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State Medicaid offices target dead people's homes to recoup their health care costs

WASHINGTON – As Salvatore LoGrande fought cancer and all the pain that came with it, his daughters promised to keep him in the white, pitched roof house he worked so hard to buy all those decades ago.

So, Sandy LoGrande thought it was a mistake when, a year after her father's death, Massachusetts billed her \$177,000 for her father's Medicaid expenses and threatened to sue for his home if she didn't pay up quickly.

"The home was everything," to her father said LoGrande, 57.

But the bill and accompanying threat weren't a mistake.

Rather, it was part of a routine process the federal government requires of every state: to recover money from the assets of dead people who, in their final years, relied on Medicaid, the taxpayer-funded health insurance for the poorest Americans.

A person's home is typically exempt from qualifying for Medicaid. But it is subject to the estate recovery process for those who were over 55 and used Medicaid to pay for long-term care such as nursing home stays or in-home health care.

This month, a Democratic lawmaker [proposed scuttling the "cruel" program altogether](#). Critics argue the program collects too little — roughly 1% — of the more than \$150 billion Medicaid [spends](#) yearly on long-term care. They also say many states fail to warn people who sign up for Medicaid that big bills and claims to their property might await their families once they die.

LoGrande says that's how she ended up in a two-year legal battle with Massachusetts after her father died. Several years before he died in 2016, she had turned to a local nonprofit for advice on caring for her elderly father. The group suggested she sign him up for Medicaid. She even remembers asking about the house, but was assured the state would only seek the house if it sent her father to a nursing home.

"He never would have signed on with anything that would put his home in jeopardy," she said.

For years, her father got an annual renewal notice from the state's Medicaid office. She says it wasn't until after his death, when the state's demand for \$177,000 arrived, that she saw the first bill for his care, which included a brief stint in the hospital for pain from cancer, medications and hospice.

"That's what ripped my guts out," LoGrande said. "It was dishonest."

The state settled with the LoGrandes in 2019 and released its claim on the house.

State policies around this recovery process vary widely, [according to a 2021 report from the Medicaid and CHIP Payment and Access Commission](#), which makes policy recommendations to Congress.

Some states will put a lien — a legal right — on a home while others don't. Meanwhile, some Medicaid offices try to recoup all medical costs from patients, like doctor visits or prescriptions,

while others just pursue the costs for long-term care. Alaska and Arizona pursued just dozens of properties in recent years while other states go after thousands of homes, totaling hundreds of millions of dollars.

New York and Ohio topped the country for such collections, recovering more than \$100 million combined in a single year, [a Dayton Daily News investigation](#) found.

An [investigation](#) into the Kansas program, released Tuesday by the Health and Human Services inspector general, found that program was cost effective — yielding \$37 million while only spending \$5 million to recover the money, But the state didn't always collect the money from estates that were eligible.

Last month, a foundation for one of the industry's biggest health insurance giants called on Massachusetts to overhaul its process, which includes collecting reimbursement for most Medicaid costs, beyond the federal government's minimum requirement to recover long-term care expenses. The Blue Cross Blue Shield Foundation of Massachusetts recommended the state Legislature pass a law that would prohibit those additional collections.

Estate recovery “has the potential to perpetuate wealth disparities and intergenerational poverty,” said Katherine Howitt, a Medicaid policy director with the foundation.

In Tennessee, which recovered more than \$38.2 million from more than 8,100 estates last year, Imani Mfalme found herself in a similar predicament after her mother’s death in 2021.

As her mother's early-onset Alzheimer's worsened, Mfalme continued to care for her. But in 2015, when Mfalme was diagnosed with breast cancer and needed a double mastectomy, she started looking at other options. She hosted a meeting in her mother’s home with the local Medicaid office. The representative told her to drain her mother’s bank accounts – money Mfalme poured into assisted living facility payments for her mom – so her mother would qualify for the program.

She recalls being somewhat offended during the meeting after the representative asked her three times: “This is your mother’s home?” The representative, Mfalme said, made no mention that she could be forced to sell the house to settle her mother's bill with Medicaid once she died.

Now, Tennessee's Medicaid office says she owes \$225,000 and the state is seeking a court order that would require Mfalme to sell the house to pay up.

Mfalme, now 42, said she wants to pay what she can, but the house is a particular pain point. Her mother, a Black woman, purchased her dream home in Knoxville [after she won a landmark discrimination lawsuit](#) against her former employer, Boeing, for paying her less than her male coworkers.

“She fought hard for equal pay and equal rights. Just to see that ripped away just because she was sick and I was sick, it’s just absolutely devastating,” Mfalme said of her mother.

TennCare, Tennessee's Medicaid office, said in an email to The Associated Press that it would not comment on specific cases.

The Medicaid and CHIP Payment and Access Commission's report recommended that Congress reverse the 1993 law that required states to recover money from estates, instead making it optional.

Earlier this month, Democratic Rep. Jan Schakowsky of Illinois **reintroduced legislation that would end the federal government's mandate**. Schakowsky believes the rule is a losing proposition for families, who give up their homes, and taxpayers, who don't see big returns from the recovery efforts.

“It is one of the most cruel, ineffective programs that we see,” Schakowsky told the AP. “This is a program that doesn’t work for anybody.”

In a gridlocked Congress, where some Republicans are clamoring to trim Medicaid entitlements, the bill is unlikely to garner the bipartisan support needed to become law.

There's at least one person who acknowledges the rule isn't working: the man who engineered it.

Many people don't know about the decades-old mandate, which was intended to encourage people to save for long-term care — or risk losing the equity from their home, explained Stephen Moses, who now works for the conservative Paragon Health Institute.

“The plan here was to ensure that people who need long-term care can get it but that you plan ahead to be able to pay privately so you don’t end up on the public health care program,” Moses said.