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**Related Clinical Coverage Policies**

Refer to <http://www.ncdhhs.gov/dma/mp/> for the related coverage policies listed below:  
3D, *Hospice Services*

## 1.0 Description of the Procedure, Product, or Service

As defined in 42 CFR 440.40, a nursing facility is a medical health facility, or a distinct part of a facility (for example, a hospital enrolled by the NC Medicaid (Medicaid) program as a swing-bed provider of nursing facility services), that is licensed and certified by the Division of Health Service Regulation (DHSR) and enrolled with Medicaid to provide nursing facility level of care services.

A nursing facility provides daily licensed nursing care and on-site physician services but does not provide the degree of medical treatment, consultation, or medical support services available in an acute care hospital.

**Note:** An intermediate care facility for the mentally retarded (ICF/MR) is not considered to be a nursing facility.

### 1.1 Definitions

None Apply.

## 2.0 Eligibility Requirements

### 2.1 Provisions

#### 2.1.1 General

*(The term “General” found throughout this policy applies to all Medicaid and NCHC policies)*

- a. An eligible beneficiary shall be enrolled in either:
  1. the NC Medicaid Program (*Medicaid is NC Medicaid program, unless context clearly indicates otherwise*); or
  2. the NC Health Choice (*NCHC is NC Health Choice program, unless context clearly indicates otherwise*) Program on the date of service and shall meet the criteria in **Section 3.0 of this policy**.
- b. Provider(s) shall verify each Medicaid or NCHC beneficiary’s eligibility each time a service is rendered.
- c. The Medicaid beneficiary may have service restrictions due to their eligibility category that would make them ineligible for this service.
- d. Following is only one of the eligibility and other requirements for participation in the NCHC Program under GS 108A-70.21(a): Children must be between the ages of 6 through 18.

### 2.1.2 Specific

*(The term “Specific” found throughout this policy only applies to this policy)*

a. Medicaid

None Apply.

b. NCHC

NCHC beneficiaries are not eligible for Nursing Facilities.

## 2.2 Special Provisions

### 2.2.1 EPSDT Special Provision: Exception to Policy Limitations for a Medicaid Beneficiary under 21 Years of Age

a. **42 U.S.C. § 1396d(r) [1905(r) of the Social Security Act]**

Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) is a federal Medicaid requirement that requires the state Medicaid agency to cover services, products, or procedures for Medicaid beneficiary under 21 years of age **if** the service is **medically necessary health care** to correct or ameliorate a defect, physical or mental illness, or a condition [health problem] identified through a screening examination (includes any evaluation by a physician or other licensed practitioner).

This means EPSDT covers most of the medical or remedial care a child needs to improve or maintain his or her health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

Medically necessary services will be provided in the most economic mode, as long as the treatment made available is similarly efficacious to the service requested by the beneficiary’s physician, therapist, or other licensed practitioner; the determination process does not delay the delivery of the needed service; and the determination does not limit the beneficiary’s right to a free choice of providers.

EPSDT does not require the state Medicaid agency to provide any service, product or procedure:

1. that is unsafe, ineffective, or experimental or investigational.
2. that is not medical in nature or not generally recognized as an accepted method of medical practice or treatment.

Service limitations on scope, amount, duration, frequency, location of service, and other specific criteria described in clinical coverage policies may be exceeded or may not apply as long as the provider’s documentation shows that the requested service is medically necessary “to correct or ameliorate a defect, physical or mental illness, or a condition” [health problem]; that is, provider documentation shows how the service, product, or procedure meets all EPSDT criteria, including to correct or improve or maintain the beneficiary’s health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

**b. EPSDT and Prior Approval Requirements**

1. If the service, product, or procedure requires prior approval, the fact that the beneficiary is under 21 years of age does **NOT** eliminate the requirement for prior approval.
2. **IMPORTANT ADDITIONAL INFORMATION** about EPSDT and prior approval is found in the *NCTracks Provider Claims and Billing Assistance Guide*, and on the EPSDT provider page. The Web addresses are specified below.

*NCTracks Provider Claims and Billing Assistance Guide:*

<https://www.nctracks.nc.gov/content/public/providers/provider-manuals.html>

EPSDT provider page: <http://www.ncdhhs.gov/dma/epsdt/>

**2.2.2 EPSDT does not apply to NCHC beneficiaries**

**2.2.3 Health Choice Special Provision for a Health Choice Beneficiary age 6 through 18 years of age**

The Division of Medical Assistance (DMA) shall deny the claim for coverage for an NCHC beneficiary who does not meet the criteria within **Section 3.0** of this policy. Only services included under the NCHC State Plan and the DMA clinical coverage policies, service definitions, or billing codes are covered for an NCHC beneficiary.

**2.3 Financial Eligibility**

Medicaid applicants and beneficiaries who meet financial and medical necessity based on the nursing facility level of care criteria are eligible for Medicaid nursing facility services. The local department of social services in the county where the applicant's eligibility is maintained is responsible for determining financial eligibility, and the designated state contractor determines medical necessity. The appropriate services must have been initially billed to Medicare for dually eligible beneficiaries.

**3.0 When the Procedure, Product, or Service Is Covered**

*Note: Refer to Subsection 2.2.1 regarding EPSDT Exception to Policy Limitations for a Medicaid Beneficiary under 21 Years of Age.*

**3.1 General Criteria Covered**

Medicaid and NCHC shall cover the procedure, product, or service related to this policy when medically necessary, and:

1. the procedure, product, or service is individualized, specific, and consistent with symptoms or confirmed diagnosis of the illness or injury under treatment, and not in excess of the beneficiary's needs;
2. the procedure, product, or service can be safely furnished, and no equally effective and more conservative or less costly treatment is available statewide; and
3. the procedure, product, or service is furnished in a manner not primarily intended for the convenience of the beneficiary, the beneficiary's caretaker, or the provider.

### **3.2 Specific Criteria Covered**

#### **3.2.1 Specific criteria covered by both Medicaid and NCHC**

None Apply.

#### **3.2.2 Medicaid Additional Criteria Covered**

##### **a. Nursing Facility Level of Care Criteria**

The following criteria are not intended to be the only determinants of the resident's or beneficiary's need for nursing facility level of care. Professional judgment and a thorough evaluation of the resident's or beneficiary's medical condition and psychosocial needs are necessary, as well as an understanding of and the ability to differentiate between the need for nursing facility care and other health care alternatives. All professional services that are provided to the resident or beneficiary to maintain, monitor, and/or enhance the resident's or beneficiary's level of health must be addressed in the medical records and reflected on the medical eligibility assessment form.

##### **b. Qualifying Conditions**

Conditions that are considered when assessing a beneficiary for nursing facility level of care include the following:

1. Need for services that, by physician judgment, require:
  - A. A registered nurse for a minimum of 8 hours daily and
  - B. other personnel working under the supervision of a licensed nurse.
2. Need for daily licensed nurse observation and assessment of resident needs.
3. Need for administration and/or control of medications that, according to state law, are to be the exclusive responsibility of licensed nurses, requiring daily observation for drug effectiveness and side effects (as defined in 10A NCAC 130.0202, medications may be administered by medication aides with appropriate facility policies and procedures and following the North Carolina board of nursing requirement for supervision).
4. Need for restorative nursing measures to maintain or restore maximum function or to prevent the advancement of progressive disabilities as much as possible; such measures may include, but are not limited to, the following:
  - A. Encouraging residents to achieve independence in activities of daily living (such as bathing, eating, toileting, dressing, transferring, and ambulation).
  - B. Using preventive measures and devices, such as positioning and alignment, range of motion, handrolls, and positioning pillows, to prevent or retard the development of contractures.
  - C. Training in ambulation and gait, with or without assistive devices.
5. Special therapeutic diets: nutritional needs under the supervision and monitoring of a registered dietician.



6. Nasogastric and gastrostomy tubes: requiring supervision and observation by licensed nurses.
  - A. Tube with flushes.
  - B. Medications administered through the tube.
  - C. Supplemental bolus feedings.
7. Respiratory therapy: oxygen as a temporary or intermittent therapy or for residents who receive oxygen therapy continuously as a component of a stable treatment plan:
  - A. Nebulizer usage.
  - B. Pulse oximetry.
  - C. Oral suctioning.
8. Wounds and care of decubitus ulcers or open areas.
9. Dialysis: hemodialysis or peritoneal dialysis as part of a maintenance treatment plan.
10. Rehabilitative services by a licensed therapist or assistant as part of a maintenance treatment plan.
11. Diabetes, when daily observation of dietary intake and/or medication administration is required for proper physiological control.

**c. Conditions That Must be Present in Combination to Justify Nursing Facility Level of Care**

The following conditions when in combination may justify nursing facility level of care placement:

1. **Need for teaching and counseling** related to a disease process, disability, diet, or medication.
2. **Adaptive programs:** training the resident to reach his or her maximum potential (such as bowel and bladder training or restorative feeding); documentation must include the purpose of the resident's participation in the program and the resident's progress.
3. **Ancillary therapies:** supervision of resident performance of procedures taught by a physical, occupational, or speech therapist, including care of braces or prostheses and general care of plaster casts.
4. **Injections:** requiring administration and/or professional judgment by a licensed nurse.
5. **Treatments:** temporary cast, braces, splint, hot or cold applications, or other applications requiring nursing care and direction.
6. **Psychosocial considerations:** psychosocial condition of each resident will be evaluated in relation to his or her medical condition when determining the need for nursing facility level of care; factors to consider along with the resident's medical needs include.
  - A. Acute psychological symptoms (these symptoms and the need for appropriate services and supervision must have been documented by physician's orders or progress notes and/or by nursing or therapy notes).
  - B. Age.

- C. Length of stay in current placement.
  - D. Location and condition of spouse.
  - E. Proximity of social support.
  - F. Effect of transfer on resident, understanding that there can always be, to a greater or lesser degree, some trauma with transfer (proper and timely discharge planning will help alleviate the fear and worry of transfer).
7. **Blindness.**
8. **Behavioral problems**, such as:
- A. Wandering.
  - B. Verbal disruptiveness.
  - C. Combativeness.
  - D. Verbal or physical abusiveness.
  - E. Inappropriate behavior (when it can be properly managed at the nursing facility level of care).
9. **Frequent falls.**
10. **Chronic recurrent medical problems** that require daily observation by licensed personnel for prevention and/or treatment.

### **3.3 Ventilator Level of Care**

To qualify as ventilator level of care, a resident must be dependent upon mechanical ventilation at least **10** hours per day and in stable condition without unstable or progressive infections or extreme changes in ventilator settings and/or duration (such as increase in respiratory rate by five breaths per minute, increase in fraction of inspired oxygen (FIO<sub>2</sub>) of 25% or more and/or increase in tidal volume of 200 milliliters or more). Refer to **Subsection 5.2.4 and Attachment D (E.)** for additional information.

### **3.4 Non-Emergency Medically Necessary Ambulance Transportation**

In accordance with 10A NCAC 22O.0110, Medicaid covers non-emergency medically necessary ambulance transportation to receive medical services that cannot be provided in the nursing facility when any other means of transportation would endanger the resident's health and it is medically necessary that the resident be transported via stretcher due to a medical or physical condition. Medicaid covers ambulance services only if they are furnished to a resident whose medical condition is such that other means of transportation would be contraindicated.

### **3.5 Non-Ambulance Transportation**

Non-ambulance transportation of Medicaid-eligible residents to receive medical care that cannot be provided in the facility is covered in the per diem that is reimbursed to the facility as documented in 10A NCAC 22G.0104(d)(7).

**Note:** The facility cannot charge the family or the resident's funds for the cost of this transportation. The facility may contract with a service (including county-coordinated transportation systems) to provide transportation or may provide transportation services using its own vehicles if this is more cost effective.

### 3.5.1 NCHC Additional Criteria Covered

None Apply.

## 4.0 When the Procedure, Product, or Service Is Not Covered

*Note: Refer to Subsection 2.2.1 regarding EPSDT Exception to Policy Limitations for a Medicaid Beneficiary under 21 Years of Age.*

### 4.1 General Criteria Not Covered

Medicaid and NCHC shall not cover the procedure, product, or service related to this policy when:

- a. the beneficiary does not meet the eligibility requirements listed in **Section 2.0**;
- b. the beneficiary does not meet the criteria listed in **Section 3.0**;
- c. the procedure, product, or service duplicates another provider's procedure, product, or service; or
- d. the procedure, product, or service is experimental, investigational, or part of a clinical trial.

### 4.2 Specific Criteria Not Covered

#### 4.2.1 Specific Criteria Not Covered by both Medicaid and NCHC

None Apply.

#### 4.2.2 Medicaid Additional Criteria Not Covered

Nursing facility services are not covered when:

- a. the beneficiary (age 65 and older) is entitled to Medicare benefits and does not apply for Medicare;
- b. the services are denied by private health plans due to non-compliance with those plan requirements;

**Note:** If the provider's service would have been covered and payable by the private plan, but some requirement of the plan was not met, Medicaid does not pay for the service.

- c. the insurance payment amount is more than the Medicaid-allowed amount;
- d. the resident's monthly liability equals or exceeds the Medicaid reimbursement rate for the facility; or
- e. a preadmission screening (PASRR) was not completed prior to admission as required by 42 CFR 483 Subpart C.

**Note:** Once the Level I (and, if appropriate, the Level II) screen is completed, Medicaid reimbursement will resume.

Refer to **Subsection 5.1** for additional information regarding PASRR.

#### 4.2.3 Non-Covered Patient Care Items and Services

a. Non-Covered Patient Care Items

As indicated in 42 CFR 483.10(c)(8)(ii), the following patient care items are not covered by Medicaid:

1. Telephones.
2. Televisions or radios.
3. Newspapers.
4. Magazines.
5. Private duty nurses and sitters.
6. Tobacco products.
7. Medical photography.

Additionally, as indicated in 10A NCAC 22G.0103 and 22O.0403, the following patient care items are also not covered by Medicaid:

1. Guest meal tray.
2. Personal clothing.
3. Morgue boxes, shrouds, or burial wrappings.
4. Private rooms, unless the beneficiary's attending physician orders a private room based on medical necessity or if the only room available within the facility is a private room.

**Note:** This list is not all inclusive.

b. Bed Hold Days

In accordance with 42 CFR 483.12(a)(8)(b), Medicaid does not cover bed hold days. Refer to **Subsection 7.4** for additional information on bed holds.

c. Non-Covered Ambulance Transportation Services

As indicated in 10A NCAC 22O.0110 and .0409, the following ambulance transportation services are not covered by Medicaid:

1. Non-emergency transportation when it is not medically necessary to transport a resident by ambulance.
2. Transportation from the nursing facility to the emergency room or to the outpatient department of a hospital for medical services that can be rendered at the nursing facility.
3. Transportation of a deceased resident, if the resident was pronounced dead prior to the call for pick-up.
4. Transportation from a nursing facility to a site for therapeutic leave.

#### 4.2.4 NCHC Additional Criteria Not Covered

- a. NCGS § 108A-70.21(b) "Except as otherwise provided for eligibility, fees, deductibles, copayments, and other cost sharing charges, health benefits coverage provided to children eligible under the Program shall be equivalent to coverage provided for dependents under North Carolina Medicaid Program except for the following:

1. No services for long-term care.
2. No nonemergency medical transportation.
3. No EPSDT.

4. Dental services shall be provided on a restricted basis in accordance with criteria adopted by the Department to implement this subsection.”

## 5.0 Requirements for and Limitations on Coverage

*Note: Refer to Subsection 2.2.1 regarding EPSDT Exception to Policy Limitations for Medicaid Beneficiaries under 21 Years of Age.*

### 5.1 Preadmission Screening Resident Review

The Preadmission Screening Resident Review (PASRR) program is a federal statutory requirement (refer to 42 CFR 483 Subpart C) that mandates the review of every individual who applies to or resides in a Medicaid-certified nursing facility, regardless of the source of payment for nursing facility services.

#### 5.1.1 Who Is Subject to PASRR Screens

In accordance with 42 CFR 483.106, all applicants to and residents of Medicaid-certified nursing facilities must be screened through the Level I and, if appropriate, the Level II process.

**Note:** Hospital swing beds, Community Alternatives Program services, and nursing facilities that are **not** Medicaid certified are exempt from Level I and Level II PASRR screens. A small number of nursing facilities in North Carolina have a distinct part that participates in the Medicaid program as a nursing facility and another distinct part that participates in the Medicare program as a skilled nursing facility. Persons seeking admission to the **Medicare** distinct part, as long as that part is not Medicaid certified, are also exempt from the Level I and Level II processes.

An individual who is transferred from any of these placements into a Medicaid-certified nursing facility bed (or Medicaid-certified part of a nursing facility) must have a Level I and, if applicable, a Level II screen before that transfer can occur.

#### 5.1.2 Web-Based Submission

All providers will be required to submit PASRR screenings or Tracking forms through the Division of Medical Assistance’s (DMA) web-based tool or through a third-party vendor with interface capabilities into DMA’s web-based tool.

**Note:** Organizations currently submitting PASRR screenings and Tracking forms through a third-party vendor with interface capabilities into DMA’s web-based tool can continue to use this method.

#### 5.1.3 Level I Screens

Federal law (42 CFR 483.128) mandates that states provide a Level I screen for all applicants to Medicaid-certified nursing facilities to identify residents with serious mental illness (SMI), mental retardation (MR), or a related condition (RC).

For residents with no evidence or diagnosis of SMI, MR, or RC, the initial Level I screen remains valid unless there is a significant change in status.

#### 5.1.4 Level II Screens

Any applicant to a Medicaid-certified nursing facility whose Level I screen indicates the possible presence of SMI, MR, or RC must undergo a Level II screen. Level II screens are federally mandated (42 CFR 483.128) to be performed on-site and prior to admission to the nursing facility.

The results of the Level II screens can be seen on the NCMUST.com website.

#### 5.1.5 Annual Resident Review for Level II Screens

After an individual receives a Level II evaluation, the individual no longer needs to receive an Annual Resident Review (ARR) to evaluate the individual's continuing need for nursing facility care and/or specialized MI, MR, or RC services. Congress repealed the Federal requirement for annual reviews in 1996.

#### 5.1.6 Significant Change in MH/MR Resident Condition

Nursing facilities will have greater responsibility for identifying significant changes in the resident's status. A significant change is defined as a major change in the resident's status that results either in an improvement or deterioration in at least two (2) or more areas of the resident's physical or mental functioning, which has an impact on the resident's specialized needs.

- a. Nursing facilities shall be responsible to complete an MDS evaluation for any significant change and must notify the PASRR contractor within seven business days of the significant change so that either a PASRR I or PASRR II evaluation can be arranged, whichever is indicated by the change. The process will then follow the same steps as for the initial Level I PASRR evaluation process.
- b. Once the PASRR II is completed, communication of changes in service needs must occur with the Department of Mental Health, who is responsible to arrange and assure MH and MR services for individuals who are appropriate for additional services.

#### 5.1.7 Level II Screen Postponements

Federal regulations (42 CFR 483.130) allow short-term nursing facility admissions for some applicants with SMI, MR, or RC. These **time-limited** approvals are authorized during the Level I screen process when any of the following four circumstances are applicable:

- a. **Convalescent care** (30-calendar-day approval): applies to admissions to nursing facilities directly from acute care hospitals  
**Note:** An individual must need 30 calendar days or less of nursing facility care for the hospitalization condition for this approval to be granted. The attending physician must provide certification that the nursing facility stay is not expected to exceed 30 calendar days. (42 CFR 483.106)
- b. **Emergency** (7-calendar-day approval): applies when the individual needs emergency protective service placement
- c. **Delirium** (7-calendar-day approval): applies to individuals suspected of having SMI, MR, or RC but whose delirium state prevents accurate completion of the Level I and/or Level II processes
- d. **Respite** (7-calendar-day approval): applies to individuals whose in-home caregivers need temporary respite

### 5.1.8 Continued Stays

If residence in the facility is expected to extend beyond the end date shown on the initial Level I screen, further approval and evaluation, as authorized by 42 CFR 483.130(e), must be obtained before the authorized period ends. The admitting facility is responsible for initiating further assessment through an updated Level I evaluation.

- a. within 5 calendar days of the individual's date of admission for 7-calendar-day approvals,
- b. within 25 calendar days for 30-calendar-day approvals, and
- c. within 50 calendar days for 60-calendar-day approvals.

**Note:** If the individual is Medicaid eligible and is approved for continued stay through the updated Level I/II process, Medicaid's fiscal agent **must** be contacted for payment to continue.

### 5.1.9 Documentation

All evaluation results must be kept in the resident's medical record to allow availability to the facility's care planning team and to federal and state auditors (Refer to **Subsection 7.6** for additional information on documentation).

Refer to **Attachment C** for additional information about the PASRR process.

## 5.2 Prior Approval

### 5.2.1 When Prior Approval Is Required

As indicated in 10A NCAC 22O.0116, prior approval is required for the following:

- a. All new Medicaid admissions to a nursing facility.
- b. Current nursing facility residents who are private payers or insured with a third-party insurance carrier who now seek Medicaid assistance.
- c. A resident discharged home or to an adult care home who later returns to the nursing facility.
- d. Ventilator services (refer to **Subsection 5.2.4**).
- e. Therapeutic leave in excess of 15 consecutive days (refer to **Subsection 5.7**).
- f. Out-of-state placement to the nursing facility level of care.
- g. CAP/DA client admissions to a nursing facility.

**Note:** Prior approval does not guarantee financial eligibility or Medicaid payment. Nursing facilities are responsible for verifying Medicaid eligibility when a beneficiary presents for services.

### 5.2.2 When Prior Approval Is Not Required

Prior approval is not required for the following:

- a. Residents returning from a hospital to the nursing facility.
- b. Residents transferring from one nursing facility to another (except for residents approved for ventilator level of care) (refer to **Subsection 5.2.4**).
- c. The admission of a resident to an acute care hospital.
- d. Residents returning from therapeutic leave of 15 calendar days or less.

- e. Residents whose Medicaid eligibility lapses for no more than 90 calendar days and whose level of care remains the same.

### **5.2.3 Retroactive Prior Approval**

It is the responsibility of the nursing facility to ensure that the initial request for prior approval is on file with Medicaid's fiscal agent when a beneficiary is admitted to the facility.

- a. Retroactive prior approval for nursing facility level of care, back to 90 calendar days, may be approved when the initial authorization is requested.
- b. For retroactive requests exceeding 30 calendar days, medical record documentation is required by the fiscal agent to support the retroactive request.

**Note:** When the nursing facility level of care is denied, residents/responsible parties must be notified that they have the right to an appeal of the denial in accordance with Medicaid's beneficiary notices procedures.

### **5.2.4 Prior Approval for Ventilator Services**

Prior approval requests for ventilator services must include the following:

- a. The Medicaid-designated screening form, with the PASRR number, signed and dated by the attending physician.
- b. Medical records documenting the criteria for ventilator level of care listed in **Subsection 3.3**.
- c. A ventilator addendum form signed and dated by the attending physician within 45 calendar days of the authorization for ventilator level of care.

**Note:** If the beneficiary with ventilator services transfers from the hospital to a nursing facility or to a different nursing facility, the facility must notify Medicaid's fiscal agent of the transfer. If Medicaid's fiscal agent is not notified within 30 calendar days of the transfer, a new prior approval is required. If the beneficiary is in the hospital and placement has yet to be determined, the hospital's provider number must be entered on the authorization request.

Refer to **Attachment D** for additional information on the prior approval process.

## **5.3 Prior Approval Requirements**

The provider(s) shall submit to the Department of Health and Human Services (DHHS) Utilization Review Contractor the following:

- a. the accurately completed Medicaid-designated screening form;
- b. the PASRR number must be entered on the form;
- c. the attending physician must sign and date the form before submitting the approval request;
- d. if the Medicaid beneficiary is under 21 years of age, information supporting that all EPSDT criteria are met and evidence-based literature supporting the request, if available.



## 5.4 Provision of Services

All services must be provided in accordance with 42 CFR 483 Subpart B. A Medicaid-certified nursing facility must provide or arrange for the necessary care and services to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident in accordance with the comprehensive assessment and plan of care. A licensed nurse must provide daily observation and assess the total needs of the resident, plan and manage treatment according to the plan of care approved by the physician, and render direct services to the resident.

### 5.4.1 Services and Items Covered in the Per Diem

The following items and services must be provided by a nursing facility as part of the per diem that is reimbursed to the facility. This list is not all inclusive.

- a. Room and board.
- b. All general nursing services, including restorative nursing.
- c. Personal hygiene and laundry care items (refer to **Attachment B**).
- d. Dressing and skin care items (refer to **Attachment B**).
- e. Medical supplies and equipment (refer to **Attachment B**).
- f. Non-prescription (over-the-counter) drugs, biologicals, and emergency drugs.
- g. Dietary services, including therapeutic diets and special dietary supplements used for oral or tube feeding.
- h. Rehabilitative services, including physical, speech, and occupational therapies.
- i. Social services.
- j. Activity services.
- k. Therapeutic leave (refer to **Subsection 5.7**).
- l. Non-ambulance transportation of Medicaid-eligible residents to receive medical care that cannot be provided in the facility (refer to **Subsection 3.5**).
- m. Miscellaneous items.
  1. Items furnished on a routine basis to all patients.
  2. Items stocked in gross supply and distributed or used individually in small quantities.
  3. Items used by individual residents but reusable and expected to be available.

Refer to **Subsection 7.3.7** for information on items and services that residents may pay for from their personal funds.

## 5.5 Transfer and Discharge

Transfers and discharges must be provided in accordance with 42 CFR 483.12(a). Transfer and discharge includes movement of a resident to a bed outside of the certified facility, whether or not that bed is in the same physical plant. Transfer and discharge does not refer to movement of a resident to a bed within the same certified facility.

A nursing facility must permit each resident to remain in the nursing facility and must not transfer or discharge a resident from the facility unless at least one of the following is true:

- a. The resident's welfare and needs cannot be met in the facility.
- b. The resident's health has improved sufficiently so that the facility's services are no longer needed.
- c. The safety of individuals in the facility is endangered.
- d. The health of individuals in the facility would be endangered.
- e. The resident has failed, after reasonable and appropriate notice, to pay (or have paid under Medicare or Medicaid) for a stay at the facility.
- f. The facility ceases to operate.

When a nursing facility transfers or discharges a resident for any of the above reasons, those reasons must be documented in the resident's clinical record.

When a nursing facility decides to transfer or discharge a resident, the resident and/or responsible party has the right to an appeal. A state-approved Notice of Transfer or Discharge (DMA-9050) (**Attachment E**), including a Hearing Request form (DMA-9051) (**Attachment F**), must be issued 30 calendar days prior to discharge. This applies to every individual in a Medicaid-certified nursing facility, regardless of pay source, and to all instances in which the resident is transferred or discharged from the facility. This does not, however, apply to situations in which a resident and/or the responsible party choose to move to another placement.

The notice may be made as soon as practicable before the transfer or discharge when

- a. the safety of individuals in the facility is endangered;
- b. the health of individuals in the facility is endangered;
- c. the resident's health has improved sufficiently so that the facility's services are no longer needed;
- d. an immediate transfer or discharge is required by the resident's urgent medical needs;  
or
- e. the resident has not resided in the facility for 30 calendar days.

## 5.6 Readmissions

Readmissions must be provided in accordance with 42 CFR 483.12(b)(3). A nursing facility resident who has been hospitalized and is ready for readmission to the nursing facility must be readmitted immediately to the first available bed in a semiprivate room if the resident requires the services provided by the facility and is eligible for Medicaid nursing facility services.

## 5.7 Therapeutic Leave

Therapeutic leave must be provided in accordance with 10A NCAC 22O.0409.

- a. Each Medicaid eligible resident who is occupying a nursing facility bed for which the N.C. Medicaid program is then paying reimbursement shall be entitled to take up to 60 days of therapeutic leave in any calendar year from any such bed, without the facility's suffering any loss of reimbursement during the period of leave.
- b. The taking of such leave must be for therapeutic purposes only, and must be ordered by the resident's attending physician. The necessity for such leave shall be documented in the resident's plan of care and therapeutic justification for each instance of such leave shall be entered into the resident's medical record.
- c. Facilities must reserve a therapeutically absent resident's bed for him or her, and are prohibited from deriving any Medicaid revenue for that resident other than the reimbursement for that bed during the period of absence. Facilities shall be reimbursed at their full current Medicaid bed rate for a bed reserved due to therapeutic leave. Facilities shall not be reimbursed for therapeutic leave days taken that exceed the legal limit.
- d. No more than 15 consecutive therapeutic leave days may be taken without approval of the DMA.

**Note:** The facility must request prior approval on behalf of the beneficiary through DMA's fiscal agent for therapeutic leave that exceeds 15 consecutive days.

- e. The therapeutic justification for such absence shall be subject to review by the State or its agent during scheduled on-site medical reviews.
- f. For reference and audit purposes, facilities must keep a cumulative record of therapeutic leave days taken by each resident. In addition, residents on therapeutic leave must be noted as such on the facility's midnight census. Facilities bill Medicaid for approved therapeutic leave days as regular residence days.
- g. The official record of therapeutic leave days taken for each resident shall be maintained by the State or its agent.
- h. Entitlement to therapeutic leave is not applicable in cases when the therapeutic leave is for the purpose of receiving either inpatient or nursing services provided either elsewhere or at a different level of care in the current facility when such services are or will be paid for by Medicaid.
- i. Transportation from a facility to the site of therapeutic leave is not considered to be an emergency; therefore, ambulance service for this purpose shall not be reimbursed by Medicaid.

## 5.8 Nursing Facility Transitions Program

The Olmstead Act mandates that if a nursing facility resident requests transition to a community level of care, and this is a viable option, the nursing facility must refer the resident to the Division of Vocational Rehabilitation Independent Living Services Transition Program.

In 2010 with a change to the MDS 3.0, CMS revised section Q of the MDS assessment to identify individuals residing in nursing facilities who may be interested in talking with someone about moving back into the community.

The DMA in collaboration with the office of Long Term Care Services and Supports and the Division of Health Service Regulation and other community entities developed a referral process using a central call center and local community organizations known as Local Contact Agencies (LCAs). These agencies are responsible to make contact with and provide information about available supports and services in the community to beneficiaries in nursing facilities who are interested in making the transition back to the community.

## **6.0 Provider(s) Eligible to Bill for the Procedure, Product, or Service**

To be eligible to bill for the procedure, product, or service related to this policy, the provider(s) shall:

- a. meet Medicaid or NCHC qualifications for participation;
- b. have a current and signed Department of Health and Human Services (DHHS) Provider Administrative Participation Agreement; and
- c. bill only for procedures, products, and services that are within the scope of their clinical practice, as defined by the appropriate licensing entity.

### **6.1 Qualifications for Enrollment**

- a. Nursing facilities must be licensed and certified by the DHSR as a nursing facility in accordance with 42 CFR 483.75 and 42 CFR 483.5.
- b. Nursing facilities receiving Medicaid funding must be enrolled for participation in Medicare and Medicaid in accordance with 10A NCAC 22O.0116.
- c. Nursing facilities that are located 40 miles or fewer outside of North Carolina's borders may enroll as N.C. Medicaid providers. Nursing facilities beyond 40 miles of North Carolina's borders may also enroll in the N.C. Medicaid program, but *only* to provide emergency or prior approved services. Nursing facilities outside of North Carolina borders must be licensed and certified in their respective states of practice by the state agency that is charged with licensure.

**Note:** As indicated in 10A NCAC 22O.0119, prior approval must be obtained for any Medicaid beneficiary to be admitted to an out-of-state nursing facility.

## **6.2 Conditions of Participation**

### **6.2.1 Nursing Facility Providers**

To qualify for participation with the N.C. Medicaid Program, nursing facilities must meet the requirements defined in 42 CFR 483 Subpart B and all other applicable federal, state, and local laws and regulations, including the following:

- a. Employing staff who are licensed, certified, or registered in accordance with applicable federal and state laws (42 CFR 483.75).
- b. Obtaining training and competency evaluations through DHSR for nurse aides employed in the nursing facility [42 CFR 483.75(e)].
- c. Establishing and implementing policies (developed with the advice and periodic review of a professional group, including one or more physicians and one or more registered nurses) to govern the skilled nursing care and

related medical or other services it provides. There must be a physician responsible for the implementation of such policies [42 CFR 483.75(d)].

- d. Conducting initial and periodic comprehensive, accurate, standardized, reproducible assessments of each resident's functional capacity using the Minimum Data Set (MDS) assessment tool according to federal requirements for resident assessment (42 CFR 483.20). (Refer to **Attachment G** for additional information on MDS.)
- e. Ensuring that each resident is under the care and supervision of a physician and providing or arranging for physician services 24 hours a day in the case of an emergency [42 CFR 483.40(a)(1)(d)] (After the initial visit, at the option of the physician, required physician visits may alternate between personal visits by the physician and visits by a nurse practitioner or physician assistant. (42 CFR 483.40(c)(4)) Any required physician task in a nursing facility may be satisfied when performed by a nurse practitioner or physician assistant who is acting within their scope of practice as defined by State law and is not an employee of the facility but is working in collaboration with a physician. (42 CFR 483.40(e)(f)).
- f. Ensuring the 24-hour availability of licensed nursing care, with the services of a registered nurse available for at least eight consecutive hours a day, seven days a week [42 CFR 483.30(a)(1)(b)].
- g. Providing appropriate methods and procedures for dispensing and administering drugs and biologicals (42 CFR 483.60).
- h. Implementing a written transfer agreement with one or more participating hospitals providing for the transfer of patients between the hospital and the nursing facility and the interchange of medical and other information [42 CFR 483.75(n)].
- i. Meeting all the requirements of the Patient Self Determination Act, including
  - 1. giving patients age 18 and older (at the time of admission) written information of their rights to make decisions about their medical care and to complete advance directives;
  - 2. conducting staff and community education on advance directives; and
  - 3. documenting in the resident's medical record whether or not he or she had executed an advance directive.

Additionally, nursing facilities must:

- a. participate in the MDS validation program if they are participating in the Medicaid Case Mix Reimbursement System and
- b. provide evidence (written documentation, facility staff interviews, or onsite reviews) that the facility is actively participating in quality improvement initiatives. (Refer to **Attachment H** for additional information.)

**Note:** DMA may review the facility's quality initiative(s) every 12 to 15 months.

## 6.2.2 Swing Bed Providers

Any hospital enrolled as a swing-bed provider of nursing facility services must meet all state and federal requirements (42 CFR 482.66) governing swing beds.

Refer to NCTracks Provider Claims and Billing Assistance Guide:

<https://www.nctracks.nc.gov/content/public/providers/provider-manuals.html>.

### 6.3 Sanctions

A nursing facility may be sanctioned by the Centers for Medicare and Medicaid Services (CMS) for failure to comply with federal regulations for long-term care facilities or for repeated citations for substandard quality of care. Providers who receive sanctions from CMS may become ineligible for Medicaid payments and are ineligible for payment for new admissions.

**Note:** Medicaid does not consider a nursing facility resident to be a new admission in the following situations:

- a. Medicare was the primary payer, but benefits were exhausted after the sanction date and Medicaid becomes the primary payer.
- b. A resident was a private payer prior to the sanction date and becomes eligible for Medicaid after the sanction date.
- c. A resident was hospitalized prior to the sanction date and re-admitted to the nursing facility after the sanction date.
- d. A resident returns to the nursing facility from therapeutic leave after the sanction date.

Any provider who is sanctioned by CMS must notify DMA immediately.

## 7.0 Additional Requirements

*Note: Refer to Subsection 2.2.1 regarding EPSDT Exception to Policy Limitations for a Medicaid Beneficiary under 21 Years of Age.*

### 7.1 Compliance

Provider(s) shall comply with the following in effect at the time the service is rendered:

- a. All applicable agreements, federal, state and local laws and regulations including the Health Insurance Portability and Accountability Act (HIPAA) and record retention requirements; and
- b. All DMA's clinical (medical) coverage policies, guidelines, policies, provider manuals, implementation updates, and bulletins published by the Centers for Medicare and Medicaid Services (CMS), DHHS, DHHS division(s) or fiscal contractor(s).

### 7.2 Residents' Rights

Nursing facilities in North Carolina are subject to reviews by the DHSR to evaluate compliance with requirements and regulations regarding residents' rights (10A NCAC 13D.2109). Residents' rights apply to all residents of a nursing facility that accepts Medicaid beneficiaries, regardless of a resident's payment source.

As required by 42 CFR 483.10(b)(6), the nursing facility must inform each resident who is entitled to Medicaid benefits, **in writing**, at the time of admission to the nursing facility, when the resident becomes eligible for Medicaid, and periodically throughout the stay, of the following:

- a. The items and services that are included in the nursing facility services under the State plan and for which the resident may not be charged.
- b. The items and services that the nursing facility offers for which the resident may be charged and the amount of the charges for those services.

- c. Changes that are made to items or services listed in a or b above.

### **7.2.1 Payments for Services**

Payment for services must comply with federal regulations in 42 CFR 483.12(d) as follows:

- a. A nursing facility must not require a third-party guarantee of payment to the facility as a condition of admission or expedited admission to, or continued stay in, the facility.

**Note:** The nursing facility may require an individual who has legal access to a resident's income or resources available to pay for facility care to sign a contract, without incurring financial liability, to provide facility payment from the resident's income or resources.

- b. A nursing facility must not require residents or potential residents to waive their rights to Medicare or Medicaid, nor require written or oral assurance that they are not eligible for, or will not apply for, Medicare or Medicaid benefits.
- c. A nursing facility may not charge, solicit, accept, or receive, in addition to any amount otherwise required to be paid under the State Plan, any gift, money, donation, or other consideration as a pre-condition of admission, expedited admission, or continued stay for Medicaid-eligible residents in the facility. Furthermore, the provider may not charge a resident for failure to remain an inpatient for any agreed-upon length of time or for failure to give advance notice of departure from the provider's facilities.

(42 CFR 489.22(d))

### **7.2.2 Payments for Services for Beneficiaries with Medicare Part A**

In accordance with 10A NCAC 22G.0107(c), Medicaid payments for beneficiaries who are also eligible for Medicare Part A cannot be made for the first 20 days of care. Payments for co-insurance will begin for the subsequent 21st through 100th days of care. "The Division of Medical Assistance shall pay an amount for each day of Medicare Part A inpatient co-insurance, the total of which shall equal the facility's Medicaid per diem rate less any Medicare Part A payment, but no more than the Medicare co-insurance amount."

**Note:** If Medicare is not involved, then Medicaid will pay straight Medicaid reimbursement if all Medicaid requirements are met. Refer to **Subsection 4.1 and 4.2** for reasons that Medicaid will not pay for nursing facility services.

### **7.2.3 Married Residents**

As indicated in 42 CFR 483.10(m), each nursing facility resident has the right to share a room with his or her spouse when both residents require nursing facility care and both consent to the arrangement.

## **7.3 Residents' Funds and Property**

### **7.3.1 Surety Bond**

As required by 42 CFR 483.10(c)(7), the facility must purchase a surety bond or otherwise provide assurance to the Secretary of the United States Department of Health and Human Services that all personal funds of residents deposited with the facility are secure.

### **7.3.2 Personal Needs Allowance**

A protected personal needs allowance fund must be established in accordance with 10A NCAC 21B.0313 for each resident for clothing and personal needs while residing in the nursing facility. This allowance is \$30.00 per month for an aged, blind, or disabled individual.

### **7.3.3 Personal Funds**

In accordance with 42 CFR 483.10(c)(4), the nursing facility must establish and maintain a system that ensures a full and complete and separate accounting, according to generally accepted accounting principles, of each resident's personal funds entrusted to the nursing facility on the resident's behalf. The system must preclude any commingling of resident funds with nursing facility funds or with the funds of any person other than the resident. The individual financial record must be available to the resident or his or her legal guardian through quarterly statements and upon request.

In accordance with 42 CFR 483.10(c)(3), the facility must deposit any resident's personal funds in excess of \$50.00 in an interest-bearing account(s) that is separate from any of the facility's operating accounts and must credit all interest earned on the resident's funds to his or her account. In pooled accounts, there must be a separate accounting for each resident's share. The facility must maintain a resident's personal funds not exceeding \$50.00 in a non-interest-bearing account, an interest-bearing account, or petty cash fund. It is acceptable to charge the bank service fee on the interest-bearing account against the interest earned and apply the net amount to each resident's account. Facilities are required to keep sufficient cash on hand to furnish residents convenient access to cash when needed.

### **7.3.4 Notice of Balances**

In accordance with 42 CFR 483.10(c)(5), the facility is required to notify each resident who receives Medicaid benefits:

- a. when the amount in the resident's account reaches \$200 less than the supplemental security income (SSI) resource limit for one person; and
- b. that the resident may lose eligibility for Medicaid or SSI if the amount in the account, in addition to the value of the resident's other nonexempt resources, reaches the SSI resource limit for one person.

### **7.3.5 Disposition of Funds upon Discharge or Death**

In accordance with 42 CFR 483.10(c)(6), upon the death of a Medicaid resident, his or her balance in the personal needs fund must be accounted for and turned over to the administrator of the estate within 30 calendar days after death.

**Note:** If an administrator has not been appointed, the balance should be paid to the Clerk of the Superior Court within 30 calendar days after death. The funds and personal property will be disbursed by the Clerk of the Superior Court. Funds should be sent to the Clerk of the Superior Court of the county providing the Medicaid assistance. The letter remitting the funds should state the resident's full name, date of death, Medicaid identification (MID) number, and the name of the county department of social services (DSS) that provided medical assistance.



### 7.3.6 Request for Items and Services

In accordance with 42 CFR 483.10(c)(8)(iii), the facility must not charge a resident or the resident's representative for any item or service not requested by the resident. The facility must not require a resident or the resident's representative to request any item or service as a condition of admission or continued stay. The resident or the resident's representative requesting an item or service for which a charge will be made must be informed what the charge will be prior to the resident's receiving the item or service.

### 7.3.7 Use of Residents' Personal Funds

In accordance with 42 CFR 483.10(c)(8), a resident's personal funds **may** be used for the following items and services if requested by the resident and the resident or the resident's representative is informed of the charge:

- a. Authorized cost-sharing in Medicaid-covered services, including patient liability to hospitals and nursing facilities.
- b. Medical and health care not covered by Medicaid.
- c. Personal needs including, but not limited to, the following:

1. Beauty shop and barber shop services.

**Note:** The nursing facility must provide or arrange for (with no charge to resident) shampooing, conditioning, and routine hair trimming as part of basic hygiene service rendered to residents. The resident, family member, or representative must be informed upon admission and periodically thereafter of the method and schedule by which these services are provided. **If the resident elects** to use the service of a barber or beautician, and such services are outside the facility's method or schedule, then the services may be charged to the resident's funds.

2. Cigarettes, cigars, pipes, and tobacco.
3. Clothing.
4. Cosmetics; grooming items, and services in excess of those covered by Medicaid or Medicare.
5. Telephone.
6. Television or Radio.
7. Personal comfort items, such as notions, novelties, confections.
8. Reading matter, flowers, plants, gifts to the resident.
9. Social events and entertainment offered outside the scope of the activities program.
10. Non-covered special care services, such as privately hired nurses and/or aides.
11. Specially prepared or alternative food requested instead of the regular and medically necessary food prepared by the facility.
12. Private room, except when therapeutically required (e.g., isolation for infection control) (refer to **Subsection 7.5**).

### 7.3.8 Restrictions on Use of Residents' Funds

In accordance with 42 CFR 483.10(c)(8), a resident's personal funds **must not** be used for the following:

- a. Items and services that are furnished as part of Medicaid-covered nursing facility care.
- b. Services covered by Medicaid and furnished by other participating Medicaid providers.
- c. Transportation to and from other participating Medicaid providers.
- d. Operating costs of the facility.
- e. Collateral for a loan for facility operating expenses.
- f. Items included in the per diem for nursing facilities (refer to **Attachment B**).
- g. Commingling with facility funds (refer to **Subsection 7.3.3**).

### 7.4 Bed Holds

In accordance with 42 CFR 483.12(b), when a resident must be hospitalized, the resident or responsible party may arrange to reserve the resident's bed in the nursing facility. Medicaid has no provision for bed hold; it is a private agreement between the resident or responsible party and the nursing facility. The admission contract must state the charge for bed hold and the resident must be notified of any changes as they are made.

### 7.5 Private Rooms

In accordance with 42 CFR 483.10(c)(8)(ii)(k), a resident or his or her family may pay for a private room, provided that the resident's physician has not ordered private accommodations and that such arrangements are not a condition of admission to or continued stay in the facility.

The Medicaid per diem rate is for a semiprivate room, unless the beneficiary's attending physician orders a private room or if the only room available is private. The Medicaid payment plus any third-party insurance payment and patient liability is payment in full under these circumstances (10A NCAC 22O.0403 and 22G.0107).

**Note:** When private accommodations are requested for the convenience and comfort of the resident and his or her family, the facility may charge the difference between the facility's private patient rates for semiprivate and private rooms, because Medicaid is paying for semiprivate accommodations.

Medicaid must get credit for all third-party insurance payments up to the amount of the Medicaid payment. Third-party payments cannot be used to pay the difference between the semiprivate and private rates until after Medicaid has been reimbursed in full.

Residents may use their own assets (not income) to pay the private room charge; however, the resident should be informed of the limited number of days those assets will cover.

## **7.6 Record Retention**

The nursing facility shall comply with 42 CFR 483.75(l) for record retention.

- a. These records must be furnished upon request to the appropriate federal or state authorities, including the fiscal agent.
- b. Failure to submit the requested records results in recoupment of all payments for the services.

## **7.7 Cost Reporting**

Nursing facilities are mandated by federal and state regulations (10A NCAC 22G.0104) to file annual Medicaid cost reports with DMA in order to ensure that allowable costs have been identified in accordance with Medicaid regulations.

## **7.8 Minimum Data Set Validation Program**

Nursing facilities participating in the Medicaid Case Mix Reimbursement System are required to participate in the MDS Validation Program. Refer to **Attachment G** for additional information about the MDS Program.

## **7.9 Hospice Services for Residents in Nursing Facilities**

Hospice services may be provided to a nursing facility resident if a contractual agreement has been made between the hospice agency and the facility. The contract must specify that the hospice agency is responsible for the professional management of the beneficiary's care and that the facility agrees to provide room and board. Medicaid reimbursement for room and board costs is made to the hospice. The agreement between the hospice and the nursing facility shall specify payment arrangements and shall comply with 10A NCAC 13K, which documents current rules governing the licensure of hospices. Hospice is responsible for medications and durable medical equipment directly related to the terminal illness, with the exclusion of those outlined in the reference above. All other details related to the provision of care are included in the agreement.

Refer to clinical coverage policy 3D, *Hospice Services*, on DMA's Web site at <http://www.ncdhhs.gov/dma/mp/> for additional information on hospice services.

## **7.10 Continuity of Service during an Appeal**

As indicated in 10A NCAC 22H.0104, Medicaid covers services in a nursing facility at the existing level of care for an authorized Medicaid resident while an informal or formal appeal is in process.

## 8.0 Policy Implementation/Revision Information

**Original Effective Date:** July 1, 1991

**Revision Information:**

Date	Section Revised	Change
1/1/09	Throughout	Initial promulgation of current coverage, with change from 16 hours of ventilator care to 10 hours
11/01/09	5.2 & Attachment C	PASRR no longer requires Annual Resident Review
11/01/09	3.2.2	Language change: criteria that in combination may justify admission
9/1/11	Table of Contents	Edited to match the changes in PASRR and MDS
9/1/11	Throughout	“PASARR” changed to “PASRR”
9/1/11	Throughout	Corrections to formatting issues that occurred during the last publication
9/1/11	Throughout	“Calendar” or “business” added where needed to clarify type of “days”
9/1/11	5.1	Language changes for clarification
9/1/11	7.2.1(c)	42 CFR site added
9/1/11	Attachment C Sections C & G	Language changes for clarification
9/1/11	Attachment G Section C (5)	Language changes for clarification “Hearing unit” changed to “Office of Administrative Hearings (OAH)” to match new due process changes
12/05/11	Subsection 6.2.1(e)	Clarified, according to 42 CFR, which visits and tasks can be performed by a nurse practitioner or physician assistant in a nursing facility
3/12/12	Throughout	Technical changes to merge Medicaid and NCHC current coverage into one policy.
3/12/12	Level I PASRR screening form Attachment E & F	Replaced with updated forms.
3/12/12	Subsection 5.2.3(c) Attachment D(D)(7)	Deleted to match eligibility requirements.
06/01/12	Subsection 5.3	Added for clarification of prior approval requirements
06/01/12	Subsection 5.8	Added information regarding transitioning back to the community
06/01/12	Subsection 7.6	Language change
06/21/13	All sections and attachments	Corrected revision date in header of policy

<b>Date</b>	<b>Section Revised</b>	<b>Change</b>
10/01/2015	All Sections and Attachments	Updated policy template language and added ICD-10 codes to comply with federally mandated 10/1/2015 implementation where applicable.

## Attachment A: Claims-Related Information

Provider(s) shall comply with the, *NCTracks Provider Claims and Billing Assistance Guide*, Medicaid bulletins, fee schedules, DMA's clinical coverage policies and any other relevant documents for specific coverage and reimbursement for Medicaid and NCHC:

### A. Claim Type

Institutional (UB-04/837I transaction)

### B. International Classification of Diseases, Tenth Revisions, Clinical Modification (ICD-10-CM) and Procedural Coding System (PCS)

Provider(s) shall report the ICD-10-CM and Procedural Coding System (PCS) to the highest level of specificity that supports medical necessity. Provider(s) shall use the current ICD-10 edition and any subsequent editions in effect at the time of service. Provider(s) shall refer to the applicable edition for code description, as it is no longer documented in the policy.

### C. Code(s)

Provider(s) shall report the most specific billing code that accurately and completely describes the procedure, product or service provided. Provider(s) shall use the Current Procedural Terminology (CPT), Health Care Procedure Coding System (HCPCS), and UB-04 Data Specifications Manual (for a complete listing of valid revenue codes) and any subsequent editions in effect at the time of service. Provider(s) shall refer to the applicable edition for the code description, as it is no longer documented in the policy.

If no such specific CPT or HCPCS code exists, then the provider(s) shall report the procedure, product or service using the appropriate unlisted procedure or service code.

Revenue Code(s)
100
183

### Unlisted Procedure or Service

**CPT:** The provider(s) shall refer to and comply with the Instructions for Use of the CPT Codebook, Unlisted Procedure or Service, and Special Report as documented in the current CPT in effect at the time of service.

**HCPCS:** The provider(s) shall refer to and comply with the Instructions For Use of HCPCS National Level II codes, Unlisted Procedure or Service and Special Report as documented in the current HCPCS edition in effect at the time of service.

### D. Modifiers

Provider(s) shall follow applicable modifier guidelines.

### E. Billing Units

Provider(s) shall report the appropriate code(s) used which determines the billing unit(s).

**F. Place of Service**

Nursing facilities and Hospital swing beds.

**G. Co-payments**

For Medicaid refer to Medicaid State Plan, Attachment 4.18-A, page 1, located at <http://www.ncdhhs.gov/dma/plan/sp.pdf>.

For NCHC refer to G.S. 108A-70.21(d), located at [http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter\\_108A/GS\\_108A-70.21.html](http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_108A/GS_108A-70.21.html)

Residents of a nursing facility are exempt from a co-payment for the following:

1. The facility.
2. Any services rendered by practitioners at the facility or at another location.
3. Prescription drugs.

**H. Reimbursement**

Providers shall bill their usual and customary charges.

For a schedule of rates, see: <http://www.ncdhhs.gov/dma/fee/>

When Medicaid payment is received, the provider is paid in full and there is no outstanding balance on that claim.

**I. Third-Party Payers/Recovery**

The collection of any and all third-party benefits is mandatory. Medicaid reimburses only after all third parties—including Medicare, CHAMPUS, Workers' Compensation liability carriers, and private health insurance carriers—have paid on claims.

**J. First Billable Day**

Medicaid payment is based on the facility's midnight census; therefore, the date of admission is counted as the first billable day. The discharge date or date of death is not billable to Medicaid. The only exception is when the date of admission and the date of discharge or death occur on the same day.

## **Attachment B: Items Included in Per Diem Rate**

### **A. Dressing and Skin Care Items Included in Nursing Facility Per Diem**

(Not all inclusive)

ABD pads	Eye pads
Applicators, cotton-tipped	Finger cots
Arm slings	Gauze
Bandages, elastic or cohesive	Lotions
Band-aids	Nonprescription creams
Bath soap	Nonprescription medicated powder
Body oil	Ointments
Composite pads	Petroleum jelly
Corn starch	Powder
Cotton balls	Shampoo
Decubitus ulcer pads	Sponges
Deodorant	Sterile pads
Disposable diapers or reusable diapers, as required for individual patients	Surgical dressing
Disposable ulcer pads	Surgical pads
Disposable underpads	Underpads

### **B. Personal Hygiene and Laundry Included in Nursing Facility Per Diem**

(Not all inclusive)

Bath soap	Nail care
Brush	Patient gowns
Comb	Personal laundry (no dry cleaning)
Cotton balls	Razors
Cotton swabs	Sanitary napkins and related supplies
Dental floss	Shampoo
Denture adhesive	Shaving cream
Denture cleaner	Specialized cleansing agents (skin)
Deodorant	Tissues
Disinfecting soaps	Toothbrush
Hair conditioner	Toothpaste
Hair cuts	Towels
Moisturizing lotion	Washcloths

### **C. Medical Supplies and Equipment Included in Nursing Facility Per Diem**

(Not all inclusive)(List continues through p. 28)

Ace bandages	Bed pans, fracture and regular
Adhesive and adhesive removal	Bedside utensils
Adhesive tape	Bibs
Air mattress, disposable	Bottles, specimen
Airway (oral, reusable)	Brown paper bags (isolation only)
Airway, disposable	Buck extension
Anti-embolic hose	Canes, regular and customized
Asepto-syringes	Cannula
Aspirating catheters	Catheter, 3-way
Basins	Catheter, aspirating
Bed frame equipment–turning frames, bedrails, trapeze bars, foot cradles	Catheters, disposable
	Clysis set



Colostomy bags, belt, gasket, irrigation syringe	Restraints
Crutches, regular and customized	Roller gauze
Douche bags	Saline, sterile (30 cc)
Drainable stoma bags	Sandbags
Drainage bags	Scales suitable for NF purposes
Enema cans and supplies	Scalp vein set
Flex trach tube	Scalpels, blades, disposable scalpels
Furacin gauze	Sheepskin
Gloves, sterile and unsterile	Sheets, disposable (isolation only)
Gowns (isolation only)	Sheets, half, disposable (isolation only)
Gowns, patient	Sitz bath, disposable
Heat cradle	Skin closures
Heating pads	Skin gel
Heel protectors	Solutions, sterile, irrigating
I.V. solutions	Specimen cups
Ice bags	Speculum, vaginal, disposable
Incontinency pads and pants, disposable or reusable	Splint, finger or wrist
Infusion arm boards	Suction equipment
Inhalation therapy supplies (aerosol inhalators, nebulizer and replacement kits, steam vaporizers, IPPB-intermittent positive pressures breathing machine, oxygen tents and masks)	Suture and needle, sterile
Invalid rings, all sizes	Syringes, all types and sizes, disposable and reusable
IPPB	Tape–butterfly; for lab tests; non-allergenic, surgical and adhesive
Irrigation syringes or bulbs	Tissue wipes
K pads, water-heated	Tissue, bedside
Lemon-glycerine swabs	Tongue depressors
Levine tubes	Trach soap
Linens	Tracheostomy brush
Mattresses (air, air p.r., alternative pressure, flotation water)	Tracheostomy mask
Nasal catheter	Tracheostomy tubes
Nebulizer for moist nebulization	Tray, catheter (disposable)
Needles, all types and sizes	Tray, I.V. set
Oxygen	Tray, irrigation (disposable)
Oxygen mask	Tray, service
Oxygen nebulizer and regulator	Tray, suture
Pad, eye	Tray, suture removal
Pad, foam	Tray, tracheostomy
Pad, foam, self-adhering	Tray, urethral catheter
Pads, flotation	Tube, stomach
Pads, non-stick	Tube, urinary drainage
Paper mask (isolation only)	Tubes, nasogastric, NG feeding and stomach
Paper tape	Tubing, cannula, nasal
Patient lift	Tubing, catheter, all types, including plugs, clamps and drainage bags
Pharmadine	Tubing, drainage, all types
Pillowcase (disposable, isolation only)	Tubing, I.V.
Pilo pump	Tubing, oxygen
Pitchers	Tubing, suction (large bubble)
Pressure pads, donut	Urinals, male and female
Pumps, aspiration and suction	Urine, leg bath (disposable)
	Uro sheath catheter
	Urostomy bags
	Vaseline gauze
	Walkcane

Walkers  
Water, sterile (quart, gallon, etc.)

Wheelchairs

## **Attachment C: Preadmission Screening Resident Review Process**

### **A. The PASRR Process**

Before the PASRR contractor can approve a nursing facility level of care, a Level I or, if appropriate, Level II PASRR number must be obtained for all new admissions. A PASRR number must also be obtained for residents who were admitted prior to February 1994 who have a change in financial, medical, or mental status. The PASRR number can be found on the NCMUST.com website.

### **B. Completing the North Carolina Level I Screening Form**

The county department of social services or appropriate clinical staff from the referral source completes the North Carolina Level I Screening Form. The individual performing the evaluation must be familiar enough with the applicant or beneficiary to respond to clinical and/or medical status questions.

If there is clearly no evidence of SMI, MR, or RC (as defined in **Subsection 5.1.3**), complete the Level I form through Section III. If there is evidence or suspicion of one or more of these conditions, complete every section of the Level I form.

### **C. Submitting the North Carolina Level I Screening Form**

Agencies will submit PASRR screenings and Tracking forms through DMA's web-based tool or through a third-party vendor with interface capabilities into DMA's web-based tool. In most cases a PASRR number will be noted at the NCMUST.com site within approximately 30 minutes unless it is flagged for manual nurse review for out of state providers, out of state residents, or a Level II evaluation. The website will automatically refer the patients needing a Level II evaluation to the appropriate provider.

The receiving nursing facility submits the North Carolina Nursing Facilities Tracking Form to the PASRR contractor, who forwards the North Carolina Level I Screening Form to the nursing facility for the resident's file.

Refer to **Attachment D** for additional information on the prior approval process.

### **D. Completing the North Carolina Level II Screening Form**

If a Level II evaluation is needed, the PASRR contractor notifies the referral source that a Level II PASRR evaluation is required and requests that medical records be available for the on-site evaluation by a qualified mental health professional.

1. A face-to-face, in-depth assessment is performed by the field assessor.
2. When the Division of Mental Health, Developmental Disabilities and Substance Abuse Services makes the final determination for placement and services, a PASRR number is assigned, if appropriate, and sent to the referral source.
3. A letter is mailed by the PASRR contractor to the resident or responsible party, informing them of the final decision and their appeal rights.

If the Level II individual is a Medicaid beneficiary, the referral source contacts the PASRR contractor (1-800-688-6696 or 1-919-851-8888) and proceeds with the Medicaid nursing facility prior approval process (refer to **Attachment D**).

The receiving nursing facility submits the North Carolina Nursing Facilities Tracking Form via the web portal, the web portal then triggers an action from the website to send the North Carolina PASRR determination notice to the nursing facility, via e-mail, for the resident's file.

#### **E. The North Carolina Nursing Facilities Tracking Form**

The North Carolina Nursing Facilities Tracking Form indicates to the PASRR contractor that an applicant has been admitted to a Medicaid-certified nursing facility. The nursing facility must complete and submit this form via the web portal for all new admissions in order to obtain a copy of the Level I evaluation and, if appropriate, the Level II evaluation results. These results **must be kept in the individual's medical records** so they are available to the facility's care planning team and to state or federal auditors.

#### **F. Transfers**

1. Level I: Level I information must be transferred with the resident upon transfer to another Medicaid-certified nursing facility. Unless there is a change in mental status, no further contact with the PASRR contractor is required for residents who are not subject to the PASRR Level II process.
2. Level II: Level II information must also be transferred with the resident upon transfer to another Medicaid-certified nursing facility. Receiving facilities must immediately report admission of a resident who has been evaluated by the Level II process to the PASRR contractor.

The North Carolina Nursing Facilities Tracking Form is also the mechanism used to monitor location for persons with SMI, MR, or RC. It must be submitted via the web portal for these Level II residents if any of the following occur:

1. A Level II resident transfers to another Medicaid-certified facility.
2. A Level II resident expires.
3. A Level II resident is discharged from the nursing facility system.

**Note:** Discharge means either that the resident has been placed in a less restrictive setting than the nursing facility or that the resident no longer resides in a Medicaid-certified nursing facility.

For example, if a nursing facility has adult care home beds and the Level II resident transfers to the adult care home level of care, he or she is no longer subject to PASRR, and the PASRR contractor should be notified of that discharge. The adult care home level of care, even if the adult care home beds are part of a Medicaid-certified nursing facility, is not subject to PASRR requirements.

#### **G. Time Limited Stays**

The referral source completes the North Carolina Level I Screening Form and contacts the PASRR contractor for a PASRR number.

1. If a Level II evaluation is not needed, a time limit and a PASRR number is assigned by the PASRR contractor. The PASRR number will end with one of the following letters:
  - D—represents a 7-calendar-day approval
  - E—represents a 30-calendar-day approval
  - F—represents a 60-calendar-day approval

2. If the individual is a Medicaid beneficiary, the referral source submits the PASRR form via the web portal and then proceeds with the Medicaid nursing facility prior approval process (refer to **Attachment D**). If needed, assistance can be requested at (800-688-6696 or 919-851-8888).

The receiving nursing facility submits the North Carolina Nursing Facilities Tracking Form to the PASRR web portal.


1. If the resident is to remain beyond the authorized time frame, the receiving facility contacts the PASRR contractor prior to the end-date to update the Level I information (contact within 5 calendar days for a 7-calendar-day authorization; within 25 calendar days for a 30-calendar-day authorization; or within 50 calendar days for a 60-calendar-day authorization).
2. If approved, the PASRR contractor issues the new PASRR number.
3. If a Level II evaluation is needed, the PASRR contractor completes the Level II evaluation.
4. If approved through the Level II process, the facility contacts the PASRR contractor to update the nursing facility prior approval.

#### **H. Significant Change (New Level I Required)**

To request a significant change review, the nursing facility staff completes the North Carolina Level I Screening Form and submits it via the DMA web portal or through a third-party vendor with interface capabilities into DMA's web-based tool, to re-evaluate the resident.

The same process is followed as with the Preadmission Level I or Level II, except that a North Carolina Nursing Facilities Tracking Form is not required regarding admission.

## Sample of the North Carolina Level I Screening Form

< First Page		<< Previous		Next >>		Last Page >		North Carolina PASARR Level I Screen		Print Form	
 <b>PASARR Level I</b> <small>NC Department of Health and Human Services home page</small> Rev September 1, 2009				Validate Entries							
<b>Screening Type</b>											
Please Enter the Type of Screening PASARR Only Review										Date 2009-08-01 09:30:47	
<b>Screener Information</b>											
Last Name Doe		First Name John		Telephone 999-999-9999		Fax		Email			
Organization ID		Organization Name				Submitted On Behalf Of		Email(Behalf Of)			
Organization ID (Behalf Of)		Organization Name(Behalf Of)				Fax(Behalf Of)		Phone(Behalf Of)			
<b>Applicant Information</b>											
<b>Applicant</b>											
Last Name Doe		First Name Jane									
Permanent Mailing Address (where does applicant receive their mail?)											
Street Address						City		State North Carolina		Zip Code	
Patients Current Location (where does applicant physically reside?)											
Specify Location Type : <input type="radio"/> Same As Screeners Organization <input type="radio"/> As Permanent Mailing Address <input type="radio"/> Other(enter below)											
Facility Name (If Applicable)											
City		Zip Code		County of Residence							
<b>Personal Details</b>											
Social Security Number		Date of Birth		Applicant's Home or Cell Phone Number		Gender		Marital Status			
Medicare Number		Medicaid Number		Medicaid Status		Medicaid County of Residence		Applicant's Preferred Setting of Care			
<b>Legally Responsible Person</b>											
Who Has Legal Responsibility for this		Name				Street Address					
City		State North Carolina		Zip		Home or Cell Phone Number (999-999-9999)		Work Phone Number (999-999-9999)			
<b>Other Contact Person</b>											
Name		Type of Contact		Home/Cell Number (999-999-9999)		Work Phone Number (999-999-9999)					
Street Address						City		State North Carolina		Zip Code	
<b>Attending/ Primary Physician</b>											
Physician Name											
Street Address						Mailing Address (if Different from Street Address)					
City		State North Carolina		Zip Code		Telephone Number (999-999-9999)					

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<input type="button" value="First Page"/> <input type="button" value="Previous"/> <input type="button" value="Next"/> <input type="button" value="Last Page"/>		<b>North Carolina PASARR Level I Screen</b>		<input type="button" value="Print Form"/>
<b>Physical Health Diagnoses</b>				
<b>Substance Abuse</b>				
Has History Of, or Currently has a Substance Abuse Problem		Date of Last Use (MM/DD/YYYY)		
<input type="radio"/> Yes <input type="radio"/> No				
<b>Terminal Prognosis</b>				
Is there a Terminal Prognosis?				
<input type="radio"/> Yes <input type="radio"/> No				
<b>Cognitive Impairment</b>				
Is there a Cognitive Impairment Diagnosis?				
<input type="radio"/> Yes <input type="radio"/> No				
Cognitive Impairment Diagnoses		If Other Cognitive Impairment Diagnosis, Specify		Is Dementia the Primary Diagnosis?
Alzheimer's Disease Cerebral Atrophy Chronic or Organic Brain Syndrome Coma/Comatose Creutzfeldt-Jakob Disease Dementia Frontotemporal Dementia Huntingtons's Disease Lewy Body Dementia Multi-infarct Dementia Parkinson's Disease Pick's Disease Pre-Senile Dementia Wernicke-Korsakoff Syndrome (WKS) Other				<input type="radio"/> Yes <input type="radio"/> No
<b>Current Psychiatric Medications</b>				
<input type="button" value="Add Additional Medication"/>				
Medication Name		Type of Medication		<input type="button" value="Delete"/>
If this is a Psychiatric Medication and there is no Mental Health Diagnosis, Specify Purpose for this Medication				
<b>Mental Health</b>				
<b>Mental Health (MH) Diagnoses</b>				
Is there an MH Diagnosis?		If Other MH Diagnosis, Specify		
<input type="radio"/> Yes <input type="radio"/> No				
Anxiety disorder Bipolar disorder Delusional disorder Eating disorder Major Depression Personality disorder Psychotic disorder Schizoaffective disorder Schizophrenia Somatoform disorder Other				
<b>Mental Retardation (MR) Diagnosis</b>				
Is there an MR Diagnosis?		If MR Diagnosis is Present/Suspected, Indicate the Severity Level		Age at Onset (years)
<input type="radio"/> Yes <input type="radio"/> No				Are MR Services Being Provided?
				<input type="radio"/> Yes <input type="radio"/> No
<b>Conditions Related to Mental Retardation (RC) Diagnoses</b>				
Is there a RC Diagnosis?				
<input type="radio"/> Yes <input type="radio"/> No				
Select All RC Diagnoses		If Other RC Diagnoses, Specify		Did the Condition Manifest Prior to Age 22?
Autism Blindness Cerebral Palsy Closed Head Injury Deafness Epilepsy Other				<input type="radio"/> Yes <input type="radio"/> No
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<input type="button" value="First Page"/> <input type="button" value="Previous"/> <input type="button" value="Next"/> <input type="button" value="Last Page"/>		<b>North Carolina PASARR Level I Screen</b>		<input type="button" value="Print Form"/>
<b>Mental Health Behavioral Profile</b>				
Concentration / Task Limitations within the Past 6 Months Serious difficulty completing age related tasks Serious loss of interest in things Serious difficulty maintaining concentration/attention Numerous errors in completing tasks which she/he should be physically capable of Requires assistance with tasks for which she/he should be physically capable of Other		Adapting To Changes within the Past 6 Months Requires mental health intervention due to increased symptoms Requires judicial intervention due to symptoms Symptoms have increased as a result of adaptation difficulties Serious agitation or withdrawal due to adaptation difficulties Other		
(Other) Concentration / Task Limitations within the Past 6 Months		(Other) Adapting To Changes within the Past 6 Months		
<b>Mental Health Treatments</b> <input type="button" value="Add Additional Treatment"/>				
Treatments Received within the Past 2 Years		Date Treatment was Received (MM/DD/YYYY)		Delete
<b>Mental Illness Interventions</b> <input type="button" value="Add Additional Intervention"/>				
Interventions to Prevent Hospitalization		Intervention Treatment Date (MM/DD/YYYY)		Delete
If Other MI Intervention, Specify				
<b>Orientation</b>				
Oriented to Time <input type="radio"/> Yes <input type="radio"/> No		Oriented to Person <input type="radio"/> Yes <input type="radio"/> No		Oriented to Place <input type="radio"/> Yes <input type="radio"/> No
<b>Mood and Behavior</b>				
<input type="checkbox"/> Socially Inappropriate/Disruptive Behavioral Symptoms	<input type="checkbox"/> Resists Care	<input type="checkbox"/> Verbal Expressions of Distress	<input type="checkbox"/> Repetitive Verbalizations	<input type="checkbox"/> Physically Abusive
<input type="checkbox"/> Anxious Non-Health Complaints Concerns	<input type="checkbox"/> Persistent Anger	<input type="checkbox"/> Crying/Tearfulness	<input type="checkbox"/> Repetitive Physical Abuse	<input type="checkbox"/> Unrealistic Fears
<input type="checkbox"/> Sad, Pained, Worried, Facial Expressions	<input type="checkbox"/> Reduced Social Interaction/Isolation	<input type="checkbox"/> Repetitive Physical Abuse	<input type="checkbox"/> Withdrawal From Activities Of Interest	<input type="checkbox"/> Negative Statements
<input type="checkbox"/> Insomnia Disturbed Sleep Patterns				
<b>Interpersonal Functioning</b>				
<input type="checkbox"/> Combative	<input type="checkbox"/> Evictions Due To Socially Inappropriate Behavior	<input type="checkbox"/> Suicide Attempts/Ideation	<input type="checkbox"/> Hallucinations	<input type="checkbox"/> Altercations
<input type="checkbox"/> Disrespectful To Staff, Others, or Property	<input type="checkbox"/> Social Isolation	<input type="checkbox"/> Paranoid Ideation	<input type="checkbox"/> Homicidal	<input type="checkbox"/> Illogical Comments
<input type="checkbox"/> Excessive Irritability				
<b>Other Conditions</b>				
<b>Categoricals</b>				
Is this a Request for a Short Term Nursing Facility Stay? <input type="radio"/> Yes <input type="radio"/> No		If Yes Then Indicate the Duration of the Nursing Facility Stay		
<b>Communication</b>				
Makes Self Understood		Understand/Use Of Language <input type="checkbox"/> Uses Language/Speaks With No Difficulty <input type="checkbox"/> Incomprehensible sounds <input type="checkbox"/> Gestures <input type="checkbox"/> Writing <input type="checkbox"/> Assistive Devices <input type="checkbox"/> Sign Language <input type="checkbox"/> Does Not Understand/Use Language <input type="checkbox"/> Understands Language But Does Not Use <input type="checkbox"/> Speaks with Difficulty		



<input type="button" value="First Page"/> <input type="button" value="Previous"/> <input type="button" value="Next"/> <input type="button" value="Last Page"/>		<b>North Carolina PASARR Level I Screen</b> <input type="button" value="Print Form"/>	
<b>Functional Limitations</b>			
Does the applicant have any functional limitations? <input type="radio"/> Yes <input type="radio"/> No		Select All That Apply <input type="checkbox"/> Incapable of Self-Care <input type="checkbox"/> Incapable of Self-Direction <input type="checkbox"/> Immobile <input type="checkbox"/> Incapable of Independent Living <input type="checkbox"/> Incapable of Learning	
<b>Screener Certification</b>			
Supplier Of Information <input type="radio"/> Applicant <input type="radio"/> Family Member <input type="radio"/> Friend <input type="radio"/> Medical Record <input type="radio"/> Doctor <input type="radio"/> Nurse <input type="radio"/> Case Manager <input type="radio"/> Social Worker <input type="radio"/> Other		By checking the box below, I certify that I have completed the above screening of the applicant to the best of my knowledge.  I understand falsification as: an individual who certifies material and false statement in this screening will be subject to investigation for Medicaid fraud and will be referred to the appropriate state agency for investigation.  This screening is NOT physician orders. There is no physician's signature on the form  <input type="checkbox"/> Screener Certification	

## Sample of the North Carolina Nursing Facilities Tracking Form

<b>NORTH CAROLINA NURSING FACILITIES TRACKING FORM</b>		<b>EDS</b> P.O. Box 300015, Raleigh, NC 27622-0015 Phone: 1-800-688-6696 / Fax: 1-866-216-3424
<i>(Please Print)</i> <b>Resident/Applicant Demographic Information</b>		
Last name _____	First name _____	Middle Initial _____
Social Security Number _____	Date of Birth _____	PASARR Number (if applicable) _____
<b>Immediate Response!! Complete This Section for Call Back of Existing Patient PASARR #:</b>		
Requestors Name: _____ Requestor (to receive #): _____		
Call Back Phone #: _____ (You still must complete Tracking Section below)		
<b>Section I: NEW ADMISSIONS (Transfer/Tracking)</b> Complete for NF admissions to receive screen result (Level I, Level II via mail; Facility EDS)		
Admitting Facility: _____ Admission Date: _____		
Address: _____ Contact Person: _____		
Telephone: _____		
<b>Section II: Purpose of Tracking Form Submission</b>		
<input type="checkbox"/> Request for copy of Level II Screening Information		(Mailed PASARR number)
<input type="checkbox"/> Notifying EDS of a change in the patient's location or status		
<b>Section III: TRANSFERRED, DISCHARGED OR DECEASED INDIVIDUALS</b> Complete for individuals who have received previous Level II screens.		
<b>A. TRANSFER (Tracking)</b> (Patient location changes within one or higher Level of Care retains PASARR #):		
<input type="checkbox"/> Hospital/General <input type="checkbox"/> Medical Unit <input type="checkbox"/> Psychiatric Unit <input type="checkbox"/> State Hospital/Acute <input type="checkbox"/> Nursing Facility		
Admitting Facility: _____ Admission Date: _____		
Address: _____ Contact Person: _____		
Telephone: _____		
<b>NOTE: A) "Transfer" updates the patient's location to a facility in NF Level of Care or higher. B) "Discharge" updates patient's location move to Lower LOC and results in cancellation of the PSAARR #.</b>		
<b>B. DISCHARGE (Tracking to Lower LOC, may result in expiration of PASARR #):</b>		
Discharge date: // _____		
Discharged to: <input type="checkbox"/> Group Home <input type="checkbox"/> Other Setting <input type="checkbox"/> Rest Home		
<input type="checkbox"/> Adult Care Home/Domiciliary Care <input type="checkbox"/> Home: _____		
<b>C. DECEASED*:</b> Date: _____ Facility notifying EDS: _____		
Staff submitting this info: _____ Phone: _____		
<i>*Note: Deceased Status Results in PASARR # expiration.</i>		

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## Attachment D: Prior Approval Process

### A. Requesting Prior Approval

Prior approval requests for nursing facility level of care (LOC) can be initiated by any of the following routes:

1. calling in the paper FL-2 by telephone and then mailing the three-part paper FL-2.
2. submitting the paper FL-2 by mail only.
3. submitting the FL-2e electronically through the identified Web access.

Records may also be sent to justify the LOC.

The FL-2 must be current, with a physician's signature dated within 30 calendar days of receipt by Medicaid's fiscal agent.

If approval is requested by telephone, the person calling must be a nursing facility administrator, social worker, registered nurse (RN), licensed practical nurse (LPN), a case manager, or a case worker. If the nursing facility designates other staff to phone in requests, the administrator or director of nursing must submit the request in writing to Medicaid's fiscal agent with their qualifications and title indicated on the request. To preclude problems in telephone approvals, information should be read directly from the FL-2.

The attending physician must always **sign** and **date** the form **prior to** submitting the approval request.

When using the paper FL-2, the completed three-part original FL-2 **must** be forwarded and received by Medicaid's fiscal agent within 10 business days of the review decision.

**Note:** A Level I PASRR evaluation must be performed before anyone, regardless of pay source, can be admitted to any Medicaid-certified nursing facility.

A request for prior approval does not guarantee claims payment. Services cannot be reimbursed until the FL-2 is submitted for final review and approval.

### B. Processing Steps for a Paper FL-2

The following procedure is used to process the paper FL-2 for prior approval:

1. The paper FL-2 must be accurately completed, **signed, and dated by the attending physician**, and a PASRR number must be obtained, before it can be called or mailed in for prior approval. After the FL-2 is called in, the **entire FL-2 (3 carbon copies)** must then be mailed to Medicaid's fiscal agent's Long Term Care Prior Approval Unit.
2. The fiscal agent's nurse analyst, applying the N.C. Medicaid nursing facility LOC criteria, reviews the FL-2.
3. If the documentation on the FL-2 supports the nursing facility LOC, the fiscal agent assigns a service review number (SRN), which is written on the FL-2 along with the date approved. The white copy of the FL-2 is retained by the fiscal agent, and the pink and blue copies are forwarded to the beneficiary's county DSS. The county DSS retains the blue copy and forwards the pink copy to the receiving facility.

4. If the nursing facility LOC is not evident upon review of the FL-2, all three copies will be returned to the sender (if the facility's full name and address is on the FL-2) or the appropriate county DSS with a letter indicating the need for additional information. The FL-2 may be resubmitted with additional information/medical records for re-evaluation.  
**Note:** Medicaid's fiscal agent will re-evaluate the additional information if it is received within 15 business days of the date of return.
5. If the FL-2 and medical records do not meet the nursing facility LOC criteria, they are forwarded to the fiscal agent's medical director to review. If the medical director agrees that the FL-2 and medical records do not meet the nursing facility LOC criteria, the nursing facility LOC is denied. The white copy of the FL-2 is retained by the fiscal agent and the pink and blue copies are forwarded to the beneficiary's county DSS along with a denial letter and an appeal form. The county DSS retains the blue copy and forwards the pink copy to the nursing facility. A denial letter and appeal form are also sent to the beneficiary.

### C. Processing Steps for an Electronic FL-2

The following procedure is used to process the electronic FL-2 (FL-2e) for prior approval:

1. The FL-2e must be accurately completed, **signed, and dated by the attending physician**, and a PASRR number must be obtained, before submission for prior approval. The FL-2e is then submitted via the identified Web access to the fiscal agent's Long Term Care Prior Approval Unit.
2. The fiscal agent's nurse analyst, following the N.C. Medicaid nursing facility LOC criteria, reviews the FL-2e.
3. If the documentation on the FL-2e supports the nursing facility LOC, the fiscal agent assigns an SRN. The FL-2e, along with a cover sheet indicating the approval, is faxed to the initiator of the prior approval request (hospital, nursing facility, beneficiary's county DSS) and the county DSS office within 24 hours of receipt. The county DSS will fax the FL-2e and cover sheet to the receiving facility.
4. If the nursing facility LOC is not evident upon review of the FL-2e, the FL-2e is returned to the sender with an e-mail indicating the need for additional information. A copy of the FL-2e with medical records may be submitted to the fiscal agent by mail for re-evaluation.  
**Note:** Medicaid's fiscal agent will re-evaluate the additional information if it is received within 15 business days of the date of return.
5. If the FL-2e and medical records do not meet the nursing facility LOC criteria, they are forwarded to the fiscal agent's medical director to review. If the medical director agrees that the FL-2e and medical records do not meet the nursing facility LOC criteria, the nursing facility LOC is denied. The FL-2e, along with a cover sheet indicating the denial and an appeal form, is sent to the beneficiary's county DSS the same day the decision is made. The county DSS faxes the FL-2e and cover sheet to the receiving facility. A denial letter and appeal form is also sent to the beneficiary.

**Note:** If the nursing facility level of care is denied, residents/responsible parties must be notified that they have the right to an appeal of the denial in accordance with Medicaid's beneficiary notices procedures. If the nursing facility LOC denial is appealed, the Office of Administrative Hearings (OAH) must receive the completed appeal form within 30 calendar days after the date of the denial letter.

#### D. Retroactive Prior Approval

It is the responsibility of the nursing facility to ensure that the initial request for prior approval is on file with Medicaid's fiscal agent when a beneficiary is admitted to their facility.

1. Requests for retroactive approval for nursing facility services may be approved when the initial authorization is requested.
2. Medicaid's fiscal agent may approve only up to 30 calendar days of retroactive coverage by telephone.
3. Retroactive coverage requests exceeding 30 calendar days, but less than 90 calendar days, must be made in writing and include all pertinent medical records for the dates of service requested.
4. Submit a completed FL-2, copies of nursing notes, physician progress notes, and any other pertinent information that justifies the nursing facility LOC.
5. The medical records submitted **must** date back to the requested date for retroactive coverage.
6. A cover letter must be attached requesting retroactive coverage indicating the "from" and "to" dates, along with a contact person's name and telephone number.

#### E. Prior Approval for Ventilator Services

Requests for prior approval for ventilator services must include the following:

1. An FL-2 form with:
  - a. PASRR number.
  - b. Current physician's signature and date.
  - c. Provider number of the facility that is or will be rendering ventilator services.
2. Medical records.
3. A ventilator addendum form signed and dated by the physician within 45 calendar days of the authorization for ventilator LOC.

The FL-2 and addendum must be forwarded to the fiscal agent's Prior Approval Unit for review based on the N.C. Medicaid LOC criteria for ventilator care.

When the beneficiary transfers from the hospital to a nursing facility or to a different nursing facility, the facility must notify the fiscal agent's Prior Approval Unit of the transfer. If the fiscal agent is not notified within 30 calendar days of the transfer, a new prior approval is required. If the beneficiary is in the hospital and placement has yet to be determined, the hospital's provider number must be entered on the authorization request.

#### F. Physician Signature

Prior approval request forms require a valid physician signature and date. Medicaid's fiscal agent will accept these forms with corrected dates if the physician who makes the error draws a single line through the incorrect date, writes the correct date above or next to the incorrect date, and initials the correction. Family nurse practitioners (FNPs), physicians' assistants (PAs), and surgical assistants (SAs) may sign the FL-2 **only** if the attending physician co-signs and dates the form. **The corrected signature/date is not for the purpose of updating an expired FL-2.**

Example of Altered Physician Signature Date

Acceptable	<i>S. Jones MD</i>	<del><i>7/22/05</i></del>	<i>SJ</i>
			<i>7/23/05</i>
Not Acceptable	<i>S. Jones MD</i>	<del><i>3/28/05</i></del>	<i>SJ</i>
			<i>7/28/05</i>

## Sample of the FL-2 Form

FL-2 (86)				NORTH CAROLINA MEDICAID PROGRAM LONG TERM CARE SERVICES			
INSTRUCTIONS ON REVERSE SIDE							
<input type="checkbox"/> PRIOR APPROVAL		<input type="checkbox"/> UTILIZATION REVIEW		<input type="checkbox"/> ON-SITE REVIEW			
IDENTIFICATION							
1. PATIENT'S LAST NAME		FIRST		2. BIRTHDATE (M/D/Y)		3. SEX	
4. ADMISSION DATE (CURRENT LOCATION)		5. COUNTY AND MEDICAID NUMBER		6. FACILITY ADDRESS		7. PROVIDER NUMBER	
8. ATTENDING PHYSICIAN NAME AND ADDRESS				9. RELATIVE NAME AND ADDRESS			
10. CURRENT LEVEL OF CARE		11. RECOMMENDED LEVEL OF CARE		12. PRIOR APPROVAL NUMBER		14. DISCHARGE PLAN	
<input type="checkbox"/> HOME <input type="checkbox"/> DOMICILIARY <input type="checkbox"/> SNF    (REST HOME) <input type="checkbox"/> ICF <input type="checkbox"/> OTHER <input type="checkbox"/> HOSPITAL		<input type="checkbox"/> HOME <input type="checkbox"/> DOMICILIARY <input type="checkbox"/> SNF    (REST HOME) <input type="checkbox"/> ICF <input type="checkbox"/> OTHER		13. DATE APPROVED / DENIED		<input type="checkbox"/> SNF <input type="checkbox"/> HOME <input type="checkbox"/> ICF <input type="checkbox"/> DOMICILIARY (REST HOME) <input type="checkbox"/> OTHER	
15. ADMITTING DIAGNOSES - PRIMARY, SECONDARY, DATES OF ONSET							
1. _____				5. _____			
2. _____				6. _____			
3. _____				7. _____			
4. _____				8. _____			
16. PATIENT INFORMATION							
DISORIENTED		AMBULATORY STATUS		BLADDER		BOWEL	
<input type="checkbox"/> CONSTANTLY		<input type="checkbox"/> AMBULATORY		<input type="checkbox"/> CONTINENT		<input type="checkbox"/> CONTINENT	
<input type="checkbox"/> INTERMITTENTLY		<input type="checkbox"/> SEMI-AMBULATORY		<input type="checkbox"/> INCONTINENT		<input type="checkbox"/> INCONTINENT	
<input type="checkbox"/> INAPPROPRIATE BEHAVIOR		<input type="checkbox"/> NON-AMBULATORY		<input type="checkbox"/> INDWELLING CATHETER		<input type="checkbox"/> COLOSTOMY	
<input type="checkbox"/> WANDERER		<input type="checkbox"/> FUNCTIONAL LIMITATIONS		<input type="checkbox"/> EXTERNAL CATHETER		<input type="checkbox"/> RESPIRATION	
<input type="checkbox"/> VERBALLY ABUSIVE		<input type="checkbox"/> SIGHT		<input type="checkbox"/> COMMUNICATION NEEDS		<input type="checkbox"/> NORMAL	
<input type="checkbox"/> INJURIOUS TO SELF		<input type="checkbox"/> HEARING		<input type="checkbox"/> VERBAL		<input type="checkbox"/> TRACHEOSTOMY	
<input type="checkbox"/> INJURIOUS TO OTHERS		<input type="checkbox"/> SPEECH		<input type="checkbox"/> OTHER		<input type="checkbox"/> OTHER:	
<input type="checkbox"/> INJURIOUS TO PROPERTY		<input type="checkbox"/> CONTRACTURES		<input type="checkbox"/> DT CATHETER		<input type="checkbox"/> O2    PRN    CONT.	
<input type="checkbox"/> OTHER:		<input type="checkbox"/> ACTIVITIES SOCIAL		<input type="checkbox"/> NUTRITION STATUS			
<input type="checkbox"/> PERSONAL CARE ASSISTANCE		<input type="checkbox"/> PASSIVE		<input type="checkbox"/> DIET			
<input type="checkbox"/> BATHING		<input type="checkbox"/> ACTIVE		<input type="checkbox"/> SUPPLEMENTAL			
<input type="checkbox"/> FEEDING		<input type="checkbox"/> GROUP PARTICIPATION		<input type="checkbox"/> SPOON			
<input type="checkbox"/> DRESSING		<input type="checkbox"/> RE-SOCIALIZATION		<input type="checkbox"/> PARENTERAL			
<input type="checkbox"/> TOTAL CARE		<input type="checkbox"/> FAMILY SUPPORT		<input type="checkbox"/> NASOGASTRIC			
<input type="checkbox"/> PHYSICIAN VISITS		<input type="checkbox"/> NEUROLOGICAL		<input type="checkbox"/> GASTROSTOMY			
<input type="checkbox"/> 30 DAYS		<input type="checkbox"/> CONVULSIONS		<input type="checkbox"/> INTAKE AND OUTPUT			
<input type="checkbox"/> 60 DAYS		<input type="checkbox"/> GRAND MAL		<input type="checkbox"/> FORCE FLUIDS			
<input type="checkbox"/> OVER 180 DAYS		<input type="checkbox"/> PETIT		<input type="checkbox"/> WEIGHT			
<input type="checkbox"/> F		<input type="checkbox"/> DRESSINGS:		<input type="checkbox"/> HEIGHT			
17. SPECIAL CARE FACTORS		SPECIAL CARE FACTORS		FREQUENCY			
<input type="checkbox"/> BLOOD PRESSURE		<input type="checkbox"/> BOWEL AND BLADDER PROGRAM					
<input type="checkbox"/> DIABETIC URINE TESTING		<input type="checkbox"/> RESTORATIVE FEEDING PROGRAM					
<input type="checkbox"/> PT (BY LICENSED PT)		<input type="checkbox"/> SPEECH THERAPY					
<input type="checkbox"/> RANGE OF MOTION EXERCISE		<input type="checkbox"/> RESTRAINTS					
18. MEDICATIONS NAME & STRENGTHS, DOSAGE & ROUTE							
1. _____				7. _____			
2. _____				8. _____			
3. _____				9. _____			
4. _____				10. _____			
5. _____				11. _____			
6. _____				12. _____			
19. X-RAY AND LABORATORY FINDINGS / DATE:							
20. ADDITIONAL INFORMATION:							
21. PHYSICIAN'S SIGNATURE							
22. DATE							

3/72-124 (12-92) EDS - DMA COPY

## Attachment E: Sample Notice of Transfer/Discharge

### NURSING HOME NOTICE OF TRANSFER/DISCHARGE

- 1) DATE OF NOTICE: \_\_\_\_\_
- 2) RESIDENT: \_\_\_\_\_  
FACILITY: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
ADMINISTRATOR: \_\_\_\_\_ PHONE: \_\_\_\_\_
- 3) DATE OF TRANSFER/DISCHARGE: \_\_\_\_\_

Under federal law (42 U.S.C 1396r(c)(2)(A); 42 CFR 483.12), you may only be transferred or discharged from this nursing facility for one of the following reasons:

- It is necessary for your welfare and your needs cannot be met in this facility;
- Your health has improved sufficiently so that you no longer need the services provided by this facility;
- The safety of individuals in this facility is endangered;
- The health of individuals in this facility would otherwise be endangered;
- You have failed, after reasonable and appropriate notice, to pay for (or to have paid under Medicare or Medicaid) a stay at this facility; or
- The facility ceases to operate.

- 4) THE REASON FOR THIS NOTICE OF YOUR TRANSFER/DISCHARGE IS: \_\_\_\_\_  
\_\_\_\_\_

- 5) In addition to notifying you (i.e. the resident) of this transfer/discharge, \_\_\_\_\_ has also been notified.  
(family member/legal representative)

- 6) Check **ONE** and **INDICATE LOCATION** below:

- { } THIS FACILITY PLANS TO **TRANSFER** YOU TO:  
{ } THIS FACILITY PLANS TO **DISCHARGE** YOU TO:

NAME OF FACILITY/LOCATION: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ PHONE: \_\_\_\_\_

You have the **RIGHT TO APPEAL** this transfer/discharge to the DHHS Hearing Office **WITHIN 11 DAYS** of the date of this notice if you want to continue to stay at this facility. The appeal will be at no cost to you or your representative. The request for an appeal (see attached form) must be received by the hearing officer no later than the 11<sup>th</sup> day or your right to appeal is waived. If you wish to review your medical record, we must allow you to see it no later than five working days prior to the hearing.

You may wish to contact your regional **LONG TERM CARE OMBUDSMAN** for help in mediation with the facility or for assistance in obtaining free legal services, if qualified. The ombudsman's name, address and phone number is:

- 7) NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ PHONE: \_\_\_\_\_

If mentally ill or developmentally disabled, you or your family member or legal representative may wish to contact:  
DISABILITY RIGHTS NORTH CAROLINA, 2626 Glenwood Avenue, Suite 550, Raleigh, NC 27608.  
Telephone number: (919) 856-2195 or 1-877-235-4210 or TTY 1-888-268-5535

- 8) \_\_\_\_\_  
Signature of Administrator Date

DMA-9050 (07/11)



### Instructions For Completing The Transfer/Discharge Notice

- 1) Enter the date the notice is served upon the resident and representative.
- 2) Resident: Enter the resident's complete name.  
Facility: Enter the name of your facility.  
Address: Enter your facility's complete mailing address.  
Administrator: Enter the name of your facility's administrator.  
Phone: Enter your facility's area code and telephone number.
- 3) Enter the date on which you intend to transfer or discharge the resident.
- 4) Enter the reason your facility is transferring or discharging this resident. If necessary to provide a full explanation, additional information may be attached.
- 5) Enter the name of the family member or legal representative upon whom this notice has been served. If the facility has been made unable to ascertain the name of a family member or legal representative, indicate "unknown" in the space provided.
- 6) Enter a mark {X} in the appropriate space for either Transfer or Discharge, **AND** enter the name of the facility or other location to which the resident is being transferred or discharged. Enter the address and telephone number of the intended location.
- 7) Enter the name, address and telephone number of the appropriate Long Term Care Ombudsman for your region.
- 8) Administrator signs and dates the form as your facility's representative.

## Attachment F: Sample Hearing Request Form

### NURSING HOME HEARING REQUEST FORM

#### TO BE COMPLETED BY NURSING FACILITY

Resident: \_\_\_\_\_

Facility: \_\_\_\_\_

Date of Transfer/Discharge Notice: \_\_\_\_\_

Date of Scheduled Transfer/Discharge: \_\_\_\_\_

Dear Hearing Officer:

I would like to request a hearing to appeal the above resident's notice of transfer/discharge. I would like for the hearing to be held (please check one):

☐ By telephone

☐ In person in Raleigh, NC

Name of Person Requesting Hearing: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_

(The signature of resident or family member or legal representative authorizes release of medical records)

If you have questions, you may contact the DHHS Hearing Office by calling (919) 647-8200 or by calling the DHHS Customer Service Center at 1-800-662-7030.

PLEASE COMPLETE THE ABOVE INFORMATION AND ATTACH A COPY OF THE NOTICE OF TRANSFER OR DISCHARGE THAT WAS ISSUED TO YOU BY THE NURSING FACILITY. YOUR REQUEST MUST BE RECEIVED NO LATER THAN ELEVEN DAYS FROM THE DATE OF THE NOTICE OF TRANSFER/DISCHARGE. YOUR REQUEST FORM MAY BE SUBMITTED BY MAIL OR FACSIMILE TO:

DHHS Hearing Office  
2501 Mail Service Center  
Raleigh NC 27699-2501

Fax (919) 715-6394

DMA-9051 (07/11)

## **Attachment G: Medicaid Minimum Data Set Validation Program**

### **A. Background**

On October 1, 2004, DMA began the Medicaid MDS Validation Program as a component of the Medicaid Case Mix Reimbursement System. All facilities participating in the Medicaid Case Mix Reimbursement System are required to participate in the MDS Validation Program. The overall goal of the Case Mix Reimbursement System is to align payments to the facility based on the resources utilized by the residents in the facility. Accurate completion of the MDS assessment is a very important function of the nursing facility staff and ensures that the nursing facility receives correct payments from N.C. Medicaid.

The MDS Validation Program provides DMA and the nursing facility with assurance that Medicaid payments are accurately based on the recorded medical and functional needs of the nursing facility resident as documented in the medical record. The MDS Validation Program replaces the FL-2 utilization review program performed by the facility staff and contract physicians. The Utilization Review Program was discontinued as of September 30, 2003.

The MDS contractor provides registered nurse reviewers certified in the MDS to conduct annual onsite MDS reviews at each nursing facility in North Carolina.

### **B. Resource Utilization Group Reimbursement System**

N.C. Medicaid uses the 34 Grouper Resource Utilization Group (RUG) system to assign the facility Case Mix Index (CMI) rate. The residents in the facility are classified into one of 34 groups based on the quantities of resources utilized. Resources are defined as nursing time, therapy time, and nursing assistant time. The RUG classification is based on information from the MDS.

### **C. Case Mix**

Case Mix refers to the combination of different resident profiles seen in a nursing facility.

### **D. Case Mix Index**

The CMI is the weighted numeric score assigned to each RUG group. The weight is assigned based on the resources used to provide care to the resident. The higher the CMI, the greater the resource needs of the resident.

### **E. Resident Roster**

The Resident Roster is a list of all non-discharged residents as of the snapshot date that includes information on the RUG group transmitted to the state. It also provides the number of residents in each RUG category.

### **F. Case Mix Supportive Documentation Guidelines**

The Case Mix Supportive Documentation Guidelines approved by DMA identify the documentation that is necessary to support the resident's assessment.

## **G. Protocols**

1. The resident roster is produced on the CMI Report every quarter on the snapshot date and sent to the facility. The snapshot dates are March 31, June 30, September 30, and December 31. The review sample is drawn from the CMI report two quarters prior to the date of the review. For a facility review occurring in October, the review sample is drawn from the CMI report dated June 30. For a facility review occurring in February, the review sample is drawn from the CMI report dated September 30.
2. The sample is drawn from all residents listed on the final CMI report to include a minimum of 90% Medicaid residents and 10% other.
3. An expanded review is done when the primary assessment sample results are greater than the state threshold for unsupported assessments. The expanded review includes an additional 10% of the residents on the final CMI report or an additional 10 assessments, whichever is greater.
4. If the findings of the MDS Validation Review result in recalculating the RUG scores, a change in the CMI rate for the nursing facility may occur. If the CMI differs from the value transmitted for N.C. Medicaid payment, a retrospective rate adjustment may be applied.

## **H. MDS Review Process**

1. Nursing facilities are notified by the nurse reviewer by phone and by fax three business days prior to the scheduled review.
2. An entrance conference is held with the nursing facility administrator, the MDS coordinator, and any other facility personnel the administrator selects to present the MDS review process.
3. The nurse reviewer provides a list of the resident records selected for review. Facility personnel pull the records immediately. If possible, the primary sample contains at least one assessment from each of the seven RUG classification groups.
4. The review begins immediately after the entrance conference. The reviewers use the most current version of the Case Mix Supportive Documentation Guidelines to support the transmitted MDS values.
5. The reviewer verifies the supportive documentation to determine if the RUG category assigned on the Final Case Mix Report is supported with documentation.
6. Documentation for the Activities of Daily Living (ADLs) must reflect 24 hours of the observation periods to verify the submitted values on the MDS.
7. After the review of the supportive documentation, the nurse reviewers hold an exit interview with the facility staff to go over preliminary results. Any unresolved issues or trends are identified and discussed.
8. No supporting documentation is accepted after the close of the exit conference.
9. A case mix review summary letter is mailed to the provider indicating any changes to the RUG category and CMI that were made as a result of the review. If the facility disagrees with the findings of the review, a reconsideration of the review findings may be requested to DMA.
10. DMA reserves the right to conduct follow-up reviews as needed. A follow-up review occurs no earlier than 120 calendar days following the exit interview.

### **I. Delinquent Minimum Data Set Assessments**

Any assessment with an assessment reference date (ARD A2300) greater than 121 calendar days from the previous ARD (A2300) is deemed delinquent and assigned a RUG code of BC1 with the lowest case mix index.

### **J. Unsupported Minimum Data Set Assessments**

The MDS is unsupported when the RN reviewer does not find adequate documentation in the resident's record as defined by the guidelines issued by DMA to support the RUG classification level. An unsupported MDS assessment may result in a different RUG classification from the one submitted by the facility. The CMI will also change.

### **K. Effect of Unsupported Thresholds**

1. First year of program – October 1, 2004, through September 30, 2005 – No penalties for unsupported MDS items.
2. Second year of program – October 1, 2005, through September 30, 2006 – 40% unsupported MDS values will result in a recalculated RUG category for all unsupported MDS assessments and a recalculation of the direct rate. There may also be a retrospective rate adjustment.
3. Third year of program – October 1, 2006, through September 30, 2007 – 35% unsupported MDS values will result in a recalculated RUG category for all MDS assessments and a recalculation of the direct rate. A retrospective rate adjustment may also be applied.
4. Fourth year of program – October 1, 2007, through September 30, 2008 – 25% unsupported MDS values will result in the recalculation as indicated above.

Since September 30, 2008 facilities are required to maintain no more than 25% unsupported MDS values. Failure to do so will result in a recalculated RUG category for all MDS assessments and a recalculation of the direct rate. A retrospective rate adjustment may also be applied.

### **L. Minimum Data Set Validation Review Reconsideration**

If the facility disagrees with the onsite Medicaid MDS Validation review findings, the facility may request an informal reconsideration. The procedure is as follows:

1. A summary letter of the review findings is sent to the facility within 10 business days of the exit conference date.
2. If the facility disagrees with the findings, a written request for an informal reconsideration is sent to DMA within 15 business days of the receipt of the MDS validation findings letter. The request is sent to the DMA Facility Services Unit Manager, 2501 Mail Service Center, Raleigh, N.C. 27699-2501. The letter to DMA must describe in detail the reason a reconsideration has been requested.
3. DMA reviews the findings in question and renders a decision. This decision is sent in writing from DMA to the facility within 20 business days of the request for reconsideration.
4. If the facility disagrees with this decision, the facility should notify the DMA Facility Services Unit Manager within 10 calendar days of receipt of the decision. The information will be reviewed again by a neutral DMA staff member. A final decision is rendered in writing to the facility within 30 calendar days.

## **Attachment H: Nursing Facility Quality Initiatives**

N.C. Medicaid Case Mix reimbursement to nursing facilities began in October 2003. As a condition of receiving case mix reimbursement, nursing facilities are required to participate in quality improvement initiatives.

1. A quality improvement initiative is a facility-wide program that has an impact on the quality of care or the quality of life for the residents.
2. The impact of the facility's chosen initiative should be supported by research or statistical data.
3. A quality improvement initiative could potentially span years. The initiative should be evaluated and updated by the facility at least annually and whenever necessary.
4. Examples of quality initiatives that a facility might adopt include programs aimed at direct care worker retention and stability, incentive programs aimed at direct care worker retention, long-term-care staff mentoring, educational programs for staff, enhanced services for residents, adoption of Best Practices Guidelines, care issues, or pieces of the facility's existing quality assurance program.
5. The facility must provide evidence that a program is in place. Evidence may include written documentation, facility staff interviews (written, phone, or face-to-face), or an on-site review of the program.
6. DMA may review the facility's quality initiative(s) every 12 to 15 months.