

Avoiding Red Ink

Utilizing Medicaid Eligibility Policies To Insure Maximum Reimbursements

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Medicare Part D

- Exceptions For Nursing Home Residents
- Assisting Resident With Choosing Right Plan
- Lowering Pharmacy Costs For Residents
- Private Insurance and Medicare Part D
- Watch For New Medicare Eligibility

Exceptions For Nursing Home Residents

- Nursing home residents without Medicare cannot enroll in Part D plans.
- Individuals who enter nursing homes may enroll into, change or dis-enroll from Medicare, Medicare Advantage or Medicare Part D any time from the date of admission until the two months after discharge from a nursing home.

Non-Medicare Residents

- Prescription drugs are covered by Medicaid for Medicaid eligible residents who do not have Medicare coverage (SSI only/VA/SSA Disability)
- Residents who will become eligible for Medicare should be assisted with Part D enrollment three months before Medicare begins.

Assisting Residents With Plans

- Enrollment/Change must be resident's choice!
- Plan of choice should be best plan for the resident, not pharmacy's favored plan.
- Medicare website should be used

Lowering Pharmacy Costs

- Check plans of private pay residents to insure resident is on best plan
- Private pay residents with incomes below \$993 (QMB) or \$1187 (SLMB) should consider applying for Medicaid assistance
- Check plans month before Medicaid eligibility is anticipated.

Medicare Advantage

- Disenrollment can be achieved by:
 - A. Contact Plan Directly
 - B. Enroll into Part D plan (if MA includes Part D coverage)
- Use extreme caution if considering disenrollment for short term resident

Medicare Supplements

- Sold by letter of the alphabet: A, B ,C ,D, F, G, M, and N.
- Plans are standardized by the govt.
- Only difference in plans of same "letter" is price.

- Medicare supplement types A and B do not pay SNF coinsurance charges.
- Medicare supplement types C, D, F, G, M, and N pay SNF coinsurance charges.
- Medicare supplement type K pays 50% SNF coinsurance charges.
- Medicare supplement type L pays 75% SNF coinsurance charges.

- If a company sells a type "A" policy, they must also sell a type "C" or "F" policy.
- BCBS C+ is a type B policy...no SNF coinsurance coverage.
- BCBS Plan F is a type "F" policy. Pays SNF coinsurance.

- Use caution when suggesting that a resident switch from C+ to Plan F!
- 1) Costs can be significantly higher, as much as \$50 per month, depending on age of resident.
 - 2) While resident CAN change back to C+ when returning home, they will have to return to C+ with premiums based on current age. Costs can increase up to \$31/mo.

- Long Term Care Insurance**
- Resource protections available for individuals whose long term care insurance paid for care for institutionalization or home health services.
1. Policies purchased prior to 3-1-09
 2. Policies purchased after 3-1-09

LTC Insurance Prior to 3-1-09

- Medicaid will exclude the equivalent to the amount of long term care insurance benefits payments:
 1. When LTC insurance covered at least first three years of institutionalization and/or home health care.
 2. Protected amount will be equal to payments made by LTC policy.

3. Exclusion of LTC benefits is for the life of the purchaser provided he/she maintains obligations of LTC policy.
4. When Spousal Impoverishment rules apply, LTC insurance payment protection ***in addition to*** amount protected for CS in resource protection and \$2000 allowed for NH resident.
5. LTC protected assets must remain in institutional spouse's name.
6. Subject to transfer of assets rules.
7. Subject to Medicaid estate recovery.

**LTC Partnership Policies
(Sold after March 1, 2009)**

- These LTC policies have been sold in Alabama beginning 3-1-2009
 1. Meet certain requirements outlined in deficit reduction act of 2005.
 2. Contains consumer protection and inflation provisions.
 3. Resources disregarded for whatever amount paid by LTC partnership policy for any length of time in any

- 4. LTC policy protected resources are not part of spousal assessment.
- 5. Transfer of assets rules apply.
- 6. Resources protected under LTC partnership policy provisions are **NOT** subject to estate recovery.
- 7. No 3 year wait to apply. Can apply at any time with asset protection allowed for whatever amount LTC policy has paid.
- 8. LTC insurance premium for both LTC and LTC partnership policies are deductible in post eligibility.

CAUTION!

If your resident has long term care insurance and is certified for Medicaid, any LTC insurance payments paid directly to the resident count as income and will often generate the need for a QIT.

LTC payments should be assigned to the NH if resident is Medicaid eligible.

NURSING HOME LIENS

- Resident must be in agreement to execute lien for NH.
- Resident must owe money to NH.
- Most beneficial if property is on market for sale.
- Must be filed **BEFORE** Medicaid lien.

Qualifying Income Trusts

- QIT's are needed when the resident's gross monthly income exceeds the Medicaid income limit.
- Income placed into the QIT account is disregarded when comparing the resident's countable income to the Medicaid income limit.

- Resident does not need to place ***all*** sources of income into QIT.
- Most of VA pension check is excluded when comparing income to the Medicaid income limit and will not trigger need for QIT.
- NH should be diligent in verifying GROSS income.

- If sponsor's POA was executed **AFTER** January 1, 2012 and does not contain specific language which allows POA to open/manage QIT account, he/she may not be able to open account.
- Retired State Employees and Retired State Teachers can request reduction of income through prior COLA reduction. May not need QIT if income can be reduced enough.

- If **no** bank will open QIT account, a second resident account at the facility can be used as QIT.
 - (1) Must contain language in title of account which meets Medicaid requirements.
 - (2) Must be monitored carefully. Mistakes on part of NH staff can violate terms of QIT and cause QIT to be deemed inoperative.

- How can funds in QIT be used?
 - (1) Can be used only for the nursing home resident's proper health, support and maintenance.
 - (2) Should be used **FIRST** to pay NH liability amount.
 - (3) If money builds up in account the build up of funds can be used for such things as house payments, attorney fees, income tax on trust or normal living expenses.

- What types of expenditures are not allowed? Here are some examples:
 - (1) Cannot pay life insurance premiums.
 - (2) Cannot pay funeral expenses.
 - (3) Cannot make gifts to others.
 - (4) Cannot make loans to others.
 - (5) Must be used **ONLY** for liability amount and personal needs of resident.

- Whether in a bank or an account at the facility, liability amount should be collected timely each month.
- At resident's death Medicaid will allow payment of liability amount for month of death, but will not allow the trustee to pay unpaid liability amounts for prior months.
- At resident's death all monies remaining in QIT account should be sent to Medicaid.

- Alabama Family Trust**
- Special Needs Trust for Individuals with disabilities.
 - Purpose is to provide means to improve quality of life of the disabled beneficiary without jeopardizing current or future eligibility for means tested benefits such as SSI and Medicaid.
 - Assets placed into the AFT are excluded by Medicaid and other PA programs.

- Assets placed into the trust can be used for such things as:
 - (1) Pre-need burial
 - (2) Non-covered Medical
 - (3) Clothing
 - (4) Phone, Cable, Internet
 - (5) Tuition, books, tutoring
 - (6) Computer, TV
 - (7) Payment of NH bill during penalty period.

- How can sponsor/resident set up AFT?
www.alabamafamilytrust.com
- What is the minimum deposit?
\$1500, of which \$750 will be charged as a set up fee.
- Can additional money be added to AFT at a later date? Yes

- Medicaid Income Offset**
- Allows resident to keep money each month to pay **unpaid** medical expenses.
 - Three separate areas:
 - (1) Unpaid Medical Expenses
 - (2) Private Insurance Co-payments and deductibles
 - (3) Non-covered Part D Drugs

- Filing Limits:
 - (1) For **active cases**, offset request must be submitted to Medicaid within six months of the date of service.
 - (2) For **new awards**, offset request must be submitted within six months of the date on the award notice and can cover unpaid medical expenses which were incurred anytime between the award date back to three months prior to date of application.

- Bills must remain unpaid in order to be considered for income offset allowance.
- Cannot use offset for bills owed due to transfer of assets penalty.
- Cannot use offset for uncollected patient liability amount.
- NH staff can help, but must have apt. of rep. form.

- Nuts and Bolts**
- Patient Funds at Resident's death/
Medicaid Estate Recovery
 - Reverse Mortgages
 - Tax Sales/Foreclosures
 - Medicaid Liens

- Handling Resident Account Funds At Death Of Resident**
- Use of Administrator of Estate Designation form.
 - Credit balances at death of resident.
 - Other credit balances.

Medicaid Estate Recovery

Applies to Alabama Medicaid recipients who at time of death:

- Were in a nursing facility, intermediate care facility for people with intellectual disabilities or other medical institution (includes Medicaid waiver cases).
- Were 55 or older when received Medicaid covered services.
- Had a special needs trust.

What is an "estate"? All real and personal property and other assets as defined by Alabama Probate Law (bank accounts, vehicles, cash and personal property are examples.

How much can be recovered by Medicaid?
Up to the total amount spent by Medicaid on the recipients behalf.

When to notify Medicaid? Within 30 days of death

Reverse Mortgages

- Monthly payments received from reverse mortgages are ***not income***. They are a resource. AFT may be needed.
- Lump sums withdrawn from RM account are not income.
- Main area of concern to NH's is how monies received from RM were used...possible transfer penalties.

Foreclosures/Tax Sales

- Formal foreclosure proceedings should not be problematic. Must provide Medicaid with verification of foreclosure.
- Tax sales can be devastating to both resident and NH as can generate termination due to excess resources (loss of intent to return home exclusion). Facility should remind families that taxes will have to be kept current.

Medicaid Liens

- No liens taken if property is home for spouse, disabled child or child under age 21, or if it is home for sibling with equity interest who has lived there for at least one year prior to resident's admission to facility.

- If resident returns home lien will be released after 5 days.
- As long as NH resident is alive and maintains ownership of property, the state cannot foreclose on lien unless property is sold or transferred, or when resident dies.
- If there was no lien, property could still be subject to estate recovery.
- Upon resident's death Medicaid will offer the family the opportunity to redeem property. No redemption....foreclosure.
