



State of New Jersey

DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

SAUL M. KILSTEIN  
DIRECTOR

QUAKERBRIDGE PLAZA  
CN 712  
TRENTON, NEW JERSEY 08625-0712

MEDICAID COMMUNICATION NO. 91-15

DATE: July 1, 1991

TO: COUNTY WELFARE AGENCY DIRECTORS

SUBJECT: HOSPICE - ROOM AND BOARD SERVICES IN NURSING FACILITIES

The purpose of this communication is to inform you of the policies and procedures governing the provision of hospice room and board services provided on or after July 1, 1991, to dually eligible Medicare/Medicaid hospice recipients residing in nursing facilities.

Pursuant to the Omnibus Budget Reconciliation Act of 1986 (OBRA), Section 9435 of P.L. 99-509, the New Jersey Medicaid Program shall reimburse hospice providers for room and board services provided in conjunction with Medicare hospice care for dually eligible recipients who reside in Medicaid approved nursing facilities.

Hospice services, provided by an approved Medicaid hospice agency, are defined as a philosophy and method of caring for the terminally ill emphasizing supportive and palliative rather than curative care. Hospice services include bereavement counseling and pain control. Currently, hospice providers in New Jersey are hospital-based or free-standing home health agencies or free-standing hospice agencies.

NOTE: This Medicaid Communication does not apply to hospice care provided as a Medicaid Waiver service in the home under the AIDS Community Care Alternatives Program (ACCAP). However, it does apply to hospice room and board services provided to an ACCAP and Model Waiver eligible when residing as a hospice recipient in a nursing facility. For information on hospice services under ACCAP, see Medicaid Communication, 90-21, "Hospice Care Under the AIDS Community Care Alternative Program (ACCAP)", dated October 29, 1990.

ACTION:

I. COVERED SERVICES

The New Jersey Medicaid Program shall reimburse a hospice under contract with a nursing facility for room and board services. The services include the performance of personal care services, assistance in activities of daily living, provision of patient social activities, the administration of medications, the maintenance of cleanliness of a resident's room, and supervision and assistance in the use of durable equipment and prescribed therapies.

A Medicaid hospice recipient is also eligible for other Medicaid services that are not duplicative of Medicare hospice benefits, i.e., transportation, dental, and vision care services. The services may continue to be billed to the Fiscal Agent by each provider in accordance with the established policies and procedures specified in each relevant manual, i.e., Transportation Services Manual, Dental Services Manual or the Vision Care Services Manual.

II. HOSPICE PROVIDER REQUIREMENTS

A hospice must be approved for Medicare (Title XVIII) participation by HCFA as a hospice provider and be approved as a Medicaid hospice provider to provide Medicaid hospice room and board services.

III. NURSING FACILITY CONTRACT

The hospice must also have a written contract with the nursing facility under which the hospice takes full responsibility for the professional management of the recipient's hospice services and the nursing facility agrees to provide room and board services. The hospice is responsible for obtaining the patient's signature on the Election of Hospice Benefit Statement. The date of signature on the Election of Hospice Benefit Statement determines when the patient is considered a hospice patient and no longer a nursing facility patient.

NOTE: The Pre-admission Screening (PAS) regulations do not apply to a hospice patient admitted directly to a nursing facility for hospice care or transferred from nursing facility care to hospice care. This individual would be considered a hospice patient not an NF patient. If the hospice patient revokes the hospice benefit and returns to NF care within that or another nursing facility, the PAS regulations in the Nursing Facilities Services Manual apply. (See N.J.A.C. 10:63 and N.J.S.A. 30:4D-17.10.)

IV. RECIPIENT ELIGIBILITY

An applicant may be eligible for Medicaid hospice room and board services:

1. If he or she is residing in a nursing facility; and,
2. Is eligible for SSI, institutional Medicaid Only, New Jersey Care...Special Medicaid Programs (except for Medically Needy), ACCAP or Model Waiver I, II, or III; and,  
  
[NOTE: For Medically Needy eligibles, hospice room and board service is not a covered service. These individuals must be determined financially eligible under the institutional Medicaid Only criteria.]
3. Is eligible for and is receiving Medicare hospice services; and,
4. Has waived all rights to the following:
  - i. Those hospice services provided by a hospice other than the one designated by the recipient (unless provided under a written arrangement made by the designated hospice); and
  - ii. Any Medicaid services that are related to the treatment of the terminal illness or related conditions that are duplicative of hospice services.

NOTE: Medicaid eligibility must be determined in the county where the nursing facility is located, even when the hospice agency is located in a different county.

V. APPLICATION FOR ELIGIBILITY FOR HOSPICE ROOM AND BOARD SERVICES

MEDICAL ELIGIBILITY:

1. In order for the hospice applicant to complete the hospice medical eligibility requirements, he or she should be referred by either the CWA or MDO to a Medicaid approved hospice provider for completion of the Physician Certification Statement and the Election of Hospice Benefit Statement.
2. Upon completion of these medical eligibility requirements, the hospice must confirm with the CWA or MDO, as applicable, in writing, that the Physician Certification Statement was signed and the date the Election of Hospice Benefit Statement was signed.

- i. The date of the signing of the Election of Hospice Benefit Statement determines the date of the eligibility for hospice room and board services if the applicant is financially eligible for Medicaid hospice services.
3. **Retroactive Eligibility:** After July 1, 1991, retroactive eligibility for hospice room and board services may be established for up to three months prior to the date of the application for Medicaid financial eligibility beginning with the date of the signing of the Election of Hospice Benefit Statement, if the statement has been signed prior to the application for Medicaid financial eligibility. Such cases must be referred to:

Retroactive Eligibility Unit  
Division of Medical Assistance and Health Services  
CN-712  
Trenton, New Jersey 08625-0712

FINANCIAL ELIGIBILITY:

1. To qualify for hospice room and board services, the applicant must be receiving Supplemental Security Income (SSI) or be determined Medicaid eligible by the CWA. (See IV.-2.)
2. If the applicant's Medicaid eligibility status has not been established, is not known, or is uncertain, the hospice agency shall contact the MDO to determine where to refer the potential applicant and/or documentation.
3. For individuals who will continue to qualify for SSI in the NF (monthly income cannot exceed \$60.00), the medical eligibility materials (copies of the Physician Certification Statement and the Election of Hospice Benefit Statement) should be forwarded to the MDO.
  - i. Upon receipt of the medical eligibility materials from the hospice, the MDO shall modify the eligibility system to uniquely identify the recipient as hospice eligible using **Special Program Number 15**.
  - ii. The MDO must then confirm, in writing, to the hospice provider, the date of eligibility for the hospice room and board services. **NOTE:** The date of eligibility for hospice is the date of the signature on the Election of Hospice Benefits Statement.

4. All other applicants, including those who would lose SSI because of monthly income above \$60.00, should be referred to the CWA.
  - i. The CWA, upon receipt of the medical eligibility materials from the hospice, shall determine or confirm eligibility and modify the eligibility system to uniquely identify the recipient as hospice eligible using **Special Program Number 15**.
  - ii. The CWA must then confirm, in writing, to the hospice provider, the date of eligibility for the hospice room and board services.

NOTE: A Special Program Number 15 Segment identifies the recipient as eligible for hospice services on the Medicaid eligibility file. To enter data into the system, use the SCREEN OPTION "064" for the Special Program Number 15 Segment.

NOTE: The effective date of eligibility is the date of the signing of the Election of Hospice Benefit Statement or the date of admission to the NF, if the election statement was signed prior to admission. The termination date is the date the hospice individual dies, is discharged, or the date he or she revokes the Medicaid hospice benefit. For each period of time of eligibility in the **Special Program Number 15 Segment**, there must be a corresponding period of time of Medicaid eligibility (SCREEN OPTION "061").

#### VI. NURSING FACILITY ADMINISTRATIVE PROCESS

1. If the hospice applicant resides in a nursing facility as an NF patient, the NF must submit a completed MCNH-33, Notification from Nursing Facility of Admission or Termination of a Medicaid Patient form to the CWA and the MDO to prompt the change in the recipient's status from NF to hospice.
  - i. This process prompts the CWA or MDO to convert the recipient from an NF patient to a hospice patient using the unique **Special Program Number 15**.
  - ii. Also, if the hospice recipient revokes hospice service and returns to NF care, the NF must again submit the completed MCNH-33 to the CWA or the MDO to reflect the change in eligibility status.
  - iii. As stated on p.2, Pre-admission screening (PAS) is required prior to admission to the NF but not prior to admission to the hospice.

2. The hospice recipient must be removed from the Long Term Care Billing System effective on the date the Election of Hospice Benefit Statement is signed. On that date and thereafter, Medicaid will no longer reimburse the NF directly for any services rendered to the hospice recipient. The hospice will be responsible for reimbursing the NF for room and board services provided by the NF under contract with the hospice.

#### VII. REIMBURSEMENT

1. The New Jersey Medicaid Program shall reimburse the hospice on a per diem basis for room and board services provided at the specific NF where the hospice recipient is residing. The rate is calculated at 95% of the Medicaid nursing facility per diem rate (institution specific, excluding add-ons and special program rates) and is adjusted every six months to reflect changes in the nursing facility's case mix.
2. The New Jersey Medicaid Program shall continue to pay the hospice the room and board rate for the purpose of retaining the bed for therapeutic leave or during a period of hospitalization according to Medicaid policy, if indicated. The hospice is responsible through the contract with the NF to reimburse the NF to retain the bed.
3. Instructions to use the "Statement of Available Income for Medicaid Payment" (PA-3L) form:
  - i. The Statement of Available Income for Medicaid Payment (PA-3L) is completed by the CWA on each non-SSI Medicaid recipient that enters the hospice from the community, the NF or the hospital. A PA-3L form must be attached to the Independent Outpatient Health Facility (MC-14) claim form when requesting payment from Medicaid for the cost of hospice care, except as specified below.
  - ii. The hospice is responsible for maintaining the personal needs allowance (PNA) account and making these monies available for use of the recipient.
  - iii. It is the responsibility of the hospice to deduct the applicable amount of the available income (which corresponds to that attributed to the recipient on the PA-3L form) from the total per diem charges for the payment of room and board services on the MC-14 claim form.
  - iv. The PA-3L form shall be obtained by the hospice from the nursing facility for each recipient of hospice services who has

been on the Long Term Care Billing System. The hospice must negotiate the transfer of this income with the nursing facility, if applicable or collect it from the recipient/family.

- v. For the hospice applicant who has not previously been on the Long Term Care Billing System as an NF patient, the CWA shall generate the PA-3L form for the use of the hospice.
  - (1) For individuals with no, or limited income (below \$60 per month), who continue to qualify for Supplemental Security Income (SSI) payments and Medicaid, no PA-3L form is required upon admission to hospice.
  
- vi. FOR ADJUSTMENTS: The CWA is required to report all changes of income on an amended PA-3L form to the hospice.
  - (1) When special exceptions apply (e.g in the month of admission, for verified living expenses, and for the first two months of Medicare premium deductions), the PA-3L form will reflect those changes for the applicable months.
  - (2) The recipient and/or the family are required to report all changes of available income to the CWA. Additionally, the hospice should report any changes in financial circumstances to the CWA. For those changes which impact on available income, a new PA-3L form must be generated by the CWA, indicating the month for which the change is effective.
  
- vii. WHEN TO APPLY AVAILABLE INCOME:
  - (1) For any full or part of a calendar month in hospice, all available income shown on the PA-3L form should be applied to the cost of the care, except as indicated below.
    - (A) ON ADMISSION FROM A NURSING FACILITY: For the recipient who is admitted to hospice from an NF during a given calendar month, the available income has already been utilized by the NF to offset the cost of care in the same month of admission to hospice. The hospice will obtain a copy of the PA-3L form from the NF and retain it in the patient's records for documented proof. Thus, no available income deduction is applicable to the hospice for the first calendar month only if it is a partial calendar month of hospice room and board services. No new PA-3L form is generated by the CWA.

- (B) ON ADMISSION FROM THE COMMUNITY: For a hospice recipient admitted from the community, an exemption for verified living expenses is permitted in computing available income. An amended PA-3L form must be generated from the CWA indicating the adjusted amount to be deducted from the hospice per diem charge for that month. Under no circumstances will the requested exemption exceed the verified living expenses.

(This deduction is not applicable for hospice recipients who are returning to hospice from the hospital.)

(C) INSTRUCTIONS FOR DISCHARGE OR DEATH:

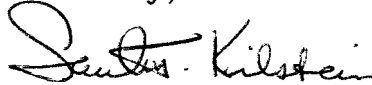
- (1) ON DISCHARGE: For the discharge month or part of the month in hospice care, the available income shown on the PA-3L form amount must be applied to the cost of care. If the income exceeds the charge for that month, the balance of income not applied to the cost of care shall be returned to the recipient. Exceptions to this general policy are indicated below.
- (2) For the hospice recipient who is discharged to the community, the amount of available income may be reduced by an amount to cover anticipated living expenses. However, this must be reflected on the PA-3L form by the CWA. Where this is a factor and the PA-3L form does not reflect the reduction, the hospice has been advised to contact the CWA to effect the change.
- (3) For the hospice recipient who dies on the first, second, or third day of the month, and income is not available because the check could not be endorsed and was returned, the hospice will annotate this information on the MC-14 claim form. No further documentation is required.
- (4) For the hospice recipient who dies after the third day of the month and the income is not available because the check was returned, the hospice will annotate this information on the MC-14 claim form and retain the documentation (i.e. SSA transmittal receipt) in the hospice billing files.



- (5) For the hospice recipient who is admitted to nursing facility care (in the same or a different NF) after being discharged from the hospice, the hospice must provide information to the NF concerning the amount of available income which was applied to the bill in the discharge month so that the NF may accurately reflect the balance amount in the NF admission month billing. The NF must also complete an MCNH-33 form to notify the CWA and the MDO of the discharge of the hospice patient from hospice care and the income applied to the hospice service, so that a new PA-3L form can be issued for the month of admission.

For further information or questions, please contact Judith Johnston, Social Work Consultant, Office of the Medical Director, Division of Medical Assistance and Health Services, CN-712, Trenton, New Jersey, 08625-0712 at 609-588-2743.

Sincerely,



Saul M. Kilstein  
Director

SMK:jms

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

Nicholas Scalera, Director  
Division of Youth and Family Services

Attachment: Physician Certification/Recertification for Hospice Benefit Form

Election of Hospice Benefits

SAMPLE

REPRESENTATIVE STATEMENT FOR THE  
NEW JERSEY MEDICAID PROGRAM  
ELECTION OF HOSPICE BENEFITS

I, \_\_\_\_\_, due to the physical/ mental  
(Legal Representative)

incapacity of \_\_\_\_\_, am authorized in  
(Applicant's Name/Medicaid HSP Number  
accordance with state laws to execute, change or evoke the election of  
Medicaid Hospice Benefits on behalf of \_\_\_\_\_  
who has been certified as terminally ill. As the representative for \_\_\_\_\_  
\_\_\_\_\_, I will sign all necessary forms required  
for the administration of hospice benefits.

\_\_\_\_\_  
Signature, Legal Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

SAMPLE

NEW JERSEY MEDICAID PROGRAM

PHYSICIAN CERTIFICATION/RECERTIFICATION

FOR HOSPICE BENEFIT FORM

I \_\_\_\_\_, as the attending physician of  
\_\_\_\_\_, who is under my care at this time,  
Recipient's Name/ Medicaid HSP Number

hereby certify (or recertify) that this patient is terminally ill,  
that his/her life expectancy is six months or less provided the illness  
follows its usual course, and that hospice services are reasonable and  
necessary for the treatment of this terminal illness or related condition.

\_\_\_\_\_  
Signature of the Attending Physician

\_\_\_\_\_  
Print the Attending Physician's Name

\_\_\_\_\_  
DATE