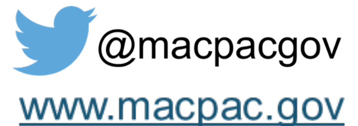
November 3, 2023

Optimizing Contracts with Medicare Advantage D-SNPs

State Medicaid Agency Contracts

Drew Gerber and Kirstin Blom

Medicaid and CHIP Payment and Access Commission



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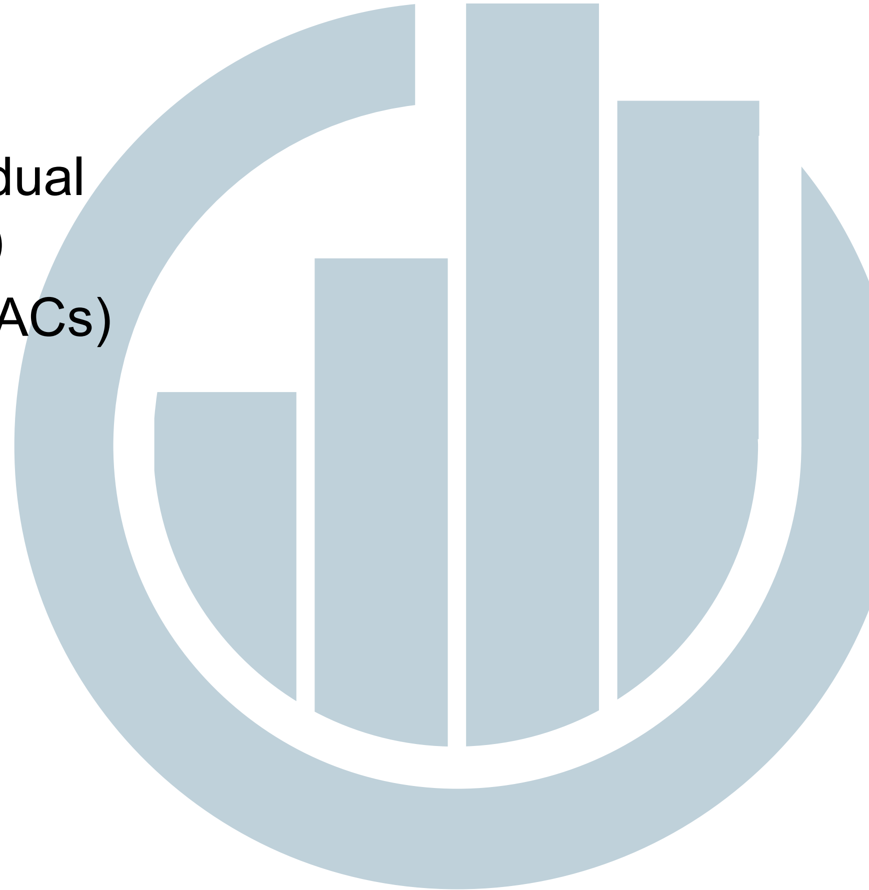
Overview

- Background on Medicare Advantage dual eligible special needs plans (D-SNPs)
- State Medicaid agency contracts (SMACs)
- Key themes from review of SMACs
- Next steps



Background

Medicare Advantage Dual Eligible Special Needs Plans

- Medicare Advantage D-SNPs are a type of special needs plan (SNP) designed to provide targeted care to dually eligible beneficiaries
- D-SNPs are different from other SNPs because they are required to contract with state Medicaid agencies; they are responsible for coordinating and sometimes covering Medicaid benefits
- All SNPs are required to establish a Model of Care that describes the basic framework for how the plan will meet the needs of its enrollees
  - The Model of Care requirement is unique to SNPs and not required of other Medicare Advantage plans

D-SNPs Are a Vehicle for Integrating Care

- In 2020, 51 percent of dually eligible beneficiaries enrolled exclusively in Medicare managed care were enrolled in a D-SNP
- D-SNPs are the most widely available product for integrating care for dually eligible beneficiaries, but the level of integration varies greatly among the different types
  - As of October 2023, 5.7 million dually eligible beneficiaries (about 40 percent of all dually eligible individuals) were enrolled in D-SNPs, but the majority (3.1 million) were enrolled in minimally integrated coordination-only D-SNPs (CO D-SNPs)

D-SNP Levels of Integration from Lowest to Highest

- CO D-SNPs
  - required to provide minimal levels of integration, covering all Medicare services while Medicaid services are typically covered by the state; available in 38 states and the District of Columbia (DC) in 2023
- Highly integrated dual eligible special needs plans (HIDE SNPs)
  - required to cover Medicaid long-term services and supports (LTSS), behavioral health services, or both through an affiliated Medicaid managed care plan; available in 15 states and DC in 2023
- Fully integrated dual eligible special needs plans (FIDE SNPs)
  - required to cover LTSS and behavioral health (beginning in 2025) through an affiliated Medicaid managed care plan; available in 12 states in 2023

State Medicaid Agency Contracts (SMACs)

- D-SNPs are required to contract with Medicaid agencies in the states in which they operate; states are not required to contract with D-SNPs
- Minimum requirements for coordination of Medicaid benefits were established for D-SNPs by the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA, P.L. 110-275)
  - Additional requirements, including those defining HIDE SNPs and FIDE SNPs, were included in the Bipartisan Budget Act of 2018 (P.L. 115-123)
- States can go beyond these requirements to require greater integration or better tailor how D-SNPs serve their population

Contracting Strategies to Improve Integration

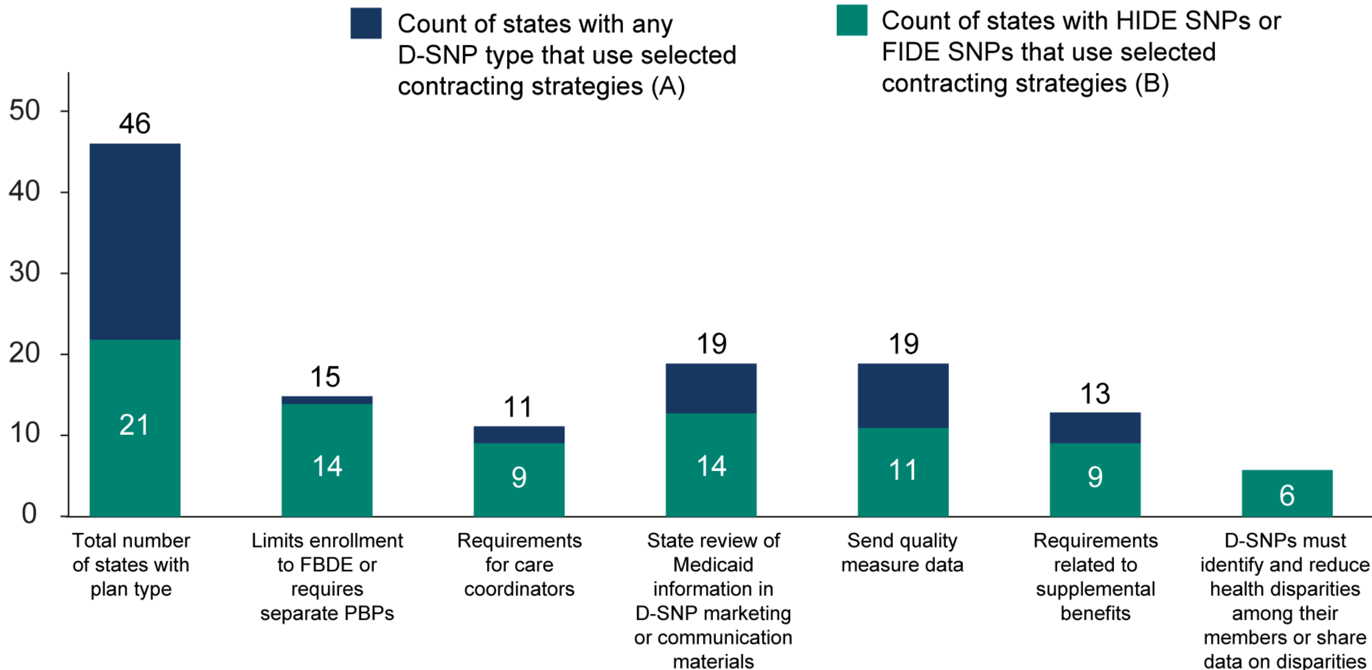
- In 2021, the Commission detailed contracting strategies that states can use to leverage their SMACs to achieve greater levels of integrated care for dually eligible beneficiaries
- Some strategies are available to all states with D-SNPs while others are only available to states with Medicaid managed care
  - For example, all states can limit D-SNP enrollment to full-benefit dually eligible beneficiaries. Only states with Medicaid managed care can require D-SNPs to operate with exclusively aligned enrollment with their affiliated Medicaid managed care plan.
- How states leverage their SMACs can depend on several factors:
  - Experience enrolling dually eligible beneficiaries in Medicaid managed care and the availability of D-SNPs
  - Organizational alignment between D-SNPs and Medicaid managed care organizations
  - State capacity and priorities

Key Themes from Review of SMACs

Analyzing SMAC Contract Language

- We reviewed SMAC contract language for D-SNPs operating during federal fiscal year 2023, grouped into five main categories:
  - Coverage of Medicaid benefits
  - Care coordination
  - Integrated materials and member communications
  - Data sharing
  - Reducing health disparities and improving quality
- In this analysis, we focused on identifying contracting strategies most commonly used and instances where states leveraged their SMACs to go beyond federal requirements for integration
- More information is needed to understand how states oversee these contracts and ensure compliance in achieving their integration goals

Summary of Contract Analysis Results



Notes: D-SNP is dual eligible special needs plan. HIDE SNP is highly integrated dual eligible special needs plan. FIDE SNP is fully integrated dual eligible special needs plan. FBDE is full-benefit dual eligible. PBP is plan benefit package. Totals listed above each bar are inclusive of the subset of states with HIDE SNPs or FIDE SNPs.
Source: MACPAC analysis of State Medicaid Agency Contracts, 2023.

Conclusions from SMAC Review

- States are using contracting strategies in their SMACs that are intended to improve integration with varying frequency
- Certain provisions are more widely used while others have had relatively limited use
  - Data sharing provisions were common while few states added requirements for enrollee advisory committees
- In the next stage of this project, we will conduct interviews to better understand how states develop and oversee their SMACs, as well as where state requirements have contributed the most to progress in integrating care

Next Steps

- Conduct interviews with state and federal officials and health plan representatives
  - Explore federal and state challenges to optimizing SMACs; how states make use of data and reporting requirements; state monitoring and oversight; and state requirements that have contributed the most to integrating care
- Staff will return in January to report on what we learned from our interviews
  - Depending on Commissioner interest, we will develop potential policy options

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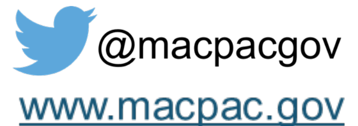

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