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GAVIN NEWSOM
GOVERNOR

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TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 23-05
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY MEDS LIAISONS

SUBJECT: NEW MEDICARE PART B IMMUNOSUPPRESSIVE DRUG BENEFIT

The purpose of this All County Welfare Directors Letter (ACWDL) is to inform counties about the new Medicare Part B Immunosuppressive Drug (Medicare Part B-ID) benefit and to outline county responsibilities and actions for individuals whose Medicare coverage due to End Stage Renal Disease (ESRD) has expired but who continue to need immunosuppressive (anti-rejection) drug coverage.

Background

Currently, individuals who have Medicare Part A and Part B due to ESRD will lose ESRD related Medicare coverage 36 months after a successful kidney transplant. Starting January 1, 2023, these individuals may receive a limited Part B benefit (i.e., Medicare Part B-ID) that covers only immunosuppressive drugs, if the individual is not enrolled in other health coverage. Other health coverage includes group or individual health plans or National Health Plans, TRICARE, Medi-Cal or Children's Health Insurance Program (CHIP) coverage that includes immunosuppressive drug coverage, or Department of Veterans Affairs (VA) coverage.

Note: Per [ACWDL 11-02](#), the state currently offers an Anti-Rejection Medications Program that covers drug related costs for eligible individuals for 24 months from the date of transplant if the individual is not covered under Medicare, other health coverage or full scope Medi-Cal. There are no income or property requirements for this program. The eligibility requirements for this program remain unchanged and there is no expected crossover between this program and the new Medicare Part B-ID benefit.

New Medicare Part B-ID Benefit and Implementation

Medicare Part B-ID provides immunosuppressive drug coverage to individuals who have exceeded their 36-month ESRD Medicare coverage, are not otherwise eligible for Medicare, and do not qualify for or are enrolled in the specified health coverage.

Certain low-income individuals enrolled in Medicare Part B-ID may be eligible for state assistance with Part B-ID premiums and coinsurance under Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB), or Qualifying Individuals (QI) Medicare Savings Programs (MSP).

Medicare Part B-ID coverage for eligible individuals will start January 1, 2023. The Social Security Administration (SSA) will notify individuals of the Medicare Part B-ID benefit when their ESRD-related Medicare coverage ends 36 months following a kidney transplant. Individuals must apply for Medicare Part B-ID with the SSA and will be encouraged to apply for regular Medi-Cal coverage through their local county office. Only a few individuals are expected to participate in this benefit due to other Medi-Cal full scope coverage options.

Policy

Effective January 1, 2023, targeted Medi-Cal outreach and enrollment screening will be required for individuals losing ESRD-related coverage to ensure continuity of care for those eligible. The targeted actions include:

1. As these individuals lose their Medicare coverage, an outreach notice shall be sent to the individuals to encourage them to apply for Medi-Cal.
2. Individuals who submit a Medi-Cal application shall be screened for all Medi-Cal programs, including Medicare Savings Programs (MSPs) (even though they do not have Medicare Part A).

Outreach Notice

The Department of Health Care Services (DHCS) will send initial contact letters to eligible individuals who are not currently in receipt of full scope Medi-Cal and identified by the SSA as qualifying for Medicare Part B-ID. These letters will provide guidance and instruct individuals to apply for comprehensive Medi-Cal coverage through their local county office, the Statewide Automated Welfare System (SAWS) portals, or through the Covered California portal. DHCS will publish the initial contact letter in a separate Medi-Cal Eligibility Division Information Letter (MEDIL) at a later date.

DHCS will send a list of the impacted individuals via a secure email to the corresponding counties. The list will include the following data elements to assist the county in identifying individuals that may have already submitted an application with the county:

- Client Index Number (CIN)
- First Name
- Last Name
- Date of Birth
- Mailing Address (including city and zip code)
- Phone
- County Code
- County-ID
- Primary Aid Code (including in special segments)
- MSP (Q1, Q2, or Q3) Aid Code
- Case Number
- Preferred written language
- Eligibility Status Code
- Application Date
- District Number
- Eligibility Worker Number

The county is encouraged to conduct local county outreach outside of the initial contact letter sent by DHCS through programs. For instance, the DHCS Health Enrollment Navigators Project, also known as the Navigators Project, is one such local outreach program that many counties (or community-based organizations in coordination with counties) already leverage to provide enhanced local outreach, enrollment, retention, and navigation assistance for applicants and beneficiaries. If the individual does not submit a Medi-Cal application, as instructed, the county is not required to continue with the process or take further action.

Medi-Cal Eligibility Determination

When the county receives an application or if Medicare Part B-ID qualified individuals are identified during annual redetermination or a change in circumstances, County Eligibility Workers (CEWs) will first determine their eligibility for regular full scope Medi-Cal coverage. CEWs shall screen individuals for all Modified Adjusted Gross Income (MAGI) and Non-MAGI full scope programs, as described in ACWDL [17-03](#). When determining eligibility for the MAGI New Adult Group, CEWs will treat these individuals as if they were **ineligible** for Medicare coverage.

Individuals shall lose their disability status, as well as their Medicare coverage, if they do not concurrently have a disability other than ESRD or blindness. CEWs should consider this loss of disability status when evaluating for any Medi-Cal programs that require disability linkage for eligibility, such as the Aged, Blind or Disabled Federal Poverty Level Program or the 250 Percent Working Disabled Program. For individuals not eligible for or not wanting full scope Medi-Cal, counties shall determine eligibility for the MSP, as described in the Medi-Cal Eligibility Procedures Manual (MEPM), [Articles 5J](#) (SLMB and QI) and [5L](#) (QMB). When determining eligibility for the MSP program, counties will treat the Medicare Part B-ID qualified individuals as being **eligible** for Medicare.

For determination of Medicare Part B-ID eligibility, counties shall follow the existing MSP rules except individuals are not required to be Medicare Part A eligible for QMB, SLMB or QI. SAWS will provide counties instructions for the system steps required for these individuals.

There are no changes to existing policy regarding the MSP Property Determination, per Article 9 of the California Code of Regulations. For Medi-Cal eligibility purposes, counties shall only count the property of the individual and/or their spouse, as described in [ACWDL 21-31](#), until December 31, 2023. The asset test shall be eliminated entirely for all Non-MAGI groups starting January 1, 2024, as stated in [ACWDL 22-25](#).

There are no changes to existing policy regarding the MSP Income Determination. Counties shall continue to use the income methodology as set forth in MEPM Articles 5J and 5L. Medicare and health insurance premiums are **not** allowed as an income deduction for MSPs. Once income is determined, compare net countable income to the following Federal Poverty Level (FPL) amounts:

QMB-100% FPL or below for the family size.
SLMB-120% FPL or below for the family size.
QI-135% FPL or below for the family size.

SLMB and QI eligibility may be allowed retroactively for up to three months after January 1, 2023. The QMB eligibility start date is the month after the county has processed the case as described in MEPM Article 5L.

Note: When the individual is ineligible for Medi-Cal or is eligible for Medi-Cal with a share of cost, the individual must be screened for eligibility under other insurance affordability programs, such as Covered California with premium assistance.

Medicare Part B-ID Premium

Beginning in 2022, and every year thereafter, federal law will determine a monthly premium rate in September for the succeeding calendar year for individuals enrolled in the Part B-ID benefit. The premium is equal to 15 percent of the monthly actuarial rate for enrollees age 65 and over for that succeeding calendar year. For 2023, the Part B-ID premium is \$97.10.

The Medicare Part B-ID premium is an allowable income deduction per [22 California Code of Regulations \(CCR\) § 50555.2](#) for individuals that are paying the premium. Eligible individuals can seek assistance with their Medicare Part B-ID premiums through enrollment in an MSP.

Identifying Individuals with Medicare Part B-ID

Counties will need to review the information from the Medi-Cal Eligibility Data System (MEDS) or Income Eligibility Verification System (IEVS) to identify potentially eligible individuals for the Medicare Part B-ID benefit. Counties can identify the population of individuals eligible or potentially eligible for Medicare Part B-ID by the following:

- Medicare Part B-ID applicants may have letters from SSA or Medicare identifying them as potentially or already classified as eligible.
- Individuals already classified as eligible will have a Buy-in Eligibility Code of “J” in the “BUY-IN-ELIG-CD” field on the MEDS INQB screen or an “I” in the “Basis” field on the Medicare Part B line of the MEDS INQB screen, with or without the “J” code, may be present.

If you have questions about this letter or about the Medicare Part B-ID benefit, please contact Michael Allen by email at Michael.Allen@dhcs.ca.gov or by phone at (916) 345-8065.

Original Signed By

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