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March 15, 2024CONTACT: Caroline Broder • 202-350-2003
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MACPAC Releases March 2024 Report to Congress

Congressional advisory panel proposes recommendations to improve Medicaid beneficiary engagement and increase transparency in the denials and appeals process in Medicaid managed care

The Medicaid and CHIP Payment and Access Commission (MACPAC) released its March 2024 *Report to Congress on Medicaid and CHIP* today, with recommendations on how state Medicaid agencies can improve beneficiary engagement on Medical Care Advisory Committees (MCACs) and actions the federal government can take to aid states in doing so. In addition, the report contains recommendations on increasing the transparency of the denials and appeals process in Medicaid managed care, and examines payment policy for the nation's safety net hospitals.

"This report provides strategies that state and federal policymakers can use to meaningfully include the beneficiary voice in policymaking and to improve the transparency and oversight of the denials and appeals process in Medicaid managed care," MACPAC Chair Melanie Bella said.

Chapter 1 focuses on improving beneficiary engagement on MCACs. Federal rules mandate that every state Medicaid agency operate an MCAC that involves beneficiaries or consumer group representatives. However, there is limited guidance on how states should best involve beneficiaries and overcome difficulties in recruiting them.

The Commission voted in favor of three recommendations, one of which calls on the Centers for Medicare & Medicaid Services (CMS) to issue guidance focused on specific state concerns related to implementation challenges. The recommendations also urge state Medicaid agencies to develop a plan to recruit beneficiary members from historically marginalized communities, as well as to develop and implement policies that reduce beneficiary participation barriers.

Chapter 2 looks at denials and appeals in Medicaid managed care and the beneficiary experience with the appeals process. Beneficiaries appeal few denials, and program operators do not collect comprehensive information about denials in Medicaid managed care. Currently, federal rules do not require states to collect and monitor data needed to assess access to care, monitor the clinical appropriateness of denials, or require that states publicly report information on plan denials and appeals outcomes.

This chapter lays out the current federal requirements for the appeals process as well as for monitoring, oversight, and transparency; elaborates on state flexibilities within the current federal framework; and describes key challenges with the current structure. The Commission makes seven recommendations to improve the appeals process and enhance monitoring, oversight, and transparency efforts.

Chapter 3 continues the Commission's work on Medicaid disproportionate share hospital (DSH) allotments to states. As in prior years, the Commission continues to find little meaningful relationship between state DSH allotments and the number of uninsured individuals; the amounts and sources of hospitals' uncompensated care costs; and the number of hospitals with high levels of uncompensated care that also provide essential community services for low-income, uninsured, and vulnerable populations. During the COVID-19 public health emergency,



policy responses were effective in reducing the uninsured rate, enhancing hospital finances, and boosting DSH allotments. At the time of the chapter's drafting, DSH allotment reductions were scheduled to take effect in fiscal year (FY) 2024. Congress has since delayed reductions until January 1, 2025. The amount of the reductions has remained the same (\$8 billion) a year, which is about half of states' unreduced allotment amounts. The report includes an analysis of the effects of these reductions in FY 2026, which is similar to the projected effects of the reductions currently scheduled for FY 2025.

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ABOUT MACPAC

The Medicaid and CHIP Payment and Access Commission is a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress, the Secretary of the U.S. Department of Health and Human Services, and the states on a wide array of issues affecting Medicaid and the State Children's Health Insurance Program (CHIP). For more information, please visit: www.macpac.gov.

