THE PARTNERSHIP FOR MEDICAID

December 11 2014

Ms. Cindy Mann
Director
Center for Medicaid and CHIP Services
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue SW Room 445-G
Washington, DC 20201

Dear Ms. Mann:

The Partnership for Medicaid – a nonpartisan, nationwide coalition of health care providers, safety net health plans, counties and labor – is writing to express our recognition of the importance of ensuring that rates for Medicaid managed care organizations are actuarially sound and to request that, as the Center for Medicaid and CHIP Services (CMCS) undertakes its update of Medicaid Managed Care regulations (42 CFR Part 438), it considers mechanisms to strengthen this critical provision.

Full-risk capitated Medicaid managed care plans and the providers within their network are now the primary delivery system for over half of all Medicaid enrollees. The vast majority of states expanding Medicaid under the Affordable Care Act are enrolling their new populations in Medicaid managed care plans. Moreover, there is a growing reliance on Medicaid managed care plans for those who are dually-eligible for Medicaid and Medicare and who require both acute care and long term supports and services.

Medicaid managed care requires that plans and providers work closely to deliver coordinated, affordable, and timely access to quality services. The requirement that Medicaid managed care plans receive actuarially-sound capitation rates is intended to ensure that ***plans can viably cover the needs of Medicaid beneficiaries and are able to appropriately reimburse providers for their services***. Without such assurances, providers' ability to participate in meeting the needs of program participants, and therefore, access to care, can be seriously jeopardized. Ensuring that Medicaid managed care plan rates are actuarially-sound is, therefore, an essential component of a strong, efficient, effective and expanding Medicaid program.

Regulations implementing the statutory requirement of the Balanced Budget Act of 1997 that rates be actuarially-sound (42 CFR 438.6) have been in effect since 2002. Nonetheless, plans and providers have expressed concern about the soundness of rates on several occasions, including, for example, when states have implemented across-the-board reductions as the result of state budgetary pressures. Further, plans and providers have been concerned about the timeliness of rate-setting, noting that states have sometimes delayed updated rates long after requiring new services, as well as the overall lack of transparency in state rate-setting processes. Medicaid plans are required to contract with a broad network of providers in order to ensure adequate access to care for vulnerable populations, and so it is all the more vital that plans are paid actuarially sound rates.

As CMCS considers changes to these regulations, we respectfully request that the provisions of these regulations related to actuarial soundness be invigorated to enable plans and providers to deliver the amount and quality of care that is expected of a health insurance program serving almost one in five Americans.In conclusion, the Partnership welcomes the opportunity to provide input to CMCS on this important issue. If you have any questions, please contact Shawn Gremminger, Co-Chair of the Partnership for Medicaid, at sgremminger@essentialhospitals.org or at 202-585-0112.

Sincerely,

AFL-CIO

American Dental Association

America's Essential Hospitals

Association of Clinicians for the Underserved

Association for Community Affiliated Plans

Catholic Health Association of the United States

Children's Hospital Association

Medicaid Health Plans of America

National Association of Counties

National Council on Behavioral Health

National Health Care for the Homeless Council

National Association of Pediatric Nurse Practitioners

National Association of Community Health Centers

National Association of Rural Health Clinics

Cc: Barb Edwards, Director, Disabled and Elderly Health Programs Group, CMS

James Golden, Director, Division of Managed Care Plans, CMS