DEPARTMENT OF HEALTH AND HUMAN SERVICES
*OFFICE OF DIRECTOR*

# ACTION REFERRAL

| TO | DATE |
|---|---|
| Singleton | 7-10-13 |

| DIRECTOR'S USE ONLY | ACTION REQUESTED |
|---|---|
| 1. LOG NUMBER 000008 | [ ] Prepare reply for the Director's signature<br>DATE DUE _____ |
| 2. DATE SIGNED BY DIRECTOR _____<br>cc: Mr. Keck, Kost, Chavis, Depo, CMS file | [ ] Prepare reply for appropriate signature<br>DATE DUE _____<br>[ ] FOIA<br>DATE DUE _____<br>[X] Necessary Action |

| APPROVALS (Only when prepared for director's signature) | APPROVE | * DISAPPROVE (Note reason for disapproval and return to preparer.) | COMMENT |
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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850


**Center for Medicaid and CHIP Services**

**SMD# 13-002**
**ACA #25**

**RE: Affordable Care Act Section 4106 (Preventive Services)**

**February 1, 2013**

Dear State Medicaid Director:

This letter provides guidance to states on section 4106 of the Affordable Care Act. Section 4106(b) establishes a one percentage point increase in the federal medical assistance percentage (FMAP) effective January 1, 2013, applied to expenditures for adult vaccines and clinical preventive services to states that cover, without cost-sharing, a full list of specified preventive services and adult vaccines. In that circumstance, the increase would apply to such expenditures whether the services are provided on a fee-for-service (FFS) or managed care basis, or under a benchmark or benchmark-equivalent benefit package (referred to as an alternative benefit plan).

The specified preventive services are those assigned a grade of A or B by the United States Preventive Services Task Force (USPSTF), and approved vaccines and their administration, recommended by the Advisory Committee on Immunization Practices (ACIP). The services remain optional with one exception: effective January 1, 2014, the law requires that alternative benefit plans cover preventive services described in section 2713 of the Public Health Service Act as part of essential health benefits. Section 2713 includes, among others, the same services as those authorized for increased match under section 4106 of the Affordable Care Act.

The federal Agency for Healthcare Research and Quality supports the USPSTF, an independent panel of experts in prevention that makes recommendations on clinical preventive services on a graded scale. The Centers for Disease Control and Prevention supports the ACIP, a group of medical and public health experts that develops recommendations on how to use vaccines to control diseases in the United States. Both groups publish their recommendations. A list of the services that are eligible for the increased FMAP can be found on the following websites:

http://www.uspreventiveservicestaskforce.org/uspstf/topicsprog.htm
http://www.cdc.gov/vaccines/schedules/hcp/adult.html

In order for states to claim the one percentage point FMAP increase for these services, states must cover in their standard Medicaid benefit package all the recommended preventive services and adult vaccines, and their administration, and must not impose cost-sharing on such services. States' utilization review and approval procedures should conform to USPSTF and ACIP

percent of the difference between the Medicaid rate as of July 1, 2009 and the increased rate. Under section 1202, the state's regular FMAP rate will be available for the portion of the rate related to the July 1, 2009 base payment. An additional one percentage point will be available on that base amount under section 4106 of the Affordable Care Act. The following example illustrates the interaction of these two Affordable Care Act provisions.

> **Example**. A state's regular FMAP is 60 percent and under section 4106 of the Affordable Care Act, the FMAP would be increased to 61 percent for certain affected preventive services effective January 1, 2013. The portion of the state's rate related to the July 1, 2009 base payment for certain affected primary care preventive services is $70. In 2013 the state increases the rate to $80 in accordance with section 1202 of the Affordable Care Act. The $10 difference between the $70 July 1, 2009 Medicaid rate and the increased rate of $80 is eligible under section 1202 of the Affordable Care Act for 100 percent FMAP. Prior to the application of the Affordable Care Act provisions, the total federal funding for the $70 provider payment rate would have been **$42** (60 percent FMAP of $70). With the application of section 4106 and 1202 of the Affordable Care Act, the total federal funding available would be **$52.70**, calculated as $42.70 (61% (60 percent FMAP plus one percentage point) of the $70 regular provider rate) plus $10 (100 percent of the difference between $80 (the increased provider rate) and $70 (the July 1, 2009 rate)).

Claiming the Increased FMAP in Managed Care

In order to be eligible for the one percentage point increased FMAP, states must make these services available to those enrolled in a managed care delivery system as well as those in a FFS setting, and must ensure that beneficiaries have no cost-sharing liability for these services. States have the authority to claim an increased FMAP for preventive services whether provided in a FFS setting or in a managed care program that is reimbursed through capitation rates that meet the requirements for actuarial soundness in 42 CFR 438.6(c).

The portion of the capitated rate that is attributable to preventive services and upon which an increased 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 capitation rate claimed at the increased FMAP must be attributable only to services meeting the definition for preventive services under this section. The data used to establish the portion of the capitation rate that can be claimed at the increased FMAP rate should be the most recent complete and validated historical data available, whether from FFS or the managed care plans. In order to claim the increased FMAP states may need to amend their managed care contracts to require delivery of these services in accordance with the statute.

State Plan Modifications

States seeking the one percentage point FMAP increase should amend their state plans to reflect that they cover and reimburse all USPSTF grade A and B preventive services and approved vaccines recommended by ACIP, and their administration, without cost-sharing. States should provide an assurance in the state plan indicating that they have documentation available to support the claiming of federal match for such services, as described earlier in this letter. States

cc:

CMS Regional Administrators

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