March 2024

MEDICAID MANAGED CARE

Additional Federal Action Needed to Fully Leverage New Appeals and Grievances Data

GAO Highlights

Highlights of GAO-24-106627, a report to congressional requesters

Why GAO Did This Study

Over 70 percent of Medicaid enrollees receive services through managed care. Because there can be financial incentives for managed care plans to deny or limit services, appeal and grievance systems serve as a safeguard to protect enrollees. States are required to use appeals and grievances data to monitor managed care plans' performance. Beginning in 2022, states were also required to report certain managed care plan appeals and grievance data and other information to CMS annually.

GAO was asked to examine the new appeals and grievances data. This report (1) describes what the first-year data indicate about appeals and grievances, and (2) examines CMS's efforts to address any limitations in the data and its efforts to use the data for oversight.

GAO analyzed appeals and grievances data for state contract year 2022 across 35 states, and interviewed officials from five of these states, selected on the basis of geography and other factors. GAO also reviewed CMS documents, interviewed CMS officials, and assessed CMS's efforts against agency guidance.

What GAO Recommends

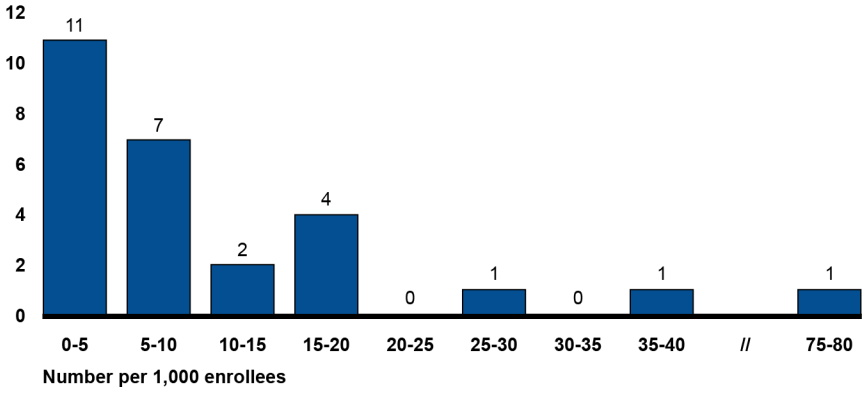
GAO is making two recommendations to CMS: (1) to require states to report on appeal outcomes and number of denials; and (2) to implement planned actions for analyzing, using, and publicly posting the appeals and grievances data. The agency concurred with GAO's recommendations and noted plans to address them.

View GAO-24-106627. For more information, contact Michelle B. Rosenberg, 202-512-7114, RosenbergM@gao.gov

What GAO Found

Managed care plans have some flexibility in determining when to authorize services for enrollees. Managed care enrollees may appeal denials of requested services and file grievances about any dissatisfaction not covered by an appeal. Data on appeals and grievances are an important tool for oversight of managed care, as they can help reveal quality and access issues. The first year of data from state annual managed care reports indicated that rates of appeals and grievances per 1,000 enrollees varied widely across states in 2022. Among other things, this could signal problems with access to needed services.

Medicaid Managed Care Plan Appeal Rates Across States with Reliable Appeals Data, Contract Year 2022



Source: GAO analysis of Centers for Medicare & Medicaid Services data. | GAO-24-106627

The Centers for Medicare & Medicaid Services (CMS) has begun taking steps to address limitations in the new appeals and grievances data. For example, as of December 2023, CMS had conducted technical assistance with seven states to address data gaps and inconsistencies. CMS has also outlined its intentions to use these data for oversight and to enhance transparency. However, GAO found:

- **No data on outcomes or number of denials.** CMS does not require states to report on the outcomes of enrollee appeals (e.g., whether a plan overturns its initial denial upon review) or the number of denials. These data elements are key to identifying potential problems with enrollee access to services.
- **Delayed progress on planned actions to use the data.** As of December 2023, CMS had made limited progress on its plans to analyze the data and make data available to the public. Taking these steps would help to inform CMS's data quality efforts and provide incentives for states to focus on quality.

By requiring states to report additional data and implementing planned steps to use the data, CMS would be better positioned to meet its goal to use the data to target program improvement, including around enrollee access to care.