



TOBY DOUGLAS
Director

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



EDMUND G. BROWN JR.
Governor

April 4, 2011

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 11-15
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY QMB/SLMB/QI COORDINATORS

SUBJECT: DISCONTINUANCE OF COST AVOIDANCE MEDICARE PART B
PREMIUMS FOR BENEFICIARIES WITH AN UNMET SHARE-OF-COST
(SOC)

The purpose of this letter is to alert the counties that the Department of Health Care Services (DHCS) will stop paying cost avoidance Medicare Part B premiums for Medicare eligible Medi-Cal applicants and beneficiaries, who have a SOC unless the SOC is met on a monthly basis. This change is a result of the budget trailer bill (Senate Bill 853), amending Welfare and Institutions (W&I) Code 14005.11. This change is effective upon enactment and will be implemented on April 1, 2011, affecting Social Security checks received by the beneficiaries in May 2011.

Previously released All County Welfare Director's Letters (ACWDL), 08-48 and 08-48E, titled "Discontinuance of Cost Avoidance Medicare Part B Premiums for Beneficiaries with a SOC over \$500," is regarding Medicare eligible Medi-Cal beneficiaries, who have a SOC at \$500 or greater enacted by the 2007-2008 budget trailer bill (Assembly Bill 1183) and remains in effect.

Individuals who are eligible for one of the Medicare Savings Programs (MSPs) - Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB), and Qualified Individual (QI-1), are also eligible for payment of Medicare Part B premiums, but are eligible for those payments because the Part B premium payment is an MSP program benefit. This is regardless of whether they are also eligible for Medi-Cal under another program, with or without a SOC.

To be eligible for cost avoidance payment of Medicare Part B premiums, a beneficiary must be a full-scope Medi-Cal beneficiary with no SOC or a certified SOC beneficiary, including individuals in long-term care who qualify to have their SOC certified on the first of the month.

Beneficiaries will be notified of this change during April 2011. A copy of this notice is enclosed with this letter.

Effective April 2011, DHCS will no longer request buy-in for an individual reported to the Medi-Cal Eligibility Data System with a SOC until or unless that SOC has been met or certified.

W&I Code 14005.11 currently requires that when a county is informed that an applicant or beneficiary is eligible for Medicare benefits, the county shall determine whether that individual is eligible under the QMB program, the SLMB program, or the QI-1 program and enroll the applicant or beneficiary in the appropriate program. In ACWDL 08-21, DHCS clarified that counties must complete MSP eligibility determinations for ALL Medicare eligible Medi-Cal applicants and beneficiaries with or without a SOC.

Lists of individuals affected by this change will be sent to each county in April 2011, so that a determination of MSP and/or any other Medi-Cal eligibility can be completed. There are approximately 700 individuals statewide, who will be affected by this change. The counties must complete these evaluations immediately.

Requiring MSP eligibility determinations for all Medicare eligible Medi-Cal applicants and beneficiaries will allow:

- California to comply with federal requirements.
- California to receive federal financial participation for Medicare premiums.
- Individuals to be auto-enrolled into Medicare Part D, Prescription Drug Plans.
- Individuals to be automatically eligible for the Medicare Part D Low-Income Subsidy.
- Individuals to forgo payment of Medicare Part B premiums.

Notwithstanding Title 22, California Code of Regulations, Section 50777(b), counties should no longer require individuals with a SOC to apply for Medicare Part B, unless the individual is also MSP eligible. This is because Section 50763(a)(1) only requires individuals to apply for other health coverage (OHC) "when no cost is involved".

When DHCS does not pay the Medicare Part B premium, the Social Security Administration (SSA) will deduct the Medicare Part B premium from individuals' SSA checks. Counties must recalculate the SOC of individuals with a SOC to include their Medicare Part B premium deductions. This includes determining eligibility for any other Medi-Cal program, which the individual may be eligible, such as the Aged and Disabled Federal Poverty Level (A&D FPL) program. Whenever an individuals' SOC increases, for whatever reason, DHCS will no longer pay the premium. Counties are no longer to predict buy-in for individuals who have a SOC, nor treat reimbursements received from SSA as income in the month of receipt. Reimbursements are considered property in the month of receipt; however, as is currently the case, if the individual is also MSP eligible, do not allow a Medicare Part B premium deduction beginning in the month that payment will first be made by the state, based on the individual's MSP eligibility.

Counties may remind beneficiaries that OHC premiums are a deduction from income and may lower their SOC. This includes dental and vision plans that may offer benefits no longer covered by Medi-Cal.

Another alternative to suggest to beneficiaries is the 250 Percent Working Disabled Program (WDP), which provides full-scope Medi-Cal coverage to working disabled individuals, for a monthly premium. See ACWDL 00-16 for detailed information on the program. On average, people in the 250 Percent WDP pay a \$20 monthly premium for full-scope Medi-Cal, which is far less than their SOC.

Counties must immediately recalculate the SOC for individuals with a SOC as of the May 2011 month of eligibility, because it is the first month the individuals' Social Security payment will be reduced due to the deduction of the Medicare Part B premium. These individuals' SOC will decrease or they may be eligible for a no SOC Medi-Cal program, because the Medicare Part B premium will be counted as a health insurance deduction against the individual's income when determining Medi-Cal eligibility and/or SOC amount. This is not an adverse action and a ten-day advance notice is not required. The client may decide to contact SSA to disenroll from Medicare Part B, if the individual decides he/she does not want Medicare Part B, because the premiums are deducted from his/her Social Security income. Since the Medicare Part B premium is deducted from the individual's Social Security benefits, the individual is no longer required to apply for or continue to receive Medicare Part B. Even though these situations are not adverse actions, these individuals must receive the attached Notice-of-Action, which shall include the following statement:

"This reduction in your Medi-Cal SOC is because your Medicare Part B premium is no longer being paid by the State. Your Medicare Part B eligibility will continue because the Social Security Administration (SSA) will deduct the Medicare Part B premium from your monthly SSA benefit amount. You are not required to pay for health care coverage to

remain eligible for Medi-Cal. If you do not want to continue Medicare Part B coverage, you must contact your local SSA district office to disenroll from this coverage. Please be aware that, if you stop paying Medicare Part B premiums, you will no longer be entitled to the income deduction and your SOC may increase to what it was before. You will not have Medicare Part B coverage and you must pay, or obligate to pay, your SOC before Medi-Cal will pay for your medical care each month. Disenrolling from Medicare Part B could also affect your ability to receive Medicare Part D prescription drug coverage and the Medicare Part D Low-Income Subsidy. Remember that Medi-Cal no longer covers Part D prescription drugs for Medicare eligible beneficiaries, and this includes those individuals who voluntarily disenroll from Medicare Part B.”

On an on-going basis, whenever an individual has a SOC, the Medicare Part B premium will not be paid by the state, from the month of increase forward. If, after deducting the Medicare Part B premium, the SOC still represents an increase over the prior month, then a ten-day notice of adverse action must be provided and shall include the language indicated above. The county cannot go back and increase the SOC without providing ten-day notice of adverse action. The county will have to determine whether the client will pay their premium each month in order to determine how to do the prospective Medi-Cal budget. In Medi-Cal cases that go from an SOC aid code to a no SOC aid code, such as the A&D FPL Program, the county is to predict the Medicare Part B Buy-in to occur in the third month of eligibility as these cases have a two month wait period as required in federal law. Categorically eligible cases such as Supplemental Security Income/State Supplemental Payment or Pickle cases and MSP cases do not have this wait period. The Medicare Part B Buy-in occurs in the first month of eligibility.

If you have any further questions, please contact Ms. Tammy Kaylor at (916) 327-0406 or by e-mail at tammy.kaylor@dhcs.ca.gov.

Original signed by:

René Mollow, MSN, RN, Chief
Medi-Cal Eligibility Division

Enclosure

The Department of Health Care Services

May No Longer Pay Your Medicare Part B Premium

California state law has changed.

The California Department of Health Care Services (DHCS) may no longer pay your Medicare Part B premium because of a change in California law.

If you are not eligible for a Medicare Savings Program (see below), beginning on May 1, 2011, your Social Security check may be lower. This is because DHCS will not pay your Part B premium in months when:

- You have a Medi-Cal share-of cost (SOC).
AND
- Your medical expenses are lower than your SOC. Your SOC is the amount that you must pay or promise to pay for medical expenses before Medi-Cal will pay.

If this change affects you, your [Medicare](#) Part B premium for April 2011 will be taken out of the Social Security check you get in May 2011. The Social Security Administration (SSA) will reduce your check by the [Medicare](#) Part B premium amount. The current monthly Medicare Part B premium you may have to pay could be as high as \$115.40.

For any month in which you do not pay, or promise to pay, medical expenses equal to or more than your SOC, DHCS will not pay your [Medicare](#) Part B premium. The SSA will take the premium from the next Social Security check you receive.

Medicare Savings Programs:

DHCS **WILL** pay your Medicare Part B premiums if you are eligible for one of the Medicare Savings Programs (MSP) even if you have a SOC. These programs are:

- Qualified Medicare Beneficiary (QMB)
- Specified Low-Income Medicare Beneficiary (SLMB); or
- Qualified Individual (QI-1).

Because the payment of Medicare Part B premiums is an MSP benefit, DHCS will pay these premiums if you are eligible for one of these programs. You may already be signed up for an MSP program. Please contact your county Medi-Cal Eligibility Worker to ask if you are already in one of the MSPs or to find out how you can apply. There are income limits for the MSPs.

Stopping Medicare Part B:

You do not have to pay for Medicare Part B to keep Medi-Cal. Stopping Medicare Part B coverage is generally not recommended. If you want to talk to someone about stopping Medicare Part B, call the SSA at 1-800-772-1213.

NOTE: A few things could happen if you do not pay your Medicare Part B premium.

- You may not be able to see your doctor or access important services.
- You may not be able to get Medicare Part D prescription drug coverage and the Extra Help to pay for your prescriptions. Medi-Cal **does not** pay for prescription drugs for people who have Medicare, including people who stop their Medicare Part B.
- If you stop [Medicare](#) Part B, you may have to re-enroll and may have to pay a penalty when you do.

- If you stop your Medicare Part B and you have a Medi-Cal SOC, you cannot get Medi-Cal covered services until you pay or promise to pay your monthly SOC.

Social Security Refunds for Premiums:

If you have a SOC and pay or promise to pay your SOC in a month, you will receive a refund for the [Medicare](#) Part B premium in a later month from SSA. The refund will be added to your Social Security check. If you have no medical expenses in a month, then you cannot meet the SOC and your [Medicare](#) Part B premium will be deducted from your Social Security check. If you have questions about your Social Security check/refund, contact the SSA at 1-800-772-1213.

Medi-Cal Share of Cost (SOC):

If the Medicare Part B premiums are being taken from your Social Security check, notify your County Medi-Cal Eligibility Worker. The premium can be used to lower your Medi-Cal SOC. If you have questions about your SOC, call your county Medi-Cal Eligibility Worker.

Information about the Aged, Blind and Disabled Federal Poverty Level (AB&D FPL) Program

DHCS will pay [Medicare](#) Part B premiums for individuals eligible for Medi-Cal under the AB&D FPL program. To find out if you might qualify for that program, contact your county Medi-Cal Eligibility Worker.

Information about the 250 Percent Working Disabled Program (WDP):

DHCS **WILL** pay [Medicare](#) Part B premiums for individuals eligible for Medi-Cal under the 250 Percent WDP. This is a special Medi-Cal program for working disabled individuals. Disability-based income is not counted as income in this program (for example, Social Security Disability Insurance (SSDI), State Disability Insurance, short and long term disability insurance, and Workers' Compensation). People in the 250 Percent WDP:

- Pay a set premium each month, instead of a high SOC. The premiums range from \$20 to \$250 for one person or \$30 to \$375 for a couple, depending on your income.
- Must participate in a work activity or service for which pay is received. They simply need to get a note from the person who is paying them or provide a copy of their paycheck.
- Must have *countable* income below 250 percent of Federal Poverty Level (\$2270 for an individual or \$3065 for a couple in 2011), and must meet all other Medi-Cal eligibility requirements. In determining countable income, approximately half of your earnings are not counted, and disability-based income is completely exempt.

If you believe that you may be eligible for the 250 Percent WDP or want additional information about the program, contact your county Medi-Cal Eligibility Worker. If you are not sure how earned income may affect your federal cash benefits, please visit www.DisabilityBenefits101.org or call your local Social Security office.