

OM – Claims Adjudication					
Process Encounter					
Capability Question	Level 1	Level 2	Level 3	Level 4	Level 5
Business Capability Descriptions					
Is the process primarily manual or automatic?	The process consists primarily of manual paper-based activity to accomplish tasks. SMA scans or manually enters encounters into an electronic record format.	SMA uses a mix of manual and automatic processes to accomplish tasks. SMA continues to accept paper encounters, but most managed care organizations submit encounters electronically.	SMA automates process to the full extent possible within the intrastate. Managed care organizations and any other external processor (e.g., Pharmacy Benefits Management (PBM), mental health, dental or other agencies) submit all encounters electronically. SMA adjudicates encounters via standardized business rules definitions according to methodologies of the National Correct Coding Initiative (NCCI).	SMA automates process to the full extent possible via regional standardized business rules definitions.	SMA automates process to the full extent possible via national standardized business rules definitions.
Does the State Medicaid Agency	SMA focuses on meeting compliance	SMA applies a mix of HIPAA Accredited	SMA adopts MITA Framework, industry	SMA adopts MITA Framework, industry	SMA adopts MITA Framework, industry

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use standards in the process?	thresholds for state and federal regulations using state-specific standards.	Standards Committee (ASC) X12 837 Health Care Claim and National Council for Prescription Drug Programs (NCPDP) and state-specific standards. SMA receives encounter information electronically or via web sites.	standards, and other nationally recognized standards (e.g., code sets) for encounter processing.	standards, and other nationally recognized standards for interstate encounter processing.	standards, and other nationally recognized standards for national encounter processing.
How integrated is the process?	There is little coordination between the portions of SMA responsible for encounter processing.	SMA centralizes common processes to achieve economies of scale and increase coordination.	SMA fully integrates process between intrastate agencies and other entities.	SMA integrates process to the full extent possible across the interstate.	SMA integrates process to the full extent possible across the nation.
How easy is it to change edit business rules and criteria?	SMA embeds business rules and validations directly into the source code. Changes are difficult, lengthy, and costly.	SMA has mix of automatic business rules definitions and embedded business rules and validation directly into the source code. Changes to edits,	SMA automates process to the full extent possible across the intrastate. Related processes are decoupled, allowing changes in the editing, auditing	SMA automates process to the full extent possible by using regional standardized business rules definitions.	SMA automates process to the full extent possible by using national standardized business rules definitions.

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		audits and pricing business rules results in unintended downstream processing consequences. Average change takes fewer business days than Level 1.	and pricing standardized business rules definitions without affecting downstream processes. Average changes take less time than Level 2.		
How does the State Medicaid Agency collaborate with other agencies or entities in performing the process?	Very little collaboration occurs with other agencies to standardize information exchange or business tasks.	SMA collaborates with other agencies and entities to adopt HIPAA standards and Electronic Data Interchange (EDI) transactions.	SMA collaborates with other intrastate agencies and entities to adopt national standards, and to develop and share reusable business services.	SMA collaborates with other interstate agencies and entities to adopt national standards, and to develop and share reusable processes including clinical information.	SMA collaborates with agencies and entities for national (and international) interoperability improvements that maximize automation of routine operations.
Business Capability Quality: Timeliness of Process					
How timely is the end-to-end process?	Process meets threshold or mandated requirements for timeliness (i.e., the process achieves	Process timeliness improves through use of automation. Timeliness exceeds legal requirements. Electronic encounter	Timeliness improves via state and federal collaboration, use of information sharing, standards, and regional information	Information is available in near real time. Processes that use clinical information result in immediate action,	Information is available in real time. Processes improve further through connectivity with other States and with

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	results within the time specified by law or regulation). Manual processing steps may require multiple business days to complete encounter editing, auditing, or pricing. Suspended encounters require lengthy manual resolution.	processing and point-of-sale adjudication greatly increase timeliness. The entire encounter process completes within 24 hours or less.	exchange hubs. Timeliness exceeds Level 2.	response, and results. SMA has interstate interoperability, which further improves timeliness over Level 3.	federal agencies. Most processes execute at the point of service. Results are almost immediate.
Business Capability Quality: Data Access and Accuracy					
How accurate is the information in the process?	Use of direct data entry for information collection is manually intensive and susceptible to inconsistent or incorrect information. Stakeholders are unable to rely on information for decision-making. It is difficult for reviewers to consistently	HIPAA standard transactions improve accuracy of information but the decision-making process may be erroneous or misleading. Accuracy is higher than at Level 1.	Automation of information collection increases the reliability of SMA's internal information. External sources of information use MITA Framework and industry standards for information exchange. Decision-making is automatic using standardized	Automation of information collection increases the reliability of SMA's internal and external sources of information. SMA adopts MITA Framework and industry standards for information exchange with interstate agencies. Decision-	SMA adopts MITA Framework and industry standards for information exchange with national agencies. Decision-making is automatic using national standardized business rules definitions. Accuracy rating is at 99% or higher.

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	interpret and apply adjudication business rules manually. Unstructured attachment data increases inconsistency of the review process.		business rules definitions. Accuracy rating is at 99% or higher.	making is automatic using regional standardized business rules definitions. Accuracy rating is at 99% or higher.	
How accessible is the information in the process?	SMA stores information in disparate systems including paper storage and obtains information manually.	SMA stores information in disparate systems, but automation and HIPAA standards increase accessibility over Level 1.	SMA obtains information easily and exchanges with intrastate agencies and entities based on MITA Framework and industry standards. Accessibility is greater than Level 2.	SMA obtains information easily and exchanges with interstate agencies and entities. Accessibility is greater than Level 3.	SMA obtains information easily and exchanges with national agencies and entities. Accessibility is greater than Level 4.
Business Capability Quality: Cost-Effectiveness					
What is the cost of the process compared to the benefits of its results?	High relative cost due to low number of automatic, standardized tasks.	Automation improves process and allows focus on exception resolution, improving cost effectiveness ratio over Level 1.	SMA adopts MITA Framework, industry standards, and other nationally recognized standards further improving cost effectiveness ratio	SMA adopts MITA Framework, industry standards, and other nationally recognized standards for interstate information exchange. SMA	SMA adopts MITA Framework, industry standards, and other nationally recognized standards for national (and international) information

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			over Level 2.	increases cost effectiveness ratio over Level 3.	exchange. SMA increases cost effectiveness ratio over level 4.
Business Capability Quality: Effort to Perform; Efficiency					
How efficient is the process?	Process is labor intensive. There is wasted effort or expense to accomplish tasks. Process meets minimum state process guidelines and SMA performance standards. Efficiency is low.	Automation and state standards increase productivity. Efficiency is higher than Level 1.	SMA adopts MITA Framework, industry standards, by intrastate agencies and entities improving efficiency to 95% or higher.	SMA adopts MITA Framework, industry standards, by interstate agencies and entities improving efficiency to 98% or higher.	SMA adopts MITA Framework, industry standards, by national agencies and entities improving efficiency to 98% or higher.
Business Capability Quality: Accuracy of Process Results					
How accurate are the results of the process?	Manual processes result in greater opportunity for human error. Accuracy is low.	Automation and standardized business rules definitions reduce error and improve accuracy above Level	SMA adopts MITA Framework, industry standards, and standardized business rules definitions by	SMA adopts MITA Framework, industry standards, and regional standardized business rules definitions by	SMA adopts MITA Framework, industry standards, and national standardized business rules definitions, by

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		1.	intrastate agencies and entities improving accuracy to 90% or higher.	interstate agencies and entities improving accuracy to 98% or higher.	national agencies and entities improving accuracy to 98% or higher.
Business Capability Quality: Utility or Value to Stakeholders					
Does the business process satisfy stakeholders?	Stakeholders lack confidence in information negatively affecting stakeholder satisfaction with the process.	Automation and standardization provides clear and useful information. Stakeholder satisfaction is greater than Level 1.	SMA adopts MITA Framework, industry standards, by intrastate agencies and entities improving stakeholder satisfaction to 90% or higher. SMA uses survey or questionnaire for information collection.	SMA adopts MITA Framework, industry standards, by interstate agencies and entities improving stakeholder satisfaction to 95% or higher.	SMA adopts MITA Framework, industry standards, by national agencies and entities improving stakeholder satisfaction to 98% or higher.