STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, *Governor*

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October 2, 1989

TO: All County Welfare Directors
All County Administrative Officers

Letter No: 89-80

SUBJECT: IMPLEMENTATION OF THE QUALIFIED MEDICARE BENEFICIARIES PROGRAM

Reference: All County Welfare Directors Letters 88-99 and 89-29

The purpose of this letter is to discuss Section 301 of the Medicare Catastrophic Coverage Act so that counties will be aware of the various types of potential qualified Medicare beneficiaries (QMBs) and our tentative plans for implementation of this program.

BACKGROUND

The Medicare Catastrophic Coverage Act of 1988 (MCCA) expanded Medicare benefits and mandated changes in state Medicaid Programs (Medi-Cal). One of the provisions of MCCA (Section 301) requires that states pay the Medicare cost-sharing expenses of low income Medicare beneficiaries which are the premiums, deductibles, and coinsurance fees which Medicare requires the beneficiary to pay for benefits. California was granted a waiver to delay implementation until January 1, 1990 due to the need for legislation.

MEDICARE INFORMATION

Medicare Part A hospital insurance includes inpatient hospital care, medically necessary inpatient care in a skilled nursing facility, home health care; and hospice care. Medicare Part B medical insurance includes doctor's services, outpatient hospital care, diagnostic tests, durable medical equipment, ambulance service, and many other health services and supplies. Both Part A and B have deductibles and coinsurance depending on the benefit. A deductible must be paid in advance before Medicare will make any payments. Coinsurance is a percentage charge to the beneficiary depending on the Medicare approved rate for the particular service. Beneficiaries with specific questions about Medicare benefits should be referred to the Social Security Administration Office (SSA).

Part A Enrollment

Most Medicare beneficiaries (90%) receive Part A insurance at no cost, i.e., no premium. However, those who have not qualified for free Part A benefits solely because they lack the required amount of SSA-covered employment may purchase Part A with a premium. (The monthly premium is $156 for 1989/90). Very few Medicare beneficiaries choose to purchase Part A due to the high monthly premium. Medi-Cal does not currently pay a Medi-Cal beneficiary's Part A premium. Once the QMB program is implemented, this will change. Medi-Cal does currently pay the Part A deductibles and coinsurance though.

If an individual is not already receiving Medicare Part A, application for Part A can only be made (a) during the initial enrollment period which is no earlier than 3 months before age 65, to be effective at age 65, (b) after 24 months of receiving Title II disability benefits to be effective in the 25th month, (c) when kidney dialysis is required, or (d) during the open enrollment period of January - March, to be effective the following July (see Title 22, California Code of Regulations, Sections 50777 or the Medi-Cal Eligibility Manual Section 15 for more information). An individual who does not apply for Part A or Part B at the first opportunity is charged a penalty by the Social Security Administration. Under the QMB program, the state will pay the penalty for a Medicare beneficiary's late enrollment in Part A. This differs from the current Buy-In program. We are not charged a penalty for Medicare beneficiaries who pay a penalty for late enrollment in Part B.

Part B Enrollment

Medicare Part B medical insurance (outpatient/physician care) can only be received if purchased. The basic monthly premium this year is approximately $32.00. In addition there is a Part B annual deductible ($75 in 1989) and coinsurance charge based on the fact that Medicare will only pay 80% of the approved Medicare rate. For example, assume a Part B beneficiary's first yearly charge is $500. The beneficiary would first have to pay $75 (the annual deductible) and if the $500 were the approved Medicare rate, 20% of the remaining $425 ($85).

Currently, the Medi-Cal program does not receive federal financial participation (FFP) for payment of Part B premiums for medically needy-only beneficiaries, but once the QMB program is implemented, FFP will become available. Thus, it is to the state's advantage to enroll this population as QMBs, if eligible.

QUALIFIED MEDICARE BENEFICIARIES

There will be two basic groups of QMBs:

1) those receiving regular, full scope Medi-Cal, either as cash grant

recipients (e.g., SSI) or medically needy-only beneficiaries, who meet the (QMB) income requirement and would be dually eligible (i.e., eligible for regular Medi-Cal and QMB benefits) and

2) those eligible as a QMB-only who do not want Medi-Cal or who are not eligible for Medi-Cal due to excess property.

Dual-Eligible Individuals

Dual eligibles are those who are on regular Medi-Cal as well as eligible as a QMB. Individuals who are receiving regular Medi-Cal and who also receive Medicare Part A at no cost will have no additional benefits by becoming a QMB because we already pay their Part B premiums as well as their Part A and B coinsurance and deductibles (Buy-In). As current Medicare/Medi-Cal crossovers, they already may have access to a wider choice of providers since they are not limited to a Medi-Cal contract hospital, i.e., they can go to a non-contract Medi-Cal hospital. Current Medi-Cal beneficiaries who pay a monthly Part A premium will benefit from Medi-Cal paying their Part A premiums.

Those Medi-Cal beneficiaries who do not now have Part A but who will now enroll in Part A as a QMB may have a wider choice of providers since they would not be limited to a Medi-Cal contract hospital.

Those who establish dual eligibility will be reported to MEDS as aid code 80 in addition to their current aid code. They will continue to show their current aid code on MEDS with aid code 80 in one of the special program segments. They will receive Medi-Cal cards with the message or absence of a message normal for their regular Medi-Cal aid code and recipient status.

QMB-Only

Most of the potential QMB-only applicants receive Part A at no cost and will be applying for Medi-Cal to pay their Part B premiums and their Part A and B coinsurance and deductibles. Thus, the only QMB benefit for them would be an increase in monthly spendable income. Those who pay for Part A (estimated to be a small number) will also experience an increase in spendable income.

Those who are eligible as a QMB-only will be reported to MEDS as aid code 80. Their Medi-Cal card will indicate that they are limited to Medicare deductibles and coinsurance benefits.

QMB PROGRAM

Eligibility criteria for this program requires that a QMB must:

1. Have property at or below $4000 for one (twice that of California's regular Medi-Cal property limit).

2. Have income at or below 100% of the federal poverty level although states have the option to implement at 90% of federal poverty level in 1990, graduating 5% each year up to 100% in 1992.

Proposed legislation (SB 1413) specifies that California begin at 90% of poverty. For one person this limit is $449 per month ($602 for a couple) plus the $20 disregard. For comparison, the current Medi-Cal maintenance need level for one person is equal to 120% of the poverty level.

3. Be eligible for Part A Medicare hospital insurance with or without a premium.

4. Be otherwise eligible for Medi-Cal.

There are two important factors that affect QMB eligibility:

1. Those Medicare beneficiaries who are not currently receiving Part A must apply to the Social Security Administration (SSA) during the open enrollment period of January through March for benefits to begin in July. If they fail to do so, they would not be eligible for Part A Medicare until July of the following year.

2. The effective date of eligibility for QMBs is the first of the month following the date on which the county makes the determination of eligibility. There is no retroactive QMB eligibility.

DISCUSSION

The following is a discussion of the major categories of those who could be QMBs: CAUTION - the numbers for Group Two - General Public - are only Department estimates and the actual number of new QMB applicants may differ significantly.

Group One - Current Medi-Cal Beneficiaries

A. SSI/SSP (Dually eligible)

There are approximately 86,000 SSI/SSP beneficiaries (some also receive In Home Support Services) without Part A but who have Part B insurance. (There may also be a few who pay for Part A.) We plan to send a notice in late November/early December to these beneficiaries explaining the program, and informing them of the slight increase in benefits (i.e., coverage at a Medi-Cal non-contract hospital). We estimate that half of these beneficiaries will make an appointment with the counties to evaluate them for QMB eligibility.

B. Medically Needy Only (Dually eligible)

There are approximately 104,000 medically needy-only beneficiaries for whom we pay Part B; 1,700 of these have Part B-only (have no Part A due to the high cost of the premium). A few may pay for Part A. We will identify these beneficiaries for the counties by district and eligibility worker. These cases must be screened to determine whether the beneficiary's income is at or below the QMB income standard. No interview is required for this group. It is estimated that half of the 104,000 will be at or below 90% of poverty.

Case reviews of the current medically needy-only population receiving Part A at no cost is not as critical as for those who have Part B-only or who are paying for Part A since these beneficiaries with free Part A already receive full Medicare benefits at no cost; however, since we will receive FFP for Buy-In costs for those determined to be QMBs, timely case reviews will produce savings.

C. AFDC/IHSS (Dually eligible)

We will identify those recipients who are also Medicare beneficiaries and who have Part B but no Part A or who must pay for Part A themselves and send a list to the counties by district and eligibility worker. The county must review the cases to determine whether the beneficiary's income is at or below the QMB income standard. No interview is required. Statewide, there are only 73 AFDC and 47 IHSS beneficiaries identified in this group.

Group Two - General Public

A. QMB-Only (Not eligible for other programs or Medi-Cal)

SSA sent us a tape of approximately 1.6 million potential QMB eligibles who receive Part A and who are not on Part B Buy-In (i.e., they are not on Medi-Cal). Approximately 1.6% pay their Part A premium. We reviewed a sample of this group, screened them through IEVS to identify those who likely had too much property, and then estimated that the total number of new QMB applicants would be 274,800. It was estimated that 80% would apply (219,840) and 90% of these would be eligible (197,856). HCFA plans to send a notice in December to the potential QMB group.

There are approximately 100,000 Medicare beneficiaries who receive Part B only who are not identified on this tape. HCFA estimates that approximately 10,000 would be eligible for QMB status. There may be an unknown number of individuals who cannot afford either Part A or B premiums who may also qualify for this program.

ACTIVITIES

There are certain activities which must be performed as part of the QMB program. Those who have Medicare Part A could receive QMB benefits as early as January if their QMB eligibility were approved in December. This group includes those from the general public as well as those already receiving Medi-Cal. Therefore, it is suggested that counties begin screening as soon as possible after contact from the QMB applicant or after the receipt of our list of potential medically needy, AFDC and IHSS applicants to ensure January eligibility for those beneficiaries who already have Medicare Part A.

Those who are paying for Part A (including dually eligibles) should also be processed expeditiously so benefits may begin in January to reduce their out-of-pocket expenses.

The QMB applicants who are not receiving Part A must be advised to apply for Part A during the open enrollment period (January - March). Since many of these will come from the general public, such advice will more than likely be provided by the county, rather than through a DHS mailer. If they are eligible and apply during this open period, their QMB eligibility will begin in July, the first month of Part A eligibility.

SUMMARY OF MEDICARE GROUPS

1. Any individual whether dually eligible or QMB-only who is receiving Part A with a fee.

This group is paying approximately $156 per month out of pocket and is already entitled to Part A; therefore, they would be eligible for QMB status the month after approval. This is a small group but the exact numbers are undetermined at this time.

2. QMB-only applicants receiving Part A without a fee.

This group is receiving Part A at no cost but must pay for monthly Part B insurance. They are eligible for QMB status the month after approval. It is estimated that there are 219,840 beneficiaries.

3. QMB-only applicants receiving and paying for Part B-only.

SSA estimates that there may be 100,000 Medicare beneficiaries in California, 10,000 of whom might be eligible. This group must apply with SSA during the open enrollment period for Part A and would not be eligible for QMB benefits until July.

4. QMB-only applicants not receiving either Part A or B because they cannot afford the premiums.

This group must apply with Social Security during the open enrollment period for Part A and would not be eligible for QMB benefits until July. The number of individuals is unknown.

5. SSI/SSP, AFDC, IHSS, and Medically Needy-only beneficiaries who are receiving only Part B.

This group must sign up for Part A during the open enrollment period and would not be eligible for QMB benefits until July. There are 86,000 SSI/SSP recipients, including some who also receive IHSS; 47 IHSS beneficiaries who are not on SSI/SSP; and 73 AFDC and 1,700 MN beneficiaries. SSA has set up a special process for enrollment of these individuals which we refer to as the SSA 795 process (see below).

6. There are a few individuals who have already been evaluated by SSA as eligible for Part A beginning in July because they went to SSA before contacting the county office. These individuals are referred to as "conditional QMBs". They have signed a HCFA 18 form that releases them from responsibility for the Part A premium if they fail to qualify as a QMB.

HCFA will be sending us a list of 102 conditional enrollees and will continue to identify new conditional enrollees. This group must be evaluated by the county for QMB eligibility once these enrollees apply at the county. If eligible, QMB benefits will begin in July. We will provide more information about the conditional process in the future. The SSA 795 process is not applicable for these individuals.

7. Medically needy- only beneficiaries receiving both Part A free and Part B.

DHS will receive FFP for those in this group who are QMBs. They will be reported to MEDS as a QMB, if eligible, without an interview. There are 102,300 beneficiaries in this group.

SSA 795 PROCESS

SSA has developed a form called the SSA 795 which counties are to provide to Medi-Cal beneficiaries who are currently on Buy-In for Part B but who must sign up for Part A. Those potentially dually eligible beneficiaries who have Part B-only are to send the form to SSA in Chicago during the open enrollment period. After SSA approves their Part A application, SSA will include them on an updated BENDEX report within two weeks.

1. Counties must send the SSA 795 to those eligible Medically Needy, AFDC, and IHSS beneficiaries who have Part B-only. A cover letter will explain how to fill out the form and that it must be mailed to SSA in Chicago before March 31, 1990.

2. SSI beneficiaries who have Part B-only will be asked to complete this form during the county interview and counties will mail this form in batches to Chicago before the deadline.

OTHER INFORMATION

We have attached a tentative processing chart which describes each group and the action needed by the county (including when to use the SSA 795) depending upon the type of current Medicare coverage.

We are currently developing procedures, which will include continuing QMB case processing, charts containing income and property levels, data systems and MEDS changes, regulations, Notices of Action, a provider bulletin, mailers, and necessary forms. As these are developed, they will all be discussed at CWDA's Medical Care Subcommittee meetings. We also will be seeking county input through other meetings and via telephone calls. We anticipate that county training will be available by late October.

We realize that counties are uncertain how many new eligibility workers will be required to implement this provision and are concerned that they will have either over or under estimated the number of applicants. County Administrative Expense Section states that counties will be guaranteed 50% of their share of the estimated intake caseload based on 197,856 QMB only applicants. These funds will be released when Senate Bill 1413 is chaptered.

If you have any concerns, questions, or suggestions, please contact Marge Buzdas at (916) 324-4972.

Sincerely,

Original signed by

Sandra Duveneck, for
Frank Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: September 25, 1990

QMB PROCESSING 9/21/89

General Public	County Contact	Verification	Action
Part A with or without premium + Part B	Individual will contact after receiving Medicare newsletter	Medicare card or award letter, IEVS inquiry	County determines if QMB eligible Send NOA County reports QMB aid code 80 on MEDS if eligible for QMB-only or reports regular and QMB aid code if dually eligible.
Part A only without premium	Individual will contact after receiving Medicare newsletter	Medicare card or award letter, IEVS inquiry	County determines QMB eligibility Send NOA County reports QMB aid code on MEDS if eligible for QMB-only or reports regular and QMB aid code if dually eligible.
Part B only	Individual will contact	Medicare card or award letter, IEVS inquiry	County determines QMB eligibility except for Part A requirement. Send NOA. If eligible, request beneficiary to contact SSA for "conditional"* eligibility. When Part A eligibility is established, county reports QMB aid code on MEDS if eligible for QMB-only for 7/1/90. If dually eligible, report regular aid code now. Send NOA.

No Medicare benefits	Individual will contact	None	If age 65 or older including aged aliens with 5 year residency, or receiving Title II SSA disability for 24 months, county determines QMB eligibility. Send NOA. If eligible, refer individual to SSA for "conditional" eligibility. When Part A eligibility is established, county reports QMB aid code on MEDS if eligible for QMB-only for 7/1/90. If dually eligible, report regular aid code now. Send NOA. Refer other individuals to SSA for verification of Medicare eligibility. When Part A eligibility is established, county determines QMB eligibility. Send NOA and report QMB aid code to MEDS.

* A conditional individual has been approved for Part A by SSA but will not be responsible for the premium.

The QMB aid code is 80

rrent MNs	County Contact	Verification	Action
rt A free art B	DHS will identify by county, district, and EW.	MEDS, IEVS, Medicare card, or DHS list	County will review all cases for income If eligible, county reports QMB aid code to MEDS
rt A th premium art B	DHS will identify by county, district, and EW and provide 3 copies of NOA.	MEDS, IEVS, Medicare card, DHS list	County will review all cases for income Send NOA If eligible, county reports QMB aid code to MEDS
rt B only	DHS will identify by county, district, and EW with preprinted SSA 795 and preprinted 3 copies of NOA.	MEDS, IEVS, Medicare card, DHS list	County will review all cases for income Send NOA and if eligible, request beneficiary complete SSA 795. When Bendex shows Part A eligibility, county reports QMB aid code to MEDS for 7/1/90 eligibility. Send NOA.
Part A or B ed and not dentified as neligible alien	DHS will identify by county, district, and EW and provide 3 copies of NOA.	MEDS, IEVS, DHS list	County will review all cases for income. If eligible, send to SSA. Send NOA. If SSA confirms Part A eligibility, county reports QMB aid code to MEDS for 7/1/90 eligibility.

SSI Recipients	County Contact	Verification	Action
Part A free +Part B	None	MEDS, IEVS, Medicare card	No action unless beneficiary requests QMB status. Then county reviews income and reports QMB aid code to MEDS if eligible.
Part A with premium +Part B		MEDS, IEVS, Medicare card, DHS mailer	DHS stuffer or mailer - "contact county".
	Beneficiary will contact county		If contacted, county reviews income. Send NOA. If eligible, county reports QMB aid code on MEDS. Send NOA.
Part B only		MEDS, IEVS, Medicard card, DHS mailer	DHS stuffer or mailer - "contact county".
	Beneficiary will contact county		If contacted, county reviews income. Send NOA. If eligible after income test, also request beneficiary to complete SSA 795 unless a "conditional"* person. If conditional, verify list. When Part A eligibility is established, county reports QMB aid code on MEDS on 7/1/90. Send NOA.
No Part A or B	None	MEDS, IEVS	No Action (aliens)

* A conditional individual has already been approved for Part A by SSA.

Other Cash Groups (AFDC/IHHS)	County Contact	Verification	Action
Part A free +Part B	None	MEDS, IEVS, Medicard card	No action unless beneficiary requests QMB status. County will review case for income and report QMB aid code to MEDS if eligible.
Part A with premium +Part B	DHS will identify by county, district, and EW and provide 3 copies of NOA.	MEDS, IEVS, Medicard card, DHS list	County will review all cases for income. Send NOA If eligible, county reports QMB aid code to MEDS.
Part B only	DHS will identify by county and EW with pre-printed SSA 795 and 3 copies of NOA.	MEDS, IEVS, Medicard card, DHS list	County will review all cases for income. Send NOA. If eligible, request beneficiary complete SSA 795. If Bendex shows Part A eligibility, county reports QMB aid codes to MEDS for 7/1/90 eligibility. Send NOA.
No Part A or B aged and not identified as ineligible alien.	DHS will identify by county, district, and EW and provide 3 copies of NOA.	MEDS, IEVS, DHS list	County will review all cases for income. If eligible, send to SSA. If SSA confirms Part A eligibility, county reports QMB aid code to MEDS for 7/1/90 eligibility.