DEPARTMENT OF HEALTH AND HUMAN SERVICES
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CMCS Informational bulletin

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SUBJECT: Strategies to Streamline Transitions for Medicaid-eligible Beneficiaries Who Newly Qualify for Medicare

Individuals age 65 and over, as well as those under age 65 who are eligible for Medicare, are not eligible for coverage under the adult group codified at 42 CFR 435.119. An increasing number of Medicaid beneficiaries in the adult group are being affected by this limitation. This includes those beneficiaries turning age 65 and beneficiaries receiving Social Security Disability Insurance benefits who are coming to the end of the 24-month qualifying period for Medicare.

While Medicare eligibility disqualifies individuals from being eligible under the Medicaid expansion group, many will be able to retain eligibility for Medicaid under another eligibility group and/or be eligible for the Medicare Savings Programs (MSPs), which provide assistance with at least Medicare premiums, and in many cases, Medicare Part A and Part B cost-sharing. We are issuing this Informational Bulletin to promote smooth transitions for individuals in the adult group who become Medicare eligible. Specifically, we are: 1) clarifying required processes for completing redeterminations of eligibility when Medicaid adult group beneficiaries turn 65 or attain Medicare eligibility; and 2) highlighting opportunities for states to promote smooth transitions for these beneficiaries while reducing administrative burden on them and states.

Redetermining Medicaid Eligibility for Adult Group Enrollees Who Newly Qualify for Medicare

Identifying Adult Group Beneficiaries who Gain Medicare Eligibility
Under our regulations and longstanding Medicaid policy, states must promptly redetermine eligibility whenever they anticipate or receive information about a change in a beneficiary's circumstances that may affect eligibility.1 For the adult group, this includes when the beneficiary turns 65 or becomes eligible to enroll in Medicare. Before terminating a beneficiary from Medicaid altogether, states also are required to determine whether the individual may be eligible under a different eligibility group, including, in the case of beneficiaries eligible for Medicare, eligibility for MSPs. This determination is done using information available to the

1 42 CFR § 435.916(d)

state in the beneficiary's record or from other sources, or through a request for additional information needed to determine eligibility for other groups.[2]

Implementing processes to identify these individuals early will help the state to complete a redetermination of eligibility under other eligibility groups in advance of the start of Medicare eligibility. When determining how far in advance to redetermine eligibility, it is helpful to plan to build in sufficient time to request and process any additional information needed to complete a redetermination. Ways to promote early identification include setting a flag in the state's eligibility system to begin the redetermination process several months before the beneficiary is expected to become Medicare eligible; leveraging available data matching processes;[3] or using information provided by the beneficiary or third-party sources.

Completing a Redetermination
Standard notice and fair hearing rights apply to individuals losing coverage under the Medicaid expansion group. When an individual qualifies for another Medicaid group, this means providing adequate and timely notice of change in eligibility from the Medicaid expansion group to the new basis of eligibility, effective date of eligibility, basic information on the level of benefits and services available under the new basis, as well as the rights and responsibilities associated with eligibility under the group. If the change in eligibility groups results in a reduction in benefits (as would be the case for individuals shifting from the Medicaid expansion group to the MSP) or a reduction in Medicaid eligibility, fair hearing rights must also be provided. In circumstances where individuals are determined not eligible for Medicaid on another basis, advance notice of termination and the opportunity to request a fair hearing is required.[4]

Options for States to Streamline the Redetermination Process for the Adult Group Beneficiaries Who Newly Qualify for Medicare

There are several strategies available to states to help streamline operations, ease beneficiary transitions, and ensure continuity of coverage.

Notices and Beneficiary Communications

Early outreach: State may reach out to the beneficiary well in advance of his or her expected loss of eligibility under the Medicaid expansion group to explain what steps (if any) the beneficiary will need to take to be determined eligible for the MSP or other non-MAGI Medicaid categories. This type of early outreach allows states to redetermine eligibility for beneficiaries before they no longer meet the eligibility requirements of the adult group.

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2 42 CFR 435.916(e)–(f) and 435.930.
3 States may obtain advance notice via the CMS response to their monthly Medicare Modernization Act State File (i.e., by submitting records on via "prospective" dual enrollment process; for detailed submission and processing of the 'PRO' records, see sections 2.2-2.6 in the 2014 MMA Data Dictionary, version 2.7, modified April 4, 2014), or on an ad hoc basis by submitting a "Territory Batch Query" (TBQ) file to CMS (for more information see: https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/Downloads/TBQData.pdf)
4 42 CFR part 431, subpart E and 42 CFR §435.917

Medicare-eligible individuals who remain eligible for Medicaid under the MSP or other non-MAGI category will be automatically eligible for the Medicare Part D low income subsidy (LIS) to provide additional assistance with the cost of prescription drugs covered by Medicare. Medicare-eligible individuals who do not remain eligible for Medicaid may also qualify for the LIS, but a separate determination is needed. State Medicaid agencies can make this determination, and early outreach to individuals losing eligibility under the Medicaid expansion group also enables states to determine eligibility for the LIS prior to the individual becoming Medicare eligible and losing eligibility for Medicaid.

Simplifying the collection of information from beneficiaries: States already provide beneficiaries multiple ways to provide information, including online, by mail, in person, and by phone, as appropriate. However, these avenues are not always utilized to their full potential. States may take additional steps to promote the availability of these options, e.g., by encouraging beneficiaries to upload required documents and forms online or provide necessary information by phone rather than in person.

Providing adequate assistance: Ensuring that sufficient assistance is available is also important to help beneficiaries complete the redetermination process and minimize coverage gaps. We encourage states to work with providers, application assisters, managed care organizations, consumer groups and others within the state to provide assistance to beneficiaries to understand the redetermination process and provide any necessary information required.

State Options to Align Eligibility Rules5

Income and asset rules: Multiple states have used the authority under section 1902(r)(2) of the Social Security Act (the Act), which permits states to apply less restrictive income and asset methodologies than those of the Supplemental Security Income (SSI) program, in determining eligibility for MSP or other eligibility groups. By exercising this authority, states can facilitate alignment of the eligibility rules between MSP and Medicaid expansion group, which can ease the transition of beneficiaries from the expansion group to MSP when they become Medicare-eligible. A number of states also have used section 1902(r)(2) of the Act to provide MSP to a greater portion of Medicare-eligible individuals losing coverage under the Medicaid expansion group by disregarding certain amounts or types of income and assets of a beneficiary, his or her spouse or other family members in determining eligibility for coverage under MSP or other non-MAGI eligibility groups. CMS is available to provide technical assistance to any state interested in pursuing either of these uses of section 1902(r)(2) authority.

Further Information

Flexibility in existing law provides states with options to improve retention and streamline operations to better serve individuals in the adult group who are approaching Medicare eligibility. For information about obtaining advance notice of upcoming Medicare eligibility, please contact MMCODataSharing@cms.hhs.gov. Other changes to a state's Medicaid eligibility rules may need to be effectuated through state plan amendments. For questions and

5For additional options, see January 23, 2015 CIB, https://www.medicaid.gov/Federal-Policy-Guidance/Downloads/CIB-01-23-2015.pdf

more information about the options discussed in this Bulletin, please contact Stephanie Kaminsky at (410)786-4653 or Stephanie.kaminsky@cms.hhs.gov.