



**MEDICARE DRUG AND HEALTH PLAN CONTRACT ADMINISTRATION GROUP (MCAG)**

**MEMORANDUM**

DATE: September 17, 2008

TO: All Medicare Advantage Plans

FROM: Teresa DeCaro, RN, M.S. /s/  
Acting Director,  
Medicare Drug and Health Plan Contract Administration Group

SUBJECT: Medicare Cost-Sharing for Medicaid Beneficiaries

The purpose of this notice is to inform your organization of recent guidance provided to States related to balance billing by providers for certain Medicare and Medicaid dually eligible beneficiaries. This information is important for your provider contracts.

The Centers for Medicare & Medicare Services (CMS), Disabled and Elderly Health Program Group (DEHPG), Center for Medicaid State Operations (CMSO) released a Medicaid cost-sharing document and memorandum dated June 11, 2007, to provide further clarification and guidance to questions raised by States, providers, and Medicare Part C plans pertaining to cost-sharing for dual eligibles enrolled in Medicare Advantage plans. That guidance memo and attachments were distributed on July 26, 2007, to MA plans and may be found at the following links:

[http://www.cms.hhs.gov/IntegratedCareInt/Downloads/Cost\\_Sharing\\_Memo.pdf](http://www.cms.hhs.gov/IntegratedCareInt/Downloads/Cost_Sharing_Memo.pdf)

[http://www.cms.hhs.gov/IntegratedCareInt/Downloads/Cost\\_Sharing\\_Chart.pdf](http://www.cms.hhs.gov/IntegratedCareInt/Downloads/Cost_Sharing_Chart.pdf)

A follow-up memorandum (Attachment 1) dated February 27, 2008, was issued to Medicaid Associate Regional Administrators (ARA) in the CMS regional offices to address additional questions raised by States regarding beneficiary cost-sharing obligations, such as provider billing practices, and a discussion of methods by which a State can meet its Medicaid obligations.

For example, one question CMS 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in a 1991 revision, refers to some circumstances in which a QMB may be balance billed, this information was later superseded by statute and corresponding policy (Section 4714 of the Balanced Budget Act of 1997 – BBA). Attachment 2 (balanced billing Q&As) provides a more detailed explanation of the current policy related to balance billing.

Additionally, Attachment 3 (capitation for Medicare cost-sharing Q&As) 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 [https://www.cms.hhs.gov/IntegratedCareInt/Downloads/State\\_Guide.pdf](https://www.cms.hhs.gov/IntegratedCareInt/Downloads/State_Guide.pdf).

As of this writing, the State Guide has not been updated to include the additional detail in attachments 2 and 3. However, we expect the next revision to include this information.

If you have any additional questions regarding this memorandum, please contact Ms. LaVern Baty at 410-786-5480 or [Lavern.Baty@cms.hhs.gov](mailto:Lavern.Baty@cms.hhs.gov).