Benefits of Daily versus Monthly Buy-in Data Exchanges for Medicaid Agencies

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Medicaid agencies[1] pay for Medicare Part A and or B monthly premiums for most dually eligible individuals.[2] To do so, Medicaid agencies routinely exchange data with CMS on who is enrolled in Medicare and who/what entity is responsible for paying that beneficiary's Parts A and B premiums. These data exchanges support state, CMS, and Social Security Administration (SSA) premium accounting, collections, and enrollment functions.

CMS encourages states to exchange buy-in data on a daily basis. Medicaid agencies can send buy-in files to CMS daily and continue to receive one monthly response file or may elect to receive buy-in response files each business day in addition to the monthly file. Thirty-one states and the District of Columbia are now submitting buy-in data to CMS daily; twenty-eight states and the District of Columbia are now receiving buy-in response files from CMS daily. All states, regardless of their data exchange election, may submit buy-in input files to CMS as needed (e.g., monthly, weekly or daily). More frequent buy-in data exchanges benefits dually eligible individuals, Medicaid agencies, and providers.

Benefits of Daily Data Exchanges

State efficiencies

- Medicaid agencies can minimize their financial exposure when people lose Medicaid or Medicare Savings Program coverage with a retroactive effective date.
    - While the CMS system will accept any retroactive effective date, states remain liable for months over the first three months of retroactivity (since beneficiaries can be billed for no more than two months back). Daily data exchanges permit states to much more quickly remove records from the state's buy-In account, after the state determines the beneficiary is no longer eligible for buy-In.
- Daily exchanges reduce administrative burden of reconciling benefit costs when buy-in is retroactive for beneficiaries already receiving Medicaid.
    - Medicaid agencies can effectuate a faster shift to Medicare as primary payer for many health care services.
    - Medicaid can reduce the need to recoup Medicaid reimbursement paid to providers.
- Medicaid agencies can avoid spikes in staff workload to resolve processing errors identified on the CMS response file[3] .

[1] "Medicaid agencies" includes those in states and territories

[2] In 2018, the Part A premium is $422 per month, and the Part B premium is $134 per month.

[3] The CMS response file indicates, for each record submitted by a state, whether the record was accepted or rejected, and if the latter, has reason codes explaining why. This helps the state correct the record prior to re-submitting.

Faster help for beneficiaries

- For beneficiaries who can neither afford Medicare premiums nor qualify for Medicaid, they can more quickly access Medicare A/B services, and providers can more quickly be assured of coverage.
    - If the state's buy-In transaction request contains an error and CMS rejects the update, CMS will notify the state of the rejection within one business day. This allows the state to correct issues and resubmit quickly, versus waiting for the next monthly file from CMS. This difference may impact an individual's Medicare coverage by several months in some cases.
- For beneficiaries who had been paying for the Part B premium themselves, the sooner the Part B buy-in starts, the sooner SSA stops deducting the Part B premium from the beneficiaries' Social Security check. This frees up resources for food, housing, and other necessities that are often critical to maintaining health and independence in the community.

Reduced burden on providers

- Greater accuracy in Medicare eligibility increases providers' ability to bill the correct payer the first time.
- It also reduces the burden of reconciling coverage, i.e., to have money recouped by Medicaid, or for provider to have to re-bill.

Technical FAQs on Buy-In Data Exchanges

Q1. What is the CMS system for buy-in?

CMS maintains the Third Party System (TPS), the process by which state buy-in information is updated and maintained on the CMS Enrollment Database for all individuals enrolled or being enrolled in Medicare Part A and/or B buy-in. Medicaid agencies submit buy-in transactions for updating through the TPS via an electronic file transfer (EFT) exchange setup.

Q2. What is on the state input file to CMS?

The input file includes a record for each Medicare beneficiary for whom the Medicaid agency is adding, losing coverage, or changing buy-in status.

Q3. What effective dates are accepted?

The law specifies buy-in begins on the first date the individual is a member of a buy-In coverage group and is eligible for Medicare.

Q4. What is included on the CMS response file?

Every state (in daily and monthly file exchanges) receives a Third Party monthly response/billing files on or before the 1st calendar day of each new month. These files include all Billing Type Records (RIC-B), that show premium debit and credit amounts that are generated throughout the calendar month during daily update processing, as well as routine monthly ongoing billing

records for beneficiaries whose third-party CMS Enrollment Database (EDB) records received no update(s) in that calendar month.

For states electing to receive only the monthly billing response files from CMS, these monthly files will also include all other type of response records generated for that state throughout the calendar month during daily update processing. These other record types do not contribute to the premium liability totals for the agency.

For states electing to receive daily response files in addition to monthly billing files from CMS, their daily response files will include every other type of response record except for the actual Billing Type Records (RIC-B).

Q5. Can transactions have retroactive effective dates?

Yes. Retroactivity is inherent in buy-in, especially for cases where Medicare is awarded retroactively based on appeal. CMS will bill the state with the effective date included in the state's buy-In request unless the beneficiary did not have Medicare eligibility. Occasionally, the TPS will adjust the start date to a later date, if the state's request shows a date earlier than the beneficiary's entitlement date for Medicare.

Q6. What protections are in place to keep beneficiaries from incurring excessive financial losses when there are retroactive deletions?

There are important protections for beneficiaries when states stop buy-in. SSA may deduct no more than three months of premiums (two retroactive months + current month) from a beneficiary's Social Security check. Operationally, this means that records with retroactive deletions can only have effective dates up to four months prior to the current billing cycle, resulting in no more than the above mentioned three months of beneficiary premium deductions.[4]

For example

- August updates represent the October billing cycle. Earliest effective deletion date is four months prior to October, i.e. June, meaning the state pays for June, and the beneficiary becomes responsible for the July, August and September premiums previously paid by the state.
- If a deletion would be effective February 1, it must be submitted by around April; if submitted later – for example in August – it can only be effective around two months prior (in this example, June), so the state would be responsible for covering February - June.

[4] CMS applies the SSA-established Current Operating Month (COM) date to determine the earliest effective stop date of deletions. The earliest possible stop date for terminations is two months prior to the COM, and the latest is one month following the COM. The COM date changes month to month; there is no specific or consistent date.

For More Information

For technical support, state staff should contact Phyllis Martin in the CMS Office of Information Technology at Phyllis.Martin@cms.hhs.gov, and copy DPBCStateBuy-In@cms.hhs.gov.

For policy questions, state staff should contact Sharon Donovan in the Medicare- Medicaid Coordination Office at Sharon.Donovan1@cms.hhs.gov.