



July 27, 2020

Seema Verma
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Administrator Verma,

On behalf of the nation's Medicaid Directors, NAMD is writing to request CMS temporarily suspend work on finalization of the Medicaid Fiscal Accountability Rule (MFAR) while states continue responding to the ongoing COVID-19 pandemic and its significant impact on state budgets. While we support efforts to increase transparency and accountability in the Medicaid program, the proposals in MFAR would have far-reaching impacts on state Medicaid financing mechanisms which states simply will not have the capacity to comply with in this environment.

Medicaid is transparent, accountable, and committed to combatting fraud, waste and abuse. States and territories are committed to ensuring good stewardship of taxpayer dollars and ensuring that resources are not diverted from being spent on the health and welfare of Medicaid members. We understand that CMS's goals with MFAR are aimed at similar objectives. However, as we explained at length in our [January 31 comments on MFAR](#), the rule as proposed would create an environment of uncertainty for states by significantly increasing the federal agency's discretion to approve or disapprove state financing arrangements, among other difficulties.

MFAR was proposed in a pre-COVID environment. The circumstances states are facing now are dramatically different. COVID-19 is directly straining Medicaid budgets as enrollment numbers increase and states work to ensure the ongoing viability of their delivery systems. Significant reductions to state general revenues are forcing difficult budgetary decisions across state governments, including within Medicaid. In this environment, states need assurances that all existing financial tools will be available to weather what is expected to be a significant and years-long economic downturn. MFAR would remove these assurances and exacerbate these already substantial fiscal challenges.

Even if CMS finalizes MFAR with a five-year implementation period as requested in NAMD's comments, states and Medicaid providers will face hurdles in implementing substantive changes to come into compliance while simultaneously managing an ongoing recession. States will be expected to modify existing supplemental payment arrangements and other financing mechanisms requiring CMS approval, which in some instances took years to develop. Because of the volume of these required changes, which will come during a compressed time period, CMS may also find itself challenged with managing future workflow.

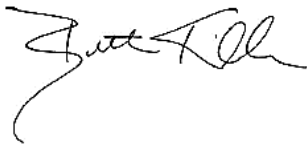
Further, CMS has not engaged with states or other stakeholders to explore the many issues identified in submitted comments to MFAR as proposed. At a minimum, states should be able to participate in CMS

listening sessions or other such mechanisms that would allow states and CMS to more fully explore identified challenges and develop a thoughtful path forward.

It is for these reasons that NAMD requests a pause on the work to finalize MFAR. State capacity to comply with such a far-reaching rule that could fundamentally alter core financing arrangements is not something that can be achieved in the midst of the COVID-19 pandemic or in a near-term post-pandemic environment.

Our members are ready to engage further to provide additional context and explore alternatives to promote accountability and transparency in Medicaid during this time.

Sincerely,



Beth Kidder
President, NAMD
Deputy Secretary for Medicaid
Florida Agency for Health Care Administration



Jami Snyder
President-Elect, NAMD
Director
Arizona Health Care Cost Containment System