

## 42 C.F.R. § 423.902

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### Definitions.

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The following definitions apply to this subpart:

*Actuarial value of capitated prescription drug benefits* is the estimated actuarial value of prescription drug benefits provided under a comprehensive Medicaid managed care plan per full-benefit dual eligible individual for 2003, as determined using data as the Secretary determines appropriate. This value will be established using data determined by the Secretary to be the best available among the following options:

- (1) State rate setting documentation for drug costs to the full dual eligible population;
- (2) State encounter and enrollment record databases including cost data; and
- (3) State managed care plan-specific financial cost data; and
- (4) Other appropriate data.

*Applicable growth factor* for each of 2004, 2005, and 2006, is the average annual percent change (to that year from the previous year) of the per capita amount of prescription drug expenditures (as determined based on the most recent National Total Drug National Health Expenditure projections for the years involved). The growth factor for 2007 and succeeding years will equal the annual percentage increase in average per capita aggregate expenditures for covered Part D drugs in the United States for Part D eligible individuals for the 12-month period ending in July of the previous year, as described in § 423.104(d)(5)(iv). CMS provides further detail regarding the sources of data to be used and how the annual percentage increase will be determined via operational guidance to States.

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