

U.S. House and Senate Notification
Friday, March 5, 2010

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Subject: CMS Provides Guidance to States on Payments to Medicare for Part D Costs

Today, CMS issued a Dear State Medicaid Director (SMD) letter that provides guidance following Secretary Sebelius' February 18, 2010 announcement that the increased Federal medical assistance percentage (FMAP) provided for in the American Recovery and Reinvestment Act of 2009 (ARRA) applies when calculating States' liability under section 1935(c) of the Social Security Act for the phased down State Contribution (State Contribution) for prescription drug costs for full-benefit dual eligible individuals enrolled in Medicare Part D. The recalculation of the phased down State Contribution is expected to provide \$4.3 billion in financial relief to States by reducing the amount they will have to pay the federal government to offset the cost of Medicare coverage for prescription drugs for state residents eligible for both Medicare and Medicaid.

The SMD letter provides further information about this policy, an explanation of how the new calculations will be applied and how each State will be notified of its individual adjusted per capita State Contribution rate.

The SMD letter can be viewed on the CMS website at:
<https://www.cms.hhs.gov/SMDL/>

If you have any questions about this announcement, please contact the CMS Office of Legislation. Thank you.