

New Jersey Department of Human Services
INSTRUCTIONS FOR COMPLETING THE
PATIENT PAY LIABILITY WORKSHEET PR-2

BACKGROUND

What is Patient Pay Liability?

The Managed Long Term Services and Supports (MLTSS) services of Assisted Living (includes licensed Assisted Living Residence (ALR) and licensed Comprehensive Personal Care Homes (CPCH)) and Adult Family Care (AFC) require that the “available income” of Medicaid participants receiving home and community-based services be applied against the cost of care.

Who is Affected?

Participants whose income is Supplemental Security Income (SSI) will not have Patient Pay Liability calculated by the County Welfare Agency (CWA) or Board of Social Services (BSS) because their income will be the sum total of the Room and Board amount and Personal Needs Allowance (PNA). Their PR-2 will be calculated by the state.

Assisted Living and Adult Family Care service providers will receive a reduced payment from the participants Managed Care Organization (MCO) by the amount of the individual’s Patient Pay Liability. MLTSS participants are responsible to pay the provider the Patient Pay Liability calculated by the County Welfare Agency (CWA) or Board of Social Services (BSS), in addition to any Room and Board charge.

How is the County Welfare Agency (CWA/BSS) Involved?

The CWA/BSS shall explain the PPL requirement to each newly enrolled MLTSS participant living in an assisted living facility, the representative (if one exists), and any other person who may be assisting with the participant’s finances. This explanation should include the responsibility of the participant to retain their Personal Need Allowance, and the responsibility of the participant to pay the Room and Board as well as any applicable PPL directly to the provider. The explanation should also include the date the first payment will be due, the responsibility of the participant to promptly inform the CWA/BSS of changes in income and permitted deductions, and to provide verification of income and deductions upon request.

The CWA/BSS is responsible for preparing all Patient Pay Liability Worksheet (PR-2) for assisted living residents. The PR-2 must be completed at the time of an initial application, at the time of financial redetermination, and if there is a reported change in income. The CWA/BSS reviews the the participant’s total monthly income and for information on possible allowable deductions to assist in the determination of the participant’s available income subject to PPL. There is **no** PPL due for the **first** month that a participant is enrolled and receives assisted living MLTSS services.

Once completed, two copies are to be made and distributed, the AL/AFC service provider shall be given the original PPL form (PR-2). A copy of the PR-2 shall be given to the participant/representative by the CWA/BSS and a copy is to be retained in the participant’s file at the CWA/BSS/BSS. A third copy may be requested for the participant’s authorized representative/guardian. **NOTE:** If the assisted living MLTSS participant receives services for less than a full month, the cost of services may be less than the amount of the PPL.

When updating the financial redetermination and PR-2 Worksheets, a standardized letter by the CWA/BSS can be sent to MLTSS participants receiving assisted living services, or their representative/guardian to ascertain updated financial information for the next calendar year’s PPL calculations. The resident and/or appropriate party should be advised to report ALL changes in income, assets, and deductions. If there are any changes in income, the

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resident and/or their appropriate representative party should contact the County Welfare Agency/Board of Social Services or Regional Office of Community Choice Options (OCCO) to discuss possible effects on participant eligibility.

DIRECTIVES

- County Welfare Agencies (CWA) or Board of Social Services (BSS) are responsible for completing, reviewing and updating Patient Pay Liability Worksheet (PR-2).
- Patient Pay Liability (PPL) Worksheets (PR-2) are updated annually and reviewed/revise as necessary, but at least every twelve months.
- CWA/BSS workers are to inform the participant of the amount the participant is responsible for paying (Room & Board and Cost Share) to the Assisted Living Facility (ALR and CPCH)/Adult Family Care Sponsor Agency.
- CWA/BSSs are to give the original Patient Pay Liability (PR-2) to the Facility/Agency as advisement of the amount that is owed to the provider directly from the participant and copies to the participant and, if requested, the authorized representative/guardian. A new PR-2 is given to each party every time it is reviewed/revise or at the time of financial redetermination.
- CWA/BSSs are to use monthly amounts in the Patient Pay Liability Worksheet (PR-2). The standard deductions used in this form were effective **January 2014**. Updated Patient Pay Liability Worksheet Instructions are distributed annually when Federal standard deduction amounts are issued. Allowable standard deductions that may change the amount of Patient Pay Liability include:
 - (1) Room and Board Rates (January)
 - (2) Personal Needs Allowance (January)
 - (3) Spousal Deduction (July)

INSTRUCTIONS FOR COMPLETING THE PR-2 Worksheet

1. Enter the full Name (first and last) of the participant.
2. Enter the 12-digit Medicaid number of the participant.
3. Enter the name of the Assisted Living Facility or Adult Family Care Agency.
Indicate whether the Facility/Agency is an:
 - Assisted Living Residence (ALR)
 - Comprehensive Personal Care Home (CPCH)
 - Adult Family Care (AFC)
4. Enter the County in which the participant resides.
5. Enter the effective dates for this Patient Pay Liability, PR-2.

INITIAL PATIENT PAY LIABILITY: (Income paid to facility for enrollment month only)

This section of the Patient Pay Liability Worksheet (PR-2) is completed **only** for the first month that Cost Share is calculated for newly enrolled Medicaid MLTSS participants. The PPL amount for the first month of enrollment in the MLTSS service is zero (\$0). CWA/BSSs, however, are required to complete the rest of the same PPL Worksheet for the initial month and all subsequent months of enrollment.

If the PPL is not for the initial month of enrollment, check N/A.

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6. For the amount due to the facility/agency, for the Initial Month Only, enter the month, day and year the participant was enrolled in the MLTSS program.
- 6a Enter the amount of the calculated room and board for the enrollment month. If the participant enrolls in MLTSS and resides in, or moves to, the facility after the first of the month, the Room and Board cost will be pro-rated.

Again, the PPL amount for the first month of enrollment in MLTSS program is zero (\$0).
 - 6b Enter the Total amount the participant is to pay directly to the Facility for the month of enrollment.

MONTHLY PATIENT PAY LIABILITY: (Income paid to facility after month of enrollment)

7. Enter the participant's Monthly Gross Income. Income shown should be the amount verified by the County Welfare Agency (CWA) or Board of Social Services (BSS) on the Long Term Care Referral Form (CP-2).
8. In each line (8a-8f) indicate the amount of the applicable 'Allowable Deduction.' Enter \$0 if the participant does not qualify for the deduction.

Note: There must be receipts to document all Allowable Deductions except for Room & Board and PNA. Acceptable documentation includes receipts issued by vendors, money orders, cancelled checks, bank statements, and/or a letter from a vendor signifying an automatic debit to a participant's bank account.

The CWA/BSS shall not authorize a deduction from income for payments made for any Medicaid covered service. For example, an office visit to a physician who is not Medicaid-enrolled, out-of-pocket purchase of a walker, or out-of-pocket purchase of diapers would not be an Allowable Deduction because these are services that would have been covered by Medicaid.

The CWA/BSS shall authorize only the following deductions from income in determining a MLTSS participant's PPL. Actual out-of-pocket expenses for the following:

- 8a **PNA** (personal needs allowance) for year calculating, for 2014: - enter **\$107.00**
The PNA amount is announced by DoAS and based on the allowance calculated by the New Jersey State Department of Human Services. It is indexed annually to the Social Security cost-of-living. The PNA is distinct from PPL. PNA should not be used in order to pay for AL services covered by Medicaid and participant PPL.
- 8b **Room and Board** for year calculating, for 2014:
ALR/CPCH participants - enter **\$764.05**
AFC participants - enter **\$645.25**
- 8c Enter the monthly amount paid by the participant for a **Medical Insurance** policy including third party medical insurance premiums, deductibles, and coinsurance.

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If the MLTSS participant pays health insurance, the amount of the insurance premiums shall be deducted. If the premium is billed other than monthly, the amount of the premium shall be prorated and deducted accordingly. Allowable deductions should be prorated for 12 months unless otherwise noted.

If the insurance premium covers other individuals in addition to the MLTSS participant, only that portion of the premium attributable to the MLTSS participant shall be deducted.

- 8d For newly enrolled participants, enter the **Medicare Part B Premium** amount paid by participant, if any. Note: As a Medicaid beneficiary, a MLTSS participant in assisted living is eligible to have his or her Medicare Part B monthly premium paid by Medicaid. For persons who were receiving Medicaid in the community, this adjustment will likely already have taken place. For persons *new to Medicaid*, there will be a ‘buy-in’ of Medicare benefits. Although the buy-in is *effective* as of the enrollment date for those on SSI and two months after the enrollment date for all other participants, this buy-in typically takes about 1-2 months. The participant will be reimbursed for Part B premium payments after the required two-month Medicaid enrollment.

During the time buy-in is being processed, the participant’s PPL Worksheet (PR-2) will need to reflect that the MLTSS participant is still out-of-pocketing the Medicare Part B premium cost. This is necessary because the income paying for the premium is unavailable as PPL. When the buy-in is complete, the participant will receive a reimbursement check for the money out-of-pocketed for Part B premiums while he was Medicaid eligible. When that reimbursement money is received, the PPL for that month should reflect this additional lump sum of income. This lump sum of retroactive money will be in a separate check.

A participant must be advised to notify the CWA/BSS when the Medicare buy-in has occurred. If the CWA/BSS has not been notified by the time of the next financial determination, he/she should check with the MLTSS participant and then contact Mr. Charles B. Vella at 609-588-3077 or e-mail him at: mahs.emu@dhs.state.nj.us to check on the status of the Medicare buy-in. If calling and Mr. Vella is unavailable, you can call the Medicaid Hotline at 1-800-356-1561 for assistance.

Once the buy-in has occurred, the cost of the Medicare premium is no longer an allowable PPL deduction. If it has not occurred, the CWA/BSS should continue to deduct the Medicare premium from the PPL.

Specified Low Income Medicare Beneficiary (SLMB) and Cost Share:

If a participant is Medical Assistance Only (MAO) or NJCare, the CWA/BSS should ask if they are a SLIMB recipient. SLIMB is the government program for individuals with income greater than 100% and less than or equal to 120% of the Federal Poverty Level (FPL) and for SLMB Q1, income up to 135% of FPL. Medicaid pays either all (SLIMB) or part of (SLMB Q1) the Medicare Part B premium for qualified individuals. CWA/BSSs need to be aware if the MLTSS participant is a recipient of this program so that the PPL reflects no or partial out-of-pocket payment for the Medicare Part B premium. If MLTSS participants receive SLMB benefits, Medicaid is already paying for Medicare Part B.

Similarly, if a MLTSS participant was receiving regular community Medicaid benefits prior to enrolling in the MLTSS, then his Medicare Part B premium is likely already being paid by Medicaid. Therefore, no PPL deduction allowance would be necessary.

To verify the SLMB status of a participant, the SLMB unit can be contacted at 609-588-7281.

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- 8e Enter the total amount of **Medical Expenses** paid each month by the participant. This is calculated using the box below. Note: Copies or documentation of a doctor’s order and receipts/prescriptions/proof of payment must be submitted to the CWA/BSS. Over-the-counter Medications and Vitamins: These items are not covered by Medicaid but are permissible deductions from PPL. In order to receive a deduction in PPL, MLTSS participants must present receipts for all prescribed over-the-counter (OTC) medications and vitamins they have purchased. These receipts can be held, “bulk processed” and reconciled at the annual financial redetermination and PR-2 review.

Either a physician’s prescription *or* documentation in the participant’s facility file including prescriber’s name, the date and the initials of the party making the documentation suffice as proof of an OTC being prescribed. With this flexibility, OTC medications called-in by a physician or nurse practitioner, etc. would qualify for the PPL deduction.

Itemized Medical Expenses – Line 10e	
i.	Enter the monthly amount of payments being paid by the participant for past medical/dental services rendered prior to Medicaid eligibility. This does not include debts to the AL/AFC facility accrued prior to MLTSS enrollment.
ii.	Enter amount for any over-the-counter medications/vitamins, supplies, and/or present medical services prescribed by a physician, not covered by Medicaid or another third party payer, and for which there are receipts. The costs are averaged and projected for six months, until the next PR-2 review or as needed.
iii.	Enter the TOTAL of lines i and ii in the box and enter this figure on line 10e .

- 8f. Enter any **Other allowable** deduction, as per protocols, manuals, and policies, for the participant such as:
 - Guardianship fees - Note: A Power of Attorney is not equivalent to a court-appointed guardian, and proper documentation of guardianship should be maintained in the participant’s file. If a guardian is appointed by the court for an individual adjudicated incapacitated to make decisions about his property, his person, or both, the expense of maintaining guardianship is a permitted medical expense. A 6% income commission for guardians is allowed by Statute (Title 3B of NJ Statutes PL 1989 c. 248, effective 1/2/1990). While the Statute is silent on any waiving of the fee, the Office of the Public Guardian has opted to waive the commission for individuals receiving Supplemental Security Income (SSI). If the guardian is court appointed from the private sector, he is bound by the Statute. The guardian may also claim other fees of up to \$100 a year without court approval. Any amount in excess of the \$100 fee is subject to court approval. Because a person who has been declared incapacitated cannot legally receive income, the guardians’ fee is considered a cost of obtaining the income and is deducted in the post-eligibility treatment of income calculated by the CWA/BSS. CWA/BSSs must obtain a copy of the “Letters of Guardianship” from the person that identifies him or herself as a guardian before it is permissible to deduct any guardian’s fee from the PPL amount. If the individual is a SSI beneficiary and has a Public Guardian, there will be no commission paid and therefore, no deduction is reported on the PR-2. In all other instances, the commission paid to a guardian, as allowed by Statute or set by the court, is an allowable deduction to be subtracted from an individual’s PPL.

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- ❑ Basic phone connection cost - Only if an ALR or CPCH employs an Emergency Response System (ERS) that requires telephone service would the cost of the basic monthly phone connection be an allowable deduction. One receipt is sufficient to determine the standard monthly deduction; if the standard monthly charge changes, the participant should present a new receipt in order to have the Cost Share deduction adjusted. Any and all call charges remain the participant's responsibility and are not an allowable deduction.
- ❑ Spousal Maintenance Deduction - If participant has a spouse living in the community, the spouse may be eligible for spousal support. There are two distinct ways that income is handled in MLTSS. One is in the eligibility process and the other is in calculation of PPL. Individual income and a couple's asset/resource eligibility are determined by the County Welfare Agencies/Boards of Social Services. The CWA/BSSs, are responsible for the post-eligibility treatment of income of MLTSS participants in AL/AFC. This means that if a MLTSS participant has a spouse in the community, there may be a spousal allowance deduction on the PR-2 Worksheet. Note: The Community Spouse Resource Allowance changes in January, the Basic Community Spouse Deduction changes in July, and the Standard Utility Allowance changes in October.
- ❑ Court Ordered Child Support – Child Support ordered by a Court is an allowable deduction for individuals in Assisted Living or Adult Family Care. Since this deduction is addressed in the post-eligibility treatment of income, the CWA/BSS includes the Court ordered amount as an allowable deduction in the *8f. Other* section of the PPL Worksheet (PR-2).

Note: MLTSS eligible individuals **must** always retain enough income for their own Personal Needs Allowance and Room & Board. Income that exceeds that amount is available for the support of the community spouse. If the MLTSS eligible individual does not have sufficient income to provide for payment of the allowable spousal deduction once Room & Board and PNA are paid, assisted living facility enrollment/placement may not be the most suitable arrangement.

9. Enter the total of all the ALLOWABLE DEDUCTIONS (lines 8a through 8f).
10. Enter the amount of PPL that the participant is responsible for paying to the Facility/Agency every month. To calculate this number, the CWA/BSS must subtract the amount of Total Deductions on line 9 from the Gross Monthly Income amount on line 7. The result is the Patient Pay Liability.
11. The CWA/BSS and Facility/Agency are to remind the participant of his or her responsibility to pay the Facility/Agency for both Room & Board and PPL.
Enter the total monthly amount for which the participant is financially responsible (calculated by adding the Room & Board 'Line 8b' and the amount of the PPL 'Line 10').

REVIEW OF PATIENT PAY LIABILITY AMOUNT

- The Patient Pay Liability (PR-2) shall be completed at least annually. It shall be completed *more frequently* for any month when one or more of the following events occur.

Events necessitating recalculation of the PR-2

- ❑ The MLTSS participant's income changes, including the increase after Medicare buy-in takes place.

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- ❑ A retroactive payment from Social Security is received because of the Medicare buy-in. The retroactive payment is considered income for the month it is received.
- ❑ There is an announced change in the Personal Needs Allowance and Room & Board.

Except as noted above, the CWA/BSS is not required to complete a PR-2 *each* month. In addition to the minimum of an annual PR-2, the CWA/BSS may need to calculate additional PR-2s when any of the events listed above has occurred, such as change in income.

- A participant's PPL will be reviewed and revised by the CWA/BSS, as necessary, but at least annually. A new PR-2 will be completed at a minimum of once per year, usually at the time of financial redetermination. The PR-2 may be completed more frequently for any month in which there is a change in the participant's PPL or an allowable deduction.
 - Indicate whether the PR-2 Worksheet is being revisited due to an annual review or for another reason.
12. Patient Pay Liability: Indicate if the PPL amount remains the same or the PPL amount has changed, which then requires a new PR-2 to be completed.
13. If the PPL amount remains the same, enter the dates to and from which this PPL will continue to be effective.