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**RE: January – September 2024 Phased-Down  
State Contribution Final Per-Capita Rates**

December 14, 2023

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 annual per capita drug payment expenditure amount 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 Informational Bulletin<sup>1</sup> is to notify you of the phased-down State contribution full dual-eligible per capita Medicaid drug payment amount for the time period of January – September 2024. The January – September 2024 phased-down State contribution per capita rates are shown in Attachments 1, 2, and 3. The per capita drug expenditure amount for January – September 2024 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 2024 contract year (8.01 percent).<sup>2</sup>
2. There is no change in the discount factor previously established for 2023, because the phased-down factor for 2023 and 2024 is 75 percent.
3. Based on the effects of the API update and the unchanged phased-down contribution percentage, the net change in the State phased-down per capita drug payment amount for calendar year 2024 is 8.01 percent. Details are described in Attachment 3, provided by the CMS Office of the Actuary.

Additionally, on March 18, 2020, the Families First Coronavirus Response Act (FFCRA) (P. L. 116-127) was signed into law. Section 6008 of the Act provided for qualifying states a temporary increase to the FMAP during the public health emergency (PHE) period. This increase in the FMAP additionally affects the calculation of the phased-down State contribution per capita rates

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<sup>1</sup> 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.

<sup>2</sup> “Announcement of Calendar Year 2024 Medicare Advantages Capitation Rates and Part C and Part D Payment Policies,” March 31, 2023. <https://www.cms.gov/files/document/2024-announcement-pdf.pdf>.

starting January 1, 2020. This adjustment will only apply to states that qualify for the temporary FMAP increase while the temporary FMAP increase is in effect.

The Consolidated Appropriations Act, 2023 (CAA, 2023) (P.L. 117-328) separated the expiration of the increased FMAP from the COVID-19 PHE and amended the conditions for receipt of the increased FMAP. The conditions for receiving the temporary FMAP increase listed at subsections 6008(b)(1), (2), and (4) of the FFCRA continue to apply to states claiming the temporary FMAP increase while the FMAP increase remains available, through December 31, 2023.

In addition, the American Rescue Plan Act of 2021 (P. L. 117-2) was signed into law on March 11, 2021. Section 9814 of the Act provided a temporary FMAP increase of 5 percentage points to states that expanded Medicaid eligibility to all individuals described in section 1902(a)(10)(A)(i)(VIII) under the State plan or waiver of such plan. This FMAP increase lasts for 8 calendar year quarters and applies only to states that expand such eligibility after the enactment of the Act. At this time, one state qualifies for this FMAP increase (South Dakota). The state contribution rates adjusted for this FMAP increase for this state is shown in Attachment 2.

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For inquiries regarding the Part D per capita rate calculations:

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Sincerely,

/s/

Sara Vitolo  
Deputy Director  
Center for Medicaid & CHIP Services

**ATTACHMENT 1: Phased-Down State Contribution Rates for January – September 2024**

State	State Name	January – September 2024 Rates
AL	Alabama	91.88
AK	Alaska	247.76
AZ	Arizona	85.78
AR	Arkansas	87.66
CA	California	167.50
CO	Colorado	215.82
CT	Connecticut	265.51
DE	Delaware	171.48
DC	District of Columbia	95.23
FL	Florida	194.77
GA	Georgia	130.97
HI	Hawaii	127.98
ID	Idaho	144.65
IL	Illinois	212.22
IN	Indiana	153.82
IA	Iowa	164.31
KS	Kansas	176.63
KY	Kentucky	121.25
LA	Louisiana	137.37
ME	Maine	141.28
MD	Maryland	226.81
MA	Massachusetts	177.79
MI	Michigan	112.75
MN	Minnesota	212.39
MS	Mississippi	75.79
MO	Missouri	181.74
MT	Montana	156.90
NE	Nebraska	187.82
NV	Nevada	161.18
NH	New Hampshire	252.14
NJ	New Jersey	271.27
NM	New Mexico	80.65
NY	New York	200.02
NC	North Carolina	151.75
ND	North Dakota	175.69
OH	Ohio	192.61
OK	Oklahoma	106.93
OR	Oregon	180.26

PA	Pennsylvania	214.70
RI	Rhode Island	194.08
SC	South Carolina	93.29
SD	South Dakota	199.14
TN	Tennessee	172.16
TX	Texas	134.94
UT	Utah	172.35
VT	Vermont	179.17
VA	Virginia	222.85
WA	Washington	216.24
WV	West Virginia	104.14
WI	Wisconsin	176.57
WY	Wyoming	238.74

**ATTACHMENT 2: Phased-Down State Contribution Rates Adjusted for American Rescue Plan Act Section 9814 for January – September 2024**

State	State Name	January – September 2024 Rates with increase	January – September 2024 Rates without increase
SD	South Dakota	177.02	199.14

### **ATTACHMENT 3: Phased-Down State Contribution to Part D Annual Rates Update for Calendar Year 2024**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires the Centers for Medicare & Medicaid Services (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 March 31<sup>st</sup>, 2023, the API for 2024 is 8.01%.<sup>3</sup>

The 2024 API includes an adjustment for revisions to the 2017 through 2023 percentage increases, based on subsequent data and projections, as described in the March 31, 2023 announcement. Since the MMA requires use of the latest NHE estimates for 2003 through 2006, the 2023 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 2023 rates. There are no changes in the January 2023 NHE estimates, and the cumulative growth rate remained at 23.44% for this period.<sup>4</sup> As a result, the 2024 PDSC rates include no adjustment to account for the revised NHE per capita trends.

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 2024, and the net PDSC payment rate will increase by 4.90%. The table below summarizes these calculations.

**2024 Phased-down State Contribution Payment Rate Increase**

<b>Item</b>	<b>Rate Increased</b>
Annual Percentage Increase for 2024	8.01%
Adjustment for updated 2003-2006 growth	0.00%
2024 PDSC payment rate increase	8.01%

Office of the Actuary

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<sup>3</sup> See table V-1 of “Announcement of Calendar Year 2023 Medicare Advantages Capitation Rates and Part C and Part D Payment Policies,” April 4, 2022. <https://www.cms.gov/files/document/2023-announcement.pdf>

Details of the API calculation are contained in Attachment V.

<sup>4</sup> The current per capita estimates are \$621 for 2003 and \$766 for 2006. These can be found in the NHE tables at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-andReports/NationalHealthExpendData/Downloads/tables.zip>. See Table 02.