



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

August 20, 2025

Assistant Secretary for Legislation
Washington, DC 20201

The Honorable JD Vance
President
United States Senate
Washington, DC 20510

Dear Mr. Vice President:

Pursuant to 42 USC §1315b(e), I have enclosed the *Fiscal Year 2024 Federal Coordinated Health Care Office- Medicare-Medicaid Coordination Office Report to Congress*.

The purpose of the Federal Coordinated Health Care Office (Medicare-Medicaid Coordination Office) is to better integrate Medicare and Medicaid benefits and to improve the coordination between the federal and state government for individuals eligible for both Medicare and Medicaid benefits (dually eligible individuals). The enclosed report describes the dually-eligible population and enrollment in Medicare-Medicaid integrated care programs.

We look forward to continuing to work with Congress to strengthen the Medicare and Medicaid programs and improve experiences for dually-eligible individuals. I am also sending a copy of this report to the Speaker of the House of Representatives. Please do not hesitate to contact me at 202-690-7627 if you have questions or concerns.

Sincerely,

A handwritten signature in black ink, reading "Gary Andres", is positioned above the printed name.

Gary Andres
Assistant Secretary for Legislation

Enclosure



DEPARTMENT OF HEALTH & HUMAN SERVICES

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Assistant Secretary for Legislation
Washington, DC 20201

August 20, 2025

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

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We look forward to continuing to work with Congress to strengthen the Medicare and Medicaid programs and improve experiences for dually-eligible individuals. I am also sending a copy of this report to the President of the Senate. Please do not hesitate to contact me at 202-690-7627 if you have questions or concerns.

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Gary Andres
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Enclosure



**U.S. Department of Health and Human Services
Centers for Medicare & Medicaid Services**

REPORT TO CONGRESS

**Fiscal Year 2024 Federal Coordinated Health
Care Office - Medicare-Medicaid Coordination
Office Report to Congress**

August 2025

Introduction

Federal statute established the Federal Coordinated Health Care Office (“Medicare-Medicaid Coordination Office,” hereinafter “MMCO”) within the Centers for Medicare & Medicaid Services (CMS) to improve the coordination between the federal government and states to enhance access to quality services for individuals dually eligible for both Medicare and Medicaid benefits (“dually eligible individuals”).ⁱ This serves as the annual report to Congress required by 42 USC §1315b(e).ⁱⁱ

Medicare and Medicaid are distinct programs with different rules for eligibility, covered benefits, and payment, pursuant to Title XVIII and Title XIX of the Social Security Act, respectively. The programs have operated separately despite a growing number of people who are enrolled in both Medicare and Medicaid for their health care. Better aligning these programs can improve health outcomes and the efficiency of care.

About Dually Eligible Individuals

During FY 2024, more than 14 million individuals were concurrently enrolled in Medicare and Medicaid.ⁱⁱⁱ These individuals navigate two separate programs: Medicare for the coverage of most preventive, primary, and acute health care services and drugs, and Medicaid for coverage of long-term services and supports, certain behavioral health services, and Medicare premiums and cost-sharing.

Dually eligible individuals may either be enrolled first in Medicare by virtue of age or disability and then qualify for Medicaid on the basis of income and other eligibility factors, or vice versa.

They may also be *full-benefit* dually eligible individuals, who qualify for full coverage of Medicaid services, or *partial-benefit* dually eligible individuals, who receive assistance only with Medicare premiums and, in most cases, assistance with Medicare cost-sharing through the Medicare Savings Programs (MSPs). Full-benefit dually eligible individuals often also qualify for assistance with Medicare premiums and cost-sharing through the MSPs.

Most dually eligible individuals qualify for full coverage of Medicaid services, but 27% qualify only for assistance with Medicare costs.

73%

Full-benefit dually
eligible

27%

Partial-benefit dually
eligible

Source: CMS analysis of 2023 data

66%

Age 65+

34%

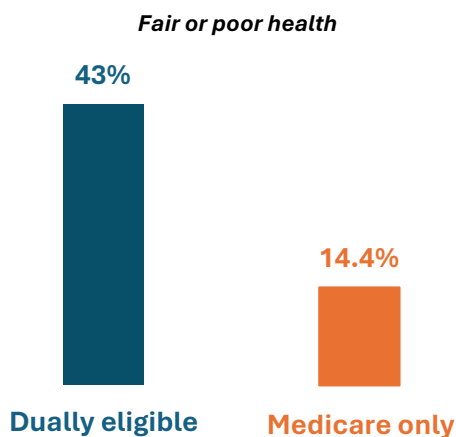
Under Age 65

Most dually eligible individuals are 65+, but a significant portion are under 65.

Source: CMS analysis of 2023 data

Overall, dually eligible individuals have a higher prevalence of many health conditions than their Medicare-only and Medicaid-only peers. Among those aged 65 and older, dually eligible individuals are more likely to have physical health conditions such as diabetes, heart failure, hypertension and ischemic heart disease as well as greater rates of functional and cognitive decline.^{iv} Notably, over half of the dually eligible population initially qualified for Medicare due to a disability.^v

Dually eligible individuals are more likely to self-report poor health



Source: 2023 Medicare Current Beneficiary Survey

Integrated Care

Medicare and Medicaid are distinct programs with different purposes and operate as separate systems despite a growing number of people who are enrolled in both programs for their health care needs. The differences between Medicare and Medicaid can lead to fragmented care for dually eligible individuals, misaligned incentives for payers and providers, and administrative inefficiencies and programmatic burdens.

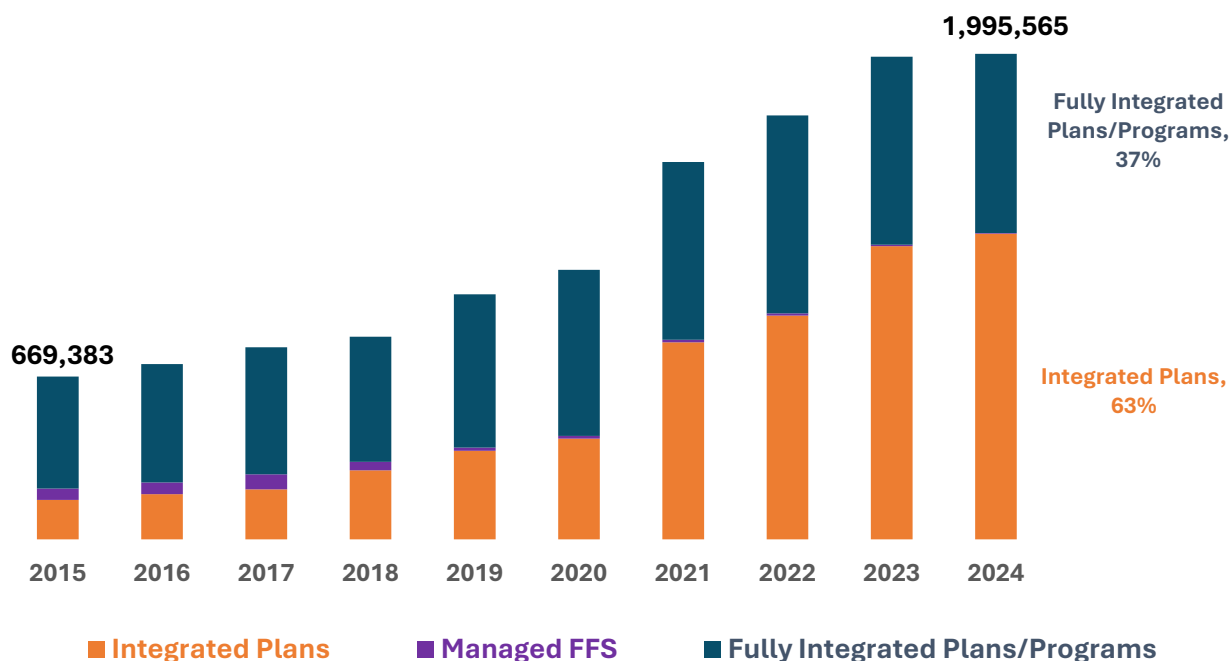
Integrated care leads to delivery system and financing approaches that maximize Medicare-Medicaid care coordination and mitigate cost-shifting incentives, including total-cost-of-care accountability across Medicare and Medicaid. Most importantly, it means a more seamless experience for individuals.

Integrated care includes Programs of All-Inclusive Care for the Elderly (PACE); Financial Alignment Initiative demonstrations; and managed care arrangements where the same organization covers both Medicare and Medicaid services.

In 2024, about 23 percent of full-benefit dually eligible individuals were enrolled in integrated care.^{vi} Overall, the number of dually eligible individuals in integrated care and/or financing models has increased over time. In 2015, 669,383 individuals were enrolled in integrated care, compared to about two million in 2024. Of those, nearly one million were in programs where all enrollees receive Medicare and Medicaid services through the same organization, known as exclusively aligned enrollment. The chart below summarizes the increase by integrated health plan or program type between 2015 and 2024 the paragraphs that follow provide more detail on enrollment in PACE,

the Financial Alignment Initiative demonstrations, and integrated Medicare Advantage dual eligible special needs plans (D-SNPs).^{vii}

Total integrated care enrollment increased significantly since 2015, reaching about 2 million in 2024.



As of July 2024:

23% of full-benefit dually eligible individuals were enrolled in integrated care.

More than **62,000** dually eligible older adults were enrolled in **178 PACE** organizations in **33** states and DC.

About **265,500** dually eligible individuals in **8** states were enrolled in Medicare-Medicaid Plans (MMPs), fully integrated health plans that are part of the capitated model of the **Financial Alignment Initiative**.

More than **977,000** individuals were enrolled in **D-SNPs with exclusively aligned enrollment**—in which all D-SNP enrollees are in an affiliated Medicaid managed care organization—compared to about 890,500 a year earlier.

PACE

The vast majority of PACE participants are dually eligible individuals. PACE organizations deliver the full range of Medicare and Medicaid services for participants aged 55 and older who live in an area served by a PACE program and who are certified as eligible for a nursing facility level of care by a state Medicaid agency.^{viii} As of July 2024, more than 62,000 dually eligible older adults^{ix} were enrolled in 178 PACE organizations in 33 states and the District of Columbia.^x

Financial Alignment Initiative Demonstrations

As of July 2024, about 265,500 dually eligible individuals in eight states were enrolled in Medicare-Medicaid Plans (MMPs), fully integrated health plans that are part of the capitated model of the Financial Alignment Initiative (FAI).^{xi} Through FAI and related work, we are partnering with states to test demonstrations that integrate primary, acute, and behavioral health, and long-term services and supports for dually eligible individuals. One unique feature of the capitated FAI model is that it involves a three-way contract among CMS, the applicable participating state, and health plan that holds the health plan accountable for total cost-of-care and mitigates cost-shifting incentives. As of July 2024, about 10,600 dually eligible individuals were enrolled in Washington’s managed fee-for-service FAI demonstration, a model in which the state is eligible to benefit from savings resulting from initiatives designed to improve quality and reduce costs for both Medicare and Medicaid. FAI will sunset at the end of 2025, and CMS is working with the states participating in the capitated model to transition enrollees to integrated dual eligible special needs plans aligned with Medicaid managed care organizations for calendar year 2026.

Medicare Advantage Dual Eligible Special Needs Plans (D-SNPs) paired with Medicaid Managed Care

In 2018, Congress made D-SNPs permanent and established new minimum integration standards and directed the establishment of unified appeals and grievance procedures (which CMS tested through the MMPs). Over the past several years, CMS has strengthened integration standards for D-SNPs to ensure that the growing number of dually eligible individuals enrolled in these health plans receive quality, coordinated care. CMS is working with our state partners to promote greater alignment between Medicare and Medicaid health plans. As of July 2024, about 977,000 individuals were enrolled in D-SNPs with exclusively aligned enrollment—in which all D-SNP enrollees are in an affiliated Medicaid managed care organization (MCO)—compared to about 890,500 a year earlier.^{xii}

ⁱ Public Law 111–148 (42 U.S.C. §1315b)

ⁱⁱ 42 U.S.C. 1315(e) states that the annual report contain recommendations for legislation included in the President’s budget that would improve care coordination and benefits for dual eligible individuals. As MMCO continues to evaluate this issue area, this year’s report does not include legislative recommendations.

ⁱⁱⁱ CMS analysis, capturing the total number of individuals with dual eligibility at any point during 2023.

^{iv} https://www.macpac.gov/wp-content/uploads/2024/01/Jan24_MedPAC_MACPAC_DualsDataBook-508.pdf, Exhibit 8

^v https://www.macpac.gov/wp-content/uploads/2024/01/Jan24_MedPAC_MACPAC_DualsDataBook-508.pdf, Exhibit 9

^{vi} CMS analysis

^{vii} **Note:** Integrated care enrollment includes only aligned Medicare and Medicaid enrollment for full-benefit dually eligible (FBDE) individuals, not total enrollment in state programs that may include both aligned and unaligned enrollees. Aligned enrollment refers to situations in which FBDE individuals receive both Medicare and full Medicaid benefits from: (1) a single legal entity, or (2) affiliated or aligned Medicare Advantage Dual Eligible Special Needs Plans (D-SNPs) and Medicaid managed care plans that are owned or operated by the same parent company. Aligned enrollment data were collected as of July of each year unless otherwise specified. (Data from June in 2015.)

Category	Category Definitions in 2024
Fully Integrated Plans/Programs	Plans or programs in which a full-benefit dually eligible individual receives substantially all Medicare and Medicaid benefits, including LTSS, from either: (1) a single health plan that covers Medicare and Medicaid benefits, or (2) a fully integrated D-SNP (FIDE SNP) and an affiliated Medicaid managed care organization owned and operated by the same parent company as the FIDE SNP. This category includes capitated model Financial Alignment Initiative demonstration Medicare-Medicaid Plans (MMPs), Programs of All-Inclusive Care for the Elderly (PACE), Legacy Medi-Medi Demonstration Programs, and all other FIDE SNPs, including FIDE SNPs that may not cover Medicaid behavioral health services. Most plans in this category have exclusively aligned enrollment, but a few FIDE SNPs do not. Beginning in 2025, FIDE SNPs must operate with exclusively aligned enrollment and cover: primary and acute care services, long-term services and supports, Medicare cost-sharing, behavioral health services, home health services, and medical equipment, supplies, and appliances. In addition the FIDE SNP’s capitated contract with the state Medicaid agency (for coverage of the required Medicaid benefits) must also cover the entire service area of the D-SNP.
Managed FFS	A model in the CMS Financial Alignment Initiative in which states can enter into an agreement with CMS through which the state may benefit from savings resulting from initiatives that improve quality and reduce costs for both Medicare and Medicaid.
Integrated Plans	Plans in which a full-benefit dually eligible individual receives care via a Medicaid managed care plan that covers (generally) LTSS and/or behavioral health services and may elect to enroll in an affiliated D-SNP for coverage of Medicare benefits. This category includes Highly Integrated D-SNPs (HIDE SNPs) beginning in 2021, as well as select Coordination Only (CO) D-SNPs that are aligned with affiliated Medicaid managed care plans. Some HIDE SNPs have exclusively aligned enrollment, although most plans in this category do not have exclusively aligned enrollment. Beginning in 2023, we included CO applicable integrated plan D-SNPs in this category.

Consolidations and Recategorization: From 2015-2018, we categorized plans/programs into five categories, which included a ‘partially integrated’ category and a “Legacy Medi-Medi Demo” category (not shown in the graph above). Beginning in 2019, we made the following changes: (1) Consolidated the “Legacy Medi-Medi Demonstration Programs” category into the “fully integrated” category; (2) Consolidated the ‘partially integrated’ category into the ‘integrated category;’ and (3) Recategorized FIDE SNPs that were not part of the Legacy Medi-Medi Demonstrations from the ‘integrated’ category to the ‘fully integrated’ category

based on ICRC and MMCO analysis of their operational characteristics. In 2022, we made the first two changes (consolidations) between 2015-2022, but we are not able to make the third change (a recategorization) across all years. Therefore, the ‘integrated’ category from 2015-2018 contains FIDE SNPs that were included in the ‘fully integrated’ category in subsequent years.

^{viii} <https://www.medicare.gov/sign-up-change-plans/different-types-of-medicare-health-plans/pace>

^{ix} <https://www.integratedcareresourcecenter.com/resource/monthly-integrated-care-exclusively-aligned-enrollment-report-dually-eligible-individuals>, as of July 2024.

^x CMS Monthly Enrollment Reports by Contract, July 2024. <https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-advantagepart-d-contract-and-enrollment-data/monthly-enrollment-contract/enrollment-contract-2024-07>.

^{xi} <https://www.integratedcareresourcecenter.com/resource/monthly-integrated-care-exclusively-aligned-enrollment-report-dually-eligible-individuals>, as of July 2024.

^{xii} CMS analysis, reflecting enrollment in D-SNPs with exclusively aligned enrollment (EAE) in 50 states, D.C., and Puerto Rico in July 2024 compared to July 2023.