



**State of New Jersey**

**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

ADMINISTRATIVE OFFICES  
QUAKERBRIDGE PLAZA—BUILDING 5 & 7 & 12  
QUAKERBRIDGE ROAD  
TRENTON, NEW JERSEY 08619

ADDRESS REPLY TO:  
CN-712  
TRENTON, NEW JERSEY 08625

**MEDICAID COMMUNICATION NO. 88-31**

**DATE: November 16, 1988**

**TO:** County Welfare Agency Directors  
Institutional Services  
Section (ISS) Area Supervisors

**SUBJECT:** Application Of Income Towards the Cost of Care  
PA-3L, Statement of Income  
Available for Medicaid Payment

The Division of Medical Assistance and Health Services is pleased to formally announce the completion of the long-term care billing system redesign, which was implemented in October 1988. This initiative was undertaken in an effort to incorporate state of the art technology to improve the efficiency of the billing process through the reduction of paperwork, improvement of information flow, and the expedient entry of long term care patients into the billing system.

One of the basic foundations of the system continues to be reporting of available income which is used to reduce the Medicaid institutional payment. This is still accomplished through the preparation/validation and submission of the form PA-3L to the Division's Bureau of Claims and Accounts. The form must be in place for each Medicaid recipient with countable income in excess of the current SSI institutional standard (currently \$60), but is not required for a Supplemental Security Income (SSI) eligible individual with no countable income.

This letter, together with the attached instructions, is effective immediately and shall be used in lieu of the instructions issued via the Division of Public Welfare's Program Instruction No. 86-2-4.

With the implementation of the new system, modifications have been incorporated which are intended to facilitate the establishment of billing records and reduction in paper work. As a result, the procedure for processing the PA-3L has been revised. Effective October 1, 1988, a system generated PA-3L will be produced under the following circumstances:

1. An admission transaction, with a valid HSP (Medicaid) case number, submitted by the nursing home, where there is no existing PA-3L with corresponding information in the system.
2. Whenever the nursing home submits a change of income transaction, where there is no corresponding PA-3L in the system.
3. Two months prior to the date designated for redetermination.

This system generated form, which includes pre-printed client and financial information, where available, will reduce the time required to enter such data manually. For ongoing cases, the new form will provide information currently available in the system, thereby negating the need to review certain documents in the case record. It is important to understand that the system enhancements do not relieve the CWA/ISS offices of their responsibility for identification/validation of available income. They merely provide an additional tool for accomplishing that end.

In all cases, CWA/ISS offices have the option of initiating a PA-3L as soon as the financial information is ready for input. Every effort should be made to complete the PA-3L within three months from the date of receipt of the admission notification document (MCNH-33) or the date of admission. For new redetermination inputs, if the system generated form is available, it should be used. All data elements must be reviewed, financial information verified or corrected, and the form returned within two months of the generation date.

To facilitate the annual completion of a PA-3L at redetermination, a new PA-3L will be generated approximately two (2) months prior to the redetermination date and "Redetermination" under the block titles "Remarks", must be circled. If there has been a change in income from the last PA-3L submitted, "Change" must be circled. In order for the this process to function as an effective and efficient management tool, CWAs should check and adjust the redetermination date to reflect the actual date that the CWA scheduled redetermination for the specific case.

#### MONTH OF ADMISSION

A PA-3L is required for all Medicaid eligibles with income in excess of \$60.00 and shall not be completed for those individuals who will continue to receive reduced institutional SSI payments (\$40.00).

For the month of admission only, an exemption may be made for verified living expenses incurred by the individual prior to his/her admission to the long term care facility from the community. This exemption cannot exceed the amount of his/her total gross income. The verified living expense, shall be entered in the appropriate box on the PA-3L and an explanation of these expenses must appear in the box entitled "Specify". Where expenses are less than gross income, up to \$35.00 may be deducted for personal needs allowance (PNA), to the extent that all deductions do not exceed gross income.

#### MONTH OF DISCHARGE

In the event of a discharge to the community and for the month of discharge only, an exemption may be allowed equal to the appropriate community standard. This exemption may not be made if a spouse, spouse/dependent child(ren), or maintenance of a home exemption has been allowed for the month of discharge. If this deduction for the month of discharge is allowed, a personal needs allowance may not be made for the month of discharge.

#### LUMP-SUM INCOME

If the amount of the lump-sum income, when added to all other income, exceeds the Medicaid Cap, (see 10:94-5.4(a)11), an adjusted PA-3L indicating the increase in income for the three-month period shall be prepared. If the lump-sum income, even when prorated for the allowable three month period would exceed the standard, the individual is income ineligible for the month of receipt and the lump-sum must be considered as a resource on the first day of the month following its receipt. Appropriate action should be taken to determine on-going resource eligibility.

Note: When it is necessary to revise the PA-3L because of a change in income or policy, the individual responsible for making the payment to the nursing home is to be informed of the change and the amount to be paid.

An applicant/recipient or other responsible individual, must be informed by the Income Maintenance Worker of the responsibility to report any changes in income and resources and to make monthly payments to the nursing home in the amount identified on the form PA-3L as "Available Income". The person handling the affairs of the applicant/recipient must be given a copy of the PA-3L showing the amount of income to be given to the nursing home for the month of admission, as well as, for subsequent months.

In order to ensure that the applicant/recipient is aware of the requirements that all income (except that which is exempt income) must be applied toward the cost of care, it is suggested that the attached form, "Statement of Understanding", currently used by some counties, could be utilized by the worker upon application/redetermination for long term care placement.

Attached is a copy of the revised Form PA-3L (6/88), "Statement of Income Available for Medicaid Payment," and instructions for its completion. The revised PA-3L is a three-part snap-out document with copies as identified below.

Original - Bureau of Claims and Accounts (white)  
Copy 2 - Provider (yellow)  
Copy 3 - CWA (pink)  
Photocopy - Recipient (this will become Copy 4 at the next reprint)

MEDICAID COMMUNICATION NO. 88-31  
Page 4  
November 16, 1988

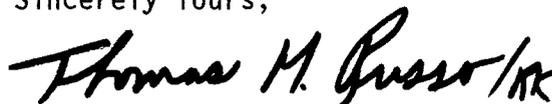
Additional supplies of Form PA-3L can be obtained by forwarding a written request to :

General Services  
Division of Medical Assistance and Health Services  
CN 712  
Quakerbridge Plaza, Bldg. 7  
Trenton, New Jersey 08625

This letter is to be brought to the attention of all CWA staff involved in processing long term care cases.

Please direct any questions to Bureau of Claims and Accounts.

Sincerely Yours,



Thomas M. Russo, Director  
Division of Medical Assistance  
and Health Services

TMR:PEd

Attachments

cc: Odella T. Welch  
Deputy Commissioner

Marion E. Reitz, Director  
Division of Public Welfare

William Waldman, Director  
Division of Youth and Family Services

## INSTRUCTIONS FOR THE COMPLETION OF THE FORM PA-3L, REVISED 10/88

These instructions supersede those attached to Program Instruction No. 86-2-4.

When either receiving a system generated PA-3L for verification or executing a new PA-3L the appropriate information must be verified or entered in the designated spaces as indicated:

Line 1: Redetermination Date: The date due for eligibility redetermination (a system generated PA-3L will be produced two months prior to redetermination date).

SSA No. The Social Security number as it appears on the Medicaid Status File.

Elig. Eff. Date: The eligibility effective date for this HSP (Medicaid) case number.

Print Date: The date the PA-3L is generated. The system will generate the PA-3L approximately the 20th of each month. When a redetermination occurs, the system will generate a PA-3L two months prior to the due date of the redetermination. For a new admission, unless a PA-3L has been submitted by the CWA before the 26th of the month, the system will generate an admission PA-3L approximately the 20th of the month in which the claim is processed. Changes in income in response to a nursing home's notification to the system will result in a PA-3L generated approximately the 20th of the month in which the change of income transaction was processed.

Line 2: HSP Case Number: The 12 digit number assigned by the CWA or the eligibility system.

Medicaid Recipient's Name: The Medicaid client's last and first name.

Line 3 & 4: The name and address of the LTCF.

Line 5: SSI Status: The SSI living arrangement, pay status, and benefit codes (if appropriate) will appear in this section. Note that effective 9/1/88, the previous D/Z living arrangement was changed to D/G for SSI clients. A C01 pay status with a non D/G or D/G E01, N01 combination, indicates the need to prepare/validate a PA-3L.

LTCF Provider No. & Previous Provider No.: The four digit number assigned to the nursing home and the number of the previous provider if the client was in another facility prior to the current admission.

## INCOME INFORMATION SECTION

The form is divided into several columns. These columns will list information such as effective date, gross Social Security income, PNA, available income, etc. Other information such as an explanation of a change in income and source will also be provided. This information will appear on a system generated PA-3L and must be entered by the CWA when completing a manual PA-3L.

There are two columns under the block titled "LTCF". The larger of the two contains income information, while the smaller column contains the following codes:

Row 1, titled "Effective Date": (A) - new admission, (C) - change of income, (R) - redetermination.

Row 9, titled " Total Gross Income". (M) - married couple in the same LTCF, (G) - foreign pension, (V) - Vet A & A (Veterans Aid and Attendance), (C) - combination of M & G or V.

It is important to note that if a code is entered in the smaller column under "LTCF" or one appears on a system generated PA-3L, the corresponding word under the block titled "Remarks" must be circled. Example: If "A" appears or is entered under the LTCF column, circle "Admit" under the column titled "Remarks".

The column under the block titled "PA-3L #1" contains all income information reported by the CWA on the previous PA-3L, if a PA-3L is in the system. If the income which appears in this column has not changed, the CWA may enter the effective date and "NC" in the next column under the block titled PA-3L #2. The CWA may change only the items that need to be changed and enter "NC" in the appropriate block for unchanged items. In order to erase the previous income stored in the system, a zero must be entered in the appropriate block; do not leave the block blank. Note that the effective date is to be entered in the appropriate block.

If the client previously had health insurance premiums, maintenance of a home etc., and is no longer entitled to the deduction, zero must be entered in the appropriate block. Do not leave the block blank.

The small column under the block titled "Remarks" will show exception codes on a previous PA-3L, if a PA-3L is in the system. These codes will appear on the row opposite "Total Gross Income" and the row opposite "Resources".

The section titled "Representative Payee" and signature section will be blank on the system generated PA-3L. It will be necessary for the CWA to complete this section.

### **BUY-IN**

Medicare Part B entitled individuals with no eligibility history immediately prior to admission, are responsible for payment of their Medicare premiums for the initial two months of eligibility. Regardless of the pick-up date, no additional deductions should be indicated beyond that period. Overpayments will be returned to the recipient or representative payee, who should be instructed to remit the amount of the check to the facility. For a hospital to long term care facility transfer, it is important to note that the two months of premiums begin with the Medicaid effective date, which may be earlier than the date of admission to the facility. In these cases, the PA-3L should reflect only the actual period, if any, in which a deduction is applicable.

Medicare Part B entitled individuals, who are already Medicaid Only or enrolled in the New Jersey Care program, with at least two months of eligibility immediately prior to admission to a long-term care facility, are entitled to Buy-In coverage and no deductions should be entered. Periods of less than two months should be entered accordingly.

Individuals converting from SSI to Medicaid Only are continuously eligible for Buy-In coverage and no premium deduction should be indicated.

The PA-3L examples on the following pages may be used as a guide to assist you in the proper use of the form. In reviewing the previous examples of the PA-3L for use, one problem area which has been identified and needs clarification, is addressed below.

A "zero" PA-3L is only appropriate under the following circumstances:

1. Correction of an erroneous entry.
2. Other Medicaid cases, with no countable income, i.e., institutionalized children who are eligible under AFDC rules (for ISS offices only).

The PA-3L is never to be used to delete income which the facility alleges is unavailable or otherwise uncollectable.

STATEMENT OF UNDERSTANDING

IN CONNECTION WITH MY APPLICATION

I, \_\_\_\_\_, understand that I am personally liable for all expenses incident to medical care in the event I choose to enter a Medicaid approved facility prior to receiving official approval of my application, in writing, from the \_\_\_\_\_ County Welfare Agency (CWA) or Institutional Services Section (ISS).

I further understand that the New Jersey Medicaid Program has no responsibility or obligation to pay for any medical expenditures until my application has been officially approved in writing.

I also understand that my case must be reviewed for both financial eligibility and medical eligibility before any official decision can be made by the \_\_\_\_\_ CWA/ISS in connection with my application.

IN EVENT MY APPLICATION IS OFFICIALLY APPROVED:

If my application is officially approved in writing for medical expenditures, my income, less the Personal Needs Allowance (PNA) amount of \$\_\_\_\_\_, must be paid by me as partial payment for my care. I also understand that any change in income must be reported, in writing, to the \_\_\_\_\_ CWA or ISS immediately.

MY INCOME IS AS FOLLOWS:

OASDI: \_\_\_\_\_

R.R. RETIREMENT: \_\_\_\_\_

VETERANS: \_\_\_\_\_

OTHER: \_\_\_\_\_

SIGNED: \_\_\_\_\_

Applicant ( or representative  
payee for:)

DATE: \_\_\_\_\_

WITNESS: \_\_\_\_\_

UNIT: \_\_\_\_\_

SIGNED: \_\_\_\_\_

On behalf of above named  
applicant

\_\_\_\_\_  
Relationship

cc: Client or Relative  
Nursing Home  
Case Record



STATE OF NEW JERSEY  
DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

**STATEMENT OF AVAILABLE INCOME FOR MEDICAID PAYMENT**

Redetermination Date: \_\_\_\_\_ SSA No.: \_\_\_\_\_  
MM/YY ELIG. EFF. DATE PRINT DATE

HSP (Medicaid) CASE NUMBER \_\_\_\_\_ LAST \_\_\_\_\_ FIRST \_\_\_\_\_ COUNTY \_\_\_\_\_

Long-Term Care Facility: \_\_\_\_\_

Address: \_\_\_\_\_

SSI STATUS      LAC/FS \_\_\_\_\_ LTCF Provider No. \_\_\_\_\_ Previous Provider No.: \_\_\_\_\_

	LTCF Information		PA3L #1 Information	PA3L #2 Information	PA3L #3 Information	Remarks
Effective Date						Admit, Change, Redetermination
Social Security Income						Claim #
Buy-In Amount						HIC #
Gross Social Sec. Benefit						
Railroad/Veteran						Claim #
Pension/Other Benefit						Specify
Other Income						Specify
Total Other Income	\$					Spouse's S.S.A. #
Total Gross Income		\$	\$	\$		M=Married Couple same LTCF G=Foreign Pension/VA A & A C=Combined Situation
Workshop/Other						
Maint./Home						Specify
Maint./Spouse Dependent						Specify
Health Premium	\$					Policy #
Total Exempt Income		\$	\$	\$		
PNA	\$					
Available Income		\$	\$	\$		R=Representative Payee
Month of Adm./Disch. Exempt						Specify
Resources	SPECIFY (i.e., address)					Circle One      Yes      No

Name and Address of Representative Payee

Signature: \_\_\_\_\_ IM Worker: \_\_\_\_\_

Date: \_\_\_\_\_

Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_