



**RE: January – September Calendar Year (CY)
2021 Phased-Down State Contribution Final Per-
Capita Rates**

State Medicaid Director:

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires that the Centers for Medicare & Medicaid Services (CMS) notify each State, no later than October 15 of each calendar year (CY), of its Medicare Part D claw-back adjusted per-capita drug payment expenditure rate for the following year. Payments for the phased-down State contribution are made on a monthly basis. These payments are defined by the MMA to be the product of the annual per capita full dual-eligible drug payment amount and the monthly State enrollment of full-benefit dually eligible beneficiaries.

This letter¹ is to notify you of the phased-down State contribution full dual-eligible per capita Medicaid drug payment amount for January – September 2021, as required by the MMA.

The January – September 2021 phased-down State contribution per capita rates are shown in Attachment 1. The per capita drug payment expenditure amount for January – September 2021 is based on the following adjustments:

1. The value is adjusted by the annual percentage increase (API) in per capita Part D expenditures for the 2021 contract year (2.85 percent)², along with an adjustment to account for any revisions to prior year estimates of per capita drug cost growth from 2003 to 2006. Since there was no revision to prior year estimates, the total growth rate is 2.85 percent.
2. There is no change in the discount factor for 2021, because the phased-down factor for the previous year and this update year is 75 percent.
3. Based on the effects of the API update and the unchanged phased-down contribution percentage, the net change in the Medicare Part D claw-back adjusted per-capita drug payment expenditure rate for calendar year 2021 is 2.85 percent. Details are described in Attachment 2, provided by the CMS Office of the Actuary.

Additionally, on March 18, 2020, the Families First Coronavirus Response Act (P. L. 116-127) was signed into law. Section 6008 of the Act provided for qualifying states a temporary increase to the FMAP. This increase is effective retroactive to January 1, 2020. This increase in the FMAP also

¹ For distribution request of this letter please go to Medicaid.gov, select “Sign-up for Website and Program Update” then select the “CMCS Informational Bulletin” Subscription topic

² “Announcement of Calendar Year 2021 Medicare Advantages Capitation Rates and Part C and Part D Payment Policies,” April 6, 2020. <https://www.cms.gov/files/document/2021-announcement.pdf>.

affects the calculation of the phased-down State contribution per capita rates starting January 1, 2020. This adjustment will only apply to states that qualify for the temporary FMAP increase and while the temporary FMAP increase is in effect. The enhanced FMAP is available for qualifying states until the end of the calendar quarter in which the public health emergency expires. Attachment 1 also provides the rates including this FMAP increase.

For general inquiries regarding dually eligible beneficiaries, please contact:

- Sharon.Donovan1@cms.hhs.gov

For inquiries regarding SPD Billing Procedures and System-related inquiries, please contact:

- Keith.Johnson@cms.hhs.gov and Fanta.Bowman@cms.hhs.gov
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For inquiries regarding the Part D per capita rate calculations:

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Sincerely,

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Karen M. Shields
Deputy Director
Center for Medicaid & CHIP Services

ATTACHMENT 1: Phased-Down State Contribution Rates for January – September 2021

State	State Name	January-September 2021 Rates without FMAP Increase	January-September 2021 Rates with FMAP Increase
AL	Alabama	77.09	59.66
AK	Alaska	203.81	178.54
AZ	Arizona	62.76	49.79
AR	Arkansas	74.08	58.11
CA	California	137.76	120.68
CO	Colorado	177.50	155.49
CT	Connecticut	218.37	191.30
DE	Delaware	147.93	126.23
DC	District of Columbia	78.32	62.13
FL	Florida	144.95	121.32
GA	Georgia	104.12	84.54
HI	Hawaii	119.33	103.58
ID	Idaho	116.26	91.90
IL	Illinois	175.01	152.88
IN	Indiana	125.74	102.93
IA	Iowa	144.11	120.75
KS	Kansas	150.07	127.00
KY	Kentucky	98.77	76.86
LA	Louisiana	113.86	92.19
ME	Maine	112.97	93.68
MD	Maryland	186.54	163.41
MA	Massachusetts	146.22	128.09
MI	Michigan	95.01	78.61
MN	Minnesota	180.05	157.72
MS	Mississippi	60.99	43.99
MO	Missouri	154.37	127.05
MT	Montana	123.00	100.83
NE	Nebraska	162.42	139.29
NV	Nevada	124.01	103.06
NH	New Hampshire	207.37	181.66
NJ	New Jersey	223.12	195.45
NM	New Mexico	64.23	49.22
NY	New York	164.51	144.11
NC	North Carolina	119.35	96.66
ND	North Dakota	148.94	129.54
OH	Ohio	161.39	133.88
OK	Oklahoma	86.70	69.91
OR	Oregon	142.68	120.09
PA	Pennsylvania	183.97	160.11
RI	Rhode Island	162.89	140.89
SC	South Carolina	73.96	58.35
SD	South Dakota	151.78	129.22
TN	Tennessee	138.25	112.97
TX	Texas	106.36	89.10
UT	Utah	135.02	109.25
VT	Vermont	154.79	133.66
VA	Virginia	187.87	164.58
WA	Washington	177.85	155.80
WV	West Virginia	82.71	62.21
WI	Wisconsin	149.98	127.10
WY	Wyoming	196.35	172.01

ATTACHMENT 2: Phased-Down State Contribution to Part D Annual Rates Update for Calendar Year 2021

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires CMS to calculate the payment rates for the Phased-Down State Contribution (PDSC) to Part D each year using the latest available National Health Expenditure (NHE) estimates of per capita drug expenditure growth for the period 2003 to 2006, combined with the annual percentage increase (API) in average per capita aggregate Part D expenditures for 2007 and later years, as defined in section 1860D-2(b)(6) of the Social Security Act. As announced on April 6, 2020, the API for 2021 is 2.85%.³

The 2021 API includes an adjustment for revisions to the 2008 through 2020 percentage increases, based on subsequent data and projections, as described in the April 6, 2020 announcement. Since the MMA requires use of the latest NHE estimates for 2003 through 2006, the 2021 PDSC rates must also be adjusted for updates, if any, to estimates of per capita prescription drug expenditure growth for the period 2003 to 2006 that have occurred since the promulgation of the 2020 rates. The 2020 rates were based on historical NHE estimates from January 2019 and reflected a cumulative per capita prescription drug expenditure growth rate of 23.48% from 2003 to 2006. The January 2020 NHE estimates also show the same cumulative growth rate of 23.48% for this period.⁴ As a result, the 2021 PDSC rates do not include an adjustment for the updated 2003 to 2006 growth estimates, because there was no change.

The PDSC payment rates include a discount factor (the “factor for the month” specified in section 1935(c)(5)), which is 75% in 2015 and subsequent years. Consequently, there is no change in the discount factor for 2021, and the net PDSC payment rate will increase by 2.85%. The table below summarizes these calculations.

2021 Phased-down State Contribution Payment Rate Increase

Annual Percentage Increase for 2021	2.85%
Adjustment for updated 2003-2006 growth	0.00%
2021 PDSC payment rate increase	2.85%

Office of the Actuary
September 21, 2020

³ See table V-1 of “Announcement of Calendar Year 2021 Medicare Advantages Capitation Rates and Part C and Part D Payment Policies,” April 6, 2020. <https://www.cms.gov/files/document/2021-announcement.pdf>. Details of the API calculation are contained in Attachment V.

⁴ The current per capita estimates are \$609 for 2003 and \$752 for 2006. These can be found in the NHE tables at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/tables.zip>. See Table 02.