

Managed Care External Quality Review: Network Adequacy Validation Protocol

Introduction

External Quality Review (EQR) is an important part of Medicaid and Children's Health Insurance Program (CHIP) managed care quality and accountability. It is part of a suite of tools, including the EQR Protocols, Quality Strategy, and Quality Assessment and Performance Improvement (QAPI) requirements, that can help states leverage their managed care plans (MCPs) to drive quality improvement.

States must ensure that an annual EQR is conducted for each Medicaid and CHIP MCP to assess and monitor the quality, timeliness, and access to care provided, and to identify opportunities for quality improvement.¹ The EQR must be performed by a qualified independent external quality review organization (EQRO) and findings from the EQR inform the quality strategy.² The Centers for Medicare & Medicaid Services (CMS) develops and updates EQR protocols to guide and support states in using consistent methodologies, with the goal of generating technical reports that are useful to states and CMS for quality oversight and monitoring, and to inform quality improvement for MCPs.

In February 2023, CMS released updates to the EQR protocols, including the newly developed network adequacy validation protocol.³ States must ensure that MCPs maintain provider networks that are sufficient to provide timely and accessible care to Medicaid and CHIP beneficiaries across the continuum of services. This validation of network adequacy is a mandatory EQR activity.⁴

The purpose of this resource is to help states, EQROs, MCPs, and other interested parties understand the timeline for network adequacy validation, key elements of the network adequacy validation protocol, and additional resources available.

Timeline for Network Adequacy Validation Protocol

The network adequacy validation protocol goes into effect one year after it is released, and EQR reports submitted in the following year must include validation of network adequacy (see the timeline in Box 1).

Box 1. Timeline for Network Adequacy Validation Protocol

February 2023: Protocol on network adequacy validation released as part of updated EQR protocols.

February 2024: States and EQROs must begin conducting network adequacy validation activity annually as part of the EQR process. Under certain conditions, states may begin receiving a 75% match for this activity (see 42 CFR 438.370).

April 2025: EQR reports posted by the state must begin to include results from network adequacy validation activity.

Protocol Overview

The network adequacy validation protocol guides the EQRO in (1) validating the data and methods used by MCPs to assess network adequacy; (2) validating the results and generating a validation rating; and (3) reporting the validation findings in the annual EQR

¹ See 42 CFR 438.320 and 438.350; CHIP regulations at 42 CFR 457.1250 cross-reference to the Medicaid managed care EQR requirements at 42 CFR 438.350.

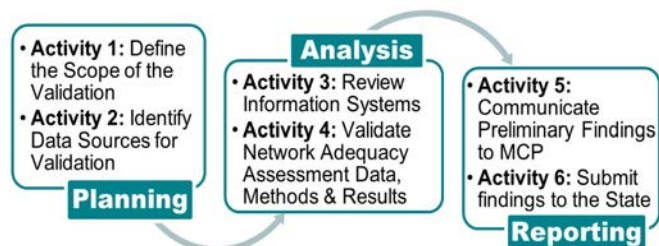
² See 42 CFR 438.354 for EQRO qualifications, 42 CFR 438.364(a)(4) for requirements to tie EQR to the quality strategy under 42 CFR 438.340.

³ The updated EQR protocols are available at <https://www.medicaid.gov/medicaid/quality-of-care/medicaid-managed-care/quality-of-care-external-quality-review/index.html>.

⁴ Mandatory EQR activities are required under 42 CFR 438.358(b) for Medicaid, and through cross-reference at 42 CFR 457.1250 for CHIP.

technical report.⁵ The protocol includes six activities related to planning, analysis, and reporting (Figure 1). Validation activities may be conducted on-site or remotely.

Figure 1. Network Adequacy Validation Activities



When conducting the validation of network adequacy, the EQRO should consider the following:

- Use worksheets and other information from the protocols to conduct the EQR
- Establish clear definitions for each network adequacy standard and indicator, including factors such as how the state defines provider types and how standards vary within the state by region, if applicable (see Box 2)⁶
- Review the state’s past EQR network adequacy validation reports to understand prior monitoring and validation approaches, if applicable
- Compare the MCP’s data from previous years against the most recent data to assess reliability, as major changes could reflect data quality issues
- Assess whether the MCP’s definitions and methods for calculating each network adequacy indicator align with the state’s expectations
- Ensure the report follows the state’s required format and meets federal requirements (see guidance in Introduction section of the updated EQR protocols)
- Make recommendations for how the state can target goals and objectives in the quality strategy, and discuss any progress made on previous year recommendations

⁵ The protocol is written as if the EQRO is validating network adequacy analyses conducted by the MCP. If the state opts to conduct the network adequacy analysis, the EQRO will validate the indicators produced by the state as if they were calculated by the MCP.

⁶ State-defined network adequacy standards must be included in the state’s quality strategy required under 42 CFR 438.340(b)(1) for Medicaid, and through cross-reference at 42 CFR 457.1240(e) for

Box 2. What is the difference between network adequacy standards and indicators?

Network adequacy standards are quantitative parameters that states establish to set expectations for contracted MCPs’ provider networks. For example, a state may set a network adequacy standard that all enrollees have access to a primary care provider (PCP) within 30 miles or 30 minutes of their home.

Network adequacy indicators are metrics used to measure adherence to network adequacy standards and to determine plan compliance with state network adequacy standards. For the example given above, the network adequacy indicator may be the proportion of enrollees who have access to a PCP within 30 miles or 30 minutes of their home.

Additional Resources

Additional resources related to validating and promoting network adequacy in Medicaid and CHIP are available:

- [Network Adequacy Validation Worksheets](#). EQROs can use the EQR protocol worksheets to identify network adequacy indicators and data sources for validation; note concerns about MCP data; guide the validation of MCP network adequacy data, data analysis, and results; and organize findings⁷
- [“Promoting Access in Medicaid and CHIP Managed Care: A Toolkit for Ensuring Provider Network Adequacy and Service Availability.”](#) This toolkit contains information and resources about promoting network adequacy
- [“Promoting Access in Medicaid and CHIP Managed Care: Behavioral Health Provider Network Adequacy Toolkit.”](#) This toolkit contains information focused on network adequacy and service availability standards for behavioral health

For TA with network adequacy validation, please contact ManagedCareQualityTA@cms.hhs.gov.

CHIP. States may work with MCPs to drive improvement in network adequacy and beneficiary access to care, according to their state quality strategy goals and objectives and QAPI programs.

⁷ States and EQROs are encouraged, but not required, to use the worksheets. The worksheets are intended to help structure the way information is collected and reported by EQROs and to promote compliance with the Network Adequacy Validation protocol.