

# Medi-Cal Program Guide Letter (MPG) #726

May 11, 2011

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**Subject**            **DISCONTINUANCE OF COST AVOIDANCE MEDICARE PART B PREMIUMS FOR APPLICANTS AND BENEFICIARIES WITH AN UNMET SHARE OF COST (SOC)**

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**Effective**            April 1, 2011

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**Reference**            ACWDL 11-15

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**Purpose**                The purpose of this letter is to inform staff that the Department of Health Care Services (DHCS) will stop paying cost avoidance Medicare Part B premiums for Medicare eligible Medi-Cal applicants and beneficiaries who have a SOC unless the SOC is met on a monthly basis.

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**Background**            Previously DHCS paid the Medicare Part B premiums for Medicare eligible Medi-Cal applicants and beneficiaries with:

- zero SOC;
- a SOC at or below \$500; or
- a certified SOC met on the first of each month.

Senate Bill 853 amended W&I 14005.11 so that to be eligible for cost avoidance payment of Medicare Part B premiums, a beneficiary must be a full scope Medi-Cal beneficiary with zero SOC, or a certified SOC met on the first of each month or have met their monthly SOC.

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**Highlighted Changes**            Effective April 1, 2011 DHCS will no longer request Buy-In for an individual reported to the Medi-Cal Eligibility Data System (MEDS) with a SOC until or unless that SOC has been met.

Potentially eligible Medicare applicants and beneficiaries are no longer required to apply for Medicare Part B as a condition of Medi-Cal eligibility unless the individual is Medicare Savings Plan (MSP) eligible.

When DHCS does not pay the Part B premium and the Medicare eligible individual chooses to retain his/her Part B coverage, Social Security Administration will deduct the Medicare Part B premium from

the individual's SSA checks. This amount shall be deducted from the applicants/beneficiary's SOC computation.

DHCS notified beneficiaries in April 2011 that DHCS was not going to pay their Medicare Part B premium and that SSA would begin to deduct the Part B premium from their SSA checks in May 2011.

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**SOC Met**

DHCS will no longer pay Part B Premiums for applicants and beneficiaries with a SOC until or unless the SOC is met on a monthly basis. Below are some common examples of meeting the SOC.

- Nursing home residents who regularly meet their SOC will have their Part B Premiums paid for those individuals who are certified on the first of each month.
- IHSS recipients who regularly meet their SOC will have their Part B premiums paid for those months when the SOC is met.

The deadline for reporting a met SOC to MEDS for DHCS to request Buy-In for the next month is the 20<sup>th</sup>.

DHCS will pay their premium for that month retroactively. The beneficiary will be reimbursed for that month through their SSA benefit retroactively. The reimbursement must be counted as property in the month of receipt.

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**Required Action**

Current Cases

A [Case Listing](#) generated by DHCS of Medi-Cal beneficiaries that are recorded in MEDS as having their Part B premium paid for by DHCS and who have a SOC in April 2011, is posted in SharePoint.

Based on the April SOC, SSA will remove the Part B premiums from the May SSA check. Workers must review this list and take the following actions:

Step	Action
1	Review the cases and ensure the beneficiary has been evaluated for the: <ul style="list-style-type: none"><li>• MSP programs;</li><li>• 250% WD program; or</li><li>• A&amp;D program.</li></ul>
2	Add the premium payment as a health insurance deduction for May in CalWIN.
3	Send notice to the beneficiary MC 239 – SOCR Part B. If the only action taken is to allow the Part B premium as a

	deduction, 10 day notice is not required.
4	<p>Beneficiaries with a SOC are not required to apply for Part B, and may drop the coverage if they cannot afford it. This may not be in their best interest, however.</p> <p>When beneficiaries choose not to pay their Part B Medicare premium, beneficiaries will no longer have Part D Medicare. Consequently, the beneficiaries will be expected to pay for their Medi-Cal SOC in a given month before Medi-Cal can begin to pay for any of their health care services.</p> <p>When a beneficiary chooses to pay for the Part B Medicare premium, Medicare will continue to pay for services such as doctor visits, lab work, X-rays and durable medical equipment. For beneficiaries with a SOC, paying the Part B Medicare premium is a better option.</p> <p><i>Applicants/beneficiaries must be advised of the 10% premium increase for each 12-month period they were eligible, but did not enroll in Medicare Part B.</i></p>

**Note:** Do not predict Medicare Buy-In at intake for individuals with a SOC.

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<b>Automation Impact</b>	Until CalWIN functionality is changed, workers must follow the instructions outlined in <a href="#">Bends 4972</a> , in order to allow the Medicare Part B premium payment deduction for individuals with an unmet SOC.
<b>Forms Impact</b>	No Impact
<b>Access Impact</b>	ACCESS staff must be knowledgeable about Medicare Part B premiums.
<b>Imaging Impact</b>	No Impact
<b>QC/QA Impact</b>	Effective with the June 2011 review month. Quality Assurance will cite the appropriate error on any case that does not comply with the requirements outlined in this letter.

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**Summary of Changes**

The table below shows the changes made in the MPG cites.

<b>Section</b>	<b>Summary of Change</b>
Article 15 Section 4	• Updated Buy-In information for Part B Medicare premiums

**Manager Approval**



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DMH