Highlights

Highlights of GAO-24-106532, a report to the Ranking Member, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

The EPSDT benefit is key to ensuring that the millions of children covered by Medicaid have access to services necessary to improve or maintain their health. Most of these children receive services under this benefit through managed care plans, which may have a financial incentive to limit services. Recent reviews from the Department of Health and Human Services' Office of Inspector General identified concerns with plans' decisions to deny services that were medically necessary.

GAO was asked to review children's access to EPSDT services under managed care. This report describes (1) how selected managed care plans authorize services, and (2) how selected states oversee plans' service authorization; as well as examines (3) CMS's oversight of states' efforts to monitor plans' service authorization. GAO reviewed documentation and interviewed officials from five selected states, one plan per state, and CMS. Selected states varied in geography, number of plans, and other factors. Selected plans varied in ownership and populations served.

What GAO Recommends

GAO is making two recommendations to CMS: (1) communicate expectations for how states are to monitor the appropriateness of plans' prior authorization decisions and confirm that states meet these expectations, and (2) clarify whether managed care plans can require prior authorization for EPSDT services when the state does not have such requirements. The agency partially concurred with each recommendation. GAO maintains that these actions are needed to help ensure adequate oversight.

View GAO-24-106532. For more information, contact Michelle B. Rosenberg at (202) 512-7114 or RosenbergM@gao.gov

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MEDICAID

Managed Care Plans' Prior Authorization Decisions for Children Need Additional Oversight

What GAO Found

Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit entitles children to a comprehensive set of screening, diagnostic, and treatment services. Managed care plans, which can administer the benefit, may require providers to request and receive approval before providing some diagnostic and treatment services, a process known as prior authorization.

Five selected plans GAO reviewed generally had similar processes for reviewing prior authorization requests for EPSDT services. For instance, the plans reviewed requests against medical necessity criteria and conducted a second review before denying a request. However, the plans required prior authorization for different services. For example, some selected plans required prior authorization for neuropsychological testing, speech therapy, or radiology services, while other selected plans did not.

Selected states' oversight of managed care plans' prior authorizations, including for EPSDT services, generally fell into the following categories:

- **Review of plans' processes:** This could include reviewing plans' policies related to time frames for notifying beneficiaries of prior authorization decisions and reviewing some of the medical necessity criteria plans used to make authorization decisions for certain services.
- **Data collection:** All five selected states collected data from plans on either prior authorization approvals and denials, or appeals of decisions. Three states used these data to identify trends, such as the services being denied.
- **Review of a subset of denied authorizations:** Two of the five selected states reviewed the appropriateness of a small subset of denials for which a state fair hearing was requested. These hearings can be requested if the plan upholds a denial on appeal, among other circumstances.

The Centers for Medicare & Medicaid Services' (CMS) oversight focuses on ensuring that states evaluated plans' prior authorization policies for compliance with requirements. CMS requires states to monitor how plans manage utilization, which includes prior authorization. However, CMS has not specified how states should monitor prior authorization decisions or assessed if states are sufficiently monitoring plans to ensure they are making appropriate prior authorization decisions. Although two of five selected states reviewed a subset of service denials, GAO found that none of the selected states reviewed a representative sample of denials or used data to assess the appropriateness of the full scope of plans' prior authorization decisions.

CMS also has not clearly defined whether plans can require prior authorization for EPSDT diagnostic and treatment services when the state Medicaid program does not have such requirements. CMS requires states' contracts with plans to define medically necessary services in a manner that is no more restrictive than the definition used by the state, but has not clearly defined whether this prohibits plans from requiring prior authorization for services when the state

does not do so. Without efforts to help ensure that plans' prior authorization decisions are appropriate and that requirements are clear, plans may deny children access to medically necessary EPSDT services to which they are entitled.