
CMCS Informational Bulletin

DATE: September 13, 2019

FROM: Calder Lynch, Acting Director
Center for Medicaid & CHIP Services

SUBJECT: Medicaid Provider Reassignment Regulation Final Rule

This informational bulletin is to remind states about the rescission of the provision at 42 C.F.R. § 447.10(g)(4), which took effect on July 5, 2019.

On May 6, 2019, CMS issued the Reassignment of Medicaid Provider Claims final rule (CMS 2413-F) to rescind 42 C.F.R § 447.10(g)(4) regarding a state’s ability to reassign or divert certain provider reimbursement to third parties. More specifically, we removed the regulatory text at 42 C.F.R § 447.10(g)(4) because that regulatory provision granted permissions to states that Congress has foreclosed.

Section 1902(a)(32) of the Social Security Act provides for a number of exceptions to its direct payment requirement, but the statute does not authorize the agency to create new exceptions. This direct payment requirement and its exceptions are implemented in regulations at 42 C.F.R § 447.10. The former regulatory exception at § 447.10(g)(4) is not provided for in the statute, and thus it has been removed from the regulations due to its lack of statutory authority. Effective July 5, 2019, any state that previously reassigned portions of a provider’s payment to third parties under 447.10(g)(4) must discontinue this practice.

CMS will create a process to allow states to assure that payments are made in accordance with 42.C.F.R § 447.10. We remind states of their responsibility to ensure the proper and efficient administration of their Medicaid program. To the extent necessary, CMS will use its enforcement mechanisms which could include deferrals, disallowances or compliance actions to recoup federal funds as appropriate. We expect that all states are adhering to program requirements and monitoring compliance.

CMS has created a Provider Reassignment Regulation mailbox to accept questions from states. Any questions regarding this regulation can be sent to: Providerreassignment@cms.hhs.gov.