



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
CN 712
TRENTON, NEW JERSEY 08625

MEDICAID COMMUNICATION NO. 94-7

DATE: March 28, 1994

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

SUBJECT: New Form PA-3L, Statement of Available Income
for Medicaid Payment

This is to advise you that form PA-3L has been revised and is to be used to report available income to offset the cost of care in an institutional setting. This communication, together with the attached instructions, is effective immediately and shall be used in lieu of the instructions issued via Medicaid Communication No. 88-31.

A line was added to the new form below "Other Income" titled "Indemnity" for listing indemnity benefits received directly by the individual or his/her representative payee. There has also been a change to the income and exemption codes. The code "C" for combined situations has been eliminated. The code "F" for foreign pension and "P" for VA Improved Pension have been added.

The revised form PA-3L must continue to be used for each Medicaid Only and New Jersey Care...Special Medicaid Programs recipient who is residing in an institutional setting. No PA-3L is required for a Supplemental Security Income (SSI) recipient.

System-generated PA-3Ls will continue to be produced under the following circumstances:

1. When an admission transaction with a valid Medicaid HSP number is submitted by a nursing facility and there is no existing PA-3L with a corresponding effective date in the system.
2. When a nursing facility submits a Turn Around Document (TAD) showing a change in income and there is no corresponding PA-3L in the system.
3. When system-wide changes occur, such as Social Security Cost-of-Living Adjustments (COLAs) or changes in the spousal maintenance standards.
4. Two months prior to the date designated for redetermination.

This system-generated form contains financial information that is currently available in the system. This does not relieve the CWA/ISS offices of their responsibility to identify and verify available income.

The 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 of either the date of admission to a nursing facility or the date of receipt of the admission document (MCNH-33).

Beginning with the 1994 system-generated Social Security COLA PA-3Ls, if a Social Security amount with the effective date of the new year is entered on a PA-3L that was in the long-term care billing system prior to January of the new year, a system-generated COLA PA-3L **will not** be created for this case. The Social Security COLA Update List will show the new amount exactly as it was entered on the PA-3L. When an amount is shown on the PA-3L for the new year, it is important that this amount accurately reflects the COLA increase.

INDEMNITY

As was stated in Medicaid Communication No. 93-2, the amount of the monthly premiums for indemnity benefit plans are exempt from consideration as available income and should be listed on the PA-3L under "Health Premium". With many of these plans, payment of premiums terminates while an individual is hospitalized or is in a long-term care facility. If and when this occurs, the indemnity portion of the "Health Premium" exemption must be eliminated from the PA-3L.

If the indemnity benefit is paid to the individual or his/her representative, rather than directly to the long term care facility, the PA-3L should indicate the monthly amount of the indemnity benefit under "Indemnity" and should annotate the insurance carrier under "Remarks".

If the indemnity is paid directly to the governmental psychiatric hospital, psychiatric extended stay hospital or nursing facility, no indication of this benefit is to be shown on the PA-3L. Instead, form TPL-1 is to be completed and forwarded to the Bureau of Third Party Liability, Division of Medical Assistance and Health Services, Mail Code #28, CN 720, Trenton, New Jersey 08625.

VA IMPROVED PENSION

For those veterans and surviving spouses of veterans receiving reduced Improved Pensions, the amount of the reduced Improved Pension is the veteran's Personal Needs Allowance (PNA), which will not exceed \$90. For those cases where reduction in benefit has been effected, the CWAs are instructed to prepare a PA-3L 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 the code "P" in the small column under the block titled "Remarks" next to the block titled "Railroad/Veteran". This will indicate to the Bureau of Claims and Accounts that an increased PNA is allowed.
3. If the veteran benefit is other than an Improved Pension, i.e., Compensation, Old Law Pension, 306 Pension or insurance, no identifier is needed as these groups of veterans are not affected by the reduction in benefits and are not allowed an increase in PNA.

MONTH OF ADMISSION EXEMPTION

For the month of admission only, an exemption may be made for all verified 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 the individual's total gross income. The verified expense shall be entered on the PA-3L in the box entitled "Month of Adm./Disc. Exempt" and must be identified as such in the box entitled "Specify". The amount listed in the block entitled "Available Income" must be reduced by the amount of this exemption. When expenses are less than the total gross income, up to \$35.00 may be deducted for PNA, to the extent that all deductions do not exceed gross income.

For an individual with a community spouse, the month of admission exemption would be calculated using the verified expenses that were paid by the institutionalized spouse from his/her own funds. For verified expenses paid from joint funds with the community spouse, only 50 percent of these expenses would be used in calculating the month of admission exemption. Any expenses that were paid from funds of the community spouse cannot be considered in calculating the month of admission exemption. If there is any income remaining after deducting the month of admission exemptions, a spousal maintenance allowance shall be calculated using the standard procedures for determining this exemption, as found at N.J.A.C. 10:71-5.7.

MONTH OF DISCHARGE EXEMPTION

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 children, or maintenance of a home exemption has been allowed for the month of discharge. If this deduction for the month of discharge is allowed, PNA may not be made for the month of discharge. The amount listed in the block entitled "Available Income" must be reduced by the amount of this exemption.

BUY-IN AMOUNT

Medicare Part B entitled individuals, who are responsible for payment of their Medicare premium for the first two months of eligibility, will be given a premium deduction for that time period. The Social Security Act requires that no one suffer a reduction in net Social Security benefits due to the

increase in the Part B premium. If the cost of living increase, in conjunction with the increase in the Part B premium, results in the decrease in Social Security benefits, the Part B premium is reduced. The amount of this Part B premium should be verified through the Social Security Administration. This variable amount should be entered in the block titled "Buy-In" and the term "reduced premium" should be entered in the "Remarks" column next to the word "Remarks".

The Part B premium can be higher than the standard premium due to a penalty that is assessed due to late filing. In these cases, the amount of the Part B premium should be verified and entered in the block titled "Buy-In" and the term "penalty premium" should be entered in the "Remarks" column next to the word "Remarks".

Medicare Part A entitled individuals, who must pay a premium and who have no eligibility history prior to admission, are responsible for payment of their Medicare premium for the first month of eligibility. Since this premium is subject to penalty for late enrollment, it should be verified for each case. These individuals do not receive Social Security benefits, therefore, the amounts of the premium should be entered in the block titled "Health Premium", if applicable. Like Medicare Part B entitled individuals, Part A premium payers who were already on Medicaid immediately prior to admission to a long-term care facility, (except SLMBs) are already entitled to Buy-in coverage and no deductions should be made.

Attached is a copy of the revised Form PA-3L (7/93), "Statement of Available Income For Medicaid Payment" and instructions for its completion. The revised PA-3L is a four-part, snap-out document with copies as identified below:

Original - Bureau of Claims and Accounts (white)
Copy 2 - Provider (yellow)
Copy 3 - CWA (pink)
Copy 4 - Recipient (goldenrod)

If you have not already received a supply or you need an additional supply of Form PA-3L(rev. 7/93), they can be obtained by forwarding a written request to:

General Services
Division of Medical Assistance and Health Services
Mail Code #27
CN 712
Quakerbridge Plaza, Bldg. 7
Trenton, New Jersey 08625

Existing supplies of the computer-generated form PA-3L(rev. 6/88) will continue to be used until they are exhausted. It is anticipated that the current stock will last for several months.

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

Please direct any questions to the Bureau of Claims and Accounts, telephone (609)588-2885.

Sincerely,



Alan G. Wheeler
Acting Director

AGW:Gg

Attachments

c: Marian E. Reitz, Director
Division of Family Development

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

INSTRUCTIONS FOR THE COMPLETION OF THE FORM PA-3L, REVISED 7/93

These instructions supersede those attached to Medicaid Communication No. 88-31.

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. The system will generate PA-3L two months prior to the redetermination date.

SSA No.: The Social Security Number as it appears on the Medicaid Eligibility File.

Elig. Eff. Date: The eligibility effective date for this HSP Number.

Print Date: The date the PA-3L is generated. The system will generate PA-3Ls on a monthly basis. When a redetermination is due, the system will generate a PA-3L two months prior to the due date. For a new admission, the system will generate a PA-3L if a claim has been processed and the CWA has not yet submitted a PA-3L which has been entered into the system. For changes in income reported by a LTCF, a PA-3L will be generated.

Line 2: HSP (Medicaid) Case Number: The 12 digit Medicaid number assigned to a recipient.

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

County: County of Supervision

Line 3 & 4: Long Term Care Facility name and address.

Line 5: SSI Status: The SSI living arrangement code and payment status (if appropriate). A "D/G CO1" status is the only living arrangement/payment status code that does **not** require a PA-3L.

LTCF Provider No. & Previous Provider No.: The seven digit number assigned to the long term care facility 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. The first column lists the categories of income and exemptions.

There are two columns under the block titled "LTCF". On system-generated PA-3Ls the larger contains the income and exemption information, while the smaller column contains the following codes:

Line 1, titled "Effective Date": (A) - new admission, (C) - change of income, (R) - redetermination, (*) - special change (ie., change in spousal maintenance deduction).

Line 12, titled "Maint./Home": (H) - Home maintenance exemption.

Line 13, titled "Maint./Spouse Dependent": (S) - Community Spouse or Dependent Maintenance Allowance.

Line 14, titled "Health Premium": (H) - Health Premium Exemption.

Line 15, titled "Available Income": (R) - Representative Payee.

It is important to note that when a code is entered in the smaller column on Line 1 titled "Effective Date" or one appears on a system-generated PA-3L, the corresponding word under the block titled "Remarks" must be circled. Example: If "A" appears under the LTCF column on Line 1, circle "Admit" under the "Remarks" column.

The column under the block titled "PA-3L #1" contains all income and exemption information reported by the CWA on the previous PA-3L, if a PA-3L is in the system. If the information 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 delete the previous income or exemptions stored in the system, a zero must be entered into the appropriate block. **Do not** leave the block blank. The effective date must also be entered into the appropriate block. This would include deductions such as health insurance premiums or maintenance of a home to which the client is no longer entitled.

The CWA must enter the following identifier/exception codes in the small column under the block titled "Remarks":

Line 1, titled "Effective Date": (A) - new admission, (C) - change of income, (R) - redetermination. **(For manual PA-3Ls only)**

Line 5, titled "Railroad/Veteran": (P) - VA Improved Pension (these cases will have up to \$90 per month PNA rather than the usual \$35).

Line 6, titled "Pension/Other Benefit": (G) - VA A & A (Veterans Aid and Attendance), (M) - married couple in the same LTCF, (F) - foreign pension.

The section titled "Representative Payee" and the signature section will be blank on a 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 first 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 individual's 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 on Medicaid Only, enrolled in the Specified Low-Income Medicare Beneficiary (SLMB) program or enrolled in the New Jersey Care...Special Medicaid Programs, with at least two months of eligibility immediately prior to admission to a long-term care facility, where appropriate, are already entitled to Buy-in coverage and no deductions should be entered. A period of less than two months of eligibility should be entered accordingly.

Medicare Part A entitled individuals, who must pay a premium and who have no eligibility history prior to admission, are responsible for payment of their Medicare premium for the first month of eligibility. Since this premium is subject to penalty for late enrollment, it should be verified for each case. These individuals do not receive Social Security benefits, therefore, the amounts of the premium should be entered in the block titled "Health Premium", if applicable. Like Medicare Part B entitled individuals, Part A premium payers who were already on Medicaid immediately prior to admission to a long-term care facility, (except SLMBs) are already entitled to Buy-in coverage and no deductions should be made.

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

HEALTH PREMIUM

If an individual pays premiums on more than one health insurance policy, the premiums should be totaled and entered in the box titled "Health Premiums". If both policy numbers will not fit under the "Remarks" column next to "Policy #", then it should be entered in the block directly below this. **Do not** enter Health Premium information on the line **above** this block.

The PA-3L examples on the following pages may be used as a guide to assist you in the proper use of the form.