

June 27, 2025

Centers for Medicare & Medicaid Services
Office of Strategic Operations and Regulatory Affairs, Division of Regulations Development
U.S. Department of Health and Human Services
Attention: CMS-10398 #37
OMB Control Number: 0938-1148
7500 Security Boulevard
Baltimore, MD 21244-1850

Re: 2025-2026 Medicaid Managed Care Rate Development Guide

Dear Director Knapp,

The MLTSS Association represents managed care organizations (MCOs) that have Medicaid managed care contracts with one or more states and take risk for long-term services and supports (LTSS), including home and community-based services (HCBS), provided under Medicaid.¹ Our members assist states in delivering high-quality LTSS at the same or lower cost as the fee-for-service system with a particular focus on ensuring beneficiaries' quality of life and ability to live as independently as possible. Our members currently cover the large majority of all enrollees in MLTSS plans and integrated plans, including national plans and regional and community-based plans.

Actuarially sound rates are a critical component of Medicaid managed care to ensure that MCOs receive adequate funding to serve their members. This is especially crucial for MLTSS plans that manage services for individuals with often long-term and chronic conditions. Those services help members maintain their health, remain in their community, and empower members' independence.

We appreciate CMS releasing the 2025-2026 Medicaid Managed Care Rate Development Guide for public comment. We note that in the 65-page guide, less than a page is dedicated to MLTSS rate setting, despite that fact that LTSS accounted for over \$250 billion dollars of Medicaid spending in 2022.² We believe that there is a need for additional detailed guidance to assist states and managed care organizations to set actuarially sound rates for their MLTSS programs. Specifically, we offer the following recommendations:

The MLTSS Association recommends that CMS add specific questions to the Medicaid rate-setting guide that address how recent unit cost and utilization increases for MLTSS services have been addressed in

¹ Members include Aetna, AlohaCare, AmeriHealth Caritas, CareSource, Centene, Commonwealth Care Alliance, Elevance Health, Florida Community Care, Humana, LA Care, Molina Healthcare, Neighborhood Health Plan of Rhode Island, VNS Health, United Healthcare, UPMC Community Health Choices

² [10 Things About Long-Term Services and Supports \(LTSS\) | KFF](#)

rates – and the accuracy of previous projections. These components should be reviewed by OACT for actuarial soundness during the rate review process.

The MLTSS Association recommends that CMS add specific questions to the risk adjustment section of the Medicaid rate-setting guide regarding the use of functional assessments and reasonableness of MLTSS risk adjustment models. Functional assessments evaluate members' functional status to determine their LTSS needs, and this data is aggregated and used to set rates that accurately reflect the needs of the population served by an MLTSS plan. Accurate capitation rates are essential to ensuring the financial sustainability of MLTSS programs, and functional assessments are an essential tool for setting those rates.

The MLTSS Association recommends that CMS provide guidance to states on how to best incorporate functional assessments into MLTSS risk adjustment and rate setting. CMS can also provide technical assistance to states as they make changes to their MLTSS risk adjustment processes.

Overall, **the MLTSS Association strongly supports** increased transparency in the rate-setting process as a way to prevent MLTSS rate issues.

The MLTSS Association appreciates this opportunity to provide feedback on the 2025-2026 Medicaid Managed Care Rate Setting Guide, and we look forward to continued partnership with CMS on MLTSS Rate Setting issues. If you have any questions about our feedback, please feel free to contact Mary Kaschak at mkaschak@mltss.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Kaschak", with a stylized, cursive script.

Mary Kaschak
Chief Executive Officer
MLTSS Association