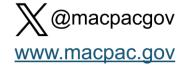December 12, 2024

Proposed Recommendations for Improving Managed Care External Quality Review

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Overview

- Background
- Limitations and challenges in existing process
- Proposed External Quality Review (EQR) recommendations
  - Triennial compliance review outcomes data
  - EQR protocols standardization
  - Post annual technical reports in central location
- Next steps

Background

- States contract with independent external quality review organizations (EQRO) qualified by the Centers for Medicare & Medicaid Services (CMS) to conduct quality review activities
- Mandatory EQR activities for managed care plans -- Primary Care Case Management (PCCM) excluded
  - Validate Performance Improvement Plans (PIPs)
  - Validate performance measures (PMV)
  - Triennial compliance review of 14 standards in subpart D of 42 CFR 438
  - Validate plan network adequacy (NAV)
- 7 optional activities states may choose to conduct
- EQR protocols for each activity developed by CMS -- with National Committee for Quality Assurance (NCQA)
- States must publish an annual technical report (ATR) of all EQR activities conducted the previous year
  - ATRs must include outcomes data from PIPs, PMV, and NAV, but not compliance review

Limitations and Challenges

- EQR and state quality strategies are not always aligned

- EQR process and protocols focus predominantly on process not outcomes

- States vary on enforcement of EQR findings

- ATRs are not always accessible and findings are hard to use

- CMS oversight of the EQR process appears limited

Proposed Recommendations

Proposed Recommendation 1

The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services to amend 42 CFR 438.364(a)(2)(iii) to require the external quality review annual technical report include outcomes data and results from quantitative assessments collected and reviewed as part of the compliance review mandatory activity specified at 42 CFR 438.358(b)(1)(iii).

Rationale

- Consistent with 2024 managed care rule requiring EQRO report outcomes data in ATR for 3 of the 4 mandatory EQR activities
  - Data reporting requirement would result in more meaningful ATRs
  - ATRs would become a more effective tool for states to use in quality improvement and managed care oversight
- EQR protocol for triennial compliance review already suggests questions and plan documents that could generate outcomes and quantitative data
  - Including data in ATR could demonstrate outcomes associated with processes evaluated
- Would not create new measures or mandate specific data be collected and reported, just reporting of outcomes and data already being collected and reviewed by EQRO

Implications

- Federal spending
  - Increased administrative effort but no expected increase in federal spending
  - Administrative burden could be reduced by leveraging efficiencies generated from CMS incorporating new ATR reporting requirements for other 3 EQR activities
- States
  - Should not see a substantial increase in either cost or administrative effort
  - States already contract with EQRO for this mandatory activity and standards evaluated already part of state contracts with managed care plans
  - New information could generate insights for states and improve quality strategy
- Managed care plans
  - No increased administrative effort or cost because they are already providing data and reports as requested by state and EQRO
- Enrollees
  - Would provide additional information on quality of care provided by plans
  - Public reporting of data in ATRs could incentivize plans to improve quality of and access to care
- Providers
  - No direct effect

Proposed Recommendation 2

The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services to issue guidance and external quality review (EQR) protocols that include more prescriptive and consistent standards for reporting on EQR activities to improve the usefulness of report content and alignment of the EQR process with the overall federal quality and oversight strategy.

Rationale

- Stakeholders think CMS flexibility for states to design EQR process could be better balanced with standardization and consistency
  - Inconsistent interpretation and reporting across states, programs, and EQROs
  - Standardization can bring efficiency to the EQR process for states, managed care plans, and CMS
- ATRs are lengthy, detailed, and hard for most audiences to comprehend
  - More standardized structure for reporting could improve ability to glean key takeaways
- Standardizing aspects of ATR improves usability and digestibility of findings while maintaining state flexibility with EQR process
  - CMS could develop a standardized template to summarize key findings in an executive summary
- EQR is part of a larger, increasingly complex federal managed care quality and oversight strategy
  - CMS should identify areas of overlap with other federal requirements to reduce states' burden to provide duplicative information

Design Considerations

CMS should consider the following design considerations when providing guidance and updating the EQR protocols:

- Reduce EQR reporting requirements duplicative with other federally required reports
- Develop standardized template synthesizing and summarizing key findings and recommendations (e.g., executive summary)
- Establish clear link between EQR and state managed care quality strategy
- Identify key indicators of plan performance through stakeholder input to consistently report in template
- Require additional information clearly identifying plan's level of compliance and placing performance in content (e.g., comparison to national benchmarks)

Implications

- Federal spending
  - Increased administrative effort but no expected increases in federal spending
  - Administrative effort could be offset by alignment between EQR and other federal quality and oversight reporting requirements to reduce burden on federal regulators
- States
  - States would need to work with EQRO to modify their ATRs
  - States could benefit from reduced administrative effort through alignment of EQR reporting with other federally mandated reports
- Managed care plans
  - No increased administrative effort unless EQRO requests new information from plans
  - Plans could benefit from predictability and consistency of standardized EQR activities
- Enrollees
  - Increased transparency and accessibility to managed care plan information could improve the oversight and performance of managed care plans and improve enrollee outcomes
- Providers
  - No direct effect

Proposed Recommendation 3

The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services (CMS) to require states to publish external quality review (EQR) annual technical reports in a 508-compliant format and for CMS to publicly post all state EQR reports in a central repository on the CMS website.

Rationale

- CMS could improve transparency of ATRs by posting all state reports in a central repository
  - Medicaid agencies posting ATRs on individual state websites makes it hard for stakeholders to compile information across states
  - Lack of accessibility can hinder ability of stakeholders to monitor state managed care programs and plan performance
- ATR summary tables published by CMS do not include findings from report
  - Absence of findings prevents stakeholders from using summary tables to assess plan performance
- Challenge to post current ATRs on Medicaid.gov because of 508 compliance
  - Difficult to make each state's ATR 508 compliant due to length and variations in format
  - CMS could require states to submit ATR in 508-compliant format
  - A standardized executive summary template as discussed in Recommendation 2 could also simplify the process of 508 compliance

Implications

- Federal spending
  - Increased administrative effort but no expected increases in federal spending
  - Administrative effort of CMS creating a standardized template could be offset by CMS requiring states and their EQRO provide the annual technical report in a 508-compliant format
- States
  - Initial increased administrative effort to coordinate with EQROs to implement requirements of a standardized and 508-compliant format for the ATR
  - Administrative effort would diminish over time once the initial template was finalized
- Managed care plans
  - Plans may see an initial increased administrative effort should the EQRO require information in a different format
  - Administrative effort would diminish over time once the initial template was finalized and plans could potentially see a reduction in administrative effort across time and states due to standardization
- Enrollees
  - Increased transparency and accessibility to managed care plan information by having all EQR information for all states in one central location
- Providers
  - No direct effect

Next Steps

Next Steps

- Commissioner discussion and feedback on recommendations and rationale
- Commissioner decision on recommendations to move forward
- If Commissioners decide to move forward with any recommendations:

  - MACPAC staff will send recommendations to Congressional Budget Office (CBO) for scoring

  - January meeting: Review of draft chapter and vote on recommendations

  - March Report to Congress: Include chapter on Improving Managed Care External Quality Review

Summary of Proposed Recommendations

1. The Secretary should direct CMS to require the EQR ATR include outcomes data and results from quantitative assessments collected and reviewed as part of the compliance review mandatory activity

2. The Secretary should direct CMS to issue guidance and EQR protocols that include more prescriptive and consistent standards for reporting on EQR activities to improve the usefulness of report content and alignment of the EQR process with the overall federal quality and oversight strategy

3. The Secretary should direct CMS to require states to publish EQR ATRs in a 508-compliant format and for CMS to publicly post all state EQR reports in a central repository on the CMS website

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