Tribal Sponsorship of Medicare Part B and Part D Premiums[1]

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Medicare plays an important role for elderly American Indians and Alaska Natives (AI/ANs) in obtaining necessary health care services.[2] But because of premiums and out-of-pocket costs, many Medicare-eligible AI/ANs are not able to access critical services covered under the various components of the Medicare program. Although Medicare beneficiaries generally pay no premiums for Part A, which covers inpatient hospital care, enrollment in Part B, which covers physician and outpatient services, and Part D, which covers prescription drugs, does require payment of premiums (see Tables 1, 2 and 3 below), prompting some elderly AI/ANs to opt not to enroll.

Premiums for Medicare Part B and D cover approximately 25% of program costs, with the federal government contributing the remaining funding.[3] As a result, the value of the services paid for under Medicare Part B and D typically far exceeds the amount of the premium payment, whether an enrollee has average or higher-than-average health care expenditures.

Table 1. Summary of Medicare Benefits

Medicare Part	Covered Services	Premium	Cost-Sharing
Part A	Inpatient hospital care	No	Inpatient deductible ($1,316 in 2017).
Part B	Physician services, outpatient care and certain other services	Yes ($134.00 in 2017, with higher premiums for higher-income beneficiaries)	Annual deductible ($183 in 2017) and coinsurance (20% for most services).
Part C	Medicare Parts A and B through private health plans	Yes (Part B premium plus plan premium)	Deductible, copayments, or coinsurance (might apply for certain services)
Part D	Outpatient prescription drugs	Yes (Varies by plan)	Copayments or coinsurance

[1] This brief is for informational purposes only and is not intended as legal advice. For questions on this brief, please contact Doneg McDonough, TSGAC Technical Advisor, at DonegMcD@Outlook.com.
[2] For example, Medicare Part B makes payment for services such as outpatient specialty services. And, Medicare Part D covers, among other things, high-cost specialty medications that can contribute to tremendous improvements in the quality of life for certain patients, treatments that otherwise might not be available through the Indian Health Service (IHS) or through PRC referral.
[3] For more information on Medicare Part B costs, see https://www.medicare.gov/your-medicare-costs/part-b-costs/part-b-costs.html. For more information on Part D costs, see https://www.medicare.gov/part-d/costs/part-d-costs.html.

To help maximize enrollment of AI/ANs in Medicare Part B and Part D (and increase the resources available to Indian health programs), Tribes can initiate programs to pay premiums on behalf of Tribal members ("Sponsorship").[4]

- Under federal regulations, employers, lodges, unions, or other organizations, including Tribes, can pay **Medicare Part B** premiums on behalf of one or more enrollees, and some Tribes have implemented Part B Sponsorship programs.[5]
- **Medicare Part D** law and regulations do not specifically address Tribal Sponsorship of premiums. However, Tribes are permitted to sponsor Part D enrollees, and some Tribes have implemented Part D Sponsorship programs.[6,7]

Medicare Part B Sponsorship

Medicare Part B covers a range of health care services for enrollees, including:

- Physician services;
- Outpatient care;
- Preventive services, such as screenings for diabetes, cancer, and cardiovascular disease;
- Some home health services;
- Some diabetes supplies;
- Clinical laboratory and diagnostic tests;
- Durable medical equipment; and
- Ambulance services.

Most individuals will get automatically enrolled in Medicare Part B at the time they reach age 65 and become eligible for Medicare, but others (*e.g.*, individuals who have not begun to receive Social Security benefits because they remain employed) will not get automatically enrolled. For individuals not automatically enrolled, enrollment in Part B can begin during the 7-month period that (1) starts 3 months before the month they turn 65, (2) includes the month they turn 65, and (3) ends 3 months after the month they turn 65. Outside of this initial

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[4] In addition to paying the premiums for Medicare Part B and Part D, the option is available to Tribes to sponsor Medicare beneficiaries for "Medicare Supplemental" coverage which covers the out-of-pocket costs (e.g., deductibles and co-payments) charged beneficiaries under Medicare Parts A and B.

[5] See KFF, "The Role of Medicare and the Indian Health Service for American Indians and Alaska Natives: Health, Access and Coverage," page 9, at http://files.kff.org/attachment/report-the-role-of-medicare-and-the-indian-health-service-for-american-indians-and-alaska-natives-health-access-and-coverage.

[6] See TTAG, "Indian Sponsorship Under Exchanges," Attachment 1, page 1, at http://www.nihb.org/tribalhealthreform/wp-content/uploads/2013/06012011/TTAG%20-%20Enabling%20an%20Indian%20Sponsorship%20Option%20DIST%202011-04-13.pdf.

[7] IHS also has the authority to pay Medicare Part B (but not Part D) premiums on behalf of eligible AI/ANs. As of December 2014, however, IHS had not used this authority. See GAO, "Medicare and Medicaid: CMS and State Efforts to Interact with the Indian Health Service and Indian Tribes," page 10, at http://www.gao.gov/new.items/d08724.pdf.

enrollment period, the annual enrollment period for Part B runs from January 1 to March 31, with coverage beginning July 1. Some individuals might qualify for a special enrollment period (SEP) that allows enrollment at other times, but no SEP is available specifically for AI/ANs.[8]

Part B enrollment requires payment of a premium, although lower-income enrollees might be eligible for premium assistance through a Medicare Shared Savings Program. Eligibility for these programs is determined by income level and an asset test (see Table 2 below for income eligibility and asset requirements).[9] Individuals pay their Medicare Part B premium via a direct deduction from their monthly Social Security checks. As such, if a Tribe seeks to pay Medicare Part B premiums on behalf of eligible Tribal members, it would do so by reimbursing these individuals by the amount of their deductions. The Tribe, as part of such a Sponsorship program, could ask sponsored Tribal members to provide documentation that these deductions have occurred and then reimburse them on a monthly basis or through a single annual payment.

Table 2. Medicare Shared Savings Program Income Eligibility and Asset Requirements for 2016

Medicare Savings Program	Helps Pay for:	Annual Income Limits		Asset Limits	
		Individual	Couple	Individual	Couple
Qualified Medicare Beneficiary (QMB)	Part A premiums Part B premiums Part A and B out-of-pocket costs	$12,120	$16,260	$7,280	$10,930
Specified Low-Income Medicare Beneficiary (SLMB)	Part B premiums only	$14,496	$19,464	$7,280	$10,930
Qualifying Individual (QI)	Part B premiums only	$16,284	$21,876	$7,280	$10,930
Qualified Disabled Working Individual (QDWI)[1]	Part A premiums only	$48,540	$65,100	$4,000	$6,000

[1] Figures include certain earned income disregards.

Late Enrollment in Part B

In most cases, if individuals do not enroll in Medicare Part B when they first become eligible, they must pay a late enrollment penalty for as long as they participate in Part B.[10] The Part B

[8] A list of the circumstances that trigger special enrollment periods for Medicare Part B is available at https://www.medicare.gov/sign-up-change-plans/get-parts-a-and-b/special-conditions/special-conditions.html.

[9] The Qualified Medicare Beneficiary (QMB) Program, Specified Low-Income Medicare Beneficiary (SLMB) Program, and Qualifying Individual (QI) Program provide assistance in paying Medicare Part B premiums. See https://www.medicare.gov/your-medicare-costs/help-paying-costs/medicare-savings-program/medicare-savings-programs.html.

[10] Generally, individuals who do not enroll in Medicare Part B during the 7-month period that (1) begins 3 months before the month they turn 65, (2) includes the month they turn 65, and (3) ends 3 months after the month they turn 65 are subject to this penalty (however, individuals who continue to work past age 65 for firms with more

premium typically increases by 10% for each full 12-month period that individuals could have enrolled, but did not enroll, in Part B.[11, 12]

Table 3. Medicare Part B Premiums and Late Enrollment Penalties, by Beneficiary Income and Tax Filing Status						
Beneficiary Annual Income and Tax Filing Status (2015)			Monthly Premium (2017)	Monthly Premium with Late Enrollment Penalty		
Filing Individually[1]	Married, Filing Joinly[2]	Married, Filing Separately		After 12 Months	After 24 Months	After 36 Months
$85,000 or less	$170,000 or less	$85,000 or less	$134.00	$147.40	$160.80	$174.20
$85,001-$107,000	$170,001-$214,000	--	$187.50	$206.25	$225.00	$243.75
$107,001-$160,000	$214,001-$320,000	--	$267.90	$294.69	$321.48	$348.27
$160,001-$214,000	$320,001-$428,000	$85,001-$129,000	$348.30	$383.13	$417.96	$452.79
$214,001 or more	$428,000 or more	$129,000 or more	$428.60	$471.46	$514.32	$557.18

[1] Individuals with annual income less than $16,284 might qualify for a Medicare Shared Savings Program that helps pay Part B premiums (in 2016).
[2] Couples with annual income less than $21,876 might qualify for a Medicare Shared Savings Program that helps pay Part B premiums (in 2016).

Medicare Part D

Medicare Part D covers outpatient prescription drugs through private prescription drug plans. In addition, prescription drug coverage is made available to Medicare beneficiaries through private Part C plans, referred to as Medicare Advantage, which combines Part D prescription drug coverage with the comprehensive medical services under Medicare Parts A and B. Part D enrollment requires payment of a premium, although lower-income enrollees might qualify for qualify for the Low-Income Subsidy (LIS) program (also called “Extra Help”), which provides assistance with paying for Part D premiums, deductibles, and coinsurance.[13] Eligibility for these programs is determined by income level and an asset test (See Table 4 below for income eligibility and asset requirements). For eligible Medicare beneficiaries, the LIS program covers between 0% and 100% of their Part B premium, with those with the lowest income and asset levels receiving the most generous subsidies. Medicare beneficiaries can apply for the LIS program with the Social Security Administration (SSA) or their state Medicaid agency.

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than 20 employees can delay enrolling in Part B until they leave their jobs, after which time they have an 8-month window for enrolling).

[11] Individuals who receive premium assistance through a Medicare Savings Program do not pay the late enrollment penalty. These programs include the QMB Program, SLMB Program, QI Program, and Qualified Disabled and Working Individuals (QDWI) Program.

[12] There is not an Indian-specific provision exempting AI/ANs from late enrollment fees.

[13] For more information on the LIS program, see https://www.medicare.gov/your-medicare-costs/help-paying-costs/save-on-drug-costs/save-on-drug-costs.html.

Table 4. LIS Program Income Eligibility and Asset Requirements for 2016			
Annual Income Limits		Asset Limits	
Individual	Couple	Individual	Couple
$17,820	$24,030	$13,640	$27,250

In general, individuals can begin to enroll in Medicare Part D during the 7-month period that (1) begins 3 months before the month they turn 65, (2) includes the month they turn 65, and (3) ends 3 months after the month they turn 65. Outside of this initial enrollment period, most individuals can enroll in Part D only during the annual open enrollment period that runs from October 15 through December 7, with coverage beginning January 1. Some individuals might qualify for an SEP that allows enrollment at other times.[14] For example, individuals eligible for Medicare and Medicaid (dual eligibles) can enroll in, switch, or drop Part D plans at any time. Individuals who qualify for the LIS program also can enroll in, switch, or drop Part D plans at any time. No special enrollment period is available specifically for AI/ANs.

Individuals pay their Medicare Part D premium via direct payment to Part D plans. If a Tribe seeks to pay Medicare Part D premiums on behalf of Tribal members, it could do so by working directly with Part D plans to expedite the process and minimize costs. Under such a Sponsorship program, the Tribe could provide information on the program to eligible Tribal members and have staff assist these individuals with the online enrollment process.[15] Tribal staff also could work with account managers at Part D plans to reach agreements under which the Tribe provides the plans with a list of sponsored Tribal members and the plans send consolidated bills to the Tribe on a monthly basis.

Late Enrollment in Part D

Individuals eligible for the Indian Health Service (IHS) do *not* have to pay a late enrollment penalty for Medicare Part D if enrolling after the initial enrollment period. For the general population, if individuals go without a Part D plan, a Part C plan that offers Part D coverage, or some other form of "creditable" Part D coverage for any continuous period of 63 days or more after their initial enrollment period ends, they might have a late enrollment penalty added to

[14] A list of the circumstances that trigger special enrollment periods for Medicare Part D is available at https://www.medicare.gov/sign-up-change-plans/when-can-i-join-a-health-or-drug-plan/special-circumstances/join-plan-special-circumstances.html.

[15] AI/ANs enrolling in Medicare Part D plans outside of the initial enrollment period might need to show the plan proof of creditable Part D coverage (IHS eligibility) to avoid the late enrollment penalty (*e.g.*, through a letter or telephone call from the Tribe or IHS).

their Part D premium. But because eligibility for IHS qualifies as creditable Part D coverage,[16] IHS-eligible individuals do not have pay the late enrollment penalty.

Table 5. Medicare Part D Premiums and Late Enrollment Penalties, by Beneficiary Status, Income, and Tax Filing Status							
Beneficiary Annual Income and Tax Filing Status (2015)[2]				Monthly Premium (2017)[1,2]	Late Enrollment Penalty[3,4]		
Beneficiary Status	Filing Individually[1]	Married, Filing Joinly	Married, Filing Separately		After 12 Months	After 24 Months	After 36 Months
Individuals without Part D or creditable prescription drug coverage	$85,000 or less	$170,000 or less	$85,000 or less	$35.63	$4.30	$8.60	$12.80
	$85,001-$107,000	$170,001-$214,000	--	$48.93	$4.30	$8.60	$12.80
	$107,001-$160,000	$214,001-$320,000	--	$69.83	$4.30	$8.60	$12.80
	$160,001-$214,000	$320,001-$428,000	$85,001-$129,000	$90.83	$4.30	$8.60	$12.80
	$214,001 or more	$428,000 or more	$129,000 or more	$111.83	$4.30	$8.60	$12.80
IHS-eligible individuals	$85,000 or less	$170,000 or less	$85,000 or less	$35.63	No penalty	No penalty	No penalty
	$85,001-$107,000	$170,001-$214,000	--	$48.93	No penalty	No penalty	No penalty
	$107,001-$160,000	$214,001-$320,000	--	$69.83	No penalty	No penalty	No penalty
	$160,001-$214,000	$320,001-$428,000	$85,001-$129,000	$90.83	No penalty	No penalty	No penalty
	$214,001 or more	$428,000 or more	$129,000 or more	$111.83	No penalty	No penalty	No penalty

[1] "National base beneficiary premium" ($35.63 in 2017) is used as the basis for the premium amounts listed in the table; actual Part D premiums vary by prescription drug plan.

[2] Individuals with annual income less than $17,820 and couples with annual income less than $24,030 might qualify for the LIS program, which helps pay Part D premiums (in 2016).

[3] Late enrollement penalty equals 1% of the national base beneficiary premium times the number of full months without Part D (or creditable) coverage.

[4] Table assumes no increase in the national base beneficiary premium from year to year; the national base beneficiary premium might increase from year to year, and as such, the actual penalty might increase from year to year.

Coverage/Cost-Sharing under Part D Plans

Medicare Part D plans must offer either the defined standard benefit or an alternative equal in value ("actuarially equivalent") and also can provide enhanced benefits (see Table 6 below for information on the standard benefit).[17] However, Part D plans vary on their specific benefit design, cost-sharing amounts, utilization management tools (i.e., prior authorization, quantity limits, and step therapy), formularies (i.e., covered medications), and provider networks. *Prior to enrolling members in part D plan, the Tribe should (1) assess the ability of plan enrollees to*

[16] Other examples of "creditable" coverage include coverage from a former employer or union, TRICARE, the Department of Veterans Affairs, or the Federal Employees Health Benefits Program; no similar exemption exists for the late enrollment penalty for Medicare Part B. See CRS, "Medicare: Part B Premiums," page 6, at https://www.fas.org/sgp/crs/misc/R40082.pdf.

[17] For more information on Medicare Part D benefit parameters, see https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2017.pdf.

access Indian health care providers (IHCPs) as in-network providers and (2) assess the ability of IHCPs to receive payment from a Part C plan for services rendered.[18]

Part D plan formularies must include drug classes covering all disease states and a minimum of two chemically distinct medications in each class. In addition, Part D plans must cover all drugs in six "protected" classes: immunosuppressants, antidepressants, antipsychotics, anticonvulsants, antiretrovirals, and antineoplastics.

For 2017, the Part D standard benefit requires enrollees to pay a $400 deductible and 25% coinsurance until they reach a coverage limit of $3,700 in total drug costs, followed by a coverage gap. In the coverage gap, enrollees must pay for a larger share of their total drug costs than in the initial coverage period, until their total out-of-pocket spending reaches $4,950. After enrollees reach the catastrophic coverage threshold, they must pay either 5% of their total drug costs or $3.30/$8.25 for each generic/brand-name drug, respectively. Medicare indexes the standard benefit amounts annually based on the rate of Part D per capita spending growth.

Table 6. Medicare Part D Standard Benefit for 2017

Initial coverage period	Deductible	$400
	Percentage of cost covered by enrollee	25%
	Initial coverage period coverage limit	$3,700
	Out-of-pocket (OOP) spending threshold before coverage gap begins	$4,950
Coverage gap	Percentage of cost covered by enrollee	40% for brand-name drugs; 51% for generic drugs
	Estimated OOP spending threshold before catastrophic coverage begins	$8,071.16
Catastrophic coverage	Percentage of cost covered by enrollee	5%
	Minimum cost covered by enrollee	$3.30 for generic/preferred drugs; $8.25 for other drugs

Alternative Prescription Drug Coverage Under Part C Plans

As another option, Medicare beneficiaries can obtain prescription drug coverage and potentially lower out-of-pocket costs by enrolling in a Part C (Medicare Advantage) plan. Under Part C, Medicare beneficiaries enroll in private plans that provide both Part A and Part B

[18] Under section 206 of the Indian Health Care Improvement Act (IHCIA), an IHCP is provided a right of recovery from an insurance company and other third party entities, including Part D plans, for reasonable charges billed by an IHCP when providing services, or, if higher, the highest amount the third party would pay for services furnished by other providers. This right of recovery applies whether the IHCP is in a plan network or not.

coverage and, in many cases, Part D coverage. Not all Medicare Advantage plans offer Part D coverage. Medicare beneficiaries who enroll in Part C plans must pay the Part B premium and, in many cases, an additional plan premium ($31.40 per month, on average, in 2017).[19]

In addition to premiums, Medicare Part C plan enrollees often must pay deductibles and coinsurance (or copayments) when accessing services, with these amounts determined annually by the plan effective January 1 of the coverage year. As compared to traditional Medicare Part A and Part B coverage, the Medicare Advantage plan might offer reduced out-of-pocket costs, although patients are typically required to receive services from a more restricted list of health care providers than is available under fee-for-service Medicare. *If a Tribe seeks to pay Part C premiums on behalf of Tribal members, prior to enrolling members in the plan, the Tribe should (1) assess the ability of plan enrollees to access Indian health care providers (IHCPs) as in-network providers and (2) assess the ability of IHCPs to receive payment from a Part C plan for services rendered.*[20]

Out-of-pocket costs for Part C plan enrollees can vary widely, depending on the following factors:

- Whether the plan charges a monthly premium (in addition to the Part B premium);
- Whether the plan pays any of the monthly Part B premium;
- The amount of any annual (Part A or Part B) deductible or additional deductibles;
- The amount of any coinsurance or copayments the enrollee must pay for accessing services;
- The type and amount of services used;
- Whether the enrollee obtains services from in-network or out-of-network providers;
- Whether the enrollee requires extra benefits and whether the plan charges for those benefits;
- The amount of any out-of-pocket cost limit implemented by the plan; and
- Whether the enrollee qualifies for Medicaid or obtains financial assistance from their state.

Comparison of Part B and Part D Considerations

Table 7 below provides a comparison of considerations for Medicare Part B and Part D Sponsorship programs. In addition to the listed factors, for Part D plan Sponsorship, whether

[19] The amount of premiums charged by (and level of access to) Medicare Part C plans varies substantially in different regions of the United States.

[20] Under section 206 of the Indian Health Care Improvement Act (IHCIA), an IHCP is provided a right of recovery from an insurance company and other third party entities, including Medicare Advantage plans, for reasonable charges billed by an IHCP when providing services, or, if higher, the highest amount the third party would pay for services furnished by other providers. This right of recovery applies whether the IHCP is in a plan network or not.

IHCPs are included in the provider network of a Part D plan and what the payment rates are under the Part D plan are two additional considerations.

Table 7. Comparison of Medicare Part B and Part D Sponsorship Considerations							
Sponsorship Program Type	**Covered Services**	**Enrollment Process**	**Late Enrollment Penalty**	**Late Enrollment Penalty Amount**	**Late Enrollment Penalty Exemption for Creditable Coverage (*e.g.*,**	**Premium Payment Mechanism (w/o Sponsorship)**	**Premium Payment Mechanism (w/ Sponsorship)**
Part B	Physician services, outpatient care and certain other services	Automatic at age 65 (for SS check recipients; optional for others)	Yes	10% increase in premium ($134.00 for standard premium in 2017) for each full 12-month period eligible for, but not enrolled in, Part B	No	Deduction from enrollee SS check paid to federal government	Tribe payment to enrollee for SS check deduction
Part D [1]	Outpatient prescription drugs	Optional at age 65	Maybe	No late fee for IHS-eligible individuals[2]	Yes	Enrollee payment to private plan	Tribe payment to private plan (consolidated)

[1] Likewise, a Medicare beneficiary can enroll in a Part C (Medicare Advantage) plan that offers Part D prescription drug coverage.
[2] For the general population, the late enrollment penalty is 1% of the "national base beneficiary premium" ($35.63 in 2017) times the number of full months without Part D (or creditable) coverage.