 days for all claims processed. Thus, this interpretation increases processing time over CSC's interpretation by up to 7.9 days for individual claim types (except for Long-Term Care claims in June, which was reduced by 3.7 days) and by 2.2 to 3.1 days for all claims processed.

Further elements of the interpretations that affect the calculation of claims inventory and the percentage of those claims held for processing over 30 days (in addition to the exclusion of certain claims as presented in the paragraph above) are:

- CSC interprets claims inventory to be the monthly total of all claims received on the days being measured during the month. CSC does not include in inventory for a

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*Our review of contract terms for CSC claim processing time performance standards does not presume that either Health Services, CSC or a literal reading of the wording approximates the contract's standards as intended. Statistics reflecting a literal reading of contract terms are included at the request of the Auditor General to provide an additional perspective. Although the literal reading does not consider factors realized after implementation of the claims processing system, such as time periods claims are not within department or contractor control, the Auditor General believes it fairly and reasonably reflects contract provisions at the time of procurement.

specific day any claims received previously that have been placed in suspense; therefore, a claim is included in only one inventory calculation regardless of how long it remains in suspense. As an illustration, to calculate the percentage of claims in inventory over 30 days for August 31, it is necessary only to determine how many of the claims received on August 31 were still held for processing on September 30.

- For the Health Services interpretation, claims inventory is considered to include all claims in CSC's system on each individual day being measured, regardless of when those claims were received. Claims in inventory over 30 days is based on how many of the claims in process on a given day were received more than 30 days before. To make this calculation for August 31, it is necessary to determine how many of the claims held for processing in CSC's inventory that day had been received on or before August 1. Health Services calculates the percentage of claims in inventory over 30 days on a monthly basis by dividing the total number of claims in inventory over 30 days for all days during the month by the total claims in inventory for all days during the month.

- For the literal interpretation, claims inventory and claims in inventory over 30 days are determined the same as for the Health Services interpretation. However, the percentage of claims in inventory over 30 days is calculated on a daily basis.

A more detailed comparison of the three interpretations is shown in Appendix C.

Calculations of claim processing time and claims held for processing over 30 days, for the months of June through October 1980 and an analysis of the effects of the differing interpretations are in the following sections.

CSC'S TIMELINESS IN PROCESSING MEDI-CAL CLAIMS HAS IMPROVED BUT STILL DOES NOT MEET ALL CONTRACT PERFORMANCE STANDARDS FOR CERTAIN CLAIM TYPES UNDER ANY CONTRACT INTERPRETATION

CSC's timeliness in adjudicating (either denying payment or paying) claims has generally improved since the Auditor General's previous study while also adding more claim types to the system and more than tripling the volume of claims adjudicated. The final two claim types, physician and vision, were added to the system June 1, 1980; near-normal processing levels for these claim types appear to have been reached in September and October. During the five-month period June through October 1980, CSC adjudicated about 28.5 million (5.7 million per month) claims* of all types, compared to 15.3 million (1.7 million per month) for the nine-month period June 1979 through February 1980.

Our independent analysis of CSC's timeliness in processing claims disclosed:

- The actual claims processing times during June through October 1980 met the 18-day processing time performance standard for total claims processed, but did not fully meet the standards for some individual claim types for some months.

- Generally, use of Health Services' interpretation results in longer processing times than CSC's, and the literal interpretation results in even longer processing times; these two interpretations also show noncompliance with processing standards for more claim types and for more months than CSC's interpretation.

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*The terms "claim" and "claim line" are used synonymously.

- The average number of days required to process pharmacy claims increased slightly from June to October 1980 but was well under the contract standard (17 days) and was significantly lower than during the period September 1979 through February 1980.

- Depending on the interpretation applied and the claim type reviewed, CSC did not meet the processing time standards during one to four months for long-term care (8 days), inpatient (21 days), and outpatient claims (13 days); under all three interpretations CSC did not meet the standard for medical review claims (30 days) at all during the period June through October 1980.

- Processing times in September and October 1980 for total claims and for all claim types except CSC Medical Review claims met the processing standards under all three interpretations.

Claim Volume and Types of Claims Processed Have Increased

During the five-month period June through October 1980, CSC's volume of adjudicated claims (either paid or denied payment) was approximately 28.5 million, or 5.7 million claims per month. This compares to a reported 15.3 million adjudicated claims during the nine months covered by the Auditor General's previous study, or about 1.7 million claims per month.

All claim types are now being processed by CSC--medical claims (physician and vision) were added to the system in June 1980, the first month covered by our study. Inpatient and outpatient hospital claims had been added in December 1979, near the end of the period covered by the previous study.

The volume of claims adjudicated by claim type during each month and for the five-month period covered by our study compared to that for the previous study is shown in Appendix D.

Claim Processing Times Have Improved But Do Not Fully Meet Contract Performance Standards

Using CSC's interpretation, our analysis of CSC's records disclosed that CSC conformed to the contract standards for claim processing times during June through October 1980 except for three claim types for one to five months, as shown in Table 1.

TABLE 1

INSTANCES OF NONCONFORMANCE WITH CONTRACT PERFORMANCE STANDARDS FOR CLAIM PROCESSING TIMES CSC INTERPRETATION

Claim Type	Processing Standard (Days)	Months Not in Conformance	Actual Processing Performance		
			Average Days	Days Over Standard	% Over Standard
. Long-Term Care	8	June	12.9	4.9	61
		July	9.6	1.6	20
		August	10.4	2.4	30
. Outpatient	13	July	15.8	2.8	22
. CSC Medical Review	30	June	37.0	7.0	23
		July	33.4	3.4	11
		August	32.1	2.1	7
		September	35.4	5.4	18
		October	40.8	10.8	36

This performance represents a distinct improvement over the period June 1979 through February 1980, as presented on pages 59-63 of the Auditor General's Report P-005 dated May 12, 1980. Excerpts from that report are presented in Appendix E.

Actual claims processing times using CSC's interpretation are summarized in Table 4, Part A, (Page 14) and are shown in detail by month in Appendix F.

Use of Health Services' or Literal Interpretation Indicates Poorer CSC Performance

Using our same analysis of CSC's records, but applying Health Services' interpretation of the contract performance standards, CSC's claims processing performance during June through October 1980 was poorer for more claim types during more months than indicated based on CSC's interpretation. Based on Health Services' interpretation, CSC's actual claim processing times exceeded the standards for four claim types for one to five months as shown in Table 2.

TABLE 2

INSTANCES OF NONCONFORMANCE WITH CONTRACT PERFORMANCE STANDARDS FOR CLAIM PROCESSING TIMES HEALTH SERVICES INTERPRETATION

Claim Type	Processing Standard (Days)	Months Not in Conformance	Actual Processing Performance		
			Average Days	Days Over Standard	% Over Standard
. Long-Term Care	8	July	10.2	2.2	28
		August	10.9	2.9	36
. Inpatient	21	July	23.7	2.7	13
. Outpatient	13	July	16.8	3.8	29
		August	13.7	.7	5
. CSC Medical Review	30	June	37.0	7.0	23
		July	33.4	3.4	11
		August	32.1	2.1	7
		September	33.4	3.4	11
		October	39.3	9.3	31

Further, our analysis using a literal interpretation of contract performance standards shows that CSC's actual claims processing times exceeded the standards for the same claim types but for two to five months, as shown in Table 3.

TABLE 3

INSTANCES OF NONCONFORMANCE WITH CONTRACT PERFORMANCE STANDARDS FOR CLAIM PROCESSING TIMES LITERAL INTERPRETATION

Claim Type	Processing Standard (Days)	Months Not in Conformance	Actual Processing Performance		
			Average Days	Days Over Standard	% Over Standard
. Long-Term Care	8	June	9.2	1.2	15
		July	11.0	3.0	38
		August	11.8	3.8	48
. Inpatient	21	July	28.1	7.1	34
		August	23.4	2.4	11
. Outpatient	13	July	17.9	4.9	38
		August	14.7	1.7	13
. CSC Medical Review	30	June	38.5	8.5	28
		July	35.8	5.8	19
		August	34.4	4.4	15
		September	35.4	5.4	18
		October	40.8	10.8	36

Actual claim processing times using Health Services and the literal interpretations are summarized in Table 4, Parts B and C, respectively, and are shown in detail by month in Appendix F.

Table 5 graphically compares CSC's actual claim processing times, by claim type, using the three different interpretations for June through October 1980, and CSC's interpretation for the period June 1979 through February 1980.

NUMBER OF CLAIMS AND PROCESSING TIME BY CLAIM TYPE
JUNE THROUGH OCTOBER 1980
CSC, HEALTH SERVICES, AND LITERAL INTERPRETATIONS

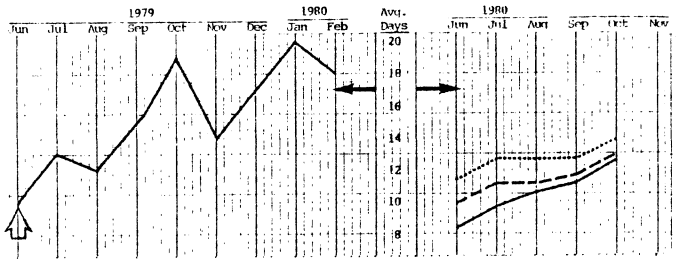
Claim Type	Processing Standard (Days)	June		July		August		September		October	
		Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System
A. CSC Interpretation											
Pharmacy	17	1,746,992	8.4	1,607,532	9.7	1,682,608	10.6	2,087,436	11.2	2,347,974	12.6
Long-Term Care	8	29,484	12.9	75,703	9.6	85,200	10.4	86,246	5.5	93,318	4.7
Inpatient	21	39,507	14.4	49,328	20.6	55,574	18.4	72,649	13.8	74,920	12.8
Outpatient	13	761,067	10.2	845,137	15.8	982,417	12.8	1,092,138	9.1	1,147,604	8.4
Medical (Physician)	25	64,277	6.6	804,277	12.3	2,108,326	11.1	2,471,415	12.4	5,161,845	8.7
Vision	25	645	8.9	67,936	9.8	88,437	11.5	135,622	11.9	147,097	11.1
CSC Medical Review	30	56,418	37.0	125,485	33.4	202,602	32.1	499,158	35.4	309,098	40.8
All claims	18	2,641,972*	9.0*	3,449,913*	12.0*	5,002,562*	11.3*	5,945,506*	11.3*	8,972,758*	9.7*
B. Health Services Interpretation											
Pharmacy	17	1,905,695	9.9	1,742,391	11.1	1,802,725	11.1	2,188,090	11.5	2,453,135	12.9
Long-Term Care	8	86,888	8.0	91,275	10.2	98,227	10.9	96,679	6.1	102,502	5.1
Inpatient	21	45,215	16.1	62,100	23.7	65,348	20.2	83,719	15.6	92,181	15.9
Outpatient	13	792,953	10.8	900,685	16.8	1,036,529	13.7	1,140,954	10.0	1,219,373	9.2
Medical (Physician)	25	64,774	6.6	825,371	12.3	2,170,757	11.3	2,526,705	12.7	5,276,931	9.0
Vision	25	645	8.9	72,380	9.9	96,052	11.9	149,434	12.9	161,225	11.7
CSC Medical Review	30	56,491	37.0	125,905	33.4	202,649	32.1	500,159	33.4	309,314	39.3
All claims	18	2,952,661	10.6	3,820,107	13.6	5,472,287	12.6	6,685,740	13.3	9,614,661	11.1
C. Literal Interpretation											
Pharmacy	17	1,905,695	11.5	1,742,391	12.6	1,802,725	12.6	2,188,090	12.7	2,453,135	13.8
Long-Term Care	8	86,888	9.2	91,275	11.0	98,227	11.8	96,679	7.1	102,502	6.2
Inpatient	21	45,215	19.1	62,100	28.1	65,348	23.4	83,719	18.9	92,181	20.7
Outpatient	13	792,953	11.5	900,685	17.9	1,036,529	14.7	1,140,954	11.1	1,219,373	10.5
Medical (Physician)	25	64,774	6.6	825,371	12.6	2,170,757	11.7	2,526,705	13.2	5,276,931	9.5
Vision	25	645	8.9	72,380	10.8	96,052	13.2	149,434	15.1	161,225	13.5
CSC Medical Review	30	56,491	38.5	125,905	35.8	202,649	34.4	500,159	35.4	309,314	40.8
All claims	18	2,952,661	12.0	3,820,107	14.8	5,472,287	13.6	6,685,740	14.4	9,614,661	11.9

*Excludes "CSC Medical Review" claims

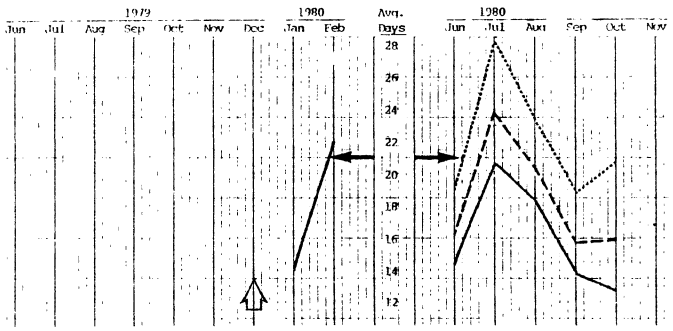
TABLE 4

TABLE 5
GRAPHIC COMPARISON OF
ACTUAL CLAIM PROCESSING TIME TO STANDARD TIME
BY CLAIM TYPE, USING THREE INTERPRETATIONS 1/

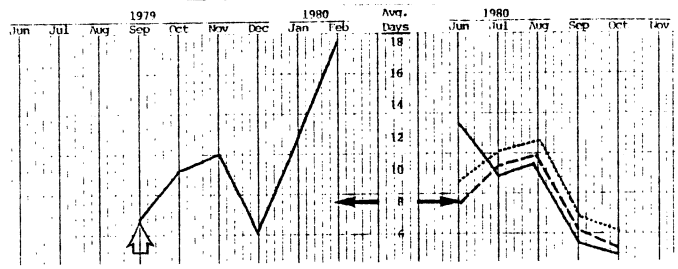
PHARMACY



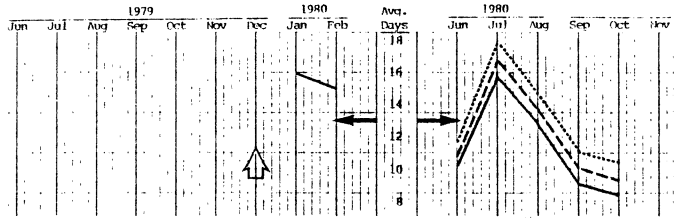
INPATIENT



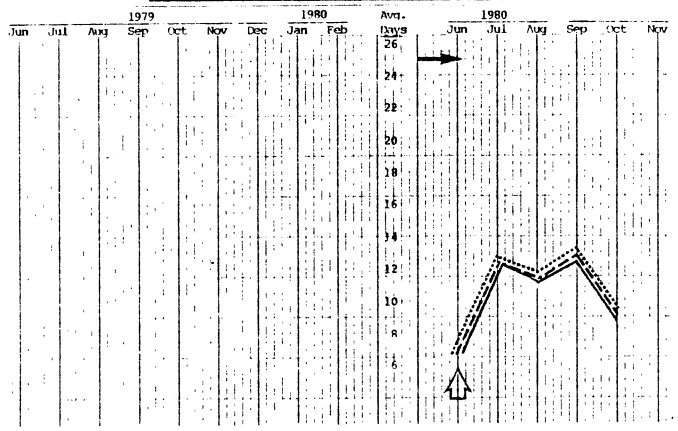
LONG-TERM CARE



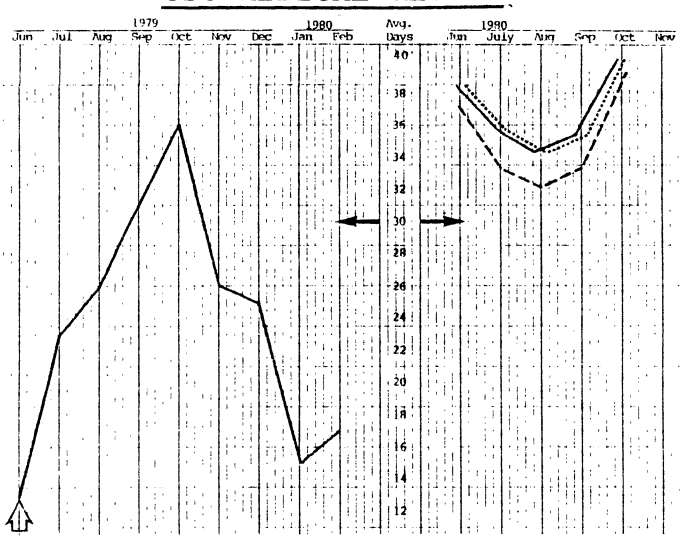
OUTPATIENT



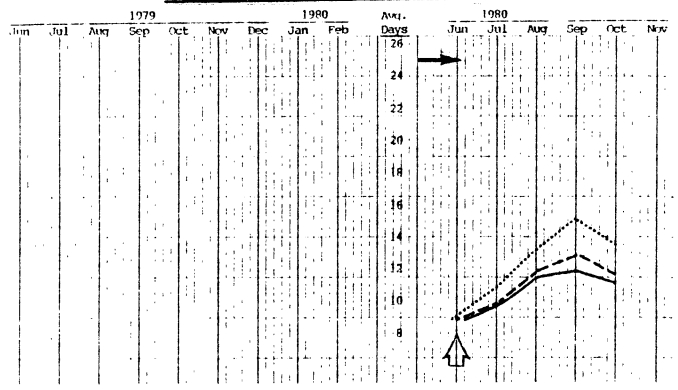
PHYSICIAN (MEDICAL)



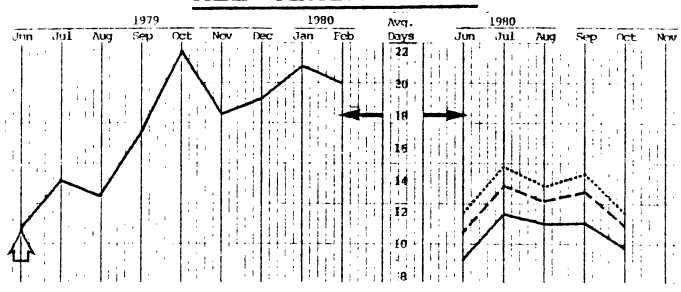
CSC MEDICAL REVIEW



VISION (MEDICAL)



ALL CLAIM TYPES



△ Month CSC started processing claim type 1/
→ Contract processing standard time
—— CSC Interpretation
--- Health Services Interpretation
····· Literal Interpretation

1/ Comparative information is not available for the Health Services and Literal Interpretations for the period June 1979 through February 1980

CSC'S PERFORMANCE RELATED TO CLAIMS IN PROCESS MORE THAN 30 DAYS HAS IMPROVED AND IN RECENT MONTHS GENERALLY CONFORMS TO CONTRACT PROVISIONS USING CSC AND HEALTH SERVICES INTERPRETATIONS BUT STILL DOES NOT CONFORM USING THE LITERAL INTERPRETATION

CSC's fiscal intermediary contract provides that "the number of claims held for processing over 30 days shall not exceed nine percent of total claim inventory." However, there is not agreement between CSC and Health Services as to how this calculation is to be made.

Our independent analysis of CSC's claims in inventory more than 30 days related to total claims in inventory, using the three interpretations, disclosed:

- Using CSC's interpretation, CSC conformed to the contract standard for total claims for all five months reviewed

- Using the Health Services interpretation, CSC conformed to the contract standard for total claims for three of the five months reviewed

- Using the literal interpretation, CSC did not conform to the contract standard at all during the five-month period reviewed

CSC's Interpretation Indicates That Total Claims in Process More Than 30 Days Were Less Than Nine Percent of Inventory For Each Month Reviewed

CSC interprets the contract provision to mean that no more than nine percent of the claims it receives during a month are to be in process more than 30 days. CSC also does not include in inventory

for a specific day any claims received previously that have been placed in suspense; therefore, a claim is included in only one inventory calculation regardless of how long it remains in suspense.

Under this interpretation, during each of the five months included in our study, CSC conformed to the standard for total claims and for all claim types in September and October. Although the contract language does not specifically refer to individual claim types, our analysis, as shown in Table 6, disclosed that more than nine percent of the claims received for five claim types during one or two months were in process more than 30 days after receipt, as follows:

- Long-Term Care claims - not in conformance in July
- Inpatient claims - not in conformance in June and July
- Physician claims - not in conformance in June and July
- Medicare claims - not in conformance in July and August
- Vision claims - not in conformance in July

Details of the percentage of claims in inventory for more than 30 days for each of the five months using CSC's interpretation are shown in Appendix G.

TABLE 6

PERCENTAGE OF TOTAL CLAIMS
IN PROCESS MORE THAN 30 DAYS
AFTER RECEIPT, BY MONTH
CSC INTERPRETATION

Claim Type	Month - 1980				
	June	July	August	September	October
Pharmacy	0.6	1.5	0.6	2.0	4.7
Long-Term Care	1.4	9.3	1.0	0.4	0.8
Inpatient	19.0	13.0	3.5	3.4	8.9
Outpatient	7.1	6.3	3.3	1.8	5.5
Physician	31.7	9.5	4.6	3.8	6.8
Medicare	3.7	49.8	14.6	4.2	5.4
Vision	2.8	11.4	3.3	0.4	3.0
Total	5.1	6.3	2.9	2.8	5.8

The Health Services Interpretation Indicates That Claims in Process More Than 30 Days Were Less Than Nine Percent of Inventory for the Last Three of the Five Months Reviewed But the Literal Interpretation Indicates the Nine Percent Standard Has Never Been Attained

In contrast to CSC's interpretation based on all claims received during a month, the Health Services and literal interpretations are based on claims in process (claim inventory) each day. Also in contrast to the CSC interpretation where claims are included in the inventory calculation only for the day the claim was received by CSC, under the Health Services and literal interpretations claims are included in the inventory calculation for each day they remain in process.

As shown in Table 7, the Health Services interpretation generally shows that the percentage of claims in inventory more than 30 days was about 2 to 2-1/2 times that shown by the CSC interpretation; however, for October the Health Services interpretation shows a slightly lower percentage. The literal interpretation--calculated on a daily basis--shows an even higher percentage of the claims in process more than 30 days than either the Health Services or CSC interpretation--calculated on a monthly basis.

TABLE 7

PERCENTAGE OF CLAIMS IN INVENTORY MORE THAN 30 DAYS

Month	Interpretation		
	CSC	Health Services	Literal
June	5.1	12.4	14.6 to 38.2
July	6.3	11.9	12.4 to 33.8
August	2.9	6.3	11.0 to 18.4
September	2.8	7.1	13.6 to 20.0
October	5.8	5.4	11.0 to 20.4

The total number of claims in process on any given day varies widely. Under the Health Services interpretation, the total claims in inventory ranged from 206,000 on June 20-22 to 4,138,500 on October 16. Under the literal interpretation, the totals were 350,000 to 4,784,500 on the same days.

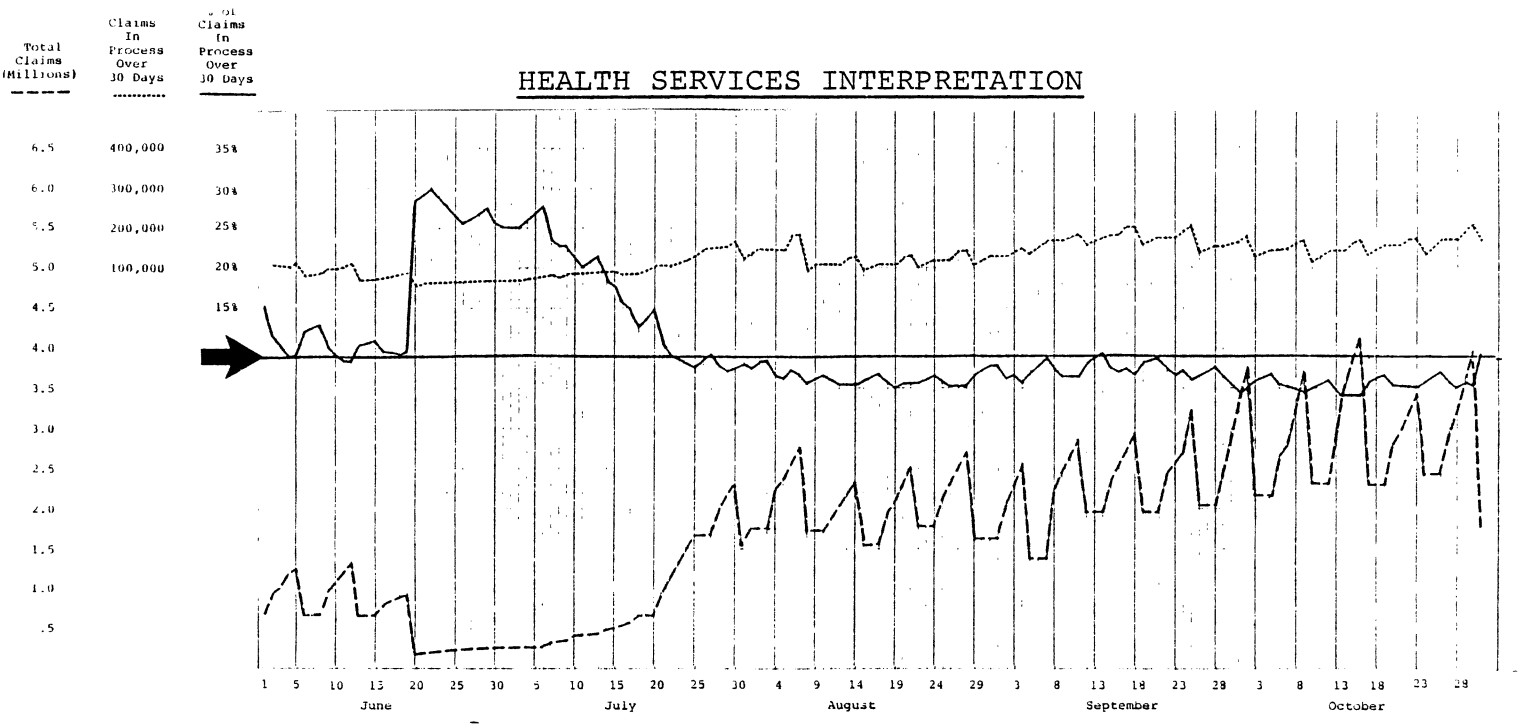
The number of claims in process more than 30 days also varies, but not as drastically as total claims. Under the Health Services interpretation, the claims in process more than 30 days ranged from 37,000 on June 20-22 to 207,000 on on October 30. Under the literal interpretation, these totals were 125,000 on June 20 to 598,000 on September 18.

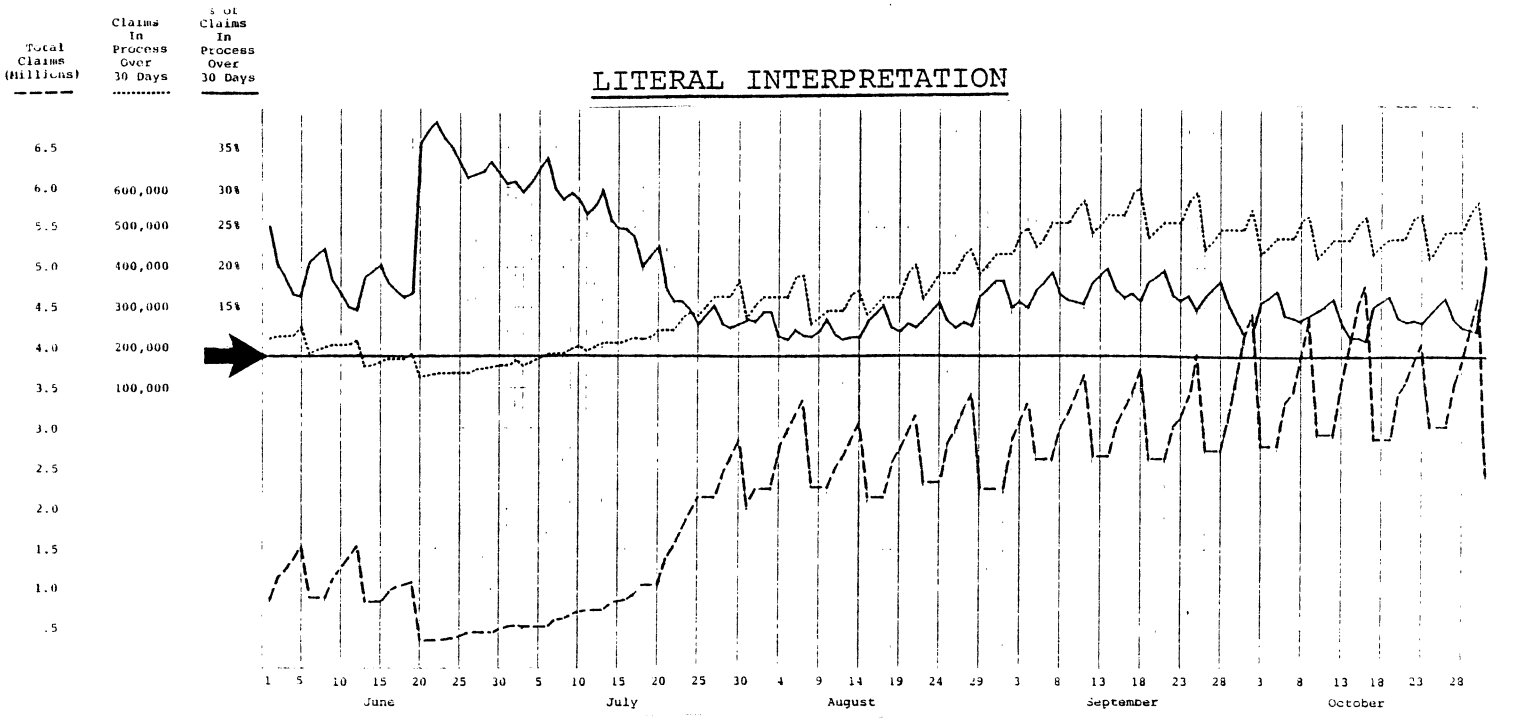
Because the number of claims in process more than 30 days does not fluctuate as drastically as the total number of claims in inventory, the percentage of claims in inventory more than 30 days generally varies inversely in relation to the total claims in inventory. That is, the greater the number of claims in inventory, the lower will be the percentage of claims in inventory more than 30 days. While this pattern could be inducement for CSC to build up its total claims inventory more than necessary so that the percentage of claims in inventory over 30 days would appear lower, our analysis showed this not to be the case during the five-month period covered by our study. In fact, CSC's total claims inventory increased during the period of our study at about the same rate as the number of claims received by CSC.

Although Health Services calculates the percentage of claims in process more than 30 days on a monthly basis to determine CSC's contract performance, we also calculated the daily percentages based on the Health Services interpretation of claims inventory. Table 8 on page 20 graphically compares the total claims in inventory, the claims in process more than 30 days, and the percentage of claims in process more than 30 days for each day during the five months studied, for both the Health Services and literal interpretations. Details supporting these graphs are in Appendix H.

TABLE 8
GRAPHIC COMPARISON OF TOTAL CLAIMS IN INVENTORY,
CLAIMS IN PROCESS MORE THAN 30 DAYS, AND
PERCENTAGE OF CLAIMS IN PROCESS MORE THAN 30 DAYS, BY DAY
HEALTH SERVICES AND LITERAL INTERPRETATIONS

SCALES





LEGEND

- ➡ Indicates the nine percent standard for claims in process as specified in CSC's fiscal intermediary contract.
- — — — Total claims, in millions
- ..... Claims in process over 30 days
- ——— % of total claims in process over 30 days

At no time during the five-month period June through October 1980 did CSC conform to the nine percent limitation on claims in inventory more than 30 days using the literal interpretation. However, under the Health Services interpretation, CSC was in conformance 66 percent of the days during the five-month period and virtually 100 percent of the days during August, September, and October, as shown in Table 9.

TABLE 9

NUMBER OF DAYS EACH MONTH THAT LESS THAN NINE PERCENT OF CLAIMS INVENTORY WAS IN PROCESS 30 DAYS OR MORE, USING HEALTH SERVICES INTERPRETATION

Month	Total Days in Month	Days Inventory in Process 30 Days or More was Nine Percent or Less	
		Number	Percent
June	30	2	7%
July	31	9	29
August	31	31	100
September	30	29	97
October	31	30	97
Five-month period	153	101	66%

Our analysis also showed that many of the claims in CSC's inventory were in process for periods greater than 30 days. In fact, from 3,027 to 16,395 claims--0.2 to 2.3 percent of the total inventory--using the Health Services interpretation and from 6,906 to 33,916 claims--0.4 to 2.5 percent--using the literal interpretation were in process for more than 120 days. Substantially higher percentages of the inventory for individual claim types were in process for extended periods. To illustrate this, Table 10 presents a detailed inventory aging, by claim type and for total claims, for the 20th day of each month reviewed.

AGING ANALYSIS OF CLAIMS IN PROCESS
THE 20TH DAY OF JUNE THROUGH OCTOBER 1980
BY CLAIM TYPE AND FOR
HEALTH SERVICES AND LITERAL INTERPRETATIONS

HEALTH SERVICES INTERPRETATION

June 20		July 20		August 20		September 20		October 20		Claim Type/ Claims Age in Days
Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	
Pharmacy										
52,034	49.1	71,930	57.3	735,161	77.4	545,577	80.9	673,051	64.1	0 - 10 Days
21,596	20.4	34,225	27.2	183,251	19.3	101,638	15.1	308,703	29.4	11 - 20 Days
4,730	4.5	6,468	5.1	16,846	1.8	10,052	1.5	33,520	3.2	21 - 30 Days
19,812	18.7	5,758	4.6	9,271	1.0	11,077	1.6	28,409	2.7	31 - 60 Days
3,468	3.3	2,839	2.3	2,350	.3	2,482	.4	2,487	.2	61 - 90 Days
2,595	2.4	1,751	1.4	1,107	.1	1,320	.2	1,663	.2	91 - 120 Days
1,745	1.6	2,633	2.1	1,409	.1	1,906	.3	2,471	.2	Over 120 Days
105,980	100.0	125,604	100.0	949,395	100.0	674,052	100.0	1,050,384	100.0	Subtotal
Long-Term Care										
710	19.9	1,588	22.5	5,295	46.7	2,882	42.7	5,097	59.3	0 - 10 Days
1,085	30.3	1,441	20.4	2,511	22.2	1,129	16.7	1,431	16.6	11 - 20 Days
503	14.1	485	6.9	789	7.0	193	2.9	384	4.5	21 - 30 Days
916	25.6	2,259	32.1	1,266	11.2	1,342	19.9	399	4.6	31 - 60 Days
187	5.2	922	13.1	899	7.9	291	4.3	362	4.2	61 - 90 Days
83	2.3	183	2.6	465	4.1	448	6.6	185	2.2	91 - 120 Days
92	2.6	171	2.4	106	.9	462	6.9	740	8.6	Over 120 Days
3,576	100.0	7,049	100.0	11,331	100.0	6,747	100.0	8,598	100.0	Subtotal
Inpatient										
3,316	33.9	7,509	31.8	17,938	47.9	11,261	47.4	14,568	45.0	0 - 10 Days
1,585	16.2	4,089	17.3	5,396	14.4	3,182	13.4	7,418	22.9	11 - 20 Days
1,562	15.9	3,142	13.3	5,116	13.7	1,471	6.2	3,108	9.6	21 - 30 Days
2,368	24.1	6,129	26.0	4,983	13.3	3,456	14.6	3,660	11.3	31 - 60 Days
657	6.7	1,896	8.1	2,439	6.5	1,805	7.6	1,491	4.6	61 - 90 Days
246	2.5	552	2.3	1,136	3.0	1,373	5.8	814	2.5	91 - 120 Days
71	.7	291	1.2	463	1.2	1,189	5.0	1,334	4.1	Over 120 Days
9,805	100.0	23,608	100.0	37,471	100.0	23,737	100.0	32,393	100.0	Subtotal
Outpatient										
21,295	34.7	69,175	38.9	315,273	71.7	148,910	64.3	195,332	70.8	0 - 10 Days
11,399	18.5	31,922	18.0	51,362	11.7	25,495	11.0	39,852	14.5	11 - 20 Days
6,823	11.1	20,731	11.6	28,072	6.4	12,237	5.3	13,479	4.9	21 - 30 Days
15,247	24.8	35,877	20.2	30,213	6.9	32,479	14.0	13,538	4.9	31 - 60 Days
4,537	7.4	14,401	8.1	8,529	1.9	8,826	3.8	8,074	3.2	61 - 90 Days
1,185	2.3	3,775	2.1	4,946	1.1	1,970	.8	2,722	1.0	91 - 120 Days
755	1.2	1,936	1.1	1,523	.3	1,794	.8	1,988	.7	Over 120 Days
61,441	100.0	177,817	100.0	439,918	100.0	231,711	100.0	275,785	100.0	Subtotal
Physician										
13,491	97.5	177,635	53.0	520,654	67.1	609,702	64.6	671,204	52.2	0 - 10 Days
340	2.5	97,944	29.2	156,697	20.2	209,435	22.2	452,629	35.2	11 - 20 Days
--	--	49,104	14.7	64,385	8.3	55,897	5.9	102,387	7.9	21 - 30 Days
--	--	10,471	3.1	34,168	4.4	58,396	6.2	51,651	4.0	31 - 60 Days
--	--	--	--	384	.0	9,843	1.1	7,249	.6	61 - 90 Days
--	--	--	--	--	--	210	.0	1,021	.1	91 - 120 Days
--	--	--	--	--	--	--	--	9	.0	Over 120 Days
13,831	100.0	335,154	100.0	776,288	100.0	943,483	100.0	1,286,150	100.0	Subtotal

LITERAL INTERPRETATION

June 20		July 20		August 20		September 20		October 20	
Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total
Pharmacy									
63,838	33.7	78,471	35.3	745,251	70.8	548,595	72.8	673,937	61.2
37,629	19.9	42,874	19.3	168,094	16.0	111,401	14.8	305,907	27.8
18,055	9.5	20,303	9.1	64,457	6.1	25,964	3.4	52,882	4.8
46,338	24.5	50,284	22.6	55,936	5.3	50,850	6.8	54,015	4.9
15,684	8.3	17,165	7.7	12,686	1.2	11,463	1.5	8,822	0.8
4,836	2.6	8,206	3.7	3,208	0.3	2,141	0.3	2,576	0.2
2,916	1.5	5,071	2.3	2,753	0.3	2,854	0.4	3,170	0.3
189,296	100.0	222,374	100.0	1,052,385	100.0	753,268	100.0	1,101,309	100.0
Long-Term Care									
690	16.0	1,668	17.4	6,191	42.4	3,053	33.5	5,192	43.3
1,508	34.9	2,944	30.8	3,620	24.8	2,507	27.5	3,335	27.8
545	12.6	655	6.8	927	6.3	402	4.4	686	5.7
1,085	25.1	2,743	28.6	2,053	14.0	1,823	20.0	1,345	11.2
251	5.8	1,085	11.3	1,115	7.6	382	4.2	475	4.0
120	2.8	251	2.6	539	3.7	442	4.8	200	1.7
123	2.8	243	2.5	174	1.2	515	5.6	758	6.3
4,322	100.0	9,589	100.0	14,619	100.0	9,124	100.0	11,991	100.0
Inpatient									
4,200	28.6	9,885	26.6	21,364	36.0	14,023	35.3	16,637	33.9
2,761	18.4	6,734	18.1	9,694	16.4	6,315	15.9	11,954	24.3
1,880	12.6	5,593	15.0	9,834	16.6	3,358	8.5	7,410	15.1
3,486	23.3	8,921	24.0	10,756	18.1	8,375	21.1	6,306	12.8
1,284	8.6	3,486	9.4	3,965	6.7	3,672	9.2	3,247	6.6
708	4.7	1,284	3.5	2,078	3.5	1,807	4.6	1,512	3.1
575	3.8	1,283	3.4	1,601	2.7	2,134	5.4	2,051	4.2
14,974	100.0	37,186	100.0	59,292	100.0	39,684	100.0	49,125	100.0
Outpatient									
34,455	32.5	89,547	31.2	338,045	55.1	164,400	44.0	213,044	51.9
19,063	18.0	48,218	16.8	63,811	10.4	42,907	11.5	64,108	15.6
10,232	9.7	43,412	15.1	69,346	11.3	31,094	8.3	32,399	7.9
27,332	25.8	63,750	22.2	92,375	15.1	72,291	19.4	38,293	9.3
9,578	9.0	27,332	9.5	29,704	4.8	41,359	11.1	30,253	7.4
3,797	3.6	9,578	3.3	13,503	2.2	15,108	4.0	22,943	5.6
1,540	1.4	5,337	1.9	6,447	1.1	6,531	1.7	9,298	2.3
105,997	100.0	287,174	100.0	613,231	100.0	373,690	100.0	410,138	100.0
Physician									
20,739	93.2	232,204	49.2	615,611	56.1	686,179	51.8	725,408	43.7
1,516	6.8	137,266	29.1	227,868	20.8	297,179	22.4	520,872	31.4
--	--	79,905	17.0	138,616	12.6	111,253	8.4	159,171	9.6
--	--	22,255	4.7	110,527	10.1	192,007	14.5	168,583	10.1
--	--	--	--	3,993	0.4	37,209	2.8	78,987	4.8
--	--	--	--	--	--	1,623	0.1	6,416	0.4
--	--	--	--	--	--	--	--	367	--
22,255	100.0	471,630	100.0	1,096,615	100.0	1,325,450	100.0	1,659,804	100.0

TABLE 10

AGING ANALYSIS OF CLAIMS IN PROCESS
THE 20TH DAY OF JUNE THROUGH OCTOBER 1980
BY CLAIM TYPE AND FOR
HEALTH SERVICES AND LITERAL INTERPRETATIONS

HEALTH SERVICES INTERPRETATION

June 20		July 20		August 20		September 20		October 20		Claim Type/ Claims Age in Days
Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	
										Vision
387	99.7	2,112	64.8	30,064	78.4	31,124	73.3	46,345	82.7	0 - 10 Days
1	.3	978	30.0	4,649	12.1	5,860	13.8	6,011	10.7	11 - 20 Days
--	--	116	3.6	1,842	4.8	1,602	3.8	1,777	3.2	21 - 30 Days
--	--	51	1.6	1,741	4.6	3,155	7.4	1,675	3.0	31 - 60 Days
--	--	--	--	36	.1	698	1.7	171	.3	61 - 90 Days
--	--	--	--	--	--	14	.0	62	.1	91 - 120 Days
--	--	--	--	--	--	--	--	2	.0	Over 120 Days
388	100.0	3,257	100.0	38,332	100.0	42,453	100.0	56,043	100.0	Subtotal
										Medicare
1,174	26.3	2,178	21.2	11,512	36.4	14,266	45.2	40,660	49.4	0 - 10 Days
648	14.6	2,543	24.8	6,505	20.6	4,242	13.4	18,079	22.0	11 - 20 Days
425	9.5	1,230	12.0	4,635	14.7	2,463	7.8	12,812	15.6	21 - 30 Days
1,104	24.8	2,301	22.4	5,358	17.0	7,153	22.7	4,465	5.4	31 - 60 Days
479	10.7	1,016	9.9	1,777	5.6	1,981	6.3	4,383	5.3	61 - 90 Days
130	2.9	381	3.7	936	3.0	875	2.8	805	1.0	91 - 120 Days
499	11.2	612	6.0	854	2.7	586	1.8	1,040	1.3	Over 120 Days
4,459	100.0	10,261	100.0	31,577	100.0	31,566	100.0	82,244	100.0	Subtotal
										TAR
1,129	17.2	724	8.2	1,045	8.9	1,606	10.3	1,434	7.4	0 - 10 Days
1,382	21.1	730	8.3	926	7.9	1,214	7.8	2,372	12.2	11 - 20 Days
1,601	24.4	784	8.9	865	7.3	743	4.8	1,475	7.6	21 - 30 Days
864	13.2	4,114	46.8	2,372	20.2	2,973	19.2	3,002	15.5	31 - 60 Days
332	5.0	865	9.8	4,073	34.6	2,434	15.7	2,539	13.1	61 - 90 Days
283	4.3	332	3.8	885	7.5	3,901	25.1	2,089	10.8	91 - 120 Days
970	14.8	1,253	14.2	1,602	13.6	2,660	17.1	6,470	33.4	Over 120 Days
6,561	100.0	8,802	100.0	11,768	100.0	15,531	100.0	19,381	100.0	Subtotal
										Total
93,536	45.4	332,851	48.1	1,636,942	71.3	1,365,328	69.3	1,647,691	58.6	0 - 10 Days
38,036	18.5	173,872	25.1	411,297	17.9	352,195	17.9	836,575	29.8	11 - 20 Days
15,644	7.6	82,060	11.9	122,550	5.3	84,658	4.3	168,942	6.0	21 - 30 Days
40,301	19.5	66,960	9.7	89,372	3.9	120,031	6.1	106,799	3.8	31 - 60 Days
9,660	4.7	21,939	3.2	20,487	.9	28,360	1.5	27,556	1.0	61 - 90 Days
4,722	2.3	6,974	1.0	9,475	.4	10,111	.5	9,361	.3	91 - 120 Days
4,132	2.0	6,896	1.0	5,957	.3	8,597	.4	14,054	.5	Over 120 Days
206,031	100.0	691,552	100.0	2,296,080	100.0	1,969,280	100.0	2,810,978	100.0	Subtotal

LITERAL INTERPRETATION

June 20		July 20		August 20		September 20		October 20
Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total	Number of Claims	% of Total
543	96.6	2,499	39.3	33,911	62.3	34,004	53.3	48,034	67.9
19	3.4	1,762	27.8	7,560	13.9	10,870	17.1	9,296	13.1
--	--	1,526	24.0	5,309	9.8	4,844	7.6	5,541	7.8
--	--	562	8.9	7,102	13.0	10,795	16.9	4,949	7.0
--	--	--	--	562	1.0	2,989	4.7	2,235	3.2
--	--	--	--	--	--	231	0.4	609	.9
--	--	--	--	--	--	--	--	70	.1
562	100.0	6,349	100.0	54,444	100.0	63,733	100.0	70,734	100.0
1,360	24.9	2,435	20.5	12,298	32.6	14,800	36.7	41,057	45.5
724	13.2	2,548	21.4	6,773	17.9	5,296	13.2	19,003	21.0
586	10.7	1,439	12.1	5,968	15.8	3,513	8.7	14,212	15.7
1,387	25.3	2,670	22.4	7,241	19.2	10,567	26.3	6,414	7.1
634	11.6	1,387	11.7	2,563	6.8	3,710	9.2	6,350	7.0
203	3.7	634	5.3	1,458	3.9	1,212	3.0	1,910	2.1
580	10.6	783	6.6	1,453	3.8	1,173	2.9	1,438	1.6
5,474	100.0	11,896	100.0	37,754	100.0	40,279	100.0	90,384	100.0
1,129	16.8	724	8.1	1,045	8.6	1,606	10.2	1,433	6.7
1,367	20.3	734	8.2	925	7.7	1,214	7.7	2,478	11.6
1,297	19.3	782	8.7	862	7.2	742	4.7	1,734	8.1
281	4.2	3,793	42.2	2,380	19.9	2,967	18.9	3,562	16.7
225	3.3	281	3.1	3,783	31.8	2,443	15.6	2,967	13.9
354	5.3	225	2.5	260	2.2	3,625	23.1	2,443	11.4
2,084	30.8	2,438	27.2	2,694	22.6	3,112	19.8	6,737	31.6
6,737	100.0	8,977	100.0	11,949	100.0	15,709	100.0	21,354	100.0
127,034	36.3	417,433	39.6	1,773,716	60.4	1,466,660	56.1	1,724,742	50.6
64,587	18.5	243,080	23.0	488,345	16.6	477,689	18.2	936,953	27.4
32,595	9.3	153,615	14.6	295,319	10.0	181,170	6.9	274,043	8.0
79,909	22.9	154,978	14.7	288,370	9.8	349,675	13.3	283,467	8.3
27,656	7.9	50,736	4.8	58,371	2.0	103,235	3.9	133,336	3.9
10,018	2.9	20,178	1.9	21,046	0.7	26,189	1.0	38,609	1.1
7,818	2.2	15,155	1.4	15,122	0.5	16,319	0.6	23,809	0.7
349,617	100.0	1,055,175	100.0	2,940,289	100.0	2,620,937	100.0	3,415,039	100.0

TABLE 10, Continued

In reviewing our computer analysis of CSC's inventory data, there was an anomaly for which we have no explanation:

- On June 20, CSC's total claims inventory decreased significantly from the preceding day (from 1,099,000 to 350,000 claims using the literal interpretation, and from 941,000 to 206,000 using the Health Services interpretation). The number of claims in process more than 30 days also decreased, but to a lesser degree. The total claims inventory rose steadily over the next 30 days until it reached approximately the same level as that in early June. Then the inventory further increased abruptly and about a week later was nearly double in volume. From that point forward, the total claims inventory has increased steadily, following the normal weekly pattern of an increase in claims Monday through Thursday and a sharp drop on Friday when adjudicated claims are processed.

OTHER PERTINENT INFORMATION

As part of our analysis of CSC's claim processing data, we also examined the time it takes CSC to enter claims into the system after they are received and the time it takes to return RTDs to providers. This analysis disclosed:

- From 11.5 to 55.7 percent of the claims received each month required more than seven days to be entered into CSC's claim system

- From 39.0 to 72.1 percent of the RTDs required more than 18 days to be returned to the provider and from 18.4 to 53.7 percent required more than 30 days

Time Required to Enter Claims Into CSC's Processing System

When we began our review, we were advised that most claims are entered into CSC's processing system within three or four days, and virtually all claims are entered within a week. Our analysis of the time actually required for CSC to enter claims into its system during the five months we reviewed disclosed that, in fact, a significant percentage of the claims require more than a week to be entered into the system, as shown in Table 11.

TABLE 11

PERCENTAGE OF CLAIMS THAT REQUIRED MORE THAN SEVEN DAYS TO BE ENTERED INTO CSC'S PROCESSING SYSTEM

Month	Percent
June	11.5
July	25.6
August	45.5
September	55.7
October	49.4

The percentage of individual claim types that require extended time to be entered into the processing system is even greater. Obviously, this delay in "front-end" processing time affects the overall time a claim is in CSC's processing system. Further details on front-end processing time are shown in Appendix I.

Time Required to Process RTDs

Apparently, no separate standard exists for the time required to return RTDs to providers. However, because delays in processing these documents contribute to the overall time required to process the affected claims, we analyzed the time taken by CSC

to return RTDs to providers during the five months we reviewed. We found that up to 72.1 percent of the RTDs handled took over 18 days and up to 53.7 percent took over 30 days, as shown in Table 12.

TABLE 12

PERCENTAGE OF RTDs THAT
REQUIRED MORE THAN 18 AND 30 DAYS
TO BE RETURNED TO PROVIDERS

Month	Percentage	
	Over 18 Days	Over 30 Days
June	72.1	53.7
July	46.9	26.4
August	39.0	18.4
September	42.6	15.4
October	50.3	18.5

The maximum number of days to return RTDs for individual claim types ranged from 32 to 245 days. A more detailed analysis of the time required to return RTDs is shown in Appendix J.

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814
(916) 445-1248

December 17, 1980

Mr. Thomas W. Hayes
Auditor General
California Legislature
925 L Street, Suite 750
Sacramento, CA 95814

Dear Mr. Hayes:

We have reviewed your December 11, 1980 release of the Coopers and Lybrand draft report titled "Review of Computer Sciences Corporation's (CSC) Compliance with Medi-Cal Claims Processing Time Standards". Our initial comments on this draft report follow.

First, I would like to commend the reviewers for what is in my estimation a generally fair and reasonable analysis of the subject areas. This analysis and the data compiled by Coopers and Lybrand will be useful to the Department. The report is constructive and correctly acknowledges that CSC's progress in regard to timeliness of claims processing reflects substantial improvement.

The report specially notes (page 24) that processing times have improved even with the installation of medical claims, a high volume, complex claim type. We recognize this data has not been validated in writing by CSC. The report cites some remaining problems and discusses key definitions which are in the process of resolution. It should be noted that during January 1980 CSC identified significant definitional problems with the report used by the State to measure CSC's cycle time performance. In order to develop a more usable report on cycle time performance, CSC and the Department of Health Services (DHS) reached an interim agreement to utilize a report that embraced CSC's definition pending final resolution of the definitional issues. DHS has now finalized its cycle time definition and will begin to utilize this definition in monitoring CSC's performance. DHS and CSC have not reached agreement on the definition of claims inventory aging.

The Auditor General apparently wishes to contemplate a third interpretation referred to in the report as the "literal" interpretation. As indicated the Department is in the process of publishing for CSC's use our definition of claims to be included in cycle time calculation. We believe that CSC must be held accountable for all claims and for the time claims spend under their control. However, we feel it most important to address once again our objections to the Auditor General's "literal" interpretation of Section 2.4.3.2.a of the Request for Proposal and to reiterate the Department's rationale for adopting the present definition (Attachment A).

At the request of the Auditor General, the report sets forth for claims processing a "literal" interpretation of the contract's performance standards. While the report indicates that the "literal" interpretation of the contract does not consider factors of the claims processing system outside of the Department's and CSC's control, the report then states, "...the Auditor General believes (that the literal interpretation of claims processing cycle time and claims inventory aging) fairly and reasonably reflects contract provisions at the time of procurement." The Department does not believe that this "literal" interpretation provides a reasonable and accurate representation of CSC's performance; in fact, we believe it provides an inflated view of processing times. We also believe that a literal interpretation is not one that is necessarily legally supportable, in that it is no more than a literal reading of a provision which is out of context and does not apply any of the legally acceptable criteria for interpretation of a contract.

There was no provision in the contract which specifically addressed how claims cycle time and claims inventory aging were to be determined. This was because the various configurations that different proposed systems might assume were not known at the time the RFP was drafted. Therefore, the RFP requirements on claims processing cycle time and claims inventory aging needed further definition based on circumstances unique to CSC's claims processing system. DHS's interpretation is based upon what we believe to be the contractual intent of the RFP.

The Department contends that the exclusion of claims outside of CSC's control and special treatment of claims which have been returned to the provider is consistent with the contractual intent of the RFP.

Additional rationale for the exclusion of claims outside of CSC's control in the calculation of cycle time and claim inventory aging can be seen in Administrative Bulletin No. 2, November 16, 1977, page 11. This Administrative Bulletin, which is part of the contract, provided that delays caused by the State would not be included in cycle time. The Department believes that REHF recycle, TAR recycle, state review, BRU review, and Benefits Branch review fall into this category.

Considering the time frame for examining the report and the current inaccessibility of the Coopers and Lybrand software, we cannot at this time verify or comment on the reliability of the statistical data contained in the report. We are also unable to speak to the unusual fluctuations in the statistical data presented in the report which may indicate errors in data provided the consultants by CSC or in the consultant's manipulation of these data. The methodology of the report was discussed with members of my technical staff and it appeared to be sound as proposed. The Department will prepare its own method of independently verifying both cycle time and aging statistics to ensure rigorous monitoring based on stringent application of the departmental interpretation of contract performance standards.

I would like to take this opportunity to point out that any review of CSC's performance for the medical claim type must take into consideration the State's decision to allow physician and physician groups to utilize the Uniform Claim Form (UCF) instead of the claim form developed for CSC's system. As you will recall, this change was implemented in order to accommodate provider concerns pending the development of an optically scannable claim form acceptable to the medical community. Processing of this claim form requires CSC to perform duties beyond those required in the contract including front-end manual coding of claims by CSC. As this additional front-end coding adds processing time for physician and physician group claims, the Department and CSC have agreed not to apply previous cycle time criteria for physician and other professional claims and for claims requiring Contractor professional medical review. To date, the Department and CSC have not reached agreement on cycle time requirements for these claims.

Finally, the Coopers and Lybrand review cites additional problems with the timeliness of entering claims to the system and with processing times for resubmission turnaround documents (RTDs). Again, we cannot at this time verify the statistical data cited in the report. However, based on these findings and on the departmental experience with these parts of the CSC system, reports are being created to monitor more aggressively claims entry and RTD processing (see Attachment B and C).

In closing, I would like to acknowledge the professional and courteous manner in which this audit was conducted.

Sincerely,

Beverlee A. Myers
Director

Attachments

Attachment A

DEPARTMENT OF HEALTH SERVICES' (DHS)
INTERPRETATION OF PERFORMANCE STANDARDS

Beginning on page 6, the Coopers and Lybrand report addresses the various interpretations of Request for Proposal (RFP) requirements for calculating processing times. The Department's interpretation of how performance time and claims inventory aging are to be calculated is based on extensive research and analysis. The Department considers its approach to the calculation of claims processing cycle time and claims inventory aging to be both reasonable and contractually appropriate. The Department's policy on these issues will soon be forwarded to Computer Sciences Corporation (CSC). The Secretary of the Health and Welfare Agency, Mario G. Obledo, was informed of the Department's policy on claims processing cycle time in a letter dated December 4, 1980. The Department's policy on claims inventory aging will be forwarded to Mr. Obledo for review this month.

Following is the Department's definition of claims processing cycle time and claims inventory aging with a discussion of the rationale for each. (Please note that some definitions are specific to either claims processing cycle time or claims inventory aging.)

Definition

Cycle time shall be calculated from date of claim receipt to date of final adjudication (date of approval for payment or denial).

Discussion

All three interpretations agree on this definition.

The rationale for excluding the payment module process from cycle time calculation is that the frequency of checkwrites are outside CSC's control. The payment module can only be run during those weeks where there is a checkwrite. Recently, there have been four checkwrites per month. If the State decides to return to another checkwrite frequency, there would be a significant impact upon cycle time over which CSC would have absolutely no control.

Definition

The claims inventory aging performance standard should be calculated as the total number of claims under CSC's control over 30 days as a percentage of all claims in inventory. Inventory is defined as nonadjudicated claims in manual, suspense, and in-process Data Control Centers which are under CSC control. Once a claim has been approved for payment or

denied, it will be considered outside of inventory. Claims over 30 days old and those in inventory will be counted on a daily basis and the standard will be determined by the summation of the daily counts aged over 30 days as a percentage of the summation of the daily inventories.

Discussion

The Department's approach calculates inventory on a calendar day basis, including claims in beginning inventory (those claims from prior days' receipt which have not been adjudicated, i.e., approved for payment or denial) and those claims received that day (claim control number date for that day). This methodology provides an all-inclusive representation of daily inventory and claims under CSC control over 30 days. Inventory and claims over 30 days would be accumulated for the month and a monthly percentage would be calculated to be used in the assessment of contractual performance.

The Department's methodology is based upon the interpretation that the RFP standard on inventory is meant to include all claims on hand at the fiscal intermediary. This proposal calculates those claims not adjudicated over 30 days old ("... held for processing over 30 days...") as a percent of those claims in the total inventory ("... shall not exceed 9 percent of total claim inventory.").

Definition

The time a claim spends in the below listed statuses shall be excluded from the calculation of cycle time and claims inventory aging.

a. Treatment Authorization Request (TAR) Recycle -- A claim recycle due to no TARs on file or inaccurate TARs on file as a result of error by the provider or the Department.

b. State review, Benefits Review Unit (BRU) review, Benefits Branch Review -- Claims which require state review to determine share-of-cost pricing (RFP Section 2.8.3), validity of label (RFP Section 2.8.3.g), and medical review for application of scope of benefits and experimental procedures (RFP Section 2.4.2.4.4.1).

c. Recipient Eligibility History File (REHF) Recycle -- This is a mandatory recycle for claims with no label of a maximum of ten days which is required in the RFP (Section 2.8.2.2.2) primarily for the benefit of the Department and providers.

Discussion

The Department believes that the time a claim spends in the above processing statuses should be excluded from the cycle time and claims inventory aging calculations. These statuses represent time during which the claim has left CSC's control. The Department maintains that only the

time a claim spends in that status, not its total time in the system, should be excluded from the cycle time and claims aging calculations.

Definition

Claims which are returned to the provider via the Resubmission Turnaround Document (RTD) must be included in the calculation of cycle time and claims inventory aging from the date the RTD is returned from the provider to the date of final adjudication. In other words, the time a claim spends in the RTD status plus the time required to determine if a claim should be RTD'd* should be excluded from cycle time and claims inventory aging calculations.

Discussion

DHS believes that CSC should not be held accountable for the time a claim is in RTD status (i.e., under the provider's control). Additionally, CSC should not be held contractually responsible for the duplicative processing required for these claims, once to determine that a claim should be RTD'd and again after the claim is corrected by the provider. CSC should be held accountable for the timely release of RTDs to the provider and for the timely processing of the claim once the RTD is returned to the provider.

The Department's policy is based upon a system concept that conforms to the previous intermediary's processing, which served as a guide for the drafting of the RFP. Under this concept, claims returned to the provider due to incomplete or incorrect data were not retained in the system while the provider corrected the claim nor were they included in the processing standard. When returned by the provider, the claim was provided a new date of receipt and all calculations were made based upon this date. This claim was treated as a new claim.

The RFP (Section 2.4.3.2) specifies that cycle time and claims inventory aging be based upon claims reaching final disposition, which is defined elsewhere (Section 2.4.2.4.2.1) as approval for payment or denial. Claims returned to the provider are classified as terminal disposition and would not be included. It was not until a proposer initiated a question on this issue after the release of the RFP that the RTD concept was discussed (Administrative Bulletin No. 6). Had CSC not proposed the RTD concept and returned the claim without entering it into the system, such a claim would not be included in cycle time and claims inventory aging. The corrected claim then would have been considered a new submission.

*This time is considered in a separate calculation.

Action Plan

During the time the Department has been formulating its performance standard definitions, it has been monitoring CSC's cycle time using a report which is modeled after CSC's definition. Within the next few weeks, the Department will forward its policy on claims processing cycle time to CSC. The policy on claims inventory aging will be forwarded following review by the Agency Secretary.

Report modifications or the development of new reports to accurately reflect the Department's policy will be required. Upon implementation of reports by CSC and/or the State, the Department will actively monitor CSC's conformance to contract requirements for claims processing cycle time and claims inventory aging using the Department's definitions.

Attachment B

TIME REQUIRED TO ENTER CLAIMS INTO THE SYSTEM

The report discloses that a significant percentage of claims require more than one week to be entered into the system. The RFP (Section 2.3.3.1) requires that claims be entered into the processing system no later than five working days after receipt in the mailroom. These data reflect a situation requiring our immediate attention.

Action Plan

The Department will develop a report to monitor the timeliness of entering claims into the system. We intend to actively monitor CSC's performance in meeting the five-day requirement.

Attachment C

TIME REQUIRED TO PROCESS RTDs

The Coopers and Lybrand report revealed some significant data on CSC's processing of RTDs (page 26). The high percentage of claims requiring more than 18 and 30 days to RTD is of great concern to the Department. Welfare and Institutions Code, Section 14104.3, requires the Contractor to request additional evidence of claim validity within 18 days from the date the claim is received. The Department has determined that this requirement shall be applied to CSC's issuance of RTDs.

Action Plan

The Department intends to monitor CSC's compliance of the 18-day requirement to process RTDs. We have conducted sampling to monitor CSC's performance in this area. In order to more rigorously monitor the area we will develop a report which will reflect CSC's processing time for RTDs.

GLOSSARY OF TERMS

Adjudicated Claim Service Line (ACSL): A logical detail service line on a claim form that contains a service code, a service description, and a service fee and has reached a final disposition such that it has either been paid or denied and will not be reprocessed.

Adjudication Status: The status of a claim during claims processing. The status may be approved, suspended, or denied.

Adjustment: A transaction that changes the payment amount and/or units of service of a previously paid claim.

Audit: An examination of claim data in which the data is examined in relationship to applicable historical records.

Auditor General: California's Office of the Auditor General.

CCN: See "Claim Control Number" for explanation.

Claim: A bill rendered by a provider for the reasonable costs of providing authorized medical services to a Medi-Cal recipient. A claim may be made up of one or more line items.

Claim Control Number (CCN): A unique number assigned to each claim used to identify the claim through processing. The number includes the Julian date of receipt.

Claim Type: One of six classifications of Medi-Cal claims based on the type of service provided:

- Pharmacy
- Long-Term Care
- Inpatient Hospital
- Outpatient Hospital
- Medical (Physician)
- Vision

Claims Processing Subsystem: An integrated manual and computerized system that is central to all functions of Medi-Cal claim adjudication and payment. The objective is to process and pay Medi-Cal claims in an accurate, efficient, timely, and cost-effective manner.

Contract: The term "contract" used throughout the report refers to the provisions of the request for technical proposal (RFP), the technical proposal (TP), and related documents.

Crossover Claim: A bill for services rendered to a recipient of benefits from both Medicare and Medi-Cal. Medicare pays first and then determines amounts of unmet Medicare deductible and coinsurance to be paid by Medi-Cal.

CSC: Computer Sciences Corporation; California's Medi-Cal fiscal intermediary.

Data Control Center (DCC): A unique identifiable manual or computerized station to or from which claims may be routed during the adjudication process.

Data Entry: For Medi-Cal, this includes Optical Character Recognition and key-to-disk data entry methods.

DCC: See "Data Control Center" for explanation.

Edit: An examination of claim data.

Edits/Audits: Edits are performed during daily adjudication. Audits are performed during weekly adjudication.

EDP: Electronic Data Processing.

Fiscal Intermediary: An organization under contract to perform Medicaid functions for the state agency which administers the Medicaid program (such as claims processing, etc.).

Health Services: California's Department of Health Services, Health and Welfare Agency.

Inpatient Care: All services and procedures covered by Medicaid when the recipient requires hospitalization.

Julian Date: The sequential day of the calendar year, with January 1 being Julian day 1 and December 31, 1980 (a leap year) being Julian day 366; in nonleap years, December 31 is Julian day 365.

Long-Term Care (LTC): Inpatient medical care which lasts for more than the month of admission and is expected to last for at least one full calendar month after the month of admission. (Includes Medi-Cal Skilled Nursing Facilities [SNF] and Intermediate Care Facilities [ICF].)

Medi-Cal: The Title XIX Federal Medical Assistance Program intended to provide Federal and state financial assistance for health and medical care of needy persons.

Medical Review: Suspended claim review by paramedical or medical personnel to finally approve, reprice, or deny a claim.

Medicare: The Title XVIII Federal Hospital and Medical Insurance Program intended for persons 65 or older or disabled. The money used from national trust funds is financed by Federal government payments and personal payroll contributions.

Optical Character Recognition (OCR): Data entry method which automatically translates a document into a machine-readable format without any key-entry.

Outpatient Care: All services and procedures covered by Medicaid in a hospital or clinic where the recipient does not require hospitalization.

Pended Claims: All claims within the automated system that have not reached final adjudication status. This includes suspended claims and claims awaiting weekly adjudication.

Resolution: The action taken to resolve suspended claims.

Resubmission Turnaround Documents (RTD): The facsimile claim generated from error suspends on the Suspense Master File that is returned to the provider for corrections and resubmission to the fiscal intermediary.

Review Suspend: A claim that is error free but has been suspended for review and resolution by paramedical or medical personnel.

RFP: Request for Technical Proposal.

RTD: See "Resubmission Turnaround Documents" for explanation.

Suspense Master File: A file of all claims that have been suspended either for errors, medical reviews, recipient eligibility recycling, or share-of-cost determination. This file is maintained by the Disposition Module of the Claims Processing Subsystem.

Title XIX: Federal Medicaid legislation.

Title XVIII: Federal Medicare legislation.

TAR: See "Treatment Authorization Request" for explanation.

Treatment Authorization Request (TAR): Prior approval given to a provider by a Medi-Cal consultant for a particular service.

Warrant: The payment which the State Controller's Office prints from the fiscal intermediary payment tape.

APPENDIX B

CONTRACTUAL REQUIREMENTS FOR CSC CLAIM PROCESSING CYCLE TIME AS SPECIFIED IN ARTICLE 2.4.3.2.a. OF THE REQUEST FOR TECHNICAL PROPOSAL

CONTRACTUAL REQUIREMENTS FOR CSC CLAIM PROCESSING CYCLE TIME AS SPECIFIED IN ARTICLE 2.4.3.2.a. OF THE REQUEST FOR TECHNICAL PROPOSAL

Article 2.4.3.2.a. Claim Processing Cycle Time

"Average processing cycle time for all claims shall not exceed 18 calendar days from date of receipt to claim final disposition allowing for inclusion in the payment tape. All average cycle times shall be computed on a monthly basis. Average processing time requirements in calendar days by claim types are listed below:

1. Drug claims[1/] processed within 17 days

2. Hospital inpatient claims within 21 days

3. Hospital outpatient claims within 13 days

4. Nursing home claims[2/] within eight days

5. Physician and other professional claims[3/] within 25 days[4/]

6. Claims requiring contractor professional medical review within 30 days[4/]

7. The number of claims held for processing over 30 days shall not exceed nine percent of total claim inventory"[4/]

1/ In CSC's records, these are "Pharmacy" claims

2/ In CSC's records, these are "Long-Term Care" claims

3/ In CSC's records, these are both "Medical" and "Vision" claims

4/ These processing time requirements may be eliminated; see page B-2 for relevant details of CSC's formal response of August 11, 1980 to a contract change order proposed by Health Services on June 12, 1980.

Excerpt From Page 1-1 of CSC's Reponse of
August 11, 1980 (CSC Ref. #3267) to the
"Uniform Claim Form Change Order" Proposed
By Health Services on June 12, 1980

SECTION 1 - CONTRACT CHANGE IMPACT

1.1 CYCLE TIME

Article 2.4.3.2 of the RFP (Page 323) identifies seven standards of claim cycle time to which the fiscal intermediary contractor is required to adhere. The use of the UCF, C-4359 claim forms by physicians will prevent the optical scanning of such forms and require all such forms to be key entered. Since CSC's ability to quickly process claims and meet its contractual cycle time obligations is based largely on optical scanning, CSC will require relief from the requirements of Article 2.4.3.2. (a)5, 6, and 7 with respect to average cycle time for physicians and other professional claims (25 days) and claims requiring contractor professional medical review (30 days), and maximum of all claim types held for processing over 30 days (9%).

APPENDIX C

INTERPRETATIONS OF CONTRACT TERMS FOR CLAIMS PROCESSING

INTERPRETATIONS OF CONTRACT TERMS FOR CLAIMS PROCESSING

Item	Computer Sciences Corporation Interpretation	Department of Health Services Interpretation	Auditor General's Office "Literal" Interpretation
1. Claim	Each physical claim record with a disposition code of zero ("0," indicating it is an original claim) constitutes a claim	Every physical claim record entered to the system	Same as Health Services
2. Claim Type	Claim type is based upon type code Type Code — Claim Type Description 01 Pharmacy 02 Long-Term Care 03 Inpatient Hospital 04 Outpatient Hospital 05 Medical (Physician) 06 Medicare Crossover (See Item 3) 07 Vision 08 Not Used 09 TAR (Not a Claim Type)	Claim type is based upon type code, except for medical review claims which are determined from DCC* location regardless of type code Type Code — Claim Type Description 01 Pharmacy 02 Long-Term Care 03 Inpatient Hospital 04 Outpatient Hospital 05 Medical (Physician) 06 Medicare Crossover (See Item 3) 07 Vision 08 Not Used 09 TAR (Not Used)	Same as Health Services
3. Medicare Crossover Claims	Performance is to be calculated based on the original claim type carried in the Medicare claim because there is no separate performance standard for these claims as a group	Same as CSC	Same as CSC
4. Medical Review Claim	Any claim with a DCC location code of 25, 26, 33, 45, or 47 through 69* +	Any claim with a DCC location code of 25, 26, or 45 through 69* +	Same as Health Services
5. Claims Excluded	. Claims outside CSC control, as determined by DCC locations 17, 18, 19, 27, 28, 31, 38, 39, and 70* . Medical Review claims as determined by DCC locations 25, 26, 45, 47 through 69* +	None	None
6. Date Received	The Julian date contained in the claim control number	Same as CSC	Same as CSC
7. Final Disposition Date	Final adjudication date for all claims with adjudication status of "3" (denied) or "8" (paid)	Same as CSC	Same as CSC

*See Appendix K for DCC location codes

+Effective October 13, 1980, DCC location codes 48 and 49 were reassigned and no longer represented "Medical Review" status.

INTERPRETATIONS OF CONTRACT TERMS FOR CLAIMS PROCESSING, Continued

Item	Computer Sciences Corporation Interpretation	Department of Health Services Interpretation	Auditor General's Office "Literal" Interpretation
8. Claims Processed During Month	All original claims with an adjudication status of "3" or "8" and a final adjudication date that falls within the month being analyzed	All claims with an adjudication status of "3" or "8" and a final adjudication date during the month being analyzed	Same as Health Services
9. Average Adjudication Cycle Time (Total)	The average number of days from date received to final adjudication date for all claims processed during the month being analyzed, except those claims excluded in Item 5	The average number of days from date received to date adjudicated (final disposition date) for all claims, but excluding any days claims are outside CSC control, based on DCC locations 17, 18, 19, 27, 28, 31, and 70*. Claims with DCC location codes 38 and 39* (indicating RTD status) are not treated as received until they have been received back from the provider	The average number of days from date received to final disposition date for all claims with a final disposition date during the month being analyzed
10. Average Adjudication Cycle Time by Claim Type	The average adjudication cycle time for each claim type and for medical review claims	Same as CSC	Same as CSC
11. Claims Inventory	The total of all original claims received for each day during the month	The total of all claims that have not been adjudicated each day during the month, regardless of the date the claims were received, but excluding claims while they are outside CSC control and claims in RTD status (as defined in Item 9) prior to the date on which they are returned from the provider	The total claims in the system each day that have not been adjudicated, regardless of the date the claims were received
12. Claims in Inventory Over 30 Days	The total number of claims during the month (except for claims excluded in Item 5) in each day's claims inventory that do not have a final adjudication status on the 31st day after the date received. If the 31st day falls on a weekend or holiday, the first work day following shall be considered the 31st day	The total of claims in inventory each day that have been in CSC control for more than 30 days. RTD claims are not considered to be in control until received back from the provider	The total claims in inventory each day that were received more than 30 days prior to the day being analyzed
13. Percentage of Claims In Inventory Over 30 Days	Determined by dividing the monthly total of the number of claims in inventory over 30 days by the monthly total of the daily claims inventories after the total inventory has been aged for 31 days	Determined by dividing monthly total of claims in inventory over 30 days each day by the monthly total of claims in inventory each day	Determined for each day by dividing the claims in inventory over 30 days by the claims inventory

*See Appendix K for DCC location codes

INTERPRETATIONS OF CONTRACT TERMS FOR CLAIMS PROCESSING, Continued

Item	Computer Sciences Corporation Interpretation	Department of Health Services Interpretation	Auditor General's Office "Literal" Interpretation
14. Days in CSC Control Prior to Being Returned to Provider	Not interpreted	For claims indicated as being in RTD status by DCC location codes 38 or 39*, the number of days from date received to the date the claim was assigned to RTD status	Same as Health Services
15. Special Adjudication Cycle Time Calculation	Not interpreted	Not interpreted	The average number of days from date received to final disposition date, but excluding any days the claim was outside CSC control as determined by DCC location codes 17, 18, 19, 27, 28, 31, 38, 39, and 70*

*See Appendix K for DCC location codes

APPENDIX D

NUMBER OF CLAIMS ADJUDICATED JUNE - OCTOBER 1980 COMPARED TO JUNE 1979 - FEBRUARY 1980

NUMBER OF CLAIMS ADJUDICATED
JUNE - OCTOBER 1980 COMPARED TO
JUNE 1979 - FEBRUARY 1980

Claim Type	Total Claims Adjudicated (in thousands) June 1980	July 1980	August 1980	September 1980	October 1980	5-Month Total June - October 1980	9-Month Total June 1979 - February 1980*
Pharmacy	1,747.0	1,607.5	1,682.6	2,087.4	2,348.0	9,472.5	13,503.4
Long-Term Care	29.5	75.7	85.2	86.2	93.3	369.9	347.0
Inpatient Hospital	39.5	49.3	55.6	72.7	74.9	292.0	11.2
Outpatient Hospital	761.1	845.2	982.4	1,092.1	1,147.6	4,828.4	157.3
Medical (Physician)	64.3	804.3	2,108.3	2,471.4	5,161.9	10,610.2	**
Vision	.6	67.9	88.5	135.6	147.1	439.7	**
Medical Review	56.4	125.5	202.6	499.2	309.1	1,192.8	448.8
Claims Outside CSC Control	254.3	244.7	267.1	241.1	332.8	1,340.0	856.0
Total Claims	2,952.7	3,820.1	5,472.3	6,685.7	9,614.7	28,545.5	15,323.7
Average number of claims per month for period						5,709.1	1,702.6

*See Appendix E for details
**Not included in the system during this period

APPENDIX E

EXCERPTS FROM
OFFICE OF THE AUDITOR GENERAL
REPORT P-005, MAY 1980

EXCERPTS FROM
OFFICE OF THE AUDITOR GENERAL
REPORT P-O 05
May 1980

NUMBER OF CLAIMS AND PROCESSING TIME BY CLAIM TYPE FISCAL YEAR 1979-80

	PHARMACY (17 Day Standard)		LONG-TERM CARE (8 Day Standard)		INPATIENT (21 Day Standard)		OUTPATIENT (13 Day Standard)		MEDICARE CROSSOVER (Standard not specified)		CSC MEDICAL REVIEW (30 Day Standard)	
Month	Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System	Number of Claims Processed	Average Days in System
June	435,766	10									2,306	13
July	1,336,141	13									9,798	23
August	1,867,456	12									20,718	26
September	1,298,020	15	33	7							10,445	31
October	1,511,807	19	58,845	10							14,998	36
November	2,281,712	14	73,263	11							14,116	26
December	803,777	17	59,440	6							4,503	25
January	2,370,664	20	74,140	12	2,537	14	26,294	16	4	22	99,355	15
February	1,598,004	18	81,305	18	8,658	22	131,047	15	305	17	272,541	17
Total	13,503,387		347,026		11,195		157,341		309		448,813	

PROCESSING CYCLE TIMES FOR CLAIMS REVIEWED BY GROUPS OUTSIDE CSC

Month	Number of Claims Processed	Average Days in System
June	1,009	18
July	18,343	34
August	68,854	45
September	69,954	44
October	123,239	51
November	203,358	58
December	65,546	52
January	142,048	44
February	163,268	50
Total	855,619	

AVERAGE PROCESSING TIMES FOR ALL CLAIMS

Month	Total Number of Claims Processed	Average Days in System
June	439,081	11
July	1,364,282	14
August	1,957,068	13
September	1,378,452	17
October	1,708,889	22
November	2,572,449	18
December	933,266	19
January	2,715,075	21
February	2,255,128	20
Total	15,323,690	

APPENDIX F

AVERAGE ADJUDICATION CYCLE TIMES, BY MONTH, FOR THREE INTERPRETATIONS

CSC MEDI-CAL PROCESSING ANALYSIS
AVERAGE ADJUDICATION CYCLE DAYS SUMMARY

JUNE 1980

CLAIM TYPE	Literal Interpretation: TOTAL CLAIMS FINALIZED	Literal Interpretation: AVG DAYS 1	Data Required to Determine Included Claims and Average Days For Health Services and CSC Interpretations*: NOT ORIGINAL CLAIMS	CLAIMS OUTSIDE CONTROL	CLAIMS RETURNED TO PROVIDER	Health Services: INTERPRETATION-2 INCLUDED CLAIMS	Health Services: AVG DAYS	CSC: INTERPRETATION-3 INCLUDED CLAIMS	CSC: AVG DAYS
PHARMACY	1,905,695	11.48	1,556	157,773	91,797	1,905,695	9.95	1,746,992	8.38
LTC	86,888	9.18	1,132	56,662	1,376	86,888	7.98	29,484	12.94
IN-PATIENT	45,215	19.14	312	8,851	3,869	45,215	16.09	39,507	14.45
OUT-PATIENT	792,953	11.53	1,043	31,949	10,495	792,953	10.78	761,067	10.20
PHYSICIAN	64,774	6.63	0	514	0	64,774	6.61	64,277	6.61
MEDICARE	0	0.00	0	0	0	0	0.00	0	0.00
VISION	645	8.87	0	0	0	645	8.87	645	8.87
08 NOT USED	0	0.00	0	0	0	0	0.00	0	0.00
09 TAR	0	0.00	0	0	0	0	0.00	0	0.00
MED REVIEW	56,491	38.48	0	0	0	56,491	37.05	56,418	0.00
TOTAL ***	2,952,661	11.96	4,043	255,749	107,537	2,952,661	10.65	2,641,972*	9.00

* EXCLUDES MEDICAL REVIEW CLAIMS

*See page 6 and Appendix C for descriptions of the three interpretations.

CSC MEDI-CAL PROCESSING ANALYSIS
AVERAGE ADJUDICATION CYCLE DAYS SUMMARY

JULY 1980

CLAIM TYPE	Literal Interpretation: TOTAL CLAIMS FINALIZED	Literal Interpretation: AVG DAYS 1	Data Required to Determine Included Claims and Average Days For Health Services and CSC Interpretations*: NOT ORIGINAL CLAIMS	CLAIMS OUTSIDE CONTROL	CLAIMS RETURNED TO PROVIDER	Health Services INTERPRETATION-2: INCLUDED CLAIMS	Health Services INTERPRETATION-2: AVG DAYS	CSC INTERPRETATION-3: INCLUDED CLAIMS	CSC INTERPRETATION-3: AVG DAYS
PHARMACY	1,742,391	12.63	15,156	122,795	70,046	1,742,391	11.07	1,607,532	9.69
LTC	91,275	11.04	1,349	14,379	1,840	91,275	10.22	75,703	9.55
IN-PATIENT	62,100	28.12	750	19,438	6,245	62,100	23.68	49,328	20.57
OUT-PATIENT	900,685	17.89	1,897	57,959	16,672	900,685	16.78	845,137	15.83
PHYSICIAN	825,371	12.64	1	23,416	7,063	825,371	12.34	804,277	12.32
MEDICARE	0	0.00	0	0	0	0	0.00	0	0.00
VISION	72,380	10.77	0	4,817	2,681	72,380	9.89	67,936	9.79
08 NOT USED	0	0.00	0	0	0	0	0.00	0	0.00
09 TAR	0	0.00	0	0	0	0	0.00	0	0.00
MED REVIEW	125,905	35.83	0	0	0	125,905	33.37	125,485	0.00
TOTAL ***	3,820,107	14.82	19,153	242,804	104,547	3,820,107	13.59	3,449,913*	11.96

* EXCLUDES MEDICAL REVIEW CLAIMS

*See page 6 and Appendix C for descriptions of the three interpretations.

CSC MEDI-CAL PROCESSING ANALYSIS
AVERAGE ADJUDICATION CYCLE DAYS SUMMARY

AUGUST 1980

CLAIM TYPE	Literal Interpretation TOTAL CLAIMS FINALIZED	Literal Interpretation AVG DAYS 1	Data Required to Determine Included Claims and Average Days For Health Services and CSC Interpretations* NOT ORIGINAL CLAIMS	CLAIMS OUTSIDE CONTROL	CLAIMS RETURNED TO PROVIDER	Health Services INTERPRETATION-2 INCLUDED CLAIMS	Health Services INTERPRETATION-2 AVG DAYS	CSC INTERPRETATION-3 INCLUDED CLAIMS	CSC INTERPRETATION-3 AVG DAYS
PHARMACY	1,802,725	12.59	2,340	128,891	56,963	1,802,725	11.10	1,682,608	10.58
LTC	98,227	11.76	1,465	11,723	2,017	98,227	10.92	85,200	10.40
IN-PATIENT	65,348	23.42	645	10,742	3,449	65,348	20.18	55,574	18.37
OUT-PATIENT	1,036,529	14.70	1,200	59,187	14,367	1,036,529	13.66	982,417	12.83
PHYSICIAN	2,170,757	11.67	3	72,739	22,481	2,170,757	11.32	2,108,326	11.11
MEDICARE	0	0.00	0	0	0	0	0.00	0	0.00
VISION	96,052	13.16	6	8,796	4,554	96,052	11.88	88,437	11.54
08 NOT USED	0	0.00	0	0	0	0	0.00	0	0.00
09 TAR	0	0.00	0	0	0	0	0.00	0	0.00
MED REVIEW	202,649	34.45	0	0	0	202,649	32.15	202,602	0.00
TOTAL ***	5,472,287	13.56	5,659	292,078	103,831	5,472,287	12.57	5,002,562*	11.35

* EXCLUDES MEDICAL REVIEW CLAIMS

*See page 6 and Appendix C for descriptions of the three interpretations.

CSC MEDI-CAL PROCESSING ANALYSIS
AVERAGE ADJUDICATION CYCLE DAYS SUMMARY

SEPTEMBER 1980

Data Required to Determine Included Claims and Average Days For Health Services and CSC Interpretations*

CLAIM TYPE	Literal Interpretation TOTAL CLAIMS FINALIZED	Literal Interpretation AVG DAYS 1	NOT ORIGINAL CLAIMS	CLAIMS OUTSIDE CONTROL	CLAIMS RETURNED TO PROVIDER	Health Services INTERPRETATION-2 INCLUDED CLAIMS	Health Services INTERPRETATION-2 AVG DAYS	CSC INTERPRETATION-3 INCLUDED CLAIMS	CSC INTERPRETATION-3 AVG DAYS
PHARMACY	2,188,090	12.73	2,772	130,649	68,590	2,188,090	11.54	2,087,436	11.22
LTC	96,679	7.09	1,115	9,830	2,350	96,679	6.13	86,246	5.46
IN-PATIENT	83,719	18.94	1,601	11,220	5,568	83,719	15.64	72,649	13.78
OUT-PATIENT	1,140,954	11.06	2,554	70,375	16,832	1,140,954	10.00	1,092,138	9.14
PHYSICIAN	2,526,705	13.22	2	76,674	37,209	2,526,705	12.68	2,471,415	12.45
MEDICARE	0	0.00	0	0	0	0	0.00	0	0.00
VISION	149,434	15.14	14	18,147	12,081	149,434	12.94	135,622	11.88
08 NOT USED	0	0.00	0	0	0	0	0.00	0	0.00
09 TAR	0	0.00	0	0	0	0	0.00	0	0.00
MED REVIEW	500,159	35.38	0	0	0	500,159	33.36	499,158	0.00
TOTAL ***	6,685,740	14.38	8,058	316,895	142,630	6,685,740	13.34	5,945,506*	11.31

* EXCLUDES MEDICAL REVIEW CLAIMS

*See page 6 and Appendix C for descriptions of the three interpretations.

CSC MEDI-CAL PROCESSING ANALYSIS
AVERAGE ADJUDICATION CYCLE DAYS SUMMARY

OCTOBER 1980

CLAIM TYPE	Literal Interpretation TOTAL CLAIMS FINALIZED	Literal Interpretation AVG DAYS 1	Data Required to Determine Included Claims and Average Days For Health Services and CSC Interpretations* NOT ORIGINAL CLAIMS	CLAIMS OUTSIDE CONTROL	CLAIMS RETURNED TO PROVIDER	Health Services INTERPRETATION-2 INCLUDED CLAIMS	Health Services AVG DAYS	CSC INTERPRETATION-3 INCLUDED CLAIMS	CSC AVG DAYS
PHARMACY	2,453,135	13.83	2,701	105,592	53,867	2,453,135	12.93	2,347,974	12.61
LTC	102,502	6.18	1,405	7,875	2,570	102,502	5.07	93,318	4.66
IN-PATIENT	92,181	20.69	1,079	17,336	8,272	92,181	15.87	74,920	12.77
OUT-PATIENT	1,219,373	10.46	1,750	72,792	21,786	1,219,373	9.25	1,147,604	8.42
PHYSICIAN	5,276,931	9.48	57	127,855	52,997	5,276,931	9.00	5,161,845	8.67
MEDICARE	0	0.00	0	0	0	0	0.00	0	0.00
VISION	161,225	13.47	182	15,343	9,981	161,225	11.68	147,097	11.07
08 NOT USED	0	0.00	0	0	0	0	0.00	0	0.00
09 TAR	0	0.00	0	0	0	0	0.00	0	0.00
MED REVIEW	309,314	40.79	0	0	0	309,314	39.33	309,098	0.00
TOTAL ***	9,614,661	11.86	7,174	346,793	149,473	9,614,661	11.08	8,972,758*	9.70

* EXCLUDES MEDICAL REVIEW CLAIMS

*See page 6 and Appendix C for descriptions of the three interpretations.

APPENDIX G

TOTAL CLAIMS IN INVENTORY AND CLAIMS REMAINING IN INVENTORY OVER 30 DAYS, BY MONTH, FOR CSC INTERPRETATION

CSC MEDI-CAL PROCESSING ANALYSIS
CLAIM INVENTORY AGING
CSC INTERPRETATION
JUNE 1980

CLAIM TYPE	CLAIMS RECEIVED		- - - - CLAIM INVENTORY ON DAY 31 - - - - - CLAIMS EXCLUDED		CLAIMS INCLUDED		PCT OVER 30 DAYS
	COUNT	AMOUNT	COUNT	AMOUNT	COUNT	AMOUNT	
PHARMACY	1,198,305	21,032,811.77	74,363	818,651.46	7,209	88,449.37	0.6
LONG TERM CARE	72,732	63,337,667.78	1,225	740,688.81	1,012	739,684.72	1.4
IN PATIENT	25,766	55,383,459.77	7,216	19,532,373.77	4,904	11,241,632.02	19.0
OUT PATIENT	497,527	76,082,207.06	60,876	15,380,653.83	35,109	5,486,539.52	7.1
PHYSICIAN	168,269	8,779,263.59	48,859	4,995,000.23	53,301	3,102,709.95	31.7
MEDICARE	28,096	2,915,369.77	1,729	238,330.53	1,044	130,338.09	3.7
VISION	3,048	140,281.05	2,004	86,875.60	84	3,204.70	2.8
MEDICARE	0	0.00	0	0.00	0	0.00	0.0
TAR - NOT A CLAIM	2,796	0.00	0	0.00	0	0.00	0.0
TOTAL	1,993,743	227,671,060.79	196,272	41,792,574.23	102,663	20,792,558.37	5.1

JULY 1980

CLAIM TYPE	CLAIMS RECEIVED		- - - - CLAIM INVENTORY ON DAY 31 - - - - - CLAIMS EXCLUDED		CLAIMS INCLUDED		PCT OVER 30 DAYS
	COUNT	AMOUNT	COUNT	AMOUNT	COUNT	AMOUNT	
PHARMACY	936,653	15,531,077.48	82,967	979,533.98	13,979	221,837.77	1.5
LONG TERM CARE	10,437	7,178,830.07	1,783	1,212,928.52	968	670,076.68	9.3
IN PATIENT	44,521	109,736,892.73	10,985	28,398,262.05	5,777	15,909,220.05	13.0
OUT PATIENT	573,230	97,154,289.32	92,111	23,886,257.91	35,976	6,117,470.49	6.3
PHYSICIAN	1,149,026	92,218,830.11	156,067	19,425,041.79	109,144	9,422,842.46	9.5
MEDICARE	10,911	1,394,575.04	4,616	786,092.54	5,429	497,402.44	49.8
VISION	10,885	618,816.37	9,572	542,381.56	1,246	73,088.32	11.4
MEDICARE	0	0.00	0	0.00	0	0.00	0.0
TAR - NOT A CLAIM	1,808	0.00	0	0.00	0	0.00	0.0
TOTAL	2,735,663	323,833,311.12	358,101	75,230,498.35	172,519	32,911,938.21	6.3

CSC MEDI-CAL PROCESSING ANALYSIS
CLAIM INVENTORY AGING
CSC INTERPRETATION
AUGUST 1980

CLAIM TYPE	CLAIMS RECEIVED COUNT	CLAIMS RECEIVED AMOUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS EXCLUDED COUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS EXCLUDED AMOUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS INCLUDED COUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS INCLUDED AMOUNT	PCT OVER 30 DAYS
PHARMACY	1,957,287	36,324,429.28	73,166	844,863.76	12,502	200,327.16	0.6
LONG TERM CARE	85,366	71,872,819.50	1,331	903,620.05	871	628,888.43	1.0
IN PATIENT	57,854	134,593,379.92	10,087	21,620,412.54	2,001	5,216,061.29	3.5
OUT PATIENT	959,855	151,247,870.64	61,504	15,848,428.90	32,041	7,185,054.91	3.3
PHYSICIAN	2,086,644	169,405,925.72	235,828	34,453,867.84	95,354	10,483,133.03	4.6
MEDICARE	45,989	4,652,470.21	5,489	1,031,508.80	6,731	476,308.43	14.6
VISION	84,962	5,991,896.30	16,703	1,076,542.83	2,817	191,857.63	3.3
MEDICARE	0	0.00	0	0.00	0	0.00	0.0
TAR - NOT A CLAIM	2,037	0.00	0	0.00	0	0.00	0.0
TOTAL	5,277,957	574,088,791.57	404,108	75,779,244.72	152,317	24,381,630.88	2.9

SEPTEMBER 1980

CLAIM TYPE	CLAIMS RECEIVED COUNT	CLAIMS RECEIVED AMOUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS EXCLUDED COUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS EXCLUDED AMOUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS INCLUDED COUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS INCLUDED AMOUNT	PCT OVER 30 DAYS
PHARMACY	2,116,889	39,480,195.99	71,041	1,255,651.49	42,252	553,773.03	2.0
LONG TERM CARE	85,905	81,283,686.94	1,705	1,322,091.72	381	227,778.19	0.4
IN PATIENT	62,154	148,519,184.63	8,861	24,671,037.76	2,093	6,217,901.57	3.4
OUT PATIENT	1,029,346	161,879,140.06	47,780	11,563,058.92	18,377	5,018,453.35	1.8
PHYSICIAN	2,800,046	217,244,204.12	204,987	35,293,602.81	106,815	12,133,834.61	3.8
MEDICARE	337,859	11,920,053.20	5,346	900,992.61	14,308	745,570.06	4.2
VISION	149,035	10,905,517.81	9,655	627,433.94	542	35,937.71	0.4
MEDICARE	0	0.00	0	0.00	0	0.00	0.0
TAR - NOT A CLAIM	3,812	0.00	0	0.00	0	0.00	0.0
TOTAL	6,581,234	671,231,982.75	349,375	75,633,869.25	184,768	24,933,248.52	2.8

CSC MEDI-CAL PROCESSING ANALYSIS
CLAIM INVENTORY AGING
CSC INTERPRETATION
OCTOBER 1980

CLAIM TYPE	CLAIMS RECEIVED COUNT	CLAIMS RECEIVED AMOUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS EXCLUDED COUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS EXCLUDED AMOUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS INCLUDED COUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS INCLUDED AMOUNT	PCT OVER 30 DAYS
PHARMACY	2,108,407	40,379,718.75	53,093	904,185.87	98,212	2,350,426.55	4.7
LONG TERM CARE	88,779	83,635,361.92	2,351	1,866,059.54	748	509,231.20	0.8
IN PATIENT	70,651	169,828,280.47	13,360	34,650,741.68	6,275	19,482,086.23	8.9
OUT PATIENT	1,132,781	185,142,096.45	89,774	22,203,497.82	61,881	13,801,590.11	5.5
PHYSICIAN	3,830,014	226,245,382.02	190,476	28,109,733.22	261,643	27,979,710.85	6.8
MEDICARE	1,018,212	23,489,348.50	7,378	831,638.49	55,288	2,299,169.40	5.4
VISION	148,290	11,126,942.26	10,623	738,499.43	4,380	297,406.48	3.0
MEDICARE	0	0.00	0	0.00	0	0.00	0.0
TAR - NOT A CLAIM	6,344	0.00	0	0.00	0	0.00	0.0
TOTAL	8,397,134	739,847,130.37	367,055	89,304,356.05	488,427	66,719,620.82	5.8

TOTAL

CLAIM TYPE	CLAIMS RECEIVED COUNT	CLAIMS RECEIVED AMOUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS EXCLUDED COUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS EXCLUDED AMOUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS INCLUDED COUNT	CLAIM INVENTORY ON DAY 31 - CLAIMS INCLUDED AMOUNT	PCT OVER 30 DAYS
PHARMACY	8,317,541	152,748,233.27	354,630	4,802,886.56	174,154	3,414,813.88	2.1
LONG TERM CARE	343,219	307,308,366.21	8,395	6,045,388.64	3,980	2,775,659.22	1.2
IN PATIENT	260,946	618,061,197.52	50,509	128,872,827.80	21,050	58,066,901.16	8.1
OUT PATIENT	4,192,739	671,505,603.53	352,045	88,881,897.38	183,384	37,609,108.38	4.4
PHYSICIAN	10,033,999	713,893,605.56	836,217	122,277,245.89	626,257	63,122,230.90	6.2
MEDICARE	1,441,067	44,371,816.72	24,558	3,788,562.97	82,800	4,148,788.42	5.7
VISION	396,220	28,783,453.79	48,557	3,071,733.36	9,069	601,494.84	2.3
MEDICARE	0	0.00	0	0.00	0	0.00	0.0
TAR - NOT A CLAIM	0	0.00	0	0.00	0	0.00	0.0
TOTAL	24,985,731	2,536,672,276.60	1,674,911	357,740,542.60	1,100,694	169,738,996.80	4.4

APPENDIX H

TOTAL CLAIMS INVENTORY AND INVENTORY IN PROCESS OVER 30 DAYS, BY DAY, FOR HEALTH SERVICES AND LITERAL INTERPRETATIONS

COMPARISON OF TOTAL CLAIMS INVENTORY AND INVENTORY IN PROCESS OVER 30 DAYS BY DAY FOR HEALTH SERVICES AND LITERAL INTERPRETATIONS AND BY MONTH FOR CSC AND HEALTH SERVICES INTERPRETATIONS

June 1980

DAILY INVENTORY STATISTICS

LITERAL INTERPRETATION					HEALTH SERVICES INTERPRETATION			
Total Claims in Inventory		Claims in Inventory More Than 30 Days		DAY OF MONTH	Total Claims in Inventory		Claims in Inventory More Than 30 Days	
Number	Dollars (000)	Number	% of Total		Number	Dollars (000)	Number	% of Total
882,127	$117,367	220,987	25.1	1	697,992	$ 80,130	104,558	15.0
1,130,384	159,865	231,286	20.5	2	937,640	121,393	109,080	11.6
1,239,322	183,019	231,286	18.7	3	1,035,828	143,648	106,098	10.2
1,385,369	202,671	231,286	16.7	4	1,179,895	162,469	106,444	9.0
1,528,360	216,018	250,287	16.4	5	1,267,146	138,658	118,188	9.3
901,045	118,127	182,750	20.8	6	685,917	85,902	83,215	12.1
901,045	118,127	194,656	21.6	7	685,917	85,902	86,687	12.6
901,045	118,127	200,301	22.2	8	685,917	85,902	89,285	13.0
1,137,652	133,986	206,760	18.2	9	974,438	103,681	99,089	10.2
1,234,280	143,013	206,760	16.8	10	1,069,917	112,071	99,524	9.3
1,379,769	155,812	206,760	15.0	11	1,214,534	124,400	103,067	8.5
1,502,712	166,604	219,199	14.6	12	1,329,686	124,989	112,038	8.4
818,209	98,648	154,347	18.9	13	666,809	69,400	69,696	10.5
818,209	98,648	159,205	19.5	14	666,809	69,400	71,618	10.7
818,209	98,648	164,413	20.1	15	666,809	69,400	73,032	11.0
958,326	112,829	172,196	18.0	16	805,074	83,577	77,606	9.6
1,013,753	117,377	172,196	17.0	17	859,654	87,394	80,831	9.4
1,069,523	121,465	172,196	16.1	18	915,503	90,950	85,291	9.3
1,098,951	124,544	184,501	16.8	19	941,150	93,348	91,079	9.7
349,617	63,363	125,401	35.9	20	206,031	37,162	58,815	28.5
349,617	63,363	129,892	37.2	21	206,031	37,162	60,511	29.4
349,617	63,363	133,635	38.2	22	206,031	37,162	61,988	30.1
379,610	69,169	136,987	36.1	23	217,771	40,219	62,683	28.8
391,321	71,473	136,987	35.0	24	226,259	41,707	63,129	27.9
414,501	76,030	136,987	33.0	25	235,530	43,529	62,929	26.7
438,865	80,903	136,987	31.2	26	247,953	46,531	63,403	25.6
461,875	86,607	146,045	31.6	27	253,068	49,270	65,962	26.1
461,875	86,607	148,004	32.0	28	253,068	49,270	66,863	26.4
461,875	86,607	152,710	33.1	29	253,068	49,270	69,655	27.5
503,232	95,541	157,996	31.4	30	277,663	53,903	71,137	25.6

MONTHLY INVENTORY STATISTICS

CSC INTERPRETATION					HEALTH SERVICES INTERPRETATION			
1,993,743	$227,671	102,663	5.1	TOTAL MONTH	19,869,108	$2,417,799	2,473,501	12.4

COMPARISON OF TOTAL CLAIMS INVENTORY AND INVENTORY IN PROCESS OVER 30 DAYS BY DAY FOR HEALTH SERVICES AND LITERAL INTERPRETATIONS AND BY MONTH FOR CSC AND HEALTH SERVICES INTERPRETATIONS

July 1980

DAILY INVENTORY STATISTICS

LITERAL INTERPRETATION					HEALTH SERVICES INTERPRETATION			
Total Claims in Inventory		Claims in Inventory More Than 30 Days		DAY OF MONTH	Total Claims in Inventory		Claims in Inventory More Than 30 Days	
Number	Dollars (000)	Number	% of Total		Number	Dollars (000)	Number	% of Total
518,178	$ 99,969	157,996	30.5	1	282,428	$ 55,738	71,019	25.1
545,658	105,486	168,683	30.9	2	295,307	58,288	74,057	25.1
539,004	110,873	158,984	29.5	3	293,842	60,965	73,969	25.2
539,096	110,888	165,308	30.7	4	293,917	60,973	75,820	25.8
539,096	110,888	173,320	32.2	5	293,917	60,973	78,937	26.9
539,096	110,888	182,196	33.8	6	293,917	60,973	81,686	27.8
611,405	121,731	182,196	29.8	7	342,382	66,811	81,767	23.9
636,102	126,422	182,196	28.6	8	350,061	68,704	79,664	22.8
671,019	131,436	196,157	29.2	9	370,762	70,986	84,518	22.8
708,562	138,294	202,536	28.6	10	410,316	76,662	86,299	21.0
723,511	145,996	193,227	26.7	11	431,268	81,007	86,158	20.0
723,511	145,996	201,777	27.9	12	431,268	81,007	89,100	20.7
723,511	145,996	212,247	29.3	13	431,268	81,007	92,769	21.5
820,014	160,831	212,247	25.9	14	500,512	90,285	92,770	18.5
851,833	166,159	212,247	24.9	15	522,935	93,566	92,944	17.8
887,559	175,269	217,380	24.5	16	540,386	98,621	85,176	15.8
947,389	184,006	224,556	23.7	17	588,136	105,017	87,742	14.9
1,055,175	204,819	210,779	20.0	18	691,552	121,029	87,375	12.6
1,055,175	204,819	227,242	21.5	19	691,552	121,029	96,093	13.9
1,055,175	204,819	241,047	22.8	20	691,552	121,029	102,769	14.9
1,384,864	243,256	241,047	17.4	21	983,565	151,927	102,680	10.4
1,535,786	256,166	241,047	15.7	22	1,127,248	161,919	102,637	9.1
1,732,934	277,661	271,040	15.6	23	1,304,254	179,800	116,580	8.9
1,944,560	299,975	282,751	14.5	24	1,491,103	197,230	121,006	8.1
2,146,602	323,550	279,771	13.0	25	1,689,986	216,226	129,265	7.6
2,146,602	323,550	304,135	14.2	26	1,689,986	216,226	144,736	8.6
2,146,602	323,550	327,145	15.2	27	1,689,986	216,226	154,850	9.2
2,496,002	359,328	327,145	13.1	28	2.004,055	244,128	155,381	7.8
2,631,251	372,614	327,145	12.4	29	2,131,071	255,636	155,834	7.3
2,839,142	394,138	368,502	13.0	30	2,318,068	274,624	172,302	7.4
2,031,963	306,527	278,577	13.7	31	1,558,872	194,112	125,861	8.1

MONTHLY INVENTORY STATISTICS

CSC INTERPRETATION					HEALTH SERVICES INTERPRETATION			
2,735,663	$323,833	172,519	6.3	TOTAL MONTH	26,735,472	$3,942,724	3,181,764	11.9

COMPARISON OF TOTAL CLAIMS INVENTORY AND INVENTORY IN PROCESS OVER 30 DAYS BY DAY FOR HEALTH SERVICES AND LITERAL INTERPRETATIONS AND BY MONTH FOR CSC AND HEALTH SERVICES INTERPRETATIONS

August 1980

DAILY INVENTORY STATISTICS

LITERAL INTERPRETATION					HEALTH SERVICES INTERPRETATION			
Total Claims in Inventory		Claims in Inventory More Than 30 Days		DAY OF MONTH	Total Claims in Inventory		Claims in Inventory More Than 30 Days	
Number	Dollars (000)	Number	% of Total		Number	Dollars (000)	Number	% of Total
2,264,537	$350,933	300,121	13.3	1	1,780,878	$235,685	135,306	7.6
2,264,537	350,933	324,332	14.3	2	1,780,878	235,685	147,731	8.3
2,264,537	350,933	324,372	14.3	3	1,780,878	235,685	149,497	8.4
2,761,632	417,901	324,372	11.7	4	2,241,650	293,399	151,815	6.8
2,924,823	440,320	324,372	11.1	5	2,396,402	313,912	152,868	6.4
3,122,705	459,785	377,106	12.1	6	2,571,689	331,223	182,964	7.1
3,352,599	483,247	394,527	11.8	7	2,776,631	349,755	192,943	6.9
2,292,688	333,199	259,032	11.3	8	1,729,626	207,131	97,459	5.6
2,292,688	333,199	275,160	12.0	9	1,729,626	207,131	107,146	6.2
2,292,688	333,199	292,781	12.8	10	1,729,626	207,131	113,520	6.6
2,502,320	353,874	292,781	11.7	11	1,895,880	220,823	112,888	6.0
2,667,031	372,587	292,781	11.0	12	2,044,140	236,218	113,515	5.6
2,878,055	395,618	329,384	11.4	13	2,193,217	251,709	125,873	5.7
3,059,882	415,161	343,802	11.2	14	2,353,097	267,950	131,742	5.6
2,141,056	326,033	286,931	13.4	15	1,562,002	197,633	95,038	6.1
2,141,056	326,033	306,563	14.3	16	1,562,002	197,633	102,756	6.6
2,141,056	326,033	329,750	15.4	17	1,562,002	197,633	108,143	6.9
2,599,443	367,143	329,750	12.7	18	1,980,043	232,554	108,443	5.5
2,732,547	383,400	329,750	12.1	19	2,103,653	246,919	109,083	5.2
2,940,289	405,453	382,909	13.0	20	2,296,080	265,378	125,291	5.5
3,170,898	429,937	405,185	12.8	21	2,505,089	286,657	134,537	5.4
2,420,869	351,822	328,244	13.6	22	1,795,288	213,543	100,918	5.6
2,420,869	351,822	355,611	14.7	23	1,795,288	213,543	110,146	6.1
2,420,869	351,822	382,506	15.8	24	1,795,288	213,543	119,088	6.6
2,808,748	390,846	382,506	13.6	25	2,141,911	245,984	119,479	5.6
3,001,212	411,865	382,506	12.7	26	2,314,999	263,325	120,339	5.2
3,245,042	438,495	430,390	13.3	27	2,534,182	284,555	140,524	5.5
3,440,050	460,893	444,635	12.9	28	2,704,641	301,081	144,175	5.3
2,355,288	340,830	384,037	16.3	29	1,635,706	191,110	110,786	6.8
2,355,288	340,830	409,491	17.4	30	1,635,706	191,110	120,288	7.4
2,355,288	340,830	432,275	18.4	31	1,635,706	191,110	128,424	7.9

MONTHLY INVENTORY STATISTICS

CSC INTERPRETATION					HEALTH SERVICES INTERPRETATION			
5,277,957	$574,089	152,317	2.9	TOTAL MONTH	62,563,804	$7,526,748	3,912,725	6.3

COMPARISON OF TOTAL CLAIMS INVENTORY AND INVENTORY IN PROCESS OVER 30 DAYS BY DAY FOR HEALTH SERVICES AND LITERAL INTERPRETATIONS AND BY MONTH FOR CSC AND HEALTH SERVICES INTERPRETATIONS

September 1980

DAILY INVENTORY STATISTICS

LITERAL INTERPRETATION					HEALTH SERVICES INTERPRETATION			
Total Claims in Inventory		Claims in Inventory More Than 30 Days		DAY OF MONTH	Total Claims in Inventory		Claims in Inventory More Than 30 Days	
Number	Dollars (000)	Number	% of Total		Number	Dollars (000)	Number	% of Total
2,355,288	$340,830	432,275	18.4	1	1,635,706	$191,110	128,950	7.9
2,867,862	418,952	432,275	15.1	2	2,097,840	259,743	129,505	6.2
3,042,282	456,000	484,164	15.9	3	2,266,002	294,400	144,268	6.4
3,310,665	492,731	499,361	15.1	4	2,573,719	332,889	150,184	5.8
2,606,334	365,449	450,885	17.3	5	1,895,310	214,125	139,280	7.3
2,606,334	365,449	474,037	18.2	6	1,895,310	214,125	150,004	7.9
2,606,334	365,449	509,537	19.5	7	1,895,310	214,125	166,518	8.8
3,020,796	409,405	509,537	16.9	8	2,271,255	251,454	167,619	7.4
3,186,266	427,108	509,537	16.0	9	2,435,799	266,530	167,229	6.9
3,434,745	451,625	543,312	15.8	10	2,654,234	285,151	176,443	6.6
3,682,254	477,389	569,059	15.5	11	2,877,564	306,330	182,788	6.4
2,661,763	357,647	482,056	18.1	12	1,940,774	204,984	157,234	8.1
2,661,763	357,647	504,891	19.0	13	1,940,774	204,984	168,121	8.7
2,661,763	357,647	533,470	20.0	14	1,940,774	204,984	179,587	9.3
3,087,820	401,630	533,470	17.3	15	2,373,378	248,801	181,885	7.7
3,283,280	422,263	533,470	16.2	16	2,556,902	265,974	181,240	7.2
3,469,765	440,308	585,311	16.9	17	2,728,995	280,512	203,687	7.5
3,726,311	468,382	597,655	16.0	18	2,967,458	305,044	204,259	6.9
2,620,937	354,558	473,262	18.1	19	1,969,280	213,905	160,633	8.2
2,620,937	354,558	495,418	18.9	20	1,969,280	213,905	167,099	8.5
2,620,937	354,558	518,725	19.8	21	1,969,280	213,905	176,250	8.9
3,133,904	401,841	518,725	16.6	22	2,458,669	258,970	176,526	7.2
3,254,702	415,015	518,725	15.9	23	2,566,088	269,205	176,854	6.9
3,409,724	433,095	565,111	16.6	24	2,715,074	287,819	194,230	7.2
3,940,438	470,406	584,941	14.8	25	3,228,801	320,837	202,644	6.3
2,702,439	361,645	444,588	16.5	26	2,066,407	224,270	138,909	6.7
2,702,439	361,645	463,834	17.2	27	2,066,407	224,270	146,263	7.1
2,702,439	361,645	493,590	18.3	28	2,066,407	224,270	157,694	7.6
3,128,671	402,012	493,590	15.8	29	2,466,489	264,640	158,868	6.4
3,616,712	434,964	493,590	13.6	30	2,939,986	294,092	161,021	5.5

MONTHLY INVENTORY STATISTICS

CSC INTERPRETATION					HEALTH SERVICES INTERPRETATION			
6,581,234	$671,232	184,768	2.8	TOTAL MONTH	69,429,272	$7,555,353	4,955,792	7.1

COMPARISON OF TOTAL CLAIMS INVENTORY AND INVENTORY IN PROCESS OVER 30 DAYS BY DAY FOR HEALTH SERVICES AND LITERAL INTERPRETATIONS AND BY MONTH FOR CSC AND HEALTH SERVICES INTERPRETATIONS

October 1980

DAILY INVENTORY STATISTICS

LITERAL INTERPRETATION					HEALTH SERVICES INTERPRETATION			
Total Claims in Inventory		Claims in Inventory More Than 30 Days		DAY OF MONTH	Total Claims in Inventory		Claims in Inventory More Than 30 Days	
Number	Dollars (000)	Number	% of Total		Number	Dollars (000)	Number	% of Total
4,156,519	$493,152	493,590	11.9	1	3,482,133	$354,214	163,657	4.7
4,433,576	542,179	544,410	12.3	2	3,783,245	402,713	180,240	4.8
2,787,817	388,946	429,322	15.4	3	2,169,856	251,150	130,720	6.0
2,787,817	388,946	452,340	16.2	4	2,169,856	251,150	137,773	6.3
2,787,817	388,946	475,490	17.1	5	2,169,856	251,150	145,741	6.7
3,325,339	445,177	475,490	14.3	6	2,674,019	304,265	146,994	5.5
3,461,908	461,883	475,490	13.7	7	2,802,946	319,188	148,893	5.3
3,889,070	489,122	514,017	13.2	8	3,199,725	342,052	161,525	5.0
4,389,711	522,092	527,767	12.0	9	3,708,748	376,818	167,075	4.5
2,904,698	390,515	422,492	14.5	10	2,315,943	257,698	118,134	5.1
2,904,698	390,515	442,744	15.2	11	2,315,943	257,698	126,902	5.5
2,904,698	390,515	468,179	16.1	12	2,315,943	257,698	141,671	6.1
3,580,676	433,208	468,179	13.1	13	2,979,813	296,873	143,517	4.8
4,057,433	462,103	468,179	11.5	14	3,445,714	322,238	142,597	4.1
4,524,602	487,077	509,416	11.3	15	3,892,104	343,374	162,809	4.2
4,784,532	515,091	527,917	11.0	16	4,138,512	367,864	172,438	4.2
2,890,339	386,342	437,569	15.1	17	2,301,144	245,404	135,404	5.9
2,890,339	386,342	459,217	15.9	18	2,301,144	245,404	146,368	6.4
2,890,339	386,342	479,301	16.6	19	2,301,144	245,404	155,560	6.8
3,415,039	438,880	479,301	14.0	20	2,810,978	296,225	157,770	5.6
3,591,004	457,752	479,301	13.3	21	2,969,837	310,706	156,963	5.3
3,825,907	481,478	523,293	13.7	22	3,205,065	332,709	170,887	5.3
4,059,958	505,008	535,586	13.2	23	3,425,902	352,357	175,976	5.1
3,004,199	400,563	427,344	14.2	24	2,421,419	258,171	135,080	5.6
3,004,199	400,563	459,774	15.3	25	2,421,419	258,171	152,619	6.3
3,004,199	400,563	491,310	16.4	26	2,421,419	258,171	168,613	7.0
3,571,786	449,131	491,310	13.8	27	2,966,036	303,948	167,205	5.6
3,841,660	465,114	491,310	12.8	28	3,223,789	316,135	168,026	5.2
4,219,950	489,635	536,329	12.7	29	3,588,819	337,266	192,443	5.4
4,623,979	512,181	564,032	12.2	30	3,973,545	356,643	207,385	5.2
2,414,462	374,611	492,333	20.4	31	1,790,242	224,691	168,700	9.4

MONTHLY INVENTORY STATISTICS

CSC INTERPRETATION					HEALTH SERVICES INTERPRETATION			
8,397,134	$739,847	488,427	5.8	TOTAL MONTH	89,686,258	$9,297,548	4,849,685	5.4

APPENDIX I

ANALYSIS OF TIME REQUIRED TO ENTER CLAIMS INTO CSC'S PROCESSING SYSTEM, BY CLAIM TYPE AND MONTH

JUNE 1980

CLAIM TYPE	0-3 DAYS	%	4-7 DAYS	%	8-10 DAYS	%	11-14 DAYS	%	OVER 14	%
PHARMACY	701,934	36.00	956,646	50.00	201,501	10.00	25,125	1.00	24,450	1.00
LTC	62,419	77.00	9,786	12.00	7,076	8.00	268	0.00	486	0.00
IN-PATIENT	13,472	34.00	21,915	56.00	2,723	7.00	616	1.00	169	0.00
OUT-PATIENT	314,240	39.00	420,895	52.00	51,943	6.00	10,869	1.00	3,532	0.00
PHYSICIAN	22,595	34.00	36,347	54.00	6,130	9.00	901	1.00	135	0.00
MEDICARE	24,867	44.00	26,302	47.00	3,677	6.00	509	0.00	173	0.00
VISION	668	69.00	289	30.00	3	0.00	0	0.00	0	0.00
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
TOTAL ***	1,140,195	38.00	1,472,180	49.00	273,053	9.00	38,288	1.00	28,945	0.00

JULY 1980

CLAIM TYPE	0-3 DAYS	%	4-7 DAYS	%	8-10 DAYS	%	11-14 DAYS	%	OVER 14	%
PHARMACY	112,528	6.00	1,321,858	75.00	236,444	13.00	56,324	3.00	23,487	1.00
LTC	24,021	27.00	56,982	66.00	3,458	4.00	1,044	1.00	403	0.00
IN-PATIENT	13,042	20.00	41,686	64.00	8,647	13.00	1,369	2.00	269	0.00
OUT-PATIENT	157,925	17.00	624,817	69.00	93,810	10.00	23,382	2.00	3,774	0.00
PHYSICIAN	20,524	2.00	365,964	42.00	422,531	48.00	51,428	5.00	4,220	0.00
MEDICARE	10,497	14.00	51,601	73.00	7,613	10.00	609	0.00	211	0.00
VISION	10,636	13.00	33,362	41.00	32,463	40.00	3,178	3.00	0	0.00
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
TOTAL ***	349,173	9.00	2,496,270	65.00	804,966	21.00	137,334	3.00	32,364	0.00

AUGUST 1980

CLAIM TYPE	0-3 DAYS	%	4-7 DAYS	%	8-10 DAYS	%	11-14 DAYS	%	OVER 14	%
PHARMACY	101,456	5.00	1,003,726	55.00	625,738	34.00	87,082	4.00	6,302	0.00
LTC	78,682	89.00	9,016	10.00	256	0.00	118	0.00	68	0.00
IN-PATIENT	7,110	11.00	34,315	57.00	15,230	25.00	2,682	4.00	66	0.00
OUT-PATIENT	182,170	17.00	548,487	53.00	250,356	24.00	36,551	3.00	2,681	0.00
PHYSICIAN	321,081	15.00	389,537	18.00	1,086,282	52.00	270,962	13.00	3,041	0.00
MEDICARE	200,805	65.00	84,771	27.00	19,297	6.00	2,532	0.00	849	0.00
VISION	2,265	2.00	19,919	19.00	63,883	63.00	14,935	14.00	36	0.00
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
TOTAL ***	893,569	16.00	2,089,771	38.00	2,061,042	37.00	414,862	7.00	13,043	0.00

CSC MEDI-CAL PROCESSING ANALYSIS
FRONT END PROCESSING TIME ANALYSIS

SEPTEMBER 1980

CLAIM TYPE	0-3 DAYS	%	4-7 DAYS	%	8-10 DAYS	%	11-14 DAYS	%	OVER 14	%
PHARMACY	17,173	0.00	861,410	38.00	993,453	44.00	359,575	16.00	15,727	0.00
LTC	85,371	93.00	5,523	6.00	55	0.00	11	0.00	11	0.00
IN-PATIENT	20,292	25.00	48,260	59.00	10,125	12.00	2,170	2.00	40	0.00
OUT-PATIENT	466,597	38.00	670,426	55.00	65,296	5.00	11,416	0.00	1,048	0.00
PHYSICIAN	282,003	10.00	240,076	8.00	1,382,982	51.00	641,083	23.00	140,076	5.00
MEDICARE	140,670	69.00	54,516	26.00	6,040	2.00	1,100	0.00	109	0.00
VISION	3,974	2.00	65,212	39.00	61,926	37.00	27,881	17.00	4,113	2.00
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
TOTAL ***	1,016,080	15.00	1,945,423	29.00	2,519,877	37.00	1,043,236	15.00	161,124	2.00

OCTOBER 1980

CLAIM TYPE	0-3 DAYS	%	4-7 DAYS	%	8-10 DAYS	%	11-14 DAYS	%	OVER 14	%
PHARMACY	15,031	0.00	398,004	16.00	1,360,151	55.00	675,256	27.00	19,621	0.00
LTC	88,273	97.00	2,398	2.00	11	0.00	72	0.00	2	0.00
IN-PATIENT	22,292	28.00	51,682	66.00	3,156	4.00	494	0.00	42	0.00
OUT-PATIENT	391,453	33.00	768,343	64.00	20,877	1.00	2,176	0.00	168	0.00
PHYSICIAN	1,848,611	41.00	75,023	1.00	1,181,504	26.00	1,263,109	28.00	135,328	3.00
MEDICARE	1,047,884	93.00	65,618	5.00	4,186	0.00	1,674	0.00	321	0.00
VISION	1,025	0.00	90,519	52.00	62,293	36.00	12,265	7.00	5,799	3.00
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
TOTAL ***	3,414,569	35.00	1,451,587	15.00	2,632,178	27.00	1,955,046	20.00	161,281	1.00

APPENDIX J

ANALYSIS OF TIME REQUIRED TO PROCESS RTDs, BY CLAIM TYPE AND MONTH

JUNE 1980

CLAIM TYPE	0-7 DAYS	%	8-14 DAYS	%	15-18 DAYS	%	19-30 DAYS	%	OVER 30	%	MAX DAYS
PHARMACY	2,267	2.00	12,572	13.00	7,394	8.00	16,227	17.00	53,337	58.00	142
LTC	194	15.00	688	55.00	68	5.00	86	6.00	199	16.00	118
IN-PATIENT	170	6.00	1,177	46.00	267	10.00	355	13.00	577	22.00	131
OUT-PATIENT	377	3.00	2,623	26.00	1,191	12.00	2,627	26.00	2,921	29.00	153
PHYSICIAN	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
MEDICARE	92	4.00	560	25.00	322	14.00	560	25.00	686	30.00	150
VISION	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
TOTAL ***	3,100	2.00	17,620	16.00	9,242	8.00	19,855	18.00	57,720	53.00	0

JULY 1980

CLAIM TYPE	0-7 DAYS	%	8-14 DAYS	%	15-18 DAYS	%	19-30 DAYS	%	OVER 30	%	MAX DAYS
PHARMACY	2,327	3.00	20,721	29.00	12,232	17.00	16,972	24.00	17,794	25.00	180
LTC	335	19.00	1,088	62.00	97	5.00	57	3.00	161	9.00	136
IN-PATIENT	247	5.00	1,968	42.00	411	8.00	690	14.00	1,323	28.00	143
OUT-PATIENT	330	2.00	3,575	23.00	1,523	9.00	2,995	19.00	7,035	45.00	168
PHYSICIAN	1,528	21.00	5,100	72.00	300	4.00	132	1.00	3	0.00	42
MEDICARE	136	4.00	652	22.00	343	11.00	536	18.00	1,255	42.00	149
VISION	397	14.00	1,993	74.00	215	8.00	75	2.00	1	0.00	32
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
TOTAL ***	5,300	5.00	35,097	33.00	15,121	14.00	21,457	20.00	27,572	26.00	0

AUGUST 1980

CLAIM TYPE	0-7 DAYS	%	8-14 DAYS	%	15-18 DAYS	%	19-30 DAYS	%	OVER 30	%	MAX DAYS
PHARMACY	1,078	1.00	21,106	37.00	13,753	24.00	14,363	25.00	6,663	11.00	177
LTC	431	24.00	1,061	59.00	159	8.00	54	3.00	76	4.00	119
IN-PATIENT	81	3.00	741	28.00	146	5.00	335	13.00	1,273	49.00	175
OUT-PATIENT	273	2.00	2,391	17.00	827	6.00	2,368	17.00	7,731	56.00	203
PHYSICIAN	696	3.00	11,847	52.00	4,377	19.00	3,325	14.00	2,234	9.00	52
MEDICARE	92	4.00	297	15.00	95	5.00	339	17.00	1,065	56.00	193
VISION	149	3.00	3,054	67.00	641	14.00	674	14.00	36	0.00	49
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
TOTAL ***	2,800	2.00	40,497	39.00	19,998	19.00	21,458	20.00	19,078	18.00	0

SEPTEMBER 1980

CLAIM TYPE	0-7 DAYS	%	8-14 DAYS	%	15-18 DAYS	%	19-30 DAYS	%	OVER 30	%	MAX DAYS
PHARMACY	637	0.00	25,371	36.00	19,749	28.00	21,127	30.00	1,706	2.00	183
LTC	999	51.00	799	41.00	51	2.00	23	1.00	76	3.00	129
IN-PATIENT	80	1.00	648	15.00	433	10.00	1,361	33.00	1,535	37.00	183
OUT-PATIENT	158	0.00	1,762	10.00	1,062	6.00	2,518	15.00	10,519	65.00	214
PHYSICIAN	134	0.00	12,475	33.00	6,890	18.00	10,953	29.00	6,748	18.00	90
MEDICARE	178	6.00	545	19.00	184	6.00	642	23.00	1,192	43.00	224
VISION	277	2.00	5,841	48.00	3,605	29.00	2,204	18.00	148	1.00	69
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
TOTAL ***	2,463	1.00	47,441	33.00	31,974	22.00	38,828	27.00	21,924	15.00	0

OCTOBER 1980

CLAIM TYPE	0-7 DAYS	%	8-14 DAYS	%	15-18 DAYS	%	19-30 DAYS	%	OVER 30	%	MAX DAYS
PHARMACY	180	0.00	18,188	33.00	15,299	28.00	18,647	34.00	1,553	2.00	167
LTC	1,454	69.00	441	21.00	48	2.00	97	4.00	41	1.00	192
IN-PATIENT	432	7.00	2,164	35.00	800	13.00	1,423	23.00	1,201	19.00	194
OUT-PATIENT	728	3.00	4,859	24.00	1,978	9.00	3,276	16.00	9,128	45.00	245
PHYSICIAN	54	0.00	8,133	15.00	8,269	15.00	22,273	42.00	14,043	26.00	119
MEDICARE	609	12.00	1,490	31.00	474	9.00	774	16.00	1,440	30.00	205
VISION	783	7.00	5,936	59.00	1,987	19.00	952	9.00	319	3.00	98
08 NOT USED	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
09 TAR	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
MED REVIEW	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
TOTAL ***	4,240	2.00	41,211	27.00	28,855	19.00	47,442	31.00	27,725	18.00	0

APPENDIX K

DATA CONTROL CENTER CODES

DATA CONTROL CENTER (DCC) CODES

The location of a claim as it progresses through CSC's claim processing system is determined by the assignment of a Data Control Center (DCC). A DCC is a two-digit code which identifies the claim type and its current location.

The system automatically assigns a DCC as a claim is accepted and continually updates these numbers as the claim passes through the various processing cycles. DCC's are a mechanism of tracking claim activity and reporting claim volume in any particular area and for routing a claim to a predetermined location. For example, claims failing an edit criterion are automatically assigned an "error suspense" DCC. The DCC assigned indicates the range of errors to be corrected and the unit responsible for correction.

Data Control Center codes and locations are:

DCC	Locations
04	Microfilm/Screen
06	Data Entry - Key Disk
07	Data Entry - Optical Character Reader
08	Tape to Tape
09	Batch Reject
10	Batch Balance
17	REHF Recycle
18	State Label Review
19	State Share of Cost (SOC) Review
20	Daily Error Suspense
21	Daily Error Suspense - Special
22	Manual Price Suspense
23	Label Input (Transaction "5") Processing
25	In-House Medical Review I - Daily
26	In-House Medical Review II - Daily
27	Claim Recycle for TAR (TAR Not On File)
28	Recipient Eligibility Recycle

DCC	Locations
29	Provider Lookup
30	TAR Suspense
31	Field Office Review
32	PAU Daily
33	Medical Review Letter Sent
34	Data Reentry - SOC
35	Data Reentry - RTD
36	Data Reentry - Error Correction
37	Data Reentry - Review Suspense
38	Pending Return of RTD - Manually Generated
39	Pending Return of RTD - System Generated
40	Approved Daily
41	Audit Suspense
42	Duplicate Suspense
43	PAU Weekly Suspend
45	In-House Medical Review - Weekly
46-69	Foundation Review (24 separate codes)
70	State Review
80	Approved for Payment
85	Adjudicated for Denial
90	Approved TAR
95	Tracer Disposition

APPENDIX L

DESCRIPTION OF CSC'S CLAIM PROCESSING SYSTEM OPERATION

DESCRIPTION OF CSC'S CLAIM PROCESSING SYSTEM OPERATION

The basic operations involved in CSC's processing of claims are as follows:

Input Processing

Mail is received and sorted by provider type (e.g., pharmacy, hospital), microfilmed, batched, and assigned a claim control number with a Julian date based upon the day of mail receipt. Claims are preliminarily screened for signature, provider identification, and "sticky labels"; the claims are then optically scanned or key taped and later are entered into the computer system.

Approximately 60 percent of the nearly quarter of a million claims received each day by CSC are typed on a form which can be entered into the computer by an optical character reader. This machine will read approximately 360 different type fonts. The remaining 40 percent must be manually keypunched for entry by either CSC personnel or outside service bureaus.

Computer Operations

Once in the computer system, claims are checked by numerous automated edits and audits in order to verify the recipient's eligibility and the claim's validity. The edits and audits check claims for such items as:

- Recipient eligibility at time of service
- Provider eligibility at time of service
- Duplication of claims

- Compatibility of procedures and diagnosis
- Valid Treatment Authorization Request (TAR) on file for dates of service billed, if required

Claims Adjudication

If a claim, or line item on certain claim types, does not pass one or more of the edits and audits, it is suspended for review by a claims examiner. If input errors are detected, they can be corrected, released from the suspense file, and recycled through the claims validation process.

If certain claim information fails an edit and cannot be corrected by a claims examiner, a Resubmission Turnaround Document (RTD) is sent to the provider to verify the information submitted. The RTD is then returned to CSC and input to the system to correct the suspended claim.

Claim Payment

Claims that successfully pass the edits and audits are listed on a payment tape which is sent to the State Controller's Office. This payment information is then used to generate remittances from the State to providers.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps