

**NEW YORK**  
state department of  
**HEALTH**

Nirav R. Shah, M.D., M.P.H.  
Commissioner

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Executive Deputy Commissioner

**ADMINISTRATIVE DIRECTIVE**

**TRANSMITTAL:** 13 OHIP/ADM-02

**TO:** Commissioners of  
Social Services

**DIVISION:** Office of Health  
Insurance Programs

**DATE:** 7/9/13

**SUBJECT:** Medicaid Payment of Inpatient Hospital Claims for Incarcerated  
Individuals and Individuals Age 21-64 Who Are Admitted to a  
Psychiatric Center

<b>SUGGESTED DISTRIBUTION:</b>	Medicaid Staff Temporary Assistance Directors Staff Development Coordinators Fair Hearing Staff Accounting Supervisors
<b>CONTACT PERSON:</b>	Local District Liaison: Upstate - (518) 474-8887 New York City - (212) 417-4500
<b>ATTACHMENTS:</b>	None

**FILING REFERENCES**

Previous ADMs/Infs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc.Ref.
11 OHIP ADM-3 08 ADM-03 01 OMM LCM-4 00 OMM ADM-9			SSA 1905 (a) C. 20, L. 2001  SSL 366(1-a)		

**I. PURPOSE**

This Office of Health Insurance Programs (OHIP) Administrative Directive (ADM) informs local departments of social services (LDSS) of the creation of two new Medicaid coverage codes. These codes will allow for Medicaid payment of inpatient hospital claims through eMedNY for individuals who are incarcerated in a New York State or local correctional facility or who are 21-64 years of age and residing in a New York State Office of Mental Health operated psychiatric center.

**II. BACKGROUND**

To improve individuals' access to Medicaid upon discharge from public institutions and psychiatric facilities, the Centers for Medicare and Medicaid Services (CMS) issued a letter on May 25, 2004, to State Medicaid Directors encouraging states to suspend and not terminate Medicaid benefits while an individual is in a public institution or psychiatric center. New York State began suspending Medicaid benefits for incarcerated individuals on April 1, 2008. On April 1, 2011, New York State began suspending Medicaid benefits for individuals age 21-64 who were admitted to a State operated psychiatric center.

Incarcerated individuals and individuals age 21-64 admitted to a psychiatric center are not entitled to medical care, services or supplies received while physically residing in the facility or center. However, these individuals are eligible for Medicaid payment of inpatient hospitalization services provided off the grounds of the correctional facility or psychiatric center.

Currently, claims for retroactive Federal Financial Participation (FFP) for incarcerated individuals are submitted to the OTDA Finance Office on the RF-17 Claiming Package for Special Project Claiming for the 10/1/11-6/30/13 period. Claims prior to 10/1/11 are submitted to the OTDA Finance Office on the DSS-3922, Reimbursement Claim for Special Projects. Claims for reimbursement should continue to be submitted to the OTDA Finance Office for individuals with an inpatient hospital stay occurring through 6/30/13. For eligibility, claiming and reimbursement policies and procedures, see 01 OMM LCM-4, "Retroactive Federal Financial Participation (FFP) Reimbursement for Medical Costs for Involuntarily Confined Individuals" issued May 3, 2001.

Effective for the dates of service on or after July 1, 2013, eMedNY will be utilized to pay for inpatient hospital claims for individuals with otherwise suspended Medicaid coverage, using two new coverage codes. These new coverage codes will be valid for Medicaid payment of inpatient hospital services only.

**III. PROGRAM IMPLICATIONS**

Individuals with active Medicaid who are incarcerated in a New York State or local correctional facility and individuals 21-64 years of age who are admitted to a psychiatric center must have their Medicaid coverage suspended at incarceration/admission and reinstated at

release/discharge. The policies and procedures for who is entitled to have their Medicaid coverage suspended are outlined in 08 ADM-03 "Maintaining Medicaid Eligibility for Incarcerated Individuals" and 11 OHIP/ADM-3 "Maintaining Medicaid Eligibility for Individuals Admitted to a Psychiatric Center." These policies and procedures continue to apply. The only changes being made are to the Medicaid coverage codes used for affected individuals; for Upstate cases, the Individual Status code which will be active instead of inactive; and for NYC cases, the passing of this information to eMedNY.

Effective July 1, 2013, the following two new coverage codes will be used to maintain eligibility for incarcerated individuals and individuals 21-64 years of age who are residing in a psychiatric center. Medicaid payment for these new coverage codes will be limited to inpatient hospital services provided off the grounds of the correctional facility or psychiatric center. The new coverage codes will be available for dates of service on or after July 1, 2013

- Coverage Code 25: Inpatient Hospital Only (Federally Non-Participating) - This coverage code identifies individuals who are 21-64 years of age and residing in a psychiatric center.
- Coverage Code 26: Inpatient Hospital Only (Federally Participating) - This coverage code identifies individuals who are incarcerated in a New York State or local correctional facility.

The State will automatically convert cases that are in "suspend" status (NYC cases in Incarcerated (IC) status and Upstate cases with an Individual Status Code of 08 (Inactive) and Coverage Code 04 (No Coverage)) to the appropriate new coverage code and Case Type 20 (Medicaid). The Medicaid coverage "From" date will be changed to 7/1/2013 for Upstate and New York City (NYC) cases. The Medicaid coverage "To" date will remain 12/31/49 for Upstate cases and NYC cases converted with Reason Codes A41, "Suspend MA Coverage for 21-64 Year Old Admitted to Psychiatric Center" and A03, "Suspend MA Coverage at Incarceration of Inmate of NYS or Local Correctional Facility." For NYC cases converted with Reason Codes 704, "Suspend MA Coverage 21-64 Year Old Admitted to Psychiatric Center" and 816, "Suspend MA Coverage at Incarceration of Inmate of NYS or Local Correctional Facility," the Medicaid coverage "To" date will be 99/99/99. The Medicaid authorization "From" date will be 7/1/13 for Upstate cases. For NYC cases, the Medicaid authorization "From" date will continue to be the date on which the case was originally placed in IC status. The Medicaid authorization "To" date will be 12/31/49 for Upstate and 99/99/99 for NYC. The Individual Status Code for Upstate individuals will be changed to 07 (Active). No notice will be issued. Individuals with Coverage Code 25 or 26 are ineligible for enrollment in managed care.

Individuals with Coverage Code 18 (Family Planning Benefit Program Only) are ineligible for Medicaid payment of inpatient hospitalizations. Therefore, individuals with Coverage Code 18 at admission/incarceration will not receive new Coverage Codes 25 or 26. Upstate Family Planning Benefit Program (FPBP) individuals will continue to have coverage suspended with Individual Status Code 08

(Inactive) and Coverage Code 04 (No Coverage). NYC FPBP individuals will continue to be placed in IC status.

The State will continue to issue monthly suspension and daily discharge WINR reports to districts through BICS. Medicaid coverage will continue to be reinstated upon discharge as outlined in 08 ADM-03 "Maintaining Medicaid Eligibility for Incarcerated Individuals" and 11 OHIP/ADM-3 "Maintaining Medicaid Eligibility for Individuals Admitted to a Psychiatric Center."

Any inpatient hospital claims submitted for NYC persons in IC status without the new coverage codes and Upstate persons with Individual Status 08 (Inactive) and Coverage Code 04 (No Coverage) will continue to be denied.

#### IV. REQUIRED ACTION

Effective July 1, 2013, Coverage Codes 25 and 26 must be used by districts when manually suspending coverage for an incarcerated individual or an individual 21-64 years of age who is residing in a psychiatric center.

##### A. Upstate

A WINR 5231 exception report will be generated to Upstate districts through BICS identifying individuals with Individual Status 08 Code (Inactive) and Coverage Code 04 (No Coverage) whose coverage could not be automatically converted by the State because Source Codes were not manually entered by the LDSS when the case was manually suspended. The exception report will be sorted by District, Unit, Worker and will include each individual's CIN, Last Name, First Name and Case Number. Districts are required to review this report and take appropriate action.

##### Manual Conversion

To manually convert coverage for individuals listed on the WINR 5231 exception report, districts should perform an 05 Undercare Transaction and take the following actions:

- Select Reason Code C54 (Suspend MA Coverage 21-64 Year Old Admitted to a Psychiatric Center) or C55 (Suspend MA Coverage for Inmate of New York State or Local Correctional Facility), as appropriate and suppress the notice with Notice Indicator "N";
- Change the Medicaid authorization and coverage "From" dates to July 1, 2013;
- If the Case Type is 24 (Family Health Plus), change to a Case Type 20 (Medicaid).
- Input the appropriate Source Code in the Other Name Code field on Screen 2; and
  - o If the Coverage Code is 25, the Source Code must be 4 (OMH).
  - o If the Coverage Code is 26, the Source Code must be 1 (NYS DOCCS), 2 (NYC DOC), or 3 (NYS DCJS).

- o If the Coverage Code is 26 and the Source Code is 1 (NYSDOCCS), the individual's Department Identification Number (DIN) must be entered in the Other Name First field on Screen 2.  
Note: Once the DIN is manually entered in the Other Name First field, the DIN will be auto-populated in the last 10 characters of the Medicaid Case Name field.
- Ensure the appropriate Individual Categorical Code;
  - o If the Coverage Code is 25, the Individual Categorical Code must be 09 (FA/SN/LIF Child-No Deprivation) or (SCC Single Individual or Childless Couple - Not Aged or Disabled) or 12 (Disabled - Includes Blindness).
  - o If the Coverage Code is 26 the Individual Categorical Code must be 09 (FA/SN/LIF Child-No Deprivation), 10 (Aged), 11 (Blind - Both Aged and Disabled), or 12 (Disabled-Includes Blindness).
- Change the Individual Status Code from 08 (Inactive) to 07 (Active);
- Change the Coverage Code from 04 (No Coverage) to 25 (Inpatient Hospital Only-FNP) or 26 (Inpatient Hospital Only-FP), as appropriate;
- Ensure that the last known residence address and facility name and address have been inputted into WMS:
  - o The psychiatric center or correctional facility address must be recorded as the Residence Address on Screen 1.
  - o The psychiatric center or correctional facility name and address must be recorded in the In Care of Name and Address fields on Screen 1.
  - o The residence address prior to admission to the psychiatric center or correctional facility must be recorded in the Associated Name Address Field on Screen 7 using Code 19 (Prisoner Community Address) or 20 (OMH Community Address).

For ongoing cases requiring manual suspension, manual conversion procedures must be followed except that cases requiring manual suspension must be provided timely notice (T+10).

B. New York City

Existing procedures outlined in 08 OHIP/ADM-3, "Maintaining Medicaid Eligibility for Incarcerated Individuals" and 11 OHIP/ADM-3, "Maintaining Medicaid Eligibility for Individuals Admitted to a Psychiatric Center" should continue to be followed by NYC when manually suspending coverage.

C. Client Notice Subsystem

Existing CNS notices have been revised to inform the individual that Medicaid will only pay for inpatient hospital services provided off the grounds of the correctional facility or psychiatric center.

The following CNS notices must be used by districts when applicable:

1. Continue Suspension at Release from a NYS or Local Correctional Facility as 21-64 Year Old Residing in Psychiatric Center

Upstate - The LDSS must manually continue to suspend coverage by performing an 05 Undercare Transaction using CNS Reason Code CC8, "Continue Suspension at Release from a NYS or Local Correctional Facility as 21-64 Year Old Residing in a Psychiatric Center"; selecting a notice indicator of "A" (adequate); changing the authorization "From" date to the transaction date plus one; removing the DIN from the Case Name, updating the in care of name and address; changing the Source Code to 04 (OMH); changing the Coverage Code from 26 (Inpatient Prisoner) to 25 (Inpatient OMH), changing the coverage "From" date to the transaction date plus one; and changing the Associated Name Code from 19 to 20.

NYC - HRA must manually continue to suspend coverage for individuals by performing an 05 Undercare Maintenance Transaction; updating the address; selecting line level Reason Code A41, "Suspend MA Coverage for Admission to Psychiatric Center"; setting the effective date equal to the transaction date; and selecting case level CNS Reason Code EM1, "Continue Suspension at Release from a NYS or Local Correctional Facility as 21-64 Year Old Residing in a Psychiatric Center." Performance of this undercare transaction will result in the system automatically changing the Coverage Code from 26 (Inpatient Prisoner) to Coverage Code 25 (Inpatient OMH) and providing adequate notice to the individual at the psychiatric center.

2. Continue Suspension at Discharge from a Psychiatric Center as Inmate of a NYS or Local Correctional Facility

Upstate - The LDSS must manually continue to suspend coverage by performing an 05 Undercare Transaction using CNS Reason Code C97, "Continue Suspension at Discharge from Psychiatric Center as Inmate of a NYS or Local Correctional Facility," selecting a notice indicator of "A"; changing the authorization "From" date to the transaction date plus one; inputting the DIN, updating the in care of name and address; changing the Source Code to 1 (NYS DOCCS), 2 (NYS DCJS) or 3 (NYC DOC/Rikers); changing the Coverage Code from 25 (Inpatient OMH) to 26 (Inpatient Prisoner); changing the coverage "From" date to the transaction date plus one; and changing the Associated Name Code from 20 to 19.

NYC - HRA must manually continue to suspend coverage for the individual by performing an 05 Undercare Maintenance Transaction; updating the address; selecting case level Reason Code EM9, "Continue Suspension at Discharge from Psychiatric Center as Inmate of a NYS or Local Correctional Facility"; setting the authorization "From" date equal to the transaction date; setting the authorization "To" date to 12/31/49; selecting line level Reason Code A03, "Suspend MA Coverage at

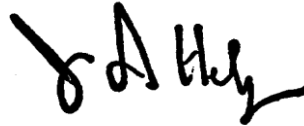
Incarceration of Inmate of NYS or Local Correctional Facility"; setting the effective date equal to the transaction date; and setting Individual Categorical Code 09 or 10 for a Case Type 20 (MA) or 56 for a Case Type 24 (FHPlus). Performance of this Undercare Maintenance Transaction will result in the system automatically changing Coverage Code 25 (Inpatient OMH) to Coverage Code 26 (Inpatient Prisoner) and adequate notice being provided to the individual at the correctional facility.

D. eMedNY

ARU/POS/ePaces response messages for individuals with Coverage Code 25 and Coverage Code 26 is: Eligible Only Inpatient Services.

V. EFFECTIVE DATE

The provisions of this Administrative Directive are effective July 1, 2013.



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Deputy Commissioner  
Office of Health Insurance Programs