

## ABP11 – Payment Methodology

**Statute:** 1902(a)(13); 1902(a)(30)(A)

**Regulation:** 42 CFR Part 447

### INTRODUCTION

This fillable PDF (state plan page) is used to provide the state/territory's assurance concerning the payment methodologies used for the Alternative Benefit Plan's (ABP) benefits, when provided through a service delivery system, other than managed care. This page is not used for ABP that are benchmark-equivalent plans. Payment methodologies for benefits included in benchmark-equivalent plans are described in the documents that are attached following completion of the **ABP6 – Benchmark Equivalent Benefit Package** state plan page.

### BACKGROUND

Section 1902(a)(30)(A) of the Act requires that states and territories assure that payments are consistent with efficiency, economy, and quality of care. 42 CFR 442 Part 447 prescribes the methodologies states and territories must use for establishing payment rates for providers of Medicaid benefits and services. All of these requirements apply to Medicaid benefits provided through an ABP.

States and territories may include in their ABP(s) benefits from a section 1937 coverage option, or base benchmark plans that are not included in the state/territory's approved Medicaid state plan. States and territories may also, under Secretary-Approved Coverage, add state plan benefits that are not included in their standard approved Medicaid (non-section 1937) state plan benefit package. Finally, states and territories may choose to use a different payment methodology for an ABP state plan benefit than the methodology currently being used under its approved Medicaid state plan. Under any of these circumstances, the state/territory must establish a payment methodology for these ABP benefits and document this methodology in the state plan. This is done by submitting a state plan amendment (Attachment 4.19-A, 4.19-B, or 4.19-D, as appropriate) as an attachment to the ABP State Plan Amendment (SPA) submission with a description of the payment methodologies for any of these benefits.

### TECHNICAL GUIDANCE

Affirmatively indicate the state/territory's agreement with the assurance that for each benefit not provided through managed care, the state/territory will either use the payment methodology in its approved Medicaid state plan or submit as an attachment to the ABP SPA submission an amendment describing the payment methodology for each benefit included in the ABP benefit package. This is done by checking the box next to the assurance.

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### **Review Criteria**

***The state/territory must select the assurance indicating it will use a payment methodology from its approved Medicaid state plan or submit an attachment to the Alternative Benefit Plan SPA submission describing the payment methodology it will use for each benefit in the ABP benefit package. If the state/territory does not select this assurance, the SPA cannot be approved.***

If the state/territory is establishing payment methodologies for benefits not provided through managed care and not using the payment methodologies in its approved Medicaid state plan, it must attach the SPA (Attachment 4.19-A, 4.19-B, or 4.19-D, as appropriate) as an attachment to the Alternative Benefit Plan SPA submission, describing these payment methodologies.