

Helping Individuals When Medicaid Termination Results in Liability for Medicare Premiums

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Agenda

- Background on state payment of Medicare premiums (“state buy-in”) for dually eligible beneficiaries
- Implications for individuals when they lose state buy-in
- Ways to help individuals who lose state buy-in

Background on State Buy-In

- All states have buy-in agreements with CMS, which require them to pay the Part B premiums on behalf of certain Medicaid beneficiaries.
 - Includes full-benefit Medicaid beneficiaries who receive supplementary security income payments (SSI) or are deemed to receive SSI and individuals enrolled in Medicare Saving Programs (MSPs)
 - May include all other Medicaid beneficiaries, if elected by the state.
- Buy-in agreements allow for enrollment in Medicare at any time of the year without late enrollment penalties.
- States pay Part A premiums for Qualified Medicare Beneficiaries (QMBs) either under their Part A buy-in agreement or using the group payer arrangement for beneficiaries not entitled to premium-free Part A.

Loss of State Buy-in

When dually eligible beneficiaries lose state buy-in due to a loss in Medicaid eligibility (including loss of Medicare Savings Program eligibility), the state obligation to pay Part B and/or A premiums ends.

The state obligation generally ends on the last day of the month for which the individual is eligible for the buy-in group but could be later depending on when CMS receives the state's buy-in disenrollment.

Loss of State Buy-In (cont'd)

After loss of state buy-in, the individual's obligation begins. SSA continues their Part B and/or Part A enrollment but the individual must start to pay their own Part B and/or Part A premium.

- Part B payment will be through a benefit deduction if the individual is receiving benefits from SSA, Railroad Retirement Board benefits, or Civil Service Retirement benefits.
- Others will be directly billed by CMS.
- The individual has the option to withdraw from Part B and/or Part A, but the default is continued enrollment.

Impact on Benefit Amount

A lag, usually two months, before loss of state buy-in is reflected in the individual's monthly benefit amount. The first new benefit payment usually includes a three-month deduction:

- Current month Part B premium (\$174.70 in 2024)
- Plus Part B premiums for prior two months (\$349.40)
Together, an over \$500 drop in monthly income for that first month
- Going forward, one month premium is deducted

The sudden significant drop in available funds can affect ability to pay rent, utilities, other living expenses.

Impact on individuals not receiving benefit payments

When individuals who do not receive benefit payments lose buy-in coverage, CMS directly bills them for Part B and/or Part A premium payment amounts, including charges owed for prior months.

- When payment is only for Part B premiums, the first bill covers three months of prospective premiums plus past-due premiums, usually two additional months. Billing then continues quarterly.
- If Part A premiums are owed, with or without Part B, prospective billing is monthly rather than quarterly.

See [SSA POMS HI 00815.042](#)

Beneficiary Notice from SSA

Content:

- Explains that the individual lost state buy-in and billing/deductions
- Advises contacting SSA's national 800 number or local field office if unable to afford lump sum payment
- Provides the option to withdraw from Part B and/or Part A

Timing of the notice is variable, ranging from one month prior to when the reduction in benefit appears to as little as a few days before.

Options for Financial Relief From Retroactive Premium Liability Offered by SSA

Individuals unable to afford immediate payment of past due premiums have two options that they can pursue immediately by contacting the SSA field office or the SSA 800 number:

- A request for an installment payment agreement.

To minimize immediate financial harm, installment plans can reimburse most of the past due premium amount within days.

- A request for a waiver of past due premiums.

Options for Financial Relief From Retroactive Premium Liability Offered by SSA (cont'd)

Installment payments:

- The individual attests to inability to afford lump sum. Attestation is sufficient.
- Installments can be as low as \$15/month.
- SSA refunds two months of premiums that were deducted from the benefit payment minus first installment payment (e.g., \$349.40 - \$15.00 = \$334.40 refund).
- Installment payments can be requested by a phone call to the SSA 800 number or to the local SSA field office.

See [SSA POMS HI 00830.060](#)

Options for Financial Relief From Retroactive Premium Liability Offered by SSA (cont'd)

Waivers:

- The individual demonstrates extreme hardship
- Must complete [SSA Form 632](#) and provide required documentation. The form is available [on-line](#) or the individual can ask SSA for a copy
- Refund of two-month back premiums with NO repayment required
- Individuals who receive SSI will qualify for hardship waiver.
See [20 C.F.R. § 404.506](#)

Other information about SSA relief

- Regardless of whether their premiums are deducted from benefit payments or billed—individuals can pursue any and all courses simultaneously.
- Refund can be available in a matter of days, even more quickly in emergency situations.

Responding when individuals raise concerns about the change in their SSA benefit payment

Important messaging for Medicaid eligibility workers, SHIP counselors, other assisters and advocates, or related help lines to convey to affected individuals:

- SSA offers relief from lump sum retroactive Medicare premium payment and it is available quickly. Individuals can contact the SSA 800 number or local field office and ask about installment plans and waiver options. Some financial relief is available within days.

Responding when individuals raise concerns about the change in their SSA benefit payment (cont'd)

- Individuals with questions about the underlying Medicaid termination should review the notice from their state to see why they lost Medicaid or MSP coverage. Depending on their circumstances they may be able to:
 - file an appeal with their Medicaid agency;
 - Seek reinstatement of their application; or
 - Re-apply for coverage.

Responding when individuals raise concerns about the change in their SSA benefit payment (cont'd)

- Note appeals of buy-in terminations should always be directed to the state Medicaid agency.
- **Do not advise individuals to send an appeal on buy-in termination to SSA since buy-in is a state decision. Appeals based on other issues can be sent to SSA.**

Incorporating information about SSA options into Medicaid termination notices

State Medicaid programs can consider adding information to Medicaid termination notices for dually eligible individuals losing buy-in advising them that:

- 1) they will receive an important notice from SSA about the impact of the termination on their benefit payments.
- 2) Upon request, SSA can offer assistance with retroactive Medicare premiums.

Links and Questions

- [HI 00815.042 Implications and Options for Beneficiaries When State Payment of Medicare Premiums \(State Buy-in\) Ends](#)
- [HI 00815.021 The End of State Payment of Medicare Premiums Under a Buy-in Agreement](#)
- [HI 00830.060 Installment Payments for Retroactive Premiums](#)
- [20 CFR 404.506 When waiver may be applied and how to process the request.](#)
- [Form SSA-632BK | Request For Waiver Of Overpayment Recovery](#)
- [Manual for State Payment of Medicare Premiums, Ch. 1](#)
- [SSA Office Locator](#)
- [SSA National Number 1-800-772-1213](#)

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