



# INDIANA HEALTH COVERAGE PROGRAMS

## PROVIDER REFERENCE MODULE

# Long-Term Care

LIBRARY REFERENCE NUMBER: PROMOD00037  
PUBLISHED: FEB. 16, 2023  
POLICIES AND PROCEDURES AS OF JAN. 1, 2023  
VERSION: 6.0



## Revision History

Version	Date	Reason for Revisions	Completed By
1.0	Policies and procedures as of Oct. 1, 2015 Published: Feb. 25, 2016	New document	FSSA and HPE
1.1	Policies and procedures as of April 1, 2016 Published: Oct. 13, 2016	Scheduled update	FSSA and HPE
1.2	Policies and procedures as of April 1, 2016 (CoreMMIS updates as of Feb. 13, 2017) Published: April 11, 2017	CoreMMIS update	FSSA and HPE
2.0	Policies and procedures as of April 1, 2017 Published: Sept. 28, 2017	Scheduled update	FSSA, Myers and Stauffer, and DXC
3.0	Policies and procedures as of Feb. 1, 2018 Published: July 10, 2018	Scheduled update	FSSA, Myers and Stauffer, and DXC
4.0	Policies and procedures as of March 1, 2019 Published: July 25, 2019	Scheduled update	FSSA, Myers and Stauffer, and DXC
5.0	Policies and procedures as of June 1, 2020 Published: Jan. 28, 2021	Scheduled update	FSSA, Myers and Stauffer, and Gainwell
6.0	Policies and procedures as of Jan. 1, 2023 Published: Feb. 16, 2023	Scheduled update: <ul style="list-style-type: none"> <li>• Reorganized and edited text as needed for clarity</li> <li>• Changed DXC references to Gainwell</li> <li>• Updated IAC references as needed</li> <li>• Added indication of whether reviews may be optional or required for three of the objectives the <a href="#">Minimum Data Set Reviews – Case-Mix/LOC/PASRR Review Procedures</a> section</li> <li>• Updated instructions for the referral forms in the <a href="#">LOC Referrals</a>, <a href="#">Level I Referrals</a> and <a href="#">Level II Referrals</a> sections</li> <li>• Revised wording in the <a href="#">Application of Corrective Remedies</a> section to align with the IAC</li> </ul>	FSSA, Myers and Stauffer, and Gainwell

Version	Date	Reason for Revisions	Completed By
		<ul style="list-style-type: none"> <li>• Added a reference to transfer-of-property penalty in the <a href="#">IHCP Member Eligibility Considerations</a> section</li> <li>• Added the <a href="#">Outpatient Drug Reimbursement for Managed Care LTC Members</a> section</li> <li>• Added the <a href="#">Nursing Facility Reimbursement for HIP Members</a> section</li> <li>• Updated the <a href="#">Nursing Facility Requirements for HIP Members</a> section</li> <li>• Updated the note in the <a href="#">Nursing Facility Reimbursement</a> section to reflect that the 3% reduction was eliminated</li> <li>• Updated the <a href="#">Case-Mix Reimbursement</a> section</li> <li>• Updated the <a href="#">ICF/IID Reimbursement</a> section and updated the note regarding customized equipment in the <a href="#">Proprietary Large Private and Small ICFs/IID</a> subsection</li> <li>• Added the <a href="#">Submitting Cost Reports and Schedules (Applicable to NFs and ICFs/IID)</a> section</li> <li>• Added the <a href="#">Transfer-of-Property Penalty Period</a> section</li> <li>• Removed ICES reference in the <a href="#">Patient Liability</a> section</li> <li>• Updated the <a href="#">Correcting an Erroneous Autoclosure</a> section, including adding information about requirements for resubmitting denied claims after the filing limit</li> <li>• Updated the <a href="#">Retro-Rate Adjustments</a> section to add a general introductory statement and remove outdated information</li> <li>• Specified the RAC contractor in the <a href="#">Medicaid Recovery Audit Contractor for Long-Term Care Facilities</a> section</li> </ul>	

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# Long-Term Care

*Note: For updates to information in this module, see [IHCP Banner Pages](#) and [IHCP Bulletins](#) at [in.gov/medicaid/providers](http://in.gov/medicaid/providers).*

## Introduction

The Indiana Family and Social Services Administration (FSSA) and the Centers for Medicare & Medicaid Services (CMS) design and define the following for the Long-Term Care (LTC) program:

- Level of care (LOC)
- Preadmission Screening and Resident Review (PASRR)
- Case-mix reimbursement methodology

These safeguards are necessary to protect the health and welfare of institutionalized Indiana Health Coverage Programs (IHCP) members, as well as all individuals with mental illness (MI) or intellectual or developmental disability (ID/DD). This review system assists the FSSA in meeting its responsibilities under the law while effectively monitoring, processing and ensuring appropriate payment of LTC facility claims.

LTC facilities include the following IHCP providers:

- Nursing facilities – Provider type 03, specialties 030 and 032
- Intermediate care facilities for individuals with intellectual disabilities (ICFs/IID) – Provider type 03, specialty 031

*Note: The IHCP offers the Program of All-Inclusive Care for the Elderly (PACE) in designated service areas within the state. For more information about PACE, see the [Member Eligibility and Benefit Coverage](#) module.*

## Level-of-Care Assessments, Level I Screens and Level II Evaluations for Long-Term Care

All applicants to Medicaid-certified nursing facilities (NFs) in Indiana are entered in the state's web-based PASRR system, and a **Level I screen** is completed to initiate the PASRR process. When indicated, a **Level II evaluation** is performed to identify the specialized needs of individuals with MI, ID/DD or MI/ID/DD. For individuals seeking Medicaid coverage of their NF stay, as well as for certain other populations, an **LOC** assessment is completed to determine whether the individual meets state LOC criteria.

LOC reviews and referrals for Level I screens and Level II evaluations can also take place as part of the Minimum Data Set (MDS) reviews conducted periodically for all residents of Medicaid-certified NFs in Indiana. See the [Minimum Data Set Reviews – Case-Mix/LOC/PASRR Review Procedures](#) section for details.

Providers can request access to the state's web-based PASRR system via email at [dts-das@fssa.in.gov](mailto:dts-das@fssa.in.gov). Questions or issues regarding PASRR may be sent to [PASRR@fssa.in.gov](mailto:PASRR@fssa.in.gov). For additional information, see the Indiana PASRR provider manual and other resources available from the [Indiana PASRR Tools and Resources](#) page at [maximusclinicalservices.com](http://maximusclinicalservices.com) and the [Preadmission Screening Resident Review](#) page at [in.gov/fssa/da](http://in.gov/fssa/da).

## Level-of-Care Assessment

LOC assessments are submitted by hospital providers, NF providers and Area Agencies on Aging (AAAs) via the state's web-based PASRR system. The primary objective of the LOC assessment is to determine whether an individual meets NF LOC criteria set forth in *Indiana Administrative Code 405 IAC 1-3-1* and *405 IAC 1-3-2*. Prior to any denial, individuals who do not appear to meet NF criteria receive an onsite assessment from the AAA for a final determination.

The FSSA determines the appropriateness of the IHCP reimbursement for all placements of IHCP members in Medicaid-certified NFs. For NFs subject to case-mix reimbursement, there are no skilled or intermediate levels of IHCP reimbursement. However, the criteria found in *405 IAC 1-3-1* and *405 IAC 1-3-2* continue to define the threshold of nursing care needs required for admission to or continued stay in a Medicaid-certified NF. The FSSA Division of Aging, the AAAs and Myers and Stauffer LTC review teams use these criteria.

## Circumstances Requiring a Level-of-Care Assessment

For NF **applicants**, an LOC determination is required for the following:

- IHCP members seeking admission to a Medicaid-certified NF with Medicaid as their pay source
- Level II candidates (indicated by Level I screen), regardless of pay source
- All PACE participants who *do not* have a valid/current LOC on record

For NF **residents**, an LOC assessment is required for the following:

- Residents who become Medicaid-active during their NF stay and will be using Medicaid as the pay source for NF services
- Residents who experience a significant change in medical condition (see the Indiana PASRR provider manual, which can be requested from the [Indiana PASRR Tools and Resources](https://www.maximusclinicalservices.com) page at [maximusclinicalservices.com](https://www.maximusclinicalservices.com))
- All PACE participants, annually
- Residents admitted with long-term care approval whose medical status has improved but do not wish to leave the facility
- Residents whose short-term approval is coming to an end and the resident has medical needs to support continued stay

## Level-of-Care Outcomes

Possible outcomes for an LOC assessment include the following:

- NF applicants and residents:
  - Approved for short-term NF stay (30, 60, 90 or 120 calendar days)
  - Approved for long-term NF stay (more than 120 days)
  - Denied for NF stay

*Note: Denials are referred to the AAA, which will conduct an onsite LOC assessment prior to any denial being issued.*

- PACE participants:
  - Approved for long-term NF stay (more than 120 days)
  - Denied for NF stay (requires further review)

*Note: Denials are referred to the AAA, which will conduct an onsite LOC assessment.*



Providers have access to print outcome letters via the state's web-based PASRR system. Letters must be maintained in the resident's medical record or readily accessible.

The individual (or guardian) has the right to appeal all LOC decisions. All outcome letters include a notice of the individual's appeal rights.

## **Level I Screen**

A Level I screen is required for all individuals seeking admission to a Medicaid-certified NF, regardless of pay source. Level I screens are submitted by hospitals, AAAs and NFs via the state's web-based PASRR system.

### **Level I Screen Requirements**

A Level I screen is required in the following cases:

- Before admission to a Medicaid-certified NF
- For NF residents who have a significant change in mental status indicating the need for an updated Level I screen, a subsequent Level I screen or an updated Level II evaluation

*Note* Information about significant change is located in the Indiana PASRR provider manual, which can be requested from the [Indiana PASRR Tools and Resources](#) page at [maximusclinicalservices.com](#). If the change meets the criteria of a significant change per the CMS Resident Assessment Instrument (RAI) Manual, the NF is also responsible for completing a Significant Change Minimum Data Set (MDS) within 14 days of the change in condition.

- Before the conclusion of an approved time-limited stay, for individuals with a diagnosis of MI, ID/DD or MI/ID/DD requiring a Level II evaluation and who are expected to need to stay beyond the approved amount of time

### **Level I Outcomes**

Possible outcomes for a Level I screen include the following:

- No Level II Required
- Level II Negative, No Status Change
- Level II Positive, No Status Change
- Exempted Hospital Discharge
- Emergency Categorical
- Respite Categorical
- Refer for Level II Onsite
- Withdrawn
- Cancelled

Providers have access to print outcome letters via the state's web-based PASRR system. Letters must be maintained in the resident's medical record or readily accessible.

## **PASRR Level II Evaluation**

The PASRR Level II evaluation process identifies rehabilitative or specialized services that an individual may require. PASRR Level II evaluations are conducted by the following entities:

- The Division of Disability and Rehabilitative Services (DDRS) Level II contractor – For individuals with an ID/DD or MI/ID/DD diagnosis
- The Division of Mental Health and Addiction (DMHA) Level II contractors – For individuals with a diagnosis of MI only

Level II evaluations must be completed prior to admission (when indicated by the Level I screen) and whenever a resident experiences a significant change in condition.

NFs are responsible for planning and delivering (or arranging for) all required rehabilitative services identified through the PASRR Level II process. The NF is required to do the following:

- Determine the most appropriate setting for persons with MI, ID/DD or MI/ID/DD.
- Address both mental and physical health needs of residents.

## **Level II Outcomes**

Possible outcomes for a Level II evaluation include the following:

- Long-term approval
  - Admit to or remain in an NF without an identified end-date
- Time-limited approval
  - Approved for a specific time frame
  - New Level I, LOC and Level II required if stay required beyond initial time frame is approved
- Denial
  - NF placement does not appear to be appropriate

Providers should maintain all Level II evaluations and outcome letters in the resident's medical record or have them readily accessible.

The individual (or guardian) has the right to appeal all Level II decisions. All outcome letters include a notice of the individual's appeal rights.

## **PASRR Level II Exemptions**

Certain circumstances allow individuals who have MI or ID/DD diagnoses to be exempt from PASRR or to be admitted to an NF through an abbreviated Level II evaluation process.

An exemption allows for residents meeting criteria for Level II evaluation to be federally exempt from the full Level II evaluation process prior to NF admission. The following exemptions may be applied in Indiana:

- Exempted hospital discharge (EHD)
- Dementia exemption

Exemptions may be applied only to individuals who do not pose a threat to themselves or others and whose behavioral symptoms are stable.

### ***Exempted Hospital Discharge (EHD)***

A short-term exemption from the PASRR process is allowed for individuals with known or suspected MI or MI/ID/DD who meet both of the following:

- Are being discharged from a medical hospital to an NF after receiving medical (nonpsychiatric) services
- Require short-term treatment of 30 calendar days or less in an NF for the same condition for which they were hospitalized

The IHCP does not reimburse for more than 40 days unless the individual is appropriately placed in the NF. However, the IHCP does not reimburse for inappropriate use of *Exempted Hospital Discharge* placements. This category is not allowed for the admission of any member whose stay is *anticipated to exceed 30 days at the time of the request* for the NF admission. In the final PASRR regulations, the CMS noted that, "...not all convalescent care admissions from hospitals will be able to fit the prerequisites for a PASRR-exempt hospital discharge. For instance, convalescence from a broken hip would normally be expected to require longer than 30 days." In such a case, the PASRR Level II MI or ID/DD assessment must be completed *prior to* any NF admission.

Under no circumstances is this category allowed for admission of residents whose stay in any NF is anticipated to exceed 30 days at the time of the admission request.

### ***Dementia Exemption***

Certain individuals are excluded from PASRR when a dementia condition is present. The dementia exclusion applies to the following:

- Individuals with a sole diagnosis of dementia
- Individuals with a primary diagnosis of dementia and a secondary MI diagnosis

The submitting provider must include sufficient evidence clearly confirming dementia as the primary diagnosis.

## **Level II PASRR Categorical Decisions**

Certain circumstances allow individuals who have MI or ID/DD diagnoses to be exempt from PASRR or to be admitted to an NF through an abbreviated Level II evaluation process. A categorical PASRR decision allows residents meeting criteria for Level II evaluation to be federally exempted from the full Level II evaluation process prior to NF admission.

Two types of categorical Level II decisions may be applied:

- Provisional emergency situations
- Respite stays

As with exemptions, categorical decisions may be applied only for individuals who do not pose a threat to themselves or others and whose behavioral symptoms are stable.

### ***Provisional Emergency Situations***

The provisional emergency categorical decision may be applied when an individual has a Level II condition (MI, ID/DD or MI/ID/DD) and all of the following apply:

- There is a sudden unexpected and urgent need for placement (such as loss of a caregiver, loss of a residence or suspicion of abuse/neglect).
- The individual meets Adult Protective Services (APS) or Child Protective Services (CPS) criteria.
- A lower level of care is not available or appropriate.

Provisional emergency situations allow for up to seven calendar days in an NF. If additional days are required, a new Level I and LOC assessment, and a new Level II when applicable, must be obtained through the state's web-based PASRR system prior to the approval end date.

An APS admission is designated as a **maximum stay of seven days**, in accordance with *Code of Federal Regulations 42 CFR 483.130(d)(5)*. An APS report must be made by the entity that completed the Level I screen.

### *Respite Stays*

Respite is available for individuals who reside with an in-home caregiver. The respite care must not exceed 30 calendar days per quarter. There must be 30 calendar days between respite stays of 15 calendar days or more. Both of the following criteria must be met:

- Individual resides in the community with an in-home caregiver.
- Individual is expected to return home from the NF.

*Note: This admission must be authorized through the state's web-based PASRR system.*

## ***Screening Requirements for Reimbursement of Nursing Facility Services***

The following sections describe LOC and PASRR screening and evaluation requirements for IHCP reimbursement of NF services provided to members who are newly admitted, who become IHCP-eligible during their stay, or who transfer between facilities.

### **New PASRR Placements**

In accordance with *42 CFR 483.122(b)*, IHCP reimbursement for new admissions is available only for the NF services furnished *after* any required screening or review has been performed and the placement is determined to be appropriate for the resident.

Services provided prior to *final determination* (for example, in the case of an appeal or an onsite assessment following an LOC denial) *may* be reimbursable if the resident is found to be eligible for NF services.

A person with MI or ID/DD who does not meet the previously listed requirements for a short-term admission is subject to the preadmission screening assessments prior to admission. IHCP reimbursement does not begin until the required assessments are completed *and* it is determined that the individual is *appropriately* placed in an NF.

### **Residents Who Change From Private-Pay to IHCP Coverage**

If a resident becomes eligible for IHCP coverage during the NF stay, the NF is required to complete an LOC assessment via the state's web-based PASRR system after the resident is notified of Medicaid eligibility.

### **Interfacility Transfers**

No additional screening is required for residents transferring to another NF, as long as the individual was not discharged to a lower level of care. This policy applies to individuals who have been approved through PASRR for NF admission and who transfer:

- From one Indiana NF to another Indiana NF
- From an Indiana NF to a hospital and back to the same or another Indiana NF

After the transfer is complete, additional screening is required in the following cases:

- A significant change in condition has occurred.
- The individual has been discharged to a lower level of care and needs to return to the same or different NF.
- The approved length of stay is nearing expiration.

The two NFs must enter the discharge date and new admission date in the state's web-based PASRR system.

## Minimum Data Set Reviews – Case-Mix/LOC/PASRR Review Procedures

The FSSA contracts with Myers and Stauffer to complete periodic Minimum Data Set (MDS) reviews for all residents of Medicaid-certified NFs in Indiana, regardless of payer source. Every Medicaid-certified NF in Indiana is reviewed a minimum of once every three years. (Year is defined as the state fiscal year – July 1 through June 30.)

The purpose of the review is to ensure that the IHCP is reimbursing for the appropriate Resource Utilization Group (RUG) classification as demonstrated by the MDS version 3.0 and supporting documentation.

The Myers and Stauffer Long Term Care review team (LTC review team) also performs reviews of LOC and PASRR documentation for NF residents. The objectives of the LTC team reviews are as follows:

- Determine whether residents continue to have needs requiring NF placement in accordance with state LOC criteria defined by *405 IAC 1-3-1* and *405 IAC 1-3-2*. Request referral through the state's web-based PASRR system for residents who do not appear to meet NF LOC. (*Review may be optional.*)
- Ensure that Level I screens are completed and reflect the resident's current mental and physical condition, on an as-needed basis. (*Review may be optional.*)
- Ensure that Level II evaluations are completed as needed. (*Review is required.*)
- Ensure all services recommended by the Level II evaluations are provided.
- Determine whether the IHCP is reimbursing the provider for the appropriate RUG-IV classification, reflective of resident needs.
- Verify that the MDS responses that impact the RUG score are accurate and supported with the appropriate documentation within the assessment reference period.

**NFs will be notified up to 72 hours prior to the scheduled MDS review.** The LTC review team conducts an entrance and exit conference to apprise the facility staff of the nature, purpose, and sequence of events of the review, as well as the review results. The review team is available to address facility questions and concerns. The review team consists of registered nurses.

The facility is responsible for ensuring that all resident medical records are complete, up-to-date and available to the review team and for assisting with resident observations. Each resident's medical record documentation must support all notations made on the MDS form.

Myers and Stauffer reviews MDS supportive documentation using review parameters established in the case-mix rules. At a minimum, Myers and Stauffer reviews a sample of the facility's MDS assessments. Myers and Stauffer determines whether any records in the sample are unsupported. If the percent of unsupported MDS records in the sample exceeds the 20% threshold set forth in *405 IAC 1-14.6-4(i)(2)*, Myers and Stauffer expands the scope of the review to include the greater of an additional 20% or 10 assessments.

## ***Level-of-Care Review Process***

The LOC review during the MDS process is used to determine whether residents continue to have needs requiring NF placement in accordance with state LOC criteria *405 IAC 1-3-1* and *405 IAC 1-3-2*.

### **LOC Referrals**

When the LTC review team identifies a resident who does not appear to meet LOC criteria, the team notifies the NF provider during the exit conference and presents the provider with a *Myers and Stauffer Level of Care Referral* form.

The provider should then complete an LOC assessment of the individual using the web-based PASRR system within 30 calendar days of the exit conference.

After the LOC assessment has been completed and the NF provider has received the outcome letters, the *Myers and Stauffer Level of Care Referral* form should be completed and retained for the provider's records.

### **Member LOC Appeals**

The individual or guardian has the right to appeal all LOC decisions. All outcome letters include a notice of the individual's appeal rights.

- If the agency review decision favors the appellant, or member, the administrative law judge will give further direction on next steps that must be taken by the state of Indiana to ensure an appropriate assessment is completed.
- If the decision is favorable to the FSSA, the member LOC segment is not changed, and the *date of the original decision* of the LTC review team stands regarding reimbursement.

## ***Resident Review Process***

A resident review is a review of a previous Level I or Level II determination. The need for a resident review is identified based on the following:

- A finding that a Level II evaluation was required but was never completed, such as a missed referral
- Residents identified as not having an updated Level I accurately reflecting the resident's current mental and/or physical condition at the time of the review
- A significant change in the individual's MI, ID/DD or MI/ID/DD condition
- A determination made by the LTC review team that a Level II evaluation is required
- The person is in the NF with a time-limited approval and will need to remain in the NF longer than the approval period allows

### **Level I Referrals**

When the LTC review team identifies a resident in need of Level I screen, the team notifies the NF provider during the exit conference and presents the provider with a *Myers and Stauffer Level I Referral* form.

The NF provider should then conduct a comprehensive Level I screen of the individual, using the web-based PASRR system, within 30 calendar days of the exit conference.

The date that the Level I screen was completed should be recorded in the "Date Level I Received" column of the *Myers and Stauffer Level I Referral* form, and the form should be retained for the provider's records.

## Level II Referrals

When the LTC review team identifies a resident in need of Level II evaluation, the team notifies the NF provider during the exit conference and presents the provider with a *Myers and Stauffer Level II Referral* form.

The NF provider should then conduct a comprehensive Level I screen of the individual using the web-based PASRR system within 30 calendar days of the exit conference. If the Level I screen triggers a Level II evaluation, the system will alert the appropriate contractor to perform the Level II evaluation.

After the Level II evaluation has been completed, certification is sent to the NF provider. The NF provider should then complete the *Myers and Stauffer Level II Referral* form and retain it for their records.

At the time of the review, the NF must present the LTC review team with a list of all residents, regardless of payment source, who were verified by the Level II evaluation as having an MI, ID/DD or MI/ID/DD diagnosis. The following resolutions can occur:

- If the prior Level II recommendations include mental health services for MI residents and the resident is being followed by the appropriate agency for the delivery of those services, then the team does not refer this resident for a review.
- If the most current Level II states geriatric or medical needs take precedence over programming or treatment needs, then the team does not refer the resident for a review.

*Note: If the condition of the resident changes such that programming or treatment needs should take precedence, the NF is responsible for making a referral to the proper agency in a timely manner.*

## ***MDS Review Findings and Rate Calculation Appeal Process***

At the end of the MDS field review, Myers and Stauffer LTC reviewers conduct an exit conference with appropriate NF staff and review the preliminary results of the review and other comments and recommendations about the NF's clinical documentation systems.

Following the exit conference, Myers and Stauffer issues preliminary MDS review findings, including recommending LOC reassessment on residents that may not meet NF level of care. Myers and Stauffer documents these findings in writing and provides them to the NF. The NF then has an opportunity to review the written preliminary review findings. If the NF disagrees with the findings, the NF can submit an informal, written reconsideration request to Myers and Stauffer within 15 business days. The informal, written reconsideration request must include specific review issues the NF believes were misinterpreted or misapplied during the review. MDS supporting documentation provided after the review exit conference will not be considered in the reconsideration process per *405 IAC 1-15-5(c)*. Myers and Stauffer then reviews the NF request and, within 10 business days, communicates the final MDS review findings to the NF in writing, along with a response to the issues raised.

After the informal reconsideration process, Myers and Stauffer communicates the final MDS review findings to the following:

- Nursing facility
- FSSA Office of Medicaid Policy and Planning (OMPP)
- Rate-setting contractor to use in the case mix rate-setting process

The MDS review concludes after Myers and Stauffer communicates the final MDS review findings to the NF.

## Application of Recalculated Case-Mix Indices and IHCP Rates

The rate-setting contractor incorporates the final MDS review findings into the calculation of the facility's case mix index (CMI) used for IHCP rate-setting purposes on a quarterly basis. (See the [Case-Mix Reimbursement](#) section for more information about the case-mix reimbursement method.) There is at least a one calendar quarter lag time between the MDS assessment reference date (ARD) and the impacted IHCP rate-effective date. Depending on the relationship between the assessment key dates and review completion date, application of the MDS review findings for some MDS records could result in retroactive rate adjustments.

The MDS ARD generally determines the calendar quarters during which each MDS assessment applies for case mix rate-setting purposes. The time-weighted guidelines are followed to calculate the number of calendar days each MDS record remains effective. The FSSA publishes the time-weighted user guide and updates the guide as needed.

A reviewed MDS record is considered supported unless the reviewed MDS values result in a different RUG-IV classification group for that MDS assessment record, according to *405 IAC 1-14.6-2(mm)*.

When a case-mix rate is established that includes the MDS review findings, in addition to questioning rate-setting issues, the NF can request a formal rate reconsideration, including raising MDS review issues with which they disagree, pursuant to *405 IAC 1-14.6-22(c)*. The formal reconsideration request for rate setting and MDS review issues should be sent to the rate-setting contractor within 45 days after release of the IHCP rate by the rate-setting contractor.

The rate-setting contractor coordinates the MDS review issue with the LTC review team and issues a written response to all rate-setting issues raised along with the LTC review team response to all MDS review issues raised within 45 days after receipt of the formal rate reconsideration request. If the formal reconsideration results in a recalculation of the previously established IHCP rate due to MDS review or rate-setting issues, the rate-setting contractor reissues the IHCP rate following the completion of the reconsideration process. If the NF disagrees with any determination resulting from the formal reconsideration process, the facility can appeal the determination pursuant to *Indiana Code IC 4-21.5-3-7* and *405 IAC 1-1.4*.

## Application of Corrective Remedies

As provided in the FSSA case-mix rules, after the review, the percent of reviewed MDS resident assessments that are determined to be unsupported is computed.

Pursuant to *405 IAC 1-14.6-4(i)*, for facility MDS reviews, if the percent of assessments in the initial sample that are unsupported is greater than 20%, the review is expanded to a larger sample of assessments (adding an additional 20% or 10 assessments, whichever is the greater). If the percentage of unsupported assessments for the initial *and* expanded sample is greater than 20%, a corrective remedy is applied. When an NF achieves an unsupported Error Threshold percentage of more than 20% (such as 20.45%), this number is not rounded up or down, but instead is reported as exceeding the Error Threshold due to being more than 20%. NFs that score greater than 20% unsupported, as outlined in the *Indiana Administrative Code*, receive at a minimum a 15% Administrative Component Corrective Remedy penalty applied for one quarter.

The NF is required to develop and complete a Validation Improvement Plan (VIP). This improvement plan must include the following:

- Areas identified as lacking sufficient documentation
- Facility plan for documentation improvements specific to those items identified
- Implementation date for each improvement plan

The administrator or designee must sign and date the VIP. The VIP must be uploaded to the Myers and Stauffer [MDS web portal](#) at [incasemixreports.mslc.com](http://incasemixreports.mslc.com) within 30 calendar days of the review findings.



All unsupported MDS records are reclassified, and the NF is subject to a case-mix review within four to 12 months. Additional consecutive unsupported MDS reviews will result in increased Corrective Remedy penalties as delineated in Table 1.

The corrective remedy is applied as a percent of the administrative component of the IHCP case-mix rate using the percentage in Table 1. The corrective remedy takes effect beginning in the calendar quarter *following* the completion of the MDS review and remains in effect for one quarter.

Table 1 – Corrective Remedy Percentage

MDS Field Review for Which Corrective Remedy Is Applied	Administrative Component Corrective Remedy Percent
First MDS field review	15%
Second consecutive MDS field review	20%
Third consecutive MDS field review	30%
Fourth or more consecutive MDS field review	50%

*Example:* An MDS review begins Nov. 3, 2019, is finalized on Dec. 29, 2019, and the findings indicate that more than 20% of the reviewed MDS records are unsupported; a corrective remedy is applied beginning Jan. 1, 2020. The corrective remedy remains in effect for one calendar quarter. The facility may not recover any reimbursement lost due to the corrective remedy.

## IHCP Member Eligibility Considerations

LTC facility providers are responsible for verification of the IHCP member’s active eligibility and coverage status at the onset of service delivery as well as on an ongoing basis. At a minimum, facility providers should verify this information monthly. Because most changes to eligibility or coverage status occur at the beginning of calendar months, it is recommended that eligibility verifications be timed accordingly. Providers can use any of the IHCP Eligibility Verification System (EVS) options – the IHCP Provider Healthcare Portal (IHCP Portal), the Interactive Voice Response (IVR) system or 270/271 electronic transactions – to determine active eligibility and coverage status. For details about these EVS options, see the [Member Eligibility and Benefit Coverage](#) module.

Verifying eligibility enables a provider to determine whether the member is enrolled as fee-for-service or through a managed care program. Additionally, the system indicates the member’s LOC assignment and any patient liability monthly amount (see the [Patient Liability](#) section). Figure 1 shows an example of how this information appears in the IHCP Portal.

Figure 1 – LOC and Patient Liability Information in the IHCP Portal

Institutional Level of Care and Hospice			
Level of Care	Provider	Effective Date	End Date
Nursing Facility Level of Care	XXXXXXXXXXXX	05/28/2020	05/28/2020
Patient Liability/Client Obligation: \$1,375.00			

If a member with the required LOC is ineligible for LTC coverage on a given date due to a transfer-of-property penalty, the EVS indicates this information as described in the [Transfer-of-Property Penalty Period](#) section.

## ***Managed Care Considerations for LTC***

Long-term care services are not included in the scope of benefits provided to members in the Healthy Indiana Plan (HIP), Hoosier Care Connect or Hoosier Healthwise managed care programs. However, MCEs may provide coverage for services in a nursing facility on a **short-term basis** if this setting is more cost-effective than other options and if the member can obtain the care and services needed.

If longer-term care is needed, the services are covered under the IHCP fee-for-service (FFS) Traditional Medicaid program, if applicable income and asset requirements are met. Managed care members must be **disenrolled** from their health plans before the LOC status can be entered in Core Medicaid Management Information System (*CoreMMIS*). Upon disenrollment from managed care, members' IHCP coverage continues under the Traditional Medicaid program.

Hoosier Care Connect members receiving hospice benefits while residing in an NF will remain enrolled with their MCE for the duration of their hospice period, even if their NF stay exceeds the limit for a short-term stay.

*Note: Reimbursement of LTC facility services is not available for Hoosier Healthwise Package C members.*

NFs and AAAs must notify the managed care entity (MCE) when a managed care member is admitted to an NF or undergoes the PASRR. The MCE is financially responsible for all care provided to its members until enrollment termination is effective. IHCP FFS is financially responsible for LTC reimbursement after the member is approved for NF LOC per *405 IAC 1-3-1* and *405 IAC 1-3-2*, and the member is disenrolled from the MCE. The MCE is financially responsible for short-term placement fees made to the nursing facility at the IHCP FFS rate or at a rate negotiated with the facility.

Although LTC services are not covered in the managed care delivery system, an MCE can place its enrollees in an NF setting on a **short-term** basis. Members who require long-term care, or whose short-term placement becomes a long-term placement, will be disenrolled from managed care when one of the long-term care LOC categories is approved and entered into *CoreMMIS*.

The responsibility for verifying patient healthcare coverage lies with the NF that has direct access to the patient and the patient's IHCP Member ID (Medicaid number also known as RID). If the NF determines, upon checking eligibility on the date of admission, that the patient is enrolled in a managed care program, the NF must notify the MCE within 72 hours after admission:

- If the NF notifies the MCE within 72 hours of admission, the MCE is liable for charges for a set number of days **from the date of admission**, dependent upon the managed care program in which the member is enrolled:
  - Up to 30 days from the date of admission for Hoosier Care Connect
  - Up to 60 days from the date of admission for Hoosier Healthwise
  - Up to 100 days from the date of admission for HIP
- If the NF fails to verify a patient's coverage in managed care, or fails to contact the MCE within 72 hours of admission, the NF may be at risk for charges incurred until the NF has notified the MCE of the patient's status. In the case of notification after the 72-hour deadline, the MCE will be liable for charges for a set number of days **from the date of notification**, as follows:
  - Up to 30 days from the date of admission for Hoosier Care Connect
  - Up to 60 days from the date of notification for Hoosier Healthwise
  - Up to 100 days from the date of admission for HIP
  - The MCE must have a process that documents NF notification to the MCE.

If the member is still in the NF after the allotted time (per managed care program), and the member is still enrolled in a managed care program, the NF becomes liable for any costs associated with the patient until the LOC has been implemented.

The length of coverage required for the MCE is an extension of the current managed care continuity of care policy that requires the health plan that receives the member to honor authorizations of the previous health plan for the first 30 days. This period is intended to allow for the proper notifications and reviews to take place without interrupting the care being delivered to the member. The extended period in these cases is to allow sufficient time for the notification, preadmission screening, LOC determination and disenrollment from managed care to take place and to ensure appropriate reimbursement to the facility for services rendered.

During the period in which the member is assigned to the MCE, NFs must coordinate with the MCE to allow members to use appropriate in-network services. Information about the specific MCE network in which a member is enrolled is available through the EVS.

*Note: Member enrollment in managed care is effective on the 1st and 15th calendar days of the month. LTC facility providers should use any of the EVS options (IHCP Portal, IVR system or 270/271 electronic transaction) upon admission and screening of a new patient, and must recheck again on the 1st and 15th of every month for existing patients, to confirm IHCP eligibility and to verify in which IHCP program the patient is enrolled, for the purposes of care coordination and reimbursement. If a resident's coverage changes to managed care during the LTC facility stay, the facility must notify the MCE immediately of the member's status in the facility.*

## **Outpatient Drug Reimbursement for Managed Care LTC Members**

The IHCP determined that MCE reimbursement processes for covered outpatient drugs, dispensed by LTC pharmacy providers, should align with existing FFS processes.

For claims submitted on or after Jan. 1, 2022, MCEs must no longer consider drug coverage included in per diem rates and must provide reimbursement for all covered outpatient drugs (including those typically requiring administration by a licensed healthcare provider) and covered over-the-counter (OTC) drugs to all IHCP-enrolled pharmacy providers servicing members admitted to LTC facilities, until the member is transitioned to FFS.

LTC pharmacy providers should submit point-of-sale (POS) claims to MCE pharmacy benefit managers (PBMs) prior to dispensing, as MCEs may continue to apply utilization edits and prior authorization criteria approved by the Indiana Medicaid Drug Utilization Review (DUR) Board. Coverage of OTC drugs may be limited to those included on the MCE's OTC drug formulary. MCEs may deny reimbursement for drugs administered to members not meeting approved PA criteria and for drugs not included on the OTC drug formulary.

## **Nursing Facility Reimbursement for HIP Members**

For dates of service from Nov. 1, 2022, through Dec. 31, 2023, HIP MCEs must use the Medicare reimbursement methodology and associated reimbursement rates for payment of member nursing facility stay claims. MCEs must use an adjusted Medicare equivalent rate for the reimbursement of HIP members in nursing facilities using the 3.00 NonTherapy Ancillary (NTA) multiplier. HIP MCEs will need to remove the 3.00 NTA Medicare variable per diem adjustment factor (multiplier) from the first three days of the member's nursing facility stay.

These Medicare equivalent rates should be inclusive of geographic adjustments, value-based purchasing adjustments and variable payment reduction factors required under the Medicare payment methodology.

For nursing facility providers, on the institutional claim (*UB-04* claim form or electronic equivalent), providers should enter revenue code 0022 and the appropriate Patient Driven Payment Model Health Insurance Prospective Payment System (PDPM HIPPS) code, which will be used by the MCEs to calculate the Medicare-like payment.

## Nursing Facility Requirements for HIP Members

NF providers must report **any admission or discharge** of an IHCP member enrolled in HIP to both the Division of Aging and the Division of Family Resources (DFR) within 10 days of the event, as follows:

- To the Division of Aging through the [Path Tracker tool](#) at assessmentpro.com.
- To the DFR via the online [FSSA Benefits Portal](#) at fssabenefits.in.gov, by faxing 800-403-0864 or by mail to the local DFR office. To find your DFR office contact information, visit the [Find My Local DFR Office](#) page at in.gov/fssa/dfr.

Reporting that a HIP member has been admitted to the NF does not automatically change the member's coverage category and benefit plan. A HIP member can be admitted to an NF and remain enrolled in the HIP program; however, coverage of skilled nursing care for most HIP members is limited to 100 days. Stays beyond this limit will require the member's enrollment to be transitioned from HIP to a fee-for-service benefit plan to continue Medicaid coverage.

The IHCP recommends that the member or authorized representative contact the DFR to request an eligibility interview at the same time that the provider reports the admission to a nursing facility. The eligibility interview is necessary to determine whether the member can be transitioned from HIP to the FFS benefit coverage category.

To be transitioned to FFS Traditional Medicaid, HIP members must be determined as disabled per the definition used by the Social Security Administration and must qualify under the income and resource limits associated with FFS benefits. After the Social Security Administration or Medical Review Team (MRT) completes a disability determination, the member's coverage can be transitioned from the managed care delivery system to the FFS delivery system, effective on the first day of the month following the reported change.

The NF must take specific steps within the first 60 days of admission to facilitate the member's transition:

- All NF stays for HIP members require PA. If a member's stay is expected to extend beyond the original PA time frame, the provider should request an extension of the PA from the enrolling MCE before the original PA expires to allow time for assessment and possible transition to FFS coverage.
- The NF must complete the PASRR process and report the member's LOC to the Division of Aging using the PASRR nursing facility census tracking tool. If appropriate, the NF must notify the enrolling MCE of the intent to extend a member's stay and the need to transition the member to FFS coverage.
- The NF must notify DFR of the need to move the member to FFS coverage.

When the transition to the FFS benefit coverage category is completed, the member and authorized representatives may receive a benefit award letter indicating that FFS coverage will begin the month following the **disability determination**. If this occurs, and an earlier start date is required for coverage of prior dates, the nursing facility provider must contact the DFR to request the FFS coverage start date be backdated to the month following the **reported change**. After the start date has been backdated, the DFR will send a second benefit award letter indicating the new FFS coverage start date.

*Note: If a member's admission to a nursing facility was not reported to the Division of Aging and the DFR within 10 days, the FFS start date cannot be backdated.*

NFs must work with the MCE on the submission of PA requests and claims for the dates of service during the transition period. If the facility has met the required notice and assessment obligations but a request for PA or a claim is denied by the MCE, the provider must exhaust all grievances and appeals processes with the MCE to resolve the issue.

If the NF cannot resolve the issue with the MCE, the facility may contact the DFR to request a retroactive transition date for the member's disenrollment from managed care and enrollment in FFS. Requests must include the following:

- Documentation that clearly shows the claim or PA request was denied by the MCE
- Verification that all grievances with the MCE have been exhausted
- An explanation of the situation

All requests are reviewed on a case-by-case basis; approval of a retroactive transition date is not guaranteed.

The following steps outline the process providers, members and authorized representatives should complete to transition a member from HIP to FFS coverage:

1. The nursing facility provider submits written notice of the nursing facility admission within 10 days of the admission to both the Division of Aging and the DFR, as described previously.
2. The member or authorized representative contacts the DFR to request an eligibility interview to determine whether they can be transitioned to FFS coverage. (This step should occur at the same time as the provider performs step 1.)
3. After the transition process has been completed and the member has been awarded FFS coverage for the month following the disability determination, the provider may need to call the DFR to request the FFS coverage start date to be backdated.
4. If backdating of the coverage (in step 3) is not completed within three weeks, the provider should email the appropriate DFR regional mailbox to escalate the issue.
5. If the coverage is not appropriately backdated after an additional three weeks, the provider can contact the OMPP Provider Relations team at [OMPPProviderRelations@fssa.in.gov](mailto:OMPPProviderRelations@fssa.in.gov).

## ***Preventing and Correcting Inappropriate Eligibility Changes***

If a provider discovers that a member's IHCP eligibility or coverage status has changed inappropriately, the provider must immediately contact the DFR. There may be instances where the provider first becomes aware of a member's eligibility or coverage change when claims for the member begin to deny. Although the DFR cannot correct or address *reimbursement* issues, if the reimbursement issue is eligibility-related, the latter must be resolved first.

Providers should be aware that if a member's eligibility and coverage status changes to a managed care category, in some instances the eligibility/coverage resolution **cannot be made retroactive**, which means LTC services rendered during the affected time period cannot be reimbursed by the IHCP.

## **Reasons for Eligibility and Coverage Changes**

There are a number of situations that might cause a member's eligibility or coverage to change. Common situations such as those outlined in the following sections require attention or action by the facility provider as noted.

### ***Changes at Age 19***

Members served in a state-certified facility (ICF or group home) should apply for adult disability benefits with the Social Security Administration (SSA) before the member's 18th birthday. If a member residing in such a facility turns 19 years of age, and there is no SSA disability determination on file, the member's eligibility will automatically be reconsidered and the member likely will be systematically reassigned to HIP, which serves qualifying *nondisabled* adults.

HIP does not cover institutional services such as those provided in an ICF setting. After a member is enrolled in HIP, changes to restore their FFS Traditional Medicaid coverage cannot be made retroactive.

ICF providers should anticipate the aging of members to ensure proactive steps are taken to maintain the members' eligibility for ICF services. If a provider discovers that a member's IHCP eligibility or coverage status has been changed to HIP, the provider must immediately contact the DFR and request that the member's eligibility be reconsidered for the "Disabled" aid category.

### *Changes Due to Social Security Status*

If there is a change in the member's status with the SSA, this change may also affect a member's IHCP eligibility and coverage status. Notices of such changes and requests for information or follow-up action from the SSA must be addressed in a timely manner by a member's authorized representative (AR) to prevent changes to or termination of IHCP coverage. See the [Authorized Representative Considerations](#) section for additional information regarding ARs.

### *Changes Due to Issues Originating at the DFR*

Similar to changes with the SSA, any notifications or requests of action by the DFR must be addressed in a timely manner. Notification that a member's eligibility or coverage is changing or ending, or that additional information is needed by the DFR to prevent termination of benefits, signals the need for a timely response from the member's designated AR.

## **Authorized Representative Considerations**

If the provider is the designated AR for the member, the provider has additional responsibility to ensure that the member's eligibility and coverage status remain current and accurate. The provider must have familiarity with the member to the extent the provider can correctly and accurately respond to specific, detailed questions and requests for information.

Providers that serve as ARs should be aware of the following:

- A person can have more than one AR.
- For individuals 18 years of age and older, no information can be released to a third party (including parents, case managers, providers and so on) unless an AR form for that party is on file with the DFR.
- ARs must have working knowledge of the member's information including income, resources, residency and so on.
- It is necessary to keep the DFR updated of AR changes, such as address and telephone number changes. Failure to do so could result in DFR notices not being sent to the AR and consequently in loss of IHCP coverage. AR forms are available on the [DFR Forms](#) page at [in.gov/fssa/dfr](http://in.gov/fssa/dfr).

A provider designated as the AR must follow up immediately and directly with the DFR on any notifications, requests for information or updates related to an individual.

## **Follow Up With the DFR**

If a provider identifies an eligibility or coverage change for a member, or believes the incorrect eligibility or coverage has been assigned for a member, the provider should immediately contact the DFR at 1-800-403-0864 to request a review of the issue. If the submitting provider is not on file as an AR, the DFR will review the case, but the DFR cannot release any findings back to the provider directly. Additional contact information can be found on the [Find My Local DFR Office](#) page at [in.gov/fssa/dfr](http://in.gov/fssa/dfr). Please note that the DFR is unable to resolve claim-related issues or answer questions about specific claim submission requirements. The entity responsible for the member's care can assist with these inquiries.

## Reimbursement Methodologies for Long-Term Care Facilities

There are two reimbursement methodologies for LTC facilities based on the type of facility rendering the service: NFs (IHCP provider specialties 030 and 032) and intermediate care facilities for individuals with intellectual disabilities (ICFs/IID) (IHCP provider specialty 031).

The following sections outline the reimbursement methodologies for NFs and ICFs/IID. For reimbursement and billing information for long-term acute care (LTAC) facilities, see the [Inpatient Hospital Services](#) module.

### ***Nursing Facility Reimbursement***

The IHCP reimburses NFs as described in the following sections.

*Note: Effective for dates of service from Jan. 1, 2014, through June 30, 2021, the IHCP implemented a 3% reduction in reimbursement paid to NFs. This reduction applied to NF providers reimbursed under 405 IAC 1-14.6. The reduction was to the Medicaid per diem rate before the reduction of any patient liability or third-party liability (TPL) on the claim. This reduction applied to all IHCP NF claims, including Medicare crossover claims.*

*The 3% reduction in reimbursement was eliminated for dates of service on or after July 1, 2021.*

### **Case-Mix Reimbursement**

The IHCP uses a case-mix methodology system to reimburse NFs. This system is based on the principle that payment for NF services should take into account a resident's clinical condition and the resources needed to provide appropriate care for that condition. Therefore, the case-mix system of reimbursement is based on one IHCP rate, adjusted each quarter for changes in a patient's acuity level, for all IHCP residents in a Medicaid-certified or dually licensed Indiana NF.

The case-mix system of reimbursement allocates greater IHCP payment to direct patient care, while continually responding to cost changes that occur with respect to the resources used in providing that care.

Under the case-mix reimbursement system, the IHCP rate is the sum of the following separate rate components:

- *Direct care* – Direct care includes the following:
  - All allowable nursing and nursing aide services
  - Medical supplies
  - Medical director services
  - Medical record costs
  - Nurse aide training
  - Nurse consulting services directly related to the provision of hands-on resident care
  - Oxygen
  - Pharmacy consultants
  - Rental costs for low-air-loss mattresses, pressure-support surfaces and oxygen concentrators – subject to an overall \$1.50 per resident day limit
  - Support and license fees for software used exclusively in hands-on resident care support, such as MDS assessment software and medical records software
  - Replacement dentures for Medicaid residents provided by the facility that exceed state Medicaid plan limitations for dentures

- Legend and nonlegend sterile water products used for irrigation or humidification
- Educational seminars for direct care staff
- Skin protectants, sealants, moisturizers and ointments applied on an as-needed basis as a part of routine care
- Parenteral and enteral nutrition costs other than meals, nutritional supplements, sterile water and legend and non-legend drugs
- Costs for MDS data coding and input
- *Indirect care* – Indirect care includes the following:
  - Activity services and supplies
  - Allowable dietary services and supplies
  - Patient housekeeping services and supplies
  - Patient laundry services and supplies
  - Plant operations services and supplies
  - Raw food
  - Social services
  - Utilities
  - Repairs and maintenance
  - Recreational services and supplies
  - Cable or satellite television throughout the NF, including residents’ rooms
  - Pets, pet supplies and maintenance, and veterinary expenses
  - Educational seminars for indirect care staff
  - Nonambulance travel and transportation of residents related to activities and other non-covered services
  - Nursing consulting services – whether provided by internal facility personnel, central office personnel or contracted personnel – that are not directly related to the provision of hands-on resident care  
(Such nursing consulting services include but are not limited to: health survey, quality assurance processes and MDS consultation – excluding data input and coding.)
  - Behavioral and psychological consulting services
  - Admissions
  - Allowable non-nursing patient care services performed by either certified or noncertified personnel
- *Administrative* – Administrative includes the following:
  - Allowable advertising
  - Allowable administrator and co-administrator services
  - Allowable home office services and supplies that are patient-related and appropriately allocated to the NF
  - Legal and accounting fees
  - Liability insurance
  - License dues and subscriptions
  - Management
  - Office and clerical staff
  - Office supplies used for any purpose, including repairs and maintenance, and service agreements for copiers and other office equipment
  - Other consultant fees
  - Owners’ compensation (including director’s fees) for patient-related services
  - State gross receipts taxes
  - Telephone and internet



- Staff travel
- Utilization review costs
- Working capital interest
- Qualified intellectual disabilities professional (QIDP)
- Educational seminars for administrative staff
- Support and troubleshooting, maintenance and license fee for all general and administrative computer software and hardware, such as accounting or other data processing activities
- Court-appointed guardian, financial institution or third-party trust costs not covered by resident personal funds
- Pre-employment related costs such as background checks, drug testing and employment-contingent physicals

*Note: The administrative component reimbursement is adjusted to 100% of the average allowable median patient day cost.*

- *Capital* – Allowable capital-related items include the following:
  - Fair rental value allowance
  - Property insurance
  - Property taxes
  - Noncapitalized costs associated with minor equipment purchases that are not directly attributed to a specific department
- *Therapy* – Allowable therapy services not reimbursed by other payors are limited to:
  - Physical therapy
  - Occupation therapy
  - Speech therapy
  - Respiratory therapy

*Note: The IHCP requires nursing facility providers to submit end-of-therapy dates through the [MDS web portal](https://incasemixreports.mslc.com) at [incasemixreports.mslc.com](https://incasemixreports.mslc.com) for use in the Time-Weighted CMI Resident Roster Reports. The MDS web portal accepts end dates for therapy segments if end dates are not reported on the MDS assessments. Important information, including data cutoffs and report posting dates for the new end-of-therapy time-weighted report process, can be found under the Time-Weighted folder on the [Case-Mix and Related Services](https://myersandstauffer.com/client-portal/indiana) page at [myersandstauffer.com/client-portal/indiana](https://myersandstauffer.com/client-portal/indiana).*

- *Nursing Facility Quality Add-On* – Based on the NF’s total quality score using the latest published CMS data as of the end of each state fiscal year and other quality measures:
  - Facilities that are a new operation and do not have the required information to calculate their facility specific add-on will receive the statewide average, except for the Advance Care Planning measure.
  - The maximum amount of the Nursing Facility Quality Add-On is \$18.45 per patient day.
  - NFs need to submit the *Schedule of Staff Retention and Advance Care Planning Training (Schedule X)* on a calendar-year basis. *Schedule X* is required to be submitted by March 31 of the year following the calendar year report period.
    - For the section related to Retention Rate, all nursing facility employees should be included regardless of which personnel line the costs are reported.
    - For the section related to Advance Care Planning, all employees who completed the advance care planning (ACP) training through the Relias system should be listed:
      - For the calendar year ending Dec. 31, 2021, the employee or employees must be employed by the nursing facility following their completion of the Level I ACP training program during a minimum of six distinct months.

- For calendar years ending Dec. 31, 2022, and after, the employee or employees must be employed by the nursing facility following their completion of the Level I ACP training program during a minimum of nine distinct months.

*Note: In determining a distinct month, if an employee completes training on or before the 15th day of a month, that month shall be considered as a distinct month. If an employee who has completed Level I ACP training terminates employment on or after the 16th day of a month, that month shall be considered as a distinct month.*

This schedule is required to be submitted to Myers and Stauffer for use in determining the total quality score. The *Schedule X* form and instructions are available on the [Long Term Care](#) page of the Myers and Stauffer website, under **Nursing Facility > Forms > Nursing Facility VBP (Schedule X)**.

- *Special Care Unit Add-On* – NFs with special care units (SCUs) that provide specialized care to residents with Alzheimer’s disease or dementia are eligible for increased reimbursement in the form of an SCU add-on. The SCU add-on is calculated using the facility’s *Nursing Facility Schedule of Special Care Unit Qualifications* form (Schedule Z) and MDS 3.0 information. This schedule should be completed on a calendar-year basis and is due to Myers and Stauffer by March 31 of the year following the report period. The *Schedule Z* form and instructions are available on the [Long Term Care](#) page of the Myers and Stauffer website, under **Nursing Facility > Forms > Nursing Facility Special Care Unit (Schedule Z)**.
- *Ventilator Unit Add-On* – NFs that provide inpatient services to more than eight ventilator-dependent residents, as determined by MDS data, may receive additional reimbursement at a rate of \$11.50 per Medicaid resident day.
- *Quality Assessment Fee Add-On* – This add-on is determined by dividing the product of the assessment rate times total non-Medicare patient days by total patient days from the most recently completed desk-reviewed annual financial report.

The FSSA retains a contractor that establishes the applicable rate.

For information about submitting cost reports and schedules, see the [Submitting Cost Reports and Schedules \(Applicable to NFs and ICFs/IID\)](#) section.

## Quality Assessment Fee

NFs are required to pay a quality assessment fee (QAF) in the following amounts per non-Medicare (for example, private pay or Medicaid) patient day, pursuant to *SPA 17-018* for NFs specified at *405 IAC 1-14.6*:

- \$16.37 per non-Medicare patient day if the NF’s total census is **fewer than** 62,000 patient days per year and the NF is privately owned or operated, or is a nonstate-government owned or operated facility that became nonstate-government owned or operated on or after July 1, 2003.
- \$4.09 per non-Medicare patient day if the NF’s total census is **at least** 62,000 patient days per year and the NF is privately owned or operated or nonstate-government owned or operated, or if the NF is a nonstate government owned or operated facility that became nonstate government owned or operated before July 1, 2003.
- The following facilities are exempt from the QAF:
  - Hospital-based NFs licensed under *IC 16-21*
  - Continuing care retirement communities (CCRC) that meet the statutory requirements at *Section 486 of HEA 1001(ss)-2009*
  - The Indiana Veterans’ Home

A portion of the QAF is used to increase NF Medicaid reimbursement for initiatives that promote and enhance improvements in quality of care to NF residents.

## Leave Days in an NF

The IHCP does not cover “bed-hold” days in a NF as a member benefit unless the member is under hospice care. As described in the [Leave Days for NF Billing](#) section, providers must make members aware of their bed-hold policies and cannot charge members for services that the members do not request.

## ICF/IID Reimbursement

ICFs/IID are divided into two distinct categories:

- Large private ICF/IID – More than eight beds
  - Comprehensive rehabilitative management needs facility
- Small ICF/IID – Four to eight beds and are commonly referred to as community residential facilities for the developmentally disabled (CRF/DD), or group homes
  - Basic developmental
  - Child rearing
  - Child-rearing residences with specialized programs
  - Developmental training
  - Intensive training
  - Sheltered living
  - Small behavioral management residences for children
  - Small extensive medical needs residences for adults
  - Extensive support needs residences for adults

## Proprietary Large Private and Small ICFs/IID

The all-inclusive *per diem* rate for these facilities includes the following services:

- *Room and board* – Room accommodations, all dietary services (including routine and special dietary services and school lunches), and personal laundry services
- *Nursing care* – Nursing services and supervision of health services
- *Medical and nonmedical supplies* – All medical and nonmedical supplies and equipment furnished by the facility for the usual care and treatment of residents
- *Durable medical equipment (DME)* – All DME, except customized items\*, and associated repair costs, **including but not limited to the following**:
  - Bed rails
  - Canes
  - Crutches
  - Ice bags
  - Traction equipment
  - Walkers
  - Wheelchairs, standard

*\*Note: Customized equipment includes any piece of equipment designed for a particular member that cannot be used by other members. The equipment contains parts that are specially made and not readily available from a DME provider. The IHCP follows the definition of customized item in 42 CFR Section 414.224. To be considered a customized item, a covered item (including a wheelchair) must be “uniquely constructed or substantially modified for a specific beneficiary according to the description and orders of a physician, and be so different from another item used for the same purpose that the two items cannot be grouped together for pricing purposes.”*

- *Mental health services* – Including behavior management services and consulting, psychiatric services and psychological services
- *Therapy services* – Physical and occupational therapy, speech pathology, and audiology services provided by a licensed, registered or certified therapist, as applicable, employed by the facility or under contract with the facility
  - Therapy services provided away from the facility must meet the criteria outlined in 405 IAC 5-22.
  - All therapies must be specific and effective treatment for the improvement of function. Reimbursement is not available for services for remediation of learning disabilities.
- *Transportation* – Reasonable cost of necessary transportation for the member, including transportation to vocational/habilitation services, except for transportation that is provided to accommodate the delivery of emergency services
  - Emergency transportation services must be billed to Medicaid directly by the transportation provider.
- *Habilitation* – Habilitation services provided in an FSSA-approved setting that are required by the resident’s program plan of active treatment developed in accordance with 42 CFR 483.440, including, but not limited to, the following:
  - Training in activities of daily living
  - Training in the development of self-help and social skills
  - Development of program and evaluation plans
  - Development and execution of activity schedules
  - Vocational/habilitation services

*Note: The all-inclusive per diem rate for small ICFs/IID also includes day habilitation services.*

The services described in the preceding list are covered in the per diem rate and may not be billed to Medicaid by the facility, a pharmacy or any other provider. For billing information about **nonstandard** DME, see the [Claims for Durable Medical Equipment and Supplies](#) section.

For information about submitting cost reports and schedules, see the [Submitting Cost Reports and Schedules \(Applicable to NFs and ICFs/IID\)](#) section.

## Leave Days in an ICF/IID

Reimbursement is available for reserving beds for members in a private ICF/IID, provided that the criteria set out in 405 IAC 5-13-6 are met.

The two types of reimbursed leave days for ICFs/IID are as follows:

- *Hospitalization* – Must be ordered by the physician for treatment of an acute condition that cannot be treated in the facility. The total time allowed for payment of a reserved bed for a single hospital stay is 15 consecutive days. If the member requires hospitalization longer than 15 consecutive days, the member must be discharged from the ICF/IID. If the member is discharged from the ICF/IID

following a hospitalization in excess of 15 consecutive days, the ICF/IID is still responsible for appropriate discharge planning. Discharge planning is required if the ICF/IID does not intend to provide ongoing services following the hospitalization for those members who continue to require ICF/IID level-of-care services. The facility must maintain a physician's order for hospitalization in the member's file at the facility.

- Therapeutic leave of absence – Must be for therapeutic reasons, as prescribed by the attending physician and as indicated in the member's habilitation plan. The maximum total length of time allotted for therapeutic leaves in any calendar year is 60 days per member residing in an ICF/IID. The leave days need not be consecutive. If the member is absent for more than 60 days per year, no further reimbursement is available to reserve a bed for that member in that year. The facility must maintain a physician's order for the therapeutic leave in the member's file at the facility.

Providers must use the appropriate room and board revenue code for the days the member was a patient in the ICF/IID and the applicable leave of absence revenue code for the days the member was out of the ICF/IID, as described in the [Leave Days for ICF/IID Billing](#) section.

## Tax Assessment

Large and small private ICFs/IID are assessed a 6% tax on the total annual revenue of the facility for the facility's preceding fiscal year. The assessment on provider total annual revenue is an allowable cost for cost reporting and audit purposes. Total annual revenue is determined from the provider's previous annual financial reporting period.

## ***Submitting Cost Reports and Schedules (Applicable to NFs and ICFs/IID)***

Acceptable submission methods for the cost reports and schedules that are required from NFs and ICFs/IID are as follows:

- Meyers and Stauffer Indiana [LTC web portal](#) at [inltcdeptexchange.mslc.com](http://inltcdeptexchange.mslc.com) (preferred)
- Standard mail (USPS, UPS or FedEx)
- Hand delivery to Myers and Stauffer office during normal nonholiday business hours

Failure to submit a cost report timely could result in a penalty that reduces the rate then currently being paid by 10%.

## Billing Instructions for Long-Term Care Facilities

Instructions for billing LTC facility services are separated into two subsections, based on the type of facility rendering the service: NFs and ICFs/IID.

Both NFs and ICFs/IID bill using the institutional claim (*UB-04* claim form, 837I electronic transaction or IHCP Portal institutional claim). Providers should mail LTC paper claims to the following address for processing:

**Gainwell –UB-04 Claims**  
**P.O. Box 7271**  
**Indianapolis, IN 46207-7271**

See the [Claim Submission and Processing](#) module for general billing information.

## ***Nursing Facility Billing***

LTC services are available to IHCP members who meet the threshold of nursing care needs required for admission to, or continued stay in, a Medicaid-certified NF.

NFs must follow the general instructions for completing the institutional claim, as well as the specific instructions that follow:

- NFs bill for room-and-board charges using the applicable room-and-board revenue code. Acceptable room-and-board revenue codes include 110, 120 and 130. Revenue codes 180, 183 and 185 for leave-of-absence days are not reimbursable to the NF.
- The FSSA uses a case-mix reimbursement methodology based on the RUG-IV classification of that member. The facility must maintain documentation in the medical record that substantiates the physical or behavior needs of the member as identified on the MDS. The RUG-IV classification is based on the MDS.
- NFs cannot bill separately for medical and nonmedical supply items, personal care items or therapies. Providers can bill parenteral or enteral services and therapies received by dually eligible (Medicare and Traditional Medicaid) members to Medicare and, subsequently, the IHCP as crossover claims on the appropriate claim type for these services.
- Inpatient care crossover services must be billed on the institutional claim (*UB-04* claim form or electronic equivalent). Any inappropriate billing and reimbursement is subject to recoupment by FSSA Program Integrity.
- Providers can bill short-term stays of less than 30 days upon discharge of the patient. Providers can bill long-term stays of 30 days or more monthly, or more frequently if desired.

## **Leave Days for NF Billing**

The IHCP does not reimburse for bed-hold days in an NF as a member benefit unless the member is under the care of hospice. All IHCP members residing in an NF are directed to talk with their individual provider regarding any type of “bed-hold” or leave-day policy that may exist in that facility. Providers must make members aware of their policies and that a member cannot be charged for services the member does not request. There is no requirement that NFs hold beds.

The facility must inform a resident in writing prior to a hospital transfer or departure for therapeutic leave that Medicaid does not pay for bed holds; the facility must also communicate its policies regarding bed-hold periods. An NF is required to follow a written policy under which a resident, whose hospital or therapeutic leave exceeds Medicaid coverage limitations, is readmitted to the facility upon the first availability of a bed in a semiprivate room, if the resident requires NF-level services and is eligible for Medicaid NF services. (See *42 CFR 483.12(b)(3)* and *410 IAC 16.2-3.1-12(a)(27)*.) Regardless of the length of leave, if the individual remains eligible for NF level of care and Medicaid, the individual must be readmitted to the facility to the first available bed.

Because Medicaid does not pay to hold beds in NFs except for hospice care, all bed holds for days of absence are considered noncovered services for which the resident may elect to pay. If the facility offers this option, the facility must include this information in its written policy, as well as on the written information provided to the resident prior to hospital transfer or departure for therapeutic leave.

Facilities cannot establish a minimum bed-hold charge, such as a certain number of days, because this could overlap with covered services if the resident returns before the minimum period lapses. The facility must also follow the requirements for billing members for noncovered services set forth in the *Charging Members for Noncovered Services* section of the [Provider Enrollment](#) module. Further, it is the resident’s choice to elect to pay for this service. Facilities can charge residents only for items and services requested by the resident. See *42 CFR 483.10(c)(8)*.

NFs are also obligated to inform residents upon admission of services for which the resident may be charged and the amounts of those charges. Residents must also be informed of any changes to available services and any charges. See *42 CFR 483.10(b)(5)–(6)*. Facilities must provide 30 days' advance written notice to residents of any changes in rates or services the rates cover. See *410 IAC 16.2-3.1-4(i)*.

Bed-hold revenue codes 180, 183 and 185 are noncovered for NFs. It is not necessary for NFs to submit claims for bed-hold days under any circumstances, including for revenue code 180 – *Bed-hold days not eligible for payment*.

## ***Intermediate Care Facilities for Individuals with Intellectual Disabilities Billing***

LTC services are available to IHCP members with an applicable LOC who reside in a large or small ICF/IID.

ICF/IIDs must follow the general instructions for completing the institutional claim, as well as the following specific instructions:

- ICFs/IID bill for room-and-board charges using the applicable room-and-board revenue code. Acceptable room-and-board revenue codes include 100, 110, 120 and 130.
- The ICF/IID reimbursement rate is an inclusive rate. Therefore, ICFs/IID cannot bill separately for medical and nonmedical supply items, personal care items, or therapies. The reimbursement rate for small ICFs/IID also includes day services as part of the inclusive rate. However, ICFs/IID can bill separately when billing crossover claims. Any inappropriate billing or reimbursement is subject to recoupment by FSSA Program Integrity.
- ICF/IID providers use a type-of-bill code from the 67X series.

### **Leave Days for ICF/IID Billing**

Reimbursement is available for reserving beds for members in a private ICF/IID, provided that the criteria set out in *405 IAC 5-13-6* is met. Providers must use the appropriate room-and-board revenue code for the days the member was a patient in the ICF/IID and use the applicable leave of absence revenue code for the days the member was out of the ICF/IID.

The two types of reimbursed leave days are as follows:

- **Hospitalization** – Must be ordered by the physician for treatment of an acute condition that cannot be treated in the facility. The total time allowed for payment of a reserved bed for a single hospital stay is 15 consecutive days. If the member requires hospitalization longer than 15 consecutive days, the member must be discharged from the ICF/IID. If the member is discharged from the ICF/IID following a hospitalization in excess of 15 consecutive days, the ICF/IID is still responsible for appropriate discharge planning. Discharge planning is required if the ICF/IID does not intend to provide ongoing services following the hospitalization for those members who continue to require ICF/IID level-of-care services. The facility must maintain a physician's order for hospitalization in the member's file at the facility. *Providers must use revenue code 185 to denote a leave of absence for hospitalization.*
- **Therapeutic Leave of Absence** – Must be for therapeutic reasons, as prescribed by the attending physician and as indicated in the member's habilitation plan. The maximum total length of time allotted for therapeutic leaves in any calendar year is 60 days per member residing in an ICF/IID. The leave days need not be consecutive. If the member is absent for more than 60 days per year, no further reimbursement is available to reserve a bed for that member in that year. The facility must maintain a physician's order for the therapeutic leave in the member's file at the facility. *Providers must use revenue code 183 to denote a therapeutic leave of absence.*

Providers should use **revenue code 180** when the hold days are not eligible for payment. See [Table 2](#) for the bed-hold revenue codes that are used for ICF/IID billing.

Table 2 – Bed-Hold Revenue Codes for ICF/IID Billing

Revenue Code	Description
180	Bed-hold days not eligible for payment
183	Therapeutic bed-hold days eligible for payment
185	Hospital bed-hold days eligible for payment

## Additional Long-Term Care Billing and Reimbursement Information

The following sections provide billing and reimbursement information that may be applicable to LTC providers.

### ***Transfer-of-Property Penalty Period***

Some members incur a transfer-of-property penalty while they are transferring assets. During this period, claims for LTC services will be denied.

Providers enrolled as extended care facilities (type 03) will see the *Transfer of Property Details* panel (see Figure 2) during eligibility verification if the member is ineligible for coverage of these services on the dates searched due to a transfer-of-property penalty period.

Figure 2 – Transfer of Property Details

Transfer of Property Details		
Description	Effective Date	End Date
Transfer of Property Penalty Period	09/04/2019	09/22/2019

### ***Patient Liability***

*Patient liability* is the term applied to the monetary amount that IHCP residents must contribute toward their monthly care in the facility. The terms *client obligation*, *member liability* and *personal resource contribution* also indicate patient liability.

The local county office of the DFR calculates and assigns the patient liability amount. Member information, including patient liability/client obligation reflected in *CoreMMIS*, is updated daily from the information relayed by the Indiana Eligibility Determination and Services System (IEDSS) at the county offices. Providers are not required to send the *C-519* form.

Providers must apply current income to current needs. As an example, a Social Security benefit check received in October must be applied to October charges. The only exception is the direct deposit benefit check that is sometimes recorded by the bank at the end of one month instead of early in the next month when it would normally be received. Because most resources are available on a calendar month basis, all accounts that involve resource deductions must be billed on a calendar-month basis, for example, June 1 through June 30, or July 1 through July 31.

*Note: Providers must deduct patient resources from the payment in the month that the resources are received.*

*Veterans' pensions will not prevent a member from receiving the monthly personal needs allowance typically allotted for Medicaid members.*



The IHCP automatically deducts the member's liability amount from the total reimbursement of the claim. The provider must not indicate the resource contribution anywhere on the claim form.

When a member transfers between facilities during a billing period, the member liability is deducted from the first claim received and processed by *CoreMMIS*. Therefore, the facilities involved in the transfer must coordinate any liability deductions.

## ***EOB 1024***

If an LTC claim denies for EOB 1024 – *Billing provider is not member's listed Long Term Care provider. Please verify provider number and resubmit*, the provider should verify that the LOC information reflects the correct IHCP Provider ID for the billing facility for the dates of service billed. A cover letter requesting that the information is entered in *CoreMMIS* due to claim denial for EOB 1024 should be submitted via secure email to the Division of Aging using their dedicated email address: [DA.NFinforequest@fssa.in.gov](mailto:DA.NFinforequest@fssa.in.gov). ICFs/IID should direct LOC eligibility questions to the local Bureau of Developmental Disabilities (BDDS) field office.

If the member does not have a state-approved LOC with the correct IHCP Provider ID for the dates of service billed, the facility must follow the established procedures for obtaining LOC approval from the Division of Aging or BDDS.

## ***Claims for Durable Medical Equipment and Supplies***

IHCP policy stipulates that providers cannot bill the IHCP directly for medical supplies, nonmedical supplies or routine DME items (and associated repair costs) provided to IHCP members residing in LTC facilities (NFs and ICFs/IID, including CRFs/DD). The costs for these services are included in the facility *per diem* rate, and the medical supplier or DME company should bill the LTC facility for such services. For further information, refer to *405 IAC 5-13-3* and *405 IAC 5-31-4*.

Healthcare Common Procedure Coding System (HCPCS) codes for medical supplies, nonmedical supplies or routine DME items billed to the IHCP for members residing in LTC facilities will deny with the EOB 2034 – *Medical and nonmedical supplies and routine DME items are covered in the per diem rate paid to the Long Term Care facility and may not be billed separately to the IHCP*.

*Note: The LTC DME Per Diem Table is accessible from the [Long-Term Care DME Per Diem Table](#) page at [in.gov/medicaid/providers](http://in.gov/medicaid/providers).*

Nonstandard items of DME and associated repair costs that have received prior authorization must be billed to the IHCP directly by the DME provider. Facilities may not require members to purchase or rent such equipment with their personal funds. DME purchased with Medicaid funds becomes the property of the OMPP. The OMPP must be notified when the member no longer needs the equipment. For more information about DME and supplies, see the [Durable and Home Medical Equipment and Supplies](#) module.

## ***Claims for Physician Visits***

Physician visits to members residing in an NF are separately reimbursable when billed by the physician on a professional claim, limited to one visit per 27 days unless sufficient documentation is provided to justify additional visits. See the *Claim Notes* section of the [Claim Submission and Processing](#) module for details.

## ***Autoclosure of LOC for Discharged Residents***

To ensure that IHCP members receive all benefits to which they are entitled, it is the responsibility of each LTC provider to properly document the discharge of residents by submitting the appropriate patient status code on the institutional claim (field 17, STAT, on the *UB-04* claim form) in a timely manner. CoreMMIS uses the patient status code to close the member's LOC segment. If the LOC is not updated, it prevents members from receiving services, supplies and pharmacy prescription fulfillment upon discharge from the LTC facility.

The process of autoclosing LOC segments based on patient status code eliminates the need for LTC providers to submit written discharge information to the FSSA Division of Aging of all residents discharged from an NF or ICF/IID during a given month. The Division of Aging requests that facilities not submit monthly discharge information for residents whose discharge information is noted on the claim.

For a list of the only patient status codes that are valid codes for members who are discharged from LTC facilities, see the *Autoclosure Patient Status Codes for Member Level of Care* table in *Long-Term Care Codes*, accessible from the [Code Sets](#) page at [in.gov/medicaid/providers](http://in.gov/medicaid/providers). If a claim includes one of these patient status codes, CoreMMIS automatically closes out the LOC segment for that member.

*Note: In addition to the patient status code, LTC providers must also include the appropriate occurrence code and date (in fields 31a–34b of the UB-04 claim form or equivalent electronic claim fields) for discharges of IHCP members: occurrence code **42 – Date of discharge** (for live discharges) or occurrence code **55 – Date of death**. For more information about occurrence codes, see the [Claim Submission and Processing](#) module at [in.gov/medicaid/providers](http://in.gov/medicaid/providers).*

LTC providers do not receive reimbursement for the date of discharge. Therefore, it is imperative that LTC providers carefully complete the claim to ensure that the *through* date for the period covered (the second date in the Covered Dates field in the IHCP Portal claim header or the second date in field 6 on the *UB-04* claim form) accurately reflects the actual date of discharge for the member. Providers should be aware that overpayments to facilities are subject to recoupment.

### **LTC Facility Residents Who Elect Hospice Benefits**

When a resident elects the hospice benefit while remaining in the LTC facility, the LTC facility provider must not use a discharge code on the claim. To eliminate autoclosure of the LOC segment and provide continuity of reimbursement, the provider should use a patient status code of 30 – *Still a patient* and reflect the date the resident began hospice coverage as the “through” date for the period covered on the claim.

### **LTC Facility Residents Admitted to a Hospital**

When filing a claim for a resident who has been admitted to the hospital, LTC providers should not use a discharge code on the claim. The discharge patient status code closes the member LOC segment and all future LTC claims are denied for explanation of benefits (EOB) 2008 – *Member is not eligible for this level of care for dates of service*. To eliminate autoclosure of the LOC segment while the resident is hospitalized, the LTC provider should use a patient status code of 30 – *Still a patient*. The claim should include the dates the resident was hospitalized, but should not bill per diem units for those dates.

Examples:

- A resident was in an LTC facility from June 1 through June 23. The resident was hospitalized on June 24 and returned to the LTC facility on July 10, and remained in the facility the rest of the month.
  - The LTC facility claim for June should reflect service dates of June 1 through June 30, with 23 units of *per diem* for the LOC. The status code would be 30 – *Still a patient*, because the member is still a resident of the LTC facility while in the hospital.
  - The July claim should reflect July 1 through July 31 dates of service, with a patient status code of 30 and 22 units of *per diem* for the LOC.
- If the same resident was discharged to home or to another facility from the hospital and did not return to the LTC facility on the anticipated date of July 10, the July bill should reflect discharge on July 10 with a status code of 02 – *Discharged or transferred to another short-term general hospital for inpatient care*. Although the date of discharge is not reimbursed, the claim must reflect this date with the appropriate status code reflecting true disposition of the resident.

## Autoclosure Process for Inpatient Crossover Claims

CoreMMIS uses the patient status code (field 17, STAT, of the *UB-04* claim form) of inpatient crossover claims to close the member LOC segment. LOC information must match billing provider information.

When all the following occur for an inpatient crossover claim, CoreMMIS will close the member LOC segment using the *through* date of service from the claim as the LOC end date:

- An accommodation (room and board) code is billed on the crossover claim.
- The *through* date of service is less than or equal to the end date of the member LOC segment.
- The patient status code indicates discharge as listed in *Autoclosure Patient Status Codes for Inpatient Crossover Claims* table on *Long-Term Care Codes*, accessible from the [Code Sets](#) page at [in.gov/medicaid/providers](http://in.gov/medicaid/providers).

This autoclosure process enables dually eligible members who are discharged from an LTC facility while on a Medicare Part A stay to readily receive services in the community that are not available to members with an active NF LOC.

*Note: Inpatient crossover claims indicating the patient status code 02 – “Discharged or transferred to another short-term general hospital for inpatient care” will not be included in the autoclosure process for members on a Medicare Part A stay. In the event the member does not return to the LTC facility from the hospital stay, the LTC facility must notify either Gainwell or the Division of Aging so the LOC can be manually end-dated.*

## Correcting an Erroneous Autoclosure

Providers that have previously received payment for a particular resident but have recently received claim denials for EOB 2008 should contact the **Gainwell LTC help desk** at **317-488-5094** or [inxix\\_ltc@gainwelltechnologies.com](mailto:inxix_ltc@gainwelltechnologies.com). **Providers must not contact the Division of Aging.**

If the member’s LOC was discontinued as a result of the discharge status code, Provider Relations will review the claims to determine which claim caused the autoclosure. If an incorrect status code was used, Provider Relations will advise the provider of any action that should be taken so that the LOC, when deemed appropriate, *can be manually restored* in CoreMMIS.

To have claims considered for payment after an autoclosure caused by an erroneous patient status code, the following steps must occur:

1. The provider must adjust or replace any paid claims that had an incorrect discharge patient status code.
2. The provider must call or email the LTC help desk and provide the internal control number (ICN)/Claim ID of the adjusted claim to have the LOC manually updated.
3. After the LOC changes are made, claims that previously denied with EOB 2008 can be rebilled and considered for payment. If the denied claims are resubmitted *prior to* the LOC being updated, the claims will deny again with EOB 2008.

If the denied claim is past the filing limit, the provider must do the following when resubmitting the claim:

- *For electronic claims:* Include a claim note indicating “**Retro LOC.**” The claim note is sufficient to bypass the filing limit and allow the claim to be processed.
- *For paper claims:* Attach a letter stating that the claim was denied due to an erroneous autoclosure of the LOC, that the provider has contacted the LTC help desk, and that the LOC segment for the member has been reinstated. Gainwell provider representatives will then seek approval from the FSSA OMPP to have the filing limit waived so that the claim can be special batched.

## ***Retro-Rate Adjustments***

Gainwell deactivates the autoclosure process for retro-rate adjustments. This deactivation prevents claim denials and the creation of unnecessary accounts receivable for LOC segments that have previously been manually restored by Gainwell following notification that the provider billed the incorrect patient status code, as described in the [Correcting an Erroneous Autoclosure](#) section.

*Note: Hospice providers are not required to submit individual claim adjustments to Gainwell for retro-rate adjustments for room-and-board payments under the IHCP hospice benefit. To expedite hospice claim payments to contracted NFs, CoreMMIS allows mass adjustments for NF room-and-board rate for hospice claims billed under type-of-bill code 822 and with hospice revenue codes 653, 654, 659, 183 or 185. Hospice claims under these revenue codes are mass adjusted on the same date that the NF retro-rates are mass adjusted. Hospice and NF providers are reminded that mass adjustments to the room-and-board rate under the IHCP hospice benefit for members residing in NFs are reflected on the hospice provider’s Remittance Advice (RA). Hospice and NF providers are encouraged to develop coordination and payment procedures to address this retro-rate adjustment issue in their contracts.*

## ***Medicare Crossover Payment Policy***

In accordance with 405 IAC 1-18-2, the IHCP makes a payment only when the Medicare payment amount is less than the IHCP rate on file at the time Gainwell processes the crossover claim. A paid claim can have an amount of \$0.

When an NF resident elects Medicare benefits for room and board, the NF collects liability at the beginning of the month, as if the resident was not using Medicare days:

- If the resident uses Medicare room-and-board benefits for the entire month, the NF places the liability collected at the beginning of the month in the resident’s personal needs allowance account. If the resident uses Medicare benefits for room and board for several months, the resident could exceed the resident’s personal resources limit. In this case, the NF must notify the county caseworker, who redetermines the financial eligibility of the resident and may end-date the resident’s IHCP eligibility until personal resources are again exhausted. The resident may then

reapply for Medicaid and must complete a new PASRR through the state's web-based PASRR system.

- If the resident uses only a portion of the month for Medicare room-and-board benefits, the liability collected by the NF is only for the days that Medicaid paid the NF room and board. The NF places the remaining liability in the resident's personal needs allowance account. If the dollar amount in the personal needs account exceeds the limit allowed, the nursing facility must notify the county caseworker.

Medicare payment policy permits coinsurance or copayment and deductible amounts that cannot be collected by the NF to be treated as a *Medicare bad debt* and are generally eligible for reimbursement by Medicare to ensure that any adverse financial impact on the NF is minimal.

The FSSA has received inquiries from providers about what claims can be submitted to Medicare as bad debt when EOB 9004 – *Pricing adjustment – amount paid is zero* has posted to an adjudicated claim on the provider's RA. Providers must send bad debt information to Medicare for review. Providers must submit a copy of the IHCP RA to reflect that the claim was adjudicated by the IHCP and paid at zero. The RA reflects member liability deductions included in the adjudicated claim by indicating the specific dollar amount in the patient liability field (PATIENT LIAB) on the RA, which is located between the other insurance amount field (OTH INS AMOUNT) and the PAID AMOUNT field. If an amount is indicated in this field, this amount of member liability was deducted from the claim. EOB 9004 should **not** be used as the basis for determining whether a member liability amount was deducted from the claim.

In addition, some NF providers have misused resident personal resource account funds to satisfy a coinsurance, copayment or deductible cost.

*Note: The IHCP does not allow an NF to use any portion of a member's personal resource account to cover any portion of the coinsurance, copayment or deductible amount that is not paid by the IHCP program.*

For example, if the Medicare payment is *greater than* the IHCP-allowed amount and the claim is paid at zero, the coinsurance, copayment or deductible cannot be collected by the NF from the member's personal resource account. Similarly, if the Medicare paid amount is *less than* the IHCP amount, allowing a portion of the coinsurance, copayment or deductible to be paid, the difference between the payment amount and the difference in the coinsurance or copayment amount or deductible cannot be collected from the member's personal resource account. Providers that have not been following the correct policy must begin doing so immediately.

## Nursing Facilities Not Medicare-Certified

IHCP-enrolled nursing facilities that are not Medicare-certified must comply with the following:

- The NF must use the Certification Statement available on the [Forms](#) page at [in.gov/medicaid/providers](http://in.gov/medicaid/providers) to certify to the FSSA that it will not request payment from the IHCP for services rendered to dually eligible IHCP members who are eligible to receive Medicare Part A nursing facility benefits. For as long as an NF elects not to become Medicare-certified, the NF must submit this certification annually to the FSSA's rate-setting contractor, Myers and Stauffer. NFs must send the Certification Statement with the facility's regularly scheduled cost report submission.
- The NF must maintain clinical, payment and benefit records in sufficient detail to substantiate to the FSSA that a member for whom IHCP payment was requested is not also entitled to or eligible for Medicare Part A nursing facility benefits. The facility must contact the Medicare fiscal intermediary to determine the availability of Medicare.

## Certificate of Need Program

The Certificate of Need program for Indiana comprehensive care facilities (nursing facilities) is the result of *Senate Enrolled Act 190* from the 2018 session of the Indiana General Assembly.

With certain exceptions, a Certificate of Need is required to:

- Build, develop or establish a new healthcare facility (nonreplacement facility)
- Move an existing healthcare facility to another county
- Relocate beds from one facility to another
- Change the comprehensive bed capacity of a healthcare facility
- Change the type or scope of any healthcare service offered by a healthcare facility

Exceptions that do not require a Certificate of Need can be found at *IC 16-29-7-1* and *IC 16-29-7-16*. If providers believe they meet one of the exceptions, they can email their exception request to the Indiana Department of Health (IDOH) at [providers@isdh.IN.gov](mailto:providers@isdh.IN.gov) for review.

Certificate of Need applications will be accepted July 1 through July 31 each year. Applications submitted after July 31 will be reviewed the following year. All Certificate of Need applications must include all information required in the application and be submitted with a nonrefundable \$5,000 application fee.

Applications for a Certificate of Need will be evaluated according to all relevant State Health Plan standards, policies and criteria.

For more information, see the [Certificate of Need Program](#) page at [in.gov/health](http://in.gov/health).

## Medicaid Recovery Audit Contractor for Long-Term Care Facilities

The CMS established the Recovery Audit Contractor (RAC) program to promote the integrity of the Medicaid program. Under the federally required RAC program, states must contract with one or more Medicaid RACs to identify inappropriate payments (both overpayments and underpayments) and to recover overpayments from Medicaid providers.

As the Indiana Medicaid RAC, Indiana FSSA Audit Services conducts LTC financial audits of all IHCP-enrolled extended care facilities (provider type 03), including nursing facilities, ICF/IIDs, pediatric nursing facilities, residential care facilities and psychiatric residential treatment facilities (PRTFs).

The RAC audits focus on, but are not limited to:

- Payments made for dates of service after date of discharge
- Duplicate Medicaid payments
- Appropriateness of reporting Medicare or other third-party payments
- Errors related to patient liability application or collection

For more information, see the [Provider and Member Utilization Review](#) module and the [Medicaid Recovery Audit Contractor \(RAC\) Overview](#) page at [in.gov/medicaid/providers](http://in.gov/medicaid/providers). For questions about the Medicaid RAC program, call 800-457-4515.