March 2, 2023

Managed Care External Quality Review

Study Findings

Sean Dunbar

MACPAC

Medicaid and CHIP Payment and Access Commission

@macpacgov

www.macpac.gov

Overview

- Background
  - Context
  - External quality review requirements
  - Relationship to other oversight requirements
  - Study approach
- Findings
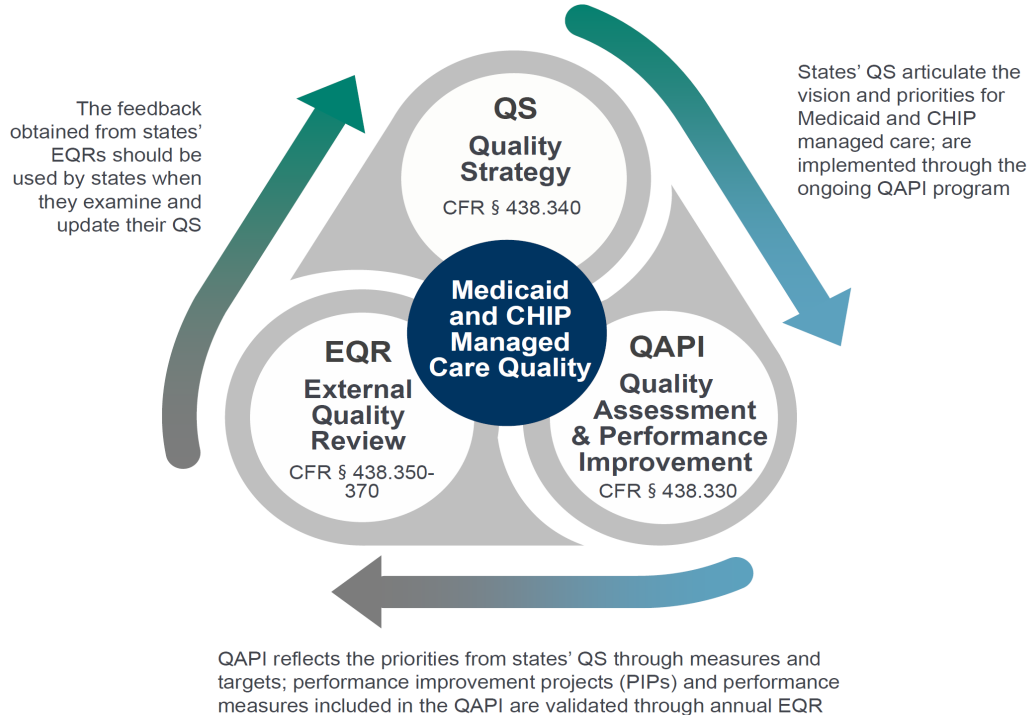- Next Steps

Background

Context

- Managed care is the dominant delivery approach in Medicaid
  - Over 70% of beneficiaries enrolled in comprehensive managed care
  - States also use other forms of less comprehensive managed care
- External quality review (EQR) is one of the few statutory oversight tools available to states and federal government
- EQR research advances MACPAC's work in several key areas
  - Beneficiary access, quality of care, managed care oversight
- Commission reviewed federal EQR requirements and emerging themes during the January meeting

EQR Requirements

- Federal requirement for states to conduct an annual review
  - External and independent, covers all managed care plan types
  - Primary focus is on quality outcomes, timeliness of and access to services
- States must execute four mandatory activities
  - Compliance reviews, validation of performance measures, performance improvement projects (PIPs), and network adequacy
- States also have the option to pursue one or more optional activities
  - e.g., encounter data validation, focused studies, provider and beneficiary surveys
- Centers for Medicare & Medicaid Services (CMS) protocols outline the acceptable methodologies for all activities
  - States have some latitude within protocol parameters

Relationship to Other Oversight Requirements

The feedback obtained from states' EQRs should be used by states when they examine and update their QS

States' QS articulate the vision and priorities for Medicaid and CHIP managed care; are implemented through the ongoing QAPI program

QS
Quality Strategy
CFR § 438.340

Medicaid and CHIP Managed Care Quality

EQR
External Quality Review
CFR § 438.350-370

QAPI
Quality Assessment & Performance Improvement
CFR § 438.330

QAPI reflects the priorities from states' QS through measures and targets; performance improvement projects (PIPs) and performance measures included in the QAPI are validated through annual EQR

Notes and source: See slide 23

Study Approach

- MACPAC contracted with Bailit Health to conduct a comprehensive study of the EQR process and state practices
  - Federal policy review
  - Environmental scan (44 states and District of Columbia)
  - Detailed review of five selected states
  - Interviews with CMS, state Medicaid agencies, health plans, external quality review organizations (EQROs), national experts, and consumer groups
- Study assessed several overarching areas
  - How states structure approaches
  - How states use EQR findings to hold plans accountable and improve care
  - How CMS engages in oversight of the EQR process

Findings

Implementation of EQR Requirements

Link Between EQR and Quality Strategies Has Been Limited But Is Growing

- EQR is supposed to be connected to other quality monitoring and improvement requirements

- Environmental scan did not always find a clear link between the EQR and the state managed care quality strategy

- Most states and EQROs did not attempt to align EQR activities with the state quality strategy, historically

- Recent trend in states asking EQROs to look at quality strategy
  - e.g., developing PIP topics, evaluating progress against quality strategy
  - Increased CMS engagement

States Exercise Extensive Flexibility Within Current EQR Requirements

- Most states engage in at least one optional activity
  - 10 states limit EQR to mandatory-only; 8 states do all optional activities
  - Encounter data validation, focuses studies, and surveys are most common optional activities

- Some states contract with EQROs for additional activities
  - e.g., evaluations of waivers, directed payments, state quality strategies
  - Unclear whether states receive enhanced or regular match for activities that do not meet mandatory or optional services definition

- States can exempt plans from EQR or use accreditations from other entities to satisfy requirements

Enhanced Match Is Limited to Only Certain Plan Types Despite Broader EQR Requirements

- States must conduct EQR for all plan types but only receive enhance match for managed care organizations (MCOs)
  - 75% match for MCOs, 50% administrative match for all other plans
  - 2016 managed care rule reduced match rate for EQR on prepaid inpatient health plans (PIHPs)
  - CMS determined it did not have statutory authority
- Environmental scan found that half of states conduct EQR on a large number of non-MCO plan types
- Stakeholders noted that disparity in federal match strains already limited state oversight resources

Distinctions Between Mandatory and Optional Activities May Not Align with State Preferences

- States have new requirement to validate network adequacy
- Some stakeholders indicated that it could be worth reassessing mandatory and optional activities
  - Mixed perspectives on the value of PIP validation as a mandatory activity
  - PIPs can be valuable insight into state quality improvement efforts
  - But challenges with measurement and statistical validity limit usefulness
- Stakeholders provided suggestions for rethinking categories
  - Encounter data validation
  - Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)

Findings

Support for Oversight and Improvements in Managed Care

EQR Is Predominantly Focused on Process Measures, Validation, and Compliance

- Primary focus is compliance with federal managed care requirements and EQR protocols
  - Mandatory activities primarily address validation and compliance
  - Reviews typically look at whether plan policies and procedures align with federal rules, state requirements
  - Analyzing outcomes is exception (e.g., coverage determination appropriateness)
- EQRO findings in annual technical reports (ATRs) focus less on changes in performance and outcomes over time
- Stakeholders would like EQR process and findings to place more emphasis on outcomes and comparability

States Vary in Enforcement of EQR Findings and the Tools Used to Improve Performance

- No requirements in statute or regulation for states to act on the findings or recommendations included in the ATR

- States vary in the tools they might use to enforce findings
  - e.g., corrective action plans, penalties, auto-assignment changes

- Some states appear to take a collaborative approach with plans to address performance issues
  - e.g., technical assistance, address findings in draft reports

- Interviewees noted the need for more assistance for states to effectively oversee managed care programs

EQROs Can Support States in Their Efforts to Improve Managed Care Quality

- Study highlighted the extent to which EQR and EQROs support states and advance program goals
  - Rely heavily on EQROs for technical expertise
  - Conduct a number of optional activities (e.g., focused studies, surveys) and other non-EQR activities in most states
  - Responsive and collaborative relationships
- Review did find some limitations to the support of EQROs
  - Support related to social drivers of health and equity are limited by data challenges and EQR protocols

Challenges Exist with Accessibility and Usefulness of Annual Technical Report Content

- States are required to publicly post ATRs by April 30 each year
  - Reports are sometimes hard to find
- ATRs can be hard to absorb for interested stakeholders
  - Lengthy, highly technical reports
  - No consistent organization of findings
- Can be challenging to find meaningful results in ATRs
  - Exclusion of some optional activities, reporting aggregate results only
  - Rarely specify actions taken to address non-compliance
- State approaches for evaluating plan performance are inconsistent
  - Poses challenges for understanding level of non-compliance or comparing performance across states

Findings

CMS Oversight of the EQR Process

CMS Oversight of the EQR Process Appears Limited

- MACPAC analysis found little information available regarding CMS oversight of EQR
  - Monitoring state compliance with established protocols
  - Reviewing and approving state EQRO contracts
  - Using findings for compliance monitoring or other purposes
- Stakeholder feedback suggests CMS is increasing its presence in EQR oversight
  - e.g., looking at how plans comply, how ATR captures information, increased technical assistance

CMS Has Been Increasing Its Focus on State Quality Strategies

- States must submit regular reports on the implementation and effectiveness of the state quality strategy
  - Updates in ATRs or separate annual report
- Historically, states had little to no contact with CMS regarding quality strategy
- States have experienced increased communication from CMS regarding quality strategies
  - Managed Care Quality Strategy toolkit (2021) seemed to spur changes in engagement

Next Steps

Next Steps

- Commission feedback on findings from EQR research
  - Specific areas of Commissioner interest
  - Potential interest in pursuing policy options
  - Additional information needed to move forward
- MACPAC issue brief on EQR requirements and state practices
- Alignment with MACPAC work on denials and appeals

Data Notes and Sources

- Relationship to Other Oversight Requirements
  - Source: Adapted from Centers for Medicare & Medicaid Services (CMS). 2019. CMS External Quality Review (EQR) Protocols. October 2019.
  - Notes: EQR = External quality review. QS = Quality strategy. CHIP = Children's Health Insurance Program. QAPI = Quality assessment and performance improvement. CFR = Code of federal regulations.

March 2, 2023

Managed Care External Quality Review

Study Findings

Sean Dunbar

MACPAC

Medicaid and CHIP Payment and Access Commission

@macpacgov

www.macpac.gov