



**TO:** Interested Organizations and Individuals  
**FROM:** Patrick Dahill, Assistant Vice President, Accreditation & Measures Policy  
**DATE:** July 31, 2017  
**RE:** Changes to UM 4, Appropriate Classification of Denials; the Future of Utilization Management

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## **Background**

In addition to other changes to standards and guidelines for implementation in its 2016 products, NCQA clarified existing policies for coverage, denials and appeals, and added requirements for implementation:

1. A separate UM file review of pharmacy denials.
2. A report on the timeliness of all UM decisions.
3. An enhanced sanctions-monitoring process for reportable events.
4. A new file review that assesses the accuracy of classifying nonmedical necessity denials.

Because the new file review was complex and did not achieve the desired results, NCQA suspended requirement four above. This memo discusses survey scoring post-suspension.

## **2017 Scoring and 2018 Standards and Guidelines**

NCQA will not conduct file review for UM 4, Appropriate Classification of Denials, during the onsite survey. All organizations will be scored “NA” and the associated points will be redistributed among the other UM 4 elements.

NCQA will retire UM 4, Appropriate Classification of Denials, in the 2018 standards.

Contact your accreditation survey coordination (ASC) with questions or concerns about your survey. For all other questions, comments or concerns regarding this matter, use the NCQA Policy Clarification Support (PCS) system at <https://my.ncqa.org>.

## **UM, Going Forward**

Our plan to move the broader UM issues forward includes the following tasks:

- Evaluate CMS/state findings to address issues with potential member impact.
- Evaluate our sampling methodology to strengthen its validity and accuracy, ensure appropriate application of standards and identify where corrective actions may be needed.
- Evaluate current Corrective Action Plan (CAP) requirements for plans with file review results that do not meet the definition of “satisfactory” performance.
- Explore a risk-based approach for targeted UM file reviews, as a proactive monitoring method.

NCQA appreciates the support of our valued customers. We will provide additional information about these issues and protection of member rights moving forward.