

COMMUNITY HEALTHCHOICES (CHC)

OPERATIONS MEMORANDUM #2018-03

SUBJECT: Nursing Facility (NF) Claims- Other Medical Expenses (OME)

TO: CHC-Managed Care Organizations (MCO)

FROM: Bureau of Policy Development and Communications Management

DATE: May 14, 2018

PURPOSE

CHC Participants who receive Medical Assistance (MA) NF services are required to use a portion of their monthly income to pay for those services. The County Assistance Office (CAO) determines how much Participants must pay toward the cost of their NF care. This amount, which is sometimes referred to as the “patient pay amount,” is identified on the PA 162 Notice of Eligibility, which the CAO sends to Participants and the Participant’s NF when they are determined eligible for MA long-term services and supports (LTSS). NFs are responsible for collecting patient pay amounts from Participants. NFs must deduct the patient pay amount when billing the CHC-MCO for the Participant’s MA NF services. The CHC-MCO must reduce the payment they make to the NFs for MA NF services by the Participant’s patient pay amounts. This Operations Memorandum describes the CHC-MCO’s role in payment to NFs, in accordance with Section VII-E-6 of the CHC Agreement, when OME are involved.

PROCEDURES

Under state and federal regulations, CHC Participants are permitted to use a portion of the income that would otherwise go toward their patient pay amount to pay for certain medical expenses not otherwise covered through CHC. These other medical expenses, or OME, are amounts for incurred expenses for medical or remedial care that are the financial responsibility of the Participant and not subject to payment by a third party, including:

- Medicare and other health insurance premiums, deductibles, or coinsurance charges; and

- Necessary medical or remedial care recognized under state law but not covered under the MA program.

When a Participant incurs one or more OMEs, the NF will deduct the OME in determining the Participant's net patient pay amount and bill the CHC-MCO for the balance. Examples of allowable OME include:

- Hearing aids and batteries
- Eye glasses

NOTE: Eyeglasses are a covered item for CHC Participants diagnosed with aphakia.

- Over-the-counter (OTC) medications prescribed by a physician, which are a particular brand not supplied by the NF. For example, the NF must provide aspirin, but the individual may need a specific brand of pain reliever, such as Excedrin PM or Tylenol.

The Federal Government permits states to establish limits on allowable OMEs and the Pennsylvania Human Services Code, 62 P.S. § 441.4, imposes limits on OMEs. Specifically, under § 441.4, the following expenses may not be deducted from the patient pay amount as an OME unless the CAO determines that an undue hardship would occur:

- Long-Term Care (LTC) expenses incurred six months or more prior to the application for MA; and
- LTC expenses incurred as a result of an imposed penalty.

The CAO performs the initial calculation of gross patient pay for NF services and transmits this information to the CHC-MCO via the 834 daily eligibility file and the electronic verification system (EVS). The NFs identify allowable OME amounts expended by the Participant and deduct those amounts in determining the Participant's net patient pay. The NFs should indicate the net patient pay amount on the claim submitted to the CHC-MCO. It is the responsibility of the CHC-MCO to review and monitor NF patient pay calculations and OMEs as submitted on claims. The CHC-MCO must deduct the Participant's net patient pay amount in making payments to the NFs for their MA NF services.

Gross Patient Pay

The CHC-MCO will receive the gross patient pay amounts calculated by the CAO on the 834 daily eligibility file. In addition, the gross patient pay is displayed on the EVS, NFs will continue to identify and deduct allowable OMEs in calculating the Participant's net patient pay, apply the Participant's net patient payment toward the cost of NF services and collect the patient pay amount from the Participant. In some cases, gross and net patient pay amounts may be the same. NFs will continue to receive the PA 162 notice of eligibility, which provides the gross patient pay amounts calculated by the CAO.

Net Patient Pay

NFs must have a process in place to calculate net patient pay and document the information used in the computation, including the income from the PA 162, the individual's insurance premiums and other OMEs, and the amount of the income available from the individual to pay towards the cost of care.

The CHC-MCO must verify that NFs are submitting claims with the correct net patient pay amounts. The CHC-MCO may request the documentation the NF uses to calculate net patient pay for review. The documentation may also be reviewed by the Department of Human Services (DHS) to verify the patient pay calculations.

NEXT STEPS

1. Review this Operations Memorandum with appropriate staff.
2. Contact the Bureau of Coordination and Integrated Services if you have questions.