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| **CMS Guidance Outlines State Requirements for Reporting Medicaid Supplemental Payments** |

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| * *States are now required to report provider-specific data on Medicaid supplemental payments provided on or after October 1, 2021.*
* *CMS will provide additional technical assistance and supplemental forms to assist states in these new reporting requirements.*
* *The agency does not have adequate data to implement exception to new calculation for hospital-specific Medicaid DSH limits.*
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| Earlier today, the **Centers for Medicare and Medicaid Services (CMS) released** [**guidance**](https://r20.rs6.net/tn.jsp?f=001L7hgMvz29JeV7mh_CRNb-D_S6YQRHIPJ-COrOoMmYPlvbV0aG7wx8UBef04giKiYJQb0ZpUxSFr63OI2n4eQGtgfvCvkFvmZB48uU1u5eY6FhjrznN-htTjtjgeU54DAggiH8Bdl5hShHxMDoIKtUThuqJzI5hzDui4yCQYteM9ijdmJtQgBu8DUdihAJGApyQDB_pLxqIidyBaYv0kYkA==&c=NwcNwG-B3y1Y3LhDuHXGcTeC4S3nJ_7dtHyWq3NVR4Qk-zIdNukpDg==&ch=ncCRgeI_c4BahQ1-_dwVCxYhvv3VfslGhZSyAtwWMwa4xhf_v6zTWQ==) to State Medicaid Directors **outlining new requirements for states to report certain data on Medicaid supplemental payments** in their programs. These new reporting requirements were mandated by last year’s end-of-year legislative package — the Consolidated Appropriations Act (CAA), 2021 — which required CMS to establish a system for states to submit reports on supplemental payments by October 1, 2021. While the agency reminded states of their existing reporting obligations on certain payment information through the state plan amendment submission process, CMS specified that **states must now report on the amount of supplemental payments made to each provider,** among other new information. Notably, CMS has never required the routine reporting on provider-specific payment information for the Medicaid program. * **Context**. During the last decade, oversight agencies — such as the Government Accountability Office (GAO) and Office of the Inspector General (OIG) — have made recommendations to CMS and Congress about improving oversight of Medicaid supplemental payments, disproportionate share hospital (DSH) payments, and the non-federal share of Medicaid expenditures. While the Trump administration’s Medicaid Fiscal Accountability Rule ([MFAR](https://r20.rs6.net/tn.jsp?f=001L7hgMvz29JeV7mh_CRNb-D_S6YQRHIPJ-COrOoMmYPlvbV0aG7wx8UBef04giKiYcGPxC-Tq-TFRJQByfbLCUSvsRqbWUqNPg9E5kmVfoHzEqQbQ1xQ0kBLCCXZF8oucEHuoA7sffMOZsH0qkxoAuObkrf2Wl4YPzORQHYzCibpiiJiS5Da-BbcYLJGN9HfBAE1zBYjCDQN5TxlsvYMXPg==&c=NwcNwG-B3y1Y3LhDuHXGcTeC4S3nJ_7dtHyWq3NVR4Qk-zIdNukpDg==&ch=ncCRgeI_c4BahQ1-_dwVCxYhvv3VfslGhZSyAtwWMwa4xhf_v6zTWQ==)) included requirements for states to report more provide-specific information on supplemental payments, many stakeholders raised concerns about the impact other provisions of the rule would have on provider payments. After balancing this strong pushback from stakeholders with Republican support for increasing transparency of state Medicaid financing, Congress included provisions requiring supplemental payment reporting modeled from MFAR into the CAA.

In describing the reporting system that CMS was required to create under the CAA, CMS specifies in today’s guidance that it has designated **the current Medicaid Budget and Expenditure System (MBES) as the initial system for states to submit required data on supplemental payments made by the state after October 1, 2021**. The agency indicates that it is in the process of updating this system and will provide additional technical assistance to states, as well as supplemental forms to minimize administrative burden. Today’s guidance also includes information to states on CMS’s implementation of certain CAA provisions related to calculating the Medicaid disproportionate share hospital (DSH) hospital-specific payment caps that began October 1, 2021. While the CAA included certain exceptions for the application of the new methodology for calculating this cap, CMS indicated in its guidance that it does not currently have the necessary data available to apply these exceptions. Therefore, the agency indicated that it intends to develop a new data source, as well as release new guidance and future rulemaking to address this exception. |

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