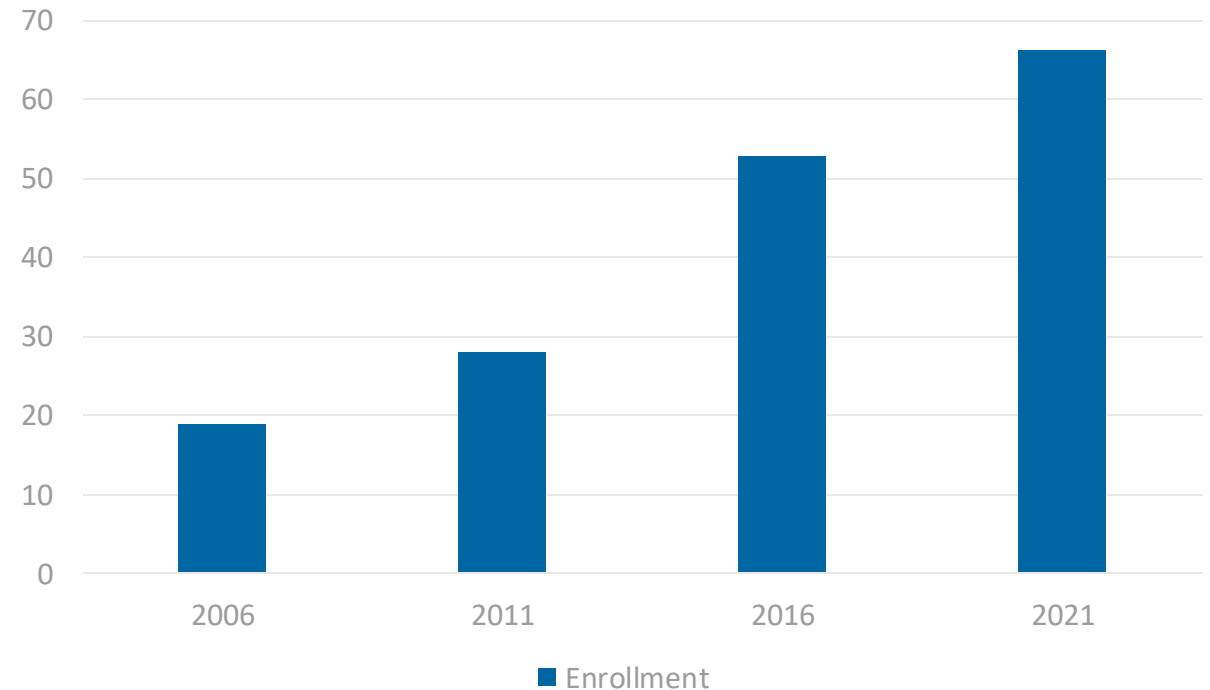


**NEARLY 75
PERCENT OF
MEDICAID
POPULATION
IS ENROLLED
IN MANAGED
CARE**

**Medicaid Managed Care Enrollment
(millions)**



MEDICAID DIRECTED PAYMENTS

Under a Medicaid managed care environment, states can create enhanced payment opportunities to providers through **directed payments**.

CMS requires states to seek prior approval of directed payment arrangements

Can take the form of:

- Uniform percent or dollar increase,
- Minimum fee schedule, or
- Value-based payment

Payments must be tied to Medicaid utilization in the rate year

Need to align with goals/objectives in the state's quality strategy

Must be approved annually during the rate-setting process

MEDICAID DIRECTED PAYMENT ACTIVITY AROUND THE COUNTRY

Between February 1, 2023 and August 1, 2024, CMS has approved 302 distinct directed payment arrangements in 40 states, the District of Columbia, and Puerto Rico¹

- ❑ October 2024 MACPAC report
 - Estimated directed payment spending to be \$110 billion in 2024
 - Up 60 percent from February 2023 MACPAC analysis
 - 74 percent of directed payment spending through uniform rate adjustments
 - 87 percent of uniform rate adjustments were delivered through separate payment terms.
- ❑ Provider financing the primary funding mechanism for directed payments

¹ - MACPAC October, 2024

MEDICAID DIRECTED PAYMENT ACTIVITY AROUND THE COUNTRY

- ❑ Size of directed payment programs impacted by:
 - Adequacy of current rates
 - Federal match rate (FMAP)
 - Upper payment limit
 - Average Commercial Rate (ACR)
 - State administrative fee
 - Available financing room

MEDICAID MANAGED CARE FINAL RULE

- On April 22, CMS released the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Access, Finance, and Quality Final Rule
 - This rule finalized a proposed rule published in May 2023, and covers a variety of components of Medicaid managed care, including State Directed Payments.
 - Most significant Medicaid managed care rule since the creation of state directed payments