



Long-Term Care Regulatory Provider Letter

Number: PL 2021-16
Title: Resident Refund Review
Provider Types: Nursing Facility (NF)
Date Issued: April 22, 2021

1.0 Subject and Purpose

The purpose of this letter is to inform facilities about the new resident refund review that the Health and Human Services Commission (HHSC) Trust Fund Monitoring Unit (TFMU) will perform during routine monitoring visits.

2.0 Policy Details & Provider Responsibilities

When a resident in a NF has an accounts receivable credit balance, as indicated on the facility's Accounts Receivable Summary Aging Report, the credit must be resolved within 30 days¹ of the credit being generated.

The TFMU will request a copy of the provider's Aged Accounts Receivable Summary report, including all payor sources. Only those accounts which are the residents' responsibility to pay will be reviewed. Balances owed by the resident include Applied Income, Bed-hold, or Co-Insurance. The TFMU will not review accounts or balances owed by Medicare, Medicaid, or other insurance.

The TFMU will review the accounts identified as "Resident Responsibility" which have a credit balance and determine whether the credits offset other balances owed by the resident. If the TFMU determines the credit balances are not off-setting and were not refunded within the 30-day deadline, a deficiency may be cited. The facility will be required to correct the deficiency by one of the three options listed below:

¹ See 26 TAC [§554.410](#), Refunds in Medicaid-certified Facilities, and 26 TAC [§554.2316](#), Collection of Applied Income

- 1) Provide documentation to the TFMU showing how the credit was resolved or provide a valid explanation for the credit balance, e.g., a signed letter from the resident or responsible party (RP). A NF may leave the credit on the record at the request of the resident or their RP, so long as the resident is not a Medicaid recipient and there is a written request from the resident, RP, or legally authorized representative (LAR) on file.
- 2) Refund the credit to the resident, the resident's trust fund, RP, LAR, estate, or Incurred Medical Expense vendor, whichever is deemed appropriate by the NF for the situation. Provide the TFMU a copy of the front and back of the canceled check reflecting the refund or a signed receipt verifying a cash refund was made.
- 3) Escheat the credit balance to the state if the resident, RP, LAR, or executor of the estate cannot be located. Send Form 2032 Escheatment of Consumer Funds and a check made payable to HHS to: HHS, ATTN: Accounts Receivable, MC E-411, P.O. Box 149030, Austin, TX 78714-9030. Provide a copy of the front and back of the canceled or returned check as proof of the refund.

The NF must provide a copy of all clearance documents to the TFMU for approval. The deficiency must be cleared within 60 days of receiving the monitoring results to avoid a vendor hold.

3.0 Background/History

The TFMU performs routine monitoring visits and financial complaint investigations at Texas NFs. During these visits, the TFMU identified that facilities are often not resolving resident credits in a timely manner. Failure to make timely resident refunds is a common complaint allegation reported to HHSC Complaint and Incident Intake and is one of the top deficiencies cited during routine monitoring visits.

In addition, credits that are allowed to accumulate in the facility's accounts receivable are considered as countable resources for Medicaid residents and could negatively impact a resident's Medicaid eligibility status.

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 NFICFTTrustFunds@hhsc.state.tx.us.

If you have any questions about this letter, please contact the Policy and Section by email at LTCRPolicy@hhs.texas.gov or call (512) 438-3161.