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The Centers for Medicaid and CHIP Services (CMCS) finalized the long-awaited Medicaid managed care regulation (CMS-2390-P) late Monday afternoon. The regulation, initially published in draft form almost 12 months ago, is an effort by CMCS to recognize the increased role of managed care in the Medicaid program, and to establish increased federal standards and requirements for both state Medicaid programs and health plans.

The National Association of Medicaid Directors’ (NAMD) members support and share CMS’ stated goals for this regulatory revision. In recent years, Medicaid managed care has changed and grown in many ways. There is a clear need to revise the existing regulatory framework to better reflect the dynamic nature of Medicaid managed care programs and the new role of this model in covering the full range of medical, behavioral and support services needs of populations with complex conditions, as well as to provide adequate member protections to ensure access and quality. This new framework should build upon the myriad successful models already in place across the country, effectively disseminate key lessons learned and best practices, while also ensuring that there is room for continued innovation and system improvement.

The final rule will have far reaching impacts on how the program is administered for years to come. While it is substantially the same as the proposed rule, the final rule did acknowledge and accommodate several of NAMD’s recommendations:

- NAMD is very pleased to see that the final rule dropped a provision that would have mandated that certain new managed care enrollees be enrolled for at least 14 days in a fee-for-service system before being assigned to a care management plan. Such a policy would have needlessly delayed access to service delivery and critical care coordination efforts for beneficiaries in many states, and is therefore a win for both states and beneficiaries.
- We were also happy to see CMCS finalize the provision in the proposal rule covering services in Institutions for Mental Disease (IMD). This will give many states important tools with which to address some of the increasingly untenable provisions of the underlying statute and allow states to improve the delivery of mental health services
to the Medicaid population. More needs to be done to fully address the inequities that still remain in the system, but further action will require an act or acts of Congress, and CMCS should be applauded for moving the ball forward in a helpful manner.

- Finally, we appreciate that there was a recognition that a regulation of this magnitude could not successfully be implemented all at once, and the final rule allows for a phased-in implementation between now and the contract cycle that starts July 1, 2018, with other provisions on a longer implementation schedule. CMCS’ willingness to work with state Medicaid Directors and NAMD on timetables will improve our collective ability to ensure that the final rules are easier to implement.

However, as with the proposed rule, the overall scope and nature of these changes are unprecedented in recent memory. Each one of the policy changes and reporting requirements in the proposed rule will require analysis, dedicated staff time, contract amendments, and other programmatic changes that will require significant resources to implement.

The task for CMCS moving forward will be to look holistically at the final regulation and begin working with state Medicaid Directors and NAMD to flesh out many of the critical operational details and additional sub-regulatory policy guidance essential for a successful implementation that reflects local conditions. States and our federal partners will need to effectively use their limited resources and capacity to carry out these changes.

Finally, states have also asked CMCS to ensure that implementation efforts and CMCS approvals do not interfere with regular program operations and thereby delay the critical transition to value-based purchasing efforts occurring across the country. We stand ready to work closely with our federal partners to make the necessary next steps in order to ensure we have the tools and make realistic use of available resources to ensure that Medicaid remains a highly functioning, effective and efficient program.

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The National Association of Medicaid Directors (NAMD) is a bipartisan, nonprofit, professional organization representing leaders of state Medicaid agencies across the country. NAMD members drive major innovations in health care while overseeing Medicaid, one of the nation’s most vital health care safety net programs, which covers more than 72 million Americans. NAMD serves as the voice for state Medicaid directors in national policy discussions, supports state-driven policies and practices that strengthen the efficiency and effectiveness of Medicaid and actively monitors emerging issues in Medicaid and health care policy. Learn more at www.medicaiddirectors.org and follow NAMD on Twitter @statemedicaid.

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