

## Report in Brief

Date: September 2023  
Report No. A-02-21-01016

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Audit

OIG has identified longstanding challenges, including insufficient oversight and limited access to specialists, that may reduce the quality of health care services provided to Medicaid enrollees. The Senate Special Committee on Aging requested that OIG conduct a review of the Medicaid managed care organization (MCO) industry to determine whether these companies are meeting their obligations to serve children, older adults, and people with disabilities and their families. In addition, several news articles have highlighted concerns related to the Medicaid managed care program and its oversight.

Our objective was to determine whether New York's oversight of Centers Plan for Healthy Living (CPHL) ensured compliance with Federal and State requirements when CPHL denied access to requested services that required prior authorization.

### How OIG Did This Audit

Our audit covered denials of prior authorization requests for CPHL long-term care services and dental services that were either overturned by New York or withdrawn by CPHL. For these requests submitted during the period from April 2018 through March 2020, CPHL reported 1,131 overturned denials and 19 withdrawn denials. We reviewed a judgmental sample of 70 denials to determine whether they complied with Federal and State requirements.

## New York Did Not Ensure That a Managed Care Organization Complied With Requirements for Denying Prior Authorization Requests

### What OIG Found

For 35 of 70 sampled denials, New York's oversight of CPHL ensured that CPHL complied with Federal and State requirements when it initially denied prior authorization requests for services and items. These denials were overturned by the State Department of Financial Services or State Office of Temporary and Disability Assistance based on additional information provided during the appeal process. However, for the remaining 35 sampled denials, we determined that CPHL justified the denials by citing incorrect information in denial notices issued to the associated Medicaid enrollees. Ultimately, the enrollees' access to requested services associated with these sampled claims were delayed a median of 75 days and, in one case, as many as 282 days, which may have significantly impacted the health and safety of Medicaid enrollees.

We determined that New York's monitoring was not effective to ensure that CPHL complied with requirements for denying prior authorization requests. New York did not—and was not required to—regularly obtain and review information related to MCOs' initial denials and internal appeals of prior authorization requests. Rather, New York relied on its retrospective review of a sample of prior authorization denials during its biennial operational surveys and other data. Without obtaining and reviewing information related to MCOs' initial denials and internal appeals, New York had limited ability to conduct effective oversight of CPHL's prior authorization practices.

### What OIG Recommends and New York's Comments

We recommend that New York: (1) use the finding in this report to determine whether CPHL was noncompliant and determine whether a corrective action plan or other sanctions are appropriate, (2) review CPHL's appeal process and ensure that CPHL makes any necessary changes to comply with requirements for denying services, and (3) implement procedures to obtain and review information related to MCOs' initial denials and internal appeals.

New York did not indicate concurrence or nonconcurrence with our findings or recommendations. However, it described actions it has taken or plans to take to address the findings, such as by means of a plan to conduct a focused survey of MCOs. We commend New York for its actions but note that its plans do not fully address our recommendations. We maintain that our recommendations should be fully implemented.