

Report in Brief

Date: September 2023
Report No. A-07-22-07007

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 people enrolled in Medicaid. The Senate Special Committee on Aging asked OIG to conduct a review of the Medicaid managed care organization (MCO) industry to determine whether MCOs are meeting their obligations to serve children, older adults, and people with disabilities and their families. In addition, several articles have highlighted concerns related to the Medicaid managed care program and its oversight.

Our objective was to determine whether Amerigroup Iowa, Inc. (Amerigroup), complied with Federal and State requirements when it denied, through its prior authorization and appeal processes, medical services that members had requested during 2018 and 2019.

How OIG Did This Audit

During 2018 and 2019, Amerigroup denied 12,910 of the 482,937 prior authorization requests it received. Our audit covered the 12,910 prior authorization denials, which included 2,572 denials that members or providers subsequently appealed. We selected and reviewed a judgmental sample of 50 prior authorization denials and 50 appeals of prior authorization denials to determine whether Amerigroup's processes complied with Federal and State requirements.

Amerigroup Iowa's Prior Authorization and Appeal Processes Were Effective, but Improvements Can Be Made

What OIG Found

Amerigroup complied with Federal and State requirements when it denied, through its prior authorization and appeal processes, 80 of the 100 sampled prior authorization denials and appeals for medical services that members had requested during 2018 and 2019. However, it did not comply with Federal and State requirements when it denied the remaining 20 prior authorization requests and appeals that we sampled.

For 19 of the 20 sampled prior authorization denials and appeals that did not comply with Federal and State requirements, Amerigroup did not provide correct or any information to members regarding their State fair hearing rights. For the other 1 of the 20 sampled prior authorization denials and appeals that did not comply with requirements, Amerigroup was unable to locate or provide documentation to support a prior authorization denial.

Although Amerigroup denied only 3 percent of requested medical services during its prior authorization process, we noted that of the 2,572 prior authorization requests that Amerigroup denied in 2018 and 2019 and that were subsequently appealed, a total of 1,605 of those denials (62 percent) were overturned through Amerigroup's appeal process.

What OIG Recommends and Auditee Comments

We recommend that Amerigroup coordinate with Iowa to improve its prior authorization and appeal processes to ensure that members receive correct information regarding prior authorizations, the appeal process, and State fair hearing rights, procedures, and timeframes; and review and update its prior authorization process to improve communication with providers.

Amerigroup concurred with our recommendations and described actions that it had taken or planned to take. For our first recommendation, Amerigroup stated that it had implemented measures to provide correct information to members, and that it would add a dedicated workstream within its existing State contract amendment process. For our second recommendation, Amerigroup stated it offers an online portal to simplify information exchange and streamline the prior authorization and claims processes, as well as a program through which providers can allow Amerigroup direct access to their electronic medical record systems. Amerigroup also described steps it has taken to reduce the number of services that requires prior authorization.