

Clarifications related to Nursing Facility Services Transitioning to STAR+PLUS

February 20, 2015
Effective March 1, 2015

S.B. 7, 83rd Legislature, Regular Session, 2013, directs HHSC to deliver nursing facility services through the STAR+PLUS managed care model. Effective March 1, 2015, STAR+PLUS managed care organizations (MCOs) will provide services to most Medicaid clients residing in a nursing facility.

Applied Income and Incurred Medical Expenses

Existing Processes and Requirements Remain in Effect

Applied income is the portion of the earned and unearned income of a Medicaid client, or if applicable the client and the client's spouse, that is paid under the Medicaid program to an institution or long-term care facility in which the client resides. For Medicaid-eligible nursing facility residents, just as done in fee-for-service Medicaid, HHSC conducts post-eligibility calculations to determine the applied income.

Incurred medical expense (IME) is an income deduction for out-of-pocket expenses that will not be paid by a third party. IME is a payment arrangement between a Medicaid client and the insurance carrier or medical/remedial provider. **IME is not a Medicaid payment.** To qualify for an IME payment, an item/service requires the attending practitioner to attest in writing that it is medically necessary.¹

Examples of allowable uses of IME include:

- General health insurance or limited scope policies, such as vision and dental, (if the policies are assignable)
- Medicare Part D expenses
- Non-emergency dental services

Applied Income and Incurred Medical Expenses under STAR+PLUS Managed Care

The transition to STAR+PLUS does not change nursing facility payment processes related to applied income and incurred medical expenses for Medicaid residents. MCOs will use data on residents' applied income amounts in order to calculate payments for nursing facilities.

MCOs also will assist with the collection of applied income from residents.² Providers must make reasonable efforts to collect applied income, document those efforts, and notify the MCO service coordinator or the MCO's designated representative when it has made two unsuccessful attempts to collect applied income in a month. While MCOs can assist in contacting clients and family members concerning applied income, MCOs will not collect the funds—only nursing facilities will collect applied income funds.

¹ As specified in the Medicaid State Plan, IME cannot cover certain items/services, including:

- Medicaid-covered services, including those that are:
 - Included in the nursing facility daily rate
 - Beyond the amount, duration and scope of the Medicaid State Plan
 - Delivered by non-Medicaid providers
- Expenses for medical services received before the applicant's medical effective date
- Premiums for cancer or other disease-specific insurance policies, income maintenance policies or general health insurance policies with benefits that cannot be assigned
- Services provided outside of the U.S.
- Expenses incurred during a transfer of assets or home equity penalty (including but not limited to nursing facility bills).

² As required by §533.00251(c)(6)(A), Texas Government Code

Dental

Other than emergency dental, dental services are not Medicaid services for STAR+PLUS clients, (which is no different than in traditional fee-for-service Medicaid). Nursing facility residents enrolled in STAR+PLUS can continue to use the incurred medical expense process as explained above for non-emergency dental services.

Please note that some STAR+PLUS MCOs may offer a dental value-added service to residents, which is an incentive free to clients who choose the MCO. Concerning instances when an MCO offers value-added service that qualifies for IME, (for example non-emergency dental services), the resident may determine whether to utilize an MCO value-added service or IME.

Emergency dental services continue to be a Medicaid benefit and will be reimbursed to the dental provider through the dental subcontractor of the resident's associated MCO.

Hospice/ Preadmission Screening and Resident Review

Providers will continue to bill TMHP for hospice services and Preadmission Screening and Resident Review (PASRR) specialized services through the fee-for-service process for all residents regardless of their managed care enrollment. ***Providers cannot bill STAR+PLUS MCOs for hospice services or PASRR specialized services.***

STAR+PLUS residents receiving hospice or PASRR specialized services remain enrolled with their STAR+PLUS MCO and providers of these services are reimbursed through fee-for-service.. For these STAR+PLUS residents, providers must bill the appropriate STAR+PLUS MCO for nursing facility add-on, acute care, and any additional services other than hospice or PASRR specialized services.

MESAV

TMHP TexMedConnect MESAV should be used to verify information for residents in managed care, including:

- Applied Income
- Service Authorizations created by DADS for nursing facility Unit Rate (aka Daily Care), Medicare Coinsurance, Tracheostomy Care and Ventilator Care
- Level of Service (RUG) created by DADS for nursing facility Unit Rate (aka Daily Care)
- Managed Care effective dates and MCO plan code

MESAV will no longer display 'utilized units' for managed care members since claims are not being adjudicated by the TMHP system for these individuals.