



*Published by the  
N.J. Dept. of Human Services,  
Div. of Medical Assistance & Health Services  
& the N.J. Dept. of Health & Senior Services  
Div. of Consumer Support*

# Newsletter

Volume 7 No. 64

October 1997

**TO:** Medicaid Certified Nursing Facilities, Physicians, Certified Nurse Practitioners/Clinical Nurse Specialists-For Action

Acute care hospitals, rehabilitation hospitals, psychiatric hospitals, intermediate care facilities/mental retardation (ICFs/MR), Health Maintenance Organizations-FYI

**SUBJECT:** Revised policies and procedures related to Preadmission Screening and Annual Resident Review (PASARR)

**EFFECTIVE:** Changes to ARR are effective with ARR's due on or after October 15, 1997. The other items are clarification and updated information.

**PURPOSE:** To inform providers of the following changes in the Preadmission Screening and Annual Resident Review (PASARR) protocols: 1) repeal of the Annual Resident Review (ARR) requirements for Seriously Mentally Ill (SMI) and Mentally Retarded (MR) residents in Medicaid certified NFs and the policies to be implemented to replace this process; 2) Clarification of Policy Related to Specialized Services in SCNFs; and 3) Updating providers on the availability of additional professionals who can perform the SMI assessment.

**BACKGROUND:** As you are aware, the Preadmission Screening (PAS) program to determine appropriateness of NF level services for Medicaid eligibles and those becoming eligible within 180 days of NF admission was transferred to the Department of Health and Senior Services (DHSS) on July 1, 1996. The initial PAS requirements to determine the appropriateness of NF level care and service needs for SMI and MR individuals remain in effect for all new applicants to Medicaid NFs and will continue to be referred to the Long Term Care Field Office serving the NF's geographic region.

Therefore those institutions noted in this Newsletter that refer SMI/MR applicants to Medicaid NFs shall continue to use current procedures in referring targeted cases to the DHSS/Long Term Care Field Office (as listed in Attachment I) for PAS assessments.

The PAS in New Jersey began on April 1, 1990 to comply with federal legislation, P.L. 100-203 (OBRA '87), and was later amended to conform with P.L. 101-508 (OBRA '90). Both laws required identification of mental illness and/or mental retardation for applicants to and residents of Medicaid certified nursing facilities (the Level I Screen or PAS/NF). The next step (the Level II Screen) was to determine the appropriateness of NF care and the individual's service needs relating to mental illness and/or mental retardation (the PAS/MI and PAS/MR).

Both laws also required that each year NF residents receive an Annual Resident Review (ARR/MI and ARR/MR). Again, determinations were required regarding the appropriateness of NF services, given the resident's needs for MI and or MR services. Should the resident display a "significant change in condition," the NF was required to report this information to state-level authorities.

Differences between the successive pieces of OBRA legislation are detailed in the DHS "Newsletter" Vol. 4, No. 5 (dated September, 1994), issued by the Division of Medical Assistance and Health Services (DMAHS). Requirements listed in that Newsletter remain in effect with regard to the PAS/NF, PAS/MI, PAS/MR, and PASARR exemption criteria. The same is true for definitions and criteria to identify Serious Mental Illness, Mental Retardation, and Specialized Services. Attached to that Newsletter were a 1994 Psychiatric Evaluation form, issued by the DHS Division of Mental Health Services (DMHS), and the PASARR Assessment Outcome form, issued by the Division of Developmental Disabilities (DDD). These two forms remain current.

**PASARR CHANGES:** Three important developments, affecting PASARR have occurred since release of the DHS Newsletter, Vol. 4, No. 45 (September, 1994).

- On October 19, 1996, President Clinton signed P.L. 104-315, repealing the requirement for the Annual Resident Review (ARR/MI and ARR/MR) for nursing facilities under the Medicaid program. The law includes a requirement "for review in case of significant change in physical or mental condition of mentally ill or mentally retarded nursing facility residents." This requirement includes notification of state-level MI/MR/DD authorities (when applicable), followed by a prompt review and determination.
- On September 18, 1995, a supplement to the New Jersey Register (N.J.A.C. 13:37) announced that, in addition to physicians, Certified Nurse Practitioners and Clinical Nurse Specialists (CNP/CNS) could perform psychiatric evaluations for PASARR. This change refers only to nurses with certification in the advanced practice category of Psychiatric/Mental Health. The change was also publicized in Vol. 27, N.J.R. 3343(a) September 5, 1995 and in an October 1995 "Transmittal" from DHS to providers of Nurse Practitioner/Clinical Nurse Specialist Services.

Note that federal regulations continue to prohibit any state employee or NF employee from conducting psychiatric evaluations for PASARR.

- In recent years, some nursing facilities (NFs) have been approved to participate in the New Jersey Medicaid Program's Special Care Nursing Facilities (SCNFs) - Behavioral Management Units (popularly known as "behavioral units"). These units serve persons with serious behavioral disturbances, including those associated with dementia. Some psychiatric inpatient facilities, and some NFs, are now referring individuals to SCNFs. As is true for NF placements of persons with SMI or MR, the Level II Screen (PAS/MI, PAS/MR) may be requested by DHSS to ensure that the applicant's MI and/or MR needs can be met in the SCNF.

**ACTION:** Effective October 15, 1997, for ARR's due on or after October 15, 1997, Medicaid certified NFs will cease to conduct ARR's for all residents with SMI and/or MR and related conditions, regardless of the payment source. In order to comply with new federal law, and to acknowledge New Jersey's current continuum of long term care resources, DHSS and DHS have amended the PASARR initiative in the following six areas. In addition, items 7 and 8 are provided for your information and clarification of existing policy.

**1) Repeal of the ARR; 2) Reviews for a "Change in Condition;" 3) Requirements for the NF when a Change in Condition occurs; 4) Requirements when NF residents may benefit from Specialized or Less than Specialized Services for SMI; 5) Clarification of the term, "Significant Change in Condition for persons with MR or related conditions;" and 6) Requirements when NF residents with MR or a related condition meet the criteria for a "Change in Condition."**

**7) Specialized Services as it relates to SCNFs and 8) Professionals permitted to conduct Psychiatric Evaluations for "PASARR."**

**1. Repeal of the Annual Resident Review (ARR):**

Effective October 15, 1997, for ARR's due on or after October 15, 1997, **nursing facilities in New Jersey are no longer required to conduct ARR's for residents with SMI and/or MR.** Any ARR's that are "in progress" should be completed. Previous ARR's should be retained in the resident's medical records.

**2. Reviews for a Change in Condition:**

A "significant change" is defined as a major change in the NF resident's condition that a) will not improve without intervention by appropriate staff; b) impacts on more than one area of the resident's health, mental health and/or functioning; and c) requires interdisciplinary review or revision of the care plan. For NF residents with mental retardation or related conditions, see item 5, which clarifies the term, "Change in Condition."

Evaluation are listed in item 7. The same Medicaid billing codes (HCPCS codes) are to be used for Change in Condition assessments as were used with the ARR, and the same Medicaid fee schedule applies. Medicare, or any other third party payer, must continue to be billed first for persons with third party insurance coverage.

**3. Requirements for the NF when a Significant Change in Condition occurs:**

When a NF resident's condition shows a significant change, the NF is required to a) initiate treatment to meet the immediate needs, and b) begin a comprehensive reassessment (to be completed by the end of the 14th day after noting that a significant change has occurred). Within seven days of completing the reassessment, the facility must revise the care plan based on that reassessment. The NF, must make a clinical judgement, based on the clinical data, whether a review by DMHS or DDD is needed. (See items 4 and 6).

Procedures just described refer to residents who were previously screened by DMHS and/or DDD, as well as to persons being referred for the first time. If a NF resident's condition calls for more care than the NF can provide, the NF must initiate steps to transfer the person to a setting offering the appropriate services.

**4. Requirements when NF residents may benefit from Specialized or Less than Specialized Services for Serious Mental Illness (SMI):**

As part of ongoing NF reassessments for a Significant Change in Status, the NF may identify and begin to treat conditions where services for SMI could be helpful. The resident may or may not need "Specialized Services" (SS, as defined in Attachment II). Moreover, the resident may or may not meet New Jersey's criteria for involuntary commitment to an inpatient psychiatric setting.

**Reporting to the Division of Mental Health Services (DMHS).** If a change in the resident's condition: 1) fails to respond to NF interventions, based on a revised plan of care and including medical interventions, and if 2) the resident may benefit from services for SMI, the NF must submit the following for review by the DMHS Psychiatric Consultant, Division of Mental Health Services (DMHS):

a) **Documents supplied by the NF:**

- The six-page "Psychiatric Evaluation" form (1994 version). On page 1, item 1.3, the term "change in behavior" should be checked.
- A statement attesting to the resident's medical and behavioral stability (see Attachment IV).

occurred over the 12 months prior to the Psychiatric Evaluation. The history will include any physician to physician consultations that may have occurred.

All material goes to the DMHS PASARR Coordinator, preceded by a call from the NF, announcing that the material is en route. A name, phone and Fax numbers to use appear on page 6, Section A of the DMHS Psychiatric Evaluation. When the PASARR Coordinator receives word that an evaluation is in progress, the coordinator will alert DMHS Regional staff assigned to the county where the NF is located. Staff will be on "standby," in case their help is needed to recommend or arrange mental health services.

- b) **The screener's summary (to be requested by the NF).** The NF will also schedule an appointment for a Screening Center staff member to evaluate the resident, unless screeners have already prepared a summary within the past 30 days. The evaluation will take place at a mutually convenient time and location for both screener and NF staff. The screener shall forward the summary to the DMHS Central Office, to become part of the PASARR review. The screener should also forward a copy of the summary to the NF.

Having the NF request screener's summary serves multiple purposes. First, the information in the summary will enhance review by the DMHS Psychiatric Consultant for PASARR. Second, the Screening Center will be alerted to the resident's change in condition through a cooperative and timely process. Finally, the NF and the screener can discuss and fine-tune the care plan, perhaps adding options (such as physician-to-physician consultations and community mental health resources).

- c) **Feedback from the DMHS determination.** Materials submitted by the NF and by the screener are routed to the DMHS Psychiatric Consultant for PASARR. The consultant determines whether a) mental health needs can continue to be met in a NF, by arranging Less than Specialized Services, or b) Specialized Services are needed, exceeding what the NF can provide.

Following review by DMHS, findings are Faxed to the NF and to the DHSS Field Office with jurisdiction over the county where the NF is located. When DMHS is advised of a change in condition, the PASARR Coordinator will alert DMHS Regional staff (assigned to the county where the NF is located), in case their help is needed. When DMHS recommends SS, this information will go to the designated Screening Center in the NFs county and to DMHS Regional staff.

**5. Clarification of the term, “Change in Condition”, as it pertains to persons with Mental Retardation or Related Conditions:**

A “significant change in condition” for a person with mental retardation or related conditions may be represented by, but not necessarily limited to, any one of the following situations:

- a) The condition of the resident who was previously determined “Exempt” improves in such a way that the person no longer meets the criteria for exemption. The Division of Developmental Disabilities (DDD) should conduct a Change in Condition Assessment (CCA) to determine whether the individual requires Specialized Services or services of a lesser intensity.
- b) The resident’s condition improves in such a way that the individual is no longer believed by NF staff and/or long term care services staff to require NF services. The DDD should conduct a CCA to determine whether the individual requires Specialized Services.
- c) The resident’s medical condition deteriorates in such a way that the individual now meets the criteria for exemption. The DDD should conduct a CCA to confirm the exempting condition.

**6. Requirements when NF residents with Mental Retardation or Related Conditions meet the criteria for “Change in Condition”:**

- a) The NF shall notify the DDD PASARR Coordinator at (609) 292-1908, or the Regional PASARR evaluator (if that person is known), that a “Change in Condition Assessment” is needed.
- b) The NF shall make available to the DDD PASARR evaluator current resident records, including, but not limited to, the most recent Minimum Data Set (MDS) that document the resident’s change in condition.
- c) The findings of the assessment shall be sent by the DDD PASARR evaluator to the NF and to the DDD PASARR Coordinator. The DDD PASARR Coordinator shall forward the findings to the DHSS Field Office with jurisdiction over the county where the NF is located. Should DDD determine a need for Specialized Services, appropriate action will be taken to obtain such services.

The following are not directly related to a) the repeal of the Annual Resident Review requirement or b) new procedures for Change in Condition reporting. This information does, however, clarify and update existing policy.

## **7. Clarification of Policy Regarding Specialized Services Provided in SCNFs:**

New Jersey's definitions of Specialized Services (SS) for SMI and for MR have not changed since release of the September, 1994 Newsletter on PASARR. These definitions appear in Attachments II and III, respectively, of this Newsletter.

For persons with SMI, the SS definition lists a "package" of services, rather than a "place" (as is true in the 1992 federal statute). In New Jersey, however, this enriched service package has been and remains available only in inpatient psychiatric settings. Questions have arisen as to whether SS are offered by the Special Care Nursing Facility (SCNF) - Behavioral Management Unit. For purposes of PASARR, these units are considered to offer higher level NF services-NOT lower level psychiatric hospitalization. The SCNF has become a key resource in New Jersey's continuum of care. Nonetheless, the SCNF cannot provide SS for SMI.

## **8. Professionals authorized to conduct Psychiatric Evaluations for PASARR:**

All members of the treatment team, as well as family members, significant others, and the resident's legal representative, may contribute information to the Psychiatric Evaluation form (1994 version). The form, however, must be signed by a clinician who is employed neither by the NF nor by the state. The professionals authorized to sign (and bill for services) include psychiatrists, general physicians (both doctors of medicine, M.D., and of osteopathy, D.O.), certified nurse practitioners (CNPs), and clinical nurse specialists (CNSs). Persons in the CNP/CNS category must be certified in the advanced practice category of Psychiatric/Mental Health. For assessments involving a change in condition, it is recommended that a psychiatric consultant to the NF supply information for the DMHS Psychiatric Evaluation.

If there are questions regarding this Newsletter, please contact the following PASARR Coordinators: Carol I. Weiss, DMHS, (609) 777-0821; Dennis Hemphill, DDD, (609) 292-1908; or Eleanor Gray, DHSS, (609) 588-2611.

Attachments (4)

**RETAIN THIS NEWSLETTER NUMERICALLY BEHIND THE NEWSLETTER TAB  
(BLUE TAB MARKED "5")**