COMMONWEALTH OF PENNSYLVANIA
Department of Public Welfare
January 13, 2011

INFORMATION MEMORANDUM
Medical Assistance

SUBJECT: Living Independence for the Elderly (LIFE) Program (also known as the Long-Term Care Capitated Assistance Program or LTCCAP)

TO: Executive Directors in LIFE Counties

FROM: Lourdes Padilla
Acting Director
Bureau of Operations

PURPOSE

To provide policy and procedures, including program enhancements and adjustments, for determining eligibility and authorizing individuals for those counties that currently have a LIFE Program.

BACKGROUND/DISCUSSION

The LIFE program is a managed-care program for individuals eligible for LIFE services who, when provided with proper support services, can safely be maintained in their own homes. If and when these consumers can no longer receive services in the home, they can transition into a Long-Term Care (LTC) facility and remain in the LIFE Program.

Under the LIFE Program, providers receive either a partial capitation payment or a full capitation payment for providing services. A partial capitation payment provides a set fee for most Medical Assistance (MA) services; *Medicare* services are billed as fee-for-service. Full capitation payment provides a set fee for all MA services and a set fee from Medicare for all Medicare covered services. After gaining census and experience with the model, a LIFE provider will apply to the Center for Medicaid and Medicare Services (CMS) for Medicare capitation.

Under the LIFE Program, while the LIFE consumer remains at home, there is only a patient pay towards the cost of care if the individual needs to be authorized for MA in a monthly NMP Spend-down category (see Attachment Two). However, when the individual must be moved to an LTC facility, a patient pay amount is always assessed. The LIFE provider will be responsible for the LTC facility costs, and the County Assistance Office (CAO) will be responsible for determining the payment

towards the cost of care. The CAO must determine the cost of care for LIFE consumers effective the first day of the calendar month in which the 31st day of residence in the LTC facility falls.

The PROMISe system automatically generates monthly capitation payments to LIFE providers. To determine the correct amount for these payments, PROMISe identifies those LIFE consumers who have entered an LTC facility and therefore are making payments towards the cost of care. PROMISe calculates the LIFE provider's payment by deducting the consumer's payment towards the cost of care from the monthly capitation payment. Therefore, it is important that the CAO enter the correct patient pay amount in CIS with the correct effective date (so that PROMISe can deduct it from the LIFE provider's monthly capitation payment). Procedures are included in Attachments One and Two.

This directive contains three attachments:

- Attachment One provides the CAO with procedures for determining eligibility and authorizing services for individuals under the LIFE Program.

- Attachment Two provides the CAO with procedures for determining eligibility and authorizing services for individuals applying for the LIFE Program when income exceeds 300% of the Federal Benefit Rate.

- Attachment Three contains additional details regarding eligibility and payments.

NEXT STEPS

1. Review this document with appropriate staff for the implementation of the LIFE Program.

2. Direct questions or concerns to Dale Hornberger at (717) 772-6646.

3. This memorandum continues to be in effect until further notice.

Attachments

Attachment One

CAO Responsibilities and Procedures

The following procedures identify the CAO process for individuals requesting participation in the LIFE Program when income does not exceed 300% of the Federal Benefit Rate (FBR):

1. **Review** the Application for Benefits and the PA 1768 for completeness and medical eligibility.

   NOTE: The PA600L is used for LIFE applicants in Beaver, Bucks, Butler, Cambria, Clinton, Columbia, Erie, Franklin, Lackawanna, Lawrence, Lehigh, Luzerne, Lycoming, Montour, Northampton, Northumberland, Schuylkill and York Counties.

   NOTE: The PA600WP form is used for LIFE applicants in the following counties in which the Community Choice process has been implemented: Allegheny, Chester, Cumberland, Delaware, Fayette, Greene, Lancaster, Philadelphia, and Washington.

2. **Authorize** persons who are currently receiving Supplemental Security Income (SSI) benefits as automatically eligible for the LIFE Program.

   NOTE: The SSI payment will be reduced to $30 upon the person's entry to a LTC facility. The $15 state supplement payment will remain in effect.

3. **Determine** whether new applicants, as well as current Medical Assistance (MA) consumers in non-SSI categories, meet look-back requirements and transfer-of-assets requirements:

   a. Authorize these persons in category PAW, PJW, or PMW if all LIFE Program eligibility requirements are met.

   b. If and when a LIFE consumer moves from the community to an LTC facility, the category must be changed from PAW, PJW, or PMW to PAN, PJN, or PMN.

   c. For remaining procedures, see Step 5.

   REMINDER: CAOs must apply the look-back periods and the transfer-of-assets (income and resources) requirements to assets disposed of for less than fair market value.

   NOTE: For those LIFE applicants who are permitted to apply using the PA 600WP, the CAO is to follow the policy and procedures established under the Community Choice process.

4. **Apply** the Spousal Impoverishment Procedures for those applicants who are married; refer to Operations Memorandum OPS070210.

5. **Determine** financial eligibility for LIFE applicants who are not currently receiving MA or SSI based on the information on the Application for Benefits:

    a. Refer to Operations Memorandum OPS060603, issued June 2006, when considering income and resources for eligibility. Also refer to the following Operations Memoranda regarding DRA requirements (issued February 27 and 28, 2007) for information on look-back requirements, transfer-of-assets requirements, and penalty periods:

        OPS 07-02-05 OPS 07-02-06 OPS 07-02-07

        OPS 07-02-08 OPS 07-02-09 OPS 07-02-10

        OPS 07-02-11

    b. Exclude the income and resources listed in Chapter 389, Appendix A; and the SSI-related exclusions in Chapter 340, Resources; and Chapter 350, Income.

        NOTE: The $6,000 disregard of countable resources applies to those persons whose gross monthly income does not exceed 300% of the FBR, currently $2,022.

    c. Compare the countable gross monthly income to the special income limit of $2,022; and countable resources to the $2,000 (less $6,000 resource disregard) limit. If the individual's countable gross monthly income exceeds the limit, please see Attachment Two of this Information Memorandum or contact the Bureau of Policy for guidance.

    d. Determine the applicant eligible for the LIFE Program if the following requirements are met:

        - **Income:** Gross monthly income is ≤ 300% of the FBR (currently $2,022) and;

        - **Resources:** Total resources must be ≤ $8,000 ($6,000 resource disregard plus current resource limit of $2,000) and;

        - The level of care requirements (LTC clinically eligible).

6. **Authorize** in CIS, using the following steps appropriate for the type of application:

   A. For new applicants:

      - Access CAINDA and enter "Y" in the Waiver field.
      - Access CAMWAI and enter 96 in the Waiver field.
      - Enter begin date.

   B. For Other MA recipients:

      - Close the existing category (ex: PH 80).
      - Register an MA application.
      - Access CAINDA and enter "Y" in the Waiver field.
      - Enter Begin Date.

   C. For LIFE consumers who transition to an LTC facility:

      - Close the waiver category.
      - Register an LTC application.
      - Enter the effective date of the LTC facility category on CABSEL as the first day of the calendar month in which the LIFE consumer has resided in the LTC facility for 31 days.

        Example: Mr. A has been open and receiving MA and HCBS in the LIFE Program since 5/10/08. On 1/21/09, he enters an LTC facility. On 2/20/09, Mr. A has resided in the LTC facility for 31 days. Mr. A should be authorized in an LTC facility category (PAN, PJN, PMN) and a cost of care should be determined effective 2/1/09, the first day of the calendar month in which Mr. A has resided in the LTC facility for 31 days.

      - Access CAINDA and enter "Y" in facility.
      - Ensure that LIFE Waiver code "96" is still on CAMWAI.

- Enter facility code 35 or 36 on CAIFAC, and the date of admission to the LTC facility as the facility code begin date.

NOTE: CIS now allows for dual use of facility codes and waiver codes.

7. **Enter** the Medicare B monthly premium amount on the income screen using expense code 99.

   NOTE: Do not enter the Medicare B monthly premium on CAMEDX for LIFE consumers residing in an LTC facility. The use of this income expense code will ensure that the premium is correctly deducted from the LIFE consumer's monthly income.

   NOTE: Should the LIFE consumer later be found eligible for the Buy-In program, the income expense code 99, reflecting the monthly Medicare B premium, should be removed effective the month Buy-In begins based on information received via the BENDEX match (Exchange 3) from IEVS.

8. **Send** Notice of Eligibility/Ineligibility for the LIFE Program to all those listed below by entering the correct information on CAPROV:

   - The LIFE applicant and his/her representative
   - The LIFE provider
   - The local AAA or DPW Contract Agency
   - The Office of Long Term Living:

     OLTL
     Bureau of Individual Supports
     P.O. Box 1089
     Harrisburg, PA 17108-9913
     Attn: LIFE Program

Attachment Two

Ongoing NMP Spend-Down for LIFE Consumers

Because the LIFE Program involves a set capitated payment, individuals applying for MA and payment of Home and Community-Based Services (HCBS) in the LIFE Program may be evaluated for eligibility in a NMP-related ongoing Spend-down category. Ongoing NMP Spend-down only applies to applicants or recipients of HCBS in the LIFE Program. The following procedures identify the CAO process for determining eligibility for payment of HCBS when a LIFE consumer has income exceeding 300% of the Federal Benefit Rate (FBR):

1. **Review** the Application for Benefits and the HCBS Eligibility/Ineligibility/Change Form (PA 1768) for completeness and medical eligibility.

2. **Verify** that the countable gross monthly income exceeds the special Medical Assistance (MA) income limit, which is 300% of the FBR (currently $2,022).

   NOTE: Only those individuals applying for HCBS with income exceeding 300% of the FBR should be evaluated for MA in a Spend-down category.

3. **Verify** resources are within the SSI-related resource limits (currently $2,000 for a single individual and $3,000 for a two-person household).

   - The $6,000 resource disregard allowed in NMP LTC categories of MA is NOT applicable when determining eligibility in a Spend-down category of MA.

   - If resources exceeding the applicable SSI-related category resource limits are reduced on medical expenses, including creation of an irrevocable burial, the resources are considered to never have existed.

   - If resources exceeding the applicable SSI-related category resource limits are reduced on non-medical expenses, such as a car payment, resources are considered to be reduced as of the date they fall below the resource limit.

4. **Compare** the countable gross monthly income to the applicable SSI-related income limit (currently $696.10 for a single individual and $1,044.30 for a two-person household).

5. **Enter** the case in the Client Information System (CIS).

   - Register the application in an MA category.

- Enter the begin date on CABSEL, the Budget Selection screen, as the service begin date found on the PA 1768. If no service begin date is provided, then the begin date is the assessment date indicated on the PA 1768.

- Enter a 'Y' to evaluate for NMP Spend-down and SLMB/QI-1 eligibility on CAIREQ, the Individual Program Request screen.

- Enter a 'Y' to indicate a disability on CAINDA, the Individual Attributes screen, if the individual is under age 65.

  NOTE: Do NOT enter a 'Y' to designate waiver eligibility. A waiver code should not be entered during authorization in a Spend-down category. If a waiver code is entered at this time, the case will fail the waiver category.

- Enter permanent disability code 51 and the begin date found on the PA 1768 on CADISB, the Disabled Persons screen.

- Enter a 'Y' to designate income and medical expenses on CAINCQ, the Income Questions screen.

- Enter all medical expenses, including Medicare B premiums, private insurance premiums, and the amount of the monthly capitated rate for the LIFE Program on CAMEDX, the Medical Expenses screen.

  NOTE: The LIFE capitated rate should be entered as a monthly, unpaid expense with MCV code N (not covered by MA).

6. **Transmit** through the case to determine eligibility in an ongoing NMP Spend-down category of MA.

7. **Delete** the system generated eligibility notice.

8. **Enter** LIFE waiver code 96 on CCMWAI, the Clerical Medicaid Waiver Information screen.

   NOTE: Entry of the waiver code will not cause the category to change. The individual should remain open in a Spend-down category of MA.

9. **Determine** the correct cost of care. CIS will not automatically create a 902Z TPL for an individual receiving MA in a Spend-down category.

   - To determine the correct cost of care, deduct the following from gross income (see MA Handbook Chapter 368 for further details):

1. Unearned income expenses

2. The $20 unearned income deduction

3. Earned income work incentive

4. The $10 NMP income deduction

5. Paid medical expenses to include Medicare B and private insurance premiums

6. Unpaid medical expenses to include the LIFE capitated payment

   Example: Mr. A is requesting MA and payment of HCBS in the LIFE Program. Mr. A has gross Railroad Retirement Benefits of $3,000/month. Mr. A agrees to spend down his income to the one-person SSI income limit (currently $696.10). Mr. A is responsible to pay his $96.40/month Medicare B premium and his $100/month Capital Blue Cross premium. The LIFE capitated rate is $3,836/ month.

   To determine the 902Z cost-of-care TPL, the CAO will deduct the $20 unearned income deduction, $10 NMP deduction, $96.40 Medicare B premium and $100 Capital Blue Cross premium from his $3,000 monthly income. The CAO will then compare the resulting $2,773.60 to the SSI income limit. Mr. A needs to pay the LIFE provider $2,077.50 each month in order to spend down his income. Mr. A has a cost of care of $2,077.50/month.

10. **Enter** a 902Z cost-of-care TPL for the amount of monthly income needed to be spent down on the LIFE payment.

    - Enter a '9' on CCISEL, the Clerical TPL Selection Action screen.

    - Enter the appropriate line number and carrier code 902 on CCICAR, the Clerical CIS Main Carrier screen.

    - Enter the 902Z begin date as the date the individual was found eligible for payment of HCBS in the LIFE Program on CCITYP, the Clerical Individual TPL Insurance Type screen.

    - Enter the monthly amount of the cost of care and the begin date on CCIPPY, the Clerical Third Party Liability Patient Pay screen.

NOTE: Only add an end date on CCIPPY if the individual has been disenrolled from the LIFE Program or has entered an LTC facility.

11. **Send** Notice of Eligibility/Ineligibility for the LIFE Program to all those listed below by entering the correct information on CAPROV:

    - The LIFE applicant and his/her representative
    - The LIFE provider
    - The local AAA or DPW Contract Agency
    - The Office of Long Term Living:

      OLTL
      Bureau of Individual Supports
      P.O. Box 1089
      Harrisburg, PA 17108-9913
      Attn: LIFE Program

    A manual notice must be issued using the following wording until system-generated notices are available for ongoing Spend-down in the LIFE Program:

    Ongoing Spend-Down Eligibility:

    You qualify for Medical Assistance and Home and Community-Based Services (HCBS) in the LIFE Program. You qualify for these benefits because you have medical expenses that are used to "spend down" your income. See the Spend-Down section of this notice for the amount you are responsible to pay the LIFE provider for the services you receive each month. The LIFE provider will notify you when your HCBS will begin.

    Citation: 62 P.S. § 441.8 and 55 Pa. Code §§ 178.1, 181.1, 181.13

Additional Information

- Special attention should be paid to Section 486.36, Home Maintenance Deduction Allowance. A LIFE participant is entitled to this provision if a physician certifies that a person may return home within six months. **A physician's certification of short-term care is required for an individual to receive the Home Maintenance Deduction Allowance.**

- The service termination date for LIFE must be the last day of a calendar month. If the termination date is not the last day of a calendar month, the CAO must call the assessing agency listed on the PA 1768 to verify the service termination date.

- If the LTC facility is located in a different county, the case is not transferred to that county.

- If a person is in the LTC facility for less than one month, it is not necessary to compute payment towards the cost of care.

- The Waiver Code of 96 must remain the same to identify the consumer as a LIFE consumer.

- Establish MA eligibility for LTC facility services (if and when necessary) in the same manner as if the individual was not enrolled in the LIFE Program, including determination of the payment towards cost of care. The patient pay determination applies only when the person becomes an LTC facility resident.

- Individuals who participate in the LIFE Program will not be enrolled in any other managed care plan.

- A Spend-down category of MA should only be utilized if the individual has income exceeding 300% of the FBR.

- Spousal impoverishment and fair consideration does not apply to individuals authorized in a Spend-down category. However, once the individual enters an LTC facility, the individual will be evaluated for an MNO LTC-related category such as TAN, TJN. Spousal impoverishment and fair consideration do apply once the individual is authorized in an LTC-related category of MA.

- The LIFE medical expense must be deleted from the CAMEDX screen when verification is received that the LIFE consumer disenrolled from the LIFE Program or when the LIFE consumer enters the LTC facility.

- Once the individual enters an LTC facility and the individual is authorized in a LTC-related MNO category, a new 902Z cost-of-care TPL will be determined.

FINANCIAL RENEWAL

CAO duties and responsibilities for the LIFE Program are the same as those for all the Waiver Programs. A complete renewal is done each year, and a COLA is completed in January of every year.

CHANGES IN ELIGIBILITY

The LIFE provider and the person receiving the services are responsible for reporting all changes in income, resources and circumstances. CAO responsibilities for processing changes that affect LIFE Program eligibility are the same as for all other Waiver Programs.

Attachment Three

Additional Information on Eligibility and Payments

ELIGIBILITY

The LIFE Program is available to individuals who:

- Are eligible for the Medical Assistance Program, or choose to pay privately for services, **and;**
- Are age 60 or older (55 for fully-capitated providers), **and;**
- Have been functionally/clinically assessed and determined in need of a level of LTC facility services, **and;**
- Are able to safely live in the community with services made available through the provider at the time of enrollment, **and;**
- Reside in locations where LIFE services are available.

PAYMENTS

Partial Capitation Payments

For sites under partial (Medical Assistance only) capitation, all incurred medical costs will be included in the LIFE provider's payment <u>except</u>:

- Inpatient/outpatient hospital
- Laboratory fees
- X-rays
- Home health services

Payments for the above services will be submitted to Medicare and Medical Assistance fee-for-service.

Full Capitation Payments

For fully-capitated sites, all services (including inpatient/outpatient hospital, laboratory fees, X-rays, and home health services) are included in the LIFE provider's payment.

Long-Term Care Facility Payments

If a LIFE consumer must be moved to an LTC facility, the LIFE provider is responsible for payment to the facility, except for the patient pay amount. The patient pay amount is determined by the CAO.

PROCEDURES for LIFE CONSUMERS WHO ENTER LONG-TERM ACUTE CARE HOSPITALS

On occasion, LIFE consumers who reside in LTC facilities need to be hospitalized. After having been treated in a standard hospital, they are often moved to a facility called a Long-Term Acute Care Hospital (LTACH) or Specialty Care Center (SCC), where the average length of stay is 30-40 days. If a LIFE consumer residing in an LTC facility enters an LTACH, it will be treated as a return to the community and the following procedures will apply:

- The LIFE provider will notify the CAO when a LIFE consumer is admitted to an LTACH or SCC.
- The CAO will change the individual's category from PAN/PJN to PAW/PJW (patient pay will be discontinued).
- An LTC facility is required to hold a bed for only 15 days, so the consumer will need to be readmitted upon release from the LTACH.
- Please contact the Bureau of Policy with any questions.