

## **201 MEDICARE COST SHARING FOR MEMBERS COVERED BY MEDICARE AND MEDICAID**

EFFECTIVE DATE: October 1, 2019

REFERENCES: A.A.C. R9-22-201 et seq, A.A.C. R9-22-702, R9-22-705, R9-28-201 et seq, A.A.C. R9-29-101, A.A.C. R9-29-301 et seq, A.A.C. R9-29-302, A.A.C. R9-29-303

DELIVERABLES: AHCCCS Notification to Waive Medicare Part D Co-Payments

This policy applies to the Division's Administrative Services Subcontractors (AdSS). The purpose of this policy is to:

- Define cost sharing responsibilities for members who are Dual-Eligible Medicare Beneficiaries (Duals) receiving Medicare Parts A and/or B through Original Fee-For-Service (FFS) Medicare or a Medicare Advantage Plan.
- Maximize cost avoidance efforts by the AdSS and to provide a consistent reimbursement methodology for Medicare cost sharing as outlined in section 1905(p)(3) of the Social Security Act.

### **Definitions**

- A. Cost Sharing - The AdSS's obligation for payment of applicable Medicare coinsurance, deductible, and copayment amounts for Medicare Parts A and B covered services.
- B. Dual Eligible Medicare Beneficiaries (Duals) – A member who is eligible for the Division and both Medicaid and Medicare services. There are two types of Dual Eligible members: Qualified Medicare Beneficiary (QMB) Duals and Non-QMB Duals (Full Benefit Dual Eligible [FBDE], Specified Low Income Medicare Beneficiary [SLMB], QMB)
- C. Full Benefit Dual Eligible (FBDE) - An AHCCCS member who does not meet the income or resources criteria for a QMB or an SLMB. Eligible for Medicaid either categorically or through optional coverage groups, such as Medically Needy or special income levels for institutionalized or home and community-based waivers.
- D. In-Network Provider - A provider that is contracted with the AdSS to provide services.
- E. Medicare Advantage Plan - A private health insurance plan that has a contract with the Centers for Medicare and Medicaid Services (CMS) to provide all Medicare benefits covered under Parts A and B to Medicare beneficiaries who choose to enroll in their plan. Most plans include prescription drug coverage and may also provide additional benefits. Types of Medicare Advantage plans include local Health Maintenance Organizations (HMOs), Special Needs Plans (SNPs), and local and Regional Preferred Provider Organizations (RPPOs).
- F. Medicare Part A - Hospital insurance that provides coverage for inpatient care in hospitals, skilled nursing facilities, and hospice.

- G. Medicare Part B - Coverage for medically necessary services like doctors' services, outpatient care, home health services, and other medical services.
- H. Medicare Part D - Medicare prescription drug coverage.
- I. Non-Qualified Medicare Beneficiary (Non-QMB) Dual - A person who qualifies to receive both Medicare and Medicaid services, but does not qualify for the QMB program as outlined in A.A.C. R9-29-101.
- J. Out of Network Provider - A provider that is neither contracted with nor authorized by the AdSS to provide services to its members.
- K. Qualified Medicare Beneficiary Dual (QMB Dual) - A person determined eligible under A.A.C. R9-29-101 et seq. for QMB and eligible for acute care services provided for in A.A.C. R9-22-201 et seq. or ALTCS services provided for in A.A.C. R9-28-201 et seq. A QMB Dual person receiving both Medicare and Medicaid services and cost sharing assistance.
- L. Supplemental Benefits - Benefits which may be offered by Medicare Advantage plans which are not traditionally covered under Medicare Parts A and B. These benefits may include, but are not limited to, preventative dental and standard vision benefits.
- M. For QMB Duals and Non-QMB Duals, the AdSS's cost sharing payment responsibilities are dependent upon whether:
  - 1. Service is covered by Medicare only, by Medicaid only or by both Medicare and Medicaid.
  - 2. Services are received in or out of network (the AdSS only has responsibility to make payments to AHCCCS-registered providers).
  - 3. Services are emergency services.
  - 4. AdSS refers the member out of network.

Refer to sections A-B of this policy and to A.A.C. R9-29-301 et seq.

An exception to the AdSS's cost sharing payment responsibility described below applies to days in a Skilled Nursing Facility. For stays in a Skilled Nursing Facility, the AdSS must pay 100% of the member cost sharing amount for any Medicare Part A Skilled Nursing Facility (SNF) days (21 through 100) even if the AdSS has a Medicaid Nursing Facility rate less than the amount paid by Medicare for a Part A SNF day.

For AdSS responsibilities regarding coordination of benefits activities for members who have third-party coverage other than Medicare, refer to the Division's Operations Manual, Policy 434.

### **QMB Duals**

QMB Duals are entitled to all Medicaid and Medicare Part A and B covered services. These members are identified by a Medicare Part C entry in their AHCCCS Medicare record and typically by a two in the third digit of the rate code. A QMB Dual eligible member who receives services under A.A.C. 9-22 or A.A.C. 9-28 from a registered provider is not liable for any Medicare copayment, coinsurance, or deductible associated with those services and is not liable for any balance of billed charges. (A.A.C. R9-29-302)

### **AdSS Payment Responsibilities**

- A. The AdSS is responsible for payment of Medicare cost sharing (deductible, coinsurance, and copayment) amounts for all Medicare Part A and B covered services, including services not covered by AHCCCS, subject to the limits outlined in this policy (see Division Medical Policy Manual Chapter 300). These services include:
  - 1. Chiropractic services for adults
  - 2. Outpatient occupational and speech therapy coverage for adults
  - 3. Orthotic devices for adults
  - 4. Cochlear implants for adults
  - 5. Services by a podiatrist
  - 6. Any services covered by or added to the Medicare program not covered by Medicaid.
- B. The AdSS only has responsibility to make payments to AHCCCS-registered providers.
- C. The payment of Medicare cost sharing for QMB Duals must be provided regardless of whether the provider is in the AdSS's network or prior authorization has been obtained.
- D. The AdSS must have no cost sharing obligation if the Medicare payment exceeds the AdSS's contracted rate for the services. The AdSS's liability for cost sharing plus the amount of Medicare's payment must not exceed the AdSS's contracted rate for the service. There is no cost sharing obligation if the AdSS has a contract with the provider, and the provider's contracted rate includes Medicare cost sharing. The exception to these limits on payments as noted above is that the AdSS must pay 100% of the member copayment amount for any Medicare Part A SNF days (21 through 100) even if the AdSS has a Medicaid Nursing Facility rate less than the amount paid by Medicare for a Part A SNF day.
- E. In accordance with A.A.C. R9-29-302, unless the subcontract with the provider sets forth different terms, when the enrolled member (QMB Dual) receives services from an AHCCCS-registered provider in or out of network the following applies (Table 1 and Figure 1):

**Table 1: QMB DUALS**

<b>QMB DUALS</b>	
<b>WHEN THE SERVICE IS COVERED BY:</b>	<b>THE AdSS MUST PAY:</b> <i>(Subject to the limits outlined in this policy)</i>
Medicare Only	Medicare copayments, coinsurance and deductible
Medicaid Only	The provider in accordance with the contract
By both Medicare and Medicaid (See Examples Below)	The lesser of: <b>a.</b> The Medicare copay, coinsurance or deductible, <b>or</b> <b>b.</b> The difference between the AdSS's contracted rate and the Medicare paid amount.

**Figure 1 – QMB DUAL Cost Sharing - Examples**

<b>SERVICES ARE COVERED BY BOTH MEDICARE AND MEDICAID</b> <i>Subject to the limits outlined in this policy</i>			
	<b>EXAMPLE 1</b>	<b>EXAMPLE 2</b>	<b>EXAMPLE 3</b>
Provider charges	\$125	\$125	\$125
Medicare rate for service	\$100	\$100	\$100
Medicaid rate for Medicare service (AdSS's contracted rate)	\$100	\$90	\$90
Medicare deductible	\$0	\$0	\$40
Medicare paid amount (80% of Medicare rate less deductible)	\$80	\$80	\$40
Medicare coinsurance (20% of Medicare rate)	\$20	\$20	\$20
<b>AdSS PAYS</b>	<b>\$20</b>	<b>\$10</b>	<b>\$50</b>

**Non-QMB DUALS**

A Non-QMB Dual eligible member who receives covered services under A.A.C. R9-22-201 et seq or A.A.C. R9-28-201 et seq from a provider within the AdSS's network is not liable for any Medicare copay, coinsurance or deductible associated with those services and is not liable for any balance of billed charges unless services have reached the limitations described within A.A.C. R9-22-201 et seq. When the Non-QMB Dual Member elects to receive services out of network that are covered by both Medicare and Medicaid, the member is responsible for any Medicare copay, coinsurance or deductible unless the service is emergent, or, for non-emergency services, the provider has obtained the member's approval for payment as required in A.A.C. R9-22-702.

**AdSS Payment Responsibilities (In Network)**

In accordance with A.A.C. R9-29-303, when an enrolled member (Non-QMB Dual) receives services within the network of contracted providers and the service is covered up to the limitations described within A.A.C. R9-22-201 et seq, the member is not liable for any balance of billed charges and the following applies (Table 2):

**Table 2: Non-QMB Duals (In Network)**

<b>NON-QMB DUALS (IN NETWORK)</b>	
<b>WHEN THE SERVICE IS COVERED BY:</b>	<b>THE AdSS MUST NOT PAY:</b>
Medicare Only	Medicare copay, coinsurance or deductible
<b>WHEN THE SERVICE IS COVERED BY:</b>	<b>THE AdSS MUST PAY: <i>Subject to the limits outlined in this Policy</i></b>
Medicaid Only	The provider in accordance with the contract
Both Medicare and Medicaid	The lesser of the following (unless the subcontract with the provider sets forth different terms):  <ul style="list-style-type: none"> <li><b>a.</b> The Medicare copay, coinsurance or deductible, <b>or</b></li> <li><b>b.</b> Any amount remaining after the Medicare paid amount is deducted from the subcontracted rate (AdSS's contracted rate).</li> </ul>

**AdSS Payment Responsibilities (Out of Network)**

In accordance with A.A.C. R9-29-303, when an enrolled member (Non-QMB Dual) receives services from a non-contracting provider the following applies (Table 3):

**Table 3: NON-QMB Duals (Out of Network)**

<b>NON-QMB DUALS (OUT OF NETWORK)</b>	
<b>WHEN THE SERVICE IS COVERED BY:</b>	<b>THE AdSS</b> <i>Subject to the limits outlined in this Policy</i>
Medicare Only	Has no responsibility for payment.
Medicaid only and the AdSS <b>has not</b> referred the member to the provider or has not authorized the provider to render services and the services are not emergent	Has no responsibility for payment.
Medicaid only and the AdSS <b>has</b> referred the member to the provider or has authorized the provider to render services or the services are emergent	Must pay in accordance with A.A.C. R9-22-705.
By both Medicare and Medicaid and the AdSS <b>has not</b> referred the member to the provider or has not authorized the provider to render services and the services are not emergent	Has no responsibility for payment.
By both Medicare and Medicaid and the AdSS has referred the member to the provider or has authorized the provider to render services or the services are emergent	Must pay the lesser of: <ul style="list-style-type: none"> <li>a. The Medicare copay, coinsurance or deductible, <b>or</b></li> <li>b. Any amount remaining after the Medicare paid amount is deducted from the amount otherwise payable under A.A.C. R9-22-705.</li> </ul>

**Prior Authorization**

The AdSS can require prior authorization. If the Medicare provider determines that a service is medically necessary, the AdSS is responsible for Medicare cost sharing if the member is a QMB Dual, even if the AdSS determines the service is not medically

necessary. If Medicare denies a service for lack of medical necessity, the AdSS must apply its own criteria to determine medical necessity. If criteria support medical necessity, the AdSS must cover the cost of the service for QMB Duals.

#### **Part D Covered Drugs**

For QMB and Non-QMB Duals, federal and state laws prohibit the use of AHCCCS monies to pay for cost sharing of Medicare Part D medications.