EM - Emergency Message

Identification Number: EM-20039 SEN
Intended Audience: All Cs/ARCs/ADs/FOs/TSCs/PSCs/OCO/
Originating Office: DCO OPSOS
Title: Updates to Handling Installments for Payment of Premium Arrearage
Type: EM - Emergency Messages
Program: Medicare

Retention Date: August 01, 2021

The instructions in this EM supersedes AM-20032, which we archived upon publication of this EM.

A. Purpose

This emergency message (EM) provides interim instructions for handling requests to pay a Medicare Part B Supplementary Medical Insurance (SMI) premium arrearage through monthly installments. The beneficiary, in some situations, can pay their Medicare Part B SMI premium arrearage by installments to SSA, or they may request that we deduct the installment from their monthly Social Security benefits if the individual is in current pay status.

NOTE: The instructions in this EM supplement the instructions HI 00805.180 Payment of Premium Arrearage.
The Centers for Medicare & Medicaid Services (CMS) will update the POMS in a future release.

B. Background

Due to the COVID-19 pandemic, beneficiaries are experiencing financial difficulties and may not be able to pay their monthly or quarterly Medicare Part B SMI premiums. During this time, many of our beneficiaries are at risk of having their Medicare Part B SMI coverage terminated for non-payment of their premiums. These individuals urgently need to maintain their Medicare Part B SMI coverage.

C. Who qualifies for installments

Anyone who owes a premium arrearage and states he or she cannot pay the arrearage in a lump sum can pay by installments. This includes those whose premium arrearage problems were the result of Government error, but who do not qualify for waiver of a premium arrearage on hardship grounds, see HI 00805.220B. Also included are Civil Service annuitants who are accreted late for premium deductions from their annuity checks, as explained in HI 01001.181, but had received timely notice that their SMI coverage was in effect.

NOTE: For instructions on equitable relief for Railroad Retirement Board (RRB) annuitants, see HI 01001.367.

D. Procedure - Installment payments, FO actions

If an individual inquires about “arrangements” such as installment payments for their premium arrearage, make it clear that installment payments are for those persons whose SMI coverage for a retroactive period requires payment of an arrearage, but whose financial circumstances make it difficult to pay the premium arrearage in a lump sum.

If, after receiving such information, verbally or in a written form, the individual says he or she is unable to pay the arrearage in a lump sum, accept his or her statement without further development.

Follow these steps:

1. Tell the individual that he or she must pay the arrearage in monthly installments or by deduction from his or her
monthly benefit, if in current pay, of at least $15 (over and above the current premium). **NOTE:** The installment payments must, in large arrearage cases, be sufficient to liquidate the arrearage in 42 months.

2. Document the installment request on a Modernized Development Worksheet (MDW). The MDW must include:

- Amount of the arrearage;
- Amount of agreed monthly installment amount;
- Number of months to recover the arrearage;
- Planned beginning and ending dates.
  
  The PSC will adjust these dates when the action is initially processed.

3. Annotate on the MDW that you APPROVED the installment plan.

4. Send the MDW to the jurisdictional PSC. You can obtain the jurisdictional PSC from the MBR.

5. Advise the beneficiary that the jurisdictional Program Service Center (PSC) will process the request and notify them of the necessary installment payments.

E. **TSC Procedure - Installment payments**

TSC agents should follow the instructions in **OB 20-015 SEN** Payment of Medicare Premium Arrearage - COVID-19 – INFORMATION.

F. **PSC Procedure - Installment payments**

Follow these steps:

1. Verify that the installment request is for at least $15.00 per month and lasts no longer than 42 months.
2. If the arrearage already exists on the Direct Billing System (DBS), it must be removed. Delete the arrearage using a CMS-1592. Input a RIC 3 (for SMI) or RIC F (for HI) and a BATCH code of INSTAL.

3. If the date of entitlement to SMI on the MBR needs to be changed to an earlier date, record the change via MACADE on the SMI screen. Notify the beneficiary of the new START date.

4. If the beneficiary is in current pay, use MACADE to input the monthly deductions;

5. If the beneficiary is in direct billing status:

   • Post a special message on the MBR stating “HOTFILE CASE. CURRENT INSTALLMENT AMOUNT $$$.$$.”

   • Prepare the installment summary sheet (exhibited in HI 00830.065), and add it to the Paperless ACR. Send the ACR to hold until September 21, 2020.

6. If, by September 21, 2020, MATPSC is not operating and processing remittances, send the ACR back to hold until September 30, 2020, and every two weeks thereafter, if MATPSC remittance operation continues to be suspended.

Direct all program-related and technical questions to your Regional Office (RO) support staff or Program Service Center (PSC) Operations Analysis (OA) staff. RO support
staff or PSC OA staff may refer questions, concerns, or problems to their Central Office contacts.

References:
HI 00805.180 Payment of Premium Arrearage.
HI 00805.220B Inadvertent Failure to Bill for or Deduct Premiums - Non-Buy-In Cases
HI 01001.181 Processing Delayed Third Party Accretions
HI 01001.367 Equitable Relief Involving RRB Beneficiaries
HI 00830.060 Installment Payments for Retroactive Premiums
HI 00830.065 Summary Sheet, Installment Payments for Retroactive Premium Due Amounts

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