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Trump Administration Announces Medicaid and CHIP Managed Care Final Rule, Continues Commitment to Transform Medicaid by Delivering Greater Flexibility to States

Final rule improves balance of federal oversight and state flexibility while maintaining critical beneficiary and quality of care protections

Today, the Centers for Medicare & Medicaid Services (CMS) released the 2020 Medicaid and Children's Health Insurance Program (CHIP) Managed Care final rule. The final rule fulfills one of the Trump Administration's earliest commitment to states by reducing unnecessary administrative burden and federal regulatory barriers. The purpose of the rule is to ensure state Medicaid and CHIP agencies are able to work effectively to develop and implement managed care programs that better serve each state's growing number of Medicaid and CHIP beneficiaries.

"The era of prescriptive regulations has failed," said Administrator Seema Verma. "This rule represents a concerted effort to transform Medicaid to improve quality and access for its beneficiaries. This will remove the burden on states while ensuring appropriate oversight of managed care organizations. The government should identify expected outcomes, results, and standards – not micromanage processes."

Today's final rule was designed to improve federal oversight and state flexibility while maintaining beneficiary protections and providing high quality of care for the 55 million beneficiaries who are enrolled in Medicaid managed care plans. This also includes the 79 percent of CHIP children in 32 states who enrolled in CHIP managed care plans.

The rule fosters accountability by ensuring CMS issues guidance to help states more quickly complete the federal rate review process, while preserving the requirement for states to

implement a Quality Rating System (QRS) for the managed care plans they contract with, so beneficiaries can have information about their plan and make informed decisions about their healthcare. The rule also reinforces CMS's commitment to providing access and quality care to beneficiaries living in rural America by changing the minimum standards states must use in developing network adequacy requirements in a way that supports state facilitation for telehealth options.

In 2016, CMS issued a Medicaid & CHIP Managed Care Final Rule to update the regulations governing Medicaid and CHIP managed care programs. However, numerous stakeholders complained that the 2016 regulations were overly prescriptive and burdensome. As a result, CMS formed a working group with the National Association of Medicaid Directors (NAMD) and State Medicaid Directors to review and prioritize areas of concern within the managed care regulations. The recommendations from this group culminated in the proposals that CMS put forward for comment in [November 2018](#).

This final rule strengthens provisions in the 2016 rule taking into consideration the comments the agency received, giving states greater flexibility to establish appropriate payment for Medicaid and CHIP services and to set standards that effectively address the healthcare needs specific to their state, while ensuring appropriate beneficiary protections.

The majority of provisions will be effective thirty days after issuance of the Final Rule. There are two provisions that will be effective with contract rating periods starting on or after July 1, 2021 and two provisions that states will be required to come into compliance with for certain reports and quality strategies submitted on or after July 1, 2021.

For more information, please visit: <https://www.federalregister.gov/public-inspection/2020-24758/medicaid-program-medicare-and-childrens-health-insurance-program-managed-care>

For a fact sheet on the CHIP Managed Care final rule, please visit: <https://www.cms.gov/newsroom/fact-sheets/medicaid-childrens-health-insurance-program-chip-managed-care-final-rule-cms-2408-f>

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