



**Office of External Affairs**

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# CMS FACT SHEET

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## **IMPROVING ACCESS TO INTEGRATED CARE FOR BENEFICIARIES WHO ARE DUALY ELIGIBLE FOR MEDICARE AND MEDICAID**

### Background

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA, Pub. L. 108-173) was enacted on December 8, 2003. Section 231 of the MMA introduced a new type of coordinated care health plan, the Special Needs Plan (SNP), in the Medicare Advantage (MA) program. SNPs are distinct from regular MA plans in that they can restrict enrollment to a group of “special needs” individuals. Special needs individuals were identified by Congress as: (1) institutionalized beneficiaries, (2) beneficiaries who are dually eligible for Medicare and Medicaid (i.e. “dual eligibles”), and/or (3) beneficiaries with severe or disabling chronic conditions.

SNPs provide an opportunity to better integrate care and provide additional benefits to dual eligible beneficiaries. For example, SNPs have the potential to offer the full array of Medicare and Medicaid benefits, and supplemental benefits, through a single plan so that beneficiaries have a single benefit package and one set of providers to obtain the care they need. This is very important because dual eligible beneficiaries are more likely to have preventable complications resulting from problems with care coordination and integration.

Since their creation in 2004, SNPs have grown rapidly. In 2006, 276 SNPs are available, with over 500,000 beneficiaries enrolled, and over 440,000 dual eligible beneficiaries enrolled. The Centers for Medicare & Medicaid Services (CMS) expects such plans to be even more widely available and more widely used next year. We also expect that through improved care integration and coordination, and enhanced accountability for quality of care, the plans will continue to improve the quality of care delivered to those they serve.

While SNPs are providing important benefits through needed coordination and integration of care, States and other stakeholders have identified important barriers to their availability for dual eligible beneficiaries. Over the past several months, CMS has met with these stakeholders and a number of outside groups, including the National Health Policy Group (NHPG), the Center for Health Care Strategies (CHCS), and the Milbank Memorial Fund, to discuss barriers to successfully integrating care for the dual eligibles through SNPs. Based on the lessons learned

from those meetings, and successful steps implemented by some States and plans to promote more coordinated care, CMS is implementing an action plan to facilitate better care for dual eligibles through SNPs.

The elements include:

- “How To” Guides to assist the States to work with SNPs and Medicare to streamline administrative processes and provide fully coordinated Medicare and Medicaid benefits;
- Opportunities for States to support targeted enrollment in SNPs, to serve different kinds of Medicare-Medicaid beneficiaries more effectively;
- Greater clarity about the Medicare bidding process for SNPs, with the opportunity for a coordinated bidding and contracting process to enable States to benefit from savings due to better integrated Medicare-Medicaid coverage;
- A model three-way agreement to formalize the relationship among SNPs, the States and CMS and enable further streamlining of administrative processes;
- Improved quality measures particularly related to SNP populations; and
- Additional education and outreach to make States and plans aware of the opportunity to improve care through SNPs, and beneficiaries aware of the opportunity to receive better care through SNPs.

#### “How To” Guides

Different and sometimes conflicting Medicare and Medicaid rules have created administrative difficulties for SNPs and confusion for beneficiaries. To address this issue, CMS has created “How To” guides in the areas of Marketing, Enrollment and Quality. These guides provide clarification on Medicare and Medicaid rules and suggest streamlined processes that States and plans can use to fulfill Medicare and Medicaid requirements.

For example, the Enrollment “How To” Guide clarifies the Medicare and Medicaid requirements for a single enrollment form and provides a model integrated enrollment form. The Marketing “How To” Guide clarifies CMS’ rules on the use of integrated marketing materials and provides two examples of streamlined processes to gain Medicare and Medicaid approval of SNP marketing materials. The Marketing Guide also clarifies that while a Medicare beneficiary cannot be required to be a member of a Medicare managed care plan, CMS will consider proposals from States or Medicare Advantage Plans to permit seamless transition of individuals who are in a Medicaid managed care plan into a Medicare SNP offered by the same managed care organization when they first become eligible for Medicare.

The “How To” guides will be posted on the Agency’s website, but will be considered “living documents” that can be updated and expanded as needed. In particular, the Agency has committed to creating model marketing materials that will be added to the marketing guide. The Agency has put a mailbox on its web site so that interested parties can submit questions and comments. The address is [Integrated\\_Care@cms.hhs.gov](mailto:Integrated_Care@cms.hhs.gov).

In order to ensure that CMS policies that can facilitate integration are applied in a consistent manner across regions, CMS will arrange for training to be provided to the CMS regional office plan managers who work with the States and with SNPs. Training sessions are scheduled to begin during the last week in July.

### Targeted SNP Enrollment

Some States currently exclude some dual eligible groups from Medicaid managed care for a variety of practical reasons. For example, States establish programs that are different for the aged and disabled, and those with different levels of Medicaid benefits, to better target services to each group. CMS has not allowed similar targeted enrollment or “subsetting” by States in SNPs, with limited exceptions. This policy has been an impediment to States working with SNPs, and an impediment to care integration.

To address this issue, CMS is implementing a new policy to allow SNPs to target enrollment to certain population subsets under the condition that the SNPs have a relationship with the State Medicaid Agency. Specifically, this policy will allow SNPs that coordinate their efforts with State Medicaid Agencies to target services to just aged duals, disabled duals, or other specialized dual groups to facilitate their care with specialized provider networks. Details of the policy will be announced shortly.

### Opportunities to Improve Coordination and Enhance State Savings through Medicare and Medicaid Contractual Arrangements with SNPs

The SNP Medicare contracting process provides an opportunity for States to benefit from better coordinated and more effective services for dual eligible beneficiaries, making State Medicaid programs more sustainable and effective. On an annual basis, SNPs submit bids to CMS to provide beneficiaries with Medicare-covered services, and sometimes supplemental services. Plans that bid below a benchmark amount receive a rebate equal to 75% of the savings relative to the benchmark. Plans are required to use the rebate money to provide extra benefits to enrollees. Possible extra benefits include the reduction of cost sharing for Medicare-covered services, added benefits such as vision and dental care not covered by Medicare, or a direct reduction in the MA plan premium for A and B services (representing Medicare cost sharing), or the Part D premium, or the Part B premium.

For duals, these extra benefits could either directly replace financial obligations of the State (e.g. when the SNP rather than the State pays Medicare cost sharing on behalf of a dual eligible), or provide services that would otherwise have to be covered by Medicaid. Consequently, SNP plans have the potential to save States money, particularly if the State is making capitated payments to a Medicare Advantage plan that is providing both Medicare and Medicaid services.

Because SNPs may consider their bidding information to be proprietary, CMS does not release such information unless required by law. However, plans may share this information with the States, and States can get publicly available information on the covered services and additional benefits offered by a plan before entering into a contract for Medicaid services. Further, States may require that bidding information be shared with the State as a condition of contracting for Medicaid services. To help States gain a better understanding of the bidding process, the Center for Health Care Strategies (CHCS) is developing a guide which includes information on the Medicare bidding process and is scheduled to be released in September. CMS is consulting with CHCS on this project.

Two key topics related to the bidding process are rate setting and risk adjustment. CHCS issued a guide in June 2006 on rate setting and risk adjustment for integrated care programs. The Guide

provides a checklist on rate setting and design considerations in integrating Medicaid and Medicare services.

#### Three-Way Agreements Involving States, CMS, and SNPs to Facilitate Care Integration

Some SNPs have formalized the relationship among the SNP, the State and CMS by entering into joint agreements such as three-way contracts or memorandums of understanding. States that have entered into such agreements believe that they are a critical tool for formalizing the relationship among the parties, clarifying roles and responsibilities, and facilitating care integration. CMS has begun work with the Center for Health Care Strategies to develop a model three-way agreement. Successful agreements have been developed in demonstration programs in Minnesota and Massachusetts and may serve as useful templates.

#### Improved Quality Measures for SNPs

CMS currently requires all Medicare coordinated care plans (which include SNPs), to report Health Plan Employer Data and Information Set (HEDIS®) performance measures. However, the current set of measures does not provide performance information on the unique issues related to the quality of care provided by plans to SNP enrollees. CMS is collaborating with the National Committee for Quality Assurance (NCQA) to identify new performance measures specifically for SNPs. While they will build upon the traditional measurement tools, we expect that the tailored measures for SNP enrollees will reflect their special or chronic conditions. Thus, those individuals with AIDS should have some different measures than those with chronic heart failure. We expect that all the measures will be collected and reported at the individual SNP plan level, which will enable comparison across plans.

#### Education and Outreach on Special Needs Plans

This Fall, CMS will implement an outreach campaign to make States and plans more aware of the opportunity to integrate care through SNPs. We will work closely with the National Association of State Medicaid Directors (NASMD), The National Governors Association (NGA), and the National Council of State Legislatures (NCSL) to provide States with the opportunity to learn more through discussion forums and sharing of best practices from States with existing SNPs. Further, CMS will encourage organizations with SNPs to work with States to further integrate and improve care for dual eligible beneficiaries. In addition, we will provide our partners with ongoing guidance and supporting material for reaching their audiences.

CMS will also conduct outreach to beneficiaries to educate them about the opportunity to receive integrated care through SNPs. We will work collaboratively with our national and community-based partners, including various networks representing non-English speaking constituencies within Asian-American, Hispanic, and African-American communities as well as faith-based community organizations. This effort will be national in scope but executed primarily locally. Clear and consistent messages will be delivered through various channels directly to beneficiaries. We will monitor our success in achieving our campaign objectives by maintaining regular communications with external stakeholder groups and grassroots partners.

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