

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTERS FOR MEDICARE & MEDICAID SERVICES

DATE: February 17, 2023

TO: Medicare-Medicaid Plans in Massachusetts, Ohio, and Texas

FROM: Lindsay P. Barnette, Director, Models, Demonstrations and Analysis Group
Medicare-Medicaid Coordination Office

SUBJECT: CMS Update on Medicare Parts A/B Payments to Medicare Medicare-Medicaid Plans for Contract Year 2023

This notice provides information to Medicare-Medicaid Plans (MMPs) in Massachusetts, Ohio, and Texas regarding rate updates to the Medicare A/B payments for Contract Year (CY) 2023. Specifically, we are providing information on an update to ensure the appropriate quality withhold percentage is applied to the capitation rates.

Quality Withhold Percentage Applied to Medicare A/B Capitation Rates

Massachusetts MMPs

For the January and February 2023 prospective capitation payments, a 2.5% quality withhold was applied to the Medicare A/B payments to MMPs, instead of the correct 2.75% quality withhold applicable under Section 4.4.5.6.1 of the three-way contract. As of the March 2023 payment, CMS will be taking two steps to ensure application of the correct quality withhold percentage. First, the correct CY 2023 quality withhold percentage will be applied to all Medicare A/B payments. Second, CMS will make a retroactive correction for the lack of a quality withhold applied to MMP Medicare A/B rates for January and February 2023. Payment adjustments will appear on the Plan Payment Report (PPR) on the “Special Adjustment” page with Adjustment Type “QWP.”

Ohio and Texas MMPs

For the January and February 2023 prospective capitation payments, no quality withhold was applied to the Medicare A/B payments to MMPs. As of the March 2023 payment, CMS will be taking two steps to ensure application of the correct quality withhold percentage, consistent with the three-way contracts (Section 4.3.9.1 of the Ohio three-way contract and Section 4.4.5.6.1 of the Texas three-way contract). First, the correct CY 2023 quality withhold percentage will be applied to all Medicare A/B payments. Second, CMS will make a retroactive correction for the lack of a quality withhold applied to MMP Medicare A/B rates for January and February 2023.

Payment adjustments will appear on the Plan Payment Report (PPR) on the “Special Adjustment” page with Adjustment Type “QWP.”

Please contact the Medicare-Medicaid Coordination Office at mmcocapsmodel@cms.hhs.gov if you have any questions.