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GAO Recommends CMS Enhance Prior Authorization Oversight in Medicaid Managed Care

A new [report](#) by the Government Accountability Office (GAO) concludes that CMS should take steps to improve its oversight of the appropriateness of Medicaid managed care prior authorization decisions, particularly for services required under Medicaid's Early Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit. The EPSDT benefit provides a range of preventive health care services for Medicaid enrollees under the age of 21.

"Reviewing plans' prior authorization decisions to ensure that medically necessary services are approved is important because plans may have financial incentives that could lead them to inappropriately limit access to services, including EPSDT services," GAO wrote in the report.

While the study focused on the EPSDT benefit, GAO found that CMS oversight of Medicaid managed care prior authorizations overall focuses on the plans' prior authorization processes, but not the appropriateness of the final decisions. The report found that managed care plans often have inconsistent prior authorization requirements for specific services across states, and although states must oversee managed care plans, none of the states selected for the report assessed a representative sample of denials to evaluate the appropriateness of the prior authorization decisions.

In its review, GAO cited previous reports from the federal Department of Health and Human Services' Office of Inspector General which found a high number of denied prior authorizations by some plans and limited oversight of prior authorization denials in most states. Similarly, GAO reported, it found that monitoring of prior authorization decisions for EPSDT services was limited in the states selected for review.

GAO concludes that CMS and states would benefit from systematic efforts to monitor managed care plans' prior authorization decisions and clarity on which services prior authorization requirements may be imposed so that they can know whether children are receiving the health care services they need.

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