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Optimizing State Medicaid Agency Contracts

Policy options

Drew Gerber



Medicaid and CHIP Payment and Access Commission



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Overview

- Background
- Supporting states in overseeing state Medicaid agency contracts (SMACs)
- Policy options
- Next steps





Background

Medicare Advantage Dual Eligible Special Needs Plans (D-SNPs)

- Medicare Advantage D-SNPs are a type of special needs plan designed to provide targeted care to dually eligible beneficiaries
 - Levels of Medicaid-Medicare integration in a D-SNP vary
- D-SNPs are different from other Medicare Advantage or special needs plans because they are required to contract with state Medicaid agencies through the state Medicaid agency contract (SMAC)
- Federal law sets minimum requirements for coordination of Medicaid benefits in the SMAC
 - States can go beyond these requirements to require greater integration or better tailor how D-SNPs serve their population

Optimizing SMACs

- Project components
 - Literature review
 - Review of calendar year 2023 SMACs
 - Interviews with five states, the Centers for Medicare & Medicaid Services, and representatives for two health plans operating across those states
- Barriers to optimizing SMACs mirror larger challenges that prior MACPAC research identified that states face in integrating care
 - State capacity
 - Connecting integration for dually eligible beneficiaries to state goals

Prior MACPAC Recommendations

- **June 2022:** Congress should authorize the Secretary of the U.S. Department of Health and Human Services to require that all states develop an integration strategy and to provide federal funding to support states in developing these strategies
- **June 2020:** Congress should provide federal funds to enhance state capacity to develop expertise in Medicare and to implement integrated care models
- Congress has yet to enact these recommendations



Policy Options

Supporting States in Overseeing SMACs

- States may include a variety of requirements in their SMACs that address differing populations, state goals, and priorities
- Through our interviews, stakeholders identified data for these two elements as key for monitoring D-SNP compliance and assessing quality:
 - Care coordination
 - Medicare Advantage encounters
- Requirements for plans to submit data on care coordination and Medicare Advantage encounters are applicable to any D-SNP, even those with minimal levels of integration

Policy Option 1

- State Medicaid agencies should use their contracting authority at 42 CFR 422.107 to require that Medicare Advantage dual eligible special needs plans (D-SNPs) operating in their state regularly submit data on care coordination and Medicare Advantage encounters to the state for purposes of monitoring, oversight, and assurance that plans are coordinating care according to state requirements. If Congress chooses to require that all states develop a strategy to integrate Medicaid and Medicare coverage for their dually eligible beneficiaries, states that include D-SNPs in their integration approach should describe how they will incorporate care coordination and utilization data and how these elements can advance state goals.

Rationale and Effects

- **Rationale**
 - Care coordination is central to integrating Medicaid and Medicare services and the D-SNP model
 - CMS and state officials identified care coordination data as a useful measure of D-SNP performance
 - Few states currently collect and use MA encounter data, but officials said these data are key to understanding the health of the dually eligible population and for informing quality improvement efforts
 - These data elements are applicable to minimally integrated D-SNPs as well
- **Effects**
 - Increased administrative burden on states to collect and oversee these data, in addition to the potential need for information technology systems upgrades to receive Medicare Advantage encounter data
 - Beneficiaries could benefit from potential improvements in care coordination and quality

Policy Option 2

- The Centers for Medicare & Medicaid Services should issue guidance that supports states in the development of a strategy to integrate care that is tailored to each state's health coverage landscape. The guidance should also emphasize how states that contract with Medicare Advantage dual eligible special needs plans can use their state Medicaid agency contracts to advance state policy goals.

Rationale and Effects

- Rationale
 - CMS guidance outlining the tools available to states may prompt the development of integration strategies
 - A lack of awareness of state contracting authority and its limitations, as well as the value to states of leveraging the SMAC, continues to hinder states in optimizing these contracts to further integration
 - Federal guidance could provide states with clarity on the boundaries of their contracting authority and emphasize for states the value in leveraging their SMACs
- Effects
 - Minimal additional burden for CMS
 - States may choose to better leverage these contracts through additional requirements that achieve state goals

Next Steps

- Staff will return in April with a draft chapter and recommendation language that reflects the Commission's conversation

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