



Lessons from California

CALIFORNIA LIMITS MEDI-CAL ESTATE RECOVERY

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THE ISSUE:

Many have identified estate recovery rules as a potential barrier to enrollment in Medicaid. Individuals may be hesitant to enroll in Medicaid because they own a home that they want to leave to their adult children when they pass away.

NHeLP and other advocates have expressed concerns with the state's Medicaid (Medi-Cal in California) estate recovery rules. Federal Medicaid law *requires* states to recover against the estates of Medicaid beneficiaries for certain services, and gives states the *option* of collecting against the estates of beneficiaries for additional services. California is among a limited number of states that has taken the option to recover more than what is [federally required](#).

STRATEGY AND ACTIONS:

Almost two years ago, our [Lessons from CA](#) publication highlighted the steps that NHeLP, partnering advocacy organizations and stakeholders were taking to urge the state to limit estate recovery to what is federally required through state legislation. Even though the Medi-Cal estate recovery bill received *unanimous* support from the California legislature, it was vetoed by the governor due to budgetary concerns. Therefore, advocacy efforts continued, and on June 27, 2016, Governor Brown signed the [state budget](#), which included a trailer bill limiting Medi-Cal estate recovery to what is federally required.

Section 22 of California's health budget trailer bill, [Senate Bill 833](#), includes the changes to Medi-Cal estate recovery. Effective for Medi-Cal beneficiaries who pass away on or after January 1, 2017, the bill (among other things):

- Limits Medi-Cal estate recovery to services required to be collected for under federal law.
- Limits the definition of "estate" to only include real and personal property and other assets required to be collected under federal law.
- Limits interest on liens.
- Requires the state to waive its estate claim when the estate subject to recovery is a homestead of modest value (per the [State Medicaid Manual](#)).
- Prohibits recovery from the estate if there is a surviving spouse or domestic partner. (This applies beyond the lifetime of the spouse or domestic partner).

This new law also brings more transparency to the estate recovery process by ensuring that Medi-Cal beneficiaries can easily and timely receive information about how much their estate may owe Medi-Cal when they pass away.

ADDITIONAL RESOURCES

- [NHeLP's Health Advocate: Medicaid Estate Recovery](#)
- [NHeLP's Overview of CMS Guidance: Estate Recovery and MAGI Beneficiaries](#)
- [NHeLP's HuffPost blog on Estate Recovery](#)
- [Section 1917 of the Social Security Act](#)