

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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Baltimore, Maryland 21244-1850



Medicare-Medicaid Coordination Office

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**DATE:** July 20, 2017

**TO:** All Medicare-Medicaid Plans

**FROM:** Lindsay P. Barnette  
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Medicare-Medicaid Coordination Office

**SUBJECT:** Planned Updates to MMP Medicare A/B Rate Methodology for CY 2018

Under the Financial Alignment Initiative, CMS and participating states establish the Medicare and Medicaid capitated payment rates for participating Medicare-Medicaid Plans (MMPs). Rates are based on estimates of the amounts that would have been spent in the payment year had each demonstration not existed. This memorandum concerns updates that CMS intends to make to the Medicare component of the MMP rates for CY 2018, which will allow CMS to finalize Medicare MMP rates earlier than we have in prior years.

First, for CY 2018, CMS intends to develop the duals-specific bad debt adjustment using the same base experience as the CY 2017 adjustment. The experience will be trended to CY 2018 using the most recent projection from the CMS Office of the Actuary. For CY 2019 and beyond we intend to update the duals-specific bad debt adjustment using the most recent base experience, consistent with the adjustment for CY 2017 and earlier.

Secondly, we plan to use the CY 2018 *initial* bids, rather than the CY 2018 *final* bids, to calculate the Medicare Advantage portion of Medicare A/B rates for MMPs. Our analysis has consistently shown minimal difference between the initial and final bids; accordingly, using the initial bids would not materially impact the final MMP payment rates.

With these changes, we would anticipate being able to finalize MMP Medicare rates for CY 2018 in late July to early August 2017, rather than in mid-September as has historically occurred.

**Questions**

If you have questions on the above changes, please submit them to the Medicare-Medicaid Coordination Office at [mmcocsmodel@cms.hhs.gov](mailto:mmcocsmodel@cms.hhs.gov) by 5:00 PM EST August 4, 2017 with the subject heading "Planned Updates to MMP Medicare A/B Rate Methodology for CY 2018."