

## **Part A Buy-in Agreements for States - Q&A**

*March 2019*

### **1. What is the state program to pay Medicare premiums (“buy-in”)?**

States are required to pay Medicare Part A and/or Part B premiums for certain individuals dually eligible for Medicare and Medicaid. Under the State Buy-In Program,<sup>1</sup> states can enter into Medicare Parts A and B buy-in agreements with the Centers for Medicare & Medicaid Services (CMS). These agreements can reduce enrollment challenges and make it easier for states to fulfill their requirement to pay the Parts A and/or B premiums for these low income individuals.

### **2. What are the advantages of a Part A buy-in agreement?**

A Part A buy-in agreement permits a state to directly enroll eligible individuals in Part A at any time of the year, without late enrollment penalties assessed to a beneficiary’s premium liability. States without Part A buy-in agreements cannot enroll an individual in Medicare Part A until the individual first goes to that individual’s local SSA office to complete a “conditional enrollment” application for Part A. Further, states without Part A buy-in agreements may only enroll individuals in Part A during Medicare’s annual General Enrollment Period (January through March, with Medicare coverage beginning on July 1). States without a Part A buy-in agreement must pay any late enrollment penalties due to late Medicare Part A enrollment. Easing the administrative burden of Part A buy-in enrollments can produce state savings by increasing the number of Medicaid recipients who are enrolled in Medicare Part A. When that happens, Medicare becomes the primary payer for inpatient hospital, skilled nursing facility services, and other Medicare Part A covered services.

### **3. Are states required to enter into a Medicare Part A buy-in agreement with CMS?**

States are required to pay Part A premiums for those eligible for the Qualified Medicare Beneficiary (QMB) program,<sup>2</sup> but states are not statutorily required to execute a Part A buy-in agreement with CMS. Without a Part A buy-in agreement, a state must still pay Medicare Part A premiums on behalf of those in the QMB program. But entering into a Part A buy-in agreement with CMS makes it much easier to enroll them into Medicare and pay the premiums on their behalf (see #6 below for additional details).

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<sup>1</sup> See Social Security Act § 1843.

<sup>2</sup> Federal financial participation is only available for Part A premiums for QMBs.

#### **4. How many states have a Medicare buy-in agreement with CMS?**

All states have a buy-in agreement with CMS for Part B. Thirty six states and the District of Columbia have adopted a Part A buy-in agreement as well. Entering into a Part A buy-in agreement may help limit state Medicaid costs because Medicare is the primary payer for most medical care for dually eligible individuals.

#### **5. Who are the individuals for whom states are required to pay for the Medicare Part A premium?**

States must pay the monthly Part A premium for individuals who lack premium-free Part A and are otherwise eligible for the QMB program.<sup>3</sup> Most individuals work enough quarters to get premium-free Medicare Part A; those who don't have a monthly premium (up to \$437/month in 2019).<sup>4</sup> Under the QMB program, states pay the Medicare Parts A and B premiums and cost-sharing for low-income beneficiaries.<sup>5</sup>

#### **6. How does a Part A Buy-in agreement make enrolling an individual eligible for the QMB program into Medicare easier?**

The Part A buy-in agreement provides the most efficient way for states to pay the Part A premiums for QMBs. States with Part A buy-in agreements can directly enroll certain eligible individuals<sup>6</sup> in Part A at any time of the year, without late enrollment penalties.

By contrast, states without Part A buy-in agreements cannot enroll an individual in Medicare Part A until the individual first goes to their local Social Security Administration (SSA) office to complete a conditional enrollment application for Part A<sup>7</sup>. Further, states without Part A buy-in agreements may only enroll persons in Part A during the annual General Enrollment Period (January through March, with coverage effective July 1) and states must pay any penalties due to delayed Part A enrollment.

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<sup>3</sup> Individuals must be enrolled in Part A to qualify for the QMB program. As their income must be at or below 100 percent of the Federal Poverty Level, they cannot usually afford the Part A premium to qualify for QMB in the first place.

<sup>4</sup> See Medicare.gov Part A costs <https://www.medicare.gov/your-medicare-costs/part-a-costs>.

<sup>5</sup> See Social Security Act § 1905(p).

<sup>6</sup> With a Part A Buy-in agreement, states can directly enroll individuals into Part A as long as they already have Part B. If the individual does not have Part B already, she/he must first apply at SSA.

<sup>7</sup> For details, please see the Social Security Administration's Program Operations Manual, HI 0080.140, available at <http://policy.ssa.gov/poms.nsf/lnx/0600801137>.

## **7. How does enrolling individuals in Part A impact their Medicaid benefits?**

Once a Medicaid recipient is enrolled in Part A, Medicare becomes the primary payer for all Medicare Part A covered services, including inpatient hospital, certain home health, hospice, certain transplant, and skilled nursing facility services. The individual retains his or her Medicaid eligibility and the scope of Medicaid coverage; however, for those Medicaid services also covered by Medicare Part A, Medicare would be the primary insurer.

## **8. What are the additional advantages of Part A buy-in agreements for Auto-Accrete (“1634”) states?**

For supplemental security income (SSI) recipients in particular, “Auto-Accrete” (“1634”<sup>8</sup>) states already facilitate enrollment in Part B. When SSA finds someone eligible for SSI in an Auto Accrete state, he/she is automatically enrolled in Medicaid and Medicare Part B, with the state paying the Part B premiums on his/her behalf.

Entering into a Part A buy-in agreement allows Auto Accrete states to ensure those SSI recipients who are eligible for Medicare are enrolled in Medicare Part A (in addition to Part B), without added costs for states (due to late enrollment penalties), delays, and the need for individuals to complete the conditional Part A application at their local SSA office.<sup>9</sup>

Without a Part A buy-in agreement, enrolling into Part A requires application and eligibility determination by both SSA and Medicaid, requiring beneficiaries and eligibility workers to complete a multi-step application process which is complex and administratively burdensome.

## **9. How can entering into a Part A buy-in agreement promote integrated care for dually eligible individuals?**

Integrated models of care<sup>10</sup> can help states manage costs and care for dually eligible individuals. These models integrate primary, acute, and behavioral health care services with long term supports and services, with added care coordination, beneficiary protections, and added or enhanced services, for dually eligible individuals. Part A buy-in agreements allow states to maximize enrollment in integrated models of care, most of which require enrollment in both Medicare Parts A and B.

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<sup>8</sup> Auto-accrete states are also called “1634” states after the section of the Social Security Act that authorizes a state to enter into an agreement with Social Security Administration to automatically provide Medicaid and Medicare Part B premium payment to individuals that qualify for supplemental security income.

<sup>9</sup> See 42 CFR § 406.26.

<sup>10</sup> Examples of integrated models of care include demonstration Medicare-Medicaid Plans, fully or highly integrated Medicare Advantage Dual Eligible Special Needs Plans, and Programs for All-inclusive Care for the Elderly.

**10. What is the effective date of Part A buy-in coverage for QMBs for states with a Part A buy-in agreement?**

State Part A buy-in coverage under a Part A buy-in agreement can begin the third month following the month of the new agreement. QMB enrollment is always prospective since QMB program benefits are effective the month following the month of the QMB eligibility determination. This effective date holds true even without a buy-in agreement, but limitations on submitting only during the Medicare General Enrollment Period of January-March (and not effective until July), means that the QMB effective date is no earlier than July of either the current or following year.

**11. Who do states contact to learn more about assessing the advantages and potential impact of establishing a Part A buy-in agreement?**

Contact [Sharon.Donovan1@cms.hhs.gov](mailto:Sharon.Donovan1@cms.hhs.gov) in the CMS Medicare-Medicaid Coordination Office to discuss executing a Part A buy-in agreement.