

## Important Information for You and Your Family Members About the Estate Recovery Program

Iowa Medicaid is a government program that pays for health care for people with limited income. If you are assigned to a managed care organization, the state pays the managed care organization a monthly fee, referred to as a capitation fee, to manage and pay for your medical services. Iowa Medicaid covers a variety of services, including but not limited to primary care, institutional care, hospitalization, prescription drugs, case management, and waiver services.

To help pay for these services, every state must have a Medicaid Estate Recovery Program. When you received Medicaid benefits, which includes capitation fees paid to managed care organizations, even if the plan did not pay for any services, the state of Iowa has the right to ask for money back from your estate after your death. The state will never ask for more money back than it paid. Estate recovery laws were passed by the U.S. Congress and all 50 states. In Iowa, the estate recovery program is run by the Iowa Department of Health and Human Services (HHS).

### Who does estate recovery impact?

Estate recovery only applies to Medicaid recipients who:

- ▶ Are age 55 or older, or
- ▶ Are under age 55 and live in a medical facility and will probably not return home.

### What part of an “estate” can be recovered?

An “estate” includes all:

- ▶ Real property, such as your house, land, etc.
- ▶ Personal property, such as household goods, personal effects, cars, etc. or
- ▶ Any other asset that you own at the time of your death.

This includes items you own with someone else such as property, trusts, most annuities, and retained life estates.

### Can repayment be delayed?

Medicaid repayment can be delayed if the repayment will create a hardship for your family. DHS decides, on a case-by-case basis, who gets a hardship. Your family will receive a letter about estate recovery and repayment. Your family will have 30 days from when the letter is received to apply for hardship. Hardship exists for a person applying for the waiver when:

- ▶ The total household income is less than 200% of the federal poverty level for the size of the household, and
- ▶ The total household resources are not more than \$10,000, and
- ▶ Recovering the resources of the “estate” denies your family of food, clothing, shelter or medical care that might put a person’s life or health in danger.

Medicaid repayment may be delayed if you have a spouse or a dependent child who is under age 21, blind or disabled at your death.

**For more information, call Iowa Medicaid Member Services  
Toll Free: 800-338-8366 515-256-4606 (Des Moines area)  
8:00 a.m. – 5:00 p.m., Monday – Friday**

## **Estate Recover Frequently Asked Questions (FAQ)**

### **What is Medicaid estate recovery?**

According to federal and state law, the money that the Medicaid program pays on behalf of a Medicaid recipient, who was age 55 or older or in a long-term care facility, is a debt owed back to the state. Upon the death of the Medicaid recipient, the Medicaid program contacts heirs or files a claim against the decedent's estate to seek reimbursement for the amount owed.

### **What costs will be recovered?**

The debt includes all payments made by the State for services or goods when the recipient was age 55 years or older or of any age and living in a long-term care facility, except for some payments made under the Medicare Cost Sharing program. The recovery includes the full amount of capitation payments made to a managed care organization, including medical and dental, even if the plan did not pay for any services.

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### **What part of the estate can be recovered?**

Any assets owned by the deceased member or any interest in an asset that the member had at the moment before death are subject to recovery.

Court costs, the cost of administering the estate, funeral expenses, medical bills of the last illness, federal and state taxes can be paid prior to the estate recovery claim. The State's Medicaid claim must be satisfied before any lower-class creditors or heirs receive any assets or money.

### **Will Medicaid take the house?**

No, Medicaid does not "take houses". Medicaid is a potential claimant in the estate. Houses may need to be sold to pay the debts of an estate, regardless of whether Medicaid has a claim in an estate.

### **Are there circumstances for which Medicaid would not collect its claim?**

Waivers of the claims for spouses, disabled children, and minor children delay payment until the death of a spouse or disabled child, or until a minor child turns 21. If there are enough assets to pay the claim when it is due, then the claim must be paid in full.

### **Can Estate Recovery Program waive its claim if there is a hardship?**

Any person who receives assets from the estate can request a hardship waiver if recovery would create a hardship. The guidelines for a hardship waiver are in the Iowa Administrative Code for income, assets, and if the heir would be deprived of food, clothing, shelter, or medical care such that life or health would be endangered. An heir's reduced inheritance due to recovery is not considered a hardship.

## **More Information**

**Iowa Estate Recovery Program at 877-463-7887**

**Medicaid Member Services**

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