



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



EDMUND G. BROWN JR.  
Governor

February 6, 2012

To: ALL COUNTY WELFARE DIRECTORS Letter No: 12-06  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS  
ALL COUNTY PUBLIC HEALTH DIRECTORS  
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 2011.

### 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 2011). 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 2011. This communication error may have also affected the timely Part A enrollment for persons who applied for QMB during their Medicare Initial Enrollment Period and should have been enrolled into Part A during 2011, or when Medicare Part A eligibility was to start.

This problem was brought to DHCS' attention by counties in August and September 2011. 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 that some 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.

As a temporary workaround, DHCS created a special BENDEX file to send to SSA to force the Z99 code to post to MEDS. Once that was completed and the results posted 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 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 2011, 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 in December, 2011. Counties received Worker Alerts for both record types (see County Actions below for more information).

### **Beneficiary Impact**

In the first group of affected records, the Medicare Part A eligibility was not posted to MEDS. These records are still in pending status on SSA's records; therefore, 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 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, a Medicare denial will occur because the beneficiary was not made eligible for Medicare Part A benefits due to the communication error.

If the beneficiary also has full scope, no share-of-cost Medi-Cal, 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 Special buy-in file mentioned above. 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 pending Medicare Part A, status was restored in MEDS and the individual had QMB eligibility for one or more months since July 2011, they did not have QMB eligibility when the special buy-in file was sent and Medicare Part A buy-in could not be started. 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 some of the 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.

### **DHCS Actions**

DHCS will create two lists for counties:

The first list will contain records in which a Z99 was posted on the Inquiry B (INQB) screen in MEDS and QMB eligibility existed in July through October 2011, but there was no current eligibility when the special buy-in file was created (see instructions below). The second list is of QMB records in which there was a Z99 posted and there is no QMB eligibility, and a QMB denial was posted from January through July 2011.

These lists will be sent to counties by the beginning of February 2012. 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 Tammy Kaylor by phone at (916) 327-0406 or by e-mail to [Tammy.Kaylor@dhcs.ca.gov](mailto:Tammy.Kaylor@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 Medicare Part A Buy-in Worker Alerts received from July through December, 2011. 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 Medicare Part A 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 2011".

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 retroactively 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), then 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 correct these cases before March 30, 2012.

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 2011 effective date. A later QMB eligibility date may be used only in cases where there is a reason unrelated to the processing problems described in the ACWDL when 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, 2012. DHCS will also work with Medicare to change the effective date for cases, which counties previously added QMB eligibility in November or December 2011.

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Counties will be required to provide information to DHCS indicating the final resolution of all cases contained in the two lists by no later than May 15, 2012.

If you have questions, please call Tammy Kaylor at (916) 327-0406 or by e-mail at [Tammy.Kaylor@dhcs.ca.gov](mailto:Tammy.Kaylor@dhcs.ca.gov).

Original signed by:

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