

Legislative Analysis



MEDICAID ESTATE RECOVERY

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Senate Bill 374 (S-3) & Senate Bill 204 (S-1), tie-barred

Sponsor: Sen. Michael Switalski

Senate Committee: Appropriations

House Committee: Appropriations

Complete to September 24, 2007

A SUMMARY OF SENATE BILLS 374 & 204 AS PASSED BY THE SENATE 8-22-07

Senate Bill 374 would amend the Social Welfare Act by requiring the Department of Community Health to establish and operate the Michigan Estate Recovery Program to be in compliance with Title XIX of the Social Security Act. The bill also requires the Department to work with State and Federal agencies to review options for the development of a voluntary estate preservation program. (tie-barred to SB 204)

The Michigan Estate Recovery Program at a minimum shall include the following:

- placing and recording liens on assets of Medicaid eligibles subject to recovery
- tracking assets and services of those Medicaid eligibles subject to recovery
- actions necessary to collect amounts subject to estate recovery
- any other actions necessary to operate the program

The bill requires the Department to seek necessary approvals with the Centers for Medicare and Medicaid Services, and defines who and under what circumstances the Michigan Estate Recovery Program would not apply.

Senate Bill 204 amends the Estates and Protected Individuals Code to include Medicaid payments subject to recovery under the Social Security Act in the order of priority of payment of claims and allowances from an estate. (tie-barred to SB 374)

FISCAL IMPACT:

The Executive recommended FY 2007-08 budget for the Department of Community Health includes estimated full-year savings from an estate recovery program of \$10.0 million Gross (\$4.2 million GF/GP). These savings are likely to be achieved with passage of SB 374 and SB 204.

The establishment of an estate recovery program is required by the Federal government for Medicaid recipients who are age 55 years or older and receive long-term care services. Michigan is the last state to comply with the Federal estate recovery requirements and to not comply might risk receipt of the Federal share of Michigan's Medicaid program. The Federal share in FY 2006-07 is approximately \$4.9 billion.

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