



Insight

Primer: Special Needs Plans

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Special Needs Plans (SNPs) are a type of Medicare Advantage (MA) plan, created as part of the 2003 Medicare Modernization Act.^[1] Medicare SNPs limit membership to people with specific characteristics, institutionalized individuals or individuals who are [dual eligible](#). Special characteristics include people with a severe or disabling chronic condition as specified by Centers for Medicare and Medicaid Services (CMS). The benefits are tailored to meet the unique needs of each of these groups. Providers and drug formularies are also modified based on individual SNPs.^[2]

Individuals are eligible to join a SNP if they are eligible for Medicare and meet one of the following eligibility requirements:

1. Have a Chronic Condition (examples include: Cardiovascular Disorders, Diabetes or HIV);
2. Live in an institution (like a nursing home) or require home nursing care;
3. Or are dually eligible for both [Medicare](#) and [Medicaid](#).

The first type is limited to special needs individuals “who have one or more co-morbid and medically complex chronic conditions that are substantially disabling or life threatening; have a high risk of hospitalization or other significant adverse health outcomes; and require specialized delivery systems across domains of care.”^[3] Currently, there are 15 CMS approved chronic conditions for this type of SNP. These plans are expected to offer benefits and services that go beyond the provision of basic Medicare services and care coordination. Plans can cover a single chronic condition like End Stage Renal Disease, or multiple chronic conditions like both diabetes and chronic heart failure.^[4]

Institutional SNPs are limited to someone who resides in or is expected to reside for 90 days or longer in a long-term care facility (defined as either: skilled nursing facility, nursing facility, intermediate care facility or inpatient psychiatric facility), and those living in the community but requiring an equivalent level of care to those residing in a long-term care facility.^[5]

D-SNPs (Dual Eligible) enroll beneficiaries who are entitled to both Medicare and Medicaid. All Medicaid eligibility categories are included, but individual states have varying Medicaid eligibility requirements so there will be some variability in this population.³

Enrollees are still part of the Medicare system, meaning they pay premiums for Part B insurance as well as additional monthly premiums for the SNP services. Enrollees are required to have prescription drug coverage. SNPs often cover extra services tailored to these specialized groups. In addition to a primary care physician, some plans also utilize a care coordinator; someone who helps plan members navigate their particular SNP coverage. They also help members access community and preventative services.^[6] SNPs follow existing MA program rules. Payment for SNPs mirrors CMS payment to non-SNP plans. SNPs must formulate and submit bids like other MA plans. Payment is based on enrollment and risk adjustment methodology and all SNPs must also follow CMS cost sharing rules.³

The benefit of these types of plans is that they are designed for a specialized group, meaning providers, case management programs, and drug formularies all cater to the needs of individuals with a particular condition. Care is provided through a single coordinated private plan. The number of SNP enrollees has increased from 500 thousand in 2006 to 2.1 million in 2016. Dual eligible plans account for 82 percent of total SNPs enrollment.
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[1] <https://www.cms.gov/Medicare/Health-Plans/SpecialNeedsPlans/index.html?redirect=/specialneedsplans/>

[2] <https://www.medicare.gov/sign-up-change-plans/medicare-health-plans/medicare-advantage-plans/special-needs-plans.html>

[3] <https://www.cms.gov/Medicare/Health-Plans/SpecialNeedsPlans/Downloads/Chapter-16b.pdf>

[4] <https://www.cms.gov/Medicare/Health-Plans/SpecialNeedsPlans/ChronicConditionSNP.html>

[5] <https://www.cms.gov/Medicare/Health-Plans/SpecialNeedsPlans/downloads/FSNPFACT.pdf>

[6] <https://www.medicare.gov/Pubs/pdf/11302.pdf>

[7] <http://kff.org/medicare/fact-sheet/medicare-advantage/>