

Data Brief

Projecting State Medicaid Savings from Enhanced D-SNP Integration: A Kansas Case Study

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Overview

Kansas's planned transition to Fully Integrated Special Needs Plans (FIDE SNPs) beginning in 2029 represents a significant step toward greater Medicare-Medicaid integration. This case study estimates the fiscal impact of the transition under varying enrollment assumptions, projecting approximately \$68 million in state Medicaid savings over seven years. Savings are expected to result from more appropriate use of long-term services and supports (LTSS), including greater use of home- and community-based services (HCBS), and reductions in avoidable acute care.

Background

Dual Eligible Special Needs Plans (D-SNPs) offer states a flexible path to advance whole-person health and improve outcomes for individuals who are eligible for both Medicare and Medicaid and often have complex care needs that span acute care, LTSS, and behavioral health.

Because Medicare and Medicaid operate separately with distinct financing and delivery systems, dual eligible beneficiaries often experience fragmented care—leading to poor coordination, duplicative services, and higher costs. D-SNPs—particularly Highly Integrated Dual Eligible Special Needs Plan (HIDE SNP) and FIDE SNP models—better align benefits, financing, and care management across programs. As integration increases, these models can improve coordination, reduce inefficiencies, and shift care toward lower-cost settings.

Recent policy changes from the Centers for Medicare & Medicaid Services (CMS), in partnership with states and managed care plans, are accelerating the shift toward more aligned and integrated D-SNP models. Beginning in 2027, CMS will require D-SNPs to move toward aligned enrollment and eventually transition to exclusively aligned enrollment (EAE)¹ by 2030.

While there is a common perception that greater Medicare-Medicaid integration will increase state Medicaid costs, evidence suggests that improved care coordination and more appropriate utilization can offset upfront investments over time. Accordingly, we commissioned external experts to develop a model that applies an evidence-based framework to estimate how integration affects LTSS use and acute care utilization, translating these changes into state-only Medicaid fiscal impacts. Projections are grounded in federal data sources, supplemented by peer-reviewed research and state-specific inputs. These estimates account for known future changes to Medicaid policy, but unanticipated policy or programmatic changes could lead to different outcomes. Importantly, these savings are not the result of cost shifting to the Medicare program or the federal government.

This analysis focuses on Kansas's planned transition to a FIDE SNP beginning in 2029 and examines the potential Medicaid savings, relative to projected baseline spending, associated with greater Medicare-Medicaid integration and varying levels of beneficiary enrollment. Savings are estimated from more appropriate LTSS utilization, including greater use of HCBS, and reductions in avoidable acute care use.



Highly Integrated Special Needs Plans (HIDE SNPs)

Plans must coordinate Medicare services with either Medicaid LTSS and/or behavioral health but have fewer contractual requirements for integration than FIDE SNPs.



Fully Integrated Special Needs Plans (FIDE SNPs)

Plans are responsible for Medicare plus the full Medicaid benefit package, including LTSS, behavioral health, and medical services.

¹ Exclusively Aligned Enrollment (EAE) is a policy in which a state limits D-SNP enrollment to full-benefit dual eligible beneficiaries who receive their Medicaid benefits from the D-SNP or an affiliated Medicaid managed care plan offered by the same parent organization as the D-SNP.

Analysis

Two future-state scenarios were evaluated, relative to baseline projections, with the following assumptions:

1. All current D-SNP enrollees switch to the FIDE SNP starting in 2029, along with a small percentage of Medicare fee-for-service (FFS) and Medicare Advantage (MA) non-D-SNP beneficiaries.
2. All current D-SNP enrollees switch, along with a larger percentage of FFS and MA non-D-SNP beneficiaries.

Scenario 1: All Current D-SNP Enrollees Switch

- All current D-SNP enrollees switch to the FIDE SNP in 2029; annually, 2% of new FIDE SNP enrollees come from FFS or MA non-D-SNP plans.
- Total savings for 2029-2035 are estimated at \$68 million. Savings range from \$1 million (in 2029) up to \$11 million (in 2031).
- Total savings are driven by the more highly integrated D-SNP plan helping individuals remain in HCBS longer vs. going to nursing facilities (~51% of savings).
- The rest of savings come from lower rates of emergency department (ED) visits and inpatient hospital admissions.
- LTSS net savings are negative in 2029 because individuals are assumed to increase HCBS use right away, but that will lead to fewer/shorter nursing facility stays in later years.

Scenario 2: More Beneficiaries Switch

- All current D-SNP enrollees switch to the FIDE SNP in 2029; annually, 25% of new FIDE SNP enrollees come from FFS or MA non-D-SNP plans.
- Total savings for 2029-2035 are estimated at \$86 million. Savings range from \$1 million (in 2029) up to \$15 million (in 2031).
- Relative to Scenario 1, higher total savings are driven by more beneficiaries enrolling in the FIDE SNP.
- Further, these beneficiaries join from FFS and MA non-D-SNP plans, so they experience larger decreases in ED visits and hospital admissions relative to existing D-SNP enrollees.

Figure 1. Scenario 1 Savings

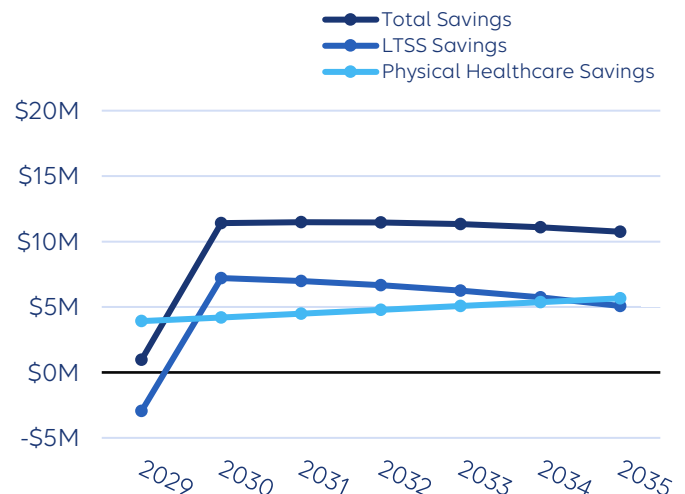
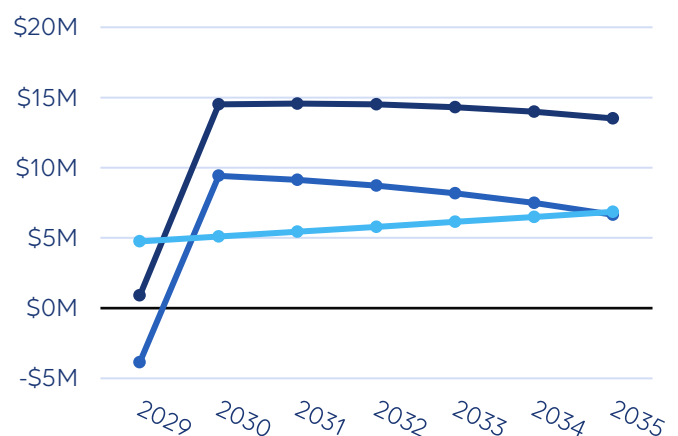


Figure 2. Scenario 2 Savings



Conclusion

The findings from this analysis reinforce Kansas's decision to transition to a FIDE SNP beginning in 2029, demonstrating a clear pathway to meaningful Medicaid savings and improved care outcomes for dual eligible beneficiaries. Under conservative assumptions (Scenario 1), the state is projected to achieve approximately \$68 million in savings over seven years, largely driven by more appropriate use of LTSS. Additional savings are realized when more beneficiaries from FFS and MA non-D-SNP plans join the FIDE SNP. Default enrollment is one policy strategy whereby Medicaid agencies can enroll dual eligible individuals into a FIDE SNP, while preserving the beneficiary's choice to opt out. This streamlines administration and enrollment processes for the state while also simplifying enrollment for the member. Default enrollment along with other state efforts, such as beneficiary communication campaigns, will directly influence the level of savings and impact of the FIDE SNP.