



**MEDICARE-MEDICAID COORDINATION OFFICE**

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**DATE:** November 17, 2021

**TO:** Medicare-Medicaid Plans

**FROM:** Lindsay P. Barnette  
Director, Models, Demonstrations and Analysis Group

**SUBJECT:** Medicare-Medicaid Capitated Financial Alignment Model Core Quality Withhold  
Technical Notes for Demonstration Years 2 through 9

The purpose of this memorandum is to announce the release of the *Medicare-Medicaid Capitated Financial Alignment Model Core Quality Withhold Technical Notes for Demonstration Years (DY) 2 through 9*. This document replaces the former version for DY 2 through 8 released on July 29, 2020. CMS and states will evaluate Medicare-Medicaid Plans (MMPs) in accordance with this document for all forthcoming quality withhold determinations.

As noted in the memorandum that accompanied the prior release, due to the COVID-19 public health emergency (PHE), all MMPs are eligible for the adjustment for extreme and uncontrollable circumstances (also known as the “disaster adjustment”) for the Calendar Year (CY) 2020 quality withhold analysis. Consequently, each MMP will receive the full quality withhold payment from CMS and the state for CY 2020, provided that the MMP fully reported all applicable quality withhold measures.

Although the COVID-19 PHE continued into 2021, the disaster adjustment will not apply for the CY 2021 quality withhold analysis. We identify MMPs for the disaster adjustment according to the methodology utilized by Medicare Part C and D Star Ratings for the applicable measurement year. The Star Ratings regulations indicate that the start date of the incident period is used to determine which year is affected by a disaster, regardless of whether the incident period lasts until another calendar year.<sup>1</sup> Therefore, we will evaluate MMPs as usual for the CY 2021 quality withhold analysis.

As in past years, MMPs will generally have two ways to pass measures included in the CY 2021 quality withhold analysis: 1) meeting benchmarks or 2) meeting gap closure targets. Since nearly all measures use the gap closure target methodology, that means MMPs will be assessed based on their improvement over the prior year (CY 2020), which likely had the greatest COVID impacts for most measures, particularly as non-urgent care was shifted to a virtual model or

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<sup>1</sup> See 42 CFR §§ 422.166(i) and 423.186(i).

otherwise reduced/delayed. Although COVID-related challenges persist, we expect that MMPs will be able to demonstrate improvement in CY 2021 as compared to CY 2020. Due to the gap closure target methodology, as long as MMPs show incremental improvement over CY 2020 performance, they can pass most measures without having to meet the benchmark outright. More information about the gap closure target methodology can be found in the CMS Core Quality Withhold Technical Notes for DY 2 through 9.

One exception is the Annual Flu Vaccine measure, which is derived from the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey. CMS did not require submission of the 2020 CAHPS survey data for Medicare health and drug plans (including MMPs). Since we do not have CY 2020 data for this measure, we will instead calculate CY 2021 gap closure targets using measure scores from CY 2019 as the “prior calendar year.”<sup>2</sup> This change is reflected in the CMS Core Quality Withhold Technical Notes for DY 2 through 9.

Other minor changes to the technical notes include clarifying the rounding rules for measure scores, confirming that the Plan All-Cause Readmissions measure benchmark will remain at 1.00 at this time, and revising the description for the Follow-Up After Hospitalization for Mental Illness measure to align with updates from the measure steward. Should you have any questions or comments about any of the changes, please contact the Medicare-Medicaid Coordination Office at [mmcocapsmodel@cms.hhs.gov](mailto:mmcocapsmodel@cms.hhs.gov).

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<sup>2</sup> For Texas MMPs, a state-specific quality withhold measure is also derived from CAHPS. For this measure, we will similarly calculate CY 2021 gap closure targets using measure scores from CY 2019 as the “prior calendar year.”