

# **DMA ADMINISTRATIVE LETTER NO: 09-08, MEDICAID SUSPENSION**

**DATE:** August 27, 2008

**SUBJECT:** Medicaid Suspension for Incarcerated Recipients and Recipients who enter an Institution for Mental Diseases.

**DISTRIBUTION:** County Directors of Social Services  
All Medicaid Eligibility Staff

## **I. BACKGROUND**

Living Arrangement is an eligibility factor for Medicaid. Current policy in F&C MA-3360 and ABD MA-2510 states: The type of living arrangement that an applicant/recipient has affects whether the individual is potentially eligible for Medicaid and whether he is budgeted as private living arrangement or as long term care.

- A. Inmates (of any age) of a penal institution are not eligible for Medicaid. A penal institution is the responsibility of a governmental unit. Inmates are under the jurisdiction of the courts. Other terms used to describe a penal institution are incarceration, detention, correctional, confinement, or detainment. Examples include: Prisons, Jails, Training schools, Forestry camps and other facilities operated primarily for the detention of children who are determined by the court to be delinquent.**
- B. Inpatients age 21 through 64 in a state mental hospital or private psychiatric hospitals are not eligible for Medicaid. The only exception to this rule is an inpatient in the medical/surgical unit of a state mental hospital may be eligible for Medicaid.**
- C. The Centers for Medicare & Medicaid Services (CMS) has clarified that the state may suspend rather than terminate Medicaid benefits for recipients who are authorized when they become incarcerated or for recipients who are authorized and are age 21 through 64 when they enter an Institution for Mental Diseases (IMD) provided they remain otherwise eligible for Medicaid.**

## **II. MEDICAID PRINCIPLES**

Effective September 1, 2008, when an otherwise eligible, authorized recipient of Medicaid becomes incarcerated or is age 21 through 64 and enters an Institution for Mental Diseases (IMD), his Medicaid benefits will be placed in suspension for the remainder of his certification/payment review period. To place the recipient in suspension, the caseworker will change the Living Arrangement code to 16 to indicate that the recipient is incarcerated, or code 17, to indicate that the recipient is

in an Institution for Mental Diseases. The purpose of suspending the recipient's Medicaid benefits is to expedite the process of having Medicaid re-instated if he is released during the certification period.

Recipients in Work First, Transitional Medicaid, NC Health Choice, Family Planning Waiver, Special Assistance, Refugee Medicaid Assistance and MQB cannot remain in these programs, and must be transferred to another aid program/category (if eligible) or deleted/terminated from the existing case and evaluated for Medicaid in another aid program/category. If eligible, a Medicaid case is opened with the recipient in suspended status.

While in Medicaid suspension, the recipient is authorized for Medicaid but does not receive a Medicaid Identification card. The only services that are covered are medical services received during an inpatient hospital stay for an incarcerated recipient. No medical services are covered for a recipient in an IMD. When placing the Medicaid of a recipient of Community Alternative Program (CAP) services in suspension, you must remember to terminate the CAP services. See IV. below for EIS procedures.

Remember, current policy states that Medicaid payment for medically necessary services continues for a recipient who is in an IMD when he turns age 21, through the month of his 22<sup>nd</sup> birthday. Also, an a/r who is age 21 through 64 who is entering an Institution for Mental Diseases in the medical/surgical unit must be evaluated for coverage.

### **III. MEDICAID POLICY**

#### **A. Change Reported for Ongoing Case**

When it becomes known to the county department of social services agency that a recipient of Medicaid has become incarcerated or is age 21 through 64 and has entered an Institution for Mental Diseases, evaluate the recipient to determine if he remains otherwise eligible to continue in the current aid program/category. (Incarceration or entering an IMD does not qualify as a temporary absence for a caretaker). If the recipient can remain in his current aid program/category, key the recipient in suspended status effective the following month by changing the Living Arrangement code. EIS will populate the CCNC/CA field with a special exemption code based on the living arrangement code entered, or the worker may enter the CCNC/CA codes. Recipients on Medicaid in deductible status must be manually tracked and placed in suspension once the deductible is met.

A recipient in Work First, Transitional Medicaid, NC Health Choice, Family Planning Waiver, Special Assistance, Refugee Assistance, and MQB cannot remain in these programs. He must be deleted or terminated from the existing case. If the recipient is otherwise eligible to receive Medicaid in another aid program/category, approve him for Medicaid with a suspended Medicaid status through the end of his current WFFA, SA, TMA or MAF certification/payment review period. The recipient should be informed to contact the county

department of social services upon his release, as Medicaid benefits may be reinstated.

If the recipient is not eligible to continue in a Medicaid program with a suspended status, delete or terminate him with an adequate change code of 77 or termination code of 64.

If the recipient has not contacted the county department of social services to report his release by the end of the certification period, try to determine if he is still incarcerated or remains in the IMD. If it is determined that the recipient remains incarcerated or in the IMD, he is no longer eligible to remain in a suspended Medicaid status. Terminate a single individual case with an adequate termination code of 64. Delete the recipient with code 77 if he is on a case with others. The suspended recipient must be deleted prior to completing a case redetermination.

## **B. Change Reported During the Application Processing Period**

If an individual on a Medicaid application:

1. becomes incarcerated, or is age 21 through 64 and enters an IMD, and
2. is determined eligible for Medicaid prior to incarceration or entry into an IMD, and
3. is eligible for suspended status,

approve the application with the individual in suspended status effective with the month after the month he was incarcerated or entered the IMD. Authorize Medicaid for prior month(s) on the DB/PML screen for all persons with prior month(s) of eligibility. When authorizing for prior months on the DB/PML screen, the caseworker must change the living arrangement code for the person who is incarcerated or in an IMD from the suspended status code to the appropriate living arrangement code for the month(s) being authorized. Also on the DB/PML screen, the caseworker should delete the Carolina Access exemption code that applies to suspended months. Both changes are required for claims to pay for these month(s). **If the application due date is prior to September 8, 2008, the caseworker must override the notice, send a manual approval notice, and follow instructions in IV.D. below on September 8, 2008.**

Recipients on Medicaid in deductible status must be manually tracked and placed in suspension once the deductible is met.

## **IV. EIS PROCEDURE**

You may begin keying the new living arrangement codes for suspended recipients into EIS on September 8, 2008. Do not key a living arrangement code of 16 or 17 prior to September 8, 2008. EIS will automatically populate the CCNC/CA with an exemption code based on the living arrangement code entered, or the caseworker may begin entering these CCNC/CA exemption codes on September 8, 2008 also. When placing the Medicaid of a recipient of Community Alternative Program (CAP) services in suspension, you must terminate the CAP services. Enter an end date in the special coverage field.

### **A. Included Aid Program/Categories**

Cases in the following aid program/categories may contain a person who has a living arrangement code of 16 and CCNC/CA exemption code of 9900058 (incarcerated recipient) or a person with a living arrangement code of 17 and CCNC/CA exemption code of 9900059 (recipient in IMD):

1. MAA,
2. MAD,
3. MAB,
4. MSB,
5. MAF (including Breast and Cervical Cancer Medicaid recipients who are MAF-W OR MAF-T),
6. MIC-N,
7. MPW,
8. IAS, and
9. HSF.

### **B. Excluded Aid Program/Categories**

Cases in the following aid program/categories may NOT contain a recipient who has a living arrangement code of 16 and CCNC/CA exemption code of 9900058 (incarcerated recipient) or a recipient who has a living arrangement code of 17 and CCNC/CA exemption code of 9900059 (recipient in an IMD):

1. AAF (including Transitional Medicaid which is AAF payment types 4 and 5),
2. SAA, SAD, AND SCD. This includes SA in-home recipients,
3. MQB-Q, B, and E,
4. NC HC (MIC-J, K, A, S, and L,
5. MAF-D (Family Planning Waiver),
6. Refugee Assistance cases (RRF and MRF),
7. Non-qualified aliens or qualified aliens during the five year ban (any aid program/category). These are Medicaid Classifications: F, H, O, R, U, and V).

If the individual meets the eligibility requirements in another aid program/category, he may be approved in that Medicaid program or a single

recipient case may be transferred to another aid program/category following the existing case transfer rules.

### C. SSI Medicaid Cases

Cases with an SSI indicator of “Y” cannot have a living arrangement code of 16 or 17. If the SSI stops due to incarceration or entry into an IMD, the SSI indicator is changed to “N” and the caseworker completes an ex parte review. If the recipient is eligible, change the case to suspended status with a certification period of twelve months.

### D. Keying the 8125

1. Key the appropriate adequate change, transfer, approval, or case/individual termination/deletion code and enter the ongoing cycle month as the Medicaid effective date or the last day of the current processing month as the termination date. If a recipient is terminated from one aid program/category and is eligible in another aid program/category, key an approval in the new aid program/category using existing approval codes. Additional text will be added to the automated notice for approvals with a living arrangement code of 16 or 17. See IV. D. 4. below for codes and notice text.
2. Key a Living Arrangement Code of **16** in the Individual Eligibility Data to indicate that the recipient is **incarcerated**. EIS automatically populates the CCNC/CA field with exemption code 9900058, or the caseworker may key the CCNC/CA exemption code. The system recognizes that a recipient who has a Living Arrangement Code 16 and a CCNC/CA exemption code 9900058 is incarcerated and will not issue a Medicaid card.
3. Key a Living Arrangement Code of **17** in the Individual Eligibility Data to indicate that the recipient is in an **Institution for Mental Diseases**. EIS automatically populates the CCNC/CA field with exemption code 9900059, or the caseworker may key the CCNC/CA exemption code. The system recognizes that a recipient who has a Living Arrangement Code 17 and a CCNC/CA exemption code 9900059 is in an Institution for Mental Diseases and will not issue a Medicaid card.

#### 4. EIS Codes

The following new codes will be used for an incarcerated recipient or a recipient in an Institution for Mental Diseases whose Medicaid is being placed in suspended status, or being reactivated from suspension. This administrative letter is used as the manual section reference on the automated notice. Other codes currently exist for terminations and deletions.

#### Change Codes

9I	Your Medicaid benefits will be suspended because you are incarcerated. Your Medicaid coverage is limited to payment of medical services related to an inpatient hospital stay. No card will be issued.
9L	Your Medicaid benefits will be suspended because you are in an Institution for Mental Diseases. You will not have any Medicaid coverage during the suspension. No card will be issued.
9P	Your Medicaid benefits will remain in suspension because you are now in an Institution for Mental Diseases. You will not have any Medicaid coverage during the suspension. No card will be issued.
9S	Your Medicaid benefits will remain in suspension because you are now incarcerated. Your Medicaid coverage is limited to payment of medical services related to an inpatient hospital stay. No card will be issued.
9U	Your Medicaid benefits were suspended while you were incarcerated. Your Medicaid benefits have now been released from suspension.
9V	Your Medicaid benefits were suspended while you were in an Institution for Mental Diseases. Your Medicaid benefits have now been released from suspension.

#### Transfer Codes

78	Your Medicaid will be suspended because you are incarcerated. Your Medicaid coverage is limited to payment of medical services related to an inpatient hospital stay. No card will be issued.
98	Your Medicaid will be suspended because you are in an Institution for Mental Diseases. You will not have any Medicaid coverage during the suspension. No card will be issued.

#### WFFA Deletion Codes

8N	You cannot receive WFFA because you are incarcerated. You are being evaluated for Medicaid and will receive a separate notice.
8O	You cannot receive WFFA because you are in an Institution for Mental Diseases. You are being evaluated for Medicaid and will receive a separate notice.

## Transitional Medicaid Deletion Codes

<b>8W</b>	<b>You cannot receive Transitional Medicaid because you are incarcerated. You are being evaluated for Medicaid and will receive a separate notice.</b>
<b>8X</b>	<b>You cannot receive Transitional Medicaid because you are in an Institution for Mental Diseases. You are being evaluated for other Medicaid and will receive a separate notice.</b>

### E. NOTICES

Unless overridden, an automated adequate notice is generated to notify the recipient of his suspended status, the effective date of the suspension, his certification period and that no card will be issued. Recipients who are incarcerated are notified that the only Medicaid benefit that is covered during the suspension is medical services received during an inpatient stay. Recipients who enter an Institution for Mental Diseases are notified that they have no Medicaid coverage during the suspension.

### F. DB/PML Screen

For application approvals when you must key a DB/PML screen to authorize full Medicaid benefits for prior month(s), change the living arrangement code from 16 or 17 to the appropriate code and delete the CCNC/CA exemption code of 9900058 or 9900059. Also, key a "Y" in the ISSUE CARD field. For a multi-person case, a DB/PML screen must be keyed for each individual on the case if eligibility could not be authorized on the DSS-8125.

### G. REDETERMINATIONS

Redeterminations are not allowed in EIS for cases with an individual who has a living arrangement code of 16 or 17. For a multi-person case, the individual must be deleted if still incarcerated or in an IMD. For a single person case, the case must be terminated if the person is incarcerated or in an IMD. If the individual is no longer incarcerated or in an IMD, eligibility is reevaluated and if eligible, the individual is placed/continues in the appropriate aid program/category and the living arrangement code is changed.

See IV.C. above regarding SSI Medicaid ex parte cases.

### H. CASE MANAGEMENT REPORT

A special message will be added to the Case Management Report when an individual with living arrangement code 17 is turning age 65. This message is in addition to the message that currently is printed on Case Management for persons turning age 65. This message is added to notify the worker that this person is in an IMD and to evaluate for full Medicaid eligibility. The message

appears two months before the birth month and ongoing until the worker takes necessary action based on the appropriate program policy.

NOTE: We anticipate this message will appear on the Case Management report that runs at the end of September, 2008. If this is not in production by that date, counties will be notified by terminal message.

If you have any questions, please contact your Medicaid Program Representative. For any issues that are not able to be handled through that venue, Mrs. Angela Floyd, Assistant Director for Recipient and Provider Services will be your point of contact and can be reached at (919) 855-4000.

William W. Lawrence, Jr., M.D.  
Acting Director

(This material was researched and written by Mary Spivey, EIS Policy Consultant and Linda Faulkner, Projects Coordinator, Medicaid Eligibility Unit.)