

April 14, 2023

Denials and Appeals in Medicaid Managed Care

Interview Findings

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Medicaid and CHIP Payment and Access Commission



www.macpac.gov

Overview

- Project work plan
- Federal Medicaid requirements
- Study approach
- Key findings
- Next steps
- Summary



Work Plan: Denials and Appeals

How do denial and appeal processes ensure that beneficiaries have access to medically necessary services?

How do states and CMS monitor and oversee denials and appeals in managed care?

Do beneficiaries find the appeals process to be accessible?

2023

JANUARY

- Literature review
- Federal policy review
- State scan

APRIL

- State and stakeholder interviews

SEPTEMBER

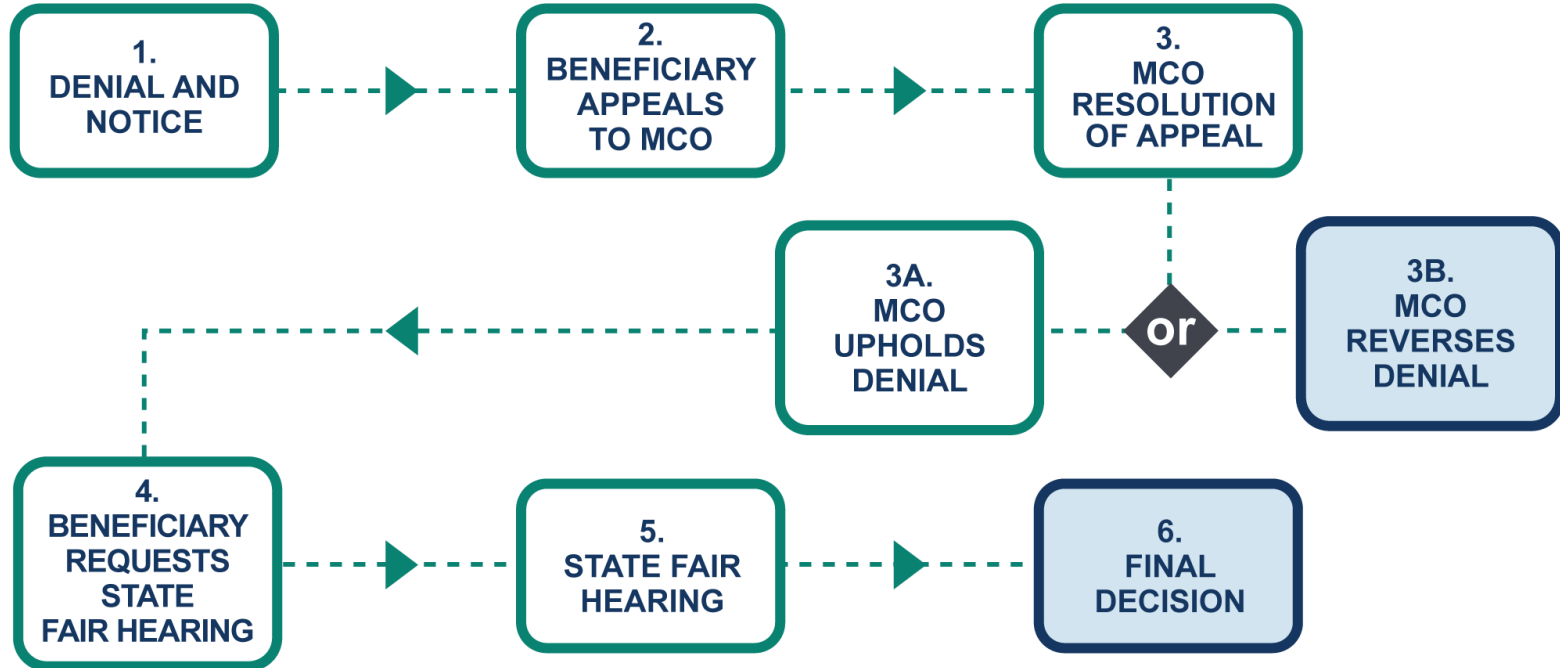
- Beneficiary focus groups

Federal Medicaid Requirements

Federal Medicaid Requirements: Overview

- MCOs may limit services based on medical necessity or utilization management tools (e.g., prior authorization)
 - MCO must provide notice of denial to beneficiary
- Beneficiaries have a statutory right to appeal denials
- MCOs must have an internal system to review appeals
- Federal rules lay out requirements for service authorization and appeals processes
 - Timelines (e.g., MCOs must resolve appeals in 30 days)
 - Processes (e.g., staffing requirements for review of authorizations and appeals)
 - State flexibilities (e.g., external medical review, shorter review times for MCOs)

Federal Medicaid Requirements: Appeals Process



Federal Medicaid Requirements: Monitoring and Oversight

- **States** are required to collect and monitor specific plan-reported data related to appeals
 - Not required to monitor denials or denial reasons
- **External Quality Review Organizations (EQROs)** contract with states to conduct oversight of MCOs
 - Focus on compliance with federal requirements
- **Federal Government** now collects appeals data annually
 - Reporting includes the number and type of appeals, the service types of appeals, the number of state fair hearings and their outcomes, and the number of external medical reviews
 - No reporting on appeal outcomes

Study Approach

Study Approach

- Study objective
 - Understand whether denial and appeal processes ensure beneficiary access to covered, medically necessary care
 - Examine how state and federal officials monitor Medicaid MCOs' denial and appeal processes
- MACPAC staff conducted interviews with state and federal officials, Medicaid managed care plans, providers, beneficiary advocates, and EQROs

Interview Findings

Authorization Denials and Denial Notices

- Denial notices can be lengthy and lack critical information
 - Include medical and legal jargon
 - Challenging to write at the appropriate reading level
 - Lack detailed denial reasons
- Missing documentation is a common reason for denials
 - Documentation supports medical necessity determinations
- Timeframes for denial notifications can be lengthy
 - Delays the ability of the beneficiary to appeal

Appeals Process

- Timeline to request a continuation of benefits may be too short
 - Appeal timelines viewed as generally appropriate to ensure access
- External support (e.g., provider, family member, legal advocate) is an important factor in deciding to appeal
 - Providers play a critical role in appeals process
- Concerns about potential conflicts of interest with MCO handling of appeals
 - Perceived misalignment of incentives

Monitoring and Oversight

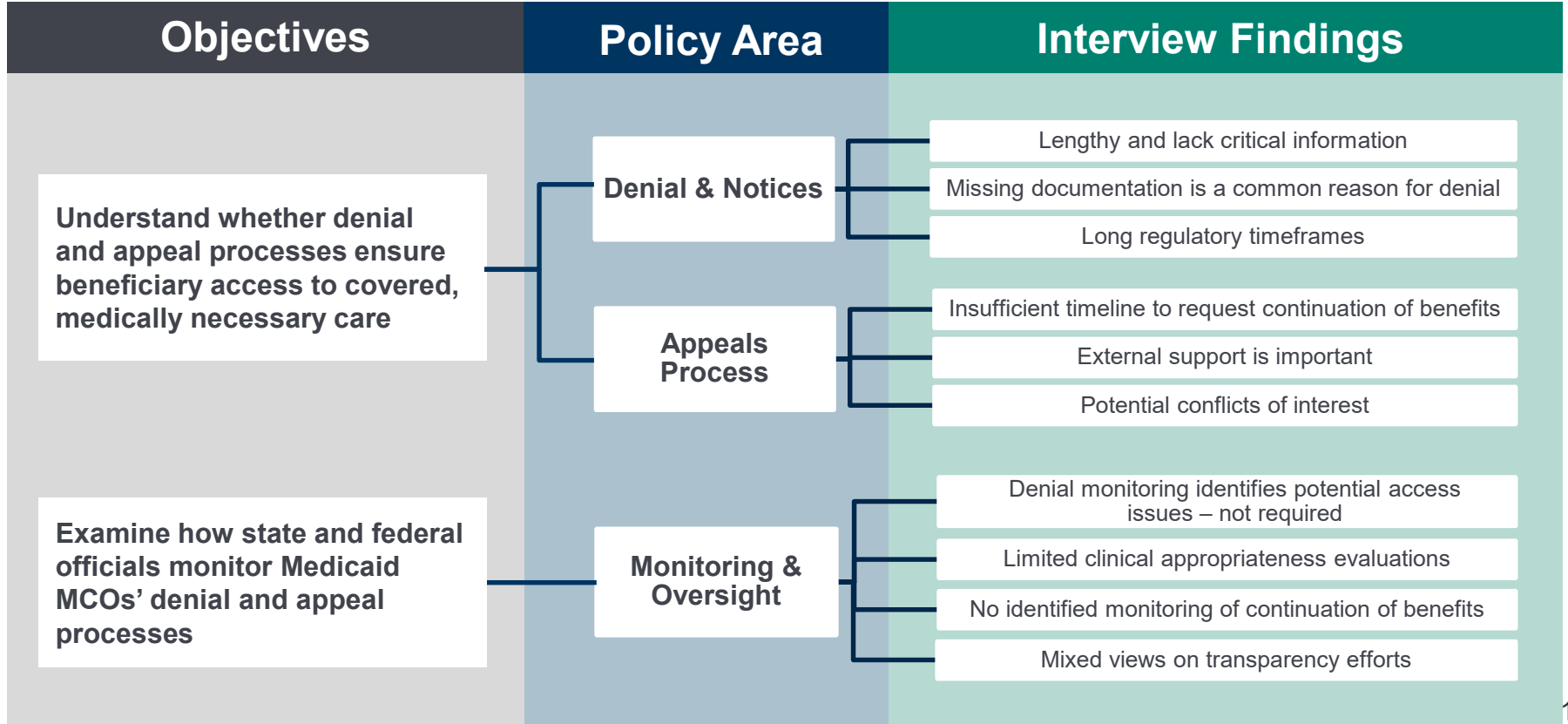
- States monitor trends in denials and appeals to identify potential access issues
 - Some denials are appropriate
 - Federal rules do not require monitoring of denials or appeal outcomes
- Evaluations of clinical appropriateness of denials are limited
 - States expressed an interest in this area
- Unclear how monitoring efforts evaluate access to continuation of benefits
 - States and MCOs did not identify specific efforts to look at this protection specifically
- States had mixed views on the value of publicly reporting denials and appeals rates
 - There is limited public reporting on denials and appeals

Next Steps

Next Steps

- Beneficiary focus groups
 - Contracted with Mathematica to conduct focus groups across five states
 - Findings will be presented at September 2023 meeting
- Draft policy options
 - Staff will return in the fall with draft policy options
- March 2024 report chapter

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