
LIMIT MASSHEALTH ESTATE TAX ON THE POOR

Amendment #366 to S3018 Senator Comerford

INTENT OF THE AMENDMENT:

This bill limits Medicaid estate recovery to only the federally required amounts. It also authorizes the agency to seek a waiver of estate recovery for a work incentive program for people with disabilities.

MassHealth Estate Recovery is an estate tax on the poor

MassHealth is the only public benefit program that requires correctly paid benefits to be recouped from a deceased MassHealth enrollee's probate estate, this is called estate recovery.

Estate recovery for nursing home costs is federally mandated, but Massachusetts by state statute requires estate recovery for the costs of all medical services after a MassHealth enrollee turns age 55, which is not mandated. Half of all states limit estate recovery to only the federally required amounts.

As the legislature contemplates \$185 million in tax relief for an estimated 2500 individuals with estates over \$1 million, it should also reform the Commonwealth's estate tax on the poor.

Problem

Most MassHealth members have income well under 100% of the poverty level (\$13,596 in 2022) and those 65 and over have countable assets of \$2000 or less (\$3000/couple). One of the only assets of value the elderly may own and still qualify for MassHealth is the family home, and almost 90% of the amount recovered in estate recovery is from sale of the family home.

Few people are aware that after the age of 55, MassHealth may be a loan repayable on death. Estate recovery has contributed to perpetuating poverty, especially in communities of color and people with disabilities, by preventing a family from passing on a home that can be instrumental in addressing intergenerational poverty and wealth inequality. For MassHealth members who do not need nursing home care but are age 55 or older, optional estate recovery creates needless fear and distress for a minimal return in net revenue to the state.

What the Amendment does

Low-income seniors and disabled individuals will not benefit from most of the income tax relief proposed in S3018 except the senior circuit breaker. However, they will benefit greatly from knowing that they too can pass on the family home to their loved ones after they are gone without fear of a Medicaid estate recovery claim

- Establishes that MassHealth can recover only for medical assistance which is federally mandated.
- Exempts CommonHealth, a MassHealth work incentive program for disabled adults, from MassHealth estate recovery.

This legislation is supported by MassNAELA, Mass Law Reform Institute and Disability Policy Consortium
For more information, contact Nomita Ganguly MassNAELA (781-354-2444),
Vicky Pulos MLRI (617-357-0700 Ext 318) or Charlie Carr DPC (978-361-6682)