



Medicaid Estate Recovery Policy



Medicaid and CHIP Payment and Access Commission
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Background

- The Omnibus Budget Reconciliation Act (OBRA) of 1993 requires that states seek recovery for payments for long-term services and supports (LTSS) and related services when an individual:
 - is expected to be permanently institutionalized;
 - received Medicaid when they were aged 55 or older; or,
 - had a long-term care insurance policy.

Background

- OBRA allowed states to choose whether to pursue recovery for payments for any non-LTSS services.
 - Limited to those provided to Medicaid beneficiaries aged 55 and older.
- As of 2014, 36 states pursued estate recovery for non-LTSS services.
 - Fifteen of these states have expanded Medicaid.

Background

- States must exempt or defer recovery if a beneficiary has a surviving spouse, a child who is under 21, or a child who is blind or disabled.
- OBRA also required states to establish procedures for hardship waivers.
- States collected \$589.2 million from beneficiaries' estates in fiscal year 2014, less than 1 percent of total Medicaid spending.

Is Estate Recovery a Barrier to Enrollment?

- Media anecdotes suggest that fear of estate recovery may keep some from enrolling, thereby exposing them to the health and financial risks of remaining uninsured.
- In 2014 CMS said it was exploring available authorities to to eliminate recovery for non-LTSS services, and several states have done so themselves.

Is There an Inconsistency with the Use of MAGI for Eligibility Determination?

- Individuals in the new adult group are deemed eligible based on modified adjusted gross income (MAGI) criteria that do not include asset tests.
- Eliminating assets tests was intended to align determinations of eligibility with exchange subsidies.

Is There Inequity with Individuals Receiving Exchange Subsidies?

- Individuals who receive subsidized coverage through the exchanges are not subject to estate recovery.

Next Steps

- Staff could collect information to shed light on policy concerns for the new adult group, or broader issues related to estate recovery programs.
 - The existing detailed public data on these programs are old, making it difficult to understand how well states have performed at estate recovery.



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