



Iowa Medicaid
Review of State Fair Hearing (SFH) Appeals
Biannual Legislative Report
JANUARY 1, 2024 to JUNE 30, 2024

PURPOSE

An Appropriations Bill, Senate File (SF) 2418, directed the Department of Health and Human Services (HHS), to conduct an analysis of Medicaid member appeals and report on a biannual basis. This report provides an analysis of Medicaid Managed Care Organization (MCO) member appeals from **January 1, 2024, to June 30, 2024**, which includes appeals that have been withdrawn, dismissed, or overturned. HHS develops plans as necessary to address any negative patterns or trends identified by the analysis.

BACKGROUND

In this report, HHS analyzed MCO appeals that were withdrawn by a Medicaid member, dismissed by the MCO, or overturned by an administrative law judge (ALJ). The MCOs serving Iowa Medicaid during the reporting period included Wellpoint Iowa, Inc. (WLP), Iowa Total Care (ITC) and Molina Healthcare (MOL).

The HHS Iowa Medicaid dashboard contains appeals reporting information publicly available on the [HHS website](#)¹ Timeframes and data may differ between this report and the dashboard due to data definition variances.

A Medicaid member or their representative(s) may initiate an appeal following a decision by the MCO to deny, reduce, or limit items or services. Following the adverse action by the MCO, the member receives a letter explaining the reason for the denial, reduction, or limitation of benefits. The member has 60 days from the date of the letter to initiate the appeal process.

The initial appeal process includes an internal first-level review between the member and the MCO, during which members can appeal the adverse action. The MCO has 30 days to complete the first-level review and report, in writing, the findings of the internal review to the member. If the member disagrees with the MCO's decision, the member can file an appeal with HHS through the state fair hearing (SFH) appeals process within 120 days of the MCO's decision. The SFH allows members to present their case to an ALJ for review. SFH appeals are legal proceedings like a non-jury trial in a court of law where an impartial ALJ presides over the hearing.

During the reporting period, 895 appeal requests were submitted for SFH review. HHS's Quality Improvement Organization (QIO) reviewed 250 SFH appeals to determine if the MCO's initial decision to deny, reduce, or limit the service request was consistent or inconsistent with Iowa Administrative Code (IAC) and state and federal criteria. The QIO clinical review team consisted of physicians, nurses, licensed social workers, and subject matter experts with experience in Medicaid services and supports.

Of the 250 appeals reviewed by the QIO, the MCO dismissed 113 appeals, members withdrew 121 of the appeals, and an ALJ overturned 16.

Table one below outlines the membership of the three MCOs during this reporting period and the number of LTSS members for each MCO. One MCO may receive more appeals than another MCO because it serves more members or more members of a specific population.

¹<https://app.powerbigov.us/view?r=eyJrIjoiaMmlyMTQxNzltZmlwNS00ZDI2LThhMDAtZGI1MzZhNmNiMmM3liwidCI6IjhhMmM3YjRkLTA4NWetNDYxNy04NTM2LTM4YTc2ZDE5YjBkYSJ9>

While any member can appeal a decision by an MCO to deny or limit items or services, LTSS members tend to receive more services through their person-centered service plan.

Table 1: MCO Member Counts

MCO	Number of Members	Number of LTSS Members
ITC	235,305	16,048
MOL	191,976	6,156
WLP	252,239	20,516

KEY FINDINGS

The HHS Dashboard was used in the collection of the claim and member counts for each MCO. The MCOs provided 21,805,929 unique, appealable services to members. Out of this, members submitted 895 appeals, which is only .004 percent of the total appealable services. Moreover, only 0.00007 percent of the total appealable services resulted in an overturned decision by an ALJ.

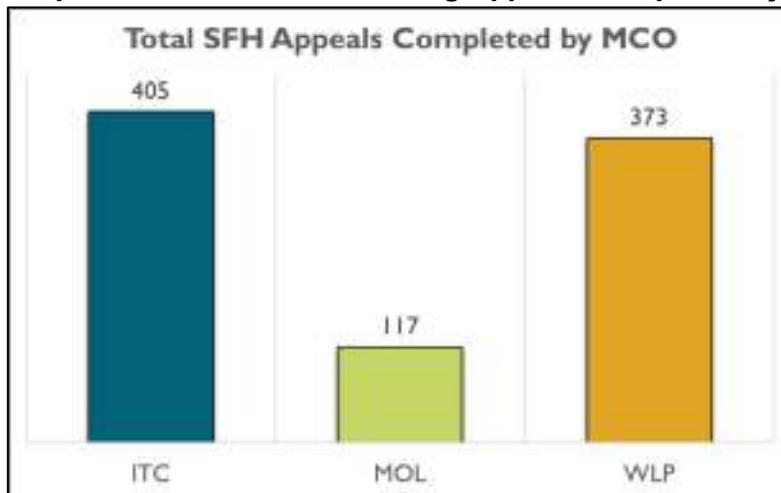
Table 2 and Graph 1 depict the number and percentage distribution of appeal requests completed, categorized by MCO. Of the total requests filed, 45 percent involved ITC-enrolled members, 13 percent involved MOL members and 42 percent involved WLP members.

Table 2: State Fair Hearings by MCO

MCO	Number of SFH Appeals	Percent of SFH Appeals
ITC	405	45%
MOL	117	13%
WLP	373	42%
Total	895	100%

Number and percentage of appeal requests completed by MCO

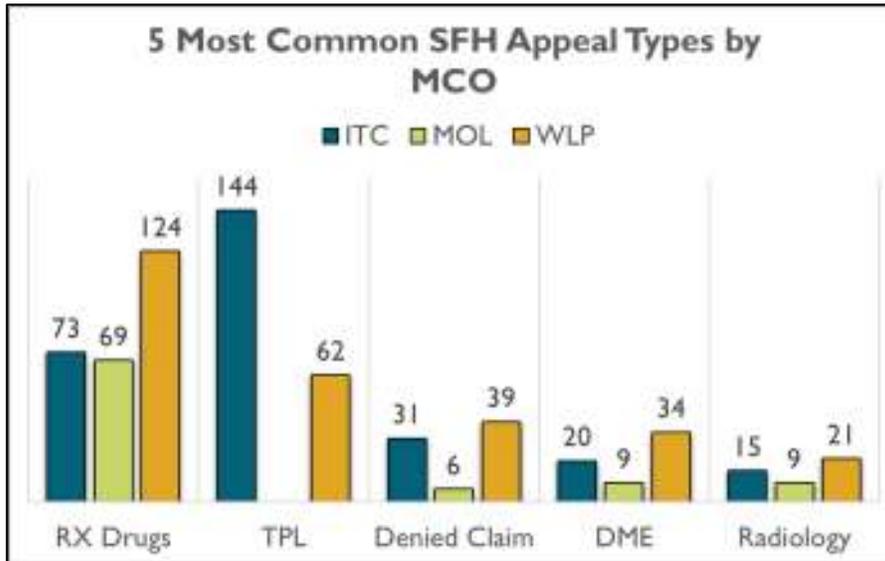
Graph 1: Total State Fair Hearing Appeals Completed by the MCO



Total number of appeal requests completed

Graph 2 depicts the five most common appeal types by MCO.

Graph 2: Five Most Common State Fair Hearing Appeal Types by MCO



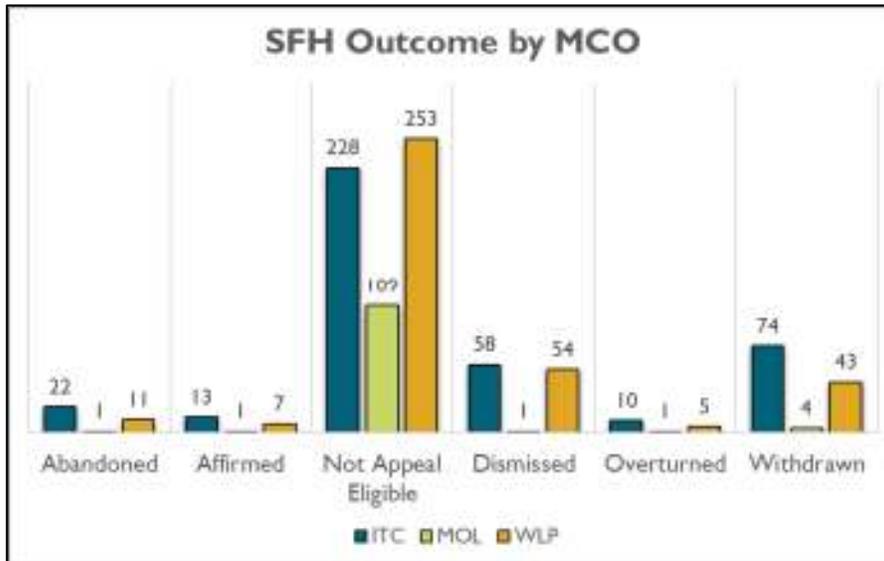
Top five appeal types by MCO – all outcomes

Requests for appeals during the reporting period were categorized by the type of action taken. These actions were:

- Abandoned by the appellant. This means the member did not attend the hearing.
- Affirmed by the ALJ after the appeal hearing.
- Dismissed by the MCO prior to or during the appeal hearing.
- Overtured by the ALJ after the appeal hearing.
- Withdrawn by the member or representative prior to the appeal hearing.
- Not Appeal Eligible means the case was determined to not be eligible for a State Fair Hearing.

- Graph 3 shows the breakdown of the total appeals filed for the period of January 1, 2024, to June 30, 2024.

Graph 3: State Fair Hearing Outcome by MCO



Breakdown of total appeal decisions by action

Table 3 and Graph 4 show the breakdown of withdrawn, dismissed, overturned, and not appeal eligible categories. As shown, of the total appeal requests completed, only two percent resulted in overturned decisions by an ALJ, and 66 percent of the requests were determined to be not appeal eligible.

Table 3: State Fair Hearing Decisions by Action

Action	Appeals Filed	
Withdrawn	121	13%
Dismissed	113	13%
Overturned	16	2%
Not Appeal Eligible	590	66%
Other	55	6%
Total	895	100%

Breakdown of reviewed appeal decisions by action (“Other” is all Abandoned (34) and Affirmed (21) appeals)

Graph 4: State Fair Hearing Outcome of Reviewed Appeals



Breakdown of appeal decisions by reviewed appeals (Other = Abandoned & Affirmed)

APPEALS WITHDRAWN

An appeal request is withdrawn solely at the member's discretion when they decide they no longer wish to proceed with the appeals process.

Of the total appeal requests received, members withdrew 121 appeals. ITC had the highest percentage of appeals withdrawn at 8.3 percent compared to the total number of appeals filed.

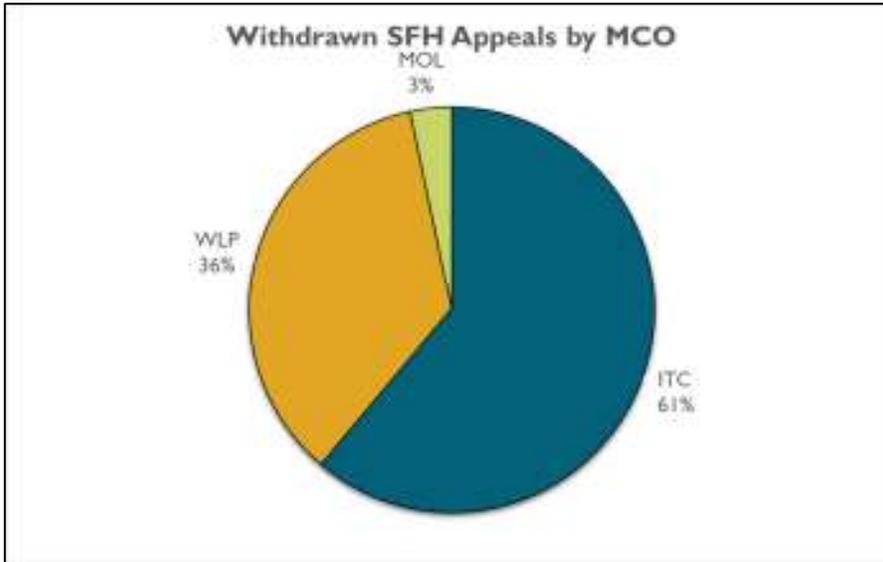
Table 4 and Graph 5 display the appeal volume breakdown for withdrawn appeal requests. Of the 121 appeal requests withdrawn, 61 percent were ITC member appeal requests, 3 percent were MOL requests and 36 percent were WLP. In total, only 13.5 percent of the 895 appeals filed were withdrawn.

Table 4: Withdrawn State Fair Hearing Appeals by MCO

MCO	Number of Withdrawals	Percent of Withdrawals	Percent of Total Appeals
ITC	74	61%	8.3%
MOL	4	3%	0.4%
WLP	43	36%	4.8%
Total	121	100%	13.5%

Breakdown of appeal decisions by action

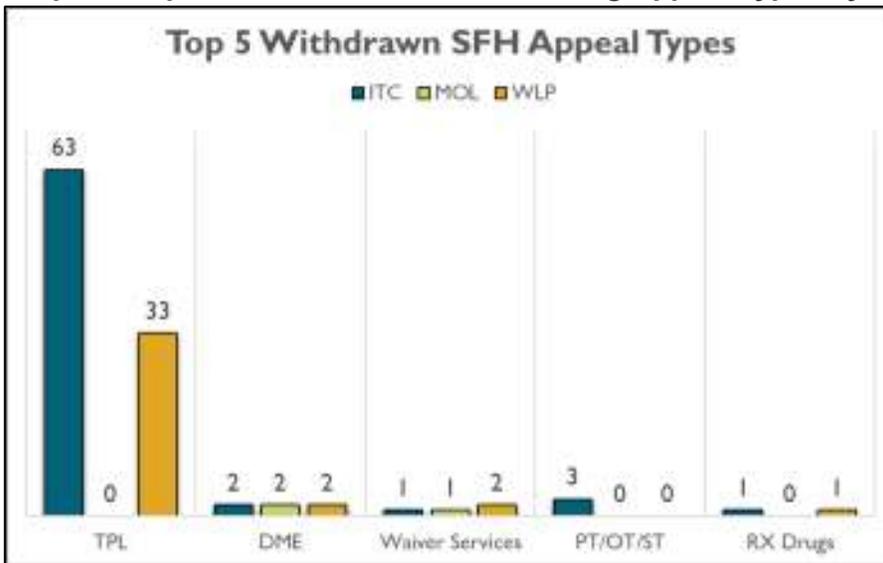
Graph 5: Withdrawn State Fair Hearing Appeals by MCO



Breakdown of withdrawn SFH appeals by MCO

Graph 6 shows the five most common appeal types that were withdrawn.

Graph 6: Top 5 Withdrawn State Fair Hearing Appeal Types by MCO



Five most common withdrawn appeal types

APPEALS DISMISSED

An appeal is dismissed when the MCO reverses their original decision to deny, reduce, or limit a service. This can be done before or during the appeal hearing.

Table 5 and Graph 7 show the appeal volume breakdown for appeal requests that were dismissed. Of the 113 dismissed appeals, 48 percent were WLP member appeal requests, 51 percent were ITC member appeal requests and 1 percent were MOL member appeal requests.

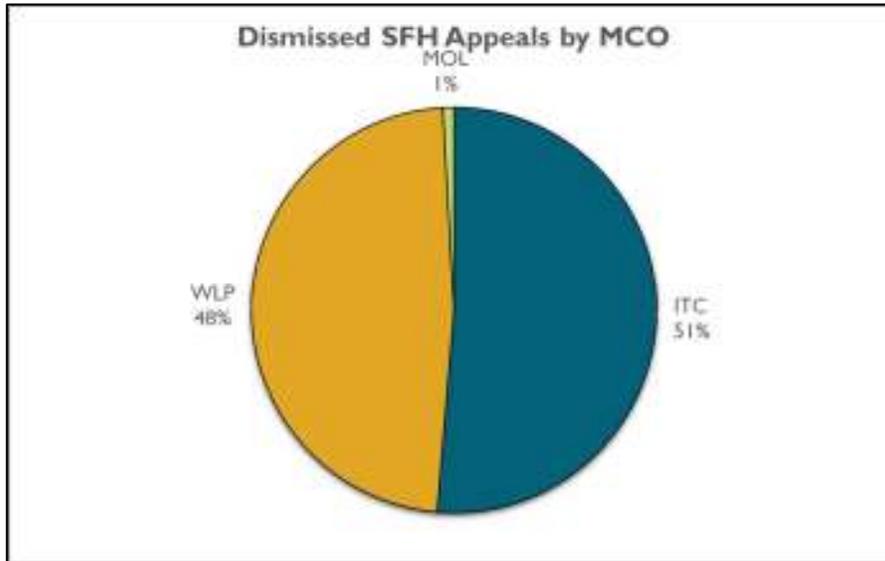
Further breakdown indicates the percentage of dismissed appeals as compared to the total number of appeals filed. ITC dismissed 6.5 percent, MOL dismissed less than one percent and WLP dismissed 6 percent. In total, nearly 13 percent of the 895 appeals filed were dismissed.

Table 5: Dismissed State Fair Hearing Appeals by MCO

MCO	Number of Dismissals	Percent of Dismissals	Percent of Total Appeals
ITC	58	51%	6.5%
MOL	1	1%	0.1%
WLP	54	48%	6.0%
Total	113	100%	12.6%

Breakdown of dismissed appeals by MCO. 12.6% was rounded up to 13% as reported throughout this document.

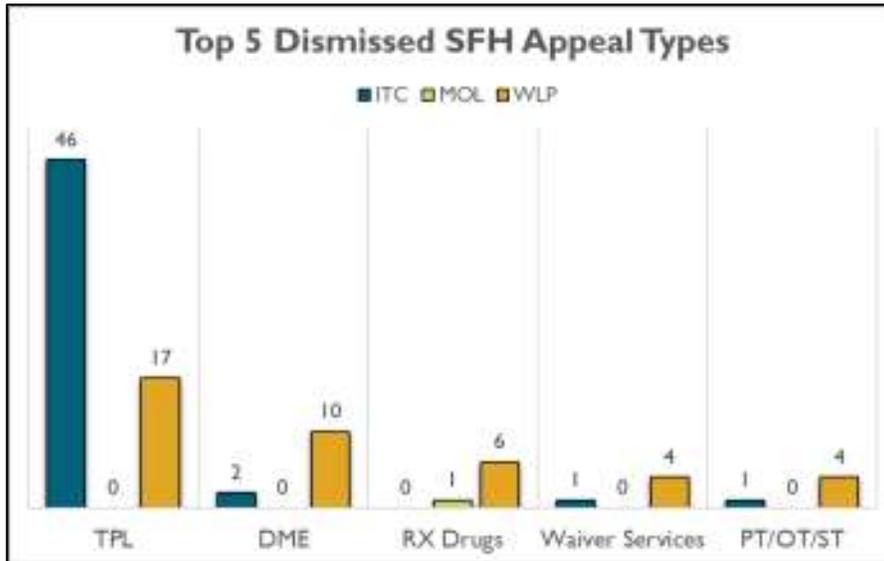
Graph 7: Dismissed State Fair Hearing Appeals by MCO



Breakdown of dismissed appeals by MCO

Graph 8 shows the five most common appeal types that were dismissed.

Graph 8: Top 5 Dismissed State Fair Hearing Appeal Types by MCO



Five most common dismissed appeal types

APPEALS OVERTURNED

An appeal is overturned when an ALJ, upon hearing the appeal, determines the original denial of the requested item or service was not consistent with state and/or federal criteria.

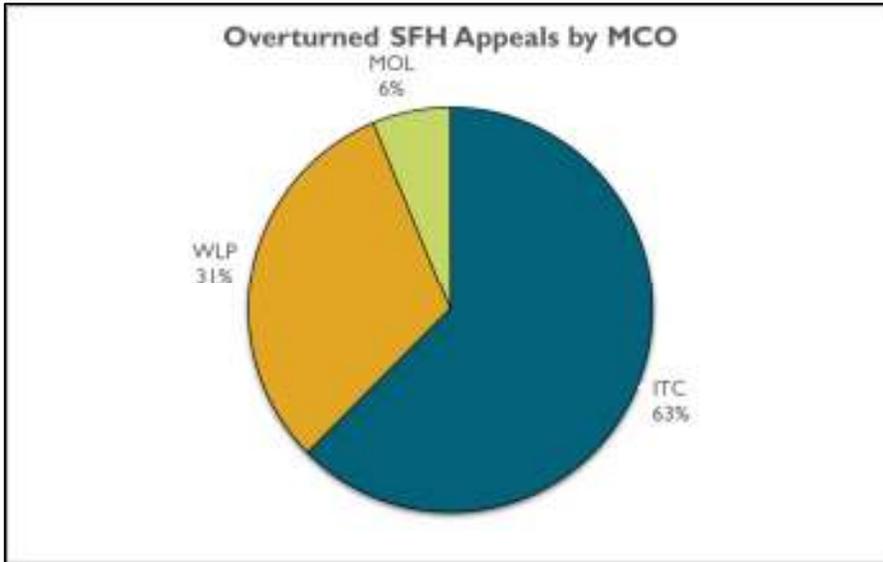
Table 6 and Graph 9 show that, of the 16 overturned appeals, ITC had the highest number at 63 percent. Further breakdown shows that of the 895 appeals filed, nearly 2 percent were overturned.

Table 6: Overturned State Fair Hearing Appeals by MCO

MCO	Number of Overturned	Percent of Overturned	Percent of Total Appeals
ITC	10	63%	1.1%
MOL	1	6%	0.1%
WLP	5	31%	0.6%
Total	16	100%	1.8%

Number of overturned appeals by MCO. 1.8% has been rounded up to 2% as referenced throughout this report.

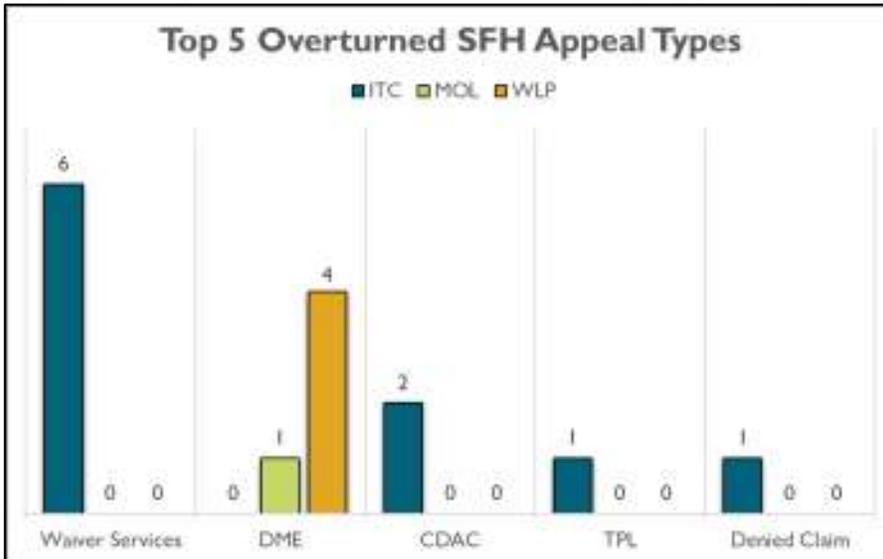
Graph 9: Overturned State Fair Hearing Appeals by MCO



Breakdown of overturned appeals by MCO

Graph 10 shows the five most common appeal types that were overturned.

Graph 10: Top 5 Overturned State Fair Hearing Appeal Types by MCO



Five most common overturned appeal types

NOT APPEAL ELIGIBLE

An appeal is deemed ineligible for the State Fair Hearing Appeal process if:

- The internal MCO first-level review process has not been completed, **OR**
- If the appeal is not filed within the expected time frame, **OR**
- There is an absence of an adverse Notice of Decision to the member or legal representative(s), **OR**
- A provider is attempting to appeal a claim dispute

There were 590 appeals filed during the reporting period that were determined to be ineligible for a State Fair Hearing. While the clinical review team did not review these appeals, data points have been captured in Table 7, and Graphs 11 and 12.

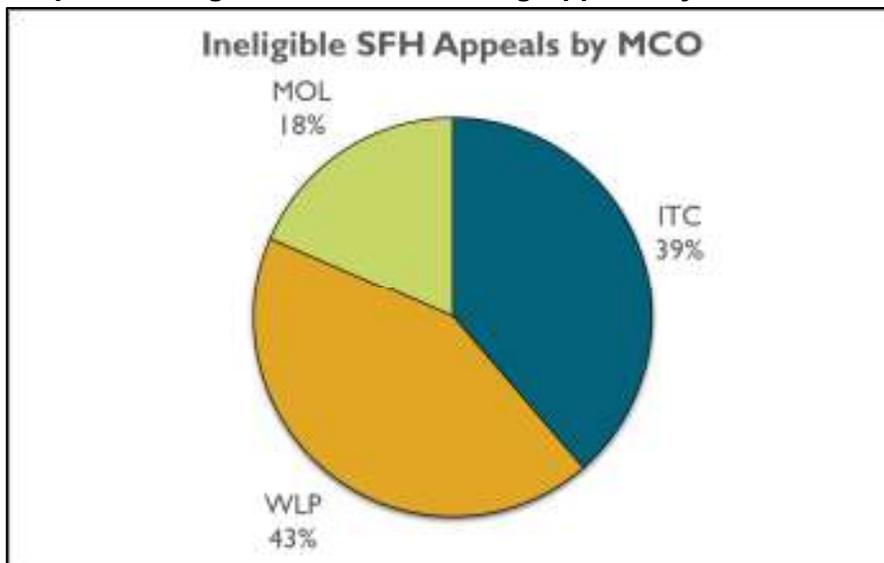
Table 7 and Graph 11 show the distribution of ineligible appeals by MCO. Of the 590 ineligible appeals, ITC had 39 percent, MOL had 18 percent and WLP had 43 percent. Of the total 895 appeals filed, ITC had 25 percent of their appeals deemed ineligible, MOL had 12 percent, and WLP had 28 percent. In total, 66 percent of all MCO appeals filed for the reporting period were determined to not be appeal eligible.

Table 7: Ineligible State Fair Hearing Appeals by MCO

MCO	Number of Ineligible Appeals	Percent of Ineligible Appeals	Percent of Total Appeals
ITC	228	39%	25%
MOL	109	18%	12%
WLP	253	43%	28%
Total	590	100%	66%

Number of appeals determined to be ineligible

Graph 11: Ineligible State Fair Hearing Appeals by MCO



Breakdown of ineligible appeals by MCO

Graph 12 shows the reason the appeals were deemed ineligible.

Graph 12: Ineligible State Fair Hearing Appeal Reasons



Reasons appeals were deemed ineligible

CLINICAL REVIEW

The clinical review team reviewed each dismissed, withdrawn, or overturned appeal to determine whether the MCO’s original decision to deny, reduce, or limit services was based off state and federal criteria as well as IAC.

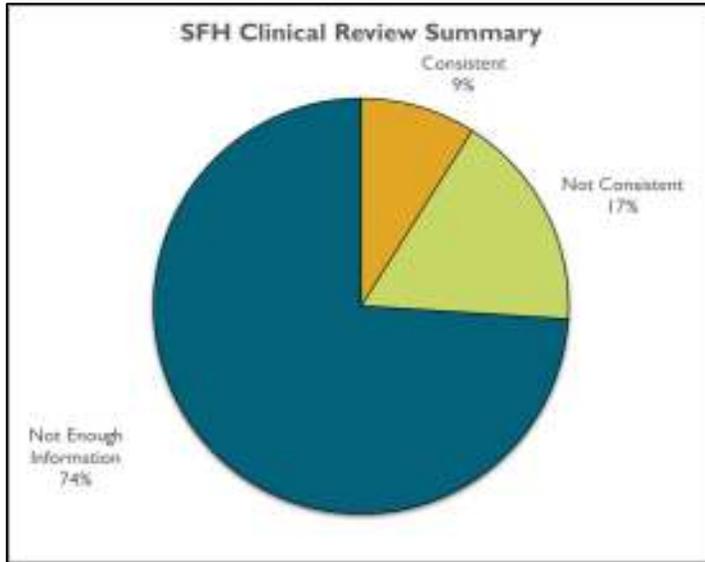
Table 8 and Graph 13 show the breakdown, by MCO, whether the original denial was consistent, inconsistent, or insufficient information to complete an objective review. The findings indicate that of the 250 appeals reviewed, 9 percent of the time, the MCOs were consistent with state and federal criteria; 17 percent of the time, the MCOs were inconsistent with state and federal criteria; and 74 percent of the time, there was not enough information to perform an objective review.

Table 8: Clinical Review Summary of SFH Appeals Outcome by MCO

MCO	Consistent		Not Consistent		Not Enough Information		Total Reviewed Appeals
ITC	8	3.2%	10	4.0%	124	49.6%	142
MOL	2	0.8%	2	0.8%	2	0.8%	6
WLP	13	5.2%	30	12.0%	59	23.6%	102
Total	23	9.2%	42	16.8%	185	74.0%	250

Percentages are calculated using the total appeals reviewed (250: 121 Withdrawn, 113 Dismissed, 16 Overturned)

Graph 13: State Fair Hearing Clinical Review Summary



Clinical review outcome

PROGRESS REPORT

Listed below is an update on the improvement opportunities identified in the previous report (July 1, 2023, to December 31, 2023):

Action Item: HHS will collaborate with the MCOs to enhance communication and information gathering prior to a determination of coverage being made to decrease dismissed and overturned appeals.

Progress Updates:

- Improve Prior Authorization process. A prior authorization workgroup was created in the first quarter of 2022 to work on global provider and member issues, with an emphasis on policy interpretation and alignment. The workgroup continues to meet monthly and includes subject matter experts from the MCOs and Iowa Medicaid, including the QIO unit.
 - During the reporting period HHS
 - Collected PA data from the MCOs.
 - Compared Fee-For-Service (FFS) and each MCO PA lists for similarities and differences.
 - Reviewed PA rationale.

Action Item: HHS will collaborate with the MCOs to target the top areas of overturned appeals to identify the need for alignment, policy clarifications, or education.

Progress Updates:

- A tracking tool is used to monitor trends and perform analysis.

Action Item: HHS will collaborate with the MCOs to identify ways to support members and providers in their understanding of the steps in the appeals process and how to access a first-level appeal. HHS is working to identify opportunities to provide education on the appeals process within its communication vehicles and with its partners.

Progress Updates:

- HHS will use the analysis completed in April 2023 regarding the MCOs' first-level appeals review project recommendations to work with the MCOs to update member and provider manuals, notices of decision, and to develop clear guidance and processes for members and providers.
- Once the MCO and HHS documentation is updated, the changes and new processes will be presented to members and providers during the member and provider town halls. HHS will continue to monitor the first-level appeal process trends for each MCO.

ANALYSIS

This analysis identified the following opportunities for improvement:

- The MCOs should seek additional information from providers, when necessary, prior to deciding on a member's request for service. This information may provide additional insight into the reasons for a member's request for services that allow for a more informed, defensible decision. In nearly three percent of the clinical reviews, it was mentioned that additional information would have been helpful in making the determination.
- If a member is requesting a service out of the normal parameters, an Exception To Policy (ETP) could help get the member the services they need.
- More consideration of cases should be given to extenuating circumstances, including a significant decrease in units of service, as this could put the member's continued progress and goals in jeopardy.

CONCLUSION/NEXT STEPS

This analysis identified opportunities for improvement. By the end of SFY26, HHS will complete the following action steps:

- HHS will oversee an MCO improvement project to update documents which provide clarity for the first level review process, then HHS will present during town hall meetings.
- Complete the alignment project for prior authorization between Fee-For-Service and MCOs.
- Compile trend report from January 1, 2018, through June 30, 2025, of the top overturned appeals and identify opportunities for improvement.

The benefit of actively addressing these opportunities will create a timelier response to members' needs and ultimately a reduction for decisions resulting in the need for a State Fair Hearing.

GLOSSARY OF TERMS

Term	Definition
Adverse Decision	A decision that results in a denial, reduction or limitation of services
ALJ	Administrative Law Judge
CCO	Consumer Choice Option
CDAC	Consumer Directed Attendant Care
Dismissed	The MCO has decided to grant the previously denied item or service and an appeal hearing is no longer necessary
DME	Durable Medical Equipment
FFS	Fee-for-Service
First-level Review	The first step in the member appeal process. The member appeals to their MCO
HAB	Habilitation
IAC	Iowa Administrative Code
LTSS	Long Term Services and Supports
MCO	Managed Care Organization
Not Appeal Eligible	An appeal is deemed ineligible for the State Fair Hearing Appeal process if: 1- The Internal MCO first-level review process has not been completed, OR 2- If the appeal is not filed within the expected time frame, OR 3- The absence of an adverse Notice of Decision to the member or legal representative(s)
Overtured	The appeal was heard by an ALJ and the original decision to deny was reversed
SFH	State Fair Hearing heard before an ALJ
Withdrawn	The member or representative decided they no longer wished to pursue the appeal process prior to the appeal hearing