

**MEDICAID**

# Avoiding Million-Dollar Medicaid Eligibility Mistakes in Nursing Facilities

By [Alex Spanko](#) | March 18, 2019

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Skilled nursing operators can't control day-to-day Medicaid rates in their states, but they do have a broad toolbox that can help them avoid eligibility errors and oversights that can cause millions in losses.

In an era of constricted Medicaid reimbursements, frontline staff can still play a crucial role in maximizing dollars, sb2 Inc. CEO and managing partner Chad Bogar said during a Monday presentation at the American College of Health Care Administrators' (ACHCA) annual convocation in Louisville, Ky.

"We have to control the Medicaid eligibility process," Bogar said. "If we control it, we win. If we don't control it, if we leave it for somebody else to do, we're out."

sb2, Bogar's legal firm, handles Medicare and Medicaid reimbursement disputes across the country, recently scoring a federal court victory in Illinois that could result in the first major adjustment to Medicaid rates in the state since 1994. The wheels of justice turn very slowly when it comes to the Medicaid program, with a dense and complex web of federal and state rules — leaving it up to individual SNFs to find their own avenues for reimbursements.

And while the industry has taken a laser focus on the new Medicare math under the Patient-Driven Payment Model (PDPM), Medicaid remains the backbone of nursing facility income in the United States, covering about two out of every three residents. Despite consistently lower per-day reimbursement figures under Medicaid, the program is a consistent source of money for providers

"The money's there. It's there. The government's checks, so far, don't bounce," Bogar said. "That's why we go after Medicaid. Relying upon the idea that the resident's going to be able to pay you privately is nowhere you want to be, ever. You can't make that presumption."

## Medicaid: a crucial assumption

The key first step to ensuring prompt and appropriate Medicaid reimbursement is relatively simple: Make sure intake staff at a nursing home assumes that the resident will eventually qualify for Medicaid, even if it's a post-acute stay covered under Medicare or a private payer's plan. These residents can frequently end up requiring the kind of custodial, long-term care that Medicaid covers for seniors who have exhausted their personal funds — but if building coordinators don't ask crucial questions, operators could find themselves behind the curve when the time comes.

“If I owned a facility, my DONs, my admissions folks — I would train them all the time,” Bogar said. “I would make sure that they were highly paid to make sure that everyone understands how important this is.”

Employees should ask referring hospitals two key questions about each incoming resident, Bogar said: Is the person a U.S. citizen, and does the person require institutional skilled care?

Establishing these criteria early staves off costly problems down the road. In most states, only U.S. citizens can receive Medicaid benefits — meaning that immigrants without documentation, or even people with green cards who haven't been in the country for a certain period of time, could see Medicaid applications denied down the road. In addition, if the government determines that the person didn't require care in a skilled nursing facility, that patient would not be eligible for Medicaid services.

“All I'm trying to do is diminish the probability of lost income, lost revenue,” he said. “If you just take the resident and find out that he or she is an undocumented migrant, you're out. The resident's in, and the resident doesn't meet the level of care, you're out.”

## Costly denials

The problem isn't just academic: Residents who receive care and then are denied under Medicaid coverage can run up bills into the millions, according to Bogar, and operators can't simply discharge vulnerable residents just because they haven't gotten paid.

Even if a resident's unpaid bill is far below the million-dollar threshold, most skilled nursing providers today don't have that kind of breathing room. Multiple analyses have found median margins hovering around the zero mark, and a report last week from the Medicare Payment Advisory Commission (MedPAC) found that SNFs have an average margin of -2.4% when working with all payers other than Medicare.

But that doesn't mean that SNFs are powerless, and Bogar encouraged facilities to take a proactive approach to denials. Administrators should always attempt to appeal rejected

applications, he noted, because Medicaid payments can continue unabated as the process winds its way through the state and the Centers for Medicare & Medicaid Services (CMS).

In addition, CMS has a variety of strong protections for residents that can often go overlooked by states. For instance, Bogar noted that application denials must include a wealth of information explaining the state's exact reasoning, along with the accompanying statutes that allow the rejection. If any of that information is missing — or, as happened in one case, the denial was sent to a resident's child instead of the resident — both the nursing home and the resident have grounds for appeal.

“If you look at the constitutional protections for your residents, it's shocking,” he said.

Providers can also get creative when looking for ways to maximize reimbursements with or without Medicaid. If a hospital has an undocumented patient who requires nursing home care but can't qualify for Medicaid, skilled nursing operators should accept him or her under the agreement that the hospital cover the cost for the services — a deal that many acute-care operators are more than willing to accept to open up a free bed for another patient, Bogar said.

Skilled nursing providers can also file applications to become Medicaid authorized representatives (MARs) of residents who do not have any living family or guardians, allowing them to apply for eligibility on their behalf in an approval process that Bogar noted is typically smooth.

While providers may not always see the need to implement these solutions, Bogar emphasized that pulling down the appropriate Medicaid reimbursement is vital to SNFs' overarching mission: providing care to some of America's most vulnerable people.

“These people would die without you, if there were no one out there to do this,” Bogar said. “You can't take care of these residents at home without lifts and nurses. It just won't happen.”