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## CHAMPVA POLICY MANUAL

CHAPTER: 1  
SECTION: 2.6  
TITLE: MEDICARE

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**AUTHORITY:** 38 USC 101, 38 CFR 17.270(a), 17.271(b); Public Law 97-251, Section 5 (effective September 8, 1982); Public Law 102-190, Section 704 (effective December 5, 1991); Public Law 107-14, Section 3 (effective October 1, 2001); Public Law 106-398 (effective October 1, 2001)

**RELATED AUTHORITY:** 42 CFR 406.13, [VA-OP-GC-ADV 22-98, 1998](#)

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### I. DEFINITIONS

A. Medicare is a federal health insurance program for people 65 years of age and older, some disabled people under 65 years of age, and people with End-Stage Renal Disease (permanent kidney failure treated with dialysis or a transplant) or have amyotrophic lateral sclerosis (Lou Gehrig's) disease. The Centers for Medicare & Medicaid Services (CMS) operates Medicare. The Medicare program consists of two parts, Medicare Part A and Medicare Part B.

B. Medicare Part A pays for inpatient hospital, skilled nursing facility, and some home health care.

C. Medicare Part B covers Medicare eligible physician services, outpatient hospital services, certain home health services, and durable medical equipment.

D. Premium-free Medicare is for entitled beneficiaries who do not pay a monthly Part A premium because they or their spouse have 40 or more quarters of Medicare-covered employment.

E. Premium HI Medicare is for people who are not otherwise eligible for premium-free hospital insurance and have less than 40 quarters of Medicare-covered employment.

### II. POLICY

A. Beneficiaries Under Age 65.

1. A beneficiary enrolled in both Medicare Part A (hospitalization insurance) and Medicare Part B (outpatient insurance) is eligible for CHAMPVA. CHAMPVA will become secondary payer to Medicare, Medicare supplemental plans, Medicare HMO plans, and any other health insurance (OHI) coverage.

a. To determine CHAMPVA eligibility, documentation from the Social Security Administration (SSA) verifying enrollment in both Medicare Part A and Medicare B is required. Documentation may include, a copy of the beneficiary's Medicare card, a letter from the SSA verifying dates of Medicare eligibility, or any other type of verification from SSA.

b. Termination of enrollment in Medicare Part B will result in loss of CHAMPVA benefits effective with the date of such termination.

c. A beneficiary, who has entitlement to premium-free Medicare Part A, but is **not** enrolled in Medicare Part B, is not eligible for CHAMPVA benefits.

2. A beneficiary enrolled in Medicare Part B, but not Medicare Part A or enrolled in Medicare Part A through the premium hospital insurance (premium-HI) provision, continues to be eligible for CHAMPVA. However, CHAMPVA becomes the secondary payer.

B. Beneficiaries, Age 65 or Older.

1. Beneficiaries, who are not entitled to Medicare Part A, continue to be CHAMPVA eligible. If the beneficiary is not eligible for Medicare Part A under their own or former spouse's Social Security Number, a Social Security Administration "Notice of Disallowance" must be submitted with the application for benefits. Additionally, if the individual is enrolled in only Medicare Part B, but not Medicare Part A, or Medicare Part A through the Premium HI provision, a copy of the individual's Medicare card or other official documentation must be provided.

2. Beneficiaries age 65 or older **prior** to June 5, 2001.

a. Beneficiaries, who are otherwise eligible for CHAMPVA, entitled to Medicare Part A and who have not purchased Medicare Part B are eligible for CHAMPVA as a secondary payer. This means CHAMPVA will pay after Medicare Part A or any other health insurance plan. Eligibility for CHAMPVA will be effective for services received on or after October 1, 2001.

b. Beneficiaries, who are otherwise eligible for CHAMPVA, entitled to Medicare Part A and who have Medicare Part B as of June 5, 2001, must continue to carry Medicare Part B to retain CHAMPVA eligibility as secondary payer. Eligibility for CHAMPVA will be effective for services received on or after October 1, 2001.

c. Beneficiaries, who are **not** otherwise eligible for CHAMPVA prior to June 5, 2001, must have Medicare Part A and Medicare Part B to establish CHAMPVA eligibility. For example, a beneficiary who is age 65 prior to June 5, 2001, and the sponsor's permanent and total disability date is after June 5, 2001, must have Medicare Part A and Medicare Part B to establish CHAMPVA eligibility.

3. Beneficiaries age 65 on or **after** June 5, 2001 but **prior** to October 1, 2001.

a. Beneficiaries who become age 65 during this period are **not eligible** for CHAMPVA until October 1, 2001.

b. Beneficiaries who become age 65 during this period, and are entitled to Medicare Part A and enrolled in Medicare Part B, are eligible for CHAMPVA services received **on or after** October 1, 2001.

4. Beneficiaries age 65 on or **after** October 1, 2001.

a. Beneficiaries who are entitled to Medicare Part A and enrolled in Medicare Part B are eligible for CHAMPVA as a secondary payer. This means CHAMPVA will pay after Medicare, Medicare HMO plans, Medicare supplemental plans, and any other health insurance plans. Continuation of CHAMPVA benefits will be effective October 1, 2001, or the date coverage for Medicare Parts A and B begins, whichever is later. (This will usually be the month in which the beneficiary becomes age 65.)

b. Beneficiaries who are entitled to Medicare Part A, but are **not** enrolled in Medicare Part B are **not eligible** for CHAMPVA. If the individual later enrolls in Medicare Part B, he/she may apply for CHAMPVA at that time. If the beneficiary later applies for Medicare Part B coverage, CHAMPVA eligibility will begin on the date the beneficiary's Medicare Part B coverage is effective.

### III. POLICY CONSIDERATIONS

A. The law passed by Congress to expand CHAMPVA coverage to beneficiaries age 65 and older was signed by the President (enacted) on June 5, 2001. Based on the language of the law, effective with the date of enactment (June 5, 2001), beneficiaries becoming age 65 on or after that date must have purchased Medicare Part B to be eligible for CHAMPVA. However, CHAMPVA coverage is effective October 1, 2001, based on a legal interpretation of the intent of the law. [GC opinion dated June 9, 2001]

B. Prior to June 5, 2001, CHAMPVA eligibility could be re-established by submitting documentation from the Social Security Administration (SSA) certifying exhaustion of Medicare Part A benefits. Reinstatement of CHAMPVA eligibility occurs when any part of Medicare Part A benefit is exhausted for a benefit period or when all lifetime reserve days were used. The statutory provision allowing for reinstatement was applicable to individuals who lost CHAMPVA benefits upon reaching age 65. With the passage of Public Law 107-14, this statutory provision was eliminated effective June 5, 2001.

C. Entitlement to premium-free Medicare Part A may occur **prior** to age 65 if:

1. A child of a Medicare-eligible sponsor becomes disabled before age 22.
2. The beneficiary has been in receipt of Social Security disability benefits for more than two years.
3. The beneficiary has end-stage renal disease and meets all other requirements to obtain premium-free Medicare Part A coverage.

D. Medicare Part B is a purchased benefit.

1. To determine CHAMPVA eligibility, SSA documentation of enrollment in both Medicare Part A and Medicare Part B is required. Acceptable documentation includes a copy of the beneficiary's Medicare card, a letter from the SSA that provides the dates of Medicare eligibility, or any other valid verification from SSA.

2. If Medicare Part B is required for CHAMPVA eligibility, and the beneficiary is not enrolled in Medicare Part B, an application for enrollment should be submitted directly to the Social Security Administration (SSA).

a. The general enrollment period for Medicare Part B is held January 1 through March 31 of each year and Medicare Part B coverage starts on July 1 of that year.

b. In this case, CHAMPVA eligibility will begin on the effective date of the beneficiary's Medicare Part B coverage.

c. For details on enrollment in Medicare Part B, beneficiaries may call the SSA toll-free number, (800) **772-1213**, or visit any Social Security Office. This information can also be obtained from the Medicare Web site [www.medicare.gov](http://www.medicare.gov).

E. A beneficiary over age 65 who is not Medicare Part A eligible may be eligible to purchase Medicare Part A, Premium-HI coverage. Premium-HI is the same as other health insurance (OHI), therefore, CHAMPVA eligibility is maintained.

F. For those beneficiaries living or traveling overseas, the same criteria regarding Medicare Part A and Medicare Part B coverage is applicable for CHAMPVA eligibility.

G. Medicare coverage and end-stage renal disease (ESRD). [42 CFR 406.13]

1. The same criteria noted in Policy, regarding Medicare Part A and Medicare Part B, is applicable for CHAMPVA eligibility when the beneficiary qualifies for Medicare Part A because of ESRD.

2. CHAMPVA benefits may be allowed for services and supplies during the Medicare waiting period for those beneficiaries who qualify for Medicare coverage as a result of end-stage renal disease.

3. Medicare coverage begins with the third (3rd) month after the month in which a course of maintenance dialysis begins or with the month the beneficiary enters the hospital to prepare to receive a transplant (providing the transplant is performed within the following two months after the preparatory hospitalization). If the transplant is not performed until more than two (2) months after the preparatory hospitalization, Medicare coverage will begin with the second month prior to the month of the transplant.

Example: If a course of dialysis began on January 1, Medicare coverage would be effective on April 1. If the course of maintenance dialysis began on January 31, Medicare coverage would still be effective April 1. Medicare waives the three (3) month waiting period if the patient participates in a self-care training program (in expectation of entering self-dialysis) prior to the third month after the month a regular course of dialysis is initiated.

4. Medicare eligibility ceases for chronic renal disease patients with the thirty-sixth (36th) month after the month in which a successful kidney transplant takes place or with the twelfth (12th) month after the month in which the course of maintenance dialysis ends.

Note: If a transplant should fail later than thirty-six (36) months after surgery, Medicare eligibility will immediately be re-established if the individual files an application, still meets the insured status requirement, and begins a regular course of dialysis or undergoes another transplant.

5. An individual begins a regular course of dialysis more than twelve (12) months after the previous course ended, Medicare entitlement is immediately re-established if the individual files an application and still meets the insured status requirements.

6. Under the Medicare ESRD program period of entitlement, all services or supplies directly related to the program or the individual's dialysis is covered. Those services or supplies not directly related to the ESRD program, but are otherwise a covered benefit, would also be covered under Medicare during this period of entitlement.

7. When a CHAMPVA beneficiary does not qualify for the Medicare ESRD program because they do not have enough work quarters, CHAMPVA will become the primary payer, or secondary payer if there is other health insurance. Before benefits can be allowed, a "Notice of Disallowance" is required indicating the patient is not eligible for Medicare benefits.

**\*END OF POLICY\***