



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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VALERIE HARR
Director

MEDICAID COMMUNICATION NO. 12-13

DATE: July 19, 2012

TO: County Welfare Agency Directors
Medicaid Only Supervisors

SUBJECT: Processing Post Eligibility Treatment of Income for Pre-Eligibility Medical Expenses (PEME) for Medically Needy Cases

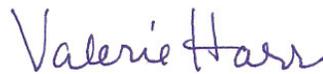
BACKGROUND: This Medicaid Communication is a follow up to Medicaid Communication 10-07, which addresses the State Plan Amendment (SPA) approved by the Centers for Medicare and Medicaid (CMS) effective January 1, 2010 and Medicaid Communication 11-06, which outlines the operational directions for the processing of Pre-Eligibility Medical Expenses (PEME) cases for Medicaid Only and New Jersey Care...Special Medicaid Programs. Post Eligibility Treatment of Income for PEME is an allowable deduction from the PR-1 (Statement of Available Income for Medicaid Payment) for those necessary medical expenses recognized by State law that occurred in the three months prior to the date of Medicaid eligibility and only when retroactive eligibility for a Medicaid program is not an option. These income adjustments are limited to the established Medicaid rates at the time those medical services were rendered. First the Pre-Eligibility Medical Expenses must be submitted to all third parties for payment and then the remaining balances can be used as income deductions up to the established Medicaid rates. Third party liability, such as, but not limited to: other health insurance, including Medicare, prepaid health plans, worker's compensation, and auto insurance. If the person has incurred a penalty due to a transfer of resources, no PEME deduction will be allowed.

OPERATIONS: For Medically Needy cases when the projected Medicaid reimbursement rate exceeds the countable income, these cases can be treated in the same manner as Medicaid Only and New Jersey Care...Special Medicaid Programs. Refer to Medicaid Communication 11-06 for instructions and completion of the PEME form. Once a PEME is requested, the facility must provide information and supporting documentation in order to calculate these deductions on the Pre-Eligibility Medical Expense (PEME) form.

For Medically Needy individuals, when the countable income exceeds the Medicaid reimbursement rate, the County Welfare Agency (CWA) caseworker can combine the projected institutional care expenses with any previously unpaid medical expenses to reduce the income to the Medically Needy Income Limit (MNIL). Then once eligibility is established, the post-eligibility income can be diverted to pay the PEME period and other services during that time at the Medicaid rate. If there is discretionary income remaining, that income should be utilized towards the PEME period.

If you have any questions regarding this Medicaid Communication, please refer them to the Division's Office of Eligibility Policy field service staff for your agency at 609-588-2556.

Sincerely,



Valerie Harr
Director

VH:d

- c: Jennifer Velez, Commissioner
Department of Human Services
- Dawn Apgar, Deputy Commissioner
Division of Developmental Disabilities
- Lowell Arye, Deputy Commissioner
Aging and Community Services
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