

**California Department of Health Care Services
Proposed May Revision Trailer Bill Legislation**

**Eliminate Payment of Medicare Part B Premiums for Medi-Cal Beneficiaries
Having an Unmet Share of Cost**

FACT SHEET

Background on the topic (prior legislation, previous budget action, and related matters).

Prior to September 30, 2008, the Department of Health Care Services (DHCS) paid Medicare Part B premiums for individuals who qualified for both Medi-Cal and Medicare (dual eligibles) even when they had not met their share of cost (SOC). These premium payments did not receive federal matching funds because the federal government does not consider a beneficiary Medicaid eligible until he or she meets their SOC obligation. California is the only state with this program. To address a budget deficit, effective September 30, 2008, Assembly Bill (AB) 1183 eliminated Medicare Part B premium payments for elderly and disabled beneficiaries having an unmet SOC in excess of \$500. This proposal will eliminate DHCS's payment of Medicare Part B premiums for individuals who do not meet their SOC obligation without regard to the amount (i.e. it would apply to those with a SOC above and below \$500).

The Medicare Part B premium payment process begins with creation of a Medi-Cal record by either a county eligibility worker or a Social Security Administration (SSA) agent. The record is then loaded onto the Medi-Cal Eligibility Data System (MEDS), which automatically includes the record in the monthly data match with the Centers for Medicare & Medicaid Services (CMS). This data match is used to determine the beneficiary's current Medicare entitlement and to update the beneficiary's Medicare Buy-In Status Indicator on the beneficiary's MEDS record.

Presently, all dual eligibles who have a SOC at or below \$500, and whose Medicare Part B entitlement is confirmed, are automatically included in the next monthly State Agency Input Record that is submitted to CMS. This data exchange ensures that the SSA does not deduct Part B premiums from the person's social security check. With the proposed change, the Part B premium payment process will disregard the dollar amount of the SOC and will only include in the next monthly input record those beneficiaries who have met their SOC or who have no SOC. The excluded SOC beneficiaries will automatically have Part B premiums deducted from their Social Security Administration (SSA) check. If a beneficiary accumulates and pays enough medical costs to meet his or /her SOC, the new programming will read MEDS, recognize that the person has met their SOC, and automatically include the beneficiary in the next input record.

Occasionally, DHCS will create a duplicate payment to CMS for a Medicare premium that a beneficiary has already paid. When this happens, CMS will recognize that it has received a duplicate payment and will reimburse the beneficiary through the beneficiary's SSA check. DHCS intends to use the existing CMS process to reimburse individuals who have met their SOC in a month that a premium was deducted from their SSA check.

These transactions will be transparent to providers. The point-of-service devices will continue to indicate that these beneficiaries have Medicare Part B coverage and providers will bill Medicare for services rendered.

Why is this change needed (i.e., what problem is the language trying to address)?

California is facing a multi-billion dollar shortfall, and Medi-Cal, as the second largest state program after education, must be part of the effort to reduce General Fund costs. These actions will reduce the services provided under these programs and will therefore reduce Medi-Cal expenditures.

This proposal will create an annual cost-savings of approximately \$1.3 million General Fund (GF). The new process will also stop Medi-Cal beneficiaries from cycling on to the Medicare Part B Buy-In when their SOC is decreased due to their having made their own premium payment, and then cycling off of the Medicare Part B Buy-In when their SOC is increased due to the state paying their Part B premium.

Summary of arguments in support.

- Saves the state approximately \$1.3 million GF.
- Conforms California's Medicare Part B premium payment process to CMS guidelines.
- Simplifies Medicare premium payment rules.
- Decreases workload for county Medi-Cal eligibility workers.
- Stops beneficiaries from cycling on and off Part B Buy-In.

Potential for opposition, if yes, why.

Senior advocacy groups may oppose this proposal on the ground that it reduces assistance to some of seniors.

Is there a BCP associated with this language (yes or no)?

There is no BCP. This item is included in the Medi-Cal May Estimate.