CHCS Center for Health Care Strategies, Inc.

Update on Medicare-Medicaid Integration

More than 11 million people in the United States are eligible for both Medicare and Medicaid. These Medicare-Medicaid enrollees, also referred to as dually eligible beneficiaries, often have significant health and social service needs, making them among the nation's highest-need, highest-cost populations. Integrating the financing and delivery systems for Medicare-Medicaid enrollees has the potential to improve beneficiary and family experience of care; increase the quality of care; and reduce costs. Through the Centers for Medicare & Medicaid Services (CMS), states are conducting financial alignment demonstrations to test capitated and managed fee-for-service (MFFS) models of integration as well as refine existing mechanisms to better integrate Medicare and Medicaid. As of March 2017, more than 750,000 dually eligible beneficiaries are enrolled in programs that integrate Medicare and Medicaid, including: (1) financial alignment demonstrations; (2) highly aligned Dual Eligible Special Needs Plans (D-SNPs) and Medicaid managed long-term services and supports (MLTSS) plans — including Fully Integrated Dual Eligible Special Needs Plans (FIDE SNPs); and Programs of All-inclusive Care for the Elderly (PACE).

Progress of the Financial Alignment Demonstrations

Effective February 2017, 12 states are pursuing demonstrations to align Medicare and Medicaid financing and integrate primary and acute care, behavioral health services, and long-term services and supports (LTSS).

Among this group, 10 states (CA, IL, MA, MI, NY, OH, RI, SC, TX, VA) have launched capitated demonstrations, and two have MFFS demonstrations (CO, WA). Total enrollment in the capitated and MFFS model demonstrations was nearly 450,000 in February 2017.[1] One additional state (MN) signed an agreement with CMS for an alternative model demonstration focused on administrative alignments.

Financial Alignment Demonstration Models by State
Effective March 2017

Capitated
Managed fee-for-service

Other Pathways to Integrate Care

Many states not participating in the financial alignment demonstrations are pursuing other mechanisms to better integrate care for Medicare-Medicaid enrollees, including:

Dual Eligible Special Needs Plans (D-SNPs) are a type of Medicare Advantage managed care plan that provide a mechanism for states to better coordinate services for this high-need population. D-SNPs, which must contract with both state Medicaid agencies and CMS, are required to provide a coordinated Medicare and Medicaid benefit package that offers more integrated care than regular Medicare Advantage plans or traditional Medicare fee-for-service. While D-SNPs can provide more integrated care, D-SNP contracts do not require comprehensive blending of Medicare and Medicaid funding or aligned program administration, resulting in enrollees needing to navigate separate systems of care.

Several states have enhanced D-SNP contract requirements to: (1) offer Medicare and Medicaid benefits within a single health plan; (2) create aligned enrollment, benefit and coverage notifications for beneficiaries and providers; and (3) provide enrollees with a care/service coordinator and a comprehensive provider network to access care. Many states with enhanced D-SNP

contracts have also developed Medicaid MLTSS programs to better coordinate acute and primary care, behavioral health services, and LTSS.[2] Dually eligible individuals enrolled in a Medicaid MLTSS plan can be encouraged to enroll in that plan's companion Medicare D-SNP product. Aligned D-SNP and MLTSS plans greatly increase the opportunity to provide integrated care.

Even more integrated are FIDE SNPs, which are a type of D-SNP created to promote the full integration and coordination of Medicare and Medicare benefits — primary and acute care and LTSS — and financing of services, for dually eligible beneficiaries.[3] FIDE SNPs use care management and provider networks to meet enrollees' diverse needs.

While 41 states (AL, AR, AZ, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MT, MS, NC, NE, NJ, NM, NY, OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WI, and WV) have D-SNPs, only a small subset have enhanced their contract requirements to promote Medicare-Medicaid integration. As of February 2017, five states (HI, IL, NM, TN, TX) have closely aligned their D-SNPs with MLTSS plans, and eight states (AZ, CA, ID, MA, MN, NJ, NY, and WI) offer FIDE SNPs, which combined enroll nearly 250,000 dually eligible beneficiaries.[4]

Programs of All-inclusive Care for the Elderly (PACE) provide comprehensive medical and social services to frail, community-dwelling individuals age 55 and older, most of whom are Medicare-Medicaid enrollees. PACE organizations are Medicare providers, and states can provide PACE services to Medicaid beneficiaries as a state plan option. As of February 2017, there are 123 PACE organizations operating in 32 states (AL, AR, CA, CO, DE, FL, IA, IN, KS, LA, MA, MD, MI, MO, NC, ND, NE, NJ, NM, NY, OH, OK, OR, PA, RI, SC, TN, TX, VA, WA, WI, and WY) that enroll 37,890 individuals.[5]

What Lies Ahead?

States are taking advantage of unprecedented federal support as they advance alignment of Medicare and Medicaid services for dually eligible beneficiaries. To further this progress, states and their federal partners will continue to refine the opportunities described here and possibly develop other alternative pathways.

---

[1] Of this 450,000, 397,051 beneficiaries were enrolled in capitated model demonstrations and the rest in the MFFS models. For more information see: Integrated Care Resource Center. "Monthly Enrollment in Medicare-Medicaid Plans by Plan and by State, February 2016 to February 2017." February 2017. Available at: http://www.integratedcareresourcecenter.com/PDFs/MMP_Enroll_by_State_Feb_2017.pdf.

[2] National Association of States United for Aging and Disabilities. State Medicaid Integration Tracker. March 7, 2016. Available at: http://nasuad.org/sites/nasuad/files/State%20Medicaid%20Integration%20Tracker%2C%20March%207%202016.pdf.

[3] Centers for Medicare & Medicaid Services. "SNP Comprehensive Report." February 2017. Available at: https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/Special-Needs-Plan-SNP-Data-Items/SNP-Comprehensive-Report-2017-02.html?DLPage=1&DLEntries=10&DLSort=1&DLSortDir=descending.

[4] As of February 2017, D-SNPs enroll more than 1.9 million individuals, approximately 136,000 of whom are enrolled in FIDE SNPs. Centers for Medicare & Medicaid Services. SNP Comprehensive Report. February 2017. Available at: https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/Special-Needs-Plan-SNP-Data-Items/SNP-Comprehensive-Report-2017-02.html?DLPage=1&DLEntries=10&DLSort=1&DLSortDir=descending.

[5] Integrated Care Resource Center. "PACE Total Enrollment by State and by Organization." February 2017. Available at: http://www.integratedcareresourcecenter.com/PDFs/PACE_Enroll_by_State_Feb_2017.pdf.