



# MENTAL HEALTH BULLETIN

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF PUBLIC WELFARE

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SUBJECT

**NURSING HOME REFORM IMPLEMENTATION  
FOR PERSONS WITH MENTAL ILLNESS**

BY

Deputy Secretary for Mental Health

**SCOPE:** County MH Program Administrators  
Base Service Unit Directors  
Area Agency on Aging Directors  
Nursing Facility Administrators

**PURPOSE:** To assure that all individuals with mental illness who reside in or apply to Medicaid certified nursing facilities require the services of the facility and are receiving services appropriate to their needs. This Bulletin serves to clarify procedures and responsibilities related to the provision of services in accordance with the Federal requirements under the Omnibus Budget Reconciliation Act of 1987.

## **BACKGROUND:**

The Omnibus Budget Reconciliation Act of 1987 (OBRA '87), Public Law 100-203, and the Omnibus Budget Reconciliation Act of 1990 (OBRA '90), Public Law 101-506, (42 U.S.C. §1396 r) require that States implement preadmission screening and annual resident review (PASARR) of the need for admitting or retaining individuals with mental illness (MI), mental retardation (MR), or other related conditions (ORC) in nursing facilities (NFs) that are certified for Medicaid. Federal regulations which implement OBRA '87 and '90 include criteria for determination of need for nursing facility services and specialized services together with procedures for ensuring individual freedom of choice. OBRA '87 and '90 also require that States institute an appeals system for persons-who, as a result of this process, may be transferred or discharged from Medicare skilled nursing facilities (SNFs) and Medicaid NFs or who wish to dispute a PASARR determination.

The purpose of the statutory requirements is to prevent the placement of individuals with MI/MR/ORC in a NF unless their medical needs clearly indicate that they require the level of care provided by a NF.

The requirements for implementation of the State PASARR program include: 1) a preadmission screening of all individuals with mental illness, mental retardation, or other related conditions who applied as

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

**AREA DIRECTORS**

new admissions to Medicaid NFs on or after January 1, 1989; 2) an initial review, by April 1, 1990, of all current residents with MI/MR/ORC who entered Medicaid NFs prior to January 1, 1989; and 3) at least annual review, as of April 1, 1990, of all residents with MI/MR/ORC regardless of whether they were first screened under the preadmission screening or annual resident review requirements.

Federal regulations place ultimate control and responsibility for determination functions for individuals with MI on the State Office of Mental Health. These determinations, however, must be based on an independent physical and mental evaluation performed by a person or entity other than the Office of Mental Health (OMH). The Office of Medical Assistance Programs (OMAP) has designated Options/Area Agency on Aging (AAA) as the agency responsible for the evaluation functions for the preadmission screening process. The OMAP Utilization Management Review Team (UMRT) is responsible for the evaluation functions of the annual resident review process.

This Bulletin is organized into three parts as follows:

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Part III: Procedures

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## PART I: DEFINITIONS

A. MENTAL ILLNESS - An individual is considered to have MI if he/she meets all three criteria listed below:

1. Has a current primary or secondary diagnosis of a major mental disorder (as defined under the Diagnostic and Statistical Manual of Mental Disorders, 3rd edition, revised in 19871, and does NOT have a primary diagnosis of dementia. (Individuals with a primary diagnosis of dementia are excluded from the PASARR screening process). The primary or secondary diagnosis must fall within the definitions of schizophrenic disorder, paranoid disorder, or other psychotic disorder; mood disorder (Major Affective Disorder); panic or other severe anxiety disorder; somatoform disorder; personality disorder.

AND

2. Has a functional limitation on a continuous or intermittent basis within the past 3 to 6 months in at least one of the following areas:

- a) Interpersonal functioning (unable to interact effectively with others);
- b) Concentration, persistence, and pace (unable to focus attention, complete tasks, etc.);
- c) Adaptation to change (has serious difficulty adapting to typical changes).

AND

3. Has a recent history of psychiatric treatment more intensive than outpatient care more than once in the past 2 years; or within the past 2 years experienced an episode of significant disruption to the normal living situation (i.e. required supportive services, or intervention by housing or law enforcement officials).

B. DEMENTIA: An individual is considered to have dementia if he/she has a primary diagnosis of dementia (as described in the Diagnostic and Statistical Manual- of Mental Disorders, 3rd edition). The criteria used to diagnose dementia include:

1. Demonstrable evidence of impairment in short and long term memory;  
and

2. At least one of the following:

- a. Impairment in abstract thinking;
- b. Impaired judgment;
- c. Other disturbances of higher cortical functions; or
- d. Personality change.

3. The disturbance in 2. a. and b. significantly interferes with work or usual social activities or relationships with others;

4. The disturbance does not occur exclusively during the course of Delirium;

5. Either:

- a. There is evidence from history or exams of a specific organic factor judged to be etiologically related to the disturbance; or
- b. In the absence of such evidence, an etiologic organic factor can be presumed if the disturbance cannot be accounted for by any nonorganic mental disorder.

An individual with a primary diagnosis of dementia is excluded from the PASARR screening process.

C. NURSING FACILITY SERVICES: A nursing facility must provide (or arrange for the provision of):

1. Nursing and related services and health rehabilitative services for MI to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident;
2. Medically-related social services to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident;
3. Pharmaceutical services;
4. Dietary services that assure that the meals meet the daily nutritional and special dietary needs of each resident;
5. An on-going program of activities, directed by a qualified professional, designed to meet the interests and the physical, mental, and psychosocial well-being of each resident;
6. Routine dental services; and
7. Other services required to meet certification and licensure standards.

D. SPECIALIZED SERVICES: Specialized Services for MI shall be defined as inpatient psychiatric hospitalization or those appropriate community-based mental health services in the individual, including those types of services currently provided by the County community mental health system such as:

1. Case management (i.e. intensive case management, resource coordination, administrative case management);
2. Supervised living arrangements [i.e. Community Residential Rehabilitation, Long Term Structured Residence, supported housing, personal care homes);
3. Psychiatric outpatient clinic services;

4. Partial hospitalization services;
5. Crisis and emergency services;
6. Psychosocial rehabilitation; and
7. Other appropriate community mental health services that are developed as a result of a needs based plan.

## PART II: RESPONSIBILITY FOR SERVICES

A. NURSING FACILITY: The NF must provide health rehabilitative services for MI which are of a lesser intensity than specialized services to all residents who need such services. Health rehabilitative services of a lesser intensity include services such as: systematic plans which are designed to change inappropriate behavior; drug therapy and monitoring for effectiveness and side effects of medications; structured environment (i.e. structured social activities to diminish tendencies toward isolation/withdrawal); programs designed to teach individuals daily living skills to enhance self-determination and independence; crisis intervention services; individual, group, and family therapies; personal support networks; and formal behavior modification programs.

B. OMH AND COUNTY MH PROGRAMS: The OMH, through the County MH Program, must provide or arrange for the provision of specialized services to all NF residents with MI whose needs are such that continuous supervision, treatment and training by qualified mental health personnel is necessary as identified by the PASARR process. Residents who reside or choose to reside in the NF will be provided specialized services through the County MH Program either in the locale of the nursing facility or in the individual's County of origin. Residents who choose to reside in the community will be provided specialized services through the County MH Program. If the individual is in a NF, the NF should contact the local County MH Program to determine which is the responsible County MH Program. If the individual is not in a NF, the AAA/Options/UMRT are advised to first contact the local County MH Program to determine which is the responsible County-MH Program. The OMH will remain responsible for assuring that needed services are provided. County MH Programs should identify needed resources for the implementation of OBRA activities in the needs based planning process.

The responsible County MH Program will develop a plan for specialized services for each resident who is determined by the OMH Area Office to not need nursing facility care and who does not exercise an option to stay (as applicable). The plan will be developed within one month of the referral of the resident from OMH to the County MH Program. A copy of the plan will be sent to the NF for the resident's file. Each resident will be assigned a case manager at the most intensive level for which they qualify under DPW regulations, who will be responsible for- developing and implementing the community-based specialized services plan. The plan will contain a discharge plan and a list of all necessary and appropriate specialized services to be provided in the community. Upon discharge from a NF, each resident will be provided a

choice of placements in their home communities or in a community of their choice. If placements are not available, the County MH Program will be required to develop them. If specialized services are no longer needed, the County WH Program or NF will make the appropriate referral to other community service agencies

### PART III: PROCEDURES

#### A. APPLICATIONS

The PASARR applies to all individuals with MI who apply or reside in Medicaid certified NFs, regardless of the source of payment for the NF services, and regardless of the individual's or resident's known diagnoses.

The PASARR screening is applied as follows:

1. An individual with MI applying for admission to a NF for the first time is subject to a preadmission screening (PAS). All individuals identified as having a mental illness are then evaluated for the level of services needed. Exceptions to this evaluation screening include only those persons who do not have a mental illness or who are - diagnosed with dementia (see Definitions); or persons who qualify for exempted hospital discharge (as described below).

2. An individual readmitted to a facility from a hospital to which he/she was transferred for the purpose of receiving care is subject to an annual resident review rather than a preadmission screening. (The NF is obligated to readmit the individual following the course of treatment at a general hospital or state mental hospital. A discharge is not proper unless another appropriate placement is found).

3. An individual transferred from one NF to-another NF is subject to an annual resident review rather than a preadmission screening, unless the transfer is considered a new admission by the receiving NF. (The transferring NF is responsible for ensuring that copies of the resident" most recent PASARR and resident assessment reports accompany the transferring resident).

4. Exempted Hospital Discharge: An individual admitted to a NF directly from a hospital after receiving acute inpatient care; requiring NF services for the condition being treated in the hospital; and whose attending physician certifies before admission to the facility that the individual is likely to require less than 30 days of NF care, is exempt from the screening process, but must have a preadmission identification (ID). However, if the individual is determined to require more than 30 days NF care after being exempted, an annual resident review must be conducted within 40 calendar days of the admission to the NF.

## B. SCREENING PROCEDURES

1. Level I: ID of Individuals with MI. The purpose of the ID screen is to determine which NF applicants or residents have MI and are subject to PASARR. This determination is based upon the individual's conformance to the definition of MI as defined in the regulations (see Definitions). A diagnosis of dementia is not included in the definitions of applicable diagnoses (see Definitions).

Responsibilities for identification of individuals with MI include:

- a. The physician completes an MA'51 (Medical Evaluation and application for MA in a NF) upon referral to a Medicaid certified NF; and/or
- b. The attending caregivers/family complete a preadmission screening form (PASARR-ID). A physician must sign for exception (i.e. admission from acute care facility for less than 30 days of NF care, respite care, functions at a coma/brain stem level, etc).
- c. The PASARR-ID is submitted to an independent assessor (Options/AAA) for review. Options/AAA contacts individuals suspected of having MI, or their legal representative, as part of the Level I screening.

2. Level II: Determination of whether an individual applying for admission to a NF requires the level of services provided by a NF; or whether a resident with MI requires the level of services provided by the NF, and whether the applicant/resident requires specialized services for MI (see Definitions)

### a. Preadmission Screening (PAS):

i) Options/AAA evaluates the need for NF and, if NF is appropriate, evaluates the need for specialized services. The evaluation is based on physical status, mental status, and functional abilities. Options/AAA may contact the County MH Program for information regarding services provided by the County MH Program. Options/AAA is responsible for explaining the purpose of the evaluation to the individual. Options/AAA completes a PASARR-Evaluation (EV) and other assessments and refers the information to the OMH Area Office.

ii) OMH Area Office reviews the information and makes the determination within 7 to 9 working days of the receipt of a complete package of information from the evaluators.

iii) OMH sends letters of determinations. (See Notifications)

### b. Annual Resident Review (ARR):

i) OMAP has assigned a Utilization Management Review Team (UMRT) to complete a PASARR-EV and evaluation report annually on each NF resident who has been targeted with MI. The review must be conducted within every fourth quarter after the previous preadmission screen or annual resident review. The UMRT is responsible for explaining the purpose of the evaluation to the individual.

ii) OMH Area Office reviews the information and makes the final determination. iii) OMH sends letters of determinations. (See Notifications)

c. If a resident was not identified as having MI or was determined not to have MI as a result of the preadmission screening or initial annual resident review, and is later found to have MI, that individual should be referred to the OMAP Division of LTC Client Service using the MA 408 Form. A UMRT will be assigned to perform the necessary PASARR evaluations. Information is then sent to the OMH Area Office for review and final determination.

### C: APPROPRIATE PLACEMENT OPTIONS

1. Placement of an individual with MI in a NF may be considered appropriate only when the individual's needs are such that he or she meets the minimum standards for admission and the individual's needs for treatment do not exceed the level of services which can be delivered in a NF. The level of services needed may be delivered either through NF services alone, or, where necessary through NF services supplemented by specialized services provided by or arranged for by the County MH Program.

2. Placement options and the required OMH and County MH Program actions are as follows:

a. Can be admitted to a NF: Any applicant for admission to a NF who has MI and who requires the level of services provided by a NF, regardless of whether specialized services are also needed, may be admitted to a NF, if the placement is appropriate.

b. Cannot be admitted to a NF: Any applicant for admission to a NF who has MI and who does not require the level of services provided by a NF, regardless of whether specialized services are also needed, is inappropriate for NF placement and must not be admitted.

c. Can be considered appropriate for continued placement in a NF: Any NF resident with MI who requires the level of services provided by a NF, regardless of the length of his/her stay or the need for specialized services, can continue to reside in the NF, if the placement is appropriate.

d. May choose to remain in the NF even though the placement would otherwise be inappropriate: Any NF resident with MI who does not require the level of services provided by a NF but does require specialized services and who has continuously resided in a NF for at least 30 consecutive months before the date of the determination may choose to continue to reside in the facility or to receive covered services in an alternative appropriate institutional or P community setting. Wherever the resident chooses to reside, the County MH Program must meet his/her specialized services needs. Within 30 days of the determination, the resident will be notified by staff of the facility and the County MH Program of his/her options to remain in the facility

and obtain specialized services or to be assisted in finding appropriate alternate placement in the community. The resident will be asked to sign a form indicating his/her choice. The County MH Program responsible for providing specialized services is generally the County where the nursing facility is located, but may be the individual's County of origin, or County of choice, dependent upon agreements negotiated by County MH Programs involved.

e. Cannot be considered appropriate for continued placement in a NF and must be discharged: Any NF resident with MI who does not require the level of services provided by a NF but does require specialized services and who has resided in a NF for less than 30 consecutive months before the date of the determination must be discharged to an appropriate setting where the County MH Program must provide specialized services. The resident will be notified that within 30 days of the determination, staff from the facility and the County MH Program will be contacting him/her to assist in developing plans for alternate placement. The County MH Program responsible for specialized services for the individual is generally the County MH Program providing services in the locale where the NF is situated, the individual's County of origin, or the County where the individual chooses to reside. The NF should contact the local County MH Program to determine which is the responsible County MH Program. The OMH Area Office should be contacted if there are delays in deciding which is the responsible County- MH Program. The resident will be advised of discharge arrangements and of his/her appeal rights under both PASARR and discharge provisions.

f. Cannot be considered appropriate for continued placement in a NF and must be discharged: Any resident with MI who does not require the level of services provided by a NF and does not require specialized services regardless of his/her length of stay must be discharged. The resident will be notified that within 30 days of the determination, staff from the facility and the County MH Program will be contacting him/her and will assist in developing plans for alternate placement in the community. In addition, the AAA will assess the resident for other appropriate community services, such as Domiciliary Care, Senior Centers, etc. The resident will be advised of discharge arrangements and of his/her appeal rights under both PASARR and discharge provisions.

3. If a determination is made to admit or allow to remain in a NF any individual who requires specialized services, the determination must be supported by assurances that the specialized services that are needed can and will be provided or arranged for by the OMH through the County MH Program while the individual resides in the NF.

#### D. NOTIFICATIONS

1. The OMH, OMAP, or County Assistance Office (CAO) must notify

each resident or applicant to NFs of any action which results in a r\ change of service, eligibility, or coverage. The notification must include the date the action is to become effective and must contain a statement of what action the State intends to take (i.e. termination, suspension, or reduction of Medicaid eligibility or covered services; determinations to transfer or discharge residents from NFs; or any adverse determination made by the OMH Area Office with regard to the preadmission screening and annual resident review process).

The notification must:

- a. Be in writing and must be able to be understood by the individual and/or legal representative, if applicable.
- b. Be interpreted and explained to the individual and/or legal representative, if applicable.
- c. Be issued at least 30 days prior to a change in service as a result of the determination.
- d. Be distributed to the following agencies/individuals:
  - i. Individual and-legal representative, if any
  - ii. Nursing Facility
  - iii. CAO
  - iv. OMAP
  - v. Options/AAA site
  - vi. County MH/MR Program

2. An individual may appeal an adverse determination with regard to the preadmission and annual resident review requirements. The preadmission and annual resident review process involves the following kinds of adverse determinations:

- a. Classification as an individual who may not be admitted to or remain in a nursing facility (Determination Appeal)
- b. Classifications regarding specialized services.

The determination that an individual requires nursing facility services is not an adverse determination which is appealable pursuant to OBRA '87 and '90 or DPW regulations.

3. Regulations relating to appeals of adverse determinations in the preadmission screening and annual resident review process are covered under 55 Pa. Code, Chapter 275.

Information concerning the filing of appeals can be obtained by calling the Office of Hearings and Appeals at any of the following telephone numbers:

Harrisburg	(717) 783-3950
Reading	(215) 378-4188
Philadelphia	(215) 560-2385
Pittsburg	(412) 565-5213
Scranton	(717) 963-3016

Additional information regarding the implementation of review processes as regulated by OBRA '87 and '90 may be obtained by contacting the OBRA Coordinator at:

Northeast Area OMH  
Scranton State Office Building  
100 Lackawanna Avenue  
Scranton, PA 18503  
717-963-4335

Southeast Area OMH  
Philadelphia State Office Bldg.  
1400 Spring Garden St. Rm 1104  
Philadelphia, PA. 19103  
215-560-2708

Central Area OMH  
Harrisburg State Hospital  
Beechmont Building #32  
P.O. Box 2675  
Harrisburg, PA. 17105  
717-772-666

Western Area OMH  
Pittsburgh State Office Bldg.  
300 Liberty Avenue  
Pittsburgh, PA 15222  
412-565-5226