September 21, 2023

# Denials and Appeals in Medicaid Managed Care

*Monitoring and Oversight*

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# Overview

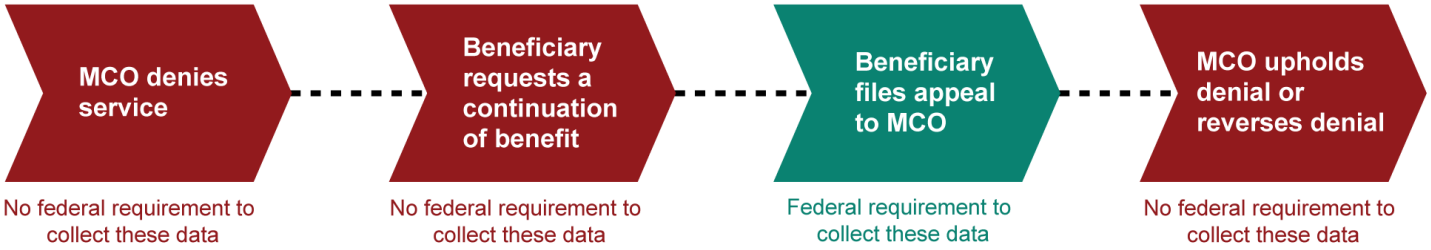
- Project overview
- Monitoring, oversight and transparency challenges
- Policy options
- Additional considerations
- Next steps

# Project Overview

- Study objective:
  - Examine whether denial and appeal processes ensure access to covered, medically necessary care
  - Examine how state and federal officials monitor Medicaid MCOs' denial and appeal processes
  - Explore whether beneficiaries find the appeals process to be accessible

# Monitoring, Oversight and Transparency Challenges

# Incomplete Data Collection and Monitoring




- No federal requirement for states to collect and monitor data on denials, continuation of benefits, and appeal outcome
- Current federal requirements provide states and CMS with limited insight into potential access issues

# Lack of Clinical Audits

- No federal requirement for states to conduct audits to examine whether a denial was clinically appropriate
  - External quality review (EQR) includes assessments of compliance with federal regulations, but does not assess denials for clinical appropriateness

- Health and Human Services Office of the Inspector General: 13 states conduct some clinical audits and found inappropriate denials

# Insufficient Public Reporting

- No federal requirement for states to publicly report information on denials
  - 14 states publicly report data on denials or appeals
- Managed care program annual report (MCPAR) requires states to report some data on appeals
  - Does not include appeal outcomes
  - MACPAC staff have located one MCPAR report to date

# Policy Options

# Policy Options

| Challenge | Policy Option |
| --- | --- |
| Incomplete data collection and monitoring | 1 CMS should establish data reporting requirements on states for denials and appeal outcomes |
| Lack of clinical audits | 2 CMS should require states to audit denials for clinical appropriateness |
| Insufficient public reporting | 3 CMS should publicly report the Managed Care Program Annual Report, including new denial and appeal data |
| | 4 CMS should include denials and appeals data on the quality rating system website |

# Policy Option 1: Data Collection and Monitoring

## CMS should establish data reporting requirements on states for denials and appeal outcomes

- CMS should:
  - Require states to collect data on denials (e.g., number and type of denial, reason for denial) and appeals outcomes and use these data to improve program performance;
  - Issue guidance to states for collecting and monitoring denial and appeal data; and
  - Provide technical assistance to states to strengthen monitoring

- Rationale:
  - Current requirements are insufficient, and state experiences suggest these data are important for oversight

# Policy Option 2: Clinical Audits

## CMS should require states to audit denials for clinical appropriateness

- CMS should:
  - Require that states conduct routine clinical audits on a subset of denials,
  - Establish requirements and release guidance on process and criteria for assessing appropriateness, and
  - Require that the findings from the audit are publicly available

- Rationale:
  - Audits are effective at identifying inappropriate denials of care

# Policy Option 3: Public Reporting

## CMS should publicly report the Managed Care Program Annual Report, including new denial and appeal data

- CMS should:
  - Post all state managed care program annual reports (MCPARs) to the CMS website in a standard format that enables analysis, and
  - Update the MCPAR template to include new data on denials, appeals outcomes and the findings from the clinical appropriateness audits

- Rationale:
  - Improving transparency will bring greater accountability

# Policy Option 4: Public Reporting for Beneficiaries

## CMS should include denials and appeals data on the quality rating system (QRS) website

- CMS should require that states include denials and appeals data on the QRS websites to improve transparency for beneficiaries in their MCO selection

- Rationale:
  - This information should be accessible to beneficiaries and may be helpful in selecting a health plan

# Additional Considerations

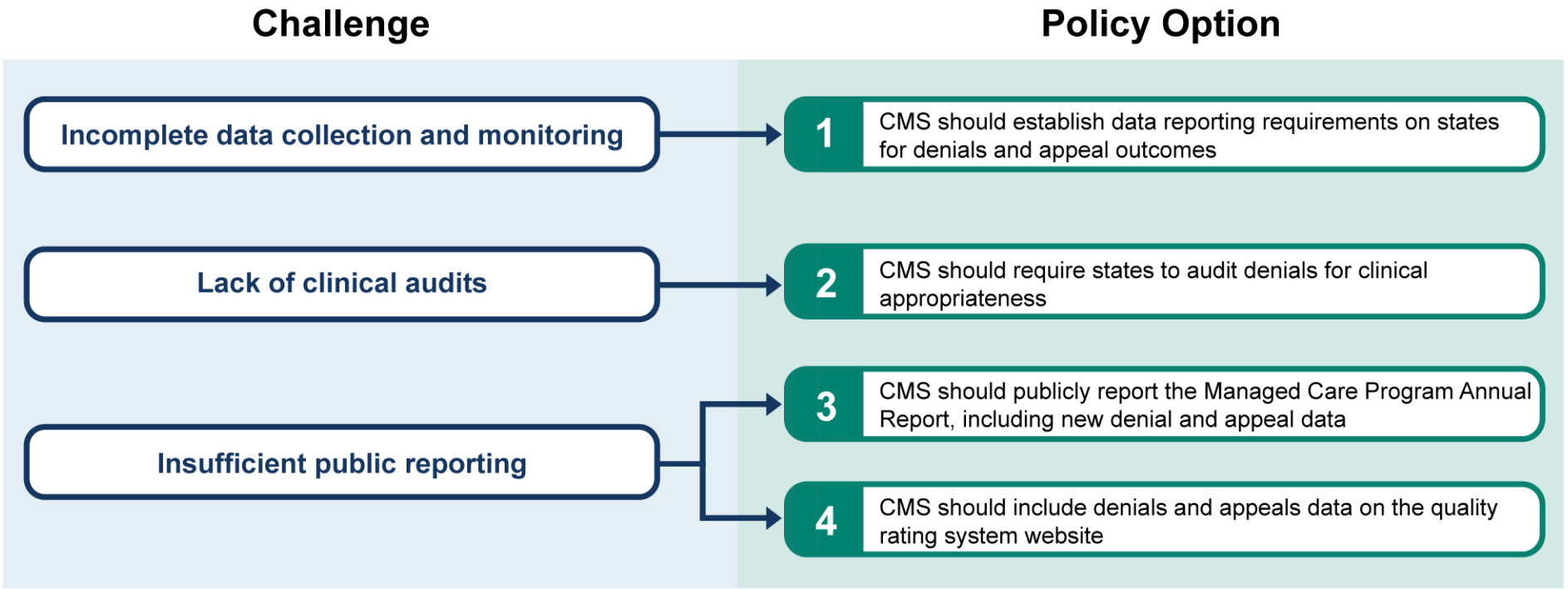
- States are responsible for oversight of their managed care plans and ensuring that beneficiaries have access to appropriate care
  - Independent of CMS action, states could elect to improve monitoring of denials and appeals
- States should use tools available to them to respond to issues uncovered through monitoring and oversight
  - States can have varying approaches in their responses to issues
- Many states have plans out of compliance with federal regulations on authorization and/or on appeals

# Next Steps

- Commissioner discussion and feedback on policy options

- November meeting:
  - Beneficiary focus group findings
  - Appeals process policy options

# Policy Options for Discussion



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