



**State of New Jersey**

**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

ADMINISTRATIVE OFFICES  
QUAKERBRIDGE PLAZA—BUILDING 5 & 7 & 12  
QUAKERBRIDGE ROAD  
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ADDRESS REPLY TO:  
CN-712  
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**MEDICAID COMMUNICATION NO:90-12 DATE: March 12, 1990**

**TO:** County Welfare Agency/Board of Social Services Directors

**SUBJECT:** Catastrophic Health Insurance Premium Refunds

As you were advised by Medicaid Communication No. 90-7, the elimination of the Medicare Part B catastrophic health insurance premium, which was effective with the January 1990 Social Security benefit check, will be implemented with the May 1990 check. The excess premium deductions for the four month period were to be refunded in two checks, issued by the Social Security Administration in February and April 1990. It has been brought to our attention that the first of these checks has been disbursed.

Outlined below are the policies which should be employed for financial eligibility determinations and the post-eligibility treatment of income for institutional applicants and recipients.

**Income Eligibility** - Since "gross" income is used to determine eligibility for institutional Medicaid, the refund has already been considered in determining income eligibility and need not be reviewed again in the month of receipt.

**Post Eligibility Treatment of Income** - For cases in which a PA-3L has already been entered into the billing system, indicating an amount inflated by the catastrophic premium payment, the facilities have been instructed to submit an income adjustment request to the Bureau of Claims and Accounts, using form MCNH-112. For cases in which a PA-3L has not been finalized, adjust the Medicare deduction to exclude the catastrophic premium of \$5.30 (applicable for those entitled to both Part A and Part B only), and advise the family that the facility is entitled to a corresponding amount from the refund check(s). This applies to those eligibles who would be responsible for Medicare Part B premium payments in the first two months of admission to a facility. Those individuals for whom the State is paying Part B premiums through the Buy-In system, are not affected by these changes. This includes ongoing Medicaid Only cases admitted prior to December 1989 and all SSI to Medicaid Only conversion cases.

Questions concerning this communication should be referred to the field staff assigned to your county.

Sincerely,

  
Saul M. Kilstein  
Director

SMK:Pd

cc: Marion Reitz, Director  
Division of Economic Assistance

Nicholas R. Scalera, Acting Director  
Division of Youth and Family Services