

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. 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 is expected to be extended through December 31, 2023.

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.
- The demonstration builds on STAR+PLUS, which provides Medicaid covered services to dually eligible Texas enrollees, including Long-Term Services and Supports.

PARTICIPANTS



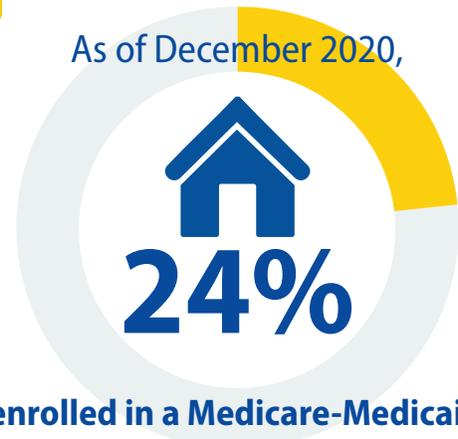
MEDICARE-MEDICAID PLANS

- 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 long-term services and supports needs.
- Service coordinators work with enrollees to develop a care plan for Medicare and Medicaid services.



BENEFICIARIES

As of December 2020,



were enrolled in a Medicare-Medicaid Plan.

38,013 of the total 155,931 eligible Medicare-Medicaid beneficiaries were participating in the Texas demonstration.

FINDINGS



IMPLEMENTATION

- After the **State, MMPs, and nursing facilities worked together to address billing and service authorization challenges** early in the demonstration, many problems were resolved.
- Demonstration **enrollment stabilized at about a quarter of eligible beneficiaries.**
- **Texas lowered MMP capitation rates** after finding that demonstration enrollees were less costly on average than their STAR+PLUS counterparts. **Four out of five MMPs have generally been profitable** over the course of the demonstration.
- State restructuring **aligned contract management for the demonstration with other Medicaid managed care programs in Texas.**
- **MMP performance on quality measures has improved over time**, although unevenly across MMPs and over time.
- The percentage of Texas demonstration Consumer Assessment of Healthcare Providers & Systems **respondents who rated their health plan as a 9 or 10 increased overall**, although improvement has been uneven across MMPs and over time.

FINDINGS *(continued)*



MEDICARE & MEDICAID EXPENDITURES

Regression analyses **did not identify an impact** of the demonstration on Medicare Parts A and B costs relative to the comparison group **cumulatively or in any demonstration year**. However, the demonstration was associated with **statistically significant Medicaid savings cumulatively and in all 3 demonstration years**.

Monthly demonstration effect on Medicare Parts A and B costs & Medicaid TCOC, by demonstration year

Demonstration Period	Average Demonstration Effect on Medicare Expenditures, PMPM	Average Demonstration Effect on Medicaid TCOC, PMPM
DY 1 (Mar 2015–Dec 2016)	\$-3.19	\$-87.91*
DY 2 (2017)	\$5.32	\$-84.10*
DY 3 (2018)	\$19.78	\$-93.46*
Demonstration period (Years 1-3, cumulative)	\$4.88	-\$88.82*

DY = demonstration year; PMPM = per member per month; TCOC = total costs of care

*p<0.05

Note: The Medicaid cost analysis used a different comparison group (from Texas only) due to data availability.



**SERVICE UTILIZATION AND QUALITY OF CARE:
Demonstration Years 1 through 3 (2015–2018)**

Favorable Results	Unfavorable Results
↓ Decreased probability of skilled nursing facility admissions	↑ Increased probability of emergency department visits
↓ Decreased probability of any long-stay nursing facility use	↑ Increased number of preventable emergency department visits

- There was no demonstration effect on inpatient admissions, ambulatory care sensitive condition admissions (overall and chronic), 30-day all-cause readmissions, 30-day follow-up after mental health discharge, or physician evaluation and management visits.

KEY TAKEAWAYS

In the first 3 demonstration years, the Texas Dual Eligible Integrated Care demonstration had mixed results on service use and quality. The demonstration had no impact on Medicare costs while generating Medicaid savings cumulatively and in all 3 demonstration years. Measures of beneficiary experience and MMP performance have improved over the course of the demonstration to date, although improvement has been uneven across MMPs.