



**State of New Jersey**

**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

ADMINISTRATIVE OFFICES  
QUAKERBRIDGE PLAZA—BUILDING 5 & 7 & 12  
QUAKERBRIDGE ROAD  
TRENTON, NEW JERSEY 08619

ADDRESS REPLY TO:  
CN-712  
TRENTON, NEW JERSEY 08625

**MEDICAID COMMUNICATION NO. 89-16**

**DATE: May 18, 1989**

**TO:** County Welfare Agency Directors/Board of Social Services Directors

**SUBJECT:** The Omnibus Budget Reconciliation Act-1987 - Nursing Home Reform  
PreAdmission Screening and Annual Resident Review of Mentally  
Ill/Mentally Retarded Individuals

Effective January 1, 1989 the Omnibus Budget Reconciliation Act of 1987 (OBRA '87) requires the PreAdmission Screening of any individual with a diagnosis of mental illness (MI) or mental retardation (MR) prior to admission to a Medicaid certified long-term care facility (LTCF). When it is determined that a LTCF admission is appropriate, a determination must be made as to whether or not active treatment is required. The provisions of OBRA '87 also require States to conduct assessments and active treatment reviews of MI and MR individuals already residing in LTCFs on an annual basis. However, States have until April 1, 1990 to conduct these reviews and assure compliance with the law. The combined process of preadmission screening (PAS) and the annual resident review (ARR) is commonly referred to as PASARR.

On January 1, 1989, the Division of Medical Assistance and Health Services (DMAHS), in conjunction with the Division of Mental Health and Hospitals (DMH&H) and the Division of Developmental Disabilities (DDD), operationalized procedures to comply with the preadmission screening part of the federal PASARR. The Medicaid Regional Staff Nurse (RSN) will continue to do a level of care assessment. The review to determine whether active treatment is necessary will be carried out by DMH&H and DDD respectively. The coordination of these assessments and other activities involved in this process is administered in the MDO.

OBRA '87 also requires that individuals with a primary or secondary diagnosis of MI/MR seeking admission to Medicaid certified LTCFs must obtain medical examinations prior to admission, which include diagnosis, medical history and medication history. Individuals with Alzheimer's disease or related conditions, while they are excluded from the active treatment review requirements, nonetheless, must be diagnosed based on a neurological examination.

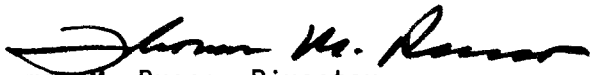
In a hospital setting, the discharge planning units are referring MI/MR individuals to the MDO for prescreening. The package of medical information required for the PASARR screening is coordinated by hospital staff and given to the RSN at the time the RSN performs the level of care assessment.

In a community setting, however, since the County Welfare Agency/Board of Social Services is the initial point of contact for individuals applying for LTCF services under Medicaid, we are asking your assistance in advising Medicaid applicants of the requirements for a complete referral package, i.e., PA-4, medical history, medication history and, where there is a diagnosis of Alzheimer's disease or a related disorder, a neurological exam report. This information is to be submitted to the MDO and will be utilized by the RSN when doing the level of care assessments.

Division staff will conduct an orientation to the Medicaid Income Maintenance Supervisors at their next monthly meeting with this Division's Office of Eligibility Policy. Enclosed for your reference are copies of the communications on PASARR distributed to hospitals and LTCFs.

Questions regarding this communication may be directed to the MDO serving your county.

Sincerely yours,

  
Thomas M. Russo, Director  
Division of Medical Assistance  
and Health Services

TMR:CMb

c: Marion Reitz, Director  
Division of Public Welfare

William Waldman, Director  
Division of Youth and Family Services

Robert Nicholas, Director  
Division of Developmental Disabilities

Alan Kaufman, Director  
Division of Mental Health and Hospitals



State of New Jersey  
Department of Human Services  
Division of Medical Assistance and Health Services

New Jersey Health Services Program

# NEWSLETTER

Volume.....P.-596...

BC-427

January 1, 1989

**To:** Chief Executive Officer - Hospitals

**Subject:** PreAdmission Screening and Annual Resident Review (PASARR)  
of Mentally Ill and Mentally Retarded

**Effective:** January 1, 1989

**Purpose:** To inform all hospitals that, effective January 1, 1989, federal law (Omnibus Budget Reconciliation Act of 1987: P.L. 100-203) prohibits mentally ill or mentally retarded individuals from gaining admission to a Medicaid certified nursing facility **unless that individual has been pre-screened by the State prior to admission** to the nursing facility.

**Background:** Traditionally, Medicaid eligible individuals in need of nursing home placement could be transferred from a hospital to a nursing facility without authorization from the New Jersey Medicaid Program. However, beginning January 1, 1989, in order to comply with federal law, all Medicaid participating nursing facilities are on notice that they are not to admit mentally ill or mentally retarded Medicaid eligible individuals **from any setting** without authorization from the Medicaid District Office (MDO) serving their area.

**Action:** As soon as the hospital discharge planning unit knows of a Medicaid eligible individual with a primary or secondary diagnosis of mental illness or mental retardation, a **telephone referral** must be made to the Medicaid District Office (MDO) serving the hospital area. The telephone referral should be immediately followed up with a formal referral letter, attaching a copy of a completed PA-4 form for the individual.

Based on the referral, the MDO nurse will do a mental illness (MI) or mental retardation (MR) screen concurrent with doing a nursing home level of care assessment. Subsequent to the MI/MR screen, the law requires a review be made as to whether or not the individual requires active treatment. To accomplish this, the MDO will refer MI individuals to the Division of Mental Health and Hospitals and MR individuals to the Division of Developmental Disabilities respectively for the active treatment review. **These reviews must be completed prior to placement in a nursing facility**

The law does allow exceptions to certain parts of the pre-screening process of MI and MR residents. MI and MR persons with severe illnesses, e.g. comatose, ventilator dependency, function at the brain stem level, or have a diagnosis of: chronic obstructive pulmonary disease, severe Parkinson's Disease, Amyotrophic Lateral Sclerosis, or Congestive Heart Failure, need not be subjected to the active treatment review. Likewise, MI and MR persons certified by their physician as terminally ill, or patients who, upon discharge from the acute care hospital, are admitted to a Medicaid nursing facility for a short period not to exceed 120 days, need not be subjected to an active treatment review.

Any questions you may have regarding the PreAdmission Screening of Mentally Ill or Mentally Retarded may be directed to the Medicaid District Office Director serving your facility. An MDO directory is attached for your convenience.

**Distribution: Discharge Planning Units**

STATE OF NEW JERSEY  
DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

MEDICAID DISTRICT OFFICE

| COUNTY                      | ADDRESS  | TELEPHONE NUMBER                 |
|-----------------------------|--|----------------------------------|
| Atlantic                    | 1601 Atlantic Avenue 7th Floor<br>Atlantic City, NJ 08401  | (609) 441-3620                   |
| Bergen                      | 171-173 Main Street<br>Hackensack, N.J. 07601  | (201) 488-5667                   |
| Burlington                  | 50 Rancocas Road<br>Mt. Holly, NJ. 08060   | (609) 261-0448                   |
| Camden                      | 1800 Davis Avenue<br>East Building, Suite 301<br>Camden, NJ 08104  | (609) 757-2870                   |
| * Cumberland<br>(Cape May)  | 108 Landis Avenue<br>Vineland, NJ 08360  | (609) 696-6560                   |
| Essex<br>Newark             | 155 Washington Street<br>Newark, NJ 07102  | (201) 648-2470<br>(201) 648-3700 |
| Essex<br>Suburban           | 76 South Orange Avenue, 2nd Floor<br>South Orange, NJ 07079  | (201) 761-7441                   |
| Gloucester<br>(Salem)       | 251 N. Delsea Drive<br>Deptford Center<br>Deptford, NJ 08096   | (609) 853-4177                   |
| Hudson                      | 2815 Kennedy Boulevard - 2nd Floor<br>Jersey City, NJ 07306  | (201) 433-8011                   |
| Hunterdon<br>(Somerset)     | 84 Park Avenue, 2nd Floor<br>Flemington, NJ 08822  | (201) 782-1130                   |
| Mercer                      | 314-316 East State Street<br>Trenton, NJ 08608   | (609) 292-7315                   |
| * Middlesex                 | 25 South Main Street<br>Building B, Suite 5-6<br>Edison, NJ 08837  | (201) 549-3884                   |
| Monmouth                    | Casino 9<br>220 Route 9<br>Howell, NJ 07731  | (201) 308-1159                   |
| Morris<br>(Sussex & Warren) | 10 Park Place, 4th Floor<br>Morristown, NJ 07960   | (201) 267-1700                   |
| Ocean                       | 1861 Hooper Avenue<br>Toms River, NJ 08753   | (201) 255-6226                   |
| Passaic                     | Law Building<br>66 Hamilton Street<br>Paterson, NJ 07505   | (201) 977-4077                   |
| Union                       | Hersh Towers<br>125 Broad Street, 6th Floor<br>Elizabeth, NJ 07201   | (201) 355-8860                   |
| *Passaic                    | Division of Medical Assistance<br>and Health Services<br>Northern Regional Office *<br>100 Hamilton Plaza<br>6th Floor, Room 601<br>Paterson, NJ 07505 | (201) 977-4541                   |

\* Denotes office where the Regional Director can be reached.

(Rev. 10/27/88)



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**MEDICAID LONG-TERM CARE SERVICES BULLETIN 88-19**

**EFFECTIVE:** January 1, 1989

**ISSUED:** December 30, 1988

**TO:** Skilled Nursing and Intermediate Care Facilities  
(SNFs/ICFs)

**SUBJECT:** PreAdmission Screening and Annual Resident  
Review of Mentally Ill and Mentally Retarded

**PURPOSE:** To inform all Medicaid certified long term care facilities that, effective January 1, 1989, federal law (Omnibus Budget Reconciliation Act of 1987: P.L. 100-203) prohibits a nursing facility from admitting any new resident who has mental illness (MI) or mental retardation (MR), unless that individual has been pre-screened by the State as appropriate for nursing facility placement. Likewise, where admission to a nursing facility is deemed appropriate, a determination must also be made as to whether active treatment is required.

**BACKGROUND:** Medicaid Long-Term Care Services Bulletin 88-14 issued November 9, 1988, requested your assistance in completing a survey of mentally ill or mentally retarded residents in your facility, and your cooperation in this effort has contributed to a very useful collection of data. The Division of Medical Assistance is now finalizing the process for conducting the annual resident review of nursing facility residents identified as mentally ill or mentally retarded.

**ACTION:** Effective January 1, 1989, all Medicaid certified SNFs and ICFs must be sure that their respective MDO has conducted a preadmission screen on all persons with a primary or secondary diagnosis of mental illness or mental retardation. Failure to obtain a preadmission screen by the MDO staff prior to admission of mentally ill or mentally retarded Medicaid eligible individuals from whatever setting will result in non payment by the New Jersey Medicaid Program. The MDO Regional Staff Nurse (RSN) will do the MI/MR screen concurrent with doing a level of care assessment and authorization. In addition to the Medicaid nurse assessing MI and MR Medicaid individuals as appropriate for nursing home placement, the law requires a review be made as to whether or not the individual needs active treatment. The MDO will refer MI patients to the Division of Mental

Health & Hospitals and MR patients to the Division of Developmental Disabilities respectively for the active treatment review.

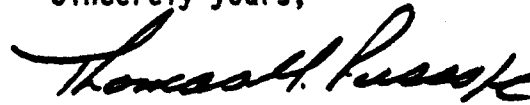
The law does allow exceptions to certain parts of the pre-screening process of MI and MR patients. MI and MR persons with severe illnesses, e.g. comatose, ventilator dependent, function at the brain stem level, or those who have a diagnosis of: chronic obstructive pulmonary disease, severe Parkinson's Disease, Huntington's Disease, Amyotrophic Lateral Sclerosis, or Congestive Heart Failure, need not be subjected to an active treatment review. Likewise, MI and MR patients certified by their physician as terminally ill, or patients who, upon discharge from an acute care hospital, are admitted to a Medicaid nursing facility for a period not to exceed 120 days, need not be subjected to an active treatment review.

As stated in the Long-Term Care Services Bulletin 88-14 issued November 9, 1988, the Omnibus Budget Reconciliation Act of 1987 (OBRA-87) also requires States to conduct assessments and active treatment reviews of MI and MR individuals already residing in nursing facilities. However, States have until April 1, 1990 to establish a process for these reviews and assure compliance with the law. The thrust of this Bulletin is the performance of necessary assessment and reviews of MI and MR Medicaid persons prior to admission so as to ensure proper authorization and payment to the nursing facility.

Questions regarding this Bulletin may be directed to the Medicaid District Office (MDO) Director serving your facility.

Thank you very much for your cooperation.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Thomas M. Russo". The signature is fluid and cursive, with a prominent "T" and "R".

Thomas M. Russo, Director  
Division of Medical Assistance  
and Health Services

TMR:Mb