



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

IMPORTANT MEMO

Date: March 23, 2015

To: Medicaid Nursing Facility (NF) Providers

From: Julie Johnson, Deputy of Operations
Long Term Services and Supports (LTSS)

CC: TennCare Managed Care Organizations

Re: **Updated Guide to Patient Liability**

The purpose of this memo is to notify you that the *Guide to Patient Liability for Nursing Facility Services* has been updated—primarily to reflect a new scenario brought to our attention by a nursing facility provider: mid-month adjustments in patient liability. This has been added as a new Section V. The updated *Guide* is available on the LTSS website at <https://tn.gov/tenncare/article/ltss-training> or by navigating from the Long Term Services and Supports Page →LTSS Partners →LTSS Training → LTSS Training Manuals. We have posted both a tracked version so that you can easily see the changes made and a clean version. An excerpt of the *Guide*, with the new section is attached hereto.

This follow-up memo and the updated *Guide to Patient Liability for Nursing Facility Services* does not change any of the requirements previously communicated, but rather, provides further guidance and another example regarding the collection of monthly patient liability amounts. For ease of application, all examples are based on a 30-day month, i.e., April.

Thank you for your continued partnership.

Excerpt of *Guide to Patient Liability for Nursing Facility Services*

V. Mid-Month Adjustments in Patient Liability

Even when a resident is enrolled in CHOICES Group 1 for an entire month, the resident's monthly patient liability amount may change—most often, because the resident's income has changed, or because the resident has incurred medical expenses not subject to payment by a third party. (Reductions from a person's patient liability based on incurred medical expenses are often called "Item D" deductions.)

The adjustment in patient liability often occurs mid-month, i.e., at some point *after* the first of the month, resulting in two different patient liability amounts that are applicable for the month. In such circumstances, each of the monthly patient liability amounts must be pro-rated based on the number of days of the month that patient liability amount was applicable. The total of the two pro-rated amounts is the amount of patient liability that must be collected by the facility, and the amount by which an MCO must reduce its payments to the facility for Medicaid nursing facility services provided during the month.

Example: Resident K is enrolled in CHOICES Group 1 for the entire month. Resident K's patient liability amount effective April 1st is \$1,500. However, Resident K submits incurred medical expenses not subject to payment by any third party which reduce Resident K's patient liability amount to \$1,000 effective April 16th. Each of the two monthly patient liability amounts will be pro-rated based on the number of days of the month that patient liability amount was applicable (for April 1st through April 15th, $\$1,500 \times 15 \text{ days} \div 30 \text{ days} = \750 ; and for April 16th through April 30th, $\$1,000 \times 15 \text{ days} \div 30 \text{ days} = \500). The two pro-rated amounts are added together ($\$750 + \500) to calculate the total amount (\$1,250) the facility must collect from the resident for the month. This is also the amount by which the MCO will reduce its payments to the facility for Medicaid nursing facility services provided during the month.