

# FLASH CMS release

2021-2022 Rate Development Guide

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## CMS Release of 2021-2022 Medicaid Managed Care Rate Development Guide (RDG)

On June 25, 2021, CMS released the 2021-2022 Medicaid Managed Care Rate Development Guide for use by states in setting capitation rates for rating periods starting between July 1, 2021 and June 30, 2022. Included was updated guidance for an accelerated review process first introduced with the 2020-2021 version of the RDG.

This Flash is intended to provide you with key changes in the rate certification requirements as compared to the prior RDG.



### Updates to General Rate Development and Documentation

- Guidance has been updated for the option to certify to rate ranges.
- Exception language for rating periods other than 12-months was removed.
- New guidance for rate considerations specific to the direct and indirect impacts of the COVID-19 pandemic.
- Allowance of up to 1% per rate cell without an amendment if certifying to rate ranges.

- Requirements for contract amendment due to state program features invalidated by court decision or federal statute.
- Further clarification on the comparison to prior rates when revising or amending certified rates.



## **Updates to Rate Development Standards and Documentation for State Directed Payments**

- Previously known as “Delivery System and Provider Payment Initiatives,” the 2021-2022 section I.4.D is now labeled “State Directed Payments.”
- Minimum fee schedule references were broken out into those using Medicaid state plan approved rates and other fee schedules.
- Clarification in the RDG that directed payment preprints must be approved before CMS will approve the rate certification, except for minimum fee schedules based on state plan approved rates.
- Specified table formats required for documenting directed payments.



## **Updates to Rate Development Standards and Documentation for Pass-Through Payments**

- Reduced phase down from 80% to 70% of the base amount calculation.
- New requirements for pass-through payments for states transitioning services or populations from Fee-for-Service to Managed Care.
- Documentation of any changes made to the base amount calculation methodology from previous years.
- New documentation is required to describe how the pass-through payment(s) will be paid (e.g., if varies based on actual enrollment).
- New, extensive documentation requirement on the financing mechanism for each pass through payment.



## Accelerated Rate Review Criteria and Rate Submission Process

- Accelerated review option remains available.
- Criteria and documentation requirements updated for 2020 final rule, but are largely unchanged; this option is not available when certifying rate ranges.

## Conclusion

Mercer can help states meet the new and existing documentation requirements in order to receive approval in accordance with this guidance. States interested in learning more about the 2021-2022 [RDG](#) should reach out to us at [mercergovernment@mercergovernment.com](mailto:mercergovernment@mercergovernment.com) or contact your Mercer Government actuary.

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