

TO: The Following In-State Facilities:  
Nursing Facilities, Acute Care Hospitals, Rehabilitation Hospitals, Governmental and Non-Governmental Psychiatric Hospitals, and Governmental and Non-Governmental Intermediate Care Facilities/Mental Retardation (ICFs/MR)

SUBJECT: Revised Policies and Procedures: PreAdmission Screening and Annual Resident Review (PASARR) of All Individuals Entering or Residing in Medicaid Certified Nursing Facilities

PURPOSE: To inform nursing facilities (NFs), acute care hospitals, Screening and Annual Resident Review (PASARR) protocols to assure New Jersey's full compliance with the Final Rule issued by the Health Care Financing Administration (HCFA). This Newsletter serves to advise you of the statutory and regulatory changes which have necessitated structural revisions in PASARR policies and procedures. Be further advised that these revisions apply to all individuals with mental illness (MI) or mental retardation (MR) who are applicants or residents of Medicaid certified nursing facilities regardless of the payment source for their care. Failure To Comply With The PASARR Process May Result In Non-Payment To The Nursing Facility.

BACKGROUND: As you are aware, the Department of Human Services (DHS) Review (ARR) program for residents of Medicaid participating NFs on April 1, 1990 to comply with federal legislation, P.L.100-203 (OBRA '87). P.L. 100-203 required that individuals seeking admission to or continued stay in Medicaid certified nursing facilities be identified as mentally ill or mentally retarded on the basis of Level I MI/MR identification criteria and evaluated based on Level II criteria to determine the appropriateness of NF care and the need for active treatment of mental illness or mental retardation.

P.L. 101-508 (OBRA '90) endorsed the OBRA '87 provisions regarding PASARR screening for MI/MR NF applicants and residents. However, OBRA '90 statutes modified the review process for individuals with organic dementias, redefined mental illness (Level I criteria) and substituted "Specialized Services" for "Active Treatment". In order to comply with these provisions and the final HCFA regulations, the DHS has amended its PASARR initiative in the following areas: Medical Requirements for Alzheimer's Disease, Definitions of Mental Illness, Definitions of Specialized Services, Revisions in PASARR process for MI/MR Medicaid and non-Medicaid individuals, Revision of the Psychiatric Evaluation form, and PASARR Exemption-Criteria.

A. Medical Requirements for Alzheimer's Disease:

Individuals with Alzheimer's Disease or related dementia are not subject to Psychiatric Evaluation unless the primary diagnosis is a Serious Mental Illness (SMI). Dementia diagnosed individuals no longer require comprehensive neurological evaluation, but continue to require initial medical documentation to rule out psychiatric disorders. This initial documentation is outlined in Attachment B, Alzheimer's Disease and Related Disorders relative to PreAdmission Screening and ARR (Attachment B). Individuals diagnosed as mentally retarded who are also diagnosed as having organic dementia continue to require the DDD Level II screens to determine need for specialized services.

B. Revised Definitions:

1. The definition of mental illness (Level I Identification Criteria) has been changed from "a primary or secondary mental disorder" to "serious mental illness such as: schizophrenia; mood disorder; paranoia; panic or other severe anxiety disorder; etc."; diagnosable in the Diagnostic and Statistical Manual Third Edition revised in 1987 DSM-III R (Attachment C) which lead to a chronic disability and which meet the PASARR requirements on Diagnosis, Level of Impairment and Duration of Illness. PASARR Identification Criteria for Serious Mental Illness (SMI) and MR appear in (Attachment A).

NOTE: Changes in the Level I criteria for the MR population were not required by the OBRA '90 provisions. However, the Division of Developmental Disabilities (DDD) revised these criteria only to clarify language under the PASARR Level II Identification Criteria for Serious Mental Illness and MR (Attachment A).

2. Specialized Services for the mentally ill are offered when an individual is experiencing an acute episode of serious mental illness and psychiatric hospitalization is recommended based on a Psychiatric Evaluation. Specialized Services entail implementation of a continuous, aggressive and individualized treatment plan by an inter-disciplinary team of qualified and trained mental health personnel. During a period of 24-hour supervision for the individual, specific therapies and activities are prescribed with the following objectives: a) to diagnose and reduce behavioral symptoms; b) to improve independent functioning; and c) as early as possible, to permit functioning at a level where less than Specialized Services are appropriate. Specialized Services go beyond the range of services which a nursing facility is required to provide.
3. Specialized Services for the mentally retarded are required when an individual is determined through the PASARR process to have skill deficits or other specialized training needs which necessitate the availability of trained MR personnel, 24 hours per day, to teach

the individual functional skills. Specialized Services are those services needed to address such skill deficits or specialized training needs. Specialized Services may be provided in an ICF/MR or in a community-based setting which meets ICF/MR standards. Specialized Services go beyond the range of services which a NF is required to provide.

C. Revisions in Processing PASARR NF Level of Care Assessment and Specialized Services Review:

In March 1994, nursing facilities completed a survey to identify additional MI/MR individuals whose care is funded through other than the New Jersey Medicaid program. This survey identified approximately 1,621 individuals who meet the MI/MR criteria and, therefore, become subject to PASARR Level II determinations. The Division of Developmental Disabilities (DDD), the Division of Mental Health and Hospitals (DMH&H) and the Division of Medical Assistance and Health Services (DMAHS) have revised the PASARR Level II NF needs assessment and Specialized Services evaluation process to provide a single screening system for MI/MR Medicaid beneficiaries and all other individuals targeted by these regulations, including those persons with private pay status.

1. NF Level Determination: The initial NF assessment, which is the PAS component of the PASARR process, will replicate existing PASARR procedures. Regional Staff Nurses (RSNs) will conduct on-site initial assessments for all MI/MR applicants prior to admission to Medicaid-certified nursing facilities. RSNs will also conduct on-site initial assessments of those private pay residents who were either identified or admitted to the nursing facility since the March 1994 survey. However, the Annual Resident Review (ARR) process to determine continued need for NF services has been changed for Medicaid beneficiaries and for all individuals funded through sources other than the New Jersey Medicaid program. As required by procedures specifically defined in the ACTION section of this Newsletter, RSNs will not conduct ARR on-site assessments of MI/MR residents. NFs will submit copies of the Minimum Data Set (MDS) to the MDO for RSN review and determination of continued need for NF services.

NOTE: N.J.A.C. 10:63-2A.1 Required Services will remain the regulatory format on which to determine appropriateness of NF level care for all MI/MR individuals.

2. Specialized Services determinations for MI individuals: The Division of Mental Health and Hospitals (DMH&H) has revised the Psychiatric Evaluation Form (Attachment D). In addition to the changes in clinical format required by regulations, the form has also been amended to include a Notification Letter. The Notification Letter advising NFs of the Specialized Services outcomes will be returned following final Specialized Services determination by the DMH&H.

NOTE: FOR MI INDIVIDUALS FUNDED THROUGH OTHER THAN THE NEW JERSEY MEDICAID PROGRAM, THE FEE FOR PSYCHIATRIC EVALUATIONS CONDUCTED BY PSYCHIATRISTS OR IN NFs BY ATTENDING PHYSICIANS, WILL BE PAID BY MEDICARE, OTHER THIRD PARTY CARRIERS OR BY THE INDIVIDUAL.

3. Specialized Services determinations for MR individuals: As currently processed, clinical staff from the DDD agency will continue to conduct on-site initial and ARR specialized services determinations for MR individuals. The non-Medicaid population will now be included in this process. The DDD's schedule for visiting nursing facilities to conduct ARRs will be changed from visiting NFs monthly on a resident-specific basis, to visiting on a NF-specific basis yearly. DDD staff have reordered the MR resident reassessment list so that all residents of a given facility will be evaluated during a designated quarter. MDOs will provide each NF with the schedule of ARR visits and the residents requiring screens.

ACTION: Effective September 15, 1994, Medicaid certified nursing facilities shall not admit any MI/MR individuals unless that individual has been prescreened by MDO staff. Acute care hospitals, psychiatric hospitals, rehabilitation hospitals and ICF/MR facilities must contact the MDO serving their area to request PreAdmission Screening for all MI/MR individuals making application to Medicaid-certified NFs.

Beginning the week of September 15, 1994 RSNs will visit NFs to conduct NF level initial assessments of residents who were identified through the March survey as meeting PASARR MI/MR criteria. RSNs will also provide each facility with a list of the residents who have been determined to require Specialized Services determinations. Nursing facilities will provide RSNs with the names of those MI/MR residents who were admitted since the March 1994 survey, as these individuals must also be included in the revised PASARR process.

The Action section is organized as follows: A, B, and C address the initial PAS/MI and MR process of current NF residents identified in the March 1994 survey. D and E address the Annual Resident Review (ARR) process for all MI and MR residents.

A. Initial NF Level Assessments of Residents Identified in the March 1994 Survey

1. RSNs will conduct NF level assessments of MI/MR residents using the PAS 1 Assessment Instrument and the PAS 1a Health Service Delivery Plan (HSDP).
2. For residents determined appropriate for NF level service, a copy of the HSDP will be left at the facility.

3. If RSNs determine that NF level services are inappropriate, HSDPs will not be provided. RSNs will provide NF staff with the clinical and regulatory rationale on which NF services were deemed inappropriate and will also provide necessary consultation to resolve issues.

B. Initial Specialized Services Determinations of Mentally Ill Residents from the March 1994 Survey

1. Following RSN assessment, NFs will arrange for Psychiatric Evaluation.
2. Psychiatric Evaluations are to be conducted by board eligible or certified psychiatrists using the revised Psychiatric Evaluation Form (Attachment B).
3. NFs will forward a copy of the HSDP and a copy of the Psychiatric Evaluation to the DMH&H PASARR Coordinator, Carol I. Weiss, CN 727, Trenton, NJ 08625-0727.
4. DMH&H will determine need for Specialized Services and submit the results of the Specialized Services determination to the MDO.
5. MDO will forward to the NF, the DMH&H Notification letter and a letter advising the NF that the individual's care needs can be met in the NF.
6. NFs will place the MDO PASARR letter (see Attachment G) and the Specialized Services determination in the resident's clinical record.
7. If an individual is determined to need Specialized Services, DMH&H will notify the NF and the MDO of that outcome. The NF will seek the appropriate Specialized Services for the individual. The DMH&H and DMAHS staff will assist facilities in securing needed services, if the resident chooses to accept these services.

C. Initial Specialized Services Determination of Mental Retardation Residents Identified in the March 1994 Survey

1. NFs will place the HSDP left by RSNs in the resident's clinical record.
2. DDD staff will schedule a NF visit to conduct on-site evaluations of MR individuals.
3. DDD will advise the MDO of Specialized Services determination.
4. MDOs will forward to the NF, the Specialized Services determination and a letter advising the NF that the individual's care needs can

be met in the NF. The DDD Specialized Services Determination Outcome Form (Attachment E) will be used.

5. NFs will place the MDO letter and the Specialized Services determination in the resident's clinical record.
6. If the individual is determined to need Specialized Services, DDD will notify the NF and the MDO of that outcome. The NF will seek the appropriate Specialized Services for the individual. DDD and DMAHS staff will assist facilities in securing needed services, if the resident chooses to accept these services.

D. Annual Resident Reviews (ARR) Process for Medicaid and Non-Medicaid Mentally Ill Individuals:

Effective November 1, 1994, RSNs will not conduct on-site Annual Resident Reviews of MI/MR Medicaid beneficiaries who require NF level assessments to determine continued stays in nursing facilities. MDOs will continue to provide NFs with PASARR Reassessment Lists monthly. The monthly NF PASARR Reassessment Lists are provided to NFs one (1) month before the MI/MR reassessments are due. Effective November 1, 1994 (December Reassessments), nursing facilities will submit a copy of the Minimum Data Set (MDS) to MDOs to determine continued NF stay for all MI/MR Medicaid and non-Medicaid individuals requiring ARR. The required ARR information must be submitted to MDOs no later than the fifth day of the month in which the reassessments are due. For example, the November NF PASARR Reassessment Lists for December residents must be submitted to the MDOs by December 5, 1994. Nursing facilities are instructed to operationalize revisions in the ARR process as indicated below:

1. NFs will submit a copy of the MDS which best coincides with the yearly ARR (Quarterly Updates or Yearly Review) to the MDO. The most current copy of Section Q must be attached to the quarterly review of the MDS.
2. NFs will arrange for a psychiatric evaluation. Attending physicians may continue to conduct psychiatric evaluations for ARR purposes.
3. NFs will send a copy of the updated MDS and the Psychiatric Evaluation to the MDO.
4. MDO clinical staff will review the MDS to confirm the need for NF level of care. The MDO will then forward a letter indicating NF care needs and the Psychiatric Evaluation to DMH&H.
5. DMH&H will determine the need for Specialized Services.
6. DMH&H will forward the Specialized Services determination and MDO letter indicating need for NF care directly to the NF.

7. NFs will incorporate the MDO letter and Special Services determination into the resident's clinical record.
8. If individual is determined to need Specialized Services, DMH&H will notify the NF and the MDO of the outcome. The NF will seek the appropriate Specialized Services for the individual. The DMH&H and DMAHS staff will assist facilities in securing needed services, if the resident chooses to accept these services.

E. Annual Resident Review (ARR) Process for Medicaid and Non-Medicaid Mentally Retarded Individuals:

1. NFs will submit the MDS to MDOs as required by #1 in the MI process and in compliance with the timeliness of NF PASARR Reassessment List provided by MDOs.
2. DDD staff will visit a facility and complete ARR reviews on all MR individuals within that facility during a designated quarter on a yearly basis.
3. DDD Regional Offices will notify NFs of the schedule for the DDD on-site visits.
4. NFs will advise MR residents that DDD staff will be visiting them.
5. DDD will advise the NF and MDO of the Specialized Services determination outcome. The MDO will then forward a letter indicating NF care needs to the facility.
6. NFs will incorporate the MDO letter and the Special Services determination into the resident's clinical record.
7. If the individual is determined to need Specialized Services, DDD will notify the NF and the MDO of that outcome. The NF will seek the appropriate Specialized Services for the individual, and the DDD and DMAHS staff will assist facilities in securing needed services, if the resident chooses to accept these services.

PASARR Exemption Criteria:

MI/MR individuals referred for PAS screens may be excluded from the Special Services Reviews if they are terminally ill or meet any one of the PASARR Exemption Criteria (Attachment F). These individuals will be given a medical exemption code on the PASARR Reassessment list forwarded to the NF. In order for the resident to remain as an exemption, the NF must document the medical condition on the resident's clinical records. If the resident's condition improves, the MDO must be notified so the resident may be scheduled for an ARR assessment. Similarly, if a MI/MR resident's medical condition deteriorates to the point that the individual meets any one of the PASARR Exemption Criteria, the NF must notify the MDO of these circumstances, so the medical exemption can be documented for that individual.

NF Readmission:

Readmission of an individual to a nursing facility following hospitalization in a psychiatric unit of an acute care hospital or from a psychiatric hospital for treatment of an acute episode of a serious mental illness is exempt from preadmission NF and Specialized Services screens. If the MDS, which must be completed on admission, indicates a significant change in the resident's mental or behavioral status, the NF must immediately secure an ARR screen. If the resident's condition is stabilized, the ARR may be performed in the normal twelve-month (12) cycle. In addition, if a resident is transferred from one NF to another, the discharging NF must forward to the admitting facility a copy of the most recent MDS, a copy of the most recent PASARR NF authorization letter and Specialized Services determination outcome.

Should there be questions regarding the Psychiatric Evaluations, contact Carol I. Weiss at (609) 777-0821. For questions regarding the MR Evaluations, contact Dennis Hemphill at (609) 292-1908. For inquiries regarding NF level assessments or general policies and procedures, contact the MDO serving your area.

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