

# Frequently Asked Questions about Medicare Part A and B “Buy-in”

March 2021

*On September 8, 2020, the Centers for Medicare & Medicaid Services (CMS) issued the updated [Manual for State Payment of Medicare Premiums](#) (formerly known as the buy-in manual, hereafter referred to as “the manual”). This document responds to the main policy questions submitted to CMS to date based on information in [chapter 1](#) of the manual. We will continue to provide additional training materials at <https://www.cms.gov/medicare-medicaid-coordination/medicare-medicaid-coordination-office/state-payment-medicare-premiums>.*

## General Questions

### Q1. What is “buy-in?”

States<sup>1</sup> “bought in” (paid) the monthly Medicare Part B premiums for over 10 million individuals and Part A premiums for over 700,000 individuals in 2019.

All Medicare beneficiaries enrolled in Part B owe a monthly premium for Part B (a minimum of \$148.50 in 2021). Most Medicare beneficiaries qualify for Part A without paying a premium. However, some people who haven’t earned enough credits through payment of payroll taxes into the Part A trust fund must pay a premium to enroll in Part A. In 2021, the monthly Part A premium is either \$471 or a reduced rate of \$259, depending on the number of credits the beneficiary has, if any.

State buy-in enables eligible low-income individuals to afford to enroll in Medicare and frees up more of their limited income for life’s necessities. Buy-in can also reduce state costs, ensuring that Medicare is the primary payer for Medicare-covered services for beneficiaries eligible for both Medicare and Medicaid benefits. For more background about state buy-in, see chapter 1, section 1.2 of the manual.

### Q2. Can states obtain Federal Financial Participation (FFP) for the payment of Medicare premiums and cost-sharing?

Generally, yes. See chapter 1, section 1.9 of the manual for additional details.

## Questions about Part A Buy-in

### Q3. What is the difference between “Part A buy-in” and Part A “group payer” states?

All states must pay the Part A premium for individuals enrolled in the Qualified Medicare Beneficiary (QMB) program.<sup>2</sup> However, states can choose one of two methods to pay it: (1) under their state buy-in

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<sup>1</sup> “States” includes the 50 states, the District of Columbia and three U.S. territories (Guam, the Virgin Islands and the Commonwealth of Northern Mariana Islands).

<sup>2</sup> The QMB program is one of the four Medicaid eligibility categories collectively known as the Medicare Savings Programs (MSPs). QMBs receive state Medicaid coverage for Medicare Part A and B premiums, deductibles, copayments, and coinsurance. Another MSP category, the Qualified Disabled and Working Individuals (QDWI) program, covers Part A premiums for individuals with disabilities who have lost access to premium-free Part A as a result of returning to work. Buy-in agreements cannot include the payment of Part A premiums for QDWIs, so all states use the group payer arrangement to pay the Part A

agreement with CMS (“Part A buy-in state”) or (2) through a group payer arrangement (“group payer state”).

Part A buy-in states have a Part A buy-in agreement, meaning they specifically include the payment of the Part A premium for QMBs in their buy-in agreement with CMS. Group payer states do not have a Part A buy-in agreement. Currently, 36 states and the District of Columbia are Part A buy-in states.<sup>3</sup> CMS encourages group payer states to consider entering into a Part A buy-in agreement. Those interested should contact the CMS Medicare-Medicaid Coordination Office at [ModernizetheMSPs@cms.hhs.gov](mailto:ModernizetheMSPs@cms.hhs.gov). See chapter 1, sections 1.7, 1.8 and 1.11 for more detailed information.

#### Q4. What are the benefits of being a Part A buy-in state?

The benefits of becoming a Part A buy-in state include:

- (1) **Year-round Medicare enrollment** – In Part A buy-in states, QMB-eligible individuals can enroll in Medicare Part A at any time of the year and their QMB benefits may begin as soon as the individual is enrolled in Part A and QMB. When states use the group payer arrangement to pay Part A premiums, Medicare enrollment restrictions apply.
- (2) **Waiver of late enrollment penalties** – States with Part A buy-in agreements also never have to pay any premium increases that beneficiaries may otherwise incur for enrolling after their Medicare Initial Enrollment Period (“late enrollment penalties”). Part A buy-in states only pay the regular base premium for the individual’s Part A coverage. States that use the group payer arrangement must pay the full premium amount, including any applicable late enrollment penalties. See chapter 1, sections 1.10 and 1.11.
- (3) **Streamlined enrollment into Medicare Part A** – Part A buy-in states can enroll QMB-eligible individuals into Part A (and Part A buy-in) once they are enrolled in Part B buy-in. In group payer states, QMB-eligible individuals must always file for actual or conditional Premium-Part A at a Social Security Administration (SSA) field office before the state can enroll those individuals into QMB and begin covering their Part A premiums. See chapter 1, section 1.11.

For more information about the advantages of being a Part A buy-in state, see chapter 1, sections 1.2, 1.10 and 1.11 of the manual. In particular, see Q8 below for more details about streamlined enrollment in Part A buy-in states.

#### Q5. How can a state find out if they have a Part A buy-in agreement?

Information about whether a state has a Part A buy-in agreement is in section 3.2 of each state Medicaid plan. CMS has also included a list of states with current Part A buy-in agreements in chapter 1, Appendix 1.D of the manual.<sup>4</sup>

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premium for QDWIs. For information about the QMB or QDWI programs, as well as the other MSPs, see chapter 1, section 1.6.2 and Appendices 1.A and 1.B of the manual.

<sup>3</sup> The manual provides a list of Part A buy-in and group payer states in chapter 1, Appendix 1.D of the manual. Note: the list is current as of September 8, 2020, when CMS released the updated manual. As additional states enter into a Part A buy-in agreement, we will update this list.

<sup>4</sup> The manual provides a list of Part A buy-in and group payer states in chapter 1, Appendix 1.D of the manual. Note: the list is current as of September 8, 2020, when CMS released the updated manual. As additional states enter into a Part A buy-in agreement, we will update this list.

If you notice that the information in your state plan does not match your current state practices for buy-in, or you have other questions about your state plan, contact CMS at [ModernizetheMSPs@cms.hhs.gov](mailto:ModernizetheMSPs@cms.hhs.gov) for assistance.

#### Q6. Can states enroll low-income individuals under age 65 who need to pay a premium for Part A in QMB or Part A buy-in?

No. Individuals who are receiving SSDI for at least 24 months and become entitled to Medicare Part A can be eligible as QMBs. However, individuals who are under 65 and lose SSDI and, as a result, entitlement to premium-free Part A because of returning to work, may not. See 1905(p)(1)(A) and 1902(a)(10)(E)(ii). Those individuals may qualify for state payment of Part A premiums under the Qualified Disabled and Working Individuals (QDWI) group.<sup>5</sup> All states use the group payer arrangement to pay the Part A premiums for QDWIs. Note that states do not pay Part B premiums for QDWIs. See chapter 1, section 1.6.2 of the manual.

#### Q7. Can a state enroll someone into the QMB program if they do not already have Part A?

Individuals must have Part A (be "entitled to Part A") to qualify for QMB. See section 1905(p)(1)(A) of the Social Security Act. However, most low-income individuals who would have to pay a premium for Part A cannot afford that premium (in 2021, \$471/month or a reduced rate of \$259/month, depending on the number of credits the beneficiary has, if any). The premium cost would therefore prevent many of these individuals from ever meeting the eligibility requirements for QMB.

Decades ago, CMS and SSA created the Part A "conditional enrollment" process to address this problem in group payer states. The conditional enrollment process enables individuals who are otherwise QMB-eligible to apply for Part A coverage on the condition that they will only obtain Part A if their state determines them eligible for QMB benefits. When an individual submits a conditional enrollment application with SSA, their Part A benefits will not begin unless and until the state determines them eligible for QMB. If the state does not enroll the individual in QMB, Part A does not start and the beneficiary will not need to pay their own Part A premiums.

CMS considers conditional enrollment into Part A sufficient to fulfill the requirement that an individual be entitled to Part A to enroll in QMB. See chapter 1, section 1.11 of the manual.

#### Q8. How can Part A buy-in states streamline enrollment into Part A?

Part A buy-in states should enroll a QMB-eligible individual (who owes a Part A premium) in Part A buy-in once the individual is enrolled in Part B buy-in. (In other words, if the individual enrolled in Part B, but not Part A, the state should not direct the individual to go to SSA to enroll in Medicare Part A first. Once the state determines the individual eligible for QMB and enrolls them in Part B buy-in, the state should simply enroll them in Part A buy-in, initiating Part A enrollment as part of the Part A buy-in process.)

In a group payer state, the individual must file for conditional or actual Premium-Part A at SSA before the state can accrete the individual to Part A buy-in. See chapter 1, section 1.11 of the manual and SSA POMS HI 00801.140.

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<sup>5</sup> States cannot enroll individuals who otherwise qualify for Medicaid in the QDWI program. For example, in some states, low-income individuals under age 65 with disabilities who have lost SSDI due to excess earnings qualify for full-benefit Medicaid categories that narrowly serve individuals with disabilities who are earning income (e.g., the Work Incentives Eligibility Group described in section 1902(a)(10)(A)(ii)(XIII) of the Act).

For additional details on when to send an individual to SSA to enroll in Medicare and when to streamline enrollment into Medicare through buy-in, see the tables in Appendix A.

### Q9. What happens to beneficiaries if Part A buy-in coverage ends?

When a beneficiary's Part A buy-in coverage ends due to loss of QMB eligibility, Medicare coverage generally continues, and the beneficiary becomes responsible for paying their own premiums. Whether the beneficiary will have to pay any late enrollment penalties once QMB ends depends on the state's method of paying the Part A premiums:

- In Part A buy-in states, the beneficiary will pay the standard base premium, as if they had enrolled during their Initial Enrollment Period. The beneficiary does not pay a late enrollment penalty, even if they paid a penalty before the state enrolled them in Part A buy-in.
- In group payer states, the beneficiary will owe whatever monthly premium rate the state paid (i.e., beneficiary may owe a late enrollment penalty if state had been paying one).

Chapter 1, section 1.15 of the manual further explains implications and options for beneficiaries when buy-in coverage ends.

## Questions about Part B Buy-in

### Q10. How can a state find out which Medicaid eligibility categories (groups) are covered by their Part B buy-in agreement?

If you aren't sure what groups are covered under your state's Part B buy-in agreement, you should be able to find that information in section 3.2 of your state plan.

If you notice that the information in the state plan does not match your current state practices, or you have other questions with your state plan, contact CMS at [ModernizetheMSPs@cms.hhs.gov](mailto:ModernizetheMSPs@cms.hhs.gov) for assistance.

### Q11. Does a state need to send an individual to the Social Security Administration to enroll in Part B before the state can enroll them in Part B buy-in?

It depends. Before the state can enroll an individual in Part B buy-in, SSA must first determine the individual eligible for Medicare. SSA has already determined an individual eligible for Medicare if they have Medicare Part A **or** Part B. See chapter 1, section 1.10 of the manual.

- If an individual does not yet have Part A **or** Part B, they will need to go to SSA to apply for Medicare before the state can enroll them in Part B buy-in.
- If an individual already has **either** Part A or Part B, a state can directly enroll them in Part B buy-in under its buy-in agreement – meaning the state should simply enroll the individual in buy-in without first sending them to SSA to file for Medicare. 4.
- If an individual who qualifies for Part B buy-in is not yet enrolled in Part B, but **is** already entitled to Part A, the state should directly enroll the individual in Part B buy-in without sending them to SSA to file for Part B. See chapter 1, section 1.10 of the manual.

For additional details on when to send an individual to SSA to enroll in Medicare and when to streamline enrollment into Medicare through buy-in, see the tables in Appendix A.

### Q12. What is the difference between an SSI auto-accrete state and an alert state?

Some states have “1634” agreements with SSA that enable SSA to make Medicaid eligibility determinations for individuals receiving Supplemental Security Income (SSI) benefits. These states are known as “auto-accrete” states because CMS will automatically enroll (“accrete”), on behalf of the state, SSI beneficiaries in Part B buy-in. Other states are referred to as “alert” states. In alert states, CMS identifies for states SSI recipients who are Medicare-eligible, but the state determines Medicaid eligibility and initiates Part B buy-in enrollment. Please see chapter 1, section 1.6.1.1 and chapter 2, section 2.5.1 of the manual for more information.

### Q13. When does buy-in coverage begin if a beneficiary qualifies for more than one buy-in coverage group?

To determine the start date for Part B buy-in, the state must take into account all bases for buy-in membership. An individual’s buy-in coverage period should begin on the earliest possible start date, based on all Medicaid eligibility categories in the state’s buy-in coverage group for which the individual qualifies. See chapter 1, sections 1.4 and 1.13.1 of the manual.

Of note, under 42 CFR § 435.915(a), the effective date of full-benefit Medicaid may be three months before the month of application, but under section 1902(e)(8) of the Social Security Act, QMB is effective “the month following the month in which the eligibility determination occurs.” Therefore, the effective date of QMB coverage is often later than the effective date for full-benefit Medicaid coverage. This is particularly important for individuals eligible for both QMB benefits and full-benefit Medicaid coverage. States must start paying the Part B premiums for such individuals based on the earlier start date of full-benefit Medicaid coverage rather than waiting for the QMB start date. See chapter 1, sections 1.6.2.1 and 1.13.1 of the manual.

### Q14. What happens to beneficiaries if Part B buy-in coverage ends?

When a beneficiary’s Part B buy-in coverage ends because they have lost eligibility for a Medicaid category included in the state’s Part B buy-in coverage group, the beneficiary’s Medicare coverage generally continues without interruption, and the beneficiary becomes responsible for paying their own premiums. Because the state paid the beneficiary’s Part B premiums under a state buy-in agreement, the beneficiary will pay the standard base premium, as if they had enrolled during their Initial Enrollment Period. The beneficiary does not pay a late enrollment penalty, even if they paid a penalty before the state enrolled them in Part B buy-in.

After Part B buy-in coverage ends, SSA may deduct an amount from the beneficiary’s monthly SSA payment (or CMS will bill the beneficiary directly) for up to three months’ worth of Part B premiums (current month plus two retroactive months). If a beneficiary cannot afford to pay three months of Part B premiums at once, they have two options to obtain financial relief from retroactive billing of Part B premiums. For more information on financial relief options, please see Chapter 1, section 1.15.2 of the manual.

Chapter 1, section 1.15 of the manual further explains implications and options when buy-in coverage ends.

## Appendix A: Instructions for Streamlining Enrollment into Medicare via Buy-in

The two tables below reflect instructions for states from chapter 1, sections 1.10 and 1.11 of the manual, regarding when to refer beneficiaries to their local SSA field office to enroll in Medicare (before buy-in can be initiated) and when Medicare enrollment can be included as part of the buy-in process.

**Table 1. Part A Buy-in for QMBs – Streamlined vs. SSA Enrollment**

State has Part A Buy-in Agreement?	Beneficiary Already Actually or Conditionally Enrolled in Premium-Part A?	Beneficiary Already Enrolled in Part B?	Send to SSA or Directly Enroll?
Yes	Yes	Yes	Enroll in QMB and directly enroll in buy-in (send CMS a buy-in accretion)
Yes	No	Yes	Enroll in QMB and directly enroll in buy-in (send CMS a buy-in accretion)
Yes	No	No	Send to SSA field office to apply for conditional or actual Premium-Part A and Part B before enrolling in QMB and enrolling in buy-in (sending CMS a buy-in accretion)
No	Yes	Yes	Enroll in QMB and directly enroll in buy-in (send CMS a buy-in accretion)
No	No	Yes	Refer to SSA field office during the annual General Enrollment Period (GEP) to apply for actual or conditional Premium-Part A before enrolling in QMB and then enrolling in buy-in (sending CMS a buy-in accretion)
No	No	No	Refer to SSA field office during the GEP to file for actual or conditional Premium-Part A before enrolling the individual in QMB and then enrolling in buy-in (sending CMS a buy-in accretion). Individual must also enroll in Part B.

**Table 2. Part B Buy-in – Streamlined vs. SSA Enrollment**

Beneficiary Already Entitled to Part A?	Beneficiary Already Enrolled in Part B?	Send to SSA or Directly Enroll in Buy-in?
No	No	Send to SSA field office to file for Medicare. SSA may initiate buy-in on the beneficiary's behalf using the Public Welfare procedures (see chapter 2, section 2.8 of the manual)
Yes	No	Directly enroll in buy-in (send CMS a buy-in accretion)
No	Yes	Directly enroll in buy-in (send CMS a buy-in accretion)
Yes	Yes	Directly enroll in buy-in (send CMS a buy-in accretion)