

Improving Payment and Care Delivery Models to Better Serve Dual-Eligible Beneficiaries

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Project Overview

The West Health Accelerator at the Duke-Margolis Institute for Health Policy launched a project to explore opportunities to improve care models for older adults with complex care and social needs, such as dual-eligible beneficiaries and the near-dual population, through payment and care delivery transformations. This project aims to identify opportunities to advance accountable care for older adults with complex needs, increase Medicare-Medicaid integration for Full Benefit Dual Eligible (FBDE) beneficiaries, and explore opportunities to scale components of successful models like Programs of All-Inclusive Care for the Elderly (PACE).

Background

Approximately [12.8 million](#) individuals are dually enrolled in Medicare and Medicaid. Known as “dual-eligible beneficiaries,” the majority are aged 65 and older, with 36% younger than 65. In 2021, dual-eligible beneficiaries made up 19% of the Medicare population and 13% of the Medicaid population but accounted for a disproportionate share of spending—35% of Medicare expenditures and 27% of Medicaid expenditures. A key challenge in serving this population is the fragmentation and lack of coordination across the Medicare and Medicaid programs, especially payment systems, where misaligned incentives lead to inefficiencies, gaps in care, and barriers to implementing policies across the two programs.

Integrated care products (ICPs), such as PACE or Applicable Integrated Plans (AIPs), which include Highly and Fully Integrated Dual-Eligible Special Needs Plans (FIDE-SNPs) with exclusively aligned enrollment, have emerged as solutions to integrate finances and administrative processes for FBDE beneficiaries, and increase care coordination to improve the beneficiary care experience. However, as of 2025, only [18% of dual-eligible](#) beneficiaries were enrolled in a HIDE or FIDE SNP, and [only 5% in PACE](#) or MMP, for a myriad of reasons, including beneficiary confusion or limited awareness of options, differing availability of ICPs, and state capacity or political will to drive integration. While states and the Centers for Medicare & Medicaid Services (CMS) have made strides toward advancing integration, the level of integration and improvements in beneficiary care vary across states. Opportunities exist to promote more activity and policies to support Medicare-Medicaid integration.

At the same time, many low- and middle-income “near-duals”—older adults who face similar care and functional needs to dual-eligible beneficiaries but do not qualify for Medicaid benefits—face barriers to accessing care. In non-expansion Medicaid states, some individuals do not qualify for full Medicaid benefits due to stricter eligibility requirements, leaving them without adequate coverage. Additionally, millions of “near-duals” are forced to either forgo necessary medical care due to financial constraints or deplete their savings and assets to become eligible for Medicaid. Addressing these disparities is essential to ensuring that older adults receive the care they need.

Approach and Impact

This project aims to create evidence-based recommendations to advance whole-person care for dual-eligible beneficiaries by addressing the lack of integration and alignment across Medicare and Medicaid programs that drive inefficiencies and gaps in care. Further, this project will identify strategies to promote ICPs (i.e., PACE, Applicable Integrated Plans), explore the role of broader population-based models like accountable care organizations (ACOs) in serving dual-eligible beneficiaries and near-dual populations, and engage states and federal policymakers in opportunities to scale lessons from PACE across models serving older adults with complex health and social needs. By encouraging public-private partnerships and alignment between federal and state efforts, this work can improve care for high-need older adults. This project's approach encompasses the following actions:

- Engaging in analysis and comment development on CMS regulatory actions and relevant federal legislation, in collaboration with other Accelerator projects.
- **Conducting research on advanced alternative payment models (AAPMs) serving dual-eligible beneficiaries and other older adult populations with complex health and social needs.**
- **Convene a group of state and federal policymakers, providers, health plans and other experts** to understand current priorities and challenges for improving care for complex older adults, including how technology innovations /new payment models may facilitate movement in this space.
- **Research on state multi-payer approaches** and policy supports to advance whole-person care models.

Duke-Margolis Project Team

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Acknowledgements

This work is supported by a collaborative initiative between the Duke-Margolis Institute for Health Policy and the West Health Institute and West Health Policy Center to advance and accelerate value-based payment reform in the U.S. health care system.