

Tips for States with Dual Eligible Special Needs Plans Affected by 42 CFR §422.514(h) Federal Regulations

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In April 2024, the Centers for Medicare & Medicaid Services (CMS) released its contract year 2025 Medicare Advantage and Part D final rule.¹ That final rule included new provisions at 42 CFR §422.514(h) that are designed to simplify enrollment options for dually eligible individuals and promote alignment of Medicare and Medicaid coverage for enrollees in dual eligible special needs plans (D-SNPs) that have affiliated Medicaid managed care organizations (MCOs). Those new rules, which take effect in 2027 and 2030, apply to Medicare Advantage (MA) organizations offering D-SNPs that: (1) operate in the same or overlapping service areas as Medicaid MCOs offered by the same parent organization as the D-SNPs, and (2) enroll full-benefit dually eligible (FBDE) individuals.²

In addition to the frequently asked questions (FAQ) document issued by CMS (**Box 1**), the Integrated Care Resource Center (ICRC) has developed this tip sheet to help states understand these new rules and work with affected D-SNPs to ensure compliance. It provides an overview of the rules at 42 CFR 422.514(h), illustrative examples and options for D-SNP compliance, and specific action steps for states.

ABOUT THIS TIPSHEET

This ICRC tip sheet provides (1) an overview of new requirements for certain D-SNPs at 42 CFR §422.514(h) that take effect in 2027 and 2030, including a summary of rule exceptions, (2) illustrative examples and options for D-SNP compliance with each rule provision, and (3) action steps for states in working with D-SNPs to ensure compliance with these new rules.

Box 1. CMS FAQ about rules at 42 CFR §422.514(h)

In April 2026, CMS issued an updated version of its FAQ document with responses to key questions about the rules for D-SNPs at 42 CFR 422.514(h). ICRC recommends that states review that FAQ document in addition to this tip sheet. The link is available here: <https://www.cms.gov/files/document/cy2025madsnpsfaqs.pdf>.

Overview of the rules at 42 CFR §422.514(h)

Starting in 2027, federal rules at 42 CFR §422.514(h) require MA organizations (MAOs) offering D-SNPs that (1) operate in overlapping service areas with Medicaid MCOs operated by the same parent organization and (2) enroll FBDE individuals to:

- **Part 1:** Offer only one D-SNP for FBDE individuals in the service area(s) where the affiliated Medicaid MCO operates, unless the MAO meets one of the exceptions described in the subsection that follows; and

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- **Part 2:** Only enroll new FBDE individuals who are enrolled in (or in the process of enrolling in) the affiliated Medicaid MCO (“aligned enrollees”).³

In 2030, the D-SNPs affected by these rules must operate with exclusively aligned enrollment. (See **Box 2** for information about and resources on exclusively aligned enrollment.)

Box 2. Exclusively aligned enrollment

Exclusively aligned enrollment occurs when state policy limits enrollment in a D-SNP to only FBDE individuals who receive coverage of Medicaid benefits through (1) the D-SNP or (2) a Medicaid managed care plan owned and operated by the same legal entity or parent company as the D-SNP (referred to in this tip sheet as an “affiliated” Medicaid managed care plan).

Exclusively aligned enrollment facilitates use of several strategies to integrate coverage of Medicare and Medicaid benefits, such as fully integrated enrollee materials, single ID cards, and unified appeal and grievance processes. These strategies are only feasible when D-SNPs operate with exclusively aligned enrollment.

For more information about exclusively aligned enrollment, see ICRC’s resources at:

<https://www.integratedcareresourcecenter.com/resources-by-topic/exclusively-aligned-enrollment>.

Rule Exceptions

CMS incorporated two exceptions into the rules at 42 CFR §422.514(h). We outline each exception below and provide state examples to illustrate each exception.

Exception at 42 CFR §422.514(h)(3)(i)

Under 42 CFR §422.514(h)(3)(i), MAOs may offer more than one D-SNP in a service area where the organization also operates an MCO for FBDE individuals if the state’s contract with the D-SNP:

- Differentiates D-SNP enrollment by age group; and/or
- Requires the use of different D-SNPs to align D-SNP enrollment with the state’s Medicaid managed care program eligibility or benefit design.

See **Box 3** for examples of states with D-SNPs that qualify for this exception.

STATE ACTION STEP:

- ✓ **Clarify state Medicaid agency contract (SMAC) language if needed.** States that contract with D-SNPs that may qualify for this exception should ensure that the state’s contract with the D-SNP clearly explains that the MAO must offer multiple D-SNPs to serve different age groups or to align with the state’s Medicaid managed care benefit design. (All SMACs must indicate the dual eligible categories and criteria for eligibility, per CFR 422.107(c)(2).)

Box 3. Examples of states where D-SNPs qualify for the exception at 42 CFR §422.514(h)(3)(i)

Massachusetts and Minnesota are two examples of states that use different D-SNPs to serve FBDE individuals of different age groups:

- **Massachusetts** uses one D-SNP program (OneCare) to enroll FBDE individuals who are between the ages of 21 and 64. These D-SNPs have replaced the Medicare-Medicaid Plans (MMPs) that operated under the state's Financial Alignment Initiative demonstration. Meanwhile, the state's Senior Care Options D-SNPs enroll FBDE individuals ages 65 and older.
- **Minnesota** also uses two different D-SNP programs to serve FBDE individuals. Minnesota Senior Health Options (MSHO) D-SNPs enroll FBDE individuals ages 65 and older, while Special Needs Basic Care (SNBC) D-SNPs enroll FBDE individuals between the ages of 18 and 64.

In Massachusetts and Minnesota, MAOs under a single parent organization can offer two D-SNPs for FBDE individuals in the same service area as long as those two D-SNPs are enrolling these different age groups.

D-SNPs in **Indiana** also qualify for the exception at 42 CFR §422.514(h)(3)(i) because for CY 2026 Indiana requires its contracted MAOs to offer three different D-SNPs for different eligibility groups to align with the state's Medicaid managed care program benefit design. Specifically, Indiana requires MAOs to offer:

- One or two D-SNPs for FBDE individuals who qualify for the state's Pathways for Aging Medicaid managed care program (which only serves beneficiaries ages 60 and older). These D-SNPs must operate with exclusively aligned enrollment. If an MAO offers two different D-SNPs for this group, one D-SNP must be used to enroll FBDE individuals in the affiliated Pathways for Aging MCO who need a nursing facility level of care, while the other must be used to enroll FBDE individuals in the affiliated MCO who do not need a nursing facility level of care.
- One D-SNP for FBDE individuals younger than age 60 who do not qualify for the Pathways for Aging program.
- One D-SNP for partial-benefit dually eligible (PBDE) individuals.

Sources: MassHealth. "MassHealth Contract for Senior Care Options (SCO)." June 17, 2025.

<https://www.mass.gov/doc/sco-contract-effective-61725-uhc/download>; Minnesota Department of Human Services. "2026 Minnesota Senior Health Options (MSHO) and Minnesota SeniorCare Plus (MSC+) contracts and 2026 Minnesota Special Needs BasicCare (SNBC) for people with disabilities contracts." January 1, 2026.

<https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/minnesota-health-care-programs/managed-care-reporting/contracts.jsp>; and Indiana Department of Administration. "2026 Indiana Family and Social Services Administration Contract with United Healthcare." January 1, 2026. <https://contracts.idoa.in.gov/idoacontractsweb/PUBLIC/000000000000000000000000093344-000.pdf>

Exception at 42 CFR §422.514(h)(3)(ii)

Additionally, under 42 CFR §422.514(h)(3)(ii), if an MAO offers both a Health Maintenance Organization (HMO) D-SNP and a Preferred Provider Organization (PPO) D-SNP in the same service area(s) as the affiliated Medicaid MCO, the MAO can continue to operate both D-SNPs. However, only one D-SNP can be designated as truly “affiliated” with the MCO. The remaining HMO or PPO D-SNP must be frozen to new enrollment (meaning it will no longer accept any new enrollments starting in 2027). States should engage with MAOs in these circumstances and decide which D-SNP will be considered “affiliated” with the Medicaid MCO. In these cases, states may want to check with their Department of Insurance to determine whether the Medicaid MCO is licensed as an HMO, since aligning a PPO D-SNP (through which an enrollee can seek out-of-network care) with an MCO licensed as an HMO (through which enrollees may not seek out-of-network care) may create confusion for enrollees.

STATE ACTION STEPS:

- ✓ **Decide which D-SNP will be affiliated with the Medicaid MCO. The other D-SNP will be frozen to new enrollment.** Communicate with the state’s Department of Insurance, if needed, to determine whether the MCO is an HMO.
- ✓ **Communicate with the affected MAOs.** States should communicate with MAOs that operate both an HMO D-SNP and PPO D-SNP in the same service area as an affiliated MCO to notify them of the state’s decision about which D-SNP will be affiliated with the MCO (and which will be frozen to new enrollment) in 2027.
- ✓ **Include language in the SMAC about frozen enrollment.** States should include language in the applicable D-SNP SMAC(s) identifying the plan(s) that will be frozen to new enrollment in 2027. See **Appendix A** for sample SMAC language that states can use for this purpose and tailor to their specific circumstances.

Exception at 42 CFR §422.514(h)(3)(iii)

In April 2026, CMS released a final rule that added another exception to the rules at 42 CFR §422.514(h) to account for states that do not mandate enrollment of FBDE individuals in Medicaid managed care.⁴ These states may allow or require MAOs to enroll into CO D-SNPs or HIDE SNPs individuals who receive Medicaid benefits through fee-for-service (FFS) Medicaid. States that choose to incorporate this exception into their SMACs with applicable D-SNPs can choose whether to (1) allow or require those D-SNPs to enroll FBDE individuals in FFS Medicaid into the existing CO and/or HIDE SNP PBPs, or (2) require those D-SNPs to enroll FBDE individuals in FFS Medicaid into a separate PBP, as long as the PBPs enrolling these individuals do not operate with exclusively aligned enrollment. FBDE individuals enrolled in FFS Medicaid may not be enrolled into D-SNPs operating with exclusively aligned enrollment.

STATE ACTION STEP:

- ✓ **Include language in SMAC about enrollment of FBDE individuals in Medicaid FFS if applicable.** If the state contracts with D-SNPs that could qualify for this exception and wishes

to allow some or all of those D-SNPs to enroll FBDE individuals who receive Medicaid benefits through Medicaid FFS, the state should incorporate language into the SMAC to allow or require those D-SNPs to enroll those individuals (1) into existing D-SNP PBPs or (2) into separate D-SNP PBPs from other FBDE enrollees. (Note that D-SNPs operating with exclusively aligned enrollment may not enroll FBDE individuals in FFS Medicaid.)

D-SNPs that are not affected by the rules at 42 CFR §422.514(h)

The following D-SNPs are not affected by the rules at 42 CFR §422.514(h):

- D-SNPs offered by MAOs that do not have an affiliated Medicaid MCO for FBDE individuals in the same service area(s) as the D-SNP (even if the organization offers a prepaid inpatient health plan (PIHP) or prepaid ambulatory health plan (PAHP) in the same service area(s) as the D-SNP).
- D-SNPs that only enroll PBDE individuals. (Note that D-SNPs that only enroll PBDE individuals may only operate in service areas where the parent organization also operates a D-SNP that serves FBDE individuals, per 42 CFR 422.107(d)(2).)
- The requirements at 42 CFR 422.514(h)(1) do not apply to D-SNPs offered in U.S. Territories that have not adopted Medicare Savings Programs (defined in 42 CFR §435.4), are exempt from the requirements at 42 CFR §422.514(h)(1), per the exception at 42 CFR §422.514(h)(3)(iv).

Options for D-SNP compliance with Part 1 of these rules: Only one D-SNP for FBDE individuals in a service area

To meet the requirements at 42 CFR §422.514(h), MAOs that operate multiple D-SNPs for FBDE individuals in the same service area may need to consolidate those D-SNPs. “Consolidation” in this context occurs when an MAO combines two or more Medicare Advantage plans such that only one plan continues operating. MAOs may only consolidate plans of the same type (HMO or PPO); they may not consolidate an HMO and a PPO into a single surviving plan. (This is the reason for the exception at 42 CFR §422.514(h)(3)(ii).)

When MAOs consolidate D-SNPs or contracts, enrollees in the D-SNPs being consolidated can be moved to the surviving plan or contract via a process known as a “crosswalk.” See **Box 4** for information about crosswalks and the specific crosswalk policy exceptions that can be used by D-SNPs.

Alternatives to plan consolidation include (1) adjusting D-SNP service areas such that only one D-SNP for FBDE individuals will operate in any given county or service area, or (2) using certain D-SNPs to enroll FBDE individuals and others to enroll partial-benefit dually eligible individuals. (See **Appendix A** for sample SMAC language restricting enrollment in certain D-SNPs to only partial-benefit dually eligible individuals.)

Box 4. Using crosswalks and crosswalk exceptions to move enrollees during plan or contract consolidations

Per 42 CFR §422.530(a), a Medicare Advantage plan “crosswalk” is “the movement of enrollees from one plan (or plan benefit package (PBP)) to another plan (or PBP) under a contract between the MA organization and CMS.”

MAOs may only use crosswalks in the circumstances described at 42 CFR §422.530. In particular, CMS has included at 42 CFR §422.530(c)(4)(iii) a specific crosswalk exception that MAOs can request to allow for crosswalking of enrollees when an MAO needs to consolidate D-SNPs under a single contract to comply with the requirements at 42 CFR §422.514(h).

Some MAOs may also qualify for other crosswalks or crosswalk exceptions described at 42 CFR §422.530 when establishing compliance with the new rules at 42 CFR §422.514(h), such as the crosswalk exception for changes in eligibility criteria within a contract described at 42 CFR §422.530(c)(4)(i), or the crosswalk exception for certain contract consolidations described at 42 CFR §422.530(c)(4)(iii).

Source: 42 CFR §422.530

Table 1 illustrates a situation in which an MAO will need to consolidate two D-SNPs to comply with the new rules at 42 CFR §422.514(h), but other D-SNPs will be allowed to continue operating because (1) they operate in discrete service areas without other D-SNPs for FBDE individuals or (2) they only enroll PBDE individuals.

Table 1. Example of an MA organization that will need to consolidate D-SNPs in 2027

Counties	MA organization X						
	D-SNP 1	D-SNP 2	D-SNP 3	D-SNP 4	D-SNP 5	D-SNP 6	Comprehensive MCO
Eligible Population	FBDE individuals	FBDE individuals	FBDE and PBDE individuals	PBDE individuals	FBDE individuals	FBDE individuals	
Product Type	HMO	HMO	PPO	HMO	HMO	HMO	
County A	X	X	X	X			X
County B	X	X	X	X			X
County C					X		
County D						X	X

To comply with the new rules at 42 CFR §422.514(h), MA organization X will need to **consolidate D-SNP 1 and D-SNP 2** into a single D-SNP for FBDE individuals because both of those D-SNPs (1) are HMOs, (2) enroll FBDE individuals, (3) operate in the same service areas as another D-SNP that enrolls FBDE individuals, and (4) operate in the same service areas as the organization’s affiliated Medicaid MCO.

D-SNP 3 is a PPO that enrolls FBDE individuals in the same counties where D-SNPs 1 and 2 (and the affiliated MCO) operate. Presuming the state tells MA organization X that the surviving HMO D-SNP

from D-SNPs 1 and 2 will be affiliated with the organization's MCO, D-SNP 3 will need to be frozen to new enrollment in 2027.

D-SNPs 4 and 5 are not affected by the new rules at 42 CFR 422.514(h) because:

- D-SNP 4 only enrolls PBDE individuals, and
- D-SNP 5 only operates in County C where MA organization X does not have an affiliated MCO.

D-SNP 6 is affected by the rules but will not need to consolidate with any other D-SNPs for 2027 because it only operates in County D and is the only D-SNP that MA organization X offers in County D.

D-SNPs 1, 2, and 6 will also need to comply with the aligned enrollment requirement described in the section that follows.

STATE ACTION STEP:

- ✓ **Communicate with MAOs about plans for compliance with the regulations at 42 CFR 422.514(h).** States should communicate with affected MAOs about the need for D-SNP consolidation, when applicable, and describe any state preferences, priorities, or policies that may apply. States that wish to allow or require MAOs to offer separate D-SNPs for FBDE and PBDE individuals should communicate with the MAOs about this and encourage MAOs to use separate plans under a single contract for this purpose when possible.⁵

Options for D-SNP compliance with Part 2 of these rules: New enrollment limited to aligned enrollees

Starting in 2027, D-SNPs with affiliated Medicaid MCOs in the same service area may only enroll new FBDE enrollees who are also enrolled (or in the process of enrolling in) the D-SNP's affiliated Medicaid MCO. States and D-SNPs have two options for complying with this rule:

- (1) In a **"Medicaid-first" alignment approach**, the state requires the affected D-SNP(s) to only enroll new FBDE individuals who are already enrolled in the D-SNP's affiliated MCO at the time of D-SNP enrollment. See **Appendix A** for sample SMAC language that states can use to impose this requirement.
- (2) In a **"Medicare-first" alignment approach**, the state changes an individual's Medicaid MCO enrollment to match the individual's D-SNP enrollment when the individual chooses to enroll in a D-SNP. (This is what is meant by the phrase "in the process of enrolling in [the affiliated MCO]" in the applicable regulation.)

States that require D-SNPs to operate with exclusively aligned enrollment typically use a Medicare-first process, as it enables FBDE individuals to enroll in any integrated D-SNP at any time, without having to change their Medicaid MCO first. However, to achieve Medicare-first alignment, the state must first establish appropriate systems and processes to match MCO enrollment to D-SNP enrollment. Therefore, most states need time and technical assistance to reach a point where Medicare-first alignment is possible. To request ICRC assistance with understanding and implementing Medicare-first alignment, contact the ICRC team at ICRC@mathematica-mpr.com. More information

about exclusively aligned enrollment is also available in ICRC's website here:

<https://www.integratedcareresourcecenter.com/resources-by-topic/exclusively-aligned-enrollment>.

It is worth noting that this rule only applies to new FBDE D-SNP enrollment in 2027. It does not apply to FBDE enrollees who enrolled in the D-SNP prior to 2027, nor does it prevent D-SNP enrollees from becoming "unaligned" after they have already enrolled in a D-SNP by changing their Medicaid enrollment to a different MCO than the one that is aligned with their D-SNP. To prevent D-SNP enrollees from becoming unaligned after D-SNP enrollment, a state would need to require the D-SNP to operate with exclusively aligned enrollment. D-SNPs that enroll partial-benefit dually eligible individuals may also continue enrolling those individuals in 2027.

In 2030, D-SNPs affected by the rules at 42 CFR §422.514(h) will need to operate with exclusively aligned enrollment.⁶ At that time, partial-benefit dually eligible individuals enrolled in affected D-SNPs will need to be moved to a separate D-SNP without exclusively aligned enrollment, and any FBDE individuals enrolled in the D-SNP will also need to be enrolled in the affiliated MCO.

STATE ACTION STEPS:

- ✓ **Communicate with affected MAOs about the state's intended approach to aligning new FBDE enrollment for 2027.** States should communicate with affected MAOs about the state's plans to (1) require the MAOs to only enroll new FBDE individuals in 2027 if those individuals are already enrolled in the D-SNP's affiliated MCO (the "Medicaid-first" alignment approach) or (2) use a "Medicare-first" alignment approach to change FBDE individuals' Medicaid MCO enrollment to align with D-SNP enrollment.
- ✓ **Incorporate requirements into SMACs.** States contracting with D-SNPs affected by these rules will also need to incorporate language into those D-SNPs' SMACs that (1) requires the affected D-SNPs to only enroll new FBDE individuals who are already in the affiliated MCO (see **Appendix A** for sample language), or (2) requires the D-SNPs to support and comply with state Medicare-first alignment processes. (See ICRC's TA tool on Medicare-first exclusively aligned enrollment for sample language: <https://www.integratedcareresourcecenter.com/resources-by-topic/exclusively-aligned-enrollment>.)

ABOUT THE INTEGRATED CARE RESOURCE CENTER

The **Integrated Care Resource Center** is a national initiative of the Centers for Medicare & Medicaid Services Medicare-Medicaid Coordination Office to help states improve the quality and cost-effectiveness of care for Medicare-Medicaid enrollees. The state technical assistance activities provided by the Integrated Care Resource Center are coordinated by [Mathematica](#) and the [Center for Health Care Strategies](#). For more information, visit www.integratedcareresourcecenter.com.

Appendix A. Sample language for state Medicaid agency contracts (SMACs) with D-SNPs affected by 42 CFR §422.514(h)

States with D-SNPs that are affected by the rules at 42 CFR 422.514(h) may need to incorporate language into their SMACs with those D-SNPs to (1) limit new enrollment in the D-SNPs to FBDE individuals who are also enrolled in the D-SNP's affiliated MCO (and/or fee-for-service Medicaid); (2) restricting new D-SNP enrollment to FBDE individuals who are enrolled in the D-SNPs affiliated MCO or FFS Medicaid; (3) use different D-SNP plan benefit packages (PBPs) to serve different sub-groups of dually eligible individuals; (4) limit enrollment in certain D-SNPs to partial-benefit dually eligible individuals, and/or (5) freeze new enrollment in certain D-SNPs (for example, when an HMO and a PPO D-SNP both enroll FBDE individuals in the same service area). ICRC has developed the sample SMAC language below to help states incorporate these requirements into applicable SMACs

Sample SMAC language restricting new D-SNP enrollment to FBDE individuals who are also enrolled in the D-SNP's affiliated MCO:

For enrollments effective on or after January 1, 2027, the following D-SNPs will only enroll new full-benefit dually eligible (FBDE) enrollees who are already enrolled in the D-SNP's affiliated *[state Medicaid managed care program]* managed care organization at the time of the request for D-SNP enrollment: *[applicable contract and plan ID number(s) for D-SNPs that will enroll FBDE individuals]*.

The *[D-SNP/MA plan/Contractor]* will be responsible for verifying the potential enrollee's enrollment in the affiliated *[state Medicaid managed care program]* managed care organization prior to submitting an enrollment transaction to CMS. (The "affiliated" *[state Medicaid managed care program]* managed care organization is the managed care organization operated by the *[D-SNP/MA plan/Contractor]*, the *[D-SNP/MA plan/Contractor]*'s parent organization, or another entity owned and controlled by the *[D-SNP/MA plan/Contractor]*'s parent organization.)

Sample SMAC language restricting new D-SNP enrollment to FBDE individuals who are enrolled in (1) the D-SNP's affiliated MCO or (2) fee-for-service Medicaid (for states that do not mandate enrollment of all FBDE individuals into Medicaid MCOs):

For enrollments effective on or after January 1, 2027, the *[D-SNP/MA plan/Contractor]* will only enroll new full-benefit dually eligible (FBDE) enrollees into its D-SNP(s) if those enrollees receive Medicaid benefits from one of the following at the time of their request for enrollment into the D-SNP:

- (1) the D-SNP's affiliated *[state Medicaid managed care program]* managed care organization, or
- (2) fee-for-service Medicaid.

(The "affiliated" *[state Medicaid managed care program]* managed care organization is the managed care organization operated by the *[D-SNP/MA plan/Contractor]*, the *[D-SNP/MA plan/Contractor]*'s parent organization, or another entity owned and controlled by the *[D-SNP/MA plan/Contractor]*'s parent organization.)

The *[D-SNP/MA plan/Contractor]* may not enroll any new FBDE enrollees who are enrolled in a *[state Medicaid managed care program]* managed care organization offered by a different parent

organization than the D-SNP. The *[D-SNP/MA plan/Contractor]* will be responsible for verifying the potential enrollee's enrollment in the affiliated *[state Medicaid managed care program]* managed care organization or fee-for-service Medicaid prior to submitting an enrollment transaction to CMS.

Note: If states wish to allow or require D-SNPs to enroll the fee-for-service Medicaid enrollees and the aligned enrollees in separate PBPs, please see the language below for use of separate PBPs.

Sample SMAC language for using separate D-SNP PBPs to serve different subgroups of dually eligible individuals (*different age groups or other sub-groups to align with the state's Medicaid managed care program design*):

The *[D-SNP/MA plan/Contractor]* must offer the following D-SNP plan benefit packages (PBPs) in *[State]* in *[contract year]*:

- One D-SNP PBP for full-benefit dually eligible individuals who are *[eligible for a nursing facility level of care (NFLOC), eligible for/enrolled in a particular Medicaid managed care program, enrolled in fee-for-service Medicaid, eligible for/enrolled in a particular home and community-based services waiver, over/under a particular age, etc.]*;
- One D-SNP PBP for full-benefit dually eligible individuals who are *[not eligible for a NFLOC, not eligible for/not enrolled in a particular Medicaid managed care program, enrolled in fee-for-service Medicaid, not eligible for/not enrolled in a particular home and community-based services waiver, over/under a particular age, etc.]*; and
- One D-SNP PBP for partial-benefit dually eligible individuals.

Note: If applicable, states may wish to consider adding the following language (for D-SNP PBPs that do not operate with exclusively aligned enrollment):

- If *[an enrollee in PBP 1]* experiences *[describe change in PBP 1 eligibility, such as a change in NFLOC status]* status during the year, they may remain in their current D-SNP PBP until the end of the year, at which time the Contractor should use the crosswalk exception described at 42 CFR 422.530(c)(4)(i) to move the enrollee to the Contractor's PBP in which they are eligible. *[Repeat as needed for all applicable PBPs.]*

Sample SMAC language restricting enrollment in certain D-SNPs to only partial-benefit dually eligible individuals:

- The following D-SNP(s) will only enroll partial-benefit dually eligible individuals in 2027: *[applicable contract and plan ID number(s)]*.

Sample SMAC language freezing new enrollment in certain D-SNPs:

- The following D-SNP(s) will be frozen to new enrollment effective January 1, 2027: *[applicable contract and plan ID number(s)]*. These D-SNPs will be allowed to continue serving enrollees who were already enrolled in the plan prior to January 1, 2027, but may not enroll any new enrollees with effective dates on or after January 1, 2027.

Appendix B. SMAC language checklist for states with D-SNPs affected by rules at 42 CFR §422.514(h)

Table B.1 summarizes several types of SMAC language that certain states may need to incorporate into SMACs with D-SNPs affected by the rules at 42 CFR §422.514(h), indicates which states may need to incorporate each type of language, and notes applicable federal regulations. **See Appendix A for sample SMAC language.**

Table B.1. SMAC language checklist

SMAC language	States in which language is needed	Applicable regulations
Language restricting new enrollment (in certain or all D-SNPs) to full-benefit dually eligible (FBDE) individuals who are enrolled in the D-SNP's affiliated Medicaid managed care organization (MCO).	States with D-SNPs that (1) are affected by the rules at 42 CFR §422.514(h) and (2) do not already operate with exclusively aligned enrollment.	42 CFR §422.514(h)(1)(ii)
Language allowing (or requiring) CO D-SNPs and/or HIDE SNPs to enroll FBDE individuals who receive Medicaid benefits through fee-for-service (FFS) Medicaid.	States that do not mandate enrollment of FBDE individuals into Medicaid managed care programs and wish to allow D-SNPs to enroll FBDE individuals who receive Medicaid benefits through FFS Medicaid. These states can decide whether to (1) allow/require existing D-SNPs to continue enrolling these individuals, or (2) require MA organizations to enroll FBDE individuals in FFS Medicaid into separate D-SNP PBPs.	42 CFR §422.514(h)(3)(iii), 42 CFR §422.107(c)(2)
Language (1) identifying which D-SNP (PPO or HMO) is affiliated with the parent organization's MCO and (2) noting that the D-SNP that is not affiliated with the MCO will be closed to new enrollment starting January 1, 2027.	States where a single Medicare Advantage organization offers both a PPO D-SNP and an HMO D-SNP in the same service area and both plans enroll FBDE individuals.	42 CFR §422.514(h)(3)(ii)
Language requiring Medicare Advantage organizations to use separate D-SNP PBPs to serve different sub-groups of FBDE individuals, in accordance with the state's Medicaid managed care program eligibility or benefit design.	States that use different Medicaid managed care programs, eligibility criteria or benefit designs with different subgroups of dually eligible individuals (such as those ages 65 and older and those younger than age 65).	42 CFR §422.514(h)(3)(i), 42 CFR §422.107(c)(2)
Language requiring Medicare Advantage organizations to use separate D-SNP plan benefit packages (PBPs) to serve FBDE individuals and partial-benefit dually eligible individuals.	States with D-SNPs that offer more than one PBP and wish to allow those D-SNPs to use certain PBPs to serve only partial-benefit dually eligible individuals.	42 CFR §422.514(h)(1)(i)

Endnotes

¹ CMS. “Medicare Program; Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Program for Contract Year 2024-Remaining Provisions and Contract Year 2025 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly (PACE).” *Federal Register*, vol. 89, no. 79, April 23, 2024, pp. 30448-30848.

<https://www.federalregister.gov/documents/2024/04/23/2024-07105/medicare-program-changes-to-the-medicare-advantage-and-the-medicare-prescription-drug-benefit>.

² These rules apply to an MAO, its parent organization, or any entity that shares a parent organization with the MAO that also contracts with a state as a Medicaid managed care organization (MCO).

³ This part of the rule applies to new D-SNP enrollment. It does not apply to enrollees who enrolled in the D-SNP prior to 2027, nor does it prevent D-SNP enrollees from becoming “unaligned” after they’ve already enrolled in a D-SNP by changing their Medicaid enrollment to a different MCO than the one that is aligned with their D-SNP. To prevent D-SNP enrollees from becoming unaligned after D-SNP enrollment, a state would need to require the D-SNP to operate with exclusively aligned enrollment.

⁴ CMS. “Medicare Program; Contract Year 2027 and Certain Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, and Medicare Cost Plan Program.” CMS-4212-F. *Federal Register*, vol. 91, no. 65, April 6, 2026, pp. 17529 – 17538. <https://www.federalregister.gov/documents/2026/04/06/2026-06600/medicare-program-contract-year-2027-and-certain-contract-year-2026-policy-and-technical-changes-to>.

⁵ When an MAO enrolls FBDE and partial-benefit dually eligible individuals into separate D-SNPs (or enrolls other sub-sets of dually eligible individuals into separate D-SNPs), the MAO can request to use the crosswalk exception at 42 CFR 422.530(c)(4)(i) to automatically move enrollees from one D-SNP to another at the end of a contract year when the enrollees have become ineligible for their current D-SNP due to a change in status or circumstances (for example, moving from partial-benefit dual eligibility status to FBDE status). However, that crosswalk exception only allows for movement of enrollees from one D-SNP to another if both D-SNPs operate under the same MA contract.

⁶ ICRC has several resources for states on exclusively aligned enrollment at <https://www.integratedcareresourcecenter.com/resources-by-topic/exclusively-aligned-enrollment>.