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Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group (DEHPG)

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FROM: Gale P. Arden, Director *Gale P Arden*
Disabled and Elderly Health Programs Group

SUBJECT: Medicare Cost-Sharing for Medicaid Beneficiaries

TO: All Associate Regional Administrators
Division of Medicaid and Children's Health

On June 11, 2007 I asked you to share with your States a policy clarification regarding the obligations of State Medicaid programs for cost-sharing in Medicare Advantage (MA) plans. That guidance may be found at the following links:

<http://www.cms.hhs.gov/DualEligible/Downloads/PartCCostSharingCoverMemo061107.pdf>
and <http://www.cms.hhs.gov/DualEligible/Downloads/PartCCostSharingMatrix061107.pdf>.

That policy clarification was issued in response to inquiries from States, providers and plans who required guidance on this subject; however at the time of issue CMS acknowledged that that document did not address all issues related to dually eligible individuals in MA plans. Notably, the document did not address beneficiary cost-sharing obligations, provider billing practices, or a discussion of methods by which a State can meet its Medicaid obligations. Since the issuance of that guidance we have received questions related to these topics.

One question we received from several sources relates to the practice of a provider balance billing a Qualified Medicare Beneficiary (QMB). Although the State Medicaid Manual, in a 1991 revision, refers to some circumstances in which a QMB may be balance billed, this information was later superseded by statute and corresponding policy. The first attached Q & A provides a more detailed explanation of the current policy related to balance billing.

The second attachment addresses the States' option to use a per capita payment to compensate Medicare Advantage plans for the Medicaid obligation for QMB cost sharing. This option is presented in the State Guide to Integrated Medicare and Medicaid Models, which may be accessed at the following link:

http://www.cms.hhs.gov/IntegratedCareInt/Downloads/State_Guide.pdf. As of this writing the Guide has not been updated to include the additional detail in the attached Q&A. However, we expect the next revision to include the updated information.

The attached Questions and Answers reflect current CMS policy. Please share this information with the States in your regions. If you have any questions regarding this memorandum, please contact Christine Gerhardt at 410-786-0693, or christine.gerhardt@cms.hhs.gov.

Attachments:

- Balance Billing of QMBs
- Capitation for Medicare Cost Sharing in Medicare Advantage (MA) Plans