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**MEDICARE-MEDICAID COORDINATION OFFICE**

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**DATE:** May 3, 2016

**TO:** States participating in the capitated financial alignment model, Medicare-Medicaid Plans, and other interested organizations

**FROM:** Tim Engelhardt  
Director, Medicare-Medicaid Coordination Office

**SUBJECT:** MMP coverage options for 2018

As the capitated financial alignment model moves into its third year of serving beneficiaries, and as CMS and our state and plan partners prepare to extend many of the demonstrations for an additional two years, new questions have arisen about geographic coverage and MMP participation. As a result, the Medicare-Medicaid Coordination Office (MMCO) is issuing guidance for states and plans participating in the capitated financial alignment model demonstrations to establish parameters for two scenarios that may arise beginning with the 2018 contract year.

Under the first scenario, MMCO would work jointly with currently participating states to permit existing Medicare-Medicaid Plans (MMPs) that are currently active in a subset of demonstration-approved counties to serve additional counties already included in the demonstration service area. For example, a demonstration divided into two regions within a state could allow an MMP serving one region to begin to serve the second region.

Under the second scenario, MMCO would work with currently participating states to select one or more new organizations to participate as MMPs and serve counties already included in the current demonstration service area. For example, state procurement rules may require a participating state to engage in a new procurement before the end of the demonstration. As a result, a new organization may become an MMP.

Demonstrations that are scheduled to continue for at least two years after January 1, 2018 are eligible for either or both of these two scenarios. We note that MMCO does not intend to implement either of these scenarios for any effective dates before or after January 1, 2018. States interested in either scenario should engage stakeholders in the planning process.

Further details are provided below for both scenarios.

Scenario One – Existing MMPs serve additional current demonstration counties. Under this scenario:

- States are asked to notify MMCO of their nonbinding intent to pursue this scenario by emailing [MMCOCapsModel@cms.hhs.gov](mailto:MMCOCapsModel@cms.hhs.gov) by July 1, 2016.
- Similar to the process used prior to the start of each demonstration, MMP(s) would need to meet all applicable CMS standards, but CMS would otherwise defer to states and state procurement requirements for the selection of specific MMPs to serve specific regions.
- MMP(s) would also have to complete an MMP Service Area Expansion (SAE) application in the CMS Health Plan Management System (HPMS).
  - The application will be released at the same time as the contract year (CY) 2018 Medicare Advantage and Prescription Drug Plan applications are issued.
  - As part of the CMS application process, interested MMPs would need to submit a notice of intent to apply (NOIA) in Fall 2016 and complete the MMP SAE application in HPMS by the February 2017 due date for CY 2018 applications.
  - Selected MMP(s) would need to demonstrate through the MMP SAE application an adequate network for the new counties (MMPs' existing networks are already reviewed every Fall), staffing, and other operational areas of readiness to CMS and the state as well as other required annual submissions (e.g., formulary, plan benefit package, Medication Therapy Management program, model of care).
  - CMS will share any applicable past performance information with the states to help inform the plan selection process.
- MMCO would work with interested states to ensure that the selection among current MMPs is made as timely as possible and minimizes burden on the interested MMPs to the greatest extent possible (i.e., to prevent non-selected MMPs from completing the MMP SAE).
- Depending on the scope of the added coverage for any given MMP, MMCO and the state may conduct additional readiness review activities.

Scenario Two – New plan(s) selected to serve as an MMP in existing demonstration service area. Under this scenario:

- States are asked to notify MMCO of their nonbinding intent to pursue this scenario by emailing [MMCOCapsModel@cms.hhs.gov](mailto:MMCOCapsModel@cms.hhs.gov) by July 1, 2016.
- Similar to the process used prior to the start of each demonstration, MMP(s) would need to meet all applicable CMS standards, but CMS would otherwise defer to states and state procurement requirements for the selection of specific MMPs to serve specific regions.
- Interested organizations would also have to complete an MMP initial application in HPMS. Interested organizations completing the MMP initial application will need to provide documentation on areas including, but not limited to, the compliance program,

administrative contracts, licensure, networks, and model of care (note: In the case of a re-procurement, MMPs already operating in that state will not need to complete a new MMP initial application for CMS, but will be required to provide all annual submissions timely).

- The application will be released at the same time as the CY 2018 Medicare Advantage and Prescription Drug Plan applications are issued.
  - As part of the CMS application process, interested organizations would need to submit a NOIA in Fall 2016 and complete the MMP initial application in HPMS by the February 2017 due date for CY 2018 applications.
  - CMS will share any applicable past performance information with the states to help inform the plan selection process.
- Organizations selected by the state that have successfully completed the CMS MMP initial application would undergo a joint readiness review process (desk review, site visit, systems testing, network validation and pre-enrollment validation) by Summer 2017.
  - Organizations are encouraged to view the CMS webpage (<https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/FinancialAlignmentInitiative/ReadinessReviews.html>) for more information on the readiness review process and requirements.
- CMS and the State will issue readiness determinations by the end of September 2017 to ensure the new MMP(s) may begin marketing on October 1, 2017 to begin serving enrollees on January 1, 2018.

We look forward to our continuing work with the States, MMPs and other stakeholders as part of our ongoing partnership to test the capitated financial alignment model. If you have any questions about this memorandum, please contact MMCO via [MMCOCapsModel@cms.hhs.gov](mailto:MMCOCapsModel@cms.hhs.gov).