



Medicaid and CHIP Managed Care Final Rule (CMS-2390-F)

Overview of the Final Rule

Center for Medicaid and CHIP Services



Background

This final rule is the first update to Medicaid and CHIP managed care regulations in over a decade. The health care delivery landscape has changed and grown substantially since 2002.

- Today, the predominant form of service delivery in Medicaid is managed care, which are risk-based arrangements for the delivery of covered services
- Many States have expanded managed care in Medicaid to enroll new populations, including seniors and persons with disabilities who need long-term services and supports, and individuals in the new adult eligibility group
- In 1998, 12.6 million (41%) of Medicaid beneficiaries received Medicaid through capitation managed care plans
- In 2013, 45.9 million (73.5%) of Medicaid beneficiaries received Medicaid through managed care (MCOs, PIHPs, PAHPs, PCCMs)

Goals of the Final Rule

This final rule advances the agency's mission of *better care, smarter spending, and healthier people*

Key Goals

- To support State efforts to advance **delivery system reform** and **improve the quality of care**
- To strengthen the **beneficiary experience of care** and key beneficiary protections
- To strengthen program integrity by **improving accountability and transparency**
- To **align** key Medicaid and CHIP managed care requirements with other health coverage programs

Key Dates

- Publication of Final Rule
 - On display at the **Federal Register** on April 25th
 - Will publish in the **Federal Register** May 6th
- Dates of Importance
 - Effective Date is July 5th
 - Provisions with implementation date as of July 5th
 - Phased implementation of new provisions primarily over 3 years, starting with contracts on or after July 1, 2017
 - Compliance with CHIP provisions beginning with the state fiscal year starting on or after July 1, 2018
 - Applicability dates/Relevance of some 2002 provisions

Resources

- Medicaid.gov – Landing and Managed Care Pages
 - Link to the Final Rule
 - 8 fact sheets and implementation timeframe table
 - Link to the CMS Administrator’s “Medicaid Moving Forward” blog
- ManagedCareRule@cms.hhs.gov

Goal: Delivery System Reform (DSR)

To further support state and federal delivery system reforms, the final rule:

Provides flexibility for states to have value-based purchasing models, delivery system reform initiatives, or provider reimbursement requirements in the managed care contract

- Strengthens existing quality improvement approaches with respect to managed care plans

Examples

- Capitation Payments for Enrollees with a Short-Term Stay in an Institution for Mental Disease
- Value-Based Purchasing

Goal: Modernization and Improving Quality of Care

Recognizes advancements in State and managed care plan practices and federal oversight interests

Examples

- Network Adequacy
- Information Standards
- Quality of Care

Goal: Strengthen Beneficiary Experience

Strengthens the beneficiary experience of care and key beneficiary protections

Examples

- Beneficiary Support System, Including Choice Counseling
- Managed Long-Term Services and Supports (MLTSS)

Goal: Payment and Accountability

The final rule retains state flexibility to meet state goals and reflect local market characteristics while:

- Ensuring rigor and transparency in the rate setting process
- Clarifying and enhancing state and managed care plan expectations for program integrity
- Examples
 - Better defining Actuarial Soundness
 - Transparency in the Rate Setting Process and Approval
 - Program Integrity

Goal: Alignment with Other Insurers

- Ease administrative burdens of managed care plans that participate across publicly-funded programs and the commercial market

Examples

- Medical Loss Ratio (MLR)
- Appeals and Grievances

Questions



Additional Questions?

Please send additional questions to the mailbox dedicated to this rule:

ManagedCareRule@cms.hhs.gov

While we cannot guarantee individualized responses, inquiries will inform future guidance and presentations.