ICRC | Integrated Care Resource Center

Working with Medicare: State Contracting with D-SNPs

Part 2: Contracting Strategies and Considerations for States with Integrated D-SNPs

December 10, 2025

2:30-3:30pm ET

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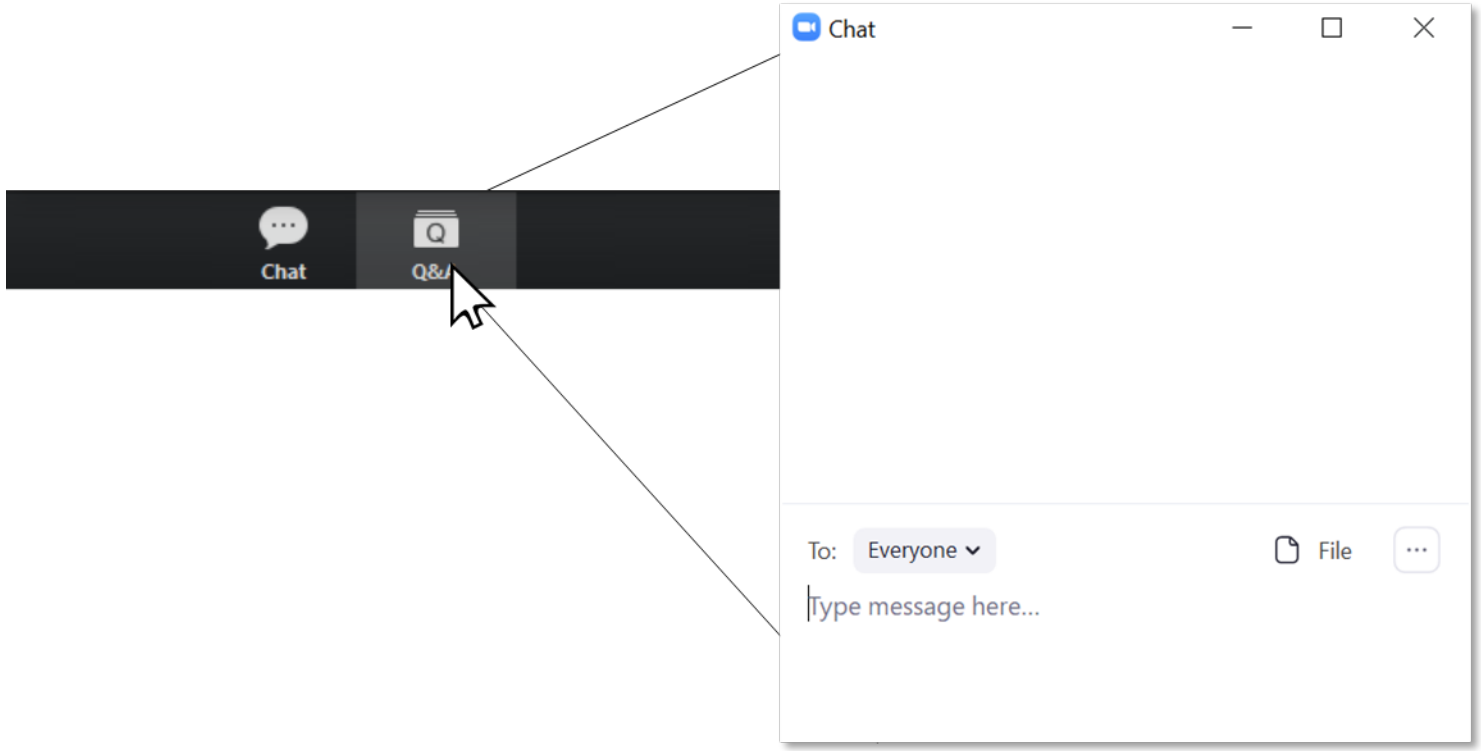

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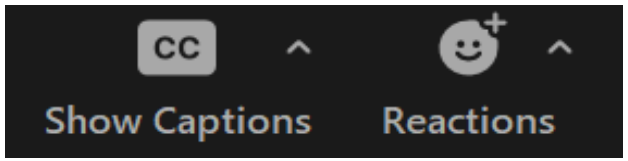

ICRC's "Working with Medicare" series

- Designed for all states interested in improving coordination of Medicare and Medicaid benefits for dually eligible individuals.
- Webinars in the current Working with Medicare series:
  - Medicare 101
  - Introduction to dual eligibility
  - State contracting with Medicare Advantage Dual Eligible Special Needs Plans (D-SNPs)
- Supplemented by:
  - ICRC technical assistance briefs and other written tools on Medicare topics
  - ICRC updates/e-alerts on Medicare policies and programs affecting dually eligible individuals and states. Sign up to receive e-alerts and view past e-alerts: https://www.integratedcareresourcecenter.com/about-us/e-alerts

Why contract with D-SNPs?

- D-SNPs only enroll people who are dually eligible for Medicare and Medicaid and offer certain benefits that regular Medicare Advantage plans do not, such as:
  - Models of care and care coordination services;
  - Plan benefit packages (including supplemental benefits) that are designed specifically for dually eligible individuals; and
  - Enrollee advisory committees that solicit enrollee input on improving care.
- D-SNPs must also always coordinate (and sometimes cover) Medicaid benefits, in addition to covering Medicare benefits.
- 45% of dually eligible individuals were enrolled in D-SNPs in 2024, up from 17% in 2015.

Sources: Centers for Medicare & Medicaid Services (CMS). "SNP Comprehensive Reports." Available at: https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-advantagepart-d-contract-and-enrollment-data/special-needs-plan-snp-data; CMS. "MMCO Enrollment Snapshots, Quarterly Release." Available at: https://www.cms.gov/data-research/research/statistical-resources-dually-eligible-beneficiaries/mmco-statistical-analytic-reports; ATI Advisory. "Dual Eligible Enrollment Dashboard, 2024 Q4: All States + DC + PR." Available at https://atiadvisory.com/state-resource-center

State roles in advancing Medicare-Medicaid integration in D-SNPs

- D-SNPs must hold contracts with both CMS and the state(s) where they operate.
- Medicaid agencies can use their contracts with D-SNPs to:
  - Influence the level of Medicare-Medicaid integration and coordination that D-SNPs provide for their enrollees; and
  - Advance state goals aimed at improving quality of care for dually eligible individuals.

Agenda

- Welcome and introductions
- Key takeaways from Part 1: Introduction to D-SNPs and D-SNP Contracting Basics
- Contracting strategies for states with integrated D-SNPs
- Medicaid managed care regulations and D-SNP contracting
- Integrated D-SNP program procurement considerations
- Questions and answers

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Key Takeaways from Part 1 – State Contracting with D-SNPs: Introduction to D-SNPs and D-SNP Contracting Basics

Basic D-SNP contracting principles

- D-SNPs are Medicare Advantage (MA) plans that only enroll dually eligible individuals.
- All D-SNPs must hold contracts with state Medicaid agencies (known as state Medicaid agency contracts, or "SMACs").
  - Those contracts must contain at least the minimum elements described at 42 CFR § 422.107(c)-(d).
  - States can add elements to their SMACs to support their integration goals.
  - Take note of key MA dates when developing and issuing SMACs.

States can learn about key Medicare Advantage dates in this ICRC resource:

https://www.integratedcareresourcecenter.com/sites/default/files/ICRC-Key-Medicare-Advantage-Dates-2025.pdf

Levels of D-SNP integration

Coordination-Only (CO) D-SNPs

- Must meet minimum CMS requirements for D-SNPs.
- Must notify the state Medicaid agency or its designee of hospital and skilled nursing facility admissions for at least one designated group of "high-risk," full-benefit dually eligible (FBDE) enrollees.

Highly Integrated Dual Eligible (HIDE) SNPs

- Must cover either Medicaid behavioral health benefits, long-term services and supports (LTSS), or both.
- Contract for coverage of Medicaid benefits may be with the D-SNP, the D-SNP's parent company, or another entity owned and controlled by the D-SNP's parent company.
- In 2025, a HIDE SNP's capitated contract with the state Medicaid agency must cover the entire service area of the D-SNP.

Fully Integrated Dual Eligible (FIDE) SNPs

- Must operate with exclusively aligned enrollment and use a unified plan-level appeal and grievance process.
- Must cover Medicaid primary and acute care services; Medicare cost sharing; home health; durable medical equipment, supplies and appliances; behavioral health and LTSS, including at least 180 days of nursing facility coverage.
- Must use specialized care management and network methods to coordinate care for high-risk beneficiaries.
- Entity contracted to cover Medicaid benefits must be the same legal entity that holds the D-SNP contract with CMS.
- Capitated contracts with the state Medicaid agency must cover the entire service area of the D-SNP.
- Must use an integrated Health Risk Assessment (HRA) and an integrated member ID card starting in 2027.

For more information, see Weir Lakhmani, E. "Definitions of Different Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) Types in 2023 and 2025." Integrated Care Resource Center. December 2022. Available at: https://www.integratedcareresourcecenter.com/resource/definitions-different-medicare-advantage-dual-eligible-special-needs-plan-d-snp-types-2023

Applicable Integrated Plans (AIPs)

To qualify as an AIP, a D-SNP must be:

1. A FIDE SNP; or
2. A HIDE SNP that operates with EAE; or
3. A CO D-SNP that operates with EAE and covers Medicaid primary and acute care benefits, Medicare cost sharing, and at least one of the following additional Medicaid benefits:
   - Nursing facility services;
   - Home health services; and/or
   - Medical supplies, equipment, and appliances.

Exclusively aligned enrollment (EAE) occurs when the state contract limits enrollment in the D-SNP to full-benefit dually eligible individuals who receive their Medicaid benefits from the D-SNP or an affiliated Medicaid managed care plan offered by the same parent company as the D-SNP.

[1] D-SNPs with the AIP designation must implement unified plan-level appeal and grievance processes in accordance with the requirements at 42 CFR § 422.107(c)(9), 422.629 through 422.634, 438.210, 438.400, and 438.402.

Source: 42 CFR § 422.561

CY 2025 MAPD final rule D-SNP provisions

- 42 CFR § 422.514(h) requires D-SNPs that (1) operate in overlapping service areas with Medicaid managed care organizations (MCOs) operated by the same parent organization, and (2) enroll FBDE individuals to:
  - Only offer one D-SNP for FBDE individuals in the same service area as the Medicaid MCO in **2027** (unless they meet the exceptions described at 42 CFR § 422.514(h)(3));
  - Only enroll new individuals who are enrolled in (or in the process of enrolling in) the affiliated Medicaid MCO in **2027**; and
  - Operate with EAE starting in **2030**.

Source: CMS. "Medicare Program; Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Program for Contract Year 2024-Remaining Provisions and Contract Year 2025 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly (PACE)." *Federal Register*, April 23, 2024. https://www.federalregister.gov/documents/2024/04/23/2024-07105/medicare-program-changes-to-the-medicare-advantage-and-the-medicare-prescription-drug-benefit

CY 2026 MAPD final rule D-SNP provisions

- The final rule clarified that all special needs plans must conduct an initial health risk assessment (HRA) within 90 days (before or after) the effective date of enrollment for all new enrollees.
- Beginning in CY 2026, special needs plans must develop an individualized care plan within 90 days of conducting the initial HRA or 90 days after the effective date of enrollment.
- Beginning in CY 2027, AIPs must:
  - Have integrated member ID cards that serve as the ID cards for both the Medicare and Medicaid plans, and
  - Conduct an integrated HRA for Medicare and Medicaid.

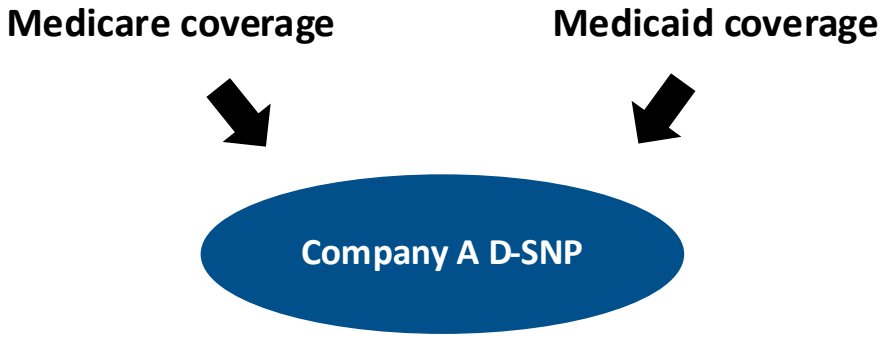
Source: CMS. "Medicare and Medicaid Programs; Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly." *Federal Register*, April 15, 2025. https://www.federalregister.gov/documents/2025/04/15/2025-06008/medicare-and-medicaid-programs-contract-year-2026-policy-and-technical-changes-to-the-medicare

Contracting Strategies for States with Integrated D-SNPs

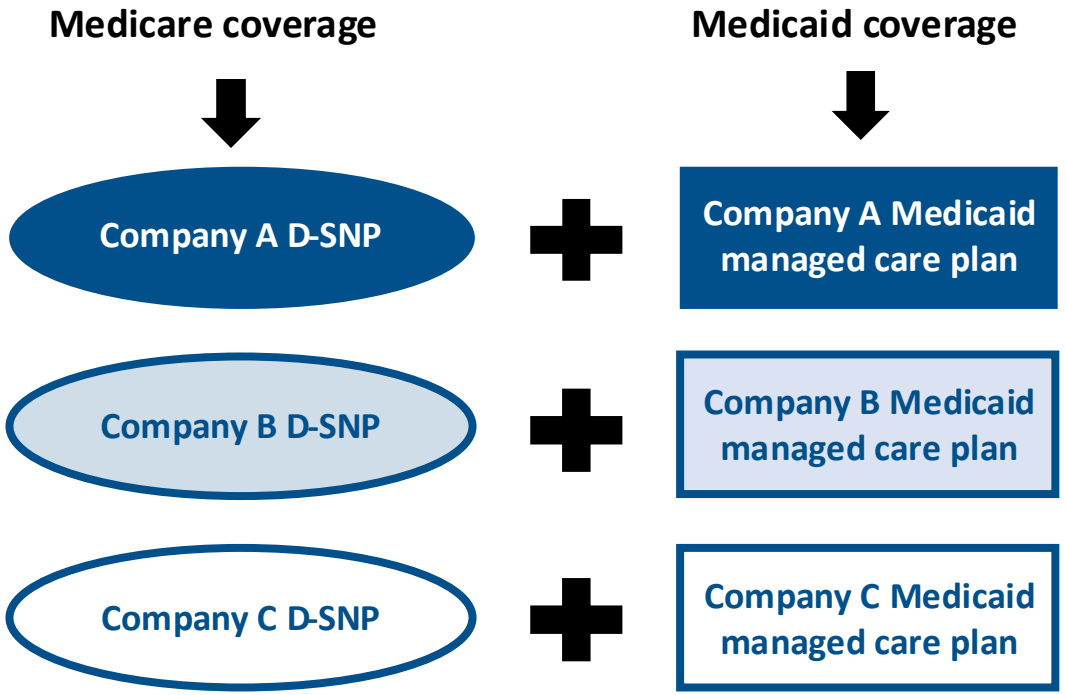
State D-SNP contracting strategies to align Medicare and Medicaid enrollment and coverage

Direct capitation of D-SNPs

(contracting directly with D-SNPs to cover Medicaid benefits for D-SNP enrollees)



Aligning D-SNPs with affiliated Medicaid managed care plans



Note: Directly capitated D-SNPs are considered Medicaid managed care plans and are subject to all federal regulations under 42 CFR § 438.

Comparing D-SNP contracting strategies (1/2)

Direct capitation of D-SNPs

- Offers the opportunity for integrated D-SNPs in states that:
  - Do not enroll dually eligible individuals into Medicaid managed care,
  - Want to establish integrated D-SNPs through parent companies that do not offer Medicaid managed care plans (MCPs), or
  - Have significant benefit carve-outs in existing managed care programs and want to offer a more fully integrated benefit package to D-SNP enrollees.
- Allows states to focus the integrated care program on dually eligible individuals when the broader Medicaid managed care program is not heavily focused on this population.
- May make it easier for states to align Medicaid enrollment with Medicare enrollment and provide fully integrated materials, as a single entity will be responsible for covering all Medicare and Medicaid benefits.

Comparing D-SNP contracting strategies (2/2)

Aligning D-SNPs with Medicaid managed care plans

- An opportunity for states that:
  - Already enroll (or plan to enroll) dually eligible individuals into a Medicaid managed care program, and
  - Have at least some existing alignment between the parent companies offering D-SNPs and MCPs.

Use of both direct capitation and aligned plan models in a state

- A state may also consider using **both** contracting strategies. This may be particularly relevant when:
  - The applicable Medicaid managed care program does not operate in all counties in the state.
  - The state carves certain groups of dually eligible individuals out of the applicable Medicaid managed care program.

Additional considerations when selecting a D-SNP contracting strategy

- State-specific procurement rules and timelines.
- Alignment of parent companies offering both MCPs and D-SNPs.
- Alignment of MCP/D-SNP service areas and enrollee populations.
- Past performance of D-SNPs and MCPs.
- How many dually eligible individuals are enrolled in each D-SNP and/or MCP.

Direct capitation to ensure comprehensive, coordinated benefits: IL

- **Illinois** enrolls full-benefit dually eligible individuals who use LTSS into limited-benefit MCPs that only cover certain Medicaid benefits.
- Full-benefit dually eligible individuals who do not use LTSS are in fee-for-service Medicaid.
- To ensure that dually eligible D-SNP enrollees—those who use LTSS and those who do not—receive a comprehensive, coordinated set of Medicare and Medicaid benefits, the state's new integrated D-SNPs (in 2026) will cover all Medicaid benefits through direct capitation.

Direct capitation to ensure comprehensive, coordinated benefits: MI

- **Michigan** has comprehensive MCPs that enroll dually eligible individuals on a voluntary basis, but the state uses separate programs to cover LTSS and behavioral health.
- Michigan's integrated D-SNPs (in 2026) will:
  - Cover more benefits through direct capitation than the package of benefits covered by the comprehensive MCPs; and
  - Be focused solely on the needs of dually eligible individuals, rather than the broader Medicaid beneficiary population.

Direct capitation without a Medicaid managed care program for dually eligible individuals: DC and ID

- When the **District of Columbia (DC)** and **Idaho** launched directly capitated D-SNP programs, neither state had a Medicaid managed care program that enrolled dually eligible individuals.
- Directly capitated D-SNPs offered an opportunity to integrate Medicare and Medicaid for dually eligible individuals who chose to enroll in a D-SNP without having to launch a broader Medicaid managed care program.
- While Illinois and Michigan used procurements to select their directly capitated D-SNPs, DC used a sole source contracting method because only one parent organization expressed interested in participating in the program (via a District-issued Request for Information). Similarly, when Idaho initiated its program, only one parent organization was interested in participating. Idaho later expanded the program to two plans and recently conducted the program's first procurement in 2024.

Aligned D-SNPs with affiliated Medicaid managed care plans: HI and VA

- **Hawaii** enrolls eligible individuals in its Medicaid managed care program, which covers all Medicaid benefits, including behavioral health services and LTSS. This foundation created an alignment pathway for dually eligible individuals as the state developed its integrated D-SNP program. To promote aligned enrollment, the state requires contracted parent companies to offer both Medicaid managed care plans and D-SNPs.
- **Virginia** ended its Financial Alignment Initiative demonstration early when the state decided to start a Medicaid managed LTSS (MLTSS) program. Before the MLTSS program, the state did not enroll dually eligible individuals into Medicaid managed care (outside of the demonstration). To maintain the integrated care option established under the demonstration, the state chose to align D-SNPs with its new MLTSS plans.

Key takeaways: Contracting strategies

- When choosing a contracting strategy for an integrated D-SNP program, states can directly capitate D-SNPs to provide Medicaid benefits and/or align its D-SNPs with affiliated Medicaid managed care plans.
- A state's choice to use one or both of these strategies depends on a variety of state-specific factors. A state can consider Medicaid managed care program requirements, state-specific procurement rules and timelines, contractor and service area alignment, and existing plan enrollment.
- Understanding why other states have used particular D-SNP contracting strategies—and talking with ICRC and CMS—can help.

Medicaid Managed Care Regulations and D-SNP Contracting

Federal Medicaid regulations apply to all plans that provide Medicaid benefits

- Federal Medicaid regulations at 42 CFR Part 438 apply to all managed care plans that cover Medicaid benefits, **including directly capitated D-SNPs.**
- States need to plan for and execute key steps in the Medicaid managed care contracting and rate development process for plans that offer Medicaid covered benefits, including:
  - Submitting contracts to CMS for review and approval (42 CFR § 438.3);
  - Developing actuarially sound capitation rates (42 CFR § 438.4);
  - Submitting rate certifications to CMS (42 CFR § 438.7); and
  - Conducting readiness reviews (42 CFR § 438.66).
- Because **directly capitated D-SNPs are Medicaid managed care plans**, states planning to use the direct capitation strategy will also need to make program design decisions, such as whether to use (existing or new) state plan amendments or waiver authorities to enable coverage of Medicaid benefits under these plans.

Resource available:

ICRC developed a tip sheet to help states designing integrated care initiatives select Medicaid managed care authorities:

https://integratedcareresourcecenter.com/resource/tips-help-states-select-medicaid-managed-care-authorities-they-design-integrated-care

Additional regulatory considerations when contracting with integrated D-SNPs

- Other examples of Medicaid managed care regulations that states should keep in mind when planning procurements and contracting with D-SNPs (or Medicaid managed care plans that are affiliated with D-SNPs) to cover Medicaid benefits:
  - *Quality* provisions, such as quality assessment and performance improvement (QAPI) programs and external quality review (EQR) (42 CFR § 438 Subpart E);
  - *Care coordination* provisions, such as comprehensive needs assessments and treatment/service plans (42 CFR § 438.208);
  - *Network adequacy* provisions, such as network adequacy standards for LTSS and behavioral health (42 CFR § 438.68); and
  - *Reporting and oversight* provisions, such as for the managed care program annual report (MCPAR), the network adequacy and access assurances report (NAAAR), medical loss ratio (MLR) reporting, and program integrity oversight.

Integrated D-SNP Program Procurement Considerations

Communicate early with key staff in the Medicaid agency and other partners

- Integrated care programs are complex and can require the involvement of staff from a variety of areas within the state Medicaid agency, such as:
  - Managed care policy and contracting;
  - Eligibility and enrollment;
  - Quality improvement;
  - Finance and payment; and
  - Data and IT, including those responsible for receiving, ingesting, and analyzing data from D-SNPs.
- In many states, non-Medicaid agencies have a significant role in supporting dually eligible individuals. Communicating with those agencies is critical to developing successful integrated care programs. Examples of these state agencies include:
  - State Units on Aging and Disability Services that provide services for older and disabled adults;
  - Behavioral Health Administration, and/or others that provide behavioral health services; and
  - Divisions of Substance Use Prevention and Recovery, and/or others that provide substance use services.

Plan procurement and contracting timelines with CMS timelines in mind

- On the Medicaid side, states implementing integrated care programs need to consider the timelines needed to obtain CMS approval of any new or updated Medicaid state plan amendments, waiver requests, and/or capitation rates when setting program implementation dates.
- On the Medicare side, states should be aware of deadlines for the D-SNP's Medicare Advantage contract with CMS. States should take steps to:
  - Select which Medicaid plans will participate in the integrated care program prior to the final date for Medicare Advantage organizations to submit Notices of Intent to Apply to CMS.
    - State timing for selection should build in time for potential protests.
  - Finalize Medicaid managed care readiness reviews and contracts prior to CMS' review of D-SNPs' SMACs;
  - Review D-SNP Models of Care (MOCs) for compliance with any state-specific MOC requirements prior to the D-SNP's MOC renewal submission to CMS; and
  - Ensure that D-SNPs are aware of state requirements with financial implications prior to bid development.

Key CMS dates (1/2)

November - January

- New D-SNPs and D-SNPs expanding service areas must submit notices of intent to apply (NOIAs).*
- States requiring AIPs to use integrated materials begin working with CMS on integrated material templates.

February - May

- New D-SNPs submit applications and all D-SNPs submit bids for the subsequent contract year.
- 1st Monday in June is the due date for:
  - MOCs for Special Needs Plans (SNPs) due to have their MOCs reviewed by CMS.
  - Non-renewals and service area reductions.

Resource available: ICRC has developed a calendar to help states track key Medicare Advantage dates:

https://www.integratedcareresourcecenter.com/sites/default/files/ICRC-Key-Medicare-Advantage-Dates-2025.pdf

*To ensure timely access to the CMS Health Plan Management System (HPMS), Medicare Advantage (MA) organizations intending to offer a new plan or expand the service area of an existing plan must submit a NOIA to CMS in November of the calendar year that is two years prior to the intended contract year. For example, MA organizations that want to offer new D-SNPs (or D-SNPs with expanded service areas) in 2028 will need to submit NOIAs in November of 2026.

Key CMS dates (2/2)

July

- 1st Monday in July:
  - All D-SNPs submit SMACs to CMS for review.
  - D-SNPs that cover Medicaid benefits submit Medicaid managed care contracts to CMS for review, as well.

August – September

- CMS contracts awarded and executed; D-SNP integration status assigned.

October - December

- Open enrollment for the subsequent contract year.
- D-SNPs issue materials to current enrollees informing them of plan changes for the subsequent contract

Resource available: ICRC has developed a calendar to help states track key Medicare Advantage dates:

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Unexpected events and contingency planning (1/2)

- Missed state and federal deadlines can disrupt integrated care programs. For example:
  - D-SNPs that lack executed Medicaid contracts in time for CMS review of SMACs cannot obtain FIDE SNP or HIDE SNP designation.
  - Losing bidders may file protests that can delay implementation past the state's timeline date.
  - D-SNPs that do not pass CMS network adequacy reviews will not be able to operate in the service areas where they lack necessary provider coverage.

Unexpected events and contingency planning (2/2)

- When developing procurement timelines, states should try to account for the possibility of unexpected events by taking steps such as:
  - Building extra time into procurement timelines to account for potential protests;
  - Considering Medicare timelines for bid processes and D-SNP enrollment if a state ends up revisiting its original Medicaid procurement schedule;
  - Establishing contingency plans for statewide operation requirements if D-SNPs do not pass CMS network adequacy reviews in all desired counties; and
  - Including a SMAC provision that allows a D-SNP lacking a fully executed Medicaid contract to operate as a CO D-SNP for a temporary period until it holds a Medicaid contract and earns HIDE SNP or FIDE SNP designation from CMS.
    - For sample language, see https://integratedcareresourcecenter.com/sites/default/files/ICRC-SMAC-TA-Tool-4_1.pdf.

Leveraging Medicare resources to support competitive selection of D-SNPs (1/2)

- States can use Medicare resources to help select D-SNPs or affiliated MCPs that best meet their needs. This can be done by:
  - Developing scoring criteria that consider an organization's past Medicare and Medicaid performance; and
  - Evaluating an organization's past Medicare performance using available Medicare data and resources, such as:
    - Special Needs Plan (SNP)-specific Healthcare Effectiveness Data and Information Set (HEDIS) measures,
    - Consumer Assessment of Healthcare Providers & Systems (CAHPS) measures, and
    - Medicare Star Ratings.
- States may also want to consider reviewing Medicare performance data when procuring Medicaid managed care plans that are not yet affiliated with D-SNPs to:
  - Prepare for potential future integrated care programs; and/or
  - Assess an organization's overall performance across multiple lines of business.

Resource available:

ICRC developed a tip sheet to help states that are planning procurements related to their integrated care programs for dually eligible individuals:

https://integratedcareresourcecenter.com/sites/default/files/ICRC-MedicaidProcurement.pdf

Leveraging Medicare resources to support competitive selection of D-SNPs (2/2)

- When selecting D-SNPs and/or MCPs affiliated with D-SNPs, states can also:
  - Assess organizations' ability to offer integrated coverage of Medicare and Medicaid benefits, including their experience serving dually eligible individuals, using publicly available resources including:
    - External Quality Review (EQR) network adequacy validation results, and
    - Managed Care Program Annual Reports (MCPAR) from states in which an organization operates an MCP;
  - Establish contingency provisions in case the selected bidders are ultimately unable to meet integrated care program requirements.
  - Assess the impact of CMS sanctions on organizations' ability to participate in the state's integrated care program.

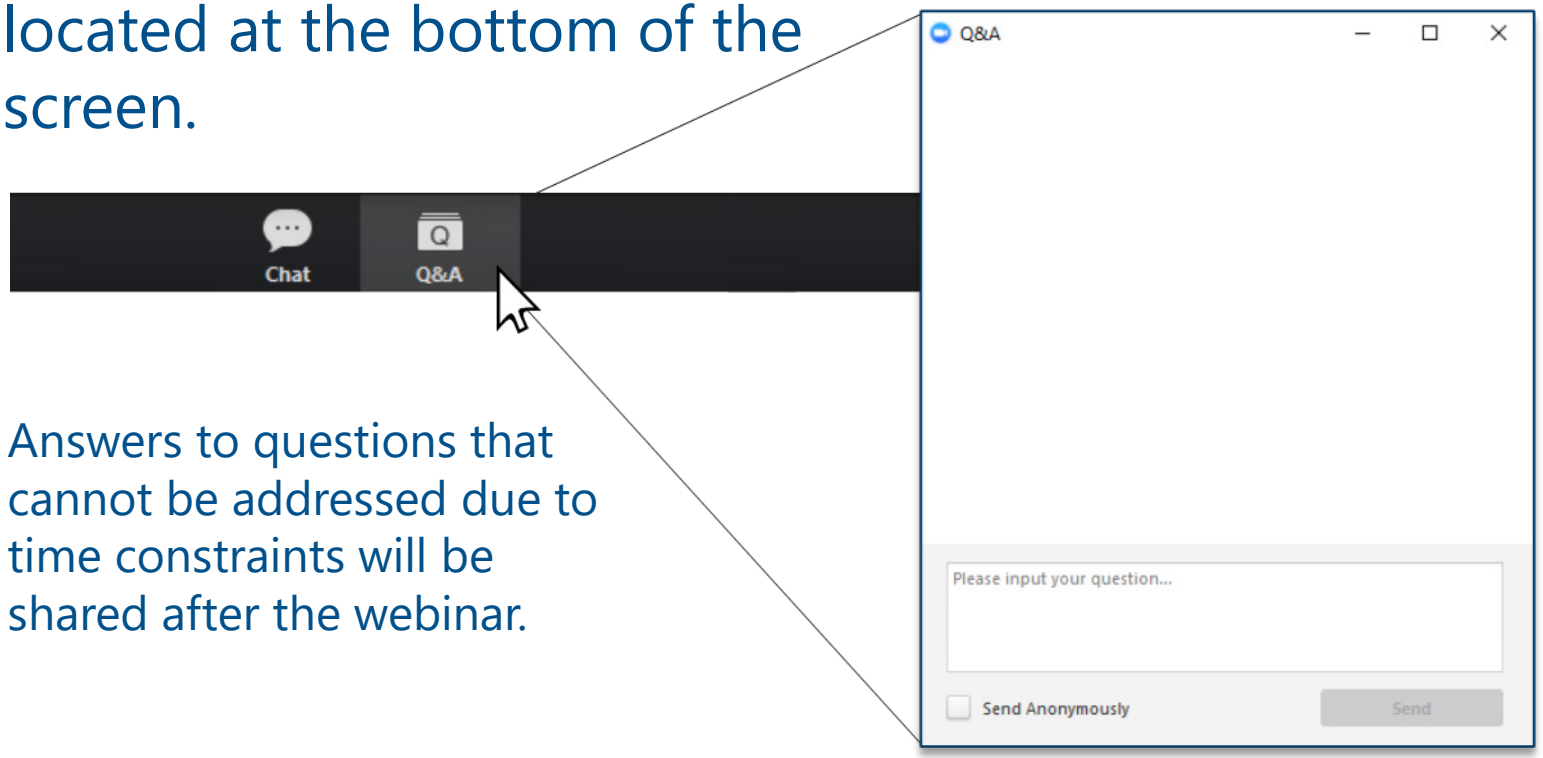
Key takeaways: Procurement considerations

- Communicate early with key staff in the Medicaid agency and with other state agencies that support dually eligible individuals.
- Federal Medicaid managed care regulations apply to all plans that provide Medicaid benefits.
- When developing integrated care programs, states should complete Medicaid procurement and contracting steps in advance of deadlines for the D-SNP's Medicare Advantage contract with CMS.
- When developing procurement timelines, states should account for the possibility of unexpected events that could disrupt their integrated care programs.
- States can use Medicare resources and other publicly available information to help select D-SNPs that best meet their needs.

Questions?

Questions?

To submit a question online, please click the Q&A icon located at the bottom of the screen.



Answers to questions that cannot be addressed due to time constraints will be shared after the webinar.

About ICRC

- Established by CMS to advance integrated care models for dually eligible individuals.
- ICRC provides technical assistance (TA) to states, coordinated by Mathematica and the Center for Health Care Strategies.
- Visit http://www.integratedcareresourcecenter.com to submit a TA request and/or download resources, including briefs and practical tools to help address implementation, design, and policy challenges.
- Send other ICRC questions to: integratedcareresourcecenter@mathematica-mpr.com.