
CMCS Informational Bulletin

DATE: June 10, 2016

FROM: Vikki Wachino, Director
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SUBJECT: Federal Financial Participation for Managed Care External Quality Review

The Medicaid and Children’s Health Insurance Program (CHIP) Managed Care Final Rule (CMS-2390-F, 81 FR 27498) published on May 6, 2016 (“final rule”), extends annual external quality review (EQR) requirements currently applied to Managed Care Organizations (MCOs) and Prepaid Inpatient Health Plans (PIHPs) to Prepaid Ambulatory Health Plans (PAHPs) and certain Primary Care Case Management entities (PCCM entities). The final rule also applies the EQR provisions to CHIP. In addition, the final rule also sets forth the matching rates for expenditures for External Quality Review (EQR), including the production of EQR results and the conduct of EQR-related activities when performed by a qualified External Quality Review Organization (EQRO) or other entity.

This informational bulletin discusses:

- The application of external quality review to PAHPs and certain PCCM entities;
- Federal financial participation for EQR of MCOs;
- Federal financial participation for EQR of PIHPs, PAHPs, and PCCM entities;
- Effective dates for federal financial participation (FFP) for EQR;
- State Expenditure Reporting for Medicaid EQR; and,
- Application of external quality review to managed care entities in CHIP

Application of external quality review to PAHPs and certain PCCM entities

Currently, states are required to conduct EQR for MCOs and PIHPs. Effective July 1, 2018, states will be required to extend the annual EQR requirements described in §§438.350 through 438.364 of the final rule to all managed care plan types, including MCOs, PIHPs, PAHPs, and select PCCM entities. The PCCM entities to which EQR must be applied under the final rule, described in §438.310(c)(2), include PCCM entities with contracts that provide for shared savings, incentive payments or other financial reward for improved quality outcomes.

Mandatory EQR activities. There are four mandatory EQR activities described in §438.358(b), including three current and one new mandatory activity adopted in the final rule:

- Compliance review;

- Validation of performance measures;
- Validation of performance improvement projects (PIPs); and
- Validation of network adequacy (new).

MCOs and PAHPs are required to participate in all mandatory EQR activities. Affected PCCM entities will be required to undergo two of the four mandatory EQR activities: performance measure validation and compliance review. PCCM entities are not required under to conduct PIPs, nor are they subject to network adequacy standards, and therefor are not subject to the associated EQR activities.

Optional EQR activities. There are six optional EQR activities described in §438.358(c), including five current and one new optional activity adopted in the final rule:

- Validation of encounter data;
- Administration or validation of consumer or provider surveys relating to quality of care;
- Calculation of additional performance measures (beyond those reported by managed care plans for EQR);
- Conducting additional PIPs beyond those performed by managed care plans and validated by the EQRO under the mandatory activities;
- Assisting with the quality rating of MCOs, PIHPs and PAHPs (new); and
- EQRO technical assistance related to EQR.

States may contract with an EQRO to perform any of the six optional EQR activities for PAHPs and affected PCCM entities, as well as for MCOs and PIHPs.

Federal Financial Participation for EQR of Managed Care Organizations

Enhanced match: In accordance with §§433.15 and 438.370, both mandatory and optional EQR activities described in §438.358 conducted for MCOs, as defined in §438.2, as well as production of the EQR technical report described in §438.364, are eligible for the 75 percent match rate provided that the activity is conducted:

- 1) By an EQRO that meets the qualifications set forth in §438.354; and
- 2) In accordance with the EQR protocols developed by CMS in accordance with §438.352.

EQR-related activities conducted by an entity which does not satisfy the requirements of §438.354 are eligible for the 50 percent match rate.

Prior approval required: Per §438.370(c), states must submit their EQRO contracts to CMS for review and approval prior to claiming the enhanced 75 percent match.

EQR Protocols: The protocols under OMB control #0938-0786, CMS-R-305, were approved on May 19, 2015, with an expiration date of May 31, 2018. These protocols remain in effect at the present time, and EQR activities conducted in accordance with them are eligible for enhanced match subject to the conditions described above. We anticipate initial revision of these protocols

by October 2017 to reflect changes in quality improvement and measurement processes included in the final rule and to extend their applicability to CHIP. Adherence to the revised protocols will be required by July 1, 2018, in order for states to claim enhanced administrative match for the associated EQR activity.

CMS also will issue new protocols for the new mandatory EQR-related activity (network adequacy validation) and the new optional EQR-related activity (assisting with quality rating) in subsequent releases of revised CMS EQR protocols. States will have one year from the date CMS issues the associated protocols to begin conducting validation of network adequacy; however, enhanced match for conducting either the new mandatory or optional activities will be available as soon as the associated protocol is released, subject to the conditions set forth above.

Federal Financial Participation for EQR of PIHPs, PAHPs, certain PCCM entities, and FFS

Regular administrative match: Under §433.15 and 438.370 of the final rule, FFP at the 50 percent matching rate is available for mandatory and optional EQR-related activities for PIHPs, PAHPs and affected PCCM entities as well as for production of the EQR technical report. This is a change from the previous regulations, under which the enhanced match was available for EQR of PIHPs to the same extent as MCOs. States may, but are not required to, conduct EQR activities for Fee-for-Service (FFS) delivery systems. Federal financial participation for FFS quality activities continues to be available at the regular 50 percent administrative match.

Effective date: The availability of regular administrative match for EQR-related activities for PAHPs and affected PCCM entities as well as the change in the availability of regular match only for EQR-related activities for PIHPs is effective with publication of the final rule on May 6, 2016.

State Expenditure Reporting for Medicaid EQR

States are instructed to report EQRO expenditures on CMS 64.10 Form that corresponds to the federal authority CMS has granted to the state to operate the managed care program the EQRO is evaluating. For example, EQR for a managed care program operated under 1932(a) State Plan authority should be reported on the CMS-64.10 BASE. EQR for a managed care program operated under 1915(b) waiver authority should be reported on the CMS-64.10 WAIV form under the applicable waiver number.

The CMS has clarified options available for reporting under Line 17 of Form CMS-64 to reflect the new limitations on state claiming for EQR-related expenditures, as well as the extension of EQR to PAHPs and certain PCCM entities. A template of the updated Line 17 expenditure reporting is provided in Attachment A. Updated instructions for completing expenditure reporting for CMS-64 Line 17, which appear in a pop-up menu, are included in Attachment B.

These updates clarify the 75 percent enhanced match for EQR-related activities performed by a qualified EQRO for MCOs, and the 50 percent match for all other EQR-related activities.

As this change to expenditure reporting takes effect in the middle of a quarter, states must ensure that pre-May 6th and post-May 6th claims that differ in applicable FFP are reported separately. A sub-line on Form CMS-64 EQRO Line 17 will appear *only* for the quarter ending 6/30/16. This sub-line will allow states to report expenditures associated with PIHP EQRO activities prior to May 6, 2016, at the 75 percent matching rate.

Application of external quality review to managed care entities in CHIP

Under §457.1250, states are required to conduct EQR of MCOs, PIHPs, PAHPs and PCCM entities, subject to the same general requirements as are applied in Medicaid. States must begin conducting the following mandatory EQR-related activities described in §438.358(b)(1)(i)-(iii) – i.e., those which currently are required for Medicaid MCOs and PIHPs – no later than the state fiscal year beginning on or after July 1, 2018:

- Compliance review
- Validation of performance measures
- Validation of performance improvement projects (PIPs)

States will be required to begin conducting the mandatory EQR-related activity described in §438.358(b)(1)(iv) (relating to validation of network adequacy) no later than one year from the date CMS issues the associated EQR protocol. Federal financial participation (FFP) in expenditures for mandatory and optional EQR activities for CHIP plans is available at the state's title XXI matching rate subject to the 10 percent limit for administrative expenditures.

Technical Assistance

For questions related to state expenditure reporting and claiming instructions for EQR activities, please contact your CMS regional office financial representative. For specific external quality review questions, including what services qualify for enhanced match, please contact the Division of Quality and Health Outcomes at ManagedCareQualityTA@cms.hhs.gov.

Attachment A

CMS 64.10EQR Expenditures for State and Local			
External Quality Review	Total Computable		Total Federal Share
		FFP Rate	
	(a)	(b)	(c)
1) Mandatory Validation of PIPs			
1a) Validation of PIPs - MCO	400	75%	300
1b) Validation of PIPs - MCO (non-EQRO), PIHP, PAHP	200	50%	100
1c) Validation of PIPs - PIHP prior to May 6, 2016	100	75%	75
2) Mandatory Validation of Performance Measures			
2a) Validation of Performance Measures - MCO	400	75%	300
2b) Validation of Performance Measures - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
2c) Validation of Performance Measures - PIHP prior to May 6, 2016	100	75%	75
3) Mandatory Compliance Review			
3a) Validation Mandatory Compliance Review - MCO	400	75%	300
3b) Validation Mandatory Compliance Review - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
3c) Validation Mandatory Compliance Review - PIHP prior to May 6, 2016	100	75%	75
4) Optional Validation of Encounter data			
4a) Validation of Encounter data - MCO	400	75%	300
4b) Validation of Encounter data - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
4c) Validation of Encounter data - PIHP prior to May 6, 2016	100	75%	75
5) Optional Survey(s)			
5a) Survey(s) - MCO	400	75%	300
5b) Survey(s) - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
5c) Survey(s) - PIHP prior to May 6, 2016	100	75%	75
6) Optional Calculation of Performance Measures			
6a) Calculation of Performance Measures - MCO	400	75%	300
6b) Calculation of Performance Measures - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
6c) Calculation of Performance Measures - PIHP prior to May 6, 2016	100	75%	75

Attachment A

CMS 64.10EQR Expenditures for State and Local			
External Quality Review	Total Computable		Total Federal Share
		FFP Rate	
	(a)	(b)	(c)
7) Optional Conduct of PIPs			
7a) Conduct of PIPs - MCO	400	75%	300
7b) Conduct of PIPs - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
7c) Conduct of PIPs - PIHP prior to May 6, 2016	100	75%	75
8) Optional Conduct of Focus Study			
8a) Conduct of Focus Study - MCO	400	75%	300
8b) Conduct of Focus Study - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
8c) Conduct of Focus Study - PIHP prior to May 6, 2016	100	75%	75
9) Optional EQRO EQR Technical Assistance			
9a) Technical Assistance - MCO	400	75%	300
9b) Technical Assistance - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
9c) Technical Assistance - PIHP prior to May 6, 2016	100	75%	75
10) Mandatory Network Adequacy Validation			
10a) Network Adequacy Validation - MCO	400	75%	300
10b) Network Adequacy Validation - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
11) Optional Quality Rating System EQRO Support			
11a) Quality Rating System EQRO Support - MCO	400	75%	300
11b) Quality Rating System EQRO Support - MCO (non-EQRO), PIHP, PAHP, PCCM entities	200	50%	100
12) Subtotal			
12a) Subtotal - MCO	4,400	75%	3,300
12b) Subtotal - MCO (non-EQRO), PIHP, PAHP, PCCM entities	2,200	50%	1,100
12f) Subtotal - PIHP prior to May 6, 2016	900	75%	675
20) Total	10,500		6575

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Revised Instructions for CMS 64.10 for line 17: External Quality Review

Clarified Form CMS 64.10 Line 17

The Medicaid and CHIP Managed Care Final Rule, CMS-2390-F, published on May 6, 2016, extends annual external quality review (EQR) requirements to Prepaid Ambulatory Health Plans (PAHPs) and to Primary Care Case Management entities (PCCM entities) whose contract with the state provides for shared savings, incentive payments or other financial reward for improved quality outcomes. The final rule also sets forth the federal financial participation (FFP) matching rates for expenditures for EQR as applied to MCOs, Prepaid Inpatient Health Plans (PIHPs), PAHPs and eligible PCCMs under 42 CFR §438.370. For more information, refer to the CMCS Informational Bulletin on Federal Financial Participation for External Quality Review, dated June 10, 2016.

INSTRUCTIONS for EQR Expenditures:

Line 17 - External Quality Reviews.- Line 17 calculates the total computable and Federal share costs attributable to state expenditures for the performance of independent external reviews of Medicaid managed care activities conducted for MCOs under section 1932(c)(2), as well as for eligible EQR activities identified under 42 CFR §438.358 conducted for PIHPs, PAHPs and PCCM entities with financial quality incentives. (See Subpart E—Quality Measurement and Improvement; External Quality Review - §438.310 Basis, scope, and applicability]. All reported expenditures must comply with 42 CFR §438.370(a) through (c).

For EQR expenditure reporting, the MBES will automatically enter in:

- Column (b) – eligible percent from column (a), by type of activity completed for the entity listed
- Column (c) - total federal share
- Column (d) – total state share

Enter in column (a) - for each option below eligible under the total computable amount of any expenditures attributable to the performance of external quality reviews conducted in compliance with 42 CFR §438.358:

1 - External Quality Review Mandatory Activity - VALIDATION OF PERFORMANCE IMPROVEMENT PROJECTS —

1a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for validation of performance improvement projects conducted under section 1932(c)(2) referenced under 42 CFR 438.358(b)(1)(i) in accordance with §438.330(d) that were underway during the preceding 12 months – Activities related to external quality review -*Mandatory activities*- Validation of performance improvement projects required by the state as performed by an eligible External Quality Review Organization, reference under §438.354), and eligible for the 75% federal financial participation rate under 438.370(a).

1b) For Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for validation of performance improvement projects conducted under 42 CFR 438.358(b)(1)(i) in accordance with §438.330(d) that were underway during the preceding 12 months – Activities related to external quality review -*Mandatory activities*- Validation of performance improvement projects required by the state as

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performed on an MCO by an entity *not* eligible as an External Quality Review Organization, reference under §438.354), or as performed on a PIHP or PAHP by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

1c) Mandatory Validation of PIPs - PIHP prior to May 6, 2016, FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for validation of performance improvement projects conducted under 42 CFR 438.358(b)(1)(i) in accordance with §438.330(d) that were underway during the preceding 12 months – Activities related to external quality review -Mandatory activities- Validation of performance improvement projects required by the state eligible for the 75% federal financial participation rate under 438.370(b).

2 - External Quality Review Mandatory Activity - VALIDATION OF PERFORMANCE MEASURES —

2a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for validation of performance measures conducted under section 1932(c)(2) referenced under 42 CFR 438.358(b)(1)(ii) in accordance with §438.330(c) that were underway during the preceding 12 months – Activities related to external quality review -Mandatory activities- Validation of performance measures required by the state as performed by an eligible External Quality Review Organization, reference under §438.354), and eligible for the 75% federal financial participation rate under 438.370(a).

2b) For Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), Primary Care Case Management Entities with financial incentives (PCCM-Es)- FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for validation of performance measures conducted under 42 CFR 438.358(b)(1)(ii) in accordance with §438.330(c) that were underway during the preceding 12 months – Activities related to external quality review -Mandatory activities- Validation of performance measures required by the state as performed by an entity *not* eligible as an External Quality Review Organization, reference under §438.354), or as performed on a PIHP, PAHP, or PCCM entity with financial incentives by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

2c) Mandatory Validation of Performance Measures - PIHP prior to May 6, 2016, FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for validation of performance improvement projects conducted under 42 CFR 438.358(b)(1)(ii) in accordance with §438.330(c) that were underway during the preceding 12 months – Activities related to external quality review -Mandatory activities- Validation of performance improvement projects required by the state, prior to May 6, 2016 eligible for the 75% federal financial participation rate under 438.370(b).

3 - External Quality Review Mandatory Activity – COMPLIANCE REVIEW —

3a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for compliance review conducted under section 1932(c)(2) referenced under 42 CFR 438.358(b)(1)(iii) in accordance with §438.330(e) that were underway during the preceding 12 months – Activities related to external quality review -Mandatory activities- A review, conducted within the previous 3-year period, to determine the MCO's compliance with standards established by the State to comply with the requirements of standards set forth in subpart D – *MCO, PIHP, and PAHP Standards*, and the quality

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assessment and performance improvement requirements described in §438.330, required by the state as performed by an eligible External Quality Review Organization, reference under §438.354), and eligible for the 75% federal financial participation rate under 438.370(a).

3b) For Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), Primary Care Case Management Entities with financial incentives (PCCM-Es), FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for compliance review conducted under 42 CFR 438.358(b)(1)(iii) in accordance with §438.330(e) that were underway during the preceding 12 months – Activities related to external quality review -*Mandatory activities*- A review, conducted within the previous 3-year period, to determine the MCO's compliance with standards established by the State to comply with the requirements of standards set forth in subpart D – *MCO, PIHP, and PAHP Standards*, and the quality assessment and performance improvement requirements described in §438.330, required by the state as performed by an entity **not** eligible as an External Quality Review Organization, reference under §438.354), or as performed on a PIHP, PAHP, or PCCM entity with financial incentives by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

3c) Mandatory Validation Mandatory Compliance Review - PIHP prior to May 6, 2016, FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the mandatory independent external review activity for compliance review conducted under 42 CFR 438.358(b)(1)(iii) in accordance with §438.330(e) that were underway during the preceding 12 months – Activities related to external quality review -*Mandatory activities*- A review, conducted within the previous 3-year period, to determine the PIHP's compliance with standards established by the State to comply with the requirements of standards set forth in subpart D – *MCO, PIHP, and PAHP Standards*, and the quality assessment and performance improvement requirements described in §438.330, required by the state and prior to May 6, 2016, eligible for the 75% federal financial participation rate under 438.370(b).

4 - External Quality Review Optional Activity – VALIDATION OF ENCOUNTER DATA —

4a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the optional independent external review activity for validation of encounter data conducted under section 1932(c)(2), referenced under 42 CFR 438.358(c)(1) – Activities related to external quality review –*Optional Activities*- Validation of encounter data reported by an MCO as performed by an eligible External Quality Review Organization, reference under §438.354), and eligible for the 75% federal financial participation rate under 438.370(a).

4b) For Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), Primary Care Case Management Entities with financial incentives (PCCM-Es), FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for validation of encounter data conducted under 42 CFR 438.358(c)(1) – Activities related to external quality review –*Optional Activities*- Validation of encounter data reported by an MCO as performed by an entity **not** eligible as an External Quality Review Organization, reference under §438.354), or as performed on a PIHP, PAHP, or PCCM entity with financial incentives by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

4c) Optional Validation of Encounter data - PIHP prior to May 6, 2016 – FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the optional independent external review activity for validation of encounter data conducted under section 1932(c)(2), referenced

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under 42 CFR 438.358(c)(1) – Activities related to external quality review –*Optional Activities*- Validation of encounter data reported by a PIHP and prior to May 6, 2016 eligible for the 75% federal financial participation rate under 438.370(b).

5 - External Quality Review Optional Activity – ADMINISTRATION OR VALIDATION OF CONSUMER OR PROVIDER SURVEYS OF QUALITY OF CARE —

5a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for administration or validation of surveys conducted under section 1932(c)(2), referenced under 42 CFR 438.358(c)(2) – Activities related to external quality review –*Optional Activities*- Administration or validation of consumer or provider surveys of quality of care reported by an MCO as performed by an eligible External Quality Review Organization, reference under §438.354), and eligible for the 75% federal financial participation rate under 438.370(a).

5b) For Managed Care Organizations (MCOs) Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), Primary Care Case Management Entities with financial incentives (PCCM-Es), FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for administration or validation of surveys conducted under 42 CFR 438.358(c)(2) – Activities related to external quality review –*Optional Activities*- Administration or validation of consumer or provider surveys of quality of care as performed by an entity **not** eligible as an External Quality Review Organization, reference under §438.354), or as performed on a PIHP, PAHP, or PCCM entity with financial incentives by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

5c) Optional Survey(s) - PIHP prior to May 6, 2016 –FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the optional independent external review activity for administration or validation of surveys conducted under 42 CFR 438.358(c)(2) – Activities related to external quality review –*Optional Activities*- Administration or validation of consumer or provider surveys of quality of care reported by a PIHP and prior to May 6, 2016, eligible for the 75% federal financial participation rate under 438.370(b).

6 - External Quality Review Optional Activity – CALCULATION OF PERFORMANCE MEASURES —

6a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for calculation of performance measures, referenced under 42 CFR 438.358(c)(3) – Activities related to external quality review – *Optional Activities*- Calculation of performance measures collected by an MCO and validated by an EQRO referenced under §438.354 (in addition to those performance measures reported under 438.358(b)(ii)), and eligible for the 75% federal financial participation rate under 438.370(a).

6b) For Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), Primary Care Case Management Entities with financial incentives (PCCM-Es), FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for calculation of performance measures conducted under 42 CFR 438.358(c)(3) – Activities related to external quality review – *Optional Activities*- Calculation of performance measures collected by an MCO, as performed by an entity **not** eligible as an External Quality Review Organization referenced under §438.354 (in addition to those performance measures reported under 438.358(b)(ii)), or as performed on a PIHP, PAHP, or PCCM entity with financial

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incentives by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

6c) Optional Calculation of Performance Measures - PIHP prior to May 6, 2016, FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the optional independent external review activity for calculation of performance measures conducted under 42 CFR 438.358(c)(3) – Activities related to external quality review – *Optional Activities*- Calculation of performance measures collected by a PIHP and validated by an EQRO referenced under §438.354 (in addition to those performance measures reported under 438.358(b)(ii)), prior to May 6, 2016, eligible for the 75% federal financial participation rate under 438.370(b).

7 - External Quality Review Optional Activity – CONDUCT OF PERFORMANCE IMPROVEMENT PROJECTS —

7a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for conduct of performance improvement projects conducted under section 1932(c)(2), referenced under 42 CFR 438.358(c)(4) – Activities related to external quality review – *Optional Activities* - Conduct of performance improvement projects by an EQRO referenced under §438.354 (in addition to those performance measures reported under 438.358(b)(i)), and eligible for the 75% federal financial participation rate under 438.370(a).

7b) For Managed Care Organizations (MCOs) Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), Primary Care Case Management Entities with financial incentives (PCCM-Es), FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for conduct of performance improvement projects conducted under 42 CFR 438.358(c)(4) – Activities related to external quality review – *Optional Activities*- conduct of performance improvement projects for an MCO, as performed by an entity **not** eligible as an External Quality Review Organization referenced under §438.354 (in addition to those performance measures reported under 438.358(b)(i)), or as performed on a PIHP, PAHP, or PCCM entity with financial incentives by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

7c) Optional Conduct of PIP - PIHP prior to May 6, 2016, FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the optional independent external review activity for conduct of performance improvement projects conducted under 42 CFR 438.358(c)(4) – Activities related to external quality review – *Optional Activities*- conduct of performance improvement projects for a PIHP by an EQRO referenced under §438.354 (in addition to those performance improvement projects reported under 438.358(b)(i)), prior to May 6, 2016, eligible for the 75% federal financial participation rate under 438.370(b).

8 - External Quality Review Optional Activity – CONDUCT OF FOCUS STUDIES —

8a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for conduct of focus studies conducted under section 1932(c)(2), referenced under 42 CFR 438.358(c)(5) – Activities related to external quality review – *Optional Activities* Conduct of studies on quality that focus on a particular aspect of clinical or nonclinical services at a point in time conducted by an EQRO referenced under §438.354, and eligible for the 75% federal financial participation rate under 438.370(a).

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8b) For Managed Care Organizations (MCOs) Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), Primary Care Case Management Entities with financial incentives (PCCM-Es), FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of optional independent external review activity for conduct of focus studies conducted under 42 CFR 438.358(c)(5) – Activities related to external quality review – *Optional Activities* Conduct of studies on quality that focus on a particular aspect of clinical or nonclinical services at a point in time for an MCO, as performed by an entity **not** eligible as an External Quality Review Organization referenced under §438.354, or as performed on a PIHP, PAHP, or PCCM entity with financial incentives by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

8c) Optional Conduct of Focus Study - PIHP prior to May 6, 2016, FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of the optional independent external review activity for conduct of focus studies conducted under 42 CFR 438.358(c)(5) – Activities related to external quality review – *Optional Activities* Conduct of studies on quality that focus on a particular aspect of clinical or nonclinical services at a point in time for a PIHP by an EQRO referenced under §438.354, prior to May 6, 2016 eligible for the 75% federal financial participation rate under 438.370(b).

9 - External Quality Review– TECHNICAL ASSISTANCE —

9a) For Managed Care Organizations (MCOs) FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of technical assistance related to the mandatory or optional independent external review activities conducted under section 1932(c)(2), referenced under 42 CFR 438.358(d) – *Technical assistance*. The EQRO referenced under §438.354 may, at the State's direction, provide technical guidance to state contracted MCOs to assist them in conducting activities related to the mandatory and optional activities that provide information for the EQR, eligible for the 75% federal financial participation rate under 438.370(a).

9b) For Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), Prepaid Ambulatory Health Plans (PAHPs), Primary Care Case Management Entities with financial incentives (PCCM-Es), FFP 50% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of technical assistance related to the mandatory or optional independent external review activities conducted under 42 CFR 438.358(d) – *Technical assistance*, as performed by an entity **not** eligible as an External Quality Review Organization referenced under §438.354 to provide technical guidance to state contracted MCOs to assist them in conducting activities related to the mandatory and optional activities that provide information for the EQR, or as performed on a PIHP, PAHP, or PCCM entity with financial incentives by any EQRO or other entity; therefore eligible for the 50% federal financial participation rate under 438.370(b).

9c) Technical Assistance - PIHP prior to May 6, 2016, FFP 75% eligible: Enter in column (a) the computable amount of any expenditures attributable to the performance of technical assistance related to the mandatory or optional independent external review activities conducted under 42 CFR 438.358(d) – *Technical assistance* The EQRO referenced under §438.354 may, at the State's direction, provide technical guidance to state contracted PIHPs, prior to May 6, 2016 eligible for the 75% federal financial participation rate under 438.370(b).

10- External Quality Review Mandatory Activity – NETWORK ADEQUACY VALIDATION -

States must begin conducting this mandatory EQR-related activity described in CMS-2390-F §438.358(b)(1)(iv) relating to the mandatory EQR-related activity of validation of network adequacy to

Attachment B:
Revised Instructions for CMS 64.10 for line 17: External Quality Review

comply with requirements with §438.68, no later than one year from the issuance of the new EQR protocol targeted for July 2018.

11- External Quality Review Optional Activity – ASSISTING WITH QUALITY RATING of MCOs, PIHPs and PAHPS (consistent with §438.334) -

States may begin conducting the optional EQR-related activity described in §438.358(c)(6) (relating to the optional EQR-related activity of plan rating) no earlier than the issuance of the new EQR protocol targeted for July 2018.