

**DATE: April 23, 2025**

**July 22, 2024**

**June 10, 2024 OPERATIONS MEMORANDUM #24-06-01**

**SUBJECT:** Revised Introduction to the Office of Long-Term Living (OLTL) In Lieu of Service (ILOS) Initiative - Long-Term Care (LTC) in Assisted Living Settings

**TO:** Executive Directors

**FROM:** Robert Hixson Director

Bureau of Operations

# PURPOSE

To provide background and procedures to County Assistance Offices (CAO) regarding the OLTL ILOS Initiative.

# BACKGROUND

In 2016, the Centers for Medicare & Medicaid Services finalized 42 CFR § 438.3(e)(2) to allow states additional flexibility to address health disparity and unmet social needs. This regulation allows Managed Care Organizations (MCOs) to provide services covered by Medical Assistance (MA) in new settings, such as LTC ~~level of care~~ equivalent service and supports in Assisted Living Residences (ALR). In the past, OLTL has realized a significant need for alternate settings to better fit the needs of the varied and growing LTC population. This initiative will target those who meet a Nursing Facility Clinically Eligible (NFCE) level of care but do not need intensive physical intervention by LTC facility staff and would be safely served in an ALR setting with long- term services and supports in place, equivalent to what the recipient ~~had~~ would have had if residing in ~~the~~ an LTC facility.

# DISCUSSION

Effective January 1, 2024, OLTL began to work with the University of Pittsburgh Medical Center (UPMC) to enroll ALRs willing to take part in the ILOS Initiative. In the future, if other Community HealthChoices MCOs are approved to take part in the initiative, this Operations Memorandum (Ops Memo) will be updated. CAOs may begin to receive questions related to the initiative but should refer questions to OLTL’s

Department of Human Services | Office of Income Maintenance

433 Health and Welfare Building | Harrisburg, PA 17120 [www.dhs.pa.gov](http://www.dhs.pa.gov/)

Independent Enrollment Broker at 1-877-550-4227. If an MA LTC or Home and Community-Based Services (HCBS) recipient elects to receive ILOS ~~from the UPMC~~ ~~MCO, MA LTC~~ then recipients may receive LTC equivalent service~~s~~ and supports in an ALR. Recipients who elect to receive ILOS will ~~continue to~~ receive MA in an LTC MA category and will pay a monthly cost of care to the ALR. However, u~~U~~nlike LTC facilities, ALRs are not considered an institutional setting. MA recipients who choose to enroll in the ILOS ~~program~~ Initiative will be reviewed by OLTL to meet all the following requirements:

* ~~Previously~~ NFCE determined.
* ~~Previously resided in a Skilled Nursing Facility.~~
* Do not require 24/7 physical health services.
* Able to live safely in an ALR with ~~a~~ LTC ~~level of services~~ equivalent service and supports provided in an ALR.

ILOS participants will reside in a community setting but are not eligible for ~~Home~~ ~~and Community-Based Services (~~HCBS) MA or any 1915(c) waiver services if they elect to take part in the ILOS Initiative. ILOS can only be authorized in ALRs that have contracted ~~with UPMC~~ to serve the ILOS population. Individuals who are not enrolled in ILOS and residing in an ALR are not eligible to receive MA LTC ~~facility services~~ benefits but may receive HCBS or other MA benefits.

To easily identify individuals who choose to receive the services covered under the ILOS Initiative, a new version of the HCBS Eligibility/Ineligibility/Change Form (PA 1768) dated 02/25 has been created. The CAOs should continue to accept any version of the PA 1768 with prior dates. Attachments 3 and 5 are examples of the current PA 1768 dated 12/22 completed for ILOS transitions. Attachments 4 and 6 are examples of the new PA 1768 dated 02/25 completed for ILOS transitions.

# PROCEDURES

**LTC Facility Recipients to ALR**

CAOs will be notified an LTC recipient is transitioning to the ILOS Initiative via receipt of the MA 103 from the ALR. The following information will be included on the MA 103 to designate ILOS:

* Section I “Resident Data” will include “OLTL ILOS” under the “Other” checkbox in part seven (7).
* Section II will include the ALR name under the “Provider Data” in part ten (10).
* Section IV will include “OLTL ILOS” under the “Other” checkbox in part sixteen (16) and list the ALR address under “Summarize condition that warrants the care recommended”.

An MA 103 from an LTC facility discharging to the ALR is also expected but does not confirm ILOS eligibility. The LTC budget should only be maintained in the case record if there is an MA 103 from the ALR confirming ILOS election. If an LTC facility resident transfers to an ALR (even one contracting with UPMC for ILOS) and there is no MA 103 from the ALR confirming ILOS, then the CAO will process the change following current procedures for a LTC recipient transferring to a community setting.

The CAOs will review the record to see if a partial renewal is needed, following the same processes used when a case transitions between LTC and HCBS (See [LTCH 423.6)](http://services.dpw.state.pa.us/oimpolicymanuals/ltc/index.htm#t%3D423_Residence%2F423_6_Discharge_and_Transfer_from_an_LTC_Facility_or_HCBS.htm%26rhsearch%3DPHE%20SSI%26rhsyns%3D%20). Fair consideration and spousal impoverishment apply to ILOS cases like any other LTC applicant or recipient. An ILOS recipient’s cost of care will be determined as it is for residents of LTC facilities, but it will be paid to the ALR in which they reside. CAOs should ensure the record contains an accurate 902Z cost of care calculation and Third-Party Liability entry.

When the CAO receives an MA 103 designating “OLTL ILOS” for an LTC facility recipient, the CAO will take the following actions:

Review the case record to determine if a partial renewal is needed. (Review all Data Exchanges ~~sources~~ and ensure case data is accurate.)

**NOTE:** Cost of care determinations, fair consideration and spousal impoverishment provisions apply to ILOS participants.

1. Enter the LTC case in Maintenance Mode.
2. Update the case addresses to match the new ILOS ALR address on the Household Screen in the case non-financial section in the Electronic Client Information System.
3. Remove the Skilled Nursing Facility the recipient previously resided in from the MA Provider Screen.
4. Add the ILOS ALR to the MA Provider Screen.
5. Navigate to the Facility Screen. If the facility code is anything other than code “36 – Private Facility”, enter an end date for the facility code the day before the ILOS admission date. Add a new facility code 36 beginning on the admission date to the ALR. If the facility code is already entered as code 36 take no action on the Facility Screen.
6. Commit the case and narrate all actions including “MA 103 received from OLTL ALR, LTC recipient resides in ALR and elected to receive ILOS.”

**NOTE:** If moving from one of the six Veteran’s Homes listed in [LTCH 405.5,](http://services.dpw.state.pa.us/oimpolicymanuals/ltc/405.5_Enhanced_Veterans_Reimbursement_(EVR).htm) the enhanced Personal Needs Allowance will no longer apply upon admission to the ILOS ALR.

**HCBS Recipients to ALR (PA 1768)**

CAOs will be notified an HCBS recipient is transitioning to the ILOS Initiative via receipt of the PA 1768 completed to show that the individual’s HCBS is terminated and ILOS will begin in the ALR setting, which may or may not have been the individual’s previous residence.

The Page 1 “Comments” section will include: “Individual enrolling in In Lieu of Services (ILOS) Initiative (OLTL) effective MM/DD/YYYY.”

The following additional information will be included on the PA 1768 dated 12/22 and prior (Attachment 3) to designate ILOS:

* + The Part II “Change of Address” section will be marked either “Individual moved to a new residence within the same county” or “Individual moved to a new county” denoting if an Inter-County Transfer (ICT) is needed. “Date of Move” indicates move-in date to ALR. “Services Terminated” should be marked to indicate end of previous HCBS eligibility.
  + The Part II “Termination of HCBS Program” section will be completed with the “Reason” as “ILOS Initiative OLTL” and “Date of Termination” of the HCBS Program completed.

The following additional information will be included on the new PA 1768 dated 02/25 (Attachment 4) to designate ILOS:

* + For all ILOS applicants the “In Lieu of Services (ILOS) Initiative (OLTL)” box, under “Waiver Eligibility/Coding”, marked indicates election of ILOS Initiative. This will be marked. Only the new version of the PA 1768 dated 02/25 will include this field.
  + The Part II “Change of Address” section will be marked either “Individual moved to a new residence within the same county” or “Individual moved to a new county” denoting if an ICT is needed. “Date of Move” indicates move in date to ALR. “Services Terminated” should be marked to indicate end of previous HCBS eligibility.
  + The Part II “Termination of HCBS Program” section will be completed with the “Reason” as “ILOS Initiative OLTL” and “Date of Termination” of the HCBS Program completed.

**NOTE:** The ALR will send the completed MA 103 verifying ILOS with Sections I, II and IV completed as explained in the “LTC Facility to ALR” section of this Ops Memo. If the “Service Begin Date” on the PA 1768 does not match the ALR admission date on the MA 103, authorize ILOS effective the date of the ALR admission listed on the MA 103.

If the PA 1768 does not inform of the ALR admission, the CAO will follow the ILOS process only if a corresponding LTC Admission and Discharge Transmittal Form (MA 103) is received from the ALR.

When the PA 1768 has the termination date but does not inform of the ALR admission and the MA 103 has not been received or received incomplete, then process the HCBS termination.

**NFCE Diversion to ALR (PA1768)**

CAOs will be notified about individuals who are not current HCBS recipients or LTC facility residents but who are NFCE and are requesting the ILOS Initiative via receipt of the PA 1768 completed to show that the individual is or will be residing in an ALR and is NFCE.

* + The Page 1 “Comments” section will include: “Individual enrolling in In Lieu of Services (ILOS) Initiative (OLTL) effective MM/DD/YYYY.”

The following additional information will be included on the PA 1768 dated 12/22 and prior (Attachment 5) to designate ILOS:

* + The Part I the “Assessment Date” will list the date the individual meets NFCE criteria, and the “Service Begin Date” denotes the ILOS start date.

The following additional information will be included on the new PA 1768 dated 02/25 (Attachment 6) to designate ILOS:

* + The Part I “Assessment Date” will list the date the individual meets NFCE criteria, and the “Service Begins Date” denotes the ILOS start date.
  + For all ILOS applicants the “In Lieu of Services (ILOS) Initiative (OLTL)” box under “Waiver Eligibility/Coding” marked indicates election of ILOS Initiative. This will be marked. Only the new version of the PA1768 dated 02/25 will include this field.

**NOTE:** The ALR will send the completed MA 103 verifying ILOS with Sections I, II and IV completed as noted in the “LTC Facility to ALR” section of this Ops Memo. If the “Service Begin Date” on the PA 1768 does not match the ALR admission date on the MA 103, authorize ILOS effective the date of the ALR admission listed on the MA 103.

If the PA 1768 does not inform of the ALR admission, the CAO will follow the ILOS process only if a corresponding MA 103 is received from the ALR.

# ALL TRANSITIONS TO ALR

When the CAO determines the PA 1768 or MA 103 is incomplete or missing for an ILOS transition, send an Appointment Notice and Verification Checklist (PA 253) for the missing required documentation. If the documentation is not provided for a HCBS or LTC facility recipient by the deadline on the PA 253, then close the HCBS or LTC facility category for failure to provide verification.

If a straight MA recipient is requesting ILOS but the documentation was not provided, then the individual should remain eligible for MA if they continue to meet the eligibility requirements for straight MA. If a new applicant is not eligible for ILOS for failure to provide the completed PA 1768 or MA 103 but is eligible for straight MA, then authorize MA in the appropriate MA category.

**NOTE:** The CAO will receive the MA 103 verifying the admission to an ALR before authorizing the ILOS transition. The current policy found in

[LTC Handbook 404.24, Medical Forms for LTC Services](http://services.dpw.state.pa.us/oimpolicymanuals/ltc/index.htm#t%3D404_Application%2F404_2_Filing_an_Application_for_MA_LTC_Services.htm), allowing authorizing after verifying admission via collateral contact, does not apply to ILOS. For ILOS, the CAO will receive the MA 103 with the ALR admission date before it authorizes ILOS. CAOs will be notified via a Daily Status once the Handbook is updated with this policy for ILOS.

When the CAO has determined that the ILOS procedure will be followed, the following actions will be taken:

1. Process the HCBS termination by end dating the waiver code three days from the system process date.
2. Send confirming notice of HCBS closure.
3. Application Processing for LTL.
4. Begin Case Open workflow.
5. Add the ILOS ALR to the MA Provider Screen.
6. Navigate to the Facility Screen. Enter code “36 – Private Facility” and the ALR admission date.
7. Review Data Exchanges, Imaging, and case narration to ensure income information and any applicable expenses are current for the cost of care calculation at eligibility.
8. Commit the case and narrate all actions including the documentation received that informed the CAO of the ILOS transition.

**NOTE:** Fair consideration and spousal impoverishment provisions apply to ILOS participants.

# NEXT STEPS

1. Review this Ops Memo with appropriate staff.
2. Contact your Area Manager if you have any questions.

# ATTACHMENTS

Attachment 1: [List of ~~Contracted UPMC~~ ILOS ALRs](https://pagov.sharepoint.com/sites/DHS-OIM/Shared%20Documents/Attachment%201%20-%20List%20of%20Contracted%20UPMC%20ALRs.pdf)

Attachment 2: [Sample MA 103](https://pagov.sharepoint.com/sites/DHS-OIM/Shared%20Documents/Attachment%202%20-%20Sample%20MA%20103.pdf)

Attachment 3: [Sample PA 1768 - HCBS Recipient to ALR ILOS (PA 1768 dated](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%203%20-%20Sample%20PA%201768%20-%20HCBS%20Recipient%20to%20ALR%20ILOS%20(PA%201768%20dated%2012-22%20or%20prior).pdf) [12/22 or prior)](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%203%20-%20Sample%20PA%201768%20-%20HCBS%20Recipient%20to%20ALR%20ILOS%20(PA%201768%20dated%2012-22%20or%20prior).pdf)

Attachment 4: [Sample PA 1768 - HCBS Recipient to ALR ILOS (PA 1768 dated](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%204%20-%20Sample%20PA%201768%20-%20HCBS%20Recipient%20to%20ALR%20ILOS%20(PA%201768%20dated%2002-25).pdf) [02/25)](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%204%20-%20Sample%20PA%201768%20-%20HCBS%20Recipient%20to%20ALR%20ILOS%20(PA%201768%20dated%2002-25).pdf)

Attachment 5: [Sample PA 1768 - NFCE Diversion to ALR ILOS (PA 1768 dated](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%205%20-%20Sample%20PA%201768%20-%20NFCE%20Diversion%20to%20ALR%20ILOS%20(PA%201768%20dated%2012-22%20or%20prior).pdf) [12/22 or prior)](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%205%20-%20Sample%20PA%201768%20-%20NFCE%20Diversion%20to%20ALR%20ILOS%20(PA%201768%20dated%2012-22%20or%20prior).pdf)

Attachment 6: [Sample PA 1768 - NFCE Diversion to ALR ILOS (PA 1768 dated](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%206%20-%20Sample%20PA%201768%20-%20NFCE%20Diversion%20to%20ALR%20ILOS%20(PA%201768%20dated%2002-25).pdf) [02/25)](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%206%20-%20Sample%20PA%201768%20-%20NFCE%20Diversion%20to%20ALR%20ILOS%20(PA%201768%20dated%2002-25).pdf)

Attachment 7: [Blank PA 1768 dated 02/25](https://pagov.sharepoint.com/sites/DHS-OIM/Attachments/Attachment%207%20-%20Blank%20PA%201768%20dated%2002-25.pdf)