LOS ANGELES COUNTY COMMISSION ON HIV

Medicare Part B
12/8/08 Update

POLICY BRIEF

Important Information on Medicare Part B Premium Payments

In late October, the California Department of Health Care Services (DHCS) notified beneficiaries who receive both Medicare and Medi-Cal benefits with a share-of-cost over $500 that the state would no longer pay their $96.40 monthly out-patient premiums. Since this information was released, additional information has been shared with the public, including three letters mailed to potentially impacted beneficiaries from the DHCS and the Social Security Administration. This brief is intended to provide a summary and update of the information currently available.

Summary: As a result of reductions made to the 2008/2009 California State budget, the California Department of Health Services will stop paying Medicare Part B premiums for persons enrolled in Medicare and Medi-Cal with a monthly Medi-Cal Share-of-Cost over $500.

Beneficiaries were initially informed that the Part B premium assistance would cease in November. Due to data systems problems, the change in premiums was postponed to December, meaning that people who are impacted will begin to have their $96.40 Medicare Part B premium deducted from their December 2008 Social Security checks.

The Medicare Part B monthly premium will be $96.40 per month.

In an effort to help individuals who are impacted by this change, the Los Angeles County Commission on HIV and the Department of Public Health Office of AIDS Programs and Policy (OAPP) are providing answers to several frequently asked questions:

Who will be impacted by this change? The Medicare Part B premium payment change will impact only those individuals who meet <u>all</u> of the following requirements:

- Currently enrolled in Medicare Part B (Outpatient Medical Coverage);
- Currently enrolled in Medi-Cal;
- Have a monthly Medi-Cal share-of-cost <u>over</u> $500.

What is Medicare Part B? Medicare divides health care coverage into various “parts”:

- Part A refers to inpatient or “hospital” coverage;
- Part B refers to outpatient coverage (doctor’s appointments, clinic visits, outpatient tests);
- Part D refers to prescription drug coverage.

For people who are impacted by the change, Medicare Part B is most likely your primary outpatient insurance. Medi-Cal is considered to be your secondary insurance, which pays after your monthly Medi-Cal share-of-cost is met.

The boxed and shaded areas are new information from the prior Medicare Part B brief

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Why have I never been required to pay Medicare Part B premiums before? Although there has always been a monthly premium attached to Medicare Part B, in the past California's DHCS has opted to pay these premiums for everyone enrolled in both Medicare and Medi-Cal. In most cases, individuals were not required to request that their Part B premiums be paid—the State of California just made the payments automatically. As a result of cuts made to the 2008/2009 California budget, the decision was made to no longer pay the premiums for individuals.

Can I drop my Medicare Part B coverage? Although Medicare does give the option to decline Part B coverage—it is generally not recommended, as it may create impediments to accessing care and treatment. For example, without Medicare Part B, an individual would need to access their Medi-Cal, thus potentially incurring a monthly share-of-cost for services. Another problem might be finding a provider who is willing to accept Medi-Cal. This illustrates the importance of patients having a clear understanding of their medical benefits before considering any changes to their coverage.

Will Medicare let me re-enroll in Part B if I decide to drop my coverage? Medicare will allow you to re-enroll in Part B, but only during Medicare's "General Enrollment Period" between January 1st and March 31st every year. Part B coverage becomes effective the following July 1st. If you drop your Part B coverage now and then attempt to re-enroll, the soonest you would have your Part B coverage back would be July 1, 2009. It is important to note that you would also pay a penalty for every month that you were not enrolled in Medicare Part B.

Will Social Security be issuing a 2009 cost of living increase? Yes, the Social Security Administration announced that people receiving Social Security benefits will receive a 5.8% cost-of-living increase effective January 2009. This will be the largest increase since 1982. Understandably, the 5.8% increase will not be enough to offset the Medicare Part B premium costs for everyone impacted, but it is important to note that a cost-of-living increase will occur in 2009.

Are there any programs that will pay my Part B premiums? The following details several programs which might help people with their premium and other health care costs:

***Medicare Savings Programs*:** There are three Medicare Savings programs designed to help people of limited resources with their Medicare out-of-pocket costs—including their Part B premiums. Although DHCS has instructed local Medi-Cal offices to screen for eligibility, it is recommended that individuals take the initiative to apply. To qualify for a Medicare Savings Program, the following criteria must be met:

- Monthly income must be below 135% of the Federal Poverty Level *($1170 for an individual in 2008)*.
- Must be eligible for Medi-Cal ***or*** have assets below $4000/ individual or $6000/couple.
- Must be enrolled in both Medicare A and B.

Applications must be made at the individual's local Medi-Cal office. Specific offices can be located by calling 866.613.3777 or checking the website at http://dpss.lacounty.gov.

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***250% Working Disabled Medi-Cal Program (WDP)*:** WDP is not a premium payment program per se, but DHCS will pay the Part B premium for people who are enrolled in this program. WDP is a Medi-Cal program designed for people who are participating in any type of work activity. Once enrolled in WDP, the individual's share-of-cost is eliminated. Instead, the individual pays a monthly premium based on their monthly earnings. The monthly premiums range between $20 - $250. The WDP does not stipulate any "formal" employment requirements or minimum hourly work requirements. Because people enrolled in WDP qualify for Medi-Cal with no share-of-cost, DHCS will continue to pay the Medicare Part B premiums. In order to apply for the WDP, an individual must contact their assigned Medi-Cal worker. As noted previously, you can find your worker's name/number by calling 866.613.3777.

***Medi-Cal Share-of-Cost*:** DHCS will pay Part B premiums in any month that an individual's out-of-pocket medical expenses equal the amount of their Medi-Cal share-of-cost. In these instances, DHCS will refund the Part B premium amount. The refund will appear in a future Social Security check. Below is a typical scenario:

- Jim's Medi-Cal share-of-cost is $700.
- Jim undergoes a major dental procedure in December.
- The dental procedure costs $2000. Joe is responsible for $700 of the dental bill (his share-of-cost); Medi-Cal pays the remainder of the bill.
- Because Joe incurred his entire Medi-Cal share-of-cost in December, Medi-Cal will pay his Part B premium for the month of December in the form of a refund.
- The refund will be added to his monthly Social Security payment in a later month.

Are there are Part B premium programs for people with HIV/AIDS (PLH/A)? State and local officials are exploring all options and are attempting to identify available premium payment assistance resources. The Commission and the OAPP will release a follow-up notice if additional information becomes available.

In the meantime, for PLH/A in Los Angeles County whose SSDI benefits have been reduced by the amount of the Medicare Part B premium and that poses a special hardship, we encourage you to contact the following benefits specialists for short-term assistance in the amount of the premium payments:

AIDS Service Center (ASC)
626.441.8495 x 271

AIDS Project Los Angeles (APLA)
213.201.1600

Will I be receiving any additional information about the Part B changes? The Commission and OAPP will provide additional information as it becomes available.

Resources:

- California Department of Health Care Services, 800.952.5294 www.dhs.ca.gov
- Medicare www.medicare.gov
- Social Security Administration 800.772.1213 www.socialsecurity.gov

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