

Medicare and Medicaid: Dual Eligible Beneficiaries

Medicare is a federally funded health insurance program for people aged 65 or older, people under age 65 with certain disabilities, and people of all ages with end-stage renal disease (permanent kidney failure requiring dialysis or a kidney transplant). However, Medicare does not cover all health care costs. Individuals must make up any difference between what Medicare pays and what the health care provider charges. Some individuals may be able to pay these out-of-pocket costs with their own incomes, or through secondary or supplemental insurers. In some cases, Medicaid may pay some of these costs. Individuals who receive Medicare and Medicaid are called dual eligible beneficiaries or “dual eligibles.”

Medicaid is jointly funded by federal and state governments. There are federal minimum standards for eligibility and some federally required benefits. As a partially state-funded program, some of the eligibility requirements and the benefits offered under Medicaid may vary greatly from state to state. Medicaid programs are available to individuals with limited incomes and resources/assets. In some states, Medicaid is also available to individuals who have incomes and/or resources that are above the thresholds, but who have high medical expenses.

Which Medicare Beneficiaries Are Eligible to Enroll in Medicaid?

In order to qualify for Medicaid coverage, a Medicare beneficiary must meet the following three criteria:

- **Be a United States citizen or legal permanent resident.**
- **Be a member of a qualifying category.**

The beneficiary must possess characteristics that allow him/her to fit into a qualifying Medicaid category, such as blind, disabled, or over the age of 65.

- **Meet the income and resource limits set by the state.**

Medicaid coverage is limited to individuals whose incomes and assets are below dollar amounts established by the state in which they are applying. In some states, Medicaid may be available to individuals who do not meet the dollar limits imposed by the state, but whose incomes less medical expenses are below state-established dollar limits. Individuals who qualify for Medicaid in this manner are said to have “spent-down.” Generally, when they apply for Medicaid benefits, the state will notify them (based on their income and/or resources) of how much money they must spend on medical care before they will qualify for Medicaid to pay their remaining costs. The state will also let individuals know how much time

they have to accumulate these medical expenses. (This time period is called a “budget period” and is generally one month to six months, depending on the state.) The following kinds of medical expenses count toward the spend-down:

- Medical bills that an individual pays during the budget period, including Medicare premiums, copayments, and receipts for medical care that is not covered by Medicare. (Only the share that the individual pays counts—not the share that Medicare pays.)
- Unpaid medical expenses for which the individual is still responsible, regardless of the date that they were incurred, as long as they have not been counted in a previous spend-down period.

Medicaid will not pay the amount of the bills that are used to meet the spend-down, but it will pay for any excess or remaining medical expenses during the budget period. Not all states allow individuals to spend-down to Medicaid. Please check with your state Medicaid agency to find out if your state allows individuals to qualify for Medicaid by spending-down their income and/or resources.

What Benefits Do Dual Eligible Beneficiaries Receive?

Depending on the Medicaid program, a dual eligible may receive Medicaid health coverage and/or assistance in paying Medicare premiums and cost-sharing.

- **Medicaid health coverage:** The health care benefits offered by state Medicaid programs vary from state to state, but dual eligibles generally receive “wrap-around” coverage. Wrap-around coverage describes health insurance that pays for medically necessary items and services that a primary insurer (in this case, Medicare) will not cover. In many states, this coverage includes nursing home care, vision care, dental coverage, home and community-based care, hearing benefits, and non-emergency transportation to and from medical appointments.
- **Medicare premium and cost-sharing assistance:** All Medicaid programs offer assistance in paying some or all of an individual’s out-of-pocket Medicare costs. Out-of-pocket costs that may be covered include premiums, deductibles, and co-payments under Medicare Part A and Part B. In some states, Medicaid may assist in paying Medicare Advantage premiums under Part C. Check with your state Medicaid agency or local medical assistance office to learn what assistance is available.
- **Assistance with Medicare prescription drug plan costs and copayments:** All individuals who qualify for Medicaid are automatically entitled to reduced copayments on their Medicare prescription drugs, and no, or low, drug plan premiums and deductibles. Additionally, the so-called ‘doughnut hole’ is eliminated for all dual eligibles. See HAP’s [chart](#) on cost-sharing for low- income beneficiaries under Part D.

What Is Meant by “Full Dual Eligible” and “Partial Dual Eligible”?

Dual eligibles are either “full” or “partial” depending on the level of Medicaid benefits that they qualify for.

- **Full dual eligibles:** Medicare beneficiaries who are enrolled in a Medicaid program that provides Medicaid health coverage, as well as assistance in paying the beneficiaries’ Medicare premiums and cost-sharing. Medicaid programs that offer “full” Medicaid benefits include the SSI eligibility category and the low-income or medically-needy elderly or disabled.
- **Partial dual eligibles:** Medicare beneficiaries who are enrolled in a Medicaid program that does not offer Medicaid health coverage, but does provide assistance in paying Medicare premiums and other out-of-pocket costs. Medicaid programs that provide “partial” Medicaid benefits include Medicare Savings Programs (QMB, SLMB, QI, and QDWI). HAP has more [resources](#) on Medicare Savings Programs available online.