



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: January 8, 2016

TO: Dual Eligible Special Needs Plans

FROM: Kathryn A. Coleman
Director

SUBJECT: Clarification of Benefit Flexibility and Coverage Guidance for Dual Eligible Special Need Plans and Process to Request to Offer Flexible Supplemental Benefits in Contract Year 2017

This purpose of this memorandum is to clarify CMS's Medicare Advantage (MA) guidance surrounding benefit flexibility and Medicaid coverage. This memorandum also informs Medicare Advantage Organizations (MAOs) currently operating Dual Eligible Special Needs Plans (D-SNP) of the process to request to offer flexible supplemental benefits as part of the contract year 2017 plan benefit (PBP) package.

Clarification of Benefit Flexibility Guidance

Regulations at 42 CFR 422.102(e) allow D-SNPs that meet a high standard of integration and specified performance and quality-based standards to offer supplemental benefits beyond those currently permitted for MA plans. CMS would like to clarify that flexible supplemental benefits **must not be duplicative of Medicaid**, including the State Medicaid or local Medicaid benefits for enrollees who are eligible to receive identical Medicaid services. In other words, an eligible D-SNP could offer a flexible supplemental benefit that would be covered under Medicaid to those enrollees who are not eligible to receive the identical Medicaid service.

CMS would also like to inform D-SNPs that CMS will no longer require submission of a quality improvement project (QIP) when flexible supplemental benefits are incorporated in the PBP. CMS is in the process of modifying Chapter 16b of the Medicare Managed Care Manual (MMCM) to incorporate these clarifications.

Eligibility Determination for Benefit Flexibility

In order for a D-SNP to offer the flexible supplemental benefits outlined in section 40.4.5 of chapter 16b of the MMCM, D-SNPs shall:

1. Submit notification to CMS of their intent to offer flexible supplemental benefits;
2. Receive a CMS determination that the D-SNP is eligible to offer flexible supplemental benefits;

3. Submit a bid that incorporates the flexible supplemental benefits the D-SNP intends to offer; and
4. Receive CMS approval of the D-SNP's bid.

The deadline for MAOs to submit their notification to CMS of their intent to offer flexible supplemental benefits (item 1 above) is: **6:00 pm EST on January 22, 2016**. MAOs with current D-SNPs shall submit their request on plan letterhead to CMS's mailbox located at: <https://dmao.lmi.org>. This request should include the following identifying information:

- Contract Number/ID;
- Contract Name;
- Plan Number/ID;
- Plan Type; and
- Contract Year for which the D-SNP intends to offer flexible supplemental benefits.

Once CMS is notified of an existing D-SNP's intent to offer these flexible supplemental benefits, CMS will review the following elements for each requesting D-SNP:

- State Medicaid Agency Contract;
- Past performance data, inclusive of star ratings and/or HEDIS measures; and
- CMS's Model of Care (MOC) approval period.

CMS intends to provide MAOs with a determination of whether the D-SNP(s) is eligible to offer flexible supplemental benefits in February 2016. Chapter 16b, section 40.4.4 of the MMCM provides the eligibility requirements that CMS will apply in order to render a determination.

If CMS deems that a D-SNP is eligible, then the D-SNP may incorporate the flexible supplemental benefits in its bid submission. If CMS deems that an MAO's D-SNP is not eligible to offer these benefits, then the D-SNP may not incorporate these flexible supplemental benefits into their bid submission. Section 40.4.5 under Chapter 16b of the MMCM identifies the categories of flexible supplemental benefits a qualified D-SNP may propose with the bid submission (see Table 5: Supplemental Benefits for Consideration).

Bid Submission and Flexible Supplemental Benefits

If an eligible D-SNP submits a PBP that incorporates flexible supplemental benefit(s), CMS will review the flexible supplemental benefit(s) to determine whether these benefits comply with CMS's requirements. Please note that, at the time of bid submission, the plan must attest that the flexible supplemental benefit(s) described in the PBP does not inappropriately duplicate an existing service(s) that enrollees are eligible to receive under a waiver, the State Medicaid Plan, Medicare Part A or B, or through the local jurisdiction in which they reside.

If you have any questions regarding this notification, please submit your inquiry to our mailbox located at: <https://dmao.lmi.org>. In the mailbox, please select the Special Needs Plans tab. In the Issue box, please enter the words "Flexible Supplemental Benefits."