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Examining the Role of External Quality Review in Managed Care Oversight & Accountability

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Overview

- Background
  - Medicaid managed care plans
  - Managed care quality oversight
  - External quality review
- Federal Requirements
- Emerging Themes
- Next Steps

Background

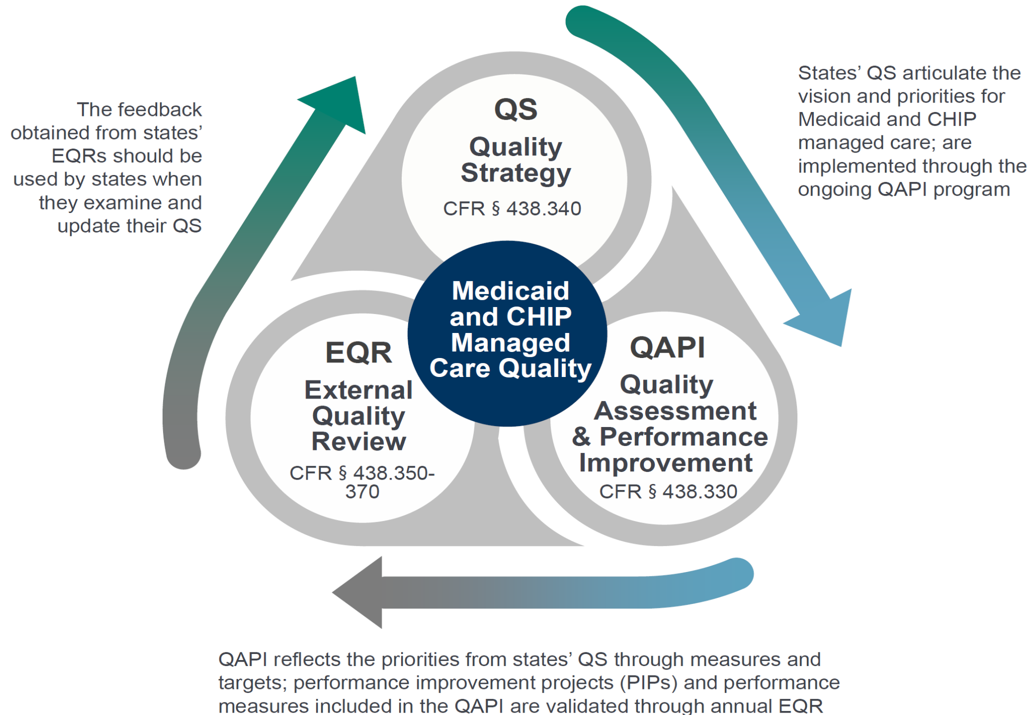
Purpose of Study

- 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
- Balanced Budget Act of 1997 (BBA) played a major role in growth and oversight of managed care
  - Eliminated "75/25 rule" and added state plan authority to pursue managed care
  - Enacted quality requirements, including external quality review (EQR)
- EQR is one of the few statutory oversight tools available to states and federal government
  - MACPAC examining EQR approaches and link to beneficiary access, quality of care, and managed care oversight

Medicaid Managed Care Plans

- Comprehensive managed care organizations (MCOs)
  - Comprehensive risk contract with monthly capitation payment
  - States can carve out certain benefits to fee for service (FFS) or limited benefit plans
- Limited benefit plans
  - Can serve FFS or MCO beneficiaries
  - Typically paid via capitation and plans not at risk unless covered benefits include behavioral health services
  - Prepaid inpatient health plans (PIHPs) cover inpatient and institutional services while prepaid ambulatory health plans (PAHPs) have a narrow focus
- Primary care case management (PCCM)
  - PCPs paid a monthly fee per beneficiary to coordinate care
  - Alternative to MCOs for certain populations or geographic areas

Managed Care Quality Oversight



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

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 20

External Quality Review

- Federal requirement for states to conduct an annual review
  - Includes all managed care plan types
  - External and independent
  - Primary focus is on quality outcomes, timeliness of and access to services
- 2016 managed care rule significantly strengthened EQR
  - Expanded EQR to PAHPs and certain PCCM arrangements
  - Added two new activities to EQR requirements
  - Clarified availability of enhanced federal match

Federal Requirements & State Flexibility
Executing EQR

States Have Flexibility Executing EQR Approaches

- Mandatory EQR activities apply to all types of managed care plans
  - Certain exceptions for PCCM entities
- States can choose one or more optional activities
  - MACPAC review found encounter data validation, provider or enrollee surveys, and focused studies are most common
- CMS protocols outline the acceptable methodologies for all activities
  - States have some latitude within protocol parameters
  - Protocols for new activities are still in development

EQR Activities

Mandatory Activities

- Validation of Performance Improvement Projects (PIPs)
- Validation of plan-reported performance measures
- Review of plan compliance with standards in 42 CFR 438 subpart D (e.g., denials and appeals)
- Validation of network adequacy

Optional Activities

- Encounter data validation
- Administration or validation of consumer or provider surveys of quality of care
- Calculation of performance measures
- Implementation of PIPs
- Focused studies (clinical or non-clinical services)
- Assisting with quality ratings

Only Certain Entities Can Perform EQR-Related Activities

- States must contract with at least one EQRO
  - States can use multiple EQROs to cover different activities
- EQROs must meet a variety of requirements
  - Policy expertise, technical and financial resources
  - Conflict of interest standards
  - States can qualify as an EQRO in limited circumstances
- MACPAC review found that EQR is conducted by only a few EQROs
  - Three EQROs serve 31 states

States Can Receive Enhanced FMAP for Certain EQR-Related Activities

- Enhanced FMAP (75%) for EQR activities performed on MCOs
  - 50 percent match for other plan types, activities conducted by non-EQRO entity
  - Standalone CHIP plans receive enhance CHIP match rate for all plan types
- States must submit EQRO contracts for CMS approval before receiving enhanced match
- Federal rules and regulations do not specify parameters for CMS review and approval of EQRO contracts

States Have Flexibility to Streamline the EQR Process

- States can use accreditation of plans from other entities
  - Comparable standards from Medicare Advantage or private accreditation entity
  - Applicable to PIP and performance measure validation, compliance reviews
  - Can wholly or partially fulfill EQR requirements
- States can exempt MCOs from EQR under certain conditions
  - Not applicable to PIHPs, PAHPs, or PCCM entities
  - Must meet three-part criteria
- MACPAC analysis found that states rarely use these flexibilities

States Must Publish Annual Reports Detailing EQR Findings

- Annual technical report (ATR) summarizes results of EQR
  - Must be publicly posted by April 30 each year
  - CMS publishes aggregated summary tables
- ATR must include specific components
  - e.g., EQR methodology, recommendations
- MACPAC analysis found variation across state ATRs
  - Availability of publicly posted ATRs
  - Variation in organizing required information
  - Most recent protocols not always applied

Emerging Themes

Emerging Themes

- States see value in the EQR process and contracted EQROs
  – Rely heavily on EQROs for technical expertise
  – Some use EQR strategically
  – Others use EQR to ensure compliance with federal rules and protocols
- Opportunities exist to improve the transparency of ATRs
  – Not all states publicly post ATRs, despite federal requirement
  – Challenges obtaining ATRs can hinder the ability of stakeholders to monitor health plans' performance
- Consumer groups view EQR and EQRO findings to be too process-focused
  – Stakeholders see ATRs as focused more on process and regulatory compliance, rather than changes in performance and outcomes over time

Emerging Themes

- CMS oversight of EQR appears limited in federal regulations
  - Review and approval of EQRO contracts
  - Monitoring state compliance with EQR protocols
- Link between EQR and other quality and managed care oversight tools can vary
  - Time period covered by quality strategies and EQR were not always aligned
  - Unclear how states use EQRO findings to inform quality strategy
  - Focus on process versus outcomes

Next Steps

Next Steps

- Commissioner discussion
  - Comments on EQR process and requirements
  - Input on emerging themes
- Review of findings and potential policy options in March
- Alignment with MACPAC work on denials and appeals

Data Notes and Sources

- Managed Care Quality Oversight
  - 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.

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