STATE OF MINNESOTA
DEPARTMENT OF PUBLIC WELFARE
CENTENNIAL OFFICE BUILDING
ST. PAUL, MINNESOTA 55155

CHEPP MANUAL LETTER #1

August 1, 1978

To: Directors, County Welfare Departments;
and Other Manual Holders

Subject: NEW CHEPP MANUAL

The new Catastrophic Health Expense Protection Program (CHEPP Manual) is the official Department of Public Welfare Manual for the CHEPP Program. The CHEPP Manual is based upon Minn. Stat. 62 E.51 through 62 E.55 and DPW Rule 60 and contains all policy and procedural guidelines for the CHEPP Program.

The new CHEPP Manual replaces the interim CHEPP Manual and incorporates into manual material the following Commissioner's Bulletins:

Instructional Bulletin #77-50	Catastrophic Health Expense Protection Program
Instructional Bulletin #77-71	Transmittal of Materials for Use in the CHEPP Program
Instructional Bulletin #78-36	CHEPP Spend-Down - Procedures for Processing the Spend-Down for the CHEPP Program
Informational Bulletin #77-3	Minnesota Catastrophic Health Expense Protection Act of 1976 and Minnesota Comprehensive Health Association Insurance
Informational Bulletin #77-63	Catastrophic Health Program

DATE EFFECTIVE:
August 1, 1978

Sincerely,

Edward J. Dirkswager, Jr.
Commissioner

MANUAL FOR

CATASTROPHIC HEALTH

EXPENSE PROTECTION PROGRAM

AUGUST 1978

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I. INTRODUCTION

A. The purposes of the Catastrophic Health Expense Protection Program (CHEPP) are:

To provide Medical Assistance to persons who have had very high expenses for health care which no insurance coverage or other plan of health coverage will pay, so that all of the family's resources will not be depleted.

To provide rehabilitation and other services to help attain or retain capability for independence or for self care.

B. Rights and Responsibilities:

Clients rights and responsibilities, local agency responsibility, civil rights, advocacy, privacy and confidentiality, and clients access to records are the same for the Catastrophic Health Expense Protection Program as they are for the Medical Assistance Program. If questions arise in these areas, refer to the Medical Assistance Manual.

C. Statute and Rule governing the CHEP Program:

Minnesota Rule DPW-60 governs the administration of the CHEP Program. This rule was issued pursuant to Minnesota Statutes 62E.54 and provides the basis for implementing Minnesota Statutes 62E.51 to 62E.58.

II. ELIGIBILITY DEFINITIONS

A. Preface

There are two parts to the Catastrophic Health Expense Protection Program (CHEPP). Each part or coverage has its own eligibility requirements, deductible and formula for determining the deductible. The deductible for one part of the program cannot be used to satisfy the other part of the program. CHEPP-1 cases consist of applications in paying ordinary medical bills and include the qualified expenses found in II-B-4 of this manual. In CHEPP-1 cases the recipient is responsible for a 10% copayment after the deductible is satisfied.

CHEPP-2 cases consist only of applications for qualified nursing home care as defined in II-B-32 of this manual. Coverage is limited to persons under age 65 who have been in a nursing home continuously for 36 months.

B. Definitions

1. CHEPP-1 eligible person

CHEPP-1 eligible person means any person who is a resident of Minnesota and who, while a resident of Minnesota, has been found by the Commissioner to have incurred an obligation to pay qualified expenses for himself/herself and any dependents in any 12 consecutive months exceeding:

B. Definitions continued.

40% of his/her household income up to $ 15,000.00 plus 50% of his income between $ 15,000.00 and $ 25,000.00, plus 60% of his/her household income in excess of $ 25,000.00. or $ 2,500.00 whichever is greater.

2. CHEPP-2 eligible person

A CHEPP-2 eligible person means any person who is a resident of Minnesota and who, while a resident of Minnesota has been found by the Commissioner to have incurred an obligation to pay qualified nursing home expenses for himself/herself and any dependents in any 12 consecutive months exceeding 20% of his/her household income. There is no copayment after the deductible has been satisfied. See II-B-32 for a definition of Qualified Nursing Home Care.

3. Resident of Minnesota

A resident of Minnesota means a person who is presently residing in Minnesota, having there his principal and permanent abode, and having no intent to return to some other state to live upon completion of a course of medical care. In deciding whether an applicant for CHEPP benefits is a resident of Minnesota, all important aspects of the applicant's situation shall be considered, and the decision shall be made on the preponderance of the evidence. In doubtful cases, the following forms of evidence of residence may be included in those examined:

a. The place of residence of the applicant's family members who would be eligible for CHEPP benefits;

b. The number of months that the applicant has lived in Minnesota, and, in the case of retired persons who maintain residences in two or more states, the proportion of each of the past two years which the applicant has spent in Minnesota:

c. The state in which the applicant and his spouse are:

(1) Registered to vote;
(2) Licensed to drive;
(3) Registering their car(s);
(4) Claiming a homestead for property tax relief;
(5) Employed;
(6) Doing their banking;

d. The state in which the applicant lived for a substantial period before retiring and establishing residences in two or more states.

4. Qualified expense

Qualified expense means any charge incurred subsequent to July 1, 1977 for a health service which is included in the list of covered services described in Minnesota Statutes 1976, section 62E.06, subdivision 1, and for which no third party is liable. Such qualified expenses shall include the usual and customary charges for the following services and articles when prescribed by a physician:

4. Qualified expense continued

a. Hospital services;
b. Professional services for the diagnosis or treatment of injuries, illnesses or conditions, other than outpatient mental or dental, which are rendered by a physician or at his direction;
c. Drugs requiring a physician's prescription;
d. Services of a skilled nursing facility which meets the requirements for participation as such in the Medicare program or the Medical Assistance program, for not more than 120 days in an individual eligible person's year-long eligibility period, if the services would qualify as reimbursable services under Medicare, and if the services do not fall into the class of "qualified nursing home expenses" defined in II-B-32 below, and if, in addition, the patient's attending physician certifies in writing that the services are not primarily of a custodial or residential nature;

Explanatory Comment: Skilled nursing facility services provided by a Medicare-eligible facility may be reimbursed by Medicare if all the following conditions are met:

*Admission to the facility occurred within 14 days after an inpatient hospital stay of at least 3 days, not counting the day of hospital discharge,

*Care in the skilled nursing facility is needed because of a condition which was treated during the above hospital stay,

*The medical doctor responsible for the patient's treatment certifies that the patient needs and actually receives skilled nursing or skilled rehabilitation services on a daily basis, and

*The facility's Utilization Review Committee or a Professional Standards Review Organization does not disapprove of the stay.

e. Services of a home health agency if the services would qualify as reimbursable services under Medicare;

Explanatory Comment: The requirements for Medicare reimbursement for home health agency services are as follows:

*The patient must need part-time skilled nursing care or physical therapy or speech therapy,

*A medical doctor must determine that the patient needs the the services and must set up a plan for home health care,

*The patient must be confined to his home,

*The home health agency must be eligible to participate in the Medicare program, and

*The services provided must fall into one of the following categories:

Explanatory Comment continued: +Part-time skilled nursing care,
+Physical therapy,
+Speech therapy,

*and also, if one of the above services is needed:

+Occupational therapy,
+Part-time services of home-health aides,
+Medical social services, and
+Medical supplies and non-durable equipment provided by the agency.

f. Use of ionizing radiation or radioisotopes for therapeutic or diagnostic purposes;
g. Oxygen;
h. Anesthetics;
i. Prostheses other than dental, but including cataract lenses;
j. Rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids;
k. Diagnostic X-rays and laboratory tests;
l. Oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth;
m. Services of a physical therapist; and
n. Transportation provided by licensed ambulance service to the nearest facility qualified to treat a condition, if such ambulance transportation is medically necessary.

5. Dependent

Dependent means a spouse, unmarried child under the age of 19 years, a child who is a student under the age of 25 and financially dependent upon the parent, or a child of any age who is disabled and dependent upon the parent, provided such spouse or child is not currently eligible for benefits under the Medical Assistance program or the General Assistance Medical Care program. The term "child" as used here includes legally adopted children, and it also includes financially dependent stepchildren, foster children, and children under the guardianship of the applicant or his spouse. Eligibility for benefits of children reaching age 19 or 25 shall end on the last day of the birthdate month, in the eligibility year.

6. Household income

Household income means the gross income of an eligible person and all his/her dependents 23 years of age or older for the calendar year preceding the year in which an application is filed for CHEPP benefits. A dependent's age, for the purposes of this paragraph, shall be his/her age on the last day of the calendar year preceding the year in which application is filed for CHEPP benefits. Income paid to the applicant or his/her spouse on behalf of the children included in the application shall be considered the applicant's income rather than the children's unless an accounting must be made for its use to some person outside the applicant family this interpretation of children's income applies in particular to Social Security survivors' benefits. Child support legally required to be paid to

6. Household income continued

a custodial parent by an absent parent shall be considered income of the custodial parent if and only if the custodial parent is not entitled to claim the child(ren) as tax dependents.

Explanatory Comment: This treatment of child support payments is based on the Minnesota Department of Revenue's interpretation of Minnesota Statutes, Section 290A.03, subdivision 3. See paragraph # 7. immediately below.

7. Gross income

Gross income means income as defined in Minnesota Statutes, 1976, Section 290A.03, subdivision 3. Cash benefits paid to eligible persons in lieu of payments to providers of health services shall not be included in "gross income" as defined here, but payments made by the United States Veterans' Administration for "Aid and Attendance" shall be considered to be a part of "gross income" rather than medical benefits.

Explanatory Comment: The definition of "gross income" in M.S. 1976, section 290A.03 is as follows:

Subdivision 3: "Income" means the sum of federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1974, additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a)(1), (a)(2), (a)(3), (a)(4), (a)(5), and (a)(10), and all nontaxable income, including but not limited to the amount of recognized net long term capital gains excluded from adjusted gross income, cash public assistance and relief, the gross amount of any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, and veterans' disability pensions), nontaxable interest received from the state or federal government or any instrumentality thereof, worker's compensation, unemployment benefits, nontaxable strike benefits, and the gross amount of "loss of time" insurance. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income does not include gifts from non-governmental sources, surplus food or other relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21.

8. Commissioner

Commissioner means the commissioner of public welfare, or, as applicable, the commissioner's designated agent in the Department of Public Welfare, a local welfare agency, or a person or organization contracting to perform functions required for administration of the CHEP Program.

9. Third party

Third party means any person other than the eligible person or his dependents.

10. CHEPP deductible

CHEPP deductible means the sum of qualified expenses which an applicant must have incurred an obligation to pay in order to become an eligible person, as defined in II-B-4 above.

11. Copayment

Copayment means the 10 percent share of a reasonable charge or qualified expense, in excess of a CHEPP deductible, for which an eligible person remains liable to a provider of health services after payment of the 90 percent share by the commissioner under the provisions of the CHEPP act and this rule.

12. Adjustment

Adjustment means a payment by or to the State of Minnesota intended to change the net amount of an earlier payment made by the CHEP Program.

13. Private health care coverage

Private health care coverage means any plan regulated by Minnesota Statutes, 1976, Chapters 62A, 62C, 62D, 64A, or sections 62E.01 to 62E.17. Private health care coverage also includes any self-insurance plan providing health care benefits.

14. Hospital services

Hospital services means any and all reasonable and medically appropriate services provided on an inpatient or outpatient basis on the direction of a physician or under his supervision by a hospital which meets the requirements for reimbursement as such by the Medical Assistance program. Hospital services do not include outpatient mental or dental health services drugs, dispensed on an outpatient basis for consumption at some other location, home health services, outpatient oral surgery, prostheses for outpatient use, or durable medical equipment for use outside the hospital, to the extent that such services are not covered under the other provisions of the CHEP Program. Ambulance services and other medical transportation are not hospital services, per se, unless they lead to an inpatient hospital admission and are chargeable as hospital services under the rules and procedures of the Minnesota Medical Assistance program.

15. Physician

Physician means a medical doctor or osteopath, a chiropractor, or a dentist acting within the scope of CHEPP coverage of dental services; licensed in the state in which he practices and acting within the scope of his license. The term does not include podiatrists, optometrists, or psychologists. The inclusion of chiropractors here within the definition of "physician" shall not imply any authority within the CHEP Program for chiropractors to prescribe other health services for coverage under the program if prescribing such services would constitute the prescribing of internal drugs, the practice of medicine, or the practice of physical therapy.

16. Physical therapist

Physical therapist means an individual who meets the requirements for enrollment as such in the Minnesota Medical Assistance Program.

17. Home health agency

Home health agency means a public or private agency which specializes in giving nursing and other therapeutic and rehabilitative services in patients' homes and which is eligible for enrollment as such in the Minnesota Medical Assistance Program.

18. Illness

Illness means disease, injury, or a condition involving bodily or mental disorder of any kind, including pregnancy and fertility, and also including the state of reasonable personal concern for maintenance of individual health.

19. Nursing home

Nursing home means an institution which is licensed as a nursing home by the state in which it is located. The term includes facilities which meet the standards of the Minnesota Medical Assistance Program for enrollment as skilled nursing facilities or as intermediate care facilities (I), but it excludes facilities (or beds, in the case of multi-level facilities) which are classified as intermediate care facilities (II) or as intermediate care facilities (Mental Retardation).

20. Medically necessary

Medically necessary means reasonable and prudent according to commonly accepted standards of medical practice as applied to a particular case at a particular point in time in the light of such information as is or could reasonably be available to the treating physician.

21. Medical Assistance Program

Medical Assistance Program means that program of medical assistance to the poor and needy established by Title XIX of the Federal Social Security Act as of July, 1977 and, in Minnesota, by Minnesota Statutes 1976 as modified in the Minnesota Statutes 1977 Supplement, chapter 256B.

22. Medicare

Medicare means that program of payment for health services for the aged and disabled established by Title XVIII of the Federal Social Security Act as of July 1, 1977.

23. General Assistance Medical Care (GAMC)

General Assistance Medical Care means that program of medical assistance for the poor and needy established by Minnesota Statutes, 1976 as modified in the Minnesota Statutes 1977 Supplement, chapter 256D.

24. Health maintenance organization (HMO)

Health maintenance organization (HMO) means an organization offering prepaid health services, as defined in Minnesota Statutes, chapter 62D.

25. CHEPP beneficiary

CHEPP beneficiary means an eligible or formerly eligible person or his dependent, someone on whose behalf CHEPP benefits have been or may be paid.

26. Provider

Provider means a provider of health services to an applicant for CHEPP benefits or to a CHEPP beneficiary.

27. Regular provider

Regular provider means a provider of health services to a CHEPP applicant or beneficiary who (which) wishes to be reimbursed for such services directly by the CHEP Program.

28. Usual and customary charge

Usual and customary charge means a provider's normal charge, in the absence of insurance or other plan of health coverage, for a service or supply, but not more than the prevailing charge in the state for a like service or supply.

29. Reasonable charge

Reasonable charge means the charge for a service or supply which would be allowable for payment under the Medical Assistance Program as administered by the Minnesota Department of Public Welfare, except that customary charge audits by provider may be omitted uniformly for practitioners and the determinations of the reasonableness of charges which require professional review may be contracted to a review organization.

30. Review organization

Review organization means a professional standards review organization as defined in the Federal Social Security Act as of July 1, 1977, or a similar organization as defined in Minnesota Statutes 1976, section 145.61.

31. Out-of-pocket

Out-of-pocket means the personal liability of an applicant, eligible person, or a dependent of one of these. A charge or expense for a service covered by CHEPP must be an out-of-pocket expense for the applicant or eligible family. Except as provided below, this means that no third party is legally liable to pay it and has then paid it to or on behalf of the family. If part of an expense for a covered service is paid by a liable third party or is the liability of a third party, that part is not a qualified expense under the CHEP Program and may not be used to satisfy the CHEPP deductible and may not be reimbursed by CHEPP. However, expenses for covered services actually paid by liable health insurance companies may be considered eligible out-of-pocket expenses for the purpose of satisfying the CHEPP deductible to the extent that the applicant or one of his dependents actually paid or contributed towards the insurance premiums, the contributions were made during the deductible period, and the services for which the insurance payments were made were received during the deductible period. Payment of bills by friends or relatives are considered to come out of the applicants pocket since only he was considered liable to pay.

32. Qualified nursing home expense -- CHEPP-2

Qualified nursing home expense means any per diem charge (as "per diem charge" is defined by the Minnesota Medical Assistance Program) incurred subsequent to July 1, 1977, for nursing home services after 30 months of continuous care provided to a person less than 65 years of age in a licensed nursing home bed certified at the skilled nursing facility (SNF) or intermediate care facility "1" (ICF-1) level. Periods of inpatient hospital care and short period of therapeutic leave from nursing home care which occur after the initial admission to nursing home care shall count as part of the 36 months.

33. Subsequent to July 1, 1977

Subsequent to July 1, 1977 means on or after July 1, 1977.

34. Residual spend-down amount

Residual spend-down amount means any portion of the CHEPP deductible which for administrative convenience is arranged to be deducted from CHEPP payments after an applicant has been accepted as an eligible person.

35. Applicant

Applicant means a person who has directly, or through his attorney, guardian, or personally designated representative, made application for benefits from the CHEP Program with his local welfare agency. Additionally, an applicant may be a deceased person's estate, on behalf of which an application is filed by the personal representative of the estate, subject to the restrictions in IV-B.

III. PROCEDURES AND POLICIES FOR PROCESSING CHEPP APPLICATIONS

A. Screening for other programs

At the time of intake CHEPP applicants should be screened to determine if they qualify for Medical Assistance (MA), or for General Assistance Medical Care (GAMC), If eligibility exists for either of these programs it should be explained to the applicant that these two programs cover more medical services than CHEPP and may have a smaller spend-down. If the applicant still wants to apply for CHEPP he may do so, but the reason for doing so must be documented in the case record.

B. Documents to be furnished by the applicant:

1. Proof of family's gross household income for previous calendar year. This would include such things as state or federal income tax returns, W-2 forms, pension and disability checks, etc.

2. Medical bills used to satisfy the CHEPP deductible (CHEPP eligibility spend-down).

3. Medical bills the family has paid over and above the deductible for which reimbursement is requested together with proof of payment of these bills.

4. Identification cards or policies for all the family's health insurance or other third party health coverage.

5. Evidence of which bills in 3 and 4 above have been billed to medicare, health insurance, worker's compensation or other liable third parties.

C. Forms to be used for CHEPP applications

1. DPW-2174 CHEPP application
2. DPW-2205 CHEPP Assignment of Benefits form
3. DPW-1922 Health Insurance Information form
4. DPW-2199 CHEPP Medical Identification card for CHEPP-1 cases
5. DPW-2210 Notice of eligibility for Catastrophic Health Coverage for Custodial Nursing Home Care for CHEPP-2 cases
6. DPW-2281 CHEPP spend-down worksheet
7. DPW-1503 Level of Nursing Home Care when payment for nursing home care is involved.
8. DPW-2282 CHEPP eligibility letter

D. Nursing Home expense for custodial nursing home care - CHEPP-2 cases

Expenses for custodial nursing home care CHEPP-2 are not eligible expenses to satisfy the CHEPP-1 deductible. Only custodial nursing home per diem expenses may be used to satisfy the CHEPP-2 deductible.

E. Copying Medical Bills for DPW

The applicant must bring in the medical bills used to satisfy the deductible. He/she should show evidence of how much he/she has paid, how much has been paid by third parties, and how much is still owed. You should find out how much Medicare and each of the applicant's known insurance policies paid on each bill. If nothing was paid, find out whether a claim is pending (and its status) or why no claim was submitted.

E. Copying Medical Bills for DPW continued.

(Check out auto no-fault insurance benefits for crash injuries, too.) Photocopy each bill used for the deductible; these copies will go to the State Welfare Department to the CHEPP office.

The applicant may also bring in any other medical bills he/she has paid which are for services over and above the CHEPP deductible, plus evidence that they have been paid. Copy these bills too and mark down on them the part that the applicant paid as an out-of-pocket expense. (The applicant's insurance may have paid part of the bill directly to the applicant, with the applicant in turn paying the full bill to the provider of medical care. But only the part paid out-of-pocket can be paid by CHEPP to the applicant).

F. Deductible

If the applicant's deductible has been met with covered services (eligible expenses), the family is eligible for CHEPP. The deductible for custodial nursing home care (CHEPP-2) must be met with custodial nursing home expenses. The deductible for CHEPP-1 assistance must not include any custodial nursing home expenses.

G. Handling of Medical Bills over the Deductible which haven't been paid

Take them to the vendor of care. Show the CHEPP identification card and number. Ask the vendor of care to send a new bill to the CHEP Program, in care of Minnesota Medical Assistance at the Medical Assistance billing address. Ask the vendor of care to use the Medical Assistance invoicing procedures.

H. Handling of Future Bills

The person eligible for CHEPP help must tell the provider of health care that he/she is on CHEPP at the time of getting medical service. He/she should make sure that the provider agrees to bill the CHEP Program for the care to be provided, since once the date of approval of an applicant's application is past, new medical services must be billed directly by the provider to the State Welfare Department (to the Medical Assistance Central Payments System). CHEPP recipients may not normally pass on new bills to the State for payment. The provider of care must bill.

I. Reimbursement to Clients of Medical Bills CHEPP-1

Reimbursement to the client can be made only on bills in excess of the deductible that have been paid before the date the application is signed.

Complete LETTER TO CHEPP PROVIDER (DPW-2282) for each provider who has received an out-of-pocket payment for services given on or after the applicants satisfaction date. This letter is important to insure that payment is not made to both the provider and applicant for those charges. Photo copy the relevant bills for the providers. Give the letter (DPW-2282) and the bills to the applicant to take to the provider along with his CHEPP identification card.

J. Completion of the CHEPP application

If the application form is completed by the applicant, it shall be reviewed carefully to insure that the applicant understands and completed each question properly. Residents in Minnesota should be verified as it is in the Medical Assistance Program. Verify income and the medical bills which have not been paid by any liable third party, such as health insurance or medicare. In situations where a collection has been taken up in the Community to assist the family, this should not be counted as income but shall be considered available for out-of-pocket expenses.

K. CHEPP's entry into the State Welfare Information System

1. CHEPP-1 cases

The application must be entered into the State Welfare System Information file by using the 106a and b form. When a decision is made on the application, enter an eligibility update or rejection.

2. CHEPP-2 cases

CHEPP-2 cases shall not be entered into the case information system.

L. Information to be sent to DPW

Photo copy all CHEPP applications when they have been approved or rejected and send them together with photo copies of all documents used in determining eligibility including the spenddown worksheet to CHEPP, Minnesota Department of Public Welfare, Box 43170, St. Paul, MN. 55164. If the application is approved send photo copies of medical bills used to satisfy the deductible. Show what part was out-of-pocket on each and what part if any was paid by insurance or Medicare. Also separately identify and send copies of bills which are over and above the deductible, which have been paid by the applicant for which reimbursement is requested. Proof of payment must accompany each bill, applicant shall take unpaid bills incurred after the date of eligibility to the provider of health care and have them billed directly to CHEPP using his medical identification card.

M. Medical Identification Card CHEPP-1

The CHEPP medical identification card shall be issued when cases are found to be eligible to receive benefits. The beginning date on the card shall be the date the deductible was satisfied, the ending date shall be one year from the month in which medical bills were used to satisfy the deductible.

N. Notice of eligibility for Catastrophic Health Coverage for Custodial Nursing Home Care.

Notice of eligibility for Catastrophic Health coverage for custodial nursing home care, DPW-2210, shall be sent to the nursing home when eligibility for CHEPP-2 has been established a copy of this form should go to the applicant a copy shall accompany the material sent to DPW.

O. Spend-down or Deductible

The spend-down for CHEPP cases shall be computed the same way as it is for Medical Assistance. Insurance payments shall be credited on the oldest portion of a bill.

P. Assignment of Medical Identification Number

The medical identification number consists of 16 digits. The number is assigned in the same way it is for Medical Assistance except the first 3 digits are always 89-9.

Q. Redetermination of eligibility

When the entire year of eligibility has been completed a new application must be completed if the family wishes to continue receiving CHEPP benefits. The new deductible will be based on the previous years income.

R. Nursing Home Care

1. CHEPP-1 cases

Nursing home care for CHEPP-1 cases is limited to a maximum of 120 days in a year. The requirements for qualifying for this kind of nursing home care is found in II-4-d.

2. CHEPP-2 cases

Nursing home care under CHEPP-2 is limited to persons under age 65 who have been in a nursing home for 36 months continuously. A definition of this kind of nursing home care is found in II-B-32 under Qualified Nursing Home Care. The deductible for this kind of care is 20% of the previous years income.

When a person is found eligible for this kind of nursing home care, the nursing home is notified by use of DPW form 2210 -- Notice of Eligibility for Catastrophic Health Coverage for Custodial Nursing Home Coverage. When eligibility is established it runs to the end of the fiscal year on June 30th.

The nursing home is instructed that the recipient is to continue paying for his care each month with a copy of the bill to be sent to the CHEPP office - Department of Public Welfare. Reimbursement will be made to the recipient at the end of the fiscal year. The money available is limited so it will be prorated if no bills come in than there is money available.

IV. ESTABLISHMENT AND DURATION OF CHEPP ELIGIBILITY

A. WHERE TO APPLY

Applications for benefits from the Catastrophic Health Expense Protection Program shall be taken by the local welfare agency responsible for the county in which the applicant makes his home.

B. WHO MAY APPLY

Applications for CHEPP benefits may be made by a single adult person, by either spouse of a family, or by an individual's attorney, guardian, or personally designated representative, or by the administrator or court-appointed representative of a deceased individual's estate. A personally designated representative shall present written proof of his designation and shall not be an employee of or a contractor with any provider of medical services which has provided services to the applicant. No application may be made on behalf of a deceased person's estate unless the apparent heirs of the estate include the decedent's children, spouse, former spouse, or parents and these do not qualify to apply for CHEPP benefits because of age or relationship to the decedent. An applicant (that is, the person on whose behalf application is made) must be a resident of Minnesota at the time of application.

C. DELEGATION OF AUTHORITY

The director of each local welfare agency is designated as the commissioner's agent authorized to review and determine applicants' eligibility for CHEPP benefits. This authority may be further delegated to the supervisor of the administrative unit within each agency which is responsible for processing CHEPP applications.

D. PROVISION OF INFORMATION BY LOCAL WELFARE AGENCIES

Local welfare agencies shall answer questions from the public about the CHEP Program, using information and literature supplied by the commissioner. Local agencies shall explain the program's benefits and requirements to people who apply or who are eligible for benefits. Local agencies shall explain the state's privacy-protection law to people who apply for CHEPP benefits.

E. FILING AND PROCESSING APPLICATIONS

Application forms and records of applicants' income and expenses for health services shall be kept in the local welfare agency for at least as long as such records are required to be kept by the Medical Assistance Program. Local agencies shall provide copies of CHEPP applications, applicants' medical bills, and other documents submitted at application, to the Department of Public Welfare as required by the commissioner. Local agencies shall determine whether an applicant is eligible for CHEPP benefits within 30 days of receiving all information and documents needed to determine eligibility. When an applicant has been found eligible, the local agency shall take whatever action is necessary to establish the applicant family as an eligible case in the State computerized Welfare Information System (the Case Information System); this updating of the Case Information System shall be completed within 10 days of determining the applicant's eligibility.

F. CONSIDERATION OF ALTERNATIVE WELFARE PROGRAMS

Local welfare agencies shall request from CHEPP applicants enough information to decide whether they can qualify for Medical Assistance, General Assistance Medical Care, or some other form of welfare medical assistance such as certification of need for care at the University Hospitals. Applicants entitled to benefits under such other welfare programs shall be considered ineligible for CHEPP benefits if such other benefits are clearly equal to or greater than those available under CHEPP. If an applicant becomes eligible for CHEPP in preference to some other welfare program to which he is entitled, justification of the selection shall be recorded in the case record.

G. INFORMATION AND DOCUMENTS TO BE SUPPLIED BY CHEPP APPLICANTS

Applicants for CHEPP benefits shall provide such information and documents as needed to establish their eligibility for the program, including:

1. The information requested on the application forms;
2. A signed warranty by the applicant that the information supplied is true and complete, to the best of his knowledge and ability to make it such;
3. A signed assignment of third party benefits to the extent of the State's payments on the eligible family's behalf; an assignment shall be signed by the competent family member for each separate set of entitlements: each assignment shall include an authorization to release pertinent medical information for purposes of collecting health plan and other third party benefits for health services;
4. A signed authorization from each family member, other than dependent children under age 23 years, for the commissioner to inspect tax returns and applications for tax credits submitted to the Minnesota Department of Revenue, and for the commissioner to receive copies of such documents pertinent to verifying the income reported by the applicant family; the authority to inspect and receive copies of documents shall extend also to data from microforms and computer storage devices;
5. Copies of invoices from the providers of all health services whose charges are offered in satisfaction of the CHEPP deductible or for CHEPP payment, together with current information as to which charges have been billed to third parties and the extent to which such third parties have paid or are expected to pay for the charges, information as to which charges have been paid by the family out-of-pocket (with proof of payment), and a signed statement that no insurance company or other third party payment has been received or is expected to be received for charges offered in satisfaction of the CHEPP deductible or for which CHEPP payment is requested, except as explained above.
6. Proof of out-of-pocket payments for prepaid health coverages used to justify partial inclusion of payments by such prepaid plans in the eligible expenses used to satisfy the CHEPP deductible.

H. THE CHEPP DEDUCTIBLE IS OUT-OF-POCKET

Eligible expenses offered in satisfaction of the CHEPP deductible must be out-of-pocket expenses and/or liabilities as defined in II-B-31 Eligible expenses attributed to the CHEPP deductible need not have been paid in advance of CHEPP eligibility, and failure of an applicant to pay them shall not affect the applicant's eligibility. Payment of such deductible expenses by relatives, friends, or other persons having no legal duty to pay shall not defeat the out-of-pocket character of the expenses. If a payment by a liable third party is not available within a reasonable period of time (normally 120 days form the date of application), and if the applicant cannot otherwise qualify for the CHEP Program, the charges whose payment is in question may be treated as eligible expenses for satisfaction of the CHEPP deductible, provided all required assignments of benefits are signed by the member of the applicant family who appears to be entitled to the delayed or disputed third party payment.

I. SATISFACTION OF THE CHEPP DEDUCTIBLE

The applicant for CHEPP benefits may select which of his qualified expenses for services received subsequent to July 1, 1977 is to be the earliest for satisfaction of the CHEPP deductible. Having selected a beginning date, the applicant shall then offer his remaining qualified expenses incurred after that date in satisfaction of the deductible, in the order in which such remaining expenses were incurred. The date of an expense shall be deemed to be the date of the earliest service occasioning any part of the expense or charge. Applicants must be Minnesota residents at the time each service is received whose charge is used to satisfy the CHEPP deductible, but the services may be received in other states.

J. INCOME CONSIDERED IN SPECIAL CASES

If a widow or widower applies for CHEPP benefits, the income received prior to death by the deceased spouse which was paid during the calendar year preceding the application year shall be disregarded in determining the CHEPP deductible which must be met by the applicant. Similarly, if an applicant or the applicant's spouse has petitioned for a dissolution of marriage and there exists a temporary decree or other legally binding agreement specifying the terms of separation, the gross income of the non-applicant spouse shall not be considered in computing the amount of the applicant's CHEPP deductible, provided the applicant is in fact separated from and living apart from the non-applicant spouse.

K. DURATION OF ELIGIBILITY

Eligibility for CHEPP-1 benefits shall run for 12 calendar months, beginning on the first day of the month and year of the earliest service occasioning a qualified expense offered in satisfaction of the CHEPP deductible. Such eligibility shall not cover the portion of any qualified expense offered in satisfaction of the deductible, but it may cover other qualified expenses incurred during the deductible period if such expenses were not known to be qualified at the time of application. Children who reach an age at which they become ineligible for CHEPP benefits during the 12 month period shall remain covered until the last day of the month in which they reach that age.

Eligibility for CHEPP-2 benefits shall run from the date of satisfaction of the CHEPP-2 deductible until the last day of the state fiscal year, this being currently June 30th. CHEPP-2 eligibility shall end, however, not later than the last day of the month in which the eligible nursing home patient reaches the age of 65 years.

Eligible persons who establish residence in another state shall be ineligible for CHEPP payments for services they receive after their change in residence.

L. ELIGIBILITY FOR PAYMENT OF QUALIFIED NURSING HOME EXPENSES

A CHEPP applicant's eligibility for payment of qualified nursing home expenses as defined in section II-B-32, shall be figured separately from eligibility for other CHEPP benefits. Qualified nursing home expenses as defined in II-B-32 shall not be used to satisfy the CHEPP deductible for other CHEPP benefits, and other qualified expenses shall not be used to satisfy the CHEPP deductible for reimbursement of qualified nursing home expenses.

M. APPLICATION FOR PAYMENT OF QUALIFIED NURSING HOME EXPENSES

Persons desiring CHEPP payment of qualified nursing home expenses shall apply for payment in a timely way. Application shall be made not later than 60 days after the end of the earliest month for which payment will be requested. Applications for payments for the last month of the State fiscal year (i.e. June) shall be made not later than the last day of the following month.

Persons who wish per diem charges of nursing homes to be limited to those allowed by Medical Assistance must establish eligibility for CHEPP reimbursement in the month before the month in which the limitation on charges is claimed against the nursing home.

N. TERMINATION OF ELIGIBILITY

Eligibility for CHEPP benefits may be terminated or interrupted by the commissioner if third party payments are made for services whose expenses were offered in satisfaction of the CHEPP deductible, regardless of whether they are made to the beneficiary, a provider of care, or the State. If a third party payment interrupts a family's CHEPP eligibility, the commissioner shall notify the family by letter. If the amount of deductible the family must re-incur to become eligible for CHEPP again is small, it shall be entered into the computerized central payments system as a residual spend-down amount. Then the family shall be permitted to continue to have medical claims billed to the CHEPP program, but amounts payable by the State shall be used to satisfy that residual spend-down before any actual payment is made on a family's behalf. Families which choose to re-establish eligibility for CHEPP benefits in this way are liable to providers of care for both their own copayment amounts and for State-share payments held back to satisfy the residual spend-down. Such families shall tell providers of health services of their interrupted CHEPP eligibility at the time of receiving health services.

Eligibility for CHEPP benefits may also be terminated by the commissioner upon a clear determination by the commissioner that incorrect or fraudulent data was submitted by an applicant in order to become eligible. Such a determination shall not be made until 14 days have passed from notice to the family be letter that it is being considered and that the matter may be discussed with a designated representative of the commissioner. If eligibility is terminated because of erros made in good faith in figuring a family's deductible or its satisfaction, the family may be allowed to continue in the CHEP Program with the unsatisfied deductible amount being treated as a residual spend-down amount as provided in the preceding paragraph.

Families whose CHEPP eligibility is terminated or interrupted to satisfy additional deductible amounts shall return their CHEPP eligibility identification cards to the Department of Public Welfare, which shall issue replacement cards for families on interrupted eligibility.

O. REDETERMINATION OF ELIGIBILITY

When the entire year of eligibility has been completed a new application must be completed if the family wishes to continue receiving CHEPP benefits. The new deductible will be based on the previous years income.

P. APPEALS

The final decision of the commissioner denying an application for status as an eligible person, suspending it, or revoking it, or denying all or part of the charges for a health service may be appealed by an interested party pursuant to Minnesota Statutes, chapter 15.

V. ADMINISTRATION OF BENEFITS AND PAYMENTS

A. BENEFITS PAYABLE

Except for qualified nursing home expenses, the Department of Public Welfare shall pay 90 percent of the reasonable charge for an eligible person's qualified expenses in excess of his CHEPP deductible. The eligible person shall remain liable to the provider of health services for the remaining 10 percent of the reasonable charge for each service.

For qualified nursing home expenses, the Department of Public Welfare shall pay, at the end of each State fiscal year, an amount for each eligible person calculated as follows, unless some other formula is set by law:

\+ (Reasonable cost of eligible person's qualified nursing home care during the State's fiscal year
\- (20 percent of the eligible person's household income in the calendar year before the year application is filed for CHEPP)

= Eligible person's raw entitlement

The CHEPP Program will not pay more than the raw entitlement, but if there are insufficient funds earmarked for qualified nursing home expenses, the program's payments will be calculated as follows:

$$\text{Payable Amount} = \left(\begin{array}{l}\text{State Appropriation for}\\ \text{qualified nursing home}\\ \text{expenses}\end{array}\right) \times \left(\frac{\text{Eligible person's raw entitlement}}{\text{The sum of all eligible person's raw entitlements}}\right)$$

B. FORGIVENESS OF DISALLOWED CHARGES

If a charge for a covered service to an eligible person is billed to CHEPP, any part of the charge determined by the Department of Public Welfare to be more than a reasonable charge, or the entire charge if the service is determined to have been not medically necessary, shall be deemed to be an unconscionable fee, against the public policy of this state and unenforceable in any action brought for the recovery of moneys owed. Charges for qualified nursing home expenses shall be considered billed to CHEPP and subject to limitation on the first day of the month following written notice to the nursing home of a patient's eligibility.

In the case of nursing home care which occasions qualified nursing home expenses, any per diem charge for qualified nursing home care given to a person eligible for CHEPP benefits shall be deemed to be a reasonable charge if it is not more than the charge per diem allowed in that section of that facility for that level of care by the Minnesota Medical Assistance Program.

C. PERSONS TO WHOM PAYMENT ARE MADE

CHEPP-1 benefits shall be paid only to providers of health services, and then only after receipt of a proper billing for review and adjudication; provided, however, that benefits shall be paid to eligible persons directly if the eligible person has already paid the provider and the services were received before the date of the eligible person's application for CHEPP. CHEPP-2 benefits shall be paid to the eligible nursing home resident or on his behalf to his spouse or guardian.

D. POST-PAYMENT ADJUSTMENTS

Adjustments to amounts paid by the CHEP Program shall be settled between the provider and the Department of Public Welfare at 100 percent, with no payment or collection of copayments to or from CHEPP beneficiaries.

E. INVOICING PROCEDURES

Regular providers of service to CHEPP beneficiaries shall bill the CHEP Program directly, using approved Minnesota Medical Assistance Program invoices and forms. This requirement for billing by providers may be waived by the Department of Public Welfare for services provided and billed before the date an applicant for CHEPP benefits is told that he or she is eligible.

If a provider of health services knows that a patient is eligible for CHEPP benefits, other than qualified nursing home expenses, he shall not try to collect charges from the patient or his family for services which are to be billed to CHEPP until the amount of the CHEPP beneficiary's copayment liability has been reported to the provider by the Department of Public Welfare. (A provider may, however, seek third party payments for services to CHEPP beneficiaries, provided that any third party recoveries of charges for services paid for in part by CHEPP are reported to the CHEP Program.

Providers who bill the CHEP Program shall accept the program's determination of what will constitute reasonable charges for services to CHEPP beneficiaries, and they shall not attempt to collect from beneficiaries any charges disallowed by the program as excessive or as being for services deemed not medically necessary.

F. THIRD PARTY (INSURANCE) CLAIMS

Providers shall bill third parties known to be liable for health services provided to CHEPP beneficiaries or shall supply sufficient information to the Department of Public Welfare to allow the department to claim reimbursement under its rights of assignment or subrogation. Providers shall not supply known CHEPP beneficiaries with invoices requesting payment for services to be billed to the CHEP Program unless such invoices are prominently marked to indicate that payment by the CHEP Program will be or has been requested.

G. CHEPP BENEFICIARY IDENTIFICATION CARDS

CHEPP beneficiaries shall be provided with identification cards giving the dates of their eligibility and their identification numbers. Beneficiaries shall show these cards to providers of health services before they receive services for which they expect part payment by CHEPP. CHEPP beneficiaries eligible only for part payment of qualified nursing home expenses shall receive separate and distinct identification cards or letters.

H. NON-QUALIFYING EXPENSES

Charges for the following shall be considered to be not qualified expenses, not covered by the CHEP Program:

a. Cosmetic surgery, except to repair an injury or birth defect;

b. Private hospital or nursing home rooms, to the extent that the charges exceed the institution's charge for its most common semi-private room, unless a private room is prescribed as medically necessary by a physician. If an institution has no semi-private rooms, its most common semi-private room charge shall be deemed to be 90 percent of its lowest private room charge;

c. Trans-sexual surgery;

d. Artificial insemination;

e. Reversals of sterilizations entered into originally with free and informed consent;

f. Autopsies;

g. Missed appointments;

h. Costs of billing;

i. Inpatient psychiatric care substituted for outpatient care primarily to acquire reimbursability of the services under the CHEP Program.

Procedures used by the Minnesota Medical Assistance program for review of the appropriateness or medical necessity of health services shall be used for the review of claims for CHEPP payments to the extent that they are not incompatible with this rule or with the Catastrophic Health Expense Protection Act. Providers of care shall observe such procedures, including prior-authorization procedures, as a condition of receiving payments from the CHEP Program.

MANUAL FOR CATASTROPHIC
HEALTH EXPENSE PROTECTION
PROGRAM.