

Waiver Wise

Technical Assistance for the Medicaid Waiver Programs

Wisconsin Department of Health Services • Division of Long Term Care
Bureau of Long Term Support

Volume 2009 Issue 02

BIW CIP 1A CIP 1B COP-W/CIP II CLTS COR IRIS ¹

How to Handle Cost-shares and Spenddowns when a Medicaid Waiver Participant is Temporarily Institutionalized

This technical assistance document addresses how cost-shares or spenddowns are handled when a waiver participant is temporarily institutionalized. Factors to be considered include:

- ∞ Was the individual participating in the waiver program on the first of the month during which he/she became institutionalized?
- ∞ Was the individual institutionalized for a full calendar month during the month in question?
- ∞ Was timely notice of a cost-share or spenddown liability provided, in accordance with Medicaid adverse action notice rules?
- ∞ If the individual is a Group C waiver participant, is it a spousal impoverishment case?

The answers to these and other questions determine if and when the Group B or the Group C individual is liable for a cost-share or a spenddown obligation.

Nursing Home Patient Liability vs. Medicaid Waiver cost-share liability.

Broadly speaking, Medicaid eligibility for any given month is based on rules of the program in which the individual is participating on the first day of the month: if the Medicaid eligible individual is in the institution on the first of the month, his/her eligibility is generally based on Medicaid institutional rules. Conversely, if on the first of the month the individual is a Medicaid waiver participant, eligibility is generally based on Medicaid waiver eligibility rules.

¹ The policies described in this document also apply to IRIS (Include, Respect, I Self-Direct) Waiver Program. In the IRIS Waiver Program, substitute the IRIS Independent Consultant Agency and the IRIS Financial Services Agency, as appropriate, where County is mentioned throughout this document.

When an individual is institutionalized for a full calendar month, he/she will have a nursing home patient liability to the institution. For Medicaid Waiver participants, there is no cost-share or spenddown liability during a full calendar month of institutionalization.

When the waiver participant is in the institution on the first day of any given month, but is discharged before the end of a full calendar month, his/her eligibility is still based on Medicaid institutional rules. In this case, because the institutionalization ended before the full calendar month, the individual has no nursing home patient liability. In these instances, unless institutionalization ended because of death, the Income Maintenance Worker (IMW) enters the discharge date in CARES and transmits a zero patient liability to the ForwardHealth interChange System.

If the individual is immediately enrolled in Medicaid Waivers upon discharge, a Waiver cost share liability will be calculated for the partial month, up to the cost of waiver services received. As long as the cost-share amount for that partial month is lower than the nursing home patient liability, the participant will be liable for it, because a lower cost-share liability is not considered an 'adverse action'. In the unlikely case that the cost-share is higher than the nursing home patient liability, adverse action protocol must be followed, meaning that the individual will be properly notified prior to the cost-share becoming effective. It will be extremely important for the Care Manager/Support and Service Coordinator (CM/SSC) to communicate the discharge date to the IMW as soon as he/she becomes aware of it, to ensure the proper course of action.

When the waiver participant is eligible for Medicaid waivers on the first day of any given month, his/her eligibility is generally based on Medicaid waiver eligibility rules, even if the individual is subsequently institutionalized at some time during the same month. This means that in these situations a Group B individual is responsible for his/her cost-share, up to the amount of waiver services that were received during that partial month. A Group C individual must incur the full spenddown: if the Group C is single or if spousal impoverishment rules do not apply, he/she is also financially responsible for the entire spenddown amount. If spousal impoverishment rules apply, the Group C participant is liable for his or her cost-share, up to the cost of waiver services received in the particular month.

Nursing Home to Community: The Med Status Code Problem Resolved

Effective November 2008 the new ForwardHealth interChange system became operational. The new system should ensure that the problems experienced by Medicaid eligible individuals, who were unable to obtain needed Medicaid card covered services upon discharge from a nursing home to the community, no longer exist. Under the ForwardHealth interChange system, claims will be payable according to med status code AND the discharge date indicated in the Nursing Home authorization segment.

In the past, under MMIS, payment was based only on existing med status code. Med status code followed adverse action logic and stayed in place until that logic had been observed. For example, if the individual was discharged from the nursing home on 6/20/08, he would have continued to have a nursing home med status code on file through 7/31/08 - because CARES had to follow adverse action to cancel the nursing home eligibility. This made it difficult if not impossible for the individual to obtain coverage for Medicaid card services in the community until August 1, 2008.

However, under the ForwardHealth interChange system, the nursing home eligibility segment will reflect the discharge date (in this instance 6/20/08). Therefore Medicaid covered services obtained in the community as of the discharge date will be covered. The examples that follow help illustrate how various situations are handled.

1) Example of a Group B participant with a cost-share who enters a hospital or nursing home in mid-month.

On July 15th, Mrs. Belle Smith, a Group B Medicaid Waiver participant with a monthly cost-share of \$130, is temporarily institutionalized. Her nursing home stay lasts from July 15 through August 15th. How are the July and August Group B cost-shares handled?

ANSWER:

- Because on the first day of July Mrs. Smith is a Medicaid Waiver participant, her eligibility for July is based on Medicaid Waiver rules: she is responsible for her Group B cost-share – up to the cost of waiver services she receives from July 1st through July 14th. If the entire cost share was already collected in full prior to the participant’s institutionalization, and the cost of waiver services turns out to be less than the cost-share amount, the difference must be refunded to the participant.

Mrs. Smith has no nursing home patient liability during the month of July because her liability in July is based on Medicaid Waiver rules. Also, except in cases of death, there is never a nursing home liability when a Medicaid eligible individual is in the nursing home for less than a full calendar month.

Since on August 1st Mrs. Smith is in the institution, eligibility for the month of August is “prospectively” based on nursing home rules. However, because discharge occurs on August 15th, before a full calendar month, Mrs. Smith has no nursing home patient liability for the month of August.

During the month of August, there will be a Group B cost-share liability for the cost of waiver services Mrs. Smith will receive from August 15th through August 31st, because the cost-share liability is lower than the nursing home patient liability. The CM/SSC should notify the IMW of the discharge date from the nursing home as early in August as possible, to allow the IMW to zero out institutional patient liability and to process the waiver cost-share liability. Remember, in Medicaid Waiver counties, the individual will be liable for the cost-share up to the amount of waiver services received in August. Mrs. Smith is liable for the full \$130 Group B cost-share in September. Note that individuals enrolled in MCOs are responsible for the full amount of their cost-share, regardless of the amount of services they receive in any given month.

The following chart illustrates how to determine the participant’s cost-share liability.

July	August	September
July 1 – 14 at home July 15 th – 31 st in NH	August 1 – 14 th in NH August 15 th – 31 st at home	All of September and thereafter at home.
The care manager/support and service coordinator reviews the costs of all the waiver services	Because the participant was institutionalized for less than a full calendar month, she will not have	In September Mrs. Smith receives \$500 worth of waiver services. She is

<p>the participant received from July 1 – July 14th.</p> <p>Because July's eligibility is based on Medicaid Waivers, and the waiver participant was in the community for only part of July, the CM/SSC will prorate the cost-share for July.</p> <p>Between CM, SHC, PERS and HDM services, the participant received \$80.00 worth of waiver services in those 14 days. The participant only needs to pay \$80.00 of her cost share – not the full \$130.00 for the month of July. Had the full cost-share been collected already, a refund of \$50 is owed Mrs. Smith.</p> <p>There is no NH liability for July. Note: an MCO enrollee is liable for the full cost-share each month, regardless of the amount of waiver services received.</p>	<p>a nursing home patient liability to the nursing home.</p> <p>However, Mrs. Smith will be liable for a waiver cost-share liability in August, up to the amount of waiver services received - provided the cost-share liability is lower than the nursing home patient liability..</p> <p>IMPORTANT: CM/SSC must notify IMW as soon as possible about the August 15th discharge date, so IMW can zero out the nursing home patient liability and can process the waiver cost-share.</p> <ul style="list-style-type: none"> • Effective November 2008, the ForwardHealth interChange System will identify a nursing home discharge date, which will allow the individual to obtain Medicaid card covered services in the community. 	<p>responsible for the entire \$130 cost-share.</p>
---	---	---

2) Example of a participant with a cost share obligation, who has been in an institution for two partial calendar months, and waiver funds have been used to pay for the personal emergency response system (PERS).

On July 15th, Mrs. Belle Smith, a Group B Medicaid Waiver participant with a monthly cost-share of \$130, is temporarily institutionalized. Her nursing home stay lasts from July 15 through August 15th. During the month August, the Medicaid waiver program continued to pay for PERS. Does the participant need to pay her monthly cost-share for August? How is PERS handled in HSRS?

ANSWER:

As long as the August cost-share is lower than the nursing home patient liability, Mrs. Smith is liable for the cost-share, up to the amount of waiver services received in August. Individuals enrolled in MCOs will be liable for the entire cost-share amount (as long as it is lower than the nursing home liability).

The correct way to enter PERS on HSRS is to aggregate the total cost that has been paid for this service while the participant was in the institution, and enter the costs on HSRS on the first month of waiver eligibility immediately following the institutionalization.
 Reminder: the care manager/support service coordinator should be entering SPC 503 hospital/institutional days for the period the person is institutionalized.

3) Example of a Group C participant who is institutionalized and discharged during the same month.

Mr. Jerry Smith, a single Group C participant is hospitalized on May 5th. He is discharged back to his home on May 15th. Mr. Smith’s monthly spenddown amount is \$900.00.

- How much of his spenddown does Mr. Smith have to incur for May and
- How much must Mr. Smith be held financially responsible for during May?

ANSWER:

In May, because on the first of the month Mr. Smith is a Medicaid Waiver participant, Mr. Smith’s eligibility is processed according to Medicaid Waiver rules. Therefore, Mr. Smith must incur and be held financially responsible for the entire spenddown amount of \$900.00.

To determine if Mr. Smith has incurred enough medically related expenses, the CM/SSC can take into account costs that will be billed to Medicaid while Mr. Smith is in the hospital. With regard to Mr. Smith being held financially responsible for his entire spenddown amount – in the event he does not have enough OTC’s, COP (do not count any COP funds that may be assisting with room and board costs), Waiver, or Community Medicaid service costs for the month of May – it may mean Mr. Smith has to pay towards his institutional stay until the full spenddown is met.

The following chart illustrates how to handle the Group C single participant’s spenddown. The same illustration is valid for a Group C married when spousal impoverishment rules do not apply.

May
May 1 – 4 at home May 5 – 14 in hospital May 15 – discharged home
<ul style="list-style-type: none"> • Mr. Smith’s eligibility for the month of May is based on Group C waiver eligibility rules because on the first of May he was a waiver participant. When a Group C participant (married or single) is a waiver participant on the 1st day of any given month, eligibility is predicated on waiver rules. • This means that Mr. Smith must incur and be held financially responsible for the entire spenddown amount for the month of May (in our example \$900). • It is allowable to include the costs billed to Medicaid while the participant was in the institution during the month of May when documenting that the participant “incurred” the spenddown amount. Do not include Medicare covered costs. • In order to be financially responsible for the full \$900 May spenddown amount, in the event that Mr. Smith’s OTC’s, COP (don’t include Room and Board costs covered by COP), Waiver or regular Medicaid services do not add up to \$900, it may mean that Mr. Smith has to pay towards the institutional stay until the full spenddown amount is paid.

Note: When the individual is institutionalized for less than a full calendar month, the individual does not have a nursing home patient liability to the institution.

4) Example of a Group C married waiver participant who is institutionalized and discharged during the same month. In this example, spousal impoverishment rules apply.

Mr. Tom Tergesen is a married Group C participant who is hospitalized on May 5th. His wife is not institutionalized and she is not a waiver participant. Therefore, she is the “community” spouse under spousal impoverishment rules. Mr. Tergesen is discharged home on May 15th. Mr. Tergesen’s monthly spenddown is \$900.

- How much of his spenddown does Mr. Tergesen have to incur for May?
- Does Mr. Tergesen have a waiver liability for May?

ANSWER:

In May, because on the first of the month Mr. Tergesen’s eligibility is based on Medicaid waiver rules, he must incur the entire spenddown of \$900. To determine if Mr. Tergesen has incurred enough medically related expenses, the CM/SSC can take into account costs that will be billed to Medicaid while he is in the hospital. Note that Mr. Tergesen must incur the spenddown regardless of marital status and/or applicability of spousal impoverishment rules. Incurring the spenddown is a condition of eligibility for **all** Group C applicants/participants.

Mr. Tergesen will also be liable for the cost-share which will be determined according to spousal impoverishment rules, up to the cost of waiver services received in May. Note that individuals enrolled in MCOs are responsible for the entire amount of cost-share.

5) Example of a Group C participant who is institutionalized for two partial months, with one full month of institutionalization in between.

Mr. Otto Green, a single Group C participant who resides in a CBRF is institutionalized from May 9th through July 20th. Mr. Green’s monthly spenddown amount is \$1,500. His nursing home patient liability is \$2,005.

- How much of his spenddown does Mr. Green have to incur for May and
- How much of the spenddown amount is Mr. Green financially responsible for in May?
- Does Mr. Green have a nursing home patient liability or a spenddown liability in July?

ANSWER:

Because on May 1st Mr., Green was a Medicaid waiver participant, May eligibility is based on Medicaid waiver rules. In May, Mr. Green must incur the entire spenddown amount of \$1,500. If Mr. Green does not meet his spenddown, his eligibility is at risk. Note that Mr. Green must incur the spenddown regardless of marital status and/or applicability of spousal impoverishment rules. Incurring the spenddown is a condition of eligibility for **all** Group C applicants/participants.

To determine if Mr. Smith has incurred enough medically related expenses, the care manager/support and service coordinator can take into account costs that will be billed to Medicaid while Mr. Green is in the hospital and nursing home.

As a Group C single, Mr. Green is also responsible for the entire spenddown amount in May.

In the event he does not have enough OTC's, COP (do not count any COP funds that may be assisting with room and board costs), Waiver, or Community Medicaid service costs for the month of May – it may mean Mr. Green has to pay towards his institutional stay until the full spenddown is met. The same would be true if Mr. Green were married but spousal impoverishment protections did not apply. However if Mr. Green were a Group C married and spousal impoverishment did apply, he would be responsible for his cost-share, up to the cost of waiver services received in May.

Because on June 1st Mr. Green is institutionalized, his Medicaid eligibility is based on institutional Medicaid rules. Since he is institutionalized for the full calendar month, Mr. Green has a nursing home patient liability of \$2,005 for June. There is no liability to the waiver program in June.

On July 1st Mr. Green is in the institution, so his eligibility for the month of July is also based on institutional Medicaid rules. However, in July Mr. Green does not have a nursing home liability, because he is in the nursing home for less than a full calendar month. In July, Mr. Green will have a Group C spenddown liability, and, because the Group C spenddown liability is lower than the nursing home patient liability, adverse action notice does not apply. It is extremely important for the CM/SSC to notify the IMW as soon as possible when s/he learns the discharge date, to ensure that the IMW zeroes out the nursing home patient liability and processes the \$1,500 spenddown liability.

The following chart illustrates how Mr. Green's liability should be handled for the various months. To recap, Mr. Green – a single Group C participant – has a monthly spenddown of \$1,500. Mr. Green is hospitalized from May 9th until May 19th, when he is then transferred to a nursing home. Mr. Green is then discharged from the nursing home back to his substitute care setting on July 20th. Mr. Green's nursing home patient liability is \$2,005.

May	June	July
May 1 – 8 in the CBRF May 9 – 19 in hospital May 19 – 31 in NH	June 1 – 30 in NH	July 1 – 20 in NH July 20 – discharged to the CBRF
<ul style="list-style-type: none"> • Mr. Green's eligibility for the month of May is based on Group C waiver eligibility rules if the Group C waiver participant (single or married) is a Group C waiver participant on the 1st day of any given month. • This means that Mr. Green must incur and be held financially responsible for the entire spenddown amount for the month of May (in our 	<ul style="list-style-type: none"> • Mr. Green is institutionalized the full month of June, therefore he does not have to incur or pay the spenddown amount. • During the month of June, IM will determine cost of care liability according to institutional rules. • Substitute care R/B liability for June is payable as usual, 	<ul style="list-style-type: none"> • Because Mr. Green was in the nursing home on the first of July, his eligibility was still based on institutional Medicaid rules. However, because he was institutionalized for less than a full calendar month, he has no nursing home patient liability for July. • Because the July spenddown amount is lower than the nursing home patient liability, Mr. Green must meet and is

<p>example \$1,500).</p> <ul style="list-style-type: none"> • It is allowable to include the costs billed to Medicaid while the participant was in the institution during the month of May when documenting that the participant “incurred” the spenddown amount. • In order to be financially responsible for the full \$1,500 May spenddown amount, in the event Mr. Green’s OTC’s, COP (do not include COP if COP is being used to pay toward room/board costs), Waiver or regular Medicaid services do not add up to \$1,500, it may mean that Mr. Green has to pay towards the institutional stay until the full spenddown amount is paid. • Substitute care R/B liability for May is payable as usual, unless the county has some other type of contracted arrangement with the provider. Note that waiver funds cannot be used to pay for R/B. <p>Note: When the individual is institutionalized for less than a full calendar month, the individual does not have a cost-of-care liability to the institution.</p>	<p>unless the county has some other type of contracted arrangement with the provider. Note that waiver funds cannot be used to pay for R/B.</p>	<p>liable for the full spenddown amount in July. It is allowable to include the costs billed to Medicaid while the participant was in the institution during the month of July when documenting that the participant “incurred” the full spenddown in July. In order to be financially responsible for the full \$1,500 July spenddown amount, in the event Mr. Green’s OTC’s, COP (do not include COP if COP is being used to pay toward room/board costs), Waiver or regular Medicaid services do not add up to \$1,500, it may mean that Mr. Green has to pay towards the institutional stay until the full spenddown amount is paid.</p> <ul style="list-style-type: none"> • Substitute care R/B liability for July is payable as usual, unless the county has some other type of contracted arrangement with the provider. Note that waiver funds cannot be used to pay for R/B. • Effective November 2008, the ForwardHealth interChange System will identify a nursing home discharge date, which will allow the individual to obtain Medicaid covered services in the community upon discharge from the NH.
---	---	--

IMPORTANT: As a reminder, the care manager /support and service coordinator should notify IM in a timely manner about the individual's discharge date from the institution. This will enable IM to enter the appropriate data in the ForwardHealth interChange System, thereby authorizing payment of Medicaid card covered services in the community.