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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 95 LCM-131

Date: December 6, 1995

Division: Health & Long Term  
Care

TO: Local District Commissioners

SUBJECT: Social Services District Plans For Operating a  
Pay-In Program For Individuals With Excess Income

ATTACHMENTS: Pay-In Program Plan (available on-line)

The purpose of this memorandum is to provide you with a format for submitting a plan to operate a pre-payment of client liability (Pay-In) program in your district.

Chapter 81 of the Laws of 1995 requires all social services districts to offer Medical Assistance (MA) applicants/recipients who have income above the MA income standard the option to become eligible for MA by paying their income liability directly to the district. The law requires you to submit to the Department a plan of operation for your Pay-In program no later than February 1, 1996.

An Administrative Directive (ADM) is being developed which outlines the requirements of the Pay-In program. However, in order to assist you in the planning process, we are providing you with the required plan format prior to the release of the ADM.

The Department is designing an automated process for tracking participants' monthly payments and paid/incurred bills, and for reconciling pay-in amounts with MA payments made on participants' behalf. However, in the event the automated process is not in place by the anticipated program start-up in the Spring of 1996, we are asking you to indicate in your plan an interim process for tracking participants' monthly pay-in activity. You may track payments and paid/incurred bills manually, to be entered in the Department's automated system when it becomes available, or you may use some other automated or manual process of your own design.

Date December 6, 1995

Trans. No. 95 LCM-131

Page No. 2

Districts with approved Pay-In plans are not required to resubmit their plans. Those districts will be contacted regarding any necessary revisions to existing plans.

Completed Pay-In plans should be submitted to:

New York State Department of Social Services  
Division of Health and Long Term Care  
40 North Pearl Street  
Albany, NY 12243  
Attention: Betty Rice

Department staff is available to assist you in the planning process. Contact Ann Hughes or Sandy Hann at 1-800-343-8859, extension 4-9130.

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Richard T. Cody  
Deputy Commissioner  
Division of Health & Long Term Care

Pay-In Program Plan

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I. Identifying Information:

- A. District Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
- B. Contact Person: \_\_\_\_\_  
Phone Number: \_\_\_\_\_

II. Organizational Units Involved in Pay-In Program:

- A. Organizational unit with overall responsibility for the program:  
\_\_\_\_\_
  
- B. List other organizational units responsible for tasks associated with the program and specify the task (i.e., collection of payments; reconciliations; issuing refunds, etc.):

| Unit Name | Task  |
|-----------|-------|
| _____     | _____ |
| _____     | _____ |
| _____     | _____ |
| _____     | _____ |
| _____     | _____ |

III. Administration of the Pay-In program:

- A. Obtaining Recipients Voluntary Participation
  - 1. Recipients are informed of the option to pay-in excess income to the District by:
    - \_\_\_\_\_ State Mandated Notice
    - \_\_\_\_\_ Local Equivalent Notice (A copy of the notice is attached to this plan)
  
  - 2. Describe procedures for obtaining and documenting recipients' voluntary participation. Attach additional pages as needed.

Pay-In Program Plan

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2. Procedures for obtaining and documenting voluntary participation (continued):

B. Collection Procedures

1. Payments may be made by mail or in person, in the form of cash, checks or money orders. Describe the procedures for collecting and safeguarding recipients' payments, including procedures for dealing with checks returned for insufficient funds. (Note: Districts are not required to provide coverage until clearance of a check by the bank.) Attach additional pages as needed.

Pay-In Program Plan

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2. The District provides written instructions to recipients regarding where/how to make payments:

\_\_\_\_\_ Yes

\_\_\_\_\_ No

If yes, a copy of these instructions is attached to this plan.

C. Tracking Paid/Incurred Medical Expenses

- 1.(a) The Department's automated process for tracking the recipient's payments and paid/incurred medical expenses will be used:

\_\_\_\_\_ Yes

\_\_\_\_\_ No

If no, describe the process to be used. Attach additional pages as needed.

- (b) An interim process is in place for tracking recipients' payments and paid/ incurred medical bills, in the event the Department system is not available at start-up of the program:

\_\_\_\_\_ payments and paid/incurred medical expenses are tracked manually, to be entered into Department system when available; or,

\_\_\_\_\_ describe the interim process to be used. Attach additional pages as needed.

Pay-In Program Plan

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2. Recipients who pay in to the District to obtain eligibility and subsequently incur expenses which are not covered by the MA program are treated as follows:

\_\_\_\_\_ given a refund, up to the amount paid in

\_\_\_\_\_ given credit toward their excess income liability in a subsequent budget period

\_\_\_\_\_ on a case-by-case basis, given a refund or a credit as appropriate.

3. Recipients are informed of the decision to provide a refund or a credit and the amount thereof by:

\_\_\_\_\_ State Mandated Notice

\_\_\_\_\_ Local Equivalent Notice (A copy of the notice is attached to this plan)

D. MA Authorization Procedures

Describe the process for ensuring timely authorization of MA Coverage Code 02 (Outpatient) when monthly excess is met, or 01 (Full Coverage) if six month excess is met. Attach additional pages as needed.

Pay-In Program Plan

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E. Reconciliation of recipients' payments with MMIS adjudicated claims

1. Reconciliation of the recipient's prepayment account with MA claims paid on his/her behalf is conducted at least annually, at intervals of \_\_\_\_\_ months.
2. The Department's automated reconciliation process will be used to determine the amount of overpayment, if any:

\_\_\_\_\_ Yes

\_\_\_\_\_ No

If no, describe the process to be used. Attach additional pages as needed.

Pay-In Program Plan

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3. Recipients who pay in to the District more than the amount of MA payments made on their behalf for the budgeting period are treated as follows:

\_\_\_\_\_ refunded the difference between the total amount of MA claims paid and the amount paid-in to the District.

\_\_\_\_\_ given credit toward their excess income liability in a subsequent budget period

\_\_\_\_\_ on a case-by-case basis, given a refund or a credit as appropriate.

4. Recipients are informed of the decision to provide a refund or a credit and the amount thereof by:

\_\_\_\_\_ State Mandated Notice

\_\_\_\_\_ Local Equivalent Notice (A copy of the notice is attached to this plan)

F. Reporting of Pay-In amounts to the Department

Pay-In amounts, minus any refunds and/or credits are reported to the Department on Schedule E for purposes of distribution adjustment of federal, State, and local shares of Medicaid expenditures.

G. Other

Submit any additional information which will help in evaluating the plan, such as flow charts, or internal forms and reports.



Pay-In Program Plan

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Assurances/Signature

Pursuant to Chapter 81 of the Laws of 1995, \_\_\_\_\_ hereby submits this Plan for the operation of a Pay-In of Client Liability program, which allows eligible Medical Assistance (MA) recipients to reduce their excess income by pre-paying to the District the amount by which their income exceeds the MA income standard. We agree to administer the program in accordance with all applicable federal and State laws and regulations and provisions of this Plan.

We assure that we will:

- (1) upon approval of the State Department of Social Services (SDSS), have in effect and operation a Pay-In of Client Liability Program which:
  - (i) meets the requirements of applicable federal and State law and regulations, and is designed to improve access to medical care for recipients and reduce program expenditures; and
  - (ii) provides all MA excess income recipients the option of participating in the program on a voluntary basis and allows election or rejection of the pay-in option on a monthly basis; and
  - (iii) allows a combination of paid/incurred expenses and pay-in amounts to be used to obtain eligibility; and
  - (iv) ensures that no MA funds are expended for the individual prior to the individual meeting his/her excess income liability; and
  - (v) allows the use and disbursement of pay-in amounts for services not covered under the State plan; and
  - (vi) ensures that amounts paid to the District by recipients are safeguarded in a separate non-interest bearing account; and
  - (vii) provides for at least annual reconciliation of the recipient's pay-in amounts with the amount of MA payments made on the recipient's behalf, and provides for a refund of unused pay-in amounts or a credit of the unused amounts in a subsequent excess income period.

Signature of Local Social Services Commissioner: \_\_\_\_\_

Date: \_\_\_\_\_