

## State Medicaid Agency Contracts (SMACs)

### SMAC Overview

State Medicaid Agency Contracts, or SMACs, are contracts between states and Medicare Advantage Organizations (MAOs) operating dual eligible special needs plans (D-SNPs) in the state. SMACs are required for all D-SNP plans but are not required for traditional Medicare Advantage (MA) plans or other types of Special Needs Plans (SNPs).

The [minimum integration requirements](#) for coordination of Medicaid and Medicare benefits that must be included in SMACs are set by the Federal government. States have the flexibility to make additional requirements of D-SNPs to align with the state's integration goals.

States can use SMAC requirements to<sup>1</sup>:

- Improve care coordination
- Integrate Medicaid requirements into D-SNP Models of Care (MOCs)
- Incorporate state-specific care coordination standards into SMACs
- Promote use of clear, accurate enrollee materials
- Determine which Medicaid benefits should be covered by D-SNPs
- Align Enrollment with Medicaid MCOs

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<sup>1</sup> [https://integratedcareresourcecenter.com/sites/default/files/WWM%20D-SNP%20201\\_FINAL.pdf](https://integratedcareresourcecenter.com/sites/default/files/WWM%20D-SNP%20201_FINAL.pdf)

## SMAC Challenges and Considerations

SMAC Challenge	Description	Considerations
<b>Potential Cost Shifting to D-SNPs</b>	<p>States can use their SMACs to require D-SNPs to cover certain Medicaid benefits. However, if the cost of these required benefits is not accounted for in D-SNP rates, plans may be forced to decrease their supplemental benefit offerings. These changes may negatively impact the competitiveness of D-SNPs, which runs counter to the shared goal of advancing integrated care.</p> <p>D-SNPs that cannot offer robust supplemental benefits may lose members to Traditional Medicare or Medicare Advantage plans that do not have the same requirements to cover Medicaid services. In the long-term, this will lead to fewer dually eligible beneficiaries enrolled in D-SNPs and therefore not benefiting from the care coordination, unified procedures, and wraparound services that integrated care provides.</p>	<ul style="list-style-type: none"> <li>• While states can use their SMACs to require the coverage of certain Medicaid benefits, input from plans is essential to this process.</li> <li>• In conversations between states and plans, plans can demonstrate the impact of new requirements on their supplemental benefit offerings, and states can use that information to make informed decisions about benefit requirements.</li> <li>• Engaging in these conversations early in the planning process allows states and plans sufficient time to prepare.</li> </ul>
<b>SMAC Submission and Review Timing</b>	<p>Plans offering D-SNPs must comply with both Federal and state deadlines, which are often in conflict with one another (<i>see appendix for key annual Medicare Advantage contracting dates</i>).</p> <p>For example, every year, D-SNPs are required to submit their bids to CMS. Bids indicate a plan's estimated cost of covering a beneficiary who is of "average" health<sup>2</sup>. CMS reviews these bid submissions and adjusts for</p>	<ul style="list-style-type: none"> <li>• Because of the interplay of Federal and state requirements for D-SNPs, it is important that states keep key Medicare deadlines in mind when contracting with plans, including the annual Medicare bid submission deadline.</li> <li>• If states intend to codify significant changes to plan requirements in their SMACs, it is important to initiate conversations with plans well in advance of the bid submission</li> </ul>

<sup>2</sup> [https://bettermedicarealliance.org/wp-content/uploads/2020/03/BMA\\_WhitePaper\\_MA\\_Bidding\\_and\\_Payment\\_2018\\_09\\_19-1.pdf](https://bettermedicarealliance.org/wp-content/uploads/2020/03/BMA_WhitePaper_MA_Bidding_and_Payment_2018_09_19-1.pdf)

	<p>considerations such as the plans quality scores and enrollees' health risks<sup>3</sup>.</p> <p>These bids are due annually in June, a month before the SMAC submission deadline to CMS. If significant changes to plan requirements are not communicated to plans until they are included in SMACs, plans will not be able to incorporate these requirements into their bids.</p> <p>Plans begin their benefit analyses and discussions with actuaries months in advance of the bid submission deadline to facilitate pricing and performance modeling, as well as to ensure they are in compliance with existing requirements. However, plans cannot always predict the requirements that states will include in their SMACs. This uncertainty can lead to inefficiencies for both states and plans at the SMAC submission deadline.</p>	<p>deadline, as these changes may impact plans' bid submissions.</p> <ul style="list-style-type: none"> <li>As part of the SMAC creation process, states can share drafts with plans in advance of key Medicare deadlines, including bid submissions. Sharing draft SMACs earlier in the process will allow plans to conduct thorough reviews, leading to fewer surprises and a smoother review process for both states and plans. These reviews can confirm details are correct, including: <ul style="list-style-type: none"> <li>Plan integration level</li> <li>Cost-sharing requirements</li> <li>Member materials requirements (both pre and post enrollment)</li> </ul> </li> </ul>
<b>Member Materials</b>	<p>In their SMACs, states can implement requirements for reviewing member materials for DSNPs. DSNP member materials must be compliant with both Federal Medicare and state Medicaid requirements.</p> <p>State timelines for review of member materials do not always align with Medicare requirements, and this can result in delays in getting materials to members.</p>	<ul style="list-style-type: none"> <li>States should carefully consider the level of review they require of member materials.</li> <li>States can consider including the scope and timeline of the state review process of member materials in their SMACs. This would provide clear expectations of the review process for both plans and the state.</li> <li>If the state review period conflicts with Federal Medicare deadlines for member materials, states can choose to only review materials on an "as needed" basis.</li> </ul>

<sup>3</sup> <https://www.commonwealthfund.org/publications/explainer/2024/jan/medicare-advantage-policy-primer>

		<ul style="list-style-type: none"> <li>• CMS can provide model language to plans that would be acceptable and member friendly.</li> </ul>
<b>Data Reporting Requirements in SMACs</b>	<p>Medicaid agencies can add language to their SMACs that require D-SNPs to share data that are not otherwise available to states.</p> <p>However, these requirements are often duplicative of existing reporting requirements for D-SNPs or will require plans to report data in ways that do not align with their data collection systems. These requirements are often not communicated with plans until they are included in SMACs, leading to duplicative efforts for both states and plans when creating and reviewing the data submissions.</p>	<ul style="list-style-type: none"> <li>• States and plans can work together to determine the data that will be most impactful to collect, and these requirements can be codified in SMACs.</li> <li>• Plans can offer insight into the data reporting elements that are already required under Federal Medicare regulations, helping to eliminate duplicative reporting requirements.</li> <li>• Involving plans in this process earlier will also allow plans to build these required data elements into their reporting in advance of the timeline for implementation and the SMAC submission deadline.</li> </ul>

In general, the **MLTSS Association recommends** that states keep an open line of communication with their plan partners throughout the year to avoid surprises in the SMACs. SMACs should be the result of ongoing, focused conversations that keep the needs of dually eligible beneficiaries at the center.

## Appendix

### Required Elements of SMACs

The [Integrated Care Resource Center](#) (ICRC) has released [sample language for SMACs](#), outlining the contract elements that must or may be included in the SMAC and sample language states can use.

California also released two boilerplate SMACs for 2025 – one for [DSNPs with exclusively aligned enrollment](#) (EAE) and one for [DSNPs without EAE](#) – that can be used as a model for other states.

The [CMS Medicare Managed Care Manual](#) outlines the required elements of SMACs<sup>4</sup>. The [ICRC released a presentation](#) that describes each required element in detail:

- 1. The MAO's responsibility to coordinate the delivery of, and if applicable, provide coverage of Medicaid services**  
The SMAC must document the MAO's responsibility to coordinate the delivery of Medicaid benefits and, if applicable, provide coverage of Medicaid benefits, including LTSS and behavioral health services, for eligible individuals.
- 2. The categories of eligibility for dually eligible individuals to be enrolled under the D-SNP**  
The SMAC must clearly identify the dually eligible populations that are eligible to enroll in the D-SNP. A D-SNP may only enroll dually eligible individuals as specified in the SMAC.
- 3. The Medicaid benefits covered under the D-SNP**  
The SMAC must include information on plan benefit design, benefit administration, and assignment of responsibility for providing the covered benefits. The contract must document the Medicaid benefits covered under a capitated contract between the state Medicaid agency and the MAO offering the D-SNP and the DSNP's parent organization.
- 4. The cost sharing protections covered under the D-SNP**  
The SMAC must require that D-SNPs not impose cost sharing on specified dually eligible individuals that exceeds the individuals' cost sharing responsibilities within the state Medicaid program.
- 5. The identification and sharing of information on Medicaid provider participation**

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<sup>4</sup> <https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/mc86c16b.pdf#page=17>

The SMAC must outline a process for how the state will identify providers contracted with the state Medicaid agency for inclusion in the D-SNP's provider directory.

**6. The verification process of an enrollee's eligibility for Medicaid**

The SMAC must require that MAOs receive access to information verifying eligibility of dually eligible enrollees from the state Medicaid agency. The SMAC must describe how the D-SNP and the state exchange information to verify each enrollee's Medicaid eligibility.

**7. The service area covered under the SNP**

The SMAC must identify the service areas for which the state has agreed the MAO may offer one or more D-SNPs.

**8. The contract period**

The SMAC must require a period of performance between the state Medicaid agency and the D-SNP of at least January 1 through December 31 of the year following the due date of the contract. Contracts also may be drafted as multi-year, or "evergreen" contracts as long as the entire calendar year is covered.

**9. Unified appeals and grievances**

For D-SNPs that are applicable integrated plans (AIPs), the SMAC must require documentation of the use of unified appeals and grievance procedures.

**10. Minimum integration requirement**

**a. Hospital and skilled nursing facility data notification requirements.**

The SMAC requires any D-SNP that is not a HIDE or FIDE SNP, with some exceptions, to notify the state Medicaid agency of hospital and skilled nursing facility admissions for at least one group of high-risk full benefit dual eligible individuals, identified by the state Medicaid agency.

**b. Exception to hospital and SNF data notification requirements for certain D-SNPs**

Outlines two exceptions to the SMAC requirement above.

## DSNP Contracting Timeline

The [Health Plan Management System \(HPMS\)](#) maintains a comprehensive calendar of key Medicare Advantage dates.

ATI Advisory has also released two resources on SMAC timelines for states - [What Medicaid Agencies Should Know About Medicare Timelines When Designing Integrated Programs](#) and a [shorter companion timeline](#).

## Medicare Advantage Contracting Timeline

