HFS

Illinois Department of Healthcare and Family Services

Report to the 2026 General Assembly

Medicare Part A Buy In Evaluation

ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
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Executive Summary

In February 2025, the 104th Illinois General Assembly passed HB3214, which requires the Illinois Department of Healthcare and Family Services (HFS) to publish a report evaluating the potential benefits and drawbacks of Illinois becoming a Medicare Part A Buy-In state.

HB3214 directs HFS to evaluate whether transitioning to a Medicare Part A Buy-In Agreement could reduce administrative burden, improve beneficiary experience, and better support low-income older adults and individuals with disabilities who rely on both Medicare and Medicaid coverage.

This report provides background and context on Medicare Part A, summarizes stakeholder feedback, and presents findings and recommendations regarding the potential implementation of a Medicare Part A Buy-In Agreement in Illinois.

Medicare Part A Buy- In Overview

A Medicare Part A Buy-In Agreement is an arrangement between a state and the Centers for Medicare & Medicaid Services (CMS), where the state pays Medicare Part A premiums on behalf of certain low-income individuals who qualify for both Medicare and Medicaid. These agreements are authorized under federal law and help eligible beneficiaries obtain Medicare hospital insurance coverage when they do not qualify for premium-free Part A.

Most Medicare beneficiaries qualify for premium-free Medicare Part A based on their work history. However, some older adults and individuals with disabilities must pay a monthly premium to enroll in Part A because they do not have sufficient work credits. For low-income beneficiaries, these costs can present a significant barrier to enrollment and access to coverage. By paying Part A premiums on behalf of eligible individuals, states can reduce out-of-pocket costs and facilitate access to Medicare benefits.

Current IL Approach

Illinois currently operates as a Medicare Part A group payer state rather than a Medicare Part A buy-in state. meaning the State cannot directly enroll individuals or initiate premium payments until after the Social Security Administration (SSA) completes enrollment.

As a result, individuals who require premium assistance for Medicare Part A may need to complete additional enrollment steps through the SSA before the State can begin paying premiums on their behalf. Because enrollment cannot begin until SSA completes processing, beneficiaries face delays and added administrative steps that complicate access to coverage.

As a group payer state, Illinois does not begin paying premiums for eligible customers until after SSA completes enrollment, a process that can take one or more months. During this time, beneficiaries pay premiums up front and wait for reimbursement, creating a reduction in income for low income households. In many cases, payments do not start until three or more months after eligibility is determined

Buy in states use established CMS enrollment and data sharing processes that allow states to directly facilitate enrollment and premium payment. Although the number of affected individuals is relatively small, the current group payer approach creates substantially more administrative complexity for both beneficiaries and state agencies compared with the streamlined buy in model used by most states.

Thus, as a Medicare Part A Group Payer state, Illinois faces several barriers that affect both beneficiaries and the State:

1. Beneficiary Issues
   Beneficiaries must complete additional steps with the SSA before Illinois can begin paying their Medicare Part A premiums, creating administrative burden and confusion for individuals and can further complicate the enrollment process.

   Individuals are often required to pay Medicare Part A premiums out of pocket (which can range from $311 to $565 per month) and wait months for the SSA to finalize enrollment. Additionally, individuals may be subject to Medicare late enrollment penalties if they do not enroll when first eligible, resulting in higher premium costs.

   Beneficiaries do not have access to conditional enrollment. As a result, individuals who miss their initial enrollment opportunity need to wait until the General Enrollment Period to enroll in Medicare Part A. This delays access to coverage and creates gaps in care, meaning that individuals who would qualify for premium assistance cannot begin receiving Medicare-covered services in a timely manner.

2. State Issues

Enrollment delays can prevent Medicare from becoming the primary payer promptly, often taking months before coverage is fully established. During this period, Medicaid continues paying for services that would otherwise be covered by Medicare, resulting in higher costs for the State.

Illinois does not participate in the Medicare Buy-In data exchange process, so staff must rely on more manual enrollment coordination, follow-up activities, and corrections. This increases processing times, administrative workload, and overall operational costs. These manual processes also heighten the risk of errors and prolong case resolution timelines.

Methods

To evaluate the feasibility and potential impact of a Medicare Part A Buy-In Agreement, HFS conducted targeted stakeholder outreach. Discussions were held with CMS, the Illinois Department of Aging (DoA), and various external stakeholder organizations - including the Legal Council for Health Justice, AgeOptions, Jewish United Fund, and CJE Senior Life.

Findings

Administrative Impacts on Beneficiaries

- CMS indicated that a Part A Buy In Agreement would simplify access to Medicare for eligible low income beneficiaries by allowing the State to pay Part A premiums directly, reducing administrative complexity for individuals who are dual eligible.
- DoA expressed support for further exploration of a Part A buy-in agreement and indicated that it was not aware of a compelling policy reason for Illinois to remain a group payer state. Department representatives noted that a Part A buy-in agreement appears consistent with efforts to simplify enrollment processes and reduce administrative burden for older adults and people with disabilities.
- Stakeholders reported that the current process for obtaining Part A premium assistance is difficult because it requires additional interactions with SSA. They indicated that a buy-in agreement may help streamline enrollment, reduce administrative burden, and make it easier for individuals to obtain and maintain Medicare coverage, while noting that the most significant benefits would likely accrue over time.

Implementation Considerations

- CMS provides established federal processes and data-sharing mechanisms for states entering buy-in agreements, including monthly data exchanges for identifying eligible beneficiaries, initiating or terminating premium payments, and coordinating records with SSA.
- DoA acknowledged that implementation would require coordination among HFS, CMS, and other partners. While those coordination mechanisms need to be further explored they did not believe any potential barriers would outweigh the potential benefits of pursuing a buy-in agreement.
- Stakeholders generally viewed implementation as feasible and noted that most states currently operate Part A buy-in agreements. They suggested that a buy in agreement could create l administrative efficiencies and reduce expenditures associated with Part A late enrollment penalties, though these potential impacts require further review and would likely become clear only after the model has been in place for several years.
- Although the fiscal impact has not been formally estimated, stakeholders noted several potential long term cost savings, including avoided late-enrollment penalties, administrative efficiencies, increased Medicare responsibility for covered services, and the ability to compare current Medicaid spending on Medicare-covered services for individuals who are not yet duals with the projected cost of Part A premiums under a Buy-In model.

Opportunities to Improve Access to Coverage for Eligible Individuals

- CMS guidance identifies buy-in agreements as a mechanism for helping low-income individuals obtain Medicare coverage when premiums would otherwise present a barrier to enrollment.
- DoA indicated that a Part A buy-in agreement could improve access to coverage by reducing enrollment barriers and supporting eligible individuals in obtaining and maintaining Medicare benefits.
- Stakeholders noted that a Buy-In Agreement could improve access to coverage for individuals with limited work histories or difficulty navigating the current enrollment process and could reduce out-of-pocket costs for populations that historically face challenges obtaining Medicare benefits. Improvements in access would likely build gradually as more individuals become enrolled through a streamlined process.

Additional Considerations

In addition, several topics fall outside the scope of initial review and will require further analysis. These include the operational implementation timeline, a detailed assessment of systems and staffing needs and internal capacity, yearly budget impacts, potential transition implications for current enrollees, and plans and methods for communicating potential changes to consumers. Thorough evaluation of these issues within HFS, across sister agencies, and in consultation with the Governor's office and GOMB will be essential before determining if, when, and how the State should move forward.

Recommendation

HFS recommends continuing to explore the feasibility of a Medicare Part A Buy in Agreement with CMS, while emphasizing that budget and operational considerations remain. Additional analysis and planning will be necessary before determining whether Illinois should pursue implementation and any timeline for doing so.

CMS, DoA, and stakeholder feedback indicate that a Part A Buy-In Agreement would simplify access to Medicare coverage for eligible beneficiaries and reduce administrative burden associated with the current group payer process, although these potential benefits must be balanced with the need for a clearer understanding of budget and administrative impact

In addition to these considerations, a Part A Buy-In Agreement would allow year round conditional enrollment, eliminate late enrollment penalties, and prevent individuals from being billed for Part A premiums during the application. After implementation, it would also support smoother transitions for individuals who currently pay their own Part A premiums into State paid assistance under the QMB program. While eventually, Medicare enrollment could shift certain costs from Medicaid to Medicare, reduce premium expenditures, and decrease retroactive billing issues, additional analysis is required to understand the true fiscal implications of this change. HFS must conduct additional modeling to understand how costs would evolve over multiple years, how enrollment shifts would impact both State and federal expenditures, and what other budgetary pressures may arise during implementation.

Operationally, substantial questions remain regarding how a Part A Buy-In Agreement would be implemented in practice, including required systems changes, staffing capacity, workflow modifications, and the timing and sequencing of federal and State coordination.

HFS does not yet have enough information to determine the full operational impact, and current resource constraints underscore the need for a cautious and deliberate approach.

Accordingly, HFS recommends continued engagement with CMS while prioritizing a comprehensive implementation and fiscal analysis before any final commitment is made. This approach will allow HFS to assess operational requirements, resource needs, systems implications, and beneficiary communication strategies to determine whether implementation is feasible given current capacity and budget realities.