

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT#112620124053

JAN 23 2013

Ms. Nancy V. Atkins
Commissioner
Bureau for Medical Services
Department of Health and Human Resources
350 Capitol Street, Suite 251
Charleston, West Virginia 25301-1757

Dear Ms. Atkins:

I write to advise you that the Centers for Medicare & Medicare Services (CMS) has approved West Virginia's Managed Care Organization (MCO) contract amendment for the SFY 2013. The contract amendment is for the inclusion of the Pharmacy benefit in the contracts with the following MCOs: CoventryCares of West Virginia (formerly Carelink Health Plans), The Health Plan of the Upper Ohio Valley, and Unicare Health Plan of West Virginia, effective April 1, 2013 through June 30, 2013.

As you know, section 1932(f) of the Social Security Act requires Medicaid managed care health plans to make payment for primary care services furnished by certain physicians at amounts at least equal to Medicare payment rates in calendar years (CY) 2013 and 2014. Federal financial participation (FFP) is available at a rate of 100% for the portion of capitation rates attributable to these enhanced payments. Implementing regulations at 42 CFR 438.804 requires states to submit to CMS a methodology for calculating the July 1, 2009 baseline rate for eligible primary care services and a methodology for calculating the rate differential eligible for 100% FFP by March 31, 2013. Further, 42 CFR 438.6 (c)(5)(v) establishes MCO, Pre-paid Inpatient Health Plan (PIHP) or Pre-paid Ambulatory Health Plan (PAHP) contract requirements to comply with this provision.

The CMS approves these MCO contracts and accompanying capitation rates, with the understanding that neither the contract nor the actuarial certification is compliant with these provisions. It is CMS' expectation that as soon as practicable after the State submits the required methodologies in 42 CFR 438.804 and receives CMS approval, the State will:

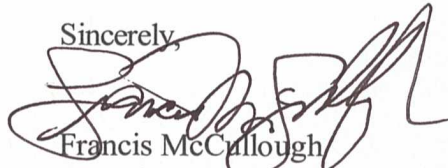
1. Submit revised actuarial certification documents reflecting the Medicare rate for eligible primary care services in their MCO capitation rates; and
2. Submit amendment(s) to this contract to ensure compliance with 42 CFR 438.6 (c)(5)(v).

After CMS approval of the revised contract and rates, the MCO must direct the full amount of the enhanced payment to the eligible provider to reflect the enhanced payment effective January 1, 2013. FFP is available at a rate of 100% for the portion of capitation rates attributable to these enhanced payments; however, receipt of the enhanced FFP is contingent upon the State's successful completion of this process.

Our approval is effective for the capitation rates submitted to the CMS on November 20, 2012.

We wish you continued success in the operation of your managed care program. If you have any questions or need assistance, please contact Darlene Irving of my staff at 215-861-4275.

Sincerely,

A handwritten signature in black ink, appearing to read "Francis McCullough", written over a circular stamp.

Francis McCullough
Associate Regional Administrator