Iowa Medicaid
Review of State Fair Hearing (SFH) Appeals
Biannual Legislative Report

July 1, 2024 to December 31, 2024

IOWA Health and Human Services

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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of Health and Human Services (HHS), to conduct an analysis of Medicaid member appeals that have been dismissed, withdrawn, or overturned to determine if there are any negative patterns or trends based on the analysis and report on a biannual basis.

This report provides an analysis of Medicaid Managed Care Organization (MCO) member appeals from **July 1, 2024**, to **December 31, 2024**, which includes appeals that have been withdrawn, dismissed, or overturned.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In this report, HHS analyzed MCO appeals that were withdrawn by a Medicaid member, dismissed by the MCO, or overturned by an administrative law judge (ALJ).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. 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, **951** appeal requests were submitted for SFH review. HHS's Quality Improvement Organization (QIO) reviewed **215** MCO 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 **215** appeals reviewed by the QIO, the MCO dismissed **121** appeals, members withdrew **70** of the appeals, and an ALJ overturned **24**.

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.

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: Member Counts by Payer

Payer	Number of Members	Number of LTSS Members
FFS	42,715	2,152
ITC	219,611	15,857
MOL	197,157	6,964
WLP	240,814	20,471
Total	700,297	45,444

Key Findings

The HHS Dashboard was used in the collection of the claim and member counts for each MCO. The MCOs provided **4,282,110** unique, appealable services to members. Out of this, members submitted **951** appeals, which is only **0.0222** percent of the total appealable services. Moreover, only **0.0012** percent of the total appealable services resulted in an overturned decision by an ALJ.

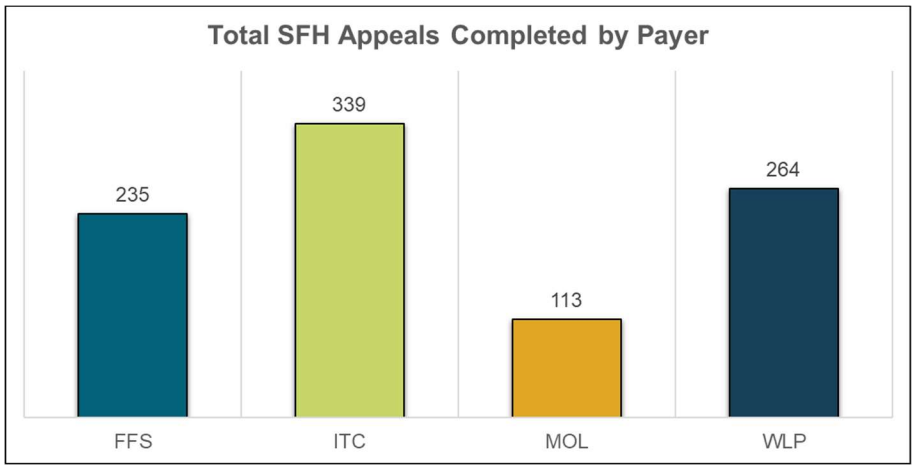
Table 2 and Graph 1 depict the number and percentage distribution of appeal requests completed, categorized by MCO. Of the total requests filed, **25** percent involved FFS enrolled members, **35** percent involved ITC enrolled members, **12** percent involved MOL members and **28** percent involved WLP members.

Table 2: State Fair Hearings by Payer

Payer	Number of SFH Appeals	Percent of SFH Appeals
FFS	235	25%
ITC	339	35%
MOL	113	12%
WLP	264	28%
Total	951	100%

Number and percentage of appeal requests completed by Payer

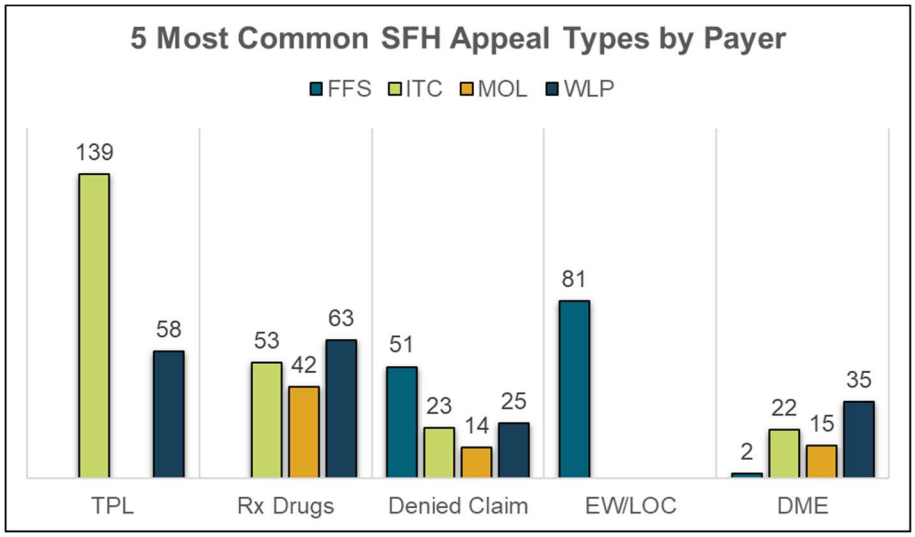
Graph 1: Total State Fair Hearing Appeals Completed by Payer



Total number of appeal requests completed by Payer

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

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



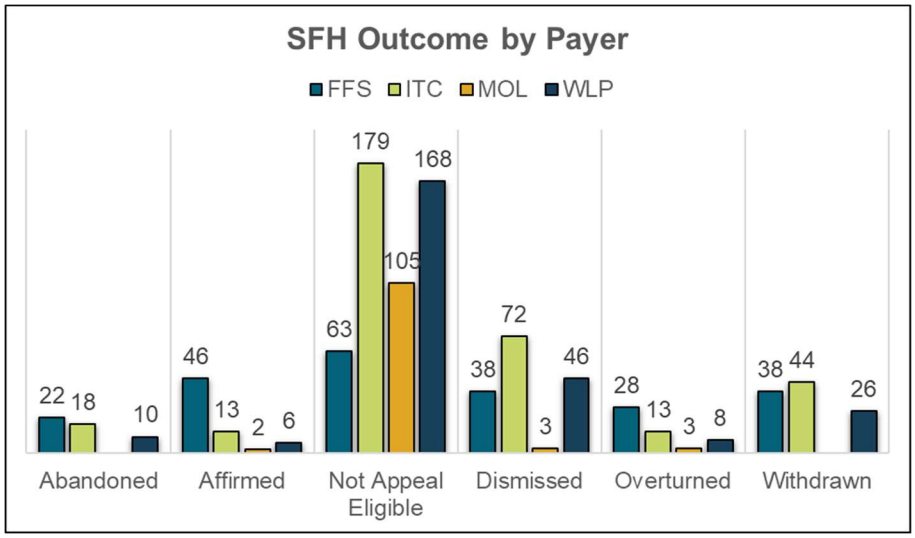
Top five appeal types by Payer – all outcomes

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.
- Overturned 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 **July 1, 2024**, to **December 31, 2024**.

Graph 3: State Fair Hearing Outcome by MCO



Breakdown of total appeal decisions by action

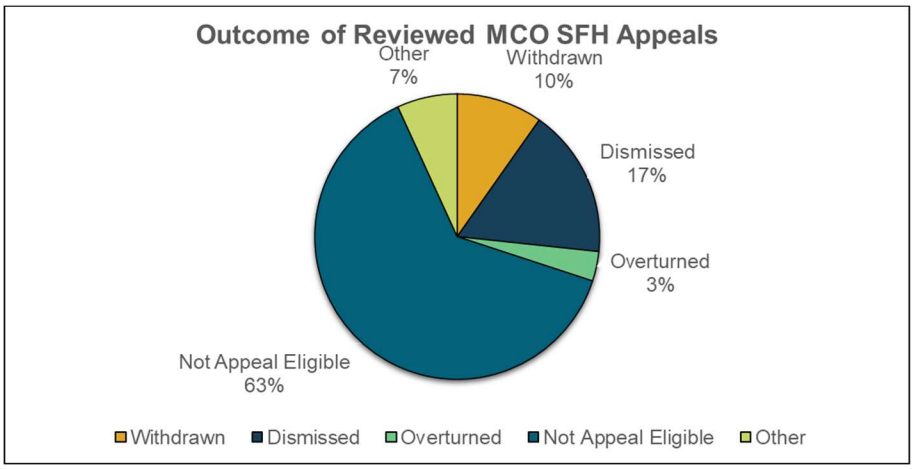
Table 3 and Graph 4 show the breakdown of withdrawn, dismissed, overturned, and not appeal eligible categories. As shown, of the total appeal requests completed, only **three percent** resulted in overturned decisions by an ALJ, and **54 percent** of the requests were determined to be not appeal eligible.

Table 3: State Fair Hearing Decisions by Action

Action	Appeals Filed	
Withdrawn	108	11%
Dismissed	159	17%
Overturned	52	5%
Not Appeal Eligible	515	54%
Other	117	12%
Total	951	100%

Breakdown of reviewed appeal decisions by action (“Other” is all Abandoned (50) and Affirmed (67) appeals)

Graph 4: MCO 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 across all payers, members withdrew **108** appeals. **ITC** had the highest percentage of appeals withdrawn at **4.6** percent compared to the total number of appeals filed.

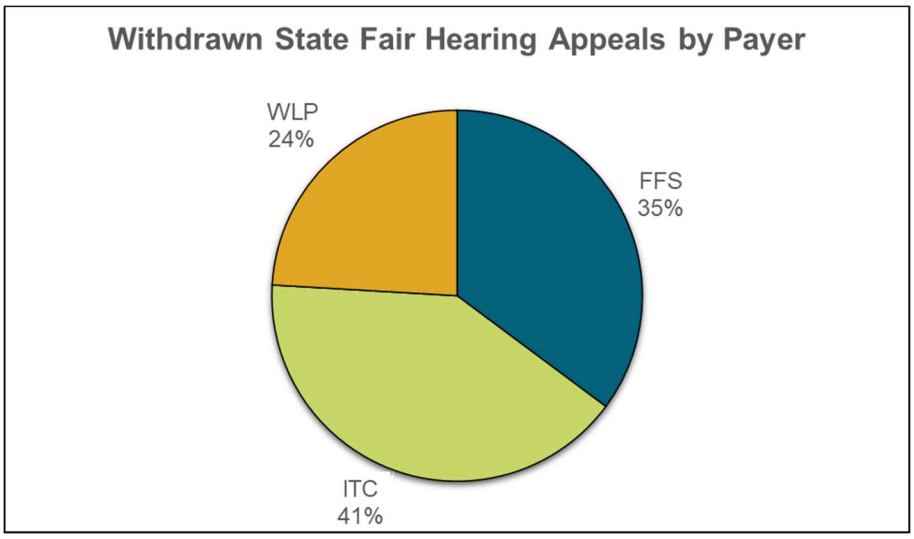
Table 4 and Graph 5 display the appeal volume breakdown for withdrawn appeal requests. Of the **108** appeal requests withdrawn, **35** percent were FFS member appeal requests, **41** percent were ITC member appeal requests, **0** percent were MOL requests and **24** percent were WLP. In total, only **11.4** percent of the **951** appeals filed were withdrawn.

Table 4: Withdrawn State Fair Hearing Appeals by Payer

Payer	Number of Withdrawals	Percent of Withdrawals	Percent of Total Appeals
FFS	38	35%	4.0%
ITC	44	41%	4.6%
MOL	0	0	0
WLP	26	24%	2.7%
Total	108	100%	11.4%

Breakdown of appeal decisions by action

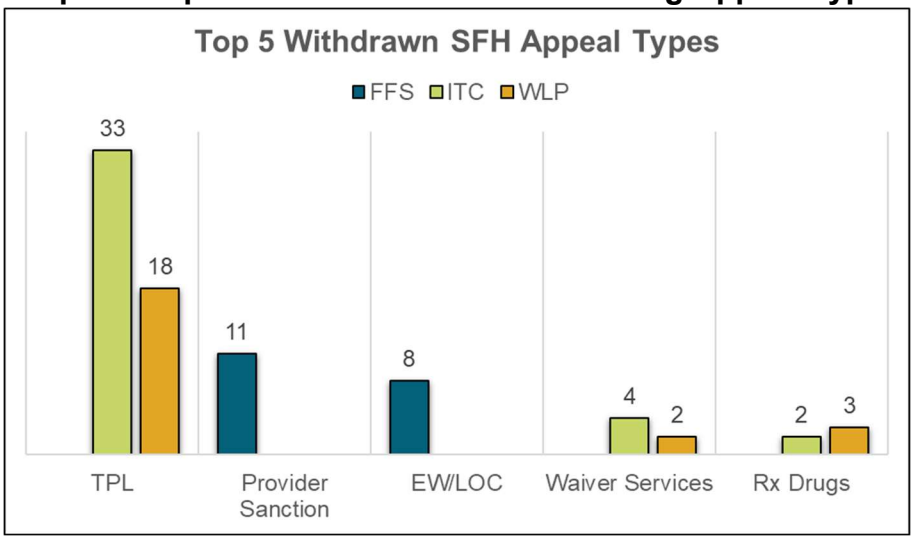
Graph 5: Withdrawn State Fair Hearing Appeals by Payer



Breakdown of withdrawn SFH appeals by Payer

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 **159** dismissed appeals, **24** percent were FFS member appeal

requests, **29** percent were WLP member appeal requests, **45** percent were ITC member appeal requests and **2** percent were MOL member appeal requests.

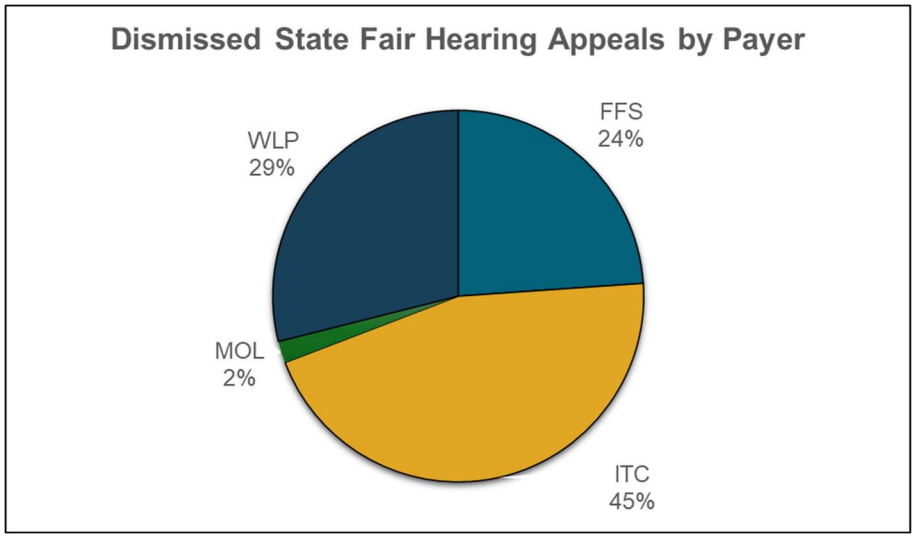
Further breakdown indicates the percentage of dismissed appeals as compared to the total number of appeals filed. FFS dismissed **4** percent, ITC dismissed **7.6** percent, MOL dismissed **0.3** percent and WLP dismissed **4.8** percent. In total, nearly **17** percent of the **951** appeals filed were dismissed.

Table 5: Dismissed State Fair Hearing Appeals by Payer

Payer	Number of Dismissals	Percent of Dismissals	Percent of Total Appeals
FFS	38	24%	4.0%
ITC	72	45%	7.6%
MOL	3	2%	0.3%
WLP	46	29%	4.8%
Total	159	100%	16.7%

Breakdown of dismissed appeals by MCO.

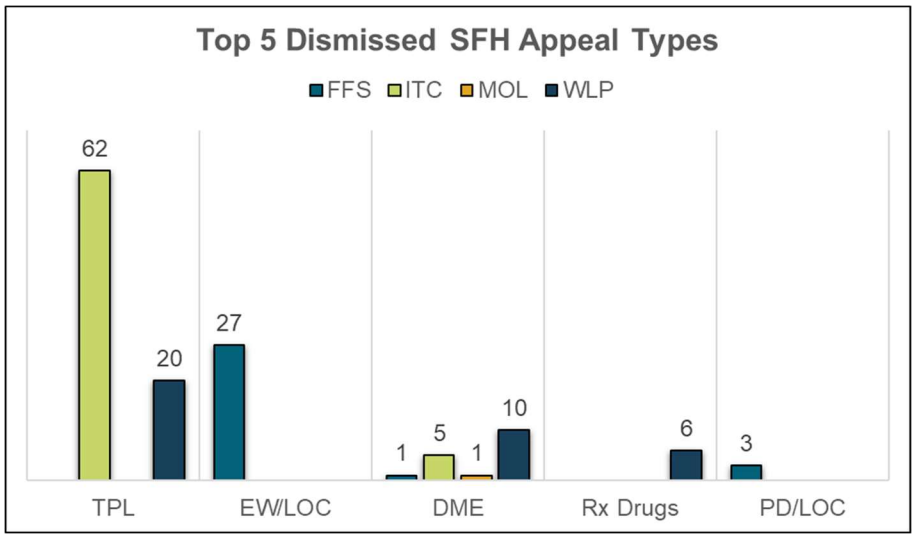
Graph 7: Dismissed State Fair Hearing Appeals by Payer



Breakdown of dismissed appeals by Payer.

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

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



Five most common dismissed appeal types by Payer.

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.

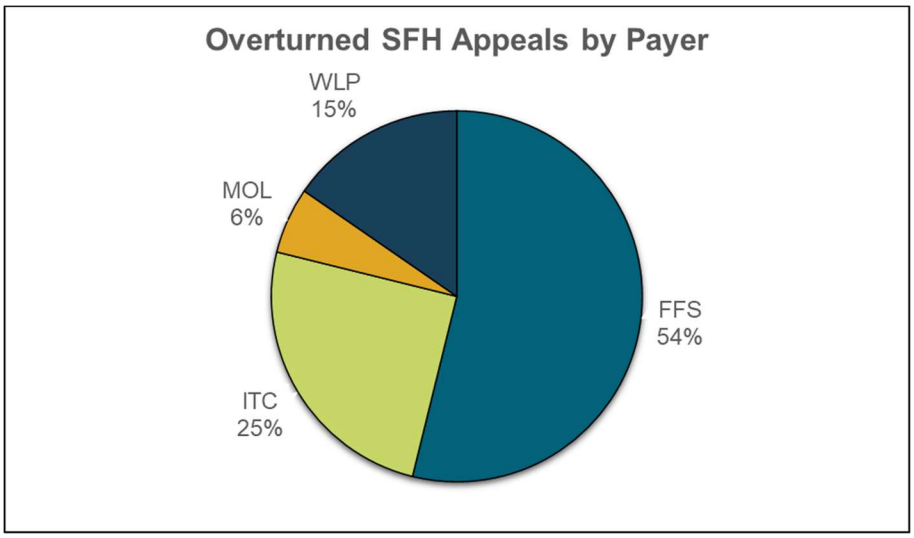
Table 6 and Graph 9 show that, of the **52** overturned appeals, **FFS** had the highest number at **54** percent. Further breakdown shows that of the **951** appeals filed, nearly **5.5** percent were overturned.

Table 6: Overturned State Fair Hearing Appeals by MCO

Payer	Number of Overturned	Percent of Overturned	Percent of Total Appeals
FFS	28	54%	2.94%
ITC	13	25%	1.37%
MOL	3	6%	0.32%
WLP	8	15%	0.84%
Total	52	100%	5.47%

Number of overturned appeals by MCO.

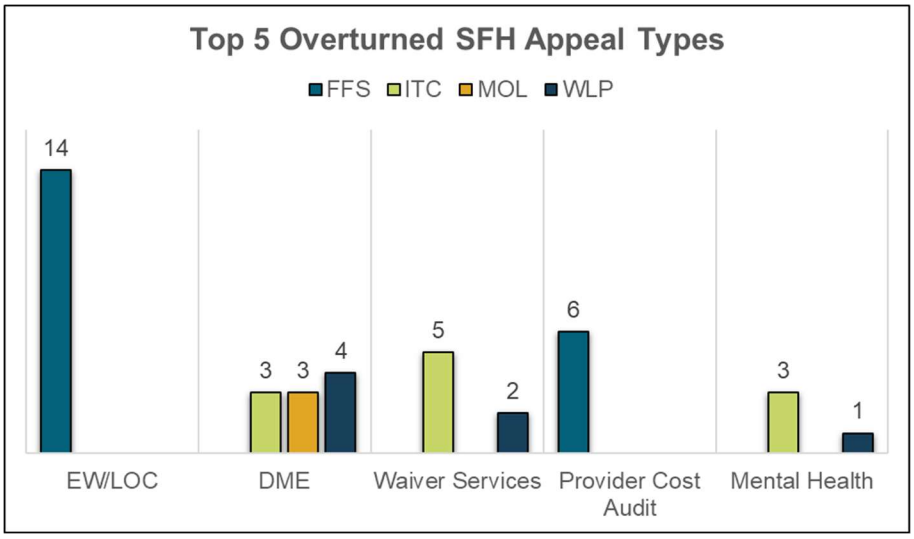
Graph 9: Overturned State Fair Hearing Appeals by Payer



Breakdown of overturned appeals by Payer

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

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



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 **515** 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.

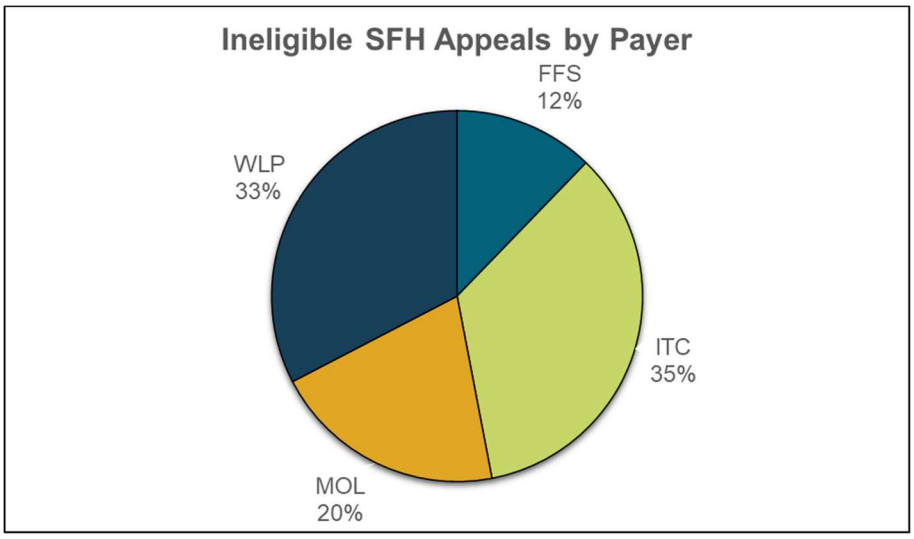
Table 7 and Graph 11 show the distribution of ineligible appeals by MCO. Of the **515** ineligible appeals, FFS had **12** percent, ITC had **35** percent, MOL had **20** percent and WLP had **33** percent. Of the total **951** appeals filed, FFS had **7** percent of their appeals deemed ineligible, ITC had **19** percent, MOL had **11** percent, and WLP had **18** percent. In total, **54** 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 Payer

Payer	Number of Ineligible Appeals	Percent of Ineligible Appeals	Percent of Total Appeals
FFS	63	12%	7%
ITC	179	35%	19%
MOL	105	20%	11%
WLP	168	33%	18%
Total	515	100%	54%

Number of appeals determined to be ineligible

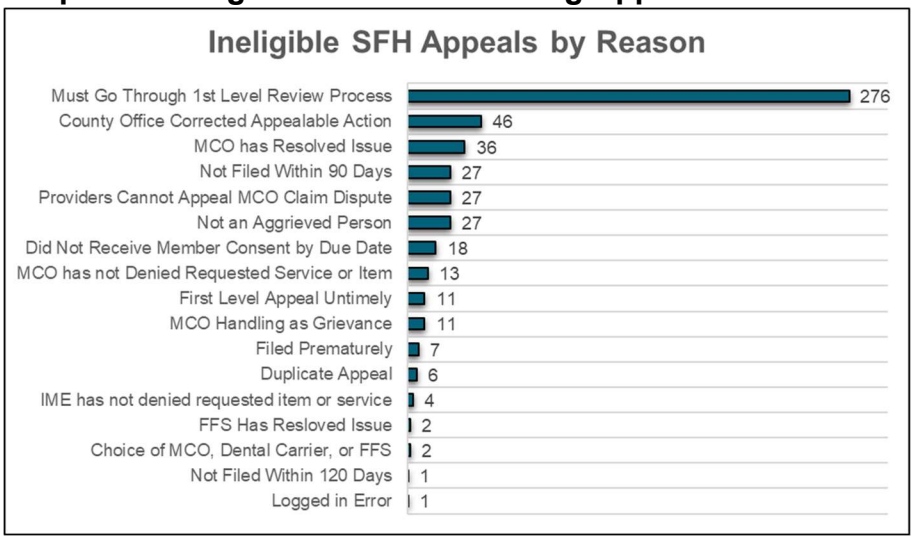
Graph 11: Ineligible State Fair Hearing Appeals by Payer



Breakdown of ineligible appeals by Payer

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 of MCO SFH Appeals

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 there was insufficient information to complete an objective

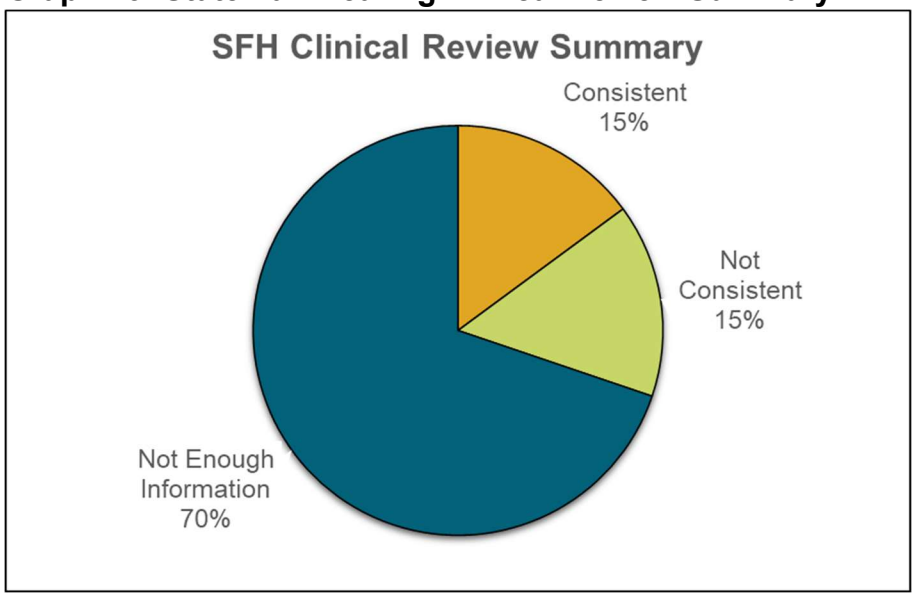
review. The findings indicate that of the 215 appeals reviewed, nearly **15** percent of the time, the MCOs were consistent with state and federal criteria; **15** percent of the time, the MCOs were inconsistent with state and federal criteria; and about **70** percent of the time, there was not enough 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	17	7.9%	13	6%	99	46%	129
MOL	3	1.4%	2	0.9%	1	0.5%	6
WLP	12	5.6%	18	8.4%	50	23.3%	80
Total	32	14.9%	33	15.3%	150	69.8%	215

Percentages are calculated using the total appeals reviewed (215: 70 Withdrawn, 121 Dismissed, 24 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, 2024**, to **December 31, 2024**):

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:

- Iowa Medicaid MCO contract managers meet with their respective MCOs on a monthly basis and have established communication channels to address

questions and issues as needed. The goal of these meetings is to strengthen pre-decision communication and reduce the number of dismissed and overturned appeals. For next year, contract managers will document agenda items and follow-up action items related to improving pre-decision communication, with the aim of reducing dismissed and overturned appeals compared to calendar year (CY) 2024.

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:

- HHS will integrate quarterly data from the Iowa Medicaid Dashboard into Strategic MCO Review Meetings starting Q1 2025. For next year, HHS will conduct a minimum of 4 Strategic MCO Review Meetings annually using dashboard data to identify the top 3 most common overturned appeal types and implement corrective actions or policy clarifications.

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.

Progress Updates:

- HHS is working to identify opportunities to provide education on the first-level appeals process. HHS plans to use its existing communication channels and partnerships to support this effort, for example member and provider townhalls, Managed Care Plans strategic and operational meetings.
- Over the next year, HHS will use the analysis from the MCOs' first-level appeals review project recommendations to collaborate with the MCOs on updating the following materials:
  - Member and provider manuals
  - Notices of decision
- Once the MCO and HHS documentation is updated by the beginning of 2026, the changes and new processes will be shared with members and providers during member and provider town halls.
- HHS will continue to monitor trends in the first-level appeals process 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, defendable decision. In nearly three percent of the clinical reviews, it was mentioned that additional information would have been helpful in making the determination.

- MCOs should give more consideration to cases with extenuating circumstances, including a significant decrease in units of service, as this could put the member's continued progress and goals in jeopardy.

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)
Overturned	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