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PUBLIC REPORT

RE: Ombudsman Complaint A2004-0633
(Discontinued / Resolved)
October 29, 2004

*Identifying information has been removed from this report
as per AS 24.55.160(b) to protect the confidentiality
and privacy of the individuals involved.*

An Alaska retiree contacted the Ombudsman to complain about and seek help in understanding an action of the Division of Health Care Services (DHCS). The complainant is a Social Security retiree and a Medicare beneficiary.

The complainant said he had just received a letter dated May 31, 2004, from the Social Security Administration (SSA) notifying him that after March 2004, the State of Alaska would no longer be paying his \$66.60 monthly Medicare Part B medical insurance premium. In addition, the letter said that the complainant would be responsible for the monthly premiums retroactive to April 2004 in the total amount of \$133.20 and that this amount would be deducted from his May Social Security check. Thereafter, the \$66.60 monthly premium would be deducted from his Social Security check. The letter advised him to contact the local Social Security office if he wanted to cancel coverage, and to file an appeal if he disagreed with the changes to his monthly benefit payments.

The complainant brought this letter to the ombudsman and said he was confused. He complained that DHCS had failed to explain why it had originally enrolled him in Medicare Part B when he was not receiving Medicaid and why it was discontinuing payment of his Medicare Part B medical insurance premiums.

Assistant Ombudsman Charlise Huhndorf-Arend investigated this complaint. She contacted DHCS Medicare Buy-in Program Administrator Francine Carter and SSA Alaska State Director Paul Brandt to provide verbal notice of investigation and discuss the complaint.

Ms. Carter explained that DHCS contracts with First Health Services (FHSC) to administer Alaska Medicaid claims. In April 2004, FHSC erroneously enrolled 586 former Alaska Medicaid recipients in Medicare Part B under the State's Medicaid Buy-In

Program by error. The buy-in for the affected individuals was retroactive to August 2003. DHCS discovered the error in early May and informed the SSA that the State was terminating its buy-in of these individuals effective March 31, 2004.

Ms. Carter explained that federal guidelines prohibited the State from disenrolling these individuals from Medicare. Those involuntary enrollees who wanted to withdraw from Medicare Part B after March 2004 when the state would no longer be paying their premium would need to request termination of this coverage in writing directly to the SSA. If they did not withdraw, they would be responsible for paying the monthly premiums from April 2004 forward. The SSA would then automatically deduct these premiums from their monthly Social Security checks.

Ms. Carter also explained that those individuals who were enrolled in Medicare Part B prior to the buy-in error were issued refunds by the SSA for premiums the individuals had paid during the period of August 2003 through March 2004. Ms. Carter informed Ms. Huhndorf-Arend that First Health Services Corporation (FHSC), not the State, assumed the costs for this error.

Ms. Carter acknowledged that the division had not provided these recipients with a written explanation of the buy-in error and the steps necessary to disenroll in the coverage. At Ms. Huhndorf-Arend's suggestion, Ms. Carter agreed that notification and explanation of the error by the division to the affected recipients was warranted.

On June 8, 2004, Ms. Carter asked FHSC to send notice to affected recipients explaining the buy-in error and advising them how to disenroll if they did not want to be liable for the premiums after March 2004. FHSC issued the notice on June 9, 2004. The notice included Alaska SSA office contact information and the SSA form that was needed to disenroll in the coverage was enclosed.

The ombudsman concluded that this error was beyond the control of DHCS. This error actually also may have created a win-win situation for those affected recipients. That is because SSA either issued these individuals refunds for premiums they had previously paid, as was the case with the complainant, and/or, these individuals became eligible for Medicare Part B medical coverage they otherwise would not have received. In addition, these individuals could have received a refund of premiums that were deducted from their Social Security benefits checks after April 2004 if they cancelled their coverage within 30 days of receiving the SSA notice dated May 31, 2004.

Nevertheless, the ombudsman was concerned by the division's failure to recognize the need for appropriate and timely notification to the individuals affected by the buy-in error. However, DHCS acknowledged its oversight during the course of our investigation and took immediate corrective action. This investigation was therefore discontinued this investigation as "resolved."

However, the ombudsman suggests that DHCS take action at the time an error such as this is identified to provide notification to the affected recipients. This would most certainly limit confusion and misunderstanding on the part of the recipients.