

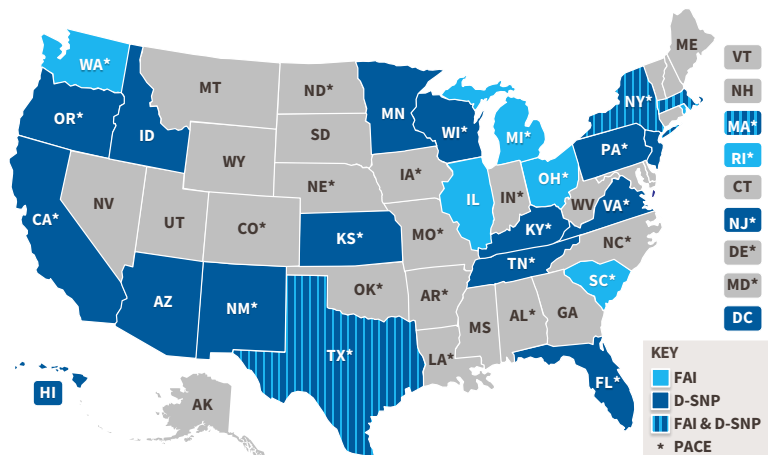
Update on Medicare-Medicaid Integration

Nearly 13 million people in the U.S. are eligible for both Medicare and Medicaid.¹ These dually eligible individuals 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 this population has the potential to improve the experience of care, increase the quality of care, and reduce costs.

Approaches to Medicare-Medicaid Integration

As of 2022, approximately 21 percent of full-benefit dually eligible individuals were enrolled in programs that integrate Medicare and Medicaid, including:

- **Demonstrations under the federal Financial Alignment Initiative (FAI);**
- **Integrated Dual Eligible Special Needs Plans (D-SNPs)** — including fully integrated dual eligible special needs plans (FIDE SNPs) and highly integrated dual eligible special needs plans (HIDE SNPs); and
- **Programs of All-inclusive Care for the Elderly (PACE).**²



Federal FAI Demonstrations

In partnership with the federal Centers for Medicare & Medicaid Services (CMS), states are conducting demonstrations under the FAI to test capitated and managed fee-for-service (FFS) models of integration as well as refine existing mechanisms to better integrate Medicare and Medicaid. As of April 2023, nine 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).³

Among this group, eight states (IL, MA, MI, NY, OH, RI, SC, and TX) have capitated demonstrations, and one (WA) has a managed FFS demonstration. Total enrollment in the capitated and managed FFS demonstrations was approximately 300,000 in January 2023.⁴ One additional state (MN) has an alternative demonstration focused on administrative alignments. CMS recently announced that the capitated FAI demonstrations must end by December 31, 2025.⁵ The FAI demonstration states have begun planning to transition to D-SNP-based integrated care models.

Integrated D-SNP Models

D-SNPs are a type of Medicare Advantage managed care plan that enrolls only dually eligible individuals. D-SNPs, which must have contracts with both state Medicaid agencies and CMS, are specifically designed to serve dually eligible individuals. These plans must at least coordinate Medicare and Medicaid benefits for their enrollees and have an approved Model of Care that describes their care management processes and other services they will provide specifically tailored to the dually eligible individual population(s) they serve.

States can use their contracting authority to advance the level of integration provided by D-SNPs. If states choose to either contract with Medicaid managed care plans affiliated with D-SNPs to cover Medicaid LTSS or behavioral health services, or directly capitate D-SNPs to cover these services, they can create an integrated D-SNP model.

The most integrated D-SNPs are fully integrated D-SNPs (FIDE SNPs) and highly integrated D-SNPs (HIDE SNPs).⁶ These plans provide substantial coverage of behavioral health services and/or LTSS in a capitated contract between the state and the D-SNP, the D-SNP's parent organization, or another entity owned and controlled by the D-SNP's parent organization.⁷ Starting in 2025, FIDE SNPs must operate with exclusively aligned enrollment and continue to cover primary and acute care services and LTSS, while also covering Medicaid behavioral health services, home health services, medical equipment, supplies, and appliances and Medicare cost sharing. Also starting in 2025, FIDE SNPs' and HIDE SNPs' capitated contracts with the state Medicaid agency must cover the entire service area of the D-SNP.⁸

D-SNPs that are not FIDE SNPs or HIDE SNPs are referred to as coordination only (CO D-SNPs). CO D-SNPs can still offer some level of integrated care if their enrollees are also enrolled in a Medicaid managed care plan offered by the same parent organization. This aligned enrollment allows the plans to provide better care management and care coordination across acute and primary care, behavioral health services, and LTSS.

In 2023, 45 states, the District of Columbia, and Puerto Rico have D-SNPs. Among that group, 12 states (AZ, CA, FL, ID, MA, MN, NJ, NY, PA, TN, VA, and WI) have FIDE SNPs, and 15 states (AZ, FL, HI, KS, KY, MN, NM, NY, OR, PA, TN, TX, VA, WA, and WI) plus the District of Columbia and Puerto Rico have HIDE SNPs.⁹ As of January 2023, total D-SNP enrollment, including CO D-SNPs, FIDE SNPs and HIDE SNPs, was 4,888,866.¹⁰

PACE

PACE provides comprehensive medical and social services to frail, community-dwelling individuals age 55 and older, most of whom are dually eligible. PACE organizations are Medicare providers, and states can provide PACE services to Medicaid beneficiaries as a state plan option. As of January 2023, there are PACE organizations operating in 32 states (AL, AR, CA, CO, DE, FL, IA, IN, KS, KY, LA, MA, MD, MI, MO, NC, ND, NE, NJ, NM, NY, OH, OK, OR, PA, RI, SC, TN, TX, VA, WA, and WI) that enroll 55,765 individuals.¹¹

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.



ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

The Center for Health Care Strategies (CHCS) is a policy design and implementation partner devoted to improving outcomes for people enrolled in Medicaid. We support partners across sectors and disciplines to make more effective, efficient, and equitable care possible for millions of people across the nation. For more information, visit www.chcs.org.

ENDNOTES

¹ Centers for Medicare & Medicaid Services (CMS). “FY2022 Medicare-Medicaid Coordination Office Report to Congress.” April 2023. Available at: <https://www.cms.gov/files/document/mmco-report-congress.pdf-0>.

² Ibid.

³ Virginia’s Commonwealth Coordinated Care capitated model demonstration and Colorado’s Accountable Care Collaborative Medicare-Medicaid Program MFFS demonstration ended on December 31, 2017. New York State’s Fully Integrated Duals Advantage capitated model demonstration ended on December 31, 2019. A second capitated model demonstration in New York, Fully Integrated Duals Advantage-Intellectual/Developmental Disabilities continues to operate.

⁴ Integrated Care Resource Center. “Monthly Enrollment in Medicare-Medicaid Plans by Plan and by State, January 2022 to January 2023.” January 2023. Available at: https://www.integratedcareresourcecenter.com/sites/default/files/MMP_Enroll_by_State_January_2023.pdf.

⁵ Department of Health and Human Services (HHS). “Medicare Program; Contract Year 2023 Policy and Technical Changes to the Medicare Advantage and Medicare Prescription Drug Benefit Programs; Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency; Additional Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency.” May 9, 2022. Available at: <https://www.federalregister.gov/documents/2022/05/09/2022-09375/medicare-program-contract-year-2023-policy-and-technical-changes-to-the-medicare-advantage-and>.

⁶ For more detailed definitions of FIDE SNPs and HIDE SNPs, see: Integrated Care Resource Center. State Contracting with D-SNPs: Introduction to D-SNPs and D-SNP Contracting Basics.” December 2022. Available at: <https://www.integratedcareresourcecenter.com/webinar/working-medicare-webinar-state-contracting-d-snps-introduction-d-snps-and-d-snp-contracting>.

⁷ For more information see: CMS. Medicare-Medicaid Coordination Office. “Additional Guidance on CY 2021 Medicare-Medicaid Integration Requirements for Dual Eligible Special Needs Plans (D-SNPs).” January 17, 2020. Available at: <https://www.cms.gov/files/document/cy2021dsnpsmedicaremedicaidintegrationrequirements.pdf>.

⁸ Integrated Care Resource Center. “Definitions of Different Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) Types in 2023 and 2025.” December 2022. Available at https://www.integratedcareresourcecenter.com/sites/default/files/ICRC_DSNPDefinitions_2023-2025_0.pdf.

⁹ CMS. Medicare-Medicaid Coordination Office. “Integration Status for Contract Year 2023 D-SNPs.” October 2021. Available at: <https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/D-SNPs>.

¹⁰ CMS. “SNP Comprehensive Report.” January 2023. Available at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAAdvPartDEnrolData/Special-Needs-Plan-SNP-Data>.

¹¹ Integrated Care Resource Center. “PACE Total Enrollment by State and by Organization.” January 2023. Available at: <https://www.integratedcareresourcecenter.com/resource/program-all-inclusive-care-elderly-pace-total-enrollment-state-and-organization-7>.