

September 30, 2022

Centers for Medicare & Medicaid Services (CMS)
7500 Security Boulevard
Woodlawn, MD 21244

RE: Illinois' Transition from Medicare-Medicaid Alignment Initiative to Fully Integrated Dual Special Needs Plan

Dear CMS:

I have attached Illinois' plan to transition from the current Medicare-Medicaid Alignment Initiative (MMAI) to a Fully Integrated Dual Eligible Special Needs Plan (FIDE-SNP) by December 31, 2025. This change will affect Illinois residents who are enrolled in both Medicaid and Medicare, including those receiving Long Term Services and Supports. We at the Illinois Department of Healthcare and Family Services (HFS) are disappointed this change is necessary and MMAI will not be extended beyond the end of 2025. As we have said in past communications, we continue to believe MMAI is the most highly integrated, cost-effective, and user-friendly model to provide care to customers. Moving away from this model may compromise the gains we have made. The estimated \$30-55 million in additional annual costs to HFS will also have ripple effects for Illinois as a whole. Nevertheless, we are committed to carrying out the federally required transition and ensuring a strong managed care model that limits the disruption in health care access for customers while keeping as much of the whole-person, fully integrated care approach as possible.

Please contact Keshonna Lones at (312) 793-5274 or Keshonna.Lones@illinois.gov if you or your staff have any concerns or questions.

Thank you,

Kelly Cunningham
Administrator, Division of Medical Programs

Illinois' Plan to Transition from MMAI to a FIDE-SNP

The Illinois Medicare-Medicaid Alignment Initiative (MMAI) was implemented in portions of the state in March 2014 and expanded statewide in 2021. The demonstration program has extended integrated care to nearly 90,000 dually eligible customers served by five managed care plans.

| Plan | July 2022 Enrollment |
|------------------------------------|----------------------|
| Aetna Better Health Plan | 16,411 |
| Blue Cross/Blue Shield of Illinois | 22,595 |
| Humana Health Plan | 16,743 |
| Meridian Complete | 17,359 |
| Molina Health Care | 16,804 |
| TOTAL | 89,912 |

However, the Centers for Medicare & Medicaid Services (CMS) will not extend the MMAI demonstration beyond the end of 2025. It is instead requiring that Illinois transition to a Dual Eligible Special Needs Plan (D-SNP). This approach maintains an integrated care option for dual eligible beneficiaries, albeit not at the same level of integration as MMAI. We plan to adopt a Fully Integrated Dual Eligible Special Needs Plan (FIDE-SNP), the most integrated form of D-SNPs. Over the last eight years, we have learned many lessons that we will employ as we make this transition, which we plan to complete by December 31, 2025. We expect the new model to be operationalized starting January 1, 2026.

Maximizing Integration

Integration of services through MMAI has brought many gains to our customers. According to advocacy groups, it has helped enrollees make the most of their benefits, navigate the health care system effectively, and maintain more independence in their communities. The result has been high levels of reported customer satisfaction. Integration has also strengthened community-based systems and eliminated cost-shifting between Medicare and Medicaid. The State of Illinois is committed to maintaining integration as much as possible as we make the federally required transition from MMAI to a FIDE-SNP. This effort will be challenging, as the MMAI model is more integrated and cost-effective. But the stakes are high for the dual eligible population, and we will undertake careful planning to ensure we continue to provide high-quality services with person-centered care.

Our goals for the transition are to:

- Ensure FIDE-SNPs cover all Medicaid benefits to maintain a high level of care integration.
- Minimize disruptions in how and when health care services are provided.
- Maintain the quality of the customer experience as reflected in reported customer

satisfaction with the FIDE-SNP, with the ultimate goal of improving quality.

- Minimize the cost increase to the state as much as possible, now estimated at \$30-55 million annually.
- Continue to improve communication and education to customers, advocates, and providers about the value of integrated, managed care for this population.
- Streamline enrollment into plans and reduce the opt-out rate.
- Maintain a strong relationship with our colleagues at CMS to continue to encourage integrated care management approaches.

To meet our goals, we are exploring:

- Requiring FIDE-SNPs to cover all Medicaid benefits through the FIDE-SNP (rather than an affiliated Medicaid managed care plan) in exchange for a monthly Medicaid capitation payment.
- Requiring participation in HealthChoice Illinois to be eligible for a FIDE-SNP contract, a shift that would impact an MMAI-only plan.
- Requiring FIDE-SNPs to apply for CMS approval of default enrollment of the company's Medicaid managed care members who become dually eligible.
- Requiring FIDE-SNPs to provide care in either the whole state or in Cook County only, in alignment with their HealthChoice Illinois service area.
- Creating a single Medicare and Medicaid FIDE-SNP contract (rather than having two separate contracts) and aligning the HealthChoice Illinois contract language and the FIDE-SNP contract language to the extent applicable.
- Integrating the HealthChoice Illinois and FIDE-SNP Illinois account management oversight processes to the extent applicable.
- Receiving and using Medicare claims and encounter data from CMS to evaluate the care provided.
- Aligning the HealthChoice Illinois and FIDE-SNP quality metrics and strategy to the extent applicable with a focus on advancing health equity, including a requirement that outcomes be broken out by race, ethnicity, and geography.
- Requiring FIDE-SNPs to have comprehensive coordinated benefit packages, single ID cards, and dedicated staff trained in Medicare and Medicaid to sustain integrated care coordination.
- Requiring integrated notices (not allowing separate Medicare and Medicaid benefit notices) in alignment with the state's current MMAI program.

We are not considering adding additional benefits to our Medicaid program since Illinois already has a comprehensive set of services. At minimum, we expect the FIDE-SNPs to continue to offer additional benefits to align with the MMAI current benefits. We will aim to ensure MMAI customers can remain with their current plan through the transition.

We will work closely with customers, providers, plans, advocates, and other stakeholders to pursue these goals.

Ombudsman Continuity

The ombudsman program has been an important part of the MMAI program, serving to empower customers and advocate on their behalf. Sustaining this work under the FIDE-SNP model will help ensure customers continue to have a voice.

Federal funding for the ombudsman will disappear as we transition to FIDE-SNPs. The current grant is for approximately \$750,000, which covers the related work of the office of the Illinois State Long-Term Care Ombudsman, the lion's share of which is done under the Home Care Ombudsman Program for MMAI. We intend to cover the cost by working with the Illinois General Assembly to secure General Revenue Funds for the budget of the Department of Aging. We would also welcome technical assistance from CMS to obtain federal matching dollars to continue the program.

Stakeholder Outreach

Engaging stakeholders will be critical to the success of the transition. Implementing MMAI has been a joint effort, requiring the participation and buy-in of a wide variety of stakeholders. Moving to a FIDE-SNP model will demand just as much collaboration. We envision four components of stakeholder engagement through April 2023:

1. *Virtual town hall.* We will invite stakeholders and the public to hear about our preliminary plan, pose questions, and make recommendations. The town hall will be announced via provider notice, emails to stakeholders, and the HFS website. Stakeholders include:
 - o Medicaid customers, including dual eligible customers
 - o Healthcare providers
 - o Community advocates
 - o Area Agencies on Aging
 - o Health plans
 - o Sister agencies, including the Illinois Department on Aging (DoA)
 - o Legislators
2. *Legislative briefings.* We will hold several briefings to educate legislators.
3. *Public comments.* Starting with the town hall, we will have a 45-day comment period for stakeholders and other Illinois residents to provide written input.
4. *Amended plan release.* We will write and release an amended transition plan, accompanied by our responses to public comments. We'll send this plan to everyone who participated in the revision process and make it available on the HFS website. We may also hold a second town hall, depending on the response.

In addition to these steps, we will hold 1:1 and small group meetings as appropriate with stakeholders who are especially involved.

After April, we will undertake one of the most important parts of the transition: customer education. We will lay out the parties that need to be involved, from the plans to the community advocates, and how we will provide repeated touchpoints with clear messaging to maximize enrollment and ensure customers can navigate the new system.

- We will formulate the customer education plan after the initial stakeholder engagement process between October and April. We expect the organizations and customers involved in this process to offer critical input.
- We will leverage existing partnerships with DoA’s Senior Health Insurance Program (SHIP) and Home Care Ombudsman program to educate customers, distribute educational materials, and participate in community events.

We will have frequent conversations on all aspects of the transition with stakeholders through 2025 and beyond. It will be an iterative process, and we will continually adjust the plan as needed to account for new information and circumstances.

| Outreach Timeline: October 2022 to April 2023 | | |
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| Date | Action category | Details |
| 10/1/2022 | Transition plan | Submit preliminary transition plan to CMS |
| 10/14/2022 | Transition plan | Receive CMS approval for plan |
| 10/17/2022 | 1:1 meetings | Begin 1:1 conversations with organizations most involved in MMAI strategy and implementation |
| 10/20/2022 | MAC | Present plan to MAC Public Education Subcommittee |
| 10/25/2022 | MAC | Present plan to MAC Health Equity & Quality Improvement Subcommittee |
| TBD | MAC | Present plan to MAC Community Integration Subcommittee |
| 11/4/2022 | MAC | Present plan to MAC |
| 11/14/2022 | Legislative | Virtual briefing for legislators; 2 sessions |
| 11/14/2022 | Legislative | Virtual briefing for legislators; 2 sessions |
| 12/12/2022 | Town Hall | Hold virtual town hall for all stakeholders and public |
| 12/12/2022 | Public comments | Announce 45-day written comment period (accounting for holidays) |
| 1/26/2022 | Public comments | Close comment period |
| 2/20/2023 | MAC | Give update to MAC Pub Ed (date TBD) |
| 3/1/2023 | MAC | Give update to MACH E&Q (date TBD) |
| 3/9/2023 | MAC | Give update to MAC (date TBD) |
| 3/28/2023 | Transition plan | Release amended transition plan, plus responses to public comments |
| 4/20/2023 | Town Hall | Hold second virtual town hall for stakeholders and public |

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| 4/20/2023 | Consumer ed | Begin consumer education process. Dates and details TBD; will be based on stakeholder input. |
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Policy and Operational Steps and Timeline

To move our dually eligible customers from their MMAI health plan into a capitated FIDE-SNP that covers their Medicare and Medicaid benefits, Illinois staff and contractors will need to complete the following tasks over the next three years. The delivery date for each item is to be determined; we look forward to working with CMS to add such detail over time.

| Tasks | Description |
|-----------------------------------|---|
| Research and Policy Development | <ul style="list-style-type: none"> • Research and identify options for contractual requirements for the FIDE-SNP. • Determine the appropriate safeguards that need to be put into place to minimize disruption to our customers' health care. • Identify options for value-based care requirements to be included in the FIDE-SNP contract. • Ensure that the modified contractual and operational policies and procedures comply with state and federal law and are reflected in an updated quality strategy. • Determine how to best align the HealthChoice plan model with the FIDE-SNP model, including how to align the HealthChoice and FIDE-SNP procurement and contracting processes. • Identify enrollment options that will increase participation in FIDE-SNPs to maximize integrated Medicare and Medicaid benefits and care coordination. • Determine if additional changes need to be made to policy and process to address any new challenges (e.g., social determinants of health). • Determine if the state needs to modify its current 1915(b) waiver to fully capitate FIDE- SNPs to cover Medicaid benefits. • Consider expanding the state's current MLTSS program to cover all Medicaid benefits for eligible enrollees (not just LTSS, BH, and transportation) and whether eligibility should be expanded to those living in the community. • Determine enrollment reconciliation policy when a customer enrolls in a FIDE-SNP through Medicare and the timing of the transaction notification creates a misaligned enrollment month on the Medicaid side. |
| Authorizing legislation and rules | Make necessary changes to state law and administrative code to reflect the new integrated care model. |

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| Stakeholder Engagement | Work cooperatively with customers, provider associations, advocates, health plans, and CMS to create a new model that provides integrated care and improved outcomes for our customers. |
| Managed Care Plan Preparations | Communicate the final design of the FIDE-SNP to the MMAI plans so they can be prepared to assist with the transition by the end of 2025. |
| Procurement and contracting | <ul style="list-style-type: none"> • Draft new FIDE-SNP contracts or modify existing HealthChoice contracts. • Develop RFP (modify HealthChoice or draft new RFP) to contract with FIDE-SNPs through HealthChoice or some new procurement/contract. • Develop and execute FIDE-SNP contracts, accounting for federal CMS review and approval timelines. • Identify and make changes to the Illinois Enrollment Broker contract. |
| Rate Setting | Determine the methodology and parameters for setting rates for the new FIDE-SNP enrollees. Set rates for the new FIDE-SNP contract. |
| Budget | <ul style="list-style-type: none"> • Develop annual budgets for SFY26 and 27 to reflect the operational and policy changes necessary to implement the new FIDE-SNP model, which will affect both the base re-estimate of Medicaid service costs and additional funds needed to make the transition, make-up for the loss of shared savings, and fund the ombudsman program. |
| IT systems | <ul style="list-style-type: none"> • Make changes to the managed care, financial, reporting and enrollment modules to reflect the new model, which will be required to include exclusively aligned enrollment. • Identify and make changes to the data analytics systems to reflect the new model, including entering the new Medicare data and new MMC data into the data warehouse and developing or modifying any dashboards or standard reports generated by that system. |

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| Plan Preparation | <ul style="list-style-type: none"> • Assist plans as they make changes to their operational and IT systems in preparation for the transition from the MMAI model to the FIDE-SNP model; onboard new plans if applicable. • Create a plan to test operational readiness of plans and then implement the operational readiness evaluations. • Update MMAI integrated notice templates and require use by FIDE-SNPs to prevent separate Medicare and Medicaid notices going to customers. • Review and approve new marketing and communication materials to be provided to customers and providers by the plans. |
| Operational Changes | <ul style="list-style-type: none"> • Make any changes to operational processes to reflect the transition, including grievances/appeals procedures, compliance monitoring procedures, quality strategy, data governance, etc. |
| Communication and Outreach | <ul style="list-style-type: none"> • Develop a clear message and determine best communication channels (letters, web sites, forums, webinars, etc.) to explain to customers and providers the changes necessary and options available. • Provide opportunities for customers and provider association to give feedback to the state on those communication materials. • Begin to execute the communications plans. • Determine how and when to provide additional educational materials to customers and providers to identify the advantages of the managed care model and how integrated care benefits them both. • Develop materials to explain the changes to interested parties, including other affected agencies in state government, counties, legislators, and the general public. |
| Transition | <ul style="list-style-type: none"> • Determine and implement the process for moving current customers from their current MMAI plan and into their new FIDE-SNP. • Determine when and how to implement changes for new enrollees and returning enrollees to be enrolled in the new FIDE-SNP. |

Key dates involving contracting for new CY2026 FIDE-SNPs include the following (approximate):

- November 2024: Notice of Intent to Apply (NOIA) due to ensure HPMS access
- Late 2024: D-SNPs submit initial MOCs to HFS
- February 2025: D-SNP applications due in HPMS
- February 2025: Final MOCs due with application
- Early June 2025: CY2026 D-SNP bids due
- June 2025: Network adequacy reviews
- Early July 2025: SMACs due
- Late August 2025: CMS notify all D-SNPs of final determinations of integration status and

sanctions based on CY 2026 SMACs.

These dates will help inform HFS's overall timeline.