
Using Managed Care External Quality Review for Quality Improvement in Medicaid and CHIP

Quality Improvement Technical Assistance

The Centers for Medicare & Medicaid Services (CMS) offers group and one-on-one technical assistance (TA) to provide state Medicaid and Children's Health Insurance Program (CHIP) programs with information, tools, and expert knowledge to improve care and outcomes for Medicaid and CHIP beneficiaries.

This video is part of a TA series focused on:

Quality Improvement (QI) in Medicaid and CHIP Managed Care.

This content is current as of January 2024. We encourage interested parties to review the Medicaid and CHIP Managed Care Access, Finance, and Quality Proposed Rule published in May 2023, available at <https://www.cms.gov/newsroom/fact-sheets/notice-proposed-rulemaking-medicare-and-childrens-health-insurance-program-chip-managed-care-access>.

Managed care QI TA series also includes:

- *Using Medicaid and CHIP Managed Care Quality Oversight Activities for QI overview webinar*
- *Using Managed Care Quality Strategies for QI in Medicaid and CHIP video*

Available at
<https://www.medicare.gov/medicaid/quality-of-care/medicaid-managed-care-quality/managed-care-quality-improvement/index.html>

Learn More!

Purpose

- This video provides an overview of the requirements for managed care External Quality Review (EQR), shares key QI information included in EQR technical reports, and describes how EQR can inform QI projects.
- The goal is to help Medicaid and CHIP staff understand how to use EQR and EQR technical reports for QI with their managed care program(s).
- This video is a TA resource for states and can be used to:
 - Onboard state Medicaid and CHIP managed care and QI staff.
 - Refresh Medicaid and CHIP staff as they prepare to review their annual EQR technical report.
 - Launch a QI project.
 - Introduce EQR to Medicaid and CHIP program QI partners.

The Role of Medicaid and CHIP Programs and Their Staff in Managed Care QI

In this video, “states” refers to Medicaid and CHIP programs and their staff.

States must conduct managed care oversight activities*, States also support managed care QI efforts including:

- **Developing a quality strategy (QS) for assessing and improving the quality of health care and services furnished by managed care plans, including goals and objectives for QI.**
- **Requiring managed care plans (MCPs) to establish an ongoing comprehensive Quality Assessment and Performance Improvement (QAPI) program.**
- **Implementing an annual EQR.**

States also support managed care QI efforts by voluntarily:

- **Incorporating MCPs into QI projects.**
- **Ensuring alignment of QI projects across the managed care program activities.**
- **Sharing data with MCPs to drive QI.**
- **Providing TA to MCPs as they conduct QI.**
- **Disseminating best practices across MCPs.**
- **Connecting health plans with QI partners outside of Medicaid and CHIP programs, such as the state’s public health agency.**

*See Appendix A for a summary of which managed care oversight activities apply to each type of MCP.

Annual External Quality Review

- EQR is the analysis and evaluation of the quality, timeliness, and access to the health care services provided by MCPs.
- EQR includes a set of mandatory and optional EQR-related activities. These activities are designed to provide the state with a sound understanding of the strengths and improvement opportunities within MCP performance.
- EQR must be conducted annually by an External Quality Review Organization (EQRO) and must comply with federal requirements at 42 C.F.R. 438.350-370 for Medicaid and 42 C.F.R. 457.1250 for CHIP.

Mandatory EQR-Related Activities

- Validate performance improvement projects (PIPs)
- Validate performance measures (PMs)
- Review compliance with Medicaid and CHIP managed care regulations
- Validate network adequacy

Optional EQR-Related Activities

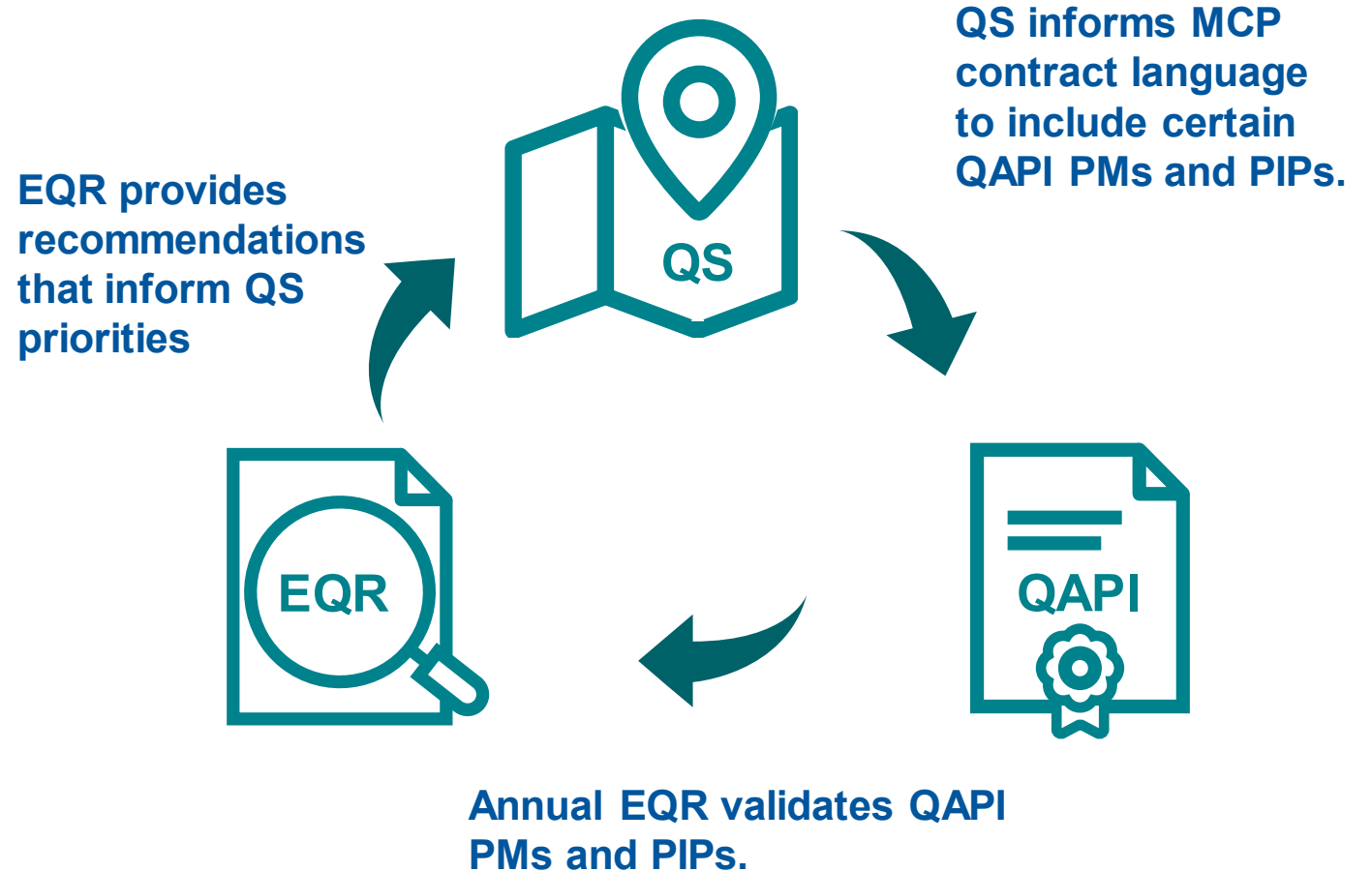
- Validate encounter data reported by MCPs
- Administer or validate quality of care surveys
- Calculate additional performance measures
- Conduct additional PIPs
- Conduct focus studies of health care quality
- Assist with quality rating of MCPs*

Note: *CMS must establish the Medicaid and CHIP Quality Rating System framework, and develop a protocol, before states can use this activity. More information is available at <https://www.medicaid.gov/medicaid/quality-of-care/medicaid-managed-care-quality/quality-rating-system/index.html>.

MCQ Cycle

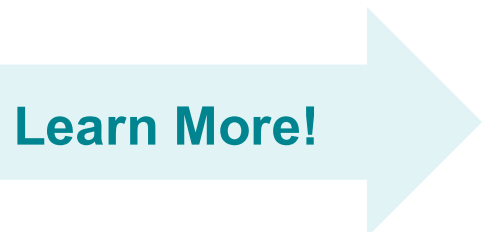
EQR is part of a set of interrelated managed care oversight activities called the MCQ cycle.

During EQR, the EQRO reviews progress toward the state's QS priorities and validates MCP network adequacy, QAPI PMs and PIPs. Using these findings, the EQRO suggests how the state and its MCPs can continue to drive QI. These recommendations are incorporated into the QS and implemented via MCP QAPI programs.

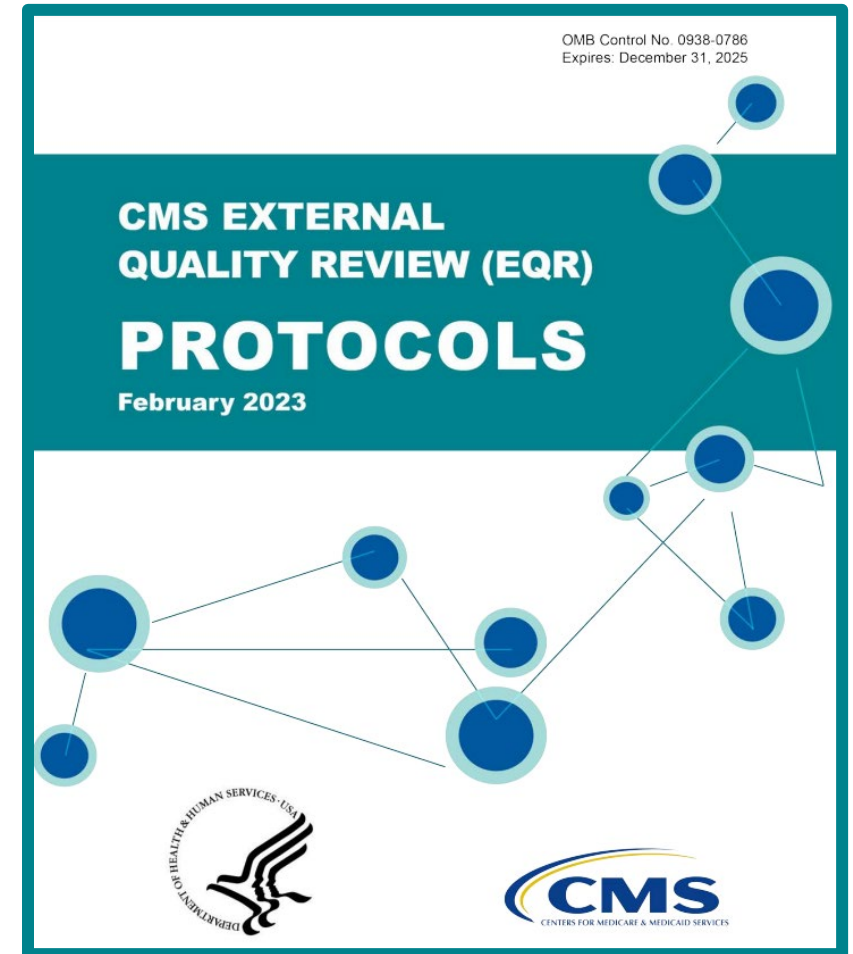


EQR Protocols

- CMS, with input from partners, develops EQR protocols to provide instructions, guidelines, worksheets, and tools that EQROs can use to conduct each EQR activity.
- For each EQR activity, the protocols share the purpose of the activity, data sources and data collection activities needed to conduct the activity, and methods for analyzing and interpreting data.
- CMS reviews the protocols and makes necessary revisions every three years.



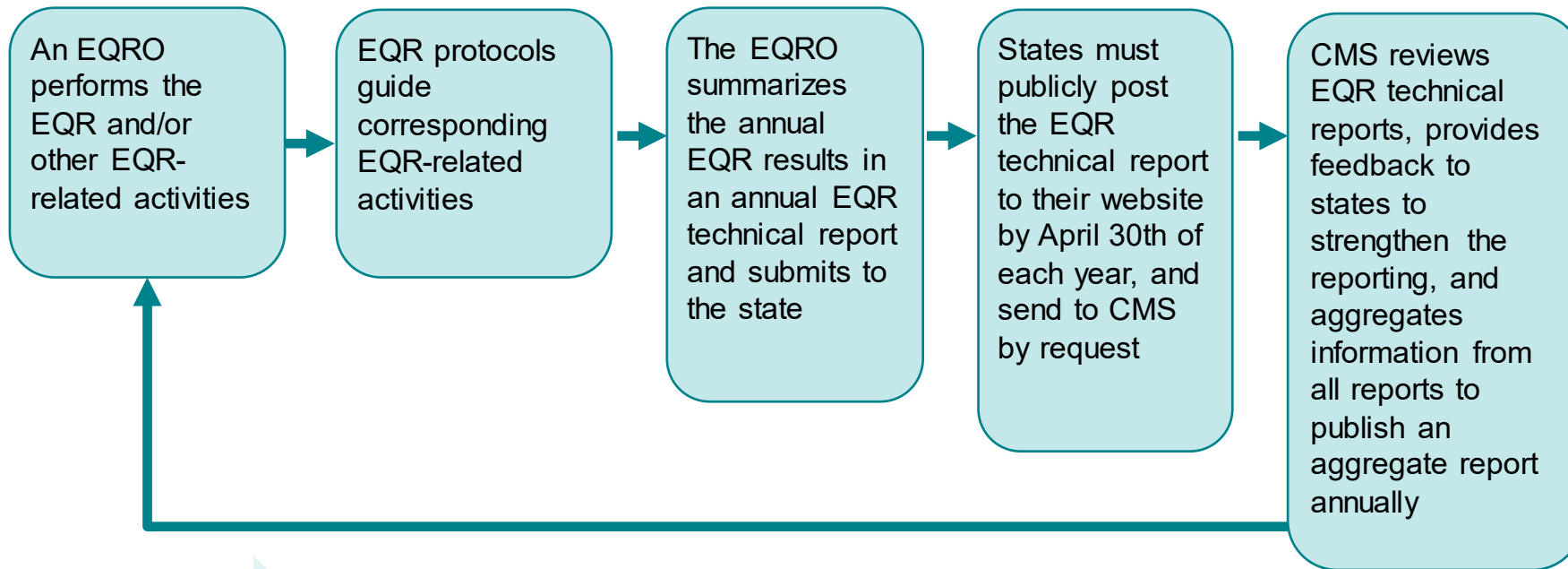
CMS released the 2023 EQR Protocols (available at <https://www.medicare.gov/medicaid/quality-of-care/downloads/2023-eqr-protocols.pdf>), which include guidance on the new mandatory network adequacy validation (NAV) activity.



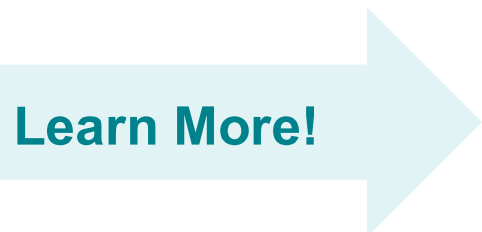
Annual EQR Process Flow Map

EQR-related activities may be conducted by the state, its agent that is not an MCP, or an EQRO.

However, the EQRO is responsible for producing and submitting the annual EQR technical report to the state



Some EQR-related activities are performed more or less frequently. For example, states may have their EQRO review PIPs periodically before the annual validation to ensure progress toward the aim statement and allow more timely refinement of the QI approach.



Learn More!
Federal Financial Participation (FFP) for EQR is subject to requirements. To learn more about those requirements, see page 7 of the 2023 EQR Protocols, available at <https://www.medicaid.gov/medicaid/quality-of-care/downloads/2023-eqr-protocols.pdf>.

EQR Technical Reports

- EQROs share their findings in EQR technical reports, which must be published on states' websites by April 30 each year.
- EQR technical reports must:
 - Provide insight into the quality of care provided by states' managed care programs.
 - Share and compare MCP performance.
 - Identify strengths and areas for QI.
 - Review MCP compliance with standards set forth in 42 C.F.R. 438 Subpart D and QAPI requirements under 42 C.F.R. 438.330.
 - Provide recommendations for improving MCP processes for monitoring network adequacy.
- CMS extracts PM and PIP information from EQR technical reports and publishes them annually on Medicaid.gov.

Learn More!

To review CMS's aggregate summary tables of PIPs and performance measures reported in EQR technical reports, see "EQR Annual Reporting", available at <https://www.medicaid.gov/medicaid/quality-of-care/medicaid-managed-care/quality-of-care-external-quality-review/index.html>.



Key QI Elements in EQR Technical Reports



Performance Measures

EQR technical reports must include validation findings and performance data for plan and state-level PMs in use during the 12-month period preceding the EQR review.



Network adequacy standards

Beginning in April 2025, EQR technical reports must include validation findings from the network adequacy validation activity.



PIPs

EQR technical reports must include validation findings on PIPs underway in the 12-month period preceding the EQR review.



EQRO Recommendations

EQR technical reports must include the EQRO's QI recommendations for the state and its MCPs.

TIP

State QI efforts are most closely connected to the mandatory EQR activities related to validation of PMs and PIPs, however other EQR activities may also inform QI activities.

Performance Measures (PM) Findings



- EQROs must validate the PMs that MCPs are required to report as part of their QAPI programs (42 C.F.R. 438.358(b)(1)(ii)).
 - Validation means that the EQRO assesses whether the PM rates reported by MCPs are accurate based on measure specifications.
- Findings from PM data validation, including plan performance on PMs, must be included in the state's EQR technical report.
- EQR technical reports can be a key resource for finding year-over-year PM results at the plan level. Reviewing several years of EQR technical reports allows states to monitor MCP and state performance over time.

TIP

Although not required, states can ask their EQRO to stratify the PM data by population, age, race, ethnicity, or geographic area. Stratified PM rates can help states target their QI activities and project focus areas better.

PIP Findings



- EQROs must validate the PIPs that MCPs conduct as part of their QAPI program (42 C.F.R. 438.358(b)(1)(i)).
- Validation includes:
 - Assessing PIP methodology by reviewing the PIP’s design and implementation.
 - Confirming the accuracy of the MCP’s reported results.
 - Interpreting PIP results and noting whether the interventions are achieving improvement.
- Findings from PM data validation for each PIP must be included in the state’s EQR technical report.
- EQR technical reports can be valuable for understanding ongoing MCP QI efforts. Reviewing several years of EQR technical reports allows states to monitor PIP performance over time.

TIP

Although not required, states may partner with EQROs to conduct mid-point assessments of the PIPs and provide feedback to MCPs. This allows MCPs to receive more timely feedback and make mid-course corrections.

Network Adequacy Validation Findings



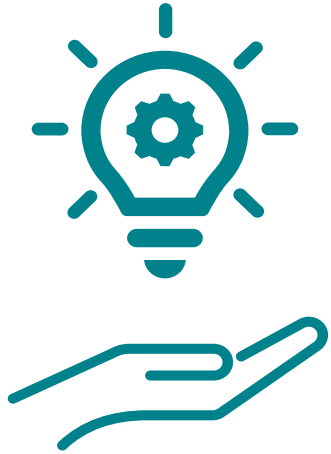
Learn More!

Review the Managed Care External Quality Review: Network Adequacy Validation Protocol TA resource, available at <https://www.medicaid.gov/sites/default/files/2023-04/eqr-network-adequacy-protocol-factsheet-2023.pdf>.

- States must ensure that MCPs maintain provider networks that are sufficient to provide timely and accessible care to Medicaid and CHIP beneficiaries.
- EQROs must validate the network adequacy (NA) analyses conducted by each MCP (42 C.F.R. 438.358(b)(1)(iv).^{*} Validation includes:
 - Validating the data and methods used by the MCPs to assess NA.
 - Validating the MCPs' reported results and generating a validation rating.
- Each MCP's NA validation findings must be included in the state's annual EQR technical report.
- Reviewing the annual EQR technical reports can be valuable for understanding opportunities to improve access to timely care.

^{*}Note: EQR Protocol 4 (Validation of Network to improve the Adequacy) is written as if the EQRO is validating network adequacy analyses conducted by MCPs, but also applies when the state calculates the network adequacy indicators using data submitted by MCPs.

EQRO Recommendations



- EQROs must provide two types of recommendations (42 C.F.R. 438.364(a)(4):
 - 1) Recommendations on how each MCP can improve performance.
 - 2) Recommendations on how the state can better target its managed care QS goals and objectives.
- EQR technical reports also must include an assessment of how well MCPs addressed recommendations from the previous year's EQR (42 C.F.R. 438.364(a)(6)).

TIP

In an EQR technical report, EQRO recommendations may be listed under sections outlining plan-specific or activity-specific findings, or in a summary section.

Using EQR for QI

Using PM Findings for QI

States can use PM findings to inform the selection and monitoring of QI projects.

Performance Measure	CMIT #	Measure Steward	Plan A	Plan B
			Rates	Rates
Cervical Cancer Screening (CCS-AD)	118	NCQA	81%	64%
Flu Vaccinations for Adults Ages 18 to 64 (FVA-AD)	259	NCQA	72%	79%
Screening for Depression and Follow-Up Plan: Age 18 and Older (CDF-AD)	672	CMS	58%	55%

States can use PMs to identify MCPs that may benefit from state coaching on a QI project.

States also can use PM findings to identify opportunities for improvement and future QI project focus areas.

States can ask their EQROs to provide comparisons to previous year's PM rates, allowing the state to monitor MCP performance over time. States also can ask their EQROs to compare PM rates to national Healthcare Effectiveness Data and Information Set (HEDIS) rates, allowing performance benchmarking relative to other state Medicaid programs.

CMIT: CMS Measure Inventory Tool

Using PIP Findings for QI

Identify QI Best Practices

- EQROs assess and provide feedback on the PIP methodology, such as appropriateness of the:
 - Aim statement.
 - Target population.
 - PMs.
 - Data collection procedures.
- This feedback may include suggestions for refining QI approaches, such as improving Plan-Do-Study-Act (PDSA) tests and data collection.
- States can apply these suggestions to other QI projects.

Identify Successful QI Strategies

- EQROs assess the likelihood that PIP improvement strategies tested by MCPs led to a significant and sustained improvement.
- States can review these findings for insights into which QI strategies within the PIP interventions worked. Successful strategies can be incorporated into other QI projects.
- States can also share EQR technical report findings with their MCPs and other QI partners to disseminate lessons learned from successful and unsuccessful PIP interventions.

Using Network Adequacy Validation Findings for QI

- EQROs assess and report on each MCP's ability to:
 - Collect reliable and valid network adequacy monitoring data.
 - Use sound methods to assess the adequacy of its managed care networks.
 - Produce accurate results to support MCP and state network adequacy monitoring efforts.
- States are encouraged to consider how this information could support QI. Examples might include:
 - Identifying strategies to promote access in rural areas.
 - Piloting interventions to reduce wait times.
 - Informing initiatives to improve MCP provider directory data quality.
 - Identifying potential gaps and developing strategies for improving the quality of MCP sources used to assess network adequacy (e.g., beneficiary enrollment and provider network data files).

Learn More!

For more information, review the slides from the Updated Protocols for the External Quality Review (EQR) of Medicaid and CHIP Managed Care, including Validation of Network Adequacy webinar, available at <https://www.medicaid.gov/sites/default/files/2023-04/updated-eqr-protocols-webinar-2023.pdf>.

Using EQR Recommendations for QI

Program-specific Recommendations

- EQROs recommend how states can better target their QS goals and objectives or better monitor MCP performance in areas needing improvement.
- In response to the EQR, a state may
 - Update its QS to include an objective on a PM with low performance across plans.
 - Amend MCP contracts and QAPI to prioritize QS goals and objectives where the state is not on track to meet targets.
 - Identify disparities or priority topics for QI projects.

MCP-specific Recommendations

- EQROs provide recommendations specific to each MCP based on the PIP, PM, and network adequacy validation findings.
- These recommendations may include suggestions for improving data collection efforts or a PIP's design.
- States may use these assessments to identify ongoing issues within MCP performance.
- States can work with their MCPs to understand how the MCPs will address the recommendations.
- States can provide technical assistance to MCPs as needed.

Additional Ways to Act on EQR Findings



Use PIP and PM findings to identify high-performing MCPs to understand their practices and spread their lessons learned.

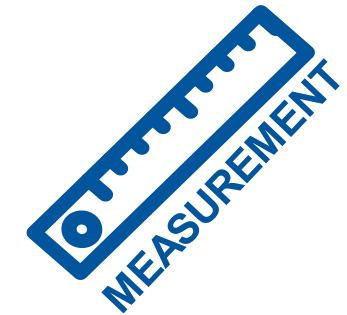


Use findings to inform updates to MCP contract language to drive better quality.

Leveraging Optional EQR Activities for QI

Using Optional PM EQR Activities for QI

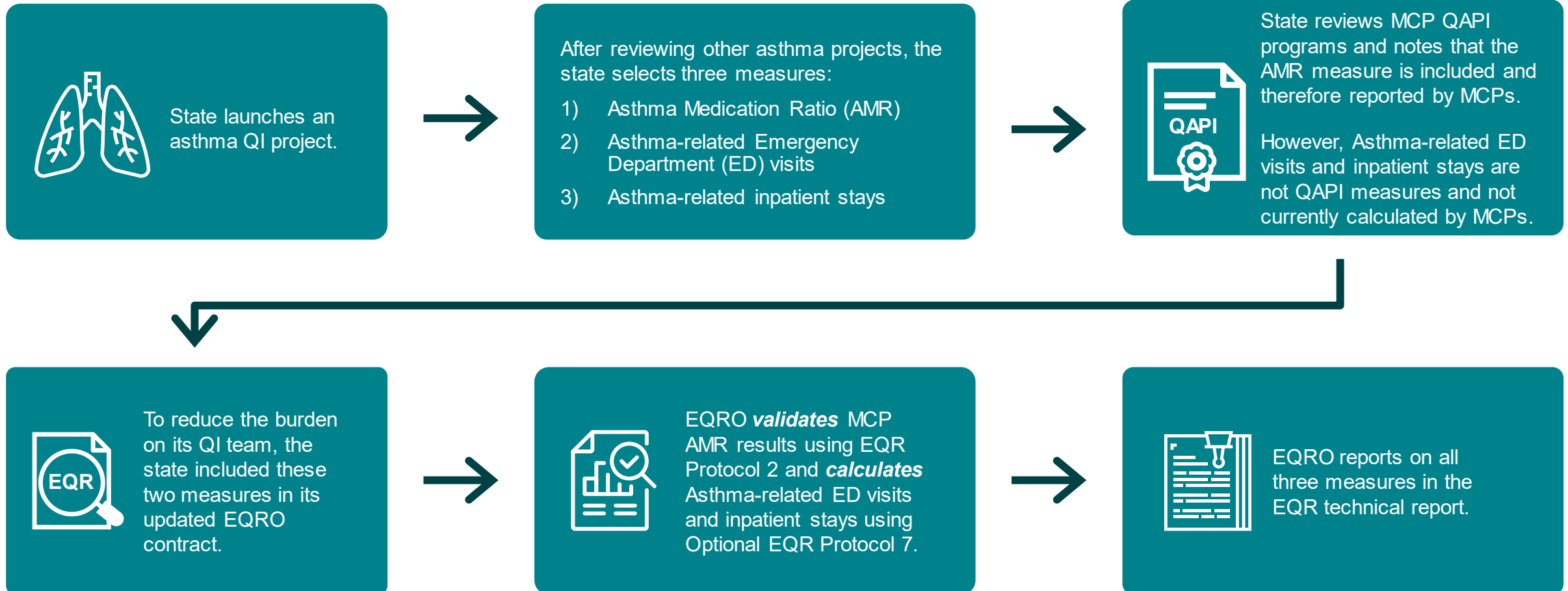
- States can ask their EQRO to calculate additional, non-QAPI measures for their managed care program. These could include measures in QI project **measurement strategies**.
 - Given the timing of EQR, this option works best for measures with annual performance periods.
- Optional EQR Protocol 7 (Calculate additional performance measures) guides the implementation and assessment of non-QAPI PMs.



QI Project Measurement Strategies

QI projects use measurement strategies to monitor progress and assess whether their project is leading to improvement. Learn more in the [Using Medicaid and CHIP Managed Care Quality Oversight Activities for QI overview webinar](#).

Example of Using Optional PM Activities for a QI Project



Using Optional PIP EQR Activities for QI

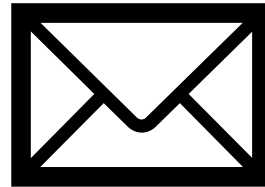
- Optional EQR Protocol 8 (Implementation of additional PIPs) guides the implementation and assessment of PIPs performed by the EQRO.
- The protocol supports EQROs in selecting optional PIP topics and populations in alignment with the state's QI priorities; identifying PIP variables; collecting, analyzing, interpreting results; and assessing the improvement strategies to identify whether significant and sustained improvements occurred.
- States can use this optional activity to test and assess the impact of **change ideas**.



QI Project Change Ideas

Change ideas are the evidence- and experience-based interventions that QI projects test. Learn more in the [Using Medicaid and CHIP Managed Care Quality Oversight Activities for QI overview webinar](#).

Thank You



Please contact the CMS managed care quality TA mailbox with any questions related to Medicaid and CHIP managed care quality at

ManagedCareQualityTA@cms.hhs.gov

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Medicaid and CHIP agencies, managed care plans, and any potential partner organization remain responsible for ensuring compliance with applicable laws, including federal fraud and abuse laws.

Appendix A. Applicability of Managed Care Oversight Activities

What Managed Care Oversight Activities Apply to Which Plan Types?

MCQ Activity	MCO, PIHP, PAHP	NEMT PAHP	PCCM	PCCM entity	PCCM entity with financial incentives
Quality strategy	☑	-	-	-	☑
Quality Assessment and Performance Improvement	☑	-	-	-	☑
External quality review	☑	-	-	-	☑

Appendix B. Selected Acronyms and Definitions

Key MCQ Terms

Definition	Description
External Quality Review (EQR)	The analysis and evaluation by an EQRO of aggregated information on quality, timeliness, and access to the health care services provided by an MCP. Results are intended to: improve states' ability to oversee and manage the managed care plans they contract with for services and help managed care plans improve their performance with respect to quality, timeliness, and access to care
External Quality Review Organization (EQRO)	An independent organization that conducts the EQR and reports findings in an annual report
Managed care plan (MCP)	Entities that provide health care coverage to Medicaid, CHIP, or dual eligible beneficiaries through a delivery system organized to manage cost, utilization, and quality
Performance Improvement Project (PIP)	A project completed by MCPs that implements an intervention designed to achieve and sustain significant improvement in health outcomes over time
Performance Measure (PM)	Measure the degree to which a health care service is rendered, and evidence-based guidelines were followed by providers or MCPs
Plan-Do-Study-Act (PDSA) test	PDSA cycles are used to plan, conduct, and learn from testing a quality improvement (QI) idea.
Quality assessment and performance improvement (QAPI)	An ongoing comprehensive quality program that states must require through their contracts with each MCP
Quality strategy (QS)	A three-year plan for assessing and improving the quality of care provided by MCPs that states must draft and implement

Appendix C. TA Resources

TA Resources

- CMS Medicaid and CHIP Managed Care Quality Improvement webpage: <https://www.medicare.gov/medicaid/quality-of-care/medicaid-managed-care-quality/managed-care-quality-improvement/index.html>
- CMS Medicaid and CHIP Managed Care Quality webpage: <https://www.medicare.gov/medicaid/quality-of-care/medicaid-managed-care/index.html>
- CMS Quality Strategy webpage: <https://www.medicare.gov/medicaid/quality-of-care/medicaid-managed-care-quality/state-quality-strategies/index.html>
- Medicaid and CHIP Managed Care Quality Strategy Toolkit: <https://www.medicare.gov/medicaid/downloads/managed-care-quality-strategy-toolkit.pdf>
- CMS EQR protocols: <https://www.medicare.gov/medicaid/quality-of-care/medicaid-managed-care/external-quality-review/index.html>
- CMS Medicaid and CHIP Managed Care Access, Finance, and Quality Proposed Rule (May 2023): <https://www.federalregister.gov/documents/2023/05/03/2023-08961/medicaid-program-medicare-and-childrens-health-insurance-program-chip-managed-care-access-finance>

Stay tuned for additional TA products on Medicaid and CHIP managed care quality improvement!

