

Scenario Worksheet

Medicare Savings Programs (MSPs)

Mr. Jones



I'll lose my Marketplace premium tax credit and cost-sharing reductions if I transition to Medicare.

Scenario

Mr. Jones is turning 65 next month. He has a health plan through the Health Insurance Marketplace®. Because he has limited income and resources, he gets a premium tax credit and cost-sharing reductions. He just got a letter from the Marketplace advising him about his Medicare eligibility, the need to transition to Medicare, and the possibility of losing his premium tax credit and cost-sharing reductions. Mr. Jones wants to enroll in Medicare but isn't sure he'll be able to pay his Medicare premiums and out-of-pocket expenses, and he doesn't qualify for premium-free Medicare Part A (Hospital Insurance).

3. Since Mr. Jones isn't eligible for premium-free Part A, can he choose to remain in the Marketplace and get a premium tax credit and cost-sharing reductions?

4. How does the state work with Medicare and Social Security to pay for premiums and cost-sharing assistance for people who qualify for both Medicare and Medicaid?

Scenario Answer Key

Medicare Savings Programs (MSPs)



Scenario

Mr. Jones is turning 65 next month. He has a health plan through the Health Insurance Marketplace®. Because he has limited income and resources, he gets a premium tax credit and cost-sharing reductions. He just got a letter from the Marketplace advising him about his Medicare eligibility, the need to transition to Medicare, and the possibility of losing his premium tax credit and cost-sharing reductions. Mr. Jones wants to enroll in Medicare but isn’t sure he’ll be able to pay his Medicare premiums and out-of-pocket expenses, and he doesn’t qualify for premium-free Medicare Part A (Hospital Insurance).

Q&A

1. What would you tell Mr. Jones about other programs available to help him with Medicare out-of-pocket expenses?

Since Mr. Jones has limited income and resources, he may be eligible for assistance if he ends his Marketplace plan and signs up for Medicare.

People with Medicare and Medicaid (“dual eligible beneficiaries”) have Medicare Part A (Hospital Insurance) and/or Medicare Part B (Medical Insurance) and get full Medicaid benefits and/or assistance with Medicare premiums or cost sharing through one of the Medicare Savings Programs (MSPs).

Full Medicaid

Full Medicaid coverage refers to the package of services beyond coverage for Medicare premiums and cost-sharing that some get when they qualify for certain eligibility groups under a state’s Medicaid program. States must cover some of these groups, like people who get Supplemental Security Income (SSI). States also have the option to cover others, like the special income level institutionalized eligibility group, home- and community-based waiver participants, and medically needy individuals. Dually eligible beneficiaries who get Medicaid only are enrolled in Medicare Part A and/or Part B and qualify for full Medicaid benefits but not for MSP groups. States may also pay their Part B premium. States have some flexibility in determining and/or disregarding certain income and resources. States can only require Part A or Part B enrollment if the state pays Medicare premiums.

Medicare Savings Programs (MSPs)

States must help low-income people with Medicare with their Part A and/or Part B costs through one of 4 MSPs:

- **Qualified Medicare Beneficiary (QMB) Program:** Helps pay premiums, deductibles, coinsurance, and copayments for Part A, Part B, or both, for people who:
 - Are entitled to Medicare Part A (including people 65 and older who are entitled to premium Part A)
 - Have income that doesn’t exceed 100% of the federal poverty level (FPL)
 - Have resources that don’t exceed the full low-income subsidy (LIS) resource standard of 3 times the SSI resource limit, adjusted annually in accordance with increases in the Consumer Price Index (CPI)

QMB Plus. In addition to coverage for Medicare premiums and cost sharing, QMB Plus individuals get the full range of Medicaid benefits applicable to the separate eligibility group for which they qualify (like low-income families, qualified pregnant women and children, and individuals with disabilities).

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- **Specified Low-Income Medicare Beneficiary (SLMB) Program:** Helps pay Part B premiums for people who:
 - Are entitled to Part A (including people 65 and older who are entitled to premium Part A)
 - Have income that exceeds 100% but is less than 120% of the FPL
 - Have resources that don't exceed the full LIS resource standard of 3 times the SSI resource limit, adjusted annually in accordance with increases in the CPI

SLMB Plus. In addition to coverage for Part B premiums, SLMB Plus individuals get the full range of Medicaid benefits applicable to the separate eligibility group for which they qualify (like low-income families, qualified pregnant women and children, and individuals with disabilities).

- **Qualifying Individual (QI) Program:** Helps pay Part B premiums for people who:
 - Are entitled to Part A (including people 65 and older who are entitled to premium Part A)
 - Have income that is at least 120%, but less than 135%, of the FPL
 - Have resources that don't exceed the full LIS resource standard of 3 times the SSI resource limit, adjusted annually in accordance with increases in the CPI

Unlike QMB and SLMB, people who qualify for QI can't be eligible for a separate Medicaid eligibility group covered under the state plan.

- **Qualified Disabled Working Individual (QDWI) Program:** Helps pay the Part A premium for certain disabled and working individuals who:
 - Became eligible for premium-free Part A by qualifying for Social Security Disability Insurance (SSDI) benefits but lost those benefits, and premium-free Part A, because they returned to work
 - Have income that doesn't exceed 200% of the FPL
 - Have resources that don't exceed 2 times the SSI resource standard
 - Aren't otherwise eligible for Medicaid (Medicaid pays the Medicare Part A premiums only. No other services are covered.)

Medicare pays covered medical services first for dual eligibles because Medicaid is generally the payer of last resort. Medicaid may cover medical costs that Medicare doesn't cover or partially covers (like nursing home care, personal care, and home- and community-based services).

Medicare and Medicaid dual eligible benefits vary by state. Some states offer Medicaid through Medicaid managed care plans, while other states provide fee-for-

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service Medicaid coverage. Some states provide certain dual eligible plans that include all Medicare and Medicaid benefits.

Federal law defines income and resource standards for full Medicaid and the MSPs, but states have discretion to disregard certain income or resources to effectively raise those limits above the federal standard. The Centers for Medicare & Medicaid Services (CMS) releases dual eligible standards annually. To find his state's standards, Mr. Jones can visit [Medicaid.gov/medicaid/eligibility/seniors-medicare-and-medicaid-enrollees/index.html](https://www.Medicaid.gov/medicaid/eligibility/seniors-medicare-and-medicaid-enrollees/index.html).

Extra Help

If Mr. Jones meets certain income and resource limits, he may also qualify for [Extra Help](#) paying for Medicare drug coverage (Part D). Extra Help is a Medicare program to help people with limited income and resources pay Medicare prescription drug program costs, like premiums, deductibles, and coinsurance.

Effective January 1, 2024, Extra Help expanded to 150% of the FPL, so if Mr. Jones previously only qualified for the partial subsidy, he's now eligible for the full benefit. This means that starting in 2024, everyone who gets Extra Help will pay \$0 for their plan's deductible, \$0 for their plan's premium, and the same copayments—up to \$4.50 for each generic drug and up to \$11.20 for each brand-name drug—regardless of whether they had partial Extra Help prior to 2024. If Mr. Jones enrolls in Medicare and meets certain income and resource limits, he'll get the full Extra Help benefit.

- An individual automatically qualifies for Extra Help if they have Medicare and meet any of these conditions:
 - Have full Medicaid coverage.
 - Get help from their state's Medicaid program paying their Part B premiums (in an MSP).
 - Get SSI benefits.

If one of these conditions isn't met, the individual may still qualify for Extra Help, but they'll need to apply for it. It's free to apply. An application can be completed at any time, and if it's denied, the individual can reapply if their circumstances change. Eligibility for Extra Help may be determined by either Social Security or the individual's state Medicaid agency.

- Here are some ways to see if someone qualifies for Extra Help:
 - Apply online at [SSA.gov/medicare/part-d-extra-help](https://www.SSA.gov/medicare/part-d-extra-help).
 - Complete a paper application for Extra Help (SSA-1020), by visiting a local Social Security office.

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- Apply through the State Medical Assistance (Medicaid) office. Visit [Medicaid.gov/about-us/where-can-people-get-help-medicaid-chip/index.html](https://www.Medicaid.gov/about-us/where-can-people-get-help-medicaid-chip/index.html) to locate an office.
- Work with a local organization, like the State Health Insurance Assistance Program (SHIP). Visit [shiphelp.org](https://www.shiphelp.org) for the SHIP contact information.
- An individual can apply on their own behalf, have someone help them apply, or have someone with the authority (like power of attorney) file the application on their behalf.
- If the individual applies for Extra Help through Social Security, Social Security will transmit the data from the application to the state's Medicaid agency to also start an application for an MSP, which can help the individual pay for their Medicare premiums.

2. What would you tell Mr. Jones to do if he decides to sign up for Medicare and assistance programs for people with limited income and resources?

Mr. Jones can visit [SSA.gov/medicare](https://www.SSA.gov/medicare) or contact Social Security to evaluate his Medicare enrollment options. He should be prepared to provide his personal information, like his Social Security Number (SSN), address, and income information, so the Social Security representative can determine his Medicare enrollment options.

For example, once Mr. Jones signs up for Medicare, he can apply for Extra Help to get assistance with Medicare drug coverage costs.

An application for Extra Help (SSA-1020), effectively filed, will start the application process for MSP benefits. Unless Mr. Jones objects, Social Security will transmit the application data from the Extra Help determination to the appropriate State Medical Assistance (Medicaid) office to begin the MSP application process. Mr. Jones can also apply through his State Medical Assistance (Medicaid) office directly or through a local organization, like his SHIP.

3. Since Mr. Jones isn't eligible for premium-free Part A, can he choose to remain in the Marketplace and get a premium tax credit and cost-sharing reductions?

Yes. Mr. Jones can choose to remain in the Marketplace with a premium tax credit and cost-sharing reductions as long as he remains eligible for them due to his income. If he decides to enroll in Medicare later, he'll be subject to Part B and Part D late enrollment penalties, but he'll still have the Medicaid, MSPs, and Extra Help options available to him. If Mr. Jones qualifies for Extra Help, he won't have to pay a Part D penalty.

4. How does the state work with Medicare and Social Security to pay for premiums and cost-sharing assistance for people who qualify for both Medicare and Medicaid?

States have the option to enter into an agreement with the federal government under which the state commits to enrolling certain people who are eligible for Medicare and Medicaid (dually eligible). CMS administers this process, historically referred to as “state buy-in.”

Under the state buy-in program, states, the District of Columbia (DC) and specified U.S. territories can enter into buy-in agreements that make it easier to enroll certain Medicaid recipients into Medicare Part B and pay the premiums on their behalf (“Part B buy-in”). All states, DC, and some of the specified U.S. territories have elected to enter into a Part B buy-in agreement with CMS.

States also can expand their buy-in agreements to enroll Qualified Medicare Beneficiaries (QMBs) in premium Part A and pay the premiums on their behalf (“Part A buy-in”). Most states and DC have broadened their buy-in agreements to include the payment of Part A premiums for people eligible for the QMB program. The remaining states use the “group payer” arrangement to pay Part A premiums for QMBs.

For someone who’s determined eligible for but not yet enrolled in Medicare, state buy-in serves to enroll the person in Medicare Part A and/or Part B and directs the federal government to bill the state for the premiums. For someone who already has Medicare, state buy-in means the federal government will start billing the state instead of the person for their Medicare premiums.

Buy-in agreements permit states to enroll members of a buy-in group in Part A or Part B and agree to pay their premiums at any time of the year (without regard to enrollment periods). CMS doesn’t bill states for any applicable late enrollment penalties due to late enrollment. However, in all states, Social Security must first determine a person eligible for Medicare before the state can enroll that person in buy-in.

If a buy-in group member isn’t entitled to Part A or enrolled in Part B, Social Security hasn’t yet determined the person eligible for Medicare. The state should direct that person to sign up for Medicare with Social Security to allow the state to enroll the person in buy-in.

If a buy-in group member is entitled to Part A or is enrolled in Part B, Social Security has established their eligibility for Medicare. The state should directly enroll that person in buy-in without first sending them to Social Security to sign up for Medicare.

Conditional Enrollment Process for QMBs to Enroll in Premium Part A

You must be entitled to Part A to qualify for the QMB program. However, if you qualify for the QMB program and are only eligible for premium Part A, you likely can't afford to pay the Part A premium without assistance from the QMB program.

The conditional enrollment process allows you to sign up for premium Part A through Social Security on the condition that you only want coverage if the state approves your QMB application. If you conditionally sign up for Part A, then apply for the QMB program with your state Medicaid program, you can effectively become simultaneously enrolled in Part A and the QMB program (if you meet all other QMB eligibility requirements).

When processing the conditional Part A enrollment, Social Security will refer you to the appropriate State Medical Assistance (Medicaid) office to apply for the QMB program and may give you a screenshot of your application to show to the state as proof of your conditional enrollment. The state can also query Social Security's State Verification and Exchange System (SVES) to verify your conditional Part A enrollment.

- **In Part A buy-in states**, if you don't have premium-free Part A, but you're already enrolled in Part B (and otherwise qualify for QMB), the state must enroll you in QMB, and not refer you to Social Security to sign up for actual or conditional Part A. If you're enrolled in Part B, you meet the requirements for Part A eligibility and you satisfy the requirement to be entitled to Part A for the purposes of the QMB eligibility determination. However, if you don't have Part A and Part B, the state can't determine you eligible for QMB and enroll you in Part A buy-in until Social Security establishes actual or conditional Part A enrollment. A conditional Part A enrollment is enough to fulfill the requirement for entitlement to Part A as applicable for QMB coverage. However, you can conditionally enroll in premium Part A at any time of the year; late enrollment penalties don't apply.
- **In group payer states**, Part A buy-in is always a 2-step process. The state can't determine you eligible for QMB and enroll you in Part A buy-in until Social Security establishes your actual or conditional Part A entitlement. If you didn't sign up for premium Part A during your Medicare Initial Enrollment Period (IEP), you can only sign up for premium Part A during the annual General Enrollment Period (GEP) (January 1–March 31 each year). If you enroll in premium Part A during the GEP, QMB coverage starts the month after enrollment. The state pays the premium penalty, if any.

Since Mr. Jones isn't yet enrolled in Medicare, he should start by signing up for Medicare through Social Security during his IEP. Depending on his income and resources, he may be able to enroll in premium Part A "conditionally." The conditional enrollment process would allow him to sign up for premium Part A but only get the coverage if the state approves the QMB application, whereby the state

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will pay the Part A premiums. If the state denies the QMB application, he won't be enrolled in premium Part A. He should know that as part of the conditional enrollment process, he must also sign up for Part B. However, Part B enrollments aren't conditional. Part B coverage starts regardless of whether the state approves his QMB application.

Social Security will process Mr. Jones' application for Medicare and refer him to his state Medicaid office to apply for assistance. If Mr. Jones is found eligible for any of the Medicaid eligibility groups covered under the state's buy-in agreement and/or any of the MSPs, the state will enroll him in their buy-in program and start helping, according to the category under which he qualifies.

Resources

"Dually Eligible Beneficiaries – Categories" (PDF)

[CMS.gov/medicare-medicare-coordination/medicare-and-medicare-coordination/medicare-medicare-coordination-office/downloads/medicaremedicaidenrolleecategories.pdf](https://www.cms.gov/medicare-medicare-coordination/medicare-and-medicare-coordination/medicare-medicare-coordination-office/downloads/medicaremedicaidenrolleecategories.pdf)

"Medicaid – Contact Us" (Web page)

[Medicaid.gov/about-us/contact-us/index.html](https://www.Medicaid.gov/about-us/contact-us/index.html)

"Medicare – Prepare to Sign Up" (Web page)

[Medicare.gov/basics/get-started-with-medicare/sign-up](https://www.Medicare.gov/basics/get-started-with-medicare/sign-up)

"Medicare Savings Programs" (Web page)

[Medicare.gov/medicare-savings-programs#collapse-2614](https://www.Medicare.gov/medicare-savings-programs#collapse-2614)

"Medicare Savings Programs," 42 CFR 435.4 in the Code of Federal Regulations (Web page)

[eCFR.gov/current/title-42/chapter-IV/subchapter-C/part-435#p-435.4\(Medicare%20Savings%20Programs\)](https://www.eCFR.gov/current/title-42/chapter-IV/subchapter-C/part-435#p-435.4(Medicare%20Savings%20Programs))

"Plan for Medicare" (Web page)

[SSA.gov/medicare](https://www.SSA.gov/medicare)

"Premium-Part A Enrollments for Qualified Medicare Beneficiaries – Part A Buy-In States and Group Payer States," HI 00801.140 in the Social Security Program Operations Manual System (Web page)

secure.SSA.gov/poms.nsf/lnx/0600801140

"Qualified Medicare Beneficiary (QMB) Program" (Web page)

[CMS.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/QMB](https://www.CMS.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/QMB)

"State Payment of Medicare Premiums" (Web page)

Recently updated information and links from CMS relevant to MSPs and state buy-in
[CMS.gov/medicare/medicare-medicare-coordination/medicare-medicare-coordination-office/qualified-medicare-beneficiary-program/state-payment-medicare-premiums](https://www.CMS.gov/medicare/medicare-medicare-coordination/medicare-medicare-coordination-office/qualified-medicare-beneficiary-program/state-payment-medicare-premiums)

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“State Payment of Medicare Premiums (Buy-In Program),” HI 00801.001 in the Social Security Program Operations Manual System (Web page)

secure.ssa.gov/poms.nsf/lnx/0600815001

“Where Can People Get Help With Medicaid & CHIP?” (Web page)

[Medicaid.gov/about-us/beneficiary-resources/index.html#statemenu](https://www.Medicaid.gov/about-us/beneficiary-resources/index.html#statemenu)