DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

CMSO, Disabled and Elderly Health Programs Group

AUG 11 2006

Dear State Medicaid Director:

This letter is to inform you of the Centers for Medicare & Medicaid Services' (CMS) new policy that will allow Medicare Advantage Special Needs Plans (SNPs) to target enrollment of dual eligible beneficiaries in States that are providing an integrated Medicaid benefit package.

The CMS recognizes that it is common practice for State Medicaid programs to design programs offering different benefits for the aged or disabled populations. However, under current Medicare rules, targeting or "subsetting" of special groups in a Medicare managed care organization (MAO) and/or SNPs is not allowed with limited exception. This policy has been an impediment to States working with SNPs to integrate care for dual eligibles.

Beginning with contract year 2008, SNPs may target enrollment of dual eligibles as long as the Plan coordinates their efforts with the State Medicaid Agencies. Specifically, the new policy applies to dual eligibles in SNPs, who are receiving their care under a Medicaid program which has an integrated arrangement with that Plan. For example, if a State Medicaid Agency contracts for a Medicaid wraparound package for certain dual eligibles with a plan, which also contracts as a SNP, the SNP may limit enrollment to that subset of dual eligibles. Enclosed is the Health Plan Management System (HPMS) letter that CMS is also sending to all Medicare managed care organizations. Further guidance will be provided in the near future.

This policy provides a new opportunity for States and SNPs to move towards an integrated delivery system of care for dual eligible beneficiaries. Providing the full array of Medicare and Medicaid benefits through a single health plan, will improve the quality of care for dual eligible beneficiaries, who will experience better care coordination and fewer administrative burdens.

We look forward to working with you on integrating care for dual eligible beneficiaries.
If you have any questions, please contact me at 410-786-6810 or by email at Gale.Arden@cms.hhs.gov.

Sincerely,

Gale P. Arden

Gale P. Arden
Director

Enclosure

cc:

CMS Regional Administrators

CMS Associate Regional Administrators
for Medicaid and State Operations

Martha Roherty
Director, Health Policy Unit
American Public Human Services Association

Joy Wilson
Director, Health Committee
National Conference of State Legislatures

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Director of Health Legislation
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CENTER FOR BENEFICIARY CHOICES

DATE: August 10, 2006

TO: Medicare Advantage Organizations

FROM: Anthony Culotta, Director
Medicare Enrollment & Appeals Group

SUBJECT: Permissible enrollment subsets for dual eligibles enrolled in Special Needs Plans

Beginning with contract year 2008, Special Needs Plans (SNPs) may target enrollment of dual eligibles based on integration with State Medicaid efforts. Previously we permitted SNPs to target enrollment of dual eligibles based only on whether they were full benefit dual eligibles versus partial benefit dual eligibles.

Our revised policy would permit SNPs to limit enrollment to groups of dual eligibles who are receiving their care under a Medicaid program, provided that the enrollment limitations parallel the structure and care delivery patterns of the Medicaid program, which is integrated with that being furnished with the SNP under Medicare. For example, if a State Medicaid Agency contracts with a plan for a Medicaid wraparound package for certain dual eligibles (such as disabled individuals), an MA organization may establish a SNP that limits enrollment to that same subset of dual eligibles.

CMS will provide further guidance to SNPs on allowable subsets and the associated reporting and approval process as part of the 2008 application process. We are committed to continue working with SNPs and State Medicaid Agencies to make use of the SNP option to offer improved benefits and value to the dual eligible population.

If you need further information, please contact Mike Fiore at 410-786-0623.