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**NAMD**

National Association of  
Medicaid Directors

**Bi-Weekly Update**

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## ■ Regulatory Update



### **CMCS Finalizes Revisions to Managed Care Regulatory Framework**

On November 9, the Centers for Medicare and Medicaid Services (CMS) [published a final rule implementing targeted revisions](#) to the federal Medicaid and CHIP managed care regulatory framework. A [fact sheet on the rule is available here](#).

In general, the rule does not dramatically alter CMS's previous Medicaid managed care rules, instead opting for focused changes in specific areas. Key changes include:

- Removing the requirement for mandatory time and distance standards for specified Medicaid services, instead requiring states to have some type of quantitative standard which may include time and distance.
- Allowing a rate range option of five percent, so long as the upper and lower bounds of the rate range are certified as actuarially sound under current CMS requirements.

- States using the rate range option may not use the currently available *de minimis* one and a half percent rate adjustment. These options are mutually exclusive.
  - States must develop and publish the criteria by which specific rates within the five percent rate range will be selected.
  - States may adjust a previously selected rate by one percent during the rating period without submitting a rate recertification, so long as the new rate is within the previously certified five percent rate range.
  - CMS does not finalize a specific list of prohibited practices related to higher rates for higher federal match, though it reiterates its belief that such practices represent cost shift risks to the federal government which it will closely review and may deny under existing rate approval authority.
  - Requiring the future development of the Quality Rating System to include a mandatory minimum measure set that is adopted in the federal system and any state-adopted alternative system.
  - Allowing states to direct managed care plans to adopt rate structures that are within the state plan, since these rates are already approved by CMS through the State Plan Amendment process.
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