OIG Reported Significant Improper Denials of Prior Authorization Requests

Richard P. Kusserow | September 8, 2022

Key Points:

- **MAOs denied 18 percent of payment requests that should have been approved**
- **AHA weighed in, echoing OIG's call for increased MAO oversight**

Some Medicare Advantage Organizations (MAOs) denials of prior authorization requests raised concerns about beneficiary access to medically necessary care according to an April 2022 Department of Health and Human Services Office of Inspector General (OIG) report. The OIG found that 13 percent of prior authorization requests denied by MAOs were, in fact, meeting Medicare coverage rules. In other words, these services likely would have been approved for beneficiaries under original Medicare (also known as Medicare fee-for-service). The plans also denied 18 percent of payment requests that should have been approved. The most cited reasons for denials were plan exclusions and lack of medical necessity. The OIG called for the Centers for Medicare and Medicaid Services (CMS) to update its audit protocols and issue new guidance on medical necessity reviews performed by the plans.

The American Hospital Association (AHA) echoed the OIG's recommendations for CMS to increase MA plan oversight, improve patient access to care and address the issues raised in the OIG report. This included "taking swift action to hold Medicare Advantage plans accountable for inappropriately and illegally restricting beneficiary access to medically necessary care." The AHA noted that the OIG's findings clearly indicate that greater oversight of MA plans is needed to ensure appropriate beneficiary access to care. The AHA went on to say that "Inappropriate and excessive denials for prior authorization and coverage of medically necessary services is a pervasive problem among certain plans in the MA program, (and) this results in delays in care, wasteful and potentially dangerous utilization of fail-first imaging and therapies, and other direct patient harms (as well as) adding financial burden and strain on the health care system through

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inappropriate payment denials and increased staffing and technology costs to comply with plan requirements."

Noteworthy is that MA plans now cover more than 29 million beneficiaries; and notwithstanding the problems identified, it remains extremely popular with beneficiaries. According to a June 2022 "Spotlight on Medicare Advantage: An eHealth Survey," nearly nine out of ten enrollees indicated they were satisfied with their coverage, and nearly two-thirds reported being very satisfied.

For more information on this or other compliance-related topics, contact Richard Kusserow at rkusserow@strategicm.com.

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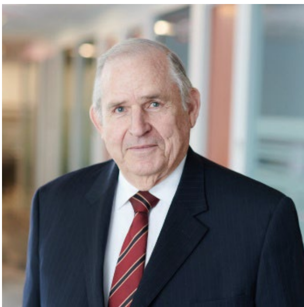

About the Author

Richard P. Kusserow established Strategic Management Services, LLC, after retiring from being the DHHS Inspector General, and has assisted over 2,000 health care organizations and entities in developing, implementing and assessing compliance programs.

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