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 | ADMINISTRATIVE DIRECTIVE |
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TRANSMITTAL: 90 ADM-48

TO: Commissioners of
 Social Services

DIVISION: Medical
 Assistance

DATE: December 18, 1990

SUBJECT: Medical Assistance Payment of Medicare Part A
 Premiums For Qualified Disabled And Working
 Individuals (QDWIs)

SUGGESTED DISTRIBUTION:	Medical Assistance Staff Fair Hearing Staff Legal Staff Accounting Staff Third Party Staff SDX Coordinators Staff Development Coordinators
CONTACT PERSON:	MA Eligibility County Representative at 1-800-342-3715, extension 3-7581, MA New York City Representative at (212) 587-4853
ATTACHMENTS:	See Attachment I for list of attachments. (List is available on-line.)

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
90 ADM-6		360-2	367-a		OBRA 89
89 ADM-7			Chapter 651		(PL 101-
89 INF-26			of the Laws		239)
86 ADM-47			of 1990		MCCA of
86 ADM-46					1988
83 ADM-65					
80 ADM-56					

I. PURPOSE

The Omnibus Budget Reconciliation Act of 1989 (OBRA 89) requires states to provide Medical Assistance (MA) payments for Medicare Part A premiums for Qualified Disabled and Working Individuals (QDWIs). The purpose of this Directive is to provide districts with instructions and procedures regarding implementation of OBRA 89 provisions for QDWIs.

II. BACKGROUND

OBRA 89 (Public Law 101-239) created a new group of "buy-in" eligibles known as QDWIs. This group differs from other buy-in populations in that MA can only pay the Medicare Part A premiums for QDWIs and payment will be made through a federal Group Payer System. Chapter 651 of the Laws of 1990 amended Section 367-a of Social Services Law to implement this provision in New York State effective October 1, 1990.

Prior to the Medicare Catastrophic Coverage Act of 1988, MA payment of the Medicare Part B premium through the "buy-in" was limited to Supplemental Security Income (SSI) recipients, Aid to Dependent Children (ADC) cash recipients and individuals qualifying under Section 503 of Public Law 94-566, Section 249E of Public Law 92-603 and Section 1619B of Public Law 99-509. With the passage of the Medicare Catastrophic Coverage Act of 1988, the Buy-In Program was expanded to include Qualified Medicare Beneficiaries (QMBs) who are eligible for MA payment of the Medicare Part A and B premiums, deductibles and coinsurance.

OBRA 89 amended the Social Security Act to allow former Social Security Disability beneficiaries, who lost Medicare Part A solely due to substantial gainful activity, to purchase Medicare Part A and Part B coverage. However, these individuals cannot purchase Medicare Part B without enrolling in Medicare Part A.

Since OBRA 89 mandated that these federal provisions be effective July 1, 1990, the Social Security Administration (SSA) sent a notice (Attachment II) to approximately 23,000 disabled working individuals nationwide who are potentially eligible for QDWI status. The notice informed them that they could apply for enrollment in Medicare at local SSA offices effective July 1, 1990 and for possible MA payment of the Medicare Part A premium at social services offices. In addition, SSA will be sending notices on an on-going basis to individuals as they become potentially eligible for QDWI status.

Although the federal law was effective July 1, 1990, OBRA 89 contained provisions that allowed states to delay the effective date if State

legislation was required before implementation could occur. Chapter 651 of the Laws of 1990 was enacted in July, 1990 and established an effective date of October 1, 1990 for implementation in New York State.

Since the federal Medicare Part A Group Payer System will not be operational until February, 1991, interim procedures are necessary to ensure that QDWI determinations can be made effective October 1, 1990. This Directive will instruct districts on the interim procedures and a separate Directive will be issued regarding system changes and payment procedures once the Medicare Part A Group Payer System is in place.

III. PROGRAM IMPLICATIONS

Provisions of OBRA 89 require MA coverage of Medicare Part A premiums for QDWIs. The following guidelines will be used to determine if applicants are eligible to have MA pay for their Medicare Part A premiums.

A. A Disabled and Working Individual (DWI) is an individual who:

1. is under 65 years of age;
2. received Title II Social Security Disability benefits for at least 24 months;
3. lost such benefits solely due to earnings above the substantial gainful activity level, which is currently \$500 per month (see GIS 90 MA007);
4. has exhausted his or her extended period of Medicare eligibility;
5. continues to have the same disabling impairment; and
6. is not otherwise entitled to Medicare Part A.

B. A Qualified Disabled and Working Individual (QDWI) is an individual who:

1. is entitled to and enrolled in Medicare Part A as a DWI as described in Section III A;
2. has net income at or below 200% of the federal income official poverty line;
3. has countable resources no more than twice the SSI resource level; and
4. is not otherwise eligible for MA.

Potential DWIs are notified by SSA that they can apply for Medicare Part A and B at the local SSA office (see Attachment II). If a Medicare application is filed, SSA will do a disability determination and an award of DWI status. At the time of the award, the beneficiary will receive an award notice and a premium notice. SSA will then refer beneficiaries who appear to be financially eligible for MA payment of the Medicare Part A premium to social services offices.

Social services districts will be required to do a QDWI determination for DWIs applying for MA payment of Medicare Part A premiums in accordance with the provisions outlined in Section IV of this Directive.

IV. REQUIRED ACTION

Section 6408(d) of OBRA 89 requires MA to pay Medicare Part A premiums for QDWIs. Effective October 1, 1990, social services districts must take the following actions to determine the eligibility of potential QDWIs for MA payment of Medicare Part A premiums.

A. Initial Interview

1. Conduct a face-to-face interview with individuals requesting a QDWI determination;
2. Verify that the individual is enrolled in Medicare Part A as a DWI and the effective date of entitlement. The individual must present his/her SSA Medicare award notice and Medicare Part A premium notice as documentation of this enrollment and the effective date of entitlement; and
3. Give the individual a copy of Attachment III, "MA Notice to Potential QDWIs". (See Section IV.D.4.a.)

B. Non-Financial Eligibility

Unless otherwise specified in this Directive, all policies and procedures contained in Section 360-2 of Department Regulations pertaining to applications/recertifications apply to QDWIs.

C. Financial Eligibility

1. Income/Resource Standards

Applicants for QDWI status must have their financial eligibility determined using the SSI budgeting methodology. The individual's net income and countable resources must be equal to or less than the following income and resource standards.

Income Standards

Household Size	<u>One</u>	<u>Two</u>
Net Annual Income	\$12,560	\$16,840
Net Monthly Income	\$ 1,046	\$ 1,403

Resource Standards

Household Size	<u>One</u>	<u>Two</u>
	\$ 4,000	\$ 6,000

As with other SSI related individuals, QDWI applicants may set aside up to \$1,500 as a burial fund (\$3,000 for a couple).

2. Budgeting Guidelines

- a. All SSI-related income and resource exemptions and disregards must be applied.
- b. Allocation and deeming must be used when appropriate.
- c. Net income and resources must be compared to a household size of one or two. The provisions of Rickey v. Perales (86 ADM-46) regarding household size must not be used when determining an individual's eligibility for QDWI status.
- d. QDWI applicants may not spend down income or resources to gain eligibility.
- e. Transfer of resource provisions apply.

D. Case Processing

Districts must process the applications of individuals who document that they have enrolled in Medicare Premium Part A and meet the financial and non-financial criteria of this Directive using the following guidelines and procedures:

1. Effective Date

The effective date of MA eligibility under QDWI provisions is the first day of the month the individual is determined to be eligible as a QDWI. This includes the three-month retroactive period prior to the month of MA application but no earlier than October 1, 1990.

2. QDWI Benefits

QDWI eligibles are entitled to MA payment of the Medicare Part A premium only. Although QDWIs may opt to enroll in Medicare Part B, MA cannot pay the Part B premium. Payment of the Part B premium remains the responsibility of the individual.

3. Recertification/Change in Circumstances

- a. QDWI cases must be recertified at least once every twelve months;
- b. Recipients must be instructed to report changes which may affect eligibility, such as an increase in income and/or resources. MA payment of the Medicare Part A premium must be discontinued effective the last day of the month in which the individual no longer meets QDWI eligibility criteria, provided the client has been given timely and adequate notice.

4. Notice Requirements

At the initial face-to-face interview, potential QDWIs must be given a notice regarding Medicare Part A premium payments (Attachment III). Once an eligibility determination has been made, these individuals must be sent a notice of action (Attachment IV). The notices must be locally reproduced.

a. Notice to Potential QDWIs

This notice instructs potential QDWIs to withhold payment of Medicare Part A premiums until a determination of their QDWI eligibility has been completed. It also informs them that if their application is denied, they may be responsible for payment of accumulated Part A premiums (see Attachment III).

b. Notice of Action Taken

(1) Approvals

The notice instructs individuals approved for QDWI eligibility to withhold payment of the Medicare Part A premium beginning with the first month of QDWI eligibility (see Attachment IV).

Until the Medicare Part A Group Payer System is in effect, QDWI eligibles will continue to receive Medicare premium bills. Once the system is operational, social services districts will be

able to make premium payments retroactive to the first month of QDWI eligibility. In the interim, the federal Health Care Financing Administration (HCFA) will not terminate Medicare Part A coverage for nonpayment of the premium.

(2) Denials

The notice instructs individuals denied QDWI status to contact SSA if they wish to withdraw from Medicare Part A coverage (see Attachment IV).

Individuals who request Medicare disenrollment within two months following the month of the Medicare application will incur no premium liability. If the request is filed after the two-month period, the individual will be disenrolled the following month and will be responsible for premium bills for all months prior to the month of disenrollment.

(3) Discontinuances

The notice informs individuals of the termination of QDWI status due to change(s) in eligibility factors (See Attachment IV).

These individuals are responsible for payment of the Medicare Part A Premium beginning with the first day of the month following the month of QDWI discontinuance.

5. Payment of the Part A Premium

Medicare Part A premiums for QDWI eligibles cannot be paid to HCFA until February, 1991, the target date for implementation of the Medicare Part A Group Payer System. Once the system is operational, social services districts will be able to make premium payments retroactive to the first month of QDWI eligibility but no earlier than October 1, 1990.

In the interim, districts must process these cases in accordance with all provisions of this Directive and maintain a separate file of the case records to be accessed when payments can be made. A separate Directive will be issued regarding payment procedures and system changes once the Medicare Part A Group Payer System is in place.

V. SYSTEMS IMPLICATIONS

A. WMS

Since premium payments for QDWIs will be made via the Part A Group Payer System, and these individuals will not be eligible for any other benefit under MA, there are no WMS implications. Accretion to the Part A Group Payer System will be done via a manual procedure. Current projection is that the Group Payer System will not be ready to process payments until February, 1991. Instructions will be sent to the districts when they become available.

B. MBL

The budget logic is not currently programmed to determine eligibility for QDWIs. You will be notified via MBL Transmittal when this capacity is available.

VI. EFFECTIVE DATE

The provisions of this Directive are effective January 1, 1991, retroactive to October 1, 1990.

Jo-Ann A. Costantino
Deputy Commissioner
Division of Medical Assistance

LIST OF ATTACHMENTS

Attachment I	List of Attachments (available on-line)
Attachment II	SSA Notice to Potential Qualified Disabled And Working Individuals (available on-line)
Attachment III	MA Notice to Potential Qualified Disabled and Working Individuals (available on-line)
Attachment IV	MA Notice of Action on Application/Benefit For Qualified Disabled and Working Individuals (not available on-line)

Social Security Administration
IMPORTANT INFORMATION

Name

Date:

Street Address

City/State/ZIP Code

AN IMPORTANT MESSAGE ABOUT MEDICARE

We are writing to you because our records show that you've lost or are losing your Medicare. You may be able to get Medicare again if:

- o you are still disabled, and
- o you lost or are losing Medicare only because you are working.

We are offering to start your Medicare again because of a change in the law. However, you'll have to pay monthly premiums if you want coverage.

What Kind of Medicare Can You Get?

You can get the same Medicare coverage you had before. This includes hospital insurance (Part A) and medical insurance (Part B).

How Much Will It Cost?

There was formerly no cost for your hospital insurance. If you choose to have hospital insurance under the new law, however, you will have to pay for it. The cost in 1990 is \$175 per month.

To get medical insurance also, you'll have to pay \$28.60 more, for a total of \$203.60 per month. This rate may increase next year. You can get hospital insurance without medical insurance, but if you want medical insurance you have to get hospital insurance also.

If you meet certain requirements about your income and the things that you own, your State may pay for your hospital insurance. Contact your State agency to find out if you qualify for this. Your local Social Security office can give you the name and address of the State agency.

When To Apply

- o If your Medicare stopped before December 1, 1989, you must apply no later than June 30, 1990, to start Medicare again this year. Your coverage will start on July 1, 1990.
- o If your Medicare stopped after November 30, 1989, but before you got this letter, you have 7 months from the month it stopped to apply again. However, you must apply no later than June 30 if you want Medicare to start on July 1, 1990. Your coverage will be delayed if you apply after June 30.

- o If your Medicare will end this month or in the next 3 months, you have 7 months from the date of this letter to apply again. However, if you want Medicare to continue without a break, you must apply before the end of the month when the coverage ends. If you sign up after that time, there may be a break in your Medicare.

If You Do Not Apply Now

If you don't apply for Medicare now, you can wait and apply during the next general enrollment period. A general enrollment period takes place in January, February and March of each year. If you apply during one of these periods, Medicare will begin the following July 1. However, in that case your premium may be higher because you applied later than you could have.

If you're covered by an employer group health plan, you may not need to apply now. You can get more information about this by contacting us.

How To Apply

If you want to apply for Medicare under the new law, please call or visit any Social Security office. If you contact us, please have this letter with you. It will help us serve you faster.

D. Dean Mesterharm
Acting Deputy Commissioner
of Operations
Social Security Administration

TO: Applicants for Medical Assistance Payment of Medicare Part A
Premiums
(Potential Qualified Disabled and Working Individuals)

FROM: _____ County Department of Social Services

You have applied for Medical Assistance payment of your Medicare Part A premiums.

Do not pay your Medicare Part A premium bills until we have made a decision on your Medical Assistance application. We will send you a written notice informing you of our decision.

If you are determined eligible, Medical Assistance will pay the Medicare Part A premiums for you. If you are determined not eligible, you have two choices:

1. Pay the Medicare Part A premiums yourself and continue to have Medicare Part A coverage; OR
2. Notify your local Social Security office immediately that your Medicare Part A coverage should be stopped.