

September 21, 2026

Submitted via <http://www.regulations.gov>

Administrator Mehmet Oz
Deputy Administrator Daniel Brillman
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-2452-P

**Re: Medicaid Program; Amending the Indirect Hold Harmless Threshold of
Health Care-Related Taxes Proposed Rule (CMS-2452-P)**

Dear Administrator Oz and Deputy Administrator Brillman,

On behalf of the Medicaid Health Plans of America (MHPA), we appreciate the opportunity to comment on the Medicaid Program; Amending the Indirect Hold Harmless Threshold of Health Care-Related Taxes proposed rule (Hold Harmless NPRM). MHPA and its member Medicaid health plans are grateful for the opportunity to support CMS's efforts to improve financial integrity and operational efficiency in the Medicaid program.

MHPA is the only national trade association with a sole focus on Medicaid, representing more than 160 Medicaid managed care organizations (MCOs) serving nearly 47 million Medicaid enrollees in 40 states, the District of Columbia and Puerto Rico. MHPA's members include both for-profit and non-profit, national, regional, as well as single-state health plans that compete in the Medicaid market. Nearly three-quarters of all Medicaid enrollees receive health care through MCOs, and MHPA provides research and advocacy services that support policy solutions to enhance the delivery and coordination of comprehensive, cost-effective, and quality health care for Medicaid enrollees.

MHPA shares in CMS's commitment to improve transparency and financial integrity with respect to how taxpayer dollars are used. However, the revised definition of net patient revenue as proposed, compounded by other significant Medicaid financing changes, could reduce Medicaid payment flexibility in ways that harm the ability of states to fund the Medicaid program, jeopardizing patient access, and the program's financial sustainability. States should continue to have the ability to fund their programs in a way that meets the needs of their enrollees. Introducing additional restrictions to Medicaid financing beyond what is required in the Working Families Tax Cut (WFTC) Legislation creates a foreseeable risk to patient access: reduced provider availability, longer wait times, and, in some cases, the loss of the only accessible source of care for certain communities of Medicaid enrollees.

Our specific feedback on the proposed rule is as follows:

Interpretation of “Enacted” and “Imposed”

MHPA and our member plans support the revised definitions of “enacted” and “imposed.” The revised definition of enacted gives states additional clarity on the provider tax phase down and allows for taxes which were adopted by states before July 4, 2025, to be included in the phase down period, or grandfathered in the case of a non-expansion state. MHPA supports CMS including this time-limited and targeted transition period, which provides the opportunity for states to seek newly required broad-based or uniformity waivers for assessments enacted and being collected as of July 4, 2025. This new interpretation appropriately focuses the inquiry on whether a state had completed the legislative process and put a tax structure in place by the statutory deadline. MHPA therefore supports finalizing the “enacted” and “imposed” definitions as proposed.

Net Patient Revenue

The proposed rule’s revised definition of “net patient revenue” goes beyond what is required by the WFTC Legislation and is overly restrictive. Creating a rigid definition for net patient revenue is likely to introduce complexity into future provider tax analyses and may create confusion for providers. In addition, providers are not necessarily prepared to compartmentalize patient revenue based on the classes of providers included within that facility or organization. We believe this proposed definition introduces administrative burden into the process and could also cause provider abrasion. This abrasion is likely to be exacerbated by other changes from the WFTC legislation, including changes to State Directed Payments (SDPs), discussed below. MHPA does not support finalizing this revised definition.

Medicaid Landscape

We note that these challenges will arise during a period where states and MCOs are already facing other significant headwinds, such as the implementation of other new restrictions on Medicaid financing mechanisms from the WFTC Legislation, including in relation to SDPs and MCO provider taxes. Additionally, states are simultaneously working on implementing community engagement requirements. We encourage CMS to consider the burden of these additional restrictions in the broader landscape of changes impacting the Medicaid program. As noted in our letter in response to the proposed SDP rule¹, we believe that these financing restrictions are likely to cause strain for providers and may impact network adequacy for Medicaid enrollees.

In addition to the significant challenges noted, we recommend that CMS consider adding protection for MCO rates. Specifically, we encourage CMS to require that any changes to state Medicaid financing resulting from health care related tax compliance, remediation, or enforcement be implemented prospectively through actuarially sound capitation rates and should not impose retroactive recoupments or reductions to previously approved MCO rates for state financing decisions.

¹ <https://www.regulations.gov/comment/CMS-2026-1916-0642>

Once again, thank you for the opportunity to provide comments on the Hold Harmless NPRM. We appreciate the opportunity to share our perspective on addressing these challenges and look forward to continuing to work with CMS to make a meaningful difference in the lives of Medicaid enrollees.

Please feel free to reach out to me directly at sattanasio@mhpa.org with any questions or should you need any additional information.

Sincerely,

/s/

Shannon Attanasio
Senior Vice President, Government Relations, Policy & Advocacy