

**Services and supports required for  
NF residents with MI and ID:  
Meaning of PASRR  
“Specialized Services”**

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Mindy Morrell and Dan Timmel, CMS  
Edward Kako and Nancy Shanley, PTAC

## Scope of this guidance

- PASRR considers community services first, before institutional options. It is an effective element in state rebalancing efforts.
- This particular guidance only discusses the PASRR requirements for NF residents, to correct program deficiencies in that area.



## Preadmission Screening and Resident Review (PASRR)

- PASRR is a required process before any admission to a Medicaid-certified nursing facility (NF).
- Level I = Rough screen for possible serious MI, ID, or a related condition (RC).
- Level II = Comprehensive evaluation, and determination of need & appropriate placement.
- Administrative activity at 75% match.
- Tool for diversion, transition, rebalancing.
- Implications for HCBS, esp. § 1915(c) waivers.

## Central Goal of PASRR

**Medicaid and state agencies must not approve admitting a person with MI or ID to a NF unless evaluated to require NF, and unless MI or ID needs will be met.**

NF is not housing. The state's choice:

- Either don't admit the person to NF; or
- Provide individualized services and supports for the disability, as required to attain the highest practicable physical, mental, and psychosocial well-being.

## Meaning of “Specialized Services”

“Specialized Services” has been used to describe:

- A Process: one of the PASRR Level II Determinations.
- Individual Needs: Level II Findings for a particular person.
- Individual Services: that will meet a person’s needs.
- Medicaid Coverage: defined in § 4.39 of the State Plan.
- Limit to state liability: limited to 1 or 2 existing services.
- Crisis services: only needed in severe acute episodes.
- A Setting: Inpatient services by definition other than NF.

However, there are some clear statements in CFR . . .

If...a resident or applicant for admission requires both a NF level of services and Specialized Services for the mental illness or intellectual disability...The State must provide or arrange for the provision of the Specialized Services needed by the individual while he or she resides in the NF. [42 CFR 483.116(b)]

Meaning that PASRR determines if the NF resident needs anything special for his or her MI or ID. If so, the state must see that it is provided.

FFP is not available for Specialized Services furnished to NF residents as NF services. [§ 483.124]

This section may appear to, but does *not*, forbid FFP for Specialized Services. It means Medicaid does not pay for Specialized Services already paid for as NF services.

FFP *is* available for Specialized Services that are above and beyond NF services, *paid in addition* to NF services (including specialized rehabilitative services).

Note this indicates that Medicaid NF services are not expected to include all Services and Supports an individual at NF level of care could require for MI or MR.

## Breaking down the phrase: Specialized Services

“Specialized” for one person. Individualized.

- A particular service is only “specialized” *for that person*.
- A type of service that is “specialized” for one person may not be a specialized service for another person.
- Specialized Services are not determined categorically; always by the full individualized Level II process.
- Except in reference to a specific person, a particular service or support cannot be referred to as “specialized”; it is simply that service or support.



## Breaking it down: Specialized Services

“Special” in relation to NF services. More than (supplemental to) NF services in a state.

- Nursing Homes (NFs and SNFs) are not psychiatric facilities or ICFs/IID.
  - NFs do not have psych or ICF/IID survey requirements;
  - NFs are reimbursed in most states at a rate much lower than those specialized facilities;
  - NFs rarely have QMHPs and QIDPs on staff.
- Common sense: Many persons with SMI and ID admitted to NFs will need more care for their disability than what nursing homes usually do.

## Breaking it down: Specialized Services

- “Service” meaning any type of supplemental care or support Level II recommends as necessary for an individual to be appropriately admitted to NF.
  - Includes non-medical supports, e.g., habilitation, or long term care daily living supports like cueing.
- A Specialized Service recommended in Level II is not necessarily a specific “service”, billable to a particular payer, it is a type of needed care.

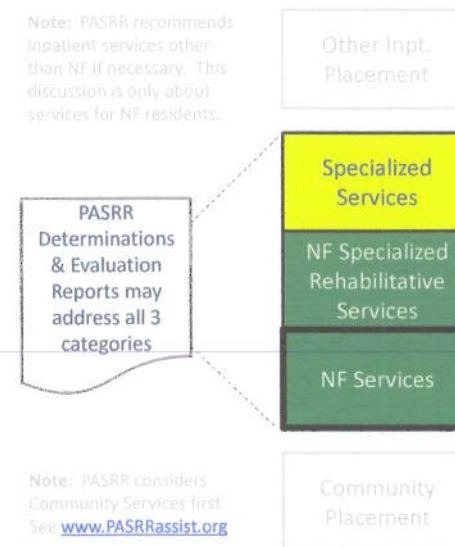
## Breaking it down: Specialized Services

A Specialized Service recommended in Level II is a *type* of needed care.

- The first purpose of which is to be sure PASRR places the person where that *type* of care is available. (E.g., PASRR prevents admission to NF in a region lacking providers of needed behavioral health care.)
- After admission, NF care planning process will develop the recommended type of supplemental care into a specific, billable service.

## Categories of services to NF residents

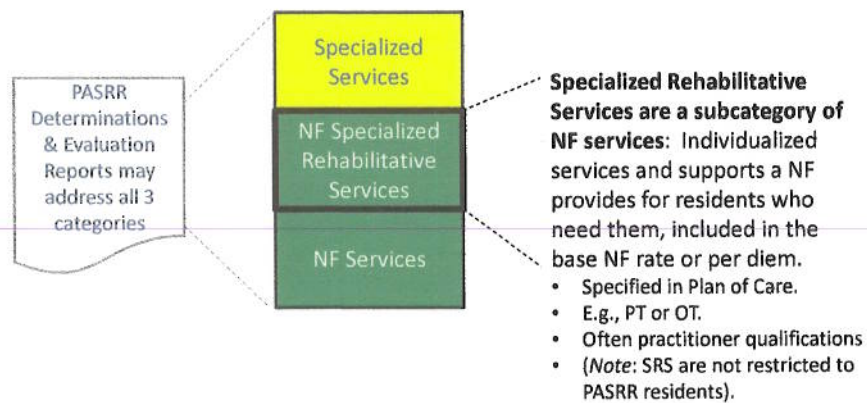
Note: PASRR recommends inpatient services other than NF if necessary. This discussion is only about services for NF residents.



Note: PASRR considers Community Services first. See [www.PASRRassist.org](http://www.PASRRassist.org)

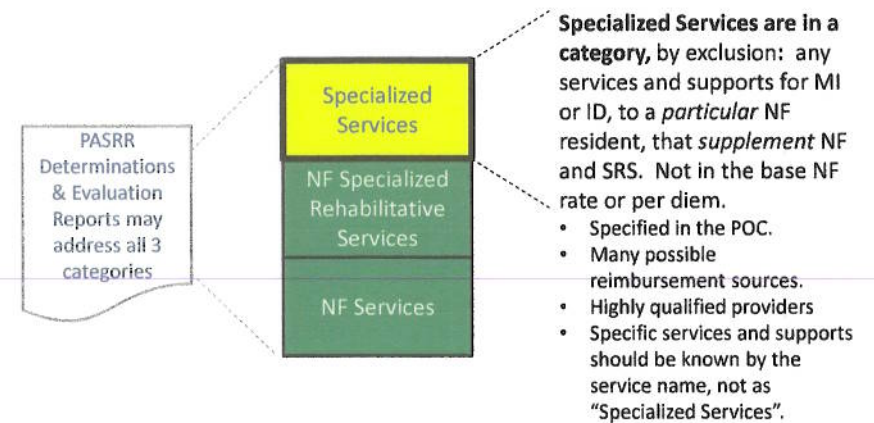
- NF Services are a category:**  
The generic services & supports a NF provides any resident, under the base NF rate(s) or per diem payment methodology.
- Since NF services are generic, PASRR is often silent on them.
  - But PASRR could recommend, e.g., a behavioral approach to everyday ADL support.

## Categories of services to NF residents



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## Categories of services to NF residents



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## Specialized Services Policy: Summary

- For the purposes of PASRR, the term “Specialized Services” means any service or support recommended by an individualized Level II determination that a particular nursing facility resident requires due to mental illness, intellectual disability or related condition, that supplements the scope of services that the facility must provide under reimbursement as nursing facility services.

## Is this a new requirement?

No. The rule was final in 1992.

- The complex wording of the rule and over time various interpretations of Specialized Services have obscured the requirements.
- Litigation, esp. since Roland, clarified that states must provide NF residents with needed services and supports.
- CMS is providing this guidance to help states understand existing regulatory requirements.



## Who is responsible for Specialized Services?

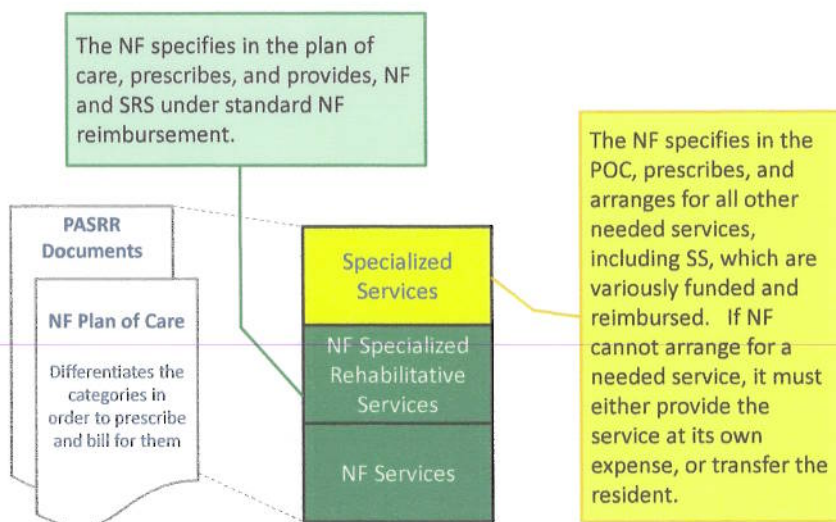
...The State must provide or arrange for the provision of the Specialized Services needed by the individual while he or she resides in the NF. [§ 483.116(b)]

NF residents clearly are to be provided with Specialized Services. But the regulation does not define what agency 'the state' may be, or what funds the services. Clarification has been requested by many states.

## MI and ID agencies "arrange for" Specialized Services in each Determination

- "The state" is, first of all, the MI and ID agencies performing the Level II process.
- Determiners act as resource experts, recommending supplemental services and supports that match evaluated individual needs.
- Those state agencies must either identify practically available types of services that will meet the Level II individual's needs, or not admit that person to NF.
- *A comprehensive Specialized Services Determination is crucial to accomplishing the goal of PASRR.*

## NF responsibility for Specialized Services



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## PASRR: Implications for HCBS

- PASRR supports community options
  - Diversion: PASRR halts NF admission until Level II Evaluation and determination complete.
  - PASRR Considers community services first.
  - Transition: Identifies candidates for transition; Specialized Services prepare resident for community; and coordinates with MFP and related state efforts.
  - HCBS waivers are alternatives to NF for people with ID, Related Conditions, and MH needs.

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Daniel.Timmel@CMS.HHS.gov

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## PASRR: Implications for HCBS

- Olmstead and Related Issues
  - Specialized Services and specialized rehabilitative services necessary to meet individual's needs in NF may raise institutional cost comparisons for waiver
  - Litigation is ongoing, include PASRR; resolutions have required sufficient HCBS options
  - Consider using HCBS providers to supply Specialized Services to NF residents, rather than NF-based providers following up in the community
- Look to new options: Duals demonstrations; 1115 proposals; managed care implications

## Funding for Supplemental Services and Supports

Supplemental Services and Supports that are provided to meet Specialized Services needs of NF residents may be funded in many ways, including Medicaid.

## General Payment Options

- The big picture — NF residents get the full range of services and supports they need. Payment can be arranged many ways, differing by resident and by state.
- Not OK — fitting resident needs into a couple of predetermined payment options.

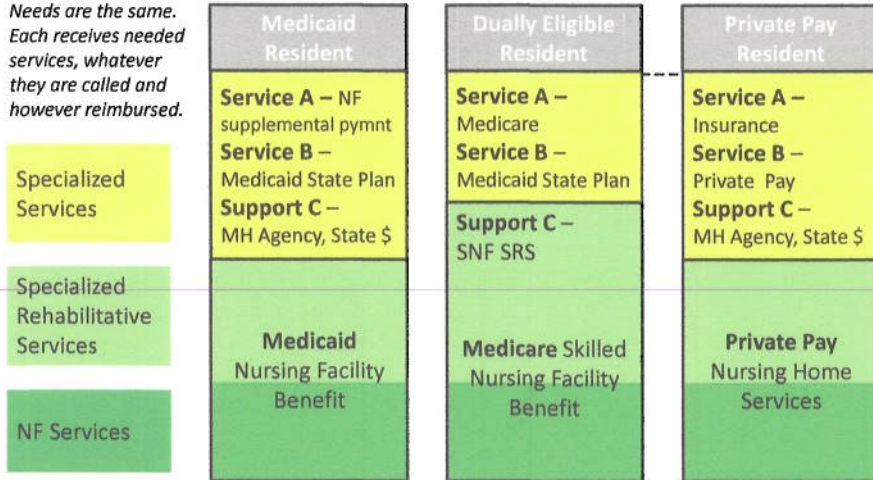
## Funding for supplemental services and supports

- Supplemental services and supports provided to fulfill needed types of Specialized Services may be covered by Medicare or other insurance.
- For Medicaid beneficiaries with no other third party payer, supplemental services and supports above and beyond NF services can be covered under Medicaid:
  - As certain State Plan services (e.g., rehabilitation)
  - Under NF benefit, as supplemental payments to NF
- If no third party payment or Medicaid payment exists, state-only funding may be required.



## Payment Sources: example for equivalent needs, varying eligibility and payer

Needs are the same. Each receives needed services, whatever they are called and however reimbursed.



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†Details highly state-specific. Discuss Payment SPA with CMS for specific guidance.

## Medicaid NF Payment: State differences

State Medicaid reimbursement methods and scope of NF service (NF+SRS) vary, as do sources and funding for non-Medicaid Services.

Under either payment example, resident receives all needed services, whatever they are called and however reimbursed.

**State A** Includes many SRS in a case mix NF payment method. Fewer services are "SS" and billed to other sources.

**State B** Simpler per diem payment. Fewer SRS included in NF payment. More services specified as "SS" and billed to others.



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†Details highly state-specific. Discuss Payment SPA with CMS for specific guidance.

## Medicaid coverage for supplemental services and supports

FFP is available to meet Specialized Services needs (“anything above NF”) in 3 main ways:

1. Change NF services to cover more (the services and supports would then not be “Specialized Services”)
  - Enrich the basic NF payment to include more SRS
  - Add-on payment to the NF rate for specified SRS
2. State plan benefits provided to NF residents
3. Supplemental Payments within the NF Benefit that are above and beyond NF services and NF specialized rehabilitative services

Details highly state-specific. Discuss Payment SPA with CMS for specific guidance.

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## FFP: Options for Medicaid supplemental services and supports

- **Medicaid state plan services.** Available now unless carved out of NF rate. But limitations:
  - Limited to § 1905(a) services: e.g., habilitation not covered.
  - “PASRR Specialized Service” is not a coverage category.
  - Comparability may present challenges— state plan services must be the same for NF residents and non residents.
- **Payments using NF benefit.** New costs. But advantages:
  - Completely flexible; state may define any service or support, including habilitation.
  - Comparability for non NF residents is not required.
  - Aids tracking for utilization control, quality management.

Details highly state-specific. Discuss Payment SPA with CMS for specific guidance.

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## Payment options using NF Benefit

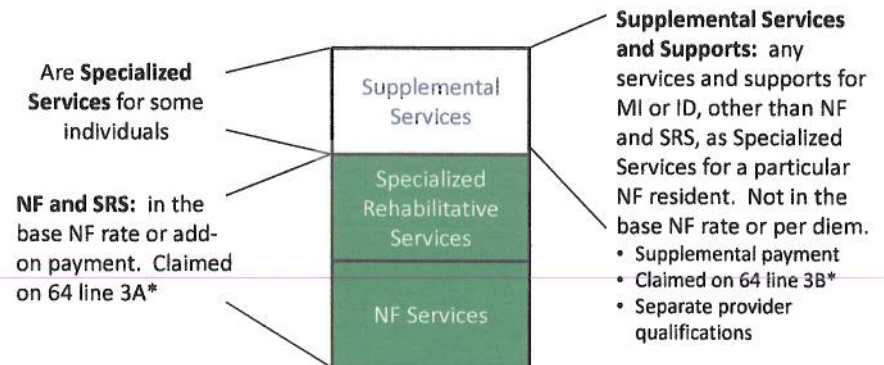
Option	Methods	Advantages	Disadvantages
Include more SRS in NF rate	<ul style="list-style-type: none"> <li>• Allowable costs</li> <li>• Reconciliation</li> <li>• Case mix</li> <li>• Peer rates</li> <li>• Other?</li> </ul>	<ul style="list-style-type: none"> <li>• Simple</li> <li>• May be easier sell for appropriations</li> </ul>	<ul style="list-style-type: none"> <li>• Unless costs are really recoverable, NF dis-incented to provide services</li> <li>• No tracking</li> </ul>
Include more SRS as add-on payments to the NF rate	<ul style="list-style-type: none"> <li>• Payment per use, increases rate</li> <li>• No separate payment</li> </ul>	<ul style="list-style-type: none"> <li>• May parallel existing add-on NF payments</li> <li>• Easy tracking of utilization for QA</li> </ul>	<ul style="list-style-type: none"> <li>• Term 'SRS' vs. Level II 'SS' Determination</li> <li>• Potential categorical use of intense svcs</li> </ul>
SRS or SS as supplemental payments to NF (or other provider)	<ul style="list-style-type: none"> <li>• Not in rate</li> <li>• NF bills FFS</li> <li>• (Or option for provider to bill directly)</li> </ul>	<ul style="list-style-type: none"> <li>• 'SS' consistent with CFR, vs. 'SRS'</li> <li>• Direct provider billing may boost enrollment</li> <li>• Easy tracking</li> </ul>	

Details highly state-specific. Discuss Payment SPA with CMS for specific guidance.

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## Supplemental Medicaid NF payments for MI or ID Services and Supports



30 Details highly state-specific. Discuss Payment SPA with CMS for specific guidance.



## Providers of Supplemental MI or ID Services and Supports to NF Residents

Services are delivered by providers specially qualified in MI or ID/DD:

- Ordinarily not the NF staff.
- May be existing providers, who have up till now not served NF residents.
- Ideally includes providers of HCBS:
  - Maximizes integration into the community
  - Facilitates transition out of the institution

## How does this supplemental payment work?

- Payment SPA defines at § 4.19 of the state plan, a method for particular services and supports to be delivered by qualified providers and billed as supplemental payment to the NF.
- NF contracts with providers, who deliver the supplemental services or supports per Level II and as specified in the plan of care.
- NF pays the provider and bills Medicaid agency according to the reimbursement methodology.
- Medicaid agency pays NF.

Details highly state-specific. Discuss Payment SPA with CMS for specific guidance.



## Additional billing option: Directly billed and paid to qualified providers

- New state option, building on SMIB 11/28/2012.
- As above, NF contracts with providers, who deliver the supplemental services and supports.
- Instead of the NF paying the supplemental services and supports providers, providers bill Medicaid directly per procedures in the state plan.
- Medicaid agency pays providers of supplemental services and supports directly, from the NF benefit, and claims the costs on CMS 64 line 3.

Details highly state-specific. Discuss Payment SPA with CMS for specific guidance.

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## Summary

States will comply with federal PASRR rules; persons with MI or ID will be served in the most appropriate available setting, and if admitted to NF will be supported & served rather than warehoused, when:

- Level II determinations yield individualized, person-centered recommendations for all needed community services, NF services, Specialized Rehabilitative Services, or Specialized Services;
- NF admission is permitted only if needed and if services and supports are available to meet the stated need;
- States provide the services and supports needed for Specialized Services, by using all funding sources and maximizing FFP for Medicaid beneficiaries.

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## Information

Information, FAQs, archived Webinars:

[www.PASRRassist.org](http://www.PASRRassist.org)

Technical Assistance for state agencies:

- PASRR Technical Assistance Center (PTAC)  
[www.PASRRassist.org](http://www.PASRRassist.org)
- Your CMS Regional Office PASRR subject matter expert (listed on above website)

Federal PASRR Policy

- Dan Timmel, CMS 410-786-8518