

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Myers</i>	DATE <i>8-20-08</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>000097</i>		<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____	
2. DATE SIGNED BY DIRECTOR <i>cc: Ms. ForKner Dept</i>		<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____	
		<input checked="" type="checkbox"/> Necessary Action	

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth Street, SW, Suite 41720
Atlanta, Georgia 30303-8909



July 11, 2008

A stylized signature of Roberta D. Finkler, consisting of the letters "R D FINKLER" in a bold, blocky font.

AUG 20 2008

Ms. Emma Forkner, Director
Department of Health & Human Services
P. O. Box 8206
Columbia, SC 29202-8206

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Subject: Claiming Enhanced Match for Family Planning Services Delivered in a Prepaid
Managed Care Payment System

Dear Ms. Forkner,

This letter is intended to clarify how States may claim an enhanced match for family planning services when those services are delivered through a prepaid managed care delivery system. Section 1903(a)(5) of the Social Security Act permits States to claim 90-percent Federal funding for the costs of family planning services. These services have been defined as services that prevent or delay pregnancy or otherwise control family size.

CMS has permitted States to claim the enhanced match as long as the state has historical data supporting the amount of the capitation rate that is apportioned to the costs of covering these services, and a methodology for establishing this amount that has been approved by CMS.

Background

In May of 2007, the Department of Health and Human Services Office of the Inspector General (OIG) issued a report entitled "Review of State Claims for the Costs of Family Planning Services Provided through Medicaid Managed Care Programs." This report analyzed seven States' methodologies for claiming the costs of family planning services in prepaid Medicaid managed care programs and assessed CMS's guidance and practices in determining such costs.

The report found that six of the seven States either included ineligible beneficiaries and non-family planning costs or could not provide documentation to support the calculation of the rates on which the enhanced match was claimed. As a result of these findings, we are issuing this guidance to States.

Guidance

States have the authority to claim an enhanced match for family planning services whether provided in a fee for service (FFS) setting or in a managed care program that is

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paid through prepaid capitation rates that meet the requirements for actuarial soundness in 42 CFR 438.6(c). Further, when payments are capitated, the portion of the rate that is attributable to family planning services and on which an enhanced match may be claimed, may be determined prospectively based upon historical FFS data or data from the managed care plans (if available).

The portion of the rate claimed at the enhanced match must be attributable only to services meeting the definition for family planning, and to enrollees who could receive these services. For example, it would be inappropriate to claim an enhanced match for family planning services for young children or the elderly that are enrolled in a managed care plan.

The data used to establish the portion of the capitation rate which can be claimed at the enhanced family planning rate should be the most recent complete and validated historical data available, whether from FFS or the managed care plans. Since the relative percentage of family planning costs to other service costs does not vary significantly from year to year, the accuracy of the data is far more important than the age of the data.

Once the State has the necessary data and its methodology in place, it must forward it to the CMS Regional Office for review and approval. Once approved by CMS, the State must maintain the base-year data and methodology as long as it is used for the purpose of claiming the enhanced match.

We believe that most States are to a large degree in compliance with these procedures. However, if you have any questions or concerns about the process for claiming the enhanced match for the costs of family planning services in prepaid managed care programs, please call Sally Brown at the CMS Atlanta Regional Office, (404) 562-7352, or Ms. Kathleen Farrell, Acting Director, Family and Children's Health Programs Group at (410) 786-5647, or e-mail her at kathleen.farrell@cms.hhs.gov.

Thank you for your assistance in this matter.

Sincerely,



Mary Kaye Justis, RN, M.B.A.
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations