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Understanding Upcoming D-SNP Alignment Changes: What SHIP, MIPPA, and SMP Need to Know

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Lida Momeni, Senior Program Officer, Center for Health Care Strategies

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Effective models for prevention and care delivery that harness the field's best thinking and practices to meet critical needs.

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Improved outcomes for people that increase the overall well-being of beneficiaries.



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Drive policy improvements with evidence and insights


Develop the capacity and expertise of health care leaders


Provide practical training, technical assistance, and tools


Spread success by connecting peers and experts across sectors

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Agenda



- New CMS Rule Promoting Aligned Enrollments
- Decision Points for States and Medicare Advantage Organizations
- Collaboration Opportunities for SHIPs and Medicaid Agencies
- Questions

New CMS Rule Promoting Aligned Enrollment

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CMS Goals for Aligned Enrollment

- Simplify enrollment options for full-benefit dually eligible individuals (FBDE)
- Promote enrollment into aligned plans (that is, dual eligible special needs plans (D-SNPs) and Medicaid managed care organizations (MCOs) operated by the same parent organization)

New Rule for Alignment of D-SNPs with Medicaid MCOs

- CY2025 Medicare Advantage and Part D final rule provisions at 42 CFR § 422.514(h) affect Medicare Advantage organizations that offer D-SNPs that: 1) operate in overlapping service areas with Medicaid MCOs operated by the same parent organization and 2) enroll FBDE individuals.
- In 2027, these Medicare Advantage organizations may only:
  - →Offer one D-SNP for FBDE individuals in the same service area as the Medicaid MCO (unless they meet the exceptions described at 42 CFR §422.514(h)(3)); and
  - →Enroll new individuals who are enrolled in (or in the process of enrolling in) the affiliated Medicaid MCO.
- In 2030, the affected D-SNPs must operate with exclusively aligned enrollment.

Note: The rules at 42 CFR § 422.514(h) apply to a Medicare Advantage organization, its parent organization, or any entity that shares a parent organization with the Medicare Advantage organization that also contracts with a state as a Medicaid managed care organization (MCO).

Exceptions Described at 42 CFR §422.514(h)(3)(i) – Benefit Design

- Medicare Advantage organizations can offer more than one D-SNP in a service area if the state's contract with the D-SNP:
  - →Differentiates D-SNP enrollment by age group; or
  - →Aligns enrollment in each D-SNP with the eligibility or benefit design used in the state's Medicaid managed care program(s).
- State examples:
  - →**Massachusetts** enrolls FBDE individuals into two separate D-SNP programs – OneCare for individuals who are between the ages of 21 and 64 and Senior Care Options for individuals who are ages 65 and older.
  - →**Indiana** requires its contracted Medicare Advantage organizations to offer four different D-SNPs for different eligibility categories as required by the state's Medicaid managed care program benefit design: 1) FBDE age 60+ with NFLOC and eligible for PathWays for Aging; 2) FBDE age 60+ not NFLOC and eligible for PathWays for Aging; 3) FBDE <60 not eligible for PathWays for Aging; and 4) partial-benefit dually eligible (PBDE) individuals.

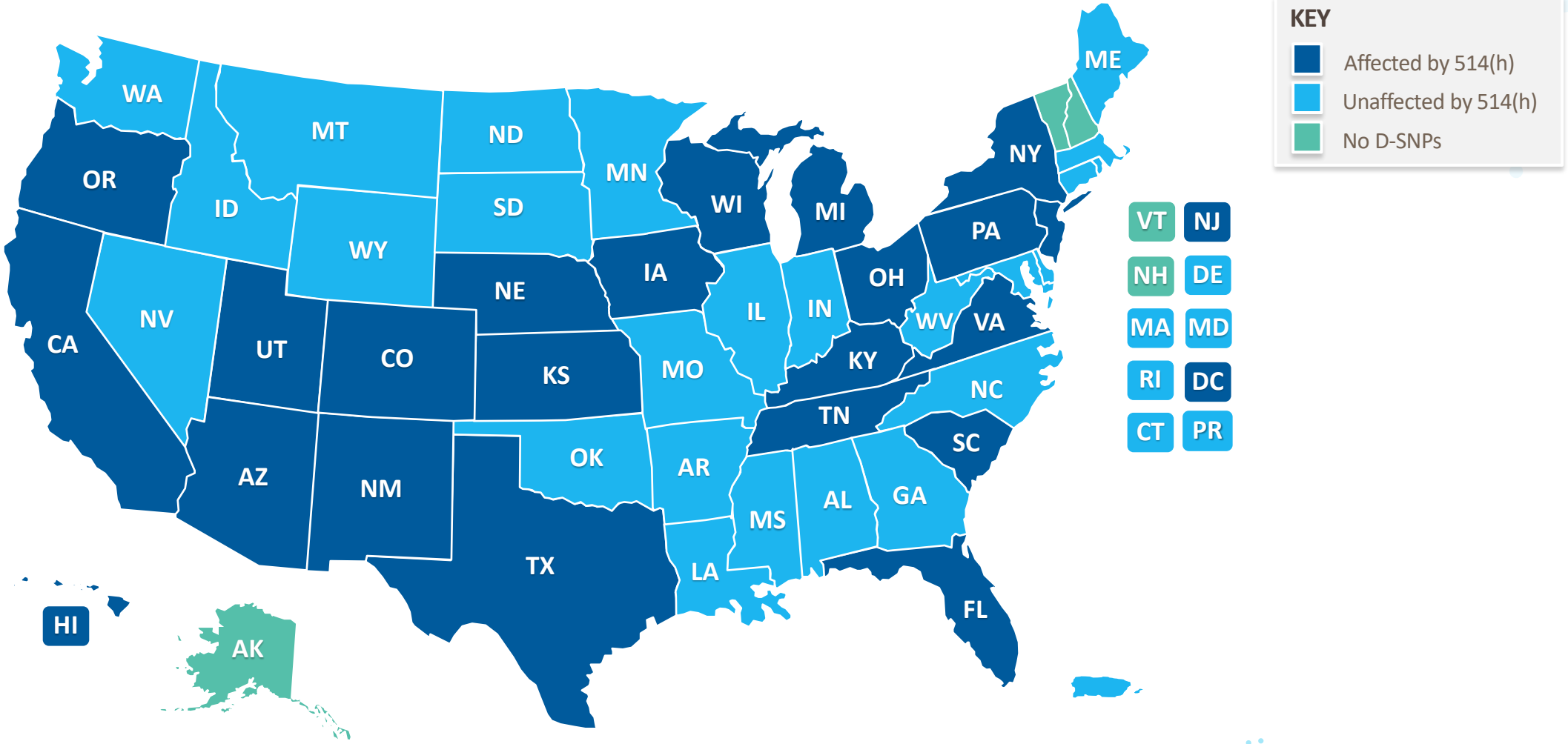
Exceptions Described at 42 CFR §422.514(h)(3)(ii) – HMO and PPO D-SNPs

- If a Medicare Advantage organization offers HMO D-SNPs and PPO D-SNPs, and one or more of the…
  - HMO D-SNPs is affected by the rule described at 42 CFR § 422.514(h), then the PPO D-SNP(s) may continue to operate (subject to state approval) but must freeze new enrollment of FBDE individuals in the same service area as the HMO D-SNP.
  - PPO D-SNPs is affected by the rule described at 42 CFR § 422.514(h), then the HMO D-SNP(s) may continue to operate (subject to state approval) but must freeze new enrollment of FBDE individuals in the same service area as the PPO D-SNP.
- A state decides which Medicare Advantage organization's D-SNP will be designated as affiliated with the MCO, and as a result, which D-SNP will be frozen to new enrollment.

Exceptions Described at 42 CFR §422.514(h)(3)(iii) – Fee-for-Service Medicaid

- In states where full-benefit dually eligible individuals are not mandatorily enrolled in Medicaid managed care, coordination-only (CO D-SNPs) or highly integrated (HIDE SNPs) may enroll FBDE enrollees if enrollees receive Medicaid benefits through fee-for-service Medicaid.
- State examples:
  - In **New York**, managed long-term care program (MLTCP) HIDE SNPs can continue to enroll FBDE individuals receiving Medicaid benefits through fee-for-service Medicaid.
  - States like **North Carolina** do not offer Medicaid managed care to FBDE individuals; therefore, FBDE individuals in fee-for-service Medicaid can continue to enroll in CO D-SNPs.

Affect of 42 CFR § 422.514(h) on States and Territories



Note: States with D-SNPs that are unaffected by 514(h) either have D-SNPs that operate with exclusively aligned enrollment, or the state does not have a Medicaid managed care program for dually eligible individuals.

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Decision Points for States and Medicare Advantage Organizations

State Decision 1: HMO vs PPO

- States with affected HMOs and PPOs had to decide whether the HMO or PPO would be aligned with the Medicaid MCO (with the unaligned plan being frozen to new enrollment).
- Consideration may include:
  - Whether the Medicaid MCO is an HMO or a PPO;
  - Affected service area(s); and
  - Number of beneficiaries enrolled in each plan.

Medicare Advantage Organization Decision 1: How to Adjust Plan Offerings

- Medicare Advantage organizations with affected D-SNPs had to determine whether to:
  - →Consolidate or terminate D-SNPs
    - D-SNPs that will terminate at the end of 2026 can work with CMS to move current D-SNP enrollees into a surviving plan (where possible)
  - →Adjust D-SNP service areas so that only one D-SNP serving full-benefit dually eligible individuals operates in a county or service area
  - →Use certain D-SNPs to serve full-benefit dually eligible individuals and others to serve partial-benefit dually eligible individuals
- D-SNPs terminating at the end of 2026 will alert current enrollees to the change in their coverage by sending:
  - →Non-renewal notices to enrollees who will be disenrolled at the end of 2026; and
  - →Annual notices of change (ANOCs) to enrollees who will be cross-walked to a new plan.

State Decision 2: How to Align New Enrollees

- States needed to decide how they will align new enrollees in 2027:
  - Require Medicare Advantage organizations to only enroll new full-benefit dually eligible individuals, if those individuals are already enrolled in the D-SNP's affiliated MCO ("Medicaid-first" alignment approach); or
  - Change a full-benefit dually eligible individual's Medicaid MCO enrollment to align with the individual's chosen D-SNP ("Medicare-first" alignment approach).

Collaboration Opportunities for SHIPs and Medicaid Agencies

Collaboration Opportunities

- Create resources for counselors to show changes in D-SNP landscape between 2026 and 2027
- Develop scripts to support beneficiary counseling that explain why plan landscapes have changed and describe the potential benefits of aligned D-SNP and Medicaid MCO enrollment
- Develop FAQ documents with answers to potential questions and update as more questions are received
  - → "When/how can I change my D-SNP enrollment?"
  - → "How will changing my D-SNP enrollment affect the way I receive my Medicaid benefits?"



Questions?

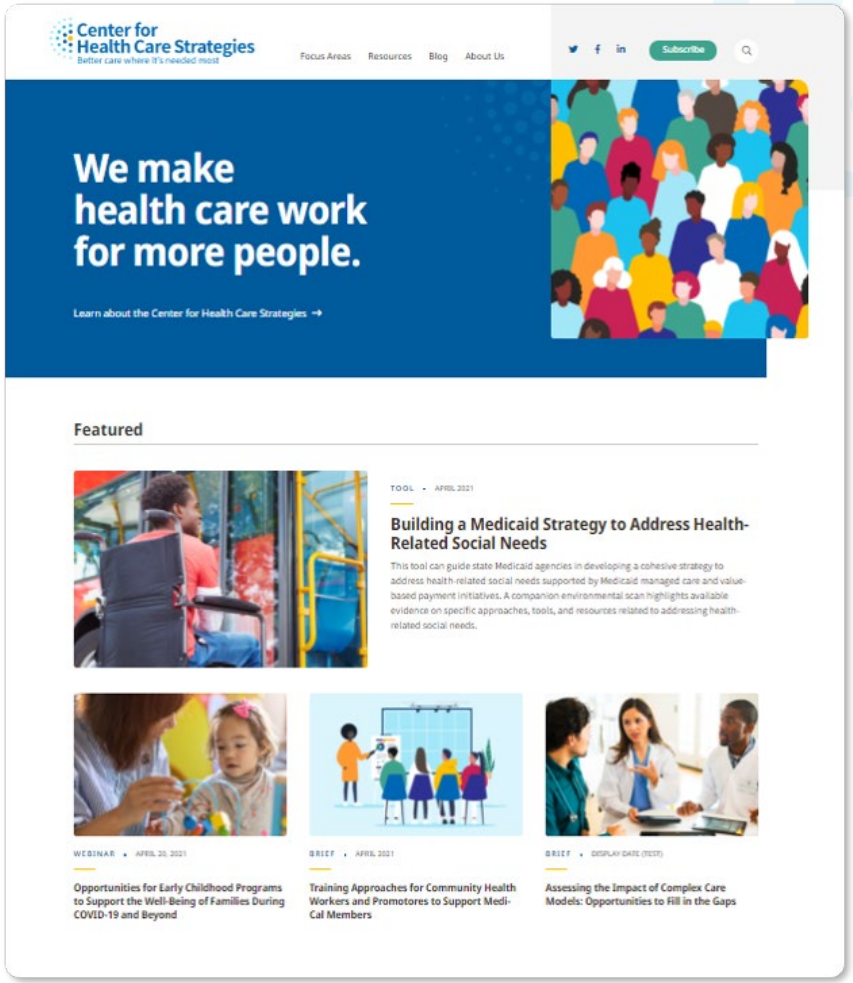
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Resources

- CMS FAQ and enrollment scenarios for new rules at 42 CFR §422.514(h): https://www.cms.gov/files/document/cy2025madsnpsfaqs.pdf
- Integrated Care Resource Center. “Tips for States with Dual Eligible Special Needs Plans Affected by 42 CFR §422.514(h) Federal Regulations.” (June 2026): https://integratedcareresourcecenter.com/resource/514htipsheet

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