

Fully Integrated Plans for Dual Medicare-Medicaid Enrollees: Helping Individuals Receive Long-Term Services and Supports at Home While Containing Medicaid Costs

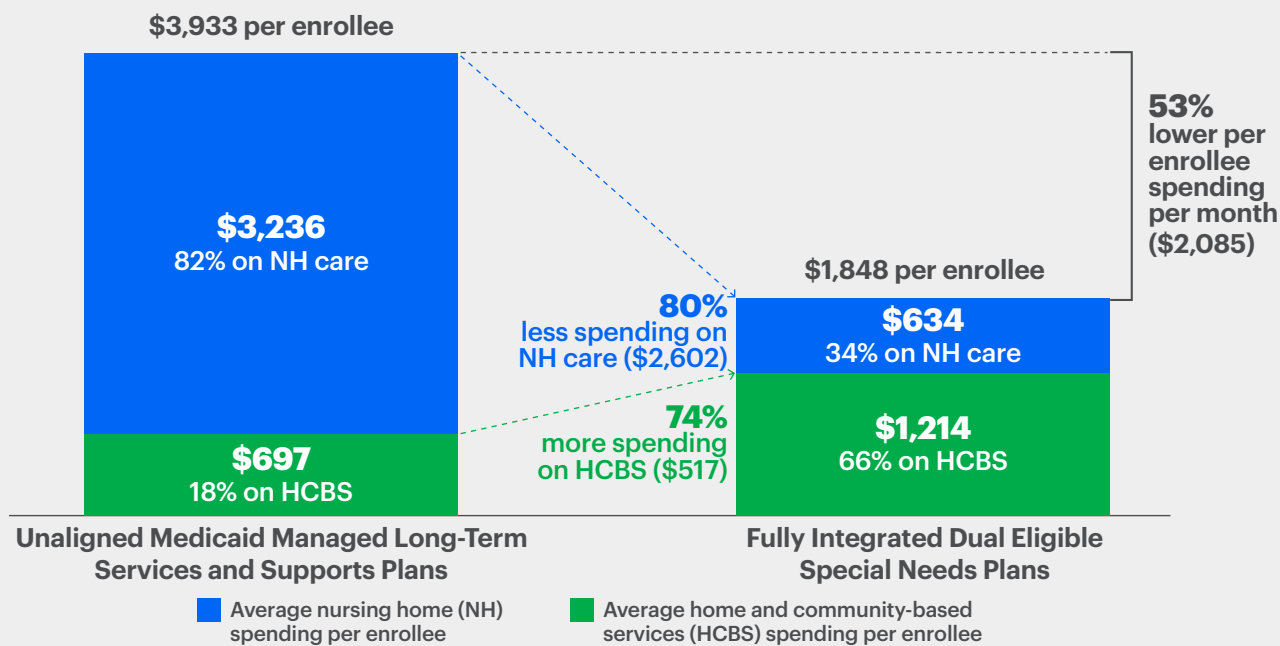
The federal government and states spend over \$200 billion annually, about one-third of all Medicaid program costs, on long-term services and supports (LTSS) for enrollees aged 65 and older and those living with disabilities who need help caring for themselves.¹ Medicaid LTSS deliver hands-on assistance with activities of daily living² over an extended time either in institutional settings, such as nursing homes (NHs), or through home and community-based services (HCBS),³ such as personal care, homemaker and chore services, and adult day care. Individuals with LTSS needs, many of whom are dual Medicare-Medicaid enrollees (sometimes referred to as dual eligibles),⁴ often express preferences for aging in place in their own homes and communities with the support of HCBS⁵ as an alternative to institutional care.

About half of all states contract with private Medicaid managed LTSS (MLTSS)⁶ plans to deliver and coordinate the full range of Medicaid’s LTSS benefits. States seeking maximum integration of dual Medicare-Medicaid enrollees are increasingly contracting with single fully integrated health plans that align the MLTSS benefit with the Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) benefit. These Fully Integrated D-SNPs (FIDE SNPs) coordinate Medicare and Medicaid benefits and manage transitions between acute care and LTSS.⁷

When beneficiaries with LTSS needs are aligned under a single plan that coordinates all Medicaid and Medicare benefits, enrollees have greater use of HCBS relative to NH care, and Medicaid LTSS costs are lower. Among dual Medicare-Medicaid enrollees using LTSS, compared to those in unaligned MLTSS plans, **enrollees in aligned FIDE SNPs accounted for:**⁸

- **\$2,085 (53 percent) lower** Medicaid LTSS costs per enrollee per month, consisting of:
 - **\$517 (74 percent) more** spending on HCBS
 - **\$2,602 (80 percent) less** spending on NH care

Monthly LTSS Spending for Dual Medicare-Medicaid Enrollees Using LTSS, 2022–2023

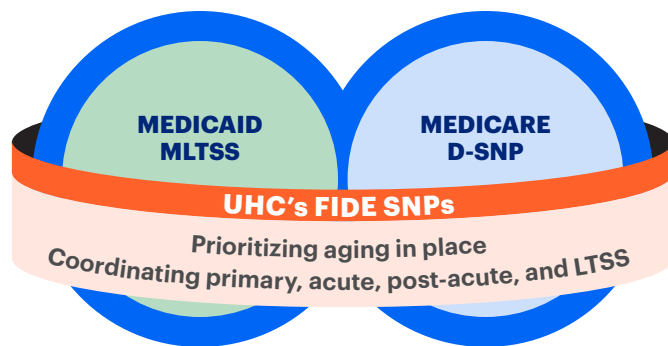




UnitedHealthcare’s (UHC’s) FIDE SNPs are rebalancing Medicaid LTSS toward HCBS by spending more (66 percent) of all LTSS costs on care delivered in home and community-based settings. Comparatively, MLTSS plans spent just 18 percent on HCBS when enrollees’ Medicare benefits were delivered by either traditional Medicare FFS or a separate Medicare Advantage plan.

FIDE SNPs deliver comprehensive and cost-effective LTSS coverage by aligning incentives and integrating care teams and population health strategies.

Integrated Medicare and Medicaid plans allow for earlier identification of enrollees’ needs, more proactive hospital discharge management, greater medication management, and a more seamless pathway to the provision of functional and social LTSS supports – while simplifying the beneficiary experience.



UHC’s FIDE SNPs

Use integrated care teams to

Promote enrollees’ independence to the extent possible

Develop service plans based on enrollees’ goals and desired outcomes

Ensure medical and LTSS providers are aware of enrollees’ stated preferences, typically to receive care in the least restrictive care settings possible

Effectively manage transitions between a Medicare-covered hospital or skilled nursing facility stay and the home or community-based setting where Medicaid LTSS are delivered

Implement population health strategies that

Combine Medicare Advantage’s Health Risk Assessment and each state’s Medicaid LTSS assessment

Individualize service delivery to account for enrollees’ unique preferences, care needs, and risk factors

Manage chronic conditions, reduce duplication of services, and avoid unnecessary hospital and other institutional care to the extent possible and medically appropriate

Moving Forward

By expanding FIDE SNPs for dual Medicare-Medicaid enrollees in alignment with federal guidelines,⁹ states can help older individuals and those with disabilities age in place in their homes and communities while containing Medicaid spending growth. States unable to establish FIDE SNPs can pursue other Medicaid and Medicare alignment strategies, such as:

- Using their State Medicaid Agency Contract¹⁰ flexibilities to contract with D-SNPs for the coordination of Medicaid benefits, such as LTSS, behavioral health services, Medicaid wrap-around benefits, and Medicare cost-sharing;¹¹
- Integrating Medicaid benefits for LTSS, behavioral health, and pharmacy into state’s Medicaid managed care programs;
- Contracting with proven and accountable high-quality Medicaid and Medicare plans; and
- Auto-assigning dual Medicare-Medicaid enrollees with LTSS needs to MLTSS programs that facilitate coordination with their existing D-SNPs.

Citations and Notes

- In 2021, Medicaid long-term services and supports (LTSS) accounted for 32.1% of all Medicaid personal health care spending. See: Colello, K., "Who Pays for Long-Term Services and Supports?," Congressional Research Service, September 2023.
<https://crsreports.congress.gov/product/pdf/IF/IF10343>
- Activities of daily living (ADLs) refer to activities such as eating, bathing, using the toilet, dressing, walking across a small room, and transferring from a bed or chair. Medicaid LTSS also deliver hands-on assistance with instrumental activities of daily living (IADLs) which include activities such as preparing meals, managing money, shopping, performing housework, using a telephone, doing laundry, getting around outside the home, and taking medications. See: Colello, K., "Overview of Long-Term Services and Supports," Congressional Research Service, October 2023.
<https://crsreports.congress.gov/product/pdf/IF/IF10427#:~:text=ADLs%20refer%20to%20activities%20such,a%20person's%20need%20for%20LTSS>
- Home and community-based services (HCBS) offerings for dual Medicare-Medicaid enrollees (dual eligibles) vary in amount, duration, and scope across state Medicaid programs. HCBS play an important role in states' efforts to achieve compliance with Title II of the Americans with Disabilities Act (ADA) of 1990, section 504 of the Rehabilitation Act of 1973 (section 504), section 1557 of the Affordable Care Act, and the Supreme Court's decision in *Olmstead v. L.C.*, in which the Court held that states must ensure that persons with disabilities are served in the most integrated setting appropriate. See: Centers for Medicare and Medicaid Services (CMS), "Medicaid Program; Ensuring Access to Medicaid Services: Final Rule," Federal Register, May 2024.
<https://www.govinfo.gov/content/pkg/FR-2024-05-10/pdf/2024-08363.pdf>
- Full-benefit dual eligibles receive both Medicare and Medicaid benefits by virtue of their age or disability and their low income. This analysis focuses on dual eligibles with LTSS needs. For these enrollees, Medicare is the primary payer for physician services, hospital inpatient services, outpatient acute care, and post-acute level care, including skilled nursing facility and home health care. Medicaid pays these enrollees' Medicare's premiums and cost sharing, as well as other services not covered by Medicare, such as LTSS. See: Medicare Payment Advisory Commission and Medicaid and CHIP Payment and Access Commission (MACPAC), "Data Book: Beneficiaries Dually Eligible for Medicare and Medicaid," January 2024.
https://www.macpac.gov/wp-content/uploads/2024/01/Jan24_MedPAC_MACPAC_DualsDataBook-508.pdf
- Kim, H. et al., "Use of Long-Term Services and Supports Among Dual-Eligible Beneficiaries with Alzheimer's Disease and Related Dementias," *Journal of American Geriatrics Society*, February 2023.
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9957784/>
- As of 2021, 24 states contracted with private Medicaid managed LTSS (MLTSS) plans. See: MACPAC, "Managed long-term services and supports," March 2022.
<https://www.macpac.gov/subtopic/managed-long-term-services-and-supports/>
- Lakhmani, E.W., "Tip Sheet: Definitions of Different Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) Types in 2023 and 2025," Integrated Care Resource Center, December 2022.
https://www.integratedcareresourcecenter.com/sites/default/files/ICRC_DSNDDefinitions_2023-2025_0.pdf
- UnitedHealthcare analysis of Medicaid claims for dual eligible enrollees using Medicaid MLTSS in 3 states between July 2022 and June 2023. The analysis found that HCBS and nursing home unit costs were similar across Fully Integrated D-SNPs (FIDE SNPs) and MLTSS plans; therefore, meaningful differences in spending by service type are not explained by differences in service costs.
- CMS' final rule limits enrollment in certain D-SNPs, including FIDE SNPs, to those individuals who are also enrolled in an affiliated Medicaid managed care organization and limits the number of D-SNP benefit packages a Medicare Advantage (MA) organization, its parent organization, or entity that shares a parent organization with the MA organization, can offer in the same service area. See: 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 2024.
<https://www.federalregister.gov/documents/2024/04/23/2024-07105/medicare-program-changes-to-the-medicare-advantage-and-the-medicare-prescription-drug-benefit>
- The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) gives state Medicaid agencies the authority to establish integrated care arrangements with D-SNPs for coordination of Medicaid and Medicare benefits for dual eligibles. States have flexibility to define the scope of this coordination as long as they meet a minimum set of requirements described in 42 CFR 422.107(c). See: MIPPA, Public Law 110-275, Compilation of the Social Security Laws, Social Security Administration, Accessed August 30, 2024.
https://www.ssa.gov/OP_Home/comp2/F110-275.html
- States also have the option to establish Highly Integrated D-SNPs (HIDE SNPs) with health plans to provide for Medicare coordination with Medicaid LTSS or behavioral health, or both. See: MACPAC, "Chapter 6: Improving Integration for Dually Eligible Beneficiaries: State Contracts with D-SNPs," January 2021.
<https://www.macpac.gov/wp-content/uploads/2021/06/Chapter-6-Improving-Integration-for-Dually-Eligible-Beneficiaries-Strategies-for-State-Contracts-with-Dual-Eligible-Special.pdf>