



**RE: January – September 2022 Phased-Down
State Contribution Final Per-Capita Rates**

October 15, 2021

State Medicaid Director:

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires that the Centers for Medicare & Medicaid Services (CMS) notify each State, no later than October 15 of each calendar year (CY), of its Medicare Part D claw-back adjusted per-capita drug payment expenditure rate for the following year. Payments for the phased-down State contribution are made on a monthly basis. These payments are defined by the MMA to be the product of the annual per capita full dual-eligible drug payment amount and the monthly State enrollment of full-benefit dually eligible beneficiaries.

This letter¹ is to notify you of the phased-down State contribution full dual-eligible per capita Medicaid drug payment amount for January – September 2022, as required by the MMA.

The January – September 2022 phased-down State contribution per capita rates are shown in Attachment 1. The per capita drug expenditure amount for January – September 2022 is based on the following adjustments:

1. The value is adjusted by the annual percentage increase (API) in per capita Part D expenditures for the 2022 contract year (7.31 percent)², along with an adjustment to account for any revisions to prior year estimates of per capita drug cost growth from 2003 to 2006. Since there was no revision to prior year estimates, the total growth rate is 7.31 percent.
2. There is no change in the discount factor for 2022, because the phased-down factor for the previous year and this update year is 75 percent.
3. Based on the effects of the API update and the unchanged phased-down contribution percentage, the net change in the Medicare Part D claw-back adjusted per-capita drug payment expenditure rate for calendar year 2022 is 7.31 percent. Details are described in Attachment 2, provided by the CMS Office of the Actuary.

Additionally, on March 18, 2020, the Families First Coronavirus Act (P. L. 116-127) was signed into law. Section 6008 of the Act provided for qualifying states a temporary increase to the FMAP. This increase is effective retroactive to January 1, 2020. This increase in the FMAP also affects the

¹ For distribution request of this letter please go to Medicaid.gov, select “Sign-up for Website and Program Update” then select the “CMCS Informational Bulletin” Subscription topic.

² “Announcement of Calendar Year 2022 Medicare Advantages Capitation Rates and Part C and Part D Payment Policies,” January 15, 2021. <https://www.cms.gov/files/document/2022-announcement.pdf>.

calculation of the phased-down State contribution per capita rates starting January 1, 2020. This adjustment will only apply to states that qualify for the temporary FMAP increase and while the temporary FMAP increase is in effect. The enhanced FMAP is available for qualifying states until the end of the calendar quarter in which the public health emergency expires. Attachment 1 also provides the rates including this FMAP increase.

For inquiries regarding Dual Eligibles, please contact:

- MMCO_MMA@cms.hhs.gov

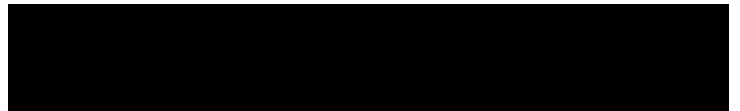
For inquiries regarding SPD Billing Procedures and System-related inquiries, please contact:

- Keith.Johnson@cms.hhs.gov and Fanta.Bowman@cms.hhs.gov
- Phyllis.Martin@cms.hhs.gov and DMEPSEDBSSStaff@cms.hhs.gov

For inquiries regarding the Part D per capita rate calculations:

- Christopher.Truffer@cms.hhs.gov
- Eric.Eckstein1@cms.hhs.gov

Sincerely,



Karen M. Shields
Deputy Director
Center for Medicaid & CHIP Services

ATTACHMENT 1: Phased-Down State Contribution Rates for January – September 2022

State	State Name	January-September 2022 Rates without FMAP Increase	January-September 2022 Rates with FMAP Increase
AL	Alabama	83.35	64.65
AK	Alaska	218.71	191.59
AZ	Arizona	67.35	53.43
AR	Arkansas	78.41	61.28
CA	California	147.83	129.50
CO	Colorado	190.48	166.86
CT	Connecticut	234.34	205.28
DE	Delaware	158.82	135.53
DC	District of Columbia	84.05	66.68
FL	Florida	159.35	134.00
GA	Georgia	112.34	91.33
HI	Hawaii	126.36	109.46
ID	Idaho	125.60	99.46
IL	Illinois	187.30	163.56
IN	Indiana	133.08	108.60
IA	Iowa	153.07	128.00
KS	Kansas	159.12	134.36
KY	Kentucky	103.34	79.83
LA	Louisiana	119.93	96.68
ME	Maine	120.19	99.49
MD	Maryland	200.18	175.35
MA	Massachusetts	156.91	137.46
MI	Michigan	97.98	80.38
MN	Minnesota	191.24	167.28
MS	Mississippi	63.83	45.58
MO	Missouri	159.03	129.72
MT	Montana	134.68	110.89
NE	Nebraska	168.97	144.15
NV	Nevada	135.65	113.17
NH	New Hampshire	222.53	194.94
NJ	New Jersey	239.42	209.74
NM	New Mexico	68.27	52.17
NY	New York	176.54	154.65
NC	North Carolina	127.10	102.74
ND	North Dakota	155.83	135.01
OH	Ohio	170.95	141.43
OK	Oklahoma	92.11	74.09
OR	Oregon	155.54	131.30
PA	Pennsylvania	195.44	169.83
RI	Rhode Island	171.79	148.18
SC	South Carolina	79.04	62.29
SD	South Dakota	161.27	137.07
TN	Tennessee	147.22	120.09
TX	Texas	117.16	98.63
UT	Utah	147.97	120.31
VT	Vermont	159.16	136.49
VA	Virginia	201.61	176.61
WA	Washington	190.85	167.18
WV	West Virginia	89.86	67.85
WI	Wisconsin	158.93	134.37
WY	Wyoming	210.71	184.58

ATTACHMENT 2: Phased-Down State Contribution to Part D Annual Rates Update for Calendar Year 2022

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires CMS to calculate the payment rates for the Phased-Down State Contribution (PDSC) to Part D each year using the latest available National Health Expenditure (NHE) estimates of per capita drug expenditure growth for the period 2003 to 2006, combined with the annual percentage increase (API) in average per capita aggregate Part D expenditures for 2007 and later years, as defined in section 1860D-2(b)(6) of the Social Security Act. As announced on January 15th, 2021, the API for 2022 is 7.31%.³

The 2022 API includes an adjustment for revisions to the 2008 through 2021 percentage increases, based on subsequent data and projections, as described in the January 15th, 2021 announcement. Since the MMA requires use of the latest NHE estimates for 2003 through 2006, the 2022 PDSC rates must also be adjusted for updates, if any, to estimates of per capita prescription drug expenditure growth for the period 2003 to 2006 that have occurred since the promulgation of the 2021 rates. The 2021 rates were based on historical NHE estimates from January 2020 and reflected a cumulative per capita prescription drug expenditure growth rate of 23.48% from 2003 to 2006. The January 2021 NHE estimates also show the same cumulative growth rate of 23.48% for this period.⁴ As a result, the 2022 PDSC rates do not include an adjustment for the updated 2003 to 2006 growth estimates, because there was no change.

The PDSC payment rates include a discount factor (the “factor for the month” specified in section 1935(c)(5)), which is 75% in 2015 and subsequent years. Consequently, there is no change in the discount factor for 2022, and the net PDSC payment rate will increase by 7.31%. The table below summarizes these calculations.

2022 Phased-down State Contribution Payment Rate Increase

Annual Percentage Increase for 2022	7.31%
Adjustment for updated 2003-2006 growth	0.00%
2022 PDSC payment rate increase	7.31%

Office of the Actuary
August 26th, 2021

³ See table V-1 of “Announcement of Calendar Year 2022 Medicare Advantages Capitation Rates and Part C and Part D Payment Policies,” January 15, 2021. <https://www.cms.gov/files/document/2022-announcement.pdf>. Details of the API calculation are contained in Attachment V.

⁴ The current per capita estimates are \$609 for 2003 and \$752 for 2006. These can be found in the NHE tables at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/tables.zip>. See Table 02.