

**Policy Clarifications
Long Term Care – PMN17121440**

Submitted: **Agency: CAOs**

Subject: **Expiration of Long-Term Care (LTC) Penalty Periods**

Question: What is the time frame for processing the expiration of a penalty period applied in a LTC case? What are the ramifications of not processing the expiration of a LTC penalty period timely?

Response By: Division of Health Services

Date: 4/16/2014

Response: Expiration of a penalty period caused by the transfer of assets for less than fair market value must be processed in a timely manner. A cost of care begins the day after the penalty period expires. A notice verifying that the individual is eligible for payment of LTC services and is responsible for a payment towards the cost of care effective the day after the penalty period ends, must be sent to all involved parties.

When processing changes in a case record the system does not review retroactive months to determine the cost of care. If eligibility is run on a case in any month following the month the penalty period expires the cost of care will not begin until the first day of the calendar month eligibility is run. In order to determine the cost of care effective the day after the penalty period ends, eligibility must be run in either the month the penalty period expires or the month before the penalty period expires.

If eligibility is not run timely the CAO will need to delete the system generated notice and send a manual notice indicating the correct cost of care effective the day after the penalty period ended. In addition to sending a manual notice the CAO will need to enter the correct cost of care and effective date on CCIPPY, the TPL Patient Pay action screen, in CIS.

For example, eligibility is run on April 4 for an open case with a penalty period that expired on March 25. When running maintenance on this case the system will review eligibility for April and May. The cost of care will be determined effective April 1. Because the cost of care should have begun March 26, the system generated notice will need to be deleted and a manual notice sent to the recipient, LTC facility and all involved parties. The 902Z will need to be updated in CIS effective March 26.

Reminder: Alert 217 is set one month prior to the penalty period end date. If a case is authorized with a penalty period set to expire less than one month prior to the process date then the CAO must manually set the alert.