



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
Governor

February 11, 2011

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 11-05  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIANSONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: COMMUNICATION ERROR BETWEEN THE SOCIAL SECURITY  
ADMINISTRATION AND THE MEDI-CAL ELIGIBILITY DATA SYSTEM FOR  
QUALIFIED MEDICARE BENEFICIARIES DURING OPEN ENROLLMENT

The purpose of this letter is to provide information and instruction to counties regarding a communication error, which occurred between the Social Security Administration (SSA) and the Department of Health Care Services (DHCS), while processing the records for Qualified Medicare Beneficiary (QMB) applicants, who applied during the Medicare open enrollment period of January through March 2010.

### Background

Each year, individuals who have Medicare Part B coverage, but do not have access to the required number of work quarters, and did not apply for Medicare Part A coverage at initial enrollment, may apply for Medicare Part A coverage on a conditional basis during the Medicare open enrollment period (January through March of each year). They also must concurrently apply at the county for QMB benefits. Normally, Medicare Part A coverage begins in July of the same year, and DHCS pays the Medicare Part A premiums when individuals are QMB eligible. These enrollments and premium payments are handled by data matches between SSA, Medicare, and DHCS.

A problem was identified for some QMB applicant records during the last open enrollment period (January through March 2010). There was a communication error for some of the records for QMB applicants, who applied at SSA and the county during this time. These records failed to post the pending Medicare Part A entitlement (Z99 code) on

the Medi-Cal Eligibility Data System (MEDS), and, because of this, failed to change from pending status to Medicare Part A buy-in in July 2010, or when Medicare Part A eligibility was to start.

This problem was brought to DHCS' attention by a few counties in July and August 2010. While the exact cause of the problem is still unknown, DHCS continues to research with SSA and review QMB and the Beneficiary Data Exchange (BENDEX) programming in MEDS to identify the source. What is known, at this point, is these records failed to receive an update to pending Medicare Part A status from SSA's records through BENDEX. SSA reviewed a sample of records and the Z99 code appears on SSA's internal records. Some counties also reported these individuals are on the Z99 lists received from the local SSA office, but the code was not posted, or was subsequently removed from MEDS.

### **Beneficiary Impact**

For some records, Medicare Part A eligibility was not posted to MEDS. These records are still in pending status on SSA's records; however, these applicants were not billed for the Medicare Part A premiums for this period. These applicants may have become aware of the problem when they attempted to join a Special Needs Plan through a Medicare Health Maintenance Organization (HMO), or received Medicare Part A services from a non-Medi-Cal provider. When the beneficiary in this situation attempts to join a Medicare HMO, or receive hospitalization services, these services will be denied, because the beneficiary's eligibility for Medicare Part A benefits did not properly occur. If the beneficiary has full scope no share-of-cost Medi-Cal as well, the hospitalization services will be picked up by Medi-Cal if received from a Medi-Cal provider. For some of these beneficiaries, this problem has now been corrected by the process discussed below under Timeline of Fixes. If there was a problem with the Medicare Part A buy-in that was not related to the pending Medicare Part A status, this is also discussed below.

In a second group of records, although the individual was in pending Medicare Part A, status was restored and the individual had QMB eligibility for one or more months since July 2010, they did not have QMB eligibility when the special buy-in file was sent and Medicare Part A buy-in could not be posted. It is possible this occurred for some records because SSA initiated bills to the beneficiary for the Medicare Part A coverage since DHCS had not begun to pay the Medicare Part A premiums. In this case, these beneficiaries may have requested discontinuance of their Medicare Part A or QMB eligibility since they could not afford to pay the Medicare Part A premiums. These cases are contained in the first list discussed in DHCS Actions and County Actions below, along with instructions on how to proceed in these cases.

In a third group of cases, individuals may have been denied QMB eligibility as the pending Medicare Part A eligibility was not posted to MEDS when the county was processing the case. These cases are contained in the second list discussed in DHCS Actions and County Actions below.

### **Timeline for Fixes**

As a temporary workaround, DHCS created a special BENDEX file to send to SSA to force the Z99 code to post to MEDS. The file was sent to SSA on October 22, 2010, and DHCS posted the results to MEDS. A special buy-in file was created using the information from the BENDEX file, SSA returned, and QMB eligibility status from MEDS. The special buy-in file was forwarded to Medicare on November 4, 2010, to complete the Medicare Part A buy-in process for the records that had current QMB eligibility. This special file posted Medicare Part A buy-in back to July 2010, if QMB eligibility existed back to that date or a later date if QMB eligibility was effective in a later month. DHCS received responses to the Special Enrollment file with the regularly scheduled buy-in response. This file contained regularly scheduled confirmed Medicare Part A buy-ins and rejections, as well as, Medicare Part A buy-ins and rejections generated as a result of the special buy-in file. This file was posted to MEDS on December 3, 2010. Counties received Worker Alerts for both record types (see County Actions below for more information).

DHCS will create and forward lists to the counties of cases where no pending Medicare Part A eligibility is currently posted to MEDS or a QMB application was denied during the open enrollment period. See below for more details and special instructions.

Once counties review these cases and report QMB eligibility, DHCS will create special buy-in files for these cases to send to Medicare with the July 2010 effective date, or a later date if QMB eligibility was effective in a later month. In order for these actions to be separate from the current open enrollment period, QMB eligibility for these cases must be reported before March 30, 2011. DHCS will also work with Medicare to change the effective date for cases that counties previously added QMB eligibility in November or December 2010.

### **DHCS Actions**

DHCS will create two lists for counties:

- The first list will contain records, which a Z99 was posted on the Inquiry B (INQB) screen in MEDS and QMB eligibility existed in July through October 2010, but there was no current eligibility when the special buy-in file was created (see instructions below).
- The second list is of QMB records, which there was a Z99 posted, there is no QMB eligibility, and a QMB denial was posted from January through July 2010.

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These lists will be sent to counties by the end of the second week of February 2011. DHCS will transmit these lists either through secure e-mail or FAX to the QMB coordinator for each county. If counties prefer these lists sent to someone else, or wish to report a change in QMB coordinator information, please contact Debra Hader by phone at (916) 449-5280 or by e-mail to [Debra.Hader@dhcs.ca.gov](mailto:Debra.Hader@dhcs.ca.gov).

### **County Actions**

Counties are to check any QMB applications, submitted during last year's open enrollment period, with the two lists and any Worker Alerts received. If the application received a Worker Alert stating a Medicare Part A buy-in has occurred, no further action is needed. This alert is Batch Message 8007; BUY-IN ALERT-STATE INITIATED ACCRETION.

If Counties receive Worker Alerts for rejected Medicare Part A buy-in records, counties are to follow the current process for resolving these Worker Alerts. An example of the rejection alert is Batch Message 8006; BUY-IN ALERT-ACCRETION FAILED FED MATCH CRITERIA. There may be other buy-in alerts received. Follow the instructions in the MEDS Manual for resolving these alerts. If counties need to submit buy-in Problem Reports (DHCS 6166) to DHCS to resolve buy-in problems for these Worker Alerts, please securely e-mail the DHCS 6166 form to the Third Party Liability and Recovery Division at [TPLRD-buyin@dhcs.ca.gov](mailto:TPLRD-buyin@dhcs.ca.gov) or fax to (916) 440-5677. The DHCS 6166 form should indicate in the Remarks Section "QMB July 2010".

If counties identify QMB applications, which were approved and had QMB eligibility in July through October, but no QMB eligibility from November on (first list), counties are to see if eligibility ended because the beneficiary requested discontinuance, or for some other reason. Counties are to check the county case, MEDS, and other available information to see if the beneficiaries are still eligible for QMB benefits. If this is the case, QMB eligibility must be restored if the beneficiary is otherwise eligible.

If counties identify QMB applications through open enrollment, which were denied for no Medicare Part A pending eligibility, because the Z99 code was not posted on the INQB screen on MEDS (second list). Counties are to rescind the denial, if pending Medicare Part A eligibility now shows in MEDS, and the applicant is otherwise eligible. Counties are to identify and work these cases before March 30, 2011.

If you have questions about this letter, you may contact Debra Hader by phone at (916) 449-5290 or e-mail at [Debra.Hader@dhcs.ca.gov](mailto:Debra.Hader@dhcs.ca.gov).

Original signed by:

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