

**GENERAL INFORMATION SYSTEM**

10/18/05

**DIVISION:** Office of Medicaid Management

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**GIS 05 MA/040**

**TO:** Local District Commissioners, Medicaid Directors

**FROM:** Betty Rice, Director  
Division of Consumer and Local District Relations

**SUBJECT:** Veterans Nursing Home Per Diem Payments

**EFFECTIVE DATE:** Immediately

**CONTACT PERSON:** Local District Liaison  
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The purpose of this GIS message is to inform local districts of changes made by Public Law 108-422. Section 202 of the Veterans Health Program Improvement Act (VHPIA) of 2004 prevents Medicaid from offsetting the Veterans Administration (VA) "per diem" payment.

The VA pays states a per diem payment for nursing home care provided to eligible veterans in a facility recognized as a state home for nursing home care. Prior to the enactment of the VHPIA, these payments were considered a third party resource under Medicaid law and were used to offset the Medicaid payment to these nursing homes. Effective November 30, 2004, these VA payments are no longer considered a third party resource; therefore, they cannot be used to reduce Medicaid's share of the cost of providing nursing home services to Medicaid recipients. The facility may retain the per diem payment.

At recertification or next client contact, which ever occurs first, if a local district identifies a veteran whose VA per diem payment has been added to the resident's Net Available Monthly Income (NAMI), the district must decrease the NAMI by the amount of the per diem payment. This NAMI change should be made retroactive to the November 2004 effective date. Districts are reminded that they must send a copy of the LDSS-4021, "Notice of Intent to Change the Contribution Toward Chronic Care Costs" to both the resident and the nursing facility. The nursing facility will then be able to bill Medicaid for the amount that would have been paid had the amount of the VA per diem payment not been counted toward the cost of care.