



IOWA HOSPITAL
ASSOCIATION

We care about Iowa's health

February 13, 2023

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
7500 Security Blvd
Baltimore, MD 21244

Re: CMS 4201-P, Medicare Program; Contract Year 2024 Policy and Technical Changes to the Medicare Advantage and Medicare Prescription Drug Benefit Program

Dear Administrator Brooks-LaSure:

On behalf of 116 Iowa hospitals, the Iowa Hospital Association appreciates the opportunity to comment on the Centers for Medicare & Medicaid Services' (CMS) proposed rule for policy and technical changes to the Medicare Advantage (MA) program in contract year 2024.

The proposed rule includes important protections for MA beneficiaries and clarifications for Medicare Advantage Organizations (MAOs) that will improve how coverage works for enrollees, promote more timely access to care, strengthen access to behavioral health providers, help patients understand their Medicare coverage options, and reduce the administrative burden of health plan requirements on health care providers. **IHA strongly supports the proposed changes intended to strengthen consumer protections and oversight of MAOs, which are critical and urgently needed, and we encourage the agency to expeditiously finalize these important program updates. IHA also offers our concerns about the proposed changes to the legal standard for identifying overpayments and recommend that CMS either withdraw this section of the proposed rule or restore the portions of prior CMS rulemaking on overpayments which afforded providers with the necessary time to investigate and accurately identify overpayments.**

Hospitals frequently encounter challenges in working with MAOs and securing timely authorization and payment for care they provide to their patients, which can result in unnecessary delays and increased administrative burdens. These challenges often include misuse of utilization management programs, inappropriate denial of medically necessary services that would be covered by Traditional Medicare, requirements for unreasonable levels of documentation to demonstrate clinical appropriateness, inadequate provider networks to ensure patient access, and unilateral restrictions in health plan coverage in the middle of a contract year, among others.

IHA's key comments and recommendations are included below and focus on prior authorization and medical necessity criteria; behavioral health access; post-acute care; oversight and enforcement; and our concerns regarding the proposed changes to the legal standard for identifying overpayments.

PRIOR AUTHORIZATION AND MEDICAL NECESSITY CRITERIA

The MA program was intended to provide beneficiaries with coverage of an equivalent set of services to Traditional Medicare with a level of access that is no less favorable, but that aim is not consistently achieved. In fact, an April 2022 Department of Health and Human Services Office of the Inspector General (HHS-OIG) report found that 13% of MA prior authorization denials and 18% of MA payment denials that were reviewed met Medicare coverage rules and should have been granted.¹ **As a result, IHA strongly supports CMS’ proposal to limit MAOs from adopting more restrictive rules than Traditional Medicare, seeking to ensure MAOs provide access to an equivalent set of covered services as intended.**

Specifically, CMS proposes that plans can only create internal medical necessity criteria “when there is no applicable coverage criteria in Medicare statute, regulation, NCD [national coverage determination], or LCD [local coverage determination],” and that such criteria must be “based on current evidence in widely used treatment guidelines or clinical literature that is made publicly available to CMS, enrollees, and providers.” Eliminating MAO flexibility to apply differential and opaque criteria when determining medical necessity — which today are often inconsistent with Medicare coverage rules — would be significantly beneficial for patients. Despite existing CMS rules precluding MAOs from using clinical criteria that are more restrictive than Traditional Medicare, hospitals experience MAOs doing exactly that. Currently, MAOs often classify their medical necessity criteria as proprietary and do not share specifics with hospitals, resulting in a “black box” when hospital staff attempt to determine whether a service will be approved. This lack of transparency is a frequent reason that prior authorization and claim reimbursements are delayed or denied.

Hospital inpatient admission is one area in which plans often administer proprietary medical necessity criteria that is inconsistent with Medicare coverage rules. Inconsistent and more restrictive plan criteria for inpatient admissions frequently leads to uncertainty for providers and patients — whose medically justified inpatient stays are often denied or retrospectively downgraded to observation stays, even in situations where the clinical necessity for the admission far exceeds plan requirements.

Such inappropriate denials of necessary inpatient coverage would be prohibited under CMS’ proposal, which explicitly reiterates that coverage of inpatient admissions, skilled nursing facility (SNF) care, home health services and inpatient rehabilitation facilities (IRF) are basic Medicare benefits for which MAOs may not utilize proprietary medical necessity criteria. **IHA urges CMS to finalize these important provisions codifying that MAOs must provide access to care for basic benefits in a way that is consistent with, and no more restrictive than, Traditional Medicare coverage rules.**

Further Clarity to Support Understanding and Compliance. In the face of compelling evidence that certain MAOs have historically circumvented federal rules in applying overly restrictive medical necessity criteria, IHA recommends **that CMS adopt more specific language regarding the Traditional Medicare rules that MAOs are required to follow.** For example, IHA interprets that the reiteration of inpatient admissions as a basic benefit and the requirement that MAOs cover basic benefits in a fashion that is no more restrictive than Traditional Medicare means that MAOs must follow the

¹ <https://oig.hhs.gov/oei/reports/OEI-09-18-00260.pdf>

Two-Midnight rule and adhere to the Inpatient Only List. This would effectively prevent MAOs from downgrading inpatient hospital stays that exceed two midnights to observation status—a practice that effectively applies a more restrictive set of criteria to an inpatient admission. **Hospitals urge CMS to explicitly state that MAOs must follow the Two-Midnight rule, for example, as opposed to leaving this to an interpretation of logic.** Additionally, to enhance clarity and adherence, we encourage CMS to offer greater specificity and delineate the specific rules that MAOs must follow pursuant to Traditional Medicare coverage rules where possible.

Relevant Medical Expertise to Review Medical Necessity Determinations. IHA commends CMS’s proposed update to § 422.566(d), which seeks to ensure appropriate personnel make medical necessity determinations for MA beneficiaries. Patients should be able to rely on the expert judgment of their medical care team as opposed to a health plan clinician who has never treated or even met the patient—and may not have the same training or specialty expertise as the treating physician. To ensure that denials are made based on relevant and applicable medical expertise, reviewing clinicians must have appropriate training in the field of medicine for the service being requested.

One area in which this is particularly important is peer-to-peer discussions. Physicians frequently participate in MAO-required peer-to-peer discussions as part of the health plan appeals process where clinicians can explain the merits of their recommended treatment approach and advocate for its coverage. Specialists often report that they encounter MAO medical professionals who do not have applicable expertise in the requested service discipline yet are responsible for conducting medical necessity reviews in that service area. Additionally, hospitals have experienced difficulties in the timeframe some MAOs have in place to do a peer-to-peer discussion. Some MAOs allow for these discussions to occur within 14 days, while another requires it to occur within 48 hours. This adds another layer of complexity, especially if the provider is working in the emergency department and not able to schedule the peer-to-peer meeting or is not scheduled to work. **Accordingly, IHA appreciates CMS’s recognition of this issue in proposing updates to the qualifications of the reviewing clinician and urge CMS to specify that these rules apply to peer-to-peer discussions in addition to prior authorization reviews. IHA also recommends CMS clarify that this provision applies to expedited reviews in addition to standard requests for prior authorization.**

Site of Care Protections. IHA commends CMS for the inclusion of provisions designed to protect patients from unnecessary site of care restrictions. Specifically, CMS states multiple times in the preamble that when care could plausibly be provided “in more than one way or in more than one type of setting,” an MAO may not impose its choice of site of care and deny the request on those grounds if there is no basis for such restriction in Traditional Medicare. Protecting patients from inappropriate site of service restrictions is imperative, as such changes can impede patient access and delay care, especially when adopted mid-plan year or applied to critically ill or complex patient populations. To ensure that the regulations in effect create such protection, **IHA encourages CMS to establish more explicitly a clearly stated site of service limitation in the regulatory text (as opposed to the preamble) that directly prohibits MAOs from adopting policies which restrict the site(s) where a covered services can be delivered when there is no basis for that restriction in Traditional Medicare.**

Continuity of Care. IHA recommends that CMS finalize its proposed patient protections for continuity of care. As proposed, CMS would require prior authorizations to be valid for the entirety of a prescribed treatment and require plans to honor existing prior authorizations for no less than 90 days of patient enrollment. This would preclude the need for additional prior authorizations for each episode of care in a series of prescribed treatments, such as a regimen of chemotherapy, which can delay or interrupt ongoing treatments unnecessarily. Regulations eliminating plan use of repetitive mid-treatment prior authorizations would benefit many, particularly vulnerable patients. As a result, **IHA commends CMS for codifying these important patient protections to support continuity of care and stresses the importance of finalizing these proposals.**

IMPROVING ACCESS TO BEHAVIORAL HEALTH SERVICES

IHA applauds CMS for its proposals to expand access to behavioral health services and strengthen MAO provider networks. Inadequate behavioral health provider networks have been a consistent problem for many years, impeding access to critical services. As a result, hospitals face very real challenges in supporting patients experiencing behavioral health crises who often spend extended periods of time in inappropriate settings (like the emergency department) waiting for an available bed or for MAO authorization to be transferred to another setting.

IHA specifically supports CMS's proposal to add clinical psychologists, licensed clinical social workers and prescribers of medication for opioid use disorder as specialty provider types for which there are specific minimum network standards, in addition to the current requirements to demonstrate adequate inclusion of psychiatry providers and inpatient psychiatric facilities. Behavioral health care services involve a wide continuum of providers, facilities and settings, all of which must be incorporated into insurance coverage to sufficiently meet specialized patient and community needs. In addition, by expanding the types of behavioral health specialty providers required to be in-network beyond physician-level psychiatrists and inpatient psychiatric facilities, MAOs will have a wider array of qualified provider types to contract with in meeting requirements — and enrollees will have access to a broader selection of appropriately trained specialists.

IMPROVING ACCESS TO POST-ACUTE CARE SERVICES

IHA commends CMS for the significant steps it has taken in this proposed rule to address concerns regarding MA beneficiary access to medically necessary post-acute care (PAC) services. Institutional PAC providers, including inpatient rehabilitation hospitals and units (IRFs), long-term care hospitals (LTCHs), skilled nursing facilities (SNFs) and home health agencies (HHAs) play a vital role for recovering Medicare beneficiaries. These providers work to restore function and allow beneficiaries to return to their lives after a serious illness or injury, usually after an acute care hospitalization. However, MA beneficiaries are frequently denied access to these covered services or suffer long delays in receiving authorization for transfer to an appropriate PAC facility. This harms patients who are robbed of specialized rehabilitation care to optimize their chances of recovery, exacerbates capacity issues at general acute care hospitals and saddles health care workers with time consuming administrative appeals processes to get patients what they need.

Accordingly, CMS' proposed modifications and additions will help ensure MAOs utilize proper criteria when evaluating requests for PAC services, that MAOs use prior authorization in an appropriate manner, and that the need for repeated prior authorization requests do not disrupt patient care and unduly burden

providers. These updates are especially critical for PAC services, which the HHS-OIG report highlighted as one of the top service categories experiencing inappropriate denials for covered services.

In addition, to shore up the protections proposed in this rule and to ensure the availability of appropriate PAC services in MAO networks, **IHA recommends that CMS add a requirement that IRFs, LTCHs and HHAs be explicitly added to MA network adequacy requirements.**

Consistent with CMS' intention to ensure MA beneficiaries have appropriate access to basic benefits covered by Traditional Medicare, it is important that providers who deliver these basic benefits are appropriately represented in MAO networks. Current MA network adequacy rules do not include specific requirements that IRFs, LTCHs, and HHAs be included in MAO networks. This is a problematic omission that can directly impede patient access to covered services. Inadequate networks of PAC providers present challenges for patients referred for downstream specialized care that is not provided by the referring hospital, such as services covered by Traditional Medicare for IRFs and LTCHs. These settings provide care through interdisciplinary care teams with specialized clinical training and treatment programs that are critical to achieving patients' rehabilitation and recovery goals. Insurance constructs that result in inadequate PAC provider networks are a critical barrier to patients accessing these specialized services to which they are entitled.

ENFORCEMENT AND OVERSIGHT

Throughout this proposed rule, CMS has thoughtfully addressed a wide range of stakeholder concerns about MAO policies and practices which may delay or restrict access to care. As described above, IHA believes these policies will go a long way to protect MA beneficiaries, increase access to care and implement important guardrails needed to ensure the MA program functions as intended. However, CMS notes in several sections of the proposed rule that the provisions are restatements or codification of existing CMS policies or practices, which underscores the importance of the work ahead in the implementation phase to hold plans accountable and ensure compliance. IHA also recognizes that many of these policies govern operational processes related to authorization, claims processing and payment, which are difficult to meaningfully oversee without rigorous oversight to include plan-level data collection and reporting, regular auditing, pathways for stakeholders to report suspected violations and penalties for non-compliance. Each of these elements will be critical in ensuring these important changes become standard operating procedures for MAOs and have the intended effects on beneficiary protection and access to care.

CHANGES TO THE STANDARD FOR IDENTIFYING OVERPAYMENTS

CMS' proposal to change the legal standard for identifying an overpayment (from the current standard of "reasonable diligence" to the False Claims Act definition of "knowingly") would result in an unrealistic strict 60-day timeline to return overpayments once they have been identified. This new proposed timeline will be nearly impossible to meet, subjecting organizations to unnecessary False Claims Act liability even when hospitals are acting in good faith to comply.

Although it is unclear exactly why CMS believes it is necessary to change its approach, the proposed rule incorrectly suggests that it is legally required to do so. The text and history of the relevant statutory provision (42 U.S.C. § 1320a-7k(d)(2)(A)) indicate that CMS must afford overpayment recipients with

sufficient time to conduct audits and investigations to identify the size, scope and nature of overpayments, so long as that overpayment recipient demonstrates good faith while working to identify the exact amount it must return to the Secretary.

There was good reason for Congress to adopt this approach. A 60-day timeframe for returning overpayments, without an appropriate period to investigate and quantify the overpayment, is entirely unrealistic. Once hospitals identify a potential overpayment, their compliance and revenue cycle teams conduct an extensive and rigorous audit investigation to collect facts, identify the source of the discrepancy, mitigate any continuing circumstances if the issue is ongoing, and determine exactly how much money must be returned. This requires identifying every claim that may have been overpaid by claim number, dates of service, and amount billed and paid. It also may involve complex statistical sampling followed by quality checks, as well as consultations with the Medicare Administrative Contractor. Given the six-year lookback period, moreover, in many instances claims data is already archived or stored on legacy systems and must be “restored” such that it can be queried for the unique claims at hand. And in some cases, identifying refunds involves applying different legal standards to different years of claims because Medicare rules change over time, further complicating the analysis and identification.

Previous CMS rulemaking on this topic, including the 2016 Final Rule on Reporting and Returning Overpayments, appropriately recognized these practical realities and clarified that up to six months is permitted to conduct a necessary investigation and appropriately quantify an overpayment. **HHS should not deviate from this current practice and impose an unrealistically strict 60-day deadline on hospitals and health systems to return overpayments.** Instead, once hospitals know of the existence of an overpayment, HHS should allow a reasonable timeframe for them to identify exactly how much they must repay before any 60-day clock is triggered. No judicial decision—and certainly no statute—requires any change in CMS’s existing approach. **To that end, HHS should withdraw this portion of the proposed rule and/or restore the portions of the 2016 Final Rule that afford providers with the necessary time to investigate and accurately identify overpayments.**

IHA thanks the Agency for the opportunity to comment on these important topics. We particularly appreciate CMS’s thoughtful proposals to improve how the Medicare program works for patients and their providers and appreciate your consideration of our recommendations. **IHA urges CMS to expeditiously finalize the health plan oversight and consumer protections included in the proposed rule and to adopt the recommended modifications to the proposed policy on overpayments.** Please do not hesitate to reach out to me if you have any questions.

Sincerely,



Erin Cubit
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Iowa Hospital Association