



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
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Lt. Governor

JOHN R. GUHL
Director

MEDICAID COMMUNICATION NO. 10-07

DATE: November 5, 2010

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

SUBJECT: Post Eligibility Treatment of Income for Pre-Eligibility
Medical Expenses (PEME)

As discussed at several Medicaid Supervisors meetings, this Medicaid Communication is issued to address the attached State Plan Amendment (SPA) approved by the Centers for Medicare and Medicaid (CMS) effective January 1, 2010. This SPA allows the post eligibility treatment of income rules to be applied when an individual has incurred necessary Medical or remedial care expenses prior to eligibility being established.

An income adjustment may be made on the PR-1 (Statement of Available Income For Medicaid Payment) allowing for necessary medical expenses recognized by State law and incurred during the retroactive period (three months prior to the date of the eligibility determination) or, during the period of eligibility, to be deducted from the individuals available income prior to determining the amount of income used to offset the cost of care using those rules found in N.J.A.C.10:71-5.7 regarding post eligibility treatment of income. The amount of the monthly PEME deduction shall be entered in the box marked "other". After all other allowable deductions, the total cannot exceed the available monthly gross income. The PEME income deductions may be spread over as many months as needed to pay these allowable medical expenses.

The income adjustment allowed is limited to the Medical Assistance fees (Medicaid rates for applicable services) in effect on the date of service. If no Medical Assistance fee exists and the medical service is necessary and recognized under State law, the income adjustment will be limited to the least of billed charges, the fee under the largest commercial plan in New Jersey or 80% of the Medicare fee schedule. Room and board would be a covered medical expense when incurred in a skilled nursing facility (SNF) placement but only allowed at the Medicaid rate. Room and board services are not a covered medical expense when the facility or placement is not a SNF.

An income adjustment is allowed only after the bills are submitted to all third parties responsible for payment of those bills such as, but not limited to, other health insurance, including Medicare, prepayment health plans, workers compensation and auto insurance. Per regulations, the New Jersey Medicaid program will allow the supplemental amount after payment by a third party, but the combined total paid to the provider shall not exceed the total amount payable under the Medicaid program.

Medical expenses incurred during a transfer penalty period are **not** allowed, regardless of when they were incurred. In addition, any amount of Medicaid expenses for dates of service prior to the retroactive period will be disallowed.

If you have any questions regarding this Medicaid Communication or if PEME is being requested for cases with an eligibility date prior to January 1, 2010, please refer them to the Division's Office of Eligibility Policy field service staff for your agency at 609-588-2556.

Sincerely,



John R. Guhl
Director

JRG:E
Attachment

c: Jennifer Velez, Commissioner
Department of Human Services

Kevin Martone, Deputy Commissioner
Department of Human Services

Joseph Amorosa, Acting Director
Division of Disability Services

Jeanette Page-Hawkins, Director
Division of Family Development

Kenneth W. Ritchey, Assistant Commissioner
Division of Developmental Disabilities

Allison Blake, Commissioner
Department of Children and Families

Poonam Alaigh, M.D., Commissioner
Kathleen M. Mason, Assistant Commissioner
Patricia Polansky, Assistant Commissioner
Department of Health and Senior Services

OFFICIAL

Revision: HCFA-PM-85-3 (BERC)
May 1985

Supplement 3 to Attachment 2.6-A
Page 1
OMB No. 0938-0193

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: NEW JERSEY

REASONABLE LIMITS ON AMOUNTS FOR NECESSARY MEDICAL OR REMEDIAL
CARE NOT COVERED UNDER MEDICAID

Effective January 1, 2010, the following policy applies to post eligibility medical deductions.

A deduction of any amount of medical expenses for dates of service before the three month retroactive period associated with the month of Medical Assistance application is disallowed.

For necessary medical expenses recognized under State law and incurred during the retroactive period or during a period of eligibility, the income adjustment is limited to the Medical Assistance fees in effect on the date of service. If no Medical Assistance fee exists and the medical service is necessary and recognized under State law, the income adjustment will be limited to the least of the billed charge, the fee under the largest commercial plan in New Jersey or 80% of the Medicare fee schedule.

The deduction for medical and remedial care expenses that were incurred during or as the result of imposition of a transfer of assets penalty period is limited to zero.

TN No. 10-02
Supercedes
TN No. 85-7

Approval Date: JAN 24 2010
Effective Date: JAN 01 2010

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