

REV - Initial Contact Letters

Purpose:

Advises personal representatives of decedents or attorneys whether there is a claim and the amount of the claim. Also, provides outreach and information materials. Requests payment if debt is due. All letters are generated in the Estate Recovery Database.

Identification of Roles:

Administrative assistant assembles correspondence.

Performance Standards:

Within 30 days of receiving the report of death, notify the representative of the deceased that there is an amount due the Department as a result of estate recovery.

Path of Business Procedure:

- Step 1:** Administrative assistant sorts those files with a claim or buy-in amount, from those without a claim.
- Step 2:** No claim letters are mailed to those referrals with no claims or buy-in amounts and this is recorded in the Estate Recovery database.
- Step 3:** Initial request letters are mailed to those referrals where there is no probate and this is recorded in the Estate Recovery database.
- Step 4:** If an estate has been opened and a probate notice has been received, then the file is moved to a queue in the Estate Recovery database for filing a probate claim.

Forms/Reports:

Initial Request Letter to Representative – 6005.1
Initial Request Letter to Attorney – 6005.2
Medical Assistance Debt Response Form – 6005.3
Information sheet on Estate Recovery – 6001

RFP References:

6.8.3.3.e

Interfaces:

N/A

Attachments:

Initial Request Letter to Representative – 6005.1
Initial Request Letter to Attorney – 6005.2
Medical Assistance Debt Response Form – 6005.3

Information sheet on Estate Recovery – 6001

Date

Name

Address

City/State/Zip

Re:
State ID:
Medical Assistance Debt:

Dear

We have been informed of the death of the above person, and we wish to express our sincere condolences.

Medical assistance, which is also known as Medicaid, or Title 19, and includes programs such as Medically Needy and Elderly Waiver, was provided to the above person. The provision of medical assistance to an individual who is 55 years of age or older or a resident of a long-term care facility and cannot reasonably be expected to return home creates a debt that is due upon the individual's death.

This debt must be, and can only be, paid from anything that the individual owned or had an interest in at the time of death.

The amount of the debt, as listed above, is according to the most current medical assistance history report. The amount of the debt often changes and may go up, since some medical bills for services before death are submitted and paid after the death of the recipient. The history will be provided to you upon request and is filed with any probate claim.

Some expenses may be paid before the medical assistance debt, and these are listed on the back.

If the above amount of the debt can not be paid in full and no probate estate is opened, please complete the form on the back and return it to us within 30 days of the date of this letter, or let us know why it can not be returned within 30 days. If there are sufficient assets to pay this amount, then we must wait at least four months after the death of the recipient to obtain a final amount and we will request payment of this amount from you at that time.

Please review the enclosed Information Sheet on Estate Recovery, regarding waivers of the debt, assets that are subject to estate recovery, debts that may have a higher priority than the medical assistance debt, and other matters such as trusts, insurance and probate. If a probate estate is opened, a notice of probate may be sent to our office instead of completing the enclosed form.

If you have questions, please call the number below. Thank you for your cooperation.

Sincerely,

B.A. Willer, Estate Recovery Program

Enclosures

Date

Attorney Name
Attorney at Law
Address
City/State/Zip

Re:
State ID:
Medical Assistance Debt:

Dear Attorney

Medical assistance, which is also known as Medicaid, or Title 19, and includes programs such as Medically Needy and Elderly Waiver, was provided to the above person. The provision of medical assistance to an individual who is 55 years of age or older or a resident of a long-term care facility creates a debt that is due upon the individual's death in accordance with Iowa Code Section 249A.5(2). This debt must be paid from assets or interests that the individual owned at the time of death.

The amount of the debt, as listed above, is according to the most current medical assistance history report. The amount of the debt often changes and may go up, since some medical bills for services before death are submitted and paid after the death of the recipient.

If the above amount of the debt can not be paid in full and no probate estate is opened, please complete the form on the back and return it to us within 30 days of the date of this letter, or let us know why it can not be returned within 30 days. If there are sufficient assets to pay this amount, please request a final amount within 30 days. We must wait at least four months after the death of the recipient to obtain a final amount and we will provide this amount to you at that time.

Please review the enclosed Information Sheet on Estate Recovery, regarding waivers of the debt, assets that are subject to estate recovery, debts that may have a higher priority than the medical assistance debt, and other matters such as trusts, insurance, interest and probate. If a probate estate is opened, please forward a notice of probate to our office instead of completing the enclosed form.

If you have questions, please call the number below. Thank you for your cooperation

Sincerely,

M. L. Hutt, Estate Recovery Program

Enclosures

Iowa Department of Human Services

Medical Assistance Debt Response

Pursuant to Iowa Code section 249A.5(2)

To: Estate Recovery Program
PO Box 36445
Des Moines IA 50315
Phone: 515/246-9841 or 888/513-5186
Fax: 515/246-0155

From: Name: _____
Address: _____
City, state, zip code: _____
Phone: _____
Relationship to deceased: _____

Medical assistance recipient information (please print and fill in all blanks):

Name: _____ **Date of death:** _____

Assets of recipient at time of death:

Savings account	\$ _____
Checking account	\$ _____
Home and real estate	\$ _____
Household goods	\$ _____
Prepaid burial fund	\$ _____
Vehicles	\$ _____
Annuities	\$ _____
Other	\$ _____
Total assets	\$ _____

Higher priority expenses ² (Iowa Code 633.425):

Court costs	\$ _____
Attorney's fees	\$ _____
Executor's fees	\$ _____
Other costs of administration	\$ _____
Funeral and burial	\$ _____
Federal or state taxes	\$ _____
Nursing home	\$ _____
Medical expenses of last illness	\$ _____
Total expenses	\$ _____

Total assets _____ - **Total expenses** _____ = _____

I certify under penalty of perjury and pursuant to the laws of the state of Iowa that this page was completed correctly to the best of my knowledge.

Signature: _____ Date: _____

Was there a spouse? Name: _____ Date of Birth: ___/___/___

Social Security Number: _____

Is the spouse living: Yes No

Date of Death: ___/___/___

See the enclosed information if the recipient had a Miller Trust or Special Needs Trust.

Enclose first bank statement after date of death. Bank: _____ City: _____

Please provide a specific itemization of any amounts listed as costs of administration.

Funeral home: _____ City: _____

Please provide a statement of itemized expenses. If "guaranteed", please also insert "guaranteed."

Name of nursing home: _____ City: _____

Did the recipient have a life estate, jointly held or other interest in real property, trusts, litigation, or *any other assets*, including jointly held bank accounts, not listed above at the time of death?

Yes No Please explain: _____

If no funds remain, please return one signed copy in the envelope provided within 30 days. If assets of the recipient remain after completing the information, and no waiver for a spouse, blind or disabled child, or undue hardship is requested, please enclose one signed copy of this form and a check or money order payable to: **Iowa Department of Human Services** within 30 days.

470-4339 (5/07)

INFORMATION SHEET ON ESTATE RECOVERY (IOWA CODE 249A.5(2))

Waivers (if a waiver applies, please include such information on the enclosed form or on a separate sheet of paper, and return to the address on the letter).

Spouse, disabled child, blind child or minor child. A surviving spouse; or a surviving child who was blind or disabled at the time of the recipient's death, is entitled to a waiver of the debt for the lifetime of the individual requesting the waiver to the extent that person received assets from the recipient. If there is a surviving child under the age of 21, the waiver is effective until the child reaches 21 years of age. Upon the death of the spouse, or the blind or disabled child, or upon the child reaching the age of 21, the debt is due to the extent the spouse or child received assets from the recipient. The enclosed form should be completed with the reason for the waiver, for example, surviving spouse, stated clearly on the form.

Undue Hardship Waiver. If the above waiver does not apply, an heir or beneficiary may apply for an undue hardship waiver, which application must be made within 30 days. To receive an undue hardship waiver, the heir or beneficiary must have less than \$10,000 in resources, and income of less than twice the poverty level. This income for 2004 is \$1,552/month for a one-person household; \$2,081/month for a two-person household; or \$2,611/month for a three-person household. In addition, to be eligible for the hardship waiver, collection of the medical assistance debt must deny the heir or beneficiary of food, shelter, clothing, or medical care such that life or health would be endangered.

Probate

A probate estate must be opened when the recipient owned a house or other real estate at the time of death, or when the value of the estate is more than \$25,000. The executor or other person winding up the affairs of the recipient should contact an attorney if the recipient owned real estate at the time of death. If there is a probate estate opened, the attorney for the estate should provide a Notice of Probate electronically at www.iowa-estates.com in accordance with Iowa Code 633.231 or 633.304A so that a claim can be filed on behalf of IDHS.

Interest

Interest shall accrue on the debt at the rate provided in Iowa Code 535.3 from six months after the death of the recipient pursuant to Iowa Code 249A.5(2)(e).

Life insurance

Life insurance is ordinarily considered the property of a living named beneficiary and not used to pay the medical assistance debt. However, insurance proceeds may be used to pay the debt if there is no living beneficiary; if the policy is payable to the recipient's estate;

or if the policy was assigned to the funeral home and an excess remains after the payment of the reasonable costs of the funeral and burial.

Trusts

Burial Trusts – If the recipient has a non-guaranteed irrevocable burial trust fund, then the seller of the burial trust, which is usually a bank or funeral home, must notify the IDHS, if there are any excess funds. The Estate Recovery office has forms that may be used by the seller of the burial trusts for this purpose. Excess funds after the payment of reasonable funeral and burial expenses and other higher priority expenses must be used to pay the medical assistance debt.

Miller Trusts and Special Needs Trusts -- If the recipient had a Miller Trust or Special Needs Trust, then the funds are not subject to higher priority debts. In these types of trusts, the Department of Human Services is named as the residual beneficiary, which means that upon the death of the recipient, any remaining funds in the account must be paid directly to “Iowa Department of Human Services” and sent to the above address.

Other trusts – If the recipient had an interest in any other type of trust at the time of death, then a copy of the trust agreement must be forwarded to the above address along with the medical assistance debt response form.

The “estate”

Whether a probate estate is opened or not, the “estate” of a medical assistance recipient is considered to be any assets in which the recipient had an interest at the time of death. Typical assets are bank accounts, burial funds, a house, a farm, other property or interests in property, stocks, bonds, dividends from cooperatives, household goods, annuities, vehicles, life insurance payable to the estate, an interest in litigation, interests in jointly held property, and interests in trusts. The fair market value of these items should be used for purposes of calculating the estate of the recipient at the time of death.

If property has no marketable value, such as certain household goods with only sentimental value, these can be disposed of as the person winding up the affairs of the estate deems appropriate in the circumstances. Other property such as real estate may have a value requiring an appraisal or other determination of value that a reasonable person would use in the ordinary course of business.

Higher priority debts

Debts that may have a higher priority than the medical assistance debt are found in Iowa Code 633.425, and listed on the medical assistance debt response form. Generally, these debts must have been incurred for expenses of a last illness, or winding up the affairs of the estate to have a priority over the medical assistance debt.

