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CMS Announces New Model Opportunity for Medicaid Managed Care Organizations Serving Beneficiaries Dually Eligible for Medicare and Medicaid

New opportunity offers a more holistic approach to care for individuals, while aiming to reduce overall spending across both programs

The Centers for Medicare & Medicaid Services' (CMS) Center for Medicare & Medicaid Innovation is announcing a new opportunity to enable Medicaid Managed Care Organizations (MCOs) to better serve enrollees who are dually eligible for Medicare and Medicaid. This new Model opportunity is the first CMS initiative designed to harness the power of Medicaid MCOs to coordinate Medicare and Medicaid services and improve health outcomes for the population of dually eligible beneficiaries who are in both Medicaid managed care and Medicare fee-for-service (FFS).

Currently, Medicaid MCOs do not have an incentive to coordinate care in a way that reduces Medicare FFS costs for dually eligible beneficiaries. By better aligning incentives, the new opportunity for MCOs to participate in the Global and Professional Options of the Direct Contracting Model seeks to encourage Medicaid MCOs to partner with providers and suppliers and implement care coordination programs that can improve quality and reduce Medicare FFS costs.

“Beneficiaries eligible for both Medicare and Medicaid are some of our most vulnerable neighbors and friends, and the COVID-19 pandemic has made this abundantly clear as this population had some of the highest rates of hospitalizations for COVID-19,” said CMS Administrator Seema Verma. “For too

long we have struggled to deliver acceptable outcomes for this vulnerable population, but today's model is a game changer. It represents a significant step toward addressing these longstanding issues and ensuring they receive the coordinated care they rightfully deserve.”

Some examples of the actions MCOs and their affiliates serving as MCO-based Direct Contracting Entities (DCEs)—organizations that participate in Direct Contracting via a participation agreement with CMS—could take to better serve dually eligible beneficiaries include:

- Establishing processes to connect aligned beneficiaries to a primary care provider, particularly high-value Medicare fee-for-service healthcare providers;
- Risk-stratifying and targeting care coordination resources toward aligned beneficiaries at risk of high Medicare spending;
- Deploying care coordinators or in-home aides who provide Medicaid long term services and supports to also actively promote flu vaccines, preventive screenings, evidence-based falls prevention, and diabetes management activities;
- Having care coordinators or in-home aides who provide Medicaid long term services and supports assist enrollees with managing Medicare-covered medical appointments to help reduce missed treatments;
- Training in-home aides – who often cook meals for their clients – on meal preparation for individuals with nutrition-sensitive conditions, like diabetes; and
- Entering into value-based purchasing arrangements with nursing facilities that factor in facilities' hospitalization rates.

In 2019, 12.2 million Americans were concurrently enrolled in both Medicare and Medicaid. Dually eligible individuals are an especially high needs population, with 70 percent of dually eligible individuals having three or more chronic conditions and more than 40 percent having at least one mental health diagnosis. These dually eligible individuals must navigate two separate programs for their healthcare: Medicare for the coverage of most preventive, primary, and acute health care services and drugs, and Medicaid for coverage of long-term services and supports, certain behavioral health services, and for help with Medicare premiums and cost sharing. A lack of alignment and cohesiveness between Medicare and Medicaid can often lead to fragmented and episodic care for dually eligible individuals. This can result in reduced quality of care for these individuals as well as increased costs to both the Medicare and Medicaid programs. Dually eligible individuals account for approximately 20 percent of all Medicare enrollees, but more than one-third of Medicare costs.

CMS believes that dually eligible individuals can benefit from more integrated systems of care that meet all of their needs — primary, acute, long-term, behavioral, and social — in a high quality, cost-effective manner. This new

opportunity to participate in Direct Contracting creates the incentives and flexibilities for Medicaid MCOs to better integrate care for these beneficiaries.

To ensure that the participation of MCO-based DCEs in Direct Contracting aligns with states' plans to better serve dually eligible beneficiaries, MCO-based DCEs will be required to obtain a letter of support from their state Medicaid agency to participate in the model. CMS will track both Medicare and Medicaid expenditures in order to ensure there is no cost-shifting from Medicare to Medicaid or vice versa.

In early 2021, the Innovation Center expects to release a Request for Applications (RFA) for all Professional and Global DCE types, including MCO-based DCEs. This will be the first Direct Contracting RFA to include MCO-based DCEs. MCO-based DCEs will begin participating in the model in January 2022.

For more information, please visit: <https://www.cms.gov/newsroom/fact-sheets/direct-contracting-model-professional-and-global-options-medicare-managed-care-organization-mco>

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