

TO: Local District Commissioners, Medicaid Directors

FROM: Betty Rice, Director
Division of Consumer and Local District Relations

SUBJECT: Medicare Part A Buy-in

EFFECTIVE DATE: July 1, 2004

CONTACT PERSON: Bureau of Local District Support:
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Most individuals who are eligible for Medicare Part B are also eligible for premium free Part A coverage. However, there are some individuals who are eligible for Medicare Part B, but do not have enough work quarters to qualify for free Medicare Part A. For those individuals who have Medicare Part B and meet the income and resource requirements of the Qualified Medicare Beneficiary Program (QMB), states may purchase Part A coverage on their behalf.

New York State has been a Part A Group Payer State. This meant that in order for Medicaid to pay the Part A premium on behalf of a QMB eligible recipient, the individual had to go to the Social Security (SSA) office to conditionally enroll in Part A. Then they would go to their local Medicaid office to apply for Medicaid to pay their Part A premium. Unless the individual applied for conditional enrollment during the general enrollment period, the State was required to pay a 10% surcharge on the Part A premium.

As of July 2004, New York State anticipates becoming a Part A Buy-in State. As a Part A Buy-in State, individuals are not required to conditionally enroll at SSA. Under the Part A buy-in, individuals obtain Part A coverage when the State or local district accretes the individual to the Part A Buy-in system. By enrolling Medicaid individuals in Part A and paying the premium on their behalf, providers of Medicaid services will be required to bill Medicare for claims that would otherwise have been paid by Medicaid. As a Part A Buy-in State, we will not have to pay the 10% surcharge. Based on a fiscal analysis, we have determined that by enrolling individuals in Part A and paying the Part A premium, the projected net Medicaid savings will be \$75 million annually in local and State funds.

On a monthly basis, the State will identify and accrete those individuals who appear to meet the criteria for the Part A buy-in program. We will identify individuals who are:

SSI cash recipients;

Age 65 or over;

On the Part B buy-in, but not the Part A buy-in; and

Have a Social Security number with an M suffix (which designates an individual as not being eligible for free Part A).

Individuals who have been accreted by the State to the Part A buy-in will appear on your district's buy-in list and will be coded as a QMB. You will be able to identify such individuals as they will have a "63" accretion code. Districts will be billed for the Part A premium consistent with the manner in which they are currently billed for the Part B premium (i.e., approximately six months after Part A coverage is added to the Welfare Management System (WMS), payment of the local share will be due). This process will ensure that there will be sufficient time to allow for savings associated with the Part A buy-in to accrue, thereby mitigating costs associated with the local share of the premium payments.

Although the great majority of individuals who qualify for Part A buy-in are SSI cash cases (who will be accreted by the State), there are some additional individuals who will also qualify for Part A buy-in who are not SSI cash individuals and will not be accreted by the State at this time. Such individuals are:

- Not in receipt of SSI cash;
- Age 65 or over;
- Have Part B coverage, but not Part A;
- Have a social security number with an M suffix;
- Have income below the QMB eligibility level of 100% of the Federal Poverty Level and resources less than \$4,000 for an individual or \$6,000 for a couple.

As new Medicaid applications or renewals are processed, districts must determine if the individual qualifies for Part A buy-in based on the criteria listed above. If the person meets these criteria, districts must accrete the individual to the Part A buy-in as a QMB in accordance with the following procedures:

- Sign on to WMS using standard procedures.
- Key in Selection 25 (for upstate) or 08 (for New York City) on the WMS Menu and transmit; this will bring you to the Medical Assistance Menu.
- Place a T in the Subsystem Field for Third Party and place an I in the Function Field for the Update/Data Entry and transmit; this will bring up the Third Party/Data Update Menu Screen.
- Key in the CIN for the individual you want to update in the field next to the WTPCAS prompt and transmit; this will bring up the Health Insurance Data Case Screen.
- Key the letter X in the SEL Field and an M for the Transaction Type to indicate Medicare/Buy-In and transmit; this will display the Medicare Buy-In Update Screen.
- Key in the Health Insurance Claim Number (HIC) in the Hic Number Field. The HIC must be a 9 character numeric with an M suffix at the end. Tab to the Medicare A Data Element Field and key in the Medicare Part A Begin Date in the MMDDCCYY format. Tab to Buy-In A Field and key in BUY-IN A Begin Date in the MMCCYY format. Tab to BUY-IN A transaction Code Field and key in the number 61, which denotes an accretion transaction.
- Tab to Buy-In Eligibility Code Field and key the letter "P" for QMB and enter the begin date for QMB eligibility in the MMCCYY format and transmit. The system will review the edits. If they are satisfactory, a message will appear that the edits have passed. In order to store the transaction, the user must press SF13 to complete the update transaction.

The begin date for Part A coverage can be no earlier than July 1, 2004 (unless the individual has conditionally enrolled at the Social Security Office in accordance with 92 LCM-69). Eligibility for a QMB begins the first of the month following the month in which the individual is determined QMB eligible. The individual does not have to request this benefit. All Medicaid cases should be screened for eligibility for the Part A buy-in.

CNS Notices

The following CNS notices must be used for Upstate counties:

1. To deny both the Medicaid case and the QMB case, use the appropriate Medicaid denial reason code along with a reason code X52 - paragraph D0023 - "Deny Medicare Buy-in (QMB)".
2. To accept both a Medicaid case and a QMB case, use the appropriate Medicaid reason code and reason code S40 - paragraph Y0003, "Accept Medicare Buy-in Program (QMB)".
3. To discontinue both the Medicaid case and the QMB case, use the appropriate Medicaid discontinue reason code along with reason code X52 - paragraph C0020, "Discontinue Medicare Buy-in Program".
4. To continue both the Medicaid case and the QMB case, use the appropriate Medicaid reason code and reason code 09 - paragraph U0007, "Continue Payment for Medicare QMB".
5. If the individual is only applying for QMB, you may use one of the following;
 - Reason Code S40 - Paragraph Y0003 - "Accept Medicare Buy-in Program (QMBs)".
 - Reason Code X52 - Paragraph C0020 - "Discontinue Medicare Buy-in Program QMB Only"
 - Reason Code C09 - Paragraph U0007 - "Continue Payment for Medicare QMB"
 - Reason Code X52 - Paragraph D0023 - "Deny Medicare Buy-in (QMB)"

Manual Notices

1. To deny Medicaid and accept the case as a QMB, use a manual notice for Medicaid denial and a manual notice to open the QMB case.
2. To accept a Medicaid case, but deny QMB, manual notices must be used.
3. To continue the Medicaid case and discontinue the QMB case, manual notices must be used.
4. To discontinue the Medicaid case but continue the QMB case, manual notices must be used.
5. To only open, deny, or discontinue a Part A premium payment, the attached manual notice can be used.

Instructions on notices for New York City will be issued under separate cover.

In situations where the individual loses Medicaid eligibility, and is no longer eligible for this program, please remember that closing a Medicaid case does not close the buy-in case. The worker must also close the buy-in case on the third party subsystem, to prevent the county from paying premiums (which are currently \$343 per month) for an individual who is no longer eligible for this benefit.