



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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TRENTON, NEW JERSEY 08625

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ALAN J. GIBBS
Commissioner

SAUL M. KILSTEIN
Director

MEDICAID COMMUNICATION NO: 91-20

DATE: July 29, 1991

TO: County Welfare Agency Directors

SUBJECT: Reduction in Veterans' "Improved Pension" Benefits

The Omnibus Budget Reconciliation Act of 1990 (OBRA '90) mandates a reduction in pension benefits for certain veterans receiving Medicaid covered nursing home care. Specifically, a veteran without a spouse or child receiving "**Improved Pension**" benefits, including Aid and Attendance, where applicable, will receive a maximum pension of \$90.00 per month if he/she is covered by Medicaid and receiving services in a nursing facility. The amount that the individual receives in "Improved Pension" becomes the veteran's Personal Needs Allowance (PNA) and no portion of it may be used as a contribution towards the cost of care. This reduction in benefits will be effective on or about July 1, 1991.

The Veterans' Administration began an initial mailing in April 1991 to notify individuals potentially affected by this reduction in benefits. Individuals affected by this change will realize a reduction in benefits the last day of the month following the 60th day after the date of the notice, or July 1, 1991 for those notified in the initial mailing. For new admissions and individuals identified subsequent to the initial outreach, this same notice and termination process will apply. The Veterans' Administration will not reduce benefits retroactively, unless it is determined that the veteran willfully concealed information which would have affected the reduction.

To accommodate this change in benefit, the long term care billing system has been modified to allow up to a maximum of \$90.00 per month PNA. The amount of the reduced "Improved Pension" will become the veteran's PNA, not to exceed \$90.00. If the reduced "Improved Pension" is more than \$35.00, the veteran will not be allowed an additional PNA. However, if the reduced "Improved Pension" is less than \$35.00, the veteran will be allowed an additional deduction from other income, if available, to total the standard \$35.00 PNA.

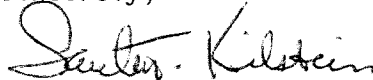
For cases where the reduction in benefits has been effected, the CWAs are instructed to prepare the PA-3L form as follows:

1. Enter the amount of the veteran benefit in the block designated "Railroad/Veteran" and circle the word "veteran".
2. If it is determined that the veteran benefit is an "Improved Pension", enter "VET. IMP. PENSION" in the "Remarks" column. This will indicate to the Bureau of Claims and Accounts that an increased PNA is allowed.
3. If the veteran benefit is other than "Improved Pension", i.e. Compensation, "Old Law Pension", "306 Pension" or "Insurance", no identifier is needed in the "Remarks" column. These groups of veterans will not be affected by the reduction in benefits nor will they be allowed an increased PNA.

To assist the county welfare agencies, Division staff has worked with the Department of Veterans' Affairs, to compile a list of veterans believed to be receiving an "Improved Pension". For those individuals, a system generated PA-3L form has been prepared and will be mailed under separate cover. Veterans who receive "Improved Pensions" and have not been outreached to date should be encouraged to notify the Veterans' Administration located at 20 Washington Place, Newark, New Jersey 07102, of their status. They must also be encouraged to notify their caseworker as soon as the change is effected. Likewise, nursing facilities have been notified of the process by Medicaid Nursing Facility Services Bulletin No. 91-8 and were encouraged to cooperate in this process.

Please refer any questions relating to this communication to the field service staff assigned to your county.

Sincerely,



Saul M. Kilstein
Director

SMK:PJd

cc: Marion E. Reitz, Director
Division of Economic Assistance

Nicholas R. Scalera, Director
Division of Youth and Family Services