

## MACPAC Holds May 2026 Meeting

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On May 7, the Medicaid and CHIP Payment and Access Commission (MACPAC) held a public meeting, which included votes on recommendations on the following topics. All but three draft recommendations received unanimous support. Recommendations will be included in MACPAC's June 2026 report to Congress.

- Automation in Medicaid Prior Authorization: Recommendations (see below summary);
- Implementing Community Engagement Requirements in Medicaid: Recommendation and Updated Implications (see below summary);
- Exploring the Role of the State Medicaid Agency in the Program of All-Inclusive Care for the Elderly: Recommendations and Updated Implications (see pages 94-101 of the [MACPAC transcript](#));
- Appropriate Access to Residential Services for Children and Youth with Behavioral Health Needs: Recommendations (see pages 102-110 of the [MACPAC transcript](#)); and
- Children and Youth with Special Health Care Needs Transitions to Adult Coverage: Recommendations and Updated Implications (see pages 113-129 of the [MACPAC transcript](#)).

The full meeting agenda and session presentations are available [here](#).

### **AUTOMATION IN MEDICAID PRIOR AUTHORIZATION: RECOMMENDATIONS**

In this session, MACPAC staff examined the use of automation in the Medicaid prior authorization (PA) process across both managed care and fee-for-service (FFS) delivery systems and reviewed Draft Recommendations for the June report to Congress. Automation, including technologies such as algorithms and artificial intelligence (AI), is increasingly used to supplement human decision-making. The project focused specifically on understanding how automation is currently used in the Medicaid PA process across managed care and FFS delivery systems.



MACPAC staff and a contractor conducted a literature review, federal policy reviews, and stakeholder interviews. Findings indicated that current federal policy neither prescribes nor prohibits the adoption of automation in PA processes, resulting in varied implementation approaches across states and managed care organizations. Some states have enacted legislation to regulate the use of automation in health care decision-making. However, states and the federal government generally have limited visibility into plans' use of automation in Medicaid PA.

MACPAC highlighted several challenges and policy principles associated with the growing use of automation in Medicaid PA. There is limited transparency into how automated systems function and their impact on costs and access to care. The complexity of AI systems may also make decision-making processes difficult to evaluate, introducing potential risks such as programming errors or unintended bias. In addition, the absence of comprehensive federal guidance has created reluctance among stakeholders and may be slowing the adoption of automation tools, while differing state requirements contribute to a fragmented regulatory environment. Despite these challenges, automation may offer administrative efficiencies that improve timeliness of approvals, beneficiary experience, and access to care. As automated technologies continue to evolve and expand within Medicaid, MACPAC emphasized the importance of transparency, disclosure, and ongoing evaluation of oversight frameworks in Medicaid PA to identify and address emerging risks.

Commissioners voted unanimously in favor of four recommendations:

### **Draft Recommendations**

#### **Draft Recommendation 2.1:**

*"The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services to issue guidance to state Medicaid agencies and Medicaid managed care plans clarifying that, for determinations of medical necessity, the language at 42 CFR 438.210(b)(3) requires an individual with appropriate expertise to review and authorize all decisions to deny service authorizations or to authorize a service in an amount, duration or scope that is less than requested, including those proposed by automated systems.*

*This guidance should clarify further that (1) adverse determinations may not be made by automation tools alone; (2) adverse determinations must be made based on individualized determinations of medical necessity; and (3) all existing regulatory requirements related to*

*adverse determinations apply whether or not automation is used in the process of issuing an authorization decision.”<sup>1</sup>*

By clarifying federal requirements for oversight of PA processes, the recommendation aims to reduce the risk that automated systems independently issue incorrect adverse decisions. Stakeholders agree that requiring a human in the loop is an appropriately and frequently used safeguard. CMS guidance would also create consistency across states and managed care plans.

MACPAC’s anticipated implications for the Draft Recommendation include:

- **Federal:** Congressional Budget Office (CBO) estimates no impact on direct spending.
- **States:** Potential benefit from clearer federal policy. May require modifications to existing operations.
- **Enrollees:** Potential benefit from improved oversight of PA decisions.
- **Plans:** May have a minimal marginal impact on PA operations.
- **Providers:** Minimal direct effect is expected, but may experience downstream impacts from any future PA process changes.

**Draft Recommendation 2.2:**

*“The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services to amend the regulations at 42 CFR 440.230 to provide that, for determinations of medical necessity in fee-for-service Medicaid programs, any decision to deny a service authorization request or to authorize a service in an amount, duration, or scope that is less than requested, be made by an individual who has appropriate expertise in addressing the enrollee’s medical, behavioral health, or long-term services and supports needs.”<sup>2</sup>*

By providing oversight of PA processes in Medicaid FFS, the recommendation aims to reduce the risk that automated systems independently issue incorrect adverse decisions. Consistency across FFS and managed care would also be improved.

MACPAC’s anticipated implications for the Draft recommendation include:

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<sup>1</sup> Pages 84-85 of the [MACPAC transcript](#).

<sup>2</sup> Page 87 of the [MACPAC transcript](#).

- **Federal:** CBO estimates no impact on direct spending.
- **States:** Potential benefit from clearer federal policy. May require modifications to existing operations.
- **Enrollees:** Potential benefit from improved oversight of PA decisions.
- **Plans:** No impact.
- **Providers:** Minimal direct effect is expected, but may experience downstream impacts from any future PA process changes.

**Draft Recommendation 2.3:**

*"The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services to issue guidance to state Medicaid agencies and Medicaid managed care plans specifying ways in which existing regulatory oversight processes, including the external quality review process and mandated plan reporting required for Managed Care Program Annual Reports, can be used to create effective oversight of managed care plans' use of automation in utilization management."<sup>3</sup>*

States expressed concerns about limited visibility into plans' use of automation, and CMS guidance on oversight was endorsed. CMS guidance could help states use existing mechanisms to do routine managed care oversight (monitoring, readiness reviews, and reporting), external quality review, and Managed Care Program Annual Reports. This draft recommendation builds upon previous MACPAC managed care oversight recommendations.

MACPAC's anticipated implications for the draft recommendation include:

- **Federal:** CBO estimates no impact on direct spending.
- **States:** Benefit from additional federal guidance and technical direction while maintaining oversight flexibility.
- **Enrollees:** No direct impact; potential benefit from improved oversight of PA decisions in the future.
- **Plans:** May create new reporting or oversight requirements, where new processes are implemented.

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<sup>3</sup> Pages 89-90 of the [MACPAC transcript](#).

- **Providers:** Minimal direct effect is expected, but may experience downstream impacts from any future PA process changes.

**Draft Recommendation 4:**

*"State Medicaid agencies should amend their Medicaid managed care plan contracts, on a timeline that is practicable, to require disclosure or other reporting of the use of automation in plans' coverage and authorization processes described at 42 CFR 438.210. Disclosure should facilitate state visibility into the applications of automation tools and other meaningful elements of automation, such as plans' protocols for testing, evaluation, and oversight. To the extent possible, states should modify existing reporting requirements or existing oversight processes to minimize additional administrative burden."*

States reported few recently imposed oversight mechanisms specific to automation in managed care. This draft recommendation increases transparency into managed care plans' use of automation, encouraging states to exercise their existing oversight authority.

MACPAC's anticipated implications for the draft recommendation include:

- **Federal:** CBO estimates no impact on direct spending.
- **States:** Benefit from additional transparency and disclosure. May require modifications to existing operations.
- **Enrollees:** No direct impact; potential benefit from improved oversight of PA decisions in the future.
- **Plans:** Increased disclosures may be required in certain states; adoption of implementation among plans may also be impacted.
- **Providers:** Minimal direct effect is expected, but may experience downstream impacts from any future PA process changes.

**IMPLEMENTING COMMUNITY ENGAGEMENT REQUIREMENTS IN MEDICAID: RECOMMENDATION AND UPDATED IMPLICATIONS**

In this session, MACPAC staff reviewed one draft recommendation for a chapter in the June report to Congress on implementing community engagement requirements in Medicaid. Commissioners voted 15-2 in favor of the draft recommendation.

**Draft Recommendations**

**Draft Recommendation 1.1:**

*"The Secretary of the U.S. Department of Health and Human Services should direct the Centers for Medicare & Medicaid Services, or CMS, to develop a transparent plan for monitoring and evaluating community engagement, or CE, requirements in Medicaid. The monitoring plan should provide insight into how such policies affect eligibility and enrollment. CMS should identify new metrics for state reporting and build upon existing data collection to minimize administrative burden. The evaluation plan should outline, at a minimum, CMS's approach to evaluating the effect of CE requirements on employment, health, and state and federal administrative and program spending. CMS should ensure timely publication of monitoring and evaluation results to inform policy and operational decision making."<sup>4</sup>*

MACPAC's research underscores the need to monitor eligibility and enrollment changes following the implementation of the CE requirement. While CMS's monitoring plans are in development, it is unclear if those plans or the resulting state reporting will be public. MACPAC also noted that CMS should consider ways to minimize state burden and make data publicly available monthly. Evaluation, particularly at the CMS level, was emphasized as important.

MACPAC's anticipated implications for the draft recommendation include:

- **Federal:** CBO estimates the recommendation would increase federal direct spending by less than \$10 million over ten years.
- **States:** Additional state reporting, which could also support states' own efforts.
- **Enrollees:** No direct effect, but could potentially reduce coverage barriers for eligible individuals.
- **Plans:** No direct effect, but insight into eligibility and enrollment trends may be beneficial.
- **Providers:** No direct effect, but CMS and states may be able to better identify and address coverage barriers.

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*This Applied Policy® Summary was prepared by [Emma Hammer](#) with support from the Applied Policy team of health policy experts. If you have any questions or need more information, please contact her at [ehammer@appliedpolicy.com](mailto:ehammer@appliedpolicy.com) or 202-558-5272.*

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<sup>4</sup> Pages 110-111 of the [MACPAC transcript](#).