



**MEDICARE-MEDICAID COORDINATION OFFICE**

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**DATE:** April 1, 2019  
**TO:** Medicare-Medicaid Plans  
**FROM:** Lindsay P. Barnette  
Director, Models, Demonstrations and Analysis Group  
**SUBJECT:** Quality Withhold Adjustment for Extreme and Uncontrollable Circumstances

The purpose of this memorandum is to provide information to Medicare-Medicaid Plans (MMPs) regarding a quality withhold adjustment to account for extreme and uncontrollable circumstances, such as major natural disasters. These circumstances have the potential to negatively impact performance on quality measures, and we believe the quality withhold payment should be modified accordingly.

For MMPs that are affected by extreme and uncontrollable circumstances, CMS and the State will remit the full quality withhold payment for the year in which the extreme and uncontrollable circumstance occurred, provided that the MMP fully reports all applicable quality withhold measures. The affected MMPs will continue to be evaluated on the quality withhold measures for informational purposes; however, these MMPs will receive the full withheld amount irrespective of measure performance.

Affected MMPs will be identified according to the methodology utilized for Medicare Part C and D Star Ratings for the applicable measurement year.<sup>1</sup> The 2019 Star Ratings methodology, which would apply to the CY 2017 quality withhold analysis, indicates that affected contracts are those that meet all of the following criteria during the performance period:

- The contract's service area is within an "emergency area" during an "emergency period" as defined in Section 1135(g) of the Social Security Act.
- The contract's service area is within a county, parish, U.S. territory, or tribal area designated in a major disaster declaration under the Stafford Act, and the Secretary exercised authority under section 1135 of the Social Security Act based on the same triggering event(s).
- A certain minimum percentage of the enrollees under the contract must reside in a Federal Emergency Management Agency (FEMA)-designated Individual Assistance area at the time of the extreme and uncontrollable circumstance.<sup>2</sup>

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<sup>1</sup> For more information on Star Ratings policies, see, for example: the Medicare 2019 Part C & D Star Ratings Technical Notes, the Final CY 2019 Call Letter, the Draft CY 2020 Call Letter, and the CY 2020 Proposed Rule published in the Federal Register on November 1, 2018 (83 FR 55021).

<sup>2</sup> For MMPs, we will utilize the 25 percent threshold.

Based on this approach, we anticipate that certain MMPs in California and Texas (which were affected by wildfires and hurricane Harvey, respectively) will be eligible for full repayment of the withheld amount for CY 2017. These MMPs will be notified of the adjustment within their respective CY 2017 quality withhold results report. For future years affected by extreme and uncontrollable circumstances, we expect to utilize the same adjustment approach, including following the prevailing Part C policy/regulations for identifying affected contracts.

Should you have any questions, please contact the Medicare-Medicaid Coordination Office at [mmcocapsmodel@cms.hhs.gov](mailto:mmcocapsmodel@cms.hhs.gov). For more information about the quality withhold analysis generally, please refer to the [Medicare-Medicaid Capitated Financial Alignment Model CMS Core Quality Withhold Technical Notes for DY 2 through 5](#).