

Summary of 2025 Medicare Advantage & Part D Final Rule: Impacts to the California Market

Introduction

In April 2024, the Centers for Medicare & Medicaid Services (CMS) released the Contract Year 2025 (CY 2025) Medicare Advantage (MA) and Part D final rule (CMS-4205-F), which included several provisions to simplify plan options for dually eligible individuals and promote greater alignment of Medicare Advantage Prescription Drug (MAPD) dual eligible special needs plans (D-SNPs), and Medicaid managed care organizations (MCOs).

The 2025 MAPD final rule aimed to:

- Increase the number of full-benefit dually eligible (FBDE) individuals receiving care from the same organization in both Medicare and Medicaid.
- Simplify the plan choices available for dually eligible individuals.
- Incentivize enrollment into integrated D-SNPs over coordination-only D-SNPs and other unintegrated plan types.

This resource summarizes the provisions of the rule and provides a discussion of impacts specific to California.

Background

Certain states contract with a type of MAPD called a D-SNP via a State Medicaid Agency Contract (SMAC). D-SNPs enroll individuals entitled to both Medicare and Medicaid and may enroll full or partial benefit dually eligible individuals depending on the eligibility requirements outlined in the SMAC.

How-and whether-states choose to contract with D-SNPs varies by state and sometimes even within states. A state may elect to integrate care for dually eligible beneficiaries by requiring that the D-SNP-or an aligned Medicaid MCO offered by the same parent organization as the D-SNP-coordinate and provide Medicaid benefits and services. States can also require that all enrollees in the D-SNP are also enrolled in that same parent organization's affiliated MCO, this is called *exclusively aligned enrollment (EAE)*. D-SNPs that offer a certain level of integration of Medicaid benefits and/or operate with EAE are considered *integrated D-SNPs* while those D-SNPs that do not provide any Medicaid services are called coordination-only (CO D-SNPs).

The CY 2025 MAPD Final Rule instituted changes to make it easier for dually eligible individuals to choose an integrated D-SNP, and to promote greater aligned enrollment between D-SNPs and Medicaid MCOs offered by the same parent organization. Below is a summary of the Rule's major changes with respect to D-SNPs.

Key Changes for D-SNPs from the 2025 MAPD Final Rule

Special Enrollment Period (SEP) Changes

Effective January 1, 2025, full benefit dually eligible individuals may elect an integrated D-SNP in any month. Integrated D-SNPs operate with the designations fully integrated dual eligible special needs plan (FIDE), highly integrated dual eligible special needs plan (HIDE), or applicable integrated plan (AIP). The

integrated care SEP can only be used to align enrollment between the integrated D-SNP and affiliated Medicaid MCO. California’s Medi-Medi Plans (EAE D-SNPs) are coordination-only AIP D-SNPs.

Additionally, dually eligible and individuals eligible for the Medicare low-income subsidy (LIS) can elect a standalone prescription drug plan (PDP) in any month. Dually eligible individuals are no longer able to choose a coordination-only or “regular” MAPD in any quarter.

New D-SNP Contracting and Enrollment Limitations

The “One D-SNP” Rule

Effective 2027, any MAPD parent organization¹ that operates a D-SNP in the same service area (county or counties) as they operate a Medicaid MCO, may only offer **one** D-SNP in that service area, unless there is a state policy exception articulated in the SMAC that would allow them to have more than one D-SNP in the service area (states may allow multiple D-SNPs offered by the same parent organization to operate in a single service area if the D-SNPs are distinguished from one another by age or benefit design). This policy applies to all D-SNPs regardless of integration level. A parent organization may also offer an HMO D-SNP and a PPO D-SNP in the same service area, but the D-SNP that is not aligned with the Medicaid MCO must be closed to new enrollment effective 2027.

To facilitate compliance with the new One D-SNP Rule, CMS established a new crosswalk exception which would allow parent organizations to move enrollment across D-SNPs under different MA contracts held by MA organizations within the same parent organization. This crosswalk exception is available to affected plans beginning in CY 2027.

Enrollment Limitations

In addition to the One D-SNP rule, in 2027, affected D-SNPs will only be able to newly enroll FBDE individuals that are enrolled in (or are in the process of enrolling in) that parent organization’s affiliated Medicaid MCO. Further, in 2030, all enrollees of the affected D-SNP must also be either enrolled in, or be in the process of enrolling in, the affiliated Medicaid MCO.

The table below provides a timeline for the provisions of the 2025 MAPD final rule.

Provision	Description	Implementation Effective Date
SEP Changes	<ol style="list-style-type: none"> 1. Integrated Care SEP: Allows FBDEs to elect an integrated D-SNP in any month to align coverage with the Medicaid MCO. 2. Dual/LIS SEP: Allows dually eligible and LIS-only individuals to elect a standalone PDP in any month. 	January 1, 2025
“One D-SNP” Rule	Requires that a parent organization which sponsors a D-SNP only offer one D-SNP in a service area where that parent organization also offers a Medicaid MCO.	January 1, 2027
D-SNP enrollment restrictions, 2027	Parent organizations of D-SNPs may only newly enroll eligible beneficiaries already enrolled in, or	January 1, 2027

¹ The regulation at § 422.514(h) applies this policy to “an MA organization, its parent organization, or any entity that shares a parent organization with the MA organization”. However, “MAPD parent organization” or simply “parent organization” has been used throughout this resource for the sake of clarity.

Provision	Description	Implementation Effective Date
	in the process of enrolling in, the aligned Medicaid MCO.	
New crosswalk exception	Allows parent organizations of D-SNPs affected by the One D-SNP Rule crosswalk eligible individuals into surviving integrated D-SNPs	January 1, 2027
D-SNP enrollment restrictions 2030	All enrollees in a D-SNP in a service area where the D-SNP's parent organization also offers a Medicaid MCO must also be enrolled in-or in the process of enrolling in-the aligned MCO.	January 1, 2030

D-SNP Integration for Dually Eligible Californians

California's Medicaid Agency, the California Department of Health Care Services (DHCS), has been working to more meaningfully integrate Medicare and Medicaid (known as Medi-Cal) for dually eligible Californians. DHCS requires all Medi-Cal managed care plans (MCPs) to implement integrated D-SNPs (which are called Medicare Medi-Cal Plans or Medi-Medi plans) statewide. While this was expected to be fully executed by CY 2026, some counties will not have Medi-Medi plans available until CY 2027.

Medi-Medi Plans in California are CO D-SNPs that operate with EAE. D-SNPs that operate with EAE offer a certain level of Medicaid services, and provide integrated appeals and grievances and integrated member marketing materials--are designated as AIPs, which is a type of integrated D-SNP. Effective 2026, DHCS is not contracting with CO D-SNPs that are not also AIPs and has frozen new enrollments into these legacy plans via the SMAC contract.

In 2025, DHCS implemented EAE via the [matching plan policy](#), in 17 counties², including the counties where the integrated D-SNPs are operational. When a FBDE individual elects an integrated D-SNP, DHCS will align or "match" that member's Medi-Cal MCP to the same organization as the member's Medicare choice.

Impacts of the 2025 MAPD Final Rule in California

SEP Implications

In 2025, 13 integrated D-SNPs (12 Medi-Medi plans, and one FIDE SNP; SCAN Connections) operate across 12 California counties. A FBDE who lives in the plans' service area may elect any of these plans in any calendar month via the Integrated Care SEP. The member **does not** need to be enrolled in the companion Medi-Cal Plan prior to enrollment in an Medi-Medi Plan. If a dually-eligible Californian would like to enroll in a CO D-SNP that operates in a county where DHCS allows enrollment into CO D-SNPs, or regular MAPD, that individual would have to enroll during the [Medicare Open Enrollment Period](#), or use a different applicable . A FBDE individual living in these counties may switch between Medi-Medi plans or elect a new prescription drug plan in any month. Partial benefit dually eligible individuals and LIS-only individuals are ineligible for Medi-Medi plans, but can switch between Part D plans in any month.

² [DHCS, Medi-Cal "Matching Plan Policy" for Dual Eligible Beneficiaries.](#)

D-SNP Contracting and Enrollment Limitations Implications

Since 2023, DHCS has made significant progress in prioritizing integrated care for dually eligible individuals via aligned CO AIP D-SNPs and Medi-Cal MCPs (Medi-Medi Plans). DHCS has frozen unintegrated D-SNPs to new enrollment in areas where Medi-Medi Plans operate. Additionally, as noted above, DHCS is actively working with MCPs to stand up Medi-Medi plans in additional counties for 2026 and beyond.

Given the work DHCS has done to integrate care through both EAE requirements and limitations in contracting with unintegrated D-SNPs, the federal constraints on D-SNP contracting and enrollment will have a limited impact in California. Furthermore, the One D-SNP Rule applies to parent organizations that sponsor MAPDs and Medicaid MCOs in the same service area. How an MAPD parent organization elects to comply with the One D-SNP Rule will be a business decision for that organization, unless those requirements are in some way preempted by state SMAC requirements.

While impact is limited relative to other states, there will still be some impact to parent organizations operating in California. Below is an example of a Medi-Medi parent organization that will be affected by the One D-SNP Rule.

Parent Organization	Scenario
Parent Organization Alpha Healthcare	<p>Alpha Healthcare is parent organization to:</p> <ul style="list-style-type: none"> • Omega Health Medi-Medi Plan • Gamma Health Medi-Medi Plan <p>Both Omega Health and Gamma Health operate in Los Angeles, Riverside and San Bernardino counties, and Gamma Health operates in Sacramento County. In 2027, Alpha Healthcare will only be able to offer one of these plans per the requirements in §422.514(h), unless DHCS grants them a policy exception based on age or benefit design.</p> <p>Gamma Health Medi-Medi Plan is unaffected in Sacramento County, as Alpha Healthcare does not offer another D-SNP in that service area.</p>

Additional Resources

CMS Resources

- [New SEPs for Dually Eligible and Extra Help-eligible Individuals](#)
- [Frequently Asked Questions \(FAQs\) and Enrollment Scenarios for § 422.514\(h\)](#)
- [CY 2025 Integrated D-SNP List](#)

External Resources

- [Justice in Aging Issue Brief: Upcoming Changes for Dually Enrolled Individuals: The Final 2025 Medicare Advantage Rule](#)

Glossary

Applicable Integrated Plan (AIP): A type of integrated D-SNP that operates with exclusively aligned enrollment (EAE) and meets additional integration requirements set forth in § 422.561.

Coordination-only (CO) D-SNP: A type of unintegrated D-SNP that meets the minimum requirements for a D-SNP but does not meet the minimum integration requirements to achieve HIDE, FIDE or AIP designations.

Dual Eligible Special Needs Plan (D-SNP): A type of Medicare Advantage Plan (MAPD) designed to serve dually eligible individuals. In order for an MAPD to operate as a D-SNP, it must hold a contract with the state Medicaid agency (a State Medicaid Agency Contract or SMAC) that meets the requirements outlined in § 422.107(c)-(d) and coordinate the delivery of Medicare and Medicaid services.

Exclusively Aligned Enrollment (EAE): A D-SNP operates with exclusively aligned enrollment when all D-SNP enrollees are also enrolled in the aligned MCO operated by the same parent organization as the D-SNP. A State requires a D-SNP to operate with EAE via the SMAC.

Full-Benefit Dually Eligible (FBDE) Individuals: An individual eligible for Medicare and full and/or comprehensive Medicaid benefits.

Fully Integrated Dual Eligible Special Needs Plan (FIDE SNP): A type of integrated D-SNP that serves FBDEs and requires the MAPD contract and the MCO contract offered by a parent organization to be under a single legal entity. A FIDE SNP is also required to provide most Medicaid benefits, including coverage of nursing facility services for at least 180 days during the plan year, and is required to operate with exclusively aligned enrollment (EAE). All FIDE SNPs are also AIPs. Complete requirements for a D-SNP to achieve FIDE designation are found at § 422.2.

Highly Integrated Dual Eligible Special Needs Plan (HIDE SNP): A type of integrated D-SNP that may serve both full and partial dually eligible individuals. A HIDE SNP must provide coverage of Medicaid benefits under a capitated contract between the state Medicaid agency and the Medicare Advantage Organization, or that Medicare Advantage Organization's Parent organization. In order to achieve HIDE designation, the plan must provide coverage for long-term services and supports (including home and community-based services) or behavioral health services. Complete requirements for a D-SNP to achieve HIDE designation are found at § 422.2.

Integrated D-SNP: D-SNPs with a FIDE, HIDE or AIP designation are considered integrated D-SNPs.

Low Income Subsidy (LIS): A federal program that helps Medicare beneficiaries pay for prescription drugs. The program is also called "Extra Help".

Medicare Advantage and Prescription Drug Plan (MAPD): Also referred to as Medicare Part C, an MAPD provides Medicare Parts A, B and D through a single managed care organization or health plan. D-SNPs are a type of MAPD that hold a contract (SMAC) with a State Medicaid Agency to provide services to dually eligible individuals.

Medicaid Managed Care Organization (MCO): A type of managed care program contracted by a state or territory to deliver Medicaid benefits and services to Medicaid enrollees. A full definition of a Medicaid MCO can be found at § 438.2.

Prescription Drug Plan (PDP): A type of plan that provides Part D drugs to Medicare beneficiaries while they receive Parts A and B from Original (or fee-for-service) Medicare.

Special Enrollment Period (SEP): A SEP allows Medicare beneficiaries to change Medicare coverage outside of the fall Medicare Open Enrollment period or the winter Medicare Advantage Open Enrollment Period. A [full list of SEPs](#) is available on CMS' website.

State Medicaid Agency Contract (SMAC): A contract between an MAPD that offers a D-SNP, and the State Medicaid Agency for the state in which the D-SNP operates. The SMAC describes how the state requires the D-SNP the provision or coordination of Medicare and Medicaid services and determines the eligibility of enrollees in the D-SNP. The SMAC must meet other requirements outlined in § 422.107(c)-(d). States are not required to provide SMACs to MAPDs to offer D-SNPs.

A comprehensive glossary of duals terms can be found at the [Integrated Care Resource Center](#).

Disclaimer

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