

Petitioner began receiving MLTSS benefits on September 1, 2022. R-1. By letter dated August 30, 2024, Petitioner was informed that she was required to complete and return a renewal application no later than September 29, 2024. P-C. Union County made specific requests for information to include Petitioner's 2024 Horizon Medigap Plan J and Horizon RX Enhanced Insurance Premium Statements. Ibid. Petitioner provided all documentation requested and on November 22, 2024, Union County determined that Petitioner was eligible for Medicaid with an effective date of November 1, 2024. P-A. According to the evidence, Petitioner was receiving hospice care and passed away on February 18, 2025. R-2, R-3. On March 5, 2025, M.R. became the Executor of Petitioner's estate. P-D, Exhibit D. M.R. sought to have the unreported cost share amounts corrected which M.R. reports should have been approximately \$1100 rather than \$1576. P-E, Exhibit C.

The Administrative Law Judge (ALJ) determined it is undisputed that Petitioner paid the premiums for the months in question and that those premiums were timely reported to Union County. ID at 5. The ALJ also determined that Union County "inadvertently and erroneously failed to include both insurance premium payments on the PR-1 Available Income Statement." Ibid. Further, the ALJ determined that neither DMAHS nor Union County conducted a recalculation of Petitioner's cost share for the period in question and that Petitioner was alive and residing in the nursing facility. Ibid. Based on these facts, the ALJ concluded that Union County should recalculate the cost share on the PR-1 to reflect Petitioner's payment for her health and prescription premiums and reissue a new PR-1. Ibid.

In response, Respondent argues in its exceptions, that the decision to deny Petitioner's request to recalculate Petitioner's cost share was reached in "good faith and in full compliance with State law and directives." To substantiate this assertion,

Respondent cites various regulations some of which do not seem specific to the issue at hand.¹ While I agree Respondent acted in accordance with instruction from DMAHS, the end result seems contrary to basic fairness and the overfall framework on issues relating to the PR-1 form referenced in N.J.A.C. 10:53A-4 which is the subject of this appeal.

N.J.A.C. 10:53A-4.1 states in pertinent part,

(b) For a beneficiary who is residing in a nursing facility and receiving hospice under Medicaid/NJ FamilyCare FFS, payment to the hospice for room and board services shall be reduced by the beneficiary's available income. Available income is that amount which remains after deducting certain amounts from the beneficiary's gross income, as determined in accordance with *N.J.A.C. 10:71*.

1. Instructions for the use of Available Income for Medicaid Payment PR-1 Form #10 in the Appendix, incorporated herein by reference, are as follows;

i. The hospice is responsible for ensuring that the amount of the beneficiary's available income is reported and the amount corresponds to that attributed to the beneficiary's account on the Statement of Available Income for Medicaid Payment PR-1. The hospice shall be liable to the Division for any available income not reported to the fiscal agent by the hospice. A PR-1 table, that is maintained by the fiscal agent will be referenced during claims processing to determine the PR-1 amount to be deducted from the hospice claims during processing.

ii. The Statement of Available Income for Medicaid Payment PR-1 is completed by the CSSA on each non-SSI Medicaid/NJ FamilyCare FFS beneficiary that receives hospice services, who is a hospice beneficiary residing in the NF.

1. The PR-1 form reflects the beneficiary's available income that remains after deducting certain amounts for the maintenance of a community spouse, the maintenance of other dependent relatives, health insurance premiums, and the personal needs

¹ Some examples of the regulations and statutes Respondent references are as follows: Respondent cites to N.J.A.C. 10:49-1.5(a) which addresses compliance with patient protection, N.J.A.C. 10:71-2.10 that deals with collateral investigation, N.J. Stat §30:4D-12 specific to unnecessary care and use of services; methods and procedures and N.J.A.C. 10:71-2.2 which deals with the application process. It should be noted Respondent mistakenly refers to section (f) of N.J.A.C. 10:71-2.2 which does not exist.

allowance (PNA). A PR-1 form must be attached to a copy of the CMS 1500 claim and be kept in the beneficiary's billing record when requesting payment from Medicaid/NJFamilyCare FFS for the cost of hospice care, as specified in (b) 1ii(2) through (5) below.

(c) Regarding adjustments to the PR-1, the CSSA is required to report all changes of income on an amended PR-1 to the hospice.

1. When special exceptions apply (for example, in the month of admission, for verified living expenses, and for the first two months of Medicare premium deductions), the PR-1 form will reflect those changes for the applicable month(s).

2. The beneficiary and/or the family are required to report all changes of available income to the CSSA. Additionally, the hospice should report any changes in financial circumstances to the CSSA. For those changes which impact on available income, a new PR-1 form must be generated by the CSSA, indicating the month for which the change is effective.

3. When an amended PR-1 form affects the periods of service that have already been billed by the hospice, a "RETROACTIVE ADJUSTMENT" shall be submitted to the fiscal agent. The reason for the adjustment shall be recorded in the "REMARKS" area of the CMS 1500 claim and also in the beneficiary billing record at the hospice.

4. On post-payment quality assurance review, the hospice is liable to the Division for any of the beneficiary's available income not deducted appropriately from the claim forms.

In the present matter, the record reflects that Petitioner's Statement of Available Income for Medicaid Payment was reviewed and finalized in 2024. P-A. However, unlike the 2022 and 2023 statements, the health and prescription premiums were not included in the cost share calculations. P-A, P-B. The record also reflects that on March 20, 2025, Petitioner's Executor, M.R., notified Union County about the discrepancy regarding the absence of Petitioner's health insurance premiums in the 2024 statement. P-D. The timing of M.R.'s notice to Union County regarding the missing information becomes relevant since it appears the county can only go back 11 months to address issues

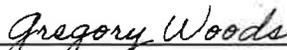
regarding adjustments to the PR-1 form. R-3. Utilizing the March 20, 2025, date that M.R. notified Union County about the missing information on the PR-1 form and the August 13, 2025, date Union County was informed “not to update the PR1” would not exceed the 11-month timeframe. As such, based on review of the totality of circumstances it seems inappropriate to ignore the above-mentioned relevant and applicable rules or regulations within the legal framework that require modification to the PR-1 form to include an accurate cost share calculation after including Petitioner's health and prescription premiums.

Thus, based on the record before me and for the reasons enumerated above, I hereby ADOPT the Initial Decision and find that the ALJ correctly determined that Petitioner's health and prescription premiums should have been included in the cost share calculation.

THEREFORE, it is on this 26th day of JANUARY 2026,

ORDERED:

That the Initial Decision is hereby ADOPTED as set forth above.



Gregory Woods, Assistant Commissioner
Division of Medical Assistance
and Health Services