

**Bulletin Number:** MSA 18-39

**Distribution:** Nursing Facilities, County Medical Care Facilities, MI Choice Waiver Agencies, Program of All-Inclusive Care for the Elderly (PACE) Organizations, Integrated Care Organizations

**Issued:** October 1, 2018

**Subject:** Nursing Facility Level of Care Determination (LOCD) Process Improvements

**Effective:** November 1, 2018

**Programs Affected:** Medicaid, Nursing Facilities, MI Choice, PACE, MI Health Link HCBS Waiver Program

This policy is the first in a series of quality improvement measures designed to improve the LOCD process for beneficiaries and providers. The Michigan Medicaid LOCD is an eligibility assessment tool accessible online through the Community Health Automated Medicaid Processing System (CHAMPS). The LOCD is used to determine functional eligibility for applicants seeking admission or enrollment, or continued services in a Medicaid-certified nursing facility or managed care program including the MI Choice Waiver program, PACE, and MI Health Link program. (Note: For MI Health Link, the LOCD must be conducted for enrollees admitted to a nursing facility or those applying for or enrolled in the MI Health Link Home and Community-Based Services [HCBS] Waiver). This policy is effective November 1, 2018 and applies consistently to all programs that require the LOCD.

## **I. Health Professionals Authorized to Conduct the LOCD**

The LOCD assessment must be completed by a qualified and licensed health professional. A qualified and licensed health professional may be a physician, registered nurse, licensed practical nurse, clinical social worker (Limited License Bachelor of Social Work, Limited License Master Social Worker, Licensed Bachelor Social Worker, or Licensed Master Social Worker), physician's assistant, nurse practitioner, licensed and limited licensed psychologist, physical therapist, respiratory therapist, occupational therapist or speech therapist. Once the LOCD is completed by a qualified and licensed health professional, a clinical or non-clinical staff person may enter the LOCD information in CHAMPS.

## **II. Face-to-Face Requirement**

The LOCD must be conducted face-to-face by a qualified and licensed health professional and entered into CHAMPS within 14 calendar days from the date it was conducted. The

LOCD assessment findings for all LOCDs conducted, including Door 0 (zero), which indicates the applicant is not eligible, must be entered online in CHAMPS.

### **III. LOCD Assessment for Applicants Without Medicaid Eligibility**

Providers may conduct LOCDs for applicants without Medicaid eligibility and enter the LOCD in CHAMPS prior to Medicaid eligibility being established. Note: Medicaid reimbursement and capitated payments for services are only appropriate when both financial and functional eligibility have been established, and the applicant meets other program-specific eligibility criteria.

### **IV. LOCD Follows the Person**

The LOCD will now be associated with the beneficiary, rather than the facility or service provider in which the beneficiary is admitted or enrolled. Therefore, if a beneficiary is seeking admission or enrollment in a program and has a current LOCD, the provider can use that LOCD for functional eligibility. The provider may also choose to conduct a new LOCD. The provider is responsible for confirming that a current LOCD is in CHAMPS, monitoring its end-date to avoid an interruption in eligibility, and conducting another LOCD prior to the LOCD end-date. The provider is also responsible for conducting a new LOCD if there is a significant change in the beneficiary's condition. To use an LOCD conducted by another provider, the new provider must look in CHAMPS to determine if there is a current LOCD for the beneficiary. The provider is responsible for ensuring ongoing functional eligibility. Therefore, if the provider questions the accuracy of the existing LOCD, the provider should conduct a new LOCD.

### **V. Freedom of Choice Form**

The Freedom of Choice (FOC) form must be completed each time the beneficiary changes programs or providers, regardless if there is a new LOCD conducted. If a provider is adopting a current and valid LOCD, a hard-copy, non-computer generated FOC form must be completed by the provider and applicant (or their representative). A copy of a non-computer generated FOC form is available on the MDHHS website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> click "Michigan Medicaid Nursing Facility Level of Care Determination" under Resources.

The intent of the FOC form is to ensure that applicants are informed of all the programs for which they qualify and can make an informed choice. It is critical that applicants understand their options and have ongoing access to information about settings and programs.

The applicant (or representative) must be informed of services available through the MI Choice Waiver, Medicaid-reimbursed nursing facilities, PACE, and MI Health Link. An explanation regarding each program shall be provided in a manner and using language that the applicant understands.

The FOC form must be printed as a hard-copy, and the applicant must choose and note on the form the program they choose. The election must take place prior to initiating long-term care services under Medicaid. Further, when an applicant does not qualify for long-term care services via the LOCD, the provider must provide the applicant with information about other programs that do not require an LOCD.

Applicants must acknowledge that they have been informed of their program options in writing by signing the FOC form. If the applicant has a legal representative, they must sign the FOC form. The health professional conducting or adopting the LOCD must also sign and date the form. The completed form (i.e., signed and dated) must be kept in the beneficiary's record. A copy of the completed FOC form for non-qualifying applicants must be retained for a period of three years.

## **VI. LOCD Start and End Dates**

The LOCD must be entered in CHAMPS no later than 14 calendar days from the conducted date unless the provider wishes to use a current LOCD. (Refer to the LOCD Follows the Person section above.)

The beneficiary's start date of functional eligibility is calculated based on when the qualified health professional conducted the LOCD assessment and entered it in CHAMPS. Functional eligibility is valid for 365 days from the conducted date unless the beneficiary has a significant change of condition. If a subsequent LOCD is conducted prior to the LOCD end date and is approved through a qualifying Door, the beneficiary's end date will be extended out by 365 days. Providers should refer to their specific program policies and procedures regarding significant change of condition definition and requirements.

Each beneficiary must have a current LOCD in CHAMPS for the provider to be reimbursed for Medicaid services.

## **VII. LOCD Payment Rules**

The LOCD is valid and payable only when entered online in CHAMPS. If a provider enters an LOCD online in CHAMPS more than 14 days after the conducted date, the provider can only bill for services or receive capitated payments from the date the LOCD is entered online in CHAMPS. Note: The LOCD expires 365 days from the conducted date. An expired LOCD is not valid.

CHAMPS will no longer automatically reimburse nursing facilities for up to 114 days prior to the date the LOCD was entered online in CHAMPS to account for retroactive Medicaid eligibility. For a provider to receive reimbursement for a period of retroactive eligibility, the provider must contact MDHHS Provider Support by e-mail at [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov) to request a change to the LOCD record.

### **VIII. Program Responsibility and Ongoing Functional Eligibility**

All Medicaid programs are required to ensure that beneficiaries continue to meet all eligibility requirements on an ongoing basis to be reimbursed by Medicaid. The functional eligibility assessed by the LOCD is part of those eligibility requirements. It is the responsibility of the programs to ensure that beneficiaries continue to meet LOCD criteria on an ongoing basis for services to be reimbursed by Medicaid.

### **IX. Change of Ownership (CHOW) and LOCD (Nursing Facility Providers Only)**

If a new National Provider Identifier (NPI) will be issued to a provider who is going through a CHOW, the provider must conduct the hard copy version of the LOCD and FOC. Hard copies of the LOCD and FOC must be conducted according to policy, including signatures and dates. Once the provider is given full access to CHAMPS under their new NPI, the provider must enter all the information from the hard copy LOCD into the online version of the LOCD in CHAMPS under their new NPI. To ensure proper payment, CHAMPS will then check if the conducted date of the LOCD and enrollment date of the new NPI are within the last six months. Both conditions must be met during a CHOW for CHAMPS to process payments.

#### **Manual Maintenance**

Providers should retain this bulletin until applicable information has been incorporated into the Medicaid Provider Manual.

#### **Questions**

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mailed to [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-979-4662.

#### **Approved**



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