

## MODEL OVERVIEW

The Financial Alignment Initiative (FAI) aims to provide individuals dually enrolled in Medicare and Medicaid with a better care experience and better align the financial incentives of the Medicare and Medicaid programs. The Centers for Medicare & Medicaid Services (CMS) is working with States to test two integrated care delivery models: a capitated model and a managed fee-for-service model.

Texas and CMS launched the Dual Eligible Integrated Care demonstration in 2015. The demonstration has been extended until no later than 2025.

### Key Features of the Texas Demonstration

- Uses the capitated model based on a three-way contract between each Medicare-Medicaid Plan (MMP), CMS, and the State to finance all Medicare and Medicaid services.
- MMPs provide care coordination and flexible benefits that vary by MMP.
- Builds on STAR+PLUS, Texas's Medicaid managed care program, which provides Medicaid-covered services—primarily long-term services and supports (LTSS)—to dually eligible individuals whose acute care needs are covered by Medicare.

## PARTICIPANTS



### MEDICARE-MEDICAID PLANS

- Five MMPs participate in one or more of the six demonstration counties.
- MMPs contract with a network of Medicare and Medicaid providers to meet the needs of their enrollees.
- MMP service coordinators conduct a comprehensive assessment of each enrollee's medical, behavioral health, social, and LTSS needs.
- Service coordinators work with enrollees to develop a care plan for Medicare and Medicaid services.



### BENEFICIARIES

As of December 2021,



**23%**

**were enrolled in a Medicare-Medicaid Plan.**

**36,830 of the total 157,348 eligible Medicare-Medicaid beneficiaries were participating in the Texas demonstration.**

## FINDINGS



### IMPLEMENTATION

- Demonstration **enrollment included slightly less than one-quarter of eligible beneficiaries in 2021**, a small decrease from previous years.
- The Public Health Emergency **limited service coordinators' ability to engage with enrollees**.
- The State engaged stakeholders through **committees and groups focused on improving quality and services** for STAR+PLUS.
- **All MMPs were profitable**, with some MMPs expecting to pay experience rebates for 2021.
- **MMPs improved their performance on quality measures**, although results varied across MMPs and over the years.
- Beneficiaries expressed **overall satisfaction with their MMPs**, but individual enrollee interviews suggested that **enrollees often did not have a strong relationship with their service coordinators**.

**FINDINGS** *(continued)*



**MEDICARE & MEDICAID EXPENDITURES**

Regression analyses of the demonstration impact found **no statistically significant changes in Medicare Parts A and B costs or total Medicaid costs per member per month** cumulatively over demonstration years 1 through 5, for all eligible beneficiaries, relative to a comparison group.

**Monthly demonstration effect on Medicare Parts A and B costs and Medicaid total costs of care, by demonstration year**

Demonstration Period	Average Demonstration Effect on Medicare Expenditures, PMPM	Average Demonstration Effect on Medicaid Total Costs of Care, PMPM <sup>1</sup>
DY 1 (Mar 2015–Dec 2016)	-\$43.49	\$13.21
DY 2 (2017)	-\$15.19	\$19.36
DY 3 (2018)	\$5.39	\$17.07
DY 4 (2019)	\$47.21	\$35.19
DY 5 (2020)	\$59.44	\$34.44
<b>Years 1–5, cumulative</b>	<b>\$0.88</b>	<b>\$20.01</b>






DY = demonstration year; PMPM = per member per month.

Note: None of the effect estimates (in dollars) shown in table are statistically significant at the P<0.05 level.

<sup>1</sup> Medicaid costs analysis uses a Texas-only comparison group, whereas Medicare cost analysis uses a multi-state comparison group.



**SERVICE UTILIZATION AND QUALITY OF CARE:  
Demonstration Years 1 through 5 (2015–2020)**

Favorable Results	Unfavorable Results
 Decrease in monthly probability of any skilled nursing facility admission	 Increase in number of all-cause 30-day readmissions per 1,000 discharges
 Decrease in annual probability of any long-stay nursing facility use	 Increase in monthly probability of any emergency department (ED) visit
	 Increase in monthly number of preventable ED visits per 1,000 beneficiaries

- There were no demonstration effects on the monthly probability of any ambulatory care sensitive condition admission (overall and chronic), probability of 30-day follow-up after mental health discharge, monthly probability of any inpatient admission, and the monthly number of physician evaluation and management visits.

**KEY TAKEAWAYS**

Slightly less than one-quarter of eligible beneficiaries were enrolled in the Texas Dual Eligible Integrated Care demonstration in 2021. Beneficiaries were generally satisfied with their MMPs, but many were not connected with their service coordinators. The demonstration had no impact on Medicare or Medicaid costs cumulatively or in any demonstration year. The demonstration showed mixed results on service use and quality.