

Key insights into 2023 Medicare Advantage D-SNP landscape

D-SNP market is poised for continued growth and significant changes

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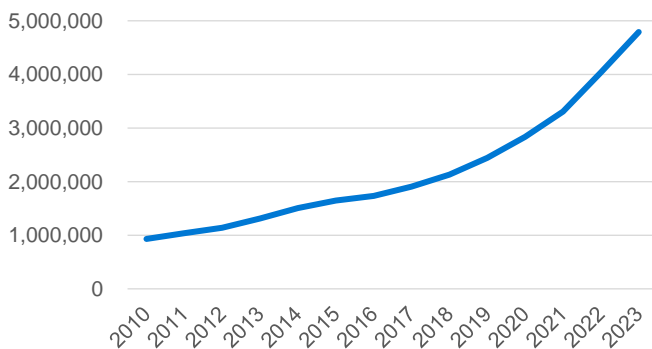
Recently released calendar year (CY) 2023 Medicare Advantage (MA) data show continued expansion of dual eligible special needs plans (D-SNPs). This white paper discusses their growth and additional key insights into the CY 2023 D-SNP landscape.

What are D-SNPs?

Dual eligible special needs plans, or D-SNPs, are Medicare Advantage (MA) plans that only enroll beneficiaries who are dually eligible and enrolled in both Medicare and Medicaid. D-SNPs have become increasingly popular among both MA organizations (MAOs) and dual eligible beneficiaries because of their ability to tailor benefit designs to the needs of this population. D-SNPs have also become increasingly popular with state Medicaid agencies, some of which require Medicaid managed care organizations to also offer D-SNPs as a way to facilitate Medicare-Medicaid integration.

Figure 1 shows D-SNP enrollment from CY 2010 to CY 2023. Enrollment has increased steadily over that time period and more than doubled over the past five years.

FIGURE 1: D-SNP ENROLLMENT (CY 2010-CY 2023)



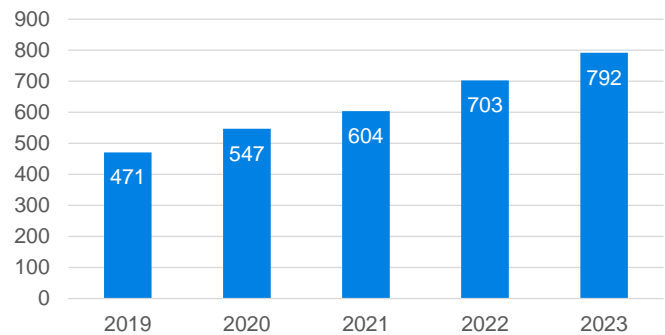
The Centers for Medicare and Medicaid Services (CMS) recently released initial information about CY 2023 MA plan offerings, including D-SNPs.¹ The remainder of this paper discusses key takeaways from a review of CY 2023 D-SNP plan offering data and Milliman's Medicare Advantage Value Added Tool (MACVAT®).

Six key takeaways

1. THE D-SNP MARKET CONTINUES ITS HIGH GROWTH RATE

The number of D-SNPs will increase by more than 12% in CY 2023. Figure 2 shows the growth in D-SNPs over the past five years.

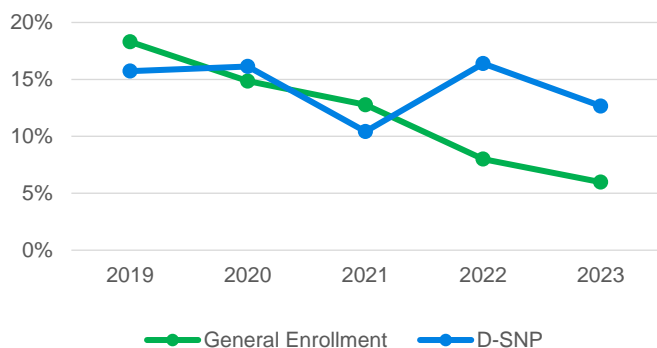
FIGURE 2: NUMBER OF D-SNPS (CY 2019-CY 2023)



In CY 2023, the pace of growth of offered D-SNPs (12.7%) will more than double the pace of growth of general enrollment plans (6.0%). While the growth rate in the number of MA general enrollment plans has slowed in each of the past five years, the growth rate in the number of D-SNPs has remained consistently high (10%-16%) over that time. Figure 3 shows the average annual growth in MA plans by year from 2019 through 2023 separately for D-SNPs and general enrollment plans.

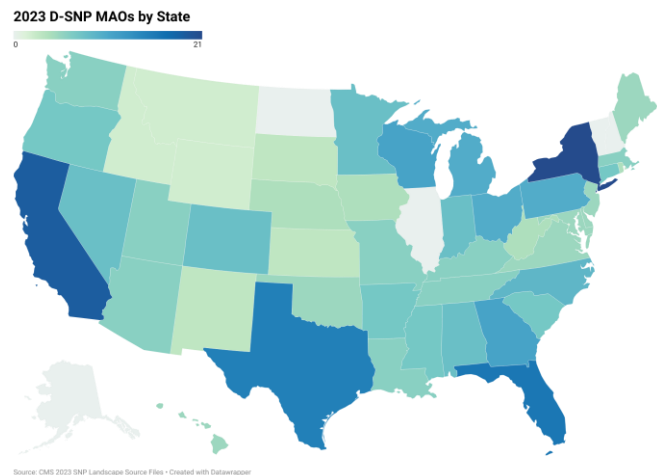
¹ CMS. Prescription Drug Coverage – General Information. Retrieved November 8, 2022, from <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/index>.

FIGURE 3: ANNUAL GROWTH IN NUMBER OF PLANS BY PLAN TYPE (CY 2019-CY 2023)



In addition to growth in the total number of plans, additional MAOs are entering the market on a state-by-state basis. Sixteen states had an increase in the number of MAOs offering D-SNPs from 2022 to 2023 while only one state (Kentucky) had a reduction in the number of MAOs offering D-SNPs. Figure 4 shows the number of unique MAOs offering D-SNPs in each state.

FIGURE 4: NUMBER OF MAOS OFFERING D-SNPS BY STATE (CY 2023)



D-SNP availability is also expanding at the local level, through both new plans and service area expansions for existing plans. Based on our analysis of the plan data and CMS dual eligible beneficiary enrollment data,²

² CMS. MMCO Statistical & Analytic Reports – Enrollment Snapshots. Retrieved January 16, 2023, from <https://www.cms.gov/medicare-medicare-coordination/medicare-and-medicare-coordination/medicare-medicare-coordination-office/analytics>.

³ CMS (June 8, 2020). Dual Eligible Special Needs Plan (D-SNP) “Look-Alike” Transitions for Contract Year (CY) 2021. Retrieved January 30, 2023, from https://www.hhs.gov/guidance/sites/default/files/hhs-guidance-documents/cy21%20d-snp%20look-alike%20transition%20hpms%20memo%20final_9.pdf.

98% of full benefit dual eligible beneficiaries have access to a D-SNP or Medicare-Medicaid Plan (MMP) in 2023 and 95% have access to at least three D-SNP or MMP options.

By comparison, 95% of full benefit dual eligible beneficiaries had access to a D-SNP in 2020 and 80% had access to at least three D-SNP or MMP options.

2. CMS TERMINATED 47 GENERAL ENROLLMENT PLANS THAT QUALIFIED AS D-SNP LOOK-ALIKES

Beginning in 2023, CMS will not renew D-SNP look-alike plans in states with existing D-SNPs or MMPs. D-SNP look-alikes primarily enroll dual eligible beneficiaries but are general enrollment plans that are not subject to the D-SNP model of care or Medicare-Medicaid coordination requirements. D-SNP look-alike plans were identified by CMS as general enrollment plans whose membership is comprised of over 80% dual eligible beneficiaries.³ As of January 2022, approximately 206,000 beneficiaries were enrolled in D-SNP look-alikes scheduled to be non-renewed.⁴

Enrollment in terminated D-SNP look-alike plans was concentrated in the following three states:

- California’s 26 terminated D-SNP look-alikes offered by 15 MAOs accounted for nearly 70% of terminated D-SNP look-alike enrollment.
- Illinois D-SNP look-alike plans accounted for 13% of terminated D-SNP look-alike enrollment.
- New Mexico D-SNP look-alike plans accounted for 7% of terminated D-SNP look-alike enrollment.

The concentration of D-SNP look-alike plans in these states is likely attributable to state-specific policies that limit or exclude D-SNPs based on Medicaid or MMP policy.

On December 27, 2022, CMS released a proposed rule that would refine the definition of D-SNP look-alikes to be applied at a plan segment level instead of a plan level starting in 2024.⁵ CMS is seeking authority to sever segments from a contract and non-renew only those segments identified as D-SNP look-alikes. The rule is not expected to impact a large number of beneficiaries but is intended to close a loophole that allows MAOs to operate D-SNP look-alikes at a segment level.

⁴ CMS. Contract Year 2022 D-SNP Look-Alikes Determined Based on January 2022 Monthly Membership Reports. Retrieved January 30, 2023, from <https://www.cms.gov/files/document/dsnpllookalikesdatacy2022.xlsx> (Microsoft Excel download).

⁵ The full text of the rule is available at <https://www.govinfo.gov/content/pkg/FR-2022-05-09/pdf/2022-09375.pdf>.

3. CMS'S FINANCIAL ALIGNMENT INITIATIVES (FAI) ARE ENDING

Eleven states have participated in the CMS FAI capitated model, which allows states to test models to integrate care for dual eligible beneficiaries through MMPs that provide both Medicare and Medicaid benefits through a single managed care plan. Ten of those states were still participating in the model as of December 2022, with total enrollment of approximately 430,000 dual eligible beneficiaries.

California's FAI model, known as Cal MediConnect, was implemented in seven of California's largest counties and enrolled approximately 113,000 dual eligible beneficiaries as of December 2022.⁶ This represents over 40% of the combined D-SNP/MMP enrollment in California and over 25% of the nationwide MMP enrollment. Effective January 1, 2023, the dual eligible beneficiaries enrolled in California's MMPs were transitioned to aligned D-SNPs and Medicaid managed care plans. This significantly increased D-SNP enrollment in California.

Per the 2023 MA Final Rule, CMS will require remaining participating states to sunset their MMPs by the end of 2025.⁷ Many of these states are expected to transition existing MMPs into D-SNPs and place a greater emphasis on D-SNPs.

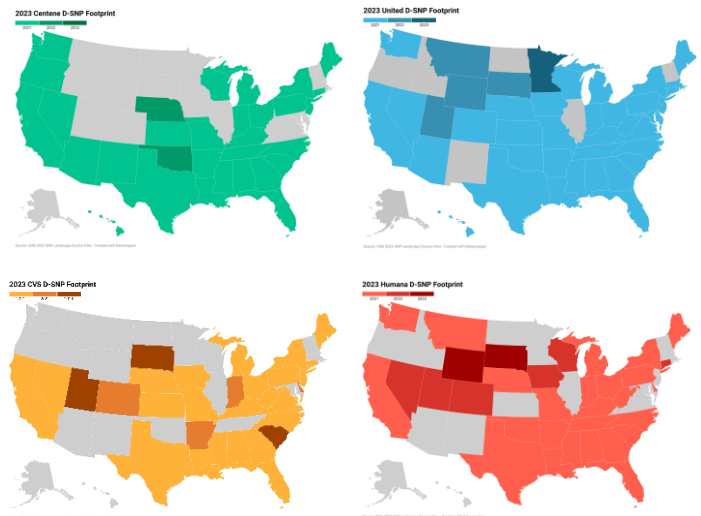
4. D-SNP ENROLLMENT AND PLAN OFFERINGS CONTINUE TO BE CONCENTRATED IN A FEW NATIONAL MAOS

UnitedHealthcare continues to offer D-SNPs in more states and cover more D-SNP beneficiaries than any other MAO. The four MAOs with the largest D-SNP footprints are as follows:

- UnitedHealthcare offers D-SNPs in 43 states and covers 1.7 million D-SNP beneficiaries (36% of D-SNP enrollment) as of January 2023.
- Humana offers D-SNPs in 34 states, adding two in CY 2023, and covers 0.7 million D-SNP beneficiaries (15% of D-SNP enrollment).
- Centene (Allwell) offers D-SNPs in 32 states (the same number as CY 2022).
- Aetna (CVS Health) offers D-SNPs in 30 states (up three from CY 2022).

Other MAOs that offer D-SNPs in at least 10 states include Elevance, Molina, and CIGNA. Figure 5 shows the four MAOs with the largest D-SNP footprints.

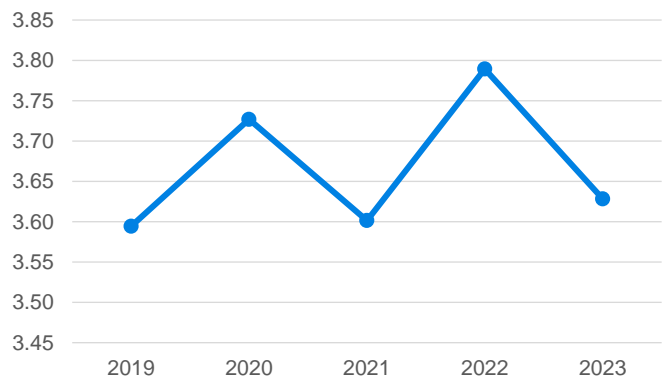
FIGURE 5: NATIONAL MAO D-SNP FOOTPRINTS (CY 2023)



5. THE AVERAGE STAR RATING FOR D-SNPs FELL IN CY 2023

In 2023, the average star rating among D-SNPs decreased from 3.79 to 3.63. The recent trends in D-SNP star ratings are generally consistent with those observed in general enrollment plans. Figure 6 illustrates the change in average D-SNP star ratings over the last five years.

FIGURE 6: AVERAGE D-SNP STAR RATING BY YEAR (CY 2019-CY 2023)



Approximately 60% of D-SNPs achieved star ratings of 4 or greater. Among the largest two D-SNP MAOs—UnitedHealthcare and Humana—over 90% of D-SNPs achieved 4 stars or greater.

⁶ Integrated Care Resource Center. Monthly Enrollment in Medicare-Medicaid Plans by Plan and by State, December, 2021 to December, 2022. Retrieved March 28, 2023, from https://www.integratedcareresourcecenter.com/sites/default/files/MMP_Enroll_by_State_December_2022.pdf

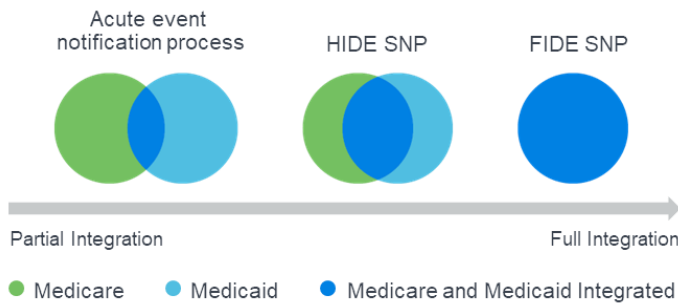
⁷ The full text of the rule is available at <https://www.govinfo.gov/content/pkg/FR-2022-05-09/pdf/2022-09375.pdf>

Note that star ratings are assigned at the contract level and MA contracts may contain other plans, including general enrollment and other SNP types. Therefore, star ratings for D-SNPs may be influenced by performance of non-D-SNP plans within the same contract.

6. D-SNP INTEGRATION REQUIREMENTS HAVE LARGELY BEEN MET THROUGH COORDINATION AND HAVE NOT SIGNIFICANTLY DETERRED MAO PARTICIPATION IN THE D-SNP MARKET

Beginning in CY 2021, D-SNPs were required to meet new minimum integration standards through at least one of the three avenues shown in Figure 7: Fully Integrated D-SNP (FIDE SNP), Highly Integrated D-SNP (HIDE SNP), or an acute event notification process (“coordination only”) between the D-SNP and the state Medicaid agency.^{8,9}

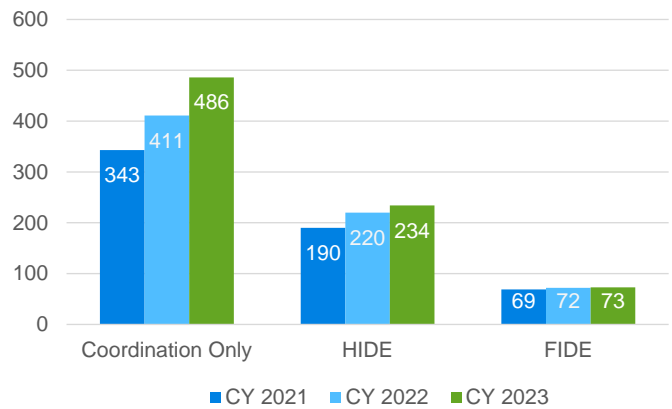
FIGURE 7: CY 2021 D-SNP INTEGRATION OPTIONS



The integration requirements do not appear to have significantly altered the D-SNP landscape through either market exits or curtailed growth. Figure 8 shows the growth in each type of D-SNP plan from CY 2021 to CY 2023. The number of coordination-only plans has increased more than the number of HIDE and FIDE SNPs over the past three years. Coordination-only plans represent approximately 60% of D-SNPs while HIDE and FIDE plans represent approximately 30% and 10% of D-SNPs, respectively.

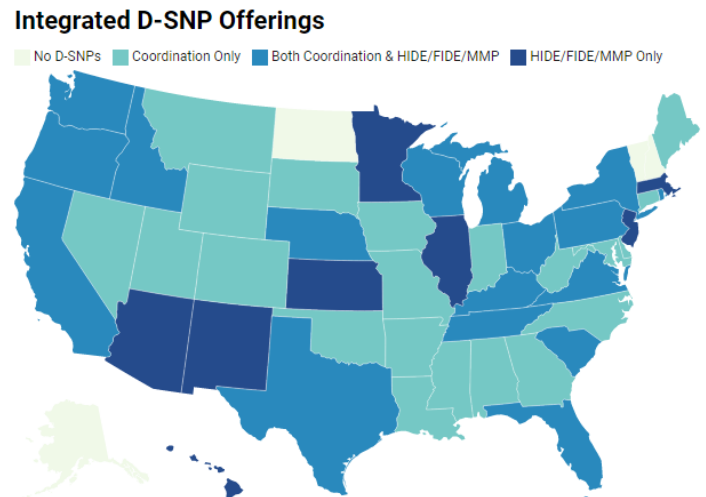
⁸ CMS (October 7, 2019). CY 2021 Medicare-Medicaid Integration and Unified Appeals and Grievance Requirements for Dual Eligible Special Needs Plans (D-SNPs). Medicare-Medicaid Coordination Office. Retrieved March 28, 2023, from <https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/Downloads/DSNPsIntegrationUnifiedAppealsGrievancesMemorandumCY202110072019.pdf>.

FIGURE 8: NUMBER OF D-SNPs BY INTEGRATION STATUS (CY 2021-CY 2023)



D-SNP offerings in nine states (including Puerto Rico) are limited to HIDE, FIDE, or MMP plans. Figure 9 illustrates whether each state offers coordination-only plans, only integrated plans, or a combination of both in CY 2023.

FIGURE 9: CY 2023 D-SNP PLAN OFFERINGS BY STATE



⁹ CMS (January 17, 2020). Additional Guidance on CY 2021 Medicare-Medicaid Integration Requirements for Dual Eligible Special Needs Plans (D-SNPs). Medicare-Medicaid Coordination Office. Retrieved March 28, 2023, from <https://www.cms.gov/files/document/CY2021dsnpsmedicaremedicaidintegrationrequirements.pdf>.

In the 2023 MA Final Rule, CMS implemented additional requirements for HIDE and FIDE SNPs starting in 2025, including a requirement that FIDE SNPs have exclusively aligned enrollment (i.e., enrollment is limited to dual eligible beneficiaries who are also enrolled in the MAO's associated Medicaid plan) and cover nearly all Medicaid-covered services through a capitated Medicaid contract.¹⁰ CMS noted some FIDE SNPs in Arizona, Pennsylvania, and Virginia do not currently satisfy these requirements and would either need to work with the applicable state Medicaid agency to satisfy the new requirements or be designated as HIDE SNPs starting in 2025.

Limitations

The opinions stated in this article are those of the authors and do not represent the viewpoint of Milliman.

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This information is intended to provide an overview of the CY 2023 Medicare Advantage D-SNP market. The list of considerations outlined in this article is not exhaustive. This information may not be appropriate, and should not be used, for other purposes.

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¹⁰ See the full text of the rule at <https://www.govinfo.gov/content/pkg/FR-2022-05-09/pdf/2022-09375.pdf>.



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