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| LOCAL COMMISSIONERS MEMORANDUM |
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Transmittal No: 90 LCM-1

Date: January 5, 1989

Division: Income Maintenance/
Medical Assistance

TO: Local District Commissioners

SUBJECT: Food Stamp and Medical Assistance Implications of
Medical Assistance Payment of Medicare Premiums

ATTACHMENTS: There are no attachments to this LCM.

Recent legislation expanded the groups of persons who are eligible to have their Medicare premiums paid through the Buy-In Program. Details of the new provisions were transmitted in 89 ADM-7. This memorandum addresses the Food Stamp and Medical Assistance implications of the changes.

A food stamp recipient who is elderly or disabled and who currently pays his or her own Medicare premiums, deductibles and co-insurance can claim these costs toward a food stamp excess medical expense deduction. When these Medicare costs are paid by Medical Assistance on the recipient's behalf, these expenses can no longer be budgeted as a food stamp medical deduction.

Local districts must establish internal procedures to ensure that public assistance and/or food stamp staff are notified when a food stamp recipient's Medicare costs begin to be paid by Medical Assistance. Upon receipt of this report, public assistance or food stamp staff must remove these expenses from the recipient's food stamp medical deduction computation. Any resulting reduction in food stamp benefit amount must be preceded by a timely notice of intent to change the food stamp allotment.

Any on-going Medical Assistance payments (deductibles and co-insurance) for a food stamp recipient's Medicare expenses are excluded, as reimbursements, when determining food stamp eligibility and benefit amounts. Retroactive Medical Assistance reimbursements are excluded, for food stamps, as lump sums.

The Food Stamp Source Book will be updated to include this clarification.

As stated in 89 ADM-7, persons applying for benefits under the Medicare Buy-In Program must be given the option of continuing to pay for the Medicare premium, including a clear explanation of the implications of the loss of the premium amount as a deduction from income. Although for many individuals payment of the Medicare Part B premium by Medical Assistance will result in an increase in their net monthly income, such increase for some of these persons will be more than offset by a simultaneous increase in income considered available toward the cost of medical care. For example, a person who opts for benefits under Medicare Buy-In and subsequently receives a \$32 increase in Social Security benefits may find his/her Medical Assistance eligibility changes from full coverage to coverage with a \$32 excess income amount. As such, it is important that the Medical Assistance examiner evaluate each request for Medical Assistance Buy-In on a case by case basis. Consideration should be given not only to the potential reduction or loss of Medical Assistance coverage, but also to the consequences that such actions may have on eligibility for benefits in other programs such as Food Stamps, HEAP, or other subsidies and grants. Participation in the Medical Assistance Medicare Buy-In Program, therefore, cannot be presumed to be advantageous for all Medicare beneficiaries.

Contact persons:

Food Stamps: Your county's Food Stamp representative at 1-800-342-3715, extension 4-9225.

Medical Assistance: Your county's Medical Assistance representative at 1-800-342-3715, extension 3-7581; or New York City at (212) 587-4853.

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