

January 23, 2025

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

*Review of recommendations and draft chapter for March report*

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Allison Reynolds & Chris Park



Medicaid and CHIP Payment and Access Commission



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# Overview

- Background
- Challenges in External Quality Review (EQR) process
- Recommendations
- Next Steps



# Background

- The Medicaid statute establishes a broad oversight role for the Centers for Medicare & Medicaid Services (CMS), with only two direct oversight and monitoring requirements:
  - States must have a managed care quality assessment and improvement strategy
  - States must conduct an annual external independent review of the quality of and access to services under each managed care contract
- Federal, state, and managed care plans' activities are intended to function as an interrelated set of compliance and quality requirements
- EQR requirements include:
  - Annual activities conducted by independent external quality review organization (EQRO)
  - Mandatory and optional activities
  - EQR protocols for each activity developed by CMS
  - Annual technical report (ATR)

# Challenges in EQR Process

- The connection between EQR and state quality strategies has been limited
- The EQR process and EQR protocols focus predominantly on process measures, validation, and compliance
- States vary in whether they enforce EQRO findings and in the tools they use to improve plan performance
- Although states post their ATRs publicly, there can be challenges with accessibility and usefulness of report content
- CMS oversight of the EQR process appears limited

# Proposed Recommendations

## Recommendation 1.1

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).

# Recommendation 1.1: Rationale

- Stakeholders described the compliance review as the most comprehensive mandatory EQR activity
- Reporting of outcomes data would make ATRs a more effective tool for states to use in quality improvement and managed care plan oversight
- Consistent with the 2024 managed care rule's new requirement to include outcomes data and results from quantitative assessments from the other three mandatory EQR activities in ATR
- Not intended to create new measures nor mandate specific data be collected and reported

# Recommendation 1.1: Implications

- Federal spending
  - Congressional Budget Office (CBO) does not estimate any changes in federal direct spending
  - Federal administrative burden could be reduced by CMS updating compliance review protocol simultaneously with other three mandatory EQR protocols required by the 2024 managed care rule
- States
  - Should not see a substantial increase in costs or administrative burden
  - Could gain new insights from data to improve managed care quality strategy
- Enrollees
  - Could improve transparency into plan quality and access, and improve the care provided
- Health Plans
  - Should not see a substantial increase in costs or administrative burden
- Providers
  - No direct effect



## Recommendation 1.2

The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services to update external quality review (EQR) protocols to (1) reduce areas of duplication with other federal quality and oversight reporting requirements, (2) create a more standardized structure in the annual technical report that summarizes EQR activities, results, and actions taken by state Medicaid agencies, and (3) identify key takeaways on plan performance.

## Recommendation 1.2: Rationale

- ATRs are too lengthy and detailed for most readers to comprehend
- Stakeholders value flexibility in EQR process but thought it could be better balanced with reporting standardization and consistency
  - More standardized structure for summarizing and reporting EQR activities, results, and actions taken by states in response to results would improve stakeholders' ability to glean key takeaways on plan performance
- Recommendation would standardize reporting structure and summarize key findings; does not create new measures nor mandate collection of specific data
- CMS should identify areas where EQR overlaps with other federal reporting requirements to reduce duplicative reporting and decrease states' administrative burden

# Recommendation 1.2: Implications

- Federal spending
  - CBO does not estimate any changes in federal direct spending
  - Federal administrative burden could be reduced if CMS aligns EQR findings, data, and reporting with other federal quality and oversight reporting requirements
- States
  - Could see increased administrative burden initially to respond to modified ATR reporting structure
  - Could benefit from reduced administrative burden if CMS reduces EQR reporting in areas where information is duplicative of other federally mandated reports
- Enrollees
  - Could benefit from improved care by plans and increased transparency into ATRs
- Health plans
  - Could benefit from consistency of EQR reporting across EQROs and states
- Providers
  - No direct effect

## Recommendation 1.3

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.

## Recommendation 1.3: Rationale

- Stakeholders indicate recent reports are hard to find on state websites
- CMS could improve accessibility by developing a central repository for ATRs on the Medicaid.gov website
- Summary tables published by CMS do not include findings from ATRs; thus stakeholders cannot use to assess plan performance
- CMS website requires 508-compliant format
  - Requiring states submit 508-compliant ATRs to CMS ensures reports are available and accessible to persons with disabilities
  - Alternatively, CMS could require a standardized executive summary in a 508-compliant format in addition to the entire report

# Recommendation 1.3: Implications

- Federal spending
  - CBO does not estimate any changes in federal direct spending.
  - Some increase in administrative burden to post ATRs
- States
  - Could incur an initial increase in administrative burden to implement any requirements on a 508-compliant format
  - Increased administrative burden would decrease over time
- Enrollees
  - Enrollees would benefit from increased accessibility to ATRs in one location
- Health plans
  - Could see an increase in administrative burden if information is needed in a different format but this burden would decrease over time
- Providers
  - No direct effect

## Next Steps

- Vote on recommendations tomorrow
- Finalize chapter for March report to Congress
- Continue to examine Medicaid managed care oversight and accountability

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