

Memorandum

Refer to: FMC-33

Date **NOV 22 1991**From **Director
Office of Medicaid Management, MB**Subject **State Requirement to Pay Medicare Premiums for Qualified
Medicare Beneficiaries (QMB)--ACTION**To **Deputy Chief Counsel
Office of the General Counsel****ISSUE**

It has come to our attention that as many as 3 million Medicare beneficiaries may not be receiving the benefits to which they are entitled under section 1902(a)(10)(E) of the Social Security Act (the QMB provision).

We seek to confirm that the Federal Government has the authority necessary to compel States to: (a) enroll these individuals as QMBs, and (b) provide such individuals with all the benefits to which they are entitled under the QMB provision. Can the Health Care Financing Administration (HCFA) unilaterally accrete likely QMBs in Part A buy-in States and all other States without any State approval up front?

BACKGROUND

The Medicare Catastrophic Coverage Act of 1988 amended the Social Security Act to make coverage of certain Medicare beneficiaries for Medicare cost sharing expenses a mandatory Medicaid coverage group.

The State Medicaid Manual (SMM), Part 3, Eligibility, was revised to instruct the States as to their obligations under this section. A QMB is defined as an individual who:

- o is entitled to Medicare hospital insurance benefits under Part A, with or without payment of premiums;
- o has income (as determined for Supplemental Security Income (SSI) purposes) that does not exceed 100 percent of the Federal poverty level; and
- o has resources (as determined for SSI purposes) that do not exceed twice the maximum amount established for SSI eligibility.

Potential QMBs Currently Without Part A

Part A Buy-in States

As a result of the Omnibus Budget Reconciliation Act of 1989, States are permitted, at their option, to modify their Part B buy-in agreement (copy attached) to include paying Part A premiums for QMBs. On February 7, 1990, we sent a letter to all State Medicaid Directors informing States of this option.

Thirty-Four States currently participate in Part A buy-in. The buy-in process allows States to accrete individuals as QMBs and to automatically enroll them in Part A. States are required (SMM section 3490.5) to conduct a review of all recipients currently eligible under the State plan and who also are entitled under Part A of Medicare to determine whether they meet the eligibility requirements for QMB status.

At the time the buy-in process became effective, there were 270,000 individuals in the 34 buy-in States for whom the States were purchasing Part B coverage on their behalf but who lacked Part A coverage and should have been accreted as QMBs through the Part A buy-in process. Of these, only 124,458 individuals have been accreted as QMBs. These States have had more than 15 months to perform the required review of their records, and accrete the remaining 145,000 individuals as QMBs, but have failed to do so.

We have sent a letter to the 18 most egregious States asking that they review the records of the remaining individuals in order to make the QMB determination and accrete them as QMBs. We have asked that they let us know what they plan to do in this regard.

It is our intention that after a period of 6 weeks from the date of our letter (October 10) HCFA will accrete the remaining individuals as QMBs and bill the State for the Part A premium. The State will then have an opportunity to delete any individuals they have determined do not meet the QMB eligibility criteria.

Non-Part A Buy-in States

In the 16 States which did not modify their buy-in agreement, there were 250,000 individuals who could have been QMBs except for their lack of enrollment in Part A. In these States the individual must enroll in Part A. In 1989 we made available an easy method for the States to have these individuals enroll in Part A. An SSA-795 contact form was modified permitting the individual to sign a preprinted statement asking to be enrolled in Part A with the understanding that the State would be billed for the premium. To date, only 34,962 individuals have enrolled using this process. This is due, we believe, to State failure to inform the individual of this process.

It is our intention to mail the form directly to the remaining individuals, explaining the benefit to them, and instructing them to sign and return the form to us. Having thus established their enrollment in Part A, we intend to accrete these individuals as QMBs in a manner similar to that described earlier for the Part A buy-in States.

Potential QMBs Already Entitled to Part A

Finally, approximately 3.2 million Medicaid recipients are currently covered under Part A and have their Part B coverage purchased by States on their behalf. The vast majority of these individuals are SSI recipients. Of these, only 845,000 have been identified as QMBs.

Although States are paying the \$358.80 annual Part B premium, the beneficiary is not guaranteed the financial protection afforded under the statute for other costs; e.g., the \$100 annual Part B deductible and 20-percent copayment for physician charges in excess of the deductible.

It is our intention to insert the required QMB identifier in the records of these 3.2 million individuals, and to inform the State of the QMB status of these individuals.

We are writing seeking your concurrence with these intended actions. Your prompt reply is appreciated. Should you have any questions please contact Mike Sparacino on extension 6-5918.

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David McNally

Attachment

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