



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: May 1, 2013

TO: All Medicare Advantage Organizations Offering a Dual Eligible Special Needs Plan in Contract Year 2014

FROM: Danielle R. Moon, J.D., M.P.A.
Director

SUBJECT: Guidance for Submitting State Medicaid Agency Contracts

The purpose of this memorandum is to provide Medicare Advantage Organizations (MAOs) seeking to offer a Dual Eligible Special Needs Plan (D-SNP) in contract year (CY) 2014 with clarifying guidance on contract requirements and submission deadlines. As required by the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) and the Affordable Care Act, beginning in CY 2013, all D-SNPs are required to have a contract with the State Medicaid Agency(ies) in each state they seek to operate in order to continue as D-SNPs. This memorandum also includes guidance on D-SNP subcontracting arrangement requirements.

Dual Eligible SNPs Contracting Requirements and Submission Deadlines

New, existing, or service area expansion (SAE) D-SNP applicants must complete and upload their ratified CY 2014 State Medicaid Agency Contract(s) and the corresponding State Medicaid Agency Contract Matrix Upload Document electronically in Health Plan Management System (HPMS) by **Monday, July 1, 2013**.

The HPMS gates will open for **all** D-SNPs to upload their ratified CY 2014 State Medicaid Agency Contract(s) and the corresponding State Medicaid Agency Contract Matrix Upload Document on Friday, May 31, 2013. The upload is not complete until the applicant hits the final submit button and HPMS generates a confirmation of submission. Multi-year or evergreen contracts must be uploaded and reviewed each year. Note: The gates will close on **Monday, July 1, 2013 at 8:00PM EDT**.

Dual Eligible SNPs and Subcontract Arrangement Requirements

While CMS expects D-SNPs to contract directly with State Medicaid Agencies, CMS recognizes that some states are only able to contract directly with a limited number of D-SNPs due to state statutory requirements, budgetary concerns, and limited staff resources. Therefore, limited circumstances, CMS will consider subcontracting arrangements with State Medicaid Managed Care Organizations (MCOs) to be equivalent to a direct state contract as long as the subcontract contains all of the MIPPA required elements and the arrangement has been approved by the state.

CMS considers such subcontracting arrangements to be equivalent to a direct state contract under the following conditions:

1. The subcontract meets all eight MIPPA element requirements;
2. The D-SNP subcontracts with state approved Medicaid MCOs for **all** Medicaid services for which the Medicaid MCOs have contracted with the state; that is, the contract may not be a carve out for a single service; and
3. The D-SNP provides CMS with a letter from the state approving these downstream subcontracting arrangements.

MAOs will not be permitted to create a new D-SNP without a state contract. CMS will be issuing future guidance to address those instances in which existing D-SNPs fail to secure a direct State Medicaid Agency Contract or a subcontracting arrangement that meets the requirements described above.