

DATE: January 15, 2025

ALL PLAN LETTER 25-003

TO: ALL MEDI-CAL MANAGED CARE PLANS

SUBJECT: ESTABLISHING DUAL ELIGIBLE SPECIAL NEEDS PLANS BY 2026

PURPOSE:

The purpose of this All Plan Letter (APL) is to provide Medi-Cal managed care plans (MCPs) with information regarding the Department of Health Care Services' (DHCS) enforcement of California Welfare and Institutions Code (W&I) section 14184.208, related to the requirement for MCPs to operate or be affiliated with a Dual Eligible Special Needs Plan (D-SNP) by 2026, to provide integrated care through affiliated MCPs and D-SNPs for dually eligible Medicare and Medi-Cal Members.¹

BACKGROUND:

W&I section 14184.208(c)(1) authorizes DHCS, by January 1, 2026, to require each MCP in certain counties that were not part of the Coordinated Care Initiative (CCI) to operate or continue to operate a D-SNP. Counties that were part of CCI, which sunset on January 1, 2023, include Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara. W&I section 14184.208(b)(1) required MCPs in the former CCI counties to have operating D-SNPs effective January 1, 2023. The provisions of the statute do not apply to Subcontracted delegate health plans, as defined in W&I section 14184.208(h)(6), nor to the AIDS Healthcare Foundation, as defined in W&I section 14184.208(i).

DHCS has undertaken significant efforts to support MCP establishment of Exclusively Aligned Enrollment (EAE) D-SNPs (Medi-Medi Plans) statewide. Medi-Medi Plans are a type of Medicare Advantage plan for individuals who are dually eligible for both Medicare and Medi-Cal and in which all Members enrolled in the D-SNP are also enrolled in an affiliated MCP. Care across Medicare and Medi-Cal is intended to be integrated for Members and Providers.

¹ See W&I section 14184.208. State law is searchable at:
<https://leginfo.legislature.ca.gov/faces/home.xhtml>.

POLICY:

In accordance with W&I section 14184.208, as of January 1, 2026, each MCP in non-CCI counties will be required to operate a D-SNP, or have an affiliated D-SNP, that operates as an EAE D-SNP (Medi-Medi Plan). Each MCP must operate, or be affiliated with, a D-SNP that: meets state requirements in the DHCS State Medicaid Agency Contract (SMAC) and D-SNP Policy Guide² for Medi-Medi Plans; provides an integrated Member and Provider experience; and meets federal requirements for an Applicable Integrated Plan (AIP) as defined in 42 Code of Federal Regulations (CFR) section 422.561.³ As noted, in California, these AIPs are called Medi-Medi Plans or EAE D-SNPs.

When MCPs are establishing a D-SNP effective January 1, 2026, the following key federal Medicare requirements apply and will be monitored by DHCS for compliance. Please note that additional Medicare Advantage (MA) requirements are detailed in the Medicare Parts C and D Annual Calendar published by Centers for Medicare and Medicaid (CMS) and additional detail is available through the CMS Health Plan Management System.⁴

Table 1: Key federal Medicare requirements for AIP D-SNPs to begin operations in 2026:

Medicare Advantage Milestone	Deadline
Notice of Intent to Apply	November 11, 2024
MA, Part D, and SNP Application Submission, including Model of Care and Provider Network	February 2025 (specific date to be published by CMS)
MA Bid and Formulary Submission	June 2, 2025
D-SNP SMAC Submission	Early July 2025 (specific date to be published by CMS)
MA Contract Execution with CMS	August 31, 2025

² The D-SNP Contract and Policy Guide are available at: <https://www.dhcs.ca.gov/provgovpart/Pages/Dual-Special-Needs-Plans-%28D-SNP%29-Contract-and-Program-Guide.aspx>.

³ See 42 CFR section 422.561. CFR is searchable at <https://gov.ecfr.io/cgi-bin/ECFR>.

⁴ Typically CMS will publish the Annual Calendar in the Health Plan Management System here: <https://hpms.cms.gov/app/ng/home/>.

Table 2: Key state SMAC and D-SNP Policy Guide requirements for EAE D-SNPs to begin operations in 2026 include (not all inclusive):

State Specific Requirements	Deadline
Notifying DHCS regarding H contract number	November 15, 2024
Model of Care Submission	February 2025
Notifying DHCS regarding plan benefit package number(s) and service areas	April 2025
Execution of SMAC	June 2025
Integrated Member Materials Submission	July and August 2025

Compliance Monitoring

As noted, MCPs that do not successfully complete federal Medicare requirements for AIP D-SNPs in all their Medi-Cal service areas, or do not comply with the EAE D-SNP SMAC and Policy Guide provisions as specified in the tables above pertaining to key milestones⁵, may be subject to DHCS enforcement actions for MCPs as outlined in APL 23-012 and any subsequent APLs.⁶ Also, MCPs with operational EAE D-SNPs that are noncompliant with SMAC or Policy Guide provisions may be subject to DHCS enforcement actions for MCPs as outlined in APL 23-012. Enforcement actions may include corrective action plans (CAPs) and monetary sanctions.

Note: MCPs in those counties that were not formerly CCI counties, and may be at risk to not comply with the key federal or state D-SNP requirements as listed above in preparation for contract year 2026, must contact DHCS immediately at: OMI1@dhcs.ca.gov and describe their good faith effort to comply with those requirements.

For additional information regarding administrative and monetary sanctions, see APL 23-012 and any subsequent APLs on this topic. Any failure to meet the requirements of this APL may result in enforcement actions including CAPs and monetary sanctions.

⁵ See the D-SNP Contract and Policy Guide.

⁶ See also 42 United States Code (USC) section 1396a, 42 CFR section 438.700 et seq., and W&I section 14197.7. USC is searchable at: <http://uscode.house.gov/browse.xhtml>.

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If you have any questions regarding this APL, please contact your DHCS Managed Care Operations Division Contract Manager.

Sincerely,

Original Signed by Anastasia Dodson

Anastasia Dodson
Deputy Director, Office of Medicare Innovation and Integration