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To: Joint Conference Committee (JCC) Members

From: Beth Hernandez, Interim Chief Operations Officer

Date: March 6, 2026

Report Title: Contra Costa Health Care Plus, CCHP's Dual Eligible Special Needs Plan (D-SNP) Report

RECOMMENDATIONS

ACCEPT report on Contra Costa Health Care Plus (D-SNP)

FISCAL IMPACT

N/A

BACKGROUND

Regulatory Requirement: Effective January 1, 2026, California state law requires all Medi-Cal Managed Care Plans to offer a D-SNP product. This mandate ensures integrated Medicare-Medicaid coverage for dual-eligible beneficiaries, California's most vulnerable population.

Strategic Rationale: Beyond regulatory compliance, D-SNP represents a strategic opportunity for CCHP.

- **Mission alignment:** Serves dual-eligible seniors and persons with disabilities who require integrated Medicare-Medicaid benefits
- **Revenue diversification:** Establishes long-term revenue stream in growing dual-eligible market
- **Market positioning:** Entry into Medicare product line creates platform for future growth and competitive positioning

Implementation Timeline: CCHP launched its D-SNP product on January 1, 2026, following a compressed 6-month build period (industry standard is 12-18 months). The launch required establishing new operational infrastructure, contracting with Centers for Medicare & Medicaid Services (CMS), implementing Medicare-specific systems, and building organizational capability to manage dual federal-state regulatory oversight.

SUMMARY

1. Launch Achievement (6 Weeks Post Go-Live)

CCHP successfully launched D-SNP operations on January 1, 2026. Major accomplishments include:

- **Membership:** 280 members enrolled and actively receiving services
- **Provider Network:** Credentialed and contracted provider network established; currently at 90% network adequacy
- **Operational Infrastructure:**
 - Implemented new IT systems for Medicare enrollment, claims processing, and eligibility
 - Updated over 100 policies and procedures across all operational units
 - Established vendor contracts for print services, supplemental benefits, and technology systems
 - Deployed functional workstreams to meet CMS readiness requirements
- **Service Delivery:**
 - Extended member services hours to 8am-8pm, 7 days per week
 - Hired and trained D-SNP-specific case management team
 - Configured claims processing for dual Medicare-Medicaid coverage
 - Established sales and enrollment processes compliant with Medicare marketing requirements

2. Year One Operational Priorities

Following the compressed launch timeline, CCHP is now focused on optimization and controlled growth. Five critical priorities have been identified for 2026.

- **Network Expansion (Highest Priority)**
 - Current state: 90% network adequacy with gaps in 10 specialty areas across certain geographies
 - Critical challenge: Major hospital system contract negotiations ongoing; proposed rates significantly above market sustainability thresholds
 - Strategy: Pursuing alternative hospital contracts (Kaiser Richmond, Sutter Delta, San Ramon Regional) while continuing John Muir Health negotiations
 - Target: Achieve 100% network adequacy by Q2 2026
 - Impact: Network completion is prerequisite for aggressive enrollment growth and marketing
- **Sales & Marketing Infrastructure**
 - Hiring licensed sales staff with Medicare-specific licensure requirements
 - Developing member acquisition and growth strategy
 - Challenge: Marketing activities constrained until network gaps resolved
- **Stars Quality Performance**
 - D-SNP reimbursement rates tied to CMS Stars quality ratings
 - Building measurement systems and feedback loops
 - Integrating with existing Medi-Cal quality infrastructure
 - Timeline: First Stars measurement year is 2026, impacting 2028 revenue
- **Risk Adjustment & Revenue Optimization**
 - Provider education on coding and clinical documentation
 - Establishing workflows for accurate diagnosis capture
 - Critical for financial viability and appropriate reimbursement

- **Operational Efficiency**

- Process optimization based on early operational learnings
- Technology enhancements to improve member and provider experience
- Continuous improvement in service delivery

3. Financial Strategy: Multi-Year Investment to Profitability

D-SNP is a 3-4 year investment requiring sustained organizational commitment. Financial projections:

- **Expected Losses:** 2026-2027
- **Break-Even:** 2028-2029
- **Viability Threshold:** Approximately 4,000 members required for financial sustainability
- **Industry Benchmark:** 3-5 year timeline to D-SNP maturity is standard

4. Enrollment Growth Trajectory

Year	Target Enrollment	Financial Status	Strategic Focus
2026	1,000-2,000	Investment/Loss	Build foundation, close network gaps, optimize operations
2027	2,500-3,000	Investment/Loss	Scale enrollment, achieve operational efficiency
2028	4,000	Break-even	Achieve financial viability, optimize Stars performance
2029+	4,000+	Profitable	Sustained growth and profitability

5. Evolving Regulatory Landscape

The D-SNP regulatory environment continues to evolve with significant CMS policy changes impacting operations:

- **Medicare Advantage Market Dynamics:** Major national plans departing Medicare Advantage market, creating uncertainty and member disruption
- **Pharmacy Benefit Manager (PBM) Regulation:** Increased regulation of PBMs and potential market changes affecting pharmacy networks and costs
- **Passive Enrollment Changes:** New CMS rules affecting how dual-eligible beneficiaries are enrolled into D-SNPs
- **Stars Measure Redesign:** CMS shifting Stars measures toward clinical outcomes and away from operational/compliance measures, requiring quality strategy adjustments
- **Risk Adjustment Proposed Rules:** CMS proposed changes to risk adjustment methodology affecting revenue calculations

These regulatory changes require ongoing operational adaptation and investment beyond initial D-SNP launch, adding complexity to multi-year financial projections.

6. Conclusion

CCHP successfully launched D-SNP operations on January 1, 2026, meeting state mandate and establishing foundation for serving dual-eligible members. The organization is now focused on Year One optimization priorities, with network completion as the critical path to enrollment growth.



D-SNP represents a strategic long-term investment requiring sustained commitment through expected losses in 2026-2027, with break-even projected in 2028-2029 upon reaching approximately 4,000 members. Staff recommends continuing the measured, sustainable growth approach prioritizing operational excellence and complete network development over aggressive near-term enrollment.

CONSEQUENCE OF NEGATIVE ACTION

If this action is not accepted, it could lead to noncompliance under the federal and state regulations.