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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

AHCCCS will no longer cover Medicare Part B Premiums- Effective 10/1/11

The Arizona Health Care Cost Containment System (AHCCCS) has been engaged in an extensive review and audit from the federal government regarding Medicare Part B payments. As a result of this review, the Center for Medicare and Medicaid Services (CMS) has preliminarily determined that the guidance CMS provided to all State Medicaid Directors in two separate letters issued in [1997](#) and [2000](#), and which upon AHCCCS relied to purchase Medicare Part B coverage for approximately 10,000 ALTCS members¹, did not correctly interpret federal regulation.

The [agency](#) believes it should not be penalized for relying on CMS guidance of its own regulation. However, in order to limit the financial exposure associated with this issue, AHCCCS must discontinue paying for Medicare Part B coverage for these members effective October 1, 2011. AHCCCS will continue to work with CMS to resolve this issue. If the issue cannot be resolved and Medicare Part B coverage is discontinued, these members will receive a notice at the end of September advising them that AHCCCS will no longer pay for their Medicare Part B premiums based on the decision by CMS. Unless members opt to terminate their Medicare Part B coverage, they will have the cost of future Medicare Part B premiums deducted from their social security checks, or if they do not receive Social Security, they will be billed for their Medicare Part B premiums.

Continue to check the website for updates on the status of this issue.

¹ Medicaid members who receive Medicare with income over 120% of the federal poverty level (FPL).