

JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

Part A Buy-In Fact Sheet

Make Medicare More Affordable for Low-Income Older Adults

Problem:

Today, certain low-income individuals must navigate a bureaucratic maze to benefit from the Qualified Medicare Beneficiary (QMB) program, a financial affordability program designed to reduce the costs of Medicare. Without QMB, individuals who do not qualify for premium-free Medicare Part A, face premiums between \$278 to \$506 a month. California pays these premiums for QMB enrollees but individuals must first navigate a multistep application process in a short window of time – January to March of each year. The current policy leaves low-income individuals behind and costs the state more in health care expenses.

California can simplify enrollment by becoming a Part A Buy-In state. With Part A Buy-In, California can automatically enroll eligible individuals into Medicare Part A anytime during the year and eliminate this two-step application process.

Background:

Medicare Part A is free for those with ten years of Social Security work credits or those with spouses with qualifying work history. Individuals who do not meet these requirements and need financial assistance for Part A premiums have typically worked in low-wage jobs in the informal economy, or were prevented from joining the workforce due to caregiving needs or discrimination, or are older immigrants, many of whom have limited proficiency in English. Many older adults leaving incarceration and returning to the community are also affected.

These individuals have two options: enroll in the QMB program to pay for the Part A premiums; or forgo Medicare Part A.

Currently in California, individuals seeking QMB coverage must negotiate a bureaucratic maze. If they apply for QMB at their county Medi-Cal office, they are told that they must first apply for “conditional” Part A at the Social Security Administration, which they may only do between

January 1 and March 31 each year. After applying at SSA, they must return to the county to submit their QMB application. Not surprisingly, many individuals fail to successfully complete the process. For limited-English proficient speakers, the process is particularly daunting.

California is one of only 14 states that require individuals to navigate this unclear, multistep process. This maze would be eliminated if California became a Part A “buy in” state, a change that can be achieved administratively through a State Plan Amendment (SPA). The state would be able to directly enroll individuals into Part A at any time of year, bypassing the SSA enrollment process entirely.

Becoming a Part A Buy-In state would reduce inequities by simplifying enrollment into Part A and QMB and provide financial relief for low-income individuals that are disproportionately women, people of color, immigrants, and formerly incarcerated older adults.

Part A Buy-In would have additional benefits for the state.

- It would support the goals of CalAIM to use Dual Eligible Special Needs Plans (D-SNPs) as a primary vehicle for integration of Medicare and Medi-Cal services for dually eligible individuals. D-SNP eligibility is limited to individuals who have both Part A and Part B coverage.
- It would eliminate state liability for payment of late enrollment penalties for QMBs. States without buy-in agreements must pay those penalties, which are substantial.
- By streamlining the QMB application process, it would reduce administrative burdens on the Medi-Cal program.
- For dual eligibles who do not have Part A and are not QMB, it would shift payment liability for Part A services from the Medi-Cal program to Medicare through

payment of Part A premiums. For this population of high utilizers, this shift could result in significant savings for the Medi-Cal program. Part A includes inpatient hospital stays, short-term rehabilitation stays, home health, and hospice.

Note: The Center for Medicare and Medicaid Services released proposed rules to help states automatically enroll Supplemental Security Income recipients into premium Part A and QMB. This is a significant development but is limited in its reach to SSI recipients. By enacting Part A Buy-In, all eligible individuals will benefit.

Solution:

California should join the majority of states with Part A Buy-In agreements. This policy would streamline enrollment into Medicare Part A, benefitting both low-income Californians and the Medi-Cal program.

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