

June 20, 2025

On September 6, 2024, the Governor signed [Chapter 197 of the Acts of 2024](#), an Act to improve quality and oversight of long-term care (the Long-Term Care Act). It takes effect 90 days later December 5, 2024. The Act includes many important provisions including significant changes to MassHealth estate recovery.

I. How will the Long-Term Care Act affect MassHealth estate recovery?

Sections 20 and 21 of the Act amend [section 31 of chapter 118E of General Laws](#) by adding two new subsections (b1/2) and (e) that limit the scope of MassHealth estate recovery. Prior to the Act, Massachusetts was among only 23 states electing the option to pursue reimbursement for more than the federally required minimum scope of recovery.

A. Limiting recovery to only what is federally mandated

Subsection 31(b1/2) applies retroactively to the estates of individuals who died on or after August 1, 2024, limiting the scope of MassHealth estate recovery to only what federal law requires.¹ Section 31(b) requiring a broader scope of recovery will continue to apply to the estates of people who died before August 1, 2024.²

1. Recovery for medical costs for services to people of any age who were “permanently institutionalized”

Currently Section 31(b)(ii) requires estate recovery for MassHealth costs for people of any age who were inpatients of a nursing facility or other medical facility. This is required by federal law and not a state option. The title of this subsection uses the phrase “permanently institutionalized” but that phrase is not defined in the state or federal statutes. The clarification in 31 (b1/2) (ii) cross-references to the federal statute which requires recovery for individuals who were inpatients long enough to be subject to an assessment for the costs of their care and are not expected to return home. However, because MassHealth is now only pursuing federally mandated recovery, the estates of people who were permanently institutionalized should only be liable for the costs of the institutional care.³

2. Recovery for medical costs for services to people aged 55 or older limited to the costs of nursing homes, home and community-based services and related services

Section 31 (b1/2)(i) only allows MassHealth to recover its costs for services to individuals age 55 or older for nursing facility services, home and community-based services and related hospital and prescription

¹ The relevant federal law is 42 U.S.C. § 1396p(b)(1).

² Section 31(b) was re-enacted to add a July 31, 2024, end date, but is otherwise unchanged.

³ See, 2001 federal Guidance in Section 3810 (A)(1) of Chapter 3 of the [State Medicaid Manual](#), “In the case of permanently institutionalized individuals who the State determines cannot reasonably be expected to be discharged and return home, including individuals of any age, you must seek adjustment or recovery from the individual's estate or upon sale of the property subject to a lien, at a minimum, of amounts spent by Medicaid on the person's behalf for services provided in a nursing facility, ICF/MR, or other medical institution.”

drug services as required under federal law.⁴ This is a change from Section 31(b) which still applies to the estates of people who died prior to August 1, 2024 and requires MassHealth to recover for the costs of all services to individuals age 55 or older.⁵

3. The meaning of nursing facility services, home and community-based services and related services

“Nursing facility” is defined in the federal law at 42 U.S.C.1396r(a). It includes Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-ID) but does not include psychiatric facilities.

“Home and community-based services” and “related services” are defined in 2001 guidance from CMS.⁶ MassHealth has recently confirmed with CMS that these two definitions, while dated, still apply.

Under the 2001 CMS guidance, “home and community-based services” (HCBS) are limited to services under HCBS waivers authorized under Section 1915(c) of the Social Security Act.⁷ MassHealth operates nine HCBS waiver programs for adults and a tenth for children.⁸ The largest is the so-called Frail Elder waiver with enrollment capped at about 19,000. There are also HCBS waivers for people with developmental disabilities, brain injuries, and people transitioning from nursing homes back into the community.

To qualify for a HCBS waiver program individuals must qualify for MassHealth Standard but special financial eligibility rules apply. In addition, the HCBS waivers all require that someone be clinically eligible for nursing facility or other institutional care but be able to live safely at home with additional HCBS waiver services. Waiver services do not duplicate state plan services. Each individual participating in a HCBS waiver will have a service plan describing which HCBS services they receive. The scope of services available in HCBS waivers are described in the 1915(c) waiver documents posted on Medicaid.gov.⁹

“Related hospital and prescription drug services”

⁴ Subsection (b1/2) does not repeat certain limitations required by the federal Medicaid Estate Recovery law at 42 USC 1396p. These federal limitations have not changed and include the prohibition on recovery for the costs of the Medicare cost-sharing and the Medicare Savings Program, the requirement for states to establish hardship waivers, and the prohibition on recovery from certain surviving family members including spouses, minor children and disabled adult children as defined in federal law. See the MassHealth regulations at 130 CMR 515.011. Section b1/2(i) does not distinguish between those 65 and over and those 55 and over; for both recovery is time-limited to services paid on or after Oct. 1, 1993.

⁵ Subsection (b) is also governed by federal law limitations in 42 USC 1396p.

⁶ The 2001 CMS Guidance defining these terms is in Section 3810(A)(2) of Chapter 3 of the [State Medicaid Manual](#). Certain other provisions of Section 3810 have been superseded by changes in the federal law such as the federal statutory prohibition on recovery for Medicare cost-sharing that took effect in 2010. 42 USC 1396p(b)(1)(B).

⁷ Section 1915(c) of the SSA is codified at 42 USC 1396n(c). The 2001 guidance also refers to two other federal programs for home and community-based services that do not apply to Massachusetts.

⁸ 130 CMR 519.007. [This is the MassHealth website describing the home and community-based waiver programs.](#)

⁹ Regulations at 130 CMR 630.400 et seq describe services in four of the HCBS waiver, the two for people with Acquired Brain Injuries, and the two Moving Forward Plan waivers for people transitioning from nursing homes. The services in the other five waivers affecting adults are described in the approved 1915c application posted on the federal website at Medicaid.gov.

The CMS 2001 guidance define “related hospital and prescription drug services” as hospital and prescription drug services provided to an individual while receiving nursing facility services or home and community-based services. To the extent MassHealth pays the Medicare beneficiary’s share of cost for hospital services, the payments are likely to fall under the federal law prohibition for recovery of Medicare cost-sharing.¹⁰ Therefore, recoverable MassHealth spending for “related hospital and prescription drug services” will primarily affect the few nursing home residents and HCBS waiver participants who do not have Medicare.

4. How the new law affects recovery for MassHealth managed care premium payments

When MassHealth was able to recover its spending for all services provided to individuals aged 55 or older, it also sought to recover the full amount of the capitated monthly premium payment for decedents who had been enrolled in managed care. Under the new law, MassHealth will only be able to recover the portion of its monthly payment to the managed care plan that represents the costs of nursing facilities, HCBS services or related services “based on the most appropriate actuarial analysis determined by the State.”¹¹

For all the managed care plans that cover nursing home care, MassHealth will have to work with an actuary to determine what portion of the monthly capitated payment MassHealth pays to the plan represents the cost of nursing facility and related services and is subject to estate recovery. For the Senior Care Options plans available to MassHealth Standard members aged 65 or older, MassHealth will also have to determine what portion of the monthly premium payment represents the cost of Frail Elder Waiver and related services subject to estate recovery.

B. Exempting CommonHealth and PCA services from estate recovery

Section 21 of the long-term care act creates a new subsection (e) in section 31 of chapter 118E that directs MassHealth to exempt the costs of CommonHealth coverage and the costs of personal care attendant (PCA) services from estate recovery *provided the state obtains whatever federal approval is needed*. CMS approved the state plan amendment to only recover for federally mandated services and that was enough to exempt recovery for PCA state plan services. However, CMS has not yet approved the waiver of estate recovery for CommonHealth members.

1. Personal Care Attendant (PCA) Services

The PCA benefit is a state plan benefit available in MassHealth Standard and CommonHealth and pays for a personal care attendant to assist person with disabilities who need help with at least two activities of daily living. MassHealth has confirmed with CMS that no approval is needed to exempt PCA services or any other community-based state plan service like Adult Day Health or Adult Foster Care from estate recovery. The HCBS waiver services are the only community-based long-term care services subject to estate recovery.¹²

2. CommonHealth

¹⁰ 42 USC 1396p(b)(1)(B)(ii).

¹¹ Section 3810(A)(6) of Chapter 3 of the State Medicaid Manual.

¹² HCBS waiver services, by definition, are different from state plan services available to people whether or not they are enrolled in a HCBS waiver program.

CommonHealth is a program that began as a state-funded program but has long been included as one of the programs eligible for federal Medicaid reimbursement under the MassHealth 1115 demonstration. CommonHealth provides comprehensive benefits to individual with disabilities who do not financially qualify for MassHealth Standard. It uses a sliding scale premium charge rather than an upper income limit.

The only recoverable service in CommonHealth are short term nursing facility and related services.¹³ To exempt CommonHealth spending on nursing facility services from recovery MassHealth will likely require CMS approval of an amendment to the 1115 demonstration. In January 2025 MassHealth released for public comment a proposed amendment to the 1115 demonstration to waive estate recovery for CommonHealth but as of June 2025 has not submitted the amendment to CMS.

II. Next steps for MassHealth to implement the new law

MassHealth submitted a state plan amendment in September 2024 to implement the law retroactively to the estates of people who died on or after August 1, 2024. It also updated its [website](#) and posted updated Frequently Asked Questions. In May 2025 it released an EOM, [Eligibility Operations Memo 25-08, Updates to the MassHealth Estate Recovery Policy under the LTC Act](#). Both the EOM and the website are clear that HCBS services for purposes of estate recovery are limited to HCBS waiver services. However, many other interpretation issues remain unclear. Hopefully, proposed amendments to the MassHealth estate recovery regulations will be coming soon and provide an opportunity to clarify the questions that remain.

This summary was prepared by Victoria Pulos, vpulos@mlri.org. It is not intended as legal advice.

¹³ CommonHealth covers up to 6 months of short-term nursing facility care. Only MassHealth Standard covers a longer stay in a nursing facility and HCBS waiver services subject to estate recovery.