



Long-Term Care Regulatory Provider Letter

Number: PL 19-14
Title: Proper Authorization for Collection of Applied Income from the Resident Trust Fund
Provider Types: Nursing Facility (NF)
Date Issued: June 7, 2019

1.0 Subject and Purpose

The purpose of this letter is to increase compliance with the collection of applied income (AI) for resident trust funds, thus assuring that NF residents' funds are protected and managed correctly.

2.0 Policy Details & Provider Responsibilities

2.1 Currently Due Applied Income

A NF may only collect the applied income amount specified on the recipient's payment plan forms. If that amount exceeds the monthly vendor rate the facility may only collect the applied income amount equal to the maximum monthly Medicaid vendor rate.¹

The facility may only withdraw from the resident's trust fund, with written authorization from the resident,² the amount due for the current month (as shown on the [Medicaid Eligibility Service Authorization Verification \(MESAV\)](#)). The facility may obtain a one-time signed authorization stating that the resident approves withdrawal of the monthly applied income each month for the amount stated on the current MESAV. The payment plan is stated on Form TF0001, Notice of Case Action. The Texas Medicaid for the Elderly and People with

¹ See 40 Texas Administrative Code (TAC) [§19.2316\(a\)](#)

² See 40 Texas Administrative Code (TAC) [§19.404\(b\)\(1\)-\(2\)](#)

Disabilities (MEPD) program³ mails a copy of Form TF0001 to the resident and a copy of Form TF0001P, Provider Notice of Case Action, to the NF each time a change is made to the payment plan.

2.2 Past Due Applied Income

When AI was not collected during the month it was due, it then becomes a past due amount. Once it is past due (a new month has started), the withdrawal must be treated like any other withdrawal from the trust fund and must include proper documentation and written authorization as described below. The authorization outlined in the previous paragraph no longer applies as it is only approved for the current month. Every time the amount changes on the MESAV a new authorization is needed.

A resident must sign documentation authorizing the withdrawal from their trust fund. If the resident cannot sign, the facility must obtain a witness signature.⁴ The documentation must include:

- the date of the resident's authorization; and
- receipts for the purchase of items or services.

For past due AI, a copy of the bill or invoice showing the past due AI, signed by the resident, responsible party, resident representative or witness will suffice as the required receipt.

2.3 Monthly Payment Agreements

NF residents have the right to determine how their trust fund money is spent. This includes the right to make small monthly payments towards any past due AI balance. A resident may request a payment plan by signing a payment agreement allowing the facility to withdraw an agreed upon monthly payment from the trust fund. A payment agreement is a written and signed agreement allowing the NF to make monthly payments on past due AI balances from a resident's trust fund.

The monthly payment amount agreed upon must be a reasonable amount that will not affect a resident's ability to make personal-need

³ See [MEPD Handbook](#)

⁴ See 40 Texas Administrative Code (TAC) [§19.405 \(d\)\(3\)-\(5\)](#)

purchases or significantly deplete their trust fund balance. For example, for a resident who receives a personal-need allowance of \$60 per month, a monthly payment to the facility of \$20 or less may be considered a "reasonable amount." Additionally, a resident's trust fund account balance should not be depleted to make a facility payment.

The signed agreement must include the following elements:

- resident's name
- beginning balance due
- monthly payment amount
- date of the first payment
- frequency of payments
- resident's signature

3.0 Background/History

The Long-term Care Regulatory Enforcement Section Trust Fund Monitoring Unit (TFMU) performs routine monitoring visits and financial complaint investigations at NFs across the state. These activities have shown that facilities are utilizing a variety of interpretations regarding if and when a resident must sign for AI disbursements from his or her trust fund. Deficiencies written usually result in the NF being required to make AI refunds to residents.

Definitions can be found in the [Medicaid for the Elderly and People with Disabilities Handbook](#).

4.0 Resources

None

5.0 Contact Information

For questions regarding trust funds or trust fund related enforcement, please contact the Nursing Facility Trust Fund Monitoring Unit at (512) 438-5824 or by email at NFICFTrustFunds@hhsc.state.tx.us.

If you have any questions about this letter, please contact the Policy, Rules and Training Section by email at PolicyRulesTraining@hhsc.state.tx.us or call (512) 438-3161.