



## **Estate Recovery 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 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?**

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The recovery includes the full amount of capitation payments made to a managed care plan, including medical and dental, even if the plan did not pay for any services.

### **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 may 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.

**For more information, call the Iowa Estate Recovery Program at 1-877-463-7887**