

March 5, 2026

State and Federal Tools for Ensuring Accountability of Medicaid Managed Care Plans

Draft Recommendations

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Medicaid and CHIP Payment and Access Commission

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Overview

- Background
- Summary of findings
- Draft policy recommendations
- Next steps



Background

- Almost three-quarters (74 percent) of beneficiaries are enrolled in managed care, and managed care was more than half (54 percent) of Medicaid benefit spending in fiscal year (FY) 2024
- Our work examined the accountability tools available to states and CMS to ensure managed care organizations (MCOs) comply with federal and state requirements, which tools are used, and whether additional tools are needed
- We found that while states generally reported having sufficient tools to oversee plan performance, there are opportunities to improve the consistency and completeness of MCO accountability data and to help states more effectively use available performance data



Findings

Study Methodology

- We conducted stakeholder interviews with:
 - State Medicaid agency officials
 - MCO representatives
 - Medicaid health plan trade associations
 - Relevant federal agencies
 - National experts/organizations
- We reviewed and analyzed Managed Care Program Annual Reports (MCPARs) submitted for performance year 2023 (September 2023 through August 2024) from 34 states
 - States are required to post MCPARs on their state Medicaid website, and CMS posts MCPARs from states in a central repository on Medicaid.gov

States often use informal accountability actions

- States frequently address issues through informal channels with MCOs before escalating to formal sanctions
- Current MCPAR instructions do not provide sufficient clarity on what constitutes “informal interventions” and whether certain actions need to be reported
- Public reporting of corrective action plans (CAPs) and other sanctions is an important accountability tool

MCPAR reporting is inconsistent and incomplete

- Inconsistent and incomplete MCPAR reporting limits data usability
- Based on our analysis, it is likely states are not reporting all compliance actions in MCPARs
 - 359 CAPs from 25 states
 - 19 CAPs and liquidated damages from 2 states
 - 106 civil monetary penalties from 11 states
 - 187 liquidated damages from 10 states
 - 66 compliance letter sanctions from 8 states
- State variance in MCPAR reporting may be due to unclear definitions
 - For example, one state likely did not report liquidated damages in MCPAR because the state does not consider them to be a sanction

States need better tools and guidance to assess plan performance across multiple sources

- States struggle to access and use multiple sources of plan performance data effectively
 - Managed care plans and states are required to report performance data across a variety of sources (e.g., MCPARs, external quality reviews [EQRs])
 - These data are not publicly available in a centralized, user-friendly format that states can leverage during the procurement process or beneficiaries can use to inform plan choice
- Stakeholders identified the need for better information about plan performance across state lines
 - Several interviewees suggested that CMS could help states by developing a national database of plan deficiencies and sanctions

Draft Policy Recommendations

Draft Recommendation 1

The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services to provide guidance on the types of accountability actions, such as liquidated damages, informal interventions, and other accountability actions, taken in response to plan noncompliance, that should be reported in the sanctions section of the Managed Care Program Annual Report pursuant to 42 CFR 438.66(e)(2)(viii).

Rationale

- Current federal regulation specifies that the MCPAR must include the results of any sanctions, CAPs, or other formal or informal intervention with a contracted plan to improve performance
 - Our analysis showed evidence of inconsistent reporting, such as liquidated damages
 - Our stakeholder interviews found that states commonly use informal accountability actions before escalating to formal sanctions, but it is unclear whether and how to report informal interventions on MCPAR
- Guidance would clarify which types of accountability actions should be reported and how to report them consistently
 - More standardized and consistent reporting would allow for better understanding of how states use accountability tools and more comparable plan comparisons
 - CMS should determine a threshold for reporting informal interventions to balance capturing notable communications and actions while minimizing state burden
- Recommendation builds on MACPAC's March 2024 recommendations on MCPAR data quality for denials and appeals

Implications

- **Federal:** Increased administrative effort
- **States:** Minimal added burden; focuses on how to report data already being collected
 - Some states may need to adjust their internal tracking systems or processes to ensure they are capturing all required information consistently
- **Enrollees:** Improved transparency on how states hold plans accountable for performance
- **Plans:** No direct reporting burden, but there may be indirect effects if states request additional documentation
- **Providers:** No direct effect

Draft Recommendation 2

The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services to develop a publicly available database on managed care plan performance that links federally mandated reported data together to facilitate analysis. CMS should also issue guidance and toolkits to help states effectively use these data to strengthen procurement activities, improve beneficiary experience, and oversee managed care plans.

Rationale

- States currently struggle to access and use multiple sources of plan performance data effectively
 - Several interviewees suggested that CMS could help states by developing better tools to access and compare plan performance data across state lines and to provide guidance to support managed care procurement capacity
- Public reporting of plan performance can be an important accountability tool, but it needs to be in an accessible, understandable format to be effective
- Combining information across different federal reports would provide additional context and a more holistic view of plan performance
- This option would build upon MACPAC's prior March 2025 recommendation on EQR

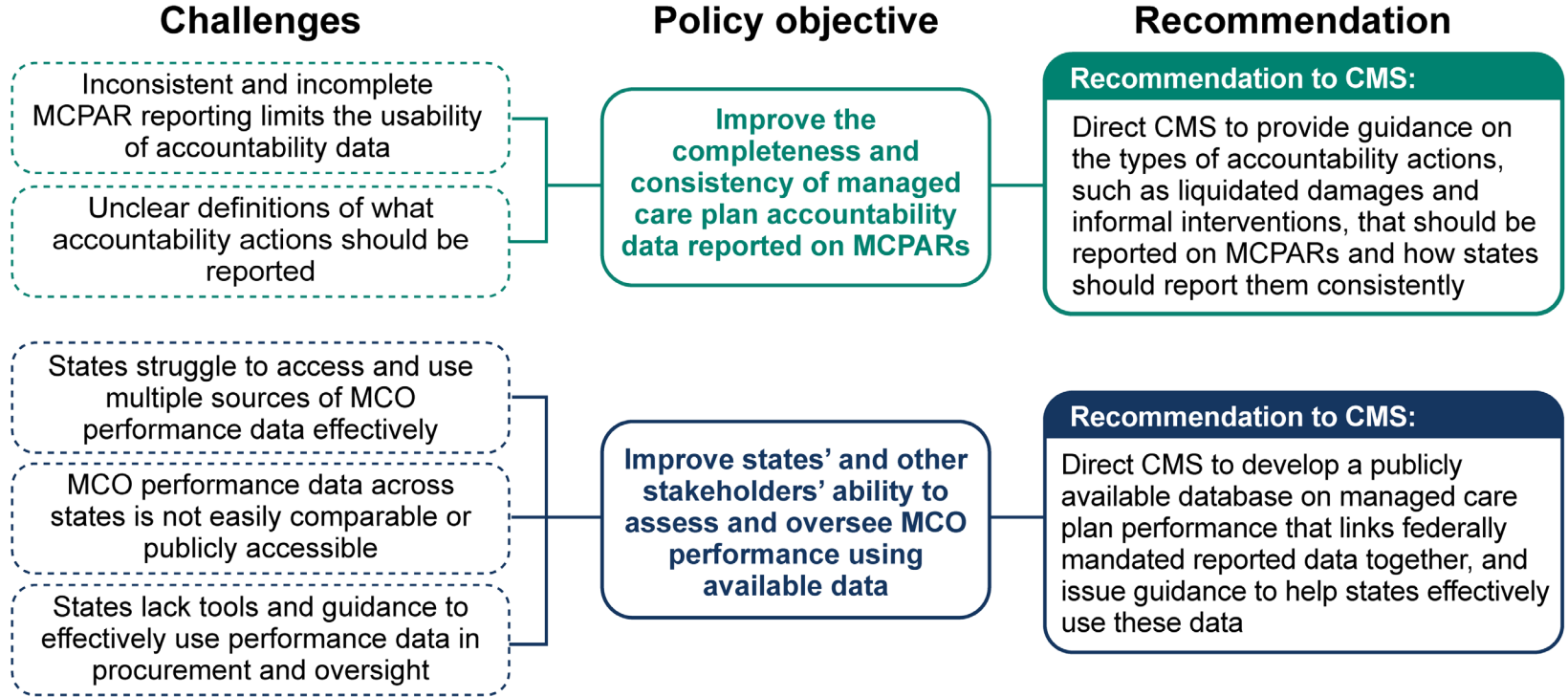
Implications

- **Federal:** Increased administrative effort to develop public database
- **States:** Would provide states with a more complete and standardized understanding of plan performance
 - No additional reporting burden for states, and participation in learning collaboratives or use of toolkits would be voluntary
- **Enrollees:** Improved ability for beneficiaries to assess plan performance and make informed decisions during plan selection
- **Plans:** Stakeholders from plans have noted that any public reporting should be put into appropriate context
- **Providers:** No direct effect

Next Steps

- Commissioner feedback on the draft policy recommendations:
 - Do the recommendations address key challenges identified through our work?
 - Are there considerations for further refining the draft recommendations?
- We will draft a chapter for the June report to Congress
- If there is support for moving forward with these recommendations, we will return with the draft chapter and recommendation language for a vote at the April meeting

Summary of Draft Policy Recommendations



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