

MLTSS CLIENT ALERT

March 25, 2016

TO: ALL NJ AL Medicaid Clients

ISSUE: Supplementation in Assisted Living Facilities (both ALR and CPCH)

UPDATE

We previously advised you that the state has agreed that supplementation is allowed and they published a guidance letter. However, that letter left unclear the impact of supplementation on the cost share amount. Complicating this issue is the fact that the PR-2 had no provision for this item. Even worse, there seemed to be confusion at the state and county levels.

WHERE IT STANDS NOW

The new guidance specified that the amount of \$264.33 be considered as the income amount for an individual for whom supplementation is being paid. This amount will now appear on the Personal Responsibility Form (PR-2). This amount is based on Social Security guidelines and does not represent, nor is it meant to represent, the actual amount of supplementation that facilities are permitted to contract for with resident families, etc.

At a meeting on March 23rd hosted by the New Jersey Hospital Association and featuring representatives from the state (including the new deputy commissioner, Valerie Harr) and from the five managed care organizations, a client of ours and we asked for clarity. We were told, and I have also seen emails from the state confirming this, that the \$264.33 amount will appear on the PR2 as additional revenue. We were assured that the amount would be “backed out” at the bottom so as to not affect the actual cost share.

This is, of course, would be good news. Prior to this it was unclear whether or not there was any benefit to the community. However, keep in mind that, by adding the supplementation to the income side of the PR2 it is possible that the resident will move above the threshold to the point where a Qualified Income Trust (Miller Trust) would be mandated.

However, the next day there were a series of emails between ourselves, HCANJ, NJHA and the state seeking written confirmation. The state seemed to reverse itself and responded that supplementation would impact the cost share amount, at least to the extent of the \$264.33. We are now left back where we started.

The \$264.33 amount is a Social Security designated amount used to assess the value of in-kind income in its calculation of Supplemental Social Security. As you know, the SSI amount plus a state add-on creates the room and board portion of the PR2 and the resident's responsibility.

It now appears that we need further clarification and we have formerly asked the state to provide us with concrete examples. With those we should be better able to sort through the confusion and achieve clarity.

We are also concerned, as should you be, that the County Welfare Agencies have yet to issue these "new" PR2s and that, unless existing ones are revised and reissued, there will continue to be a high degree of confusion by families, the MCOs, and representatives of the state. We have requested that the state issue clarifications and direct the CWAs to issue new PR2s.

We recommend that you reach out to the CWAs when you are faced with an "old" or incorrect PR2 and request a new one.

The state reaffirmed that supplementation is not permitted in nursing facilities.

As always, please contact our office with any questions or concerns.

Yours truly,

**Arthur N. Krauss, CPA, CGMA
President**