



DEVELOPMENTAL PROGRAMS BULLETIN

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE

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SUBJECT:
**PROCEDURES FOR FUNDING RESERVED
HOSPITAL AND LEAVE DAYS UNDER 2176
WAIVER**

BY:

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Deputy Secretary for Mental Retardation

SCOPE:

County Mental Health/Mental Retardation Administrators
Community Home Directors
Adult Training Facility Directors
Vocational Facility Directors
Family Living Home Directors

PURPOSE:

The purpose of this bulletin is to issue revised procedures for funding reserved hospital and leave days under the 2176 waiver.

BACKGROUND:

Procedures on federal and state reimbursement for days in which individuals receiving waiver services are hospitalized or on a leave status were first issued on August 29, 1985 and revised on May 31, 1988. These procedures were consistent with rules established for Medical Assistance funded long term care and were approved by the Health Care Financing Administration (HCFA) as part of the department's first five year waiver renewal which ended June 30, 1995.

In a March 24, 1995 letter to the National Association of State Directors of Developmental Disabilities Service, Inc., HCFA explained that states are prohibited from making specific therapeutic leave payments for Medicaid-reimbursable home and community-based services. The reason given for this prohibition is that federal financial participation for therapeutic leave days applies to institutional care, not home and community services.

HCFA regional staff are being instructed to give states a reasonable period of time to bring their program policies into compliance with a reimbursement system where the cost of leave days should be factored into provider rates. HCFA plans to make no attempt to recover past leave days payments for non-complying states which make timely revisions in their procedures. In coming into compliance with new federal policy, we have been able to maintain our current policy regarding hospital leave and have only needed to change the portion of the policy related to therapeutic leave.

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

Appropriate Regional Mental Retardation Program Manager

This revised policy bulletin is intended to ensure continued federal financial participation in the cost of maintaining waiver services for individuals who are absent from services for a reasonable period of time due to hospitalization or other legitimate reason. Implementation of this policy should also continue to encourage family visits, excursions with friends or groups, and other forms of leave which support the individual's choices and participation in home and community life.

DISCUSSION:

A reserved hospital day is a 24 hour period of inpatient hospitalization during which the provider of services does not provide any waiver funded services for the individual but does reserve a place in the service or program for the individual when he or she returns from the hospital stay.

A reserved leave day is a 24 hour period in which the individual is absent from a waiver funded service when each of the following criteria are met:

- (1) The provider reserves a place in the service or program for the individual when he or she returns from leave.
- (2) The provider assumes fixed staffing or other service costs while the individual is on leave.
- (3) The provider does not claim additional federal and state financial participation for services rendered to someone who takes the place of the individual on leave.

STATEMENT OF POLICY:

Section 6000.841. Procedures for funding reserved hospital and leave days under 2176 waiver.

- (a) The department will participate in the cost of a reserved hospital or leave day when:
 - (1) The cost of the reserved hospital or leave day is established as part of the provider's rate pursuant to a vacancy factor in the calculation of the rate. The vacancy factor, in effect, adjusts the provider's rate to account for anticipated costs for reserving the service during the individual's hospitalization or leave. The vacancy factor should be based on historic leave and/or hospitalization rates and the characteristics of individuals receiving services. All rates and vacancy factors will continue to be approved by the county mental health and mental retardation program in accordance with their fiscal responsibilities under 55 Pa. Code Chapter 4300, titled "County Mental Health and Mental Retardation Fiscal Manual".

- (2) The cost of the reserved day is reconciled to actual allowable costs and reported to the county mental health/mental retardation program through the provider's annual audit. The county then reports these costs on the appropriate annual income and expenditure report to the department for waiver eligible services.
- (3) The provider is able to maintain a cost effective service. Extremely high rates of leave can jeopardize service effectiveness and reasonableness of costs. The Department expects that the county mental health/mental retardation program will closely monitor vacancy rates in all waiver funded services to assure that providers are rendering services at the frequency and duration that individuals need. The regional program offices will also review service utilization as part of their ongoing waiver reviews to assure cost effectiveness.

(b) A reserved hospital or leave day is a vacancy and as such is not billable or reportable as a day or unit of waiver services to the County MH/MR Program or to the Department.

OBSOLETE BULLETINS:

Mental Retardation Bulletin #6000-88-01, titled, "Revised Reserved Bed Day Procedures For Hospitalization and Therapeutic Leave Under 2176 Waiver", issued May 31, 1988.