
Medicaid and CHIP Managed Care Final Rule (CMS 2390-F)
Improving the Quality of Care for Medicaid Beneficiaries

April 25, 2016

On April 25, 2016, the Centers for Medicare & Medicaid Services (CMS) issued a final rule on managed care in Medicaid and the Children's Health Insurance Program (CHIP). The rule, which is the first overhaul of Medicaid and CHIP managed care regulations in more than a decade, advances the Administration's efforts to modernize the health care system to deliver better care, smarter spending, and healthier people. It supports state delivery system reform efforts, strengthens the consumer experience and key consumer protections, strengthens program integrity by improving accountability and transparency, and aligns key rules with those of other health coverage programs.

Improving the Quality of Care for Medicaid Beneficiaries

The final rule enhances transparency in Medicaid and CHIP managed care, supports states in contracting with health plans that offer higher-value care, improves consumer and stakeholder engagement, and, where feasible, aligns quality measurement and improvement in Medicaid and CHIP managed care with other systems of care. Additionally, the regulation establishes the first quality rating system in Medicaid and CHIP, similar to the QRS that exists for the Marketplace and adds elements to managed care quality strategies to identify and reduce health disparities.

More specifically, the major quality provisions of the rule:

- Establish authority to develop and implement the first-ever Medicaid and CHIP quality rating system (QRS), similar to the QRS that exists for the Marketplace, to enable states to better measure and manage the quality of care and to assist consumers to shop for plans. The final rule also provides for extensive state and stakeholder input into the development of the QRS and provides the flexibility for states to develop an alternative to the CMS-developed QRS.
- Extend requirements for external quality review and a managed care quality strategy to all types of managed care including state-contracted prepaid ambulatory health plans and primary care case management entities whose contracts include payment incentives for improved quality;
- Add two new elements to state managed care quality strategies to help support key quality goals: a plan to identify, evaluate, and reduce health disparities; and mechanisms implemented by the state to identify individuals who need long-term services and supports or who have special health care needs;
- Improve transparency of managed care quality information by requiring states to post on state websites: information on managed care plan accreditation status; state managed care quality strategies; and the results of the annual external quality reviews, which provide an independent assessment of the performance of managed care plans;
- Ensure that states validate plan network adequacy information as part of their annual external quality review process; and

- Create opportunities for stakeholder and public engagement in development of state managed care quality strategies and the Medicaid and CHIP quality rating system.

Creating a Quality Rating System for Medicaid and CHIP

The final rule authorizes CMS to develop a Medicaid and CHIP managed care quality rating system (QRS) to provide performance information on all managed care plans. The CMS-developed QRS will align with the summary indicators used in the Marketplace QRS while retaining flexibility to use different measures within each summary indicator that reflect the particular populations served by Medicaid and CHIP. A quality rating system based on a common set of summary indicators provides enrollees with information about quality of care similar to that which is available to privately insured individuals; increases transparency in Medicaid and CHIP managed care; and allows consumers to compare their plan choices.

In developing the Medicaid and CHIP QRS, we will use a robust public engagement process, similar to that used by CMS to develop the Marketplace QRS including multiple stakeholder listening sessions. We also intend to publish a proposed methodology and quality measures framework for the Medicaid and CHIP QRS in a Federal Register notice, which will provide additional opportunity for public comment. CMS expects the QRS provisions will be implemented over five years. This final rule also establishes authority and a CMS approval process for states to develop an alternative quality rating system, provided that the alternative QRS yields information regarding plan performance which is substantially comparable to that yielded by the CMS-developed Medicaid and CHIP managed care QRS.

The final rule is available at <https://www.federalregister.gov/>.

For more information, visit <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/delivery-systems/managed-care/managed-care-site.html>