

# Features of New Integrated D-SNP Programs in States Transitioning from Financial Alignment Initiative Demonstrations

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By Molly Knowles and Nancy Archibald, Center for Health Care Strategies; and Allison Buffett, Lisa Harootunian, and Kamryn Perry, Bipartisan Policy Center

Integrating care for people dually eligible for Medicare and Medicaid has the potential to improve outcomes and care experiences for this population, which often has complex physical, behavioral health, and long-term care needs.<sup>1</sup> By aligning Medicare and Medicaid programs, integrated care reduces fragmentation that can undermine quality and increase costs. Without integration, dually eligible individuals need to navigate separate systems with different benefits, provider networks, cost structures, and administrative processes. Under the federal Financial Alignment Initiative (FAI), authorized by Congress in 2010, several states developed demonstrations testing a capitated model of integrating Medicare and Medicaid.<sup>2</sup> Under these demonstrations, states, the Centers for Medicare & Medicaid Services (CMS), and managed care plans—known as Medicare-Medicaid Plans—entered into three-way contracts to deliver integrated services.<sup>3</sup>

In its 2023 Medicare Advantage and Part D final rule, CMS established new requirements for some types of dual eligible special needs plans (D-SNPs) that incorporate many of the integration elements found in the capitated model demonstrations, such as unified appeals processes and integrated member materials.<sup>4</sup> The rule also announced that the FAI demonstrations would conclude by December 31, 2025.

As of January 1, 2026, seven states that are operating capitated model FAI demonstrations—**Illinois, Massachusetts, Michigan, Ohio, Rhode Island, South Carolina, and Texas**—will transition to integrated D-SNP programs.<sup>5</sup> The following table highlights key design elements of these states' new programs, with definitions and additional details in the endnotes.<sup>6</sup> These seven states join others nationwide in offering integrated D-SNP programs, which can better serve dually eligible populations.

State	D-SNP Type <sup>7</sup>	Medicaid Benefits Carved Out <sup>8</sup>	Contracting Model <sup>9</sup>	D-SNP-Only Contracts Required <sup>10</sup>	Exclusively Aligned Enrollment <sup>11</sup>	Status of Standalone Coordination Only (CO) D-SNPs <sup>12</sup>	Geographic Availability
<b>Illinois</b> <sup>13</sup>	FIDE SNP	-	Direct capitation	Yes	Yes	No CO D-SNPs	Statewide
<b>Massachusetts</b> <sup>14,15</sup>	FIDE SNP	-	Affiliated Plans	Yes	Yes	No CO D-SNPs	Statewide
<b>Michigan</b> <sup>16</sup>	HIDE SNP	Medicaid specialty BH services and community transition services	Direct capitation	Yes	Yes	For 2026, no CO D-SNPs will be offered in former demonstration counties For 2027, no CO D-SNPs will be offered anywhere in the state	Statewide, but phased implementation: <ul style="list-style-type: none"> <li>January 1, 2026, for former demonstration counties</li> <li>January 1, 2027, for remaining counties</li> </ul>
<b>Ohio</b> <sup>17</sup>	FIDE SNP	-	Affiliated Plans	Yes	Yes	CO D-SNPs allowed to continue operating	Statewide, but phased implementation: <ul style="list-style-type: none"> <li>January 1, 2026, for former demonstration counties</li> <li>April – August 2026 for all remaining counties</li> </ul>
<b>Rhode Island</b> <sup>18</sup>	FIDE SNP	-	Direct capitation	No	Yes	CO D-SNPs allowed to continue operating, but may only enroll Qualified Medicare Beneficiary <sup>19</sup> program group members	Statewide
<b>South Carolina</b> <sup>20</sup>	HIDE SNP	Medicaid LTSS	Affiliated Plans	Yes	Yes	CO D-SNPs allowed to continue operating	Statewide
<b>Texas</b> <sup>21</sup>	Both FIDE SNP and HIDE SNP	Medicaid BH services	Affiliated Plans	Yes	Yes	Former demonstration counties: <ul style="list-style-type: none"> <li>Parent organizations of D-SNP implementing an integrated D-SNP may not offer CO D-SNPs for new full-benefit dually eligible individuals in CY2026</li> <li>Parent organizations of D-SNP not implementing an integrated D-SNP may offer CO D-SNPs for full-benefit dually eligible individuals in CY2026</li> </ul>	Select counties, but phased implementation: <ul style="list-style-type: none"> <li>January 1, 2026, Medicare-Medicaid Plans in former demonstration counties will transition to FIDE SNPs</li> <li>January 1, 2027, remaining STAR+PLUS<sup>22</sup> managed care plans in demonstration counties will transition to FIDE SNPs</li> </ul>

**Abbreviations:** BH = behavioral health; CO D-SNP = coordination-only D-SNP; FIDE SNP = fully integrated D-SNP; HIDE SNP = highly integrated D-SNP; LTSS = long-term services and supports

# Endnotes

- 1 Medicaid and CHIP Payment and Access Commission, “Evaluations of Integrated Care Models for Dually Eligible Beneficiaries: Key Findings and Research Gaps,” *August 2020*. Available at: <https://www.macpac.gov/publication/evaluations-of-integrated-care-models-for-dually-eligible-beneficiaries-key-findings-and-research-gaps/>.
- 2 Patient Protection and Affordable Care Act, Pub. L. 111-148 (sec. 3021) Available at: <https://www.congress.gov/111/plaws/publ148/PLAW-111publ148.pdf>.
- 3 Centers for Medicare & Medicaid Services, “Financial Alignment Initiative (FAI),” Department of Health and Human Services, (n.d.). Available at: <https://www.cms.gov/medicaid-chip/medicare-coordination/financial-alignment>.
- 4 Centers for Medicare & Medicaid Services, 42 CFR, “Medicare Program; Contract Year 2023 Policy and Technical Changes to the Medicare Advantage and Medicare Prescription Drug Benefit Programs; Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency; Additional Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency,” May 9, 2022. Available at: <https://www.federalregister.gov/documents/2022/05/09/2022-09375/medicare-program-contract-year-2023-policy-and-technical-changes-to-the-medicare-advantage-and>.
- 5 Other capitated model demonstration states included: California, New York, and Virginia. New York will not implement a new integrated D-SNP program for current enrollees of its Fully Integrated Duals Advantage-Intellectual/Developmental Disabilities demonstration.
- 6 The program features listed in this table will be in place for the CY2026 calendar year. State policy and program decisions may change program features in subsequent years.
- 7 **FIDE SNPs** are D-SNPs that cover Medicare and Medicaid benefits under a single legal entity that holds both: (1) a Medicare Advantage contract with CMS; and (2) a Medicaid managed care contract with the state Medicaid agency that covers the entire service area of the D-SNP. FIDE SNPs must cover at least Medicaid primary and acute care services and LTSS, including at least 180 days of nursing facility coverage during the plan year, while also covering Medicare cost sharing and Medicaid behavioral health services, home health services, medical equipment, supplies, and appliances. **HIDE SNPs** are D-SNPs that cover Medicaid benefits (through the D-SNP or an affiliated Medicaid managed care plan), including coverage of LTSS, behavioral health benefits, or both, under a capitated Medicaid managed care contract with the state Medicaid agency that covers the entire service area of the D-SNP.

For more information, see: Integrated Care Resource Center, “Definitions of Different Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) Types in 2023 and 2025,” June 2023. Available at: <https://www.integratedcareresourcecenter.com/resource/definitions-different-medicare-advantage-dual-eligible-special-needs-plan-d-snp-types-2023>.

- 8 CMS allows limited carve-outs from the scope of behavioral health and LTSS that must be covered by FIDE SNPs and HIDE SNPs. If the scope of carve-outs applies to a majority of the LTSS users in the FIDE SNP or HIDE SNP who use LTSS, or if the type of LTSS benefit that is carved out constitutes a large part of the total scope of Medicaid LTSS needed, then CMS would likely not approve the D-SNP’s designation as a FIDE SNP.

For more explanation of allowable carve-outs of Medicaid services see: Centers for Medicare & Medicaid Services, *Medicare Managed Care Manual*, Chapter 16.b, Section 20.2.6, November 2024. Available at: <https://www.cms.gov/files/document/r131mcm.pdf>.

- 9 **Affiliated plans** are D-SNPs and Medicaid managed care plans that are owned and controlled by the same parent organization and operate in the same geographic area. **Direct capitation** occurs when a state directly contracts with a D-SNP to cover some or all Medicaid benefits.

For more information, see: Integrated Care Resource Center, “Glossary of Terms Related to Integrated Care for Dually Eligible Individuals,” *August 2025*. Available at: <https://www.integratedcareresourcecenter.com/sites/default/files/ICRC-Glossary-KeyTerms-Aug2025.pdf>.

- 10 The Contract Year 2023 Policy and Technical Changes to the Medicare Advantage and Medicare Prescription Drug Benefit Programs rule established a pathway at 42 CFR 422.107(e) through which states can use their state Medicaid agency contracts to require that D-SNPs with exclusively aligned enrollment to: (a) establish contracts that only include one or more D-SNPs within that specific state; and (b) integrate certain materials and notices for enrollees.

For more information about D-SNP-only contracts, including the benefits of using this opportunity, please see: Centers for Medicare & Medicaid Services, “Guidance for States Seeking to Leverage New Opportunities for Integrated Care Programs,” August 25, 2025. Available at: <https://www.cms.gov/files/document/stateoppsintegratedcareprogs.pdf>.

- 11 D-SNPs operate with **exclusively aligned enrollment (EAE)** when a state limits D-SNP enrollment to full-benefit dually eligible individuals who receive their Medicaid benefits either from a D-SNP directly capitated by the state to provide those benefits or a Medicaid managed care plan offered in the same geographic area by the D-SNP’s parent organization. EAE allows D-SNP enrollees to receive more integrated, coordinated care.

For more information see: Shea, K., Beaver, D., Weir Lakhmani, E., & Momeni, L., “Introduction to Exclusively Aligned Enrollment,” Integrated Care Resource Center, June 2023. Available at: <https://www.integratedcareresourcecenter.com/sites/default/files/EAE-TipSheet1-Intro-to-EAE.pdf>.

- 12 **Standalone Coordination Only (CO) D-SNPs** are D-SNPs that do not have an affiliated Medicaid managed care plan and are not directly capitated to cover Medicaid benefits by the state (some CO D-SNPs may be capitated to cover Medicare cost-sharing). States that have D-SNPs operating with EAE may limit the availability of standalone CO D-SNPs to encourage enrollment into the integrated D-SNPs.

- 13 Illinois began its partnership with CMS under the FAI in February 2013, and enrollment into the Medicare-Medicaid Plans started in March 2014. Illinois’ integrated D-SNP program features were confirmed by CMS’ Medicare-Medicaid Coordination Office on September 10, 2025.

- 14 Massachusetts began its partnership with CMS under the FAI in August 2012, and enrollment into the Medicare-Medicaid Plans started in October 2013. Massachusetts’ integrated D-SNP program features confirmed by a state Medicaid official on August 18, 2025.

- 15 One Care, Massachusetts’ FAI demonstration, enrolled dually eligible individuals under the age of 65. One Care will transition to a FIDE SNP model and retain the program name. Massachusetts has another long-standing FIDE SNP program, Senior Care Options, that serves people age 65 and older. Senior Care Options will continue to operate alongside One Care.

- 16 Michigan began its partnership with CMS under the FAI in April 2014, and enrollment into the Medicare-Medicaid Plans started in March 2015. Michigan’s integrated D-SNP program features were confirmed by a state Medicaid official on August 14, 2025.

- 17 Ohio began its partnership with CMS under the FAI in December 2012, and enrollment into the Medicare-Medicaid Plans started in May 2014. Ohio’s integrated D-SNP program features were confirmed by a state Medicaid official on August 18, 2025.

- 18 Rhode Island began its partnership with CMS under the FAI in July 2015, and enrollment into the Medicare-Medicaid Plans started in July 2016. Rhode Island's integrated D-SNP program features were confirmed by a state Medicaid official on August 18, 2025. Rhode Island indicated that the state is working towards operating D-SNP only contracts.
- 19 The **Qualified Medicare Beneficiary (QMB)** program covers beneficiaries' out-of-pocket costs for Medicare Part A and Part B premiums and cost-sharing (deductibles, co-insurance, and co-payments) for eligible Medicare beneficiaries who meet income and asset requirements.
- 20 South Carolina began its partnership with CMS under the FAI in October 2013, and enrollment into the Medicare-Medicaid Plans started in February 2015. South Carolina's integrated D-SNP program features were confirmed by a state Medicaid official on August 22, 2025.
- 21 Texas began its partnership with CMS under the FAI in May 2014, and enrollment into the Medicare-Medicaid Plans started in March 2015. Texas' integrated D-SNP program features were confirmed by a state Medicaid official on August 27, 2025.
- 22 STAR+PLUS is Texas' Medicaid managed care program for adults age 65 and older and people with disabilities.

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