

A L E R T

August 20, 2014

TO: Nursing Home Providers

RE: Handling Funds Following the Death of a Medicaid-Eligible Resident

NOTE: THIS ALERT REPLACES THE ALERT DATED NOVEMBER 21, 2013

The purpose of this alert is to clarify the procedures associated with handling funds following the death of a Medicaid-eligible nursing home resident. 42 CFR § 483.10(c)(6), the Medicaid Administrative Code 560-X-10.-14(3)(f) and 560-X-22-.25(5)(e) and the Social Security Administration Guide for Representative Payees require that nursing homes, upon the death of a resident, release any funds being held at the facility in the resident's name to the individual or probate jurisdiction designated to administer the deceased resident's estate. Attached to this alert is a newly developed **Administrator of Estate Designation Form** which will provide a resident the opportunity to designate who should receive the remaining personal funds. Upon the death of the resident, the completed form in the patient's record will allow a nursing home facility to turn over any remaining funds to the designated Administrator of the Estate. The designated administrator may utilize these funds for the payment of burial expenses or for some other use; however, the administrator should be made aware that any remaining funds left to the estate may be subject to Medicaid estate recovery, pursuant to 42 USC § 1396p.

In an effort to ensure that all Alabama nursing home facilities are in compliance with the existing rules and regulations and these new procedures pertaining to the handling of the funds of deceased residents, the following instructions are being provided:

A. Resident Trust Funds:

1. If the deceased resident has resident trust funds remaining at the nursing home, those funds may be turned over promptly to the individual handling the estate of the deceased resident. In the absence of a letter of administration issued by the probate court identifying the legal representative, a properly executed Administrator of Estate Designation Form signed by the Medicaid recipient or their Power of Attorney may be used. Medicaid will make the Administrator of Estate Designation Form available to all facilities for use during the nursing home admissions process. No licensee, owner, administrator, employee, or representative of a long term facility shall be named as a beneficiary to such funds, unless that individual/intended beneficiary is the resident's next of kin.
2. If there is no administrator as designated by the probate court or a completed Administrator of Estate Designation Form, the facility must adhere to Medicaid Administrative Code 560-X-22-.25(5)(e).

***Effective September 15, 2014, nursing home facilities shall maintain documentation regarding the disbursement of any deceased resident funds. This documentation should include the resident's name, Social Security number, the person or entity to which payment was made, and the amount of funds submitted should be forwarded to the attention of the Estate Recovery Unit of the Third Party Division. To satisfy this requirement, nursing homes may choose to fax the completed Administrator of Estate Designation Form to the Alabama Medicaid Agency at 334/353-4820 at the time the funds are disbursed.**

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B. Credit Balances (Other than resident trust funds):

Upon the death of a resident, the facility must determine if a credit balance exists on the facility's financial records and promptly convey the funds to the proper source:

1. Credit balances owed to Alabama Medicaid occur when a provider's reimbursement for services exceeds the allowable amount or when the provider receives payments from multiple parties for the same service. Facilities should review invoice records for credit balances and should be reconciling any identified overpayment with Medicaid. Pursuant to 42 CFR § 433.139, the Alabama Medicaid Agency is the payer of last resort. Any credit balance on the nursing home account resulting from an excess payment, as a result of patient billing or claims processing error, must be refunded to Alabama Medicaid Agency. Accordingly, the Medicaid Provider Agreement section 1.3.6 states, "Provider must refund to MEDICAID any overpayments, duplicate payments, and erroneous payments which are paid to Provider by Medicaid as soon as the payment error is discovered." When sending the credit balance information, the facility must provide the resident's name and Social Security number along with the funds to the attention of Estate Recovery.
2. Other credit balances:
 - a. When the resident passes away, payments received from Social Security, Veterans Administration, Pension Funds, etc. are considered an overpayment and must be returned to the Social Security, Veterans Administration, Pension Funds, etc. at once. Examples of overpayments and timing of Social Security and SSI payments are available at the following link: [Social Security - Guide for Organizational Representative Payees - Table of Contents](#)
 - b. Any out-of-pocket payments by a family member for non-covered services may be refunded to the individual who made the payment on behalf of the resident. Refunds to the family member for non-covered services would be limited to the month of death and the amount prorated from the date of death.

If you have any questions regarding this matter, please contact Codie Rowland at 334-242-5652 or codie.rowland@medicaid.alabama.gov or Teresa Dunbar at 334-242-5311.

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Administrator of Estate Designation Form

Be it known to all, that I, _____ (*Print Name of Resident*), a resident of _____ (*Print Name of Facility*), hereby declares and designates that _____ (*Print Name of Beneficiary*), an adult next of kin, who resides at _____ (*Print Address of Beneficiary*), shall receive all monies held in my personal trust account held at said facility, if any, at the time of my death. If the above named adult next of kin predeceases me in death, I declare and designate that _____ (*Print Name of Beneficiary*), an adult next of kin, who resides at _____ (*Print Address of Beneficiary*), receive all monies held in my personal trust account.

By my signature below, I further declare that I am competent to execute this document and have done so voluntarily, free of undue influence, coercion, or duress of any kind. I further state that I have the right at any time to modify this form and designate another adult next of kin to receive the monies held in my personal trust account. I understand that my estate may be subject to recovery of any funds expended by Medicaid pursuant to federal regulation 42 USC § 1396p.

 (*Signature of Resident*)
 Resident

 Date

S.S.N. of Resident
 Social Security Number

 Witness

 Date

 Witness

 Date

FOR FACILITY USE ONLY:

Total Funds Distributed: _____ Date of Distribution: _____

Sent to: _____

Address: _____

Fax completed form to the Alabama Medicaid Agency/Estate Recovery Unit at 334/353-4820 **and** provide a copy of this form to the beneficiary of the funds in order to inform them of potential estate recovery.