



CMCS Informational Bulletin

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**SUBJECT: Medicaid Administrative Funding Availability for Long Term Care
Ombudsman Program Expenditures**

This Informational Bulletin reviews existing policy regarding when Medicaid funding is available for certain administrative costs related to activities conducted by state Long-Term Care Ombudsman (LTCO) programs that benefit the state's Medicaid program. In this bulletin we summarize the basic requirements for Medicaid administrative claiming of LTCO program activities and provide a link on the CMS Medicaid.gov website where states and LTCO programs can find more detailed information regarding specific LTCO program activities that may be eligible for Medicaid administrative funding.

Activities performed under the auspices of LTCO programs can be valuable and beneficial to Medicaid enrollees, and we have been working closely with the Administration for Community Living (ACL) to identify LTCO program activities that under longstanding Medicaid policy may be eligible for federal Medicaid matching funds. In developing this guide, we also sought input from the National Association of State Ombudsman Programs (NASOP), to ensure CMS had a comprehensive understanding of the critical resident advocacy and support functions performed by LTCO programs. CMS is committed to promoting successful partnerships between state Medicaid agencies, the state units on aging and LTCO programs that perform Medicaid administration on their behalf, and to ensuring that federal financial participation (FFP) is available for allowable expenditures.

Each state's Office of the State Long-Term Care Ombudsman, under the authority of the Older Americans Act (OAA), conducts activities such as: identifying, investigating, and resolving complaints made by, or on behalf of, residents of long term care facilities; providing services to assist such residents in protecting their health, safety, welfare and rights; representing the interests of such residents before governmental agencies; and seeking administrative, legal and other remedies to protect residents. These LTCO program activities flow from the essential mission and mandate of the Ombudsman Program and are partially funded through the OAA. However, some LTCO program activities may directly benefit the Medicaid program and these costs, to the extent that the costs of these activities can be identified and properly allocated between Medicaid and other programs, may qualify for Medicaid administrative funding. In

addition, some states have expanded the populations served by the LTCO program to include individuals receiving long-term services and supports in their own homes or other settings, in addition to individuals receiving care in nursing facility settings.

Examples of LTCO Activities that Could be Supported by Medicaid Funding

Medicaid administrative funds can support certain LTCO functions, such as assistance to individuals in applying for Medicaid, benefits review, and service planning for Medicaid beneficiaries. Subject to the “General Requirements for Medicaid Administrative Claiming,” the following are some examples of LTCO program activities that may be eligible for Medicaid administrative funding:

- Information provided to potential enrollees regarding Medicaid eligibility and facilitation of the enrollment process.
- Identifying and referring individuals who may be eligible for and in need of Medicaid services.
- Tracking and reporting to the Medicaid agency consumer requests for assistance in obtaining medical, dental, mental health, or long-term care (including home and community based) services that are covered by Medicaid.
- Providing ombudsman services to assist beneficiaries in transitioning from Medicare Part A coverage into the Medicaid nursing facility benefit or from private pay status into Medicaid funded nursing facility, home and community based services, or other Medicaid service categories.
- Consultation and direct case advocacy to assist individuals participating in home and community-based waiver programs.
- Identifying Medicaid-eligible residents who want to transition out of nursing home facilities and then connecting them with the appropriate local contact agency or other services to assist them in returning to the community.
- Identifying and reporting suspected instances of Medicaid fraud to federal and state agencies for investigation and action.
- Other LTCO activities which are determined by the Secretary of DHHS to be necessary for proper and efficient administration of the Medicaid state plan.

State Medicaid agencies with detailed questions regarding the availability of Medicaid administrative funding for activities performed on their behalf by state LTCO programs should contact their CMS Regional Office for further information and technical support.

General Requirements for Medicaid Administrative Claiming

LTCO program costs can be recognized as allowable Medicaid administrative costs only to the extent that the state has documented that the costs directly benefit the Medicaid program and are claimed consistent with federal cost allocation principles.

In order for LTCO activities to be claimed by the Medicaid agency as administrative expenditures, the following requirements must be met:

- Costs must be “proper and efficient” for the state’s administration of its Medicaid state plan (section 1903(a)(7) of the Act).
- Costs related to multiple programs must be allocated in accordance with the benefits received by each participating program (OMB A-87). This is accomplished by developing a method to assign costs based on the relative benefit to the Medicaid program and the other government or non-government programs.
- Costs must be supported by an allocation methodology that appears in the state’s approved Public Assistance Cost Allocation Plan (42 CFR 433.34).
- Costs must not include funding for a portion of general public health initiatives that are made available to all persons, such as public health education campaigns.
- Costs must not include the overhead costs of operating a provider facility.
- Costs must not duplicate payment for activities that are already being offered or should be provided by other entities, or paid through other programs.
- Costs may not supplant funding obligations from other federal sources.
- Costs must be supported by adequate source documentation.

Costs for administering the Medicaid program are shared between state and federal governments. The rate that applies to the cost of LTCO program activities is 50 percent federal share and 50 percent non-federal share. In order for a state to claim expenditures of LTCO activities, the state must ensure that permissible sources of non-federal share are available to match the federal dollars.

The state Medicaid agency is the only entity that may submit claims to CMS to receive FFP for allowable Medicaid costs. Therefore, the state Medicaid agency will need to have an interagency agreement or contractual arrangement with the state agency or other public or non-profit entity which operates the LTCO program in order for costs related to LTCO program activities to be claimable. These contractual agreements are designed to define and describe the relationship between the state Medicaid agency and the entities with which it partners to perform Medicaid administrative activities.

It is also important to note that LTCO programs conduct many unique activities for older Americans for which Medicaid administrative funding would not be available. For example, allowable Medicaid administrative activities do not include assisting individuals with gaining access to or coordinating non-Medicaid benefits such as social, educational, vocational, legal, advocacy, or other non-Medicaid services.

Additional guidance regarding the requirements and availability of federal Medicaid administrative funding, including examples of LTCO program activities for which such funding is allowable, is available on the CMS Medicaid website at: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Financing-and-Reimbursement/LTC-Ombudsman-Programs.html>