

Summary of Results Encounter and Financial Data Triennial Review Calendar Year 2023

Community HealthChoices
Managed Care Program

Commonwealth of Pennsylvania
Department of Human Services

December 24, 2025

Introduction

Through 42 § Code of Federal Regulations 438.602[e], the Centers for Medicare & Medicaid Services (CMS) requires state Medicaid agencies to conduct an independent review of encounter and financial data at least once every three years. The purpose is to verify the encounter and financial data submitted by, or on behalf of, each managed care organization (MCO) is accurate, truthful, and complete.

To comply with this requirement, the Commonwealth of Pennsylvania’s (Commonwealth’s) Department of Human Services (DHS) contracted with Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, in 2025 to perform a triennial encounter and financial data review of its Community HealthChoices (CHC) program. Mercer worked with DHS’ Office of Long-Term Living to perform this review.

Purpose
 Verify that encounter and financial data are:

- Accurate**
- Truthful**
- Complete**

Approach

Mercer examined calendar year (CY) 2023 data from three CHC MCOs using the CMS State Toolkit for Validating Medicaid Managed Care Encounter Data as a framework for performing the triennial review. The Toolkit allows for the use of CMS’ External Quality Review Protocol 5. Specific tasks and financial audit activities conducted are listed below.

Activity	Mercer Tasks
Activity 1: Review State Requirements	Gain an in-depth understanding of DHS’ encounter data system, state regulations, and MCO contract requirements regarding encounter data. Assess DHS’ processes and reporting requirements and the guidance DHS issues to MCOs regarding encounter and financial data.
Activity 2A: Review MCO Encounter Data Capability	Evaluate each MCO’s ability to submit complete, accurate, and timely encounter data. Determine whether MCO’s systems, processes, and personnel are used effectively to ensure accurate and timely claims processing and encounter data submission.
Activity 2B: Review Financials	Assess the accuracy, completeness, and truthfulness of contractually required financial schedules used in the capitation rate development process.

Activity	Mercer Tasks
Activity 3: Analyze Electronic Encounter Data	Assess the completeness and accuracy of electronic encounter data, focusing on elements that affect capitation rate development.
Activity 4: Medical Record Review (at Commonwealth’s discretion)	Not applicable to this review.
Activity 5: Submit Findings	Draft a report outlining the review methodology, observations, and recommendations.

Summary of Observations

A summary of Mercer’s overall observations by activity is provided below.

Activity	Overall Observations
Activity 1: Review Commonwealth Requirements	<p>DHS has adequate systems capabilities and encounter data oversight and monitoring processes to meet the standards currently outlined in federal regulation and related CMS guidance for the CHC program.</p> <p>Although the majority of standards outlined in federal regulations and CMS guidance were met, Mercer recommends minor adjustments to DHS’ processes related to financial incentives and penalties, encounter validation, and feedback to MCOs.</p> <p>Mercer does not have any recommendations related to the pre-acceptance edits in place during CY 2023.</p>
Activity 2A: Review MCOs’ Encounter Data Capabilities	CHC-MCOs mostly possess the systems, processes, and staff needed for accurate and timely encounter submission. If an MCO did not fully meet any of the evaluation criteria, Mercer documented the concern and shared recommendations for improvement with DHS.
Activity 2B: Review Financials	No material variances were identified during this activity. However, Mercer recommended that two MCOs review their methodology for calculating incurred but not reported.
Activity 3: Analyze Electronic Encounter Data	MCOs’ encounter data generally met Mercer’s expectations for population integrity and reasonableness, even though the analysis identified areas where PROMISE™ encounter data did not uniformly agree with MCOs’ claims data. The discrepancies may have occurred for a variety of reasons.

Activity	Overall Observations
	DHS may choose to investigate the discrepancies further to determine whether they have a material impact on processes related to or reliant on encounter data.
Activity 4: Medical Record Review (at Commonwealth’s discretion)	Not applicable to this review.
Activity 5: Submit Findings	This report represents DHS’ satisfactory completion of Activity 5.

Conclusion

Mercer was able to complete the triennial encounter data review for the Commonwealth’s CHC program to confirm the accuracy, truthfulness, and completeness of encounter data submitted by, or on behalf of, each MCO for CY 2023.

This report is prepared on behalf of DHS and is intended to be relied upon by DHS. To the best of Mercer’s knowledge, there were no conflicts of interest in performing this work.

The suppliers of data are solely responsible for its validity and completeness. Mercer reviewed the data and information for internal consistency and reasonableness using CMS protocols and guidance, but validation of each encounter and data element against source systems and medical records was not within the scope and timing of the review objectives.

All recommendations are based upon the information and data available at a point in time and are subject to unforeseen and random events. Actual experience may vary from estimates.

Mercer expressly disclaims responsibility, liability, or both for any reliance on this communication by third parties or the consequences of any unauthorized use.



Mercer Health & Benefits LLC
333 South 7th Street, Suite 1400
Minneapolis, MN 55402
www.mercer-government.mercer.com

Services provided by Mercer Health & Benefits LLC.

Copyright © 2025 Mercer Health & Benefits LLC. All rights reserved.