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TO: ALL MEDICARE ADVANTAGE (MA) ORGANIZATIONS IN CALIFORNIA
WITH DUAL ELIGIBLE SPECIAL NEEDS PLANS (D-SNPs)

SUBJECT: NOTICE OF IMPLEMENTATION OF 42 CFR 422.107(e) PROVISIONS,
FOR STATE SPECIFIC D-SNP ONLY “H” CONTRACTS FOR 2024

This letter serves as notice that the California Department of Health Care Services (DHCS) has notified the Centers for Medicare & Medicaid Services (CMS) that California will pursue the opportunities available to states under 42 CFR 422.107(e). Under this provision, DHCS will use California’s Contract Year 2024 State Medicaid Agency Contract to require that all D-SNPs in California with exclusively aligned enrollment (EAE): (a) establish MA contracts (H contracts) that only include one or more D-SNPs within the state; and (b) integrate certain materials and notices for members. DHCS notes that D-SNPs with EAE includes the state’s Fully Integrated D-SNP, effective January 1, 2024. DHCS also notes that MA organizations implementing this policy should also include their non-EAE D-SNPs in the same H contract as their EAE D-SNP.

This change enables reporting of quality measures and calculation of Star Ratings specific to each D-SNP only contract, thereby providing the state and public with greater transparency on outcomes and experiences specific to dually eligible beneficiaries in the state. This change also enables DHCS to require EAE D-SNPs in D-SNP only contracts to use integrated member materials, and allows each D-SNP only contract to create a model of care that is specific to the state. Finally, this change enables CMS to review and evaluate the provider network specific to the D-SNPs offered under the D-SNP only contract.

In December 2021 we initially indicated to MA organizations in California that DHCS would require D-SNP only H contracts for the 2023 Contract Year, but due to plan feedback we agreed to delay our implementation for a year. In subsequent meetings with MA organizations, consumer advocates, and CMS in 2022 we discussed our intent to apply this requirement for the 2024 Contract Year, and CMS has provided detailed information to MA organizations about the technical requirements and limitations of this policy. We have also confirmed with CMS that this policy can be implemented seamlessly for members, due to federal authority for MA crosswalk transitions under 42 CFR 422.530(c)(4)(ii).