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Full-Benefit Dually Eligible Individuals in Medicare Advantage Special Needs Plans

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MACPAC

Medicaid and CHIP Payment and Access Commission

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Overview

- Background
- Types of special needs plans (SNPs)
- Prior MACPAC work
- Need for analysis
  - SNP enrollment trends
  - State involvement
- Next steps

Background

Dually Eligible Individuals

- Eligible for both Medicare and Medicaid
  - 13.6 million in 2022
  - Diverse population that includes individuals with multiple chronic conditions, physical disabilities, and cognitive impairments such as dementia, developmental disabilities, and mental illness as well as relatively healthy individuals
- Account for a disproportionate share of expenditures in both Medicare and Medicaid relative to the size of the population
  - 20 percent of Medicare population, 36 percent of Medicare spending
  - 13 percent of Medicaid population, 27 percent of Medicaid spending
- Previous MACPAC work highlighted concerns about fragmented care, lack of coordination, potential for cost shifting, and poor health outcomes among dually eligible beneficiaries

Special Needs Plans

- Dually eligible individuals may enroll in a Medicare Advantage (MA) SNP for Medicare services
  - Depending on the plan, they may also receive Medicaid services through a SNP
- Designed for individuals with special needs including those who are institutionalized, dually eligible, or have a severe or disabling chronic condition
  - Institutional special needs plans (I-SNPs)
  - Dual eligible special needs plans (D-SNPs)
  - Chronic condition special needs plans (C-SNPs)
- Prior MACPAC work focused on D-SNPs, which are designed for dually eligible beneficiaries and offer varying levels of integrated care
- Dually eligible beneficiaries can also enroll in C-SNPs or I-SNPs
  - Unlike D-SNPs, these plans only cover Medicare services and are not required to coordinate with the state Medicaid agency

Special Needs Plans, cont.

- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA, P.L. 108-173) established SNPs as specialized MA plans for "special needs individuals" defined as:
  - Institutionalized individuals; dually eligible individuals; and/or individuals with severe or disabling chronic conditions, as specified by the Centers for Medicare & Medicaid Services (CMS)
- SNPs became available beginning in 2006, and the Bipartisan Budget Act of 2018 (BBA 2018, P.L. 115-123) made them permanent
- SNPs are subject to all MA regulations and must provide Medicare Part D prescription drug coverage
  - SNPs submit bids to CMS like other MA plans
  - Subject to same CMS payment methodology as other MA plans

Special Needs Plans, cont.

- SNP Model of Care (MOC) is a key difference from other MA plans
  - Describes how the plan will meet enrollee needs
  - Includes information about the enrollee population, care coordination approach, provider network, quality measurement and performance improvement
  - Describes process for conducting health risk assessments and creating an individualized care plan for each enrollee
- National Committee for Quality Assurance (NCQA) scores MOCs based on CMS guidelines
  - Plans must meet a minimum score for approval, and higher scores result in longer approval periods for D-SNPs and I-SNPs
  - For C-SNPs, the MOC may only be approved for one-year increments
  - MOC scores posted publicly on NCQA website

Types of SNPs

D-SNPs

- Restrict enrollment to dually eligible individuals
- Must have a contract with the state Medicaid agency that meets minimum regulatory requirements to coordinate with Medicaid
- May provide coverage of Medicaid services, including long-term services and supports (LTSS) and behavioral health services
- Most widely available vehicles for integrating Medicaid and Medicare
  - In 46 states and the District of Columbia in 2025
  - Six million dually eligible individuals were enrolled in D-SNPs in 2025

D-SNPs, cont.

- Three types of D-SNPs, with varying levels of Medicaid integration
  - **Coordination only (CO) D-SNPs**
    - Must meet minimum requirements for coordinating with Medicaid benefits but are not required to contract with a state to provide Medicaid benefits
  - **Highly integrated D-SNPs (HIDE SNPs)**
    - Must provide coverage of either LTSS or behavioral health Medicaid benefits under a capitated contract with a state Medicaid agency
  - **Fully integrated D-SNPs (FIDE SNPs)**
    - Must provide Medicare and Medicaid benefits under single entity with both an MA contract with CMS and a Medicaid managed care contract with the state
    - Must provide Medicaid primary and acute care services, LTSS, behavioral health, home health services, and medical supplies, equipment, and appliances

C-SNPs

- Restrict enrollment to individuals with one or more severe or disabling chronic conditions
  - May enroll individuals with one severe or disabling chronic condition, or a grouping of chronic, commonly co-morbid, and clinically related conditions with CMS approval
  - 22 qualifying conditions are defined in CMS regulations
  - Nearly all C-SNP enrollees (95 percent) are enrolled in plans for people with cardiovascular disease, chronic heart failure, and diabetes
- 1.1 million total C-SNP enrollees in 2025
  - About 211,000 dually eligible enrollees

I-SNPs

- Restrict enrollment to individuals who have had, or are expected to need, the level of services provided in a long-term care facility, including skilled nursing facilities, nursing facilities, intermediate care facilities for individuals with intellectual disabilities, or inpatient psychiatric facilities for at least 90 days
- Can enroll individuals living in the community who require an institutional level of care under certain circumstances
- 121,000 total I-SNP enrollees in 2025
  - 110,000 dually eligible enrollees

Dually Eligible Individuals in C-SNPs and I-SNPs

- Target populations of C-SNPs and I-SNPs align with characteristics of dually eligible individuals
- Dually eligible individuals have high prevalence of chronic conditions
  - In 2025, 63 percent of full-benefit dually eligible individuals had three or more chronic conditions
- 84 percent of Medicaid-covered nursing facility residents are dually eligible
- Dually eligible individuals make up about 20 percent of C-SNP enrollees and 90 percent of I-SNP enrollees, respectively

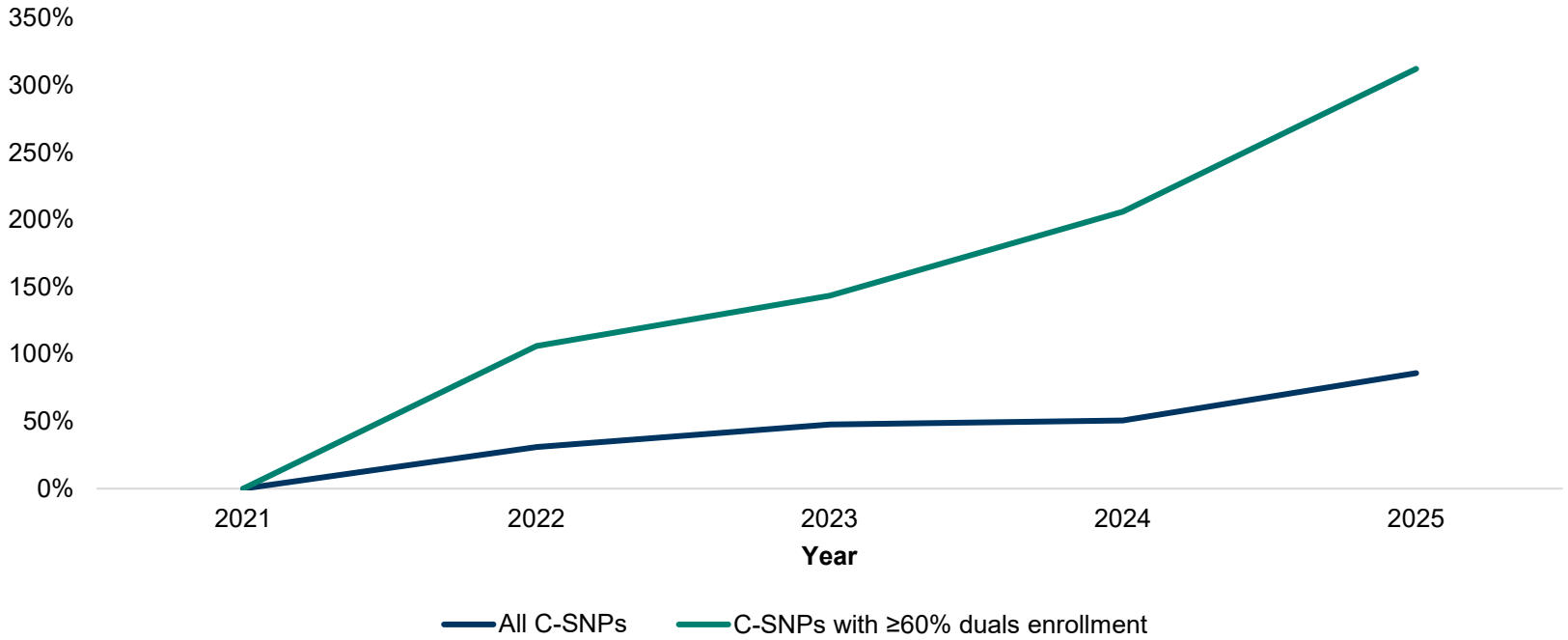
Prior MACPAC Work

Prior Work on Integration and Coordination

- Analyzed D-SNP look-alike plans, which appear to offer benefits targeted to dually eligible beneficiaries without D-SNP requirements
  - CMS restricts MA plans that project 60 percent or more of the plan enrollees to be dually eligible, but SNPs are excluded from this requirement
- Recommended in 2022 that Congress require all states to develop a strategy to integrate Medicaid and Medicare coverage for full-benefit dually eligible beneficiaries
- Recommended in 2024 that states leverage their contracting authority to require D-SNPs to submit care coordination and encounter data, and that CMS update D-SNP contracting guidance to help states use their contracts to advance state policy goals

Need for Analysis

Percent Change in Number of C-SNPs Since 2021



Notes: C-SNP is chronic condition special needs plan. Dually eligible beneficiaries include individuals eligible for full and partial Medicaid benefits.

Source: Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services, 2025, Medicare and Medicaid programs: Contract year 2027 policy and technical changes to the Medicare Advantage program, Medicare prescription drug benefit program, and Medicare cost plan program, Proposed rule, *Federal Register* 90, no. 227 (November 28); 54894–55030.

Need for Analysis

- The implementation of look-alike and D-SNP integration requirements has coincided with an increase in C-SNP enrollment
  - Some stakeholders are concerned dually eligible C-SNP enrollees experience more fragmented care or are leaving D-SNPs with integrated benefits for C-SNPs
- States may be unaware of C-SNPs and I-SNPs operating in their state
  - C-SNPs and I-SNPs are not required to contract with the state Medicaid agency or to coordinate with Medicaid services
  - States cannot access models of care for these plans
- C-SNPs are designed to provide specialized services for enrollees with specific chronic conditions, yet 95 percent of all enrollment is in C-SNPs for cardiovascular disease, chronic heart failure, and diabetes

Next Steps

Next Steps

- Staff will conduct a quantitative analysis that examines demographics and Medicaid utilization and spending for full-benefit dually eligible individuals in D-SNPs, C-SNPs, and I-SNPs
- The analysis will provide baseline data that establishes states' role in financing Medicaid services among SNP enrollees
- Discussion questions
  - Are there any outstanding questions about C-SNPs and I-SNPs that staff can answer?
  - What additional considerations should staff contemplate as we begin this work and plan for an upcoming presentation?

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OCTOBER MEETING

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